

# Public Expenditure Statistical Analyses 2010

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July 2010



HM TREASURY

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# Public Expenditure Statistical Analyses 2010

July 2010

Presented to Parliament  
by the Chief Secretary to  
the Treasury by Command  
of Her Majesty

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#### HM Treasury contacts

The organisation and content of this publication are reviewed annually. Any comments on the coverage or presentation should be sent to:

PESA Branch  
Floor 1/S2  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

E-mail: [pesa@hmtreasury.gov.uk](mailto:pesa@hmtreasury.gov.uk)

You can also find HM Treasury on the internet at:  
[hm-treasury.gov.uk](http://hm-treasury.gov.uk)

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# How to use PESA

This document is designed to help users understand the information contained within Public Expenditure Statistical Analyses (PESA) 2010.

## What is PESA?

PESA provides a range of information about public spending using two Treasury-defined frameworks, i.e. PESA presents two data sets. The key elements of these frameworks are shown in **Table 1.A**, with detailed explanations provided in **Annex C** and **Annex E** respectively.

**Table 1.A: Spending frameworks used in PESA**

Budgeting	Expenditure on services
<p>This framework provides information on central government departmental budgets, which are the aggregates used by the Government to plan and control expenditure. It covers departmental own spending as well as support to local government and public corporations.</p>	<p>This framework is used in PESA for statistical analysis. It is based on National Accounts definitions and covers spending by the whole of the public sector. It therefore has wider coverage than the budgeting framework and is also more stable over time.</p>

**Table 1.B** shows against which framework each chapter/table is presented. A short summary of each section is then provided below – the chapter text contains further details.

**Table 1.B: Frameworks against which chapters/tables are presented**

Section	Chapter	Budgeting framework	Expenditure on services framework
Budgets	1. Departmental budgets	All tables	–
	2. Economic analysis of budgets	All tables	–
	3. Changes in departmental budgets	All tables	–
Public sector spending	4. Trends in public sector expenditure	–	All tables
	5. Public sector expenditure by function, sub-function and economic category	–	All tables
Sectoral analysis	6. Central government own expenditure	Tables 6.1-6.3	Tables 6.4-6.6
	7. Local government financing and expenditure	Tables 7.1-7.3 (financing)	Tables 7.4-7.8 (expenditure)
	8. Public corporations	Tables 8.1-8.2 (CG support)	Tables 8.3-8.5 (expenditure)
Country and regional analysis	9. Public sector expenditure by country, region and function	–	All tables
	10. Public sector expenditure by country, function and sub-function	–	All tables

## Budgets

This section includes two main presentations:

- **central government departmental budgets** – used by the Government to control spending. Departments have separate resource and capital budgets. Each of these is divided into Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). Resource DEL is further divided into administration and programme expenditure; and
- **budgets by economic category** – this shows spending in budgets against categories such as pay, procurement and grants.

## Public sector

This section uses the expenditure on services framework to show spending by the whole of the public sector in two separate ways:

- **by function/sub-function** – public spending is shown against ten functions (education, health, defence etc.) that are then further divided into more detailed sub-functions (education is split into primary, secondary etc.). These classifications are based on the UN's Classification Of the Functions Of Government (COFOG), which is explained further in the FAQ section below and in **Annex A**; and
- **by economic category** – as in the budgets section, spending by the public sector is divided into pay, procurement etc. The main difference between this and the budgeting breakdown is that the latter shows the grants paid to local authorities whereas this analysis shows how local authorities subsequently spend this funding.

## Sectoral analysis

The sectoral analysis splits the data shown in both of the above sections into three sectors: central government, local government and public corporations. Specifically:

- budgeting data is presented as central government own spending, plus support to the local government and public corporation sectors; and
- for expenditure on services, the sectoral breakdown shows the spending of each sector.

## Country and regional analysis

The country and regional analysis takes total public sector spending and asks departments to identify the country and/or region who benefit from their spending. Please note that this is on the same basis as the public sector section but uses data from an earlier point in the year.

- **Chapter 9** shows spending by function, country and English region; and
- **Chapter 10** shows more detailed sub-functional analyses at country level only.

## Period covered by PESA tables

All data series in PESA present data for financial years. Tables in PESA 2010 normally cover the years 2004-05 to 2010-11, although some show only the latest outturn year (2008-09) and some are presented over a longer historical period.

## Public expenditure National Statistics updates

Key outturn series are updated three times a year. These are:

- Total Managed Expenditure by budgetary category (PESA 2010, **Table 1.1**);
- resource and capital elements of Departmental Expenditure Limits and Annually Managed Expenditure by departmental group (PESA 2010, **Tables 1.3 and 1.6**);
- public sector expenditure on services by function (PESA 2010, **Table 4.2**); and
- public sector expenditure on services by economic category (PESA 2010, **Table 5.3**).

They will next be updated on 8 July, when provisional outturn for 2009-10 will be available from central government (Whitehall) departments. Further updates will take place in October and February. Most other series in PESA are only published annually.

## What's new

This section explains the main presentational changes for PESA 2010. Further information on this and revisions to data is provided within the relevant chapters.

### Changes to tables in PESA 2010

As part of the alignment project<sup>1</sup> the Treasury is, as far as possible, aligning the treatment of spending in departmental budgets, Supply Estimates and Resource Accounts. The main change to the budgeting framework is the removal of the near-cash/non-cash boundary from resource budgets, as this distinction is not recognised within resource accounting. Further information on the alignment project can be found in **Box 3.A** in **Chapter 3** and in **Annex C**.

In PESA 2009 financial institutions supported by the Government were classified as part of the public sector. For PESA 2010 they are treated as part of the private sector as ONS have created an alternative measure of public sector net borrowing (PSNBex) that treats the classification to the public sector as temporary. Further information on the budgeting and expenditure on services impacts can be found in **Box 2.A (Chapter 2)** and **Box 5.A (Chapter 5)** respectively.

The economic analysis tables in **Chapters 2, 5, 6, 7 and 8** have been revised so that they now present more consistent categories across chapters. In particular, procurement is shown on a gross basis in all tables rather than net of income of sales.

### Future development of PESA

The Treasury published a response to the user consultation on its website in 2006. 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 PESA might be developