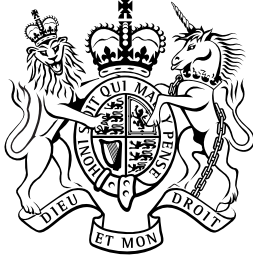


This document is part of a series of Departmental Reports (Cm 7391 to Cm 7407) which, along with the Main Estimates 2008-09, the document Public Expenditure Statistical Analyses 2008 and the Supplementary Budgetary Information 2008-09, present the Government's expenditure plans for 2008-09, and comparative outturn data for prior years.

The complete series of Departmental Reports and *Public Expenditure Statistical Analyses 2008* are also available as a set at a discounted price.





HM TREASURY

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# Public Expenditure Statistical Analyses 2008

April 2008

Presented by  
Command of Her Majesty  
Ordered by the House of Commons  
to be printed 21 April 2008

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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 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 individual departmental reports, which will be published in the weeks after PESA.

## 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 its component parts public sector current expenditure, public sector net investment and public sector depreciation, 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 aggregate; and
- 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 territory (country and region).

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

- tables in Chapters 1, 2, and 3 and the early tables in Chapters 6, 7, and 8 deal mainly with the budgeting aggregates, and their reconciliation to National Accounts; and
- tables in Chapters 4, 5, 9, and 10, and the later tables in Chapters 6, 7, 8 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. For PESA 2008, plans are available for three years so analyses generally cover the nine years 2002-03 to 2010-11. In certain areas, e.g. Local Authority expenditure, detailed plans for future years are not available 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 2008 is consistent with

- the National Statistics public expenditure outturns update published on Budget Day (12 March 2008); and
- fiscal projections and public spending plans set out in Chapter C of the 2008 Financial Statement and Budget Report (FSBR; HC388; 12 March 2008)

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.

Information in PESA is fully consistent with the new National Statistics First Release of public expenditure outturns published on the Treasury's website<sup>1</sup> on 21 April 2008. More information is given in the 'What's new' section of this publication. PESA is also fully consistent with the 2008-09 Supply Estimates, both Main Estimates and Supplementary Budgetary Information.

## National Statistics in PESA

All outturn data (up to 2006-07) are National Statistics. National Statistics are those figures that 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 2007-08 and spending plans for 2008-09 to 2010-11 are outside the scope of National Statistics.

## Public expenditure National Statistics updates

Outturn data to 2006-07 for certain key series in PESA were released on Budget day, 12 March 2008. The key series were:

- Total Managed Expenditure, by budgetary category (PESA 2008, Table 1.1);
- Departmental Expenditure Limits, resource, near-cash and capital, by departmental group (PESA 2008, DEL parts of Tables 1.5, 1.7 and 1.10); and
- Total Expenditure on Services by function (PESA 2008, Table 4.2).

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 2007-08 outturns. It will be available on the web<sup>2</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).

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

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<sup>1</sup> [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/national\\_statistics/econ\\_natstats\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/econ_natstats_index.cfm)

<sup>2</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)

## 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>3</sup> on the day of publication and in the following week.

---

<sup>3</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)





# WHAT'S NEW

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PESA 2008 builds on the significant developments and delivers the pre-announced changes contained in PESA 2007.

## **Separate publication of the National Statistics First Release of outturns**

As pre-announced in PESA 2007 the Chief Secretary to the Treasury agreed that National Statistics outturn data in PESA 2008 onwards should be published separately as a First Release ahead of the main PESA document. The content of PESA itself is unaffected with the National Statistics data reproduced alongside plans data. The First Release was published on the Treasury website on 21 April 2008. This change is to align the treatment of PESA outturn data with other First Release National Statistics, which are generally published separately from other material.

## **Changes to tables in PESA 2008**

The following changes have been made in PESA 2008:

- the Total Managed Expenditure table (PESA 2008 Table 1.1) has been broadened in scope to show the derivation of public sector current expenditure from resource budgets, and public sector gross investment from capital budgets. Total Managed Expenditure is then given by the sum of public sector current expenditure and public sector gross investment. PESA 2007 previously showed the aggregated derivation of Total Managed Expenditure from budgets. This change more accurately reflects the way in which the aggregates used by the Government for expenditure planning and control reconcile with the National Accounts aggregates used for the fiscal framework. Total Managed Expenditure in real terms (PESA 2008 Table 1.2) and corresponding tables showing differences from previous plans (PESA 2008 Tables 3.3 and 3.6) have been similarly amended;
- a consequence of expanding Table 1.1 is that, rather than requiring a single series of accounting adjustments to reconcile budgets to TME, separate series are needed to reconcile resource and capital budgets to public sector current and gross capital expenditure respectively. The accounting adjustments table (PESA 2008 Table 1.14) therefore reflects this change, presenting the components of the two series separately;
- historically PESA showed latest plans compared with those published in the previous PESA. Chapter 3 of PESA 2008 sets out changes to plans first announced in the 2007 Comprehensive Spending Review (CSR), as well as changes to plans previously published in PESA 2007; and
- in PESA 2007 the Country and Regional Analysis (CRA) used the Treasury's own functional classification rather than the UN Classification Of the Functions Of Government (COFOG) used elsewhere in the publication. This was because the CRA exercise was performed earlier in the year, before the transition to COFOG was completed. PESA 2008 presents functional analysis on a consistent basis throughout. There is more information on the impact of this change in Chapters 9 and 10.

## **PESA 2009– future development of PESA**

The Treasury published a response to the user consultation on its website in 2006<sup>1</sup>. This outlined our proposals for the future development of PESA.

All development plans are subject to resources and to the resolution of practical implementation issues including the data quality.

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>1</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)

# HOW TO USE PESA

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The purpose of this chapter is to help new users of PESA find their way around the large numbers of tables. This chapter also contains the answers to some frequently asked questions.

## Finding your way around PESA tables

Chapters 1 to 8 show different presentations of the same dataset. Chapters 9 and 10, which contain statistics on public expenditure by country and region, show an analysis of essentially the same data structure but use data supplied earlier than for the rest of the book (see Chapter 9 for details). So the tables in PESA allow you to see public spending information from different angles. It also means that the tables have intricate inter-connections.

PESA presents two types of analyses:

- tables that deal mainly with the budgeting aggregates and their reconciliation to National Accounts; and
- tables that present analyses of Total Expenditure on Services (TES). TES is an expenditure concept used in PESA for statistical analysis that is more stable than the budgeting aggregates and closer to TME.

## FREQUENTLY ASKED QUESTIONS

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### How much did the government spend on x?

The answer varies depending on which levels of government you are interested in, and what sorts of function. The below list of tables takes transport as an example. The text to each chapter gives a more precise definition of the contents of each table:

- Table 4.2 shows the total UK public sector spending on transport for a long run of years. Tables 4.3 and 4.4 show spending in real terms and as a percentage of GDP;
- Table 5.2 shows the total UK public sector spending on more detailed categories such as national and local roads;
- Tables 5.4 and 5.5 show the UK public sector current and capital spending respectively, further split according to whether it is central government, local government or public corporations responsible for the spending;
- Table 1.12 shows the total resource and net capital (net of depreciation) spending in budgets of the Transport departmental group. Details of the departments included in this group are given in Appendix B. Tables 1.5, 1.7, 1.8 and 1.10 show the resource, near-cash, non-cash and capital spending respectively of the Transport group. The budget tables show how much the government spent through its planned spending system, which includes grants to Local Authorities. The tables do not show total spending on transport because they do not include spending by Local Authorities, the devolved administrations or by Whitehall departments outside the departmental group. This spending is included in the functional tables outlined above; and

- 
- Tables 9.5 to 9.10 present spending on transport by country and region. Chapter 10 tables present country spending on the more detailed categories such as national and local roads.

## **Are long run series available?**

Chapter 4 contains long run TES series (1987-88 to 2007-08) of public sector spending by function. The methodology used to produce these series is detailed in Chapter 4. As outlined in the response to the reader consultation one of our proposals for PESA development is to explore the practicality of extending the range and scope of these series in future PESA publications.

Historic long run series of the budgeting aggregates are not available. PESA is produced from the Treasury's public expenditure database, the Combined On-line Information System (COINS). Departments and the devolved administrations maintain five years of live outturn data. Data for earlier years exist only on archived databases and are therefore not adjusted for machinery of government and classification changes. Users are advised against simply splicing data together from different editions of PESA as data may not be directly consistent due to these changes in data coverage and classification.

## **What are departmental groups?**

For almost all departmental groups the spending of the main department dominates the spending figures of the group. Appendix B gives the list of the departments contained within a group. To see the exact figures for the spending of the individual departments see the departmental reports of the departments concerned.

## **How do I get real terms numbers/proportion of GDP?**

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 2006-07 prices. The GDP deflators and GDP actuals used in this publication are those given in Appendix F. The most up to date deflators and GDP numbers are available on the HMT website<sup>1</sup>.

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<sup>1</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)

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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 a breakdown of public expenditure by spending sector.

**1.2** Outturn data on the budgeting and control aggregates in **Tables 1.1 to 1.13** fall within the scope of National Statistics, as do outturn data in **Table 1.15** (spending sectors). Data in **Table 1.14** are not National Statistics.

## What's new

**1.3** **Table 1.1** has been broadened in scope to show the derivation of public sector current expenditure from resource budgets, and public sector gross investment from capital budgets. In PESA 2007 this table showed the aggregated derivation of Total Managed Expenditure from budgets. As a consequence, separate resource and capital accounting adjustments are required. **Table 1.14** has therefore been revised accordingly to show this increased detail.

**1.4** A further consequence is that certain transactions have moved between lines within departmental AME. This includes:

- receipts of payments from Work and Pensions to Culture, Media and Sport for the provision of TV licences to over 75s that have moved from BBC domestic services to other (resource) departmental expenditure;
- the take-up of provisions by Work and Pensions in respect of the Financial Assistance Scheme that moved from social security benefits to other (resource) departmental expenditure; and
- lending from the Social Fund previously included in social security benefits that is now shown as part of other (capital) departmental expenditure.

**1.5** **Tables 1.5 to 1.13** include an additional line for Independent Bodies that are not subject to Spending Reviews. Since PESA 2007 there have also been a number of Machinery of Government changes, which have resulted in further new lines to these tables. An additional line to reflect the Modernisation Funding outlined at the 2007 CSR has also been included.

**1.6** There have also been a number of budget regime changes since PESA 2007. These are outlined in paragraph 1.20 below and described more fully in **Chapter 3** and **Appendix C**.

## The budgeting and reporting framework

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

**I.8** There is a fuller description of the budgeting and control framework in **Appendix C**. This chapter gives a brief explanation.

**I.9** 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.

**I.10** 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.

**I.11** 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 various other items of departmental expenditure set out in **Table 1.1**. Outside departments' budgets, other AME consists of net expenditure transfers to the EC, locally financed expenditure, debt interest, public corporations' own-financed capital expenditure, and accounting adjustments.

**I.12** **Table 1.14** presents a breakdown of the accounting adjustments lines in **Table 1.1**. **Appendix D** gives further details of these accounting adjustments.

**I.13** 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 public sector capital expenditure (see **Table 1.1**). Note that total public sector depreciation is measured on a National Accounts basis, while the depreciation referred to in the footnote at the bottom 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

**I.14** 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; and
- 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.

**I.15** **Table C4** in Budget 2008 (HC 388) brings together information on expenditure, receipts and balances.

**I.16** 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 shows total near-cash expenditure in resource budgets; and



- **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

**1.17** **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 B**. 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.

**1.18** Resource budgets are divided into near-cash and non-cash elements – these terms are explained in **Appendix C**. **Table 1.7** shows the near-cash components in aggregate of departmental resource budgets for each departmental group. Near-cash 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.

**1.19** **Table 1.10** shows the capital budget for each departmental group, with **Table 1.11** presenting the same information in real terms.

**1.20** All tables reflect changes to the budgeting system that are discussed further in **Chapter 3** and **Appendix C**. Major changes include the movement of expenditure in respect of the Independent Living Fund from departmental AME to DEL; the movement of certain transactions relating to student loans from DEL to departmental AME; the standardisation of the Ministry of Defence budgeting treatment; and changes to the budgeting treatment of NHS and Foundation Trusts to align them more closely with other bodies classified by the Office for National Statistics (ONS) to the central government sector.

## Total DEL

**1.21** **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 non-cash 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

**1.22** **Table 1.15** shows a breakdown of TME, and within it DEL and AME, 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.

**1.23** 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 6**.

**1.24** 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 that 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 7**.

**1.25** 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 8**.

**1.26** TME is a consolidated measure of expenditure. As described above the sectoral split of TME presented in PESA records only the 'own' expenditure components that relate to an individual sector. That is payments from one sector that are used to finance the expenditure of another sector are excluded from the paying sector's own expenditure breakdown, as are the corresponding receipts in the counterparty sector. This is consistent with TME being a consolidated measure of public sector expenditure. As such the imputed capital spending of BNFL in 2005-06 (see **Appendix A** for further details) adds to the PC contributions to TME as presented in this table. Likewise the counterparty reduction in central government expenditure reduces the CG contribution to TME. These contributions to TME are scored in the accounting adjustments lines in **Table 1.15**.

## Administration budgets

**1.27** **Table 1.9** sets out details of administrative expenditure in resource DEL for those central government departments that are subject to administration budgets.

**1.28** Administration budgets are set for most civil service departments. These budgets help to drive economy and efficiency in the running of government itself. Around 62% of administration costs are accounted for by civil service pay. A further 33% 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). An analysis of administration budgets by economic category is shown in **Table 2.1**.

**1.29** There have been a number of reclassifications between administration and programme budgets since PESA 2007. The main change is a reclassification of certain front-line staff costs from administration to programme budgets for the Foreign and Commonwealth Office, Department for International Development, Ministry of Justice and the Security and Intelligence Agencies. In addition Ministry of Defence has joined the Whitehall-wide administration regime and now has an administration budget. These changes are reflected in **Table 1.9** for all years.

Table I.1 Total Managed Expenditure, 2002–03 to 2010–11

|  | £ million           |                |                |                |                |                |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |
|  |                     |                |                |                |                | outturn        |                |                |                |
| <b>CURRENT EXPENDITURE</b>                         |                     |                |                |                |                |                |                |                |                |
| <b>Resource DEL</b>                                | <b>229,862</b>      | <b>245,084</b> | <b>258,767</b> | <b>277,594</b> | <b>291,155</b> | <b>313,128</b> | <b>324,300</b> | <b>338,700</b> | <b>354,600</b> |
| Near-cash DEL                                      | 204,806             | 229,050        | 244,756        | 259,786        | 272,377        | 290,212        | 303,800        | 316,800        | 331,100        |
| Non-cash   | 25,056              | 16,034         | 14,010         | 17,809         | 18,778         | 22,915         | 20,422         | 21,862         | 23,543         |
| <b>Resource AME</b>                                | <b>163,497</b>      | <b>180,260</b> | <b>198,107</b> | <b>207,046</b> | <b>215,876</b> | <b>227,014</b> | <b>242,000</b> | <b>253,600</b> | <b>267,800</b> |
| <i>Resource departmental AME</i>                   |                     |                |                |                |                |                |                |                |                |
| Social security benefits                           | 113,604             | 117,801        | 124,781        | 129,600        | 133,463        | 140,273        | 147,317        | 153,716        | 159,704        |
| Tax credits <sup>(1)</sup>                         | 5,741               | 9,727          | 11,601         | 12,972         | 14,189         | 15,398         | 18,029         | 19,992         | 20,495         |
| Net public service pensions <sup>(2)</sup>         | 4,150               | 1,796          | 352            | 3,681          | 3,307          | 10,083         | 6,364          | 6,729          | 7,110          |
| National lottery                                   | 689                 | 715            | 659            | 833            | 701            | 908            | 856            | 747            | 777            |
| BBC domestic services                              | 2,886               | 2,828          | 2,916          | 2,960          | 3,242          | 3,256          | 3,456          | 3,566          | 3,675          |
| Student loans                                      | -115                | -213           | -284           | -367           | -426           | -515           | -1,139         | -1,385         | -1,654         |
| Non-cash items                                     | 27,898              | 27,167         | 27,811         | 31,780         | 45,338         | 44,535         | 45,357         | 48,517         | 51,681         |
| Other departmental expenditure                     | 1,682               | 1,855          | 1,373          | 2,127          | 2,818          | 2,534          | 1,651          | 1,506          | 1,430          |
| <b>Resource departmental AME</b>                   | <b>156,536</b>      | <b>161,676</b> | <b>169,209</b> | <b>183,584</b> | <b>202,632</b> | <b>216,472</b> | <b>221,891</b> | <b>233,388</b> | <b>243,217</b> |
| <i>Resource other AME</i>                          |                     |                |                |                |                |                |                |                |                |
| Net expenditure transfers to the EC <sup>(3)</sup> | 2,782               | 3,448          | 4,907          | 4,435          | 4,652          | 5,392          | 5,490          | 6,220          | 6,747          |
| Locally financed government expenditure            | 19,086              | 19,778         | 20,852         | 22,813         | 23,414         | 24,757         | 25,662         | 26,651         | 27,831         |
| Central government gross debt interest             | 20,915              | 22,280         | 23,934         | 25,807         | 27,576         | 29,946         | 30,270         | 30,332         | 33,965         |
| AME margin   | -                   | -              | -              | -              | -              | -              | 900            | 1,800          | 2,700          |
| Accounting adjustments                             | -35,823             | -26,921        | -20,795        | -29,594        | -42,399        | -49,554        | -42,221        | -44,792        | -46,685        |
| <b>Resource other AME</b>                          | <b>6,961</b>        | <b>18,585</b>  | <b>28,898</b>  | <b>23,461</b>  | <b>13,244</b>  | <b>10,541</b>  | <b>20,100</b>  | <b>20,200</b>  | <b>24,600</b>  |
| <b>Public sector current expenditure</b>           | <b>393,359</b>      | <b>425,344</b> | <b>456,874</b> | <b>484,640</b> | <b>507,031</b> | <b>540,141</b> | <b>566,200</b> | <b>592,300</b> | <b>622,400</b> |

Table I.1 Total Managed Expenditure, 2002–03 to 2010–11 (continued)

|  | £ million           |                |                |                |                |                      |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                |                      |                |                |                |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>CAPITAL EXPENDITURE</b>                               |                     |                |                |                |                |                      |                |                |                |
| <b>Capital DEL</b>                                       | <b>27,076</b>       | <b>30,484</b>  | <b>32,821</b>  | <b>35,183</b>  | <b>38,862</b>  | <b>43,936</b>        | <b>48,100</b>  | <b>50,700</b>  | <b>55,300</b>  |
| <b>Capital AME</b>                                       | <b>607</b>          | <b>-330</b>    | <b>2,943</b>   | <b>4,436</b>   | <b>3,832</b>   | <b>2,272</b>         | <b>3,400</b>   | <b>3,500</b>   | <b>2,200</b>   |
| <i>Capital departmental AME</i>                          |                     |                |                |                |                |                      |                |                |                |
| National lottery   | 1,121               | 1,193          | 1,039          | 988            | 701            | 790                  | 614            | 867            | 774            |
| BBC domestic services                                    | 112                 | -6             | 78             | 94             | 103            | 85                   | 76             | 76             | 76             |
| Student loans  | 2,303               | 2,314          | 2,261          | 2,419          | 3,207          | 4,166                | 5,212          | 5,841          | 6,218          |
| Other departmental expenditure <sup>(4)</sup>            | -122                | -388           | 385            | 417            | -382           | -341                 | 13,754         | 366            | 776            |
| <b>Capital departmental AME<sup>(4)</sup></b>            | <b>3,414</b>        | <b>3,113</b>   | <b>3,764</b>   | <b>3,918</b>   | <b>3,630</b>   | <b>4,700</b>         | <b>19,656</b>  | <b>7,149</b>   | <b>7,844</b>   |
| <i>Capital other AME</i>                                 |                     |                |                |                |                |                      |                |                |                |
| Locally financed expenditure                             | 978                 | 746            | 2,407          | 4,278          | 4,743          | 4,178                | 4,588          | 4,044          | 3,360          |
| Public corporations' own-financed<br>capital expenditure | 3,334               | 2,448          | 2,946          | 5,261          | 5,354          | 4,683                | 5,160          | 5,573          | 5,670          |
| AME margin   | -                   | -              | -              | -              | -              | -                    | 100            | 200            | 300            |
| Accounting adjustments <sup>(4)</sup>                    | -7,119              | -6,638         | -6,173         | -9,022         | -9,895         | -11,289              | -26,069        | -13,445        | -15,014        |
| <b>Capital other AME<sup>(4)</sup></b>                   | <b>-2,807</b>       | <b>-3,444</b>  | <b>-820</b>    | <b>518</b>     | <b>202</b>     | <b>-2,428</b>        | <b>-16,200</b> | <b>-3,600</b>  | <b>-5,700</b>  |
| <b>Public sector gross investment</b>                    | <b>27,683</b>       | <b>30,154</b>  | <b>35,764</b>  | <b>39,619</b>  | <b>42,694</b>  | <b>46,208</b>        | <b>51,500</b>  | <b>54,300</b>  | <b>57,400</b>  |
| less public sector depreciation                          | 13,976              | 14,564         | 15,148         | 16,069         | 16,915         | 17,698               | 18,600         | 19,600         | 20,700         |
| <b>Public sector net investment</b>                      | <b>13,707</b>       | <b>15,590</b>  | <b>20,616</b>  | <b>23,550</b>  | <b>25,779</b>  | <b>28,510</b>        | <b>32,900</b>  | <b>34,700</b>  | <b>36,700</b>  |
| <b>Total Managed Expenditure</b>                         | <b>421,042</b>      | <b>455,498</b> | <b>492,638</b> | <b>524,259</b> | <b>549,725</b> | <b>586,349</b>       | <b>617,800</b> | <b>646,500</b> | <b>679,800</b> |
| <i>of which:</i>   |                     |                |                |                |                |                      |                |                |                |
| Total DEL <sup>(5)</sup>                                 | 241,159             | 266,874        | 283,655        | 303,156        | 319,738        | 345,249              | 360,800        | 377,200        | 396,700        |
| Departmental AME   | 159,951             | 164,789        | 172,973        | 187,502        | 206,262        | 221,173              | 241,548        | 240,537        | 251,061        |
| Other AME  | 19,932              | 23,835         | 36,010         | 33,600         | 23,725         | 19,928               | 15,400         | 28,800         | 32,000         |

(1) Tax credits include working tax credits, stakeholder pension credits and, from 2003–04, Child Tax Credits. From 2003–04 to 2008–09 the Child Tax Credits do not include those child allowances that were paid as part of Income Support and Jobseekers' Allowance, within social security benefits.

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

(3) Net expenditure transfers to the EC are comprised of GNI-based contribution to the EC less the UK's abatement. Further information on EC transactions is given in Appendix C, which includes details of transactions with the institutions of the European Community in Table C1.

(4) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

(5) Total DEL is given by resource DEL plus capital DEL less depreciation.

Table I.2 Total Managed Expenditure in real terms<sup>(1)</sup>, 2002–03 to 2010–11

|  | £ million           |                |                |                |                |                |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |
|  |                     |                |                |                |                | outturn        |                |                |                |
| <b>CURRENT EXPENDITURE</b>                         |                     |                |                |                |                |                |                |                |                |
| <b>Resource DEL</b>                                | <b>255,105</b>      | <b>264,338</b> | <b>271,594</b> | <b>285,212</b> | <b>291,155</b> | <b>303,418</b> | <b>304,800</b> | <b>309,900</b> | <b>316,000</b> |
| Near-cash DEL                                      | 227,297             | 247,045        | 256,889        | 266,915        | 272,377        | 281,214        | 285,600        | 289,900        | 295,000        |
| Non-cash   | 27,807              | 17,293         | 14,705         | 18,297         | 18,778         | 22,205         | 19,194         | 20,007         | 20,979         |
| <b>Resource AME</b>                                | <b>181,452</b>      | <b>194,422</b> | <b>207,928</b> | <b>212,728</b> | <b>215,876</b> | <b>219,975</b> | <b>227,400</b> | <b>232,100</b> | <b>238,600</b> |
| <i>Resource departmental AME</i>                   |                     |                |                |                |                |                |                |                |                |
| Social security benefits                           | 126,080             | 127,056        | 130,967        | 133,156        | 133,463        | 135,923        | 138,457        | 140,673        | 142,311        |
| Tax credits <sup>(2)</sup>                         | 6,371               | 10,491         | 12,176         | 13,328         | 14,189         | 14,920         | 16,945         | 18,296         | 18,263         |
| Net public service pensions <sup>(3)</sup>         | 4,606               | 1,937          | 369            | 3,782          | 3,307          | 9,770          | 5,981          | 6,158          | 6,336          |
| National lottery                                   | 765                 | 771            | 692            | 856            | 701            | 879            | 805            | 684            | 692            |
| BBC domestic services                              | 3,203               | 3,050          | 3,061          | 3,041          | 3,242          | 3,155          | 3,248          | 3,264          | 3,274          |
| Student loans                                      | –128                | –230           | –298           | –377           | –426           | –499           | –1,070         | –1,267         | –1,474         |
| Non-cash items                                     | 30,962              | 29,301         | 29,189         | 32,652         | 45,338         | 43,154         | 42,629         | 44,400         | 46,052         |
| Other departmental expenditure                     | 1,867               | 2,001          | 1,441          | 2,185          | 2,818          | 2,456          | 1,552          | 1,378          | 1,274          |
| <b>Resource departmental AME</b>                   | <b>173,726</b>      | <b>174,378</b> | <b>177,597</b> | <b>188,622</b> | <b>202,632</b> | <b>209,760</b> | <b>208,547</b> | <b>213,585</b> | <b>216,729</b> |
| <i>Resource other AME</i>                          |                     |                |                |                |                |                |                |                |                |
| Net expenditure transfers to the EC <sup>(4)</sup> | 3,088               | 3,718          | 5,150          | 4,557          | 4,652          | 5,225          | 5,160          | 5,692          | 6,013          |
| Locally financed government expenditure            | 21,182              | 21,332         | 21,886         | 23,439         | 23,414         | 23,990         | 24,118         | 24,390         | 24,800         |
| Central government gross debt interest             | 23,212              | 24,030         | 25,120         | 26,515         | 27,576         | 29,017         | 28,449         | 27,758         | 30,266         |
| AME margin   | –                   | –              | –              | –              | –              | –              | 800            | 1,600          | 2,400          |
| Accounting adjustments                             | –39,757             | –29,036        | –21,826        | –30,406        | –42,399        | –48,017        | –39,682        | –40,991        | –41,601        |
| <b>Resource other AME</b>                          | <b>7,725</b>        | <b>20,045</b>  | <b>30,331</b>  | <b>24,105</b>  | <b>13,244</b>  | <b>10,215</b>  | <b>18,900</b>  | <b>18,500</b>  | <b>21,900</b>  |
| <b>Public sector current expenditure</b>           | <b>436,556</b>      | <b>458,760</b> | <b>479,522</b> | <b>497,940</b> | <b>507,031</b> | <b>523,393</b> | <b>532,200</b> | <b>542,000</b> | <b>554,600</b> |

Table I.2 Total Managed Expenditure in real terms<sup>(1)</sup>, 2002–03 to 2010–11 (continued)

|  | National Statistics |                |                |                |                |                      |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| £ million  |                     |                |                |                |                |                      |                |                |                |
| <b>CAPITAL EXPENDITURE</b>                               |                     |                |                |                |                |                      |                |                |                |
| <b>Capital DEL</b>                                       | <b>30,049</b>       | <b>32,879</b>  | <b>34,448</b>  | <b>36,148</b>  | <b>38,862</b>  | <b>42,574</b>        | <b>45,200</b>  | <b>46,400</b>  | <b>49,300</b>  |
| <b>Capital AME</b>                                       | <b>674</b>          | <b>-356</b>    | <b>3,089</b>   | <b>4,558</b>   | <b>3,832</b>   | <b>2,201</b>         | <b>3,200</b>   | <b>3,200</b>   | <b>1,900</b>   |
| <i>Capital departmental AME</i>                          |                     |                |                |                |                |                      |                |                |                |
| National lottery   | 1,245               | 1,287          | 1,091          | 1,015          | 701            | 766                  | 577            | 793            | 689            |
| BBC domestic services                                    | 124                 | -6             | 82             | 97             | 103            | 82                   | 71             | 70             | 68             |
| Student loans  | 2,556               | 2,496          | 2,373          | 2,485          | 3,207          | 4,037                | 4,899          | 5,345          | 5,541          |
| Other departmental expenditure <sup>(5)</sup>            | -135                | -418           | 405            | 429            | -382           | -330                 | 12,927         | 335            | 692            |
| <b>Capital departmental AME<sup>(5)</sup></b>            | <b>3,789</b>        | <b>3,358</b>   | <b>3,950</b>   | <b>4,026</b>   | <b>3,630</b>   | <b>4,555</b>         | <b>18,474</b>  | <b>6,542</b>   | <b>6,989</b>   |
| <i>Capital other AME</i>                                 |                     |                |                |                |                |                      |                |                |                |
| Locally financed expenditure                             | 1,085               | 805            | 2,526          | 4,396          | 4,743          | 4,048                | 4,312          | 3,701          | 2,994          |
| Public corporations' own-financed<br>capital expenditure | 3,700               | 2,640          | 3,092          | 5,406          | 5,354          | 4,538                | 4,850          | 5,100          | 5,052          |
| AME margin   | -                   | -              | -              | -              | -              | -                    | 100            | 200            | 300            |
| Accounting adjustments <sup>(5)</sup>                    | -7,901              | -7,159         | -6,479         | -9,269         | -9,895         | -10,939              | -24,501        | -12,304        | -13,379        |
| <b>Capital other AME<sup>(5)</sup></b>                   | <b>-3,115</b>       | <b>-3,714</b>  | <b>-861</b>    | <b>532</b>     | <b>202</b>     | <b>-2,353</b>        | <b>-15,200</b> | <b>-3,300</b>  | <b>-5,100</b>  |
| <b>Public sector gross investment</b>                    | <b>30,723</b>       | <b>32,523</b>  | <b>37,537</b>  | <b>40,706</b>  | <b>42,694</b>  | <b>44,775</b>        | <b>48,400</b>  | <b>49,700</b>  | <b>51,200</b>  |
| less public sector depreciation                          | 15,511              | 15,708         | 15,899         | 16,510         | 16,915         | 17,150               | 17,500         | 17,900         | 18,400         |
| <b>Public sector net investment</b>                      | <b>15,212</b>       | <b>16,815</b>  | <b>21,638</b>  | <b>24,196</b>  | <b>25,779</b>  | <b>27,626</b>        | <b>30,900</b>  | <b>31,700</b>  | <b>32,700</b>  |
| <b>Total Managed Expenditure</b>                         | <b>467,279</b>      | <b>491,283</b> | <b>517,059</b> | <b>538,646</b> | <b>549,725</b> | <b>568,168</b>       | <b>580,600</b> | <b>591,700</b> | <b>605,800</b> |
| <i>of which:</i>   |                     |                |                |                |                |                      |                |                |                |
| Total DEL <sup>(6)</sup>                                 | 267,642             | 287,840        | 297,716        | 311,476        | 319,738        | 334,544              | 339,100        | 345,200        | 353,500        |
| Departmental AME   | 177,516             | 177,736        | 181,547        | 182,648        | 206,262        | 214,315              | 227,000        | 220,100        | 223,700        |
| Other AME  | 22,121              | 25,708         | 37,795         | 34,522         | 23,725         | 19,310               | 14,400         | 26,300         | 28,500         |

(1) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08 deflators are consistent with the March 2008 Financial Statement and Budget Report.

(2) Tax credits include working tax credits, stakeholder pension credits and, from 2003–04, Child Tax Credits. From 2003–04 to 2008–09 the Child Tax Credits do not include those child allowances that were paid as part of Income Support and Jobseekers' Allowance, within social security benefits.

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

(4) Net expenditure transfers to the EC are comprised of GNI-based contribution to the EC less the UK's abatement. Further information on EC transactions is given in Appendix C, which includes details of transactions with the institutions of the European Community in Table C1.

(5) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

(6) Total DEL is given by resource DEL plus capital DEL less depreciation.



Table I.3 Public sector current expenditure, 2002–03 to 2010–11

|   | National Statistics |                |                |                |                |                      |                |                |                |
|---|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>£ million</b>  |                     |                |                |                |                |                      |                |                |                |
| <b>Resource budget</b>  |                     |                |                |                |                |                      |                |                |                |
| Resource DEL  | 229,862             | 245,084        | 258,767        | 277,594        | 291,155        | 313,128              | 324,300        | 338,700        | 354,600        |
| Resource departmental AME   | 156,536             | 161,676        | 169,209        | 183,584        | 202,632        | 216,472              | 221,891        | 233,388        | 243,217        |
| <b>Total resource budget</b>                                      | <b>386,398</b>      | <b>406,759</b> | <b>427,976</b> | <b>461,179</b> | <b>493,787</b> | <b>529,600</b>       | <b>546,100</b> | <b>572,100</b> | <b>597,800</b> |
| less non-cash in resource DEL                                     | 25,056              | 16,034         | 14,010         | 17,809         | 18,778         | 22,915               | 20,422         | 21,862         | 23,543         |
| less non-cash in resource AME                                     | 28,255              | 27,217         | 27,003         | 35,284         | 47,625         | 52,573               | 48,684         | 51,324         | 54,152         |
| <b>Total near-cash in resource budgets</b>                        | <b>333,088</b>      | <b>363,509</b> | <b>386,962</b> | <b>408,086</b> | <b>427,384</b> | <b>454,112</b>       | <b>477,000</b> | <b>498,900</b> | <b>520,100</b> |
| <i>of which:</i>  |                     |                |                |                |                |                      |                |                |                |
| Near-cash in resource DEL   | 204,806             | 229,050        | 244,756        | 259,786        | 272,377        | 290,212              | 303,800        | 316,800        | 331,100        |
| Near-cash in resource AME   | 128,281             | 134,459        | 142,206        | 148,301        | 155,007        | 163,899              | 173,208        | 182,064        | 189,065        |
| <b>Total near-cash in resource budgets</b>                        | <b>333,088</b>      | <b>363,509</b> | <b>386,962</b> | <b>408,086</b> | <b>427,384</b> | <b>454,112</b>       | <b>477,000</b> | <b>498,900</b> | <b>520,100</b> |
| <b>Current spending in other AME</b>                              |                     |                |                |                |                |                      |                |                |                |
| Net expenditure transfers to the EC <sup>(1)</sup>                | 2,782               | 3,448          | 4,907          | 4,435          | 4,652          | 5,392                | 5,490          | 6,220          | 6,747          |
| Locally financed current expenditure                              | 19,086              | 19,778         | 20,852         | 22,813         | 23,414         | 24,757               | 25,662         | 26,651         | 27,831         |
| Central government gross debt interest                            | 20,915              | 22,280         | 23,934         | 25,807         | 27,576         | 29,946               | 30,270         | 30,332         | 33,965         |
| AME margin (current)  | –                   | –              | –              | –              | –              | –                    | 900            | 1,800          | 2,700          |
| <i>Other adjustments</i>  |                     |                |                |                |                |                      |                |                |                |
| Add spending classified as current in National Accounts           | 5,212               | 5,221          | 5,409          | 6,007          | 6,506          | 6,549                | 6,254          | 6,466          | 6,934          |
| Remove near-cash items classified as capital in National Accounts | –                   | –              | –              | –              | –              | –                    | –              | –              | –              |
| Accounting and other adjustments                                  | 12,276              | 11,109         | 14,810         | 17,491         | 17,498         | 19,385               | 20,630         | 21,928         | 24,076         |
| <b>Public sector current expenditure</b>                          | <b>393,359</b>      | <b>425,344</b> | <b>456,874</b> | <b>484,640</b> | <b>507,031</b> | <b>540,141</b>       | <b>566,200</b> | <b>592,300</b> | <b>622,400</b> |

(1) Net expenditure transfers to the EC are comprised of GNI-based contribution to the EC less the UK's abatement. Further information on EC transactions is given in Appendix C, which includes details of transactions with the institutions of the European Community in Table C1.

Table I.4 Public sector net investment, 2002–03 to 2010–11

|  | National Statistics |               |               |               |               |                      |               |               |               |
|--|---------------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
|  | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08              | 2008–09       | 2009–10       | 2010–11       |
|  | outturn             | outturn       | outturn       | outturn       | outturn       | estimated<br>outturn | plans         | plans         | plans         |
| <b>£ million</b>   |                     |               |               |               |               |                      |               |               |               |
| <b>Capital budget</b>  |                     |               |               |               |               |                      |               |               |               |
| Capital DEL  | 27,076              | 30,484        | 32,821        | 35,183        | 38,862        | 43,936               | 48,100        | 50,700        | 55,300        |
| Capital departmental AME <sup>(1)</sup>                        | 3,414               | 3,113         | 3,764         | 3,918         | 3,630         | 4,700                | 19,656        | 7,149         | 7,844         |
| <b>Total capital budget<sup>(1)</sup></b>                      | <b>30,490</b>       | <b>33,598</b> | <b>36,584</b> | <b>39,101</b> | <b>42,492</b> | <b>48,636</b>        | <b>67,700</b> | <b>57,900</b> | <b>63,100</b> |
| <b>Capital spending in other AME</b>                           |                     |               |               |               |               |                      |               |               |               |
| Public corporations' own-financed expenditure                  | 3,334               | 2,448         | 2,946         | 5,261         | 5,354         | 4,683                | 5,160         | 5,573         | 5,670         |
| Locally financed capital expenditure                           | 978                 | 746           | 2,407         | 4,278         | 4,743         | 4,178                | 4,588         | 4,044         | 3,360         |
| AME margin (capital)   | –                   | –             | –             | –             | –             | –                    | 100           | 200           | 300           |
| <i>Other adjustments</i>                                       |                     |               |               |               |               |                      |               |               |               |
| Remove items classified as current in National Accounts        | –5,212              | –5,221        | –5,409        | –6,007        | –6,506        | –6,549               | –6,254        | –6,466        | –6,934        |
| Add resource budget classified as capital in National Accounts | –                   | –             | –             | 7             | –             | –                    | –             | –             | –             |
| Accounting and other adjustments <sup>(1)</sup>                | –1,907              | –1,417        | –764          | –3,022        | –3,389        | –4,740               | –19,815       | –6,979        | –8,080        |
| <b>Public sector gross investment</b>                          | <b>27,683</b>       | <b>30,154</b> | <b>35,764</b> | <b>39,619</b> | <b>42,694</b> | <b>46,208</b>        | <b>51,500</b> | <b>54,300</b> | <b>57,400</b> |
| Less depreciation (National Accounts)                          | 13,976              | 14,564        | 15,148        | 16,069        | 16,915        | 17,698               | 18,600        | 19,600        | 20,700        |
| <b>Public sector net investment</b>                            | <b>13,707</b>       | <b>15,590</b> | <b>20,616</b> | <b>23,550</b> | <b>25,779</b> | <b>28,510</b>        | <b>32,900</b> | <b>34,700</b> | <b>36,700</b> |

(1) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.5 Resource budgets, 2002–03 to 2010–11

|  | £ million           |                |                |                |                |                      |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                |                      |                |                |                |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>Resource DEL by departmental group</b>              |                     |                |                |                |                |                      |                |                |                |
| Children, Schools and Families                         | 10,611              | 11,933         | 12,593         | 14,326         | 42,135         | 44,935               | 46,909         | 49,237         | 51,945         |
| Health   | 57,115              | 63,605         | 69,118         | 76,372         | 80,428         | 89,151               | 93,997         | 99,907         | 106,339        |
| <i>of which: NHS England</i>                           | 55,405              | 61,865         | 66,873         | 74,168         | 78,468         | 87,133               | 92,475         | 98,263         | 104,603        |
| Transport  | 4,781               | 6,114          | 6,085          | 6,076          | 6,920          | 6,760                | 6,356          | 6,398          | 6,571          |
| Innovation, Universities and Skills                    | 11,425              | 12,169         | 12,615         | 13,594         | 14,079         | 15,539               | 16,379         | 17,155         | 18,207         |
| CLG Communities  | 1,613               | 3,414          | 3,606          | 3,467          | 3,626          | 4,235                | 4,327          | 4,475          | 4,619          |
| CLG Local Government                                   | 37,396              | 40,915         | 43,316         | 46,244         | 22,541         | 22,739               | 24,705         | 25,591         | 26,392         |
| Home Office  | 7,313               | 7,914          | 7,977          | 8,298          | 8,343          | 8,654                | 9,066          | 9,313          | 9,607          |
| Justice  | 8,073               | 7,487          | 7,577          | 7,987          | 8,357          | 8,974                | 9,333          | 9,380          | 9,440          |
| Law Officers' Departments                              | 514                 | 575            | 646            | 688            | 698            | 738                  | 725            | 720            | 714            |
| Defence  | 36,462              | 31,376         | 31,316         | 33,462         | 33,491         | 36,746               | 33,623         | 35,171         | 36,709         |
| Foreign and Commonwealth Office                        | 1,478               | 1,511          | 1,710          | 1,877          | 1,827          | 1,939                | 1,830          | 1,610          | 1,618          |
| International Development                              | 3,001               | 3,447          | 3,645          | 4,107          | 4,206          | 4,563                | 4,869          | 5,502          | 6,386          |
| Business, Enterprise and Regulatory Reform             | 1,618               | 1,709          | 2,005          | 1,886          | 2,157          | 2,874                | 2,353          | 2,290          | 2,281          |
| Environment, Food and Rural Affairs                    | 2,242               | 2,443          | 2,814          | 2,817          | 3,103          | 3,063                | 2,936          | 2,967          | 2,974          |
| Culture, Media and Sport                               | 1,227               | 1,225          | 1,326          | 1,452          | 1,527          | 1,652                | 1,620          | 1,678          | 1,753          |
| Work and Pensions                                      | 7,017               | 7,809          | 7,981          | 8,008          | 7,870          | 8,070                | 7,966          | 7,799          | 7,539          |
| Scotland   | 16,247              | 18,421         | 19,459         | 20,791         | 22,354         | 23,844               | 24,422         | 25,398         | 26,507         |
| Wales  | 8,887               | 9,643          | 10,379         | 10,986         | 11,699         | 12,506               | 12,987         | 13,569         | 14,219         |
| Northern Ireland Executive                             | 5,811               | 6,058          | 6,445          | 6,799          | 7,150          | 7,630                | 8,077          | 8,389          | 8,749          |
| Northern Ireland Office                                | 1,096               | 1,044          | 1,150          | 1,176          | 1,224          | 1,363                | 1,207          | 1,172          | 1,181          |
| Chancellor's Departments                               | 4,040               | 4,279          | 4,600          | 4,782          | 4,952          | 4,817                | 4,753          | 4,636          | 4,522          |
| Cabinet Office   | 1,240               | 1,314          | 1,660          | 1,569          | 1,732          | 1,876                | 2,100          | 2,247          | 2,431          |
| Independent Bodies                                     | 656                 | 677            | 744            | 829            | 738            | 810                  | 859            | 842            | 941            |
| Modernisation Funding                                  | –                   | –              | –              | –              | –              | –                    | 500            | 400            | 100            |
| DEL Reserve  | –                   | –              | –              | –              | –              | –                    | 2,300          | 2800           | 2,900          |
| Allowance for Shortfall                                | –                   | –              | –              | –              | –              | –351                 | –              | –              | –              |
| <b>Total resource DEL</b>                              | <b>229,862</b>      | <b>245,084</b> | <b>258,767</b> | <b>277,594</b> | <b>291,155</b> | <b>313,128</b>       | <b>324,300</b> | <b>338,700</b> | <b>354,600</b> |
| <b>Resource departmental AME by departmental group</b> |                     |                |                |                |                |                      |                |                |                |
| Children, Schools and Families                         | 7,156               | 6,575          | 6,344          | 8,037          | 8,599          | 10,665               | 11,138         | 11,680         | 12,258         |
| Health   | 4,665               | 6,294          | 6,451          | 9,409          | 10,450         | 14,552               | 14,597         | 15,606         | 16,662         |
| <i>of which: NHS England</i>                           | 96                  | 100            | 55             | 129            | 223            | 530                  | 526            | 614            | 704            |
| Transport  | 2,166               | 2,326          | 2,741          | 3,076          | 3,315          | 3,696                | 3,980          | 4,264          | 4,492          |
| Innovation, Universities and Skills                    | 122                 | 128            | 141            | 167            | 170            | 275                  | 213            | 213            | 198            |
| CLG Communities  | 241                 | 256            | 179            | 322            | 303            | 249                  | 74             | 78             | 19             |
| CLG Local Government                                   | 170                 | 304            | 461            | 524            | 1,036          | 941                  | 463            | 463            | 463            |
| Home Office  | 1,690               | 40             | 1              | 4              | 291            | 356                  | 543            | 620            | 730            |
| Justice  | 425                 | 58             | 62             | 82             | 84             | 102                  | 131            | 99             | 97             |
| Defence  | 6,151               | 4,798          | 4,468          | 5,181          | 4,919          | 6,469                | 6,754          | 7,083          | 7,475          |
| Foreign and Commonwealth Office                        | 60                  | 40             | 3              | –22            | 27             | 23                   | 50             | 50             | 50             |
| International Development                              | 102                 | 129            | 132            | 140            | 469            | 160                  | 355            | 162            | 159            |
| Business, Enterprise and Regulatory Reform             | 3,585               | 1,335          | –547           | 214            | 6,922          | 377                  | 244            | 283            | 290            |
| Environment, Food and Rural Affairs                    | 193                 | 73             | 72             | 126            | –5             | –15                  | –18            | –18            | –21            |
| Culture, Media and Sport                               | 3,272               | 3,714          | 3,208          | 3,397          | 3,532          | 3,732                | 3,863          | 3,846          | 3,967          |
| Work and Pensions                                      | 99,815              | 103,759        | 110,591        | 115,094        | 119,074        | 129,479              | 130,911        | 136,404        | 141,918        |
| Scotland   | 1,846               | 1,449          | 1,737          | 2,211          | 2,041          | 3,184                | 3,252          | 3,468          | 3,700          |
| Wales  | 181                 | 532            | 224            | 292            | 340            | 339                  | 348            | 380            | 411            |
| Northern Ireland Executive                             | 4,881               | 5,272          | 5,777          | 6,338          | 10,018         | 7,648                | 8,054          | 8,678          | 9,245          |
| Northern Ireland Office                                | –                   | –              | 208            | 212            | 214            | 236                  | 265            | 278            | 291            |
| Chancellor's Departments                               | 15,237              | 19,578         | 21,574         | 23,054         | 24,790         | 26,409               | 29,443         | 32,152         | 32,904         |
| Cabinet Office   | 4,577               | 5,015          | 5,378          | 5,725          | 6,043          | 7,593                | 7,211          | 7,578          | 7,890          |
| Independent Bodies                                     | 4                   | 2              | 5              | 1              | 1              | 1                    | 21             | 21             | 21             |
| <b>Total resource departmental AME</b>                 | <b>156,536</b>      | <b>161,676</b> | <b>169,209</b> | <b>183,584</b> | <b>202,632</b> | <b>216,472</b>       | <b>221,891</b> | <b>233,388</b> | <b>243,217</b> |
| <b>Total resource budget</b>                           | <b>386,398</b>      | <b>406,759</b> | <b>427,976</b> | <b>461,179</b> | <b>493,787</b> | <b>529,600</b>       | <b>546,100</b> | <b>572,100</b> | <b>597,800</b> |

Table I.6 Resource budgets in real terms<sup>(1)</sup>, 2002–03 to 2010–11

|  | £ million           |                |                |                |                |                   |                |                |                |  |
|--|---------------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|--|
|  | National Statistics |                |                |                |                |                   |                |                |                |  |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08           | 2008–09        | 2009–10        | 2010–11        |  |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated outturn | plans          | plans          | plans          |  |
| <b>Resource DEL by departmental group</b>              |                     |                |                |                |                |                   |                |                |                |  |
| Children, Schools and Families                         | 11,777              | 12,871         | 13,217         | 14,720         | 42,135         | 43,542            | 44,088         | 45,059         | 46,288         |  |
| Health   | 63,387              | 68,602         | 72,544         | 78,468         | 80,428         | 86,387            | 88,343         | 91,430         | 94,758         |  |
| <i>of which: NHS England</i>                           | 61,489              | 66,725         | 70,188         | 76,203         | 78,468         | 84,432            | 86,914         | 89,925         | 93,211         |  |
| Transport  | 5,306               | 6,595          | 6,386          | 6,243          | 6,920          | 6,551             | 5,973          | 5,855          | 5,856          |  |
| Innovation, Universities and Skills                    | 12,679              | 13,125         | 13,241         | 13,967         | 14,079         | 15,057            | 15,393         | 15,699         | 16,224         |  |
| CLG Communities  | 1,791               | 3,682          | 3,785          | 3,562          | 3,626          | 4,104             | 4,066          | 4,095          | 4,116          |  |
| CLG Local Government                                   | 41,502              | 44,129         | 45,463         | 47,514         | 22,541         | 22,034            | 23,220         | 23,420         | 23,518         |  |
| Home Office  | 8,117               | 8,536          | 8,372          | 8,526          | 8,343          | 8,386             | 8,521          | 8,523          | 8,560          |  |
| Justice  | 8,959               | 8,075          | 7,953          | 8,206          | 8,357          | 8,696             | 8,772          | 8,584          | 8,412          |  |
| Law Officers' Departments                              | 570                 | 620            | 678            | 707            | 698            | 715               | 682            | 659            | 636            |  |
| Defence  | 40,466              | 33,841         | 32,868         | 34,380         | 33,491         | 35,607            | 31,601         | 32,187         | 32,711         |  |
| Foreign and Commonwealth Office                        | 1,640               | 1,630          | 1,795          | 1,928          | 1,827          | 1,879             | 1,720          | 1,473          | 1,442          |  |
| International Development                              | 3,331               | 3,718          | 3,826          | 4,220          | 4,206          | 4,422             | 4,576          | 5,035          | 5,691          |  |
| Business, Enterprise and Regulatory Reform             | 1,796               | 1,843          | 2,105          | 1,938          | 2,157          | 2,785             | 2,211          | 2,096          | 2,032          |  |
| Environment, Food and Rural Affairs                    | 2,489               | 2,635          | 2,954          | 2,895          | 3,103          | 2,968             | 2,760          | 2,715          | 2,650          |  |
| Culture, Media and Sport                               | 1,362               | 1,321          | 1,392          | 1,492          | 1,527          | 1,600             | 1,523          | 1,536          | 1,562          |  |
| Work and Pensions                                      | 7,787               | 8,423          | 8,377          | 8,227          | 7,870          | 7,819             | 7,486          | 7,137          | 6,718          |  |
| Scotland   | 18,031              | 19,868         | 20,424         | 21,362         | 22,354         | 23,105            | 22,953         | 23,243         | 23,620         |  |
| Wales  | 9,863               | 10,400         | 10,894         | 11,288         | 11,699         | 12,118            | 12,206         | 12,417         | 12,671         |  |
| Northern Ireland Executive                             | 6,449               | 6,534          | 6,764          | 6,986          | 7,150          | 7,393             | 7,592          | 7,678          | 7,796          |  |
| Northern Ireland Office                                | 1,216               | 1,126          | 1,207          | 1,209          | 1,224          | 1,320             | 1,134          | 1,073          | 1,052          |  |
| Chancellor's Departments                               | 4,483               | 4,616          | 4,828          | 4,914          | 4,952          | 4,667             | 4,468          | 4,243          | 4,029          |  |
| Cabinet Office   | 1,376               | 1,417          | 1,742          | 1,612          | 1,732          | 1,818             | 1,974          | 2,056          | 2,166          |  |
| Independent Bodies                                     | 728                 | 731            | 780            | 852            | 738            | 785               | 808            | 770            | 838            |  |
| Modernisation Funding                                  | –                   | –              | –              | –              | –              | –                 | 500            | 400            | 0              |  |
| DEL Reserve  | –                   | –              | –              | –              | –              | –                 | 2,200          | 2,500          | 2,600          |  |
| Allowance for Shortfall                                | –                   | –              | –              | –              | –              | –340              | –              | –              | –              |  |
| <b>Total resource DEL</b>                              | <b>255,105</b>      | <b>264,338</b> | <b>271,594</b> | <b>285,212</b> | <b>291,155</b> | <b>303,418</b>    | <b>304,800</b> | <b>309,900</b> | <b>316,000</b> |  |
| <b>Resource departmental AME by departmental group</b> |                     |                |                |                |                |                   |                |                |                |  |
| Children, Schools and Families                         | 7,941               | 7,091          | 6,658          | 8,258          | 8,599          | 10,335            | 10,468         | 10,689         | 10,923         |  |
| Health   | 5,177               | 6,789          | 6,771          | 9,667          | 10,450         | 14,101            | 13,719         | 14,282         | 14,848         |  |
| <i>of which: NHS England</i>                           | 106                 | 108            | 57             | 132            | 223            | 513               | 494            | 562            | 627            |  |
| Transport  | 2,403               | 2,509          | 2,877          | 3,161          | 3,315          | 3,581             | 3,741          | 3,902          | 4,003          |  |
| Innovation, Universities and Skills                    | 135                 | 138            | 148            | 172            | 170            | 267               | 200            | 195            | 176            |  |
| CLG Communities  | 268                 | 277            | 188            | 331            | 303            | 241               | 70             | 72             | 17             |  |
| CLG Local Government                                   | 188                 | 328            | 484            | 539            | 1,036          | 912               | 435            | 424            | 413            |  |
| Home Office  | 1,876               | 43             | 1              | 4              | 291            | 345               | 510            | 567            | 650            |  |
| Justice  | 471                 | 63             | 65             | 84             | 84             | 99                | 123            | 90             | 86             |  |
| Law Officers' Departments                              | –                   | –              | –              | –              | –              | –                 | –              | –              | –              |  |
| Defence  | 6,826               | 5,175          | 4,689          | 5,323          | 4,919          | 6,269             | 6,348          | 6,482          | 6,661          |  |
| Foreign and Commonwealth Office                        | 66                  | 43             | 3              | –23            | 27             | 22                | 47             | 46             | 45             |  |
| International Development                              | 113                 | 139            | 139            | 143            | 469            | 155               | 334            | 148            | 142            |  |
| Business, Enterprise and Regulatory Reform             | 3,978               | 1,439          | –575           | 220            | 6,922          | 365               | 229            | 259            | 259            |  |
| Environment, Food and Rural Affairs                    | 215                 | 79             | 75             | 129            | –5             | –15               | –17            | –16            | –18            |  |
| Culture, Media and Sport                               | 3,631               | 4,006          | 3,367          | 3,490          | 3,532          | 3,616             | 3,631          | 3,520          | 3,535          |  |
| Work and Pensions                                      | 110,776             | 111,910        | 116,073        | 118,252        | 119,074        | 125,464           | 123,037        | 124,829        | 126,461        |  |
| Scotland   | 2,048               | 1,563          | 1,823          | 2,272          | 2,041          | 3,086             | 3,056          | 3,174          | 3,297          |  |
| Wales  | 201                 | 573            | 235            | 300            | 340            | 329               | 327            | 348            | 366            |  |
| Northern Ireland Executive                             | 5,417               | 5,687          | 6,064          | 6,511          | 10,018         | 7,411             | 7,570          | 7,942          | 8,238          |  |
| Northern Ireland Office                                | –                   | 0              | 219            | 218            | 214            | 229               | 249            | 254            | 259            |  |
| Chancellor's Departments                               | 16,911              | 21,116         | 22,644         | 23,687         | 24,790         | 25,590            | 27,673         | 29,424         | 29,321         |  |
| Cabinet Office   | 5,080               | 5,409          | 5,645          | 5,882          | 6,043          | 7,358             | 6,777          | 6,935          | 7,030          |  |
| Independent Bodies                                     | 4                   | 2              | 5              | 1              | 1              | 1                 | 19             | 19             | 18             |  |
| <b>Total resource departmental AME</b>                 | <b>173,726</b>      | <b>174,378</b> | <b>177,597</b> | <b>188,622</b> | <b>202,632</b> | <b>209,760</b>    | <b>208,547</b> | <b>213,585</b> | <b>216,729</b> |  |
| <b>Total resource budget</b>                           | <b>428,831</b>      | <b>438,716</b> | <b>449,191</b> | <b>473,835</b> | <b>493,787</b> | <b>513,178</b>    | <b>513,300</b> | <b>523,500</b> | <b>532,700</b> |  |

(1) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08 deflators are consistent with the March 2008 Financial Statement and Budget Report.

Table 1.7 Near-cash elements of resource budgets, 2002–03 to 2010–11

|  | National Statistics |                |                |                |                |                      |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>Resource DEL by departmental group</b>              |                     |                |                |                |                |                      |                |                |                |
| Children, Schools and Families                         | 10,612              | 11,916         | 12,571         | 14,279         | 42,135         | 44,947               | 46,945         | 49,275         | 51,970         |
| Health   | 54,413              | 61,152         | 68,723         | 74,422         | 77,427         | 84,001               | 90,815         | 96,453         | 102,639        |
| <i>of which: NHS England</i>                           | 52,714              | 59,421         | 66,495         | 72,234         | 75,488         | 82,001               | 89,313         | 94,827         | 100,921        |
| Transport  | 4,453               | 5,902          | 5,919          | 5,813          | 6,360          | 6,546                | 6,068          | 6,054          | 5,955          |
| Innovation, Universities and Skills                    | 10,575              | 11,352         | 11,952         | 12,772         | 13,401         | 14,514               | 15,021         | 15,626         | 16,565         |
| CLG Communities  | 1,616               | 3,419          | 3,545          | 3,432          | 3,465          | 4,130                | 4,173          | 4,277          | 4,407          |
| CLG Local Government                                   | 37,395              | 40,914         | 43,314         | 46,244         | 22,540         | 22,739               | 24,705         | 25,591         | 26,392         |
| Home Office  | 7,163               | 7,825          | 7,896          | 8,182          | 8,184          | 8,521                | 8,864          | 9,116          | 9,418          |
| Justice  | 6,611               | 7,234          | 7,812          | 7,809          | 8,062          | 8,670                | 8,653          | 8,675          | 8,710          |
| Law Officers' Departments                              | 510                 | 571            | 636            | 679            | 691            | 718                  | 715            | 709            | 703            |
| Defence  | 19,981              | 21,360         | 21,847         | 22,726         | 23,452         | 24,714               | 22,913         | 23,740         | 24,464         |
| Foreign and Commonwealth Office                        | 1,333               | 1,404          | 1,601          | 1,706          | 1,680          | 1,809                | 1,673          | 1,453          | 1,461          |
| International Development                              | 2,843               | 3,423          | 3,541          | 4,041          | 4,098          | 4,515                | 4,780          | 5,407          | 6,288          |
| Business, Enterprise and Regulatory Reform             | 1,617               | 1,746          | 1,824          | 1,672          | 2,025          | 2,631                | 2,225          | 2,179          | 2,180          |
| Environment, Food and Rural Affairs                    | 1,945               | 2,201          | 2,466          | 2,349          | 2,542          | 2,701                | 2,628          | 2,628          | 2,628          |
| Culture, Media and Sport                               | 1,078               | 1,084          | 1,197          | 1,297          | 1,358          | 1,472                | 1,406          | 1,441          | 1,480          |
| Work and Pensions                                      | 6,862               | 7,730          | 7,893          | 7,796          | 7,591          | 7,830                | 7,804          | 7,641          | 7,386          |
| Scotland   | 15,584              | 17,890         | 18,482         | 19,976         | 21,399         | 22,932               | 23,532         | 24,432         | 25,454         |
| Wales  | 8,517               | 9,416          | 10,085         | 10,662         | 11,357         | 11,967               | 12,477         | 13,028         | 13,645         |
| Northern Ireland Executive                             | 5,504               | 5,841          | 6,202          | 6,503          | 6,830          | 7,394                | 7,732          | 8,028          | 8,362          |
| Northern Ireland Office                                | 917                 | 935            | 905            | 974            | 1,012          | 1,005                | 928            | 928            | 928            |
| Chancellor's Departments                               | 3,738               | 4,135          | 4,351          | 4,531          | 4,686          | 4,551                | 4,444          | 4,334          | 4,227          |
| Cabinet Office   | 1,040               | 1,089          | 1,437          | 1,351          | 1,494          | 1,596                | 1,730          | 1,851          | 2,022          |
| Independent Bodies                                     | 499                 | 513            | 555            | 569            | 589            | 661                  | 745            | 718            | 814            |
| Modernisation Funding                                  | –                   | –              | –              | –              | –              | –                    | 500            | 400            | 100            |
| DEL Reserve  | –                   | –              | –              | –              | –              | –                    | 2,300          | 2,800          | 2,900          |
| Allowance for Shortfall                                | –                   | –              | –              | –              | –              | –351                 | –              | –              | –              |
| <b>Total near-cash resource DEL</b>                    | <b>204,806</b>      | <b>229,050</b> | <b>244,756</b> | <b>259,786</b> | <b>272,377</b> | <b>290,212</b>       | <b>303,800</b> | <b>316,800</b> | <b>331,100</b> |
| <b>Resource departmental AME by departmental group</b> |                     |                |                |                |                |                      |                |                |                |
| Children, Schools and Families                         | 1,567               | 659            | 871            | 1,107          | 1,235          | 1,417                | 1,774          | 2,123          | 2,399          |
| Health   | –108                | –2,144         | –2,345         | –2,628         | –2,605         | –2,225               | –1,858         | –1,740         | –1,553         |
| <i>of which: NHS England</i>                           | 0                   | 2              | 0              | –2             | –23            | –15                  | –22            | –22            | –20            |
| Transport  | –2                  | –              | 31             | 35             | 43             | 45                   | 44             | 42             | 40             |
| Innovation, Universities and Skills                    | –16                 | –83            | –127           | –191           | –231           | –614                 | –891           | –1,127         | –1,401         |
| CLG Communities  | 246                 | 209            | 83             | 253            | 298            | 202                  | 16             | 16             | –48            |
| CLG Local Government                                   | 170                 | 304            | 461            | 524            | 1,036          | 941                  | 463            | 463            | 463            |
| Home Office  | 1,690               | 40             | 1              | 4              | 291            | 356                  | 543            | 620            | 730            |
| Justice  | 36                  | –11            | –12            | 20             | –6             | 1                    | 15             | 0              | –2             |
| Defence  | 2,493               | 2,443          | 2,562          | 2,546          | 2,749          | 2,790                | 2,828          | 2,829          | 2,838          |
| International Development                              | 116                 | 119            | 117            | 104            | 113            | 115                  | 111            | 109            | 106            |
| Business, Enterprise and Regulatory Reform             | 1,198               | 1,166          | 1,000          | 1,349          | 1,088          | 958                  | 708            | 531            | 499            |
| Environment, Food and Rural Affairs                    | 273                 | 63             | 61             | 69             | 61             | 62                   | 60             | 60             | 57             |
| Culture, Media and Sport                               | 3,206               | 3,648          | 3,141          | 3,327          | 3,462          | 3,662                | 3,793          | 3,776          | 3,897          |
| Work and Pensions                                      | 99,660              | 103,665        | 110,255        | 114,832        | 118,177        | 124,137              | 130,634        | 136,141        | 141,649        |
| Scotland   | 195                 | –68            | –135           | –172           | –153           | 337                  | –91            | –81            | –75            |
| Wales  | –72                 | 190            | –94            | –73            | –33            | –45                  | –52            | –34            | –18            |
| Northern Ireland Executive                             | 3,818               | 3,637          | 3,732          | 3,815          | 4,062          | 4,453                | 4,453          | 4,649          | 4,857          |
| Northern Ireland Office                                | 120                 | 94             | 125            | 141            | 140            | 142                  | 169            | 183            | 191            |
| Chancellor's Departments                               | 15,057              | 19,447         | 21,431         | 23,196         | 24,738         | 26,383               | 29,343         | 32,047         | 32,794         |
| Cabinet Office   | –1,370              | 1,078          | 1,041          | 33             | 536            | 779                  | 1,135          | 1,447          | 1,631          |
| Independent Bodies                                     | 6                   | 5              | 8              | 10             | 7              | 3                    | 11             | 11             | 11             |
| <b>Total near-cash resource departmental AME</b>       | <b>128,281</b>      | <b>134,459</b> | <b>142,206</b> | <b>148,301</b> | <b>155,007</b> | <b>163,899</b>       | <b>173,208</b> | <b>182,064</b> | <b>189,065</b> |
| <b>Total near-cash resource budget</b>                 | <b>333,088</b>      | <b>363,509</b> | <b>386,962</b> | <b>408,086</b> | <b>427,384</b> | <b>454,112</b>       | <b>477,000</b> | <b>498,900</b> | <b>520,100</b> |

Table I.8 Non-cash elements of resource budgets, 2002–03 to 2010–11

|  | £ million           |               |               |               |               |               |               |               |               |  |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
|  | National Statistics |               |               |               |               |               |               |               |               |  |
|  | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08       | 2008–09       | 2009–10       | 2010–11       |  |
|  | outturn             | outturn       | outturn       | outturn       | outturn       | estimated     | plans         | plans         | plans         |  |
|  |                     |               |               |               |               | outturn       |               |               |               |  |
| <b>Resource DEL by departmental group</b>              |                     |               |               |               |               |               |               |               |               |  |
| Children, Schools and Families                         | –1                  | 17            | 21            | 47            | 0             | –12           | –36           | –38           | –25           |  |
| Health   | 2,702               | 2,453         | 395           | 1,950         | 3,001         | 5,151         | 3,181         | 3,454         | 3,700         |  |
| <i>of which: NHS England</i>                           | 2,690               | 2,443         | 378           | 1,933         | 2,980         | 5,133         | 3,162         | 3,436         | 3,682         |  |
| Transport  | 328                 | 213           | 165           | 263           | 559           | 214           | 287           | 344           | 616           |  |
| Innovation, Universities and Skills                    | 849                 | 817           | 663           | 822           | 677           | 1,025         | 1,358         | 1,529         | 1,641         |  |
| CLG Communities  | –2                  | –5            | 61            | 35            | 161           | 105           | 153           | 197           | 211           |  |
| CLG Local Government                                   | 0                   | 0             | 1             | 1             | 1             | 1             | –             | –             | –             |  |
| Home Office  | 150                 | 89            | 81            | 116           | 159           | 133           | 202           | 197           | 189           |  |
| Justice  | 1,462               | 253           | –235          | 178           | 295           | 304           | 680           | 705           | 729           |  |
| Law Officers' Departments                              | 4                   | 5             | 10            | 9             | 7             | 20            | 11            | 11            | 11            |  |
| Defence  | 16,481              | 10,017        | 9,469         | 10,736        | 10,039        | 12,033        | 10,710        | 11,431        | 12,245        |  |
| Foreign and Commonwealth Office                        | 145                 | 107           | 109           | 171           | 147           | 130           | 157           | 157           | 157           |  |
| International Development                              | 159                 | 24            | 105           | 66            | 108           | 48            | 89            | 95            | 98            |  |
| Business, Enterprise and Regulatory Reform             | 1                   | –37           | 181           | 214           | 133           | 243           | 128           | 111           | 101           |  |
| Environment, Food and Rural Affairs                    | 297                 | 242           | 349           | 468           | 560           | 362           | 308           | 339           | 346           |  |
| Culture, Media and Sport                               | 149                 | 140           | 129           | 155           | 169           | 179           | 214           | 237           | 273           |  |
| Work and Pensions                                      | 155                 | 79            | 88            | 212           | 278           | 239           | 162           | 158           | 153           |  |
| Scotland   | 663                 | 531           | 977           | 815           | 955           | 912           | 890           | 967           | 1,053         |  |
| Wales  | 370                 | 227           | 294           | 324           | 342           | 539           | 510           | 541           | 575           |  |
| Northern Ireland Executive                             | 307                 | 217           | 243           | 297           | 320           | 236           | 345           | 362           | 387           |  |
| Northern Ireland Office                                | 179                 | 109           | 244           | 202           | 212           | 358           | 279           | 244           | 253           |  |
| Chancellor's Departments                               | 302                 | 145           | 250           | 251           | 266           | 265           | 310           | 302           | 295           |  |
| Cabinet Office   | 200                 | 224           | 223           | 219           | 237           | 281           | 370           | 396           | 409           |  |
| Independent Bodies                                     | 156                 | 164           | 189           | 260           | 149           | 150           | 115           | 124           | 127           |  |
| <b>Total non-cash resource DEL</b>                     | <b>25,056</b>       | <b>16,034</b> | <b>14,010</b> | <b>17,809</b> | <b>18,778</b> | <b>22,915</b> | <b>20,422</b> | <b>21,862</b> | <b>23,543</b> |  |
| <b>Resource departmental AME by departmental group</b> |                     |               |               |               |               |               |               |               |               |  |
| Children, Schools and Families                         | 5,589               | 5,916         | 5,473         | 6,930         | 7,364         | 9,248         | 9,364         | 9,557         | 9,858         |  |
| Health   | 4,773               | 8,438         | 8,796         | 12,037        | 13,054        | 16,777        | 16,455        | 17,346        | 18,215        |  |
| <i>of which: NHS England</i>                           | 95                  | 99            | 55            | 131           | 246           | 545           | 548           | 636           | 724           |  |
| Transport  | 2,168               | 2,326         | 2,710         | 3,041         | 3,272         | 3,651         | 3,937         | 4,222         | 4,452         |  |
| Innovation, Universities and Skills                    | 137                 | 211           | 268           | 359           | 401           | 889           | 1,104         | 1,340         | 1,599         |  |
| CLG Communities  | –5                  | 48            | 96            | 70            | 5             | 47            | 58            | 63            | 68            |  |
| Justice  | 388                 | 69            | 74            | 62            | 90            | 101           | 117           | 99            | 98            |  |
| Defence  | 3,658               | 2,355         | 1,906         | 2,634         | 2,170         | 3,679         | 3,926         | 4,254         | 4,637         |  |
| Foreign and Commonwealth Office                        | 60                  | 40            | 3             | –22           | 27            | 23            | 50            | 50            | 50            |  |
| International Development                              | –14                 | 10            | 15            | 36            | 356           | 45            | 244           | 53            | 53            |  |
| Business, Enterprise and Regulatory Reform             | 2,387               | 169           | –1,548        | –1,135        | 5,834         | –581          | –463          | –249          | –209          |  |
| Environment, Food and Rural Affairs                    | –79                 | 10            | 11            | 56            | –66           | –77           | –77           | –77           | –77           |  |
| Culture, Media and Sport                               | 66                  | 67            | 67            | 70            | 70            | 70            | 70            | 70            | 70            |  |
| Work and Pensions                                      | 155                 | 94            | 336           | 262           | 896           | 5,342         | 276           | 263           | 269           |  |
| Scotland   | 1,650               | 1,517         | 1,872         | 2,384         | 2,194         | 2,847         | 3,342         | 3,550         | 3,775         |  |
| Wales  | 253                 | 341           | 318           | 365           | 373           | 384           | 399           | 414           | 429           |  |
| Northern Ireland Executive                             | 1,062               | 1,636         | 2,045         | 2,523         | 5,955         | 3,195         | 3,601         | 4,029         | 4,387         |  |
| Northern Ireland Office                                | –120                | –94           | 83            | 72            | 74            | 94            | 96            | 95            | 99            |  |
| Chancellor's Departments                               | 181                 | 131           | 143           | –142          | 52            | 26            | 100           | 105           | 110           |  |
| Cabinet Office   | 5,947               | 3,936         | 4,337         | 5,692         | 5,507         | 6,814         | 6,076         | 6,132         | 6,259         |  |
| Independent Bodies                                     | –2                  | –2            | –3            | –9            | –6            | –2            | 9             | 10            | 10            |  |
| <b>Total non-cash resource departmental AME</b>        | <b>28,255</b>       | <b>27,217</b> | <b>27,003</b> | <b>35,284</b> | <b>47,625</b> | <b>52,573</b> | <b>48,684</b> | <b>51,324</b> | <b>54,152</b> |  |
| <b>Total non-cash resource budget</b>                  | <b>53,310</b>       | <b>43,250</b> | <b>41,013</b> | <b>53,092</b> | <b>66,403</b> | <b>75,488</b> | <b>69,106</b> | <b>73,186</b> | <b>77,695</b> |  |

**Table I.9 Administration budgets<sup>(1)</sup> by departmental group, 2002–03 to 2010–11**

|  | £ million           |                    |                    |                    |                    |                                 |                  |                  |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|  | National Statistics |                    |                    |                    |                    | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn |                                 |                  |                  |                  |
| Children, Schools and Families   | 206                 | 223                | 234                | 217                | 224                | 223                             | 218              | 213              | 207              |
| Health   | 329                 | 323                | 314                | 290                | 277                | 281                             | 270              | 264              | 257              |
| Transport  | 385                 | 405                | 277                | 314                | 280                | 288                             | 282              | 275              | 269              |
| Innovation, Universities and Skills  | 70                  | 73                 | 82                 | 65                 | 66                 | 69                              | 70               | 68               | 67               |
| CLG Communities  | 229                 | 293                | 314                | 311                | 296                | 291                             | 280              | 273              | 267              |
| Home Office  | 499                 | 492                | 458                | 444                | 399                | 382                             | 429              | 419              | 409              |
| Justice  | 261                 | 330                | 428                | 459                | 416                | 431                             | 440              | 429              | 414              |
| Law Officers' Departments  | 51                  | 59                 | 73                 | 67                 | 60                 | 81                              | 70               | 68               | 69               |
| Defence <sup>(2)</sup>   | 2,054               | 2,137              | 2,560              | 2,617              | 2,357              | 2,351                           | 2,294            | 2,238            | 2,184            |
| Foreign and Commonwealth Office  | 353                 | 376                | 405                | 400                | 393                | 438                             | 431              | 421              | 412              |
| International Development  | 85                  | 146                | 158                | 162                | 190                | 167                             | 163              | 159              | 155              |
| Business, Enterprise and Regulatory Reform                                 | 417                 | 431                | 444                | 439                | 432                | 546                             | 441              | 415              | 403              |
| Environment, Food and Rural Affairs  | 435                 | 346                | 370                | 392                | 391                | 362                             | 356              | 347              | 339              |
| Culture, Media and Sport   | 36                  | 39                 | 40                 | 47                 | 51                 | 55                              | 49               | 48               | 46               |
| Work and Pensions  | 5,586               | 5,912              | 5,981              | 5,849              | 5,867              | 5,707                           | 5,697            | 5,559            | 5,424            |
| Northern Ireland Office  | 136                 | 78                 | 82                 | 78                 | 79                 | 70                              | 77               | 75               | 74               |
| Chancellor's Departments   | 3,931               | 4,177              | 4,468              | 4,582              | 4,827              | 4,650                           | 4,601            | 4,487            | 4,375            |
| Cabinet Office   | 276                 | 270                | 270                | 273                | 260                | 270                             | 333              | 325              | 317              |
| <i>of which: Security and Intelligence Agencies<sup>(2)</sup></i>          | 87                  | 87                 | 87                 | 87                 | 88                 | 89                              | 87               | 85               | 83               |
| <b>Total administration budgets</b>  | <b>15,340</b>       | <b>16,111</b>      | <b>16,956</b>      | <b>17,005</b>      | <b>16,866</b>      | <b>16,660</b>                   | <b>16,500</b>    | <b>16,084</b>    | <b>15,688</b>    |
| <i>of which: administration costs paybill</i>                              | 9,455               | 10,088             | 10,704             | 11,200             | 10,838             | 10,453                          | 10,732           | 10,367           | 10,141           |
| <b>Administration budgets as a percentage of Total Managed Expenditure</b> | <b>3.7%</b>         | <b>3.6%</b>        | <b>3.5%</b>        | <b>3.3%</b>        | <b>3.1%</b>        | <b>2.9%</b>                     | <b>2.7%</b>      | <b>2.5%</b>      | <b>2.3%</b>      |

(1) The Statistics Board Main Estimate includes administration expenditure of the Office for National Statistics up to 2007–08 (the period for which the ONS was a ministerial department) but not in plans. This reflects the fact that the Statistics Board was created as an independent body from 1 April 2008, so is outside the administration budgets regime. This table excludes this outturn administration expenditure to provide a consistent series and is in line with the CSR presentation.

(2) The historical data for Defence and Security and Intelligence Agencies are estimates and will be reviewed prior to PESA 2009.



Table I.10 Capital budgets, 2002–03 to 2010–11

|   | National Statistics |               |               |               |               |                      |               |               |               |
|---|---------------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
|   | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08              | 2008–09       | 2009–10       | 2010–11       |
|   | outturn             | outturn       | outturn       | outturn       | outturn       | estimated<br>outturn | plans         | plans         | plans         |
| <b>£ million</b>                                      |                     |               |               |               |               |                      |               |               |               |
| <b>Capital DEL by departmental group</b>              |                     |               |               |               |               |                      |               |               |               |
| Children, Schools and Families                        | 2,736               | 3,471         | 4,070         | 4,413         | 4,052         | 5,532                | 6,011         | 6,376         | 7,631         |
| Health  | 2,146               | 2,689         | 2,708         | 2,245         | 3,194         | 3,575                | 4,711         | 5,475         | 6,208         |
| <i>of which: NHS England</i>                          | 2,073               | 2,602         | 2,624         | 2,151         | 3,069         | 3,316                | 4,567         | 5,328         | 6,059         |
| Transport   | 5,059               | 5,233         | 5,223         | 4,999         | 6,505         | 7,104                | 7,294         | 7,614         | 8,112         |
| Innovation, Universities and Skills                   | 1,102               | 1,299         | 1,429         | 2,004         | 1,882         | 2,029                | 1,990         | 2,205         | 2,260         |
| CLG Communities                                       | 3,057               | 4,597         | 4,984         | 5,531         | 5,431         | 6,036                | 6,975         | 7,337         | 7,524         |
| CLG Local Government                                  | 202                 | 214           | 257           | 316           | 223           | 65                   | 87            | 107           | 93            |
| Home Office   | 654                 | 680           | 586           | 626           | 592           | 780                  | 854           | 782           | 853           |
| Justice   | 363                 | 364           | 599           | 508           | 536           | 980                  | 692           | 779           | 744           |
| Law Officers' Departments                             | 8                   | 11            | 11            | -23           | 11            | 15                   | 13            | 13            | 13            |
| Defence   | 6,115               | 6,002         | 6,701         | 6,410         | 7,070         | 8,120                | 7,871         | 8,187         | 8,871         |
| Foreign and Commonwealth Office                       | 102                 | 87            | 117           | 132           | 160           | 246                  | 206           | 216           | 205           |
| International Development                             | 448                 | 302           | 304           | 447           | 765           | 731                  | 891           | 1,366         | 1,556         |
| Business, Enterprise and Regulatory Reform            | 268                 | 444           | 220           | 1,127         | 1,152         | 1,128                | 1,231         | 1,232         | 1,235         |
| Environment, Food and Rural Affairs                   | 432                 | 567           | 489           | 836           | 922           | 910                  | 1,000         | 1,050         | 1,200         |
| Culture, Media and Sport                              | 28                  | 124           | 154           | 110           | 284           | 455                  | 1,045         | 404           | 566           |
| Work and Pensions                                     | 281                 | 222           | 290           | 354           | 215           | 100                  | 82            | 81            | 71            |
| Scotland  | 1,906               | 1,697         | 2,171         | 2,390         | 3,035         | 3,542                | 3,147         | 3,342         | 3,641         |
| Wales   | 1,004               | 985           | 1,008         | 1,208         | 1,319         | 1,527                | 1,568         | 1,678         | 1,841         |
| Northern Ireland Executive                            | 663                 | 618           | 767           | 835           | 803           | 1,015                | 994           | 1,058         | 1,156         |
| Northern Ireland Office                               | 53                  | 50            | 71            | 59            | 69            | 9                    | 72            | 72            | 72            |
| Chancellor's Departments                              | 246                 | 229           | 380           | 369           | 302           | 291                  | 269           | 262           | 255           |
| Cabinet Office  | 176                 | 570           | 180           | 242           | 283           | 411                  | 361           | 390           | 354           |
| Independent Bodies                                    | 28                  | 33            | 102           | 44            | 56            | 63                   | 60            | 52            | 45            |
| DEL Reserve   | -                   | -             | -             | -             | -             | -                    | 700           | 700           | 800           |
| Allowance for Shortfall                               | -                   | -             | -             | -             | -             | -727                 | -             | -             | -             |
| <b>Total capital DEL</b>                              | <b>27,076</b>       | <b>30,484</b> | <b>32,821</b> | <b>35,183</b> | <b>38,862</b> | <b>43,936</b>        | <b>48,100</b> | <b>50,700</b> | <b>55,300</b> |
| <b>Capital departmental AME by departmental group</b> |                     |               |               |               |               |                      |               |               |               |
| Health  | -                   | -             | 229           | 649           | 89            | 43                   | 10            | -             | -             |
| <i>of which: NHS England</i>                          | -                   | -             | 229           | 649           | 89            | 43                   | 10            | -             | -             |
| Innovation, Universities and Skills                   | 1,869               | 1,910         | 1,883         | 2,067         | 2,822         | 3,696                | 4,759         | 5,366         | 5,740         |
| CLG Local Government                                  | 56                  | 125           | -             | -             | -             | -                    | -             | -             | -             |
| Defence   | -50                 | -4            | -             | -             | 13            | -710                 | -             | -             | -             |
| Business, Enterprise and Regulatory Reform            | -228                | -1,092        | -342          | -958          | -1,166        | -297                 | -913          | -379          | -35           |
| Environment, Food and Rural Affairs                   | 1                   | 1             | 1             | 0             | 0             | 0                    | 1             | 1             | 1             |
| Culture, Media and Sport                              | 1,243               | 1,197         | 1,127         | 1,095         | 818           | 885                  | 690           | 943           | 850           |
| Work and Pensions                                     | 77                  | 90            | 80            | 101           | 185           | 153                  | 125           | 131           | 133           |
| Scotland  | 216                 | 191           | 170           | 150           | 147           | 170                  | 124           | 125           | 125           |
| Wales   | 141                 | 146           | 135           | 121           | 128           | 161                  | 166           | 169           | 166           |
| Northern Ireland Executive                            | 90                  | 149           | 252           | 249           | 339           | 300                  | 434           | 434           | 394           |
| Chancellor's Departments                              | -                   | 400           | 228           | 444           | 255           | 299                  | 14,260        | #             | #             |
| <b>Total capital departmental AME<sup>(1)</sup></b>   | <b>3,414</b>        | <b>3,113</b>  | <b>3,764</b>  | <b>3,918</b>  | <b>3,630</b>  | <b>4,700</b>         | <b>19,656</b> | <b>7,149</b>  | <b>7,844</b>  |
| <b>Total capital budget<sup>(1)</sup></b>             | <b>30,490</b>       | <b>33,598</b> | <b>36,584</b> | <b>39,101</b> | <b>42,492</b> | <b>48,636</b>        | <b>67,700</b> | <b>57,900</b> | <b>63,100</b> |

(1) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.11 Capital budgets in real terms<sup>(1)</sup>, 2002–03 to 2010–11

|   | National Statistics |               |               |               |               |                      |               |               |               |
|---|---------------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
|   | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08              | 2008–09       | 2009–10       | 2010–11       |
|   | outturn             | outturn       | outturn       | outturn       | outturn       | estimated<br>outturn | plans         | plans         | plans         |
| <b>£ million</b>                                      |                     |               |               |               |               |                      |               |               |               |
| <b>Capital DEL by departmental group</b>              |                     |               |               |               |               |                      |               |               |               |
| Children, Schools and Families                        | 3,037               | 3,744         | 4,272         | 4,534         | 4,052         | 5,360                | 5,649         | 5,835         | 6,800         |
| Health  | 2,381               | 2,900         | 2,842         | 2,307         | 3,194         | 3,465                | 4,428         | 5,010         | 5,532         |
| <i>of which: NHS England</i>                          | 2,301               | 2,806         | 2,754         | 2,210         | 3,069         | 3,214                | 4,293         | 4,876         | 5,400         |
| Transport   | 5,614               | 5,644         | 5,482         | 5,137         | 6,505         | 6,883                | 6,855         | 6,968         | 7,229         |
| Innovation, Universities and Skills                   | 1,223               | 1,401         | 1,500         | 2,059         | 1,882         | 1,966                | 1,870         | 2,018         | 2,014         |
| CLG Communities                                       | 3,392               | 4,958         | 5,231         | 5,683         | 5,431         | 5,849                | 6,556         | 6,714         | 6,705         |
| CLG Local Government                                  | 224                 | 231           | 270           | 324           | 223           | 63                   | 82            | 98            | 83            |
| Home Office   | 726                 | 733           | 615           | 643           | 592           | 756                  | 803           | 716           | 760           |
| Justice   | 403                 | 393           | 629           | 522           | 536           | 949                  | 650           | 713           | 663           |
| Law Officers' Departments                             | 8                   | 11            | 12            | -24           | 11            | 15                   | 12            | 12            | 11            |
| Defence   | 6,786               | 6,473         | 7,033         | 6,586         | 7,070         | 7,868                | 7,398         | 7,492         | 7,905         |
| Foreign and Commonwealth Office                       | 113                 | 93            | 122           | 135           | 160           | 238                  | 194           | 198           | 183           |
| International Development                             | 498                 | 325           | 319           | 459           | 765           | 709                  | 837           | 1,250         | 1,387         |
| Business, Enterprise and Regulatory Reform            | 297                 | 478           | 231           | 1,157         | 1,152         | 1,093                | 1,157         | 1,127         | 1,101         |
| Environment, Food and Rural Affairs                   | 480                 | 612           | 513           | 859           | 922           | 882                  | 940           | 961           | 1,069         |
| Culture, Media and Sport                              | 31                  | 133           | 161           | 113           | 284           | 441                  | 982           | 370           | 505           |
| Work and Pensions                                     | 311                 | 239           | 305           | 364           | 215           | 97                   | 77            | 74            | 63            |
| Scotland  | 2,115               | 1,830         | 2,278         | 2,456         | 3,035         | 3,432                | 2,958         | 3,058         | 3,244         |
| Wales   | 1,115               | 1,062         | 1,058         | 1,242         | 1,319         | 1,479                | 1,474         | 1,536         | 1,641         |
| Northern Ireland Executive                            | 736                 | 666           | 805           | 858           | 803           | 984                  | 934           | 968           | 1,030         |
| Northern Ireland Office                               | 59                  | 54            | 74            | 61            | 69            | 8                    | 68            | 66            | 64            |
| Chancellor's Departments                              | 273                 | 247           | 399           | 380           | 302           | 282                  | 253           | 240           | 228           |
| Cabinet Office  | 196                 | 615           | 189           | 249           | 283           | 398                  | 339           | 357           | 316           |
| Independent Bodies                                    | 31                  | 35            | 107           | 45            | 56            | 61                   | 57            | 48            | 41            |
| DEL Reserve   | -                   | -             | -             | -             | -             | -                    | 600           | 600           | 700           |
| Allowance for Shortfall                               | -                   | -             | -             | -             | -             | -704                 | -             | -             | -             |
| <b>Total capital DEL</b>                              | <b>30,049</b>       | <b>32,879</b> | <b>34,448</b> | <b>36,148</b> | <b>38,862</b> | <b>42,574</b>        | <b>45,200</b> | <b>46,400</b> | <b>49,300</b> |
| <b>Capital departmental AME by departmental group</b> |                     |               |               |               |               |                      |               |               |               |
| Health  | -                   | -             | 241           | 667           | 89            | 42                   | 9             | -             | -             |
| <i>of which: NHS England</i>                          | -                   | -             | 241           | 667           | 89            | 42                   | 9             | -             | -             |
| Innovation, Universities and Skills                   | 2,074               | 2,060         | 1,976         | 2,124         | 2,822         | 3,582                | 4,472         | 4,911         | 5,115         |
| CLG Local Government                                  | 62                  | 135           | -             | -             | -             | -                    | -             | -             | -             |
| Defence   | -55                 | -5            | -             | -             | 13            | -688                 | -             | -             | -             |
| Business, Enterprise and Regulatory Reform            | -253                | -1,178        | -359          | -984          | -1,166        | -288                 | -858          | -347          | -31           |
| Environment, Food and Rural Affairs                   | 1                   | 1             | 1             | 0             | 0             | 0                    | 1             | 1             | 1             |
| Culture, Media and Sport                              | 1,380               | 1,291         | 1,183         | 1,125         | 818           | 858                  | 649           | 863           | 757           |
| Work and Pensions                                     | 85                  | 98            | 84            | 104           | 185           | 148                  | 117           | 119           | 119           |
| Scotland  | 240                 | 206           | 178           | 155           | 147           | 165                  | 117           | 114           | 111           |
| Wales   | 156                 | 158           | 141           | 125           | 128           | 156                  | 156           | 154           | 148           |
| Northern Ireland Executive                            | 100                 | 160           | 264           | 255           | 339           | 290                  | 408           | 398           | 351           |
| Chancellor's Departments                              | -                   | 431           | 239           | 456           | 255           | 289                  | 13,402        | #             | #             |
| <b>Total capital departmental AME<sup>(1)</sup></b>   | <b>3,789</b>        | <b>3,358</b>  | <b>3,950</b>  | <b>4,026</b>  | <b>3,630</b>  | <b>4,555</b>         | <b>18,474</b> | <b>6,542</b>  | <b>6,989</b>  |
| <b>Total capital budget<sup>(1)</sup></b>             | <b>33,838</b>       | <b>36,237</b> | <b>38,398</b> | <b>40,174</b> | <b>42,492</b> | <b>47,128</b>        | <b>63,700</b> | <b>53,000</b> | <b>56,200</b> |

(1) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08, deflators are consistent with the March 2008 Financial Statement and Budget Report.

(2) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

**Table I.12 Total Departmental Expenditure Limits<sup>(1)</sup>, 2002–03 to 2010–11**

|  | £ million           |                |                |                |                |                |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |
|  |                     |                |                |                |                | outturn        |                |                |                |
| <b>Resource and net capital DEL</b>              |                     |                |                |                |                |                |                |                |                |
| <b>by departmental group</b>                     |                     |                |                |                |                |                |                |                |                |
| Children, Schools and Families                   | 13,330              | 15,386         | 16,641         | 18,713         | 46,169         | 50,449         | 52,908         | 55,601         | 59,563         |
| Health   | 58,821              | 65,991         | 71,366         | 78,108         | 82,630         | 91,833         | 97,861         | 104,417        | 111,437        |
| <i>of which: NHS England</i>                     | <i>57,049</i>       | <i>64,173</i>  | <i>69,051</i>  | <i>75,822</i>  | <i>80,561</i>  | <i>89,568</i>  | <i>96,213</i>  | <i>102,642</i> | <i>109,568</i> |
| Transport  | 9,643               | 10,974         | 11,053         | 10,795         | 13,117         | 13,492         | 13,256         | 13,745         | 14,448         |
| Innovation, Universities and Skills              | 12,436              | 13,374         | 13,946         | 15,485         | 15,854         | 17,431         | 18,223         | 19,198         | 20,291         |
| CLG Communities                                  | 4,662               | 7,991          | 8,555          | 8,972          | 9,030          | 10,240         | 11,251         | 11,761         | 12,078         |
| CLG Local Government                             | 37,598              | 41,128         | 43,571         | 46,560         | 22,763         | 22,804         | 24,793         | 25,698         | 26,485         |
| Home Office                                      | 7,847               | 8,514          | 8,499          | 8,838          | 8,841          | 9,276          | 9,755          | 9,961          | 10,334         |
| Justice  | 8,234               | 7,637          | 7,915          | 8,137          | 8,546          | 9,519          | 9,625          | 9,720          | 9,725          |
| Law Officers' Departments                        | 518                 | 582            | 649            | 657            | 701            | 744            | 730            | 724            | 718            |
| Defence  | 29,317              | 31,076         | 32,977         | 33,285         | 33,964         | 36,906         | 34,076         | 35,371         | 36,897         |
| Foreign and Commonwealth Office                  | 1,513               | 1,534          | 1,760          | 1,900          | 1,906          | 2,110          | 1,931          | 1,723          | 1,723          |
| International Development                        | 3,434               | 3,718          | 3,924          | 4,532          | 4,955          | 5,277          | 5,738          | 6,843          | 7,917          |
| Business, Enterprise and Regulatory Reform       | 1,866               | 2,084          | 2,181          | 2,968          | 3,273          | 3,971          | 3,506          | 3,442          | 3,437          |
| Environment, Food and Rural Affairs              | 2,516               | 2,867          | 3,103          | 3,512          | 3,867          | 3,782          | 3,746          | 3,815          | 3,961          |
| Culture, Media and Sport                         | 1,187               | 1,281          | 1,427          | 1,481          | 1,726          | 2,014          | 2,552          | 1,971          | 2,202          |
| Work and Pensions                                | 7,211               | 7,937          | 8,149          | 8,251          | 7,898          | 8,012          | 7,918          | 7,743          | 7,456          |
| Scotland <sup>(2)</sup>                          | 17,929              | 19,915         | 21,212         | 22,851         | 24,951         | 27,029         | 27,267         | 28,377         | 29,752         |
| Wales <sup>(2)</sup>                             | 9,654               | 10,532         | 11,240         | 11,999         | 12,839         | 13,774         | 14,273         | 14,965         | 15,779         |
| Northern Ireland Executive <sup>(2)</sup>        | 6,374               | 6,568          | 7,082          | 7,494          | 7,824          | 8,557          | 8,881          | 9,246          | 9,675          |
| Northern Ireland Office                          | 1,093               | 1,053          | 1,176          | 1,188          | 1,235          | 1,311          | 1,184          | 1,146          | 1,153          |
| Chancellor's Departments                         | 4,053               | 4,362          | 4,742          | 4,984          | 5,042          | 4,881          | 4,830          | 4,711          | 4,595          |
| Cabinet Office                                   | 1,251               | 1,692          | 1,679          | 1,637          | 1,858          | 2,094          | 2,165          | 2,319          | 2,451          |
| Independent Bodies                               | 672                 | 678            | 808            | 810            | 749            | 821            | 871            | 843            | 932            |
| Modernisation Funding                            | –                   | –              | –              | –              | –              | –              | 500            | 400            | 100            |
| DEL Reserve                                      | –                   | –              | –              | –              | –              | –              | 3,000          | 3,400          | 3,700          |
| Allowance for Shortfall                          | –                   | –              | –              | –              | –              | –1,078         | –              | –              | –              |
| <b>Total DEL</b>                                 | <b>241,159</b>      | <b>266,874</b> | <b>283,655</b> | <b>303,156</b> | <b>319,738</b> | <b>345,249</b> | <b>360,800</b> | <b>377,200</b> | <b>396,700</b> |
| <b>Total UK education spending<sup>(3)</sup></b> |                     |                |                |                |                |                |                |                |                |
| <b>(£ billion)</b>                               | <b>52.9</b>         | <b>59.0</b>    | <b>62.9</b>    | <b>67.5</b>    | <b>70.7</b>    | <b>76.2</b>    | <b>81.9</b>    | <b>86.1</b>    | <b>91.5</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 presents education spending against the UN Classification Of the Functions Of Governments (COFOG) and includes spending by Local Authorities.

**Table I.13 Total Departmental Expenditure Limits<sup>(1)</sup> in real terms<sup>(2)</sup>, 2002–03 to 2010–11**

|  | £ million           |                |                |                |                |                      |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                |                      |                |                |                |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>Resource and net capital DEL</b>              |                     |                |                |                |                |                      |                |                |                |
| <b>by departmental group</b>                     |                     |                |                |                |                |                      |                |                |                |
| Children, Schools and Families                   | 14,794              | 16,594         | 17,466         | 19,227         | 46,169         | 48,885               | 49,726         | 50,883         | 53,076         |
| Health   | 65,281              | 71,176         | 74,903         | 80,251         | 82,630         | 88,985               | 91,975         | 95,557         | 99,300         |
| <i>of which: NHS England</i>                     | <i>63,314</i>       | <i>69,215</i>  | <i>72,474</i>  | <i>77,903</i>  | <i>80,561</i>  | <i>86,791</i>        | <i>90,427</i>  | <i>93,932</i>  | <i>97,635</i>  |
| Transport  | 10,702              | 11,836         | 11,601         | 11,091         | 13,117         | 13,073               | 12,458         | 12,579         | 12,875         |
| Innovation, Universities and Skills              | 13,801              | 14,425         | 14,637         | 15,910         | 15,854         | 16,891               | 17,127         | 17,569         | 18,082         |
| CLG Communities                                  | 5,173               | 8,619          | 8,979          | 9,218          | 9,030          | 9,922                | 10,574         | 10,763         | 10,762         |
| CLG Local Government                             | 41,726              | 44,359         | 45,731         | 47,837         | 22,763         | 22,097               | 23,301         | 23,518         | 23,601         |
| Home Office                                      | 8,709               | 9,183          | 8,920          | 9,081          | 8,841          | 8,989                | 9,169          | 9,116          | 9,208          |
| Justice  | 9,138               | 8,237          | 8,307          | 8,361          | 8,546          | 9,224                | 9,046          | 8,895          | 8,666          |
| Law Officers' Departments                        | 575                 | 627            | 681            | 675            | 701            | 720                  | 686            | 662            | 640            |
| Defence  | 32,537              | 33,518         | 34,612         | 34,199         | 33,964         | 35,762               | 32,026         | 32,370         | 32,878         |
| Foreign and Commonwealth Office                  | 1,679               | 1,654          | 1,847          | 1,952          | 1,906          | 2,045                | 1,815          | 1,577          | 1,535          |
| International Development                        | 3,811               | 4,010          | 4,119          | 4,656          | 4,955          | 5,113                | 5,393          | 6,262          | 7,055          |
| Business, Enterprise and Regulatory Reform       | 2,071               | 2,247          | 2,289          | 3,049          | 3,273          | 3,847                | 3,295          | 3,150          | 3,062          |
| Environment, Food and Rural Affairs              | 2,793               | 3,093          | 3,257          | 3,609          | 3,867          | 3,664                | 3,520          | 3,491          | 3,530          |
| Culture, Media and Sport                         | 1,317               | 1,381          | 1,498          | 1,521          | 1,726          | 1,952                | 2,399          | 1,804          | 1,962          |
| Work and Pensions                                | 8,003               | 8,561          | 8,553          | 8,478          | 7,898          | 7,764                | 7,441          | 7,086          | 6,644          |
| Scotland <sup>(3)</sup>                          | 19,898              | 21,480         | 22,264         | 23,478         | 24,951         | 26,191               | 25,627         | 25,969         | 26,511         |
| Wales <sup>(3)</sup>                             | 10,714              | 11,359         | 11,797         | 12,329         | 12,839         | 13,347               | 13,415         | 13,695         | 14,061         |
| Northern Ireland Executive <sup>(3)</sup>        | 7,074               | 7,083          | 7,433          | 7,700          | 7,824          | 8,292                | 8,347          | 8,461          | 8,622          |
| Northern Ireland Office                          | 1,213               | 1,136          | 1,235          | 1,220          | 1,235          | 1,271                | 1,113          | 1,048          | 1,027          |
| Chancellor's Departments                         | 4,498               | 4,704          | 4,977          | 5,121          | 5,042          | 4,730                | 4,540          | 4,311          | 4,095          |
| Cabinet Office                                   | 1,389               | 1,825          | 1,762          | 1,682          | 1,858          | 2,029                | 2,034          | 2,122          | 2,184          |
| Independent Bodies                               | 746                 | 732            | 848            | 832            | 749            | 795                  | 818            | 772            | 831            |
| Modernisation Funding                            | –                   | –              | –              | –              | –              | –                    | 500            | 400            | 0              |
| DEL Reserve                                      | –                   | –              | –              | –              | –              | –                    | 2,800          | 3,100          | 3,300          |
| Allowance for Shortfall                          | –                   | –              | –              | –              | –              | –1,045               | –              | –              | –              |
| <b>Total DEL</b>                                 | <b>267,642</b>      | <b>287,840</b> | <b>297,716</b> | <b>311,476</b> | <b>319,738</b> | <b>334,544</b>       | <b>339,100</b> | <b>345,200</b> | <b>353,500</b> |
| <b>Total UK education spending<sup>(4)</sup></b> |                     |                |                |                |                |                      |                |                |                |
| <b>(£ billion)</b>                               | <b>58.7</b>         | <b>63.6</b>    | <b>66.0</b>    | <b>69.4</b>    | <b>70.7</b>    | <b>73.8</b>          | <b>77.0</b>    | <b>78.8</b>    | <b>81.5</b>    |

(1) Full resource budgeting basis, excluding depreciation.

(2) Real terms figures are the cash figures adjusted to 2006–07 price levels using GDP deflators. For years 2002–03 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). From 2007–08 deflators are consistent with the March 2008 Financial Statement and Budget Report.

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

(4) This presents education spending against the UN Classification Of the Functions Of Governments (COFOG) and includes spending by Local Authorities.

Table I.14 Accounting adjustments<sup>(1)</sup>, 2002–03 to 2010–11

|   | £ billion    |              |              |              |              |                      |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|--------------|--------------|
|   | 2002–03      | 2003–04      | 2004–05      | 2005–06      | 2006–07      | 2007–08              | 2008–09      | 2009–10      | 2010–11      |
|   | outturn      | outturn      | outturn      | outturn      | outturn      | estimated<br>outturn | plans        | plans        | plans        |
| <b>Resource accounting adjustments</b>                    |              |              |              |              |              |                      |              |              |              |
| Tax credits for individuals                               | 0.9          | 0.1          | 0.0          | 0.0          | 0.0          | 0.0                  | 0.0          | 0.0          | 0.0          |
| Pensions  | -19.7        | -22.3        | -23.2        | -30.8        | -31.7        | -40.7                | -40.5        | -42.2        | -44.4        |
| Other central government programmes                       | -0.4         | 0.0          | 0.0          | 0.0          | -0.1         | -0.1                 | 0.0          | 0.0          | -0.0         |
| VAT refunds   | 6.4          | 7.4          | 8.1          | 8.5          | 9.4          | 9.8                  | 10.7         | 11.5         | 12.4         |
| Central government capital consumption                    | 5.2          | 5.5          | 5.5          | 5.7          | 5.9          | 6.2                  | 6.6          | 7.1          | 7.5          |
| Non-cash items not in TME                                 | -33.5        | -20.7        | -17.6        | -22.4        | -34.4        | -34.8                | -28.9        | -31.5        | -34.2        |
| Resource items treated as capital in                      |              |              |              |              |              |                      |              |              |              |
| National Accounts   | 0.6          | 0.6          | 0.9          | 1.0          | 1.0          | 1.0                  | 1.7          | 2.0          | 2.2          |
| Capital budget items treated as current                   |              |              |              |              |              |                      |              |              |              |
| in National Accounts                                      | -0.8         | -0.8         | -0.8         | -1.6         | -0.8         | -1.1                 | -1.2         | -1.3         | -1.2         |
| Expenditure financed by revenue receipts                  | 5.2          | 5.2          | 5.4          | 6.0          | 6.5          | 6.5                  | 6.5          | 6.6          | 7.1          |
| Local Authorities   | 5.7          | 6.9          | 6.8          | 7.6          | 5.9          | 8.4                  | 8.4          | 9.1          | 9.8          |
| General government consolidation                          | -5.5         | -5.4         | -4.5         | -4.5         | -4.5         | -4.7                 | -4.8         | -5.4         | -5.5         |
| Public corporations                                       | 0.8          | 0.9          | 1.0          | 0.8          | 0.7          | 0.6                  | 0.3          | -0.1         | -0.1         |
| Financial transactions                                    | 0.0          | 0.0          | 0.0          | 0.1          | 0.0          | -0.2                 | -0.2         | -0.1         | -0.1         |
| Data adjustment   | -0.5         | -4.1         | -2.4         | 0.0          | -0.3         | -0.5                 | -0.7         | -0.4         | -0.2         |
| Balancing reconciliation                                  | -0.1         | -0.1         | -0.1         | 0.0          | 0.1          | -0.1                 | -0.2         | -0.1         | -0.1         |
| <b>Total resource accounting adjustments</b>              | <b>-35.8</b> | <b>-26.9</b> | <b>-20.8</b> | <b>-29.6</b> | <b>-42.4</b> | <b>-49.6</b>         | <b>-42.2</b> | <b>-44.8</b> | <b>-46.7</b> |
| <b>Capital accounting adjustments</b>                     |              |              |              |              |              |                      |              |              |              |
| VAT refunds   | 1.2          | 1.3          | 1.5          | 1.6          | 1.7          | 1.8                  | 1.9          | 2.0          | 2.1          |
| Resource items treated as capital in                      |              |              |              |              |              |                      |              |              |              |
| National Accounts   | 0.8          | 0.8          | 0.8          | 1.6          | 0.8          | 1.1                  | 1.2          | 1.3          | 1.2          |
| Capital budget items treated as current                   |              |              |              |              |              |                      |              |              |              |
| in National Accounts                                      | -5.2         | -5.2         | -5.4         | -6.0         | -6.5         | -6.5                 | -6.5         | -6.6         | -7.1         |
| Local Authorities   | -1.0         | -1.2         | -3.6         | -3.8         | -3.6         | -3.5                 | -3.6         | -3.7         | -4.0         |
| Financial transactions <sup>(2)</sup>                     | -3.0         | -2.3         | -2.1         | -2.4         | -3.9         | -4.3                 | -20.1        | -6.9         | -7.4         |
| Data adjustment   | 0.1          | -0.1         | 2.5          | 0.1          | 1.4          | 0.2                  | 0.3          | 0.1          | -0.1         |
| Balancing reconciliation                                  | 0.0          | 0.0          | 0.0          | -0.2         | 0.1          | -0.1                 | 0.7          | 0.3          | 0.3          |
| <b>Total capital accounting adjustments<sup>(2)</sup></b> | <b>-7.1</b>  | <b>-6.6</b>  | <b>-6.2</b>  | <b>-9.0</b>  | <b>-9.9</b>  | <b>-11.3</b>         | <b>-26.1</b> | <b>-13.4</b> | <b>-15.0</b> |

(1) The accounting adjustments are described in Appendix D.

(2) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table I.15 Total Managed Expenditure by spending sector, 2002–03 to 2010–11

|   | National Statistics |                |                |                |                |                      |                |                |                |
|---|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>Central government own expenditure</b>                     |                     |                |                |                |                |                      |                |                |                |
| DEL <sup>(1)(2)</sup>   | 171,040             | 187,402        | 198,857        | 212,755        | 226,225        | 246,592              | 254,476        | 266,134        | 280,755        |
| Departmental AME <sup>(1)</sup>                               | 145,291             | 150,151        | 155,451        | 169,646        | 186,163        | 199,508              | 205,642        | 217,296        | 226,426        |
| Locally financed support in                                   |                     |                |                |                |                |                      |                |                |                |
| Northern Ireland  | 361                 | 384            | 417            | 462            | 452            | 589                  | 525            | 445            | 463            |
| Net expenditure transfers to the EC                           | 2,782               | 3,448          | 4,907          | 4,435          | 4,652          | 5,392                | 5,490          | 6,220          | 6,747          |
| Central government debt interest                              | 20,915              | 22,280         | 23,934         | 25,807         | 27,576         | 29,946               | 30,270         | 30,332         | 33,965         |
| Accounting and other adjustments <sup>(2)</sup>               | -36,026             | -31,821        | -28,030        | -51,802        | -47,936        | -58,556              | -48,100        | -50,100        | -52,700        |
| <b>Total central government own expenditure</b>               | <b>304,363</b>      | <b>331,844</b> | <b>355,535</b> | <b>361,303</b> | <b>397,132</b> | <b>423,471</b>       | <b>448,300</b> | <b>470,300</b> | <b>495,700</b> |
| <b>Local Authority expenditure</b>                            |                     |                |                |                |                |                      |                |                |                |
| Central government support in DEL <sup>(1)(2)</sup>           | 67,754              | 77,931         | 83,540         | 89,169         | 92,600         | 98,792               | 102,132        | 106,634        | 111,678        |
| Central government support in departmental AME <sup>(1)</sup> | 14,574              | 14,454         | 16,885         | 17,875         | 20,028         | 21,010               | 21,837         | 23,159         | 24,428         |
| Locally financed support in Scotland                          | 1,718               | 1,804          | 1,896          | 1,897          | 1,884          | 1,860                | 1,963          | 2,019          | 2,014          |
| Local Authority self-financed expenditure                     | 17,985              | 18,335         | 20,946         | 24,733         | 25,821         | 26,486               | 27,762         | 28,232         | 28,714         |
| Accounting and other adjustments <sup>(2)</sup>               | 8,814               | 7,044          | 8,950          | 7,176          | 5,842          | 7,596                | 9,300          | 9,900          | 10,900         |
| <b>Total local authority expenditure</b>                      | <b>110,844</b>      | <b>119,568</b> | <b>132,217</b> | <b>140,850</b> | <b>146,175</b> | <b>155,743</b>       | <b>163,000</b> | <b>169,900</b> | <b>177,700</b> |
| <b>Public corporation expenditure</b>                         |                     |                |                |                |                |                      |                |                |                |
| DEL <sup>(1)(2)</sup>   | 2,365               | 1,540          | 1,258          | 1,232          | 913            | 943                  | 729            | 571            | 576            |
| Departmental AME <sup>(1)(3)</sup>                            | 86                  | 185            | 637            | -18            | 72             | 655                  | 14,069         | 82             | 208            |
| Public corporations' own-financed capital expenditure         | 3,334               | 2,448          | 2,946          | 5,261          | 5,354          | 4,683                | 5,160          | 5,573          | 5,670          |
| Accounting and other adjustments <sup>(2)(3)</sup>            | 50                  | -87            | 45             | 15,631         | 79             | 854                  | -13,600        | 100            | -100           |
| <b>Total public corporation expenditure</b>                   | <b>5,835</b>        | <b>4,086</b>   | <b>4,886</b>   | <b>22,106</b>  | <b>6,418</b>   | <b>7,135</b>         | <b>6,400</b>   | <b>6,300</b>   | <b>6,400</b>   |
| <b>Total Managed Expenditure</b>                              | <b>421,042</b>      | <b>455,498</b> | <b>492,638</b> | <b>524,259</b> | <b>549,725</b> | <b>586,349</b>       | <b>617,800</b> | <b>646,500</b> | <b>679,800</b> |

(1) Full resource budgeting basis, excluding depreciation.

(2) The sectoral DEL figures shown above exclude the Allowance for Shortfall in 2007–08. The DEL Reserve and unallocated amounts of Modernisation Funding are also excluded in 2008–09, 2009–10 and 2010–11. AME figures for 2008–09, 2009–10 and 2010–11 exclude the AME margin. Amounts for the DEL Reserve and Modernisation Funding 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 by these amounts.

(3) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

**2.1** This chapter provides additional analyses of the budgeting aggregates presented in **Chapter 1**. It shows analyses of budgets by economic category and information on voted and non-voted components of total public sector spending. The outturn data in this chapter fall within the scope of National Statistics.

### What's new

**2.2** The budgeting treatment of NHS and Foundation Trusts has been changed so that they are more closely aligned with other bodies classified by ONS to the central government sector. Department of Health are now reporting the spending of the trusts within their budgets, whereas previously they reported the purchase of services from the trusts and the trusts' profit or loss. The most significant impacts are within the near-cash in resource DEL section of **Table 2.1**, where expenditure moves from the procurement line into pay and other, and **Table 2.2**, which reflects this decrease in procurement and shows increased income from sales of goods and services.

### Analyses of budgets by economic category of spending

**2.3** **Table 2.1** shows analyses of budgets by economic category of spending, consistent with the budgeting aggregates reported in **Chapter 1**. The breakdowns of near-cash in resource DEL and resource departmental AME are consistent with **Table 1.7**; non-cash in resource DEL and resource departmental AME with **Table 1.8**; administration budgets in resource DEL with **Table 1.9**; and capital budgets with **Table 1.10**. Unallocated funds in resource and capital DEL are not included within the breakdown, as they are not allocated to an economic category at this planning stage.

**2.4** The presentation of economic categories in **Table 2.1** is broadly consistent with the economic categories used by the Office for National Statistics in compiling the National Accounts. Brief descriptions of the main economic categories are given below.

**2.5** **Pay** includes wages and salaries, employers' social contributions, payments of accruing superannuation liability charges for UK staff and locally engaged staff overseas, and amounts that finance employee contributions to pension schemes. It also includes income from the recovery of secondee costs, but does not include payments for contract and agency staff that are treated as procurement expenditure.

**2.6** **Procurement** shows current expenditure and receipts on goods and services, including hire and rentals under PFI and non-PFI operating leases, payments for contract and agency staff, and payments for consultancy and audit services.

**2.7** **Current grants** are unrequited transfer payments to persons and non-profit bodies that are not used to fund capital formation. Current grants to Local Authorities are intra-general government payments that consolidate out of TME, which is the government's preferred measure of public spending of the whole public sector. Further information on Local Authority finance is given in **Chapter 7**. Current grants to persons and non-profit bodies largely comprise social security benefits included in resource departmental AME.

**2.8** **Current subsidies** are unrequited current transfer payments to trading businesses that are given with the objective of influencing their levels of production, their prices, or the

remuneration of the factors of production. These include subsidies to both private sector companies and to public corporations, and form part of public sector current expenditure within TME.

**2.9 Depreciation**, also termed capital consumption, represents the amount of capital used up each year in respect of fixed assets measured on the basis of Generally Accepted Accounting Practice (GAAP). The depreciation lines in **Table 2.1** also include releases from the donated assets and government grant reserves, as well as impairments and downward revaluations of fixed assets where these lead to a cost in the operating statement.

**2.10 Cost of capital charges** are annual non-cash charges applied to each department's budget to represent the opportunity cost of tying up capital in assets. The rate reflects the social time preference rate and is 3.5 per cent of the net assets of the department.

**2.11** The **grant equivalent element of student lending** is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate. It does not form part of TME in National Accounts (which measures in the current balance the difference between interest received from students and the amount of interest paid by the government on the debt incurred to make the loans), but is included as part of TES in the functional analyses in other chapters.

**2.12 Take-up of provisions** are non-cash costs in resource budgets recognised in respect of liabilities incurred that will more likely than not lead to a transfer of future economic benefits where the amount and timing of those future transfers are uncertain. Upon settling the liability the transfer of economic benefits scores to the resource budget according to the economic category of the transaction, whilst an equal and opposite (negative) **release of provisions** scores as a benefit to the resource budget within non-cash. These lines do not include pension scheme provisions (see below).

**2.13 Net public service pensions** shows the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. It also includes payments and receipts associated with bulk and individual transfers into and out of the scheme. **Change in pension scheme liabilities** shows increases to the liability as measures on a UKGAAP basis that are accrued in-year due to current service costs, any bulk and individual transfers in, and purchases of added years. **Release of provisions funding payments of pension benefits** records a non-cash reduction equal and opposite to pension benefits paid where these are charged to the provision. The **unwinding of the discount rate on pension scheme liabilities** shows the increase in the liability as future payments move one year closer to being paid and the effects of discounting reduce, and scores in the non-cash items line in departmental AME. More information on pensions is included in **Appendix D**, and a reconciliation of GAAP pensions in departmental AME to the National Accounts given in **Table D1**.

**2.14 Capital support for Local Authorities** shows central government support for Local Authority capital expenditure, comprising capital grants and Supported Capital Expenditure. More information on capital support for Local Authorities is given in **Chapter 7**.

**2.15 Capital grants** are unrequited transfer payments of wealth that lead to a material change in the value of the balance sheet of either party. Usually they are made on the condition that the recipient uses the funds for capital formation or acquisition of a long-term financial asset. Capital grants in **Table 2.1** are analysed by the nature of the recipient; persons and non-profit bodies; private sector companies; and public corporations. The latter are included in the capital support for public corporations line, and are consolidated out of TME, where public corporations' own capital expenditure forms part of public sector gross investment.



**2.16** **Capital support for public corporations** comprises capital grants, net lending to public corporations (see paragraph 2.18) and public corporations' market and overseas borrowing where this scores in the parent department's budget.

**2.17** **Capital expenditure on fixed assets net of sales** includes the acquisition of fixed assets (such as land, buildings and machinery) recorded net of the sales value of any assets disposed of, and net increases in stock (where included in budgets). It is measured gross of depreciation, and includes expenditure on single use military equipment that is defined as current in National Accounts but which adds to the departmental balance sheet under UKGAAP. It also includes the pay of civil servants engaged in in-house capital formation that is recorded as capital expenditure, rather than as pay.

**2.18** **Net lending to private sector** means 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.

**2.19** **Other** includes items that are too small to warrant an individual line. These include certain receipts that are usually treated as part of revenue in the National Accounts, public corporations' profit or loss where in budgets, write-offs of stock, loans written-off, and financial transactions. In plans years it also includes departmental unallocated provision that has not been allocated to an economic category at this planning stage.

**2.20** **Table 2.2** shows current procurement expenditure in budgets by departmental group. Unlike **Table 2.1**, procurement expenditure here is before the deduction of receipts from sales of goods and services. The net procurement expenditure line, which includes income from goods and services, reconciles the table to the presentation of procurement in **Table 2.1**.

**2.21** **Table 2.3** shows central government own capital expenditure (gross of depreciation) on tangible and intangible fixed assets in budgets before deduction of sales by departmental group. It therefore includes central government departments and their NDPBs, but not the capital expenditure of public corporations where this scores within budgets. The presentation of capital expenditure in this table is gross of capital consumption, and consistent with the budgeting and control framework definition of capital under GAAP rules. It therefore includes single use military equipment that are treated as current expenditure in National Accounts. Income from sales of fixed assets is at sales value. Similarly, public corporations' capital expenditure is shown gross of capital consumption and after the deduction of receipts from sales, and is consistent with the presentation in **Table 8.3**. Total gross capital expenditure on fixed assets in budgets net of sales is consistent with the presentation of economic categories in **Table 2.1**.

## Supply expenditure

**2.22** **Table 2.4** shows the split of DEL and AME between expenditure that is 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 2008-09: Supplementary Budgeting Information (*Cm 7359*).

**Table 2.1 Budgets by economic category of spending, 2002–03 to 2010–11**

|   | £ million           |                |                |                |                |                |                |                |                |  |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|   | National Statistics |                |                |                |                |                |                |                |                |  |
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |  |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |  |
|   |                     |                |                |                |                | outturn        |                |                |                |  |
| <b>Near-cash in resource DEL</b>                        |                     |                |                |                |                |                |                |                |                |  |
| Pay   | 54,666              | 61,319         | 69,540         | 77,024         | 77,905         | 82,186         | 80,338         | 82,798         | 85,929         |  |
| Procurement   | 62,509              | 68,333         | 70,950         | 72,791         | 78,890         | 84,958         | 93,057         | 98,021         | 103,049        |  |
| Current grants to Local Authorities <sup>(1)</sup>      | 60,363              | 69,061         | 73,264         | 77,946         | 81,840         | 86,327         | 89,736         | 93,214         | 96,895         |  |
| Current grants to persons and non-profit bodies         | 21,607              | 23,237         | 24,578         | 25,770         | 27,124         | 28,857         | 29,726         | 30,871         | 33,017         |  |
| Current grants abroad                                   | -177                | -224           | -66            | -163           | 255            | 1,393          | 318            | 1,187          | 1,978          |  |
| Subsidies to private sector companies <sup>(2)</sup>    | 4,964               | 5,135          | 5,672          | 5,526          | 5,605          | 5,368          | 5,294          | 4,982          | 4,858          |  |
| Subsidies to public corporations                        | 741                 | 1,676          | 757            | 812            | 870            | 1,518          | 1,459          | 1,145          | 1,077          |  |
| Other <sup>(3)</sup>                                    | 133                 | 513            | 60             | 80             | -112           | -44            | 1,050          | 1,366          | 1,295          |  |
| Plus unallocated funds in resource DEL                  | -                   | -              | -              | -              | -              | -351           | 2,900          | 3,200          | 3,000          |  |
| <b>Total near-cash resource DEL</b>                     | <b>204,806</b>      | <b>229,050</b> | <b>244,756</b> | <b>259,786</b> | <b>272,377</b> | <b>290,212</b> | <b>303,800</b> | <b>316,800</b> | <b>331,100</b> |  |
| <b>Non-cash in resource DEL</b>                         |                     |                |                |                |                |                |                |                |                |  |
| Depreciation <sup>(4)</sup>                             | 15,779              | 8,694          | 7,933          | 9,621          | 10,279         | 11,815         | 11,487         | 12,187         | 13,141         |  |
| Cost of capital charges                                 | 5,510               | 5,063          | 5,116          | 5,430          | 5,768          | 6,081          | 6,069          | 6,232          | 6,561          |  |
| Grant equivalent element of student lending             | 476                 | 365            | 701            | 760            | 794            | 1,078          | 1,384          | 1,531          | 1,624          |  |
| Take-up of provisions                                   | 5,641               | 5,325          | 3,635          | 5,195          | 6,299          | 8,326          | 5,925          | 6,716          | 6,918          |  |
| Release of provisions                                   | -3,165              | -4,177         | -4,665         | -4,597         | -4,967         | -5,258         | -4,770         | -5,223         | -5,319         |  |
| Other <sup>(3)</sup>                                    | 815                 | 763            | 1,291          | 1,399          | 605            | 874            | 328            | 420            | 619            |  |
| <b>Total non-cash resource DEL</b>                      | <b>25,056</b>       | <b>16,034</b>  | <b>14,010</b>  | <b>17,809</b>  | <b>18,778</b>  | <b>22,915</b>  | <b>20,422</b>  | <b>21,862</b>  | <b>23,543</b>  |  |
| <b>Total resource DEL</b>                               | <b>229,862</b>      | <b>245,084</b> | <b>258,767</b> | <b>277,594</b> | <b>291,155</b> | <b>313,128</b> | <b>324,300</b> | <b>338,700</b> | <b>354,600</b> |  |
| <b>Of which: Administration budgets in resource DEL</b> |                     |                |                |                |                |                |                |                |                |  |
| Pay   | 9,455               | 10,088         | 10,704         | 11,200         | 10,838         | 10,453         | 10,732         | 10,367         | 10,141         |  |
| Procurement   | 5,417               | 5,863          | 5,822          | 5,524          | 5,753          | 5,564          | 4,967          | 4,888          | 4,692          |  |
| Depreciation  | 562                 | 434            | 587            | 461            | 584            | 527            | 556            | 545            | 556            |  |
| Cost of capital charges                                 | 33                  | 1              | 86             | 37             | 74             | 88             | 127            | 123            | 112            |  |
| Take-up of provisions                                   | 104                 | 43             | 120            | 137            | 190            | 229            | 156            | 138            | 135            |  |
| Release of provisions                                   | -57                 | -76            | -62            | -82            | -120           | -137           | -98            | -75            | -72            |  |
| Other <sup>(3)</sup>                                    | -174                | -241           | -300           | -273           | -452           | -65            | 60             | 96             | 123            |  |
| <b>Total administration budgets in resource DEL</b>     | <b>15,340</b>       | <b>16,111</b>  | <b>16,956</b>  | <b>17,005</b>  | <b>16,866</b>  | <b>16,660</b>  | <b>16,500</b>  | <b>16,084</b>  | <b>15,688</b>  |  |
| <b>Near-cash in resource departmental AME</b>           |                     |                |                |                |                |                |                |                |                |  |
| Pay   | 908                 | 942            | 977            | 903            | 1,016          | 1,046          | 1,111          | 1,140          | 1,156          |  |
| Procurement   | 2,410               | 2,330          | 2,190          | 2,218          | 2,309          | 2,507          | 2,532          | 2,627          | 2,713          |  |
| Current grants to Local Authorities                     | 14,401              | 14,223         | 16,788         | 17,785         | 19,945         | 20,759         | 21,555         | 22,922         | 24,191         |  |
| Current grants to persons and non-profit bodies         | 106,527             | 115,277        | 121,451        | 127,408        | 130,970        | 137,623        | 145,929        | 152,649        | 157,865        |  |
| Subsidies to private sector companies                   | 393                 | 249            | 172            | 211            | 150            | 228            | 159            | 164            | 169            |  |
| Net public service pensions <sup>(5)</sup>              | 3,908               | 1,801          | 1,258          | 299            | 1,151          | 2,286          | 2,928          | 3,636          | 4,009          |  |
| Other <sup>(3)</sup>                                    | -265                | -362           | -631           | -522           | -534           | -551           | -1,006         | -1,074         | -1,038         |  |
| <b>Total near-cash in resource departmental AME</b>     | <b>128,281</b>      | <b>134,459</b> | <b>142,206</b> | <b>148,301</b> | <b>155,007</b> | <b>163,899</b> | <b>173,208</b> | <b>182,064</b> | <b>189,065</b> |  |

**Table 2.1 Budgets by economic category of spending, 2002–03 to 2010–11 (continued)**

|  | £ million           |                |                |                |                |                |                |                |                |  |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|  | National Statistics |                |                |                |                |                |                |                |                |  |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |  |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |  |
|  |                     |                |                |                |                | outturn        |                |                |                |  |
| <b>Non-cash in resource departmental AME</b>                               |                     |                |                |                |                |                |                |                |                |  |
| Depreciation   | 602                 | 562            | 825            | 957            | 4,377          | 1,646          | 2,316          | 2,582          | 2,791          |  |
| Cost of capital charges  | 3,231               | 3,167          | 3,902          | 4,944          | 5,555          | 5,833          | 5,314          | 6,093          | 6,805          |  |
| Take-up of provisions  | 5,913               | 2,300          | 733            | 412            | 7,547          | 5,403          | 1,298          | 1,112          | 1,127          |  |
| Release of provisions  | -1,312              | -1,244         | -1,400         | -1,525         | -1,268         | -1,107         | -686           | -466           | -431           |  |
| Change in pension scheme liabilities                                       | 14,870              | 15,357         | 15,309         | 20,918         | 21,069         | 28,996         | 25,393         | 26,243         | 27,204         |  |
| Unwinding of the discount rate on pension scheme liabilities               | 19,458              | 22,303         | 24,102         | 27,378         | 29,545         | 32,874         | 37,093         | 39,140         | 41,304         |  |
| Release of provisions covering payments of pension benefits <sup>(6)</sup> | -14,628             | -15,361        | -16,216        | -17,536        | -18,912        | -21,199        | -22,288        | -23,650        | -24,953        |  |
| Other <sup>(3)</sup>   | 119                 | 133            | -252           | -263           | -287           | 128            | 243            | 270            | 305            |  |
| <b>Total non-cash in resource departmental AME</b>                         | <b>28,255</b>       | <b>27,217</b>  | <b>27,003</b>  | <b>35,284</b>  | <b>47,625</b>  | <b>52,573</b>  | <b>48,684</b>  | <b>51,324</b>  | <b>54,152</b>  |  |
| <b>Total resource departmental AME</b>                                     | <b>156,536</b>      | <b>161,676</b> | <b>169,209</b> | <b>183,584</b> | <b>202,632</b> | <b>216,472</b> | <b>221,891</b> | <b>233,388</b> | <b>243,217</b> |  |
| <b>Capital budgets</b>   |                     |                |                |                |                |                |                |                |                |  |
| Capital support for Local Authorities                                      | 7,564               | 9,100          | 10,372         | 11,313         | 10,594         | 12,840         | 12,740         | 13,718         | 15,019         |  |
| Capital grants to persons and non-profit bodies                            | 4,490               | 5,336          | 5,303          | 6,611          | 6,789          | 7,256          | 7,725          | 8,459          | 8,666          |  |
| Capital grants to private sector companies                                 | 1,655               | 3,129          | 3,150          | 3,342          | 5,208          | 5,596          | 5,010          | 4,619          | 4,685          |  |
| Capital grants abroad  | -48                 | -223           | -262           | -174           | -134           | -109           | 17             | 88             | 414            |  |
| Capital support for public corporations <sup>(7)</sup>                     | 962                 | 211            | 630            | 115            | 90             | 1,032          | 14,563         | 415            | 527            |  |
| Capital expenditure on fixed assets net of sales                           | 13,277              | 13,780         | 15,404         | 15,915         | 17,094         | 18,882         | 20,905         | 22,504         | 23,421         |  |
| Net lending to the private sector and abroad                               | 2,702               | 1,786          | 1,712          | 2,258          | 2,976          | 4,241          | 5,366          | 6,547          | 7,228          |  |
| Other <sup>(3)</sup>   | -111                | 480            | 276            | -279           | -126           | -374           | 755            | 879            | 2,392          |  |
| Plus unallocated funds in capital DEL                                      | -                   | -              | -              | -              | -              | -727           | 700            | 700            | 800            |  |
| <b>Total capital budgets<sup>(7)</sup></b>                                 | <b>30,490</b>       | <b>33,598</b>  | <b>36,584</b>  | <b>39,101</b>  | <b>42,492</b>  | <b>48,636</b>  | <b>67,700</b>  | <b>57,900</b>  | <b>63,100</b>  |  |
| <i>of which:</i>   |                     |                |                |                |                |                |                |                |                |  |
| Capital DEL  | 27,076              | 30,484         | 32,821         | 35,183         | 38,862         | 43,936         | 48,100         | 50,700         | 55,300         |  |
| Capital departmental AME <sup>(7)</sup>                                    | 3,414               | 3,113          | 3,764          | 3,918          | 3,630          | 4,700          | 19,656         | 7,149          | 7,844          |  |

(1) Not including non-cash elements of Local Authority finance that score as non-cash in resource budgets. Table 7.2 includes these items in total Local Authority finance.

(2) Excluding subsidies to central government and Local Authority units with market based activities that are included in the subsidies line in Table 6.4.

(3) Other includes items too small to warrant an individual line, and, in 2008–09, 2009–10 and 2010–11, departmental unallocated provision.

(4) Excludes NHS Trust depreciation, which is included within the Department of Health near-cash budget and shown as other near-cash in this table.

(5) Figures here are based on payments and receipts which score in TME, and incorporate the net effect of bulk and individual transfers. A full reconciliation with the GAAP based measure of net public service pension expenditure is provided in Table D.1.

(6) Payments which release provision include bulk and individual transfers, including transfers of liabilities within government.

(7) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

Table 2.2 Current procurement expenditure in budgets, 2002–03 to 2010–11

|   | National Statistics |                    |                    |                    |                    |                                 |                  |                  |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
| £ million   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| <b>Current procurement expenditure in budgets</b>       |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Children, Schools and Families                          | 428                 | 450                | 476                | 448                | 534                | 608                             | 657              | 655              | 661              |
| Health  | 32,195              | 36,900             | 41,042             | 43,880             | 47,039             | 51,744                          | 58,065           | 60,829           | 65,010           |
| Transport   | 1,803               | 1,775              | 1,687              | 1,803              | 2,038              | 2,156                           | 2,145            | 2,256            | 2,263            |
| Innovation, Universities and Skills                     | 764                 | 809                | 781                | 836                | 914                | 843                             | 656              | 720              | 755              |
| CLG Communities   | 382                 | 407                | 435                | 436                | 415                | 423                             | 552              | 548              | 500              |
| CLG Local Government                                    | 240                 | 256                | 298                | 301                | 264                | 265                             | 270              | 269              | 268              |
| Home Office   | 2,007               | 2,095              | 1,797              | 1,653              | 2,081              | 2,174                           | 1,924            | 2,550            | 2,647            |
| Justice   | 3,884               | 4,535              | 5,152              | 5,433              | 5,635              | 3,688                           | 5,858            | 6,005            | 5,959            |
| Law Officers' Departments                               | 332                 | 349                | 383                | 411                | 418                | 440                             | 433              | 431              | 430              |
| Defence   | 11,175              | 11,904             | 12,119             | 12,728             | 13,425             | 14,315                          | 13,101           | 13,714           | 14,088           |
| Foreign and Commonwealth Office                         | 679                 | 718                | 780                | 888                | 806                | 939                             | 987              | 911              | 904              |
| International Development                               | 56                  | 118                | 137                | 610                | 712                | 232                             | 605              | 198              | 219              |
| Business, Enterprise and Regulatory Reform              | 1,178               | 1,292              | 1,406              | 2,340              | 2,610              | 2,846                           | 2,780            | 2,928            | 2,937            |
| Environment, Food and Rural Affairs                     | 1,479               | 1,420              | 1,434              | 1,527              | 1,744              | 2,020                           | 1,569            | 1,616            | 1,598            |
| Culture, Media and Sport                                | 2,755               | 2,772              | 2,840              | 2,995              | 3,213              | 3,082                           | 3,968            | 4,087            | 4,242            |
| Work and Pensions                                       | 3,325               | 3,718              | 3,777              | 3,601              | 3,347              | 3,707                           | 3,419            | 3,322            | 3,097            |
| Scotland  | 7,964               | 7,519              | 6,108              | 5,832              | 5,747              | 6,877                           | 7,162            | 7,376            | 7,725            |
| Wales   | 2,394               | 2,667              | 2,686              | 2,786              | 2,961              | 3,079                           | 3,495            | 3,805            | 4,173            |
| Northern Ireland Executive                              | 2,056               | 2,186              | 2,262              | 2,507              | 2,649              | 2,824                           | 2,772            | 3,005            | 3,271            |
| Northern Ireland Office                                 | 262                 | 296                | 231                | 314                | 293                | 317                             | 286              | 287              | 288              |
| Chancellor's Departments                                | 2,200               | 2,356              | 2,420              | 2,482              | 2,411              | 2,372                           | 2,292            | 2,281            | 2,299            |
| Cabinet Office  | 637                 | 676                | 1,012              | 867                | 1,016              | 1,039                           | 1,125            | 1,130            | 1,241            |
| Independent Bodies                                      | 307                 | 298                | 327                | 328                | 353                | 417                             | 480              | 449              | 544              |
| <b>Total current procurement expenditure in budgets</b> | <b>78,502</b>       | <b>85,516</b>      | <b>89,588</b>      | <b>95,005</b>      | <b>100,625</b>     | <b>106,405</b>                  | <b>114,600</b>   | <b>119,374</b>   | <b>125,120</b>   |
| Plus income from goods and services                     | -13,584             | -14,853            | -16,448            | -19,997            | -19,426            | -18,940                         | -19,012          | -18,726          | -19,357          |
| <b>Total net current procurement in budgets</b>         | <b>64,919</b>       | <b>70,663</b>      | <b>73,141</b>      | <b>75,009</b>      | <b>81,199</b>      | <b>87,465</b>                   | <b>95,588</b>    | <b>100,648</b>   | <b>105,762</b>   |
| <i>of which:</i>  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Resource DEL  | 62,509              | 68,333             | 70,950             | 72,791             | 78,890             | 84,958                          | 93,057           | 98,021           | 103,049          |
| Resource departmental AME                               | 2,410               | 2,330              | 2,190              | 2,218              | 2,309              | 2,507                           | 2,532            | 2,627            | 2,713            |

**Table 2.3 Central government own gross expenditure on tangible and intangible fixed assets in budgets before deduction of sales, 2002–03 to 2010–11**

|  | £ million           |               |               |               |               |               |               |               |               |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | National Statistics |               |               |               |               | 2007–08       | 2008–09       | 2009–10       | 2010–11       |
|  | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | estimated     | plans         | plans         | plans         |
|  | outturn             | outturn       | outturn       | outturn       | outturn       | outturn       |               |               |               |
| <b>Central government own gross expenditure on fixed assets in budgets before deduction of sales</b>       |                     |               |               |               |               |               |               |               |               |
| Children, Schools and Families   | 23                  | 19            | 15            | 13            | 18            | 13            | 22            | 20            | 20            |
| Health   | 3,165               | 2,969         | 3,240         | 3,539         | 3,890         | 3,660         | 4,400         | 4,633         | 4,665         |
| Transport  | 816                 | 588           | 705           | 827           | 1,208         | 1,199         | 1,348         | 1,573         | 1,667         |
| Innovation, Universities and Skills  | 117                 | 170           | 230           | 275           | 247           | 219           | 325           | 349           | 371           |
| CLG Communities  | 57                  | 111           | 304           | 602           | 226           | 340           | 258           | 221           | 294           |
| CLG Local Government   | –                   | 1             | 0             | 1             | 2             | 0             | 1             | 1             | 1             |
| Home Office  | 150                 | 293           | 165           | 151           | 389           | 427           | 526           | 463           | 505           |
| Justice  | 338                 | 406           | 579           | 517           | 552           | 990           | 719           | 779           | 744           |
| Law Officers' Departments  | 8                   | 11            | 11            | 10            | 11            | 15            | 13            | 13            | 13            |
| Defence  | 6,505               | 6,331         | 7,104         | 7,119         | 7,545         | 8,659         | 8,059         | 8,718         | 9,057         |
| Foreign and Commonwealth Office  | 113                 | 77            | 85            | 113           | 162           | 206           | 177           | 187           | 176           |
| International Development  | 23                  | 47            | 31            | 30            | 25            | 75            | 28            | 28            | 34            |
| Business, Enterprise and Regulatory Reform   | 184                 | 230           | 208           | 1,125         | 1,104         | 1,291         | 1,275         | 1,268         | 1,242         |
| Environment, Food and Rural Affairs  | 217                 | 210           | 204           | 236           | 201           | 329           | 228           | 241           | 294           |
| Culture, Media and Sport   | 175                 | 55            | 154           | 168           | 385           | 594           | 1,313         | 1,553         | 1,488         |
| Work and Pensions  | 262                 | 325           | 298           | 401           | 200           | 103           | 83            | 81            | 71            |
| Scotland   | 772                 | 748           | 831           | 595           | 765           | 832           | 940           | 1,107         | 1,132         |
| Wales  | 227                 | 347           | 358           | 347           | 385           | 564           | 590           | 666           | 751           |
| Northern Ireland Executive   | 618                 | 566           | 787           | 764           | 794           | 691           | 1,099         | 1,070         | 1,222         |
| Northern Ireland Office  | 54                  | 50            | 72            | 63            | 71            | 88            | 72            | 72            | 72            |
| Chancellor's Departments   | 345                 | 230           | 476           | 385           | 310           | 290           | 267           | 260           | 253           |
| Cabinet Office   | 170                 | 577           | 175           | 229           | 274           | 404           | 313           | 341           | 303           |
| Independent Bodies   | 28                  | 33            | 102           | 43            | 59            | 63            | 60            | 52            | 45            |
| <b>Total central government own gross expenditure on fixed assets in budgets before deduction of sales</b> | <b>14,366</b>       | <b>14,396</b> | <b>16,137</b> | <b>17,551</b> | <b>18,824</b> | <b>21,054</b> | <b>22,116</b> | <b>23,696</b> | <b>24,421</b> |
| <i>Plus central government income from sales of fixed assets in budgets</i>                                | –2,068              | –1,516        | –1,407        | –2,241        | –2,206        | –2,485        | –1,214        | –1,194        | –1,001        |
| <b>Total central government own gross expenditure on fixed assets in budgets net of sales</b>              | <b>12,298</b>       | <b>12,880</b> | <b>14,730</b> | <b>15,311</b> | <b>16,618</b> | <b>18,569</b> | <b>20,902</b> | <b>22,502</b> | <b>23,420</b> |
| <i>Plus public corporations' gross capital expenditure on fixed assets in budgets net of sales</i>         | 979                 | 900           | 674           | 605           | 476           | 313           | 2             | 1             | 1             |
| <b>Total gross capital expenditure on fixed assets in budgets net of sales</b>                             | <b>13,277</b>       | <b>13,780</b> | <b>15,404</b> | <b>15,915</b> | <b>17,094</b> | <b>18,882</b> | <b>20,905</b> | <b>22,504</b> | <b>23,421</b> |
| <i>of which:</i>   |                     |               |               |               |               |               |               |               |               |
| Capital DEL  | 13,148              | 13,771        | 15,083        | 15,515        | 16,970        | 19,493        | 20,824        | 22,423        | 23,341        |
| Capital departmental AME   | 129                 | 9             | 322           | 401           | 124           | –611          | 81            | 81            | 81            |

**Table 2.4 Voted and non-voted expenditure in Total Managed Expenditure, 2002–03 to 2010–11**

|  | £ million           |                |                |                |                |                   |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                |                   |                |                |                |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08           | 2008–09        | 2009–10        | 2010–11        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated outturn | plans          | plans          | plans          |
| <b>Voted expenditure in TME</b>  |                     |                |                |                |                |                   |                |                |                |
| <i>DEL</i>   |                     |                |                |                |                |                   |                |                |                |
| Central government own spending, excluding depreciation  | 121,884             | 131,506        | 139,804        | 149,224        | 158,435        | 174,100           | 176,938        | 184,656        | 193,956        |
| Support for Local Authorities  | 52,915              | 60,868         | 65,051         | 69,160         | 73,042         | 78,825            | 81,767         | 85,449         | 90,106         |
| Support for public corporations  | 922                 | 211            | 54             | –13            | 73             | 20                | 104            | 38             | 7              |
| Depreciation   | 14,724              | 7,797          | 6,783          | 8,435          | 8,694          | 10,551            | 10,097         | 10,699         | 11,550         |
| <i>Departmental AME</i>  |                     |                |                |                |                |                   |                |                |                |
| Central government own spending  | 75,137              | 71,605         | 71,744         | 80,074         | 84,275         | 98,842            | 97,500         | 102,155        | 106,754        |
| Support for Local Authorities  | 14,371              | 13,979         | 16,740         | 17,721         | 19,861         | 20,657            | 21,493         | 22,868         | 24,137         |
| Support for public corporations <sup>(1)</sup>   | 120                 | 216            | 676            | 29             | 177            | 850               | 14,247         | 252            | 258            |
| <b>Total voted expenditure in TME</b>  | <b>280,074</b>      | <b>286,182</b> | <b>300,852</b> | <b>324,631</b> | <b>344,557</b> | <b>383,844</b>    | <b>402,146</b> | <b>406,117</b> | <b>426,768</b> |
| <b>Non-voted expenditure in TME</b>  |                     |                |                |                |                |                   |                |                |                |
| <i>DEL</i>   |                     |                |                |                |                |                   |                |                |                |
| Central government own spending, excluding depreciation  | 49,155              | 55,896         | 59,053         | 63,531         | 67,790         | 72,492            | 77,538         | 81,478         | 86,799         |
| Support for Local Authorities  | 14,838              | 17,063         | 18,490         | 20,009         | 19,558         | 19,967            | 20,365         | 21,184         | 21,571         |
| Support for public corporations  | 1,443               | 1,329          | 1,204          | 1,244          | 840            | 923               | 625            | 534            | 568            |
| Depreciation   | 1,055               | 897            | 1,149          | 1,186          | 1,585          | 1,264             | 1,390          | 1,488          | 1,592          |
| DEL not allocated by spending sector   | –                   | –              | –              | –              | –              | –1,078            | 3,500          | 3,900          | 3,700          |
| <i>Departmental AME</i>  |                     |                |                |                |                |                   |                |                |                |
| Central government own spending  | 70,154              | 78,546         | 83,706         | 89,571         | 101,888        | 100,667           | 108,142        | 115,141        | 119,671        |
| Support for Local Authorities  | 203                 | 475            | 145            | 154            | 168            | 353               | 344            | 291            | 291            |
| Support for public corporations <sup>(1)</sup>   | –34                 | –31            | –38            | –47            | –105           | –195              | –178           | –170           | –50            |
| <i>Other AME</i>   |                     |                |                |                |                |                   |                |                |                |
| Locally financed expenditure, net expenditure transfers to the EC, and accounting and other adjustments <sup>(1)</sup> | 4,154               | 15,141         | 28,078         | 23,979         | 13,446         | 8,113             | 3,880          | 16,583         | 18,874         |
| <b>Total non-voted expenditure in TME</b>  | <b>140,968</b>      | <b>169,316</b> | <b>191,786</b> | <b>199,628</b> | <b>205,168</b> | <b>202,505</b>    | <b>215,600</b> | <b>240,400</b> | <b>253,000</b> |
| <b>Total Managed Expenditure</b>   | <b>421,042</b>      | <b>455,498</b> | <b>492,638</b> | <b>524,259</b> | <b>549,725</b> | <b>586,349</b>    | <b>617,800</b> | <b>646,500</b> | <b>679,800</b> |
| <b>Memorandum</b>  |                     |                |                |                |                |                   |                |                |                |
| <i>Voted expenditure not in TME (included within "Non-Budget" in Estimates):</i>                                       |                     |                |                |                |                |                   |                |                |                |
| Grants to NDPBs to finance their expenditure   | 27,164              | 32,959         | 34,048         | 37,965         | 37,813         | 40,895            | 44,455         | –              | –              |
| Grants to devolved administrations to finance their expenditure  | 35,089              | 35,079         | 38,050         | 40,717         | 45,400         | 47,519            | 47,331         | –              | –              |
| Other non-public expenditure   | –2,258              | –3,266         | –9,709         | 1,048          | –10,293        | –12,400           | –13,451        | –              | –              |
| <b>Total voted expenditure not in TME</b>  | <b>59,995</b>       | <b>64,773</b>  | <b>62,390</b>  | <b>79,730</b>  | <b>72,920</b>  | <b>76,014</b>     | <b>78,335</b>  | <b>–</b>       | <b>–</b>       |
| <b>Total voted expenditure</b>   | <b>340,069</b>      | <b>350,955</b> | <b>363,242</b> | <b>404,361</b> | <b>417,476</b> | <b>459,858</b>    | <b>480,481</b> | <b>–</b>       | <b>–</b>       |

(1) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

## DIFFERENCES FROM PREVIOUS PLANS

**3.1** This chapter compares the latest plans for DEL and AME with the plans set out in PESA 2007 (Cm 7091), which were consistent with Budget 2007, and the plans announced in the 2007 Comprehensive Spending Review (CSR). The tables in this chapter do not fall within the scope of National Statistics.

### What's new

**3.2** Historically this chapter showed changes from plans published in the previous PESA. PESA 2008 additionally compares latest plans for resource DEL and capital DEL with those first announced as part of the 2007 CSR.

**3.3** **Tables 3.1 and 3.3** reflect the changes made to increase the scope of **Table 1.1**, as outlined in **Chapter 1**. Figures published in PESA 2007 and at the time of the Provisional Expenditure Outturn White Paper (PEOWP) in July 2007 have been recast on this new basis for these tables.

### Types of changes

**3.4** The comparisons distinguish between two types of change:

- changes that result from the transfer of financing responsibility between departments and spending sectors. I.e. changes in the way public expenditure is measured or the re-allocation of functions between departments (i.e. machinery of government changes); and
- other changes that are due to policy decisions or changes in forecasts of expenditure.

### The tables

**3.5** Data in the tables taken from last year's PESA are adjusted for the effects of machinery of government changes. The main changes since PESA 2007 are:

- the creation of Children, Schools and Families, Innovation, Universities and Skills, and Business, Enterprise and Regulatory Reform;
- the creation of Justice by joining Constitutional Affairs with the National Offender Management Service (NOMS), including the prison and probation services, which transferred from Home Office; and
- the creation of the Government Equalities Office that was previously part of Communities and Local Government.

As a consequence of the changes outlined above the following departments have ceased to exist: Education and Skills, Constitutional Affairs, and Trade and Industry. In addition the Deputy Prime Minister's Office no longer exists.

**3.6** **Tables 3.1, 3.2 and 3.3** are for 2006-07, and compare the latest outturns with the estimated outturns in PESA 2007, and with the provisional outturns published in July 2007 alongside the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision.

**3.7** Tables 3.4, 3.5 and 3.6 are for 2007-08, and compare the current estimated outturns with the plans in PESA 2007. The DEL tables also show final provision following updates provided by departments as part of the Spring Supplementary Estimates.

**3.8** Tables 3.7 and 3.8 are for 2008-09, 2009-10 and 2010-11, and compare the current DEL plans (consistent with Budget 2008 and as presented elsewhere in PESA) with the plans first announced in the 2007 CSR.

### Main classification and transfer changes affecting plans

**3.9** There are a number of changes to the budgeting framework that are designed to align this more closely with the objectives of the fiscal framework and improve incentives to departments. These 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 2008-09.

**3.10** The following main changes have been made to the framework:

- the budgeting treatment of NHS and Foundation Trusts has been amended so that they are more closely aligned with other bodies classified by ONS as part of central government. This change switches certain transactions between near-cash and non-cash within Health resource DEL in years up to 2007-08;
- certain transactions in respect of student loans have moved from DEL to AME. This applies to Northern Ireland Executive and Innovation, Universities and Skills;
- the Defence budgeting treatment has been simplified and several exceptional treatments have been removed. As a result certain transactions relating to the release of provisions move between near-cash and non-cash within resource DEL;
- International Development debt write-offs have been moved from resource DEL to capital DEL to align more closely with their treatment in the National Accounts;
- Nuclear Decommissioning Authority expenditure that is classified as capital in the National Accounts has been moved from Business, Enterprise and Regulatory Reform resource DEL to capital DEL;
- the Export Credit Guarantee Department (included in the Business, Enterprise and Regulatory Reform department group) now has part of its expenditure controlled through DEL;
- the Independent Living Fund has moved from AME to resource DEL affecting both Work and Pensions and Northern Ireland Executive;
- Scotland resource DEL now includes increased cost of capital charge in respect of Scottish Water as a result of definitional changes; and
- Northern Ireland Executive resource DEL now includes depreciation in respect of health trusts and certain pensions transactions that have transferred from AME.



**3.11** Tables 3.1 and 3.2 show the effects of transfers and classification changes in DEL at the departmental group level for 2006-07 outturns, with 3.4 and 3.5 showing the same for 2007-08 estimated outturns and 3.7 and 3.8 for plans. The main transfer and classification changes in departmental DELs are:

- decreases to Innovation, Universities and Skills resource DEL reflecting the movement of student loans transactions from DEL to AME. These transactions totalled £0.4bn in 2006-07 outturn and £0.5bn in 2007-08 estimated outturn and in each plans year from 2008-09 to 2010-11;
- the change to the budgeting treatment of debt write-offs switches £0.1bn from International Development resource DEL to capital DEL in both 2006-07 outturn and 2007-08 estimated outturn. This doesn't affect plans years as the CSR settlement was agreed on the new basis;
- the main classification change affecting Business, Enterprise and Regulatory Reform is the movement of Nuclear Decommissioning Authority expenditure from resource DEL to capital DEL. This moves £0.7bn in each of 2006-07 outturn and 2007-08 estimated outturn, but doesn't affect plans years as the CSR settlement was agreed on the new basis. In 2007-08 this decrease in resource DEL is partly offset by the transfer of a £0.1bn Post Office Limited subsidy from AME to DEL;
- Work and Pensions resource DEL has increased in all years as a result of the Independent Living Fund moving from AME to DEL. These increases totalled £0.3bn in 2006-07 outturn, 2007-08 estimated outturn and 2008-09 plans, and £0.4bn in plans for 2009-10 and 2010-11;
- Scotland resource DEL increases by £0.1bn in both 2006-07 outturn and 2007-08 estimated outturn as a result of definitional changes in the cost of capital charge in respect of Scottish Water. The inclusion of similar costs in plans years are offset by the movement of certain impairments into AME;
- Northern Ireland Executive resource DEL increases by £0.1bn in all years from 2006-07 to 2010-11 as a result of the inclusion of health trust depreciation within DEL. Resource DEL is further increased by £0.1bn in each of the plans years following a transfer from AME in respect of pensions; and
- further changes largely reflect transfers of budgetary cover between departments.

**3.12** Tables 3.3 and 3.6 show the effect of transfers and classification changes in TME by budgetary aggregate in 2006-07 outturn and 2007-08 estimated outturn respectively. This is the first time that the PESA presentation of the TME table has been published for the plans years 2008-09 to 2010-11, so changes to these plans will first be shown in PESA 2009. Changes to aggregate resource and capital DELs are due to the departmental changes listed above.

**3.13** The main transfers and classification changes in departmental AME are:

- social security benefits have decreased in both 2006-07 outturn and 2007-08 estimated outturn following the transfer of the Independent Living Fund into DEL and transfer of lending from the Social Fund into other (capital) departmental expenditure. This line is further decreased in 2006-07 outturn by the movement into non-cash items of provisions relating to the Financial Assistance Scheme;

- the BBC domestic services line is higher in all years due to receipts of payments from Work and Pensions to Culture, Media and Sport in respect of over 75s TV licences moving into other (resource) departmental expenditure;
- the student loans (resource) line is lower in all years as a result of the transfer of Northern Ireland interest receivable from DEL; and
- the non-cash items line increases in both years as it now includes non-cash student loans transactions transferred from DEL and, in 2006-07, the Financial Assistance Scheme provisions moved from social security benefits.

**3.14** In other AME, locally-financed expenditure has been revised as a result of definitional changes in the calculation of Local Authority Self-Financed Expenditure (LASFE). The change has removed adjustments that are applied to Local Authority data within the National Accounts, and instead included these adjustments within the accounting adjustments line. Consequently the LASFE component now only reflects data returned by Local Authorities to CLG and the devolved administrations, and there is a clear distinction between Local Authority data and the adjustments applied within the National Accounts.

### Policy and estimating changes

**3.15** Tables 3.1, 3.2 and 3.3 show changes to final outturn from 2006-07 since PEOWP 2007. Revisions to outturns after stripping out the effects of transfers and classification changes are due to the availability of more up to date information in audited departmental resource accounts.

**3.16** Tables 3.4, 3.5 and 3.6 show changes to plans for 2007-08 financed by allocations from the Reserve, draw down of End Year Flexibility (EYF) and changes to forecasts. Departmental plans in 2007-08 increased by just under £5.8bn due to Reserve allocations and EYF draw down for resource DEL, and increased by just under £1.2bn for capital DEL, largely due to a Defence claim on the Reserve and further draw down of EYF. 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:

- Children, Schools and Families drew down £0.1bn EYF from previous years' under spending;
- Transport drew down £0.3bn EYF in resource DEL and £0.3bn EYF in capital DEL. A claim on the Reserve of £0.3bn in capital DEL was also made in respect of Metronet;
- Home Office drew down £0.2bn EYF in resource DEL, £30m of which was transferred to Justice as part of the machinery of government changes announced in May 2007;
- Defence were allocated £1.9bn of resource DEL on the Reserve in respect of international obligations. They also drew down £1.6bn of resource DEL EYF from underspends in previous years. Capital DEL increased by £0.6bn following a £1.0bn claim on the Reserve and £0.1bn draw down of EYF, partly offset by an agreed £0.5bn transfer from capital DEL to resource DEL;

- Foreign and Commonwealth Office resource DEL increased by £0.2bn, largely due to a claim on the Reserve to finance peacekeeping activities, and a small draw down of EYF from previous years' under spending;
- Business, Enterprise and Regulatory Reform resource DEL increased by £0.5bn, financed by a £0.3bn claim on the Reserve and draw down of EYF of £0.2bn from previous years' under spending;
- Scotland drew down resource and capital DEL EYF of £0.2bn and £0.4bn respectively, from previous years' under spending;
- Northern Ireland Executive resource DEL increased by £0.2bn following a £0.1bn draw down of EYF and a £0.1bn claim on the Reserve in respect of the restoration of devolution;
- Northern Ireland Office drew down £0.2bn of resource DEL EYF from previous years' under spending; and
- Justice resource DEL increased by £0.1bn following a £0.4bn draw down of EYF offset by a £0.3bn reduction in provisions in respect of legal aid. Capital DEL increased by £0.3bn due to a £0.1bn claim on the Reserve and £0.2bn draw down of EYF from previous under spending.

**3.17** Changes to expenditure items in Annually Managed Expenditure are largely due to changes in forecasts and other changes announced in the Budget 2008 (HC 388).

**3.18** Policy and estimating changes for 2008-09 to 2010-11 are shown in Tables 3.7 and 3.8. The main changes are:

- a £0.1bn reduction in Transport resource DEL in each of 2008-09, 2009-10 and 2010-11 to offset the interest payments on borrowing in respect of Metronet, which now fall in AME;
- an allocation from the Reserve of £0.2bn in 2008-09 for the Foreign and Commonwealth Office in respect of peacekeeping activities;
- allocations from the Reserve in all years for Business, Enterprise and Regulatory Reform and Work and Pensions in respect of financial inclusion funding and Direct Gov respectively; and
- measures announced at Budget 2008.

**Table 3.1 Resource DEL 2006–07; changes since PESA April 2007 and PEOWP July 2007**

£ million

|  | Final provision adjusted for MOG | Estimated outturn in PESA 2007 adjusted for MOG | Provisional outturn in PEOWP 2007 adjusted for MOG | Transfers and classification changes since PEOWP 2007 | Other changes since PEOWP 2007 | Outturn        |
|--|----------------------------------|---|--|---|--------------------------------|----------------|
| Children, Schools and Families             | 42,836                           | 42,482  | 42,138   | -3  | -                              | 42,135         |
| Health                                     | 81,761                           | 80,840  | 80,313   | -   | 115                            | 80,428         |
| Transport                                  | 7,137                            | 6,891   | 6,868  | -   | 52                             | 6,920          |
| Innovation, Universities and Skills        | 14,427                           | 14,427  | 14,427   | -349  | -                              | 14,079         |
| CLG Communities                            | 3,727                            | 3,656   | 3,636  | -   | -10                            | 3,626          |
| CLG Local Government                       | 22,566                           | 22,531  | 22,541   | -   | -                              | 22,541         |
| Home Office                                | 8,485                            | 8,478   | 8,343  | -   | 0                              | 8,343          |
| Justice                                    | 8,764                            | 8,399   | 8,329  | -   | 28                             | 8,357          |
| Law Officers' Departments                  | 718                              | 696   | 695  | -   | 3                              | 698            |
| Defence                                    | 34,080                           | 33,674  | 33,763   | -   | -272                           | 33,491         |
| Foreign and Commonwealth Office            | 1,936                            | 1,932   | 1,831  | -   | -4                             | 1,827          |
| International Development                  | 4,352                            | 4,303   | 4,278  | -66   | -6                             | 4,206          |
| Business, Enterprise and Regulatory Reform | 3,112                            | 3,030   | 2,929  | -696  | -76                            | 2,157          |
| Environment, Food and Rural Affairs        | 3,243                            | 3,276   | 3,202  | -   | -100                           | 3,103          |
| Culture, Media and Sport                   | 1,586                            | 1,624   | 1,520  | -   | 7                              | 1,527          |
| Work and Pensions                          | 8,033                            | 7,723   | 7,611  | 256   | 3                              | 7,870          |
| Scotland                                   | 22,379                           | 22,237  | 22,236   | 140   | -23                            | 22,354         |
| Wales                                      | 11,931                           | 11,855  | 11,641   | -   | 58                             | 11,699         |
| Northern Ireland Executive                 | 7,271                            | 7,186   | 7,079  | 71  | 1                              | 7,150          |
| Northern Ireland Office                    | 1,282                            | 1,270   | 1,224  | -   | -                              | 1,224          |
| Chancellor's Departments                   | 5,022                            | 4,988   | 4,952  | -   | -                              | 4,952          |
| Cabinet Office                             | 1,830                            | 1,839   | 1,731  | -   | 1                              | 1,732          |
| Independent Bodies                         | 803                              | 805   | 751  | -   | -13                            | 738            |
| Allowance for Shortfall                    | -                                | -700  | -  | -   | -                              | -              |
| <b>Total resource DEL</b>                  | <b>297,281</b>                   | <b>293,443</b>                                  | <b>292,040</b>                                     | <b>-647</b>   | <b>-238</b>                    | <b>291,155</b> |

**Table 3.2 Capital DEL 2006–07; changes since PESA April 2007 and PEOWP July 2007**

£ million

|  | Final provision adjusted for MOG | Estimated outturn in PESA 2007 adjusted for MOG | Provisional outturn in PEOWP 2007 adjusted for MOG | Transfers and classification changes since PEOWP 2007 | Other changes since PEOWP 2007 | Outturn       |
|--|----------------------------------|---|--|---|--------------------------------|---------------|
| Children, Schools and Families             | 5,157                            | 4,128   | 4,052  | 0   | –                              | 4,052         |
| Health                                     | 5,316                            | 3,667   | 3,391  | –   | –197                           | 3,194         |
| Transport                                  | 6,685                            | 6,539   | 6,505  | –   | 0                              | 6,505         |
| Innovation, Universities and Skills        | 1,882                            | 1,882   | 1,882  | 0   | –                              | 1,882         |
| CLG Communities                            | 5,663                            | 5,365   | 5,446  | –   | –14                            | 5,431         |
| CLG Local Government                       | 265                              | 214   | 223  | –   | –                              | 223           |
| Home Office                                | 922                              | 844   | 593  | –   | 0                              | 592           |
| Justice                                    | 609                              | 584   | 526  | –   | 10                             | 536           |
| Law Officers' Departments                  | 15                               | 12  | 11   | –   | 0                              | 11            |
| Defence                                    | 7,449                            | 7,061   | 7,041  | –   | 29                             | 7,070         |
| Foreign and Commonwealth Office            | 159                              | 139   | 145  | –   | 15                             | 160           |
| International Development                  | 685                              | 676   | 694  | 66  | 5                              | 765           |
| Business, Enterprise and Regulatory Reform | 555                              | 491   | 418  | 716   | 17                             | 1,152         |
| Environment, Food and Rural Affairs        | 897                              | 903   | 933  | –   | –11                            | 922           |
| Culture, Media and Sport                   | 380                              | 244   | 333  | –   | –50                            | 284           |
| Work and Pensions                          | 222                              | 220   | 215  | –   | 0                              | 215           |
| Scotland                                   | 3,032                            | 3,032   | 3,035  | –   | 0                              | 3,035         |
| Wales                                      | 1,405                            | 1,374   | 1,346  | –   | –26                            | 1,319         |
| Northern Ireland Executive                 | 930                              | 853   | 807  | –   | –5                             | 803           |
| Northern Ireland Office                    | 85                               | 80  | 69   | –   | –                              | 69            |
| Chancellor's Departments                   | 346                              | 328   | 302  | –   | –                              | 302           |
| Cabinet Office                             | 348                              | 399   | 309  | –   | –26                            | 283           |
| Independent Bodies                         | 60                               | 67  | 56   | –   | 0                              | 56            |
| Allowance for Shortfall                    | –                                | –444  | –  | –   | –                              | –             |
| <b>Total capital DEL</b>                   | <b>43,069</b>                    | <b>38,657</b>                                   | <b>38,334</b>                                      | <b>782</b>  | <b>–254</b>                    | <b>38,862</b> |

**Table 3.3 Total Managed Expenditure 2006–07; changes since PESA April 2007 and PEOWP July 2007**

|   | Estimated<br>outturn in<br>PESA 2007 | Provisional<br>outturn in<br>PEOWP 2007 | Transfers and<br>classification<br>changes since<br>PEOWP 2007 | Other<br>changes<br>since<br>PEOWP<br>2007 | £ million<br>Outturn |
|---|--------------------------------------|---|--|--|----------------------|
| <b>CURRENT EXPENDITURE</b>                            |                                      |   |  |  |                      |
| <b>Resource DEL</b>                                   | <b>293,443</b>                       | <b>292,040</b>                          | <b>-647</b>  | <b>-238</b>                                | <b>291,155</b>       |
| <b>Resource AME</b>                                   | <b>215,568</b>                       | <b>215,609</b>                          | <b>289</b>   | <b>-22</b>                                 | <b>215,876</b>       |
| <i>Resource departmental AME</i>                      |                                      |   |  |  |                      |
| Social security benefits                              | 134,463                              | 134,357                                 | -1,156   | 262  | 133,463              |
| Tax credits   | 14,069                               | 14,282                                  | -  | -93  | 14,189               |
| Net public service pensions                           | 3,582                                | 3,795                                   | -  | -488                                       | 3,307                |
| National lottery                                      | 758                                  | 758                                     | -  | -57  | 701                  |
| BBC domestic services                                 | 2,652                                | 2,652                                   | 480  | 110  | 3,242                |
| Student loans   | -472                                 | -407                                    | -18  | -  | -426                 |
| Non-cash items  | 39,406                               | 37,899                                  | 1,079  | 6,359                                      | 45,338               |
| Other departmental expenditure                        | 3,210                                | 3,285                                   | -430   | -37  | 2,818                |
| <b>Resource departmental AME</b>                      | <b>197,668</b>                       | <b>196,620</b>                          | <b>-45</b>   | <b>6,056</b>                               | <b>202,632</b>       |
| <i>Resource other AME</i>                             |                                      |   |  |  |                      |
| Net expenditure transfers to the EC                   | 4,652                                | 4,652                                   | -  | -  | 4,652                |
| Locally financed government expenditure               | 23,898                               | 23,852                                  | -274   | -164                                       | 23,414               |
| Central government gross debt interest                | 27,424                               | 27,571                                  | -  | 5  | 27,576               |
| Accounting adjustments                                | -38,074                              | -37,086                                 | 607  | -5,919                                     | -42,399              |
| <b>Resource other AME</b>                             | <b>17,900</b>                        | <b>18,989</b>                           | <b>333</b>   | <b>-6,078</b>                              | <b>13,244</b>        |
| <b>Public sector current expenditure</b>              | <b>509,011</b>                       | <b>507,649</b>                          | <b>-358</b>  | <b>-260</b>                                | <b>507,031</b>       |
| <b>CAPITAL EXPENDITURE</b>                            |                                      |   |  |  |                      |
| <b>Capital DEL</b>                                    | <b>38,657</b>                        | <b>38,334</b>                           | <b>782</b>   | <b>-254</b>                                | <b>38,862</b>        |
| <b>Capital AME</b>                                    | <b>4,534</b>                         | <b>4,444</b>                            | <b>-424</b>  | <b>-188</b>                                | <b>3,832</b>         |
| <i>Capital departmental AME</i>                       |                                      |   |  |  |                      |
| National lottery                                      | 952                                  | 952                                     | -  | -251                                       | 701                  |
| BBC domestic services                                 | 84                                   | 84                                      | -  | 19   | 103                  |
| Student loans   | 3,446                                | 3,209                                   | -  | -2   | 3,207                |
| Other departmental expenditure                        | -554                                 | -565                                    | 185  | -2   | -382                 |
| <b>Capital departmental AME</b>                       | <b>3,928</b>                         | <b>3,680</b>                            | <b>185</b>   | <b>-235</b>                                | <b>3,630</b>         |
| <i>Capital other AME</i>                              |                                      |   |  |  |                      |
| Locally-financed expenditure                          | 2,029                                | 2,029                                   | 2,447  | 267  | 4,743                |
| Public corporations' own-financed capital expenditure | 4,266                                | 4,266                                   | -  | 1,088                                      | 5,354                |
| AME margin  | -                                    | -                                       | -  | -  | -                    |
| Accounting adjustments                                | -5,689                               | -5,531                                  | -3,055   | -1,309                                     | -9,895               |
| <b>Capital other AME</b>                              | <b>606</b>                           | <b>764</b>                              | <b>-609</b>  | <b>46</b>                                  | <b>202</b>           |
| <b>Public sector gross investment</b>                 | <b>43,191</b>                        | <b>42,778</b>                           | <b>358</b>   | <b>-442</b>                                | <b>42,694</b>        |
| less public sector depreciation                       | 17,683                               | 17,769                                  | -  | -854                                       | 16,915               |
| <b>Public sector net investment</b>                   | <b>25,507</b>                        | <b>25,009</b>                           | <b>358</b>   | <b>412</b>                                 | <b>25,779</b>        |
| <b>Total Managed Expenditure</b>                      | <b>552,202</b>                       | <b>550,427</b>                          | <b>0</b>   | <b>-702</b>                                | <b>549,725</b>       |

**Table 3.4 Resource DEL 2007–08; changes since PESA 2007**

|  | £ million                                    |  |   |                    |                      |
|--|--|--|---|--------------------|----------------------|
|  | Plans in<br>PESA 2007<br>adjusted for<br>MOG | Other<br>transfers<br>and<br>classification<br>changes | Reserve<br>allocation<br>and other<br>policy<br>changes | Final<br>provision | Estimated<br>outturn |
| Children, Schools and Families             | 44,951                                       | –6   | 139   | 45,084             | 44,935               |
| Health                                     | 89,673                                       | 0  | 15  | 89,688             | 89,151               |
| Transport                                  | 6,704  | –145   | 337   | 6,897              | 6,760                |
| Innovation, Universities and Skills        | 16,073                                       | –479   | 80  | 15,674             | 15,539               |
| CLG Communities                            | 4,257  | 3  | 78  | 4,337              | 4,235                |
| CLG Local Government                       | 22,813                                       | 2  | 0   | 22,815             | 22,739               |
| Home Office                                | 8,523  | –28  | 181   | 8,676              | 8,654                |
| Justice                                    | 8,976  | 37   | 142   | 9,154              | 8,974                |
| Law Officers' Departments                  | 718  | 17   | 29  | 764                | 738                  |
| Defence                                    | 32,812                                       | 75   | 4,034   | 36,921             | 36,746               |
| Foreign and Commonwealth Office            | 1,811  | –64  | 211   | 1,958              | 1,939                |
| International Development                  | 4,637  | –73  | –   | 4,564              | 4,563                |
| Business, Enterprise and Regulatory Reform | 3,065  | –628   | 561   | 2,997              | 2,874                |
| Environment, Food and Rural Affairs        | 2,987  | 8  | 27  | 3,022              | 3,063                |
| Culture, Media and Sport                   | 1,564  | 3  | 40  | 1,607              | 1,652                |
| Work and Pensions                          | 7,795  | 301  | 52  | 8,148              | 8,070                |
| Scotland                                   | 23,510                                       | 109  | 225   | 23,844             | 23,844               |
| Wales                                      | 12,457                                       | 1  | 139   | 12,596             | 12,506               |
| Northern Ireland Executive                 | 7,597  | 80   | 163   | 7,840              | 7,630                |
| Northern Ireland Office                    | 1,141  | 54   | 190   | 1,385              | 1,363                |
| Chancellor's Departments                   | 4,861  | –2   | 78  | 4,937              | 4,817                |
| Cabinet Office                             | 1,866  | –79  | 127   | 1,914              | 1,876                |
| Independent Bodies                         | 777  | 0  | 12  | 789                | 810                  |
| DEL Reserve                                | 589  | –  | –589  | –                  | –                    |
| Unallocated Special Reserve                | 400  | –  | –400  | –                  | –                    |
| Allowance for Shortfall                    | –  | –  | –   | –                  | –351                 |
| <b>Total resource DEL</b>                  | <b>310,556</b>                               | <b>–813</b>  | <b>5,869</b>  | <b>315,611</b>     | <b>313,128</b>       |

Table 3.5 Capital DEL 2007–08; changes since PESA 2007

|  | £ million                                    |  |   |                    |                      |
|--|--|--|---|--------------------|----------------------|
|  | Plans in<br>PESA 2007<br>adjusted for<br>MOG | Other<br>transfers<br>and<br>classification<br>changes | Reserve<br>allocation<br>and other<br>policy<br>changes | Final<br>provision | Estimated<br>outturn |
| Children, Schools and Families             | 5,829  | –  | –   | 5,829              | 5,532                |
| Health                                     | 4,321  | 0  | 2   | 4,322              | 3,575                |
| Transport                                  | 6,561  | –17  | 642   | 7,186              | 7,104                |
| Innovation, Universities and Skills        | 1,881  | 78   | 107   | 2,066              | 2,029                |
| CLG Communities                            | 5,905  | –67  | 231   | 6,069              | 6,036                |
| CLG Local Government                       | 143  | –13  | 0   | 130                | 65                   |
| Home Office                                | 767  | –47  | 43  | 764                | 780                  |
| Justice                                    | 709  | 26   | 317   | 1,052              | 980                  |
| Law Officers' Departments                  | 15   | –  | 4   | 19                 | 15                   |
| Defence                                    | 7,548  | 7  | 565   | 8,120              | 8,120                |
| Foreign and Commonwealth Office            | 148  | 15   | 81  | 244                | 246                  |
| International Development                  | 643  | 73   | 15  | 731                | 731                  |
| Business, Enterprise and Regulatory Reform | 467  | 649  | 82  | 1,198              | 1,128                |
| Environment, Food and Rural Affairs        | 907  | –17  | 2   | 891                | 910                  |
| Culture, Media and Sport                   | 402  | 80   | 40  | 522                | 455                  |
| Work and Pensions                          | 72   | 5  | 30  | 107                | 100                  |
| Scotland                                   | 3,118  | 17   | 430   | 3,565              | 3,542                |
| Wales                                      | 1,617  | –  | –49   | 1,568              | 1,527                |
| Northern Ireland Executive                 | 1,015  | –6   | 42  | 1,052              | 1,015                |
| Northern Ireland Office                    | 72   | 0  | –   | 72                 | 9                    |
| Chancellor's Departments                   | 276  | –  | 24  | 300                | 291                  |
| Cabinet Office                             | 326  | 10   | 73  | 408                | 411                  |
| Independent Bodies                         | 74   | –  | 0   | 74                 | 63                   |
| DEL Reserve                                | 1,512  | –  | –1,512  | –                  | –                    |
| Allowance for Shortfall                    | –  | –  | –   | –                  | –727                 |
| <b>Total capital DEL</b>                   | <b>44,326</b>                                | <b>793</b>   | <b>1,169</b>  | <b>46,288</b>      | <b>43,936</b>        |



**Table 3.6 Total Managed Expenditure 2007–08; changes since PESA 2007**

|   | Plans in<br>PESA<br>2007 | Transfers and<br>classification<br>changes | Other<br>changes | £ million<br>Estimated<br>outturn |
|---|--------------------------|--|------------------|-----------------------------------|
| <b>CURRENT EXPENDITURE</b>                            |                          |  |                  |                                   |
| <b>Resource DEL</b>                                   | <b>310,556</b>           | <b>-813</b>                                | <b>3,384</b>     | <b>313,128</b>                    |
| <b>Resource AME</b>                                   | <b>228,071</b>           | <b>503</b>                                 | <b>-1,560</b>    | <b>227,014</b>                    |
| <i>Resource departmental AME</i>                      |                          |  |                  |                                   |
| Social security benefits                              | 140,900                  | -400                                       | -228             | 140,273                           |
| Tax credits   | 14,758                   | -  | 640              | 15,398                            |
| Net public service pensions                           | 9,789                    | -  | 293              | 10,083                            |
| National lottery                                      | 667                      | -  | 241              | 908                               |
| BBC domestic services                                 | 2,741                    | 502  | 13               | 3,256                             |
| Student loans   | -515                     | -26  | 26               | -515                              |
| Non-cash items  | 37,262                   | 730  | 6,544            | 44,535                            |
| Other departmental expenditure                        | 2,817                    | -511                                       | 228              | 2,534                             |
| <b>Resource departmental AME</b>                      | <b>208,419</b>           | <b>296</b>                                 | <b>7,757</b>     | <b>216,472</b>                    |
| <i>Resource other AME</i>                             |                          |  |                  |                                   |
| Net expenditure transfers to the EC                   | 5,010                    | -  | 382              | 5,392                             |
| Locally financed government expenditure               | 25,898                   | -789                                       | -351             | 24,757                            |
| Central government gross debt interest                | 29,100                   | -  | 846              | 29,946                            |
| AME margin  | 900                      | -  | -900             | -                                 |
| Accounting adjustments                                | -41,256                  | 997  | -9,295           | -49,554                           |
| <b>Resource other AME</b>                             | <b>19,652</b>            | <b>208</b>                                 | <b>-9,318</b>    | <b>10,541</b>                     |
| <b>Public sector current expenditure</b>              | <b>538,627</b>           | <b>-310</b>                                | <b>1,824</b>     | <b>540,141</b>                    |
| <b>CAPITAL EXPENDITURE</b>                            |                          |  |                  |                                   |
| <b>Capital DEL</b>                                    | <b>44,326</b>            | <b>793</b>                                 | <b>-1,183</b>    | <b>43,936</b>                     |
| <b>Capital AME</b>                                    | <b>3,686</b>             | <b>-433</b>                                | <b>-981</b>      | <b>2,272</b>                      |
| <i>Capital departmental AME</i>                       |                          |  |                  |                                   |
| National lottery                                      | 846                      | -  | -56              | 790                               |
| BBC domestic services                                 | 70                       | -  | 15               | 85                                |
| Student loans   | 4,225                    | -  | -59              | 4,166                             |
| Other departmental expenditure                        | 183                      | 99   | -623             | -341                              |
| <b>Capital departmental AME</b>                       | <b>5,324</b>             | <b>99</b>                                  | <b>-723</b>      | <b>4,700</b>                      |
| <i>Capital other AME</i>                              |                          |  |                  |                                   |
| Locally-financed expenditure                          | 1,915                    | 1,306                                      | 957              | 4,178                             |
| Public corporations' own-financed capital expenditure | 4,508                    | -  | 175              | 4,683                             |
| AME margin  | 100                      | -  | -100             | -                                 |
| Accounting adjustments                                | -8,161                   | -1,838                                     | -1,290           | -11,289                           |
| <b>Capital other AME</b>                              | <b>-1,638</b>            | <b>-532</b>                                | <b>-258</b>      | <b>-2,428</b>                     |
| <b>Public sector gross investment</b>                 | <b>48,012</b>            | <b>360</b>                                 | <b>-2,164</b>    | <b>46,208</b>                     |
| less public sector depreciation                       | 18,651                   | -  | -953             | 17,698                            |
| <b>Public sector net investment</b>                   | <b>29,361</b>            | <b>360</b>                                 | <b>-1,211</b>    | <b>28,510</b>                     |
| <b>Total Managed Expenditure</b>                      | <b>586,639</b>           | <b>50</b>                                  | <b>-340</b>      | <b>586,349</b>                    |

Table 3.7 Resource DEL 2008–09 to 2010–11; changes since 2007 CSR

|  | 2008–09                            |  |   |                | 2009–10                            |  |   |                | 2010–11                            |  |   |                |
|--|------------------------------------|--|---|----------------|------------------------------------|--|---|----------------|------------------------------------|--|---|----------------|
|  | Plans in 2007 CSR adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New plans      | Plans in 2007 CSR adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New plans      | Plans in 2007 CSR adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New plans      |
| Children, Schools and Families             | 46,911                             | -8   | 7   | 46,909         | 49,218                             | 2  | 17  | 49,237         | 51,904                             | 3  | 39  | 51,945         |
| Health                                     | 94,017                             | -21  | 0   | 93,997         | 99,927                             | -21  | 1   | 99,907         | 106,359                            | -21  | 1   | 106,339        |
| Transport                                  | 6,443                              | 1  | -88   | 6,356          | 6,493                              | 1  | -96   | 6,398          | 6,673                              | 1  | -103  | 6,571          |
| Innovation, Universities and Skills        | 16,888                             | -510                                       | -   | 16,379         | 17,649                             | -494                                       | -   | 17,155         | 18,693                             | -486                                       | -   | 18,207         |
| CLG Communities                            | 4,350                              | -17  | -6  | 4,327          | 4,516                              | -34  | -7  | 4,475          | 4,659                              | -34  | -6  | 4,619          |
| CLG Local Government                       | 24,703                             | 2  | -   | 24,705         | 25,605                             | -14  | -   | 25,591         | 26,412                             | -20  | -   | 26,392         |
| Home Office                                | 9,046                              | 20   | -   | 9,066          | 9,294                              | 19   | -   | 9,313          | 9,588                              | 19   | -   | 9,607          |
| Justice                                    | 9,333                              | 0  | 0   | 9,333          | 9,379                              | 0  | 1   | 9,380          | 9,439                              | 0  | 1   | 9,440          |
| Law Officers' Departments                  | 725                                | -  | -   | 725            | 720                                | -  | -   | 720            | 714                                | -  | -   | 714            |
| Defence                                    | 33,582                             | 41   | -   | 33,623         | 35,150                             | 21   | -   | 35,171         | 36,684                             | 25   | -   | 36,709         |
| Foreign and Commonwealth Office            | 1,594                              | 36   | 200   | 1,830          | 1,610                              | -  | -   | 1,610          | 1,618                              | -  | -   | 1,618          |
| International Development                  | 4,921                              | -52  | -   | 4,869          | 5,502                              | -  | -   | 5,502          | 6,386                              | -  | -   | 6,386          |
| Business, Enterprise and Regulatory Reform | 2,285                              | 43   | 25  | 2,353          | 2,237                              | 28   | 25  | 2,290          | 2,227                              | 26   | 28  | 2,281          |
| Environment, Food and Rural Affairs        | 2,934                              | 2  | 1   | 2,936          | 2,965                              | 2  | -   | 2,967          | 2,972                              | 2  | -   | 2,974          |
| Culture, Media and Sport                   | 1,625                              | -7   | 3   | 1,620          | 1,686                              | -8   | -   | 1,678          | 1,761                              | -8   | -   | 1,753          |
| Work and Pensions                          | 7,582                              | 343  | 41  | 7,966          | 7,399                              | 351  | 49  | 7,799          | 7,082                              | 359  | 98  | 7,539          |
| Scotland                                   | 24,454                             | -39  | 7   | 24,422         | 25,414                             | -19  | 3   | 25,398         | 26,501                             | 1  | 5   | 26,507         |
| Wales                                      | 12,984                             | 2  | 1   | 12,987         | 13,566                             | 2  | 1   | 13,569         | 14,215                             | 2  | 3   | 14,219         |
| Northern Ireland Executive                 | 7,872                              | 199  | 6   | 8,077          | 8,176                              | 208  | 5   | 8,389          | 8,517                              | 222  | 10  | 8,749          |
| Northern Ireland Office                    | 1,224                              | -17  | -   | 1,207          | 1,192                              | -20  | -   | 1,172          | 1,192                              | -11  | -   | 1,181          |
| Chancellor's Departments                   | 4,752                              | 0  | 1   | 4,753          | 4,635                              | 0  | 1   | 4,636          | 4,521                              | 0  | 1   | 4,522          |
| Cabinet Office                             | 2,145                              | -45  | 0   | 2,100          | 2,288                              | -43  | 1   | 2,247          | 2,472                              | -43  | 1   | 2,431          |
| Independent Bodies                         | 845                                | -  | 14  | 859            | 880                                | -  | -38   | 842            | 977                                | -  | -36   | 941            |
| Modernisation Funding                      | 500                                | -  | -   | 500            | 400                                | -  | -   | 400            | 100                                | -  | -   | 100            |
| DEL Reserve                                | 2,500                              | -  | -200  | 2,300          | 2,800                              | -  | -100  | 2,800          | 3,000                              | -  | -100  | 2,900          |
| <b>Total resource DEL</b>                  | <b>324,300</b>                     | <b>-27</b>                                 | <b>0</b>                                    | <b>324,300</b> | <b>338,800</b>                     | <b>-18</b>                                 | <b>-100</b>                                 | <b>338,700</b> | <b>354,600</b>                     | <b>35</b>                                  | <b>0</b>                                    | <b>354,600</b> |

£ million

Table 3.8 Capital DEL 2008–09 to 2010–11; changes since 2007 CSR

|  | 2008–09                            |  |   | 2009–10                            |  |   | 2010–11                            |  |   | £ million     |
|--|------------------------------------|--|---|------------------------------------|--|---|------------------------------------|--|---|---------------|
|  | Plans in 2007 CSR adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | Plans in 2007 CSR adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | Plans in 2007 CSR adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes |               |
| Children, Schools and Families             | 6,011                              | -  | -   | 6,376                              | -  | -   | 7,631                              | -  | -   | 7,631         |
| Health                                     | 4,711                              | -  | -   | 5,475                              | -  | -   | 6,208                              | -  | -   | 6,208         |
| Transport                                  | 7,294                              | -  | -   | 7,614                              | -  | -   | 8,112                              | -  | -   | 8,112         |
| Innovation, Universities and Skills        | 1,990                              | -  | -   | 2,205                              | -  | -   | 2,260                              | -  | -   | 2,260         |
| CLG Communities                            | 6,975                              | -  | -   | 7,337                              | -  | -   | 7,524                              | -  | -   | 7,524         |
| CLG Local Government                       | 94                                 | -6   | -   | 114                                | -6   | -   | 92                                 | 2  | -   | 93            |
| Home Office                                | 854                                | -  | -   | 782                                | -  | -   | 853                                | -  | -   | 853           |
| Justice                                    | 692                                | -  | -   | 779                                | -  | -   | 744                                | -  | -   | 744           |
| Law Officers' Departments                  | 13                                 | -  | -   | 13                                 | -  | -   | 13                                 | -  | -   | 13            |
| Defence                                    | 7,871                              | -  | -   | 8,187                              | -  | -   | 8,871                              | -  | -   | 8,871         |
| Foreign and Commonwealth Office            | 206                                | -  | -   | 216                                | -  | -   | 205                                | -  | -   | 205           |
| International Development                  | 891                                | -  | -   | 1,366                              | -  | -   | 1,556                              | -  | -   | 1,556         |
| Business, Enterprise and Regulatory Reform | 1,231                              | 1  | -   | 1,231                              | 1  | -   | 1,235                              | 1  | -   | 1,235         |
| Environment, Food and Rural Affairs        | 1,000                              | -  | 0   | 1,050                              | -  | -   | 1,200                              | -  | -   | 1,200         |
| Culture, Media and Sport                   | 1,046                              | -2   | 0   | 406                                | -2   | -   | 568                                | -2   | -   | 566           |
| Work and Pensions                          | 66                                 | 8  | 8   | 65                                 | 8  | 8   | 63                                 | -  | 8   | 71            |
| Scotland                                   | 3,147                              | -  | 0   | 3,342                              | -  | 0   | 3,641                              | -  | -   | 3,641         |
| Wales                                      | 1,568                              | -  | 0   | 1,678                              | -  | 0   | 1,841                              | -  | -   | 1,841         |
| Northern Ireland Executive                 | 994                                | 0  | 0   | 1,058                              | -  | 0   | 1,156                              | -  | -   | 1,156         |
| Northern Ireland Office                    | 72                                 | -  | -   | 72                                 | -  | -   | 72                                 | -  | -   | 72            |
| Chancellor's Departments                   | 269                                | -  | -   | 262                                | -  | -   | 255                                | -  | -   | 255           |
| Cabinet Office                             | 361                                | -  | -   | 390                                | -  | -   | 354                                | -  | -   | 354           |
| Independent Bodies                         | 48                                 | -  | 12  | 37                                 | -  | 15  | 37                                 | -  | 8   | 45            |
| DEL Reserve                                | 700                                | -  | 0   | 700                                | -  | 0   | 800                                | -  | 0   | 800           |
| <b>Total capital DEL</b>                   | <b>48,100</b>                      | <b>1</b>                                   | <b>0</b>                                    | <b>50,700</b>                      | <b>1</b>                                   | <b>0</b>                                    | <b>55,300</b>                      | <b>1</b>                                   | <b>0</b>                                    | <b>55,300</b> |



# 4

## TRENDS IN PUBLIC SECTOR EXPENDITURE

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**4.1** The analyses in this chapter show trends in government expenditure over a longer span of years than presented elsewhere in PESA, adjusted as far as possible so that figures for historical outturn years are based on current definitions.

**4.2** 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 and subsequent years' data are on an accruals basis. All outturn data (to 2006-07) in the tables in this chapter are National Statistics.

### Public expenditure aggregates

**4.3** Table 4.1 shows trends in public expenditure since 1967-68 in nominal and in real terms and as a per cent 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 2006-07 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 are 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 2007-08 are estimated outturn and 2008-09 to 2010-11 are projections produced by the Treasury.

### Total Expenditure on Services by function

**4.4** 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.

**4.5** TES includes central government spending, but excludes the part 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.

**4.6** Table 4.2 shows TES by UN COFOG (Classification Of the Functions Of Government) level 1 from 1987-88. Tables 4.3 and 4.4 present this in real terms and as a per cent of GDP, respectively. These tables cover outturn years and give estimated outturns for 2007-08. They also show in italics the sub-functional divisions used prior to the introduction of UN COFOG in PESA 2007.

## Methods and data quality for long run TES series

**4.7** Our aim is that the attribution of spending to functions should be broadly consistent over the entire table.

**4.8** Data in Tables 4.2, 4.3 and 4.4 for years before 2002-03 are not taken directly from the live public expenditure database that is maintained by government departments (see Appendix A). Summary data from the database are archived at the point at which data cease to be live.

**4.9** Normally, historical outturn data are not subject to adjustment. However, sometimes reclassifications affect the long run functional series. These include ONS decisions for the National Accounts and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending to functions.

**4.10** Only the larger classification changes are taken back to the historical years, based on the change in expenditure relative to the size of the function or functions concerned. Reclassifications that are taken back to the historical series are based on archived data. It is not always possible to identify the relevant data within the archives because of changes in recording practices over time, and if data series need to be split across functions it is not always possible to ascertain the correct split to apply. The decision as to the procedure used to implement reclassifications for historical years is taken by Treasury officials after discussions with the relevant government departments, and can sometimes entail a simple percentage split based on the best information available.

**4.11** 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 long-run series are presented as accurate to within £100m. This 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.

**4.12** The reclassifications and corrections since PESA 2007 that affect the historical functional series are as follows:

- the reclassification of Local Authority expenditure on reducing homelessness from **housing and community amenities** to **social protection** in all years back to 2001-02;
- the reclassification of administrative expenditure by Scottish Enterprise and Highlands and Islands Enterprise from **public and common services** to **enterprise and economic development** in all years back to 2001-02;
- corrections to the reporting of NHS Trusts in Scotland have resulted in revisions to **health** expenditure from 1987-88 to 2002-03;
- the correction to include the capital spending of Voluntary Aided schools as part of local government spending has increased **education** for all years back to 1987-88; and
- corrections to the reporting of student loans in Scotland and England have partly offset the above increase in **education** spending in each year from 1997-98 to 2006-07.

**Table 4.1 Public expenditure aggregates, 1967–68 to 2010–11**

Outturn data in this table up to 2006–07 fall within the scope of National Statistics

|         | Public sector current expenditure |  |                    | Depreciation         |  | Public sector net investment |  |                    | Total Managed Expenditure |  |                    |
|---------|-----------------------------------|--|--------------------|----------------------|--|------------------------------|--|--------------------|---------------------------|--|--------------------|
|         | Nominal<br>£ billion              | Real terms <sup>(1)</sup><br>£ billion | Per cent<br>of GDP | Nominal<br>£ billion |  | Nominal<br>£ billion         | Real terms <sup>(1)</sup><br>£ billion | Per cent<br>of GDP | Nominal<br>£ billion      | Real terms <sup>(1)</sup><br>£ billion | Per cent<br>of GDP |
| 1967-68 | 13.8                              | 177.5                                  | 33.8               | 1.5                  |  | 3.0                          | 38.3                                   | 7.3                | 18.3                      | 234.4                                  | 44.7               |
| 1968-69 | 14.8                              | 181.6                                  | 33.4               | 1.6                  |  | 2.9                          | 35.3                                   | 6.5                | 19.3                      | 236.5                                  | 43.5               |
| 1969-70 | 15.7                              | 182.4                                  | 33.0               | 1.7                  |  | 2.9                          | 33.2                                   | 6.0                | 20.3                      | 235.8                                  | 42.6               |
| 1970-71 | 17.4                              | 186.3                                  | 32.8               | 2.0                  |  | 3.3                          | 35.6                                   | 6.3                | 22.7                      | 243.1                                  | 42.8               |
| 1971-72 | 19.8                              | 195.2                                  | 33.5               | 2.3                  |  | 3.1                          | 30.9                                   | 5.3                | 25.2                      | 248.5                                  | 42.7               |
| 1972-73 | 22.4                              | 203.3                                  | 33.3               | 2.6                  |  | 3.3                          | 29.7                                   | 4.9                | 28.3                      | 256.4                                  | 42.1               |
| 1973-74 | 26.4                              | 223.8                                  | 35.3               | 3.1                  |  | 3.9                          | 33.5                                   | 5.3                | 33.4                      | 283.5                                  | 44.7               |
| 1974-75 | 34.8                              | 246.8                                  | 39.0               | 3.9                  |  | 5.1                          | 35.9                                   | 5.7                | 43.7                      | 310.3                                  | 49.0               |
| 1975-76 | 44.6                              | 252.1                                  | 40.1               | 4.9                  |  | 6.2                          | 35.2                                   | 5.6                | 55.7                      | 315.0                                  | 50.1               |
| 1976-77 | 52.0                              | 259.2                                  | 40.1               | 5.8                  |  | 5.8                          | 28.9                                   | 4.5                | 63.6                      | 316.9                                  | 49.0               |
| 1977-78 | 58.3                              | 255.7                                  | 38.6               | 6.6                  |  | 4.5                          | 19.8                                   | 3.0                | 69.5                      | 304.4                                  | 45.9               |
| 1978-79 | 66.7                              | 263.2                                  | 38.6               | 7.5                  |  | 4.4                          | 17.2                                   | 2.5                | 78.6                      | 310.1                                  | 45.4               |
| 1979-80 | 79.9                              | 269.8                                  | 38.4               | 8.9                  |  | 4.8                          | 16.1                                   | 2.3                | 93.6                      | 315.9                                  | 45.0               |
| 1980-81 | 97.2                              | 277.8                                  | 41.0               | 10.7                 |  | 4.5                          | 12.9                                   | 1.9                | 112.5                     | 321.4                                  | 47.5               |
| 1981-82 | 111.3                             | 290.2                                  | 42.8               | 11.7                 |  | 2.6                          | 6.9                                    | 1.0                | 125.6                     | 327.5                                  | 48.3               |
| 1982-83 | 121.7                             | 296.5                                  | 42.8               | 12.1                 |  | 4.5                          | 10.9                                   | 1.6                | 138.3                     | 336.9                                  | 48.7               |
| 1983-84 | 131.4                             | 305.8                                  | 42.5               | 12.6                 |  | 5.7                          | 13.3                                   | 1.8                | 149.7                     | 348.4                                  | 48.4               |
| 1984-85 | 142.0                             | 314.0                                  | 42.8               | 12.6                 |  | 5.3                          | 11.7                                   | 1.6                | 159.9                     | 353.7                                  | 48.2               |
| 1985-86 | 150.0                             | 314.5                                  | 41.2               | 12.3                 |  | 4.3                          | 9.1                                    | 1.2                | 166.6                     | 349.3                                  | 45.8               |
| 1986-87 | 157.3                             | 319.4                                  | 40.4               | 12.7                 |  | 2.7                          | 5.5                                    | 0.7                | 172.7                     | 350.8                                  | 44.3               |
| 1987-88 | 168.0                             | 323.1                                  | 38.8               | 12.7                 |  | 2.6                          | 4.9                                    | 0.6                | 183.3                     | 352.4                                  | 42.3               |
| 1988-89 | 175.4                             | 315.3                                  | 36.4               | 13.6                 |  | 1.7                          | 3.0                                    | 0.3                | 190.7                     | 342.6                                  | 39.5               |
| 1989-90 | 189.3                             | 317.4                                  | 35.8               | 14.1                 |  | 6.6                          | 11.1                                   | 1.3                | 210.2                     | 352.5                                  | 39.8               |
| 1990-91 | 205.6                             | 319.6                                  | 36.2               | 14.3                 |  | 7.8                          | 12.1                                   | 1.4                | 227.5                     | 353.7                                  | 40.1               |
| 1991-92 | 230.8                             | 338.3                                  | 38.6               | 12.6                 |  | 10.8                         | 15.8                                   | 1.8                | 254.2                     | 372.5                                  | 42.5               |
| 1992-93 | 249.9                             | 354.7                                  | 40.3               | 12.7                 |  | 11.6                         | 16.4                                   | 1.9                | 274.1                     | 389.2                                  | 44.3               |
| 1993-94 | 263.9                             | 365.1                                  | 40.2               | 12.9                 |  | 9.4                          | 13.0                                   | 1.4                | 286.2                     | 396.0                                  | 43.6               |
| 1994-95 | 276.3                             | 376.5                                  | 39.8               | 13.1                 |  | 9.8                          | 13.3                                   | 1.4                | 299.1                     | 407.7                                  | 43.1               |
| 1995-96 | 288.1                             | 381.1                                  | 39.2               | 13.1                 |  | 10.1                         | 13.4                                   | 1.4                | 311.3                     | 411.8                                  | 42.4               |
| 1996-97 | 298.0                             | 381.3                                  | 38.3               | 12.4                 |  | 5.4                          | 7.0                                    | 0.7                | 315.8                     | 404.2                                  | 40.6               |
| 1997-98 | 305.0                             | 379.2                                  | 36.8               | 12.2                 |  | 4.8                          | 5.9                                    | 0.6                | 321.9                     | 400.3                                  | 38.8               |
| 1998-99 | 312.8                             | 379.4                                  | 35.7               | 12.0                 |  | 5.9                          | 7.2                                    | 0.7                | 330.8                     | 401.1                                  | 37.7               |
| 1999-00 | 325.1                             | 386.5                                  | 35.1               | 12.3                 |  | 5.4                          | 6.4                                    | 0.6                | 342.9                     | 407.5                                  | 37.0               |
| 2000-01 | 346.3                             | 405.8                                  | 35.7               | 12.6                 |  | 5.2                          | 6.1                                    | 0.5                | 364.1                     | 426.7                                  | 37.5               |
| 2001-02 | 364.2                             | 416.8                                  | 35.9               | 13.1                 |  | 11.8                         | 13.5                                   | 1.2                | 389.1                     | 445.3                                  | 38.4               |
| 2002-03 | 393.4                             | 436.6                                  | 36.7               | 14.0                 |  | 13.7                         | 15.2                                   | 1.3                | 421.0                     | 467.3                                  | 39.3               |
| 2003-04 | 425.3                             | 458.8                                  | 37.4               | 14.6                 |  | 15.6                         | 16.8                                   | 1.4                | 455.5                     | 491.3                                  | 40.1               |
| 2004-05 | 456.9                             | 479.5                                  | 38.2               | 15.1                 |  | 20.6                         | 21.6                                   | 1.7                | 492.6                     | 517.1                                  | 41.2               |
| 2005-06 | 484.6                             | 497.9                                  | 38.8               | 16.1                 |  | 23.6                         | 24.2                                   | 1.9                | 524.3                     | 538.6                                  | 42.0               |
| 2006-07 | 507.0                             | 507.0                                  | 38.3               | 16.9                 |  | 25.8                         | 25.8                                   | 1.9                | 549.7                     | 549.7                                  | 41.5               |
| 2007-08 | 540.1                             | 523.4                                  | 38.4               | 17.7                 |  | 28.5                         | 27.6                                   | 2.0                | 586.3                     | 568.2                                  | 41.7               |
| 2008-09 | 566.2                             | 532.2                                  | 38.4               | 18.6                 |  | 32.9                         | 30.9                                   | 2.2                | 617.8                     | 580.6                                  | 41.9               |
| 2009-10 | 592.3                             | 542.0                                  | 38.2               | 19.6                 |  | 34.7                         | 31.7                                   | 2.2                | 646.5                     | 591.7                                  | 41.7               |
| 2010-11 | 622.4                             | 554.6                                  | 38.1               | 20.7                 |  | 36.7                         | 32.7                                   | 2.3                | 679.8                     | 605.8                                  | 41.6               |

(1) Real terms figures are the nominal figures adjusted to 2006–07 price levels using GDP deflators. For years 1967–68 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). The deflators for 2007–08 are consistent with the March 2008 Financial Statement and Budget Report.

Table 4.2 Total Expenditure on Services by function, 1987–88 to 2007–08

|   | National Statistics |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              | accruals, £ billion |              |              |              |  |  |  |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|--------------|--------------|--------------|--|--|--|
|   | cash, £ billion     |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |                     |              |              |              |  |  |  |
|   | 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      | 2006–07      | 2007–08      |  |  |  |
| 1. General public services                    | 25.2                | 26.2         | 28.2         | 28.3         | 27.1         | 28.2         | 30.0         | 33.0         | 36.5         | 37.7         | 39.2         | 40.0         | 37.3         | 39.0         | 36.4         | 36.2         | 39.1         | 42.7                | 45.9         | 48.1         | 52.1         |  |  |  |
| of which: public and common services          | 3.6                 | 3.9          | 4.9          | 5.3          | 5.9          | 6.0          | 6.0          | 6.2          | 6.3          | 6.5          | 6.4          | 7.5          | 8.2          | 8.2          | 9.4          | 10.0         | 10.9         | 12.2                | 12.9         | 13.2         | 14.0         |  |  |  |
| of which: 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          | 4.3          | 4.5          | 5.1          | 5.5                 | 6.2          | 6.3          | 6.9          |  |  |  |
| of which: 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         | 21.7         | 23.0         | 24.9                | 26.8         | 28.6         | 31.2         |  |  |  |
| 2. Defence                                    | 19.1                | 19.4         | 21.0         | 22.0         | 23.2         | 23.8         | 23.5         | 23.3         | 22.5         | 22.1         | 21.7         | 24.5         | 25.1         | 25.7         | 25.4         | 27.0         | 28.8         | 30.0                | 30.9         | 32.2         | 33.8         |  |  |  |
| 3. Public order and safety                    | 8.0                 | 8.8          | 10.1         | 11.5         | 13.0         | 14.2         | 14.8         | 15.4         | 15.7         | 16.2         | 16.9         | 17.8         | 18.1         | 20.1         | 22.8         | 24.2         | 26.3         | 28.3                | 29.0         | 30.3         | 32.5         |  |  |  |
| 4. Economic affairs                           | 19.0                | 18.7         | 19.6         | 21.6         | 21.4         | 23.3         | 23.8         | 23.9         | 23.4         | 23.3         | 21.5         | 19.6         | 21.5         | 23.8         | 27.8         | 30.8         | 33.0         | 33.7                | 35.5         | 37.9         | 40.2         |  |  |  |
| of which: enterprise and economic development | 6.5                 | 6.7          | 7.0          | 6.9          | 5.4          | 5.4          | 5.5          | 4.7          | 4.5          | 4.3          | 4.3          | 3.1          | 4.4          | 4.9          | 5.1          | 5.9          | 6.0          | 6.6                 | 6.6          | 6.5          | 7.2          |  |  |  |
| of which: 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          | 2.1          | 2.3          | 2.5                 | 2.9          | 2.8          | 3.2          |  |  |  |
| of which: employment policies                 | 3.0                 | 2.7          | 2.3          | 2.4          | 2.7          | 2.9          | 3.1          | 3.2          | 3.1          | 2.8          | 2.5          | 2.9          | 3.5          | 3.8          | 3.3          | 3.0          | 3.2          | 3.2                 | 3.4          | 3.4          | 3.3          |  |  |  |
| of which: agriculture, fisheries and forestry | 2.2                 | 2.0          | 1.9          | 2.7          | 2.8          | 2.9          | 3.8          | 3.4          | 3.9          | 5.4          | 4.7          | 4.4          | 4.3          | 4.7          | 6.3          | 4.9          | 5.2          | 5.4                 | 5.6          | 5.1          | 5.3          |  |  |  |
| of which: transport                           | 6.4                 | 6.3          | 7.3          | 8.3          | 9.2          | 10.8         | 10.0         | 11.5         | 10.9         | 9.5          | 8.7          | 7.8          | 7.9          | 9.0          | 11.3         | 14.8         | 16.2         | 16.0                | 17.0         | 20.1         | 21.3         |  |  |  |
| 5. Environment protection                     | 2.4                 | 2.6          | 2.9          | 3.2          | 3.4          | 3.6          | 3.4          | 3.8          | 4.1          | 3.7          | 4.0          | 4.3          | 4.9          | 5.1          | 5.5          | 6.1          | 6.3          | 7.0                 | 8.4          | 9.2          | 10.0         |  |  |  |
| 6. Housing and community amenities            | 4.6                 | 3.6          | 5.3          | 6.0          | 6.8          | 7.1          | 6.2          | 6.2          | 6.0          | 5.7          | 4.9          | 5.5          | 4.7          | 5.5          | 6.2          | 5.4          | 6.6          | 7.9                 | 10.5         | 11.5         | 12.5         |  |  |  |
| 7. Health                                     | 20.3                | 22.4         | 24.2         | 27.1         | 30.9         | 34.2         | 36.6         | 39.4         | 41.4         | 42.8         | 44.5         | 46.9         | 49.4         | 54.2         | 59.8         | 66.2         | 74.9         | 82.9                | 89.7         | 94.5         | 102.6        |  |  |  |
| 8. Recreation, culture and religion           | 3.5                 | 3.8          | 4.3          | 4.8          | 5.0          | 5.1          | 5.1          | 5.2          | 5.5          | 5.7          | 6.4          | 7.2          | 7.7          | 7.8          | 8.6          | 9.3          | 9.6          | 10.0                | 10.7         | 11.3         | 12.4         |  |  |  |
| 9. Education (includes training)              | 21.2                | 23.1         | 25.9         | 28.1         | 31.3         | 33.2         | 34.7         | 36.2         | 37.0         | 37.8         | 38.6         | 40.0         | 42.2         | 45.9         | 51.2         | 54.7         | 61.0         | 65.0                | 69.6         | 72.8         | 78.8         |  |  |  |
| of which: education                           | 20.3                | 21.9         | 24.4         | 26.9         | 29.7         | 32.0         | 33.5         | 35.0         | 35.8         | 36.4         | 37.4         | 38.7         | 40.8         | 44.4         | 49.7         | 52.9         | 59.0         | 62.9                | 67.5         | 70.7         | 76.2         |  |  |  |
| of which: training                            | 0.9                 | 1.2          | 1.4          | 1.2          | 1.7          | 1.1          | 1.2          | 1.2          | 1.2          | 1.3          | 1.2          | 1.3          | 1.4          | 1.5          | 1.5          | 1.9          | 2.0          | 2.0                 | 2.2          | 2.2          | 2.5          |  |  |  |
| 10. Social protection                         | 55.1                | 56.8         | 61.3         | 68.2         | 80.2         | 91.1         | 98.3         | 102.0        | 107.6        | 112.8        | 114.5        | 115.2        | 123.0        | 128.5        | 137.4        | 145.3        | 155.4        | 164.0               | 170.9        | 177.1        | 186.6        |  |  |  |
| 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         | -2.1         | -0.9                | -0.6         | -1.8         | -1.6         |  |  |  |
| Unallocated <sup>(1)</sup>                    | -                   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -                   | -            | -            | -0.9         |  |  |  |
| <b>Total Expenditure on Services</b>          | <b>176.8</b>        | <b>183.0</b> | <b>201.1</b> | <b>218.4</b> | <b>238.2</b> | <b>260.5</b> | <b>271.6</b> | <b>284.1</b> | <b>295.8</b> | <b>302.5</b> | <b>308.5</b> | <b>318.5</b> | <b>331.2</b> | <b>353.1</b> | <b>376.2</b> | <b>403.4</b> | <b>438.9</b> | <b>470.5</b>        | <b>500.6</b> | <b>523.2</b> | <b>559.1</b> |  |  |  |
| Accounting adjustments                        | 6.5                 | 7.6          | 9.1          | 9.1          | 16.0         | 13.7         | 14.6         | 15.1         | 15.5         | 13.3         | 13.4         | 12.3         | 11.7         | 11.0         | 12.9         | 17.7         | 16.6         | 22.1                | 23.7         | 26.5         | 27.3         |  |  |  |
| <b>Total Managed Expenditure</b>              | <b>183.3</b>        | <b>190.7</b> | <b>210.2</b> | <b>227.5</b> | <b>254.2</b> | <b>274.1</b> | <b>286.2</b> | <b>299.1</b> | <b>311.3</b> | <b>315.8</b> | <b>321.9</b> | <b>330.8</b> | <b>342.9</b> | <b>364.1</b> | <b>389.1</b> | <b>421.0</b> | <b>455.5</b> | <b>492.6</b>        | <b>524.3</b> | <b>549.7</b> | <b>586.3</b> |  |  |  |

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



Table 4.3 Total Expenditure on Services by function in real terms<sup>(1)</sup>, 1987–88 to 2007–08

|   | National Statistics |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | cash, £ billion     |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
|   | 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      | 2006–07      | 2007–08      |              |
|   | outturn             | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | outturn      | estimated    |
| 1. General public services                    | 48.4                | 47.1         | 47.2         | 44.0         | 39.8         | 40.0         | 41.5         | 44.9         | 48.3         | 48.2         | 48.7         | 48.5         | 44.4         | 45.7         | 41.6         | 40.2         | 42.2         | 44.8         | 47.1         | 48.1         | 48.1         | 50.5         |
| of which: public and common services          | 6.9                 | 7.1          | 8.2          | 8.2          | 8.7          | 8.5          | 8.3          | 8.4          | 8.4          | 8.3          | 7.9          | 9.0          | 9.8          | 9.6          | 10.8         | 11.1         | 11.8         | 12.8         | 13.3         | 13.2         | 13.2         | 13.6         |
| of which: international services              | 3.6                 | 3.8          | 3.9          | 3.9          | 4.3          | 4.5          | 4.5          | 4.5          | 4.6          | 4.0          | 3.8          | 3.9          | 4.4          | 4.9          | 4.9          | 4.9          | 5.5          | 5.8          | 6.4          | 6.4          | 6.3          | 6.7          |
| of which: public sector debt interest         | 38.0                | 36.2         | 35.1         | 31.8         | 26.8         | 27.0         | 28.7         | 32.0         | 35.4         | 36.0         | 36.9         | 35.6         | 30.2         | 31.2         | 25.9         | 24.1         | 24.9         | 26.2         | 27.5         | 28.6         | 28.6         | 30.2         |
| 2. Defence                                    | 36.7                | 34.9         | 35.2         | 34.1         | 34.0         | 33.9         | 32.5         | 31.8         | 29.7         | 28.3         | 26.9         | 29.7         | 29.8         | 30.1         | 29.1         | 30.0         | 31.1         | 31.4         | 31.8         | 32.2         | 32.2         | 32.8         |
| 3. Public order and safety                    | 15.3                | 15.9         | 16.9         | 17.9         | 19.0         | 20.2         | 20.4         | 20.9         | 20.8         | 20.8         | 21.0         | 21.6         | 21.6         | 23.6         | 26.1         | 26.8         | 28.4         | 29.7         | 29.8         | 30.3         | 31.5         | 31.5         |
| 4. Economic affairs                           | 36.6                | 33.6         | 32.9         | 33.6         | 31.4         | 33.1         | 33.0         | 32.5         | 31.0         | 29.9         | 26.8         | 23.8         | 25.5         | 27.9         | 31.8         | 34.1         | 35.6         | 35.3         | 36.5         | 37.9         | 37.9         | 39.0         |
| of which: enterprise and economic development | 12.5                | 12.0         | 11.7         | 10.8         | 7.9          | 7.6          | 7.6          | 6.4          | 5.9          | 5.5          | 5.4          | 3.7          | 5.3          | 5.7          | 5.9          | 6.6          | 6.5          | 6.9          | 6.8          | 6.5          | 6.5          | 7.0          |
| of which: science and technology              | 1.9                 | 1.9          | 1.9          | 1.9          | 1.9          | 2.0          | 2.1          | 1.5          | 1.6          | 1.8          | 1.7          | 1.7          | 1.6          | 1.7          | 2.0          | 2.4          | 2.5          | 2.6          | 3.0          | 2.8          | 2.8          | 3.1          |
| of which: employment policies                 | 5.7                 | 4.8          | 3.9          | 3.7          | 4.0          | 4.1          | 4.2          | 4.3          | 4.0          | 3.5          | 3.1          | 3.5          | 4.2          | 4.4          | 3.8          | 3.3          | 3.5          | 3.4          | 3.5          | 3.4          | 3.5          | 3.2          |
| of which: agriculture, fisheries and forestry | 4.3                 | 3.6          | 3.2          | 4.2          | 4.1          | 4.1          | 5.2          | 4.6          | 5.1          | 6.9          | 5.9          | 5.4          | 5.1          | 5.5          | 7.2          | 5.4          | 5.6          | 5.7          | 5.8          | 5.1          | 5.1          | 5.1          |
| of which: transport                           | 12.2                | 11.2         | 12.2         | 13.0         | 13.5         | 15.3         | 13.9         | 15.7         | 14.4         | 12.1         | 10.8         | 9.5          | 9.4          | 10.6         | 13.0         | 16.5         | 17.5         | 16.8         | 17.5         | 20.1         | 20.1         | 20.6         |
| 5. Environment protection                     | 4.6                 | 4.8          | 4.9          | 5.0          | 5.0          | 5.1          | 4.6          | 5.2          | 5.5          | 4.7          | 5.0          | 5.2          | 5.8          | 6.0          | 6.3          | 6.7          | 6.8          | 7.3          | 8.6          | 9.2          | 9.2          | 9.7          |
| 6. Housing and community amenities            | 8.8                 | 6.4          | 8.8          | 9.3          | 9.9          | 10.0         | 8.6          | 8.5          | 8.0          | 7.3          | 6.1          | 6.7          | 5.5          | 6.4          | 7.1          | 6.0          | 7.1          | 8.3          | 10.8         | 11.5         | 12.1         | 12.1         |
| 7. Health                                     | 38.9                | 40.3         | 40.5         | 42.1         | 45.3         | 48.6         | 50.6         | 53.7         | 54.8         | 54.7         | 55.4         | 56.9         | 58.7         | 63.6         | 68.4         | 73.5         | 80.8         | 87.0         | 92.1         | 94.5         | 99.4         | 99.4         |
| 8. Recreation, culture and religion           | 6.7                 | 6.9          | 7.2          | 7.5          | 7.3          | 7.3          | 7.0          | 7.2          | 7.3          | 7.3          | 7.9          | 8.7          | 9.2          | 9.1          | 9.8          | 10.4         | 10.4         | 10.5         | 11.0         | 11.3         | 12.0         | 12.0         |
| 9. Education (includes training)              | 40.8                | 41.6         | 43.4         | 43.6         | 45.9         | 47.1         | 48.0         | 49.4         | 48.9         | 48.3         | 48.0         | 48.6         | 50.1         | 53.8         | 58.6         | 60.8         | 65.8         | 68.2         | 71.5         | 72.8         | 76.3         | 76.3         |
| of which: education                           | 39.0                | 39.4         | 41.0         | 41.8         | 43.5         | 45.5         | 46.3         | 47.7         | 47.4         | 46.6         | 46.5         | 46.9         | 48.4         | 52.1         | 56.8         | 58.7         | 63.7         | 66.1         | 69.3         | 70.7         | 73.9         | 73.9         |
| of which: training                            | 1.8                 | 2.2          | 2.4          | 1.8          | 2.4          | 1.6          | 1.7          | 1.7          | 1.5          | 1.7          | 1.5          | 1.6          | 1.7          | 1.8          | 1.8          | 2.1          | 2.1          | 2.1          | 2.2          | 2.2          | 2.5          | 2.5          |
| 10. Social protection                         | 105.9               | 102.1        | 102.7        | 106.0        | 117.5        | 129.3        | 136.0        | 139.0        | 142.4        | 144.3        | 142.3        | 139.7        | 146.2        | 150.6        | 157.3        | 161.2        | 167.6        | 172.1        | 175.6        | 177.1        | 180.9        | 180.9        |
| EU transactions                               | -3.0                | -4.5         | -2.6         | -3.5         | -6.0         | -4.8         | -6.4         | -5.8         | -5.4         | -6.6         | -4.6         | -3.2         | -3.2         | -3.0         | -5.5         | -2.1         | -2.2         | -0.9         | -0.6         | -1.8         | -1.8         | -1.6         |
| Unallocated <sup>(2)</sup>                    | -                   | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -0.9         |
| <b>Total Expenditure on Services</b>          | <b>339.9</b>        | <b>328.9</b> | <b>337.2</b> | <b>339.5</b> | <b>349.1</b> | <b>369.8</b> | <b>375.8</b> | <b>387.2</b> | <b>391.3</b> | <b>387.1</b> | <b>383.5</b> | <b>386.2</b> | <b>393.7</b> | <b>413.8</b> | <b>430.6</b> | <b>447.7</b> | <b>473.4</b> | <b>493.8</b> | <b>514.3</b> | <b>523.2</b> | <b>523.2</b> | <b>541.8</b> |
| Accounting adjustments                        | 12.5                | 13.7         | 15.2         | 14.1         | 23.4         | 19.4         | 20.2         | 20.5         | 20.6         | 17.1         | 16.7         | 15.0         | 13.9         | 12.9         | 14.7         | 19.6         | 17.9         | 23.2         | 24.3         | 26.5         | 26.5         | 26.4         |
| <b>Total Managed Expenditure</b>              | <b>352.4</b>        | <b>342.6</b> | <b>352.5</b> | <b>353.7</b> | <b>372.5</b> | <b>389.2</b> | <b>396.0</b> | <b>407.7</b> | <b>411.8</b> | <b>404.2</b> | <b>400.3</b> | <b>401.1</b> | <b>407.5</b> | <b>426.7</b> | <b>445.3</b> | <b>467.3</b> | <b>491.3</b> | <b>517.1</b> | <b>538.6</b> | <b>549.7</b> | <b>568.2</b> | <b>568.2</b> |

(1) Real terms figures are the nominal figures adjusted to 2006–07 price levels using GDP deflators. For years 1987–88 to 2006–07 deflators are calculated from the latest data from the Office for National Statistics (released 28 March 2008). GDP for 2007–08 is consistent with the March 2008 Financial Statement and Budget Report.

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

Table 4.4 Total Expenditure on Services by function as a percent of GDP<sup>(1)</sup>, 1987–88 to 2007–08

|   | National Statistics |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             | based on accruals |             |             |             |
|---|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------|-------------|-------------|
|   | based on cash       |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |                   |             |             |             |
|   | 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     | 2006–07     | 2007–08     |
| 1. General public services                    | 5.8                 | 5.4         | 5.3         | 5.0         | 4.5         | 4.5         | 4.6         | 4.8         | 5.0         | 4.8         | 4.7         | 4.6         | 4.0         | 4.0         | 3.6         | 3.4         | 3.4         | 3.6               | 3.7         | 3.6         | 3.7         |
| of which: public and common services          | 0.8                 | 0.8         | 0.9         | 0.9         | 1.0         | 1.0         | 0.9         | 0.9         | 0.9         | 0.8         | 0.8         | 0.9         | 0.9         | 0.8         | 0.9         | 0.9         | 1.0         | 1.0               | 1.0         | 1.0         | 1.0         |
| of which: 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         | 0.4         | 0.5         | 0.5               | 0.5         | 0.5         | 0.5         |
| of which: public sector debt interest         | 4.6                 | 4.2         | 4.0         | 3.6         | 3.1         | 3.1         | 3.2         | 3.4         | 3.6         | 3.6         | 3.6         | 3.4         | 2.7         | 2.7         | 2.2         | 2.0         | 2.0         | 2.1               | 2.1         | 2.2         | 2.2         |
| 2. Defence                                    | 4.4                 | 4.0         | 4.0         | 3.9         | 3.9         | 3.8         | 3.6         | 3.4         | 3.1         | 2.8         | 2.6         | 2.8         | 2.7         | 2.6         | 2.5         | 2.5         | 2.5         | 2.5               | 2.5         | 2.4         | 2.4         |
| 3. Public order and safety                    | 1.8                 | 1.8         | 1.9         | 2.0         | 2.2         | 2.3         | 2.2         | 2.2         | 2.1         | 2.1         | 2.0         | 2.0         | 2.0         | 2.1         | 2.3         | 2.3         | 2.3         | 2.4               | 2.3         | 2.3         | 2.3         |
| 4. Economic affairs                           | 4.4                 | 3.9         | 3.7         | 3.8         | 3.6         | 3.8         | 3.6         | 3.4         | 3.2         | 3.0         | 2.6         | 2.2         | 2.3         | 2.5         | 2.7         | 2.9         | 2.9         | 2.8               | 2.8         | 2.9         | 2.9         |
| of which: enterprise and economic development | 1.5                 | 1.4         | 1.3         | 1.2         | 0.9         | 0.9         | 0.8         | 0.7         | 0.6         | 0.6         | 0.5         | 0.4         | 0.5         | 0.5         | 0.5         | 0.6         | 0.5         | 0.5               | 0.5         | 0.5         | 0.5         |
| of which: 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         | 0.2         | 0.2         |
| of which: 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         | 0.3         | 0.3         | 0.3         | 0.3               | 0.3         | 0.3         | 0.2         |
| of which: agriculture, fisheries and forestry | 0.5                 | 0.4         | 0.4         | 0.5         | 0.5         | 0.5         | 0.6         | 0.5         | 0.5         | 0.7         | 0.6         | 0.5         | 0.5         | 0.5         | 0.6         | 0.5         | 0.5         | 0.5               | 0.4         | 0.4         | 0.4         |
| of which: transport                           | 1.5                 | 1.3         | 1.4         | 1.5         | 1.5         | 1.7         | 1.5         | 1.7         | 1.5         | 1.2         | 1.0         | 0.9         | 0.8         | 0.9         | 1.1         | 1.4         | 1.4         | 1.3               | 1.4         | 1.5         | 1.5         |
| 5. Environment protection                     | 0.6                 | 0.5         | 0.6         | 0.6         | 0.6         | 0.6         | 0.5         | 0.5         | 0.6         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.6         | 0.6         | 0.6               | 0.7         | 0.7         | 0.7         |
| 6. Housing and community amenities            | 1.1                 | 0.7         | 1.0         | 1.1         | 1.1         | 1.1         | 0.9         | 0.9         | 0.8         | 0.7         | 0.6         | 0.6         | 0.5         | 0.6         | 0.6         | 0.5         | 0.6         | 0.7               | 0.8         | 0.9         | 0.9         |
| 7. Health                                     | 4.7                 | 4.6         | 4.6         | 4.8         | 5.2         | 5.5         | 5.6         | 5.7         | 5.6         | 5.5         | 5.4         | 5.4         | 5.3         | 5.6         | 5.9         | 6.2         | 6.6         | 6.9               | 7.2         | 7.1         | 7.3         |
| 8. Recreation, culture and religion           | 0.8                 | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.7         | 0.8         | 0.8         | 0.8         | 0.8         | 0.8         | 0.9         | 0.8         | 0.8               | 0.9         | 0.9         | 0.9         |
| 9. Education (includes training)              | 4.9                 | 4.8         | 4.9         | 4.9         | 5.2         | 5.4         | 5.3         | 5.2         | 5.0         | 4.8         | 4.7         | 4.6         | 4.5         | 4.7         | 5.1         | 5.1         | 5.4         | 5.4               | 5.6         | 5.5         | 5.6         |
| of which: education                           | 4.7                 | 4.5         | 4.6         | 4.7         | 5.0         | 5.2         | 5.1         | 5.0         | 4.9         | 4.7         | 4.5         | 4.4         | 4.4         | 4.6         | 4.9         | 4.9         | 5.2         | 5.3               | 5.4         | 5.3         | 5.4         |
| of which: training                            | 0.2                 | 0.3         | 0.3         | 0.2         | 0.3         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.1         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2         | 0.2               | 0.2         | 0.2         | 0.2         |
| 10. Social protection                         | 12.7                | 11.8        | 11.6        | 12.0        | 13.4        | 14.7        | 15.0        | 14.7        | 14.7        | 14.5        | 13.8        | 13.1        | 13.3        | 13.2        | 13.6        | 13.6        | 13.7        | 13.7              | 13.7        | 13.4        | 13.3        |
| EU transactions                               | -0.4                | -0.5        | -0.3        | -0.4        | -0.7        | -0.5        | -0.7        | -0.6        | -0.6        | -0.7        | -0.4        | -0.3        | -0.3        | -0.3        | -0.5        | -0.2        | -0.2        | -0.1              | 0.0         | -0.1        | -0.1        |
| Unallocated <sup>(2)</sup>                    | -                   | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -                 | -           | -           | -0.1        |
| <b>Total Expenditure on Services</b>          | <b>40.8</b>         | <b>37.9</b> | <b>38.1</b> | <b>38.5</b> | <b>39.8</b> | <b>42.0</b> | <b>41.4</b> | <b>41.0</b> | <b>40.3</b> | <b>38.8</b> | <b>37.2</b> | <b>36.3</b> | <b>35.7</b> | <b>36.4</b> | <b>37.1</b> | <b>37.6</b> | <b>38.6</b> | <b>39.4</b>       | <b>40.1</b> | <b>39.5</b> | <b>39.8</b> |
| Accounting adjustments                        | 1.5                 | 1.6         | 1.7         | 1.6         | 2.7         | 2.2         | 2.2         | 2.2         | 2.1         | 1.7         | 1.6         | 1.4         | 1.3         | 1.1         | 1.3         | 1.6         | 1.5         | 1.9               | 1.9         | 2.0         | 1.9         |
| <b>Total Managed Expenditure</b>              | <b>42.3</b>         | <b>39.5</b> | <b>39.8</b> | <b>40.1</b> | <b>42.5</b> | <b>44.3</b> | <b>43.6</b> | <b>43.1</b> | <b>42.4</b> | <b>40.6</b> | <b>38.8</b> | <b>37.7</b> | <b>37.0</b> | <b>37.5</b> | <b>38.4</b> | <b>39.3</b> | <b>40.1</b> | <b>41.2</b>       | <b>42.0</b> | <b>41.5</b> | <b>41.7</b> |

(1) For years 1987–88 to 2006–07 using GDP consistent with the latest figures from the Office for National Statistics (published 28 March 2008). GDP for 2007–08 is consistent with the March 2008 Financial Statement and Budget Report.

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

# FUNCTIONAL AND ECONOMIC CATEGORY ANALYSES OF PUBLIC SECTOR EXPENDITURE

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**5.1** 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 definitions. All outturn data (to 2006-07) are National Statistics.

## What's new

**5.2** The budgeting treatment of NHS and Foundation Trusts has been changed so that they are more closely aligned with other bodies classified by ONS to the central government sector. The Department of Health are now reporting the spending of the trusts within their budgets, whereas previously they reported the purchase of services from the trusts and the trusts' profit or loss. **Tables 5.3 and 5.6** therefore use this information rather than reporting adjusted series based on data provided by ONS. As a result there are revisions to pay and procurement as well as additional income from the sale of goods and services.

## Relationship between functional series and departments

**5.3** **Table 5.1** shows TES by function split across the different government department groups for 2006-07. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. This presentation allocates Local Authority expenditure to the department group most closely associated with a particular function.

## Total Expenditure on Services by function

**5.4** **Table 5.2** provides the most detailed analysis of TES by function for the years 2002-03 onwards. The tables are presented in a format consistent with the Level 2 breakdown of UN COFOG. The table also shows in italics the sub-functional divisions used prior to the introduction of UN COFOG in PESA 2007, where the splits do not map directly to COFOG. Further information on UN COFOG is available from the Treasury website<sup>1</sup>.

**5.5** The sub-function analysis of health is presented against HM Treasury's own functional classification. This is because the NHS is neither financed nor organised along the lines of COFOG level 2, so capturing the required additional information is not currently possible.

## Total Expenditure on Services by economic category

**5.6** The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. **Table 5.3** breaks down TES into its component economic categories.

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<sup>1</sup> [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)

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

**5.7** Tables 5.4 and 5.5 give a functional breakdown of the current and capital expenditure of central and local government and public corporations for the years from 2002-03. A functional split of Local Authority spending plans is not available as the allocation of spending between services is a matter for individual Local Authorities, and there is no aggregate information at this level of detail.

### **Current procurement spending**

**5.8** Table 5.6 shows current procurement expenditure on services by COFOG level 1 function. Procurement is on a National Accounts basis and so includes expenditure, for example on single use military equipment, that scores within departments' capital budgets.

### **Asset sales**

**5.9** Table 5.7 shows public sector receipts from sales of fixed assets from 2002-03, across the whole of the UK. Figures are shown separately for central government, Local Authorities and public corporations, as well as for general government, which comprises central government and Local Authorities. Receipts, which are at sales value, are split between land and building and other asset classes, and exclude receipts from sales of financial assets. Sales of assets between public sector bodies are included in this table.

**Table 5.1 Total Expenditure on Services by departmental group and function, 2006–07**

| Departmental Grouping                                  | Function | National Statistics        |                                      |                                  |                                       |               |                            |                     |   |                                  |                               | accruals, £ million                           |                     |                           |                                    |               |                                     |                                  |                     |                    |                       |                 |   |
|--|----------|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|---|
|  |          | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health     | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services for each department |
| Children, Schools and Families                         |          | -3                         | -3                                   | -                                | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | 9             | -                                   | 49,486                           | 48,604              | 881                | 1,855                 | -               | 51,452  |
| Health   |          | -                          | -                                    | -                                | -                                     | -             | 137                        | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | 77,007        | -                                   | -                                | -                   | 15,543             | -                     | 92,688          |   |
| Transport  |          | 1                          | 1                                    | -                                | -                                     | 2             | 176                        | 15,014              | 40  | -                                | -                             | 14,974  | -                   | -                         | 466                                | -             | -                                   | -                                | -                   | 779                | -                     | 16,438          |   |
| Innovation, Universities and Skills                    |          | 45                         | 45                                   | -                                | -                                     | -             | -                          | -                   | -   | 23                               | 2,432                         | 14  | 2,394               | -                         | -                                  | 523           | 106                                 | 10,288                           | 9,184               | 1,104              | -                     | 13,739          |   |
| Communities and Local Government                       |          | 4,310                      | 4,308                                | 2                                | -                                     | 27            | 2,311                      | 2,155               | -   | -                                | 183                           | 7,726   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | 1,842              | -                     | 18,555          |   |
| Home Office  |          | 111                        | 111                                  | -                                | -                                     | -             | 15,162                     | 64                  | -   | -                                | 64                            | -   | -                   | -                         | 287                                | -             | 9                                   | -                                | -                   | 0                  | -                     | 15,634          |   |
| Justice  |          | 129                        | 129                                  | -                                | -                                     | -             | 8,525                      | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | 1                                   | -                                | -                   | -6                 | -                     | 8,649           |   |
| Law Officers' Departments                              |          | -                          | -                                    | -                                | -                                     | -             | 706                        | -                   | -   | -                                | 47                            | 47  | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | 1                  | -                     | 707             |   |
| Defence  |          | 42                         | -                                    | 42                               | -                                     | -             | 30,659                     | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | 1                                   | -                                | -                   | 2,762              | -                     | 33,511          |   |
| Foreign and Commonwealth Office                        |          | 1,847                      | -                                    | 1,847                            | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | -                  | -                     | 1,847           |   |
| International Development                              |          | 4,313                      | -                                    | 4,313                            | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | 113                | -                     | 4,426           |   |
| Business, Enterprise and Regulatory Reform             |          | 56                         | 5                                    | 50                               | -                                     | -             | -                          | 2,798               | 2,667   | 66                               | 65                            | 66  | 65                  | 0                         | 1,467                              | 1             | 6                                   | -                                | -                   | 276                | -                     | 4,603           |   |
| Environment, Food and Rural Affairs                    |          | -                          | -                                    | -                                | -                                     | -             | -                          | 3,695               | 209   | 11                               | -                             | -   | 3,474               | -                         | 5,765                              | -19           | 960                                 | 0                                | 0                   | 0                  | -                     | 10,402          |   |
| Culture, Media and Sport                               |          | 49                         | 41                                   | 9                                | -                                     | -             | -                          | 199                 | 199   | -                                | -                             | 115   | 40                  | 115                       | 40                                 | 115           | 8,514                               | 113                              | 115                 | -1                 | -298                  | 8,847           |   |
| Work and Pensions                                      |          | 308                        | 308                                  | -                                | -                                     | -             | -                          | 3,092               | -   | -1                               | 3,094                         | -   | -                   | 3                         | -                                  | -             | -                                   | -                                | -                   | 119,903            | -                     | 123,307         |   |
| Scotland   |          | 903                        | 903                                  | -                                | -                                     | 7             | 2,135                      | 3,844               | 598   | 88                               | -                             | 651   | 2,507               | 687                       | 1,660                              | 8,992         | 945                                 | 7,002                            | 6,886               | 116                | 2,583                 | 28,758          |   |
| Wales  |          | 587                        | 587                                  | 0                                | -                                     | -             | 25                         | 1,631               | 430   | -                                | 70                            | 401   | 728                 | 442                       | 448                                | 4,969         | 468                                 | 3,660                            | 3,591               | 69                 | 1,500                 | 13,730          |   |
| Northern Ireland Executive                             |          | 338                        | 338                                  | -                                | -                                     | -             | 79                         | 1,233               | 210   | 42                               | 145                           | 470   | 367                 | 226                       | 888                                | 2,837         | 275                                 | 2,289                            | 2,287               | 2                  | 5,049                 | 13,213          |   |
| Northern Ireland Office                                |          | 67                         | 67                                   | -                                | -                                     | -             | 1,100                      | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | 54                 | -                     | 1,221           |   |
| Chancellor's Departments                               |          | 34,014                     | 5,412                                | -                                | 28,602                                | -             | -                          | 148                 | 5   | 143                              | -                             | -   | -                   | 1                         | -                                  | -             | -                                   | -                                | -                   | 24,601             | -1,761                | 57,003          |   |
| Cabinet Office   |          | 319                        | 319                                  | -                                | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | 1                                | -                   | 1                  | 536                   | 2,357           |   |
| Independent Bodies                                     |          | 648                        | 648                                  | -                                | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | -                  | 5                     | 652             |   |
| Public corporations                                    |          | -                          | -                                    | -                                | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | -                  | -                     | -               |   |
| accountable to local government                        |          | -                          | -                                    | -                                | -                                     | -             | -                          | -                   | -   | -                                | -                             | -   | -                   | -                         | -                                  | -             | -                                   | -                                | -                   | -                  | -                     | 1,439           |   |
| <b>Total Expenditure on Services for each function</b> |          | <b>48,083</b>              | <b>13,218</b>                        | <b>6,263</b>                     | <b>28,602</b>                         | <b>32,196</b> | <b>30,323</b>              | <b>37,928</b>       | <b>6,535</b>                                  | <b>2,782</b>                     | <b>3,398</b>                  | <b>5,134</b>                                  | <b>20,080</b>       | <b>9,232</b>              | <b>11,502</b>                      | <b>94,452</b> | <b>11,285</b>                       | <b>72,839</b>                    | <b>70,667</b>       | <b>2,171</b>       | <b>177,098</b>        | <b>-1,761</b>   | <b>523,177</b>                                    |

Table 5.2 Total Expenditure on Services by sub-function, 2002–03 to 2007–08

|  | accruals, £ million |                    |                    |                    |                    |                                 |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
|  | National Statistics |                    |                    |                    |                    |                                 |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn |
| <b>1. General public services</b>  |                     |                    |                    |                    |                    |                                 |
| 1.1 Executive and legislative organs, financial and fiscal affairs, external affairs | 9,526               | 10,024             | 10,998             | 11,439             | 11,748             | 12,289                          |
| 1.2 Foreign economic aid   | 2,908               | 3,496              | 3,581              | 4,227              | 4,297              | 4,723                           |
| 1.3 General services   | 813                 | 975                | 1,049              | 1,052              | 1,286              | 1,388                           |
| 1.4 Basic research   | 51                  | 73                 | 119                | 127                | 122                | 55                              |
| 1.5 R&D general public services  | 32                  | 30                 | 28                 | 30                 | 30                 | 39                              |
| 1.6 General public services n.e.c.   | 1,141               | 1,461              | 1,973              | 2,261              | 1,997              | 2,459                           |
| 1.7 Public sector debt transactions <sup>(1)(2)</sup>                                | 21,742              | 23,044             | 24,919             | 26,752             | 28,602             | 31,184                          |
| of which: central government debt interest   | 20,915              | 22,280             | 23,934             | 25,807             | 27,576             | 29,946                          |
| of which: local authority debt interest  | 266                 | 236                | 385                | 440                | 516                | 751                             |
| of which: public corporation debt interest   | 561                 | 528                | 600                | 505                | 510                | 487                             |
| <b>Total general public services</b>   | <b>36,215</b>       | <b>39,103</b>      | <b>42,668</b>      | <b>45,888</b>      | <b>48,083</b>      | <b>52,137</b>                   |
| <b>2. Defence</b>  |                     |                    |                    |                    |                    |                                 |
| 2.1 Military defence   | 23,137              | 24,717             | 25,141             | 26,439             | 27,512             | 27,678                          |
| 2.2 Civil defence  | 36                  | 119                | 75                 | 77                 | 90                 | 98                              |
| 2.3 Foreign military aid   | 1,270               | 1,281              | 903                | 1,155              | 1,689              | 2,904                           |
| 2.4 R&D defence  | 506                 | 474                | 588                | 566                | 621                | 639                             |
| 2.5 Defence n.e.c.   | 2,098               | 2,234              | 3,256              | 2,710              | 2,284              | 2,500                           |
| <b>Total defence</b>   | <b>27,048</b>       | <b>28,824</b>      | <b>29,963</b>      | <b>30,946</b>      | <b>32,196</b>      | <b>33,820</b>                   |
| <b>3. Public order and safety</b>  |                     |                    |                    |                    |                    |                                 |
| 3.1 Police services  | 13,207              | 14,347             | 15,353             | 16,119             | 16,862             | 17,578                          |
| of which: immigration and citizenship  | 1,665               | 1,697              | 1,856              | 1,652              | 1,710              | 1,831                           |
| of which: other police services  | 11,542              | 12,650             | 13,497             | 14,468             | 15,152             | 15,746                          |
| 3.2 Fire-protection services   | 2,264               | 2,383              | 2,519              | 2,677              | 2,704              | 2,942                           |
| 3.3 Law courts   | 5,395               | 6,126              | 6,768              | 6,113              | 6,307              | 6,813                           |
| 3.4 Prisons  | 2,888               | 2,983              | 3,241              | 3,675              | 3,934              | 4,569                           |
| 3.5 R&D public order and safety  | 32                  | 30                 | 48                 | 23                 | 16                 | 24                              |
| 3.6 Public order and safety n.e.c.   | 397                 | 427                | 404                | 424                | 500                | 599                             |
| <b>Total public order and safety</b>   | <b>24,182</b>       | <b>26,295</b>      | <b>28,333</b>      | <b>29,031</b>      | <b>30,323</b>      | <b>32,525</b>                   |
| <b>4. Economic affairs</b>   |                     |                    |                    |                    |                    |                                 |
| 4.1 General economic, commercial and labour affairs                                  | 6,023               | 6,443              | 6,503              | 7,004              | 6,894              | 7,130                           |
| 4.2 Agriculture, forestry, fishing and hunting                                       | 4,862               | 5,228              | 5,413              | 5,606              | 5,134              | 5,285                           |
| of which: market support under CAP   | 3,290               | 3,758              | 3,979              | 3,981              | 3,526              | 3,381                           |
| of which: other agriculture, food and fisheries policy                               | 1,445               | 1,345              | 1,312              | 1,470              | 1,417              | 1,726                           |
| of which: forestry   | 128                 | 126                | 122                | 156                | 191                | 177                             |
| 4.3 Fuel and energy  | 1,500               | 1,222              | 1,568              | 1,359              | 1,443              | 1,187                           |
| 4.4 Mining, manufacturing and construction   | 6                   | 15                 | -6                 | 135                | 11                 | 66                              |
| 4.5 Transport  | 14,825              | 16,189             | 15,981             | 17,004             | 20,080             | 21,259                          |
| of which: national roads   | 2,397               | 2,262              | 2,341              | 2,692              | 3,279              | 3,151                           |
| of which: local roads  | 4,202               | 4,252              | 4,580              | 4,940              | 4,922              | 5,625                           |
| of which: local public transport   | 1,868               | 3,114              | 2,227              | 2,567              | 2,909              | 3,299                           |
| of which: railway  | 5,714               | 5,867              | 6,050              | 5,946              | 8,100              | 8,185                           |
| of which: other transport  | 643                 | 695                | 783                | 858                | 869                | 998                             |
| 4.6 Communication  | 424                 | 425                | 559                | 426                | 467                | 1,087                           |
| 4.7 Other industries   | 315                 | 296                | 314                | 299                | 319                | 301                             |
| 4.8 R&D economic affairs   | 2,119               | 2,307              | 2,465              | 2,941              | 2,782              | 3,166                           |
| 4.9 Economic affairs n.e.c.  | 681                 | 867                | 870                | 747                | 800                | 748                             |
| <b>Total economic affairs</b>  | <b>30,755</b>       | <b>32,991</b>      | <b>33,667</b>      | <b>35,520</b>      | <b>37,928</b>      | <b>40,229</b>                   |

**Table 5.2 Total Expenditure on Services by sub-function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |                    |                    |                    |                    |                                 |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
|  | National Statistics |                    |                    |                    |                    |                                 |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn |
| <b>5. Environment protection</b>                         |                     |                    |                    |                    |                    |                                 |
| 5.1 Waste management                                     | 3,283               | 3,560              | 3,965              | 5,054              | 5,637              | 6,421                           |
| 5.2 Waste water management                               | 41                  | 45                 | 66                 | 78                 | 81                 | 57                              |
| 5.3 Pollution abatement                                  | 161                 | 220                | 208                | 203                | 154                | 154                             |
| 5.4 Protection of biodiversity and landscape             | 295                 | 272                | 299                | 312                | 457                | 403                             |
| 5.5 R&D environment protection                           | 236                 | 307                | 304                | 332                | 347                | 369                             |
| 5.6 Environment protection n.e.c                         | 2,040               | 1,856              | 2,112              | 2,433              | 2,556              | 2,617                           |
| <b>Total environment protection</b>                      | <b>6,055</b>        | <b>6,260</b>       | <b>6,954</b>       | <b>8,412</b>       | <b>9,232</b>       | <b>10,020</b>                   |
| <b>6. Housing and community amenities</b>                |                     |                    |                    |                    |                    |                                 |
| 6.1 Housing development                                  | 2,886               | 3,511              | 4,365              | 6,345              | 6,973              | 7,523                           |
| <i>of which: local authority housing</i>                 | <i>1,073</i>        | <i>947</i>         | <i>1,828</i>       | <i>3,680</i>       | <i>4,024</i>       | <i>4,341</i>                    |
| <i>of which: other social housing</i>                    | <i>1,814</i>        | <i>2,564</i>       | <i>2,537</i>       | <i>2,665</i>       | <i>2,949</i>       | <i>3,181</i>                    |
| 6.2 Community development                                | 1,554               | 2,018              | 2,463              | 2,573              | 2,841              | 3,339                           |
| 6.3 Water supply   | 483                 | 477                | 487                | 883                | 968                | 849                             |
| 6.4 Street lighting                                      | 371                 | 396                | 416                | 482                | 521                | 572                             |
| 6.5 R&D housing and community amenities                  | 10                  | 11                 | 15                 | 14                 | 9                  | 9                               |
| 6.6 Housing and community amenities n.e.c                | 132                 | 153                | 162                | 176                | 192                | 221                             |
| <b>Total housing and community amenities</b>             | <b>5,437</b>        | <b>6,567</b>       | <b>7,907</b>       | <b>10,472</b>      | <b>11,502</b>      | <b>12,512</b>                   |
| <b>7. Health<sup>(3)(4)</sup></b>                        |                     |                    |                    |                    |                    |                                 |
| Medical services   | 64,593              | 72,940             | 80,791             | 87,614             | 92,198             | 99,952                          |
| Health research  | 404                 | 471                | 475                | 574                | 609                | 617                             |
| Central and other health services                        | 1,202               | 1,503              | 1,671              | 1,492              | 1,645              | 2,038                           |
| <b>Total health</b>                                      | <b>66,199</b>       | <b>74,915</b>      | <b>82,936</b>      | <b>89,680</b>      | <b>94,452</b>      | <b>102,606</b>                  |
| <b>8. Recreation, culture and religion</b>               |                     |                    |                    |                    |                    |                                 |
| 8.1 Recreational and sporting services                   | 2,766               | 2,811              | 2,969              | 3,162              | 3,425              | 4,262                           |
| 8.2 Cultural services                                    | 3,224               | 3,535              | 3,618              | 3,918              | 3,974              | 4,252                           |
| 8.3 Broadcasting and publishing services                 | 3,181               | 3,084              | 3,270              | 3,324              | 3,566              | 3,497                           |
| 8.4 Religious and other community services               | 101                 | 106                | 106                | 105                | 108                | 100                             |
| 8.5 R&D recreation, culture and religion                 | 2                   | 2                  | 1                  | 81                 | 110                | 131                             |
| 8.6 Recreation, culture and religion n.e.c               | 61                  | 62                 | 74                 | 82                 | 102                | 111                             |
| <b>Total recreation, culture and religion</b>            | <b>9,335</b>        | <b>9,600</b>       | <b>10,037</b>      | <b>10,673</b>      | <b>11,285</b>      | <b>12,353</b>                   |
| <b>9. Education (includes training)<sup>(3)(5)</sup></b> |                     |                    |                    |                    |                    |                                 |
| 9.1 Pre-primary and primary education                    | 18,281              | 20,699             | 21,787             | 23,382             | 24,059             | 25,743                          |
| <i>of which: under fives</i>                             | <i>3,278</i>        | <i>3,729</i>       | <i>4,104</i>       | <i>4,296</i>       | <i>4,101</i>       | <i>4,400</i>                    |
| <i>of which: primary education</i>                       | <i>15,004</i>       | <i>16,969</i>      | <i>17,683</i>      | <i>19,087</i>      | <i>19,958</i>      | <i>21,343</i>                   |
| 9.2 Secondary education                                  | 16,096              | 18,212             | 19,854             | 21,379             | 22,571             | 24,048                          |
| 9.3 Post-secondary non-tertiary education                | 6,197               | 7,050              | 7,312              | 7,522              | 8,103              | 8,686                           |
| 9.4 Tertiary education                                   | 8,005               | 8,355              | 8,868              | 9,815              | 10,356             | 11,467                          |
| 9.5 Education not definable by level <sup>(5)</sup>      | 1,867               | 1,985              | 2,036              | 2,161              | 2,171              | 2,542                           |
| 9.6 Subsidiary services to education                     | 2,801               | 3,017              | 3,291              | 3,568              | 3,638              | 4,023                           |
| 9.7 R&D education  | 37                  | 39                 | 42                 | 33                 | 37                 | 43                              |
| 9.8 Education n.e.c                                      | 1,462               | 1,646              | 1,791              | 1,776              | 1,904              | 2,225                           |
| <b>Total education (includes training)</b>               | <b>54,745</b>       | <b>61,004</b>      | <b>64,981</b>      | <b>69,636</b>      | <b>72,839</b>      | <b>78,775</b>                   |



**Table 5.2 Total Expenditure on Services by sub-function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |                    |                    |                    |                    |                                 |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
|  | National Statistics |                    |                    |                    |                    |                                 |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn |
| <b>10. Social protection</b>   |                     |                    |                    |                    |                    |                                 |
| <i>of which personal social services</i>   | 18,651              | 21,105             | 23,234             | 24,584             | 26,359             | 27,401                          |
| 10.1 Sickness and disability   | 27,509              | 29,291             | 30,904             | 32,257             | 33,404             | 34,969                          |
| <i>of which: personal social services</i>  | 5,015               | 5,825              | 6,530              | 7,077              | 7,461              | 7,910                           |
| <i>of which: incapacity, disability and injury benefits</i>                                    | 22,494              | 23,466             | 24,373             | 25,180             | 25,943             | 27,059                          |
| 10.2 Old age   | 61,757              | 63,379             | 67,755             | 71,115             | 74,088             | 79,215                          |
| <i>of which: personal social services</i>  | 6,378               | 7,232              | 8,074              | 8,646              | 9,029              | 9,288                           |
| <i>of which: pensions</i>  | 55,378              | 56,147             | 59,681             | 62,469             | 65,059             | 69,927                          |
| 10.3 Survivors   | 1,916               | 1,840              | 1,852              | 1,846              | 1,811              | 1,804                           |
| 10.4 Family and children   | 24,289              | 26,287             | 26,681             | 27,030             | 27,347             | 28,409                          |
| <i>of which: personal social services</i>  | 4,316               | 4,968              | 5,534              | 6,101              | 6,549              | 6,814                           |
| <i>of which: family benefits, income support and tax credits</i>                               | 19,973              | 21,319             | 21,147             | 20,929             | 20,798             | 21,595                          |
| 10.5 Unemployment  | 4,088               | 4,036              | 3,721              | 3,557              | 4,251              | 3,954                           |
| <i>of which: personal social services</i>  | 1,079               | 1,136              | 1,227              | 917                | 1,502              | 1,453                           |
| <i>of which: other unemployment</i>  | 3,009               | 2,900              | 2,494              | 2,640              | 2,749              | 2,501                           |
| 10.6 Housing   | 13,627              | 14,605             | 15,328             | 16,099             | 17,123             | 18,279                          |
| 10.7 Social exclusion n.e.c.   | 7,900               | 11,801             | 13,605             | 14,985             | 16,177             | 17,520                          |
| <i>of which: personal social services</i>  | 1,863               | 1,944              | 1,868              | 1,842              | 1,818              | 1,936                           |
| <i>of which: family benefits, income support and tax credits</i>                               | 6,037               | 9,857              | 11,737             | 13,143             | 14,359             | 15,584                          |
| 10.8 R&D social protection   | 2                   | 0                  | 2                  | 1                  | 0                  | 0                               |
| 10.9 Social protection n.e.c.  | 4,206               | 4,171              | 4,103              | 4,036              | 2,897              | 2,496                           |
| <b>Total social protection</b>   | <b>145,293</b>      | <b>155,410</b>     | <b>163,951</b>     | <b>170,926</b>     | <b>177,098</b>     | <b>186,646</b>                  |
| <b>EU transactions<sup>(6)</sup></b>   |                     |                    |                    |                    |                    |                                 |
| GNI-based contribution (net of abatement and collection costs)                                 | 2,275               | 2,957              | 4,361              | 3,856              | 4,071              | 4,779                           |
| <i>derived as:</i>   |                     |                    |                    |                    |                    |                                 |
| <i>EC gross contribution pre-abatement and after deduction of collection costs</i>             | 9,737               | 11,371             | 12,183             | 11,780             | 12,245             | 13,763                          |
| <i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i> | -4,229              | -4,539             | -4,100             | -4,283             | -4,614             | -5,024                          |
| <i>UK abatement</i>  | -3,233              | -3,874             | -3,722             | -3,641             | -3,560             | -3,960                          |
| <i>EC receipts</i>   | -3,424              | -4,237             | -4,555             | -3,750             | -5,164             | -5,693                          |
| <i>Attributed aid and CFSP</i>   | -736                | -799               | -697               | -704               | -668               | -705                            |
| <b>Total EU transactions</b>   | <b>-1,885</b>       | <b>-2,079</b>      | <b>-892</b>        | <b>-598</b>        | <b>-1,761</b>      | <b>-1,619</b>                   |
| <b>Unallocated</b>   |                     |                    |                    |                    |                    |                                 |
| Departmental unallocated provision   | -                   | -                  | -                  | -                  | -                  | 167                             |
| Reserve and other funds  | -                   | -                  | -                  | -                  | -                  | -                               |
| Allowance for Shortfall  | -                   | -                  | -                  | -                  | -                  | -1,078                          |
| AME Margin   | -                   | -                  | -                  | -                  | -                  | -                               |
| <b>Total unallocated</b>   | <b>-</b>            | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-911</b>                     |
| <b>Total Expenditure on Services</b>   | <b>403,379</b>      | <b>438,891</b>     | <b>470,506</b>     | <b>500,588</b>     | <b>523,177</b>     | <b>559,092</b>                  |
| Accounting adjustments   | 17,663              | 16,607             | 22,132             | 23,671             | 26,548             | 27,257                          |
| <b>Total Managed Expenditure</b>   | <b>421,024</b>      | <b>455,498</b>     | <b>492,638</b>     | <b>524,259</b>     | <b>549,725</b>     | <b>586,349</b>                  |

(1) Debt interest figures are gross.

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

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

(4) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

(5) Education not definable by level is equivalent to training

(6) EU transactions are defined as:

- contribution to TME
- plus EC receipts
- less attributed aid
- less Common Foreign and Security Policy

Figures for the above are shown in table C1.

An explanation of why the EU transactions are defined in TES in this way is given in Appendix E.



**Table 5.3 Total Expenditure on Services by economic category, 2002–03 to 2007–08**

|  | accruals, £ million |                |                |                |                |                   |
|--|---------------------|----------------|----------------|----------------|----------------|-------------------|
|  | National Statistics |                |                |                |                |                   |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08           |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated outturn |
| <b>Public sector current expenditure on services</b>       |                     |                |                |                |                |                   |
| Pay  | 107,113             | 119,343        | 131,460        | 142,889        | 146,656        | 153,903           |
| Procurement  | 93,782              | 103,578        | 108,044        | 111,931        | 119,615        | 127,126           |
| Subsidies  | 7,801               | 9,611          | 8,900          | 9,022          | 9,016          | 9,537             |
| Social benefits and other grants to private sector         | 145,697             | 153,884        | 161,618        | 168,818        | 175,482        | 186,875           |
| Current transfers abroad                                   | 1,689               | 1,943          | 3,403          | 3,755          | 2,593          | 3,737             |
| Public sector debt interest                                | 21,742              | 23,044         | 24,919         | 26,752         | 28,602         | 31,184            |
| Unallocated provision                                      | –                   | –              | –              | –              | –              | –233              |
| <b>Total public sector current expenditure on services</b> | <b>377,823</b>      | <b>411,403</b> | <b>438,342</b> | <b>463,167</b> | <b>481,963</b> | <b>512,128</b>    |
| Accounting adjustments                                     | 15,536              | 13,941         | 18,532         | 21,473         | 25,068         | 28,013            |
| <b>Total public sector current expenditure</b>             | <b>393,359</b>      | <b>425,344</b> | <b>456,874</b> | <b>484,640</b> | <b>507,031</b> | <b>540,141</b>    |
| <b>Public sector capital expenditure on services</b>       |                     |                |                |                |                |                   |
| Capital expenditure  | 18,272              | 17,618         | 21,785         | 25,407         | 27,255         | 32,537            |
| Stock building   | 148                 | 189            | 392            | 488            | 58             | 146               |
| Capital grants   | 7,137               | 9,681          | 9,987          | 11,526         | 13,901         | 14,959            |
| Unallocated provision                                      | –                   | –              | –              | –              | –              | –677              |
| <b>Total public sector capital expenditure on services</b> | <b>25,557</b>       | <b>27,488</b>  | <b>32,164</b>  | <b>37,421</b>  | <b>41,214</b>  | <b>46,964</b>     |
| Accounting adjustments                                     | 2,126               | 2,666          | 3,600          | 2,198          | 1,480          | –756              |
| <b>Total public sector capital expenditure</b>             | <b>27,683</b>       | <b>30,154</b>  | <b>35,764</b>  | <b>39,619</b>  | <b>42,694</b>  | <b>46,208</b>     |
| <b>Total public sector expenditure on services</b>         | <b>403,379</b>      | <b>438,891</b> | <b>470,506</b> | <b>500,588</b> | <b>523,177</b> | <b>559,092</b>    |
| Accounting adjustments                                     | 17,663              | 16,607         | 22,132         | 23,671         | 26,547         | 27,257            |
| <b>Total Managed Expenditure</b>                           | <b>421,042</b>      | <b>455,498</b> | <b>492,638</b> | <b>524,259</b> | <b>549,725</b> | <b>586,349</b>    |

**Table 5.4 Public sector current expenditure by spending sector and function, 2002–03 to 2010–11**

|   | accruals, £ million |                |                |                |                |                      |                |                |                |
|---|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|   | National Statistics |                |                |                |                |                      |                |                |                |
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>Central government own</b>   |                     |                |                |                |                |                      |                |                |                |
| 1. General public services  | 31,119              | 33,666         | 36,140         | 39,118         | 41,202         | 44,027               | 44,720         | 44,983         | 49,533         |
| <i>of which: public and common services</i>                             | 5,929               | 6,446          | 6,861          | 7,447          | 7,751          | 7,645                | 8,014          | 7,923          | 8,104          |
| <i>of which: international services</i>                                 | 4,275               | 4,940          | 5,345          | 5,863          | 5,875          | 6,436                | 6,436          | 6,728          | 7,463          |
| <i>of which: public sector debt interest</i>                            | 20,915              | 22,280         | 23,934         | 25,807         | 27,576         | 29,946               | 30,270         | 30,332         | 33,965         |
| 2. Defence  | 25,913              | 27,360         | 28,286         | 29,816         | 31,214         | 32,395               | 30,469         | 31,649         | 33,014         |
| 3. Public order and safety  | 11,042              | 11,818         | 12,813         | 13,116         | 13,609         | 14,533               | 14,503         | 14,953         | 15,058         |
| 4. Economic affairs   | 16,493              | 17,818         | 17,729         | 18,304         | 18,706         | 19,341               | 18,792         | 17,986         | 17,589         |
| <i>of which: enterprise and economic<br/>  development</i>              | 3,503               | 3,709          | 3,822          | 3,819          | 3,740          | 3,976                | 3,562          | 3,054          | 2,994          |
| <i>of which: science and technology</i>                                 | 1,756               | 1,801          | 1,951          | 2,257          | 2,160          | 2,453                | 2,577          | 2,707          | 2,814          |
| <i>of which: employment policies</i>                                    | 2,881               | 2,928          | 3,082          | 3,052          | 3,203          | 3,195                | 3,268          | 3,010          | 2,685          |
| <i>of which: agriculture, fisheries and<br/>  forestry</i>              | 4,659               | 4,960          | 5,166          | 5,315          | 4,801          | 4,890                | 5,109          | 4,975          | 4,913          |
| <i>of which: transport</i>  | 3,694               | 4,420          | 3,708          | 3,861          | 4,803          | 4,826                | 4,276          | 4,241          | 4,183          |
| 5. Environment protection   | 1,998               | 1,707          | 1,988          | 1,774          | 2,384          | 2,778                | 2,545          | 2,642          | 2,815          |
| 6. Housing and community amenities                                      | 1,277               | 1,639          | 1,034          | 1,080          | 1,035          | 1,279                | 694            | 715            | 713            |
| 7. Health   | 62,847              | 71,174         | 78,906         | 86,169         | 90,374         | 97,940               | 105,375        | 111,462        | 118,249        |
| 8. Recreation, culture and religion                                     | 4,623               | 4,636          | 4,938          | 5,247          | 5,569          | 5,762                | 5,919          | 6,054          | 6,283          |
| 9. Education (includes training)  | 18,385              | 20,121         | 21,315         | 22,501         | 23,715         | 26,501               | 27,564         | 28,867         | 30,587         |
| <i>of which: education</i>  | 16,691              | 18,275         | 19,421         | 20,495         | 21,778         | 24,045               | 24,630         | 25,675         | 27,001         |
| <i>of which: training</i>   | 1,695               | 1,846          | 1,895          | 2,006          | 1,936          | 2,457                | 2,934          | 3,192          | 3,586          |
| 10. Social protection   | 115,065             | 122,393        | 128,246        | 132,496        | 136,796        | 144,882              | 154,400        | 162,349        | 168,660        |
| EU transactions   | -1,885              | -2,079         | -892           | -598           | -1,761         | -1,619               | -1,674         | 306            | 373            |
| <b>Total central government own<br/>current expenditure on services</b> | <b>286,878</b>      | <b>310,253</b> | <b>330,503</b> | <b>349,023</b> | <b>362,843</b> | <b>387,819</b>       | <b>403,307</b> | <b>421,968</b> | <b>442,875</b> |
| Accounting adjustments  | 6,523               | 7,070          | 7,180          | 8,068          | 11,009         | 10,982               | 15,700         | 16,800         | 18,800         |
| <b>Total central government own<br/>current expenditure</b>             | <b>293,401</b>      | <b>317,323</b> | <b>337,683</b> | <b>357,091</b> | <b>373,852</b> | <b>398,801</b>       | <b>419,000</b> | <b>438,800</b> | <b>461,700</b> |
| <b>Local Authorities</b>  |                     |                |                |                |                |                      |                |                |                |
| 1. General public services  | 3,400               | 3,640          | 4,006          | 4,268          | 4,485          | 5,415                | –              | –              | –              |
| <i>of which: public and common services</i>                             | 3,134               | 3,404          | 3,621          | 3,828          | 3,969          | 4,664                | –              | –              | –              |
| <i>of which: public sector debt interest</i>                            | 266                 | 236            | 385            | 440            | 516            | 751                  | –              | –              | –              |
| 2. Defence  | 32                  | 33             | 40             | 53             | 59             | 72                   | –              | –              | –              |
| 3. Public order and safety  | 11,836              | 13,088         | 13,826         | 14,329         | 14,914         | 15,392               | –              | –              | –              |
| 4. Economic affairs   | 4,206               | 5,302          | 5,594          | 5,780          | 5,602          | 5,690                | –              | –              | –              |
| <i>of which: enterprise and economic<br/>  development</i>              | 971                 | 1,039          | 1,274          | 1,393          | 1,213          | 1,153                | –              | –              | –              |
| <i>of which: agriculture, fisheries and<br/>  forestry</i>              | 6                   | 10             | 9              | 10             | 11             | 15                   | –              | –              | –              |
| <i>of which: transport</i>  | 3,229               | 4,254          | 4,312          | 4,376          | 4,378          | 4,522                | –              | –              | –              |
| 5. Environment protection   | 3,518               | 3,827          | 4,124          | 4,490          | 4,723          | 5,058                | –              | –              | –              |
| 6. Housing and community amenities                                      | 1,623               | 2,108          | 2,229          | 2,446          | 2,594          | 2,728                | –              | –              | –              |
| 7. Health   | 478                 | 423            | 312            | 298            | 231            | 291                  | –              | –              | –              |
| 8. Recreation, culture and religion                                     | 3,258               | 3,545          | 3,613          | 3,805          | 3,923          | 3,953                | –              | –              | –              |
| 9. Education (includes training)  | 32,490              | 36,108         | 38,257         | 40,706         | 42,512         | 44,618               | –              | –              | –              |
| <i>of which: education</i>  | 32,472              | 36,089         | 38,238         | 40,681         | 42,483         | 44,591               | –              | –              | –              |
| <i>of which: training</i>   | 18                  | 19             | 19             | 25             | 30             | 26                   | –              | –              | –              |
| 10. Social protection   | 29,544              | 32,549         | 35,239         | 37,462         | 39,567         | 40,840               | –              | –              | –              |
| <b>Total Local Authorities' current<br/>expenditure on services</b>     | <b>90,384</b>       | <b>100,622</b> | <b>107,239</b> | <b>113,638</b> | <b>118,611</b> | <b>124,056</b>       | –              | –              | –              |
| Accounting adjustments  | 9,013               | 6,871          | 11,352         | 13,406         | 14,058         | 16,797               | –              | –              | –              |
| <b>Total Local Authorities' current<br/>expenditure</b>                 | <b>99,397</b>       | <b>107,493</b> | <b>118,591</b> | <b>127,044</b> | <b>132,669</b> | <b>140,853</b>       | <b>147,100</b> | <b>153,600</b> | <b>160,800</b> |
| <b>Public corporations</b>  |                     |                |                |                |                |                      |                |                |                |
| 1. General public services  | 561                 | 528            | 600            | 505            | 510            | 487                  | 100            | -100           | -100           |
| <i>of which: public sector debt interest</i>                            | 561                 | 528            | 600            | 505            | 510            | 487                  | 100            | -100           | -100           |
| <b>Total public corporations' current<br/>expenditure</b>               | <b>561</b>          | <b>528</b>     | <b>600</b>     | <b>505</b>     | <b>510</b>     | <b>487</b>           | <b>100</b>     | <b>-100</b>    | <b>-100</b>    |
| Unallocated provision   | –                   | –              | –              | –              | –              | -234                 | 4,800          | 6,800          | 7,700          |
| <b>Public sector current expenditure</b>                                | <b>393,359</b>      | <b>425,344</b> | <b>456,874</b> | <b>484,640</b> | <b>507,031</b> | <b>540,141</b>       | <b>566,200</b> | <b>592,300</b> | <b>622,400</b> |

**Table 5.5 Public sector capital expenditure by spending sector and function, 2002–03 to 2010–11**

|   | accruals, £ million |               |               |               |               |               |               |               |               |  |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
|   | National Statistics |               |               |               |               |               |               |               |               |  |
|   | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08       | 2008–09       | 2009–10       | 2010–11       |  |
|   | outturn             | outturn       | outturn       | outturn       | outturn       | estimated     | plans         | plans         | plans         |  |
|   |                     |               |               |               |               | outturn       |               |               |               |  |
| <b>Central government own</b>                                       |                     |               |               |               |               |               |               |               |               |  |
| 1. General public services  | 718                 | 739           | 946           | 784           | 780           | 839           | 804           | 1,202         | 1,313         |  |
| <i>of which: public and common services</i>                         | 545                 | 589           | 773           | 603           | 557           | 476           | 334           | 509           | 466           |  |
| <i>of which: international services</i>                             | 172                 | 150           | 173           | 181           | 223           | 363           | 469           | 692           | 846           |  |
| 2. Defence  | 1,012               | 1,370         | 1,541         | 1,006         | 821           | 1,254         | 1,906         | 2,053         | 2,231         |  |
| 3. Public order and safety  | 779                 | 760           | 984           | 901           | 1,173         | 1,780         | 1,567         | 1,763         | 1,797         |  |
| 4. Economic affairs   | 3,378               | 5,224         | 5,158         | 5,615         | 7,304         | 7,791         | 7,783         | 7,578         | 7,553         |  |
| <i>of which: enterprise and economic development</i>                | 766                 | 1,037         | 998           | 1,049         | 1,025         | 1,299         | 1,029         | 944           | 916           |  |
| <i>of which: science and technology</i>                             | 363                 | 505           | 514           | 683           | 622           | 713           | 552           | 544           | 523           |  |
| <i>of which: employment policies</i>                                | 128                 | 307           | 147           | 344           | 192           | 101           | 88            | 66            | 48            |  |
| <i>of which: agriculture, fisheries and forestry</i>                | 148                 | 214           | 189           | 225           | 258           | 283           | 275           | 205           | -8            |  |
| <i>of which: transport</i>  | 1,973               | 3,161         | 3,310         | 3,314         | 5,207         | 5,396         | 5,838         | 5,820         | 6,074         |  |
| 5. Environment protection   | 356                 | 446           | 518           | 1,798         | 1,826         | 1,796         | 1,927         | 1,983         | 2,199         |  |
| 6. Housing and community amenities                                  | 1,507               | 2,029         | 2,548         | 2,819         | 3,032         | 3,134         | 3,744         | 4,189         | 4,641         |  |
| 7. Health   | 2,870               | 3,253         | 3,655         | 3,168         | 3,762         | 4,266         | 5,414         | 5,862         | 5,973         |  |
| 8. Recreation, culture and religion                                 | 768                 | 717           | 604           | 526           | 738           | 1,028         | 2,135         | 1,899         | 1,859         |  |
| 9. Education (includes training)                                    | 1,248               | 1,454         | 1,688         | 2,162         | 2,226         | 2,445         | 2,461         | 2,542         | 2,364         |  |
| <i>of which: education</i>  | 1,097               | 1,340         | 1,573         | 2,042         | 2,030         | 2,404         | 2,227         | 2,259         | 2,021         |  |
| <i>of which: training</i>   | 151                 | 113           | 115           | 121           | 196           | 42            | 233           | 282           | 343           |  |
| 10. Social protection   | 530                 | 297           | 275           | 654           | 476           | 561           | 468           | 508           | 605           |  |
| <b>Total central government own capital expenditure on services</b> | <b>13,167</b>       | <b>16,289</b> | <b>17,918</b> | <b>19,434</b> | <b>22,139</b> | <b>24,894</b> | <b>28,207</b> | <b>29,577</b> | <b>30,535</b> |  |
| Accounting adjustments  | -2,205              | -1,768        | -66           | -15,222       | 1,141         | -224          | 1,100         | 2,000         | 3,500         |  |
| <b>Total central government own capital expenditure</b>             | <b>10,962</b>       | <b>14,521</b> | <b>17,852</b> | <b>4,212</b>  | <b>23,280</b> | <b>24,670</b> | <b>29,300</b> | <b>31,600</b> | <b>34,000</b> |  |
| <b>Local Authorities</b>  |                     |               |               |               |               |               |               |               |               |  |
| 1. General public services  | 349                 | 413           | 835           | 944           | 813           | 1,108         | -             | -             | -             |  |
| <i>of which: public and common services</i>                         | 349                 | 413           | 835           | 944           | 813           | 1,108         | -             | -             | -             |  |
| 3. Public order and safety  | 512                 | 618           | 704           | 684           | 621           | 819           | -             | -             | -             |  |
| 4. Economic affairs   | 2,646               | 2,802         | 3,074         | 3,739         | 3,754         | 4,735         | -             | -             | -             |  |
| <i>of which: enterprise and economic development</i>                | -17                 | 2             | -13           | 127           | -4            | 63            | -             | -             | -             |  |
| <i>of which: employment policies</i>                                | 1                   | 0             | 0             | 0             | 0             | 0             | -             | -             | -             |  |
| <i>of which: agriculture, fisheries and forestry</i>                | 34                  | 42            | 49            | 52            | 63            | 96            | -             | -             | -             |  |
| <i>of which: transport</i>  | 2,629               | 2,757         | 3,037         | 3,560         | 3,695         | 4,576         | -             | -             | -             |  |
| 5. Environment protection   | 165                 | 276           | 362           | 392           | 330           | 425           | -             | -             | -             |  |
| 6. Housing and community amenities                                  | 575                 | 561           | 991           | 999           | 1,160         | 1,413         | -             | -             | -             |  |
| 7. Health   | 2                   | 60            | 63            | 45            | 86            | 110           | -             | -             | -             |  |
| 8. Recreation, culture and religion                                 | 663                 | 679           | 856           | 1,065         | 1,043         | 1,610         | -             | -             | -             |  |
| 9. Education (includes training)                                    | 2,622               | 3,321         | 3,721         | 4,267         | 4,385         | 5,211         | -             | -             | -             |  |
| <i>of which: education</i>  | 2,617               | 3,314         | 3,714         | 4,257         | 4,376         | 5,194         | -             | -             | -             |  |
| <i>of which: training</i>   | 4                   | 7             | 7             | 10            | 9             | 17            | -             | -             | -             |  |
| 10. Social protection   | 153                 | 171           | 191           | 314           | 258           | 363           | -             | -             | -             |  |
| <b>Total Local Authorities' capital expenditure on services</b>     | <b>7,687</b>        | <b>8,901</b>  | <b>10,798</b> | <b>12,449</b> | <b>12,450</b> | <b>15,793</b> | <b>-</b>      | <b>-</b>      | <b>-</b>      |  |
| Accounting adjustments  | 3,760               | 3,174         | 2,828         | 1,357         | 1,056         | -903          | -             | -             | -             |  |
| <b>Total Local Authorities' capital expenditure</b>                 | <b>11,447</b>       | <b>12,075</b> | <b>13,626</b> | <b>13,806</b> | <b>13,506</b> | <b>14,890</b> | <b>15,900</b> | <b>16,300</b> | <b>16,900</b> |  |

**Table 5.5 Public sector capital expenditure by spending sector and function, 2002–03 to 2010–11 (continued)**

|   | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|   | National Statistics |                    |                    |                    |                    | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn |                                 |                  |                  |                  |
| <b>Public corporations</b>  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| 1. General public services  | 67                  | 118                | 141                | 268                | 292                | 262                             | 268              | 233              | 204              |
| <i>of which: public and common services</i>                       | 58                  | 63                 | 120                | 109                | 127                | 140                             | 142              | 108              | 78               |
| <i>of which: international services</i>                           | 9                   | 55                 | 21                 | 160                | 165                | 122                             | 126              | 126              | 126              |
| 2. Defence  | 91                  | 61                 | 96                 | 70                 | 103                | 99                              | 51               | 51               | 51               |
| 3. Public order and safety  | 12                  | 10                 | 6                  | 1                  | 5                  | 1                               | 2                | 2                | 2                |
| 4. Economic affairs   | 4,033               | 1,845              | 2,112              | 2,083              | 2,562              | 2,671                           | 2,237            | 2,390            | 2,564            |
| <i>of which: enterprise and economic development</i>              | 710                 | 238                | 487                | 183                | 561                | 722                             | 690              | 567              | 423              |
| <i>of which: employment policies</i>                              | 6                   | 7                  | 10                 | 3                  | 3                  | 9                               | 8                | 8                | 8                |
| <i>of which: agriculture, fisheries and forestry</i>              | 16                  | 3                  | 0                  | 4                  | 2                  | 1                               | -3               | -3               | -3               |
| <i>of which: transport</i>  | 3,301               | 1,597              | 1,615              | 1,893              | 1,996              | 1,939                           | 1,542            | 1,818            | 2,136            |
| 5. Environment protection   | 18                  | 5                  | -38                | -43                | -30                | -37                             | -54              | -28              | -27              |
| 6. Housing and community amenities                                | 455                 | 230                | 1,105              | 3,128              | 3,680              | 3,958                           | 4,424            | 4,448            | 4,580            |
| 7. Health   | 3                   | 5                  | -                  | -                  | -                  | -                               | -                | -                | -                |
| 8. Recreation, culture and religion                               | 24                  | 23                 | 27                 | 30                 | 12                 | -                               | -                | -                | -                |
| 10. Social protection   | -                   | -                  | -                  | 0                  | 2                  | -                               | 1                | 1                | 1                |
| <b>Total public corporations' capital expenditure on services</b> | <b>4,702</b>        | <b>2,297</b>       | <b>3,448</b>       | <b>5,538</b>       | <b>6,625</b>       | <b>6,955</b>                    | <b>6,930</b>     | <b>7,098</b>     | <b>7,375</b>     |
| Accounting adjustments  | 572                 | 1,261              | 838                | 16,063             | -717               | -307                            | -700             | -700             | -900             |
| <b>Total public corporations' capital expenditure</b>             | <b>5,274</b>        | <b>3,558</b>       | <b>4,286</b>       | <b>21,601</b>      | <b>5,908</b>       | <b>6,648</b>                    | <b>6,300</b>     | <b>6,400</b>     | <b>6,500</b>     |
| Unallocated provision   | -                   | -                  | -                  | -                  | -                  | -677                            | 1,300            | 1,800            | 3,600            |
| <b>Public sector capital expenditure</b>                          | <b>27,683</b>       | <b>30,154</b>      | <b>35,764</b>      | <b>39,619</b>      | <b>42,694</b>      | <b>46,208</b>                   | <b>51,500</b>    | <b>54,300</b>    | <b>57,400</b>    |

**Table 5.6 Current procurement spending by function, 2002–03 to 2007–08**

|  | National Statistics |                |                |                |                |                   |
|--|---------------------|----------------|----------------|----------------|----------------|-------------------|
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08           |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated outturn |
| 1. General public services                                   | 2,931               | 3,067          | 3,219          | 3,447          | 3,301          | 2,976             |
| <i>of which: public and common services</i>                  | 2,191               | 2,200          | 2,162          | 1,895          | 1,732          | 1,760             |
| <i>of which: international services</i>                      | 741                 | 867            | 1,058          | 1,552          | 1,569          | 1,216             |
| 2. Defence   | 17,014              | 17,652         | 18,241         | 19,393         | 20,717         | 21,686            |
| 3. Public order and safety                                   | 8,666               | 9,696          | 10,140         | 10,299         | 11,056         | 9,336             |
| 4. Economic affairs  | 7,253               | 7,469          | 7,910          | 8,106          | 8,202          | 8,986             |
| <i>of which: enterprise and economic development</i>         | 1,716               | 1,682          | 2,094          | 2,028          | 1,894          | 2,042             |
| <i>of which: science and technology</i>                      | 524                 | 515            | 519            | 546            | 573            | 495               |
| <i>of which: employment policies</i>                         | 853                 | 1,006          | 1,124          | 1,214          | 1,290          | 1,560             |
| <i>of which: agriculture, fisheries and forestry</i>         | 894                 | 957            | 968            | 1,029          | 1,043          | 1,456             |
| <i>of which: transport</i>                                   | 3,267               | 3,309          | 3,205          | 3,288          | 3,402          | 3,433             |
| 5. Environment protection                                    | 4,124               | 4,188          | 4,329          | 5,705          | 6,124          | 6,512             |
| 6. Housing and community amenities                           | 847                 | 1,307          | 1,453          | 1,515          | 1,575          | 1,637             |
| 7. Health  | 41,850              | 46,447         | 48,637         | 51,538         | 54,818         | 60,646            |
| 8. Recreation, culture and religion                          | 4,516               | 4,524          | 4,652          | 4,865          | 5,109          | 5,056             |
| 9. Education (includes training)                             | 7,548               | 8,276          | 8,781          | 9,268          | 9,747          | 10,400            |
| <i>of which: education</i>                                   | 7,060               | 7,801          | 8,437          | 8,929          | 9,432          | 9,970             |
| <i>of which: training</i>                                    | 488                 | 474            | 344            | 339            | 315            | 430               |
| 10. Social protection  | 12,832              | 15,923         | 17,225         | 17,928         | 18,535         | 18,950            |
| <b>Total current procurement expenditure on services</b>     | <b>107,580</b>      | <b>118,548</b> | <b>124,587</b> | <b>132,063</b> | <b>139,183</b> | <b>146,185</b>    |
| Plus income from goods and services                          | -13,799             | -14,971        | -16,543        | -20,132        | -19,568        | -19,059           |
| <b>Total net current procurement expenditure on services</b> | <b>93,782</b>       | <b>103,578</b> | <b>108,044</b> | <b>111,931</b> | <b>119,615</b> | <b>127,126</b>    |

accruals, £ million

**Table 5.7 Public sector receipts from sales of assets<sup>(1)</sup>, 2002–03 to 2007–08**

accruals, £ million

|   | National Statistics |                    |                    |                    |                    | 2007–08<br>estimated<br>outturn |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn |                                 |
| <b>Central government</b>                         |                     |                    |                    |                    |                    |                                 |
| Receipts from sale of land and existing buildings | 806                 | 843                | 955                | 1,460              | 1,573              | 2,140                           |
| Other   | 1,146               | 668                | 478                | 780                | 631                | 291                             |
| <b>Total central government</b>                   | <b>1,952</b>        | <b>1,511</b>       | <b>1,432</b>       | <b>2,241</b>       | <b>2,205</b>       | <b>2,431</b>                    |
| <b>Local Authorities</b>                          |                     |                    |                    |                    |                    |                                 |
| Receipts from sale of land and existing buildings | 1,541               | 1,804              | 1,684              | 1,737              | 2,111              | 2,226                           |
| Other   | 5                   | 15                 | 19                 | 29                 | 47                 | 15                              |
| <b>Total Local Authorities</b>                    | <b>1,546</b>        | <b>1,818</b>       | <b>1,703</b>       | <b>1,766</b>       | <b>2,158</b>       | <b>2,241</b>                    |
| <b>General government</b>                         | <b>3,498</b>        | <b>3,329</b>       | <b>3,135</b>       | <b>4,007</b>       | <b>4,363</b>       | <b>4,672</b>                    |
| <b>Public corporations</b>                        |                     |                    |                    |                    |                    |                                 |
| Receipts from sale of land and existing buildings | 3,817               | 4,042              | 3,779              | 2,709              | 2,275              | 1,884                           |
| Other   | 288                 | 192                | 26                 | 316                | -104               | -22                             |
| <b>Total public corporations</b>                  | <b>4,105</b>        | <b>4,234</b>       | <b>3,806</b>       | <b>3,025</b>       | <b>2,171</b>       | <b>1,861</b>                    |
| <b>Total public sector</b>                        | <b>7,603</b>        | <b>7,563</b>       | <b>6,941</b>       | <b>7,032</b>       | <b>6,534</b>       | <b>6,533</b>                    |

(1) This table uses National Accounts definition of capital and therefore excludes single use military equipment (SUME) by Ministry of Defence, which is treated as capital under resource accounting. However, where tables in PESA refer to resource budgeting, expenditure on and sales of SUME are included in the capital budget.

# 6

## CENTRAL GOVERNMENT OWN EXPENDITURE

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**6.1** This section provides summary analyses of central government own expenditure, which comprises 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. These data are shown as expenditure in **Chapters 7 and 8** respectively. 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).

**6.2** 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**.

**6.3** All outturn data (to 2006-07) in this chapter are National Statistics.

### What's new

**6.4** The budgeting treatment of NHS and Foundation Trusts has been changed so that they are more closely aligned with other bodies classified by ONS to the central government sector. The Department of Health are now reporting the spending of the trusts within their budgets, whereas previously they reported the purchase of services from the trusts and the trusts' profit or loss. **Table 6.4** therefore uses this information rather than reporting adjusted series based on data provided by ONS. As a result there are revisions to pay and procurement.

### Central government own expenditure by department

**6.5** **Table 6.1** gives a departmental breakdown of central government own expenditure, current plus capital, for the period from 2002-03. Expenditure in DEL is shown separately from expenditure in departmental AME. DEL expenditure in this table is shown on a full resource budgeting basis excluding depreciation. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is by Local Authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded by Scotland, Wales or Northern Ireland. Other AME includes locally financed expenditure in Northern Ireland that by convention is classified as central government spending.

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

**6.6** **Tables 6.2 and 6.3** show central government DEL and departmental AME expenditure for each department group. **Table 6.2** shows current/resource expenditure and **Table 6.3** shows capital expenditure.

**6.7** DEL totals for current expenditure include non-cash items except depreciation. 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 between the budgeting regime (i.e. DEL and departmental AME) and National Accounts. These differences are accounted for in the 'add/remove items classified as capital/current in National Accounts' lines.

**6.8** The lower central government capital spending in 2005-06 is a result of a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited (BNFL) transferring assets and liabilities to the Nuclear Decommissioning Authority (NDA). This is recorded as part of the accounting adjustments in **Table 6.3** and has no impact on TME or the public finances overall. See **Appendix A** for further details.

### **Central government own expenditure by economic category**

**6.9** **Table 6.4** shows central government own expenditure by economic category, within the Total Expenditure on Services (TES) framework. TES is an overall measure of public spending that is close to TME, and so broadly represents current plus capital expenditure. TES excludes non-cash spending such as depreciation and cost of capital charges. Full details of the definition of TES are available in **Appendix E**.

### **Central government own expenditure by detailed function**

**6.10** **Table 6.5** shows central government own expenditure by detailed 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 6.4**, and the functional analyses in **Chapters 4 and 5**, this functional table is set within the framework of TES.



**Table 6.1 Central government own expenditure by departmental group, 2002–03 to 2010–11**

|   | accruals, £ million |                    |                    |                    |                    |                                 |                                 |                  |                  |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|---------------------------------|------------------|------------------|------------------|
|   | National Statistics |                    |                    |                    |                    |                                 | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn |                                 |                  |                  |                  |
| <b>Within DEL</b>   |                     |                    |                    |                    |                    |                                 |                                 |                  |                  |                  |
| Children, Schools and Families                              | 6,826               | 7,975              | 8,844              | 9,872              | 10,696             | 11,802                          | 11,885                          | 12,488           | 13,492           |                  |
| Health  | 56,869              | 64,040             | 69,077             | 75,845             | 80,677             | 89,836                          | 96,486                          | 102,899          | 109,829          |                  |
| Transport   | 4,798               | 6,098              | 5,674              | 5,784              | 7,604              | 7,516                           | 8,003                           | 8,101            | 8,449            |                  |
| Innovation, Universities and Skills                         | 10,942              | 11,815             | 12,310             | 13,402             | 13,911             | 15,387                          | 16,117                          | 17,014           | 18,029           |                  |
| CLG Communities   | 3,261               | 4,245              | 4,207              | 4,218              | 4,065              | 3,621                           | 6,163                           | 6,269            | 6,709            |                  |
| CLG Local Government  | 257                 | 285                | 326                | 333                | 286                | 294                             | 301                             | 301              | 299              |                  |
| Home Office   | 2,709               | 2,609              | 2,528              | 2,443              | 2,839              | 2,977                           | 3,002                           | 3,400            | 3,542            |                  |
| Justice   | 7,915               | 7,322              | 7,569              | 8,136              | 8,545              | 9,518                           | 9,625                           | 9,720            | 9,725            |                  |
| Law Officers' Departments                                   | 518                 | 582                | 649                | 657                | 701                | 744                             | 730                             | 724              | 718              |                  |
| Defence   | 29,306              | 31,070             | 33,055             | 33,368             | 33,995             | 36,979                          | 34,067                          | 35,399           | 36,927           |                  |
| Foreign and Commonwealth Office                             | 1,507               | 1,497              | 1,721              | 1,861              | 1,870              | 2,071                           | 1,892                           | 1,684            | 1,684            |                  |
| International Development                                   | 3,417               | 3,701              | 3,906              | 4,516              | 4,954              | 5,277                           | 5,738                           | 6,843            | 7,917            |                  |
| Business, Enterprise and Regulatory Reform                  | 1,073               | 1,200              | 1,270              | 2,049              | 2,319              | 3,460                           | 2,574                           | 2,524            | 2,522            |                  |
| Environment, Food and Rural Affairs                         | 2,612               | 2,687              | 2,942              | 3,398              | 3,780              | 3,736                           | 3,508                           | 3,548            | 3,748            |                  |
| Culture, Media and Sport                                    | 1,175               | 1,280              | 1,415              | 1,418              | 1,695              | 2,011                           | 2,524                           | 1,944            | 2,174            |                  |
| Work and Pensions   | 6,826               | 7,262              | 7,488              | 7,503              | 7,164              | 7,177                           | 7,288                           | 7,120            | 6,844            |                  |
| Scotland  | 11,677              | 12,970             | 13,538             | 14,511             | 16,496             | 17,931                          | 17,748                          | 18,423           | 19,380           |                  |
| Wales   | 5,970               | 6,453              | 6,994              | 7,443              | 7,942              | 8,682                           | 9,113                           | 9,679            | 10,350           |                  |
| Northern Ireland Executive                                  | 6,332               | 6,547              | 6,966              | 7,380              | 7,812              | 8,469                           | 8,664                           | 9,037            | 9,287            |                  |
| Northern Ireland Office                                     | 1,093               | 1,053              | 1,176              | 1,188              | 1,235              | 1,311                           | 1,184                           | 1,146            | 1,153            |                  |
| Chancellor's Departments                                    | 4,053               | 4,362              | 4,734              | 4,986              | 5,046              | 4,882                           | 4,830                           | 4,711            | 4,595            |                  |
| Cabinet Office  | 1,230               | 1,672              | 1,659              | 1,636              | 1,847              | 2,090                           | 2,164                           | 2,318            | 2,450            |                  |
| Independent Bodies  | 672                 | 678                | 808                | 810                | 749                | 821                             | 871                             | 843              | 932              |                  |
| <b>Total CG own expenditure within DEL<sup>(1)(2)</sup></b> | <b>171,040</b>      | <b>187,402</b>     | <b>198,857</b>     | <b>212,755</b>     | <b>226,225</b>     | <b>246,592</b>                  | <b>254,476</b>                  | <b>266,134</b>   | <b>280,755</b>   |                  |

**Table 6.1 Central government own expenditure by departmental group, 2002–03 to 2010–11 (continued)**

|   | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|   | National Statistics |                    |                    |                    |                    | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn |                                 |                  |                  |                  |
| <b>Within departmental AME</b>                                |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Children, Schools and Families                                | 7,156               | 6,575              | 6,344              | 8,037              | 8,599              | 10,665                          | 11,138           | 11,680           | 12,258           |
| Health  | 4,665               | 6,294              | 6,680              | 10,058             | 10,538             | 14,595                          | 14,607           | 15,606           | 16,662           |
| Transport   | 2,166               | 2,326              | 2,741              | 3,076              | 3,315              | 3,696                           | 3,980            | 4,264            | 4,492            |
| Innovation, Universities and Skills                           | 1,990               | 2,037              | 2,024              | 2,234              | 2,992              | 3,972                           | 4,971            | 5,579            | 5,938            |
| CLG Communities   | 241                 | 256                | 162                | 311                | 137                | 96                              | -126             | -131             | -206             |
| Home Office   | 1,690               | 40                 | 1                  | 4                  | 0                  | 1                               | -6               | -                | -                |
| Justice   | 425                 | 58                 | 62                 | 82                 | 84                 | 102                             | 131              | 99               | 97               |
| Defence   | 6,137               | 4,788              | 4,467              | 5,187              | 4,931              | 5,759                           | 6,754            | 7,083            | 7,475            |
| Foreign and Commonwealth Office                               | 60                  | 40                 | 3                  | -22                | 27                 | 23                              | 50               | 50               | 50               |
| International Development                                     | 51                  | 77                 | 77                 | 68                 | 378                | 58                              | 257              | 64               | 61               |
| Business, Enterprise and Regulatory Reform                    | 3,362               | 194                | -1,413             | -626               | 5,775              | -440                            | -588             | -26              | 203              |
| Environment, Food and Rural Affairs                           | 195                 | 74                 | 73                 | 126                | -5                 | -15                             | -17              | -17              | -20              |
| Culture, Media and Sport                                      | 4,376               | 4,762              | 4,182              | 4,351              | 4,218              | 4,276                           | 4,217            | 4,506            | 4,533            |
| Work and Pensions   | 85,691              | 90,175             | 94,413             | 98,012             | 100,895            | 110,427                         | 110,757          | 114,961          | 119,335          |
| Scotland  | 2,062               | 1,640              | 1,907              | 2,362              | 2,188              | 3,354                           | 3,368            | 3,585            | 3,817            |
| Wales   | 315                 | 478                | 367                | 399                | 432                | 488                             | 514              | 549              | 577              |
| Northern Ireland Executive                                    | 4,971               | 5,421              | 6,029              | 6,586              | 10,357             | 7,948                           | 8,488            | 9,112            | 9,639            |
| Northern Ireland Office                                       | -                   | -                  | 208                | 212                | 214                | 236                             | 265              | 278              | 291              |
| Chancellor's Departments                                      | 15,161              | 19,899             | 21,741             | 23,461             | 25,042             | 26,671                          | 29,649           | 32,455           | 33,315           |
| Cabinet Office  | 4,577               | 5,015              | 5,378              | 5,725              | 6,043              | 7,593                           | 7,211            | 7,578            | 7,890            |
| Independent Bodies  | 4                   | 2                  | 5                  | 1                  | 1                  | 1                               | 21               | 21               | 21               |
| <b>Total CG own expenditure within Dept AME<sup>(1)</sup></b> | <b>145,291</b>      | <b>150,151</b>     | <b>155,451</b>     | <b>169,646</b>     | <b>186,163</b>     | <b>199,508</b>                  | <b>205,642</b>   | <b>217,296</b>   | <b>226,426</b>   |
| Locally financed expenditure in Northern Ireland              | 361                 | 384                | 417                | 462                | 452                | 589                             | 525              | 445              | 463              |
| Net expenditure transfers to the EC                           | 2,782               | 3,448              | 4,907              | 4,435              | 4,652              | 5,392                           | 5,490            | 6,220            | 6,747            |
| Central government debt interest                              | 20,915              | 22,280             | 23,934             | 25,807             | 27,576             | 29,946                          | 30,270           | 30,332           | 33,965           |
| Accounting and other adjustments                              | -36,026             | -31,821            | -28,030            | -51,802            | -47,936            | -58,556                         | -48,100          | -50,100          | -52,700          |
| <b>Total CG own expenditure</b>                               | <b>304,363</b>      | <b>331,844</b>     | <b>355,535</b>     | <b>361,303</b>     | <b>397,132</b>     | <b>423,471</b>                  | <b>448,300</b>   | <b>470,300</b>   | <b>495,700</b>   |

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

(2) The CG DEL figures shown above exclude the DEL Reserve and Modernisation Funding for plans years. AME figures for plans years exclude the AME margin. Amounts for the DEL Reserve and Modernisation Funding can be found in Table 1.12. The amounts for AME margin can be found in Table 1.1.

**Table 6.2 Central government own current expenditure by departmental group, 2002–03 to 2010–11**

|  | accruals, £ million |                |                |                |                |                |                |                |                |  |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|  | National Statistics |                |                |                |                |                |                |                |                |  |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |  |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |  |
|  |                     |                |                |                |                | outturn        |                |                |                |  |
| <b>Within resource DEL</b>                     |                     |                |                |                |                |                |                |                |                |  |
| Children, Schools and Families                 | 6,552               | 7,735          | 8,503          | 9,519          | 10,219         | 11,215         | 11,103         | 11,863         | 12,965         |  |
| Health   | 54,795              | 61,486         | 66,509         | 73,722         | 77,664         | 86,426         | 91,895         | 97,545         | 103,742        |  |
| Transport                                      | 3,001               | 3,341          | 2,843          | 2,986          | 3,287          | 3,178          | 2,692          | 2,822          | 2,647          |  |
| Innovation, Universities and Skills            | 9,840               | 10,485         | 10,851         | 11,358         | 12,028         | 13,358         | 14,127         | 14,809         | 15,769         |  |
| CLG Communities                                | 1,405               | 1,274          | 1,337          | 1,289          | 998            | 381            | 1,566          | 1,539          | 1,613          |  |
| CLG Local Government                           | 257                 | 283            | 326            | 332            | 284            | 294            | 300            | 300            | 298            |  |
| Home Office                                    | 2,380               | 2,316          | 2,300          | 2,218          | 2,425          | 2,483          | 2,442          | 2,762          | 2,846          |  |
| Justice  | 7,596               | 6,993          | 7,016          | 7,629          | 8,010          | 8,540          | 8,933          | 8,940          | 8,981          |  |
| Law Officers' Departments                      | 511                 | 571            | 638            | 680            | 690            | 728            | 717            | 711            | 705            |  |
| Defence  | 23,197              | 25,064         | 26,281         | 26,882         | 26,921         | 28,809         | 26,211         | 27,212         | 28,056         |  |
| Foreign and Commonwealth Office                | 1,411               | 1,447          | 1,643          | 1,768          | 1,746          | 1,864          | 1,725          | 1,507          | 1,518          |  |
| International Development                      | 2,985               | 3,416          | 3,620          | 4,085          | 4,190          | 4,545          | 4,847          | 5,477          | 6,361          |  |
| Business, Enterprise and Regulatory Reform     | 1,213               | 1,299          | 1,583          | 1,451          | 1,744          | 2,508          | 1,879          | 1,815          | 1,810          |  |
| Environment, Food and Rural Affairs            | 2,273               | 2,282          | 2,573          | 2,644          | 2,946          | 2,901          | 2,710          | 2,711          | 2,708          |  |
| Culture, Media and Sport                       | 1,147               | 1,157          | 1,272          | 1,348          | 1,419          | 1,556          | 1,504          | 1,564          | 1,633          |  |
| Work and Pensions                              | 6,540               | 7,031          | 7,206          | 7,152          | 6,954          | 7,085          | 7,206          | 7,039          | 6,774          |  |
| Scotland                                       | 10,596              | 11,917         | 12,179         | 13,163         | 14,461         | 15,552         | 15,775         | 16,282         | 16,941         |  |
| Wales  | 5,446               | 5,987          | 6,504          | 6,904          | 7,309          | 7,873          | 8,255          | 8,711          | 9,228          |  |
| Northern Ireland Executive                     | 5,655               | 5,882          | 6,253          | 6,603          | 6,972          | 7,701          | 7,876          | 8,175          | 8,507          |  |
| Northern Ireland Office                        | 1,039               | 1,003          | 1,106          | 1,129          | 1,165          | 1,303          | 1,112          | 1,074          | 1,081          |  |
| Chancellor's Departments                       | 3,807               | 4,133          | 4,362          | 4,614          | 4,740          | 4,591          | 4,562          | 4,449          | 4,340          |  |
| Cabinet Office                                 | 1,056               | 1,103          | 1,479          | 1,393          | 1,574          | 1,679          | 1,803          | 1,928          | 2,096          |  |
| Independent Bodies                             | 645                 | 646            | 706            | 767            | 694            | 758            | 810            | 791            | 887            |  |
| <b>Total within resource DEL<sup>(1)</sup></b> | <b>153,345</b>      | <b>166,852</b> | <b>177,089</b> | <b>189,636</b> | <b>198,440</b> | <b>215,327</b> | <b>220,048</b> | <b>230,025</b> | <b>241,507</b> |  |

**Table 6.2 Central government own current expenditure by departmental group, 2002–03 to 2010–11 (continued)**

|   | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|   | National Statistics |                    |                    |                    |                    | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn |                                 |                  |                  |                  |
| <b>Within resource departmental AME</b>                 |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Children, Schools and Families                          | 7,156               | 6,575              | 6,344              | 8,037              | 8,599              | 10,665                          | 11,138           | 11,680           | 12,258           |
| Health  | 4,665               | 6,294              | 6,451              | 9,409              | 10,450             | 14,552                          | 14,597           | 15,606           | 16,662           |
| Transport   | 2,166               | 2,326              | 2,741              | 3,076              | 3,315              | 3,696                           | 3,980            | 4,264            | 4,492            |
| Innovation, Universities and Skills                     | 122                 | 128                | 141                | 167                | 170                | 275                             | 213              | 213              | 198              |
| CLG Communities   | 241                 | 256                | 162                | 311                | 137                | 96                              | -126             | -131             | -206             |
| Home Office   | 1,690               | 40                 | 1                  | 4                  | 0                  | 1                               | -6               | -                | -                |
| Justice   | 425                 | 58                 | 62                 | 82                 | 84                 | 102                             | 131              | 99               | 97               |
| Defence   | 6,137               | 4,788              | 4,467              | 5,187              | 4,919              | 6,469                           | 6,754            | 7,083            | 7,475            |
| Foreign and Commonwealth Office                         | 60                  | 40                 | 3                  | -22                | 27                 | 23                              | 50               | 50               | 50               |
| International Development                               | 51                  | 77                 | 77                 | 68                 | 378                | 58                              | 257              | 64               | 61               |
| Business, Enterprise and Regulatory Reform              | 3,590               | 1,336              | -551               | 212                | 6,941              | 374                             | 242              | 280              | 288              |
| Environment, Food and Rural Affairs                     | 193                 | 73                 | 72                 | 126                | -5                 | -15                             | -18              | -18              | -21              |
| Culture, Media and Sport                                | 3,243               | 3,660              | 3,151              | 3,346              | 3,483              | 3,642                           | 3,809            | 3,800            | 3,921            |
| Work and Pensions                                       | 85,614              | 90,084             | 94,333             | 97,911             | 100,710            | 110,274                         | 110,632          | 114,831          | 119,202          |
| Scotland  | 1,846               | 1,449              | 1,737              | 2,211              | 2,041              | 3,184                           | 3,244            | 3,460            | 3,692            |
| Wales   | 181                 | 342                | 233                | 278                | 304                | 327                             | 348              | 380              | 411              |
| Northern Ireland Executive                              | 4,881               | 5,272              | 5,777              | 6,338              | 10,018             | 7,648                           | 8,054            | 8,678            | 9,245            |
| Northern Ireland Office                                 | -                   | -                  | 208                | 212                | 214                | 236                             | 265              | 278              | 291              |
| Chancellor's Departments                                | 15,161              | 19,499             | 21,514             | 23,017             | 24,787             | 26,372                          | 29,389           | 32,095           | 32,845           |
| Cabinet Office  | 4,577               | 5,015              | 5,378              | 5,725              | 6,043              | 7,593                           | 7,211            | 7,578            | 7,890            |
| Independent Bodies                                      | 4                   | 2                  | 5                  | 1                  | 1                  | 1                               | 21               | 21               | 21               |
| <b>Total within resource departmental AME</b>           | <b>142,000</b>      | <b>147,313</b>     | <b>152,304</b>     | <b>165,698</b>     | <b>182,615</b>     | <b>195,576</b>                  | <b>200,184</b>   | <b>210,311</b>   | <b>218,869</b>   |
| Locally financed expenditure in Northern Ireland        | 361                 | 384                | 417                | 462                | 452                | 589                             | 525              | 445              | 463              |
| Net expenditure transfers to the EC                     | 2,782               | 3,448              | 4,907              | 4,435              | 4,652              | 5,392                           | 5,490            | 6,220            | 6,747            |
| Central government debt interest                        | 20,915              | 22,280             | 23,934             | 25,807             | 27,576             | 29,946                          | 30,270           | 30,332           | 33,965           |
| Remove items classified as capital in National Accounts | -                   | -                  | -                  | -3                 | -                  | -                               | -                | -                | -                |
| Add items classified as current in National Accounts    | 5,212               | 5,221              | 5,409              | 6,007              | 6,506              | 6,549                           | 6,254            | 6,466            | 6,934            |
| Accounting and other adjustments                        | -31,215             | -28,175            | -26,377            | -34,950            | -46,390            | -54,577                         | -43,800          | -45,000          | -46,800          |
| <b>Total CG own current expenditure</b>                 | <b>293,401</b>      | <b>317,323</b>     | <b>337,683</b>     | <b>357,091</b>     | <b>373,852</b>     | <b>398,801</b>                  | <b>419,000</b>   | <b>438,800</b>   | <b>461,700</b>   |

(1) The CG Resource DEL figure shown above excludes resource parts of the DEL Reserve and unallocated amounts for the Modernisation Funding for plans years. Amounts for these items can be found in Table 1.5.

**Table 6.3 Central government own capital expenditure by departmental group, 2002–03 to 2010–11**

|   | accruals, £ million |               |               |               |               |                   |               |               |               |  |
|---|---------------------|---------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|--|
|   | National Statistics |               |               |               |               |                   |               |               |               |  |
|   | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08           | 2008–09       | 2009–10       | 2010–11       |  |
|   | outturn             | outturn       | outturn       | outturn       | outturn       | estimated outturn | plans         | plans         | plans         |  |
| <b>Within capital DEL</b>                               |                     |               |               |               |               |                   |               |               |               |  |
| Children, Schools and Families                          | 274                 | 240           | 341           | 353           | 477           | 586               | 782           | 625           | 527           |  |
| Health  | 2,074               | 2,554         | 2,568         | 2,123         | 3,013         | 3,411             | 4,592         | 5,354         | 6,087         |  |
| Transport   | 1,798               | 2,757         | 2,831         | 2,798         | 4,317         | 4,338             | 5,312         | 5,278         | 5,802         |  |
| Innovation, Universities and Skills                     | 1,102               | 1,329         | 1,459         | 2,045         | 1,882         | 2,029             | 1,990         | 2,205         | 2,260         |  |
| CLG Communities   | 1,857               | 2,972         | 2,870         | 2,929         | 3,067         | 3,240             | 4,597         | 4,730         | 5,096         |  |
| CLG Local Government                                    | –                   | 1             | 0             | 1             | 2             | 0                 | 1             | 1             | 1             |  |
| Home Office   | 330                 | 292           | 227           | 226           | 414           | 495               | 560           | 638           | 696           |  |
| Justice   | 319                 | 329           | 553           | 507           | 535           | 978               | 692           | 779           | 744           |  |
| Law Officers' Departments                               | 8                   | 11            | 11            | –23           | 11            | 15                | 13            | 13            | 13            |  |
| Defence   | 6,109               | 6,006         | 6,774         | 6,486         | 7,074         | 8,171             | 7,856         | 8,187         | 8,871         |  |
| Foreign and Commonwealth Office                         | 96                  | 50            | 78            | 93            | 124           | 207               | 167           | 177           | 166           |  |
| International Development                               | 432                 | 285           | 285           | 430           | 764           | 731               | 891           | 1,366         | 1,556         |  |
| Business, Enterprise and Regulatory Reform              | –140                | –99           | –313          | 597           | 574           | 952               | 695           | 710           | 712           |  |
| Environment, Food and Rural Affairs                     | 339                 | 405           | 369           | 754           | 834           | 836               | 798           | 838           | 1,040         |  |
| Culture, Media and Sport                                | 28                  | 123           | 143           | 71            | 276           | 455               | 1,020         | 379           | 540           |  |
| Work and Pensions                                       | 286                 | 231           | 282           | 351           | 210           | 93                | 82            | 81            | 71            |  |
| Scotland  | 1,082               | 1,054         | 1,359         | 1,348         | 2,035         | 2,379             | 1,973         | 2,142         | 2,439         |  |
| Wales   | 524                 | 466           | 490           | 538           | 633           | 809               | 858           | 968           | 1,122         |  |
| Northern Ireland Executive                              | 678                 | 664           | 713           | 777           | 839           | 768               | 788           | 862           | 779           |  |
| Northern Ireland Office                                 | 53                  | 50            | 71            | 59            | 69            | 9                 | 72            | 72            | 72            |  |
| Chancellor's Departments                                | 246                 | 229           | 372           | 372           | 306           | 291               | 269           | 262           | 255           |  |
| Cabinet Office  | 174                 | 569           | 180           | 242           | 272           | 411               | 361           | 390           | 354           |  |
| Independent Bodies                                      | 28                  | 33            | 102           | 44            | 56            | 63                | 60            | 52            | 45            |  |
| <b>Total within capital DEL<sup>(1)</sup></b>           | <b>17,695</b>       | <b>20,550</b> | <b>21,768</b> | <b>23,120</b> | <b>27,785</b> | <b>31,265</b>     | <b>34,428</b> | <b>36,109</b> | <b>39,248</b> |  |
| <b>Within capital departmental AME</b>                  |                     |               |               |               |               |                   |               |               |               |  |
| Health  | –                   | –             | 229           | 649           | 89            | 43                | 10            | –             | –             |  |
| Innovation, Universities and Skills                     | 1,869               | 1,910         | 1,883         | 2,067         | 2,822         | 3,696             | 4,759         | 5,366         | 5,740         |  |
| Defence   | –                   | –             | –             | –             | 13            | –710              | –             | –             | –             |  |
| Business, Enterprise and Regulatory Reform              | –228                | –1,142        | –862          | –838          | –1,166        | –814              | –830          | –306          | –85           |  |
| Environment, Food and Rural Affairs                     | 1                   | 1             | 1             | 0             | 0             | 0                 | 1             | 1             | 1             |  |
| Culture, Media and Sport                                | 1,133               | 1,103         | 1,031         | 1,005         | 736           | 635               | 409           | 705           | 612           |  |
| Work and Pensions                                       | 77                  | 90            | 80            | 101           | 185           | 153               | 125           | 131           | 133           |  |
| Scotland  | 216                 | 191           | 170           | 150           | 147           | 170               | 124           | 125           | 125           |  |
| Wales   | 133                 | 136           | 135           | 121           | 128           | 161               | 166           | 169           | 166           |  |
| Northern Ireland Executive                              | 90                  | 149           | 252           | 249           | 339           | 300               | 434           | 434           | 394           |  |
| Chancellor's Departments                                | –                   | 400           | 228           | 444           | 255           | 299               | 260           | 360           | 470           |  |
| Independent Bodies                                      | –                   | –             | –             | –             | –             | –                 | –             | –             | –             |  |
| <b>Total within capital Departmental AME</b>            | <b>3,291</b>        | <b>2,837</b>  | <b>3,147</b>  | <b>3,948</b>  | <b>3,547</b>  | <b>3,933</b>      | <b>5,458</b>  | <b>6,985</b>  | <b>7,556</b>  |  |
| Add items classified as capital in National Accounts    | –                   | –             | –             | 3             | –             | –                 | –             | –             | –             |  |
| Remove items classified as current in National Accounts | –5,212              | –5,221        | –5,409        | –6,007        | –6,506        | –6,549            | –6,254        | –6,466        | –6,934        |  |
| Accounting and other adjustments                        | –4,812              | –3,646        | –1,654        | –16,852       | –1,546        | –3,979            | –4,300        | –5,100        | –5,900        |  |
| <b>Total CG own capital expenditure</b>                 | <b>10,962</b>       | <b>14,521</b> | <b>17,852</b> | <b>4,212</b>  | <b>23,280</b> | <b>24,670</b>     | <b>29,300</b> | <b>31,600</b> | <b>34,000</b> |  |

(1) The CG Capital DEL figures shown above exclude the capital part of the DEL Reserve and unallocated amounts for the Modernisation Funding for plans years. Amounts for these items can be found in Table I.10.

**Table 6.4 Central government own expenditure on services by economic category, 2002-03 to 2010-11**

|   | accruals, £ million |                |                |                |                |                   |                |                |                |  |
|---|---------------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|--|
|   | National Statistics |                |                |                |                |                   |                |                |                |  |
|   | 2002-03             | 2003-04        | 2004-05        | 2005-06        | 2006-07        | 2007-08           | 2008-09        | 2009-10        | 2010-11        |  |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated outturn | plans          | plans          | plans          |  |
| <b>Central government current expenditure on services</b>                     |                     |                |                |                |                |                   |                |                |                |  |
| Pay   | 55,574              | 62,260         | 70,517         | 77,927         | 78,921         | 83,233            | 81,449         | 83,939         | 87,085         |  |
| Procurement   | 70,131              | 75,884         | 78,550         | 81,015         | 87,706         | 94,014            | 101,911        | 106,950        | 112,256        |  |
| Subsidies <sup>(1)</sup>  | 6,277               | 7,279          | 6,593          | 6,715          | 6,670          | 7,084             | 6,421          | 5,978          | 5,780          |  |
| Social benefits and other grants to private sector                            | 132,292             | 140,607        | 147,507        | 153,804        | 159,377        | 169,806           | 180,327        | 189,207        | 197,434        |  |
| Current transfers abroad  | 1,689               | 1,943          | 3,403          | 3,755          | 2,593          | 3,737             | 2,929          | 5,561          | 6,355          |  |
| Central government debt interest  | 20,915              | 22,280         | 23,934         | 25,807         | 27,576         | 29,946            | 30,270         | 30,332         | 33,965         |  |
| <b>Total central government current expenditure on services<sup>(2)</sup></b> | <b>286,878</b>      | <b>310,253</b> | <b>330,503</b> | <b>349,023</b> | <b>362,843</b> | <b>387,819</b>    | <b>403,307</b> | <b>421,968</b> | <b>442,875</b> |  |
| Accounting adjustments  | 6,523               | 7,070          | 7,180          | 8,068          | 11,009         | 10,982            | 15,700         | 16,800         | 18,800         |  |
| <b>Total central government current expenditure</b>                           | <b>293,401</b>      | <b>317,323</b> | <b>337,683</b> | <b>357,091</b> | <b>373,852</b> | <b>398,801</b>    | <b>419,000</b> | <b>438,800</b> | <b>461,700</b> |  |
| <b>Central government capital expenditure on services</b>                     |                     |                |                |                |                |                   |                |                |                |  |
| Capital expenditure <sup>(3)</sup>  | 6,862               | 7,577          | 8,992          | 8,888          | 9,952          | 11,755            | 14,923         | 15,852         | 16,088         |  |
| Stock building  | 114                 | 162            | 378            | 484            | 54             | 143               | 17             | -33            | 67             |  |
| Capital grants  | 6,192               | 8,550          | 8,548          | 10,061         | 12,133         | 12,996            | 13,266         | 13,758         | 14,380         |  |
| <b>Total central government capital expenditure on services<sup>(3)</sup></b> | <b>13,167</b>       | <b>16,289</b>  | <b>17,918</b>  | <b>19,434</b>  | <b>22,139</b>  | <b>24,894</b>     | <b>28,207</b>  | <b>29,577</b>  | <b>30,535</b>  |  |
| Accounting adjustments  | -2,205              | -1,768         | -66            | -15,222        | 1,141          | -224              | 1,100          | 2,000          | 3,500          |  |
| <b>Total central government capital expenditure</b>                           | <b>10,962</b>       | <b>14,521</b>  | <b>17,852</b>  | <b>4,212</b>   | <b>23,280</b>  | <b>24,670</b>     | <b>29,300</b>  | <b>31,600</b>  | <b>34,000</b>  |  |
| <b>Total central government expenditure on services</b>                       | <b>300,045</b>      | <b>326,542</b> | <b>348,421</b> | <b>368,457</b> | <b>384,982</b> | <b>412,713</b>    | <b>431,513</b> | <b>451,545</b> | <b>473,410</b> |  |
| Accounting adjustments  | 4,318               | 5,302          | 7,114          | -7,154         | 12,150         | 10,759            | 16,800         | 18,800         | 22,300         |  |
| <b>Total central government expenditure</b>                                   | <b>304,363</b>      | <b>331,844</b> | <b>355,535</b> | <b>361,303</b> | <b>397,132</b> | <b>423,471</b>    | <b>448,300</b> | <b>470,300</b> | <b>495,700</b> |  |

(1) Includes intra-public sector subsidies to central government and local authority units with market based activities, as well as public corporations

(2) This excludes the DEL Reserve and Modernisation Funding for plans years. AME figures for plans years exclude the AME margin. Amounts for the DEL Reserve and Modernisation Funding can be found in Table 1.12. The amounts for AME margin can be found in Table 1.1.

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

**Table 6.5 Central government expenditure on services by sub-function, 2002-03 to 2010-11**

|  | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                                 |                  |                  |                  |
|  | 2002-03<br>outturn  | 2003-04<br>outturn | 2004-05<br>outturn | 2005-06<br>outturn | 2006-07<br>outturn | 2007-08<br>estimated<br>outturn | 2008-09<br>plans | 2009-10<br>plans | 2010-11<br>plans |
| <b>I. General public services</b>  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| 1.1 Executive and legislative organs,<br>financial and fiscal affairs,<br>external affairs                     | 7,369               | 7,894              | 8,679              | 9,053              | 9,351              | 9,399                           | 9,415            | 9,134            | 9,148            |
| 1.2 Foreign economic aid   | 2,910               | 3,493              | 3,607              | 4,110              | 4,174              | 4,637                           | 4,966            | 5,642            | 6,536            |
| 1.3 General services   | 374                 | 468                | 487                | 586                | 595                | 642                             | 529              | 683              | 760              |
| 1.4 Basic research   | 51                  | 73                 | 119                | 127                | 122                | 55                              | 73               | 80               | 84               |
| 1.5 R&D general public services  | 32                  | 30                 | 28                 | 30                 | 30                 | 39                              | 25               | 24               | 24               |
| 1.6 General public services n.e.c.   | 185                 | 167                | 232                | 189                | 134                | 148                             | 246              | 290              | 329              |
| 1.7 Public sector debt transactions <sup>(1)(2)</sup><br><i>of which: central government debt<br/>interest</i> | 20,915<br>20,915    | 22,280<br>22,280   | 23,934<br>23,934   | 25,807<br>25,807   | 27,576<br>27,576   | 29,946<br>29,946                | 30,270<br>30,270 | 30,332<br>30,332 | 33,965<br>33,965 |
| <b>Total general public services</b>   | <b>31,837</b>       | <b>34,405</b>      | <b>37,086</b>      | <b>39,902</b>      | <b>41,983</b>      | <b>44,866</b>                   | <b>45,524</b>    | <b>46,185</b>    | <b>50,846</b>    |
| <b>2. Defence</b>  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| 2.1 Military defence   | 23,123              | 24,705             | 25,121             | 26,429             | 27,502             | 27,668                          | 29,881           | 30,366           | 32,162           |
| 2.2 Civil defence  | 4                   | 86                 | 35                 | 23                 | 32                 | 27                              | 6                | 7                | 7                |
| 2.3 Foreign military aid <sup>(3)</sup>  | 1,270               | 1,281              | 903                | 1,155              | 1,689              | 2,904                           | 17               | 0                | 0                |
| 2.4 R&D defence  | 429                 | 424                | 512                | 505                | 528                | 550                             | 627              | 680              | 644              |
| 2.5 Defence n.e.c  | 2,098               | 2,234              | 3,256              | 2,710              | 2,284              | 2,500                           | 1,844            | 2,649            | 2,433            |
| <b>Total defence</b>   | <b>26,925</b>       | <b>28,730</b>      | <b>29,828</b>      | <b>30,823</b>      | <b>32,035</b>      | <b>33,649</b>                   | <b>32,375</b>    | <b>33,702</b>    | <b>35,246</b>    |
| <b>3. Public order and safety</b>  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| 3.1 Police services  | 3,400               | 3,370              | 3,745              | 3,728              | 3,956              | 4,165                           | 4,128            | 4,595            | 4,737            |
| <i>of which: immigration and citizenship</i>   | <i>1,665</i>        | <i>1,697</i>       | <i>1,856</i>       | <i>1,652</i>       | <i>1,710</i>       | <i>1,831</i>                    | <i>1,633</i>     | <i>1,879</i>     | <i>1,954</i>     |
| <i>of which: other police services</i>   | <i>1,735</i>        | <i>1,673</i>       | <i>1,889</i>       | <i>2,077</i>       | <i>2,246</i>       | <i>2,334</i>                    | <i>2,495</i>     | <i>2,715</i>     | <i>2,783</i>     |
| 3.2 Fire-protection services   | 185                 | 144                | 129                | 121                | 145                | 219                             | 329              | 307              | 248              |
| 3.3 Law courts   | 4,920               | 5,625              | 6,230              | 6,045              | 6,231              | 6,737                           | 6,362            | 6,373            | 6,147            |
| 3.4 Prisons  | 2,888               | 2,983              | 3,241              | 3,675              | 3,934              | 4,569                           | 4,507            | 4,660            | 4,923            |
| 3.5 R&D public order and safety  | 32                  | 30                 | 48                 | 23                 | 16                 | 24                              | 29               | 36               | 41               |
| 3.6 Public order and safety n.e.c.   | 397                 | 427                | 404                | 424                | 500                | 599                             | 715              | 746              | 758              |
| <b>Total public order and safety</b>   | <b>11,822</b>       | <b>12,579</b>      | <b>13,797</b>      | <b>14,017</b>      | <b>14,782</b>      | <b>16,313</b>                   | <b>16,070</b>    | <b>16,716</b>    | <b>16,855</b>    |
| <b>4. Economic affairs</b>   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| 4.1 General economic, commercial<br>and labour affairs   | 5,156               | 5,525              | 5,365              | 5,721              | 5,806              | 6,106                           | 5,869            | 5,508            | 5,128            |
| 4.2 Agriculture, forestry, fishing<br>and hunting  | 4,807               | 5,174              | 5,355              | 5,540              | 5,058              | 5,173                           | 5,384            | 5,180            | 4,905            |
| <i>of which: market support under CAP</i>  | <i>3,290</i>        | <i>3,758</i>       | <i>3,979</i>       | <i>3,981</i>       | <i>3,526</i>       | <i>3,381</i>                    | <i>3,584</i>     | <i>3,511</i>     | <i>3,495</i>     |
| <i>of which: other agriculture, food and<br/>fisheries policy</i>  | <i>1,405</i>        | <i>1,293</i>       | <i>1,255</i>       | <i>1,407</i>       | <i>1,343</i>       | <i>1,615</i>                    | <i>1,636</i>     | <i>1,503</i>     | <i>1,244</i>     |
| <i>of which: forestry</i>  | <i>112</i>          | <i>123</i>         | <i>122</i>         | <i>152</i>         | <i>189</i>         | <i>177</i>                      | <i>164</i>       | <i>166</i>       | <i>166</i>       |
| 4.3 Fuel and energy  | 1,017               | 1,086              | 1,251              | 1,399              | 1,182              | 961                             | 664              | 443              | 399              |
| 4.4 Mining, manufacturing and<br>construction  | 27                  | 20                 | 15                 | 16                 | 24                 | 20                              | 36               | 27               | 27               |
| 4.5 Transport  | 5,667               | 7,581              | 7,017              | 7,175              | 10,010             | 10,222                          | 10,115           | 10,061           | 10,257           |
| <i>of which: national roads</i>  | <i>2,380</i>        | <i>2,239</i>       | <i>2,319</i>       | <i>2,675</i>       | <i>3,279</i>       | <i>3,151</i>                    | <i>3,426</i>     | <i>3,802</i>     | <i>3,929</i>     |
| <i>of which: local roads</i>   | <i>206</i>          | <i>221</i>         | <i>242</i>         | <i>254</i>         | <i>239</i>         | <i>327</i>                      | <i>341</i>       | <i>367</i>       | <i>449</i>       |
| <i>of which: local public transport</i>  | <i>408</i>          | <i>1,332</i>       | <i>474</i>         | <i>508</i>         | <i>759</i>         | <i>868</i>                      | <i>780</i>       | <i>802</i>       | <i>824</i>       |
| <i>of which: railway</i>   | <i>2,186</i>        | <i>3,291</i>       | <i>3,445</i>       | <i>3,144</i>       | <i>5,105</i>       | <i>5,169</i>                    | <i>4,833</i>     | <i>4,350</i>     | <i>4,306</i>     |
| <i>of which: other transport</i>   | <i>488</i>          | <i>497</i>         | <i>538</i>         | <i>593</i>         | <i>628</i>         | <i>708</i>                      | <i>735</i>       | <i>741</i>       | <i>749</i>       |
| 4.6 Communication  | 261                 | 369                | 427                | 256                | 232                | 632                             | 453              | 318              | 292              |
| 4.7 Other industries   | 137                 | 114                | 121                | 125                | 116                | 103                             | 108              | 104              | 100              |
| 4.8 R&D economic affairs   | 2,119               | 2,307              | 2,465              | 2,941              | 2,782              | 3,166                           | 3,129            | 3,252            | 3,337            |
| 4.9 Economic affairs n.e.c   | 681                 | 867                | 870                | 747                | 800                | 748                             | 817              | 672              | 698              |
| <b>Total economic affairs</b>  | <b>19,871</b>       | <b>23,042</b>      | <b>22,887</b>      | <b>23,920</b>      | <b>26,010</b>      | <b>27,132</b>                   | <b>26,575</b>    | <b>25,565</b>    | <b>25,143</b>    |

**Table 6.5 Central government expenditure on services by sub-function, 2002-03 to 2010-11 (continued)**

|  | accruals, £ million |               |               |               |               |                      |                |                |                |
|--|---------------------|---------------|---------------|---------------|---------------|----------------------|----------------|----------------|----------------|
|  | National Statistics |               |               |               |               |                      |                |                |                |
|  | 2002-03             | 2003-04       | 2004-05       | 2005-06       | 2006-07       | 2007-08              | 2008-09        | 2009-10        | 2010-11        |
|  | outturn             | outturn       | outturn       | outturn       | outturn       | estimated<br>outturn | plans          | plans          | plans          |
| <b>5. Environment protection</b>                         |                     |               |               |               |               |                      |                |                |                |
| 5.1 Waste management                                     | 431                 | 391           | 515           | 1,240         | 1,634         | 2,027                | 1,865          | 1,966          | 2,080          |
| 5.2 Waste water management                               | 14                  | 20            | 40            | 51            | 54            | 28                   | 40             | 53             | 65             |
| 5.3 Pollution abatement                                  | 161                 | 220           | 208           | 203           | 154           | 154                  | 226            | 306            | 466            |
| 5.4 Protection of biodiversity and landscape             | 290                 | 267           | 293           | 306           | 451           | 396                  | 411            | 376            | 368            |
| 5.5 R&D environment protection                           | 236                 | 307           | 304           | 332           | 347           | 369                  | 366            | 384            | 401            |
| 5.6 Environment protection n.e.c                         | 1,223               | 949           | 1,145         | 1,440         | 1,570         | 1,600                | 1,564          | 1,541          | 1,633          |
| <b>Total environment protection</b>                      | <b>2,354</b>        | <b>2,153</b>  | <b>2,506</b>  | <b>3,572</b>  | <b>4,210</b>  | <b>4,574</b>         | <b>4,472</b>   | <b>4,625</b>   | <b>5,014</b>   |
| <b>6. Housing and community amenities</b>                |                     |               |               |               |               |                      |                |                |                |
| 6.1 Housing development                                  | 2,239               | 2,995         | 2,812         | 3,151         | 3,353         | 3,564                | 3,863          | 4,249          | 4,760          |
| <i>of which: local authority housing</i>                 | 460                 | 457           | 290           | 490           | 408           | 385                  | 129            | 118            | 37             |
| <i>of which: other social housing</i>                    | 1,780               | 2,538         | 2,522         | 2,661         | 2,945         | 3,179                | 3,734          | 4,131          | 4,722          |
| 6.2 Community development                                | 214                 | 287           | 324           | 273           | 266           | 434                  | 423            | 446            | 349            |
| 6.3 Water supply   | 242                 | 272           | 320           | 342           | 308           | 269                  | 17             | 16             | 16             |
| 6.4 Street lighting                                      | 14                  | 15            | 17            | 19            | 15            | 19                   | 18             | 19             | 20             |
| 6.5 R&D housing and community amenities                  | 10                  | 11            | 15            | 14            | 9             | 9                    | 8              | 8              | 8              |
| 6.6 Housing and community amenities n.e.c                | 64                  | 88            | 95            | 100           | 117           | 119                  | 108            | 165            | 202            |
| <b>Total housing and community amenities</b>             | <b>2,784</b>        | <b>3,668</b>  | <b>3,582</b>  | <b>3,899</b>  | <b>4,068</b>  | <b>4,413</b>         | <b>4,437</b>   | <b>4,904</b>   | <b>5,354</b>   |
| <b>7. Health<sup>(4)(5)</sup></b>                        |                     |               |               |               |               |                      |                |                |                |
| Medical services   | 64,145              | 72,492        | 80,451        | 87,309        | 91,920        | 99,603               | 108,242        | 114,443        | 121,134        |
| Health research  | 404                 | 471           | 475           | 574           | 609           | 617                  | 678            | 737            | 804            |
| Central and other health services                        | 1,168               | 1,464         | 1,635         | 1,454         | 1,606         | 1,986                | 1,869          | 2,145          | 2,285          |
| <b>Total health</b>                                      | <b>65,717</b>       | <b>74,427</b> | <b>82,561</b> | <b>89,337</b> | <b>94,136</b> | <b>102,206</b>       | <b>110,788</b> | <b>117,324</b> | <b>124,222</b> |
| <b>8. Recreation, culture and religion</b>               |                     |               |               |               |               |                      |                |                |                |
| 8.1 Recreational and sporting services                   | 550                 | 441           | 405           | 396           | 598           | 961                  | 2,139          | 1,944          | 1,932          |
| 8.2 Cultural services                                    | 1,591               | 1,757         | 1,789         | 1,880         | 1,929         | 2,075                | 1,929          | 1,912          | 1,978          |
| 8.3 Broadcasting and publishing services                 | 3,178               | 3,081         | 3,263         | 3,319         | 3,554         | 3,497                | 3,723          | 3,829          | 3,950          |
| 8.4 Religious and other community services               | 12                  | 10            | 11            | 11            | 15            | 17                   | 16             | 16             | 16             |
| 8.5 R&D recreation, culture and religion                 | 2                   | 2             | 1             | 81            | 110           | 131                  | 129            | 133            | 138            |
| 8.6 Recreation, culture and religion n.e.c               | 57                  | 61            | 73            | 85            | 101           | 109                  | 118            | 119            | 128            |
| <b>Total recreation, culture and religion</b>            | <b>5,391</b>        | <b>5,352</b>  | <b>5,542</b>  | <b>5,773</b>  | <b>6,307</b>  | <b>6,790</b>         | <b>8,054</b>   | <b>7,953</b>   | <b>8,142</b>   |
| <b>9. Education (includes training)<sup>(4)(6)</sup></b> |                     |               |               |               |               |                      |                |                |                |
| 9.1 Pre-primary and primary education                    | 886                 | 1,176         | 1,076         | 1,065         | 642           | 740                  | 735            | 777            | 842            |
| <i>of which: under fives</i>                             | 302                 | 436           | 551           | 517           | 88            | 154                  | 151            | 153            | 160            |
| <i>of which: primary education</i>                       | 583                 | 741           | 525           | 548           | 554           | 586                  | 584            | 624            | 682            |
| 9.2 Secondary education                                  | 1,082               | 1,167         | 1,521         | 1,838         | 2,262         | 2,625                | 2,332          | 2,274          | 2,118          |
| 9.3 Post-secondary non-tertiary education                | 5,919               | 6,739         | 7,060         | 7,325         | 7,915         | 8,508                | 7,942          | 8,133          | 8,328          |
| 9.4 Tertiary education                                   | 7,923               | 8,294         | 8,856         | 9,804         | 10,356        | 11,467               | 12,115         | 12,689         | 13,380         |
| 9.5 Education not definable by level <sup>(6)</sup>      | 1,845               | 1,959         | 2,010         | 2,126         | 2,133         | 2,498                | 3,167          | 3,474          | 3,929          |
| 9.6 Subsidiary services to education                     | 553                 | 613           | 712           | 743           | 750           | 963                  | 1,814          | 2,040          | 2,259          |
| 9.7 R&D education  | 37                  | 39            | 42            | 33            | 37            | 43                   | 33             | 38             | 34             |
| 9.8 Education n.e.c                                      | 1,388               | 1,587         | 1,726         | 1,728         | 1,847         | 2,102                | 1,886          | 1,984          | 2,061          |
| <b>Total education (includes training)</b>               | <b>19,633</b>       | <b>21,575</b> | <b>23,003</b> | <b>24,663</b> | <b>25,941</b> | <b>28,947</b>        | <b>30,025</b>  | <b>31,408</b>  | <b>32,951</b>  |



**Table 6.5 Central government expenditure on services by sub-function, 2002-03 to 2010-11 (continued)**

|  | accruals, £ million |                |                |                |                |                |                |                |                |  |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|  | National Statistics |                |                |                |                |                |                |                |                |  |
|  | 2002-03             | 2003-04        | 2004-05        | 2005-06        | 2006-07        | 2007-08        | 2008-09        | 2009-10        | 2010-11        |  |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |  |
|  |                     |                |                |                |                | outturn        |                |                |                |  |
| <b>10. Social protection</b>   |                     |                |                |                |                |                |                |                |                |  |
| <i>of which personal social services</i>   | 3,073               | 3,377          | 3,711          | 3,604          | 4,429          | 4,802          | 4,717          | 4,719          | 4,937          |  |
| 10.1 Sickness and disability   | 23,175              | 24,242         | 25,316         | 26,108         | 26,962         | 28,263         | 29,402         | 30,938         | 32,366         |  |
| <i>of which: personal social services</i>  | 681                 | 776            | 943            | 928            | 1,018          | 1,205          | 1,224          | 1,222          | 1,246          |  |
| <i>of which: incapacity, disability and injury benefits</i>                                    | 22,494              | 23,466         | 24,373         | 25,180         | 25,943         | 27,059         | 28,179         | 29,716         | 31,121         |  |
| 10.2 Old age   | 54,815              | 55,706         | 59,184         | 61,917         | 64,428         | 69,720         | 75,470         | 79,944         | 83,818         |  |
| <i>of which: personal social services</i>  | 12                  | 14             | 13             | 15             | 16             | 3              | 12             | 12             | 12             |  |
| <i>of which: pensions</i>  | 54,803              | 55,692         | 59,171         | 61,902         | 64,412         | 69,717         | 75,459         | 79,932         | 83,807         |  |
| 10.3 Survivors   | 1,916               | 1,840          | 1,852          | 1,846          | 1,811          | 1,804          | 1,835          | 1,832          | 1,835          |  |
| 10.4 Family and children   | 20,190              | 21,597         | 21,440         | 21,389         | 21,428         | 22,311         | 21,726         | 21,017         | 21,178         |  |
| <i>of which: personal social services</i>  | 217                 | 278            | 293            | 460            | 630            | 716            | 335            | 332            | 352            |  |
| <i>of which: family benefits, income support and tax credits</i>                               | 19,973              | 21,319         | 21,147         | 20,929         | 20,798         | 21,595         | 21,392         | 20,685         | 20,826         |  |
| 10.5 Unemployment  | 4,029               | 3,960          | 3,657          | 3,466          | 4,190          | 3,889          | 4,352          | 4,903          | 5,299          |  |
| <i>of which: personal social services</i>  | 1,020               | 1,059          | 1,163          | 826            | 1,441          | 1,388          | 1,520          | 1,394          | 1,438          |  |
| <i>of which: other unemployment benefits</i>   | 3,009               | 2,900          | 2,494          | 2,640          | 2,749          | 2,501          | 2,832          | 3,509          | 3,861          |  |
| 10.6 Housing   | 451                 | 562            | 392            | 371            | 470            | 507            | 526            | 552            | 583            |  |
| 10.7 Social exclusion n.e.c  | 7,181               | 11,107         | 13,037         | 14,518         | 15,684         | 17,075         | 19,757         | 21,896         | 22,555         |  |
| <i>of which: personal social services</i>  | 1,143               | 1,250          | 1,300          | 1,375          | 1,325          | 1,491          | 1,627          | 1,760          | 1,889          |  |
| <i>of which: family benefits, income support and tax credits</i>                               | 6,037               | 9,857          | 11,737         | 13,143         | 14,359         | 15,584         | 18,131         | 20,136         | 20,665         |  |
| 10.8 R&D social protection   | 2                   | 0              | 2              | 1              | 0              | 0              | 0              | 0              | 0              |  |
| 10.9 Social protection n.e.c.  | 3,837               | 3,676          | 3,642          | 3,534          | 2,300          | 1,874          | 1,798          | 1,775          | 1,631          |  |
| <b>Total social protection</b>   | <b>115,596</b>      | <b>122,690</b> | <b>128,521</b> | <b>133,150</b> | <b>137,272</b> | <b>145,443</b> | <b>154,868</b> | <b>162,857</b> | <b>169,265</b> |  |
| <b>EU transactions<sup>(7)</sup></b>   |                     |                |                |                |                |                |                |                |                |  |
| GNI-based contribution (net of abatement and collection costs)                                 | 2,275               | 2,957          | 4,361          | 3,856          | 4,071          | 4,779          | 4,865          | 5,566          | 6,063          |  |
| <i>derived as:</i>   |                     |                |                |                |                |                |                |                |                |  |
| <i>EC gross contribution pre-abatement and after deduction of collection costs</i>             | 9,737               | 11,371         | 12,183         | 11,780         | 12,245         | 13,763         | 13,951         | 15,550         | 16,256         |  |
| <i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i> | -4,229              | -4,539         | -4,100         | -4,283         | -4,614         | -5,024         | -4,670         | -4,928         | -5,172         |  |
| <i>UK abatement</i>  | -3,233              | -3,874         | -3,722         | -3,641         | -3,560         | -3,960         | -4,415         | -5,056         | -5,021         |  |
| <i>EC receipts</i>   | -3,424              | -4,237         | -4,555         | -3,750         | -5,164         | -5,693         | -5,759         | -4,429         | -4,834         |  |
| <i>Attributed aid and CFSP</i>   | -736                | -799           | -697           | -704           | -668           | -705           | -781           | -830           | -856           |  |
| <b>Total EU transactions</b>   | <b>-1,885</b>       | <b>-2,079</b>  | <b>-892</b>    | <b>-598</b>    | <b>-1,761</b>  | <b>-1,619</b>  | <b>-1,674</b>  | <b>306</b>     | <b>373</b>     |  |
| <b>Total central government own expenditure on services</b>                                    | <b>300,045</b>      | <b>326,542</b> | <b>348,421</b> | <b>368,457</b> | <b>384,981</b> | <b>412,713</b> | <b>431,513</b> | <b>451,545</b> | <b>473,410</b> |  |
| Accounting adjustments   | 4,318               | 5,302          | 7,114          | -7,154         | 12,151         | 10,759         | 16,800         | 18,800         | 22,300         |  |
| <b>Total central government own expenditure</b>  | <b>304,363</b>      | <b>331,844</b> | <b>355,535</b> | <b>361,303</b> | <b>397,132</b> | <b>423,471</b> | <b>448,300</b> | <b>470,300</b> | <b>495,700</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) Spending for plan years on foreign military aid has yet to be allocated to a departmental level.

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

(5) The level of detail required for COFOG level 2 is not yet available. Health spending is therefore presented using HM Treasury's own sub-functional classification.

(6) Education not definable by level is equivalent to training.

(7) EU transactions are defined as:

- contribution to TME
- plus EC receipts
- less attributed aid
- less Common Foreign and Security Policy

Figures for the above are shown in table C1.

An explanation of why the EU transactions are defined in TES in this way is given in Appendix E.



# 7

## LOCAL AUTHORITY EXPENDITURE

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**7.1** This chapter describes central government support for Local Authorities (**Tables 7.1 to 7.5**) and Local Authority expenditure (**Tables 7.6 to 7.10**). 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. Data for outturn years up to 2006-07 are covered by National Statistics protocols.

**7.2** All data for central government support are on an accruals basis. Data for all years up to 2006-07 are final outturn figures; 2007-08 data are estimated outturn, based on departmental returns for support data; data from 2008-09 to 2010-11 are based on the spending plans of central government departments that support local authorities.

**7.3** Local Authority data for all years up to 2006-07 are final outturn, except for some provisional Northern Ireland Local Authority expenditure. 2007-08 Local Authority expenditure data are based on Local Authority budget plans for current expenditure, and on estimated outturn for capital expenditure.

**7.4** 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

**7.5** Starting in 2008-09, Area Based Grant (ABG) is a new three-year non ring-fenced central government current grant to Local Authorities. There are a number of departments providing support through ABG. Departments record this support in budgets as grants to Local Authorities so it is included as part of their total current support in **Table 7.2**, even though the funding is actually transferred to Communities and Local Government (CLG) before being paid to Local Authorities. The total amount currently committed to ABG is shown in **Table 7.4**. As a consequence of ABG, current specific grants in **Tables 7.3** and **7.4** may be lower in plans than in previous years.

**7.6** The capital spending of Voluntary Aided schools (classified by ONS to the local government sector) hasn't previously been included as part of local government spending in PESA. In PESA 2008 this spending is now added to the data collected by Communities and Local Government (CLG) from Local Authority returns.

### Local Authority expenditure in the National Accounts

**7.7** 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

**7.8** 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 7.1** sets out details of the financing of Local Authority expenditure defined on this basis.

**7.9** **Tables 7.1 to 7.5** show detailed information about central government support and the financing of Local Authorities.

**7.10** 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 to supported borrowing in Scotland). Support may be non-specific, e.g. Revenue Support Grant, or related to specific services, e.g. police grant.

**7.11** **Table 7.2** presents a departmental breakdown of central government support for current and capital expenditure by Local Authorities.

**7.12** Local Authority current spending can broadly be divided into two categories:

- **main local services**, which Local Authorities have some discretion over and which are financed by local taxation and revenue, certain central government specific grants referred to as inside Aggregate External Finance (AEF), and the new Area Based Grant that is outside AEF; and
- **other spending**, financed wholly by central government specific grants outside AEF.

**7.13** Receipts from the EU that are passed to Local Authorities by departments are in departmental budgets. The payments of these grants are also included in departmental budgets. Therefore, finance to Local Authorities in departmental budgets is reduced slightly as a result of the receipt from the EU also being included.

## Support for main local services

**7.14** 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.

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

- Revenue Support Grant (RSG) – an unhypothecated 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.

**7.16** Table 7.1 shows AEF by country and the above main components. Table 7.3 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 and shown in locally financed expenditure in other AME; and
- the LA business growth incentive scheme, grants in support of police pensions and certain other grants that are included in departmental AME.

## Support for other local spending

**7.17** 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 7.4 shows current specific grants outside AEF by country. Grants outside AEF are a mixture of support falling within DEL and departmental AME.

## Support for Local Authority capital programmes

**7.18** Central government support for Local Authority capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue) (equivalent to supported borrowing in Scotland). These replaced the system that operated prior to 1 April 2004, of 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 7.5 shows the components of central government capital support within the United Kingdom by country and by service.

## Local Authority expenditure on services

**7.19** The measure of Local Authority spending that is analysed by function in PESA is Local Authority expenditure on services. It is largely equivalent 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.

**7.20** Tables 7.6 to 7.10 show various analyses of Local Authority expenditure. Table 7.6 presents total Local Authority expenditure by function. Table 7.7 shows Local Authority current expenditure by country and function.

**7.21** The functional categories in Tables 7.6 to 7.9 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.

**7.22** Tables 7.8 and 7.9 show Local Authority gross capital expenditure and capital receipts, by country and function. Local Authorities have several ways of financing capital expenditure. The main sources are:

- central government support in the form of capital grants and supported capital expenditure (supported borrowing in Scotland);
- capital receipts;
- developer contributions;
- Capital Expenditure from the Revenue Account (CERA); and
- prudential (self-financed) borrowing.

**7.23** Gross capital expenditure, split by country and function is shown in Table 7.8. Gross indicates that it is before sales of capital assets and depreciation. Table 7.9 shows Local Authority capital receipts within the United Kingdom, again by country and function. Tables 7.8 and 7.9 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.

**7.24** Table 7.10 shows total Local Authority expenditure, broken down by country and economic category.

## Data sources and data quality

**7.25** The central government support for Local Authorities data shown in Tables 7.1 to 7.5 are taken from finance data loaded onto the Treasury spending database by departments.

**7.26** The Local Authority expenditure shown in Tables 7.6 to 7.10 is based on revenue and capital finance data collections completed by Local Authorities and sent to Communities and Local Government (CLG) and devolved administrations. These departments carry out quality assurance on the data received, produce aggregate results for publication, and supply this information to the Treasury.

**7.27** Information is sought from all Local Authorities, which 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.

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

**7.29** Budget data for 2007-08 was collected at the beginning of 2007-08 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 2007-08 in the National Statistics update published on the day of the Pre-Budget Report 2008, and outturn data for 2007-08 in the National Statistics update published on the day of the Budget 2009 and included in PESA 2009.

**7.30** 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.

**7.31** The Treasury are working with CLG and the ONS to improve the quality and timeliness of Local Authority spending data.

**7.32** More information on Local Authority finance and spending is available from the following sources:

- England – CLG publication Local Government Financial Statistics  
[<http://www.local.odpm.gov.uk/finance/stats>]
- Scotland – Scottish Executive publication  
[<http://www.Scotland.gov.uk/topics/statistics>]
- Wales – National Assembly for Wales publication  
[<http://www.wales.gov.uk/statistics>]

**Table 7.1 Financing of Local Authority expenditure in the United Kingdom, 2002–03 to 2010–11**

|   | accruals, £ million |                |                |                |                |                      |                |                |                |
|---|---------------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
|   | National Statistics |                |                |                |                |                      |                |                |                |
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08              | 2008–09        | 2009–10        | 2010–11        |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated<br>outturn | plans          | plans          | plans          |
| <b>Current finance in DEL</b>                                     |                     |                |                |                |                |                      |                |                |                |
| <b>Aggregate External Finance</b>                                 |                     |                |                |                |                |                      |                |                |                |
| <b>England</b>  |                     |                |                |                |                |                      |                |                |                |
| Revenue Support Grant   | 19,931              | 24,267         | 27,010         | 26,726         | 3,443          | 3,163                | 2,909          | } 24,052       | 24,673         |
| Non-domestic rate payments  | 16,633              | 15,607         | 15,000         | 18,000         | 17,500         | 18,500               | 20,500         |                |                |
| Dedicated Schools Grant   | –                   | –              | –              | –              | 26,576         | 28,064               | 29,563         | 30,615         | 31,893         |
| Other specific and special grants                                 | 13,121              | 16,688         | 18,037         | 18,943         | 19,578         | 19,302               | 17,454         | 16,622         | 17,814         |
| <b>Total England</b>  | <b>49,685</b>       | <b>56,562</b>  | <b>60,048</b>  | <b>63,669</b>  | <b>67,097</b>  | <b>69,029</b>        | <b>70,427</b>  | <b>71,289</b>  | <b>74,380</b>  |
| <b>Scotland</b>   |                     |                |                |                |                |                      |                |                |                |
| Revenue Support Grant   | 4,558               | 5,038          | 5,267          | 5,586          | 5,778          | 6,170                | 7,370          | 7,723          | 8,247          |
| Specific and special grants                                       | 666                 | 679            | 890            | 798            | 1,043          | 935                  | 743            | 777            | 785            |
| <b>Total Scotland</b>   | <b>5,224</b>        | <b>5,717</b>   | <b>6,157</b>   | <b>6,384</b>   | <b>6,821</b>   | <b>7,105</b>         | <b>8,113</b>   | <b>8,501</b>   | <b>9,032</b>   |
| <b>Wales</b>  |                     |                |                |                |                |                      |                |                |                |
| Revenue Support Grant   | 2,265               | 2,461          | 2,539          | 2,699          | 2,899          | 3,720                | 3,127          | 3,225          | 3,349          |
| Non-domestic rate payments  | 755                 | 737            | 745            | 788            | 844            | 190                  | 907            | 914            | 918            |
| Specific and special grants                                       | 275                 | 352            | 285            | 310            | 347            | 392                  | 462            | 500            | 515            |
| <b>Total Wales</b>  | <b>3,295</b>        | <b>3,550</b>   | <b>3,569</b>   | <b>3,797</b>   | <b>4,090</b>   | <b>4,302</b>         | <b>4,496</b>   | <b>4,639</b>   | <b>4,782</b>   |
| <b>Great Britain</b>  |                     |                |                |                |                |                      |                |                |                |
| Revenue Support Grant   | 26,754              | 31,766         | 34,816         | 35,012         | 12,119         | 13,052               | 13,406         | 35,001         | 36,269         |
| Non-domestic rate payments  | 17,387              | 16,343         | 15,745         | 18,788         | 18,344         | 18,690               | 21,407         | 914            | 918            |
| Dedicated Schools Grant   | –                   | –              | –              | –              | 26,576         | 28,064               | 29,563         | 30,615         | 31,893         |
| Other specific and special grants                                 | 14,062              | 17,720         | 19,212         | 20,051         | 20,969         | 20,630               | 18,660         | 17,899         | 19,114         |
| <b>Total AEF Great Britain<sup>(1)</sup></b>                      | <b>58,204</b>       | <b>65,829</b>  | <b>69,774</b>  | <b>73,851</b>  | <b>78,009</b>  | <b>80,436</b>        | <b>83,036</b>  | <b>84,429</b>  | <b>88,194</b>  |
| Non AEF current grants <sup>(2)</sup>                             | 2,159               | 3,232          | 3,491          | 4,095          | 4,079          | 5,767                | 6,638          | 8,723          | 8,701          |
| <b>Total current finance in DEL</b>                               | <b>60,363</b>       | <b>69,061</b>  | <b>73,264</b>  | <b>77,946</b>  | <b>82,088</b>  | <b>86,203</b>        | <b>89,674</b>  | <b>93,152</b>  | <b>96,896</b>  |
| <b>Capital support in DEL<sup>(3)</sup></b>                       |                     |                |                |                |                |                      |                |                |                |
| Capital grants/SCE(C) <sup>(2)(4)</sup>                           | 3,323               | 4,282          | 5,561          | 6,027          | 6,243          | 8,751                | 8,835          | 9,933          | 11,633         |
| Credit approvals/SCE(R) <sup>(4)</sup>                            | 4,068               | 4,588          | 4,715          | 5,196          | 4,269          | 3,838                | 3,623          | 3,548          | 3,149          |
| <b>Total capital support in DEL</b>                               | <b>7,391</b>        | <b>8,870</b>   | <b>10,276</b>  | <b>11,223</b>  | <b>10,512</b>  | <b>12,589</b>        | <b>12,458</b>  | <b>13,481</b>  | <b>14,782</b>  |
| <b>Total central government support in DEL</b>                    | <b>67,754</b>       | <b>77,931</b>  | <b>83,540</b>  | <b>89,169</b>  | <b>92,600</b>  | <b>98,792</b>        | <b>102,132</b> | <b>106,634</b> | <b>111,678</b> |
| <b>Current finance in departmental AME</b>                        |                     |                |                |                |                |                      |                |                |                |
| AEF current grants  | 170                 | 304            | 461            | 524            | 1,327          | 1,296                | 1,012          | 1,083          | 1,193          |
| Non AEF current grants  | 14,231              | 13,919         | 16,327         | 17,260         | 18,618         | 19,462               | 20,543         | 21,839         | 22,998         |
| <b>Total current finance in departmental AME</b>                  | <b>14,401</b>       | <b>14,223</b>  | <b>16,788</b>  | <b>17,785</b>  | <b>19,945</b>  | <b>20,759</b>        | <b>21,555</b>  | <b>22,922</b>  | <b>24,191</b>  |
| <b>Total capital support in departmental AME<sup>(3)(5)</sup></b> | <b>173</b>          | <b>230</b>     | <b>96</b>      | <b>90</b>      | <b>83</b>      | <b>251</b>           | <b>282</b>     | <b>237</b>     | <b>237</b>     |
| <b>Total central government support in departmental AME</b>       | <b>14,574</b>       | <b>14,454</b>  | <b>16,885</b>  | <b>17,875</b>  | <b>20,028</b>  | <b>21,010</b>        | <b>21,837</b>  | <b>23,159</b>  | <b>24,428</b>  |
| <b>Locally financed expenditure</b>                               |                     |                |                |                |                |                      |                |                |                |
| Local Authority self-financed expenditure                         | 17,985              | 18,335         | 20,946         | 24,733         | 25,821         | 26,486               | 27,762         | 28,232         | 28,714         |
| Locally financed support in Scotland in AEF <sup>(6)</sup>        | 1,718               | 1,804          | 1,896          | 1,897          | 1,884          | 1,860                | 1,963          | 2,019          | 2,014          |
| <b>Total locally financed expenditure</b>                         | <b>19,703</b>       | <b>20,140</b>  | <b>22,842</b>  | <b>26,630</b>  | <b>27,705</b>  | <b>28,346</b>        | <b>29,725</b>  | <b>30,251</b>  | <b>30,728</b>  |
| Accounting and other adjustments                                  | 8,814               | 7,044          | 8,950          | 7,176          | 5,842          | 7,596                | 9,300          | 9,900          | 10,900         |
| <b>Total Local Authority expenditure</b>                          | <b>110,844</b>      | <b>119,568</b> | <b>132,217</b> | <b>140,850</b> | <b>146,175</b> | <b>155,743</b>       | <b>163,000</b> | <b>169,900</b> | <b>177,700</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 are inside departmental 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 G.

(5) Includes expenditure financed from the lottery.

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



**Table 7.2 Central government support for Local Authorities in the United Kingdom by departmental group, 2002–03 to 2010–11**

|   | accruals, £ million |               |                |                |                |                |                |                |                |
|---|---------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | National Statistics |               |                |                |                |                |                |                |                |
|   | 2002–03             | 2003–04       | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |
|   | outturn             | outturn       | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |
|   |                     |               |                |                |                | outturn        |                |                |                |
| <b>Current finance in DEL</b>                             |                     |               |                |                |                |                |                |                |                |
| Children, Schools and Families                            | 4,041               | 4,180         | 4,068          | 4,781          | 31,898         | 33,702         | 35,794         | 37,362         | 38,967         |
| Health  | 1,881               | 1,816         | 2,148          | 2,141          | 1,772          | 1,832          | 1,255          | 1,397          | 1,486          |
| Transport   | 1,363               | 2,103         | 2,670          | 2,577          | 3,096          | 2,975          | 3,181          | 3,322          | 3,705          |
| Innovation, Universities and Skills                       | 1,494               | 1,592         | 1,666          | 2,122          | 1,947          | 2,046          | 2,107          | 2,184          | 2,263          |
| CLG Communities   | 201                 | 2,120         | 2,232          | 2,152          | 2,602          | 3,819          | 2,725          | 2,898          | 2,952          |
| CLG Local Government                                      | 37,138              | 40,631        | 42,989         | 45,912         | 22,256         | 22,445         | 24,405         | 25,292         | 26,094         |
| Home Office   | 4,816               | 5,520         | 5,613          | 5,994          | 5,824          | 6,014          | 6,461          | 6,422          | 6,638          |
| Justice   | 275                 | 280           | 299            | –              | –              | –              | –              | –              | –              |
| Business, Enterprise and Regulatory Reform                | 386                 | 346           | 380            | 385            | 380            | 336            | 398            | 398            | 393            |
| Environment, Food and Rural Affairs                       | –218                | –13           | 2              | 15             | –15            | –29            | 35             | 54             | 52             |
| Culture, Media and Sport                                  | 12                  | –             | 2              | 23             | 24             | 3              | 3              | 2              | 2              |
| Work and Pensions   | 391                 | 684           | 653            | 745            | 729            | 828            | 629            | 623            | 612            |
| Scotland <sup>(1)</sup>                                   | 5,304               | 6,154         | 6,733          | 7,155          | 7,316          | 7,803          | 8,192          | 8,581          | 8,977          |
| Wales <sup>(1)</sup>                                      | 3,203               | 3,560         | 3,728          | 3,887          | 4,210          | 4,374          | 4,450          | 4,575          | 4,710          |
| Northern Ireland Executive <sup>(1)</sup>                 | 56                  | 68            | 63             | 56             | 50             | 51             | 52             | 54             | 53             |
| Cabinet Office  | 19                  | 19            | 20             | 1              | 0              | 4              | 1              | 1              | 1              |
| <b>Total current finance in DEL</b>                       | <b>60,363</b>       | <b>69,061</b> | <b>73,264</b>  | <b>77,946</b>  | <b>82,088</b>  | <b>86,203</b>  | <b>89,689</b>  | <b>93,164</b>  | <b>96,906</b>  |
| <b>Current finance in departmental AME</b>                |                     |               |                |                |                |                |                |                |                |
| CLG Communities   | –                   | –             | 18             | 11             | 166            | 153            | 200            | 210            | 225            |
| CLG Local Government                                      | 170                 | 304           | 461            | 524            | 1,036          | 941            | 463            | 463            | 463            |
| Home Office   | –                   | –             | –              | –              | 291            | 355            | 549            | 620            | 730            |
| Business, Enterprise and Regulatory Reform                | 1                   | 0             | 4              | 2              | 3              | 3              | 3              | 3              | 3              |
| Culture, Media and Sport                                  | 29                  | 55            | 57             | 51             | 49             | 90             | 54             | 46             | 46             |
| Work and Pensions   | 14,201              | 13,674        | 16,258         | 17,183         | 18,364         | 19,205         | 20,278         | 21,573         | 22,716         |
| Scotland  | –                   | –             | –              | –              | –              | –              | 8              | 8              | 8              |
| Wales   | –                   | 190           | –9             | 13             | 36             | 12             | –              | –              | –              |
| <b>Total current finance in departmental AME</b>          | <b>14,401</b>       | <b>14,223</b> | <b>16,788</b>  | <b>17,785</b>  | <b>19,945</b>  | <b>20,759</b>  | <b>21,555</b>  | <b>22,922</b>  | <b>24,191</b>  |
| <b>Locally financed support in Scotland<sup>(2)</sup></b> | <b>1,718</b>        | <b>1,804</b>  | <b>1,896</b>   | <b>1,897</b>   | <b>1,884</b>   | <b>1,860</b>   | <b>1,963</b>   | <b>2,019</b>   | <b>2,014</b>   |
| <b>Total current finance</b>                              | <b>76,482</b>       | <b>85,089</b> | <b>91,949</b>  | <b>97,628</b>  | <b>103,917</b> | <b>108,821</b> | <b>113,206</b> | <b>118,105</b> | <b>123,110</b> |
| <b>Capital support in DEL<sup>(3)</sup></b>               |                     |               |                |                |                |                |                |                |                |
| Children, Schools and Families                            | 2,463               | 3,231         | 3,729          | 4,060          | 3,575          | 4,945          | 5,229          | 5,751          | 7,104          |
| Health  | 72                  | 132           | 140            | 122            | 181            | 165            | 119            | 120            | 121            |
| Transport   | 1,521               | 1,544         | 1,706          | 1,564          | 1,659          | 2,392          | 1,914          | 2,285          | 2,287          |
| CLG Communities   | 1,125               | 1,562         | 2,063          | 2,583          | 2,358          | 2,792          | 2,378          | 2,605          | 2,428          |
| CLG Local Government                                      | 202                 | 212           | 256            | 315            | 222            | 65             | 86             | 106            | 92             |
| Home Office   | 327                 | 388           | 359            | 400            | 178            | 285            | 294            | 144            | 157            |
| Justice   | 44                  | 35            | 46             | 1              | 1              | 2              | –              | –              | –              |
| Business, Enterprise and Regulatory Reform                | 409                 | 507           | 551            | 547            | 578            | 182            | 530            | 526            | 521            |
| Environment, Food and Rural Affairs                       | 79                  | 158           | 122            | 85             | 85             | 66             | 192            | 201            | 150            |
| Culture, Media and Sport                                  | –                   | –             | 10             | 39             | 8              | 0              | 25             | 25             | 26             |
| Work and Pensions   | –12                 | –16           | 1              | 0              | 0              | 2              | –              | –              | –              |
| Scotland <sup>(1)</sup>                                   | 680                 | 593           | 768            | 829            | 961            | 965            | 975            | 993            | 994            |
| Wales <sup>(1)</sup>                                      | 481                 | 519           | 518            | 670            | 687            | 718            | 710            | 710            | 719            |
| Northern Ireland Executive <sup>(1)</sup>                 | 2                   | 6             | 7              | 6              | 9              | 9              | 6              | 14             | 181            |
| Cabinet Office  | –                   | –             | –              | –              | 11             | –              | –              | –              | –              |
| <b>Total capital support in DEL</b>                       | <b>7,391</b>        | <b>8,870</b>  | <b>10,276</b>  | <b>11,223</b>  | <b>10,512</b>  | <b>12,589</b>  | <b>12,458</b>  | <b>13,481</b>  | <b>14,782</b>  |
| <b>Capital support in departmental AME<sup>(3)</sup></b>  |                     |               |                |                |                |                |                |                |                |
| Financing from the national lottery                       | 110                 | 94            | 96             | 90             | 83             | 251            | 282            | 237            | 237            |
| Other departmental AME                                    | 63                  | 136           | –              | –              | –              | –              | –              | –              | –              |
| <b>Total capital support in departmental AME</b>          | <b>173</b>          | <b>230</b>    | <b>96</b>      | <b>90</b>      | <b>83</b>      | <b>251</b>     | <b>282</b>     | <b>237</b>     | <b>237</b>     |
| <b>Total capital support</b>                              | <b>7,564</b>        | <b>9,100</b>  | <b>10,372</b>  | <b>11,313</b>  | <b>10,594</b>  | <b>12,840</b>  | <b>12,740</b>  | <b>13,718</b>  | <b>15,019</b>  |
| <b>Total central government support</b>                   | <b>84,046</b>       | <b>94,189</b> | <b>102,321</b> | <b>108,941</b> | <b>114,512</b> | <b>121,661</b> | <b>125,946</b> | <b>131,823</b> | <b>138,130</b> |

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

(2) Non-Domestic Rates Income (NDRI) 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 that no longer score in budgets.

**Table 7.3 Aggregate External Finance in Great Britain by country and grant, 2002–03 to 2010–11**

|   | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|   | National Statistics |                    |                    |                    |                    | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn |                                 |                  |                  |                  |
| <b>England</b>                                    |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Revenue Support Grant                             | 19,931              | 24,267             | 27,010             | 26,726             | 3,443              | 3,163                           | 2,909            | 24,515           | 25,136           |
| Non-domestic rate payments <sup>(1)</sup>         | 16,802              | 15,911             | 15,461             | 18,409             | 18,207             | 18,951                          | 20,963           |                  |                  |
| Dedicated Schools Grant                           | –                   | –                  | –                  | –                  | 26,576             | 28,064                          | 29,563           | 30,615           | 31,893           |
| Other education                                   | 3,434               | 3,472              | 3,814              | 4,539              | 5,133              | 5,585                           | 4,943            | 5,259            | 5,466            |
| Police  | 4,466               | 5,026              | 5,346              | 5,720              | 5,802              | 6,039                           | 6,442            | 6,482            | 6,792            |
| Health  | 2,369               | 2,400              | 2,352              | 2,384              | 1,952              | 1,877                           | 433              | 642              | 881              |
| Magistrates courts                                | 302                 | 313                | 354                | –                  | –                  | –                               | –                | –                | –                |
| Social security                                   | 167                 | 337                | 332                | 475                | 556                | 583                             | 492              | 481              | 470              |
| Neighbourhood renewal fund                        | 300                 | 400                | 450                | 525                | 525                | –                               | –                | –                | –                |
| Metropolitan railways passenger<br>services grant | 12                  | 13                 | 16                 | 16                 | 18                 | 21                              | 23               | 23               | 23               |
| GLA transport                                     | 1,052               | 1,718              | 2,296              | 2,218              | 2,676              | 2,435                           | 2,424            | 2,539            | 2,918            |
| Strategic rail authority                          | 241                 | 290                | 214                | 205                | 234                | 230                             | 200              | 205              | 210              |
| RDA development fund                              | 386                 | 346                | 380                | 386                | 380                | 336                             | 399              | 399              | 394              |
| PFI special grant                                 | 207                 | 298                | 427                | 416                | 513                | 600                             | 677              | 853              | 1,069            |
| Supporting people                                 | 39                  | 1,858              | 1,856              | 1,755              | 1,726              | 1,736                           | 1,686            | –                | –                |
| LA business growth incentive scheme               | –                   | –                  | –                  | 116                | 329                | 491                             | –                | 50               | 100              |
| Other   | 147                 | 216                | 199                | 304                | 353                | 216                             | 284              | 309              | 221              |
| <b>Total England</b>                              | <b>49,855</b>       | <b>56,867</b>      | <b>60,509</b>      | <b>64,193</b>      | <b>68,424</b>      | <b>70,326</b>                   | <b>71,439</b>    | <b>72,372</b>    | <b>75,573</b>    |
| <b>Scotland<sup>(2)</sup></b>                     |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Revenue Support Grant                             | 4,558               | 5,038              | 5,267              | 5,586              | 5,778              | 6,170                           | 7,370            | 7,723            | 8,247            |
| NDRI <sup>(3)</sup>                               | 1,718               | 1,804              | 1,896              | 1,897              | 1,884              | 1,860                           | 1,963            | 2,019            | 2,014            |
| Police  | 423                 | 442                | 486                | 512                | 530                | 560                             | 576              | 611              | 620              |
| Other   | 243                 | 237                | 404                | 286                | 514                | 375                             | 168              | 167              | 165              |
| <b>Total Scotland</b>                             | <b>6,942</b>        | <b>7,522</b>       | <b>8,053</b>       | <b>8,282</b>       | <b>8,705</b>       | <b>8,965</b>                    | <b>10,076</b>    | <b>10,520</b>    | <b>11,046</b>    |
| <b>Wales<sup>(2)</sup></b>                        |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Revenue Support Grant                             | 2,265               | 2,461              | 2,539              | 2,699              | 2,899              | 3,720                           | 3,127            | 3,225            | 3,349            |
| Non-domestic rate payments                        | 755                 | 737                | 745                | 788                | 844                | 190                             | 907              | 914              | 918              |
| Police  | 217                 | 214                | 218                | 230                | 268                | 303                             | 412              | 448              | 463              |
| Other   | 58                  | 137                | 67                 | 80                 | 79                 | 89                              | 50               | 52               | 51               |
| <b>Total Wales</b>                                | <b>3,295</b>        | <b>3,550</b>       | <b>3,569</b>       | <b>3,797</b>       | <b>4,090</b>       | <b>4,302</b>                    | <b>4,496</b>     | <b>4,639</b>     | <b>4,782</b>     |
| <b>Total Great Britain</b>                        | <b>60,092</b>       | <b>67,938</b>      | <b>72,130</b>      | <b>76,272</b>      | <b>81,220</b>      | <b>83,592</b>                   | <b>86,011</b>    | <b>87,531</b>    | <b>91,401</b>    |
| <i>of which: AEF grants in DEL</i>                | <i>58,204</i>       | <i>65,829</i>      | <i>69,774</i>      | <i>73,851</i>      | <i>78,009</i>      | <i>80,436</i>                   | <i>83,036</i>    | <i>84,429</i>    | <i>88,194</i>    |

(1) Non-domestic rate payments differ to those in Table 7.1 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 7.4 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 2002–03 to 2010–11**

|   | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|--|
|   | National Statistics |                    |                    |                    |                    |                                 |                  |                  |                  |  |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |  |
| <b>England</b>                                    |                     |                    |                    |                    |                    |                                 |                  |                  |                  |  |
| Mandatory student awards                          | 63                  | 67                 | 11                 | 11                 | 3                  | 3                               | –                | –                | –                |  |
| LSC grants  | 1,399               | 1,525              | 1,655              | 2,111              | 1,944              | 2,040                           | 2,107            | 2,184            | 2,263            |  |
| Rent rebates                                      | 3,977               | 3,065              | 4,184              | 4,234              | 4,399              | 4,505                           | 4,403            | 4,462            | 4,646            |  |
| Rent allowances                                   | 5,941               | 5,967              | 6,907              | 7,525              | 8,308              | 8,872                           | 9,802            | 10,674           | 11,321           |  |
| Community charge rebates/<br>Council tax benefits | 2,186               | 2,519              | 2,946              | 3,123              | 3,278              | 3,391                           | 3,538            | 3,761            | 3,993            |  |
| Environment agency                                | –264                | –100               | –34                | –34                | –58                | –35                             | –35              | –35              | –35              |  |
| Planning delivery grant                           | –                   | 50                 | 98                 | 125                | 96                 | 86                              | 67               | 131              | 221              |  |
| New deal for communities                          | 99                  | 127                | 157                | 160                | 144                | 131                             | 117              | 87               | 43               |  |
| Police special grants                             | 133                 | 275                | 48                 | 44                 | 44                 | 27                              | 14               | 35               | 36               |  |
| Local area agreements                             | –                   | –                  | –                  | 4                  | 456                | 1,697                           | –                | –                | –                |  |
| Area based grants                                 | –                   | –                  | –                  | –                  | –                  | –                               | 3,029            | 4,843            | 4,767            |  |
| Others <sup>(1)</sup>                             | 421                 | 461                | 474                | 512                | 634                | 818                             | 962              | 1,149            | 1,223            |  |
| <b>Total England</b>                              | <b>13,954</b>       | <b>13,956</b>      | <b>16,447</b>      | <b>17,815</b>      | <b>19,249</b>      | <b>21,535</b>                   | <b>24,004</b>    | <b>27,291</b>    | <b>28,479</b>    |  |
| <b>Scotland</b>                                   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |  |
| Rent rebates                                      | 678                 | 678                | 535                | 541                | 554                | 537                             | 525              | 548              | 529              |  |
| Rent allowances                                   | 456                 | 560                | 618                | 641                | 670                | 700                             | 845              | 916              | 966              |  |
| Community charge rebates/<br>Council tax benefits | 292                 | 307                | 347                | 354                | 358                | 357                             | 393              | 414              | 434              |  |
| Others <sup>(1)</sup>                             | 134                 | 526                | 705                | 835                | 576                | 792                             | 146              | 146              | 10               |  |
| <b>Total Scotland</b>                             | <b>1,561</b>        | <b>2,071</b>       | <b>2,206</b>       | <b>2,371</b>       | <b>2,158</b>       | <b>2,387</b>                    | <b>1,910</b>     | <b>2,024</b>     | <b>1,939</b>     |  |
| <b>Wales</b>                                      |                     |                    |                    |                    |                    |                                 |                  |                  |                  |  |
| Rent rebates                                      | 266                 | 190                | 267                | 276                | 284                | 322                             | 254              | 258              | 258              |  |
| Rent allowances                                   | 265                 | 244                | 280                | 302                | 317                | 300                             | 316              | 328              | 346              |  |
| Community charge rebates/<br>Council tax benefits | 120                 | 132                | 156                | 170                | 177                | 199                             | 182              | 192              | 202              |  |
| Others  | 167                 | 490                | 398                | 364                | 461                | 435                             | 462              | 414              | 421              |  |
| <b>Total Wales</b>                                | <b>818</b>          | <b>1,056</b>       | <b>1,102</b>       | <b>1,112</b>       | <b>1,238</b>       | <b>1,256</b>                    | <b>1,213</b>     | <b>1,192</b>     | <b>1,227</b>     |  |
| <b>Northern Ireland</b>                           |                     |                    |                    |                    |                    |                                 |                  |                  |                  |  |
| Others  | 57                  | 68                 | 63                 | 57                 | 52                 | 52                              | 53               | 54               | 53               |  |
| <b>Total Northern Ireland</b>                     | <b>57</b>           | <b>68</b>          | <b>63</b>          | <b>57</b>          | <b>52</b>          | <b>52</b>                       | <b>53</b>        | <b>54</b>        | <b>53</b>        |  |
| <b>Total United Kingdom</b>                       | <b>16,390</b>       | <b>17,151</b>      | <b>19,818</b>      | <b>21,356</b>      | <b>22,698</b>      | <b>25,229</b>                   | <b>27,181</b>    | <b>30,562</b>    | <b>31,699</b>    |  |
| <i>Memo: of which within DEL:</i>                 |                     |                    |                    |                    |                    |                                 |                  |                  |                  |  |
| England   | 1,802               | 2,338              | 2,317              | 2,854              | 3,030              | 4,509                           | 5,990            | 8,121            | 8,229            |  |
| Scotland  | 134                 | 526                | 705                | 835                | 575                | 788                             | 136              | 136              | –                |  |
| Wales   | 167                 | 301                | 406                | 351                | 425                | 419                             | 459              | 412              | 419              |  |
| Northern Ireland                                  | 56                  | 68                 | 63                 | 56                 | 50                 | 51                              | 52               | 54               | 53               |  |
| <b>Total within DEL</b>                           | <b>2,159</b>        | <b>3,232</b>       | <b>3,491</b>       | <b>4,095</b>       | <b>4,079</b>       | <b>5,767</b>                    | <b>6,638</b>     | <b>8,723</b>     | <b>8,701</b>     |  |

(1) Includes receipts from the EU that finance grants to Local Authorities, which are inside departmental budgets.

**Table 7.5 Central government capital support<sup>(1)</sup> for Local Authorities in the United Kingdom by country and service<sup>(2)</sup>, 2002–03 to 2010–11**

|  | accruals, £ million |              |               |               |               |                   |               |               |               |
|--|---------------------|--------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|
|  | National Statistics |              |               |               |               |                   |               |               |               |
|  | 2002–03             | 2003–04      | 2004–05       | 2005–06       | 2006–07       | 2007–08           | 2008–09       | 2009–10       | 2010–11       |
|  | outturn             | outturn      | outturn       | outturn       | outturn       | estimated outturn | plans         | plans         | plans         |
| <b>England</b>                                       |                     |              |               |               |               |                   |               |               |               |
| <b>Credit approvals/SCE(R)<sup>(3)</sup></b>         |                     |              |               |               |               |                   |               |               |               |
| Housing  | 844                 | 1,159        | 1,318         | 1,676         | 1,123         | 1,237             | 1,081         | 1,078         | 1,018         |
| Transport  | 1,314               | 1,451        | 1,423         | 1,405         | 1,368         | 854               | 856           | 920           | 976           |
| Education  | 818                 | 999          | 1,198         | 1,375         | 1,022         | 1,032             | 1,045         | 945           | 545           |
| Personal social services                             | 56                  | 49           | 62            | 53            | 60            | 60                | 9             | 9             | 9             |
| Fire services  | 48                  | 53           | 58            | 58            | 58            | 58                | 62            | 69            | 71            |
| Environment protection                               | 9                   | 40           | 44            | 22            | –             | 0                 | –             | –             | –             |
| Enterprise and economic development                  | 0                   | 0            | –             | –             | –             | –                 | –             | –             | –             |
| Recreation, culture and religion                     | 10                  | –            | –             | –             | –             | –                 | –             | –             | –             |
| General public services                              | 54                  | 132          | –             | –             | –             | –                 | –             | –             | –             |
| Criminal justice                                     | 97                  | 76           | 78            | 73            | 123           | 73                | 67            | 25            | 27            |
| <b>Total credit approvals/SCE(R)</b>                 | <b>3,249</b>        | <b>3,959</b> | <b>4,180</b>  | <b>4,662</b>  | <b>3,754</b>  | <b>3,314</b>      | <b>3,120</b>  | <b>3,046</b>  | <b>2,646</b>  |
| <b>Capital grants/SCE(C)<sup>(3)</sup></b>           |                     |              |               |               |               |                   |               |               |               |
| Housing  | 108                 | 131          | 112           | 93            | 97            | 123               | 118           | 124           | 134           |
| Transport  | 203                 | 85           | 264           | 160           | 251           | 1,402             | 1,057         | 1,365         | 1,311         |
| Education  | 1,623               | 2,219        | 2,501         | 2,666         | 2,495         | 3,834             | 4,130         | 4,757         | 6,504         |
| Personal social services                             | 38                  | 39           | 59            | 83            | 94            | 117               | 120           | 115           | 121           |
| Fire services  | –                   | –            | 5             | 5             | 5             | 10                | –             | 35            | 45            |
| Environment protection                               | 71                  | 122          | 78            | 64            | 85            | 76                | 192           | 201           | 150           |
| Enterprise and economic development <sup>(4)</sup>   | 535                 | 727          | 1,072         | 1,235         | 1,240         | 1,100             | 1,318         | 1,421         | 1,324         |
| Recreation, culture and religion                     | –                   | –            | 10            | 39            | 8             | 0                 | 25            | 25            | 26            |
| General public services <sup>(4)</sup>               | 177                 | 187          | 311           | 336           | 677           | 657               | 433           | 529           | 469           |
| Health   | –                   | 58           | 62            | 45            | 87            | 46                | 26            | 27            | 28            |
| Employment policies                                  | 5                   | 4            | 1             | 0             | 0             | 3                 | –             | –             | –             |
| Criminal justice                                     | 264                 | 333          | 323           | 315           | 63            | 214               | 206           | 113           | 124           |
| <b>Total capital grants/ SCE(C)</b>                  | <b>3,024</b>        | <b>3,904</b> | <b>4,799</b>  | <b>5,041</b>  | <b>5,101</b>  | <b>7,583</b>      | <b>7,625</b>  | <b>8,712</b>  | <b>10,235</b> |
| <b>Total England</b>                                 | <b>6,274</b>        | <b>7,864</b> | <b>8,980</b>  | <b>9,703</b>  | <b>8,855</b>  | <b>10,897</b>     | <b>10,746</b> | <b>11,757</b> | <b>12,881</b> |
| <b>Scotland<sup>(5)</sup></b>                        |                     |              |               |               |               |                   |               |               |               |
| <b>Supported borrowing<sup>(6)</sup></b>             |                     |              |               |               |               |                   |               |               |               |
| Scottish Executive housing                           | 160                 | 123          | –             | –             | –             | –                 | –             | –             | –             |
| Scottish Executive: other                            | 458                 | 373          | 364           | 355           | 352           | 361               | 330           | 330           | 330           |
| <b>Total supported borrowing</b>                     | <b>618</b>          | <b>496</b>   | <b>364</b>    | <b>355</b>    | <b>352</b>    | <b>361</b>        | <b>330</b>    | <b>330</b>    | <b>330</b>    |
| <b>Capital grants</b>                                |                     |              |               |               |               |                   |               |               |               |
| Scottish Executive housing                           | 25                  | 11           | 223           | 209           | 168           | 131               | 215           | 215           | 146           |
| Scottish Executive: other <sup>(4)</sup>             | 37                  | 86           | 182           | 264           | 441           | 473               | 431           | 449           | 518           |
| <b>Total capital grants</b>                          | <b>62</b>           | <b>97</b>    | <b>404</b>    | <b>473</b>    | <b>609</b>    | <b>604</b>        | <b>645</b>    | <b>663</b>    | <b>664</b>    |
| <b>Total Scotland</b>                                | <b>680</b>          | <b>593</b>   | <b>768</b>    | <b>829</b>    | <b>961</b>    | <b>965</b>        | <b>975</b>    | <b>993</b>    | <b>994</b>    |
| <b>Wales<sup>(5)</sup></b>                           |                     |              |               |               |               |                   |               |               |               |
| <b>Credit approvals/SCE(R)</b>                       |                     |              |               |               |               |                   |               |               |               |
| Welsh Assembly Government                            | 259                 | 264          | 167           | 163           | 163           | 163               | 167           | 167           | 167           |
| Other departments <sup>(7)</sup>                     | 4                   | 4            | 4             | 15            | –             | –                 | 7             | 6             | 7             |
| <b>Total credit approvals/SCE(R)</b>                 | <b>263</b>          | <b>268</b>   | <b>171</b>    | <b>178</b>    | <b>163</b>    | <b>163</b>        | <b>173</b>    | <b>173</b>    | <b>174</b>    |
| <b>Capital grants</b>                                |                     |              |               |               |               |                   |               |               |               |
| Welsh Assembly Government                            | 229                 | 265          | 351           | 507           | 523           | 555               | 544           | 544           | 553           |
| Other departments <sup>(7)</sup>                     | 6                   | 10           | –             | –             | –             | –                 | 15            | –             | –             |
| <b>Total capital grants/SCE(C)</b>                   | <b>235</b>          | <b>275</b>   | <b>351</b>    | <b>507</b>    | <b>523</b>    | <b>555</b>        | <b>558</b>    | <b>544</b>    | <b>553</b>    |
| <b>Total Wales</b>                                   | <b>498</b>          | <b>543</b>   | <b>522</b>    | <b>685</b>    | <b>687</b>    | <b>718</b>        | <b>732</b>    | <b>717</b>    | <b>726</b>    |
| <b>Northern Ireland capital grants<sup>(5)</sup></b> | <b>2</b>            | <b>6</b>     | <b>7</b>      | <b>6</b>      | <b>9</b>      | <b>9</b>          | <b>6</b>      | <b>14</b>     | <b>181</b>    |
| <b>Capital grants from the national lottery</b>      | <b>110</b>          | <b>94</b>    | <b>96</b>     | <b>90</b>     | <b>83</b>     | <b>251</b>        | <b>282</b>    | <b>237</b>    | <b>237</b>    |
| <b>United Kingdom Total</b>                          | <b>7,564</b>        | <b>9,100</b> | <b>10,372</b> | <b>11,313</b> | <b>10,594</b> | <b>12,840</b>     | <b>12,740</b> | <b>13,718</b> | <b>15,019</b> |
| <i>of which:</i>                                     |                     |              |               |               |               |                   |               |               |               |
| Credit approvals/SCE(R)                              | 4,131               | 4,723        | 4,715         | 5,196         | 4,269         | 3,838             | 3,623         | 3,548         | 3,149         |
| Capital grants/SCE(C)                                | 3,433               | 4,376        | 5,657         | 6,117         | 6,326         | 9,002             | 9,116         | 10,170        | 11,870        |

(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 G.

(4) Includes receipts from the EU that finance grants to Local Authorities, which are inside departmental budgets.

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

(6) Supported borrowing is the equivalent of credit approvals in England and Wales.

(7) Includes the Home Office and the Ministry of Justice.

**Table 7.6 Local Authority current and capital expenditure on services in the United Kingdom by function, 2002–03 to 2007–08<sup>(1)</sup>**

|   | accruals, £ million |                |                |                |                |                |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|
|   | National Statistics |                |                |                |                |                |
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | plans          |
| <b>Current</b>  |                     |                |                |                |                |                |
| 1. General public services                                      | 3,400               | 3,640          | 4,006          | 4,268          | 4,485          | 5,415          |
| <i>of which: public and common services</i>                     | 3,134               | 3,404          | 3,621          | 3,828          | 3,969          | 4,664          |
| <i>of which: public sector debt interest<sup>(2)</sup></i>      | 266                 | 236            | 385            | 440            | 516            | 751            |
| 2. Defence  | 32                  | 33             | 40             | 53             | 59             | 72             |
| 3. Public order and safety                                      | 11,836              | 13,088         | 13,826         | 14,329         | 14,914         | 15,392         |
| 4. Economic affairs   | 4,206               | 5,302          | 5,594          | 5,780          | 5,602          | 5,690          |
| <i>of which: enterprise and economic development</i>            | 971                 | 1,039          | 1,274          | 1,393          | 1,213          | 1,153          |
| <i>of which: agriculture, fisheries and forestry</i>            | 6                   | 10             | 9              | 10             | 11             | 15             |
| <i>of which: transport</i>                                      | 3,229               | 4,254          | 4,312          | 4,376          | 4,378          | 4,522          |
| 5. Environment protection                                       | 3,518               | 3,827          | 4,124          | 4,490          | 4,723          | 5,058          |
| 6. Housing and community amenities                              | 1,623               | 2,108          | 2,229          | 2,446          | 2,594          | 2,728          |
| 7. Health   | 478                 | 423            | 312            | 298            | 231            | 291            |
| 8. Recreation, culture and religion                             | 3,258               | 3,545          | 3,613          | 3,805          | 3,923          | 3,953          |
| 9. Education (includes training)                                | 32,490              | 36,108         | 38,257         | 40,706         | 42,512         | 44,618         |
| <i>of which: education</i>                                      | 32,472              | 36,089         | 38,238         | 40,681         | 42,483         | 44,591         |
| <i>of which: training</i>                                       | 18                  | 19             | 19             | 25             | 30             | 26             |
| 10. Social protection   | 29,544              | 32,549         | 35,239         | 37,462         | 39,567         | 40,840         |
| <b>Total Local Authorities' current expenditure on services</b> | <b>90,384</b>       | <b>100,622</b> | <b>107,239</b> | <b>113,638</b> | <b>118,611</b> | <b>124,056</b> |
| Accounting adjustments  | 9,013               | 6,871          | 11,352         | 13,406         | 14,058         | 16,797         |
| <b>Total Local Authorities' current expenditure</b>             | <b>99,397</b>       | <b>107,493</b> | <b>118,591</b> | <b>127,044</b> | <b>132,669</b> | <b>140,853</b> |
| <b>Capital</b>  |                     |                |                |                |                |                |
| 1. General public services                                      | 349                 | 413            | 835            | 944            | 813            | 1,108          |
| <i>of which: public and common services</i>                     | 349                 | 413            | 835            | 944            | 813            | 1,108          |
| 3. Public order and safety                                      | 512                 | 618            | 704            | 684            | 621            | 819            |
| 4. Economic affairs   | 2,646               | 2,802          | 3,074          | 3,739          | 3,754          | 4,735          |
| <i>of which: enterprise and economic development</i>            | -17                 | 2              | -13            | 127            | -4             | 63             |
| <i>of which: employment policies</i>                            | 1                   | 0              | 0              | 0              | 0              | 0              |
| <i>of which: agriculture, fisheries and forestry</i>            | 34                  | 42             | 49             | 52             | 63             | 96             |
| <i>of which: transport</i>                                      | 2,629               | 2,757          | 3,037          | 3,560          | 3,695          | 4,576          |
| 5. Environment protection                                       | 165                 | 276            | 362            | 392            | 330            | 425            |
| 6. Housing and community amenities                              | 575                 | 561            | 991            | 999            | 1,160          | 1,413          |
| 7. Health   | 2                   | 60             | 63             | 45             | 86             | 110            |
| 8. Recreation, culture and religion                             | 663                 | 679            | 856            | 1,065          | 1,043          | 1,610          |
| 9. Education (includes training)                                | 2,622               | 3,321          | 3,721          | 4,267          | 4,385          | 5,211          |
| <i>of which: education</i>                                      | 2,617               | 3,314          | 3,714          | 4,257          | 4,376          | 5,194          |
| <i>of which: training</i>                                       | 4                   | 7              | 7              | 10             | 9              | 17             |
| 10. Social protection   | 153                 | 171            | 191            | 314            | 258            | 363            |
| <b>Total Local Authorities' capital expenditure on services</b> | <b>7,687</b>        | <b>8,901</b>   | <b>10,798</b>  | <b>12,449</b>  | <b>12,450</b>  | <b>15,793</b>  |
| Accounting adjustments  | 3,760               | 3,174          | 2,828          | 1,357          | 1,056          | -903           |
| <b>Total Local Authorities' capital expenditure</b>             | <b>11,447</b>       | <b>12,075</b>  | <b>13,626</b>  | <b>13,806</b>  | <b>13,506</b>  | <b>14,890</b>  |
| <b>Total Local Authorities' expenditure</b>                     | <b>110,844</b>      | <b>119,568</b> | <b>132,217</b> | <b>140,850</b> | <b>146,175</b> | <b>155,743</b> |

(1) The Local Authority current expenditure figures for 2007–08 reflect Local Authority budgets data, as set at the beginning of 2007–08. 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 2008. The difference in sources is adjusted for within the accounting adjustments.

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

**Table 7.7 Local Authority current expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08<sup>(1)</sup>**

accruals, £ million

|  | National Statistics |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>England</b>                                       |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 2,651               | 2,914              | 3,101              | 3,075              | 3,393              | 4,004            |
| <i>of which: public and common services</i>          | 2,651               | 2,914              | 3,101              | 3,075              | 3,393              | 4,004            |
| 2. Defence   | 27                  | 28                 | 34                 | 46                 | 51                 | 64               |
| 3. Public order and safety                           | 10,346              | 11,468             | 12,168             | 12,544             | 13,019             | 13,420           |
| 4. Economic affairs                                  | 3,461               | 4,516              | 4,758              | 4,906              | 4,729              | 4,718            |
| <i>of which: enterprise and economic development</i> | 790                 | 833                | 1,043              | 1,158              | 967                | 869              |
| <i>of which: agriculture, fisheries and forestry</i> | 4                   | 7                  | 6                  | 8                  | 8                  | 12               |
| <i>of which: transport</i>                           | 2,667               | 3,676              | 3,709              | 3,740              | 3,754              | 3,836            |
| 5. Environment protection                            | 2,849               | 3,109              | 3,357              | 3,675              | 3,833              | 4,167            |
| 6. Housing and community amenities                   | 1,376               | 1,846              | 1,954              | 2,138              | 2,299              | 2,366            |
| 7. Health  | 449                 | 391                | 278                | 261                | 194                | 249              |
| 8. Recreation, culture and religion                  | 2,394               | 2,641              | 2,652              | 2,799              | 2,921              | 2,959            |
| 9. Education (includes training)                     | 27,396              | 30,523             | 32,311             | 34,468             | 36,041             | 37,933           |
| <i>of which: education</i>                           | 27,396              | 30,523             | 32,311             | 34,468             | 36,041             | 37,933           |
| 10. Social protection                                | 24,935              | 27,695             | 30,079             | 31,969             | 33,813             | 34,852           |
| <b>Total England</b>                                 | <b>75,884</b>       | <b>85,130</b>      | <b>90,691</b>      | <b>95,882</b>      | <b>100,294</b>     | <b>104,731</b>   |
| <b>Scotland</b>                                      |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 298                 | 305                | 348                | 516                | 362                | 409              |
| <i>of which: public and common services</i>          | 298                 | 305                | 348                | 516                | 362                | 409              |
| 2. Defence   | 3                   | 3                  | 4                  | 4                  | 4                  | 4                |
| 3. Public order and safety                           | 903                 | 990                | 1,026              | 1,104              | 1,183              | 1,187            |
| 4. Economic affairs                                  | 497                 | 519                | 538                | 586                | 569                | 628              |
| <i>of which: enterprise and economic development</i> | 106                 | 123                | 129                | 144                | 147                | 161              |
| <i>of which: agriculture, fisheries and forestry</i> | 1                   | 1                  | 1                  | 1                  | 1                  | 1                |
| <i>of which: transport</i>                           | 391                 | 396                | 409                | 440                | 422                | 466              |
| 5. Environment protection                            | 376                 | 396                | 417                | 438                | 462                | 483              |
| 6. Housing and community amenities                   | 81                  | 84                 | 88                 | 95                 | 78                 | 104              |
| 8. Recreation, culture and religion                  | 486                 | 527                | 550                | 572                | 589                | 570              |
| 9. Education (includes training)                     | 3,343               | 3,659              | 3,917              | 4,112              | 4,252              | 4,373            |
| <i>of which: education</i>                           | 3,343               | 3,659              | 3,917              | 4,112              | 4,252              | 4,373            |
| 10. Social protection                                | 3,112               | 3,204              | 3,396              | 3,611              | 3,740              | 3,875            |
| <b>Total Scotland</b>                                | <b>9,098</b>        | <b>9,688</b>       | <b>10,284</b>      | <b>11,038</b>      | <b>11,240</b>      | <b>11,632</b>    |
| <b>Wales</b>   |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 184                 | 185                | 172                | 237                | 213                | 251              |
| <i>of which: public and common services</i>          | 184                 | 185                | 172                | 237                | 213                | 251              |
| 2. Defence   | 2                   | 2                  | 2                  | 3                  | 3                  | 4                |
| 3. Public order and safety                           | 588                 | 630                | 632                | 682                | 712                | 785              |
| 4. Economic affairs                                  | 240                 | 256                | 284                | 277                | 290                | 329              |
| <i>of which: enterprise and economic development</i> | 67                  | 72                 | 89                 | 79                 | 86                 | 108              |
| <i>of which: agriculture, fisheries and forestry</i> | 2                   | 2                  | 2                  | 2                  | 2                  | 2                |
| <i>of which: transport</i>                           | 171                 | 182                | 194                | 196                | 202                | 219              |
| 5. Environment protection                            | 198                 | 225                | 247                | 263                | 299                | 257              |
| 6. Housing and community amenities                   | 92                  | 105                | 109                | 126                | 138                | 156              |
| 8. Recreation, culture and religion                  | 212                 | 219                | 243                | 254                | 264                | 261              |
| 9. Education (includes training)                     | 1,751               | 1,926              | 2,028              | 2,126              | 2,219              | 2,313            |
| <i>of which: education</i>                           | 1,734               | 1,907              | 2,009              | 2,101              | 2,189              | 2,286            |
| <i>of which: training</i>                            | 18                  | 19                 | 19                 | 25                 | 30                 | 26               |
| 10. Social protection                                | 1,497               | 1,650              | 1,764              | 1,882              | 2,014              | 2,113            |
| <b>Total Wales</b>                                   | <b>4,765</b>        | <b>5,199</b>       | <b>5,482</b>       | <b>5,849</b>       | <b>6,152</b>       | <b>6,469</b>     |
| <b>Total Great Britain</b>                           | <b>89,747</b>       | <b>100,016</b>     | <b>106,457</b>     | <b>112,770</b>     | <b>117,686</b>     | <b>122,833</b>   |

**Table 7.7 Local Authority current expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08<sup>(1)</sup> (continued)**

|   | accruals, £ million |                    |                    |                    |                    |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|   | National Statistics |                    |                    |                    |                    |                  |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>Northern Ireland</b>   |                     |                    |                    |                    |                    |                  |
| 4. Economic affairs   | 8                   | 10                 | 13                 | 11                 | 14                 | 16               |
| <i>of which: enterprise and economic development</i>            | 8                   | 10                 | 13                 | 11                 | 14                 | 16               |
| 5. Environment protection                                       | 94                  | 97                 | 104                | 114                | 129                | 150              |
| 6. Housing and community amenities                              | 74                  | 73                 | 79                 | 87                 | 79                 | 101              |
| 7. Health   | 29                  | 32                 | 34                 | 37                 | 37                 | 42               |
| 8. Recreation, culture and religion                             | 165                 | 159                | 167                | 179                | 150                | 163              |
| <b>Total Northern Ireland</b>                                   | <b>370</b>          | <b>370</b>         | <b>398</b>         | <b>429</b>         | <b>409</b>         | <b>473</b>       |
| Debt interest <sup>(2)</sup>                                    | 266                 | 236                | 385                | 440                | 516                | 751              |
| <b>Total Local Authorities' current expenditure on services</b> | <b>90,384</b>       | <b>100,622</b>     | <b>107,239</b>     | <b>113,638</b>     | <b>118,611</b>     | <b>124,056</b>   |
| Accounting adjustments  | 9,013               | 6,871              | 11,352             | 13,406             | 14,058             | 16,797           |
| <b>Total Local Authorities' current expenditure</b>             | <b>99,397</b>       | <b>107,493</b>     | <b>118,591</b>     | <b>127,044</b>     | <b>132,669</b>     | <b>140,853</b>   |

(1) The Local Authority current expenditure figures for 2007–08 reflect Local Authority budgets data, as set at the beginning of 2007–08. 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 2008. The difference in sources is adjusted for within the accounting adjustments.

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

**Table 7.8 Local Authority gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>England</b>                                       |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 607                 | 809                | 1,125              | 1,229              | 1,168              | 1,407            |
| <i>of which: public and common services</i>          | 607                 | 809                | 1,125              | 1,229              | 1,168              | 1,407            |
| 3. Public order and safety                           | 521                 | 618                | 685                | 701                | 655                | 819              |
| 4. Economic affairs                                  | 2,708               | 2,781              | 3,089              | 3,519              | 3,453              | 4,374            |
| <i>of which: enterprise and economic development</i> | 220                 | 202                | 260                | 302                | 252                | 303              |
| <i>of which: employment policies</i>                 | 1                   | 1                  | 0                  | 0                  | 0                  | 0                |
| <i>of which: agriculture, fisheries and forestry</i> | 65                  | 72                 | 66                 | 93                 | 96                 | 115              |
| <i>of which: transport</i>                           | 2,422               | 2,506              | 2,762              | 3,124              | 3,106              | 3,955            |
| 5. Environment protection                            | 132                 | 236                | 302                | 301                | 284                | 342              |
| 6. Housing and community amenities                   | 570                 | 654                | 880                | 954                | 1,175              | 1,419            |
| 7. Health  | –                   | 58                 | 62                 | 43                 | 84                 | 100              |
| 8. Recreation, culture and religion                  | 621                 | 594                | 697                | 947                | 898                | 1,317            |
| 9. Education (includes training)                     | 2,614               | 3,271              | 3,618              | 4,034              | 4,077              | 4,842            |
| <i>of which: education</i>                           | 2,614               | 3,271              | 3,618              | 4,034              | 4,077              | 4,842            |
| 10. Social protection                                | 199                 | 202                | 221                | 341                | 279                | 342              |
| <b>Total England</b>                                 | <b>7,970</b>        | <b>9,223</b>       | <b>10,678</b>      | <b>12,068</b>      | <b>12,072</b>      | <b>14,963</b>    |
| <b>Scotland</b>                                      |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 92                  | 97                 | 133                | 162                | 243                | 345              |
| <i>of which: public and common services</i>          | 92                  | 97                 | 133                | 162                | 243                | 345              |
| 3. Public order and safety                           | 53                  | 66                 | 65                 | 51                 | 60                 | 82               |
| 4. Economic affairs                                  | 201                 | 254                | 316                | 382                | 500                | 588              |
| <i>of which: enterprise and economic development</i> | 15                  | 13                 | 20                 | 27                 | 23                 | 32               |
| <i>of which: agriculture, fisheries and forestry</i> | 16                  | 20                 | 24                 | 21                 | 29                 | 42               |
| <i>of which: transport</i>                           | 169                 | 221                | 271                | 334                | 448                | 514              |
| 5. Environment protection                            | 16                  | 18                 | 38                 | 53                 | 40                 | 56               |
| 6. Housing and community amenities                   | 66                  | 80                 | 144                | 130                | 121                | 128              |
| 8. Recreation, culture and religion                  | 76                  | 88                 | 109                | 110                | 127                | 181              |
| 9. Education (includes training)                     | 157                 | 172                | 199                | 310                | 403                | 483              |
| <i>of which: education</i>                           | 153                 | 163                | 191                | 292                | 392                | 461              |
| <i>of which: training</i>                            | 4                   | 9                  | 8                  | 18                 | 11                 | 22               |
| 10. Social protection                                | 30                  | 32                 | 33                 | 38                 | 50                 | 85               |
| <b>Total Scotland</b>                                | <b>691</b>          | <b>805</b>         | <b>1,037</b>       | <b>1,236</b>       | <b>1,545</b>       | <b>1,947</b>     |
| <b>Wales</b>   |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 37                  | 52                 | 51                 | 60                 | 79                 | 105              |
| <i>of which: public and common services</i>          | 37                  | 52                 | 51                 | 60                 | 79                 | 105              |
| 3. Public order and safety                           | 28                  | 39                 | 43                 | 41                 | 37                 | 53               |
| 4. Economic affairs                                  | 129                 | 146                | 171                | 241                | 249                | 233              |
| <i>of which: enterprise and economic development</i> | 18                  | 18                 | 26                 | 34                 | 30                 | 39               |
| <i>of which: agriculture, fisheries and forestry</i> | 5                   | 5                  | 8                  | 6                  | 9                  | 11               |
| <i>of which: transport</i>                           | 106                 | 123                | 138                | 200                | 211                | 183              |
| 5. Environment protection                            | 22                  | 25                 | 26                 | 37                 | 34                 | 46               |
| 6. Housing and community amenities                   | 158                 | 173                | 189                | 191                | 182                | 178              |
| 8. Recreation, culture and religion                  | 49                  | 71                 | 80                 | 76                 | 104                | 147              |
| 9. Education (includes training)                     | 97                  | 115                | 144                | 161                | 185                | 188              |
| <i>of which: education</i>                           | 97                  | 115                | 144                | 161                | 185                | 188              |
| 10. Social protection                                | 11                  | 14                 | 17                 | 20                 | 19                 | 23               |
| <b>Total Wales</b>                                   | <b>531</b>          | <b>635</b>         | <b>721</b>         | <b>827</b>         | <b>889</b>         | <b>973</b>       |
| <b>Total Great Britain</b>                           | <b>9,193</b>        | <b>10,662</b>      | <b>12,436</b>      | <b>14,131</b>      | <b>14,506</b>      | <b>17,883</b>    |



**Table 7.8 Local Authority gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2002–03 to 2007–08 (continued)**

|   | accruals, £ million |                    |                    |                    |                    |                  |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|   | National Statistics |                    |                    |                    |                    |                  |
|   | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>Northern Ireland</b>   |                     |                    |                    |                    |                    |                  |
| 4. Economic affairs   | 0                   | 3                  | 3                  | 1                  | 2                  | 8                |
| <i>of which: enterprise and economic development</i>                | 0                   | 3                  | 3                  | 1                  | 2                  | 8                |
| 5. Environment protection   | 8                   | 15                 | 13                 | 17                 | 15                 | 24               |
| 6. Housing and community amenities                                  | 14                  | 15                 | 15                 | 21                 | 27                 | 35               |
| 7. Health   | 2                   | 2                  | 1                  | 2                  | 2                  | 10               |
| 8. Recreation, culture and religion                                 | 15                  | 22                 | 32                 | 43                 | 56                 | 75               |
| <b>Total Northern Ireland</b>                                       | <b>40</b>           | <b>57</b>          | <b>64</b>          | <b>84</b>          | <b>102</b>         | <b>151</b>       |
| <b>Total United Kingdom</b>   | <b>9,233</b>        | <b>10,719</b>      | <b>12,501</b>      | <b>14,215</b>      | <b>14,608</b>      | <b>18,034</b>    |
| <b>Memorandum</b>   |                     |                    |                    |                    |                    |                  |
| United Kingdom gross capital expenditure, from above                | 9,233               | 10,719             | 12,501             | 14,215             | 14,608             | 18,034           |
| United Kingdom capital receipts (see table 7.9)                     | –1,546              | –1,818             | –1,703             | –1,766             | –2,158             | –2,241           |
| <b>Total Local Authorities' net capital expenditure on services</b> | <b>7,687</b>        | <b>8,901</b>       | <b>10,798</b>      | <b>12,449</b>      | <b>12,450</b>      | <b>15,793</b>    |
| Accounting adjustments  | 3,760               | 3,174              | 2,828              | 1,357              | 1,056              | –903             |
| <b>Total Local Authorities' net capital expenditure</b>             | <b>11,447</b>       | <b>12,075</b>      | <b>13,626</b>      | <b>13,806</b>      | <b>13,506</b>      | <b>14,890</b>    |

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

**Table 7.9 Local Authority expenditure on services capital receipts in the United Kingdom by country and function, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>England</b>                                       |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 315                 | 480                | 369                | 413                | 430                | 430              |
| <i>of which: public and common services</i>          | 315                 | 480                | 369                | 413                | 430                | 430              |
| 3. Public order and safety                           | 83                  | 97                 | 84                 | 103                | 125                | 125              |
| 4. Economic affairs                                  | 350                 | 350                | 452                | 376                | 412                | 412              |
| <i>of which: enterprise and economic development</i> | 234                 | 214                | 307                | 228                | 283                | 283              |
| <i>of which: employment policies</i>                 | –                   | 0                  | –                  | –                  | –                  | –                |
| <i>of which: agriculture, fisheries and forestry</i> | 49                  | 53                 | 45                 | 63                 | 65                 | 65               |
| <i>of which: transport</i>                           | 67                  | 82                 | 100                | 85                 | 63                 | 63               |
| 5. Environment protection                            | 11                  | 12                 | 12                 | 8                  | 38                 | 38               |
| 6. Housing and community amenities                   | 221                 | 324                | 196                | 239                | 294                | 294              |
| 8. Recreation, culture and religion                  | 83                  | 55                 | 41                 | 85                 | 97                 | 97               |
| 9. Education (includes training)                     | 225                 | 221                | 210                | 216                | 261                | 261              |
| <i>of which: education</i>                           | 225                 | 221                | 210                | 216                | 261                | 261              |
| 10. Social protection                                | 74                  | 74                 | 75                 | 84                 | 85                 | 85               |
| <b>Total England</b>                                 | <b>1,363</b>        | <b>1,613</b>       | <b>1,440</b>       | <b>1,524</b>       | <b>1,741</b>       | <b>1,741</b>     |
| <b>Scotland</b>                                      |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 58                  | 53                 | 92                 | 85                 | 179                | 234              |
| <i>of which: public and common services</i>          | 58                  | 53                 | 92                 | 85                 | 179                | 234              |
| 3. Public order and safety                           | 4                   | 5                  | 3                  | 5                  | 5                  | 3                |
| 4. Economic affairs                                  | 13                  | 27                 | 41                 | 13                 | 22                 | 35               |
| <i>of which: enterprise and economic development</i> | 11                  | 16                 | 7                  | 4                  | 16                 | 21               |
| <i>of which: agriculture, fisheries and forestry</i> | 0                   | 0                  | 1                  | 0                  | 0                  | 0                |
| <i>of which: transport</i>                           | 2                   | 10                 | 33                 | 8                  | 5                  | 14               |
| 5. Environment protection                            | 1                   | 2                  | 0                  | 0                  | 1                  | 1                |
| 6. Housing and community amenities                   | 6                   | 9                  | 6                  | 8                  | 3                  | 4                |
| 8. Recreation, culture and religion                  | 10                  | 4                  | 7                  | 4                  | 3                  | 4                |
| 9. Education (includes training)                     | 15                  | 13                 | 19                 | 17                 | 12                 | 26               |
| <i>of which: education</i>                           | 15                  | 11                 | 18                 | 9                  | 11                 | 22               |
| <i>of which: training</i>                            | 0                   | 2                  | 1                  | 8                  | 2                  | 5                |
| 10. Social protection                                | 10                  | 2                  | 4                  | 1                  | 2                  | 2                |
| <b>Total Scotland</b>                                | <b>116</b>          | <b>114</b>         | <b>174</b>         | <b>133</b>         | <b>226</b>         | <b>308</b>       |
| <b>Wales</b>   |                     |                    |                    |                    |                    |                  |
| 1. General public services                           | 15                  | 12                 | 11                 | 10                 | 68                 | 85               |
| <i>of which: public and common services</i>          | 15                  | 12                 | 11                 | 10                 | 68                 | 85               |
| 3. Public order and safety                           | 3                   | 2                  | 1                  | 1                  | 1                  | 7                |
| 4. Economic affairs                                  | 28                  | 3                  | 9                  | 16                 | 17                 | 21               |
| <i>of which: enterprise and economic development</i> | 25                  | 1                  | 5                  | 5                  | 11                 | 14               |
| <i>of which: agriculture, fisheries and forestry</i> | 3                   | 1                  | 3                  | 6                  | 6                  | 7                |
| <i>of which: transport</i>                           | 0                   | 1                  | 1                  | 5                  | 1                  | –                |
| 5. Environment protection                            | 0                   | 3                  | 0                  | 0                  | 0                  | 0                |
| 6. Housing and community amenities                   | 6                   | 26                 | 30                 | 43                 | 39                 | 47               |
| 8. Recreation, culture and religion                  | 1                   | 28                 | 6                  | 6                  | 9                  | 1                |
| 9. Education (includes training)                     | 7                   | 2                  | 10                 | 5                  | 6                  | 15               |
| <i>of which: education</i>                           | 7                   | 2                  | 10                 | 5                  | 6                  | 15               |
| 10. Social protection                                | 2                   | 1                  | 1                  | 0                  | 4                  | –                |
| <b>Total Wales</b>                                   | <b>63</b>           | <b>76</b>          | <b>69</b>          | <b>80</b>          | <b>144</b>         | <b>176</b>       |
| <b>Total Great Britain</b>                           | <b>1,541</b>        | <b>1,804</b>       | <b>1,684</b>       | <b>1,737</b>       | <b>2,111</b>       | <b>2,226</b>     |

**Table 7.9 Local Authority expenditure on services capital receipts in the United Kingdom by country and function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>Northern Ireland</b>                              |                     |                    |                    |                    |                    |                  |
| 4. Economic affairs                                  | –                   | 1                  | 2                  | 0                  | 0                  | 1                |
| <i>of which: enterprise and economic development</i> | –                   | 1                  | 2                  | 0                  | 0                  | 1                |
| 5. Environment protection                            | 1                   | 2                  | 5                  | 6                  | 4                  | 4                |
| 6. Housing and community amenities                   | 1                   | 3                  | 4                  | 6                  | 8                  | 2                |
| 7. Health  | 0                   | 0                  | 0                  | 0                  | 0                  | 0                |
| 8. Recreation, culture and religion                  | 3                   | 8                  | 8                  | 16                 | 34                 | 9                |
| <b>Total Northern Ireland</b>                        | <b>5</b>            | <b>15</b>          | <b>19</b>          | <b>29</b>          | <b>47</b>          | <b>15</b>        |
| <b>Total United Kingdom capital receipts</b>         | <b>1,546</b>        | <b>1,818</b>       | <b>1,703</b>       | <b>1,766</b>       | <b>2,158</b>       | <b>2,241</b>     |

**Table 7.10 Local Authority expenditure on services in the United Kingdom by country and economic category, 2002–03 to 2007–08<sup>(1)</sup>**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>England</b>   |                     |                    |                    |                    |                    |                  |
| Pay  | 44,107              | 48,749             | 51,922             | 55,091             | 57,793             | 60,199           |
| Other current expenditure on goods and services                | 18,777              | 22,546             | 24,185             | 25,358             | 26,011             | 27,102           |
| Subsidies  | 1,417               | 2,251              | 2,222              | 2,217              | 2,260              | 2,346            |
| Current grants to persons                                      | 11,583              | 11,584             | 12,362             | 13,217             | 14,230             | 15,084           |
| Capital expenditure on assets net of receipts                  | 6,393               | 7,327              | 8,730              | 9,940              | 9,468              | 12,138           |
| Capital grants   | 215                 | 283                | 508                | 605                | 863                | 1,084            |
| <b>Total England</b>   | <b>82,491</b>       | <b>92,739</b>      | <b>99,929</b>      | <b>106,427</b>     | <b>110,626</b>     | <b>117,953</b>   |
| <b>Scotland</b>  |                     |                    |                    |                    |                    |                  |
| Pay  | 4,804               | 5,425              | 5,906              | 6,470              | 6,610              | 6,936            |
| Other current expenditure on goods and services                | 2,944               | 3,031              | 3,105              | 3,264              | 3,285              | 3,261            |
| Subsidies  | 107                 | 82                 | 85                 | 91                 | 86                 | 108              |
| Current grants to persons                                      | 1,243               | 1,150              | 1,188              | 1,214              | 1,259              | 1,327            |
| Capital expenditure on assets net of receipts                  | 523                 | 618                | 763                | 1,040              | 1,249              | 1,579            |
| Capital grants   | 52                  | 72                 | 101                | 63                 | 69                 | 60               |
| <b>Total Scotland</b>  | <b>9,673</b>        | <b>10,379</b>      | <b>11,147</b>      | <b>12,141</b>      | <b>12,559</b>      | <b>13,271</b>    |
| <b>Wales</b>   |                     |                    |                    |                    |                    |                  |
| Pay  | 2,452               | 2,721              | 2,917              | 3,180              | 3,090              | 3,278            |
| Other current expenditure on goods and services                | 1,735               | 1,934              | 2,005              | 2,086              | 2,447              | 2,532            |
| Current grants to persons                                      | 578                 | 543                | 560                | 583                | 615                | 658              |
| Capital expenditure on assets net of receipts                  | 352                 | 435                | 521                | 636                | 629                | 698              |
| Capital grants   | 116                 | 123                | 131                | 111                | 116                | 99               |
| <b>Total Wales</b>   | <b>5,234</b>        | <b>5,757</b>       | <b>6,133</b>       | <b>6,596</b>       | <b>6,897</b>       | <b>7,266</b>     |
| <b>Great Britain</b>   |                     |                    |                    |                    |                    |                  |
| Pay  | 51,363              | 56,895             | 60,744             | 64,741             | 67,493             | 70,414           |
| Other current expenditure on goods and services                | 23,456              | 27,511             | 29,295             | 30,708             | 31,743             | 32,896           |
| Subsidies  | 1,523               | 2,333              | 2,307              | 2,308              | 2,346              | 2,454            |
| Current grants to persons                                      | 13,405              | 13,278             | 14,111             | 15,014             | 16,105             | 17,069           |
| Capital expenditure on assets net of receipts                  | 7,268               | 8,381              | 10,014             | 11,615             | 11,346             | 14,414           |
| Capital grants   | 383                 | 478                | 739                | 779                | 1,049              | 1,243            |
| <b>Total Great Britain</b>                                     | <b>97,399</b>       | <b>108,875</b>     | <b>117,209</b>     | <b>125,165</b>     | <b>130,081</b>     | <b>138,490</b>   |
| <b>Northern Ireland</b>  |                     |                    |                    |                    |                    |                  |
| Pay  | 176                 | 187                | 198                | 221                | 242                | 256              |
| Other current expenditure on goods and services                | 195                 | 183                | 199                | 208                | 167                | 216              |
| Capital expenditure on assets net of receipts                  | 36                  | 42                 | 45                 | 54                 | 56                 | 136              |
| <b>Total Northern Ireland</b>                                  | <b>406</b>          | <b>413</b>         | <b>443</b>         | <b>483</b>         | <b>464</b>         | <b>609</b>       |
| <b>United Kingdom</b>  |                     |                    |                    |                    |                    |                  |
| Pay  | 51,538              | 57,082             | 60,942             | 64,962             | 67,735             | 70,670           |
| Other current expenditure on goods and services                | 23,651              | 27,694             | 29,494             | 30,915             | 31,910             | 33,112           |
| Subsidies  | 1,523               | 2,333              | 2,307              | 2,308              | 2,346              | 2,454            |
| Current grants to persons                                      | 13,405              | 13,278             | 14,111             | 15,014             | 16,105             | 17,069           |
| Local Authority debt interest to private sector <sup>(2)</sup> | 266                 | 236                | 385                | 440                | 516                | 751              |
| Capital expenditure on assets net of receipts                  | 7,304               | 8,423              | 10,059             | 11,670             | 11,402             | 14,550           |
| Capital grants   | 383                 | 478                | 739                | 779                | 1,049              | 1,243            |
| <b>Total United Kingdom expenditure on services</b>            | <b>98,071</b>       | <b>109,524</b>     | <b>118,037</b>     | <b>126,088</b>     | <b>131,061</b>     | <b>139,849</b>   |
| Accounting adjustments   | 12,773              | 10,044             | 14,180             | 14,762             | 15,114             | 15,894           |
| <b>Total Local Authorities expenditure</b>                     | <b>110,844</b>      | <b>119,568</b>     | <b>132,217</b>     | <b>140,850</b>     | <b>146,175</b>     | <b>155,743</b>   |

(1) The Local Authority current expenditure figures for 2007–08 reflect Local Authority budgets data, as set at the beginning of 2007–08. 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 2008. 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.

# 8

## PUBLIC CORPORATIONS

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

**8.2** Outturn data in this chapter up to 2006-07 are National Statistics.

### What's new

**8.3** The ONS has classified Northern Rock to the public corporation sector from 9 October 2007. It scores as a public corporation of HM Treasury in PESA 2008.

**8.4** PESA 2008 shows the Pension Protection Fund as a public corporation of Work and Pensions. This body was created in 2005-06 and has previously been included as part of central government.

**8.5** The ONS recently classified Northern Ireland Water to the central government sector but it is shown as a public corporation in PESA 2008. The presentation of this body will be reviewed before the publication of PESA 2009.

**8.6** Control of the Patent Office has been transferred from Business, Enterprise and Regulatory Reform to Innovation, University and Skills.

### Definition of public corporations

**8.7** Public corporation is a term from National Accounts, which are based on the European System of Accounts (ESA95). The Office for National Statistics (ONS) therefore determines which bodies are public corporations. A body will be classified as a public corporation where:

- it is classified as a *market body*, that is a body that derives more than 50% of its production cost from the sale of goods or services at economically significant prices. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee, for example through quality testing;
- it is 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.

### The corporate control framework

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

- **strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments;

- **financial targets and performance aims.** Financial targets should be set and reviewed regularly. They vary in form, according to the circumstances of the body. The financial targets should be backed up by performance metrics, again to be reviewed on a regular basis. The nature of the metrics will depend on the nature of the business, but could include costs and standards of service;
- **investment appraisal and pricing principles.** Public corporations are required to include a suitable rate of return in their corporate plan. 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 will vary between corporations and is set individually by the sponsoring department with, where appropriate, the agreement of the Treasury. The process for assessing the rate of return is described in **Chapter 11** of the Consolidated Budgeting Guidance;
- **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, where appropriate, will monitor bodies' performance on a regular basis against all aspects of the controls described.

## Self financing public corporations

**8.9** 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.

**8.10** 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

**8.11** Where activities of a government department generate income from the supply of goods and services, those parts of the department 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.

**8.12** 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 therefore in PESA.

**8.13** Trading funds are not directly 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

**8.14** 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 8.1**;
- loans and public dividend capital (PDC) invested in the public corporation (capital DEL, or capital AME if an SFPC) – also included with net lending in **Table 8.1**;
- 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 recorded in the department's resource accounts. However, budgets would generally also include capital charges for those public corporations where the department has no investment in the public corporation (whether by way of loan or PDC).

**8.15** **Forest Enterprises and London and Continental Railways (LCR)** have a different budgeting treatment:

- resource DEL includes subsidies given to the public corporations, the public corporations' profit(-)/loss(+), and a capital charge/credit on the public corporations' net assets/liabilities; and
- 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.

**8.16** 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.

**8.17** When PCs are government departments in their own right as is the case for some trading funds, they will normally be assigned a parent department for budgeting purposes, and the budgetary scoring described above will apply, including the cost of capital charge.

**8.18** **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 8.1** and **8.3**, which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).

**8.19** Table 8.1 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 & LCR 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. Any loans between departments and their PCs that are written off by mutual consent will also be shown here.

**8.20** Table 8.2 shows the contributions of public corporations accountable to Ministers to departmental budgets, by department group.

## Public corporations in Total Managed Expenditure

**8.21** 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' stocks; and
- interest and dividends paid by public corporations to the private sector and abroad.

**8.22** TME is a consolidated measure of expenditure. 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, and purchases of goods and services from, public corporations are not consolidated out. Instead, these flows contribute to public corporations' gross trading surplus, an income item in the public sector's accounts.

**8.23** Grants and subsidies given by public corporations to the private sector and overseas, including debt write-offs by mutual consent, are imputed to general government expenditure in National Accounts, as grant-giving is not held to be a normal function of a commercial body.

**8.24** 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 D** for a full explanation of the accounting adjustments).

**8.25** Table 8.3 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 nor most public corporations under Local Authority control – their capital expenditure is included in the accounting adjustments. For each departmental group the table shows 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. Apart from the total line, this table 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, additional figures for estimated outturn and plan years.



**8.26** The increase in public corporation capital spending in TME in 2005-06 is a result of a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited transferring assets and liabilities to the Nuclear Decommissioning Authority. See **Appendix A** for further details.

## Sources of data and data quality

**8.27** Information on public corporations' contribution to budgets in **Tables 8.1** and **8.2** is supplied by departments. Most of the data reflect voted income and expenditure and should be of good quality. **Appendix A** has more information.

**8.28** 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 LCR); and the only appearance in a departmental publication will normally be within the regional expenditure tables in departmental reports. Information in **Table 8.3** may therefore not be as up to date as the information in the other tables in this chapter.

## Further Information

8.29 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<sup>1</sup> in *Sector classification for the National Accounts*.

<sup>1</sup> [http://www.statistics.gov.uk/downloads/theme\\_economy/MA23.xls](http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls)

**Table 8.1 Public corporations' contribution to budgets<sup>(1)</sup> and Total Managed Expenditure, 2002–03 to 2010–11**

|   | accruals, £ million |              |              |               |              |                      |               |              |              |
|---|---------------------|--------------|--------------|---------------|--------------|----------------------|---------------|--------------|--------------|
|   | National Statistics |              |              |               |              |                      |               |              |              |
|   | 2002–03             | 2003–04      | 2004–05      | 2005–06       | 2006–07      | 2007–08              | 2008–09       | 2009–10      | 2010–11      |
|   | outturn             | outturn      | outturn      | outturn       | outturn      | estimated<br>outturn | plans         | plans        | plans        |
| <b>Resource DEL</b>   |                     |              |              |               |              |                      |               |              |              |
| CG dividends from PCs (–)   | –13                 | –25          | –32          | –44           | –62          | –79                  | –92           | –98          | –101         |
| CG interest from PCs (–)  | –50                 | –50          | –61          | –64           | –69          | –206                 | –112          | –115         | –116         |
| Subsidies to PCs <sup>(1)</sup>   | 741                 | 1,676        | 757          | 812           | 870          | 1,518                | 1,459         | 1,145        | 1,077        |
| Loan write off – mutual consent   | –                   | –            | –            | 5             | –            | –                    | –             | –            | –            |
| Cost of capital charge of PCs   | 163                 | 189          | 172          | 164           | 166          | 155                  | 195           | 295          | 315          |
| Profit(–)/loss(+) of FE and LCR <sup>(2)</sup>                                  | 275                 | 362          | 401          | 330           | 312          | 265                  | 200           | –            | –            |
| <b>Total resource DEL</b>   | <b>1,116</b>        | <b>2,152</b> | <b>1,238</b> | <b>1,203</b>  | <b>1,217</b> | <b>1,653</b>         | <b>1,649</b>  | <b>1,227</b> | <b>1,175</b> |
| <b>Resource AME</b>   |                     |              |              |               |              |                      |               |              |              |
| CG dividends from PCs (–)   | –34                 | –30          | –44          | –53           | –83          | –62                  | –45           | –47          | –50          |
| CG interest from PCs (–)  | –12                 | –2           | –1           | –1            | –22          | –                    | –             | –            | –            |
| Subsidies to PCs <sup>(1)</sup>   | 2                   | 2            | 2            | 2             | 2            | 2                    | 2             | 2            | 2            |
| Cost of capital charge of PCs   | 182                 | 170          | 162          | 156           | 177          | 200                  | 197           | 202          | 208          |
| <b>Total resource AME</b>   | <b>137</b>          | <b>141</b>   | <b>119</b>   | <b>104</b>    | <b>74</b>    | <b>140</b>           | <b>155</b>    | <b>157</b>   | <b>160</b>   |
| <b>Total public corporations' contribution to resource budget<sup>(1)</sup></b> | <b>1,254</b>        | <b>2,293</b> | <b>1,357</b> | <b>1,307</b>  | <b>1,291</b> | <b>1,793</b>         | <b>1,804</b>  | <b>1,384</b> | <b>1,335</b> |
| <b>Capital DEL</b>  |                     |              |              |               |              |                      |               |              |              |
| CG investment grants to PCs   | 1,061               | 309          | 240          | 247           | 131          | 250                  | 143           | 167          | 217          |
| Capital expenditure by FE and LCR <sup>(2)</sup>                                | 979                 | 900          | 674          | 605           | 476          | 313                  | 2             | 1            | 1            |
| Net lending to PCs  | –50                 | –144         | –136         | –15           | –58          | 229                  | 377           | 304          | 243          |
| Market and overseas borrowing   | –                   | –            | –            | 4             | 17           | 16                   | 17            | 16           | 16           |
| <b>Total capital DEL</b>  | <b>1,990</b>        | <b>1,065</b> | <b>777</b>   | <b>840</b>    | <b>566</b>   | <b>808</b>           | <b>539</b>    | <b>489</b>   | <b>478</b>   |
| <b>Capital AME</b>  |                     |              |              |               |              |                      |               |              |              |
| Net lending to PCs <sup>(4)</sup>   | –50                 | 46           | 520          | –120          | –            | 517                  | 13,917        | –73          | 50           |
| <b>Total capital AME<sup>(4)</sup></b>  | <b>–50</b>          | <b>46</b>    | <b>520</b>   | <b>–120</b>   | <b>–</b>     | <b>517</b>           | <b>13,917</b> | <b>–73</b>   | <b>50</b>    |
| <b>Total public corporations' contribution to capital budget<sup>(4)</sup></b>  | <b>1,940</b>        | <b>1,110</b> | <b>1,297</b> | <b>720</b>    | <b>566</b>   | <b>1,325</b>         | <b>14,456</b> | <b>416</b>   | <b>528</b>   |
| <b>Other AME:</b>   |                     |              |              |               |              |                      |               |              |              |
| PC own-financed capital expenditure <sup>(3)</sup>                              | 3,334               | 2,448        | 2,946        | 5,261         | 5,354        | 4,683                | 5,160         | 5,573        | 5,670        |
| Accounting adjustments <sup>(1)</sup>   | –693                | –1,765       | –714         | 14,817        | –793         | –667                 | –15,000       | –1,100       | –1,100       |
| <b>Public corporations' expenditure in TME</b>                                  | <b>5,835</b>        | <b>4,086</b> | <b>4,886</b> | <b>22,106</b> | <b>6,418</b> | <b>7,135</b>         | <b>6,400</b>  | <b>6,300</b> | <b>6,400</b> |
| <i>of which:</i>  |                     |              |              |               |              |                      |               |              |              |
| PC current expenditure in TME   | 561                 | 528          | 600          | 505           | 510          | 487                  | 100           | –100         | –100         |
| PC gross investment in TME  | 5,274               | 3,558        | 4,286        | 21,601        | 5,908        | 6,648                | 6,300         | 6,400        | 6,500        |

(1) Data in this table differ from those shown for public corporations in Tables 1.15 and 2.4. 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 2.4. In Table 8.1 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 and London and Continental Railways have different budgeting rules such that the profit/loss scores in resource DEL and capital expenditure scores in capital DEL.

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

(4) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments.

**Table 8.2 Public corporations' contribution to budgets<sup>(1)</sup> by departmental group, 2002–03 to 2010–11**

|  | accruals, £ million |              |              |              |              |                   |               |              |              |
|--|---------------------|--------------|--------------|--------------|--------------|-------------------|---------------|--------------|--------------|
|  | National Statistics |              |              |              |              |                   |               |              |              |
|  | 2002–03             | 2003–04      | 2004–05      | 2005–06      | 2006–07      | 2007–08           | 2008–09       | 2009–10      | 2010–11      |
|  | outturn             | outturn      | outturn      | outturn      | outturn      | estimated outturn | plans         | plans        | plans        |
| <b>Resource DEL</b>  |                     |              |              |              |              |                   |               |              |              |
| Health   | 3                   | 3            | –            | –            | –            | –1                | 0             | 0            | 0            |
| Transport  | 221                 | 1,186        | 335          | 256          | 247          | 268               | 116           | 21           | 29           |
| Innovation, Universities and Skills  | 0                   | –3           | 0            | 0            | –3           | –2                | –             | –            | –            |
| Communities and Local Government   | 39                  | 37           | 40           | 22           | 19           | 23                | 19            | 19           | 18           |
| Home Office  | –3                  | –2           | –            | –            | –            | –                 | –1            | –4           | –4           |
| Defence  | 14                  | 14           | –4           | –7           | –26          | –20               | –6            | –28          | –30          |
| Foreign and Commonwealth Office  | 146                 | 157          | 164          | 181          | 183          | 188               | 188           | 193          | 189          |
| Business, Enterprise and Regulatory Reform                                     | 0                   | –5           | –2           | 5            | 77           | 461               | 305           | 166          | 151          |
| Environment, Food and Rural Affairs  | 116                 | 128          | 114          | 100          | 81           | 66                | 85            | 86           | 84           |
| Work and Pensions  | 113                 | 108          | 108          | 108          | 129          | 107               | 152           | 129          | 114          |
| Scotland   | 194                 | 224          | 211          | 243          | 234          | 227               | 262           | 286          | 310          |
| Wales  | 9                   | 10           | 13           | 13           | –19          | –21               | –             | –            | –            |
| Northern Ireland Executive   | 266                 | 295          | 258          | 280          | 294          | 356               | 529           | 360          | 313          |
| Chancellor's Departments   | –                   | –            | 0            | 1            | –            | –1                | –             | –            | –            |
| <b>Total resource DEL</b>  | <b>1,116</b>        | <b>2,152</b> | <b>1,238</b> | <b>1,203</b> | <b>1,217</b> | <b>1,653</b>      | <b>1,649</b>  | <b>1,227</b> | <b>1,175</b> |
| <b>Resource AME</b>  |                     |              |              |              |              |                   |               |              |              |
| Defence  | 14                  | 10           | 1            | –7           | –            | –                 | –             | –            | –            |
| International Development  | 50                  | 51           | 56           | 71           | 91           | 101               | 98            | 98           | 98           |
| Business, Enterprise and Regulatory Reform                                     | –6                  | –2           | –            | –            | –22          | –                 | –             | –            | –            |
| Chancellor's Departments   | 79                  | 81           | 62           | 39           | 5            | 39                | 57            | 60           | 62           |
| <b>Total resource AME</b>  | <b>137</b>          | <b>141</b>   | <b>119</b>   | <b>104</b>   | <b>74</b>    | <b>140</b>        | <b>155</b>    | <b>157</b>   | <b>160</b>   |
| <b>Total public corporations' contribution to resource budget</b>              | <b>1,254</b>        | <b>2,293</b> | <b>1,357</b> | <b>1,307</b> | <b>1,291</b> | <b>1,793</b>      | <b>1,804</b>  | <b>1,384</b> | <b>1,335</b> |
| <b>Capital DEL</b>   |                     |              |              |              |              |                   |               |              |              |
| Health   | 0                   | 3            | –            | –            | –            | –                 | –             | –            | –            |
| Transport  | 1,740               | 933          | 686          | 637          | 529          | 374               | 68            | 50           | 23           |
| Innovation, Universities and Skills  | 0                   | –30          | –30          | –40          | 0            | 0                 | –             | –            | –            |
| Communities and Local Government   | 75                  | 63           | 51           | 19           | 6            | 3                 | 0             | 2            | 0            |
| Home Office  | –2                  | 0            | –            | –            | –            | –                 | –             | –            | –            |
| Defence  | 5                   | –5           | –74          | –76          | –4           | –51               | 15            | –            | –            |
| Foreign and Commonwealth Office  | 6                   | 37           | 39           | 39           | 36           | 39                | 39            | 39           | 39           |
| International Development  | 17                  | 17           | 19           | 16           | 1            | –                 | –             | –            | –            |
| Business, Enterprise and Regulatory Reform                                     | 0                   | 36           | –18          | –18          | –1           | –5                | 7             | –4           | 2            |
| Environment, Food and Rural Affairs  | 14                  | 4            | –2           | –3           | 3            | 8                 | 11            | 12           | 10           |
| Culture, Media and Sport   | –                   | 0            | 0            | –            | –            | 0                 | –             | –            | –            |
| Work and Pensions  | 6                   | 7            | 7            | 3            | 5            | 5                 | –             | –            | –            |
| Scotland   | 144                 | 50           | 44           | 213          | 40           | 197               | 199           | 207          | 208          |
| Northern Ireland Executive   | –16                 | –52          | 47           | 52           | –46          | 238               | 200           | 182          | 197          |
| Chancellor's Departments   | –                   | –            | 8            | –2           | –3           | –                 | –             | –            | –            |
| Cabinet Office   | 2                   | 1            | –            | –            | –            | –                 | –             | –            | –            |
| <b>Total capital DEL</b>   | <b>1,990</b>        | <b>1,065</b> | <b>777</b>   | <b>840</b>   | <b>566</b>   | <b>808</b>        | <b>539</b>    | <b>489</b>   | <b>478</b>   |
| <b>Capital AME</b>   |                     |              |              |              |              |                   |               |              |              |
| Defence  | –50                 | –4           | –            | –            | –            | –                 | –             | –            | –            |
| Business, Enterprise and Regulatory Reform                                     | –                   | 50           | 520          | –120         | –            | 517               | –83           | –73          | 50           |
| Chancellor's Departments <sup>(2)</sup>  | –                   | –            | –            | –            | –            | –                 | 14,000        | #            | #            |
| <b>Total capital AME<sup>(2)</sup></b>   | <b>–50</b>          | <b>46</b>    | <b>520</b>   | <b>–120</b>  | <b>–</b>     | <b>517</b>        | <b>13,917</b> | <b>–73</b>   | <b>50</b>    |
| <b>Total public corporations' contribution to capital budget<sup>(2)</sup></b> | <b>1,940</b>        | <b>1,110</b> | <b>1,297</b> | <b>720</b>   | <b>566</b>   | <b>1,325</b>      | <b>14,456</b> | <b>416</b>   | <b>528</b>   |
| <b>Total public corporations' contribution to budgets<sup>(2)</sup></b>        | <b>3,194</b>        | <b>3,403</b> | <b>2,655</b> | <b>2,027</b> | <b>1,857</b> | <b>3,118</b>      | <b>16,259</b> | <b>1,800</b> | <b>1,863</b> |

(1) Data in this table differ from those shown for public corporations in Tables 1.15 and 2.4. 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 and 2.4. In Table 8.2 subsidies are shown as part of public corporations' contribution to resource budget.

(2) The HM Treasury loan to Northern Rock will be repaid by December 2010. The profile of these repayments will be updated in future PESA, Budget and Pre-Budget Report publications. The totals therefore exclude these repayments

Table 8.3 Public corporations' capital expenditure, 2002–03 to 2010–11

|  | accruals, £ million |                    |                    |                    |                    |                                 |                  |                  |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                                 |                  |                  |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>estimated<br>outturn | 2008–09<br>plans | 2009–10<br>plans | 2010–11<br>plans |
| <b>Health</b>  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Medicines and Healthcare Products<br>Regulatory Agency <sup>(T)(1)</sup> | 3                   | 5                  | –                  | –                  | –                  | –                               | –                | –                | –                |
| <b>Total Health</b>  | <b>3</b>            | <b>5</b>           | <b>–</b>           | <b>–</b>           | <b>–</b>           | <b>–</b>                        | <b>–</b>         | <b>–</b>         | <b>–</b>         |
| <b>Transport</b>   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Civil Aviation Authority   | 1                   | 2                  | 12                 | 8                  | #                  | #                               | #                | #                | #                |
| Driving Standards Agency <sup>(T)</sup>                                  | 6                   | 11                 | 7                  | 2                  | #                  | #                               | #                | #                | #                |
| London Continental Railways  | 963                 | 897                | 674                | 601                | 474                | 312                             | 5                | 4                | 4                |
| London Regional Transport <sup>(2)</sup>                                 | 439                 | 635                | –                  | –                  | –                  | –                               | –                | –                | –                |
| Network Rail <sup>(3)</sup>  | 1,822               | –                  | –                  | –                  | –                  | –                               | –                | –                | –                |
| Vehicle and Operator Services Agency <sup>(T)</sup>                      | 11                  | 11                 | 15                 | 15                 | #                  | #                               | #                | #                | #                |
| <b>Total Transport</b>   | <b>3,242</b>        | <b>1,557</b>       | <b>708</b>         | <b>627</b>         | <b>474</b>         | <b>312</b>                      | <b>5</b>         | <b>4</b>         | <b>4</b>         |
| <b>Communities and Local Government</b>                                  |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Fire Service College <sup>(T)</sup>                                      | 2                   | 4                  | –                  | 1                  | 1                  | 1                               | 2                | 2                | 2                |
| Housing Action Trusts <sup>(4)</sup>                                     | 34                  | 26                 | 15                 | 4                  | 4                  | 3                               | –                | –                | –                |
| Ordnance Survey <sup>(T)</sup>   | –                   | –                  | 14                 | 15                 | 14                 | 11                              | 38               | 15               | 4                |
| QEll Conference Centre <sup>(T)</sup>                                    | 0                   | 2                  | 1                  | 1                  | 0                  | 2                               | 1                | 1                | 1                |
| Housing Revenue Account  | 40                  | –53                | 813                | 2,341              | 2,728              | 2,970                           | 3,088            | 3,212            | 3,340            |
| <b>Total Communities and<br/>Local Government</b>                        | <b>76</b>           | <b>–20</b>         | <b>843</b>         | <b>2,361</b>       | <b>2,747</b>       | <b>2,987</b>                    | <b>3,129</b>     | <b>3,230</b>     | <b>3,348</b>     |
| <b>Home Office</b>   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Forensic Science Service <sup>(T)</sup>                                  | 10                  | 6                  | 6                  | 0                  | 4                  | #                               | #                | #                | #                |
| <b>Total Home Office</b>   | <b>10</b>           | <b>6</b>           | <b>6</b>           | <b>0</b>           | <b>4</b>           | <b>#</b>                        | <b>#</b>         | <b>#</b>         | <b>#</b>         |
| <b>Innovation, Universities and Skills</b>                               |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Patent Office <sup>(T)</sup>   | 1                   | 2                  | 2                  | 2                  | 4                  | 7                               | 2                | 4                | 2                |
| <b>Total Innovation, Universities<br/>and Skills</b>                     | <b>1</b>            | <b>2</b>           | <b>2</b>           | <b>2</b>           | <b>4</b>           | <b>7</b>                        | <b>2</b>         | <b>4</b>         | <b>2</b>         |
| <b>Justice</b>   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Land Registry <sup>(T)</sup>   | 21                  | 24                 | 29                 | 43                 | 51                 | 77                              | 53               | 42               | 23               |
| <b>Total Justice</b>   | <b>21</b>           | <b>24</b>          | <b>29</b>          | <b>43</b>          | <b>51</b>          | <b>77</b>                       | <b>53</b>        | <b>42</b>        | <b>23</b>        |
| <b>Defence</b>   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| Army Base Repair Organisation <sup>(T)</sup>                             | 3                   | –                  | 5                  | 4                  | 4                  | 4                               | 4                | 4                | 4                |
| Defence Aviation Repair Agency <sup>(T)</sup>                            | 7                   | 8                  | 12                 | 3                  | 3                  | 3                               | 3                | 3                | 3                |
| Defence Science and Technology<br>Laboratory <sup>(T)(5)</sup>           | 10                  | 9                  | 12                 | 12                 | 45                 | 41                              | 41               | 41               | 41               |
| Hydrographic Office <sup>(T)</sup>                                       | 4                   | 7                  | 7                  | 13                 | 14                 | 8                               | 8                | 8                | 8                |
| Meteorological Office <sup>(T)</sup>                                     | 49                  | 31                 | 21                 | 25                 | 34                 | 26                              | 26               | 26               | 26               |
| Navy, Army and Air Force Institute                                       | 4                   | 3                  | 3                  | 3                  | 3                  | 3                               | 3                | 3                | 3                |
| QinetiQ <sup>(5)(5)</sup>  | 67                  | 41                 | 64                 | 48                 | 48                 | 48                              | #                | #                | #                |
| <b>Total Defence</b>   | <b>143</b>          | <b>99</b>          | <b>124</b>         | <b>109</b>         | <b>150</b>         | <b>133</b>                      | <b>85</b>        | <b>85</b>        | <b>85</b>        |
| <b>Foreign and Commonwealth Office</b>                                   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| BBC World Service  | –                   | 31                 | 31                 | 31                 | 31                 | 21                              | 31               | 31               | 31               |
| British Council  | 11                  | 20                 | 15                 | 12                 | 11                 | 14                              | 8                | 8                | 8                |
| <b>Total Foreign and Commonwealth<br/>Office</b>                         | <b>11</b>           | <b>51</b>          | <b>46</b>          | <b>43</b>          | <b>42</b>          | <b>35</b>                       | <b>39</b>        | <b>39</b>        | <b>39</b>        |
| <b>International Development</b>   |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| CDC Group <sup>(5)</sup>   | –2                  | 4                  | –30                | 116                | 121                | *                               | *                | *                | *                |
| Actis <sup>(5)</sup>   | –                   | –                  | 4                  | 0                  | 2                  | *                               | *                | *                | *                |
| <b>Total International Development</b>                                   | <b>–2</b>           | <b>4</b>           | <b>–25</b>         | <b>117</b>         | <b>123</b>         | <b>*</b>                        | <b>*</b>         | <b>*</b>         | <b>*</b>         |
| <b>Business, Enterprise and Regulatory<br/>Reform</b>                    |                     |                    |                    |                    |                    |                                 |                  |                  |                  |
| British Energy   | 20                  | –171               | 28                 | 220                | 235                | *                               | *                | *                | *                |
| British Nuclear Fuels Limited <sup>(5)</sup>                             | 463                 | 307                | 289                | –260               | 26                 | *                               | *                | *                | *                |
| Companies House <sup>(T)</sup>   | 10                  | 7                  | 8                  | 12                 | 13                 | 1                               | 13               | 14               | 14               |
| Royal Mail Holdings <sup>(5)</sup>                                       | 163                 | 56                 | 132                | 170                | 235                | *                               | *                | *                | *                |
| <b>Total Business, Enterprise and<br/>Regulatory Reform</b>              | <b>656</b>          | <b>199</b>         | <b>457</b>         | <b>142</b>         | <b>509</b>         | <b>*</b>                        | <b>*</b>         | <b>*</b>         | <b>*</b>         |

Table 8.3 Public corporations' capital expenditure, 2002–03 to 2010–11 (continued)

|   | accruals, £ million |              |              |               |              |                   |              |              |              |  |
|---|---------------------|--------------|--------------|---------------|--------------|-------------------|--------------|--------------|--------------|--|
|   | National Statistics |              |              |               |              | 2007–08           | 2008–09      | 2009–10      | 2010–11      |  |
|   | 2002–03             | 2003–04      | 2004–05      | 2005–06       | 2006–07      | 2007–08           | 2008–09      | 2009–10      | 2010–11      |  |
|   | outturn             | outturn      | outturn      | outturn       | outturn      | estimated outturn | plans        | plans        | plans        |  |
| <b>Environment, Food and Rural Affairs</b>                        |                     |              |              |               |              |                   |              |              |              |  |
| British Waterways   | 18                  | 5            | –38          | –43           | –30          | –37               | –54          | –28          | –27          |  |
| Forest Enterprise   | 13                  | 3            | –2           | 1             | –4           | –1                | –4           | –4           | –4           |  |
| <b>Total Environment, Food and Rural Affairs</b>                  | <b>31</b>           | <b>8</b>     | <b>–40</b>   | <b>–42</b>    | <b>–34</b>   | <b>–37</b>        | <b>–58</b>   | <b>–32</b>   | <b>–31</b>   |  |
| <b>Culture, Media and Sport</b>                                   |                     |              |              |               |              |                   |              |              |              |  |
| Channel Four Television Corporation <sup>(5)</sup>                | 3                   | 3            | 7            | 5             | 12           | #                 | #            | #            | #            |  |
| Historic Royal Palaces Trust                                      | 1                   | –            | –            | 0             | #            | #                 | #            | #            | #            |  |
| Tote <sup>(5)</sup>   | 20                  | 20           | 20           | 24            | #            | #                 | #            | #            | #            |  |
| <b>Total Culture, Media and Sport</b>                             | <b>24</b>           | <b>23</b>    | <b>27</b>    | <b>30</b>     | <b>12</b>    | <b>#</b>          | <b>#</b>     | <b>#</b>     | <b>#</b>     |  |
| <b>Work and Pensions</b>  |                     |              |              |               |              |                   |              |              |              |  |
| Remploy   | 6                   | 7            | 10           | 3             | 3            | 9                 | 8            | 8            | 8            |  |
| Pension Protection Fund   | –                   | –            | –            | 0             | 2            | –                 | 1            | 1            | 1            |  |
| <b>Total Work and Pensions</b>                                    | <b>6</b>            | <b>7</b>     | <b>10</b>    | <b>4</b>      | <b>5</b>     | <b>9</b>          | <b>8</b>     | <b>9</b>     | <b>9</b>     |  |
| <b>Scotland</b>   |                     |              |              |               |              |                   |              |              |              |  |
| Caledonian MacBrayne  | 9                   | 4            | 8            | 9             | 10           | 6                 | 6            | 6            | 6            |  |
| Forest Enterprise   | 3                   | –1           | 2            | 3             | 6            | 1                 | 1            | 1            | 1            |  |
| Highlands and Islands Airports                                    | 9                   | 7            | 4            | 10            | 19           | 4                 | 4            | 4            | 4            |  |
| Housing Revenue Account   | 179                 | 119          | 42           | 96            | 178          | 223               | 232          | 241          | 251          |  |
| Scottish Water  | 241                 | 205          | 167          | 541           | 660          | 580               | 580          | 580          | 580          |  |
| <b>Total Scotland</b>   | <b>441</b>          | <b>336</b>   | <b>223</b>   | <b>658</b>    | <b>874</b>   | <b>813</b>        | <b>822</b>   | <b>831</b>   | <b>841</b>   |  |
| <b>Wales</b>  |                     |              |              |               |              |                   |              |              |              |  |
| Housing Revenue Account   | 10                  | –66          | –13          | 65            | 95           | 92                | 96           | 100          | 104          |  |
| <b>Total Wales</b>  | <b>10</b>           | <b>–66</b>   | <b>–13</b>   | <b>65</b>     | <b>95</b>    | <b>92</b>         | <b>96</b>    | <b>100</b>   | <b>104</b>   |  |
| <b>Northern Ireland Executive</b>                                 |                     |              |              |               |              |                   |              |              |              |  |
| Northern Ireland Driver and Vehicle Testing Agency <sup>(7)</sup> | 1                   | 1            | 1            | 1             | –            | 1                 | 2            | 2            | 2            |  |
| Northern Ireland Housing Executive                                | –49                 | –1           | 82           | 82            | 15           | 90                | 22           | 45           | 65           |  |
| Northern Ireland Public Trust Port Authority                      | –                   | –            | –            | 17            | 20           | 52                | 40           | 30           | 32           |  |
| Northern Ireland Transport Holding Company                        | 39                  | 28           | 5            | 4             | 34           | 82                | 51           | 65           | 89           |  |
| Northern Ireland Water  | –                   | –            | –            | –             | –            | –                 | 407          | 270          | 240          |  |
| <b>Total Northern Ireland Executive</b>                           | <b>–8</b>           | <b>27</b>    | <b>87</b>    | <b>104</b>    | <b>69</b>    | <b>225</b>        | <b>521</b>   | <b>412</b>   | <b>428</b>   |  |
| <b>Chancellor's Departments</b>                                   |                     |              |              |               |              |                   |              |              |              |  |
| Crown Estate <sup>(5)</sup>                                       | 32                  | 33           | 60           | 50            | 61           | *                 | *            | *            | *            |  |
| OGCbuying.solutions <sup>(7)</sup>                                | 0                   | 1            | 12           | #             | #            | #                 | #            | #            | #            |  |
| Royal Mint <sup>(5)(7)</sup>                                      | 4                   | 4            | 4            | #             | #            | #                 | #            | #            | #            |  |
| <b>Total Chancellor's Departments</b>                             | <b>37</b>           | <b>37</b>    | <b>76</b>    | <b>50</b>     | <b>61</b>    | <b>*</b>          | <b>*</b>     | <b>*</b>     | <b>*</b>     |  |
| <b>Local Government</b>   |                     |              |              |               |              |                   |              |              |              |  |
| London Underground Limited <sup>(2)</sup>                         | –                   | –            | 890          | 1,226         | 1,439        | *                 | *            | *            | *            |  |
| <b>Total Local Government</b>                                     | <b>–</b>            | <b>–</b>     | <b>890</b>   | <b>1,226</b>  | <b>1,439</b> | <b>*</b>          | <b>*</b>     | <b>*</b>     | <b>*</b>     |  |
| <b>Total public corporations' capital expenditure on services</b> |                     |              |              |               |              |                   |              |              |              |  |
|   | <b>4,702</b>        | <b>2,297</b> | <b>3,448</b> | <b>5,538</b>  | <b>6,625</b> | <b>6,955</b>      | <b>6,930</b> | <b>7,098</b> | <b>7,375</b> |  |
| Accounting adjustments  | 572                 | 1,261        | 838          | 16,063        | –717         | –307              | –700         | –700         | –900         |  |
| <b>Total public corporations' capital expenditure</b>             |                     |              |              |               |              |                   |              |              |              |  |
|   | <b>5,274</b>        | <b>3,558</b> | <b>4,286</b> | <b>21,601</b> | <b>5,908</b> | <b>6,648</b>      | <b>6,300</b> | <b>6,400</b> | <b>6,500</b> |  |

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

(7) 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 totals.

(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) 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.

(3) 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.

(4) Housing Action Trusts are central government bodies in National Accounts but treated as public corporations in PESA.

(5) 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.



**9.1** This chapter presents analyses of public expenditure by country and region (CRA). Data in this chapter for all years up to and including 2006-07 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; and
- the information in this chapter and chapter 10 was gathered in a separate data collection project during the winter of 2007-08. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters.

## What's new

**9.2** The functional analysis of UK public expenditure in PESA 2007 was largely presented against the UN Classifications of the Functions of Government (COFOG) definitions. Due to the earlier collection of data for the CRA exercise this was still shown against HM Treasury's previous functional classification. In PESA 2008 the CRA has followed suit and is now consistent with functional spending in the rest of PESA. The Treasury has published a document on its website<sup>1</sup> detailing these functional changes in full, but the main points are as follows:

- general public services – In the UN COFOG level 1 structure, general public services is larger than presented previously, as it includes international services and public sector debt interest that were shown separately in CRA 2007. These sub categories, along with public and common services (which equates to the CRA 2007 presentation of general public services), are shown in CRA 2008 in italics under the heading of general public services;
- economic affairs – In the UN COFOG level 1 structure, the CRA 2007 functions enterprise and economic development, science and technology, employment policies, transport, and agriculture, fisheries and forestry, are all part of a larger 'economic affairs' function. These CRA 2007 categories are shown in CRA 2008 in italics as a separate line under the heading of economic affairs; and
- education and training – The UN COFOG level 1 structure includes training with education. In previous presentations education was shown separately, so in CRA 2008 both education and training are shown in italics as separate categories under this level 1 category.

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<sup>1</sup> [http://www.hm-treasury.gov.uk/media/3/6/pesa2007\\_cofogsupplementarynote.pdf](http://www.hm-treasury.gov.uk/media/3/6/pesa2007_cofogsupplementarynote.pdf)

**9.3** The Ministry of Justice has overhauled its CRA methodology, which will affect the public order & safety functional allocation across all years in comparison to the CRA exercise 2007.

**9.4** Following a review of departmental data during summer 2007, the Department for Work and Pensions has reviewed their allocation method for administrative expenditure. This expenditure is now allocated according to the country or region of the programme expenditure, whereas previously it was allocated according to staff head count and caseload figures.

**9.5** There has been a change of method in the way mixed lottery awards are split between current and capital expenditure in plans. This has led to a change in the CRA methodology used to allocate lottery awards across countries and regions in all years.

**9.6** PESA 2008 now includes Network Rail's capital expenditure in 2002-03 within the CRA.

**9.7** Tables 9.18 to 9.20 in PESA 2007 are now published only on the Treasury's website, alongside the previously published supplementary tables.

## How public expenditure is planned and controlled

**9.8** 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 an 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.

**9.9** 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.

**9.10** 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

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

**9.11** In order to provide information on the split of expenditure by country and region, the Treasury asks the UK government departments and devolved administrations to undertake an annual statistical exercise. The exercise takes the devolved administration spending and the subset of departmental spending that can be identified as benefiting the population of individual regions. It asks departments and devolved administrations 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 Local Authorities to produce the analyses of public expenditure by country and region that are published in this chapter and in Departmental Reports.



**9.12** 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

**9.13** 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. For most spending the 'in' and 'for' bases would in practice offer the same result.

**9.14** 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; and
- 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.

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<sup>2</sup>) that 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

**9.15** 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 recognised 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; and

- 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, and tax collection.

**9.16** Where precise accounting data on the recipients' location are 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

**9.17** 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

**9.18** 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.

**9.19** The data cover central government, local government and public corporations. While most data are outturn, data for central government, local government and public corporations for 2007-08, and central government and public corporations for 2008-09 onwards are based on plans data. Data are on an accruals basis.

**9.20** The plans data includes some unallocated provision, which departments have not yet allocated to programmes of expenditure: £4.1bn in 2007-08. This means it is not possible to establish an accurate regional distribution for these 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 2007-08 onwards is slightly higher than earlier years as a result of including data that when allocated by departments could be identifiable by region.

**9.21** 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 2007 Pre-Budget Report, to allow departments and devolved administrations sufficient time to complete regional allocations. So these data predate the data used for the remaining PESA chapters, which are consistent with Budget 2008. 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 into account in the CRA.

<sup>2</sup> TME outturn are consistent with the joint ONS/HMT Monthly Public Sector Finance Statistics release of November 2007. TME plans are consistent with the Pre-Budget Report 2007.

**9.22** Information on spending by Local Authorities in the CRA is based on data supplied by CLG, DCSE, DWP and devolved administrations consistent with **Chapter 7**. English Local Authority functional spending is attributed to regions by HMT from information supplied by CLG. To note, for years 2002-03 & 2003-04, English Local Authority current functional spending is attributed to regions based on 2004-05 allocations because data for earlier years is not available.

## More information on methods

**9.23** 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>3</sup> on 5 April 2004 which discusses the "in" and "for" bases of allocating spending;
- the detailed guidance<sup>3</sup> issued to 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; and
- in the weeks after PESA publication, additional tables relating to the Country and Regional Analysis and the databases underlying the Country and Regional Analysis chapters will be published on the website.

## Data quality

**9.24** 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.

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

- the concept of who benefits is open to judgement;
- there are simplifying assumptions made in order to keep compliance costs down. For example, most devolved administration<sup>4</sup> and all 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, a public service pension spending is 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; and
- there is a de minimis limit before spending is apportioned.

<sup>3</sup> [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_cra/country\\_region.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_cra/country_region.cfm)

<sup>4</sup> Apart from Scottish Executive expenditure in connection with the Lockerbie trial and a small amount that can be determined to benefit other countries and regions

**9.26** Departments and the Treasury take steps to ensure that data is of high enough quality 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 encouraged to involve their statisticians in preparing their returns to the Treasury. The return is then signed off by a statistician, finance director, or a senior accountant in the department as being produced in accordance with the CRA guidance and where applicable he or she comments on data quality. Further details on specific areas of data quality in the CRA from these statements are available in **Appendix A**; and
- 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.

## THE TABLES

### Tables on expenditure for a country or region

**9.27** Most of the tables in this chapter provide a country and region analysis of identifiable spending for the period 2002-03 to 2007-08.

**9.28** **Table 9.1** shows total identifiable expenditure on services. **Table 9.2** shows it on a per head basis. **Table 9.3** shows it in real terms. **Table 9.4** shows it on a real terms per head basis.

**9.29** **Tables 9.5 to 9.10** give more detail of total identifiable spending, by broad function, and split on a capital and current basis.

**9.30** **Table 9.11** shows the sum of capital and current identifiable spending, by function on a per head basis. **Table 9.12** shows **Table 9.11** per head figures indexed relative to the UK totals.

**9.31** **Table 9.13** shows expenditure by Local Authorities. **Table 9.14** shows **Table 9.13** on a per head basis.

**9.32** **Table 9.15** is an equivalent tabulation for expenditure by central government and public corporations. **Table 9.16** shows **Table 9.15** on a per head basis. Central government includes the devolved administrations.

**9.33** **Table 9.17** 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 2006-07 only.

## Supplementary tables

**9.34** In the weeks following publication of PESA 2008, Treasury will publish supplementary country and regional tables on its website.

**9.35** Tables previously published within PESA 2007 (9.18 to 9.20) are now only provided on the Treasury website<sup>5</sup>.

**9.36** Table 9.20 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 outturn years and is published as a supplementary table on the Treasury website. Note that this table does not show total departmental pay costs in a region – only the total pay costs in non-identifiable expenditure.

<sup>5</sup> [http://www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/finance\\_spending\\_statistics/pes\\_cra/country\\_region.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/finance_spending_statistics/pes_cra/country_region.cfm)

Table 9.1 Total identifiable expenditure on services by country and region, 2002-03 to 2007-08

|                                       | accruals, £ million |                |                |                |                |                |            |                     |            |                     |            |            |            |            |            |            |            |            |
|---------------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|------------|---------------------|------------|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                       | National Statistics |                |                |                |                |                |            | National Statistics |            |                     |            |            |            |            |            |            |            |            |
|                                       | 2002-03             | 2003-04        | 2004-05        | 2005-06        | 2006-07        | 2007-08        | 2002-03    | 2003-04             | 2004-05    | 2005-06             | 2006-07    | 2007-08    | 2002-03    | 2003-04    | 2004-05    | 2005-06    | 2006-07    | 2007-08    |
| North East                            | 16,049              | 17,473         | 18,450         | 19,770         | 20,170         | 21,676         | 5          | 5                   | 5          | 5                   | 4          | 4          | 5          | 5          | 5          | 5          | 4          | 4          |
| North West                            | 41,128              | 44,582         | 47,664         | 50,477         | 53,153         | 56,889         | 12         | 12                  | 12         | 12                  | 12         | 12         | 12         | 12         | 12         | 12         | 12         | 12         |
| Yorkshire and Humberside              | 28,308              | 30,707         | 33,038         | 35,236         | 36,566         | 39,203         | 8          | 8                   | 8          | 8                   | 8          | 8          | 8          | 8          | 8          | 8          | 8          | 8          |
| East Midlands                         | 21,429              | 23,378         | 25,363         | 26,833         | 28,229         | 30,474         | 6          | 6                   | 6          | 6                   | 6          | 6          | 6          | 6          | 6          | 6          | 6          | 6          |
| West Midlands                         | 28,719              | 31,248         | 33,859         | 36,126         | 38,050         | 40,724         | 8          | 8                   | 8          | 8                   | 8          | 8          | 8          | 8          | 8          | 8          | 8          | 8          |
| Eastern                               | 25,959              | 28,583         | 30,692         | 32,741         | 34,632         | 37,099         | 7          | 8                   | 8          | 8                   | 8          | 8          | 8          | 8          | 8          | 8          | 8          | 8          |
| London                                | 48,357              | 54,062         | 57,224         | 61,624         | 64,229         | 68,936         | 14         | 14                  | 14         | 14                  | 14         | 14         | 14         | 14         | 14         | 14         | 14         | 14         |
| South East                            | 38,876              | 42,409         | 46,248         | 48,461         | 50,783         | 53,999         | 11         | 11                  | 11         | 11                  | 11         | 11         | 11         | 11         | 11         | 11         | 11         | 11         |
| South West                            | 25,371              | 28,059         | 30,264         | 31,930         | 33,373         | 36,004         | 7          | 7                   | 7          | 7                   | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          |
| <b>Total England</b>                  | <b>274,196</b>      | <b>300,501</b> | <b>322,802</b> | <b>343,247</b> | <b>359,184</b> | <b>385,005</b> | <b>79</b>  | <b>79</b>           | <b>79</b>  | <b>79</b>           | <b>79</b>  | <b>79</b>  | <b>79</b>  | <b>79</b>  | <b>79</b>  | <b>79</b>  | <b>79</b>  | <b>79</b>  |
| Scotland                              | 33,848              | 36,478         | 37,875         | 41,150         | 43,718         | 47,166         | 10         | 10                  | 9          | 9                   | 10         | 10         | 9          | 10         | 10         | 10         | 10         | 10         |
| Wales                                 | 19,023              | 20,356         | 21,553         | 23,027         | 24,237         | 25,555         | 5          | 5                   | 5          | 5                   | 5          | 5          | 5          | 5          | 5          | 5          | 5          | 5          |
| Northern Ireland                      | 12,618              | 13,397         | 14,185         | 14,954         | 15,658         | 17,236         | 4          | 4                   | 4          | 4                   | 4          | 4          | 3          | 3          | 3          | 3          | 3          | 4          |
| <b>UK identifiable expenditure</b>    | <b>339,685</b>      | <b>370,732</b> | <b>396,415</b> | <b>422,378</b> | <b>442,796</b> | <b>474,962</b> | <b>98</b>  | <b>98</b>           | <b>97</b>  | <b>97</b>           | <b>97</b>  | <b>97</b>  | <b>97</b>  | <b>97</b>  | <b>97</b>  | <b>97</b>  | <b>97</b>  | <b>97</b>  |
| Outside UK                            | 7,465               | 8,981          | 10,908         | 10,995         | 11,657         | 13,167         | 2          | 2                   | 3          | 3                   | 3          | 3          | 3          | 3          | 3          | 3          | 3          | 3          |
| <b>Total identifiable expenditure</b> | <b>347,150</b>      | <b>379,713</b> | <b>407,323</b> | <b>433,373</b> | <b>454,453</b> | <b>488,128</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> |
|                                       | accruals, £ million |                |                |                |                |                |            |                     |            |                     |            |            |            |            |            |            |            |            |
|                                       | National Statistics |                |                |                |                |                |            |                     |            | National Statistics |            |            |            |            |            |            |            |            |
|                                       | 2002-03             | 2003-04        | 2004-05        | 2005-06        | 2006-07        | 2007-08        | 2002-03    | 2003-04             | 2004-05    | 2005-06             | 2006-07    | 2007-08    | 2002-03    | 2003-04    | 2004-05    | 2005-06    | 2006-07    | 2007-08    |
| Identifiable expenditure              | 347,150             | 379,713        | 407,323        | 433,373        | 454,453        | 488,128        | 82         | 83                  | 83         | 83                  | 83         | 83         | 82         | 83         | 83         | 83         | 83         | 83         |
| Non-identifiable expenditure          | 56,461              | 59,120         | 62,911         | 66,105         | 69,593         | 79,117         | 13         | 13                  | 13         | 13                  | 13         | 13         | 13         | 13         | 13         | 13         | 13         | 13         |
| <b>Total Expenditure on Services</b>  | <b>403,611</b>      | <b>438,833</b> | <b>470,235</b> | <b>499,478</b> | <b>524,046</b> | <b>567,246</b> | <b>96</b>  | <b>96</b>           | <b>96</b>  | <b>96</b>           | <b>96</b>  | <b>96</b>  | <b>96</b>  | <b>96</b>  | <b>95</b>  | <b>95</b>  | <b>95</b>  | <b>96</b>  |
| Accounting adjustments                | 17,427              | 16,579         | 21,958         | 24,726         | 26,057         | 21,936         | 4          | 4                   | 4          | 4                   | 4          | 4          | 4          | 4          | 5          | 5          | 5          | 4          |
| <b>Total Managed Expenditure</b>      | <b>421,038</b>      | <b>455,412</b> | <b>492,193</b> | <b>524,204</b> | <b>550,103</b> | <b>589,182</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 9.2 Total identifiable expenditure on services by country and region per head, 2002–03 to 2007–08**

|                                    | accruals, £ per head |                    |                    |                    |                    |                  |                     |                    |                    |                    |                    |                  | Index (UK identifiable expenditure = 100) |                    |                    |                    |                    |                  |  |  |  |  |  |  |
|------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|------------------|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|---|--------------------|--------------------|--------------------|--------------------|------------------|--|--|--|--|--|--|
|                                    | National Statistics  |                    |                    |                    |                    |                  | National Statistics |                    |                    |                    |                    |                  | National Statistics                       |                    |                    |                    |                    |                  |  |  |  |  |  |  |
|                                    | 2002–03<br>outturn   | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans | 2002–03<br>outturn                        | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |  |  |  |  |  |  |
| North East                         | 6,316                | 6,875              | 7,258              | 7,754              | 7,892              | 8,505            | 110                 | 110                | 110                | 111                | 108                | 109              | 110                                       | 110                | 110                | 111                | 108                | 109              |  |  |  |  |  |  |
| North West                         | 6,068                | 6,556              | 6,989              | 7,380              | 7,756              | 8,247            | 106                 | 105                | 106                | 105                | 106                | 106              | 106                                       | 105                | 106                | 105                | 106                | 106              |  |  |  |  |  |  |
| Yorkshire and Humberside           | 5,660                | 6,108              | 6,524              | 6,899              | 7,111              | 7,590            | 99                  | 98                 | 98                 | 98                 | 97                 | 97               | 99  | 98                 | 98                 | 98                 | 97                 | 97               |  |  |  |  |  |  |
| East Midlands                      | 5,076                | 5,495              | 5,910              | 6,212              | 6,468              | 6,936            | 89                  | 88                 | 89                 | 89                 | 89                 | 89               | 89  | 88                 | 89                 | 89                 | 89                 | 89               |  |  |  |  |  |  |
| West Midlands                      | 5,424                | 5,883              | 6,356              | 6,752              | 7,090              | 7,555            | 95                  | 95                 | 96                 | 96                 | 97                 | 97               | 95  | 95                 | 96                 | 96                 | 97                 | 97               |  |  |  |  |  |  |
| Eastern                            | 4,778                | 5,221              | 5,569              | 5,885              | 6,177              | 6,555            | 83                  | 84                 | 84                 | 84                 | 84                 | 84               | 83  | 84                 | 84                 | 84                 | 85                 | 84               |  |  |  |  |  |  |
| London                             | 6,569                | 7,341              | 7,744              | 8,265              | 8,550              | 9,099            | 115                 | 118                | 117                | 118                | 117                | 117              | 115                                       | 118                | 117                | 118                | 117                | 117              |  |  |  |  |  |  |
| South East                         | 4,831                | 5,244              | 5,692              | 5,921              | 6,165              | 6,512            | 84                  | 84                 | 86                 | 84                 | 84                 | 84               | 84  | 84                 | 86                 | 84                 | 84                 | 84               |  |  |  |  |  |  |
| South West                         | 5,101                | 5,606              | 6,003              | 6,277              | 6,513              | 6,962            | 89                  | 90                 | 91                 | 90                 | 89                 | 89               | 89  | 90                 | 91                 | 90                 | 89                 | 89               |  |  |  |  |  |  |
| <b>England</b>                     | <b>5,522</b>         | <b>6,026</b>       | <b>6,442</b>       | <b>6,802</b>       | <b>7,076</b>       | <b>7,535</b>     | <b>96</b>           | <b>97</b>          | <b>97</b>          | <b>97</b>          | <b>97</b>          | <b>97</b>        | <b>96</b>                                 | <b>97</b>          | <b>97</b>          | <b>97</b>          | <b>97</b>          | <b>97</b>        |  |  |  |  |  |  |
| Scotland                           | 6,696                | 7,213              | 7,458              | 8,077              | 8,544              | 9,179            | 117                 | 116                | 113                | 115                | 117                | 118              | 117                                       | 116                | 113                | 115                | 117                | 118              |  |  |  |  |  |  |
| Wales                              | 6,515                | 6,945              | 7,315              | 7,796              | 8,172              | 8,577            | 114                 | 112                | 110                | 111                | 112                | 110              | 114                                       | 112                | 110                | 111                | 112                | 110              |  |  |  |  |  |  |
| Northern Ireland                   | 7,437                | 7,868              | 8,294              | 8,672              | 8,990              | 9,789            | 130                 | 126                | 125                | 124                | 123                | 126              | 130                                       | 126                | 125                | 124                | 123                | 126              |  |  |  |  |  |  |
| <b>UK identifiable expenditure</b> | <b>5,726</b>         | <b>6,225</b>       | <b>6,624</b>       | <b>7,012</b>       | <b>7,308</b>       | <b>7,790</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 9.3 Total identifiable expenditure on services by country and region in real terms<sup>(1)</sup>, 2002–03 to 2007–08**

|                                       | accruals, £ million |                |                |                |                |                |
|---------------------------------------|---------------------|----------------|----------------|----------------|----------------|----------------|
|                                       | National Statistics |                |                |                |                |                |
|                                       | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        |
|                                       | outturn             | outturn        | outturn        | outturn        | outturn        | plans          |
| North East                            | 17,811              | 18,846         | 19,365         | 20,312         | 20,170         | 21,004         |
| North West                            | 45,644              | 48,084         | 50,026         | 51,862         | 53,153         | 55,125         |
| Yorkshire and Humberside              | 31,417              | 33,120         | 34,676         | 36,203         | 36,566         | 37,987         |
| East Midlands                         | 23,782              | 25,215         | 26,620         | 27,620         | 28,229         | 29,529         |
| West Midlands                         | 31,873              | 33,703         | 35,537         | 37,117         | 38,050         | 39,461         |
| Eastern                               | 28,809              | 30,828         | 32,214         | 33,639         | 34,632         | 35,949         |
| London                                | 53,667              | 58,309         | 60,061         | 63,316         | 64,229         | 66,799         |
| South East                            | 43,145              | 45,741         | 48,540         | 49,791         | 50,783         | 52,325         |
| South West                            | 28,157              | 30,264         | 31,764         | 32,806         | 33,373         | 34,888         |
| <b>England</b>                        | <b>304,307</b>      | <b>324,110</b> | <b>338,804</b> | <b>352,666</b> | <b>359,184</b> | <b>373,067</b> |
| Scotland                              | 37,565              | 39,344         | 39,753         | 42,279         | 43,718         | 45,704         |
| Wales                                 | 21,112              | 21,956         | 22,621         | 23,659         | 24,237         | 24,763         |
| Northern Ireland                      | 14,003              | 14,449         | 14,889         | 15,364         | 15,658         | 16,701         |
| <b>UK identifiable expenditure</b>    | <b>376,987</b>      | <b>399,858</b> | <b>416,066</b> | <b>433,969</b> | <b>442,796</b> | <b>460,234</b> |
| Outside UK                            | 8,285               | 9,686          | 11,449         | 11,297         | 11,657         | 12,758         |
| <b>Total identifiable expenditure</b> | <b>385,273</b>      | <b>409,544</b> | <b>427,515</b> | <b>445,266</b> | <b>454,453</b> | <b>472,993</b> |
| Non-Identifiable expenditure          | 62,662              | 63,765         | 66,030         | 67,919         | 69,593         | 76,664         |
| <b>Total Expenditure on Services</b>  | <b>447,935</b>      | <b>473,309</b> | <b>493,545</b> | <b>513,185</b> | <b>524,046</b> | <b>549,657</b> |
| Accounting adjustments                | 19,340              | 17,881         | 23,047         | 25,405         | 26,057         | 21,256         |
| <b>Total Managed Expenditure</b>      | <b>467,275</b>      | <b>491,190</b> | <b>516,592</b> | <b>538,590</b> | <b>550,103</b> | <b>570,913</b> |

(1) 2006-07 prices.

**Table 9.4 Total identifiable expenditure on services by country and region per head in real terms<sup>(1)</sup>, 2002–03 to 2007–08**

|                                    | accruals, £ per head |              |              |              |              |              |
|------------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|
|                                    | National Statistics  |              |              |              |              |              |
|                                    | 2002–03              | 2003–04      | 2004–05      | 2005–06      | 2006–07      | 2007–08      |
|                                    | outturn              | outturn      | outturn      | outturn      | outturn      | plans        |
| North East                         | 7,010                | 7,415        | 7,617        | 7,967        | 7,892        | 8,242        |
| North West                         | 6,734                | 7,071        | 7,336        | 7,582        | 7,756        | 7,991        |
| Yorkshire and Humberside           | 6,281                | 6,588        | 6,848        | 7,088        | 7,111        | 7,355        |
| East Midlands                      | 5,633                | 5,927        | 6,203        | 6,382        | 6,468        | 6,721        |
| West Midlands                      | 6,019                | 6,345        | 6,671        | 6,937        | 7,090        | 7,321        |
| Eastern                            | 5,303                | 5,631        | 5,845        | 6,047        | 6,177        | 6,352        |
| London                             | 7,290                | 7,918        | 8,128        | 8,492        | 8,550        | 8,817        |
| South East                         | 5,362                | 5,656        | 5,974        | 6,083        | 6,165        | 6,310        |
| South West                         | 5,662                | 6,047        | 6,300        | 6,449        | 6,513        | 6,746        |
| <b>England</b>                     | <b>6,129</b>         | <b>6,500</b> | <b>6,761</b> | <b>6,988</b> | <b>7,076</b> | <b>7,302</b> |
| Scotland                           | 7,431                | 7,779        | 7,828        | 8,299        | 8,544        | 8,894        |
| Wales                              | 7,231                | 7,490        | 7,677        | 8,010        | 8,172        | 8,311        |
| Northern Ireland                   | 8,254                | 8,486        | 8,705        | 8,910        | 8,990        | 9,485        |
| <b>UK identifiable expenditure</b> | <b>6,355</b>         | <b>6,714</b> | <b>6,952</b> | <b>7,204</b> | <b>7,308</b> | <b>7,548</b> |

(1) 2006-07 prices.



Table 9.5a Identifiable current expenditure on services by function, country and region, 2002–03

| Function                                      |  | National Statistics        |                                      |                                  |                                       |               |                            |                     |   |                                  |                               |   |                     |                           |                                    |               |                                     | accruals, £ million |                                  |                     |                    |                       |                 |                               |
|---|--|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------|-------------------------------------|---------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|
|   |  | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health     | 8. Recreation, culture and religion |                     | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |
| North East                                    |  | 214                        | 205                                  | 9                                | –                                     | 1             | 907                        | 888                 | 301   | 34                               | 162                           | 180   | 211                 | 222                       | 113                                | 2,911         | 223                                 | 2,250               | 2,167                            | 83                  | 7,273              | –                     | 15,002          |                               |
| North West                                    |  | 506                        | 483                                  | 23                               | –                                     | 3             | 2,598                      | 2,008               | 354   | 110                              | 379                           | 418   | 747                 | 697                       | 311                                | 7,742         | 448                                 | 5,811               | 5,606                            | 205                 | 18,167             | –                     | 38,290          |                               |
| Yorkshire and Humberside                      |  | 307                        | 291                                  | 16                               | –                                     | 3             | 1,682                      | 1,735               | 540   | 72                               | 270                           | 430   | 422                 | 400                       | 193                                | 5,205         | 377                                 | 4,183               | 4,044                            | 139                 | 12,485             | –                     | 26,570          |                               |
| East Midlands                                 |  | 276                        | 263                                  | 13                               | –                                     | 2             | 1,225                      | 1,337               | 312   | 63                               | 170                           | 396   | 395                 | 338                       | 142                                | 3,806         | 290                                 | 3,372               | 3,257                            | 115                 | 9,356              | –                     | 20,145          |                               |
| West Midlands                                 |  | 388                        | 371                                  | 17                               | –                                     | 2             | 1,693                      | 1,489               | 285   | 76                               | 286                           | 330   | 513                 | 387                       | 177                                | 5,299         | 333                                 | 4,465               | 4,295                            | 170                 | 12,665             | –                     | 26,900          |                               |
| Eastern                                       |  | 381                        | 364                                  | 17                               | –                                     | 4             | 1,406                      | 1,339               | 153   | 205                              | 179                           | 401   | 401                 | 451                       | 146                                | 5,163         | 316                                 | 4,041               | 3,835                            | 207                 | 11,288             | –                     | 24,534          |                               |
| London  |  | 708                        | 685                                  | 23                               | –                                     | 5             | 4,529                      | 2,979               | 543   | 186                              | 446                           | 249   | 1,554               | 611                       | 556                                | 8,989         | 723                                 | 7,170               | 6,941                            | 229                 | 18,108             | –                     | 44,377          |                               |
| South East                                    |  | 554                        | 529                                  | 25                               | –                                     | 5             | 2,345                      | 1,705               | 206   | 288                              | 228                           | 397   | 587                 | 747                       | 279                                | 7,699         | 500                                 | 6,010               | 5,815                            | 196                 | 15,973             | –                     | 35,817          |                               |
| South West                                    |  | 377                        | 360                                  | 16                               | –                                     | 12            | 1,343                      | 1,546               | 196   | 77                               | 166                           | 712   | 395                 | 506                       | 153                                | 4,790         | 327                                 | 3,664               | 3,534                            | 130                 | 11,147             | –                     | 23,865          |                               |
| <b>England</b>                                |  | <b>3,711</b>               | <b>3,552</b>                         | <b>160</b>                       | –                                     | <b>37</b>     | <b>17,728</b>              | <b>15,027</b>       | <b>2,890</b>                                  | <b>1,110</b>                     | <b>2,287</b>                  | <b>3,514</b>                                  | <b>5,225</b>        | <b>4,359</b>              | <b>2,070</b>                       | <b>51,604</b> | <b>3,537</b>                        | <b>40,968</b>       | <b>39,494</b>                    | <b>1,474</b>        | <b>116,462</b>     | –                     | <b>255,501</b>  |                               |
| Scotland                                      |  | 673                        | 657                                  | 16                               | –                                     | 6             | 1,522                      | 2,532               | 693   | 141                              | 244                           | 544   | 909                 | 624                       | 348                                | 6,215         | 638                                 | 5,151               | 5,000                            | 151                 | 13,381             | –                     | 31,091          |                               |
| Wales   |  | 404                        | 395                                  | 9                                | –                                     | 2             | 997                        | 1,489               | 585   | 34                               | 112                           | 282   | 476                 | 277                       | 58                                 | 3,341         | 378                                 | 2,813               | 2,741                            | 72                  | 8,006              | –                     | 17,765          |                               |
| Northern Ireland                              |  | 306                        | 301                                  | 5                                | –                                     | –             | 1,114                      | 1,012               | 221   | 56                               | 203                           | 334   | 199                 | 126                       | 430                                | 1,972         | 249                                 | 1,905               | 1,896                            | 9                   | 4,689              | –                     | 11,805          |                               |
| <b>UK current identifiable expenditure</b>    |  | <b>5,094</b>               | <b>4,905</b>                         | <b>189</b>                       | –                                     | <b>44</b>     | <b>21,360</b>              | <b>20,060</b>       | <b>4,389</b>                                  | <b>1,341</b>                     | <b>2,846</b>                  | <b>4,674</b>                                  | <b>6,809</b>        | <b>5,386</b>              | <b>2,907</b>                       | <b>63,133</b> | <b>4,802</b>                        | <b>50,836</b>       | <b>49,131</b>                    | <b>1,706</b>        | <b>142,539</b>     | –                     | <b>316,162</b>  |                               |
| Outside the UK                                |  | 3,096                      | 0                                    | 3,096                            | –                                     | 4             | –                          | 223                 | 24  | 185                              | 10                            | –   | 4                   | 2                         | –                                  | 267           | 110                                 | 24                  | 24                               | –                   | 1,930              | 1,539                 | 7,195           |                               |
| <b>Total current identifiable expenditure</b> |  | <b>8,191</b>               | <b>4,905</b>                         | <b>3,286</b>                     | –                                     | <b>48</b>     | <b>21,360</b>              | <b>20,283</b>       | <b>4,413</b>                                  | <b>1,527</b>                     | <b>2,856</b>                  | <b>4,674</b>                                  | <b>6,813</b>        | <b>5,389</b>              | <b>2,907</b>                       | <b>63,401</b> | <b>4,911</b>                        | <b>50,860</b>       | <b>49,155</b>                    | <b>1,706</b>        | <b>144,468</b>     | <b>1,539</b>          | <b>323,357</b>  |                               |
| Non-identifiable spending                     |  | 26,902                     | 4,176                                | 987                              | 21,739                                | 25,920        | 1,562                      | 668                 | 93  | 447                              | –                             | –   | 128                 | –                         | –                                  | –             | 2,971                               | –                   | –                                | –                   | –                  | –                     | –               | 54,598                        |
| <b>Total current expenditure on services</b>  |  | <b>35,092</b>              | <b>9,080</b>                         | <b>4,273</b>                     | <b>21,739</b>                         | <b>25,968</b> | <b>22,922</b>              | <b>20,951</b>       | <b>4,506</b>                                  | <b>1,973</b>                     | <b>2,856</b>                  | <b>4,674</b>                                  | <b>6,942</b>        | <b>5,389</b>              | <b>2,907</b>                       | <b>63,401</b> | <b>7,882</b>                        | <b>50,860</b>       | <b>49,155</b>                    | <b>1,706</b>        | <b>144,468</b>     | <b>–1,885</b>         | <b>377,955</b>  |                               |

Table 9.5b Identifiable capital expenditure on services by function, country and region, 2002–03

| Country/<br>Region                            | Function | National Statistics  |                                  |                                       |            |                            |  |                                  |                               |   |                     |  |                          |            | accruals, £ million                 |                                  |                     |                    |                       |                 |                               |            |            |       |               |
|---|----------|--|----------------------------------|---------------------------------------|------------|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|--|--------------------------|------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|------------|------------|-------|---------------|
|   |          | 1. General public services<br>of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection<br>amenities | 6. Housing and community | 7. Health  | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |            |            |       |               |
| North East                                    |          | 32   | 31                               | 1                                     | –          | –                          | 50   | 365                              | 76                            | 8   | 8                   | 4                                      | 4                        | 6          | 270                                 | 29                               | 69                  | 118                | 92                    | 233             | 226                           | 7          | 59         | –     | 1,047         |
| North West                                    |          | 8  | 6                                | 2                                     | –          | –                          | 162  | 1,322                            | 425                           | 24  | 10                  | 10                                     | 20                       | 844        | 85                                  | 300                              | 268                 | 144                | 457                   | 429             | 28                            | 92         | –          | 2,838 |               |
| Yorkshire and Humberside                      |          | 44   | 44                               | 1                                     | –          | –                          | 107  | 593                              | 57                            | 23  | 6                   | 6                                      | 18                       | 489        | 58                                  | 151                              | 197                 | 115                | 392                   | 379             | 13                            | 81         | –          | 1,739 |               |
| East Midlands                                 |          | 47   | 47                               | 0                                     | –          | –                          | 69   | 499                              | 46                            | 18  | 4                   | 4                                      | 5                        | 426        | 34                                  | 75                               | 173                 | 91                 | 265                   | 257             | 9                             | 30         | –          | 1,284 |               |
| West Midlands                                 |          | 67   | 67                               | 1                                     | –          | –                          | 97   | 706                              | 85                            | 18  | 7                   | 7                                      | 7                        | 588        | 44                                  | 95                               | 264                 | 133                | 361                   | 347             | 14                            | 52         | –          | 1,819 |               |
| Eastern                                       |          | 45   | 45                               | 0                                     | –          | –                          | 59   | 711                              | 53                            | 42  | 4                   | 4                                      | 9                        | 603        | 40                                  | –85                              | 191                 | 102                | 326                   | 310             | 16                            | 36         | –          | 1,425 |               |
| London  |          | –48  | –48                              | 0                                     | –          | –                          | 261  | 1,965                            | 205                           | 68  | 8                   | 8                                      | 26                       | 1,658      | 41                                  | 613                              | 353                 | 168                | 500                   | 486             | 14                            | 127        | –          | 3,980 |               |
| South East                                    |          | 103  | 103                              | 0                                     | –          | –                          | 129  | 1,507                            | 56                            | 61  | 6                   | 6                                      | 17                       | 1,365      | 64                                  | 110                              | 368                 | 162                | 556                   | 520             | 36                            | 61         | –          | 3,058 |               |
| South West                                    |          | 58   | 57                               | 1                                     | –          | –                          | 85   | 630                              | 93                            | 22  | 4                   | 4                                      | 25                       | 486        | 43                                  | 88                               | 168                 | 99                 | 309                   | 296             | 13                            | 28         | –          | 1,506 |               |
| <b>England</b>                                |          | <b>357</b>   | <b>350</b>                       | <b>7</b>                              | –          | –                          | <b>1,019</b>   | <b>8,297</b>                     | <b>1,097</b>                  | <b>284</b>                                    | <b>66</b>           | <b>66</b>                              | <b>54</b>                | <b>132</b> | <b>6,730</b>                        | <b>439</b>                       | <b>1,416</b>        | <b>2,099</b>       | <b>1,106</b>          | <b>3,398</b>    | <b>3,249</b>                  | <b>149</b> | <b>565</b> | –     | <b>18,695</b> |
| Scotland                                      |          | 151  | 151                              | –                                     | –          | –                          | 117  | 653                              | 79                            | 28  | 8                   | 8                                      | 36                       | 503        | 43                                  | 916                              | 475                 | 123                | 216                   | 209             | 7                             | 63         | –          | 2,757 |               |
| Wales   |          | 29   | 29                               | –                                     | –          | –                          | 69   | 539                              | 211                           | 6   | 4                   | 4                                      | 11                       | 306        | 27                                  | 229                              | 127                 | 86                 | 122                   | 122             | –                             | 31         | –          | 1,258 |               |
| Northern Ireland                              |          | 60   | 60                               | –                                     | –          | –                          | 62   | 220                              | 86                            | 6   | 0                   | 0                                      | 19                       | 110        | 13                                  | 164                              | 104                 | 31                 | 134                   | 134             | –                             | 25         | –          | 813   |               |
| <b>UK capital identifiable expenditure</b>    |          | <b>597</b>   | <b>590</b>                       | <b>7</b>                              | –          | –                          | <b>1,266</b>   | <b>9,709</b>                     | <b>1,472</b>                  | <b>324</b>                                    | <b>66</b>           | <b>66</b>                              | <b>66</b>                | <b>198</b> | <b>7,649</b>                        | <b>521</b>                       | <b>2,725</b>        | <b>2,804</b>       | <b>1,347</b>          | <b>3,870</b>    | <b>3,714</b>                  | <b>156</b> | <b>684</b> | –     | <b>23,523</b> |
| Outside the UK                                |          | 68   | –                                | 68                                    | –          | –                          | –  | 204                              | 1                             | 0   | –                   | –                                      | –                        | 203        | –                                   | –                                | –                   | 1                  | –4                    | 1               | 1                             | –          | 0          | –     | 270           |
| <b>Total capital identifiable expenditure</b> |          | <b>665</b>   | <b>590</b>                       | <b>75</b>                             | –          | –                          | <b>1,266</b>   | <b>9,913</b>                     | <b>1,473</b>                  | <b>324</b>                                    | <b>66</b>           | <b>66</b>                              | <b>66</b>                | <b>198</b> | <b>7,851</b>                        | <b>521</b>                       | <b>2,725</b>        | <b>2,806</b>       | <b>1,343</b>          | <b>3,871</b>    | <b>3,715</b>                  | <b>156</b> | <b>684</b> | –     | <b>23,793</b> |
| Non-identifiable spending                     |          | 470  | 362                              | 107                                   | –          | 1,103                      | 29   | 149                              | 52                            | 80  | –                   | –                                      | –                        | 17         | –                                   | –                                | –                   | –                  | 112                   | –               | –                             | –          | –          | –     | 1,863         |
| <b>Total capital expenditure on services</b>  |          | <b>1,135</b>   | <b>953</b>                       | <b>182</b>                            | –          | <b>1,103</b>               | <b>1,295</b>   | <b>10,062</b>                    | <b>1,525</b>                  | <b>404</b>                                    | <b>66</b>           | <b>66</b>                              | <b>66</b>                | <b>198</b> | <b>7,868</b>                        | <b>521</b>                       | <b>2,725</b>        | <b>2,806</b>       | <b>1,455</b>          | <b>3,871</b>    | <b>3,715</b>                  | <b>156</b> | <b>684</b> | –     | <b>25,656</b> |

Table 9.6a Identifiable current expenditure on services by function, country and region, 2003–04

| Country/<br>Region                            | Function | National Statistics        |                                      |                                  |                                       |               |                            |                     |   |                                  |                               |   |                     |                           | accruals, £ million                |               |                                     |                                  |                     |                    |                       |                 |                               |        |
|---|----------|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|--------|
|   |          | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health     | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |        |
| North East                                    |          | 233                        | 223                                  | 9                                | -                                     | 1             | 1,000                      | 1,113               | 483   | 33                               | 166                           | 195   | 235                 | 231                       | 151                                | 3,194         | 240                                 | 2,554                            | 2,458               | 95                 | 7,648                 | -               | 16,366                        |        |
| North West                                    |          | 552                        | 528                                  | 24                               | -                                     | 3             | 2,869                      | 2,124               | 357   | 113                              | 402                           | 386   | 865                 | 707                       | 389                                | 8,766         | 479                                 | 6,517                            | 6,289               | 228                | 19,210                | -               | 41,617                        |        |
| Yorkshire and Humber                          |          | 336                        | 316                                  | 20                               | -                                     | 3             | 1,847                      | 1,876               | 594   | 94                               | 283                           | 446   | 458                 | 388                       | 250                                | 5,951         | 391                                 | 4,683                            | 4,523               | 160                | 13,219                | -               | 28,944                        |        |
| East Midlands                                 |          | 303                        | 288                                  | 15                               | -                                     | 3             | 1,344                      | 1,360               | 243   | 73                               | 176                           | 423   | 445                 | 316                       | 183                                | 4,420         | 305                                 | 3,771                            | 3,642               | 129                | 9,985                 | -               | 21,991                        |        |
| West Midlands                                 |          | 424                        | 404                                  | 19                               | -                                     | 3             | 1,862                      | 1,624               | 312   | 74                               | 294                           | 351   | 593                 | 392                       | 224                                | 5,922         | 342                                 | 5,000                            | 4,809               | 191                | 13,537                | -               | 29,330                        |        |
| Eastern                                       |          | 420                        | 401                                  | 19                               | -                                     | 5             | 1,542                      | 1,506               | 159   | 189                              | 181                           | 474   | 503                 | 393                       | 193                                | 5,731         | 333                                 | 4,563                            | 4,331               | 233                | 12,227                | -               | 26,913                        |        |
| London  |          | 756                        | 731                                  | 25                               | -                                     | 7             | 4,976                      | 4,203               | 531   | 244                              | 459                           | 291   | 2,679               | 646                       | 516                                | 10,015        | 760                                 | 7,979                            | 7,715               | 264                | 19,308                | -               | 49,165                        |        |
| South East                                    |          | 606                        | 578                                  | 28                               | -                                     | 6             | 2,561                      | 1,838               | 205   | 215                              | 231                           | 455   | 733                 | 677                       | 349                                | 8,659         | 527                                 | 6,694                            | 6,475               | 218                | 17,391                | -               | 39,307                        |        |
| South West                                    |          | 409                        | 392                                  | 17                               | -                                     | 12            | 1,474                      | 1,570               | 194   | 73                               | 169                           | 700   | 434                 | 474                       | 192                                | 5,453         | 343                                 | 4,104                            | 3,957               | 146                | 12,338                | -               | 26,370                        |        |
| <b>England</b>                                |          | <b>4,038</b>               | <b>3,862</b>                         | <b>176</b>                       | -                                     | <b>43</b>     | <b>19,475</b>              | <b>17,214</b>       | <b>3,077</b>                                  | <b>1,109</b>                     | <b>2,361</b>                  | <b>3,722</b>                                  | <b>6,944</b>        | <b>4,226</b>              | <b>2,447</b>                       | <b>58,111</b> | <b>3,718</b>                        | <b>45,864</b>                    | <b>44,200</b>       | <b>1,664</b>       | <b>124,865</b>        | -               | <b>280,003</b>                |        |
| Scotland                                      |          | 701                        | 684                                  | 17                               | -                                     | 3             | 1,679                      | 2,789               | 810   | 152                              | 258                           | 609   | 960                 | 737                       | 684                                | 7,044         | 717                                 | 5,381                            | 5,268               | 113                | 14,134                | -               | 33,870                        |        |
| Wales   |          | 427                        | 417                                  | 10                               | -                                     | 2             | 1,087                      | 1,458               | 585   | 42                               | 117                           | 291   | 423                 | 325                       | 163                                | 3,821         | 392                                 | 2,982                            | 2,900               | 82                 | 8,519                 | -               | 19,177                        |        |
| Northern Ireland                              |          | 337                        | 331                                  | 6                                | -                                     | -             | 1,116                      | 999                 | 197   | 52                               | 155                           | 357   | 239                 | 136                       | 459                                | 2,164         | 250                                 | 1,952                            | 1,944               | 8                  | 5,083                 | -               | 12,496                        |        |
| <b>UK current identifiable expenditure</b>    |          | <b>5,504</b>               | <b>5,296</b>                         | <b>208</b>                       | -                                     | <b>49</b>     | <b>23,357</b>              | <b>22,460</b>       | <b>4,669</b>                                  | <b>1,355</b>                     | <b>2,891</b>                  | <b>4,979</b>                                  | <b>8,566</b>        | <b>5,425</b>              | <b>3,754</b>                       | <b>71,141</b> | <b>5,077</b>                        | <b>56,180</b>                    | <b>54,312</b>       | <b>1,867</b>       | <b>152,600</b>        | -               | <b>345,546</b>                |        |
| Outside the UK                                |          | 3,704                      | 0                                    | 3,704                            | -                                     | 0             | -                          | 198                 | 23  | 149                              | 8                             | -   | 18                  | 40                        | -                                  | 282           | 118                                 | 26                               | 26                  | -                  | 2,147                 | 2,156           | 8,671                         |        |
| <b>Total current identifiable expenditure</b> |          | <b>9,208</b>               | <b>5,296</b>                         | <b>3,913</b>                     | -                                     | <b>49</b>     | <b>23,357</b>              | <b>22,658</b>       | <b>4,692</b>                                  | <b>1,504</b>                     | <b>2,899</b>                  | <b>4,979</b>                                  | <b>8,584</b>        | <b>5,465</b>              | <b>3,754</b>                       | <b>71,423</b> | <b>5,196</b>                        | <b>56,206</b>                    | <b>54,338</b>       | <b>1,867</b>       | <b>154,747</b>        | <b>2,156</b>    | <b>354,218</b>                |        |
| Non-identifiable spending                     |          | 28,653                     | 4,587                                | 1,025                            | 23,041                                | 27,370        | 1,556                      | 766                 | 97  | 559                              | -                             | -   | 110                 | -                         | -                                  | -             | 2,982                               | -                                | -                   | -                  | -                     | -               | -4,235                        | 57,092 |
| <b>Total current expenditure on services</b>  |          | <b>37,861</b>              | <b>9,883</b>                         | <b>4,938</b>                     | <b>23,041</b>                         | <b>27,418</b> | <b>24,914</b>              | <b>23,423</b>       | <b>4,789</b>                                  | <b>2,063</b>                     | <b>2,899</b>                  | <b>4,979</b>                                  | <b>8,693</b>        | <b>5,465</b>              | <b>3,754</b>                       | <b>71,423</b> | <b>8,178</b>                        | <b>56,206</b>                    | <b>54,338</b>       | <b>1,867</b>       | <b>154,747</b>        | <b>-2,079</b>   | <b>411,309</b>                |        |

Table 9.6b Identifiable capital expenditure on services by function, country and region, 2003–04

| Function<br>Country/<br>Region                |              | National Statistics  |                                  |                                       |              |                            |  |                                  |                               |   |                     |                           |                                    |              |                                     | accruals, £ million              |                     |                    |                       |                 |                               |               |
|---|--------------|--|----------------------------------|---------------------------------------|--------------|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|--------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|---------------|
|   |              | 1. General public services<br>of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence   | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health    | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |               |
| North East                                    | 4            | 2  | 2                                | –                                     | 9            | 47                         | 367  | 100                              | 7                             | 15  | 12                  | 232                       | 33                                 | 117          | 138                                 | 102                              | 269                 | 265                | 4                     | 22              | –                             | 1,107         |
| North West                                    | 71           | 68   | 3                                | –                                     | 9            | 153                        | 1,095  | 325                              | 20                            | 43  | 16                  | 690                       | 116                                | 459          | 365                                 | 131                              | 548                 | 539                | 9                     | 19              | –                             | 2,965         |
| Yorkshire and Humberside                      | 56           | 52   | 4                                | –                                     | 5            | 92                         | 584  | 80                               | 19                            | 25  | 23                  | 437                       | 65                                 | 131          | 237                                 | 101                              | 475                 | 468                | 7                     | 17              | –                             | 1,764         |
| East Midlands                                 | 59           | 59   | 0                                | –                                     | 7            | 76                         | 413  | 15                               | 13                            | 16  | 10                  | 359                       | 42                                 | 103          | 203                                 | 115                              | 353                 | 348                | 5                     | 17              | –                             | 1,387         |
| West Midlands                                 | 61           | 61   | 1                                | –                                     | 9            | 96                         | 634  | 88                               | 14                            | 25  | 12                  | 495                       | 63                                 | 99           | 325                                 | 121                              | 477                 | 469                | 8                     | 33              | –                             | 1,918         |
| Eastern                                       | 76           | 75   | 0                                | –                                     | 5            | 61                         | 634  | 30                               | 27                            | 17  | 16                  | 545                       | 60                                 | 53           | 266                                 | 99                               | 393                 | 383                | 9                     | 23              | –                             | 1,669         |
| London  | 23           | 23   | 0                                | –                                     | 12           | 281                        | 2,133  | 174                              | 41                            | 36  | 9                   | 1,874                     | 73                                 | 754          | 536                                 | 195                              | 763                 | 753                | 10                    | 126             | –                             | 4,896         |
| South East                                    | 100          | 100  | 0                                | –                                     | 14           | 108                        | 1,321  | 21                               | 38                            | 25  | 39                  | 1,198                     | 73                                 | 167          | 416                                 | 156                              | 654                 | 646                | 9                     | 94              | –                             | 3,103         |
| South West                                    | 57           | 56   | 0                                | –                                     | 8            | 84                         | 561  | 46                               | 12                            | 16  | 42                  | 444                       | 64                                 | 107          | 233                                 | 115                              | 427                 | 421                | 6                     | 34              | –                             | 1,689         |
| <b>England</b>                                | <b>507</b>   | <b>496</b>   | <b>11</b>                        | –                                     | <b>78</b>    | <b>998</b>                 | <b>7,740</b>   | <b>880</b>                       | <b>191</b>                    | <b>217</b>                                    | <b>179</b>          | <b>6,273</b>              | <b>590</b>                         | <b>1,990</b> | <b>2,719</b>                        | <b>1,134</b>                     | <b>4,358</b>        | <b>4,291</b>       | <b>66</b>             | <b>385</b>      | –                             | <b>20,499</b> |
| Scotland                                      | 197          | 197  | –                                | –                                     | –            | 141                        | 843  | 109                              | 26                            | 36  | 40                  | 632                       | 54                                 | 563          | 316                                 | 153                              | 297                 | 241                | 56                    | 45              | –                             | 2,608         |
| Wales   | 58           | 58   | –                                | –                                     | –            | 79                         | 561  | 222                              | 4                             | 18  | 18                  | 299                       | 27                                 | 70           | 129                                 | 88                               | 147                 | 147                | –                     | 21              | –                             | 1,179         |
| Northern Ireland                              | 43           | 43   | –                                | –                                     | –            | 53                         | 165  | 38                               | 9                             | 0   | 26                  | 93                        | 19                                 | 250          | 127                                 | 33                               | 192                 | 192                | –                     | 17              | –                             | 900           |
| <b>UK capital identifiable expenditure</b>    | <b>805</b>   | <b>794</b>   | <b>11</b>                        | –                                     | <b>78</b>    | <b>1,270</b>               | <b>9,309</b>   | <b>1,249</b>                     | <b>230</b>                    | <b>271</b>                                    | <b>263</b>          | <b>7,296</b>              | <b>690</b>                         | <b>2,874</b> | <b>3,291</b>                        | <b>1,408</b>                     | <b>4,994</b>        | <b>4,871</b>       | <b>122</b>            | <b>468</b>      | –                             | <b>25,186</b> |
| Outside the UK                                | 92           | –  | 92                               | –                                     | –            | –                          | 189  | 1                                | –                             | –   | –                   | 188                       | 8                                  | –            | 1                                   | 18                               | 2                   | 2                  | –                     | 0               | –                             | 309           |
| <b>Total capital identifiable expenditure</b> | <b>897</b>   | <b>794</b>   | <b>104</b>                       | –                                     | <b>78</b>    | <b>1,270</b>               | <b>9,498</b>   | <b>1,250</b>                     | <b>230</b>                    | <b>271</b>                                    | <b>263</b>          | <b>7,484</b>              | <b>698</b>                         | <b>2,874</b> | <b>3,291</b>                        | <b>1,426</b>                     | <b>4,996</b>        | <b>4,873</b>       | <b>122</b>            | <b>468</b>      | –                             | <b>25,495</b> |
| Non-identifiable spending                     | 365          | 269  | 97                               | –                                     | 1,354        | 124                        | 192  | 38                               | 141                           | –   | –                   | 12                        | –                                  | –            | –                                   | –6                               | –                   | –                  | –                     | –               | –                             | 2,028         |
| <b>Total capital expenditure on services</b>  | <b>1,263</b> | <b>1,063</b>   | <b>200</b>                       | –                                     | <b>1,431</b> | <b>1,394</b>               | <b>9,690</b>   | <b>1,288</b>                     | <b>372</b>                    | <b>271</b>                                    | <b>263</b>          | <b>7,496</b>              | <b>698</b>                         | <b>2,874</b> | <b>3,291</b>                        | <b>1,420</b>                     | <b>4,996</b>        | <b>4,873</b>       | <b>122</b>            | <b>468</b>      | –                             | <b>27,524</b> |

Table 9.7a Identifiable current expenditure on services by function, country and region, 2004–05

| Function<br>Country/<br>Region                |  | National Statistics        |                                      |                                  |                                       |               |                            |                     |   |                                  |                               |   |                     |                           |                                    |               |                                     |                                  | accruals, £ million |                    |                       |                 |                               |        |
|---|--|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|--------|
|   |  | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health     | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |        |
| North East                                    |  | 255                        | 245                                  | 11                               | -                                     | 2             | 1,069                      | 1,023               | 379   | 38                               | 186                           | 202   | 218                 | 251                       | 151                                | 3,560         | 250                                 | 2,704                            | 2,603               | 101                | 7,977                 | -               | 17,241                        |        |
| North West                                    |  | 595                        | 568                                  | 27                               | -                                     | 4             | 3,034                      | 2,424               | 566   | 127                              | 420                           | 403   | 908                 | 728                       | 390                                | 9,469         | 499                                 | 6,914                            | 6,668               | 246                | 20,191                | -               | 44,248                        |        |
| Yorkshire and Humberside                      |  | 362                        | 341                                  | 21                               | -                                     | 4             | 1,976                      | 1,895               | 585   | 98                               | 288                           | 479   | 445                 | 430                       | 256                                | 6,654         | 412                                 | 4,997                            | 4,813               | 185                | 13,853                | -               | 30,840                        |        |
| East Midlands                                 |  | 328                        | 310                                  | 17                               | -                                     | 4             | 1,421                      | 1,436               | 300   | 80                               | 178                           | 448   | 430                 | 370                       | 193                                | 4,951         | 327                                 | 4,034                            | 3,883               | 151                | 10,563                | -               | 23,626                        |        |
| West Midlands                                 |  | 457                        | 435                                  | 22                               | -                                     | 3             | 1,999                      | 1,787               | 403   | 77                               | 296                           | 368   | 643                 | 426                       | 217                                | 6,638         | 377                                 | 5,294                            | 5,093               | 201                | 14,303                | -               | 31,503                        |        |
| Eastern                                       |  | 452                        | 430                                  | 22                               | -                                     | 5             | 1,671                      | 1,529               | 155   | 212                              | 195                           | 548   | 418                 | 479                       | 201                                | 6,472         | 351                                 | 4,708                            | 4,582               | 126                | 12,964                | -               | 28,830                        |        |
| London  |  | 815                        | 786                                  | 29                               | -                                     | 7             | 5,357                      | 3,743               | 595   | 257                              | 466                           | 355   | 2,068               | 682                       | 501                                | 11,175        | 767                                 | 8,512                            | 8,239               | 273                | 20,269                | -               | 51,828                        |        |
| South East                                    |  | 649                        | 617                                  | 32                               | -                                     | 7             | 2,744                      | 1,920               | 225   | 225                              | 249                           | 476   | 745                 | 830                       | 369                                | 9,623         | 549                                 | 7,158                            | 6,915               | 244                | 18,674                | -               | 42,523                        |        |
| South West                                    |  | 439                        | 418                                  | 20                               | -                                     | 7             | 1,589                      | 1,589               | 176   | 74                               | 175                           | 701   | 463                 | 553                       | 199                                | 6,109         | 366                                 | 4,377                            | 4,216               | 160                | 13,112                | -               | 28,338                        |        |
| <b>England</b>                                |  | <b>4,352</b>               | <b>4,150</b>                         | <b>202</b>                       | -                                     | <b>41</b>     | <b>20,861</b>              | <b>17,345</b>       | <b>3,383</b>                                  | <b>1,189</b>                     | <b>2,454</b>                  | <b>3,981</b>                                  | <b>6,338</b>        | <b>4,749</b>              | <b>2,477</b>                       | <b>64,650</b> | <b>3,898</b>                        | <b>48,698</b>                    | <b>47,012</b>       | <b>1,685</b>       | <b>131,907</b>        | -               | <b>298,978</b>                |        |
| Scotland                                      |  | 776                        | 756                                  | 20                               | -                                     | 6             | 1,761                      | 2,709               | 811   | 156                              | 280                           | 612   | 850                 | 706                       | 281                                | 7,281         | 758                                 | 5,793                            | 5,655               | 139                | 14,882                | -               | 34,954                        |        |
| Wales   |  | 422                        | 410                                  | 12                               | -                                     | 2             | 1,116                      | 1,462               | 595   | 41                               | 128                           | 214   | 482                 | 354                       | 73                                 | 4,134         | 430                                 | 3,171                            | 3,083               | 88                 | 8,970                 | -               | 20,134                        |        |
| Northern Ireland                              |  | 280                        | 274                                  | 7                                | -                                     | -             | 1,158                      | 1,025               | 206   | 53                               | 173                           | 378   | 216                 | 146                       | 439                                | 2,333         | 254                                 | 2,017                            | 2,010               | 7                  | 5,439                 | -               | 13,092                        |        |
| <b>UK current identifiable expenditure</b>    |  | <b>5,831</b>               | <b>5,591</b>                         | <b>240</b>                       | -                                     | <b>50</b>     | <b>24,895</b>              | <b>22,540</b>       | <b>4,995</b>                                  | <b>1,439</b>                     | <b>3,035</b>                  | <b>5,185</b>                                  | <b>7,886</b>        | <b>5,955</b>              | <b>3,271</b>                       | <b>78,398</b> | <b>5,341</b>                        | <b>59,679</b>                    | <b>57,760</b>       | <b>1,919</b>       | <b>161,198</b>        | -               | <b>367,158</b>                |        |
| Outside the UK                                |  | 3,932                      | 0                                    | 3,932                            | -                                     | 0             | -                          | 205                 | 18  | 163                              | 10                            | -   | 14                  | 41                        | -                                  | 457           | 127                                 | 29                               | 29                  | -                  | 2,203                 | 3,664           | 10,657                        |        |
| <b>Total current identifiable expenditure</b> |  | <b>9,763</b>               | <b>5,591</b>                         | <b>4,172</b>                     | -                                     | <b>50</b>     | <b>24,895</b>              | <b>22,745</b>       | <b>5,013</b>                                  | <b>1,602</b>                     | <b>3,045</b>                  | <b>5,185</b>                                  | <b>7,900</b>        | <b>5,996</b>              | <b>3,271</b>                       | <b>78,856</b> | <b>5,468</b>                        | <b>59,708</b>                    | <b>57,789</b>       | <b>1,919</b>       | <b>163,401</b>        | <b>3,664</b>    | <b>377,815</b>                |        |
| Non-identifiable spending                     |  | 30,930                     | 4,843                                | 1,171                            | 24,916                                | 28,301        | 1,755                      | 796                 | 100   | 560                              | -                             | -   | 136                 | -                         | -                                  | -             | 3,073                               | -                                | -                   | -                  | -                     | -               | -                             | 60,299 |
| <b>Total current expenditure on services</b>  |  | <b>40,692</b>              | <b>10,433</b>                        | <b>5,343</b>                     | <b>24,916</b>                         | <b>28,351</b> | <b>26,650</b>              | <b>23,541</b>       | <b>5,113</b>                                  | <b>2,162</b>                     | <b>3,045</b>                  | <b>5,185</b>                                  | <b>8,036</b>        | <b>5,996</b>              | <b>3,271</b>                       | <b>78,856</b> | <b>8,541</b>                        | <b>59,708</b>                    | <b>57,789</b>       | <b>1,919</b>       | <b>163,401</b>        | <b>-892</b>     | <b>438,114</b>                |        |

Table 9.7b Identifiable capital expenditure on services by function, country and region, 2004-05

| Function<br>Country/<br>Region                |  | National Statistics  |                                  |                                       |            |                            |  |                                  |                               |   |                     |                           |                                    |            | accruals, £ million                 |                                  |                     |                    |                       |                 |                               |               |
|---|--|--|----------------------------------|---------------------------------------|------------|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|---------------|
|   |  | 1. General public services<br>of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health  | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |               |
| North East                                    |  | 30   | 29                               | 2                                     | 1          | 3                          | 52   | 386                              | 117                           | 13  | 6                   | 244                       | 17                                 | 177        | 152                                 | 95                               | 258                 | 252                | 5                     | 38              | 1                             | 1,209         |
| North West                                    |  | 93   | 91                               | 2                                     | 1          | 3                          | 173  | 1,164                            | 327                           | 23  | 8                   | 789                       | 136                                | 652        | 425                                 | 117                              | 582                 | 569                | 13                    | 70              | 1                             | 3,415         |
| Yorkshire and Humberside                      |  | 118  | 115                              | 3                                     | 1          | 1                          | 132  | 613                              | 115                           | 23  | 30                  | 436                       | 75                                 | 319        | 257                                 | 110                              | 506                 | 496                | 10                    | 68              | 1                             | 2,198         |
| East Midlands                                 |  | 73   | 73                               | 0                                     | 1          | 2                          | 83   | 507                              | 63                            | 17  | 6                   | 415                       | 89                                 | 212        | 222                                 | 103                              | 421                 | 414                | 7                     | 24              | 1                             | 1,737         |
| West Midlands                                 |  | 81   | 80                               | 1                                     | 1          | 3                          | 150  | 722                              | 111                           | 17  | 10                  | 570                       | 95                                 | 298        | 324                                 | 120                              | 528                 | 518                | 11                    | 35              | 1                             | 2,356         |
| Eastern                                       |  | 86   | 86                               | 0                                     | 1          | 2                          | 92   | 698                              | 62                            | 33  | 6                   | 592                       | 57                                 | 103        | 251                                 | 87                               | 473                 | 462                | 11                    | 13              | 1                             | 1,862         |
| London  |  | 175  | 175                              | 0                                     | 1          | 4                          | 336  | 2,072                            | 151                           | 42  | 14                  | 1,844                     | 75                                 | 1,009      | 627                                 | 177                              | 865                 | 850                | 15                    | 56              | 1                             | 5,397         |
| South East                                    |  | 243  | 242                              | 0                                     | 1          | 5                          | 144  | 1,329                            | 27                            | 40  | 9                   | 34                        | 1,218                              | 97         | 445                                 | 165                              | 784                 | 772                | 12                    | 49              | 1                             | 3,725         |
| South West                                    |  | 63   | 63                               | 0                                     | 1          | 3                          | 87   | 658                              | 108                           | 17  | 6                   | 501                       | 61                                 | 173        | 271                                 | 98                               | 487                 | 479                | 8                     | 24              | 1                             | 1,925         |
| <b>England</b>                                |  | <b>962</b>   | <b>953</b>                       | <b>9</b>                              | <b>1</b>   | <b>26</b>                  | <b>1,251</b>   | <b>8,149</b>                     | <b>1,081</b>                  | <b>226</b>                                    | <b>83</b>           | <b>150</b>                | <b>6,609</b>                       | <b>702</b> | <b>3,388</b>                        | <b>2,993</b>                     | <b>1,071</b>        | <b>4,904</b>       | <b>4,812</b>          | <b>92</b>       | <b>378</b>                    | <b>23,824</b> |
| Scotland                                      |  | 168  | 168                              | 0                                     | 1          | 1                          | 164  | 919                              | 122                           | 43  | 13                  | 45                        | 696                                | 82         | 665                                 | 424                              | 157                 | 293                | 262                   | 31              | 50                            | 2,922         |
| Wales   |  | 85   | 85                               | 0                                     | 1          | 1                          | 94   | 585                              | 224                           | 9   | 6                   | 19                        | 326                                | 27         | 193                                 | 120                              | 115                 | 171                | 171                   | 0               | 29                            | 1,418         |
| Northern Ireland                              |  | 18   | 18                               | 0                                     | 1          | 1                          | 75   | 212                              | 57                            | 16  | 0                   | 24                        | 115                                | 37         | 345                                 | 151                              | 44                  | 201                | 201                   | 0               | 10                            | 1,094         |
| <b>UK capital identifiable expenditure</b>    |  | <b>1,232</b>   | <b>1,223</b>                     | <b>9</b>                              | <b>1</b>   | <b>26</b>                  | <b>1,584</b>   | <b>9,865</b>                     | <b>1,485</b>                  | <b>294</b>                                    | <b>102</b>          | <b>238</b>                | <b>7,746</b>                       | <b>849</b> | <b>4,591</b>                        | <b>3,689</b>                     | <b>1,388</b>        | <b>5,568</b>       | <b>5,445</b>          | <b>123</b>      | <b>466</b>                    | <b>29,258</b> |
| Outside the UK                                |  | 60   | 60                               | 0                                     | 1          | 1                          | 161  | 15                               | 15                            | 0   | 0                   | 146                       | 8                                  | 0          | 0                                   | 21                               | 0                   | 0                  | 0                     | 0               | 0                             | 251           |
| <b>Total capital identifiable expenditure</b> |  | <b>1,292</b>   | <b>1,223</b>                     | <b>69</b>                             | <b>1</b>   | <b>26</b>                  | <b>1,584</b>   | <b>10,026</b>                    | <b>1,500</b>                  | <b>294</b>                                    | <b>102</b>          | <b>238</b>                | <b>7,892</b>                       | <b>857</b> | <b>4,591</b>                        | <b>3,690</b>                     | <b>1,409</b>        | <b>5,568</b>       | <b>5,445</b>          | <b>123</b>      | <b>466</b>                    | <b>29,508</b> |
| Non-identifiable spending                     |  | 647  | 521                              | 126                                   | 1          | 1,612                      | 107  | 168                              | 28                            | 119   | 0                   | 21                        | 0                                  | 0          | 0                                   | 78                               | 0                   | 0                  | 0                     | 0               | 0                             | 2,612         |
| <b>Total capital expenditure on services</b>  |  | <b>1,939</b>   | <b>1,744</b>                     | <b>195</b>                            | <b>1</b>   | <b>1,637</b>               | <b>1,691</b>   | <b>10,194</b>                    | <b>1,528</b>                  | <b>413</b>                                    | <b>102</b>          | <b>238</b>                | <b>7,913</b>                       | <b>857</b> | <b>4,591</b>                        | <b>3,690</b>                     | <b>1,487</b>        | <b>5,568</b>       | <b>5,445</b>          | <b>123</b>      | <b>466</b>                    | <b>32,120</b> |

Table 9.8a Identifiable current expenditure on services by function, country and region, 2005–06

| Country/<br>Region                            |  | National Statistics |                            |                                      |                                  |                                       |               |                            |                     |   |                                  |                               |   |                     |                           |                                    | accruals, £ million |                                     |                                  |                     |                    |                       |                 |                               |
|---|--|---------------------|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|
|   |  | Function            | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health           | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |
| North East                                    |  | 274                 | 262                        | 11                                   | –                                | 4                                     | 1,113         | 1,098                      | 404                 | 57  | 182                              | 217                           | 238   | 262                 | 187                       | 3,862                              | 264                 | 2,882                               | 2,760                            | 121                 | 8,167              | –                     | 18,112          |                               |
| North West                                    |  | 662                 | 632                        | 30                                   | –                                | 7                                     | 3,146         | 2,446                      | 580                 | 150   | 423                              | 421                           | 872   | 733                 | 519                       | 10,278                             | 560                 | 7,382                               | 7,111                            | 271                 | 20,965             | –                     | 46,697          |                               |
| Yorkshire and Humber                          |  | 377                 | 353                        | 24                                   | –                                | 5                                     | 2,070         | 1,900                      | 569                 | 122   | 283                              | 451                           | 474   | 453                 | 272                       | 7,273                              | 446                 | 5,332                               | 5,134                            | 198                 | 14,517             | –                     | 32,643          |                               |
| East Midlands                                 |  | 366                 | 347                        | 19                                   | –                                | 5                                     | 1,471         | 1,537                      | 386                 | 97  | 178                              | 405                           | 470   | 367                 | 148                       | 5,427                              | 331                 | 4,249                               | 4,137                            | 112                 | 11,104             | –                     | 25,003          |                               |
| West Midlands                                 |  | 536                 | 511                        | 24                                   | –                                | 6                                     | 2,106         | 1,769                      | 359                 | 92  | 299                              | 396                           | 623   | 461                 | 198                       | 7,277                              | 415                 | 5,708                               | 5,483                            | 225                 | 15,112             | –                     | 33,586          |                               |
| Eastern                                       |  | 497                 | 473                        | 24                                   | –                                | 8                                     | 1,748         | 1,520                      | 154                 | 273   | 193                              | 463                           | 436   | 493                 | 88                        | 6,915                              | 379                 | 5,091                               | 4,945                            | 146                 | 13,582             | –                     | 30,321          |                               |
| London  |  | 757                 | 724                        | 32                                   | –                                | 10                                    | 5,567         | 3,664                      | 638                 | 280   | 448                              | 245                           | 2,052   | 769                 | 959                       | 11,894                             | 867                 | 9,159                               | 8,861                            | 298                 | 21,354             | –                     | 55,000          |                               |
| South East                                    |  | 715                 | 680                        | 35                                   | –                                | 10                                    | 2,820         | 1,955                      | 233                 | 237   | 246                              | 471                           | 769   | 796                 | 262                       | 10,266                             | 612                 | 7,616                               | 7,375                            | 240                 | 19,192             | –                     | 44,244          |                               |
| South West                                    |  | 480                 | 457                        | 22                                   | –                                | 7                                     | 1,618         | 1,794                      | 183                 | 91  | 174                              | 824                           | 523   | 552                 | 160                       | 6,669                              | 391                 | 4,699                               | 4,517                            | 183                 | 13,353             | –                     | 29,724          |                               |
| <b>England</b>                                |  | <b>4,662</b>        | <b>4,440</b>               | <b>222</b>                           | –                                | <b>61</b>                             | <b>21,658</b> | <b>17,682</b>              | <b>3,507</b>        | <b>1,400</b>                                  | <b>2,426</b>                     | <b>3,893</b>                  | <b>6,456</b>                                  | <b>4,886</b>        | <b>2,794</b>              | <b>69,861</b>                      | <b>4,264</b>        | <b>52,117</b>                       | <b>50,323</b>                    | <b>1,794</b>        | <b>137,346</b>     | –                     | <b>315,330</b>  |                               |
| Scotland                                      |  | 1,001               | 979                        | 22                                   | –                                | 6                                     | 1,916         | 2,810                      | 833                 | 183   | 270                              | 597                           | 926   | 655                 | 154                       | 8,308                              | 799                 | 6,051                               | 5,920                            | 131                 | 15,339             | –                     | 37,038          |                               |
| Wales   |  | 531                 | 518                        | 13                                   | –                                | 3                                     | 1,189         | 1,629                      | 608                 | 60  | 133                              | 348                           | 480   | 380                 | 106                       | 4,416                              | 452                 | 3,311                               | 3,221                            | 90                  | 9,298              | –                     | 21,316          |                               |
| Northern Ireland                              |  | 351                 | 344                        | 7                                    | –                                | –                                     | 1,241         | 1,142                      | 196                 | 57  | 166                              | 498                           | 225   | 161                 | 485                       | 2,514                              | 278                 | 2,075                               | 2,069                            | 5                   | 5,535              | –                     | 13,782          |                               |
| <b>UK current identifiable expenditure</b>    |  | <b>6,545</b>        | <b>6,281</b>               | <b>264</b>                           | –                                | <b>70</b>                             | <b>26,003</b> | <b>23,262</b>              | <b>5,144</b>        | <b>1,699</b>                                  | <b>2,995</b>                     | <b>5,337</b>                  | <b>8,087</b>                                  | <b>6,083</b>        | <b>3,539</b>              | <b>85,099</b>                      | <b>5,794</b>        | <b>63,553</b>                       | <b>61,534</b>                    | <b>2,019</b>        | <b>167,519</b>     | –                     | <b>387,467</b>  |                               |
| Outside the UK                                |  | 4,471               | 0                          | 4,471                                | –                                | 0                                     | –             | 219                        | 19                  | 172   | 10                               | –                             | 18  | 44                  | –                         | 361                                | 137                 | 45                                  | 29                               | 15                  | 2,322              | 3,151                 | 10,750          |                               |
| <b>Total current identifiable expenditure</b> |  | <b>11,016</b>       | <b>6,281</b>               | <b>4,735</b>                         | –                                | <b>70</b>                             | <b>26,003</b> | <b>23,481</b>              | <b>5,163</b>        | <b>1,871</b>                                  | <b>3,005</b>                     | <b>5,337</b>                  | <b>8,105</b>                                  | <b>6,127</b>        | <b>3,539</b>              | <b>85,460</b>                      | <b>5,931</b>        | <b>63,598</b>                       | <b>61,563</b>                    | <b>2,035</b>        | <b>169,841</b>     | <b>3,151</b>          | <b>398,217</b>  |                               |
| Non-identifiable spending                     |  | 32,845              | 4,984                      | 1,126                                | 26,735                           | 29,822                                | 1,592         | 868                        | 95                  | 629   | –                                | –                             | 144   | –                   | –                         | –                                  | 3,108               | –                                   | –                                | –                   | –                  | –                     | –               | 64,486                        |
| <b>Total current expenditure on services</b>  |  | <b>43,861</b>       | <b>11,265</b>              | <b>5,861</b>                         | <b>26,735</b>                    | <b>29,892</b>                         | <b>27,596</b> | <b>24,349</b>              | <b>5,258</b>        | <b>2,500</b>                                  | <b>3,005</b>                     | <b>5,337</b>                  | <b>8,249</b>                                  | <b>6,127</b>        | <b>3,539</b>              | <b>85,460</b>                      | <b>9,039</b>        | <b>63,598</b>                       | <b>61,563</b>                    | <b>2,035</b>        | <b>169,841</b>     | <b>–599</b>           | <b>462,702</b>  |                               |

Table 9.8b Identifiable capital expenditure on services by function, country and region, 2005–06

| Function<br>Country/<br>Region                |              | National Statistics  |                                  |                                       |              |                            |  |                                  |                               |   |                     |                           |                                    |              | accruals, £ million                 |                                  |                     |                    |                       |                 |                               |
|---|--------------|--|----------------------------------|---------------------------------------|--------------|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|--------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|
|   |              | 1. General public services<br>of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence   | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health    | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |
| North East                                    | 33           | 32   | 1                                | 0                                     | 139          | 688                        | 114  | 11                               | 17                            | 38  | 508                 | 67                        | 91                                 | 158          | 244                                 | 192                              | 187                 | 5                  | 44                    | –               | 1,657                         |
| North West                                    | 105          | 105  | 0                                | 1                                     | 133          | 1,040                      | 178  | 24                               | 42                            | 24  | 772                 | 360                       | 811                                | 401          | 120                                 | 699                              | 687                 | 12                 | 111                   | –               | 3,780                         |
| Yorkshire and Humberside                      | 52           | 49   | 3                                | 0                                     | 109          | 642                        | 124  | 24                               | 24                            | 19  | 451                 | 121                       | 566                                | 268          | 106                                 | 629                              | 620                 | 9                  | 100                   | –               | 2,593                         |
| East Midlands                                 | 97           | 97   | 0                                | 1                                     | 71           | 479                        | 63   | 17                               | 17                            | 3   | 379                 | 85                        | 270                                | 208          | 77                                  | 527                              | 520                 | 7                  | 66                    | –               | 1,880                         |
| West Midlands                                 | 110          | 109  | 1                                | 1                                     | 107          | 715                        | 114  | 18                               | 25                            | –1  | 559                 | 79                        | 435                                | 220          | 126                                 | 663                              | 653                 | 10                 | 85                    | –               | 2,540                         |
| Eastern                                       | 115          | 114  | 0                                | 1                                     | 74           | 772                        | 46   | 33                               | 18                            | 6   | 669                 | 112                       | 372                                | 251          | 89                                  | 571                              | 562                 | 9                  | 64                    | –               | 2,420                         |
| London  | 194          | 194  | 0                                | 2                                     | 307          | 2,538                      | 218  | 33                               | 37                            | 33  | 2,218               | 84                        | 1,610                              | 506          | 171                                 | 1,081                            | 1,067               | 14                 | 131                   | –               | 6,625                         |
| South East                                    | 234          | 234  | 0                                | 1                                     | 119          | 1,302                      | 57   | 51                               | 26                            | 16  | 1,151               | 446                       | 627                                | 285          | 143                                 | 961                              | 949                 | 12                 | 101                   | –               | 4,217                         |
| South West                                    | 63           | 63   | 0                                | 2                                     | 68           | 630                        | 39   | 25                               | 17                            | 46  | 503                 | 182                       | 243                                | 293          | 101                                 | 556                              | 548                 | 8                  | 67                    | –               | 2,206                         |
| <b>England</b>                                | <b>1,003</b> | <b>997</b>   | <b>6</b>                         | <b>7</b>                              | <b>1,128</b> | <b>8,806</b>               | <b>954</b>   | <b>236</b>                       | <b>223</b>                    | <b>184</b>                                    | <b>7,209</b>        | <b>1,536</b>              | <b>5,025</b>                       | <b>2,589</b> | <b>1,177</b>                        | <b>5,878</b>                     | <b>5,792</b>        | <b>86</b>          | <b>769</b>            | <b>–</b>        | <b>27,916</b>                 |
| Scotland                                      | 102          | 102  | –                                | –                                     | 145          | 1,120                      | 142  | 54                               | 37                            | 44  | 843                 | 529                       | 1,245                              | 256          | 166                                 | 461                              | 415                 | 46                 | 89                    | –               | 4,112                         |
| Wales   | 83           | 83   | –                                | –                                     | 83           | 626                        | 220  | 8                                | 18                            | 17  | 364                 | 38                        | 366                                | 156          | 111                                 | 195                              | 195                 | –                  | 53                    | –               | 1,711                         |
| Northern Ireland                              | 18           | 18   | –                                | –                                     | 74           | 225                        | 47   | 13                               | 0                             | 37  | 128                 | 48                        | 389                                | 151          | 54                                  | 185                              | 185                 | –                  | 29                    | –               | 1,172                         |
| <b>UK capital identifiable expenditure</b>    | <b>1,206</b> | <b>1,200</b>   | <b>6</b>                         | <b>7</b>                              | <b>1,429</b> | <b>10,776</b>              | <b>1,362</b>   | <b>312</b>                       | <b>278</b>                    | <b>281</b>                                    | <b>8,544</b>        | <b>2,151</b>              | <b>7,025</b>                       | <b>3,152</b> | <b>1,508</b>                        | <b>6,718</b>                     | <b>6,586</b>        | <b>132</b>         | <b>940</b>            | <b>–</b>        | <b>34,911</b>                 |
| Outside the UK                                | 82           | –  | 82                               | –                                     | –            | 143                        | 16   | –                                | –                             | –   | 127                 | 8                         | –                                  | 1            | 11                                  | –                                | –                   | –                  | 0                     | –               | 245                           |
| <b>Total capital identifiable expenditure</b> | <b>1,288</b> | <b>1,200</b>   | <b>88</b>                        | <b>7</b>                              | <b>1,429</b> | <b>10,919</b>              | <b>1,378</b>   | <b>312</b>                       | <b>278</b>                    | <b>281</b>                                    | <b>8,671</b>        | <b>2,158</b>              | <b>7,025</b>                       | <b>3,153</b> | <b>1,519</b>                        | <b>6,718</b>                     | <b>6,586</b>        | <b>132</b>         | <b>940</b>            | <b>–</b>        | <b>35,156</b>                 |
| Non-identifiable spending                     | 583          | 443  | 140                              | –                                     | 714          | 71                         | 221  | 39                               | 172                           | –   | 10                  | –                         | –                                  | –            | 31                                  | –                                | –                   | –                  | –                     | –               | 1,619                         |
| <b>Total capital expenditure on services</b>  | <b>1,871</b> | <b>1,643</b>   | <b>228</b>                       | <b>720</b>                            | <b>1,499</b> | <b>11,140</b>              | <b>1,416</b>   | <b>484</b>                       | <b>278</b>                    | <b>281</b>                                    | <b>8,681</b>        | <b>2,158</b>              | <b>7,025</b>                       | <b>3,153</b> | <b>1,550</b>                        | <b>6,718</b>                     | <b>6,586</b>        | <b>132</b>         | <b>940</b>            | <b>–</b>        | <b>36,775</b>                 |



Table 9.9a Identifiable current expenditure on services by function, country and region, 2006–07

| Function<br>Country/<br>Region                |  | National Statistics        |                                      |                                  |                                       |               |                            |                     |   |                                  |                               |   |                     |                           | accruals, £ million                |               |                                     |                                  |                     |                    |                       |                 |                               |        |
|---|--|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|--------|
|   |  | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health     | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |        |
| North East                                    |  | 238                        | 229                                  | 9                                | 1                                     | 4             | 1,152                      | 1,106               | 371   | 47                               | 214                           | 204   | 270                 | 248                       | 185                                | 4,118         | 271                                 | 2,982                            | 2,872               | 111                | 8,288                 | –               | 18,591                        |        |
| North West                                    |  | 699                        | 675                                  | 24                               | –                                     | 8             | 3,237                      | 2,600               | 669   | 143                              | 472                           | 307   | 1,009               | 971                       | 447                                | 10,923        | 579                                 | 7,603                            | 7,348               | 255                | 21,407                | –               | 48,476                        |        |
| Yorkshire and Humberside                      |  | 400                        | 383                                  | 18                               | –                                     | 5             | 2,126                      | 1,971               | 538   | 97                               | 326                           | 395   | 615                 | 471                       | 307                                | 7,587         | 453                                 | 5,556                            | 5,369               | 187                | 14,787                | –               | 33,664                        |        |
| East Midlands                                 |  | 353                        | 338                                  | 15                               | –                                     | 6             | 1,507                      | 1,503               | 358   | 81                               | 206                           | 371   | 486                 | 399                       | 190                                | 5,846         | 353                                 | 4,526                            | 4,376               | 151                | 11,538                | –               | 26,223                        |        |
| West Midlands                                 |  | 504                        | 485                                  | 18                               | –                                     | 7             | 2,214                      | 1,748               | 342   | 81                               | 335                           | 351   | 639                 | 470                       | 246                                | 7,873         | 460                                 | 5,955                            | 5,741               | 214                | 15,560                | –               | 35,037                        |        |
| Eastern                                       |  | 493                        | 474                                  | 19                               | –                                     | 9             | 1,817                      | 1,499               | 142   | 225                              | 219                           | 462   | 451                 | 553                       | 177                                | 7,455         | 375                                 | 5,413                            | 5,215               | 198                | 14,247                | –               | 32,037                        |        |
| London  |  | 958                        | 932                                  | 26                               | –                                     | 12            | 5,740                      | 3,748               | 592   | 286                              | 484                           | 185   | 2,200               | 793                       | 722                                | 12,088        | 909                                 | 9,740                            | 9,443               | 297                | 22,093                | –               | 56,804                        |        |
| South East                                    |  | 692                        | 664                                  | 28                               | –                                     | 12            | 2,873                      | 1,885               | 176   | 212                              | 271                           | 420   | 804                 | 844                       | 354                                | 10,856        | 623                                 | 8,057                            | 7,790               | 267                | 20,262                | –               | 46,457                        |        |
| South West                                    |  | 457                        | 440                                  | 18                               | –                                     | 8             | 1,659                      | 1,745               | 179   | 83                               | 187                           | 720   | 575                 | 569                       | 189                                | 6,972         | 396                                 | 4,976                            | 4,797               | 178                | 14,051                | –               | 31,022                        |        |
| <b>England</b>                                |  | <b>4,794</b>               | <b>4,619</b>                         | <b>175</b>                       | –                                     | <b>72</b>     | <b>22,324</b>              | <b>17,804</b>       | <b>3,368</b>                                  | <b>1,256</b>                     | <b>2,715</b>                  | <b>3,416</b>                                  | <b>7,050</b>        | <b>5,318</b>              | <b>2,817</b>                       | <b>73,719</b> | <b>4,419</b>                        | <b>54,808</b>                    | <b>52,951</b>       | <b>1,857</b>       | <b>142,235</b>        | –               | <b>328,310</b>                |        |
| Scotland                                      |  | 879                        | 861                                  | 18                               | –                                     | 7             | 1,983                      | 3,271               | 791   | 170                              | 283                           | 609   | 1,418               | 714                       | 236                                | 8,663         | 833                                 | 6,480                            | 6,334               | 145                | 15,892                | –               | 38,957                        |        |
| Wales   |  | 610                        | 600                                  | 10                               | –                                     | 3             | 1,219                      | 1,540               | 526   | 44                               | 143                           | 365   | 462                 | 447                       | 113                                | 4,737         | 464                                 | 3,484                            | 3,406               | 78                 | 9,570                 | –               | 22,186                        |        |
| Northern Ireland                              |  | 381                        | 375                                  | 6                                | –                                     | 0             | 1,281                      | 1,037               | 208   | 56                               | 145                           | 400   | 227                 | 179                       | 493                                | 2,731         | 262                                 | 2,205                            | 2,201               | 4                  | 5,840                 | –               | 14,409                        |        |
| <b>UK current identifiable expenditure</b>    |  | <b>6,663</b>               | <b>6,455</b>                         | <b>208</b>                       | –                                     | <b>82</b>     | <b>26,807</b>              | <b>23,651</b>       | <b>4,893</b>                                  | <b>1,526</b>                     | <b>3,285</b>                  | <b>4,789</b>                                  | <b>9,157</b>        | <b>6,658</b>              | <b>3,660</b>                       | <b>89,849</b> | <b>5,978</b>                        | <b>66,977</b>                    | <b>64,892</b>       | <b>2,085</b>       | <b>173,537</b>        | –               | <b>403,862</b>                |        |
| Outside the UK                                |  | 4,575                      | 0                                    | 4,575                            | –                                     | 0             | –                          | 228                 | 34  | 168                              | 12                            | –   | 15                  | 35                        | –                                  | 545           | 146                                 | 36                               | 36                  | –                  | 2,415                 | 3,402           | 11,382                        |        |
| <b>Total current identifiable expenditure</b> |  | <b>11,238</b>              | <b>6,455</b>                         | <b>4,783</b>                     | –                                     | <b>82</b>     | <b>26,807</b>              | <b>23,879</b>       | <b>4,927</b>                                  | <b>1,693</b>                     | <b>3,297</b>                  | <b>4,789</b>                                  | <b>9,172</b>        | <b>6,693</b>              | <b>3,660</b>                       | <b>90,393</b> | <b>6,124</b>                        | <b>67,013</b>                    | <b>64,928</b>       | <b>2,085</b>       | <b>175,952</b>        | <b>3,402</b>    | <b>415,243</b>                |        |
| Non-identifiable spending                     |  | 34,950                     | 5,258                                | 1,100                            | 28,592                                | 31,212        | 1,642                      | 1,055               | 94  | 820                              | –                             | –   | 141                 | 219                       | –                                  | –             | 3,381                               | –                                | –                   | –                  | –                     | –               | –                             | 67,295 |
| <b>Total current expenditure on services</b>  |  | <b>46,187</b>              | <b>11,713</b>                        | <b>5,883</b>                     | <b>28,592</b>                         | <b>31,294</b> | <b>28,449</b>              | <b>24,934</b>       | <b>5,021</b>                                  | <b>2,513</b>                     | <b>3,297</b>                  | <b>4,789</b>                                  | <b>9,313</b>        | <b>6,913</b>              | <b>3,660</b>                       | <b>90,393</b> | <b>9,505</b>                        | <b>67,013</b>                    | <b>64,928</b>       | <b>2,085</b>       | <b>175,952</b>        | <b>–1,762</b>   | <b>482,539</b>                |        |

Table 9.9b Identifiable capital expenditure on services by function, country and region, 2006–07

| Function<br>Country/<br>Region                |  | National Statistics  |                                  |                                       |            |                            |  |                                  |                               |   |                     |  |                          |              |                                     | accruals, £ million              |                     |                    |                       |                 |                               |
|---|--|--|----------------------------------|---------------------------------------|------------|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|--|--------------------------|--------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------------------------|
|   |  | 1. General public services<br>of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection<br>amenities | 6. Housing and community | 7. Health    | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Total Expenditure on Services |
| North East                                    |  | 28   | 26                               | 2                                     | 1          | 64                         | 502  | 159                              | 12                            | 8   | 4                   | 318                                    | 51                       | 346          | 171                                 | 84                               | 289                 | 283                | 6                     | 43              | 1,579                         |
| North West                                    |  | 100  | 95                               | 5                                     | 1          | 189                        | 1,450  | 489                              | 27                            | 18  | 46                  | 869                                    | 819                      | 778          | 436                                 | 160                              | 661                 | 648                | 13                    | 84              | 4,677                         |
| Yorkshire and Humberside                      |  | 88   | 84                               | 3                                     | 0          | 141                        | 759  | 126                              | 25                            | 11  | 11                  | 587                                    | 124                      | 709          | 303                                 | 146                              | 570                 | 560                | 10                    | 61              | 2,901                         |
| East Midlands                                 |  | 105  | 103                              | 2                                     | 1          | 93                         | 619  | 83                               | 19                            | 8   | 1                   | 509                                    | 87                       | 304          | 187                                 | 95                               | 472                 | 465                | 7                     | 42              | 2,006                         |
| West Midlands                                 |  | 145  | 142                              | 3                                     | 1          | 157                        | 945  | 140                              | 20                            | 11  | 9                   | 765                                    | 97                       | 471          | 345                                 | 111                              | 658                 | 648                | 11                    | 82              | 3,013                         |
| Eastern                                       |  | 116  | 114                              | 3                                     | 0          | 116                        | 958  | 52                               | 37                            | 8   | -6                  | 866                                    | 134                      | 351          | 217                                 | 102                              | 564                 | 552                | 12                    | 37              | 2,595                         |
| London  |  | 186  | 183                              | 3                                     | 1          | 327                        | 2,907  | 200                              | 38                            | 17  | 39                  | 2,613                                  | 60                       | 2,074        | 510                                 | 186                              | 1,078               | 1,063              | 15                    | 96              | 7,425                         |
| South East                                    |  | 147  | 144                              | 3                                     | 2          | 144                        | 1,623  | 55                               | 56                            | 11  | 15                  | 1,486                                  | 238                      | 398          | 690                                 | 153                              | 843                 | 830                | 13                    | 88              | 4,326                         |
| South West                                    |  | 61   | 59                               | 2                                     | 1          | 102                        | 819  | 45                               | 28                            | 8   | 32                  | 706                                    | 93                       | 284          | 289                                 | 106                              | 542                 | 532                | 9                     | 55              | 2,352                         |
| <b>England</b>                                |  | <b>976</b>   | <b>952</b>                       | <b>24</b>                             | <b>9</b>   | <b>1,335</b>               | <b>10,581</b>  | <b>1,348</b>                     | <b>263</b>                    | <b>100</b>                                    | <b>152</b>          | <b>8,718</b>                           | <b>1,703</b>             | <b>5,715</b> | <b>3,149</b>                        | <b>1,142</b>                     | <b>5,676</b>        | <b>5,579</b>       | <b>97</b>             | <b>588</b>      | <b>30,874</b>                 |
| Scotland                                      |  | 99   | 97                               | 2                                     | 0          | 162                        | 1,563  | 190                              | 27                            | 15  | 69                  | 1,261                                  | 280                      | 1,357        | 401                                 | 188                              | 624                 | 594                | 29                    | 87              | 4,761                         |
| Wales   |  | 52   | 51                               | 1                                     | 0          | 100                        | 719  | 238                              | 9                             | 8   | 21                  | 444                                    | 126                      | 432          | 198                                 | 145                              | 238                 | 238                | -                     | 41              | 2,051                         |
| Northern Ireland                              |  | 54   | 53                               | 1                                     | 0          | 77                         | 258  | 33                               | 7                             | 2   | 50                  | 166                                    | 48                       | 380          | 180                                 | 49                               | 185                 | 185                | 1                     | 18              | 1,249                         |
| <b>UK capital identifiable expenditure</b>    |  | <b>1,180</b>   | <b>1,153</b>                     | <b>28</b>                             | <b>9</b>   | <b>1,673</b>               | <b>13,121</b>  | <b>1,809</b>                     | <b>306</b>                    | <b>124</b>                                    | <b>292</b>          | <b>10,589</b>                          | <b>2,158</b>             | <b>7,885</b> | <b>3,928</b>                        | <b>1,525</b>                     | <b>6,723</b>        | <b>6,596</b>       | <b>127</b>            | <b>733</b>      | <b>38,935</b>                 |
| Outside the UK                                |  | 91   | -                                | 91                                    | -          | -                          | 143  | 43                               | 0                             | -   | -                   | 100                                    | 8                        | -            | 0                                   | 31                               | 0                   | 0                  | -                     | 2               | 275                           |
| <b>Total capital identifiable expenditure</b> |  | <b>1,271</b>   | <b>1,153</b>                     | <b>119</b>                            | <b>9</b>   | <b>1,673</b>               | <b>13,263</b>  | <b>1,852</b>                     | <b>306</b>                    | <b>124</b>                                    | <b>292</b>          | <b>10,689</b>                          | <b>2,166</b>             | <b>7,885</b> | <b>3,928</b>                        | <b>1,556</b>                     | <b>6,723</b>        | <b>6,596</b>       | <b>127</b>            | <b>735</b>      | <b>39,210</b>                 |
| Non-identifiable spending                     |  | 530  | 387                              | 143                                   | -          | 1,015                      | 101  | 286                              | 95                            | 183   | -                   | 8                                      | -4                       | -            | -                                   | 370                              | -                   | -                  | -                     | -               | 2,298                         |
| <b>Total capital expenditure on services</b>  |  | <b>1,801</b>   | <b>1,540</b>                     | <b>262</b>                            | <b>-</b>   | <b>1,024</b>               | <b>1,774</b>   | <b>13,549</b>                    | <b>1,947</b>                  | <b>489</b>                                    | <b>124</b>          | <b>10,697</b>                          | <b>2,162</b>             | <b>7,885</b> | <b>3,928</b>                        | <b>1,926</b>                     | <b>6,723</b>        | <b>6,596</b>       | <b>127</b>            | <b>735</b>      | <b>41,508</b>                 |

Table 9.10a Identifiable current expenditure on services by function, country and region, 2007–08

| Function                                      |  | accruals, £ million        |                                      |                                  |                                       |               |                            |                     |   |                                  |                               | Total Expenditure on Services                 |                     |                           |                                    |               |                                     |                                  |                     |                    |                       |                 |              |                |        |
|---|--|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|---------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|--------------|----------------|--------|
| Country/Region                                |  | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence    | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health     | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Unallocated  |                |        |
| North East                                    |  | 267                        | 257                                  | 9                                | -                                     | 6             | 1,203                      | 1,122               | 383   | 53                               | 209                           | 220   | 258                 | 276                       | 193                                | 4,546         | 273                                 | 3,161                            | 3,029               | 131                | 8,770                 | -               | -            | 19,816         |        |
| North West                                    |  | 792                        | 767                                  | 25                               | -                                     | 11            | 3,379                      | 2,675               | 686   | 153                              | 472                           | 327   | 1,036               | 1,002                     | 440                                | 12,102        | 598                                 | 8,208                            | 7,891               | 317                | 22,450                | -               | -            | 51,656         |        |
| Yorkshire and Humberside                      |  | 453                        | 434                                  | 19                               | -                                     | 7             | 2,225                      | 2,007               | 558   | 110                              | 315                           | 429   | 595                 | 528                       | 314                                | 8,441         | 466                                 | 5,989                            | 5,761               | 228                | 15,586                | -               | -            | 36,017         |        |
| East Midlands                                 |  | 395                        | 379                                  | 16                               | -                                     | 9             | 1,574                      | 1,551               | 384   | 91                               | 198                           | 395   | 483                 | 442                       | 217                                | 6,479         | 366                                 | 4,859                            | 4,672               | 187                | 12,090                | -               | -            | 27,983         |        |
| West Midlands                                 |  | 572                        | 552                                  | 20                               | -                                     | 10            | 2,317                      | 1,813               | 367   | 89                               | 321                           | 370   | 667                 | 521                       | 268                                | 8,587         | 467                                 | 6,399                            | 6,138               | 261                | 16,389                | -               | -            | 37,343         |        |
| Eastern                                       |  | 556                        | 536                                  | 20                               | -                                     | 13            | 1,889                      | 1,544               | 164   | 242                              | 214                           | 498   | 426                 | 615                       | 237                                | 7,967         | 381                                 | 5,881                            | 5,634               | 247                | 14,956                | -               | -            | 34,039         |        |
| London  |  | 1,083                      | 1,055                                | 27                               | -                                     | 17            | 5,935                      | 3,668               | 601   | 302                              | 448                           | 188   | 2,129               | 886                       | 605                                | 13,735        | 924                                 | 10,494                           | 10,122              | 372                | 23,283                | -               | -            | 60,629         |        |
| South East                                    |  | 781                        | 751                                  | 30                               | -                                     | 16            | 2,987                      | 1,959               | 225   | 254                              | 265                           | 441   | 773                 | 931                       | 395                                | 11,831        | 644                                 | 8,531                            | 8,196               | 335                | 21,334                | -               | -            | 49,409         |        |
| South West                                    |  | 516                        | 497                                  | 19                               | -                                     | 12            | 1,728                      | 1,832               | 224   | 91                               | 190                           | 770   | 557                 | 628                       | 218                                | 7,712         | 399                                 | 5,364                            | 5,147               | 217                | 14,731                | -               | -            | 33,140         |        |
| <b>England</b>                                |  | <b>5,416</b>               | <b>5,230</b>                         | <b>186</b>                       | -                                     | <b>101</b>    | <b>23,237</b>              | <b>18,172</b>       | <b>3,592</b>                                  | <b>1,385</b>                     | <b>2,633</b>                  | <b>3,638</b>                                  | <b>6,924</b>        | <b>5,828</b>              | <b>2,888</b>                       | <b>81,399</b> | <b>4,517</b>                        | <b>58,885</b>                    | <b>56,590</b>       | <b>2,295</b>       | <b>149,589</b>        | -               | -            | <b>350,031</b> |        |
| Scotland                                      |  | 956                        | 938                                  | 19                               | -                                     | 8             | 2,039                      | 3,804               | 863   | 174                              | 279                           | 1,032   | 1,455               | 753                       | 353                                | 9,433         | 814                                 | 6,670                            | 6,539               | 131                | 16,764                | -               | -            | 41,594         |        |
| Wales   |  | 673                        | 662                                  | 11                               | -                                     | 4             | 1,338                      | 1,553               | 586   | 52                               | 134                           | 320   | 459                 | 387                       | 150                                | 4,941         | 476                                 | 3,714                            | 3,617               | 96                 | 10,127                | -               | -            | 23,362         |        |
| Northern Ireland                              |  | 424                        | 418                                  | 6                                | -                                     | 0             | 1,128                      | 1,191               | 262   | 49                               | 183                           | 429   | 268                 | 215                       | 568                                | 2,956         | 280                                 | 2,244                            | 2,234               | 10                 | 6,621                 | -               | -            | 15,627         |        |
| <b>UK current identifiable expenditure</b>    |  | <b>7,468</b>               | <b>7,247</b>                         | <b>221</b>                       | -                                     | <b>113</b>    | <b>27,743</b>              | <b>24,720</b>       | <b>5,304</b>                                  | <b>1,661</b>                     | <b>3,230</b>                  | <b>5,419</b>                                  | <b>9,106</b>        | <b>7,182</b>              | <b>3,959</b>                       | <b>98,728</b> | <b>6,087</b>                        | <b>71,512</b>                    | <b>68,981</b>       | <b>2,531</b>       | <b>183,101</b>        | -               | -            | <b>430,614</b> |        |
| Outside the UK                                |  | 4,808                      | -                                    | 4,808                            | -                                     | 37            | -                          | 258                 | 109   | 103                              | 7                             | -   | 38                  | 57                        | -                                  | 617           | 164                                 | 38                               | 38                  | -                  | 2,500                 | 4,325           | -            | -              | 12,804 |
| <b>Total current identifiable expenditure</b> |  | <b>12,277</b>              | <b>7,247</b>                         | <b>5,030</b>                     | -                                     | <b>150</b>    | <b>27,743</b>              | <b>24,978</b>       | <b>5,413</b>                                  | <b>1,764</b>                     | <b>3,237</b>                  | <b>5,419</b>                                  | <b>9,144</b>        | <b>7,239</b>              | <b>3,959</b>                       | <b>99,345</b> | <b>6,251</b>                        | <b>71,551</b>                    | <b>69,019</b>       | <b>2,531</b>       | <b>185,601</b>        | <b>4,325</b>    | -            | <b>443,418</b> |        |
| Non-identifiable spending                     |  | 37,485                     | 5,114                                | 1,190                            | 31,181                                | 32,076        | 2,041                      | 1,176               | 89  | 936                              | -                             | -   | 151                 | 134                       | -                                  | -             | 3,612                               | -                                | -                   | -                  | -                     | -               | -4,790       | 2,541          | 74,274 |
| <b>Total current expenditure on services</b>  |  | <b>49,761</b>              | <b>12,361</b>                        | <b>6,219</b>                     | <b>31,181</b>                         | <b>32,226</b> | <b>29,783</b>              | <b>26,153</b>       | <b>5,502</b>                                  | <b>2,700</b>                     | <b>3,237</b>                  | <b>5,419</b>                                  | <b>9,295</b>        | <b>7,373</b>              | <b>3,959</b>                       | <b>99,345</b> | <b>9,863</b>                        | <b>71,551</b>                    | <b>69,019</b>       | <b>2,531</b>       | <b>185,601</b>        | <b>-465</b>     | <b>2,541</b> | <b>517,692</b> |        |

Table 9.10b Identifiable capital expenditure on services by function, country and region, 2007–08

| Function                                      |  | accruals, £ million        |                                      |                                  |                                       |              |                            |                     |   |                                  |                               | Total Expenditure on Services                 |                     |                           |                                    |              |                                     |                                  |                     |                    |                       |                 |             |               |
|---|--|----------------------------|--------------------------------------|----------------------------------|---------------------------------------|--------------|----------------------------|---------------------|---|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|--------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-----------------|-------------|---------------|
| Country/Region                                |  | 1. General public services | of which: public and common services | of which: international services | of which: public sector debt interest | 2. Defence   | 3. Public order and safety | 4. Economic affairs | of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities | 7. Health    | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | EU transactions | Unallocated |               |
| North East                                    |  | 43                         | 41                                   | 2                                | -                                     | 1            | 83                         | 560                 | 153   | 35                               | 2                             | 4   | 365                 | 52                        | 378                                | 251          | 113                                 | 338                              | 331                 | 7                  | 40                    | -               | -           | 1,860         |
| North West                                    |  | 126                        | 121                                  | 5                                | -                                     | 1            | 225                        | 1,502               | 452   | 12                               | 4                             | 54  | 979                 | 762                       | 918                                | 651          | 221                                 | 753                              | 736                 | 17                 | 74                    | -               | -           | 5,233         |
| Yorkshire and Humberside                      |  | 112                        | 108                                  | 4                                | -                                     | 1            | 179                        | 795                 | 105   | 10                               | 3                             | 10  | 668                 | 132                       | 737                                | 338          | 206                                 | 634                              | 621                 | 13                 | 53                    | -               | -           | 3,186         |
| East Midlands                                 |  | 129                        | 127                                  | 2                                | -                                     | 1            | 115                        | 602                 | 92  | 9                                | 2                             | 0   | 498                 | 91                        | 316                                | 525          | 135                                 | 541                              | 531                 | 10                 | 36                    | -               | -           | 2,491         |
| West Midlands                                 |  | 181                        | 178                                  | 3                                | -                                     | 1            | 192                        | 1,024               | 140   | 7                                | 3                             | 8   | 865                 | 103                       | 515                                | 395          | 160                                 | 731                              | 717                 | 14                 | 79                    | -               | -           | 3,381         |
| Eastern                                       |  | 149                        | 146                                  | 3                                | -                                     | 1            | 148                        | 1,067               | 59  | 23                               | 2                             | -8  | 990                 | 121                       | 431                                | 301          | 142                                 | 671                              | 655                 | 16                 | 29                    | -               | -           | 3,061         |
| London  |  | 234                        | 231                                  | 2                                | -                                     | 2            | 402                        | 3,181               | 198   | 18                               | 5                             | 39  | 2,922               | 68                        | 2,309                              | 648          | 241                                 | 1,137                            | 1,117               | 21                 | 85                    | -               | -           | 8,307         |
| South East                                    |  | 140                        | 137                                  | 3                                | -                                     | 2            | 185                        | 1,624               | 54  | 24                               | 3                             | 16  | 1,527               | 245                       | 512                                | 627          | 214                                 | 955                              | 937                 | 18                 | 87                    | -               | -           | 4,590         |
| South West                                    |  | 84                         | 83                                   | 1                                | -                                     | 2            | 131                        | 869                 | 41  | 10                               | 2                             | 37  | 779                 | 99                        | 376                                | 474          | 147                                 | 630                              | 618                 | 12                 | 52                    | -               | -           | 2,864         |
| <b>England</b>                                |  | <b>1,197</b>               | <b>1,172</b>                         | <b>25</b>                        | -                                     | <b>13</b>    | <b>1,660</b>               | <b>11,224</b>       | <b>1,295</b>                                  | <b>148</b>                       | <b>27</b>                     | <b>161</b>                                    | <b>9,593</b>        | <b>1,673</b>              | <b>6,493</b>                       | <b>4,210</b> | <b>1,580</b>                        | <b>6,391</b>                     | <b>6,263</b>        | <b>128</b>         | <b>535</b>            | -               | -           | <b>34,973</b> |
| Scotland                                      |  | 138                        | 137                                  | 1                                | -                                     | 0            | 218                        | 1,753               | 237   | 41                               | 4                             | 91  | 1,380               | 254                       | 1,636                              | 430          | 229                                 | 804                              | 739                 | 65                 | 111                   | -               | -           | 5,572         |
| Wales   |  | 62                         | 61                                   | 1                                | -                                     | 0            | 122                        | 677                 | 210   | 5                                | 2                             | 18  | 442                 | 164                       | 424                                | 297          | 181                                 | 224                              | 224                 | 224                | 42                    | -               | -           | 2,193         |
| Northern Ireland                              |  | 71                         | 70                                   | 0                                | -                                     | 0            | 83                         | 508                 | 116   | 9                                | 0                             | 91  | 292                 | 22                        | 205                                | 162          | 118                                 | 353                              | 351                 | 3                  | 87                    | -               | -           | 1,609         |
| <b>UK capital identifiable expenditure</b>    |  | <b>1,468</b>               | <b>1,440</b>                         | <b>28</b>                        | -                                     | <b>13</b>    | <b>2,082</b>               | <b>14,162</b>       | <b>1,858</b>                                  | <b>203</b>                       | <b>32</b>                     | <b>361</b>                                    | <b>11,707</b>       | <b>2,114</b>              | <b>8,757</b>                       | <b>5,099</b> | <b>2,107</b>                        | <b>7,772</b>                     | <b>7,577</b>        | <b>196</b>         | <b>774</b>            | -               | -           | <b>44,348</b> |
| Outside the UK                                |  | 122                        | -                                    | 122                              | -                                     | -            | -                          | 184                 | 80  | 60                               | -                             | 44  | 5                   | -                         | -                                  | 0            | 52                                  | -                                | -                   | -                  | 0                     | -               | -           | 363           |
| <b>Total capital identifiable expenditure</b> |  | <b>1,589</b>               | <b>1,440</b>                         | <b>149</b>                       | -                                     | <b>13</b>    | <b>2,082</b>               | <b>14,346</b>       | <b>1,938</b>                                  | <b>263</b>                       | <b>32</b>                     | <b>361</b>                                    | <b>11,752</b>       | <b>2,119</b>              | <b>8,757</b>                       | <b>5,099</b> | <b>2,159</b>                        | <b>7,772</b>                     | <b>7,577</b>        | <b>196</b>         | <b>775</b>            | -               | -           | <b>44,711</b> |
| Non-identifiable spending                     |  | 541                        | 369                                  | 172                              | -                                     | 1,595        | 384                        | 307                 | 39  | 260                              | -                             | 8   | 3                   | -                         | -                                  | -            | 430                                 | -                                | -                   | -                  | -                     | -               | -           | 1,584         |
| <b>Total capital expenditure on services</b>  |  | <b>2,130</b>               | <b>1,809</b>                         | <b>322</b>                       | -                                     | <b>1,608</b> | <b>2,466</b>               | <b>14,652</b>       | <b>1,977</b>                                  | <b>523</b>                       | <b>32</b>                     | <b>361</b>                                    | <b>11,759</b>       | <b>2,121</b>              | <b>8,757</b>                       | <b>5,099</b> | <b>2,590</b>                        | <b>7,772</b>                     | <b>7,577</b>        | <b>196</b>         | <b>775</b>            | -               | -           | <b>49,554</b> |

**Table 9.11 UK identifiable expenditure on services by function, country and region, per head, 2002–03 to 2007–08**

| Function                           |  | National Statistics   |   |                            |   |   |                                      |  |                            |                           |                                    | accruals, £ per head |                                     |                                  |                            |                           |                       |                               |              |              |
|------------------------------------|--|---|---|----------------------------|---|---|--------------------------------------|--|----------------------------|---------------------------|------------------------------------|----------------------|-------------------------------------|----------------------------------|----------------------------|---------------------------|-----------------------|-------------------------------|--------------|--------------|
|                                    |  | 1. General public services<br><i>of which: public and common services</i> | 2. Defence<br><i>of which: international services</i> | 3. Public order and safety | 4. Economic affairs<br><i>of which: enterprise and economic development</i> | <i>of which: science and technology</i> | <i>of which: employment policies</i> | <i>of which: agriculture, fisheries and forestry</i> | <i>of which: transport</i> | 5. Environment protection | 6. Housing and community amenities | 7. Health            | 8. Recreation, culture and religion | 9. Education (includes training) | <i>of which: education</i> | <i>of which: training</i> | 10. Social protection | Total Expenditure on Services |              |              |
| <b>2002-03</b>                     |  | 97  | 4   | 0                          | 377   | 493                                     | 149                                  | 17   | 65                         | 73                        | 189                                | 99                   | 72                                  | 1,192                            | 124                        | 977                       | 942                   | 36                            | 2,885        | 6,316        |
| North East                         |  | 76  | 4   | 0                          | 407   | 491                                     | 115                                  | 20   | 57                         | 65                        | 235                                | 115                  | 90                                  | 1,182                            | 87                         | 925                       | 890                   | 34                            | 2,694        | 6,068        |
| North West                         |  | 70  | 3   | 1                          | 358   | 465                                     | 119                                  | 19   | 55                         | 89                        | 182                                | 92                   | 69                                  | 1,080                            | 98                         | 915                       | 884                   | 30                            | 2,512        | 5,660        |
| Yorkshire and Humberside           |  | 77  | 3   | 1                          | 307   | 435                                     | 85                                   | 19   | 41                         | 95                        | 195                                | 88                   | 51                                  | 943                              | 90                         | 862                       | 832                   | 29                            | 2,223        | 5,076        |
| East Midlands                      |  | 86  | 3   | 0                          | 338   | 415                                     | 70                                   | 18   | 55                         | 64                        | 208                                | 80                   | 52                                  | 1,051                            | 88                         | 911                       | 877                   | 35                            | 2,402        | 5,424        |
| West Midlands                      |  | 78  | 3   | 1                          | 270   | 377                                     | 38                                   | 45   | 34                         | 75                        | 185                                | 90                   | 11                                  | 985                              | 77                         | 804                       | 763                   | 41                            | 2,084        | 4,778        |
| Eastern                            |  | 90  | 3   | 1                          | 651   | 672                                     | 102                                  | 35   | 62                         | 37                        | 436                                | 89                   | 159                                 | 1,269                            | 121                        | 1,042                     | 1,009                 | 33                            | 2,477        | 6,569        |
| London                             |  | 82  | 3   | 1                          | 307   | 399                                     | 33                                   | 43   | 29                         | 51                        | 243                                | 101                  | 48                                  | 1,003                            | 82                         | 816                       | 787                   | 29                            | 1,992        | 4,831        |
| South East                         |  | 87  | 3   | 2                          | 287   | 438                                     | 58                                   | 20   | 34                         | 148                       | 177                                | 110                  | 48                                  | 997                              | 86                         | 799                       | 770                   | 29                            | 2,247        | 5,101        |
| South West                         |  | <b>82</b>   | <b>3</b>  | <b>1</b>                   | <b>378</b>  | <b>470</b>                              | <b>80</b>                            | <b>28</b>  | <b>47</b>                  | <b>73</b>                 | <b>241</b>                         | <b>97</b>            | <b>70</b>                           | <b>1,082</b>                     | <b>94</b>                  | <b>894</b>                | <b>861</b>            | <b>33</b>                     | <b>2,357</b> | <b>5,522</b> |
| England                            |  | 163   | 3   | 1                          | 324   | 630                                     | 153                                  | 33   | 50                         | 115                       | 279                                | 132                  | 250                                 | 1,324                            | 151                        | 1,062                     | 1,031                 | 31                            | 2,660        | 6,696        |
| Scotland                           |  | 148   | 3   | 1                          | 365   | 694                                     | 273                                  | 14   | 40                         | 100                       | 268                                | 104                  | 98                                  | 1,188                            | 159                        | 1,005                     | 981                   | 25                            | 2,753        | 6,515        |
| Wales                              |  | 216   | 3   | -                          | 693   | 727                                     | 181                                  | 37   | 120                        | 208                       | 182                                | 82                   | 350                                 | 1,224                            | 165                        | 1,202                     | 1,196                 | 5                             | 2,779        | 7,437        |
| Northern Ireland                   |  |   |   |                            |   |   |                                      |  |                            |                           |                                    |                      |                                     |                                  |                            |                           |                       |                               |              |              |
| <b>UK identifiable expenditure</b> |  | <b>96</b>   | <b>3</b>  | <b>1</b>                   | <b>381</b>  | <b>502</b>                              | <b>99</b>                            | <b>28</b>  | <b>49</b>                  | <b>82</b>                 | <b>244</b>                         | <b>100</b>           | <b>95</b>                           | <b>1,111</b>                     | <b>104</b>                 | <b>922</b>                | <b>891</b>            | <b>31</b>                     | <b>2,414</b> | <b>5,726</b> |
| <b>2003-04</b>                     |  | 93  | 5   | 4                          | 412   | 582                                     | 230                                  | 16   | 71                         | 82                        | 184                                | 104                  | 105                                 | 1,311                            | 134                        | 1,110                     | 1,072                 | 39                            | 3,018        | 6,875        |
| North East                         |  | 92  | 4   | 2                          | 444   | 473                                     | 100                                  | 20   | 65                         | 59                        | 229                                | 121                  | 125                                 | 1,343                            | 90                         | 1,039                     | 1,004                 | 35                            | 2,828        | 6,556        |
| North West                         |  | 78  | 5   | 1                          | 386   | 489                                     | 134                                  | 22   | 61                         | 93                        | 178                                | 90                   | 76                                  | 1,231                            | 98                         | 1,026                     | 993                   | 33                            | 2,633        | 6,108        |
| Yorkshire and Humberside           |  | 85  | 4   | 2                          | 334   | 417                                     | 61                                   | 20   | 45                         | 102                       | 189                                | 84                   | 67                                  | 1,087                            | 99                         | 969                       | 938                   | 31                            | 2,351        | 5,495        |
| East Midlands                      |  | 91  | 4   | 2                          | 369   | 425                                     | 75                                   | 17   | 60                         | 68                        | 205                                | 86                   | 65                                  | 1,176                            | 87                         | 1,031                     | 994                   | 37                            | 2,555        | 5,883        |
| West Midlands                      |  | 90  | 3   | 2                          | 293   | 391                                     | 34                                   | 39   | 36                         | 90                        | 191                                | 83                   | 45                                  | 1,095                            | 79                         | 905                       | 861                   | 44                            | 2,238        | 5,221        |
| Eastern                            |  | 106   | 3   | 3                          | 714   | 860                                     | 96                                   | 39   | 67                         | 41                        | 618                                | 98                   | 172                                 | 1,433                            | 130                        | 1,187                     | 1,150                 | 37                            | 2,639        | 7,341        |
| London                             |  | 87  | 3   | 2                          | 330   | 391                                     | 28                                   | 31   | 32                         | 61                        | 239                                | 93                   | 64                                  | 1,122                            | 84                         | 909                       | 881                   | 28                            | 2,162        | 5,244        |
| South East                         |  | 93  | 3   | 4                          | 311   | 426                                     | 48                                   | 17   | 37                         | 148                       | 175                                | 108                  | 60                                  | 1,136                            | 91                         | 905                       | 875                   | 30                            | 2,472        | 5,606        |
| South West                         |  | <b>91</b>   | <b>4</b>  | <b>2</b>                   | <b>411</b>  | <b>500</b>                              | <b>79</b>                            | <b>26</b>  | <b>52</b>                  | <b>78</b>                 | <b>265</b>                         | <b>97</b>            | <b>89</b>                           | <b>1,220</b>                     | <b>97</b>                  | <b>1,007</b>              | <b>972</b>            | <b>35</b>                     | <b>2,512</b> | <b>6,026</b> |
| England                            |  | 178   | 3   | 1                          | 360   | 718                                     | 182                                  | 35   | 58                         | 128                       | 315                                | 156                  | 247                                 | 1,455                            | 172                        | 1,123                     | 1,089                 | 33                            | 2,804        | 7,213        |
| Scotland                           |  | 166   | 3   | 1                          | 398   | 689                                     | 275                                  | 16   | 46                         | 106                       | 246                                | 120                  | 79                                  | 1,348                            | 164                        | 1,067                     | 1,039                 | 28                            | 2,914        | 6,945        |
| Wales                              |  | 223   | 3   | -                          | 686   | 684                                     | 138                                  | 35   | 91                         | 225                       | 195                                | 91                   | 417                                 | 1,345                            | 166                        | 1,259                     | 1,255                 | 5                             | 2,995        | 7,868        |
| Northern Ireland                   |  |   |   |                            |   |   |                                      |  |                            |                           |                                    |                      |                                     |                                  |                            |                           |                       |                               |              |              |
| <b>UK identifiable expenditure</b> |  | <b>106</b>  | <b>4</b>  | <b>2</b>                   | <b>414</b>  | <b>533</b>                              | <b>99</b>                            | <b>27</b>  | <b>53</b>                  | <b>88</b>                 | <b>266</b>                         | <b>103</b>           | <b>111</b>                          | <b>1,250</b>                     | <b>109</b>                 | <b>1,027</b>              | <b>994</b>            | <b>33</b>                     | <b>2,570</b> | <b>6,225</b> |

Table 9.11 UK identifiable expenditure on services by function, country and region, per head, 2002–03 to 2007–08

| Country/<br>Region                 | Function | National Statistics  |  |                            |  |                                  |                               |   |                     |                           |                                    | accruals, £ per head |            |                                     |                                  |                     |                    |                       |                               |              |              |
|------------------------------------|----------|--|--|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|----------------------|------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-------------------------------|--------------|--------------|
|                                    |          | 1. General public services<br>of which: public and common services | 2. Defence<br>of which: international services | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities |                      | 7. Health  | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | Total Expenditure on Services |              |              |
| <b>2004–05</b>                     |          |  |  |                            |  |                                  |                               |   |                     |                           |                                    |                      |            |                                     |                                  |                     |                    |                       |                               |              |              |
| North East                         |          | 112  | 108  | 5                          | 2  | 441                              | 554                           | 195   | 20                  | 76                        | 82                                 | 181                  | 105        | 129                                 | 1,460                            | 136                 | 1,165              | 1,123                 | 42                            | 3,153        | 7,258        |
| North West                         |          | 101  | 97   | 4                          | 1  | 470                              | 526                           | 131   | 22                  | 64                        | 60                                 | 249                  | 127        | 153                                 | 1,451                            | 90                  | 1,099              | 1,061                 | 38                            | 2,971        | 6,989        |
| Yorkshire and Humberside           |          | 95   | 90   | 5                          | 1  | 416                              | 495                           | 138   | 24                  | 59                        | 101                                | 174                  | 100        | 113                                 | 1,365                            | 103                 | 1,087              | 1,048                 | 38                            | 2,749        | 6,524        |
| East Midlands                      |          | 93   | 89   | 4                          | 1  | 350                              | 453                           | 85  | 22                  | 43                        | 106                                | 197                  | 107        | 94                                  | 1,205                            | 100                 | 1,038              | 1,001                 | 37                            | 2,467        | 5,910        |
| West Midlands                      |          | 101  | 97   | 4                          | 1  | 404                              | 471                           | 97  | 18                  | 57                        | 72                                 | 228                  | 98         | 97                                  | 1,307                            | 93                  | 1,093              | 1,053                 | 40                            | 2,692        | 6,356        |
| Eastern                            |          | 98   | 94   | 4                          | 1  | 320                              | 404                           | 39  | 45                  | 37                        | 100                                | 183                  | 97         | 55                                  | 1,220                            | 79                  | 940                | 915                   | 25                            | 2,355        | 5,569        |
| London                             |          | 134  | 130  | 4                          | 1  | 771                              | 787                           | 101   | 41                  | 65                        | 51                                 | 529                  | 102        | 204                                 | 1,597                            | 128                 | 1,269              | 1,230                 | 39                            | 2,751        | 7,744        |
| South East                         |          | 110  | 106  | 4                          | 1  | 355                              | 400                           | 31  | 33                  | 32                        | 63                                 | 242                  | 114        | 100                                 | 1,242                            | 88                  | 977                | 946                   | 32                            | 2,304        | 5,692        |
| South West                         |          | 99   | 95   | 4                          | 2  | 332                              | 446                           | 56  | 18                  | 36                        | 144                                | 191                  | 122        | 74                                  | 1,266                            | 92                  | 965                | 931                   | 33                            | 2,606        | 6,003        |
| <b>England</b>                     |          | <b>106</b>   | <b>102</b>                                     | <b>4</b>                   | <b>1</b>   | <b>441</b>                       | <b>509</b>                    | <b>89</b>                                     | <b>28</b>           | <b>51</b>                 | <b>82</b>                          | <b>258</b>           | <b>109</b> | <b>117</b>                          | <b>1,350</b>                     | <b>99</b>           | <b>1,070</b>       | <b>1,034</b>          | <b>35</b>                     | <b>2,640</b> | <b>6,440</b> |
| Scotland                           |          | 186  | 182  | 4                          | 1  | 379                              | 714                           | 184   | 39                  | 58                        | 129                                | 304                  | 155        | 186                                 | 1,517                            | 180                 | 1,198              | 1,165                 | 33                            | 2,940        | 7,458        |
| Wales                              |          | 172  | 168  | 4                          | 1  | 410                              | 695                           | 278   | 17                  | 46                        | 79                                 | 274                  | 130        | 90                                  | 1,444                            | 185                 | 1,134              | 1,104                 | 30                            | 3,054        | 7,315        |
| Northern Ireland                   |          | 174  | 170  | 4                          | –  | 721                              | 723                           | 153   | 41                  | 101                       | 235                                | 193                  | 107        | 459                                 | 1,452                            | 175                 | 1,297              | 1,293                 | 4                             | 3,185        | 8,294        |
| <b>UK identifiable expenditure</b> |          | <b>118</b>   | <b>114</b>                                     | <b>4</b>                   | <b>1</b>   | <b>442</b>                       | <b>541</b>                    | <b>108</b>                                    | <b>29</b>           | <b>52</b>                 | <b>91</b>                          | <b>261</b>           | <b>114</b> | <b>131</b>                          | <b>1,372</b>                     | <b>112</b>          | <b>1,090</b>       | <b>1,056</b>          | <b>34</b>                     | <b>2,701</b> | <b>6,624</b> |
| <b>2005–06</b>                     |          |  |  |                            |  |                                  |                               |   |                     |                           |                                    |                      |            |                                     |                                  |                     |                    |                       |                               |              |              |
| North East                         |          | 120  | 115  | 5                          | 1  | 491                              | 700                           | 203   | 27                  | 78                        | 100                                | 292                  | 129        | 109                                 | 1,577                            | 199                 | 1,205              | 1,156                 | 50                            | 3,221        | 7,754        |
| North West                         |          | 112  | 108  | 4                          | 1  | 479                              | 510                           | 111   | 25                  | 68                        | 65                                 | 240                  | 160        | 194                                 | 1,561                            | 99                  | 1,181              | 1,140                 | 41                            | 3,081        | 7,380        |
| Yorkshire and Humberside           |          | 84   | 79   | 5                          | 1  | 427                              | 498                           | 136   | 29                  | 60                        | 92                                 | 181                  | 112        | 164                                 | 1,476                            | 108                 | 1,167              | 1,127                 | 40                            | 2,862        | 6,899        |
| East Midlands                      |          | 107  | 103  | 4                          | 1  | 356                              | 466                           | 104   | 26                  | 45                        | 94                                 | 196                  | 104        | 97                                  | 1,302                            | 94                  | 1,104              | 1,076                 | 28                            | 2,581        | 6,212        |
| West Midlands                      |          | 121  | 116  | 5                          | 1  | 414                              | 464                           | 89  | 21                  | 60                        | 74                                 | 221                  | 101        | 118                                 | 1,401                            | 101                 | 1,191              | 1,147                 | 44                            | 2,840        | 6,752        |
| Eastern                            |          | 110  | 106  | 4                          | 2  | 328                              | 412                           | 36  | 55                  | 38                        | 84                                 | 199                  | 109        | 83                                  | 1,288                            | 84                  | 1,018              | 990                   | 28                            | 2,453        | 5,885        |
| London                             |          | 127  | 123  | 4                          | 2  | 788                              | 832                           | 115   | 42                  | 65                        | 37                                 | 573                  | 114        | 345                                 | 1,663                            | 139                 | 1,373              | 1,331                 | 42                            | 2,882        | 8,265        |
| South East                         |          | 116  | 112  | 4                          | 1  | 359                              | 398                           | 35  | 35                  | 33                        | 59                                 | 235                  | 152        | 109                                 | 1,289                            | 92                  | 1,048              | 1,017                 | 31                            | 2,357        | 5,921        |
| South West                         |          | 107  | 102  | 4                          | 2  | 331                              | 476                           | 44  | 23                  | 38                        | 171                                | 202                  | 144        | 79                                  | 1,369                            | 97                  | 1,033              | 996                   | 38                            | 2,638        | 6,277        |
| <b>England</b>                     |          | <b>112</b>   | <b>108</b>                                     | <b>5</b>                   | <b>1</b>   | <b>452</b>                       | <b>525</b>                    | <b>88</b>                                     | <b>32</b>           | <b>52</b>                 | <b>81</b>                          | <b>271</b>           | <b>127</b> | <b>155</b>                          | <b>1,436</b>                     | <b>108</b>          | <b>1,149</b>       | <b>1,112</b>          | <b>37</b>                     | <b>2,737</b> | <b>6,802</b> |
| Scotland                           |          | 216  | 212  | 4                          | 1  | 404                              | 771                           | 191   | 47                  | 60                        | 126                                | 347                  | 232        | 275                                 | 1,681                            | 190                 | 1,278              | 1,243                 | 35                            | 3,028        | 8,077        |
| Wales                              |          | 208  | 204  | 4                          | 1  | 431                              | 763                           | 280   | 23                  | 51                        | 124                                | 286                  | 141        | 160                                 | 1,548                            | 191                 | 1,187              | 1,157                 | 30                            | 3,166        | 7,796        |
| Northern Ireland                   |          | 214  | 210  | 4                          | –  | 762                              | 793                           | 141   | 41                  | 96                        | 310                                | 205                  | 121        | 507                                 | 1,545                            | 192                 | 1,310              | 1,307                 | 3                             | 3,227        | 8,672        |
| <b>UK identifiable expenditure</b> |          | <b>129</b>   | <b>124</b>                                     | <b>4</b>                   | <b>1</b>   | <b>455</b>                       | <b>565</b>                    | <b>108</b>                                    | <b>33</b>           | <b>54</b>                 | <b>93</b>                          | <b>276</b>           | <b>137</b> | <b>175</b>                          | <b>1,465</b>                     | <b>121</b>          | <b>1,167</b>       | <b>1,131</b>          | <b>36</b>                     | <b>2,797</b> | <b>7,012</b> |

Data in this table from 2002–03 to 2006–07 are National Statistics

**Table 9.11 UK identifiable expenditure on services by function, country and region, per head, 2002–03 to 2007–08**

| Country/<br>Region  |  | National Statistics   |   |                            |   |   |                                      |  |                            |                           |                                    | accruals, £ per head |                                     |                                  |                            |                           |                       |                               |              |           |              |              |  |
|---|--|---|---|----------------------------|---|---|--------------------------------------|--|----------------------------|---------------------------|------------------------------------|----------------------|-------------------------------------|----------------------------------|----------------------------|---------------------------|-----------------------|-------------------------------|--------------|-----------|--------------|--------------|--|
|   |  | 1. General public services<br><i>of which: public and common services</i> | 2. Defence<br><i>of which: international services</i> | 3. Public order and safety | 4. Economic affairs<br><i>of which: enterprise and economic development</i> | <i>of which: science and technology</i> | <i>of which: employment policies</i> | <i>of which: agriculture, fisheries and forestry</i> | <i>of which: transport</i> | 5. Environment protection | 6. Housing and community amenities | 7. Health            | 8. Recreation, culture and religion | 9. Education (includes training) | <i>of which: education</i> | <i>of which: training</i> | 10. Social protection | Total Expenditure on Services |              |           |              |              |  |
| <b>2006–07</b>  |  | 104   | 100   | 4                          | 2   | 476                                     | 629                                  | 208  | 23                         | 23                        | 87                                 | 82                   | 230                                 | 117                              | 208                        | 1,678                     | 139                   | 1,280                         | 1,234        | 45        | 3,260        | 7,892        |  |
| North East  |  | 117   | 112   | 4                          | 1   | 500                                     | 591                                  | 169  | 25                         | 25                        | 72                                 | 52                   | 274                                 | 261                              | 179                        | 1,657                     | 108                   | 1,206                         | 1,167        | 39        | 3,136        | 7,756        |  |
| Yorkshire and Humberside  |  | 95  | 91  | 4                          | 1   | 441                                     | 531                                  | 129  | 24                         | 24                        | 65                                 | 79                   | 234                                 | 116                              | 198                        | 1,534                     | 116                   | 1,191                         | 1,153        | 38        | 2,887        | 7,111        |  |
| East Midlands   |  | 105   | 101   | 4                          | 2   | 367                                     | 486                                  | 101  | 23                         | 23                        | 49                                 | 85                   | 228                                 | 112                              | 113                        | 1,383                     | 102                   | 1,145                         | 1,109        | 36        | 2,653        | 6,468        |  |
| West Midlands   |  | 121   | 117   | 4                          | 2   | 442                                     | 502                                  | 90   | 19                         | 19                        | 64                                 | 67                   | 262                                 | 106                              | 134                        | 1,531                     | 106                   | 1,232                         | 1,190        | 42        | 2,915        | 7,090        |  |
| Eastern   |  | 109   | 105   | 4                          | 2   | 345                                     | 438                                  | 35   | 47                         | 41                        | 41                                 | 81                   | 235                                 | 122                              | 94                         | 1,368                     | 85                    | 1,066                         | 1,029        | 37        | 2,548        | 6,177        |  |
| London  |  | 152   | 148   | 4                          | 2   | 808                                     | 886                                  | 105  | 43                         | 37                        | 67                                 | 30                   | 641                                 | 114                              | 372                        | 1,677                     | 146                   | 1,440                         | 1,398        | 42        | 2,954        | 8,550        |  |
| South East  |  | 102   | 98  | 4                          | 2   | 366                                     | 426                                  | 28   | 33                         | 34                        | 34                                 | 53                   | 278                                 | 131                              | 91                         | 1,402                     | 94                    | 1,080                         | 1,046        | 34        | 2,470        | 6,165        |  |
| South West  |  | 101   | 97  | 4                          | 2   | 343                                     | 500                                  | 44   | 22                         | 22                        | 38                                 | 147                  | 250                                 | 129                              | 92                         | 1,417                     | 98                    | 1,077                         | 1,040        | 37        | 2,753        | 6,513        |  |
| <b>England</b>  |  | <b>114</b>  | <b>110</b>  | <b>4</b>                   | <b>2</b>  | <b>466</b>                              | <b>559</b>                           | <b>93</b>  | <b>30</b>                  | <b>30</b>                 | <b>55</b>                          | <b>70</b>            | <b>311</b>                          | <b>138</b>                       | <b>168</b>                 | <b>1,514</b>              | <b>110</b>            | <b>1,192</b>                  | <b>1,153</b> | <b>38</b> | <b>2,814</b> | <b>7,076</b> |  |
| Scotland  |  | 191   | 187   | 4                          | 1   | 419                                     | 945                                  | 192  | 39                         | 39                        | 58                                 | 133                  | 524                                 | 194                              | 311                        | 1,771                     | 200                   | 1,388                         | 1,354        | 34        | 3,123        | 8,544        |  |
| Wales   |  | 223   | 219   | 4                          | 1   | 445                                     | 761                                  | 258  | 18                         | 18                        | 51                                 | 130                  | 306                                 | 193                              | 184                        | 1,664                     | 205                   | 1,255                         | 1,228        | 26        | 3,241        | 8,172        |  |
| Northern Ireland  |  | 249   | 246   | 4                          | 0   | 780                                     | 743                                  | 138  | 36                         | 36                        | 84                                 | 259                  | 226                                 | 131                              | 502                        | 1,671                     | 179                   | 1,372                         | 1,370        | 2         | 3,363        | 8,990        |  |
| <b>UK identifiable expenditure</b>                              |  | <b>129</b>  | <b>126</b>  | <b>4</b>                   | <b>1</b>  | <b>470</b>                              | <b>607</b>                           | <b>111</b>   | <b>30</b>                  | <b>30</b>                 | <b>56</b>                          | <b>84</b>            | <b>326</b>                          | <b>146</b>                       | <b>191</b>                 | <b>1,548</b>              | <b>124</b>            | <b>1,216</b>                  | <b>1,180</b> | <b>36</b> | <b>2,876</b> | <b>7,308</b> |  |
| <b>Data in this section do form part of National Statistics</b> |  |   |   |                            |   |   |                                      |  |                            |                           |                                    |                      |                                     |                                  |                            |                           |                       |                               |              |           |              |              |  |
| <b>2007–08</b>  |  | 121   | 117   | 4                          | 3   | 505                                     | 660                                  | 210  | 35                         | 35                        | 83                                 | 88                   | 244                                 | 129                              | 224                        | 1,882                     | 152                   | 1,373                         | 1,319        | 54        | 3,457        | 8,505        |  |
| North East  |  | 133   | 129   | 4                          | 2   | 522                                     | 605                                  | 165  | 24                         | 24                        | 69                                 | 55                   | 292                                 | 256                              | 197                        | 1,849                     | 119                   | 1,299                         | 1,251        | 48        | 3,265        | 8,247        |  |
| North West  |  | 109   | 105   | 4                          | 2   | 465                                     | 543                                  | 128  | 23                         | 23                        | 62                                 | 85                   | 245                                 | 128                              | 204                        | 1,700                     | 130                   | 1,282                         | 1,236        | 47        | 3,028        | 7,590        |  |
| Yorkshire and Humberside  |  | 119   | 115   | 4                          | 2   | 384                                     | 490                                  | 109  | 23                         | 23                        | 46                                 | 90                   | 223                                 | 121                              | 121                        | 1,594                     | 114                   | 1,229                         | 1,184        | 45        | 2,760        | 6,936        |  |
| East Midlands   |  | 140   | 136   | 4                          | 2   | 465                                     | 526                                  | 94   | 18                         | 18                        | 60                                 | 70                   | 284                                 | 116                              | 145                        | 1,666                     | 116                   | 1,323                         | 1,272        | 51        | 3,055        | 7,555        |  |
| West Midlands   |  | 125   | 121   | 4                          | 2   | 360                                     | 461                                  | 39   | 47                         | 38                        | 38                                 | 87                   | 250                                 | 130                              | 118                        | 1,461                     | 92                    | 1,158                         | 1,111        | 46        | 2,648        | 6,555        |  |
| Eastern   |  | 174   | 170   | 4                          | 2   | 837                                     | 904                                  | 105  | 42                         | 42                        | 60                                 | 30                   | 667                                 | 126                              | 385                        | 1,898                     | 154                   | 1,535                         | 1,483        | 52        | 3,084        | 9,099        |  |
| London  |  | 111   | 107   | 4                          | 2   | 383                                     | 432                                  | 34   | 34                         | 34                        | 32                                 | 55                   | 277                                 | 142                              | 109                        | 1,502                     | 103                   | 1,144                         | 1,101        | 43        | 2,583        | 6,512        |  |
| South East  |  | 116   | 112   | 4                          | 3   | 359                                     | 522                                  | 51   | 19                         | 19                        | 37                                 | 156                  | 258                                 | 141                              | 115                        | 1,583                     | 106                   | 1,159                         | 1,115        | 44        | 2,859        | 6,962        |  |
| South West  |  | <b>129</b>  | <b>125</b>  | <b>4</b>                   | <b>2</b>  | <b>487</b>                              | <b>575</b>                           | <b>96</b>  | <b>30</b>                  | <b>30</b>                 | <b>52</b>                          | <b>74</b>            | <b>323</b>                          | <b>147</b>                       | <b>184</b>                 | <b>1,676</b>              | <b>119</b>            | <b>1,278</b>                  | <b>1,230</b> | <b>47</b> | <b>2,938</b> | <b>7,535</b> |  |
| <b>England</b>  |  | 213   | 209   | 4                          | 1   | 439                                     | 1,081                                | 214  | 42                         | 42                        | 55                                 | 219                  | 552                                 | 196                              | 387                        | 1,919                     | 203                   | 1,455                         | 1,416        | 38        | 3,284        | 9,179        |  |
| Scotland  |  | 247   | 243   | 4                          | 1   | 490                                     | 748                                  | 267  | 19                         | 19                        | 46                                 | 114                  | 303                                 | 185                              | 193                        | 1,758                     | 220                   | 1,322                         | 1,289        | 32        | 3,413        | 8,577        |  |
| Wales   |  | 281   | 277   | 4                          | 0   | 688                                     | 965                                  | 215  | 33                         | 33                        | 104                                | 295                  | 318                                 | 135                              | 439                        | 1,770                     | 226                   | 1,475                         | 1,468        | 7         | 3,810        | 9,789        |  |
| Northern Ireland  |  |   |   |                            |   |   |                                      |  |                            |                           |                                    |                      |                                     |                                  |                            |                           |                       |                               |              |           |              |              |  |
| <b>UK identifiable expenditure</b>                              |  | <b>147</b>  | <b>142</b>  | <b>4</b>                   | <b>2</b>  | <b>489</b>                              | <b>638</b>                           | <b>117</b>   | <b>31</b>                  | <b>31</b>                 | <b>54</b>                          | <b>95</b>            | <b>341</b>                          | <b>152</b>                       | <b>209</b>                 | <b>1,703</b>              | <b>134</b>            | <b>1,300</b>                  | <b>1,256</b> | <b>45</b> | <b>3,016</b> | <b>7,790</b> |  |



Table 9.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2002–03 to 2007–08

| Country/<br>Region                     | Function | National Statistics   |  |                            |   |                                  |                               |  |                     |                           |                                       | Index (UK identifiable expenditure = 100) |  |                                     |                     |                    |                       |                                     |            |            |
|--|----------|---|--|----------------------------|---|----------------------------------|-------------------------------|--|---------------------|---------------------------|---------------------------------------|---|--|-------------------------------------|---------------------|--------------------|-----------------------|-------------------------------------|------------|------------|
|  |          | 1. General public services<br>of which: public and common<br>services | 2. Defence<br>of which: international services | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and<br>economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries<br>and forestry | of which: transport | 5. Environment protection | 6. Housing and community<br>amenities | 7. Health                                 | 8. Recreation, culture and<br>religion | 9. Education (includes<br>training) | of which: education | of which: training | 10. Social protection | Total<br>Expenditure<br>on Services |            |            |
| <b>2002–03</b>                         |          |   |  |                            |   |                                  |                               |  |                     |                           |                                       |   |  |                                     |                     |                    |                       |                                     |            |            |
| North East                             |          | 101   | 100  | 118                        | 61  | 99                               | 98                            | 150  | 59                  | 133                       | 89                                    | 78  | 99                                     | 76                                  | 107                 | 119                | 106                   | 113                                 | 120        | 110        |
| North West                             |          | 79  | 78   | 109                        | 53  | 107                              | 98                            | 116  | 70                  | 117                       | 79                                    | 96  | 116                                    | 95                                  | 106                 | 84                 | 100                   | 109                                 | 112        | 106        |
| Yorkshire and Humberside               |          | 73  | 72   | 104                        | 68  | 94                               | 93                            | 121  | 68                  | 112                       | 109                                   | 75  | 92                                     | 72                                  | 97                  | 95                 | 99                    | 97                                  | 104        | 99         |
| East Midlands                          |          | 80  | 79   | 99                         | 78  | 80                               | 87                            | 86   | 68                  | 84                        | 116                                   | 80  | 89                                     | 54                                  | 85                  | 87                 | 93                    | 93                                  | 92         | 89         |
| West Midlands                          |          | 90  | 89   | 104                        | 59  | 89                               | 83                            | 71   | 63                  | 113                       | 77                                    | 85  | 82                                     | 54                                  | 95                  | 85                 | 99                    | 98                                  | 99         | 95         |
| Eastern                                |          | 82  | 81   | 95                         | 93  | 71                               | 75                            | 38   | 162                 | 69                        | 92                                    | 76  | 91                                     | 12                                  | 89                  | 74                 | 87                    | 86                                  | 130        | 83         |
| London                                 |          | 94  | 93   | 95                         | 86  | 171                              | 134                           | 103  | 123                 | 126                       | 46                                    | 179                                       | 89                                     | 167                                 | 114                 | 117                | 113                   | 105                                 | 103        | 115        |
| South East                             |          | 85  | 85   | 95                         | 83  | 81                               | 80                            | 33   | 155                 | 59                        | 63                                    | 100                                       | 101                                    | 51                                  | 90                  | 79                 | 88                    | 88                                  | 86         | 84         |
| South West                             |          | 91  | 91   | 106                        | 324   | 75                               | 87                            | 59   | 70                  | 70                        | 180                                   | 73  | 111                                    | 51                                  | 90                  | 83                 | 87                    | 92                                  | 93         | 89         |
| <b>England</b>                         |          | <b>85</b>   | <b>85</b>                                      | <b>101</b>                 | <b>99</b>   | <b>99</b>                        | <b>94</b>                     | <b>81</b>  | <b>100</b>          | <b>96</b>                 | <b>89</b>                             | <b>99</b>                                 | <b>97</b>                              | <b>74</b>                           | <b>97</b>           | <b>90</b>          | <b>97</b>             | <b>104</b>                          | <b>98</b>  | <b>96</b>  |
| Scotland                               |          | 170   | 173  | 93                         | 151   | 85                               | 126                           | 154  | 119                 | 102                       | 140                                   | 115                                       | 133                                    | 263                                 | 119                 | 145                | 115                   | 116                                 | 100        | 117        |
| Wales                                  |          | 155   | 157  | 93                         | 88  | 96                               | 138                           | 276  | 49                  | 81                        | 122                                   | 110                                       | 105                                    | 104                                 | 107                 | 153                | 109                   | 110                                 | 78         | 114        |
| Northern Ireland                       |          | 225   | 230  | 93                         | –   | 182                              | 145                           | 183  | 130                 | 244                       | 253                                   | 75  | 82                                     | 369                                 | 110                 | 159                | 130                   | 134                                 | 17         | 130        |
| <b>UK identifiable<br/>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>100</b>                          | <b>100</b> | <b>100</b> |
| <b>2003–04</b>                         |          |   |  |                            |   |                                  |                               |  |                     |                           |                                       |   |  |                                     |                     |                    |                       |                                     |            |            |
| North East                             |          | 88  | 87   | 124                        | 194   | 100                              | 109                           | 231  | 60                  | 134                       | 93                                    | 69  | 101                                    | 95                                  | 105                 | 123                | 108                   | 117                                 | 117        | 110        |
| North West                             |          | 86  | 86   | 107                        | 84  | 107                              | 89                            | 101  | 74                  | 123                       | 67                                    | 86  | 118                                    | 112                                 | 107                 | 82                 | 101                   | 101                                 | 104        | 105        |
| Yorkshire and Humberside               |          | 74  | 72   | 129                        | 70  | 93                               | 92                            | 135  | 84                  | 115                       | 106                                   | 67  | 88                                     | 68                                  | 98                  | 90                 | 100                   | 100                                 | 99         | 102        |
| East Midlands                          |          | 80  | 80   | 95                         | 111   | 81                               | 78                            | 61   | 77                  | 85                        | 116                                   | 71  | 82                                     | 60                                  | 87                  | 91                 | 94                    | 94                                  | 94         | 91         |
| West Midlands                          |          | 86  | 86   | 102                        | 109   | 89                               | 80                            | 76   | 62                  | 113                       | 78                                    | 77  | 83                                     | 55                                  | 94                  | 80                 | 100                   | 100                                 | 112        | 99         |
| Eastern                                |          | 85  | 85   | 95                         | 86  | 71                               | 73                            | 35   | 148                 | 68                        | 102                                   | 72  | 81                                     | 40                                  | 88                  | 72                 | 88                    | 87                                  | 132        | 87         |
| London                                 |          | 100   | 100  | 93                         | 121   | 173                              | 161                           | 96   | 145                 | 126                       | 46                                    | 232                                       | 95                                     | 155                                 | 115                 | 119                | 116                   | 111                                 | 103        | 118        |
| South East                             |          | 82  | 82   | 93                         | 117   | 80                               | 73                            | 28   | 118                 | 60                        | 69                                    | 90  | 90                                     | 57                                  | 90                  | 77                 | 88                    | 89                                  | 84         | 84         |
| South West                             |          | 88  | 88   | 94                         | 188   | 75                               | 80                            | 48   | 64                  | 70                        | 168                                   | 66  | 105                                    | 54                                  | 91                  | 84                 | 88                    | 88                                  | 91         | 90         |
| <b>England</b>                         |          | <b>86</b>   | <b>85</b>                                      | <b>102</b>                 | <b>115</b>  | <b>99</b>                        | <b>94</b>                     | <b>80</b>  | <b>98</b>           | <b>97</b>                 | <b>89</b>                             | <b>100</b>                                | <b>94</b>                              | <b>80</b>                           | <b>98</b>           | <b>89</b>          | <b>98</b>             | <b>104</b>                          | <b>98</b>  | <b>97</b>  |
| Scotland                               |          | 168   | 170  | 92                         | 27  | 87                               | 135                           | 183  | 133                 | 109                       | 146                                   | 118                                       | 152                                    | 222                                 | 116                 | 158                | 109                   | 110                                 | 100        | 109        |
| Wales                                  |          | 156   | 159  | 92                         | 36  | 96                               | 129                           | 277  | 59                  | 87                        | 120                                   | 92  | 117                                    | 71                                  | 108                 | 150                | 104                   | 105                                 | 84         | 112        |
| Northern Ireland                       |          | 211   | 215  | 91                         | –   | 166                              | 128                           | 139  | 133                 | 171                       | 256                                   | 73  | 89                                     | 375                                 | 108                 | 153                | 123                   | 126                                 | 14         | 126        |
| <b>UK identifiable<br/>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>100</b>                          | <b>100</b> | <b>100</b> |



**Table 9.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2002–03 to 2007–08 (continued)**

| Country/<br>Region                 | Function | National Statistics   |   |                            |   |   |                                      |  |                            |                           |                                    | Index (UK identifiable expenditure = 100) |                                     |  |                           |                       |                               |            |            |            |            |
|------------------------------------|----------|---|---|----------------------------|---|---|--------------------------------------|--|----------------------------|---------------------------|------------------------------------|---|-------------------------------------|--|---------------------------|-----------------------|-------------------------------|------------|------------|------------|------------|
|                                    |          | 1. General public services<br><i>of which: public and common services</i> | 2. Defence<br><i>of which: international services</i> | 3. Public order and safety | 4. Economic affairs<br><i>of which: enterprise and economic development</i> | <i>of which: science and technology</i> | <i>of which: employment policies</i> | <i>of which: agriculture, fisheries and forestry</i> | <i>of which: transport</i> | 5. Environment protection | 6. Housing and community amenities | 7. Health                                 | 8. Recreation, culture and religion | 9. Education (includes training)<br><i>of which: education</i> | <i>of which: training</i> | 10. Social protection | Total Expenditure on Services |            |            |            |            |
| <b>2004–05</b>                     |          |   |   |                            |   |   |                                      |  |                            |                           |                                    |   |                                     |  |                           |                       |                               |            |            |            |            |
| North East                         |          | 95  | 94  | 116                        | 151   | 100                                     | 102                                  | 180  | 69                         | 145                       | 90                                 | 69  | 93                                  | 98   | 106                       | 121                   | 107                           | 106        | 122        | 117        | 110        |
| North West                         |          | 86  | 85  | 104                        | 78  | 106                                     | 97                                   | 121  | 76                         | 122                       | 67                                 | 95  | 111                                 | 116  | 106                       | 80                    | 101                           | 100        | 111        | 110        | 106        |
| Yorkshire and Humberside           |          | 80  | 79  | 114                        | 83  | 94                                      | 91                                   | 128  | 83                         | 112                       | 111                                | 67  | 88                                  | 86   | 99                        | 92                    | 100                           | 99         | 112        | 102        | 98         |
| East Midlands                      |          | 79  | 78  | 98                         | 103   | 79                                      | 84                                   | 78   | 78                         | 82                        | 117                                | 75  | 94                                  | 72   | 88                        | 89                    | 95                            | 95         | 108        | 91         | 89         |
| West Midlands                      |          | 86  | 85  | 104                        | 93  | 91                                      | 87                                   | 89   | 61                         | 109                       | 79                                 | 87  | 86                                  | 74   | 95                        | 83                    | 100                           | 100        | 116        | 100        | 96         |
| Eastern                            |          | 83  | 82  | 97                         | 95  | 72                                      | 75                                   | 36   | 154                        | 70                        | 111                                | 70  | 86                                  | 42   | 89                        | 71                    | 86                            | 87         | 73         | 87         | 84         |
| London                             |          | 114   | 114   | 95                         | 117   | 174                                     | 145                                  | 93   | 140                        | 124                       | 56                                 | 203                                       | 90                                  | 156  | 116                       | 114                   | 116                           | 116        | 114        | 102        | 117        |
| South East                         |          | 93  | 93  | 96                         | 111   | 80                                      | 74                                   | 29   | 113                        | 61                        | 69                                 | 93  | 100                                 | 76   | 91                        | 78                    | 90                            | 90         | 92         | 85         | 86         |
| South West                         |          | 84  | 84  | 97                         | 146   | 75                                      | 82                                   | 52   | 62                         | 69                        | 159                                | 73  | 107                                 | 56   | 92                        | 82                    | 88                            | 88         | 98         | 96         | 91         |
| <b>England</b>                     |          | <b>90</b>   | <b>89</b>   | <b>101</b>                 | <b>106</b>  | <b>100</b>                              | <b>94</b>                            | <b>82</b>  | <b>97</b>                  | <b>97</b>                 | <b>91</b>                          | <b>99</b>                                 | <b>96</b>                           | <b>89</b>  | <b>98</b>                 | <b>88</b>             | <b>98</b>                     | <b>98</b>  | <b>104</b> | <b>98</b>  | <b>97</b>  |
| Scotland                           |          | 158   | 160   | 94                         | 95  | 86                                      | 132                                  | 170  | 135                        | 110                       | 143                                | 117                                       | 136                                 | 142  | 111                       | 160                   | 110                           | 110        | 98         | 109        | 113        |
| Wales                              |          | 146   | 148   | 94                         | 67  | 93                                      | 128                                  | 257  | 59                         | 87                        | 87                                 | 105                                       | 114                                 | 69   | 105                       | 165                   | 104                           | 105        | 87         | 113        | 110        |
| Northern Ireland                   |          | 148   | 150   | 94                         | -   | 163                                     | 134                                  | 142  | 141                        | 193                       | 259                                | 74  | 94                                  | 349  | 106                       | 155                   | 119                           | 122        | 12         | 118        | 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>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |
| <b>2005–06</b>                     |          |   |   |                            |   |   |                                      |  |                            |                           |                                    |   |                                     |  |                           |                       |                               |            |            |            |            |
| North East                         |          | 94  | 93  | 113                        | 101   | 108                                     | 124                                  | 188  | 80                         | 144                       | 107                                | 106                                       | 95                                  | 62   | 108                       | 164                   | 103                           | 102        | 139        | 115        | 111        |
| North West                         |          | 87  | 87  | 99                         | 82  | 105                                     | 90                                   | 103  | 76                         | 125                       | 70                                 | 87  | 117                                 | 111  | 107                       | 82                    | 101                           | 101        | 116        | 110        | 105        |
| Yorkshire and Humberside           |          | 65  | 63  | 117                        | 69  | 94                                      | 88                                   | 126  | 86                         | 111                       | 99                                 | 66  | 82                                  | 94   | 101                       | 89                    | 100                           | 100        | 113        | 102        | 98         |
| East Midlands                      |          | 83  | 83  | 98                         | 91  | 78                                      | 82                                   | 96   | 79                         | 83                        | 101                                | 71  | 76                                  | 55   | 89                        | 78                    | 95                            | 95         | 77         | 92         | 89         |
| West Midlands                      |          | 94  | 93  | 103                        | 98  | 91                                      | 82                                   | 82   | 62                         | 111                       | 79                                 | 80  | 74                                  | 67   | 96                        | 83                    | 102                           | 101        | 123        | 102        | 96         |
| Eastern                            |          | 85  | 85  | 98                         | 126   | 72                                      | 73                                   | 33   | 165                        | 70                        | 90                                 | 72  | 80                                  | 47   | 88                        | 69                    | 87                            | 88         | 78         | 88         | 84         |
| London                             |          | 99  | 99  | 97                         | 127   | 173                                     | 147                                  | 106  | 126                        | 120                       | 40                                 | 207                                       | 84                                  | 196  | 114                       | 115                   | 118                           | 118        | 117        | 103        | 118        |
| South East                         |          | 90  | 90  | 97                         | 107   | 79                                      | 70                                   | 33   | 105                        | 61                        | 64                                 | 85  | 111                                 | 62   | 88                        | 76                    | 90                            | 90         | 86         | 84         | 84         |
| South West                         |          | 83  | 82  | 98                         | 137   | 73                                      | 84                                   | 40   | 68                         | 69                        | 183                                | 73  | 106                                 | 45   | 93                        | 80                    | 89                            | 88         | 105        | 94         | 90         |
| <b>England</b>                     |          | <b>87</b>   | <b>87</b>   | <b>101</b>                 | <b>105</b>  | <b>99</b>                               | <b>93</b>                            | <b>82</b>  | <b>97</b>                  | <b>97</b>                 | <b>87</b>                          | <b>98</b>                                 | <b>93</b>                           | <b>88</b>  | <b>98</b>                 | <b>89</b>             | <b>99</b>                     | <b>98</b>  | <b>104</b> | <b>98</b>  | <b>97</b>  |
| Scotland                           |          | 168   | 171   | 96                         | 94  | 89                                      | 136                                  | 177  | 140                        | 111                       | 135                                | 126                                       | 170                                 | 157  | 115                       | 156                   | 110                           | 110        | 97         | 108        | 115        |
| Wales                              |          | 162   | 164   | 96                         | 81  | 95                                      | 135                                  | 260  | 68                         | 94                        | 133                                | 103                                       | 103                                 | 91   | 106                       | 157                   | 102                           | 102        | 85         | 113        | 111        |
| Northern Ireland                   |          | 166   | 169   | 96                         | -   | 167                                     | 140                                  | 130  | 122                        | 177                       | 333                                | 74  | 89                                  | 289  | 105                       | 159                   | 112                           | 116        | 8          | 115        | 124        |
| <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>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |

**Table 9.12 UK identifiable expenditure on services by function, country and region, per head indexed, 2002–03 to 2007–08 (continued)**

| Function                           |                            | National Statistics  |                                  |                                  |                               |   |                     |   |                                  |                                    |   | Index (UK identifiable expenditure = 100)                |  |                                     |                    |                                  |            |                       |            |                               |
|------------------------------------|----------------------------|--|----------------------------------|----------------------------------|-------------------------------|---|---------------------|---|----------------------------------|------------------------------------|---|--|--|-------------------------------------|--------------------|----------------------------------|------------|-----------------------|------------|-------------------------------|
|                                    |                            | Data in this table from 2002–03 to 2006–07 are National Statistics |                                  |                                  |                               |   |                     |   |                                  |                                    |   | Data in this section do form part of National Statistics |  |                                     |                    |                                  |            |                       |            |                               |
| Country/<br>Region                 | 1. General public services | 2. Defence   |                                  | 3. Public order and safety       |                               | 4. Economic affairs                           |                     | 5. Environment protection                     |                                  | 6. Housing and community amenities |   | 7. Health  |  | 8. Recreation, culture and religion |                    | 9. Education (includes training) |            | 10. Social protection |            | Total Expenditure on Services |
|                                    |                            | of which: public and common services                               | of which: international services | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | of which: enterprise and economic development | of which: science and technology | of which: environment protection   | of which: housing and community amenities | of which: health   | of which: recreation, culture and religion | of which: education                 | of which: training | of which: social protection      |            |                       |            |                               |
| <b>2006–07</b>                     |                            |  |                                  |                                  |                               |   |                     |   |                                  |                                    |   |  |  |                                     |                    |                                  |            |                       |            |                               |
| North East                         | 80                         | 79   | 105                              | 133                              | 101                           | 104   | 188                 | 76  | 154                              | 97                                 | 71  | 80   | 109  | 108                                 | 112                | 105                              | 105        | 125                   | 113        | 108                           |
| North West                         | 90                         | 89   | 106                              | 87                               | 106                           | 97  | 153                 | 82  | 127                              | 61                                 | 84  | 179  | 94   | 107                                 | 87                 | 99                               | 99         | 107                   | 109        | 106                           |
| Yorkshire and Humberside           | 73                         | 72   | 106                              | 72                               | 94                            | 87  | 117                 | 78  | 116                              | 94                                 | 72  | 79   | 104  | 99                                  | 94                 | 98                               | 98         | 105                   | 100        | 97                            |
| East Midlands                      | 81                         | 80   | 100                              | 107                              | 78                            | 80  | 91                  | 76  | 87                               | 102                                | 70  | 77   | 59   | 89                                  | 83                 | 94                               | 94         | 99                    | 92         | 89                            |
| West Midlands                      | 93                         | 93   | 102                              | 104                              | 94                            | 83  | 81                  | 62  | 114                              | 80                                 | 80  | 73   | 70   | 99                                  | 86                 | 101                              | 101        | 115                   | 101        | 97                            |
| Eastern                            | 84                         | 83   | 99                               | 117                              | 73                            | 72  | 31                  | 155   | 72                               | 97                                 | 72  | 84   | 49   | 88                                  | 69                 | 88                               | 87         | 102                   | 89         | 85                            |
| London                             | 118                        | 118  | 97                               | 119                              | 172                           | 146   | 95                  | 143   | 119                              | 36                                 | 197                                       | 78   | 195  | 108                                 | 118                | 118                              | 119        | 114                   | 103        | 117                           |
| South East                         | 79                         | 78   | 97                               | 106                              | 78                            | 70  | 25                  | 108   | 61                               | 63                                 | 85  | 90   | 48   | 91                                  | 76                 | 89                               | 89         | 93                    | 86         | 84                            |
| South West                         | 78                         | 78   | 97                               | 122                              | 73                            | 82  | 39                  | 72  | 68                               | 175                                | 77  | 89   | 49   | 92                                  | 79                 | 88                               | 88         | 100                   | 96         | 89                            |
| <b>England</b>                     | <b>88</b>                  | <b>87</b>  | <b>101</b>                       | <b>106</b>                       | <b>93</b>                     | <b>92</b>                                     | <b>84</b>           | <b>99</b>                                     | <b>99</b>                        | <b>84</b>                          | <b>95</b>                                 | <b>95</b>  | <b>88</b>                                  | <b>98</b>                           | <b>88</b>          | <b>98</b>                        | <b>98</b>  | <b>105</b>            | <b>98</b>  | <b>97</b>                     |
| Scotland                           | 148                        | 149  | 96                               | 90                               | 89                            | 156   | 173                 | 128   | 103                              | 158                                | 161                                       | 133  | 163  | 114                                 | 161                | 114                              | 115        | 93                    | 109        | 117                           |
| Wales                              | 172                        | 175  | 96                               | 74                               | 95                            | 125   | 233                 | 58  | 90                               | 155                                | 94  | 133  | 97   | 107                                 | 166                | 103                              | 104        | 72                    | 113        | 112                           |
| Northern Ireland                   | 193                        | 196  | 96                               | 0                                | 166                           | 122   | 125                 | 120   | 150                              | 308                                | 69  | 90   | 263  | 108                                 | 144                | 113                              | 116        | 7                     | 117        | 123                           |
| <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>100</b> | <b>100</b>            | <b>100</b> | <b>100</b>                    |
| <b>2007–08</b>                     |                            |  |                                  |                                  |                               |   |                     |   |                                  |                                    |   |  |  |                                     |                    |                                  |            |                       |            |                               |
| North East                         | 83                         | 82   | 109                              | 134                              | 103                           | 104   | 179                 | 113   | 155                              | 93                                 | 72  | 84   | 107  | 111                                 | 113                | 106                              | 105        | 121                   | 115        | 109                           |
| North West                         | 91                         | 90   | 109                              | 89                               | 107                           | 95  | 141                 | 78  | 129                              | 58                                 | 86  | 168  | 94   | 109                                 | 88                 | 100                              | 100        | 108                   | 108        | 106                           |
| Yorkshire and Humberside           | 75                         | 74   | 108                              | 73                               | 95                            | 85  | 109                 | 76  | 115                              | 90                                 | 72  | 84   | 98   | 100                                 | 97                 | 99                               | 98         | 104                   | 100        | 97                            |
| East Midlands                      | 81                         | 81   | 99                               | 108                              | 79                            | 77  | 92                  | 74  | 85                               | 95                                 | 65  | 80   | 58   | 94                                  | 85                 | 95                               | 94         | 100                   | 92         | 89                            |
| West Midlands                      | 95                         | 95   | 103                              | 106                              | 95                            | 83  | 80                  | 58  | 112                              | 74                                 | 83  | 76   | 70   | 98                                  | 87                 | 102                              | 101        | 114                   | 101        | 97                            |
| Eastern                            | 85                         | 85   | 99                               | 116                              | 74                            | 72  | 34                  | 153   | 71                               | 91                                 | 73  | 85   | 57   | 86                                  | 69                 | 89                               | 89         | 104                   | 88         | 84                            |
| London                             | 119                        | 119  | 96                               | 121                              | 171                           | 142   | 90                  | 138   | 112                              | 32                                 | 195                                       | 83   | 184  | 111                                 | 114                | 118                              | 118        | 116                   | 102        | 117                           |
| South East                         | 76                         | 75   | 96                               | 108                              | 78                            | 68  | 29                  | 110   | 60                               | 58                                 | 81  | 93   | 52   | 88                                  | 77                 | 88                               | 88         | 95                    | 86         | 84                            |
| South West                         | 79                         | 79   | 95                               | 129                              | 73                            | 82  | 44                  | 64  | 70                               | 164                                | 76  | 92   | 55   | 93                                  | 79                 | 89                               | 89         | 99                    | 95         | 89                            |
| <b>England</b>                     | <b>88</b>                  | <b>88</b>  | <b>101</b>                       | <b>108</b>                       | <b>100</b>                    | <b>90</b>                                     | <b>81</b>           | <b>98</b>                                     | <b>97</b>                        | <b>78</b>                          | <b>95</b>                                 | <b>96</b>  | <b>88</b>                                  | <b>98</b>                           | <b>89</b>          | <b>98</b>                        | <b>98</b>  | <b>106</b>            | <b>97</b>  | <b>97</b>                     |
| Scotland                           | 145                        | 147  | 95                               | 72                               | 90                            | 170   | 182                 | 137   | 103                              | 231                                | 162                                       | 129  | 186  | 113                                 | 151                | 112                              | 113        | 85                    | 109        | 118                           |
| Wales                              | 168                        | 170  | 95                               | 66                               | 100                           | 117   | 228                 | 63  | 85                               | 120                                | 89  | 121  | 92   | 103                                 | 164                | 102                              | 103        | 72                    | 113        | 110                           |
| Northern Ireland                   | 192                        | 194  | 95                               | 9                                | 141                           | 151   | 183                 | 109   | 194                              | 311                                | 93  | 88   | 210  | 104                                 | 168                | 113                              | 117        | 15                    | 126        | 126                           |
| <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>100</b> | <b>100</b>            | <b>100</b> | <b>100</b>                    |

**Table 9.13 Total local authority identifiable expenditure on services by country and region, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |                     |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| North East   | 4,521               | 5,002              | 5,354              | 6,066              | 5,778              | 6,159            | 28                  | 29                 | 29                 | 31                 | 29                 | 28               |
| North West   | 11,573              | 12,915             | 13,896             | 14,786             | 15,262             | 16,246           | 28                  | 29                 | 29                 | 29                 | 29                 | 29               |
| Yorkshire and Humberside                             | 7,787               | 8,709              | 9,422              | 9,971              | 10,560             | 11,259           | 28                  | 28                 | 29                 | 28                 | 29                 | 29               |
| East Midlands  | 6,055               | 6,827              | 7,396              | 7,848              | 8,232              | 8,786            | 28                  | 29                 | 29                 | 29                 | 29                 | 29               |
| West Midlands  | 8,359               | 9,358              | 10,167             | 10,924             | 11,492             | 12,263           | 29                  | 30                 | 30                 | 30                 | 30                 | 30               |
| Eastern  | 7,726               | 8,701              | 9,390              | 10,114             | 10,520             | 11,252           | 30                  | 30                 | 31                 | 31                 | 30                 | 30               |
| London   | 17,750              | 20,271             | 21,660             | 23,045             | 24,217             | 25,778           | 37                  | 37                 | 38                 | 37                 | 38                 | 37               |
| South East   | 11,635              | 12,939             | 14,045             | 14,650             | 15,125             | 16,132           | 30                  | 31                 | 30                 | 30                 | 30                 | 30               |
| South West   | 7,085               | 8,017              | 8,598              | 9,022              | 9,440              | 10,079           | 28                  | 29                 | 28                 | 28                 | 28                 | 28               |
| <b>England</b>                                       | <b>82,491</b>       | <b>92,739</b>      | <b>99,929</b>      | <b>106,427</b>     | <b>110,626</b>     | <b>117,953</b>   | <b>30</b>           | <b>31</b>          | <b>31</b>          | <b>31</b>          | <b>31</b>          | <b>31</b>        |
| Scotland   | 9,673               | 10,379             | 11,147             | 12,141             | 12,559             | 13,271           | 29                  | 28                 | 29                 | 30                 | 29                 | 28               |
| Wales  | 5,234               | 5,757              | 6,133              | 6,596              | 6,897              | 7,266            | 28                  | 28                 | 28                 | 29                 | 28                 | 28               |
| Northern Ireland                                     | 406                 | 413                | 443                | 483                | 464                | 609              | 3                   | 3                  | 3                  | 3                  | 3                  | 4                |
| <b>UK local authority identifiable expenditure</b>   | <b>97,805</b>       | <b>109,288</b>     | <b>117,652</b>     | <b>125,648</b>     | <b>130,545</b>     | <b>139,098</b>   | <b>29</b>           | <b>29</b>          | <b>30</b>          | <b>30</b>          | <b>29</b>          | <b>29</b>        |
| Non-identifiable expenditure                         | 266                 | 236                | 385                | 440                | 524                | 683              | 0                   | 0                  | 1                  | 1                  | 1                  | 1                |
| <b>Total local authority expenditure on services</b> | <b>98,071</b>       | <b>109,524</b>     | <b>118,037</b>     | <b>126,088</b>     | <b>131,069</b>     | <b>139,781</b>   | <b>24</b>           | <b>25</b>          | <b>25</b>          | <b>25</b>          | <b>25</b>          | <b>25</b>        |
| Accounting adjustments                               | 12,637              | 9,902              | 13,665             | 14,614             | 14,650             | 18,840           | 73                  | 60                 | 62                 | 59                 | 56                 | 86               |
| <b>Total local authority expenditure</b>             | <b>110,708</b>      | <b>119,426</b>     | <b>131,702</b>     | <b>140,702</b>     | <b>145,719</b>     | <b>158,621</b>   | <b>26</b>           | <b>26</b>          | <b>27</b>          | <b>27</b>          | <b>26</b>          | <b>27</b>        |

Table 9.14 Total local authority identifiable expenditure on services by country and region per head, 2002-03 to 2007-08

|  | Index (UK identifiable expenditure = 100) |              |              |                     |              |              |            |                     |            |            |                     |            |            |            |            |            |            |            |
|--|---|--------------|--------------|---------------------|--------------|--------------|------------|---------------------|------------|------------|---------------------|------------|------------|------------|------------|------------|------------|------------|
|  | accruals, £ per head                      |              |              |                     |              |              |            | National Statistics |            |            |                     |            |            |            |            |            |            |            |
|  | National Statistics                       |              |              | National Statistics |              |              |            | National Statistics |            |            | National Statistics |            |            |            |            |            |            |            |
|  | 2002-03                                   | 2003-04      | 2004-05      | 2005-06             | 2006-07      | 2007-08      | 2002-03    | 2003-04             | 2004-05    | 2005-06    | 2006-07             | 2007-08    | 2002-03    | 2003-04    | 2004-05    | 2005-06    | 2006-07    | 2007-08    |
|  | outturn                                   | outturn      | outturn      | outturn             | outturn      | plans        | outturn    | outturn             | outturn    | outturn    | outturn             | plans      | outturn    | outturn    | outturn    | outturn    | outturn    | plans      |
| North East   | 1,779                                     | 1,968        | 2,106        | 2,379               | 2,261        | 2,417        | 108        | 107                 | 107        | 114        | 105                 | 106        | 108        | 107        | 107        | 114        | 105        | 106        |
| North West   | 1,707                                     | 1,899        | 2,038        | 2,162               | 2,227        | 2,355        | 104        | 103                 | 104        | 104        | 103                 | 103        | 104        | 103        | 104        | 104        | 103        | 103        |
| Yorkshire and Humberside                           | 1,557                                     | 1,732        | 1,861        | 1,952               | 2,053        | 2,180        | 94         | 94                  | 95         | 94         | 95                  | 96         | 94         | 94         | 94         | 94         | 95         | 96         |
| East Midlands                                      | 1,434                                     | 1,605        | 1,724        | 1,814               | 1,886        | 2,000        | 87         | 87                  | 88         | 87         | 88                  | 88         | 87         | 87         | 88         | 87         | 88         | 88         |
| West Midlands                                      | 1,579                                     | 1,762        | 1,909        | 2,042               | 2,141        | 2,275        | 96         | 96                  | 97         | 98         | 99                  | 100        | 96         | 96         | 97         | 98         | 99         | 100        |
| Eastern  | 1,422                                     | 1,589        | 1,704        | 1,818               | 1,876        | 1,988        | 86         | 87                  | 87         | 87         | 87                  | 87         | 86         | 87         | 87         | 87         | 87         | 87         |
| London   | 2,411                                     | 2,753        | 2,931        | 3,091               | 3,224        | 3,403        | 146        | 150                 | 149        | 148        | 150                 | 149        | 146        | 150        | 149        | 148        | 150        | 149        |
| South East   | 1,446                                     | 1,600        | 1,729        | 1,790               | 1,836        | 1,946        | 88         | 87                  | 88         | 86         | 85                  | 85         | 88         | 87         | 88         | 86         | 85         | 85         |
| South West   | 1,425                                     | 1,602        | 1,705        | 1,774               | 1,842        | 1,949        | 86         | 87                  | 87         | 85         | 86                  | 85         | 86         | 87         | 87         | 85         | 86         | 85         |
| <b>England</b>                                     | <b>1,661</b>                              | <b>1,860</b> | <b>1,994</b> | <b>2,109</b>        | <b>2,179</b> | <b>2,309</b> | <b>101</b> | <b>101</b>          | <b>101</b> | <b>101</b> | <b>101</b>          | <b>101</b> | <b>101</b> | <b>101</b> | <b>101</b> | <b>101</b> | <b>101</b> | <b>101</b> |
| Scotland   | 1,914                                     | 2,052        | 2,195        | 2,383               | 2,454        | 2,583        | 116        | 112                 | 112        | 114        | 114                 | 113        | 116        | 112        | 112        | 114        | 114        | 113        |
| Wales  | 1,793                                     | 1,964        | 2,082        | 2,233               | 2,325        | 2,439        | 109        | 107                 | 106        | 107        | 108                 | 107        | 109        | 107        | 106        | 107        | 108        | 107        |
| Northern Ireland                                   | 239                                       | 242          | 259          | 280                 | 267          | 346          | 15         | 13                  | 13         | 13         | 12                  | 15         | 15         | 13         | 13         | 13         | 12         | 15         |
| <b>UK local authority identifiable expenditure</b> | <b>1,649</b>                              | <b>1,835</b> | <b>1,966</b> | <b>2,086</b>        | <b>2,155</b> | <b>2,281</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 9.15 Total central government and public corporations' identifiable expenditure on services by country and region, 2002-03 to 2010-11**

|   | accruals, £ million |                |                |                |                |                |                |                     |                |           |           |           |           |           | As a percentage of total spending in that region (from Table 9.1) |           |           |           |           |           |           |           |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|----------------|-----------|-----------|-----------|-----------|-----------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | National Statistics |                |                |                |                |                |                | National Statistics |                |           |           |           |           |           | National Statistics   |           |           |           |           |           |           |           |
|   | 2002-03             | 2003-04        | 2004-05        | 2005-06        | 2006-07        | 2007-08        | 2008-09        | 2009-10             | 2010-11        | 2002-03   | 2003-04   | 2004-05   | 2005-06   | 2006-07   | 2007-08   | 2002-03   | 2003-04   | 2004-05   | 2005-06   | 2006-07   | 2007-08   |           |
| North East  | 11,527              | 12,471         | 13,097         | 13,704         | 14,392         | 15,517         | 15,861         | 16,499              | 17,222         | 72        | 71        | 71        | 71        | 69        | 71  | 72        | 71        | 71        | 69        | 71        | 71        | 72        |
| North West  | 29,554              | 31,666         | 33,767         | 35,691         | 37,890         | 40,644         | 41,913         | 44,212              | 45,452         | 72        | 71        | 71        | 71        | 71        | 71  | 71        | 71        | 71        | 71        | 71        | 71        | 71        |
| Yorkshire and Humberside  | 20,521              | 21,998         | 23,617         | 25,265         | 26,006         | 27,944         | 28,452         | 29,887              | 30,877         | 72        | 72        | 71        | 71        | 72        | 71  | 71        | 72        | 71        | 72        | 71        | 71        | 71        |
| East Midlands   | 15,374              | 16,552         | 17,967         | 19,034         | 19,997         | 21,687         | 22,512         | 23,551              | 24,667         | 72        | 71        | 71        | 71        | 71        | 71  | 71        | 71        | 71        | 71        | 71        | 71        | 71        |
| West Midlands   | 20,361              | 21,889         | 23,691         | 25,202         | 26,558         | 28,461         | 29,688         | 31,270              | 32,460         | 71        | 70        | 70        | 70        | 70        | 70  | 70        | 70        | 70        | 70        | 70        | 70        | 70        |
| Eastern   | 18,232              | 19,882         | 21,303         | 22,627         | 24,112         | 25,847         | 27,686         | 28,770              | 30,667         | 70        | 70        | 69        | 69        | 69        | 70  | 70        | 69        | 69        | 69        | 70        | 70        | 70        |
| London  | 30,607              | 33,791         | 35,564         | 38,579         | 40,012         | 43,158         | 43,702         | 45,573              | 47,375         | 63        | 63        | 62        | 62        | 63        | 62  | 63        | 62        | 63        | 63        | 62        | 62        | 63        |
| South East  | 27,241              | 29,471         | 32,203         | 33,810         | 35,658         | 37,867         | 40,273         | 42,013              | 44,417         | 70        | 69        | 70        | 70        | 70        | 70  | 70        | 70        | 70        | 70        | 70        | 70        | 70        |
| South West  | 18,286              | 20,042         | 21,665         | 22,908         | 23,933         | 25,926         | 27,236         | 28,467              | 29,937         | 72        | 71        | 72        | 72        | 72        | 72  | 72        | 72        | 72        | 72        | 72        | 72        | 72        |
| <b>Total England</b>  | <b>191,704</b>      | <b>207,762</b> | <b>222,873</b> | <b>236,819</b> | <b>248,559</b> | <b>267,052</b> | <b>277,323</b> | <b>290,242</b>      | <b>303,074</b> | <b>70</b> | <b>69</b> | <b>69</b> | <b>69</b> | <b>69</b> | <b>69</b>   | <b>69</b> | <b>69</b> | <b>69</b> | <b>69</b> | <b>69</b> | <b>69</b> | <b>69</b> |
| Scotland  | 24,174              | 26,099         | 26,728         | 29,008         | 31,159         | 33,895         | 33,140         | 34,209              | 35,466         | 71        | 72        | 71        | 71        | 70        | 71  | 71        | 70        | 71        | 70        | 71        | 71        | 72        |
| Wales   | 13,789              | 14,600         | 15,419         | 16,431         | 17,340         | 18,289         | 18,861         | 19,357              | 20,018         | 72        | 72        | 72        | 72        | 71        | 72  | 71        | 72        | 71        | 72        | 71        | 72        | 72        |
| Northern Ireland <sup>(1)</sup>   | 12,212              | 12,984         | 13,743         | 14,471         | 15,194         | 16,627         | 16,768         | 17,583              | 17,910         | 97        | 97        | 97        | 97        | 97        | 97  | 97        | 97        | 97        | 97        | 97        | 97        | 96        |
| <b>UK central government and public corporations' identifiable expenditure</b>    | <b>241,880</b>      | <b>261,445</b> | <b>278,763</b> | <b>296,730</b> | <b>312,251</b> | <b>335,864</b> | <b>346,093</b> | <b>361,390</b>      | <b>376,467</b> | <b>71</b> | <b>71</b> | <b>70</b> | <b>70</b> | <b>70</b> | <b>71</b>   | <b>71</b> | <b>70</b> | <b>70</b> | <b>70</b> | <b>71</b> | <b>71</b> | <b>71</b> |
| Outside UK  | 7,465               | 8,981          | 10,908         | 10,995         | 11,657         | 13,167         | 13,202         | 14,237              | 16,085         | 100       | 100       | 100       | 100       | 100       | 100   | 100       | 100       | 100       | 100       | 100       | 100       | 100       |
| <b>Total central government and public corporations' identifiable expenditure</b> | <b>249,345</b>      | <b>270,425</b> | <b>289,671</b> | <b>307,725</b> | <b>323,908</b> | <b>349,030</b> | <b>359,295</b> | <b>375,627</b>      | <b>392,551</b> | <b>72</b> | <b>71</b> | <b>71</b> | <b>71</b> | <b>71</b> | <b>71</b>   | <b>71</b> | <b>71</b> | <b>71</b> | <b>71</b> | <b>71</b> | <b>71</b> | <b>72</b> |
| Non-identifiable expenditure  | 56,195              | 58,884         | 62,526         | 65,665         | 69,069         | 78,434         | 76,786         | 82,711              | 87,804         | 100       | 100       | 99        | 99        | 99        | 99  | 99        | 99        | 99        | 99        | 99        | 99        | 99        |
| <b>Total central government and public corporations' expenditure on services</b>  | <b>305,540</b>      | <b>329,309</b> | <b>352,197</b> | <b>373,390</b> | <b>392,977</b> | <b>427,465</b> | <b>436,081</b> | <b>458,338</b>      | <b>480,355</b> | <b>76</b> | <b>75</b> | <b>75</b> | <b>75</b> | <b>75</b> | <b>75</b>   | <b>75</b> | <b>75</b> | <b>75</b> | <b>75</b> | <b>75</b> | <b>75</b> | <b>75</b> |
| Accounting adjustments  | 4,790               | 6,677          | 8,294          | 10,112         | 11,407         | 3,096          | 15,272         | 14,336              | 16,452         | 27        | 40        | 38        | 41        | 41        | 44  | 44        | 41        | 44        | 41        | 44        | 44        | 14        |
| <b>Total central government and public corporations' expenditure</b>              | <b>310,330</b>      | <b>335,986</b> | <b>360,491</b> | <b>383,502</b> | <b>404,384</b> | <b>430,561</b> | <b>451,353</b> | <b>472,674</b>      | <b>496,807</b> | <b>74</b> | <b>74</b> | <b>73</b> | <b>73</b> | <b>73</b> | <b>74</b>   | <b>73</b> | <b>73</b> | <b>73</b> | <b>73</b> | <b>74</b> | <b>74</b> | <b>73</b> |

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

**Table 9.16 Total central government and public corporations' identifiable expenditure on services by country and region per head, 2002–03 to 2010–11**

accruals, £ per head

|  | National Statistics |              |              |              |              |              |              |              |              |  |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
|  | 2002–03             | 2003–04      | 2004–05      | 2005–06      | 2006–07      | 2007–08      | 2008–09      | 2009–10      | 2010–11      |  |
|  | outturn             | outturn      | outturn      | outturn      | outturn      | plans        | plans        | plans        | plans        |  |
| North East   | 4,537               | 4,907        | 5,152        | 5,375        | 5,631        | 6,089        | 6,205        | 6,436        | 6,697        |  |
| North West   | 4,360               | 4,656        | 4,951        | 5,218        | 5,529        | 5,892        | 6,042        | 6,337        | 6,478        |  |
| Yorkshire and Humberside   | 4,103               | 4,376        | 4,664        | 4,947        | 5,057        | 5,410        | 5,465        | 5,694        | 5,836        |  |
| East Midlands  | 3,642               | 3,891        | 4,187        | 4,398        | 4,582        | 4,936        | 5,076        | 5,262        | 5,460        |  |
| West Midlands  | 3,845               | 4,121        | 4,448        | 4,710        | 4,949        | 5,280        | 5,477        | 5,736        | 5,920        |  |
| Eastern  | 3,356               | 3,632        | 3,865        | 4,067        | 4,301        | 4,567        | 4,843        | 4,983        | 5,258        |  |
| London   | 4,158               | 4,589        | 4,813        | 5,174        | 5,326        | 5,697        | 5,722        | 5,918        | 6,100        |  |
| South East   | 3,385               | 3,644        | 3,963        | 4,131        | 4,329        | 4,567        | 4,819        | 4,987        | 5,231        |  |
| South West   | 3,677               | 4,005        | 4,297        | 4,503        | 4,671        | 5,013        | 5,215        | 5,398        | 5,621        |  |
| <b>England</b>   | <b>3,861</b>        | <b>4,166</b> | <b>4,448</b> | <b>4,693</b> | <b>4,896</b> | <b>5,227</b> | <b>5,386</b> | <b>5,594</b> | <b>5,795</b> |  |
| Scotland   | 4,782               | 5,161        | 5,263        | 5,694        | 6,089        | 6,596        | 6,426        | 6,611        | 6,833        |  |
| Wales  | 4,723               | 4,981        | 5,233        | 5,563        | 5,846        | 6,138        | 6,301        | 6,436        | 6,623        |  |
| Northern Ireland <sup>(1)</sup>  | 7,198               | 7,626        | 8,035        | 8,392        | 8,724        | 9,443        | 9,454        | 9,840        | 9,953        |  |
| <b>UK central government and public corporations' identifiable expenditure</b> | <b>4,077</b>        | <b>4,390</b> | <b>4,658</b> | <b>4,926</b> | <b>5,154</b> | <b>5,508</b> | <b>5,636</b> | <b>5,842</b> | <b>6,042</b> |  |

Index (UK identifiable expenditure = 100)

|  | National Statistics |            |            |            |            |            |            |            |            |  |
|--|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
|  | 2002–03             | 2003–04    | 2004–05    | 2005–06    | 2006–07    | 2007–08    | 2008–09    | 2009–10    | 2010–11    |  |
|  | outturn             | outturn    | outturn    | outturn    | outturn    | plans      | plans      | plans      | plans      |  |
| North East   | 111                 | 112        | 111        | 109        | 109        | 111        | 110        | 110        | 111        |  |
| North West   | 107                 | 106        | 106        | 106        | 107        | 107        | 107        | 108        | 107        |  |
| Yorkshire and Humberside   | 101                 | 100        | 100        | 100        | 98         | 98         | 97         | 97         | 97         |  |
| East Midlands  | 89                  | 89         | 90         | 89         | 89         | 90         | 90         | 90         | 90         |  |
| West Midlands  | 94                  | 94         | 95         | 96         | 96         | 96         | 97         | 98         | 98         |  |
| Eastern  | 82                  | 83         | 83         | 83         | 83         | 83         | 86         | 85         | 87         |  |
| London   | 102                 | 105        | 103        | 105        | 103        | 103        | 102        | 101        | 101        |  |
| South East   | 83                  | 83         | 85         | 84         | 84         | 83         | 86         | 85         | 87         |  |
| South West   | 90                  | 91         | 92         | 91         | 91         | 91         | 93         | 92         | 93         |  |
| <b>England</b>   | <b>95</b>           | <b>95</b>  | <b>95</b>  | <b>95</b>  | <b>95</b>  | <b>95</b>  | <b>96</b>  | <b>96</b>  | <b>96</b>  |  |
| Scotland   | 117                 | 118        | 113        | 116        | 118        | 120        | 114        | 113        | 113        |  |
| Wales  | 116                 | 113        | 112        | 113        | 113        | 111        | 112        | 110        | 110        |  |
| Northern Ireland <sup>(1)</sup>  | 177                 | 174        | 173        | 170        | 169        | 171        | 168        | 168        | 165        |  |
| <b>UK central government and public corporations' 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> |  |

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

Table 9.17 Identifiable expenditure on services for Scotland, Wales and Northern Ireland, 2006–07

| Function<br>Departmental Grouping                         | National Statistics  |  |                            |  |                                  |                               |   |                     |                           |                                    | accruals, £ million |              |                                     |                                  |                     |                    |                       |                               |               |               |
|---|--|--|----------------------------|--|----------------------------------|-------------------------------|---|---------------------|---------------------------|------------------------------------|---------------------|--------------|-------------------------------------|----------------------------------|---------------------|--------------------|-----------------------|-------------------------------|---------------|---------------|
|   | 1. General public services<br>of which: public and common services | 2. Defence<br>of which: international services | 3. Public order and safety | 4. Economic affairs<br>of which: enterprise and economic development | of which: science and technology | of which: employment policies | of which: agriculture, fisheries and forestry | of which: transport | 5. Environment protection | 6. Housing and community amenities |                     | 7. Health    | 8. Recreation, culture and religion | 9. Education (includes training) | of which: education | of which: training | 10. Social protection | Total Expenditure on Services |               |               |
| <b>Scotland</b>   |  |  |                            |  |                                  |                               |   |                     |                           |                                    |                     |              |                                     |                                  |                     |                    |                       |                               |               |               |
| Scottish Executive  | 460  | 3  | 896                        | 2,893  | 632                              | 23                            | —   | 628                 | 1,610                     | 171                                | 1,397               | 9,027        | 204                                 | 2,424                            | 2,279               | 145                | 43                    |                               |               |               |
| Scotland Office <sup>(1)</sup>                            | 6  | —  | —                          | —  | —                                | —                             | —   | —                   | —                         | —                                  | —                   | —            | —                                   | —                                | —                   | —                  | —                     |                               |               |               |
| Scotland local authorities                                | 426  | 4  | 1,239                      | 1,048  | 153                              | —                             | —   | 30                  | 864                       | 501                                | 196                 | —            | 713                                 | 4,643                            | 4,634               | 9                  | 3,788                 |                               |               |               |
| UK public corporations                                    | —  | —  | —                          | 7  | —                                | —                             | —   | —                   | 7                         | —                                  | —                   | —            | —                                   | —                                | —                   | —                  | —                     |                               |               |               |
| UK government departments                                 | 86   | 19   | 0                          | 886  | 196                              | 174                           | 298   | 20                  | 198                       | 321                                | 0                   | 37           | 104                                 | 36                               | 16                  | 20                 | 12,148                |                               |               |               |
| <b>Total identifiable expenditure in Scotland</b>         | <b>978</b>   | <b>19</b>                                      | <b>7</b>                   | <b>2,145</b>   | <b>4,834</b>                     | <b>981</b>                    | <b>197</b>                                    | <b>298</b>          | <b>678</b>                | <b>2,679</b>                       | <b>994</b>          | <b>1,593</b> | <b>9,064</b>                        | <b>1,021</b>                     | <b>7,103</b>        | <b>6,929</b>       | <b>175</b>            | <b>15,979</b>                 | <b>43,718</b> |               |
| <b>Wales</b>  |  |  |                            |  |                                  |                               |   |                     |                           |                                    |                     |              |                                     |                                  |                     |                    |                       |                               |               |               |
| Welsh Assembly Government                                 | 377  | —  | —                          | 25   | 1,171                            | 459                           | —   | —                   | 371                       | 341                                | 110                 | 260          | 4,921                               | 91                               | 1,265               | 1,227              | 39                    | 111                           |               |               |
| Wales Office <sup>(1)</sup>                               | 4  | —  | —                          | —  | —                                | —                             | —   | —                   | —                         | —                                  | —                   | —            | —                                   | —                                | —                   | —                  | —                     | —                             |               |               |
| Wales local authorities                                   | 225  | 3  | 747                        | 522  | 105                              | —                             | —   | 5                   | 412                       | 332                                | 281                 | —            | —                                   | 2,398                            | 2,369               | 30                 | 2,029                 |                               |               |               |
| UK public corporations                                    | —  | —  | —                          | 3  | —                                | —                             | —   | —                   | 3                         | —                                  | —                   | —            | —                                   | —                                | —                   | —                  | —                     |                               |               |               |
| UK government departments                                 | 55   | 44   | 11                         | 0  | 547                              | 562                           | 201   | 52                  | 150                       | 131                                | 4                   | 13           | 159                                 | 58                               | 48                  | 10                 | 7,471                 |                               |               |               |
| <b>Total identifiable expenditure in Wales</b>            | <b>661</b>   | <b>11</b>                                      | <b>3</b>                   | <b>1,319</b>   | <b>2,259</b>                     | <b>765</b>                    | <b>52</b>                                     | <b>150</b>          | <b>385</b>                | <b>906</b>                         | <b>574</b>          | <b>546</b>   | <b>4,935</b>                        | <b>608</b>                       | <b>3,721</b>        | <b>3,643</b>       | <b>78</b>             | <b>9,611</b>                  | <b>24,237</b> |               |
| <b>Northern Ireland</b>                                   |  |  |                            |  |                                  |                               |   |                     |                           |                                    |                     |              |                                     |                                  |                     |                    |                       |                               |               |               |
| Northern Ireland Executive                                | 346  | —  | —                          | 82   | 1,206                            | 193                           | 44  | 147                 | 447                       | 374                                | 86                  | 775          | 2,866                               | 102                              | 2,382               | 2,380              | 2                     | 4,944                         |               |               |
| Northern Ireland Office                                   | 67   | —  | —                          | 1,153  | —                                | —                             | —   | —                   | —                         | —                                  | —                   | —            | —                                   | —                                | —                   | —                  | —                     | —                             |               |               |
| Northern Ireland Court Service                            | —  | —  | —                          | 122  | —                                | —                             | —   | —                   | —                         | —                                  | —                   | —            | —                                   | —                                | —                   | —                  | —                     | —                             |               |               |
| Northern Ireland local authorities                        | —  | —  | —                          | —  | 15                               | 15                            | —   | —                   | —                         | —                                  | 140                 | 98           | 39                                  | 172                              | —                   | —                  | —                     | —                             |               |               |
| UK government departments                                 | 22   | 15   | 7                          | 0  | 1                                | 73                            | 32  | 19                  | 0                         | 3                                  | 19                  | 2            | 0                                   | 6                                | 37                  | 8                  | 6                     | 2                             | 913           |               |
| <b>Total identifiable expenditure in Northern Ireland</b> | <b>435</b>   | <b>428</b>                                     | <b>7</b>                   | <b>0</b>   | <b>1,358</b>                     | <b>1,294</b>                  | <b>241</b>                                    | <b>63</b>           | <b>147</b>                | <b>451</b>                         | <b>393</b>          | <b>228</b>   | <b>874</b>                          | <b>2,911</b>                     | <b>311</b>          | <b>2,390</b>       | <b>2,386</b>          | <b>4</b>                      | <b>5,858</b>  | <b>15,658</b> |

All the spending of the devolved administrations is identifiable 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 Ministry of Justice.





# 10

## COUNTRY EXPENDITURE BY SUB-FUNCTION

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**10.1** This chapter presents public expenditure by country. In this chapter, data for all years up to and including 2006-07 are National Statistics. The figures in this chapter are consistent with **Chapter 9**, with the English Local Authority data reported at England rather than English regional level to allow England sub-functional analysis. This enables country comparisons of spending. See **Chapter 9** for further details of the data used in this chapter.

**10.2** 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 region basis; and
- the information in this chapter and **Chapter 9** was gathered in a separate data collection project during the winter of 2007-08. Therefore, the figures in this chapter are not wholly consistent with the figures in other PESA chapters.

### What's new

**10.3** The functional data in this chapter are now presented against the UN Classification Of the Functions Of Government (COFOG) framework, consistent with the other chapters in PESA 2008.

### THE TABLES

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#### Tables on expenditure for a country

**10.4** The tables in this chapter provide public expenditure by country.

**10.5** **Table 10.1** shows total identifiable expenditure on services in England by sub-function.

**10.6** **Table 10.2** shows total identifiable expenditure on services in Scotland by sub-function.

**10.7** **Table 10.3** shows total identifiable expenditure on services in Wales by sub-function.

**10.8** **Table 10.4** shows total identifiable expenditure on services in Northern Ireland by sub-function.

**Table 10.1 Total identifiable expenditure on services in England by sub-function, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>1. General public services</b>  |                     |                    |                    |                    |                    |                  |
| 1.1 Executive and legislative organs, financial and fiscal affairs, external affairs | 2,537               | 2,560              | 2,736              | 3,089              | 3,088              | 3,531            |
| 1.2 Foreign economic aid   | 14                  | 18                 | 14                 | 11                 | 9                  | 12               |
| 1.3 General services   | 603                 | 744                | 837                | 793                | 982                | 1,093            |
| 1.4 Basic research   | 14                  | 35                 | 80                 | 74                 | 45                 | –                |
| 1.5 R&D general public services  | 13                  | 13                 | 12                 | 10                 | 11                 | 10               |
| 1.6 General public services n.e.c.   | 887                 | 1,175              | 1,635              | 1,686              | 1,635              | 1,966            |
| <b>Total general public services</b>   | <b>4,068</b>        | <b>4,545</b>       | <b>5,314</b>       | <b>5,663</b>       | <b>5,770</b>       | <b>6,612</b>     |
| <b>2. Defence</b>  |                     |                    |                    |                    |                    |                  |
| 2.1 Military defence   | 8                   | 7                  | –                  | –                  | 0                  | 7                |
| 2.2 Civil defence  | 29                  | 114                | 66                 | 67                 | 80                 | 106              |
| 2.3 Foreign military aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 2.4 R&D defence  | –                   | –                  | –                  | –                  | –                  | –                |
| 2.5 Defence n.e.c.   | 0                   | 0                  | 0                  | –                  | –                  | 0                |
| <b>Total defence</b>   | <b>37</b>           | <b>121</b>         | <b>66</b>          | <b>67</b>          | <b>80</b>          | <b>113</b>       |
| <b>3. Public order and safety</b>  |                     |                    |                    |                    |                    |                  |
| 3.1 Police services  | 9,552               | 10,508             | 11,228             | 12,032             | 12,604             | 12,807           |
| <i>of which: immigration and citizenship</i>   | 99                  | 54                 | 41                 | 39                 | 26                 | 6                |
| <i>of which: other police services</i>   | 9,454               | 10,453             | 11,187             | 11,993             | 12,579             | 12,801           |
| 3.2 Fire-protection services   | 1,870               | 1,945              | 2,066              | 2,185              | 2,178              | 2,403            |
| 3.3 Law courts   | 4,664               | 5,281              | 5,842              | 5,237              | 5,389              | 5,698            |
| 3.4 Prisons  | 2,411               | 2,474              | 2,682              | 3,061              | 3,195              | 3,634            |
| 3.5 R&D public order and safety  | 29                  | 27                 | 43                 | 20                 | 14                 | 24               |
| 3.6 Public order and safety n.e.c.   | 221                 | 238                | 251                | 251                | 278                | 330              |
| <b>Total public order and safety</b>   | <b>18,747</b>       | <b>20,473</b>      | <b>22,112</b>      | <b>22,786</b>      | <b>23,658</b>      | <b>24,896</b>    |
| <b>4. Economic affairs</b>   |                     |                    |                    |                    |                    |                  |
| 4.1 General economic, commercial and labour affairs                                  | 4,493               | 4,901              | 4,956              | 5,299              | 5,541              | 5,161            |
| 4.2 Agriculture, forestry, fishing and hunting                                       | 3,647               | 3,900              | 4,131              | 4,077              | 3,568              | 3,799            |
| <i>of which: market support under CAP</i>  | 2,428               | 2,777              | 3,099              | 2,754              | 2,323              | 2,440            |
| <i>of which: other agriculture, food and fisheries policy</i>                        | 1,151               | 1,065              | 983                | 1,261              | 1,192              | 1,297            |
| <i>of which: forestry</i>  | 67                  | 58                 | 48                 | 62                 | 53                 | 62               |
| 4.3 Fuel and energy  | 1,198               | 949                | 1,298              | 1,055              | 1,197              | 1,174            |
| 4.4 Mining, manufacturing and construction   | –7                  | –11                | –46                | 72                 | –23                | 23               |
| 4.5 Transport  | 11,955              | 13,217             | 12,947             | 13,665             | 15,768             | 16,517           |
| <i>of which: national roads</i>  | 1,990               | 1,799              | 1,879              | 2,183              | 2,640              | 2,582            |
| <i>of which: local roads</i>   | 3,378               | 3,388              | 3,659              | 3,840              | 3,762              | 4,333            |
| <i>of which: local public transport</i>  | 2,092               | 3,518              | 2,888              | 3,506              | 3,747              | 4,142            |
| <i>of which: railway</i>   | 4,334               | 4,312              | 4,307              | 3,891              | 5,320              | 5,119            |
| <i>of which: other transport</i>   | 161                 | 200                | 213                | 245                | 300                | 340              |
| 4.6 Communication  | 157                 | 146                | 254                | 220                | 275                | 657              |
| 4.7 Other industries   | 197                 | 184                | 184                | 180                | 208                | 205              |
| 4.8 R&D economic affairs   | 1,394               | 1,301              | 1,414              | 1,636              | 1,519              | 1,532            |
| 4.9 Economic affairs n.e.c.  | 289                 | 367                | 354                | 283                | 332                | 328              |
| <b>Total economic affairs</b>  | <b>23,323</b>       | <b>24,954</b>      | <b>25,492</b>      | <b>26,487</b>      | <b>28,385</b>      | <b>29,396</b>    |
| <b>5. Environment protection</b>   |                     |                    |                    |                    |                    |                  |
| 5.1 Waste management   | 2,585               | 2,810              | 3,133              | 3,797              | 4,477              | 4,643            |
| 5.2 Waste water management   | 37                  | 40                 | 38                 | 44                 | 39                 | 42               |
| 5.3 Pollution abatement  | 162                 | 220                | 198                | 200                | 200                | 229              |
| 5.4 Protection of biodiversity and landscape   | 208                 | 174                | 197                | 203                | 84                 | 120              |
| 5.5 R&D environment protection   | 77                  | 75                 | 87                 | 94                 | 100                | 136              |
| 5.6 Environment protection n.e.c.  | 1,729               | 1,497              | 1,799              | 2,084              | 2,121              | 2,331            |
| <b>Total environment protection</b>  | <b>4,797</b>        | <b>4,816</b>       | <b>5,451</b>       | <b>6,422</b>       | <b>7,021</b>       | <b>7,502</b>     |

**Table 10.1 Total identifiable expenditure on services in England by sub-function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |                |                |                |                |                |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|
|  | National Statistics |                |                |                |                |                |
|  | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        |
|  | outturn             | outturn        | outturn        | outturn        | outturn        | plans          |
| <b>6. Housing and community amenities</b>                        |                     |                |                |                |                |                |
| 6.1 Housing development  | 1,840               | 2,288          | 3,310          | 5,121          | 5,545          | 5,945          |
| <i>of which: local authority housing</i>                         | 524                 | 442            | 1,243          | 2,968          | 3,287          | 3,488          |
| <i>of which: other social housing</i>                            | 1,317               | 1,846          | 2,067          | 2,152          | 2,258          | 2,457          |
| 6.2 Community development  | 1,301               | 1,716          | 2,102          | 2,197          | 2,424          | 2,817          |
| 6.3 Water supply   | -43                 | 9              | 7              | -12            | 7              | 18             |
| 6.4 Street lighting  | 323                 | 347            | 364            | 424            | 466            | 510            |
| 6.5 R&D housing and community amenities                          | -                   | -              | -              | -              | -              | -              |
| 6.6 Housing and community amenities n.e.c                        | 64                  | 78             | 82             | 89             | 90             | 90             |
| <b>Total housing and community amenities</b>                     | <b>3,485</b>        | <b>4,438</b>   | <b>5,865</b>   | <b>7,819</b>   | <b>8,533</b>   | <b>9,380</b>   |
| <b>7. Health<sup>(1)</sup></b>                                   |                     |                |                |                |                |                |
| Medical services   | 52,741              | 59,612         | 66,414         | 71,328         | 75,716         | 84,329         |
| Health research  | 177                 | 161            | 169            | 198            | 230            | 283            |
| Central and other health services                                | 786                 | 1,058          | 1,059          | 925            | 921            | 996            |
| <b>Total health</b>  | <b>53,703</b>       | <b>60,831</b>  | <b>67,643</b>  | <b>72,450</b>  | <b>76,867</b>  | <b>85,608</b>  |
| <b>8. Recreation, culture and religion</b>                       |                     |                |                |                |                |                |
| 8.1 Recreational and sporting services                           | 2,062               | 2,066          | 2,138          | 2,292          | 2,343          | 2,741          |
| 8.2 Cultural services  | 2,469               | 2,673          | 2,712          | 2,955          | 2,992          | 3,101          |
| 8.3 Broadcasting and publishing services                         | 3                   | 1              | 2              | 1              | 1              | 1              |
| 8.4 Religious and other community services                       | 79                  | 83             | 81             | 79             | 79             | 102            |
| 8.5 R&D recreation, culture and religion                         | 1                   | 2              | 1              | 73             | 98             | 108            |
| 8.6 Recreation, culture and religion n.e.c                       | 28                  | 30             | 35             | 41             | 49             | 45             |
| <b>Total recreation, culture and religion</b>                    | <b>4,643</b>        | <b>4,853</b>   | <b>4,969</b>   | <b>5,441</b>   | <b>5,562</b>   | <b>6,097</b>   |
| <b>9. Education (includes training)</b>                          |                     |                |                |                |                |                |
| 9.1 Pre-primary and primary education                            | 15,034              | 17,153         | 18,028         | 19,372         | 19,843         | 21,353         |
| <i>of which: under fives</i>                                     | 2,978               | 3,414          | 3,762          | 3,958          | 3,747          | 4,044          |
| <i>of which: primary education</i>                               | 12,056              | 13,739         | 14,266         | 15,414         | 16,096         | 17,309         |
| 9.2 Secondary education  | 13,223              | 15,139         | 16,429         | 17,910         | 18,928         | 19,581         |
| 9.3 Post-secondary non-tertiary education                        | 4,968               | 5,770          | 5,923          | 6,037          | 6,527          | 6,762          |
| 9.4 Tertiary education   | 6,149               | 6,714          | 7,374          | 8,453          | 8,819          | 10,055         |
| 9.5 Education not definable by level                             | 1,623               | 1,730          | 1,778          | 1,880          | 1,954          | 2,423          |
| 9.6 Subsidiary services to education                             | 2,431               | 2,630          | 2,868          | 3,120          | 3,168          | 3,699          |
| 9.7 R&D education  | 11                  | 12             | 17             | 14             | 14             | 17             |
| 9.8 Education n.e.c  | 927                 | 1,074          | 1,185          | 1,209          | 1,231          | 1,386          |
| <b>Total education (includes training)</b>                       | <b>44,366</b>       | <b>50,222</b>  | <b>53,602</b>  | <b>57,994</b>  | <b>60,485</b>  | <b>65,276</b>  |
| <b>10. Social protection</b>                                     |                     |                |                |                |                |                |
| <i>of which: personal social services</i>                        | 14,889              | 16,846         | 18,544         | 19,660         | 21,133         | 21,519         |
| 10.1 Sickness and disability                                     | 20,669              | 22,091         | 23,175         | 24,299         | 25,215         | 26,486         |
| <i>of which: personal social services</i>                        | 3,630               | 4,256          | 4,715          | 5,180          | 5,421          | 5,641          |
| <i>of which: incapacity, disability and injury benefits</i>      | 17,039              | 17,834         | 18,459         | 19,119         | 19,794         | 20,845         |
| 10.2 Old age   | 49,596              | 50,523         | 54,246         | 56,971         | 59,223         | 62,359         |
| <i>of which: personal social services</i>                        | 5,140               | 5,827          | 6,588          | 7,086          | 7,445          | 7,620          |
| <i>of which: pensions</i>  | 44,456              | 44,696         | 47,658         | 49,885         | 51,778         | 54,739         |
| 10.3 Survivors   | 1,525               | 1,467          | 1,432          | 1,424          | 1,385          | 1,395          |
| 10.4 Family and children   | 20,241              | 21,973         | 22,451         | 22,727         | 22,928         | 23,885         |
| <i>of which: personal social services</i>                        | 3,645               | 4,217          | 4,706          | 5,136          | 5,475          | 5,514          |
| <i>of which: family benefits, income support and tax credits</i> | 16,596              | 17,756         | 17,745         | 17,591         | 17,453         | 18,371         |
| 10.5 Unemployment  | 3,321               | 3,284          | 3,028          | 2,943          | 3,526          | 3,500          |
| <i>of which: personal social services</i>                        | 864                 | 912            | 997            | 753            | 1,228          | 1,114          |
| <i>of which: other unemployment benefits</i>                     | 2,457               | 2,372          | 2,031          | 2,191          | 2,297          | 2,386          |
| 10.6 Housing   | 11,418              | 12,463         | 13,102         | 13,826         | 14,671         | 15,663         |
| 10.7 Social exclusion n.e.c                                      | 6,442               | 9,626          | 11,118         | 12,217         | 13,253         | 13,924         |
| <i>of which: personal social services</i>                        | 1,611               | 1,634          | 1,538          | 1,505          | 1,563          | 1,630          |
| <i>of which: family benefits, income support and tax credits</i> | 4,831               | 7,992          | 9,580          | 10,712         | 11,690         | 12,295         |
| 10.8 R&D social protection                                       | -                   | -              | 2              | 1              | 0              | -              |
| 10.9 Social protection n.e.c.                                    | 3,817               | 3,823          | 3,733          | 3,707          | 2,623          | 2,911          |
| <b>Total social protection</b>                                   | <b>117,027</b>      | <b>125,249</b> | <b>132,285</b> | <b>138,115</b> | <b>142,822</b> | <b>150,124</b> |
| <b>Total Expenditure on Services in England</b>                  | <b>274,196</b>      | <b>300,501</b> | <b>322,802</b> | <b>343,247</b> | <b>359,184</b> | <b>385,005</b> |

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

**Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>1. General public services</b>  |                     |                    |                    |                    |                    |                  |
| 1.1 Executive and legislative organs, financial and fiscal affairs, external affairs | 640                 | 689                | 697                | 642                | 651                | 666              |
| 1.2 Foreign economic aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 1.3 General services   | 11                  | 18                 | 21                 | 12                 | 26                 | 20               |
| 1.4 Basic research   | 37                  | 38                 | 39                 | 53                 | 59                 | 60               |
| 1.5 R&D general public services  | 18                  | 16                 | 15                 | 19                 | 21                 | 28               |
| 1.6 General public services n.e.c.   | 118                 | 136                | 172                | 377                | 220                | 320              |
| <b>Total general public services</b>   | <b>824</b>          | <b>898</b>         | <b>944</b>         | <b>1,103</b>       | <b>978</b>         | <b>1,094</b>     |
| <b>2. Defence</b>  |                     |                    |                    |                    |                    |                  |
| 2.1 Military defence   | –                   | –                  | –                  | –                  | 0                  | 1                |
| 2.2 Civil defence  | 6                   | 3                  | 6                  | 6                  | 7                  | 7                |
| 2.3 Foreign military aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 2.4 R&D defence  | –                   | –                  | –                  | –                  | –                  | –                |
| 2.5 Defence n.e.c.   | –                   | –                  | –                  | –                  | –                  | –                |
| <b>Total defence</b>   | <b>6</b>            | <b>3</b>           | <b>6</b>           | <b>6</b>           | <b>7</b>           | <b>8</b>         |
| <b>3. Public order and safety</b>  |                     |                    |                    |                    |                    |                  |
| 3.1 Police services  | 831                 | 923                | 984                | 1,081              | 1,082              | 1,126            |
| <i>of which: immigration and citizenship</i>   | –                   | –                  | –                  | –                  | –                  | –                |
| <i>of which: other police services</i>   | 831                 | 923                | 984                | 1,081              | 1,082              | 1,126            |
| 3.2 Fire-protection services   | 212                 | 234                | 239                | 268                | 297                | 295              |
| 3.3 Law courts   | 338                 | 387                | 390                | 396                | 419                | 429              |
| 3.4 Prisons  | 227                 | 254                | 294                | 297                | 321                | 378              |
| 3.5 R&D public order and safety  | –                   | –                  | –                  | –                  | –                  | –                |
| 3.6 Public order and safety n.e.c.   | 30                  | 22                 | 17                 | 19                 | 26                 | 29               |
| <b>Total public order and safety</b>   | <b>1,639</b>        | <b>1,820</b>       | <b>1,924</b>       | <b>2,060</b>       | <b>2,145</b>       | <b>2,257</b>     |
| <b>4. Economic affairs</b>   |                     |                    |                    |                    |                    |                  |
| 4.1 General economic, commercial and labour affairs                                  | 588                 | 749                | 701                | 709                | 758                | 759              |
| 4.2 Agriculture, forestry, fishing and hunting                                       | 580                 | 649                | 657                | 641                | 678                | 1,123            |
| <i>of which: market support under CAP</i>  | 372                 | 416                | 450                | 443                | 448                | 484              |
| <i>of which: other agriculture, food and fisheries policy</i>                        | 170                 | 191                | 159                | 146                | 155                | 557              |
| <i>of which: forestry</i>  | 38                  | 41                 | 48                 | 51                 | 74                 | 82               |
| 4.3 Fuel and energy  | 90                  | 70                 | 106                | 127                | 109                | 105              |
| 4.4 Mining, manufacturing and construction   | 23                  | 14                 | 26                 | 39                 | 19                 | 21               |
| 4.5 Transport  | 1,412               | 1,592              | 1,546              | 1,769              | 2,679              | 2,835            |
| <i>of which: national roads</i>  | 281                 | 348                | 332                | 378                | 460                | 362              |
| <i>of which: local roads</i>   | 427                 | 442                | 461                | 575                | 627                | 689              |
| <i>of which: local public transport</i>  | 64                  | 83                 | 75                 | 78                 | 236                | 271              |
| <i>of which: railway</i>   | 433                 | 500                | 422                | 452                | 1,125              | 1,235            |
| <i>of which: other transport</i>   | 207                 | 220                | 256                | 286                | 230                | 277              |
| 4.6 Communication  | 29                  | 30                 | 34                 | 44                 | 44                 | 110              |
| 4.7 Other industries   | 61                  | 64                 | 75                 | 84                 | 79                 | 78               |
| 4.8 R&D economic affairs   | 210                 | 228                | 251                | 319                | 274                | 296              |
| 4.9 Economic affairs n.e.c.  | 192                 | 236                | 233                | 197                | 194                | 229              |
| <b>Total economic affairs</b>  | <b>3,185</b>        | <b>3,632</b>       | <b>3,628</b>       | <b>3,929</b>       | <b>4,834</b>       | <b>5,557</b>     |
| <b>5. Environment protection</b>   |                     |                    |                    |                    |                    |                  |
| 5.1 Waste management   | 441                 | 472                | 528                | 899                | 647                | 691              |
| 5.2 Waste water management   | –                   | –                  | –                  | –                  | –                  | –                |
| 5.3 Pollution abatement  | 3                   | 4                  | 8                  | 2                  | 5                  | –                |
| 5.4 Protection of biodiversity and landscape   | 74                  | 149                | 89                 | 96                 | 120                | 108              |
| 5.5 R&D environment protection   | 7                   | 12                 | 10                 | 14                 | 16                 | 22               |
| 5.6 Environment protection n.e.c.  | 143                 | 154                | 153                | 172                | 207                | 187              |
| <b>Total environment protection</b>  | <b>668</b>          | <b>791</b>         | <b>788</b>         | <b>1,184</b>       | <b>994</b>         | <b>1,007</b>     |

**Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |               |               |               |               |               |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|
|  | National Statistics |               |               |               |               |               |
|  | 2002–03             | 2003–04       | 2004–05       | 2005–06       | 2006–07       | 2007–08       |
|  | outturn             | outturn       | outturn       | outturn       | outturn       | plans         |
| <b>6. Housing and community amenities</b>                        |                     |               |               |               |               |               |
| 6.1 Housing development  | 913                 | 918           | 632           | 706           | 1,038         | 1,181         |
| <i>of which: local authority housing</i>                         | 432                 | 324           | 225           | 313           | 475           | 556           |
| <i>of which: other social housing</i>                            | 480                 | 595           | 407           | 392           | 563           | 625           |
| 6.2 Community development  | 76                  | 82            | 99            | 106           | 114           | 187           |
| 6.3 Water supply   | 252                 | 213           | 174           | 547           | 416           | 589           |
| 6.4 Street lighting  | 9                   | 8             | 8             | 9             | 8             | 10            |
| 6.5 R&D housing and community amenities                          | 10                  | 11            | 15            | 14            | 8             | 9             |
| 6.6 Housing and community amenities n.e.c                        | 4                   | 15            | 18            | 17            | 10            | 14            |
| <b>Total housing and community amenities</b>                     | <b>1,264</b>        | <b>1,247</b>  | <b>946</b>    | <b>1,399</b>  | <b>1,593</b>  | <b>1,989</b>  |
| <b>7. Health<sup>(1)</sup></b>                                   |                     |               |               |               |               |               |
| Medical services   | 6,590               | 7,270         | 7,596         | 8,438         | 8,952         | 9,639         |
| Health research  | 30                  | 28            | 29            | 32            | 28            | 42            |
| Central and other health services                                | 70                  | 61            | 80            | 94            | 83            | 182           |
| <b>Total health</b>  | <b>6,691</b>        | <b>7,360</b>  | <b>7,705</b>  | <b>8,564</b>  | <b>9,064</b>  | <b>9,863</b>  |
| <b>8. Recreation, culture and religion</b>                       |                     |               |               |               |               |               |
| 8.1 Recreational and sporting services                           | 376                 | 432           | 436           | 467           | 505           | 512           |
| 8.2 Cultural services  | 359                 | 403           | 442           | 452           | 462           | 482           |
| 8.3 Broadcasting and publishing services                         | 11                  | 18            | 19            | 21            | 24            | 20            |
| 8.4 Religious and other community services                       | 15                  | 16            | 18            | 20            | 21            | 21            |
| 8.5 R&D recreation, culture and religion                         | 0                   | 0             | 0             | 5             | 8             | 8             |
| 8.6 Recreation, culture and religion n.e.c                       | 0                   | 0             | 0             | 1             | 1             | 1             |
| <b>Total recreation, culture and religion</b>                    | <b>761</b>          | <b>870</b>    | <b>915</b>    | <b>966</b>    | <b>1,021</b>  | <b>1,043</b>  |
| <b>9. Education (includes training)</b>                          |                     |               |               |               |               |               |
| 9.1 Pre-primary and primary education                            | 1,855               | 2,051         | 2,205         | 2,377         | 2,517         | 2,600         |
| <i>of which: under fives</i>                                     | 210                 | 235           | 251           | 273           | 285           | 311           |
| <i>of which: primary education</i>                               | 1,646               | 1,816         | 1,954         | 2,105         | 2,232         | 2,290         |
| 9.2 Secondary education  | 1,469               | 1,598         | 1,709         | 1,841         | 1,943         | 1,981         |
| 9.3 Post-secondary non-tertiary education                        | 559                 | 555           | 614           | 652           | 761           | 762           |
| 9.4 Tertiary education   | 1,071               | 1,055         | 1,118         | 1,187         | 1,422         | 1,418         |
| 9.5 Education not definable by level                             | 158                 | 169           | 170           | 177           | 175           | 196           |
| 9.6 Subsidiary services to education                             | 23                  | 14            | 24            | 22            | 18            | 35            |
| 9.7 R&D education  | 26                  | 27            | 25            | 19            | 38            | 27            |
| 9.8 Education n.e.c  | 206                 | 208           | 222           | 235           | 231           | 455           |
| <b>Total education (includes training)</b>                       | <b>5,367</b>        | <b>5,678</b>  | <b>6,086</b>  | <b>6,511</b>  | <b>7,103</b>  | <b>7,474</b>  |
| <b>10. Social protection</b>                                     |                     |               |               |               |               |               |
| <i>of which: personal social services</i>                        | 1,956               | 2,165         | 2,317         | 2,447         | 2,621         | 2,692         |
| 10.1 Sickness and disability                                     | 2,730               | 2,854         | 2,967         | 3,096         | 3,177         | 3,318         |
| <i>of which: personal social services</i>                        | 431                 | 469           | 515           | 570           | 593           | 609           |
| <i>of which: incapacity, disability and injury benefits</i>      | 2,299               | 2,385         | 2,451         | 2,526         | 2,584         | 2,709         |
| 10.2 Old age   | 5,617               | 5,908         | 6,288         | 6,572         | 6,819         | 7,326         |
| <i>of which: personal social services</i>                        | 846                 | 958           | 1,020         | 1,065         | 1,066         | 1,141         |
| <i>of which: pensions</i>  | 4,771               | 4,950         | 5,268         | 5,507         | 5,753         | 6,185         |
| 10.3 Survivors   | 165                 | 157           | 202           | 199           | 199           | 199           |
| 10.4 Family and children   | 2,245               | 2,366         | 2,403         | 2,426         | 2,491         | 2,596         |
| <i>of which: personal social services</i>                        | 439                 | 486           | 521           | 590           | 663           | 650           |
| <i>of which: family benefits, income support and tax credits</i> | 1,806               | 1,881         | 1,882         | 1,836         | 1,828         | 1,947         |
| 10.5 Unemployment  | 450                 | 446           | 409           | 351           | 434           | 414           |
| <i>of which: personal social services</i>                        | 142                 | 148           | 151           | 110           | 183           | 168           |
| <i>of which: other unemployment benefits</i>                     | 308                 | 298           | 257           | 241           | 251           | 246           |
| 10.6 Housing   | 1,301               | 1,202         | 1,240         | 1,267         | 1,311         | 1,385         |
| 10.7 Social exclusion n.e.c                                      | 706                 | 1,032         | 1,191         | 1,303         | 1,384         | 1,449         |
| <i>of which: personal social services</i>                        | 97                  | 105           | 109           | 112           | 115           | 124           |
| <i>of which: family benefits, income support and tax credits</i> | 609                 | 927           | 1,082         | 1,192         | 1,269         | 1,326         |
| 10.8 R&D social protection                                       | 2                   | 0             | 0             | 0             | 0             | 0             |
| 10.9 Social protection n.e.c.                                    | 226                 | 214           | 233           | 213           | 163           | 187           |
| <b>Total social protection</b>                                   | <b>13,444</b>       | <b>14,179</b> | <b>14,932</b> | <b>15,427</b> | <b>15,979</b> | <b>16,875</b> |
| <b>Total Expenditure on Services in Scotland</b>                 | <b>33,848</b>       | <b>36,478</b> | <b>37,875</b> | <b>41,150</b> | <b>43,718</b> | <b>47,166</b> |

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.

**Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>1. General public services</b>  |                     |                    |                    |                    |                    |                  |
| 1.1 Executive and legislative organs, financial and fiscal affairs, external affairs | 321                 | 369                | 385                | 421                | 532                | 575              |
| 1.2 Foreign economic aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 1.3 General services   | 13                  | 19                 | 23                 | 26                 | 28                 | 36               |
| 1.4 Basic research   | –                   | –                  | –                  | –                  | –                  | –                |
| 1.5 R&D general public services  | 1                   | 1                  | 1                  | 0                  | 0                  | 0                |
| 1.6 General public services n.e.c.   | 98                  | 97                 | 98                 | 167                | 101                | 123              |
| <b>Total general public services</b>   | <b>433</b>          | <b>485</b>         | <b>507</b>         | <b>615</b>         | <b>661</b>         | <b>735</b>       |
| <b>2. Defence</b>  |                     |                    |                    |                    |                    |                  |
| 2.1 Military defence   | –                   | –                  | –                  | –                  | 0                  | 0                |
| 2.2 Civil defence  | 2                   | 2                  | 2                  | 3                  | 3                  | 4                |
| 2.3 Foreign military aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 2.4 R&D defence  | –                   | –                  | –                  | –                  | –                  | –                |
| 2.5 Defence n.e.c.   | –                   | –                  | –                  | –                  | –                  | –                |
| <b>Total defence</b>   | <b>2</b>            | <b>2</b>           | <b>2</b>           | <b>3</b>           | <b>3</b>           | <b>4</b>         |
| <b>3. Public order and safety</b>  |                     |                    |                    |                    |                    |                  |
| 3.1 Police services  | 520                 | 564                | 561                | 632                | 675                | 737              |
| <i>of which: immigration and citizenship</i>   | 2                   | 1                  | –                  | –                  | –                  | –                |
| <i>of which: other police services</i>   | 518                 | 563                | 561                | 632                | 675                | 737              |
| 3.2 Fire-protection services   | 129                 | 147                | 146                | 161                | 156                | 190              |
| 3.3 Law courts   | 264                 | 307                | 338                | 293                | 307                | 326              |
| 3.4 Prisons  | 136                 | 132                | 145                | 170                | 164                | 186              |
| 3.5 R&D public order and safety  | 3                   | 3                  | 5                  | 2                  | 2                  | 3                |
| 3.6 Public order and safety n.e.c.   | 13                  | 14                 | 15                 | 15                 | 16                 | 19               |
| <b>Total public order and safety</b>   | <b>1,065</b>        | <b>1,166</b>       | <b>1,209</b>       | <b>1,272</b>       | <b>1,319</b>       | <b>1,460</b>     |
| <b>4. Economic affairs</b>   |                     |                    |                    |                    |                    |                  |
| 4.1 General economic, commercial and labour affairs                                  | 286                 | 266                | 268                | 410                | 445                | 467              |
| 4.2 Agriculture, forestry, fishing and hunting                                       | 293                 | 310                | 233                | 365                | 385                | 338              |
| <i>of which: market support under CAP</i>  | 237                 | 239                | 154                | 276                | 282                | 240              |
| <i>of which: other agriculture, food and fisheries policy</i>                        | 32                  | 44                 | 50                 | 42                 | 51                 | 96               |
| <i>of which: forestry</i>  | 23                  | 26                 | 29                 | 47                 | 52                 | 2                |
| 4.3 Fuel and energy  | 204                 | 191                | 149                | 172                | 141                | 136              |
| 4.4 Mining, manufacturing and construction   | –10                 | 11                 | 14                 | 24                 | 14                 | 18               |
| 4.5 Transport  | 782                 | 722                | 808                | 844                | 906                | 902              |
| <i>of which: national roads</i>  | 159                 | 148                | 157                | 156                | 184                | 179              |
| <i>of which: local roads</i>   | 222                 | 234                | 254                | 310                | 338                | 329              |
| <i>of which: local public transport</i>  | 49                  | 66                 | 62                 | 82                 | 71                 | 72               |
| <i>of which: railway</i>   | 325                 | 237                | 297                | 261                | 277                | 281              |
| <i>of which: other transport</i>   | 27                  | 36                 | 38                 | 34                 | 37                 | 41               |
| 4.6 Communication  | 238                 | 224                | 244                | 135                | 80                 | 119              |
| 4.7 Other industries   | 56                  | 47                 | 55                 | 34                 | 27                 | 36               |
| 4.8 R&D economic affairs   | 40                  | 46                 | 51                 | 67                 | 52                 | 57               |
| 4.9 Economic affairs n.e.c.  | 138                 | 202                | 225                | 204                | 208                | 156              |
| <b>Total economic affairs</b>  | <b>2,027</b>        | <b>2,019</b>       | <b>2,046</b>       | <b>2,255</b>       | <b>2,259</b>       | <b>2,230</b>     |
| <b>5. Environment protection</b>   |                     |                    |                    |                    |                    |                  |
| 5.1 Waste management   | 161                 | 181                | 204                | 233                | 376                | 412              |
| 5.2 Waste water management   | 2                   | 3                  | 3                  | 1                  | 1                  | 1                |
| 5.3 Pollution abatement  | –                   | –                  | –                  | –                  | –                  | –                |
| 5.4 Protection of biodiversity and landscape   | 8                   | 7                  | 8                  | 10                 | 5                  | 7                |
| 5.5 R&D environment protection   | 1                   | 3                  | 4                  | 4                  | 4                  | 5                |
| 5.6 Environment protection n.e.c.  | 133                 | 158                | 163                | 170                | 188                | 126              |
| <b>Total environment protection</b>  | <b>304</b>          | <b>352</b>         | <b>382</b>         | <b>418</b>         | <b>574</b>         | <b>550</b>       |

**Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>6. Housing and community amenities</b>                        |                     |                    |                    |                    |                    |                  |
| 6.1 Housing development  | 136                 | 59                 | 80                 | 259                | 293                | 293              |
| <i>of which: local authority housing</i>                         | 151                 | 5                  | 112                | 264                | 319                | 304              |
| <i>of which: other social housing</i>                            | -15                 | 54                 | -31                | -5                 | -26                | -11              |
| 6.2 Community development  | 126                 | 147                | 159                | 184                | 201                | 228              |
| 6.3 Water supply   | -                   | -                  | -                  | -                  | -                  | -                |
| 6.4 Street lighting  | 25                  | 26                 | 26                 | 30                 | 31                 | 33               |
| 6.5 R&D housing and community amenities                          | -                   | -                  | -                  | -                  | -                  | -                |
| 6.6 Housing and community amenities n.e.c                        | 0                   | 0                  | 0                  | 0                  | 21                 | 21               |
| <b>Total housing and community amenities</b>                     | <b>287</b>          | <b>233</b>         | <b>266</b>         | <b>473</b>         | <b>546</b>         | <b>574</b>       |
| <b>7. Health<sup>(1)</sup></b>                                   |                     |                    |                    |                    |                    |                  |
| Medical services   | 3,438               | 3,914              | 4,219              | 4,497              | 4,867              | 5,159            |
| Health research  | 21                  | 22                 | 22                 | 29                 | 34                 | 39               |
| Central and other health services                                | 8                   | 14                 | 13                 | 46                 | 33                 | 41               |
| <b>Total health</b>  | <b>3,468</b>        | <b>3,951</b>       | <b>4,254</b>       | <b>4,573</b>       | <b>4,935</b>       | <b>5,239</b>     |
| <b>8. Recreation, culture and religion</b>                       |                     |                    |                    |                    |                    |                  |
| 8.1 Recreational and sporting services                           | 179                 | 172                | 231                | 234                | 264                | 332              |
| 8.2 Cultural services  | 183                 | 199                | 190                | 207                | 206                | 196              |
| 8.3 Broadcasting and publishing services                         | 84                  | 89                 | 100                | 98                 | 105                | 99               |
| 8.4 Religious and other community services                       | 6                   | 6                  | 6                  | 7                  | 7                  | 8                |
| 8.5 R&D recreation, culture and religion                         | 0                   | 0                  | 0                  | 2                  | 3                  | 3                |
| 8.6 Recreation, culture and religion n.e.c                       | 13                  | 14                 | 19                 | 17                 | 24                 | 19               |
| <b>Total recreation, culture and religion</b>                    | <b>464</b>          | <b>480</b>         | <b>546</b>         | <b>564</b>         | <b>608</b>         | <b>656</b>       |
| <b>9. Education (includes training)</b>                          |                     |                    |                    |                    |                    |                  |
| 9.1 Pre-primary and primary education                            | 926                 | 990                | 1,062              | 1,100              | 1,161              | 1,266            |
| <i>of which: under fives</i>                                     | 221                 | 215                | 234                | 218                | 237                | 279              |
| <i>of which: primary education</i>                               | 705                 | 775                | 828                | 882                | 924                | 987              |
| 9.2 Secondary education  | 752                 | 840                | 883                | 933                | 978                | 1,012            |
| 9.3 Post-secondary non-tertiary education                        | 533                 | 549                | 594                | 620                | 623                | 647              |
| 9.4 Tertiary education   | 382                 | 385                | 405                | 429                | 473                | 439              |
| 9.5 Education not definable by level                             | 72                  | 82                 | 88                 | 90                 | 78                 | 96               |
| 9.6 Subsidiary services to education                             | 226                 | 243                | 266                | 295                | 330                | 396              |
| 9.7 R&D education  | -                   | -                  | -                  | -                  | -                  | -                |
| 9.8 Education n.e.c  | 44                  | 40                 | 43                 | 39                 | 78                 | 83               |
| <b>Total education (includes training)</b>                       | <b>2,935</b>        | <b>3,129</b>       | <b>3,342</b>       | <b>3,506</b>       | <b>3,721</b>       | <b>3,938</b>     |
| <b>10. Social protection</b>                                     |                     |                    |                    |                    |                    |                  |
| <i>of which: personal social services</i>                        | 1,124               | 1,313              | 1,418              | 1,535              | 1,562              | 1,625            |
| 10.1 Sickness and disability                                     | 2,035               | 2,147              | 2,225              | 2,327              | 2,401              | 2,521            |
| <i>of which: personal social services</i>                        | 272                 | 324                | 357                | 399                | 429                | 455              |
| <i>of which: incapacity, disability and injury benefits</i>      | 1,763               | 1,824              | 1,868              | 1,928              | 1,972              | 2,067            |
| 10.2 Old age   | 3,139               | 3,189              | 3,418              | 3,582              | 3,734              | 3,979            |
| <i>of which: personal social services</i>                        | 392                 | 448                | 465                | 494                | 518                | 540              |
| <i>of which: pensions</i>  | 2,747               | 2,741              | 2,952              | 3,087              | 3,216              | 3,440            |
| 10.3 Survivors   | 121                 | 116                | 115                | 117                | 115                | 116              |
| 10.4 Family and children   | 1,290               | 1,387              | 1,420              | 1,446              | 1,460              | 1,515            |
| <i>of which: personal social services</i>                        | 231                 | 261                | 294                | 361                | 380                | 382              |
| <i>of which: family benefits, income support and tax credits</i> | 1,059               | 1,126              | 1,125              | 1,086              | 1,080              | 1,132            |
| 10.5 Unemployment  | 213                 | 208                | 193                | 179                | 219                | 212              |
| <i>of which: personal social services</i>                        | 73                  | 77                 | 80                 | 56                 | 95                 | 83               |
| <i>of which: other unemployment benefits</i>                     | 139                 | 131                | 113                | 123                | 123                | 129              |
| 10.6 Housing   | 601                 | 626                | 650                | 671                | 710                | 755              |
| 10.7 Social exclusion n.e.c                                      | 508                 | 758                | 866                | 934                | 895                | 948              |
| <i>of which: personal social services</i>                        | 155                 | 204                | 222                | 226                | 139                | 164              |
| <i>of which: family benefits, income support and tax credits</i> | 353                 | 554                | 644                | 708                | 755                | 784              |
| 10.8 R&D social protection                                       | -                   | -                  | 0                  | -                  | -                  | -                |
| 10.9 Social protection n.e.c.                                    | 129                 | 109                | 112                | 96                 | 78                 | 121              |
| <b>Total social protection</b>                                   | <b>8,037</b>        | <b>8,540</b>       | <b>8,999</b>       | <b>9,351</b>       | <b>9,611</b>       | <b>10,168</b>    |
| <b>Total Expenditure on Services in Wales</b>                    | <b>19,023</b>       | <b>20,356</b>      | <b>21,553</b>      | <b>23,027</b>      | <b>24,237</b>      | <b>25,555</b>    |

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.



**Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2002–03 to 2007–08**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>1. General public services</b>  |                     |                    |                    |                    |                    |                  |
| 1.1 Executive and legislative organs, financial and fiscal affairs, external affairs | 155                 | 153                | 162                | 164                | 188                | 245              |
| 1.2 Foreign economic aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 1.3 General services   | 196                 | 212                | 119                | 187                | 225                | 229              |
| 1.4 Basic research   | –                   | –                  | –                  | –                  | –                  | –                |
| 1.5 R&D general public services  | 0                   | 0                  | 0                  | 0                  | 0                  | 0                |
| 1.6 General public services n.e.c.   | 15                  | 15                 | 17                 | 18                 | 21                 | 21               |
| <b>Total general public services</b>   | <b>366</b>          | <b>380</b>         | <b>298</b>         | <b>369</b>         | <b>435</b>         | <b>495</b>       |
| <b>2. Defence</b>  |                     |                    |                    |                    |                    |                  |
| 2.1 Military defence   | –                   | –                  | –                  | –                  | 0                  | 0                |
| 2.2 Civil defence  | –                   | –                  | –                  | –                  | –                  | 0                |
| 2.3 Foreign military aid   | –                   | –                  | –                  | –                  | –                  | –                |
| 2.4 R&D defence  | –                   | –                  | –                  | –                  | –                  | –                |
| 2.5 Defence n.e.c.   | –                   | –                  | –                  | –                  | –                  | –                |
| <b>Total defence</b>   | <b>–</b>            | <b>–</b>           | <b>–</b>           | <b>–</b>           | <b>0</b>           | <b>0</b>         |
| <b>3. Public order and safety</b>  |                     |                    |                    |                    |                    |                  |
| 3.1 Police services  | 763                 | 729                | 796                | 827                | 839                | 682              |
| <i>of which: immigration and citizenship</i>   | –                   | –                  | –                  | –                  | –                  | –                |
| <i>of which: other police services</i>   | 763                 | 729                | 796                | 827                | 839                | 682              |
| 3.2 Fire-protection services   | 53                  | 57                 | 68                 | 71                 | 76                 | 78               |
| 3.3 Law courts   | 110                 | 116                | 138                | 141                | 158                | 157              |
| 3.4 Prisons  | 114                 | 123                | 120                | 148                | 130                | 161              |
| 3.5 R&D public order and safety  | –                   | –                  | –                  | –                  | –                  | –                |
| 3.6 Public order and safety n.e.c.   | 136                 | 144                | 111                | 127                | 154                | 133              |
| <b>Total public order and safety</b>   | <b>1,176</b>        | <b>1,169</b>       | <b>1,234</b>       | <b>1,314</b>       | <b>1,358</b>       | <b>1,211</b>     |
| <b>4. Economic affairs</b>   |                     |                    |                    |                    |                    |                  |
| 4.1 General economic, commercial and labour affairs                                  | 475                 | 357                | 382                | 360                | 333                | 411              |
| 4.2 Agriculture, forestry, fishing and hunting                                       | 352                 | 383                | 402                | 535                | 451                | 520              |
| <i>of which: market support under CAP</i>  | 188                 | 205                | 199                | 328                | 229                | 253              |
| <i>of which: other agriculture, food and fisheries policy</i>                        | 156                 | 168                | 196                | 201                | 217                | 259              |
| <i>of which: forestry</i>  | 8                   | 10                 | 7                  | 6                  | 5                  | 8                |
| 4.3 Fuel and energy  | 3                   | 5                  | 10                 | 15                 | 8                  | 56               |
| 4.4 Mining, manufacturing and construction   | 0                   | 0                  | 0                  | 0                  | 0                  | 0                |
| 4.5 Transport  | 308                 | 332                | 331                | 353                | 393                | 560              |
| <i>of which: national roads</i>  | 8                   | 15                 | 14                 | 12                 | 12                 | 13               |
| <i>of which: local roads</i>   | 206                 | 221                | 237                | 250                | 231                | 279              |
| <i>of which: local public transport</i>  | 86                  | 81                 | 62                 | 63                 | 99                 | 183              |
| <i>of which: railway</i>   | 2                   | 3                  | 2                  | 2                  | 3                  | 2                |
| <i>of which: other transport</i>   | 7                   | 12                 | 16                 | 26                 | 49                 | 84               |
| 4.6 Communication  | 4                   | 4                  | 20                 | 14                 | 26                 | 68               |
| 4.7 Other industries   | 1                   | 1                  | 1                  | 0                  | 1                  | 1                |
| 4.8 R&D economic affairs   | 62                  | 60                 | 70                 | 70                 | 63                 | 58               |
| 4.9 Economic affairs n.e.c.  | 27                  | 23                 | 23                 | 19                 | 19                 | 25               |
| <b>Total economic affairs</b>  | <b>1,233</b>        | <b>1,164</b>       | <b>1,237</b>       | <b>1,367</b>       | <b>1,294</b>       | <b>1,699</b>     |
| <b>5. Environment protection</b>   |                     |                    |                    |                    |                    |                  |
| 5.1 Waste management   | 102                 | 109                | 113                | 125                | 140                | 170              |
| 5.2 Waste water management   | –                   | –                  | 24                 | 31                 | 32                 | –                |
| 5.3 Pollution abatement  | –4                  | –4                 | –                  | –                  | –                  | 0                |
| 5.4 Protection of biodiversity and landscape   | 5                   | 4                  | 5                  | 4                  | 5                  | 9                |
| 5.5 R&D environment protection   | 0                   | 1                  | –                  | 0                  | 0                  | 0                |
| 5.6 Environment protection n.e.c.  | 36                  | 45                 | 42                 | 49                 | 50                 | 58               |
| <b>Total environment protection</b>  | <b>139</b>          | <b>155</b>         | <b>183</b>         | <b>209</b>         | <b>228</b>         | <b>237</b>       |



**Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2002–03 to 2007–08 (continued)**

|  | accruals, £ million |                    |                    |                    |                    |                  |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|
|  | National Statistics |                    |                    |                    |                    |                  |
|  | 2002–03<br>outturn  | 2003–04<br>outturn | 2004–05<br>outturn | 2005–06<br>outturn | 2006–07<br>outturn | 2007–08<br>plans |
| <b>6. Housing and community amenities</b>                        |                     |                    |                    |                    |                    |                  |
| 6.1 Housing development  | 186                 | 299                | 290                | 344                | 356                | 335              |
| <i>of which: local authority housing</i>                         | 154                 | 230                | 195                | 214                | 222                | 226              |
| <i>of which: other social housing</i>                            | 32                  | 70                 | 95                 | 130                | 134                | 109              |
| 6.2 Community development  | 51                  | 73                 | 102                | 86                 | 103                | 171              |
| 6.3 Water supply   | 276                 | 257                | 308                | 350                | 325                | 156              |
| 6.4 Street lighting  | 14                  | 15                 | 17                 | 19                 | 15                 | 9                |
| 6.5 R&D housing and community amenities                          | –                   | –                  | –                  | –                  | –                  | –                |
| 6.6 Housing and community amenities n.e.c                        | 68                  | 65                 | 67                 | 76                 | 74                 | 102              |
| <b>Total housing and community amenities</b>                     | <b>595</b>          | <b>710</b>         | <b>784</b>         | <b>874</b>         | <b>874</b>         | <b>773</b>       |
| <b>7. Health<sup>(1)</sup></b>                                   |                     |                    |                    |                    |                    |                  |
| Medical services   | 1,970               | 2,154              | 2,383              | 2,552              | 2,800              | 2,973            |
| Health research  | 35                  | 47                 | 39                 | 43                 | 43                 | 64               |
| Central and other health services                                | 71                  | 90                 | 62                 | 70                 | 68                 | 81               |
| <b>Total health</b>  | <b>2,076</b>        | <b>2,291</b>       | <b>2,484</b>       | <b>2,664</b>       | <b>2,911</b>       | <b>3,117</b>     |
| <b>8. Recreation, culture and religion</b>                       |                     |                    |                    |                    |                    |                  |
| 8.1 Recreational and sporting services                           | 141                 | 138                | 150                | 156                | 139                | 195              |
| 8.2 Cultural services  | 127                 | 132                | 132                | 156                | 148                | 170              |
| 8.3 Broadcasting and publishing services                         | 0                   | 0                  | 0                  | 0                  | 0                  | 0                |
| 8.4 Religious and other community services                       | 1                   | 0                  | 1                  | 0                  | 1                  | 2                |
| 8.5 R&D recreation, culture and religion                         | 0                   | 0                  | –                  | 1                  | 1                  | 1                |
| 8.6 Recreation, culture and religion n.e.c                       | 11                  | 13                 | 15                 | 19                 | 22                 | 30               |
| <b>Total recreation, culture and religion</b>                    | <b>280</b>          | <b>283</b>         | <b>299</b>         | <b>332</b>         | <b>311</b>         | <b>398</b>       |
| <b>9. Education (includes training)</b>                          |                     |                    |                    |                    |                    |                  |
| 9.1 Pre-primary and primary education                            | 466                 | 505                | 492                | 533                | 529                | 573              |
| <i>of which: under fives</i>                                     | 23                  | 26                 | 22                 | 25                 | 25                 | 26               |
| <i>of which: primary education</i>                               | 443                 | 479                | 470                | 508                | 504                | 547              |
| 9.2 Secondary education  | 631                 | 594                | 621                | 671                | 737                | 714              |
| 9.3 Post-secondary non-tertiary education                        | 538                 | 629                | 665                | 617                | 665                | 839              |
| 9.4 Tertiary education   | 269                 | 269                | 294                | 305                | 319                | 326              |
| 9.5 Education not definable by level                             | 9                   | 8                  | 7                  | 5                  | 4                  | 12               |
| 9.6 Subsidiary services to education                             | 120                 | 130                | 129                | 118                | 130                | 126              |
| 9.7 R&D education  | –                   | –                  | –                  | –                  | –                  | –                |
| 9.8 Education n.e.c  | 6                   | 10                 | 10                 | 12                 | 6                  | 7                |
| <b>Total education (includes training)</b>                       | <b>2,039</b>        | <b>2,144</b>       | <b>2,218</b>       | <b>2,259</b>       | <b>2,390</b>       | <b>2,597</b>     |
| <b>10. Social protection</b>                                     |                     |                    |                    |                    |                    |                  |
| <i>of which: personal social services</i>                        | 525                 | 578                | 714                | 729                | 786                | 862              |
| 10.1 Sickness and disability                                     | 1,964               | 2,090              | 2,421              | 2,424              | 2,506              | 2,763            |
| <i>of which: personal social services</i>                        | 523                 | 573                | 701                | 714                | 755                | 824              |
| <i>of which: incapacity, disability and injury benefits</i>      | 1,441               | 1,517              | 1,720              | 1,709              | 1,751              | 1,939            |
| 10.2 Old age   | 1,500               | 1,596              | 1,710              | 1,783              | 1,856              | 2,302            |
| <i>of which: personal social services</i>                        | 0                   | 0                  | 0                  | 0                  | 0                  | 0                |
| <i>of which: pensions</i>  | 1,500               | 1,596              | 1,710              | 1,783              | 1,856              | 2,302            |
| 10.3 Survivors   | 60                  | 57                 | 57                 | 56                 | 55                 | 66               |
| 10.4 Family and children   | 517                 | 553                | 399                | 420                | 443                | 486              |
| <i>of which: personal social services</i>                        | 2                   | 5                  | 14                 | 15                 | 32                 | 38               |
| <i>of which: family benefits, income support and tax credits</i> | 516                 | 548                | 386                | 405                | 412                | 448              |
| 10.5 Unemployment  | 105                 | 100                | 93                 | 86                 | 78                 | 101              |
| <i>of which: personal social services</i>                        | –                   | –                  | –                  | –                  | –                  | –                |
| <i>of which: other unemployment benefits</i>                     | 105                 | 100                | 93                 | 86                 | 78                 | 101              |
| 10.6 Housing   | 306                 | 313                | 336                | 334                | 428                | 461              |
| 10.7 Social exclusion n.e.c                                      | 244                 | 372                | 416                | 449                | 483                | 500              |
| <i>of which: personal social services</i>                        | –                   | –                  | –                  | –                  | –                  | –                |
| <i>of which: family benefits, income support and tax credits</i> | 244                 | 372                | 416                | 449                | 483                | 500              |
| 10.8 R&D social protection                                       | –                   | –                  | –                  | –                  | –                  | –                |
| 10.9 Social protection n.e.c.                                    | 18                  | 18                 | 15                 | 13                 | 10                 | 29               |
| <b>Total social protection</b>                                   | <b>4,715</b>        | <b>5,100</b>       | <b>5,448</b>       | <b>5,565</b>       | <b>5,858</b>       | <b>6,708</b>     |
| <b>Total Expenditure on Services in Northern Ireland</b>         | <b>12,618</b>       | <b>13,397</b>      | <b>14,185</b>      | <b>14,954</b>      | <b>15,658</b>      | <b>17,236</b>    |

(1) The level of detail required for COFOG level 2 is not yet available. The health function is therefore presented using HM Treasury's own sub-functional classification.



# A

## SOURCES, DATA QUALITY AND CONVENTIONS

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**A.1** This appendix gives information on the main sources of data and methods used in producing PESA, notes on data quality, and on the various conventions used for the figures presented in this publication.

### SOURCES OF DATA

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#### Central government and public corporation data

**A.2** Most expenditure data in PESA are taken directly from the Treasury's public expenditure database, the Combined On-line Information System (COINS). Departments and the devolved administrations maintain up to nine years of live data depending on the year of the latest Spending Review. For PESA 2008 departments maintained the years 2002-03 to 2010-11 on COINS, updating throughout the year:

- values in the light of better or new information, ensuring final outturns are 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.3** Data entered onto COINS 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.

#### Local Authority data

**A.4** The Department for Children, Schools and Families (DCSF) supplies data on Local Authority spending in England on education. The Department for Work and Pensions (DWP) supplies data on Local Authority spending on social protection. All other data on local authority spending in England are supplied by Communities and Local Government (CLG). The devolved administrations provide Local Authority spending data for Scotland, Wales and Northern Ireland. The data are then loaded onto COINS by Treasury in order to produce the PESA analyses.

#### National Accounts aggregates

**A.5** The Office for National Statistics (ONS) supplies outturn numbers for the below National Accounts aggregates used in PESA. Forecasts of these numbers for estimated outturn (2007-08) and plan years (2008-09 to 2010-11) are made by the Treasury on a basis consistent with the ONS' numbers. The aggregates are then loaded onto COINS by Treasury in order to produce the PESA analyses:

- 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; and
- public corporations expenditure, total, current, capital.

To avoid confusion:

- the Total Expenditure on Services (TES) aggregate used in PESA is a Treasury aggregate. Appendix E contains further information on the definition of TES; and
- depreciation in departmental budgets is a number sourced from departments.

## METHODS

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### Classification Of the Functions Of Government (COFOG)

**A.6** The Treasury's PESA branch assigns COFOG categories to departmental and local authority data in consultation with departments and the devolved administrations during the course of the year. COFOG categories are held on COINS. Where data streams cover more than one detailed functional 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.

### PESA production

**A.7** Most of the data contained in PESA are extracted from COINS approximately a week prior to publication using purpose built reports.

**A.8** The two main exceptions to this, where a different process is used, are:

- the production of the historical information that goes back before the years that are maintained live on the COINS – described in Chapter 4; and
- the country and regional analysis of expenditure – described in Chapter 9.

## TREATMENT OF CERTAIN TRANSACTIONS IN PESA

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### The Private Finance Initiative

**A.9** 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.10** 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.II** 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).

## **BNFL**

**A.I2** British Nuclear Fuel Limited (BNFL), a public corporation, has transferred the bulk of its assets and liabilities to the Nuclear Decommissioning Authority (NDA), which is part of central government. In the National Accounts these assets were shown as having a large (circa £15.6bn) negative value due to the decommissioning and clean-up liabilities associated with the assets being far in excess of their remaining productive value. The transfer from the PC sector to the CG sector has no impact on TME, or the public finances overall, as this is an intra public sector set of transactions. However, the components of the public sector finances are affected as follows:

- increase to public corporations gross fixed capital formation (GFCF);
- corresponding reduction to central government GFCF;
- increase to central government payments of capital grants to public corporations, which finances the increased PC GFCF; and
- corresponding increase in receipts of capital grants by public corporations.

**A.I3** Both the expenditure and receipt imputed to the PC sector are included in the Public Corporations Own Financed Capital Expenditure (PCOFCE) line in other AME. This means that PCOFCE is not distorted by this set of transactions, and is in line with other PC capital spending where that is financed from central government departmental budgets.

**A.I4** TME is a consolidated measure of expenditure, and in PESA the sectoral split of TME records only the 'own' expenditure components that relate to an individual sector. Payments from one sector that are used to finance the expenditure of another sector are therefore excluded from the paying sector's own expenditure breakdown, as are the corresponding receipts in the counterparty sector. This is consistent with TME being a consolidated measure of public sector expenditure.

**A.I5** As such the imputed capital spending of BNFL described above adds to the total PC contribution to TME as presented throughout this publication, and likewise the reduction in central government capital expenditure reduces the CG contribution to TME as presented in PESA.

## Coverage of Public Bodies

**A.16** 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 by the ONS, there may be a delay before data are recorded in a way that allows their correct inclusion in PESA. The PESA 2008 treatment of some of the larger bodies affected is:

- ONS has classified **Great North Eastern Railways** (GNER) to the public corporation sector from 10 December 2006 to 9 December 2007, during which time GNER operated under an amended version of the Franchise Agreement signed in May 2005. The capital spending for this period is currently unavailable;
- **Metronet** and **Tube Lines** have both recently been reclassified by the ONS to the public corporation sector from their inception. The central government support that scores in Department for Transport (DfT) budgets is reflected in PESA 2008 but the capital spending of these bodies is currently unavailable;
- the **Pension Protection Fund** has been classified by the ONS as a public corporation and this classification is fully reflected in PESA 2008. PESA 2007 showed this body as part of central government;
- ONS has classified **Northern Rock** to the public corporation sector from 9 October 2008. The central government support that scores in HM Treasury budgets is reflected in PESA 2008 but the capital spending is currently unavailable; and
- **Northern Ireland Water** has recently been classified by ONS to the central government sector from its inception, but is shown in PESA 2008 as a public corporation. This therefore attributes to the public corporation sector a Northern Ireland Executive subsidy and Northern Ireland Water capital spending .

## DATA QUALITY

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### General

**A.17** Departments, devolved administrations and NDPBs aim to produce good quality data for internal management and control, as well as external reporting via audited accounts. They also seek to ensure that the data they feed into COINS are of high quality. Several outputs directly relevant to Whitehall departments' operations and reporting are produced straight from COINS, including Main Estimates presented to Parliament, Departmental Reports, and Supplementary Budgetary Information. So Whitehall departments have a clear incentive to ensure that the data they supply to COINS are right.

**A.18** 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;

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

- 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 that are closely checked, some of the economic category and sub-function analyses do 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; and
- 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.

**A.19** 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. 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.

## COFOG presentation

**A.20** PESA 2007 contained the first presentation of UK functional spending at COFOG level 2. With the exception of the Department of Health, all departments and the devolved administrations are reporting data against this framework on the COINS database. The Department of Health are currently unable to report on this basis as the NHS is neither financed nor organised along the lines of COFOG level 2. The health sub-function analysis is therefore presented against the HMT functional framework. During the past year we have reviewed certain COFOG classifications, which has led to some larger than usual revisions to **Tables 5.2 and 6.5** in PESA 2008.

## CRA (Country and Regional Analysis)

**A.21** In PESA 2007 Treasury introduced a requirement for departments to formally sign off their Country and Regional Analysis return as being produced in accordance with the CRA guidance, and to accompany this with a statement on data quality if there were specific issues on data. With the exception of Department for Transport who have badged some of their statistics as experimental (see below), all other departments have formally signed off their return. However, in their accompanying statements on data quality some departments have identified areas of their CRA return where methods have been used that are either provisional or do not fully meet the methodology set out in the CRA guidance. Specific comments made from departments on data quality are:

- DfT – suitable sources are not always available to allocate expenditure to regions on a 'who benefits' basis. This is particularly a problem for Highways Agency expenditure, which covers motorways and trunk roads, and accounts for about a quarter of all DfT expenditure. Further work is needed to assess the bias from allocating this on an 'in' basis and consider whether it can be reduced. Further work will be carried out in the coming year with the aspiration that the DfT CRA return will meet NS standards in future;

- MoJ – in PESA 2007 the regional allocations of legal aid administration costs and non-criminal legal aid expenditure were based on 1999-2000 data. For PESA 2008 HMT have worked with MoJ to develop new methodologies that use current data and are therefore more robust;
- DCMS – there is an inconsistency across allocation methods between NDPBs with similar underlying information e.g. museums differed in their treatment of visitor survey data to estimate regional allocations. Explanations of the allocation methods were often brief from the NDPBs and the underlying detail was not usually provided making it very difficult to assess the robustness of the method. Due to a lack of corroborative information and relative autonomy of the NDPBs finance sections the allocation methods and figures had to be accepted as stated;
- DWP – as announced in PESA 2007, DWP have developed more accurate methods for allocating administrative expenditure to the region of residence of the ultimate beneficiary; and
- Home Office – the 2008 exercise was based on similar methods to previous years but Home Office have indicated that they will be reviewing these prior to 2009 in order to further improve their regional allocation.

Treasury will work with departments to address the remaining issues for PESA 2009.

## Other

**A.22** Some specific data quality issues apply to:

- historical data – see Chapter 4;
- Local Authority data – see Chapter 7;
- public corporations data – see Chapter 5 and Chapter 8; and
- the Country and Regional Analysis of spending – see Chapter 9.

## WHAT WE DO WHEN WE MAKE A MISTAKE

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**A.23** Where we discover errors after the production of PESA 2008 we will take the following action:

- minor errors will be corrected at the next National Statistics update or the next edition of PESA; and
- 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

### Data

**A.24** Total Managed Expenditure (TME) for 2007-08 to 2010-11 and its sectoral components are consistent with the numbers published in the FSBR (HC388; 12 March 2008). TME and its sectoral components for 2006-07 and earlier has been updated since the Budget and is consistent with the joint ONS/HMT Monthly Public Sector Finance Statistics release of the 18 April 2008. The rest of the data contained in Chapters 1 to 8 are consistent with the numbers published in FSBR except in a few places where later information has become available. The Country and Regional Analysis data contained in Chapters 9 and 10 were extracted from COINS in December 2007.

### TME table presentation

**A.25** TME by budgetary category is shown both in PESA Table 1.1 (and the National Statistics updates) and Table C.9 in the FSBR and the equivalent table in the Pre-Budget Report (PBR). TME and the DEL numbers are on the same basis in both presentations.

**A.26** However, there are differences in the presentation of the AME lines. PESA follows the budgeting system and so divides AME into departmental AME and other AME. The FSBR and the PBR combine the AME categories and exclude certain transactions in order to give a presentation more closely aligned with the fiscal aggregates.

**A.27** The main differences are:

- 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 benefits 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 C explains the treatment in PESA and Appendix D includes a reconciliation table;
- the BBC domestic services line in resource AME in the FSBR excludes the BBC's dividend income while that forms part of the PESA numbers. PESA also presents the BBC capital spending separately whereas the FSBR includes this spending within other capital expenditure;
- the FSBR does not include a non-cash AME line while PESA does;
- the other departmental expenditure lines in the FSBR essentially only include items that contribute to TME, whereas PESA shows all expenditure in departmental AME; and
- As a result of these differences, there are differences in the accounting adjustments.

## CONSISTENCY WITH PREVIOUS PESAs

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**A.28** Data in previous PESAs may not be directly consistent with PESA 2008 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

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### Rounding

**A.29** 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 for 2008-09 to 2010-11.

**A.30** In all chapters dashes in the tables show that there are no data and zeros where there are data and the value rounds to 0 – i.e. normally less than £0.5 million.

**A.31** Figures in tables may not sum due to rounding.

### Real terms

**A.32** 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 2006-07 prices. The GDP deflators used in this publication are those given in Appendix F.

### GDP measure

**A.33** In tables that give spending as a proportion of GDP, PESA 2008 uses the cautious view of the GDP forecast. That is consistent with the 2007 Comprehensive Spending Review and the FSBR.

### 2007-08 estimated outturn

**A.34** The estimated outturns for individual departments for 2007-08 are based on the latest information made available by departments for the Budget 2008, updated in some cases for later information. The estimated outturn for resource DEL for 2007-08 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.35** Except in the long run tables covering years before 1998-99, all data are presented on an accruals basis.

# B

## DEPARTMENTAL GROUPS

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

| <b>Title</b>                        | <b>Departments included</b>  |
|-------------------------------------|--|
| Children, Schools and Families      | Department for Children, Schools and Families<br>Office for Standards in Education, Children's Services and Skills (Ofsted)  |
| Health                              | Department of Health<br>Food Standards Agency  |
| Transport                           | Department for Transport<br>Office of the Rail Regulator   |
| Innovation, Universities and Skills | Department for Innovation, Universities and Skills   |
| CLG Communities                     | Communities and Local Government<br>(except Local Government)  |
| CLG 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<br>Assets Recovery Agency  |
| Justice                             | Ministry of Justice<br>The National Archives: Public Record Office and Historical Manuscripts Commission<br>Electoral Commission<br>Northern Ireland Court Service<br>Land Registry<br>Scotland Office<br>Wales Office |
| Law Officers' Departments           | The Crown Prosecution Service<br>Serious Fraud Office<br>HM Procurator General and Treasury Solicitor<br>Revenue and Customs Prosecution Office  |
| Defence                             | Ministry of Defence  |
| Foreign and Commonwealth Office     | Foreign and Commonwealth Office  |
| International Development           | Department for International Development   |

|  |  |
|--|--|
| Business, Enterprise and Regulatory Reform | <ul style="list-style-type: none"> <li>Department for Business, Enterprise and Regulatory Reform</li> <li>UK Trade and Investment</li> <li>Office of Fair Trading</li> <li>Office of Gas and Electricity Markets</li> <li>Office of Communications</li> <li>Postal Services Commission</li> <li>Export Credits Guarantee Department</li> </ul> |
| Environment, Food and Rural Affairs        | <ul style="list-style-type: none"> <li>Department for Environment, Food and Rural Affairs</li> <li>Forestry Commission</li> <li>Water Services Regulatory Authority</li> </ul>   |
| Culture, Media and Sport                   | <ul style="list-style-type: none"> <li>Department for Culture, Media and Sport</li> </ul>  |
| Work and Pensions                          | <ul style="list-style-type: none"> <li>Department for Work and Pensions</li> <li>Government Equalities Office</li> </ul>   |
| Scotland                                   | <ul style="list-style-type: none"> <li>Scottish Executive and its departments</li> </ul>   |
| Wales                                      | <ul style="list-style-type: none"> <li>Welsh Assembly Government</li> </ul>  |
| Northern Ireland Executive                 | <ul style="list-style-type: none"> <li>Northern Ireland departments</li> </ul>   |
| Northern Ireland Office                    | <ul style="list-style-type: none"> <li>Northern Ireland Office</li> </ul>  |
| Chancellor's Departments                   | <ul style="list-style-type: none"> <li>HM Treasury</li> <li>National Savings and Investments</li> <li>Government Actuary's Department</li> <li>HM Revenue and Customs</li> <li>National Investment and Loans Office</li> <li>Royal Mint</li> <li>Office of Government Commerce</li> <li>Crown Estate Office</li> </ul>                         |
| Cabinet Office                             | <ul style="list-style-type: none"> <li>Cabinet Office</li> <li>Central Office of Information</li> <li>Charity Commission</li> <li>National School of Government</li> <li>Security and Intelligence Agencies</li> </ul>   |
| Independent Bodies                         | <ul style="list-style-type: none"> <li>House of Commons</li> <li>House of Lords</li> <li>National Audit Office</li> <li>Statistics Board</li> <li>Office of the Parliamentary Commissioner for Administration and Health Service</li> <li>Commissioners for England</li> </ul>   |

**C.1** This Appendix describes the budgeting and control regime under the current resource budgeting framework that was first introduced for the 2002 Spending Review (full resource budgeting) 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 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, sum to Total Managed Expenditure (TME), an aggregate that is drawn from National Accounts.

## RECENT DEVELOPMENTS

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**C.2** There are a number of changes to the budgeting framework that departments will be controlled on from 2008-09 onwards:

- the budgeting treatment of NHS and Foundation Trusts has been amended so that they are more closely aligned with other bodies classified by ONS to the central government sector. This change was made during 2007-08 and switches certain transactions between near-cash and non-cash within resource DEL;
- the Independent Living Fund has moved from Work and Pensions AME to DEL;
- certain transactions in respect of student loans have moved from DEL to AME. This applies to Innovation, Universities and Skills, and Northern Ireland;
- Nuclear Decommissioning Authority spending that is treated as capital in the National Accounts has been moved from Business, Enterprise and Regulatory Reform resource DEL to capital DEL;
- certain debt write-offs that are treated in the National Accounts as capital grants have been moved from International Development resource DEL to capital DEL;
- following the ONS reclassification of Northern Rock to the public sector, it will score as a public corporation of HM Treasury;
- Metronet and Tube Lines were reclassified by ONS as public corporations. This reclassification has been backdated to April 2003;
- in November 2007, ONS reclassified GNER as a public corporation from December 2006 to the end of its franchise period in December 2007. As the reclassification decision was reached only a month before the franchise end, no budgetary regime was required;
- new guidance on overage agreements on disposal of an asset has clarified that any benefit would score to departments' capital budgets (see C18 below for details); and

- the Ministry of Defence (MoD) budgeting treatment has been simplified and several exceptional treatments have been removed:
  - in previous years certain small MoD NDPBs were recorded on a grant-in-aid basis. In future these will move to full NDPB recording (see C12 below for details of NDPB recording);
  - previously in SR04, MoD had a unique version of the near/non-cash control regime – this will now no longer apply; and
  - MoD will move for the first time to the same admin/programme control regime as all other departments.

**C.3** The Treasury has published an updated version of Consolidated Budgeting Guidance<sup>1</sup> for departments, which contains other minor changes aimed at simplifying or clarifying rules. The figures presented in PESA 2008 budgetary tables have been adjusted to reflect the new control regime across all years to provide a consistent run of numbers.

## RESOURCE BUDGETING

**C.4** 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 (i.e. current) and capital expenditure.

### Resource Budget

**C.5** 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.

**C.6** Resource accounts measure expenditure when it accrues rather than when the cash is spent. They do not include, as an in-year cost, prepayments for goods and services not consumed in that year but they will include resources consumed but paid for in later years or where pre-financed in earlier periods. 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 required.

**C.7** 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.

**C.8** The resource budget (DEL) includes all administration costs of central 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.

<sup>1</sup> [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_reporting/budgeting\\_classification/psr\\_bc\\_consolidated\\_budgeting.cfm](http://www.hm-treasury.gov.uk/documents/public_spending_reporting/budgeting_classification/psr_bc_consolidated_budgeting.cfm)

**C.9** The Department for International Development (DfID) and Foreign and Commonwealth Office (FCO) resource budgets include an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

**C.10** 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 had been taken in the past and 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.

**C.11** **Impairments** are recorded where there is the permanent loss or write-off of recoverable value of an asset below the value recorded on the balance sheet in the accounts. Impairments for certain classes of asset are split between DEL and AME to provide support for sound management decisions and to remove any disincentive they may create for managerially worthwhile decisions. The following classes of impairment score in DEL:

- loss or damage resulting from normal business operations;
- abandonment of projects; and
- gold plating – which is the unnecessary over-specification of assets.

Impairments that score in AME are:

- loss caused by a catastrophe;
- unforeseen obsolescence; and
- Other, including
  - write downs of development land to open market value;
  - write downs where an asset is to be used for a lower specification purpose than originally intended; and
  - write downs as a result of the asset being seized without compensation.

**C.12** **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 budgeting treatment remains different from the accounting treatment in departmental resource accounts, which just record the grant-in-aid paid by the department.

**C.13** Resource budgets include most of the department's current transactions with **public corporations** that it sponsors (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; and
- a capital charge in respect of the value of the public corporation.

**C.14** Consolidated PCs – **London Continental Railways (LCR)** 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.

**C.15** **Central government support for Local Authorities.** The resource budget scores current grants to Local Authorities. Capital support scores in capital budgets. More information on local authorities is in Chapter 7.

**C.16** The sum of departmental resource budgets is reconciled to public sector current expenditure – a National Accounts concept that is part of TME – in Table 1.3.

## Capital Budget

**C.17** 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 financed by finance leases and on balance sheet Private Finance Initiative transactions. From 2007-08 capital budgets are set net of the sale value of receipts from the sale of capital assets.

**C.18** In resource accounts proceeds from sales of assets are split between the book value and any profit/loss on disposal. Receipts relating to the book value have always been recorded in capital budgets. Formerly the profit/loss on disposal was recorded as a non-cash item in resource budgets. From PESA 2007 this has also been recorded in capital budgets so the sale proceeds score as a benefit, which aligns with the treatment in Public Sector Net Investment, part of TME. When a department agrees to dispose of an asset, it is common for these agreements to contain an overage or clawback clause. The intention behind this clause is to allow the department to gain some of the benefit if the purchaser should sell the property in the future for a profit above that envisaged at the time. Any such benefit will score as a benefit to the department's capital budget.

**C.19** Capital budgets generally include loans on the basis of new loans issued less repayments of loan principal. Large (over £20m) prepayments or debtors that are long term (lasting more than 12 months) score in capital budgets on the same basis.

**C.20** 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.

**C.21** **Central government support for Local Authorities.** Capital grants (called Supported Capital Expenditure (Capital) in England and Wales 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. Until 2003-04 these were termed credit approvals in England and Wales, and capital consents in Scotland; from 2004-05 these are termed Supported Capital Expenditure (Revenue) in England and Wales, and supported borrowing in Scotland. Current support scores in resource budgets. More information on local authorities is in Chapter 7.

**C.22** The sum of departmental capital budgets is reconciled to public sector net investment in Table 1.4.



## Resource and Capital Budgets – Summary Table

**C.23** 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.<br><br>Release of Provisions<br><br><i>Less</i> income from sales of services | Depreciation and impairments on the department's assets<br><br>Cost of capital charge in respect of net assets<br><br>Take-up of provisions, movement in value of provisions <i>less</i> release of provisions   | Expenditure on new fixed assets<br><br><i>Less</i> sale proceeds of fixed assets<br><br>Net lending to the private sector<br><br>Investment grants to the private sector`                                 |
| <b>NDPB transactions</b>                                | As the department<br><br><i>Note: the department's grant in aid to NDPBs is not in budgets</i>  | As the department  | As the department   |
| <b>Local Authorities</b>                                | Current grants to Local Authorities   |  | Capital grants to Local Authorities<br><br>Supported capital expenditure (revenue)  |
| <b>Public Corporations on an external finance basis</b> | Subsidies paid to public corporations<br><br><i>Less</i> interest and dividends received from public corporations                       | Cost of capital charge in respect of public corporations   | Investment grants paid to public corporations<br><br>Net lending to public corporations (including equity withdrawals from public corporations)<br><br>Public corporations' market and overseas borrowing |
| <b>Consolidated public corporations</b>                 | Subsidies paid to and purchases of services from public corporations<br><br><i>Less</i> Profit/Loss of the public corporation           | Costs of capital charge in respect of public corporations<br><br>Take-up of provisions, movement in value of provisions <i>less</i> release of provisions in respect of subsidy, grant, or other amounts payable | Expenditure on new fixed assets<br><br><i>Less</i> sale proceeds of fixed assets  |

## DEPARTMENTAL EXPENDITURE LIMITS

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**C.24** 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.

**C.25** 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. CSR2007 set firm spending plans for 2008-09 to 2010-11.

**C.26** 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 taxes, levies and fines where exceptionally the Chief Secretary to the Treasury has given specific agreement for a department to retain them in their DEL.

**C.27** DEL includes a Reserve to meet unexpected needs, and the unallocated provision from the Modernisation Fund, which is a challenge fund. When sums are allocated from either the Reserve or the Modernisation Fund, individual departments' DELs are increased and the Reserve/Modernisation Fund lines reduced by the same amounts.

**C.28** **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 (except where they receive grants and subsidies, which would score in DEL).

**C.29** **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

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**C.30** The following text describes the components of AME, which for the purposes of PESA is divided into departmental AME and other AME.

### Departmental Annually Managed Expenditure

**C.31** Departmental AME programmes are set out in departmental reports. 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.

**C.32** 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.

**C.33 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, e.g. Housing Benefit, Council Tax Benefit and Rent Rebates. It includes payments by DWP to the BBC in respect of free television licences for the over 75s.

**C.34 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. These are mainly tax credit payments to an individual or enterprise where the amount of tax credit exceeds the tax liability. These are also payments in respect of contributions to stakeholder pensions of non-tax-payers or in excess of tax paid.

**C.35 Net lending to students.** The transactions of loan principal score in capital departmental AME while resource departmental AME contains interest receivable and, from PESA 2008, certain offsetting non-cash transactions moved from DEL. Resource DEL continues to score the changes in the provision liability recognised by the issuing departments in their resource accounts.

**C.36 BBC domestic services.** The expenditure of the BBC on domestic broadcasting scores in departmental AME. The BBC World Service scores in 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.

**C.37 Net public service pensions.** This line scores the majority of the operating costs, net of income, for the main public service unfunded 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 NHS staff, the civil service, teachers and the armed forces. 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 rate – see below.

**C.38** All the major unfunded pension schemes follow FRS17 to report any increase (or decrease) in liabilities accrued in the period. In broad terms, there is a charge (or benefit) shown in this row equal to the gross increase in the provision that impacts on the operating statement of the scheme (excluding the unwinding of the discount rate, which is shown as part of the non-cash items in AME) less pension contributions receivable from employers and employees, and other income.

**C.39** Note that there may be several reasons for a difference in the level of contributions and the FRS17 charge. In particular, calculations of contributions and of the FRS17 charge use different discount rates and different actuarial methodologies. In addition, contribution rates are revised only every three or four years, after full actuarial valuations so 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.

**C.40** 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.

**C.41** 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.

**C.42** 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 etcetera). 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.

**C.43** 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.

**C.44** Note that this line does not cover:

- pension schemes with a real pensions fund, e.g. Local Authority and most public corporations' pensions schemes;
- the schemes for police officers and fire-fighters, which although unfunded are run by Local Authorities, and whose costs are therefore 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.

**C.45** 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.

**C.46** 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.

**C.47** 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, and is sometimes referred to as interest on scheme liabilities (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.

**C.48** The cost of pension schemes as measured on a GAAP basis does not impact directly on TME or the fiscal framework. Appendix D shows how the GAAP measures for the main public service pension schemes in departmental AME can be reconciled to their impact on TME, and Table D.1 gives more detailed information.

**C.49** 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 (e.g. 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.

**C.50** 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 D.1.

**C.51** TES includes the cost of public service pensions on a TME basis in the social protection function.

**C.52 National lottery.** Expenditure on good causes funded from the proceeds of the national lottery is in this line. The Big Lottery Fund was officially established by Parliament on 1 December 2006 and at the same time assumed the residual responsibilities of the dissolved National Lottery Charities Board (Community Fund), the New Opportunities Fund, and the Millennium Commission. The Big Lottery Fund rolls out grants to health, education, environment and charitable causes across the UK. 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.

**C.53** 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 rate (see above).

**C.54 Other departmental expenditure in AME includes:**

- 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;
- HM Revenue and Customs (HMRC) 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 connection with Foot and Mouth disease;
- Redundancy Payments Scheme;
- coal health liabilities;
- adjustments to prior years National Non-Domestic Rates (NNDR) collection;
- support to local authorities in respect of police-officers and fire-fighters pension schemes;
- expenditure of certain levy-funded bodies; and
- acceptances of artworks in lieu of Inheritance Tax.

**Other Annually Managed Expenditure****C.55 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 Re-investment & Reform Initiative (RRI).

**C.56** 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.

**C.57** 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; that is DEL is set net of the product of the NIRR.

**C.58** 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.

**C.59** Table C1, transactions with the institutions of the European Community, sets out the following concepts:

- Net expenditure transfers to the European Community: this line reflects the main TME impact of membership of the European Community;
- Net payments to EC institutions; and
- Net contribution to the EC budget.

**Table C.1 Transactions with the institutions of the EC**

|  | £ million           |              |              |              |              |              |              |               |               |       |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|-------|
|  | National Statistics |              |              |              |              | 2007-08      | 2008-09      | 2009-10       | 2010-11       |       |
|  | 2002-03             | 2003-04      | 2004-05      | 2005-06      | 2006-07      | 2007-08      | 2008-09      | 2009-10       | 2010-11       |       |
|  | outturn             | outturn      | outturn      | outturn      | outturn      | estimated    | plans        | plans         | plans         | plans |
|  |                     |              |              |              |              | outturn      |              |               |               |       |
| GNI based contribution   | 6,016               | 7,322        | 8,628        | 8,077        | 8,213        | 9,352        | 9,905        | 11,276        | 11,768        |       |
| UK abatement   | -3,233              | -3,874       | -3,722       | -3,641       | -3,560       | -3,960       | -4,415       | -5,056        | -5,021        |       |
| <b>Net expenditure transfer to the EC</b>  | <b>2,782</b>        | <b>3,448</b> | <b>4,907</b> | <b>4,435</b> | <b>4,652</b> | <b>5,392</b> | <b>5,490</b> | <b>6,220</b>  | <b>6,747</b>  |       |
| Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR)  | -507                | -490         | -545         | -580         | -581         | -613         | -624         | -654          | -684          |       |
| to give contribution to TME  | 2,275               | 2,957        | 4,361        | 3,856        | 4,071        | 4,779        | 4,865        | 5,566         | 6,063         |       |
| TOR <sup>(1)</sup>   | 1,710               | 1,963        | 2,195        | 2,319        | 2,326        | 2,453        | 2,498        | 2,615         | 2,738         |       |
| VAT payments to the EC   | 2,519               | 2,576        | 1,904        | 1,964        | 2,287        | 2,571        | 2,173        | 2,313         | 2,435         |       |
| <b>Gross contribution to the EC budget</b>   | <b>6,504</b>        | <b>7,496</b> | <b>8,461</b> | <b>8,139</b> | <b>8,685</b> | <b>9,803</b> | <b>9,536</b> | <b>10,494</b> | <b>11,235</b> |       |
| Public sector EC receipts (except European coal and steel community receipts) <sup>(2)</sup> | -3,424              | -4,235       | -4,555       | -3,750       | -5,164       | -5,693       | -5,759       | -4,429        | -4,834        |       |
| <b>Net contribution to the EC budget</b>   | <b>3,080</b>        | <b>3,261</b> | <b>3,906</b> | <b>4,389</b> | <b>3,521</b> | <b>4,110</b> | <b>3,777</b> | <b>6,064</b>  | <b>6,401</b>  |       |
| less Attributed Aid <sup>(3)</sup>   | 734                 | 796          | 694          | 700          | 665          | 701          | 758          | 801           | 822           |       |
| less Common Foreign and Security Policy <sup>(4)</sup>                                       | 2                   | 3            | 3            | 3            | 3            | 4            | 23           | 29            | 34            |       |
| European coal and steel community receipts   | -                   | -2           | -            | -            | -            | -            | -            | -             | -             |       |
| <b>Net payments to EC institutions</b>   | <b>2,344</b>        | <b>2,460</b> | <b>3,208</b> | <b>3,685</b> | <b>2,852</b> | <b>3,405</b> | <b>2,996</b> | <b>5,234</b>  | <b>5,545</b>  |       |

(1) Traditional Own Resources, made up of customs duties, including those on agricultural products, and sugar levies.

(2) Total public sector EC receipts are shown here on a cash basis. EC receipts in budgets are on an accruals basis.

(3) The UK's contribution to the cost of EU aid to States outside the EU, which is attributed to the aid programme.

(4) The UK's contribution to the cost of the EU's Common Foreign and Security Policy, which is attributed to the FCO's programme.

**C.60** So the TME effect of EU membership is given by:

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

**C.61** **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 where that scores to departmental budgets. Excludes London and Continental Railways and Forest Enterprises, which have a different budgeting regime.

**C.62** This line also 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.

**C.63** **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.

**C.64** **AME Margin.** The AME margin is an allowance for estimating changes.

**C.65** **Accounting adjustments** are described in Appendix D.

## TOTAL MANAGED EXPENDITURE

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**C.66** 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.

**C.67** TME equals DEL + AME (including accounting adjustments).

**C.68** In addition, TME may be expressed as the sum of:

- public sector current expenditure;
- public sector net investment; and
- public sector depreciation.

**C.69** In this presentation, depreciation represents the amount of capital expenditure required to make good the depreciation of assets, and net investment represents the amount of capital expenditure that adds to the overall stock of assets.



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## BUDGETING GUIDANCE

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**C.70** The Treasury has published the Consolidated Budgeting Guidance for departments for 2008-09 on its website<sup>2</sup>. The guidance explains in detail what is in budgets.

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<sup>2</sup> [http://www.hm-treasury.gov.uk/documents/public\\_spending\\_reporting/budgeting\\_classification/psr\\_bc\\_consolidated\\_budgeting.cfm](http://www.hm-treasury.gov.uk/documents/public_spending_reporting/budgeting_classification/psr_bc_consolidated_budgeting.cfm)



# D

## THE ACCOUNTING ADJUSTMENTS IN THE BUDGETING PRESENTATION OF TME

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### NEED FOR ACCOUNTING ADJUSTMENTS

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**D.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.

**D.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 C**) are different; and sometimes other factors lead to an alternative approach – for example data availability.

**D.3** As a consequence of this, a number of adjustments are needed to relate budgets, which are Treasury control aggregates, to the component parts of TME as measured in the National Accounts. The new presentation of **Table 1.1** (see D5 below) shows resource DEL plus resource AME equalling public sector current expenditure, and capital DEL plus capital AME equalling public sector gross investment. Public sector current expenditure plus public sector gross investment then equals TME. In this presentation the AME totals are shown after the adjustments, which are set out in more detail in **Table 1.14**.

**D.4** The sub-headings in this annex correspond to the rows in that table, and a description of the nature of the adjustment is given. Individual adjustments are specified as resource or capital adjustments and numbered 1 through x. The operator (i.e. “add” or “subtract”) describes the adjustment needed to derive the relevant component of TME from budgets.

### CHANGES SINCE PESA 2007

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**D.5** As mentioned above, the scope of **Table 1.1** has been extended to show the derivation of public sector current expenditure from resource budgets, and public sector gross investment from capital budgets, rather than deriving Total Managed Expenditure from total budgets. As a result **Table 1.14** shows separate resource and capital accounting adjustments, and compared to PESA 2007 additionally shows adjustments affecting the split between resource and capital expenditure.

**D.6** The required adjustments change as a result of budgetary or National Accounts reclassifications, and these are outlined below (the numbers given refer to the number in Appendix D of PESA 2007).

**D.7** The payments from Work and Pensions to Culture, Media and Sport in respect of over 75s TV licences no longer need to be deducted as an accounting adjustment (37 in PESA 2007) as the receipts now also score in departmental AME.

**D.8** Changes to the budgeting treatment of NHS trusts mean that it is no longer necessary to deduct the element of health service procurement that covered trust depreciation (40 in PESA 2007) nor the trusts' profit or loss (18 in PESA 2007). The Department of Health (DH) DEL now includes the trusts income and expenditure, including depreciation, rather than the purchase of health services and the trusts' profit or loss.

**D.9** In June 2007 the ONS introduced a new adjustment for Local Authorities' imputed subsidies to the public corporation sector for the injection of equity into Housing Revenue Accounts (HRAs). This increases TME but is offset by additional HRA gross operating surplus within current receipts, so is neutral across the public finances as a whole. A new adjustment is included in the Local Authority resource adjustments line.

## LIST OF THE ACCOUNTING ADJUSTMENTS

### Tax credits for individuals

**D.10** The tax credits line in 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. As such, only amounts payable in excess of an individual's tax liability count as expenditure in this line. However, in the National Accounts certain tax credits for individuals score as government expenditure even when they are less than the individual's tax liability. An adjustment is therefore required to add in those amounts that score in TME, but not in the tax credits line in departmental AME. The resource adjustment is as follows:

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

**D.11** 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.

### Unfunded public service pensions

**D.12** Pensions are measured differently in National Accounts compared to the way in which resource accounts present these costs. This is due to differences in the way these frameworks deal with provision liabilities. The contribution of the unfunded public service pension schemes to public sector current expenditure is as follows:

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

**D.13** In resource accounts a provision liability is recognised on the balance sheet equal to the net present value of the expected future cash benefits to be paid, and, broadly speaking, changes in this liability impact on the operating cost statement. The net public service pensions line in departmental AME presents expenditure on this basis. The line consists of the following:

- the gross change in the liability that scores in the operating statement of the schemes;
- *less* pensions contributions received and transfers in;
- *plus* any pensions or transfer payments out that are not covered by a previously recognised liability.

**D.14** The unwinding of the discount rate that is applied to the future cash flows is also a cost in the operating statement in accounts. This cost is recorded separately in the non-cash items in departmental AME. See **Appendix C** for further details.

**D.15** **Table D.1** provides a reconciliation between the measures of pensions expenditure as presented in the component parts of **Table 1.1**, in resource accounts, and in TME. So the table presents:

- the three main contributors to the net public service pensions line (as above):
  - the gross change in the liability that scores in the operating statement of the schemes;
  - *less* pensions contributions received and transfers in;
  - *plus* any pensions or transfer payments out 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, which is net of contribution income and transfers in;
- the accounting adjustments required to reach TME (see below); and
- the contribution of the main public service pensions schemes to TME.

**D.16** The resource accounting adjustments 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.

**D.17** Employers' pay costs in central government include the cost of making both employer contributions to unfunded public service pensions schemes and an amount to cover any employee contributions. These elements of the pay bill of central government bodies are a cost in TME. These costs, which are in the main borne by individual departmental DEL budgets, broadly match the unfunded public service pensions schemes' receipts of employer and employee contributions scored in AME, (although note that some schemes receive contributions from employers and their staff that fall out with the departmental budgeting system). This means that the overall impact of central government's unfunded public service pensions schemes on TME can be expressed as either (a) those elements of the paybill that finance contributions to these unfunded pension schemes *plus* the net pensions paid (i.e. net of receipts of contributions) *plus* net transfers out or (b) simply the pensions in payment *plus* net transfers out. The impact on the overall fiscal position is the same as the impact on TME.

**Table D.1 Unfunded public service pensions schemes in AME and in TME, 2002–03 to 2010–11**

|   | £ million           |                |                |                |                |                |                |                |                |  |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
|   | National Statistics |                |                |                |                |                |                |                |                |  |
|   | 2002–03             | 2003–04        | 2004–05        | 2005–06        | 2006–07        | 2007–08        | 2008–09        | 2009–10        | 2010–11        |  |
|   | outturn             | outturn        | outturn        | outturn        | outturn        | estimated      | plans          | plans          | plans          |  |
|   |                     |                |                |                |                | outturn        |                |                |                |  |
| <b>Departmental AME (GAAP basis)</b>                          |                     |                |                |                |                |                |                |                |                |  |
| Change in liability   | 14,870              | 15,357         | 15,309         | 20,918         | 21,069         | 28,996         | 25,393         | 26,243         | 27,204         |  |
| Contributions received*                                       | -12,610             | -14,279        | -15,119        | -17,368        | -17,934        | -19,030        | -19,117        | -19,595        | -20,175        |  |
| Cash payments in OCS not covered by release of provision*     | 1,889               | 719            | 162            | 130            | 172            | 117            | 88             | 82             | 81             |  |
| <b>Net public service pensions (GAAP basis)</b>               | <b>4,150</b>        | <b>1,796</b>   | <b>352</b>     | <b>3,681</b>   | <b>3,307</b>   | <b>10,083</b>  | <b>6,364</b>   | <b>6,729</b>   | <b>7,110</b>   |  |
| Unwinding of discount rate (= contribution to non-cash items) | 19,458              | 22,303         | 24,102         | 27,378         | 29,545         | 32,874         | 37,093         | 39,140         | 41,304         |  |
| <b>Total departmental AME (GAAP basis)</b>                    | <b>23,608</b>       | <b>24,099</b>  | <b>24,453</b>  | <b>31,058</b>  | <b>32,852</b>  | <b>42,957</b>  | <b>43,457</b>  | <b>45,869</b>  | <b>48,414</b>  |  |
| <b>Accounting adjustments</b>                                 |                     |                |                |                |                |                |                |                |                |  |
| Remove change in liability                                    | -14,870             | -15,357        | -15,309        | -20,918        | -21,069        | -28,996        | -25,393        | -26,243        | -27,204        |  |
| Remove increased liability due to unwinding of discount rate  | -19,458             | -22,303        | -24,102        | -27,378        | -29,545        | -32,874        | -37,093        | -39,140        | -41,304        |  |
| Add pensions in payment covered by release of provision*      | 14,628              | 15,361         | 16,216         | 17,536         | 18,912         | 21,199         | 21,958         | 23,150         | 24,103         |  |
| <b>Accounting adjustments (pensions)</b>                      | <b>-19,700</b>      | <b>-22,299</b> | <b>-23,195</b> | <b>-30,760</b> | <b>-31,701</b> | <b>-40,671</b> | <b>-40,529</b> | <b>-42,223</b> | <b>-44,405</b> |  |
| <b>Contribution to TME (National Accounts basis)</b>          | <b>3,908</b>        | <b>1,801</b>   | <b>1,258</b>   | <b>299</b>     | <b>1,151</b>   | <b>2,286</b>   | <b>2,928</b>   | <b>3,636</b>   | <b>4,009</b>   |  |
| <i>of which:</i>  |                     |                |                |                |                |                |                |                |                |  |
| Pensions in payment*  | 16,518              | 16,080         | 16,377         | 17,666         | 19,085         | 21,316         | 22,046         | 23,231         | 24,184         |  |
| Employer/employee contributions*                              | -12,610             | -14,279        | -15,119        | -17,368        | -17,934        | -19,030        | -19,117        | -19,595        | -20,175        |  |

\* Includes bulk and individual transfers, including transfers of liabilities within government.

## Other central government programmes

**D.18** There are a number of resource accounting adjustments included in these lines as follows:

5. **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.
6. **Tax Credits for Companies and Charities:** As with tax credits for individuals (see above), National Accounts score as expenditure all elements of tax credits for companies and charities, including those that reduce the taxpayer's liability, where the ONS have judged that the tax credits are not 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.
7. **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. This attributed expenditure doesn't increase TME, as it is actually part of EU spending, and so this 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.
11. Add **debts written off by ECGD for policy reasons**, which are routed through central government in National Accounts.
12. **Renewable Obligation Certificates:** Add imputed subsidies in respect of ROCs, which are balanced in the National Accounts by imputed current receipts.

## VAT refunds

**D.19** 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 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, nor would it be included in their spending data, which is measured net of recoverable VAT. Therefore in these cases no adjustment is needed to reconcile to TME.

**D.20** However, 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.

**D.21** To get to public sector current expenditure the following adjustments are required:

13. 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.)
14. 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.
15. Add VAT refunds paid to ITN in respect of non-business activities. These are treated as subsidies in TME.

**D.22** The capital adjustment required is:

16. Add VAT refunds paid to DIY house builders. These are treated as capital grants in public sector gross investment.

### Central government capital consumption

17. Add the value of central government non-trading capital consumption (i.e. depreciation) to public sector current expenditure. For the outturn years this number is modelled by ONS for National Accounts; for forward years it is forecast by HM Treasury on a basis consistent with the ONS modelling.

### Non-cash items not in TME

**D.23** **Non-cash items not in TME.** Both budgets and National Accounts measure expenditure on an accruals basis as regards timing. A number of accruals concepts – such as accounts payable/receivable – appear in both GAAP and National Accounts datasets. However, a number of non-cash items appear in resource budgets produced on a basis consistent with the Government Financial Reporting Manual (see **Appendix C**) that do not have a National Accounts counterpart. They are removed here:

18. 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.
19. Deduct the take-up, movements in the value, and release of provisions 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 public sector current expenditure or gross investment as appropriate.



20. 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 receivable from students.

## Resource budget items treated as capital in National Accounts

**D.24** Central government debt write offs generally 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.

**D.25** 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, although all bilateral aid grants are shown in resource DEL budgets.

**D.26** The equal pay settlement scores as capital in the National Accounts but is largely being funded from Local Authorities' revenue accounts.

21. Switch spending in the resource budget into public sector gross investment.

## Capital budget items treated as current in National Accounts

**D.27** 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 So the adjustments needed are:

22. Switch spending in the capital budget into public sector current expenditure.

## Expenditure financed by revenue receipts

**D.28** Some receipts benefit resource budgets and so reduce certain expenditure presentations even where they are included on the revenue side of the National Accounts . The deduction of such receipts needs to be reversed.

**D.29** For departments and NDPBs the receipts are:

23. certain taxes collected, including licences issued by the utility regulators;
24. certain fines;
25. current donations;
26. current compensation;
27. rent of land;
28. dividends and interest from the private sector and overseas.

**D.30** For Local Authorities, the receipts are:

29. penalties collected by Local Authorities and police in respect of certain parking, vehicle emissions and moving traffic offences.

## Local Authorities

**D.31** The following additional resource adjustments are made to Local Authority current expenditure to bring it onto a National Accounts basis.

30. Add the value of local government non-trading capital consumption (i.e. depreciation) as modelled by ONS for National Accounts.
31. Add subsidies paid to LA trading bodies. These are deducted from the figure for the operating surplus of LA trading bodies, one of the revenue items in the calculation of locally financed expenditure, but are included as LA expenditure in National Accounts.
32. Deduct adjustments to National Non-Domestic Rates in respect of prior years that score in the revenue side of the National Accounts.
33. Add imputed subsidies to the public corporation sector for the injection of equity into Housing Revenue Accounts (HRAs).

**D.32** The Local Authority capital expenditure is adjusted onto a National Accounts basis as follows.

34. 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.

**D.33** Further adjustments are made to both the current and capital in-year expenditure of Local Authorities.

35. Adjust estimated outturn to align central government support and LASFE figures to forecast total Local Authority expenditure.

**D.34** In some cases receipts are treated as financing expenditure in AME when National Accounts treat them as reducing expenditure. The value of the receipts needs to be deducted:

36. Local Authority receipts of investment grants from private sector developers.
37. Certain licence fees collected by Local Authorities.

## General government consolidation

**D.35** The National Accounts presents a consolidated measure of public sector expenditure. So it normally includes 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 National Accounts.

**D.36** The required resource adjustments are:

38. 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.
39. 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 the National Accounts.

40. 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.
41. 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.

**D.37** The capital adjustment required is as follows:

42. Deduct payments from Local Authorities to Communities and Local Government in respect of pooled housing receipts. These payments score in Local Authority Self-Financed Expenditure and not in TME.

## Public corporations

**D.38** 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.

**D.39** The National Accounts include the subsidies only, so the other items have to be deducted.

**D.40** National Accounts 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.

**D.41** So the resource adjustments needed are:

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

**D.42** Forest Enterprises and London and Continental Railways (LCR) are scored on what is termed the consolidation basis and 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, as it has scored in budgets already, but their profits/losses have to be removed in the resource accounting adjustments.

45. Deduct the profit/loss of Forest Enterprises and LCR that are scored on the consolidation basis.

**D.43** 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.

**D.44** 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 the current budget also. Depreciation on its assets is a cost to the Golden Rule. Any capital spending that it undertakes is a cost in public sector gross investment. 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 to Nigeria announced in 2005. These kinds of debt write off score as capital transfers in the National Accounts as a gift is being made to the recipient. These are routed through government as ECGD is seen to be acting as an agent of government in these cases.

**D.45** The resource budget (AME) scores the subsidy that finances part of the ECGD Gross Operating Surplus total and some receipts that are financed from elsewhere within 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.

**D.46** 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, but this is shown in the central government line.

**D.47** Finally the capital budget AME scores some financial transactions. These are removed in the general accounting adjustments for financial transactions below.

**D.48** So the resource adjustment needed is:

46. Remove ECGD interest receipts that do not form part of TME.

## Financial transactions

**D.49** 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 capital adjustments are described below:

47. Deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL, departmental AME and Local Authority expenditure.
48. Deduct the net acquisition of private sector company securities that scores in DEL, departmental AME and Local Authority expenditure.

49. 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.
50. Deduct movements in certain large pre-payments and debtors that score in capital budgets.

## Data adjustment

**D.50** In some cases, the National Accounts and budgets have the same concepts but use different data. Adjustments are needed to put budgets data onto the National Accounts basis:

51. Deduct depreciation and impairments in resource budgets and replace with the National Accounts number for Non-trading Capital Consumption – see above.

## 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 Treasury forecasts 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.



# E

## TOTAL EXPENDITURE ON SERVICES

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**E.1** The tables that show public expenditure disaggregated by function and by economic category in Chapters 4, 5, 6, and 7, and the tables in Chapter 9 and 10 that show public expenditure by country and 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 of Total Managed Expenditure (TME). The definition of TES in PESA 2008 is almost identical to that presented in PESA 2007.

### What's new

**E.2** The reporting of NHS and Foundation Trusts has been changed so that their treatment is more closely aligned with other bodies classified by ONS to the central government sector. As a result the TES elements of trusts' expenditure are now more accurately identified and the derivation of TES from budgets has also been simplified. Specifically, this has negated the need to remove the elements of purchases of healthcare from NHS Trusts that represent the funding of trust debt remuneration and trust depreciation.

**E.3** There have been a number of COFOG (Classification Of the Functions Of Government) changes since PESA 2007. The most significant ones are described 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, for instance on agriculture, within functional expenditure as UK government spending, that the National Accounts score as direct payments from the EU to enterprises and households. 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. Numbers are given in **Table C.1**.

### TES defined by reference to TME

**E.5** TME is the current and capital expenditure of the public sector on a National Accounts basis. TES is similar, but with minor divergences. The divergences mainly reflect the difficulty of attributing the particular expenditure to the correct functions in all cases, which, if attempted, would result in a lack of 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.6** 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.7** 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
- NHS Trusts depreciation that scores in near-cash DEL
- + 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 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 aid 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.8** Table E1 shows the derivation of TES from departmental groups' budgets.

## Change in COFOG classification

**E.9** There have been a number of classification changes since PESA 2007. These reclassifications ensure that data are consistent with the UN Classification Of the Functions Of Government (COFOG). The largest of these are:

- the reclassification of Local Authority expenditure on reducing homelessness from **housing and community amenities** to **social protection** over years 2002-03 to 2006-07;
- the reclassification, within the National Accounts and reflected in TES, of income received by the Department of Health for the provision of healthcare to EU residents, resulting in changes to **health** for 2004-05 to 2006-07;
- an improvement in the functional allocation of capital expenditure on Voluntary Aided and Local Authority schools results in movements between **of which: primary education** and **secondary education** for all years from 2002-03.

**Table E.1 Derivation of Total Expenditure on Services from departmental groups' budgets, 2006-07**

All data in this table are National Statistics

|  | Children, Schools and Families | Health        | Transport     | Innovation, Universities and Skills | Communities and Local Government | Home Office   | Justice      | Law Officers' Departments | Defence       | Foreign and Commonwealth Office | International Development | Business, Enterprise and Regulatory Reform | 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 | Independent Bodies | Public corporations accountable to local government | Total for all departments |  |
|--|--------------------------------|---------------|---------------|-------------------------------------|----------------------------------|---------------|--------------|---------------------------|---------------|---------------------------------|---------------------------|--|-------------------------------------|--------------------------|-------------------|---------------|---------------|----------------------------|-------------------------|--------------------------|----------------|--------------------|---|---------------------------|--|
| <b>Departmental budgets</b>                      |                                |               |               |                                     |                                  |               |              |                           |               |                                 |                           |  |                                     |                          |                   |               |               |                            |                         |                          |                |                    |   |                           |  |
| Resource DEL                                     | 42,135                         | 80,428        | 6,920         | 14,079                              | 26,167                           | 8,343         | 8,357        | 698                       | 33,491        | 1,827                           | 4,206                     | 2,157                                      | 3,103                               | 1,527                    | 7,870             | 22,354        | 11,699        | 7,150                      | 1,224                   | 4,952                    | 1,732          | 738                | -   | 291,155                   |  |
| Capital DEL                                      | 4,052                          | 3,194         | 6,505         | 1,882                               | 5,655                            | 592           | 536          | 11                        | 7,070         | 160                             | 765                       | 1,152                                      | 922                                 | 284                      | 215               | 3,035         | 1,319         | 803                        | 69                      | 302                      | 283            | 56                 | -   | 38,862                    |  |
| Resource departmental AME                        | 8,599                          | 10,450        | 3,315         | 170                                 | 1,339                            | 291           | 84           | -                         | 4,919         | 27                              | 469                       | 6,922                                      | -5                                  | 3,532                    | 119,074           | 2,041         | 340           | 10,018                     | 214                     | 24,790                   | 6,043          | 1                  | -   | 202,632                   |  |
| Capital departmental AME                         | -                              | 89            | -             | 2,822                               | -                                | -             | -            | -                         | 13            | -                               | -                         | -1,166                                     | 0                                   | 818                      | 185               | 147           | 128           | 339                        | -                       | 255                      | -              | 0                  | -   | 3,630                     |  |
| <b>Remove</b>                                    |                                |               |               |                                     |                                  |               |              |                           |               |                                 |                           |  |                                     |                          |                   |               |               |                            |                         |                          |                |                    |   |                           |  |
| Grants to Local Authorities <sup>(1)</sup>       | -35,473                        | -1,953        | -4,755        | -1,947                              | -28,639                          | -6,293        | -1           | -                         | -             | -                               | -                         | -961                                       | -71                                 | -163                     | -19,092           | -8,276        | -4,933        | -59                        | -                       | -                        | -11            | -                  | -   | -112,628                  |  |
| Capital grants to public corporations            | -                              | -             | -             | -                                   | -7                               | -             | -            | -                         | -             | -36                             | -                         | -  | -7                                  | -                        | -5                | -26           | -             | -50                        | -                       | -                        | -              | -                  | -   | -131                      |  |
| Non-cash items in resource DEL                   | 0                              | -3,001        | -312          | -677                                | -162                             | -159          | -295         | -7                        | -10,039       | -147                            | -108                      | -133                                       | -560                                | -169                     | -278              | -955          | -342          | -320                       | -212                    | -266                     | -237           | -149               | -   | -18,530                   |  |
| Non-cash items in resource                       |                                |               |               |                                     |                                  |               |              |                           |               |                                 |                           |  |                                     |                          |                   |               |               |                            |                         |                          |                |                    |   |                           |  |
| departmental AME                                 | -7,364                         | -13,054       | -3,272        | -401                                | -5                               | -             | -90          | -                         | -2,170        | -27                             | -356                      | -5,834                                     | 66                                  | -70                      | -896              | -2,194        | -373          | -5,955                     | -74                     | -52                      | -5,507         | 6                  | -   | -47,625                   |  |
| Financial transactions                           | -                              | -89           | -54           | -2,819                              | 0                                | -             | -            | -                         | 4             | -                               | -674                      | 1,312                                      | -                                   | 3                        | -185              | -155          | -127          | -32                        | -                       | 3                        | 0              | -                  | -   | -2,813                    |  |
| Interest and dividends                           | 1                              | 23            | -34           | 398                                 | 39                               | -             | 0            | -                         | 11            | -                               | 2                         | 29   | 7                                   | 85                       | 0                 | 101           | -1            | -3                         | -                       | 61                       | -              | -                  | -   | 720                       |  |
| Items classified as revenue in National Accounts | -                              | -             | 415           | 14                                  | 63                               | 359           | 4            | 4                         | 70            | -                               | -                         | 142  | 21                                  | -                        | 10                | -             | 6             | 11                         | -                       | 56                       | 3              | 0                  | -   | 1,179                     |  |
| Profit/loss of PCs                               | -                              | -             | -316          | -                                   | -                                | -             | -            | -                         | -             | -                               | -                         | -  | 4                                   | -                        | -                 | -             | -             | -                          | -                       | -                        | -              | -                  | -   | -312                      |  |
| NHS Trusts near-cash depreciation                | -                              | -1,550        | -             | -                                   | -                                | -             | -            | -                         | -             | -                               | -                         | -  | -                                   | -                        | -                 | -             | -             | -                          | -                       | -                        | -              | -                  | -   | -1,550                    |  |
| EC receipts <sup>(2)</sup>                       | -                              | -             | 24            | 3                                   | 92                               | 6             | -            | -                         | -             | -                               | -                         | 152  | 2,017                               | 9                        | 647               | 570           | 493           | 355                        | -                       | -                        | -              | 0                  | -   | 4,369                     |  |
| Other items not in TME                           | -354                           | -             | -             | -                                   | 423                              | 0             | -            | 0                         | -8            | -                               | -1                        | -5   | -104                                | -                        | -                 | -             | 0             | -51                        | -                       | -                        | -2             | -                  | -   | -102                      |  |
| <b>Add</b>                                       |                                |               |               |                                     |                                  |               |              |                           |               |                                 |                           |  |                                     |                          |                   |               |               |                            |                         |                          |                |                    |   |                           |  |
| Local Authority current expenditure              | 36,041                         | 17,874        | 4,898         | -                                   | 9,143                            | 12,048        | 3            | -                         | -             | -                               | 322                       | 4,657                                      | 2,335                               | 15,758                   | 9,870             | 4,682         | 409           | 409                        | -                       | -                        | 54             | -                  | -   | 118,095                   |  |
| Local Authority capital expenditure              | 3,815                          | 278           | 3,104         | -                                   | 1,699                            | 443           | -            | -                         | -             | -                               | -                         | 0  | 382                                 | 645                      | 0                 | 1,319         | 709           | 56                         | -                       | -                        | -              | -                  | -   | 12,450                    |  |
| Northern Ireland locally financed expenditure    | -                              | -             | -             | -                                   | -                                | -             | -            | -                         | -             | -                               | -                         | -  | -                                   | -                        | -                 | -             | -             | 452                        | -                       | -                        | -              | -                  | -   | 452                       |  |
| Public corporations capital expenditure          | -                              | -             | -             | -                                   | -                                | -             | -            | -                         | -             | -                               | -                         | -  | -                                   | -                        | -                 | -             | -             | -                          | -                       | -                        | -              | -                  | -   | -                         |  |
| Public sector debt interest                      | -                              | -             | -             | -                                   | 2,747                            | 4             | 51           | -                         | 150           | 42                              | 123                       | 513  | -30                                 | 12                       | 5                 | 868           | 95            | 69                         | -                       | 61                       | -              | -                  | 1,439   | 6,149                     |  |
| EU transactions <sup>(3)</sup>                   | -                              | -             | -             | -                                   | -                                | -             | -            | -                         | -             | -                               | -                         | -  | -                                   | -                        | -                 | -             | -             | -                          | -                       | -                        | -              | -                  | -   | 28,602                    |  |
| Grant equivalent element of student loans        | -                              | -             | -             | 215                                 | -                                | -             | -            | -                         | -             | -                               | -                         | -  | -                                   | -                        | -                 | 62            | 34            | 23                         | -                       | -                        | -              | -                  | -   | -1,761                    |  |
| Loans written off by mutual consent              | -                              | -             | -             | -                                   | -                                | -             | -            | -                         | -             | -                               | -                         | -  | -                                   | -                        | -                 | -             | -             | -                          | -                       | -                        | -              | -                  | -   | 334                       |  |
| <b>Total Expenditure on Services</b>             | <b>51,452</b>                  | <b>92,688</b> | <b>16,438</b> | <b>13,739</b>                       | <b>18,555</b>                    | <b>15,634</b> | <b>8,649</b> | <b>707</b>                | <b>33,511</b> | <b>1,847</b>                    | <b>4,426</b>              | <b>4,603</b>                               | <b>10,402</b>                       | <b>8,847</b>             | <b>123,307</b>    | <b>28,758</b> | <b>13,730</b> | <b>13,213</b>              | <b>1,221</b>            | <b>57,003</b>            | <b>2,357</b>   | <b>652</b>         | <b>1,439</b>  | <b>523,177</b>            |  |

(1) Grants to Local Authorities are consistent with definitions used in table 7.1.

(2) EC receipts are on accruals basis and in departments budgets. These exclude those that are removed as part of the grants to Local Authority line. Chapter 7 text contains details.

(3) EU transactions as defined in footnote to table 6.5. EC receipts within this line are on a cash basis.

# F

## POPULATION NUMBERS AND GDP DEFLATORS

### What's new

**F1** This appendix presents the population numbers and GDP deflators used in the PESA 2008 publication.

### Population numbers by country and region

**F2** The population numbers used in Chapter 9 of PESA 2008 are as follows (source: population projections mid-2002 to mid-2010 for England, Scotland, Wales and Northern Ireland are 2006 based, the English regions use the total England figure above and are prorated using the 2004 based sub-national population projections. Both sets of data were produced by the ONS<sup>1</sup>).

**Table F1 Population by country and region**

|                          | Thousands     |               |               |               |               |               |               |               |               |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                          | mid-2002      | mid-2003      | mid-2004      | mid-2005      | mid-2006      | mid-2007      | mid-2008      | mid-2009      | mid-2010      |
| North East               | 2,541         | 2,541         | 2,542         | 2,550         | 2,556         | 2,592         | 2,596         | 2,602         | 2,608         |
| North West               | 6,778         | 6,800         | 6,820         | 6,840         | 6,853         | 6,953         | 6,986         | 7,022         | 7,061         |
| Yorkshire and Humberside | 5,002         | 5,028         | 5,064         | 5,108         | 5,142         | 5,163         | 5,203         | 5,244         | 5,286         |
| East Midlands            | 4,222         | 4,254         | 4,291         | 4,328         | 4,364         | 4,376         | 4,414         | 4,455         | 4,497         |
| West Midlands            | 5,295         | 5,312         | 5,327         | 5,351         | 5,367         | 5,431         | 5,457         | 5,486         | 5,517         |
| Eastern                  | 5,433         | 5,475         | 5,511         | 5,563         | 5,607         | 5,619         | 5,676         | 5,734         | 5,792         |
| London                   | 7,362         | 7,364         | 7,389         | 7,456         | 7,512         | 7,534         | 7,615         | 7,686         | 7,754         |
| South East               | 8,047         | 8,087         | 8,125         | 8,185         | 8,238         | 8,285         | 8,351         | 8,419         | 8,487         |
| South West               | 4,973         | 5,005         | 5,042         | 5,087         | 5,124         | 5,141         | 5,190         | 5,241         | 5,293         |
| England                  | 49,652        | 49,866        | 50,111        | 50,466        | 50,763        | 51,094        | 51,488        | 51,888        | 52,297        |
| Scotland                 | 5,055         | 5,057         | 5,078         | 5,095         | 5,117         | 5,138         | 5,157         | 5,175         | 5,190         |
| Wales                    | 2,920         | 2,931         | 2,946         | 2,954         | 2,966         | 2,979         | 2,993         | 3,008         | 3,023         |
| Northern Ireland         | 1,697         | 1,703         | 1,710         | 1,724         | 1,742         | 1,761         | 1,774         | 1,787         | 1,799         |
| <b>United Kingdom</b>    | <b>59,323</b> | <b>59,557</b> | <b>59,846</b> | <b>60,238</b> | <b>60,587</b> | <b>60,973</b> | <b>61,412</b> | <b>61,858</b> | <b>62,309</b> |

**F3** These mid year numbers are then directly applied to the relevant financial year (e.g. mid 2004 to financial data for 2004-05).

### GDP deflators

**F4** 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 2006-07 prices. The GDP deflators used in this publication are those below. The most up to date deflators can be found on the Treasury website<sup>2</sup>.

<sup>1</sup> <http://www.statistics.gov.uk/statbase>

<sup>2</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)

**Table F2 GDP Deflators and Money GDP<sup>(1)</sup>**

Outturn data are based on the 28 March 2008 National Accounts figures from ONS

Forecast data are consistent with the Budget Report 2008

**GDP Deflator Table**

**Money GDP Table**

| Financial Year         | GDP deflator at market prices |  | Financial Year         | Cash      |
|------------------------|-------------------------------|--|------------------------|-----------|
|                        | 2006-07<br>= 100              | percentage<br>change on<br>previous year |                        |           |
| 1967-68                | 7.789                         | 2.87                                     | 1967-68                | 40,880    |
| 1968-69                | 8.160                         | 4.76                                     | 1968-69                | 44,376    |
| 1969-70                | 8.602                         | 5.42                                     | 1969-70                | 47,607    |
| 1970-71                | 9.320                         | 8.35                                     | 1970-71                | 52,928    |
| 1971-72                | 10.158                        | 8.99                                     | 1971-72                | 59,163    |
| 1972-73                | 11.016                        | 8.45                                     | 1972-73                | 67,180    |
| 1973-74                | 11.787                        | 7.00                                     | 1973-74                | 74,801    |
| 1974-75                | 14.098                        | 19.60                                    | 1974-75                | 89,270    |
| 1975-76                | 17.690                        | 25.48                                    | 1975-76                | 111,295   |
| 1976-77                | 20.076                        | 13.49                                    | 1976-77                | 129,932   |
| 1977-78                | 22.815                        | 13.64                                    | 1977-78                | 151,168   |
| 1978-79                | 25.340                        | 11.07                                    | 1978-79                | 172,957   |
| 1979-80                | 29.616                        | 16.88                                    | 1979-80                | 208,056   |
| 1980-81                | 35.001                        | 18.18                                    | 1980-81                | 236,995   |
| 1981-82                | 38.341                        | 9.54                                     | 1981-82                | 260,077   |
| 1982-83                | 41.056                        | 7.08                                     | 1982-83                | 284,118   |
| 1983-84                | 42.966                        | 4.65                                     | 1983-84                | 309,172   |
| 1984-85                | 45.224                        | 5.26                                     | 1984-85                | 331,802   |
| 1985-86                | 47.696                        | 5.47                                     | 1985-86                | 363,987   |
| 1986-87                | 49.246                        | 3.25                                     | 1986-87                | 389,755   |
| 1987-88                | 52.009                        | 5.61                                     | 1987-88                | 433,260   |
| 1988-89                | 55.646                        | 6.99                                     | 1988-89                | 482,426   |
| 1989-90                | 59.635                        | 7.17                                     | 1989-90                | 528,219   |
| 1990-91                | 64.314                        | 7.85                                     | 1990-91                | 567,389   |
| 1991-92                | 68.231                        | 6.09                                     | 1991-92                | 598,713   |
| 1992-93                | 70.443                        | 3.24                                     | 1992-93                | 619,524   |
| 1993-94                | 72.276                        | 2.60                                     | 1993-94                | 656,348   |
| 1994-95                | 73.370                        | 1.51                                     | 1994-95                | 693,613   |
| 1995-96                | 75.596                        | 3.03                                     | 1995-96                | 734,279   |
| 1996-97                | 78.144                        | 3.37                                     | 1996-97                | 778,724   |
| 1997-98                | 80.431                        | 2.93                                     | 1997-98                | 829,024   |
| 1998-99                | 82.466                        | 2.53                                     | 1998-99                | 876,271   |
| 1999-00                | 84.131                        | 2.02                                     | 1999-00                | 927,330   |
| 2000-01                | 85.329                        | 1.42                                     | 2000-01                | 971,322   |
| 2001-02                | 87.371                        | 2.39                                     | 2001-02                | 1,013,368 |
| 2002-03                | 90.105                        | 3.13                                     | 2002-03                | 1,071,469 |
| 2003-04                | 92.716                        | 2.90                                     | 2003-04                | 1,136,193 |
| 2004-05                | 95.277                        | 2.76                                     | 2004-05                | 1,195,518 |
| 2005-06                | 97.329                        | 2.15                                     | 2005-06                | 1,249,665 |
| 2006-07 <sup>(2)</sup> | 100.000                       | 2.74                                     | 2006-07 <sup>(3)</sup> | 1,325,513 |
| 2007-08 <sup>(2)</sup> | –                             | 3¼                                       | 2007-08 <sup>(3)</sup> | 1,405,000 |
| 2008-09 <sup>(2)</sup> | –                             | 3  | 2008-09 <sup>(3)</sup> | 1,473,000 |
| 2009-10 <sup>(2)</sup> | –                             | 2¾                                       | 2009-10 <sup>(3)</sup> | 1,550,000 |
| 2010-11 <sup>(2)</sup> | –                             | 2¾                                       | 2010-11 <sup>(3)</sup> | 1,632,000 |

GDP Deflator: For years 1967-68 to 2006-07: calculated from ONS data for seasonally adjusted current and constant price GDP (YBHA and ABMI).

For years 2007-08 to 2010-11: derived from HM Treasury forecasts for GDP deflator increases at the Budget Report 2008.

Cash GDP: For years 1967-68 to 2006-07: ONS data for money GDP (not seasonally adjusted, BKTL).

For years 2007-08 to 2010-11: HM Treasury forecasts for money GDP at Budget Report 2008.

<sup>1</sup> For further information and the 'User Guide' to these series, please visit the following page on [http://www.hm-treasury.gov.uk/Economic\\_Data\\_and\\_Tools/GDP\\_Deflators/data\\_gdp\\_index.cfm](http://www.hm-treasury.gov.uk/Economic_Data_and_Tools/GDP_Deflators/data_gdp_index.cfm)

<sup>2</sup> For years 2007-08 to 2010-11, GDP deflator forecasts derived from unrounded forecast increases in GDP deflator, consistent with Budget Report 2008

<sup>3</sup> For years 2007-08 to 2010-11, money GDP forecasts as shown in the Budget Report 2008 rounded to nearest £ billion. These are the lower end of HM Treasury's forecast range.

*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 D has full details.

**Accruals.** Apart from some of the older data in the historical tables in Chapter 4, all the data in PESA are 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) does not include certain items common in accruals based financial accounts, such as movements in provisions or cost of capital charging. **Total Managed Expenditure** includes depreciation. The budgeting aggregates DEL and **departmental AME** include **depreciation**, **cost of capital charge**, **provisions** etc.

**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 a subset of **Resource DEL**, and 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** that 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.

**Area Based Grant**, introduced in 2008-09, is a general non ring-fenced grant from central government to Local Authorities. It replaces the Local Area Agreement grant, but unlike that grant is an unhypothecated grant that is available to support any local outcome. It is a pooled revenue grant that is paid by Communities and Local Government (CLG) to Local Authorities, and so they will receive a single payment of Area Based Grant from CLG, acting as agent for other contributing departments.

**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**; and
- **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 is not a control total; capital DEL is a control total and capital AME is a planning total. The capital budget includes:

- capital formation and the acquisition of assets such as land, buildings, machinery and vehicles. In capital budgets and **National Accounts**, acquisition of assets is recorded net of the sale value of any assets disposed of (where sale value is the product of the net book value and any profit or loss on disposal that is recorded in the accounts of the body concerned);
- **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;
- large (over £20m) **debtors** or **prepayments**, which are long term (that is over 12 months) are included in capital budgets on the same basis as **net lending**, i.e. on an additions *less* reductions basis; and
- **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. 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 also, 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**; and
- 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 in England and Wales (the equivalent in Scotland is supported borrowing). Northern Ireland does not have **Supported Capital Expenditure** (SCE) in the same way as the rest of the UK as their Local Authority sector is much smaller.

**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**.

**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, and some other transfers of accumulated wealth. In the case of debt write-offs, 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 resource expenditure in resource accounts and **Estimates**. Capital grants are included in the **capital budget** however.

**Central government** is a sector in National Accounts. It comprises Parliament; government departments and their executive agencies; the devolved assemblies of Scotland, Wales and Northern Ireland; government funds such as the **National Loans Fund**; the foreign exchange official reserves; **non-departmental public bodies**; and various other non-market 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, but are not controlled by government, and so belong in the private sector, for example universities, further education colleges, and housing associations.

**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 analysis is consistent with UN COFOG at level 2, with the exception of the health function, which continues to be presented on the HM Treasury's own sub-functional classification. Further information on COFOG is available on the UN's website<sup>1</sup>.

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 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 opportunity cost of tying up the cash in an asset 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**

**Debtors** are assets on the balance sheet. They are recognised where a transactions has accrued, but cash is yet to be received. For example where a public sector body sells an asset but defers cash receipts. The fact that cash is yet to be received means that **PSND**, the measure of the **Sustainable Investment Rule**, has not benefited from the accrued transaction. Where a department or its NDPB has a large debtor (over £20m), which is long term (over 12 months), this is included in their capital budget on the same basis as net lending.

**Departmental AME** is spending that is outside DEL but included in departmental budgets. Main categories include social security benefits and tax credits for individuals.

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<sup>1</sup> <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=4>



**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 administration budgets 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 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 (trading and non-trading) from gross capital spending.

**Dedicated Schools Grants (DSG)** is a hypothecated current grant from central government to Local Authorities, allocated to schools on a formula basis. This was introduced from 2006-07.

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 5.3.

**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 managing the public finances and consists of 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 (e.g. 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 **depreciation**. Economic data are often quoted as a per cent 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 (which includes 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 associated with the HRA scores as capital spending in the **public corporation** sector, following the implementation of ONS's reclassification decision in June 2006. In prior years, PESA had shown this in the LA sector. Payments of interest on housing related debt will continue to be treated as part of Local Authority expenditure.

**Identifiable expenditure** is expenditure that can be recognised 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.

**Impairments** are recorded where there is the permanent loss or write-off of the recoverable value of a fixed or current asset below the value recorded on the balance sheet in accounts. Impairments are a non-cash charge in the **resource budget** alongside the **depreciation** charge, but are separately identified. In order to provide support for departments' management decisions, impairments are split into six different categories, some of which are scored in AME and others in DEL, see Appendix C for further details. In the PESA budgeting-based presentations (e.g. the calculation of **total DEL**), impairments are included in the **depreciation** line. In the **National Accounts** impairments resulting from accidental damage are included with **depreciation/capital consumption**; other sorts of impairment are not counted in the main expenditure measures.

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 **National Non-Domestic Rates** 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**.

**Modernisation Fund** is a Challenge Fund from which departments can bid for provision to support extra resource expenditure. It is within resource DEL but not allocated to any department at the planning stage.

**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 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 transactions are handled through this fund.

The **National Lottery Distribution Fund (NLDF)** is a central government fund, administered by Culture, Media and Sport. 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 public sector 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, or financed from **prepayments**. 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; and
- 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, **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 taxpayer. 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-identifiable expenditure** is expenditure that cannot be identified to particular regions, for example because it is deemed to be incurred on behalf of the United Kingdom as a whole, e.g. defence expenditure, overseas representation, and tax collection.

**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.



**Prepayments** are assets on the balance sheet. They are recognised where cash payments made to suppliers of services in advance of those services being delivered. In resource accounts these are cash movements on the balance sheet and do not score as expenditure in TME. The reduction in cash held by the public sector increases **PSND**, the measure of the **Sustainable Investment Rule**. Where a department or its NDPB makes a large (over £20m) prepayment that is long term (over 12 months) this is included in the capital budget on the same basis as net lending. When the service is delivered this is scored as appropriate, e.g. as the consumption of goods and services in **near cash resource DEL** within TME.

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** within **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, where separately identifiable, is also treated as procurement. Purchases of services from charities (as opposed to unrequited grants to them) or other not-for-profit organisations are included under procurement. Procurement expenditure is normally shown net of income from sales of goods and services (but see Chapter 2). Expenditure on **Single Use Military Equipment (SUME)** is treated as current procurement.

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 certain distributive transactions (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 where undertaken by **public corporations** – 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; and
- includes **non-trading capital consumption**. This is the **depreciation** of the fixed assets of public bodies within **general government**. 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 all public sector **capital expenditure** *less* an amount representing all public sector **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 the sum of 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**. Previously the difference was 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**.

**Resource Accounting and Budgeting (RAB)**. 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.

**Resource budget** is the budget for current expenditure on an accruals basis (including both near and non-cash items). It is divided into resource DEL (which is a control total) and resource **departmental AME** (a planning total).

**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 and the reclassification of profit/loss on disposal into capital budgets and of some **impairments** into AME both from 2007-08. 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. See Appendix C.

**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 (e.g. a tank). By contrast, dual use military equipment (e.g. 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, i.e. capital where it meets the definition of capital.

**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 last was a Comprehensive Spending Review, which reported in autumn 2007 and 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** (e.g. 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 Ministry of Defence 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 to 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 and Wales 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 Local 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 interest on housing related debt is treated as Local Authority expenditure); and
- 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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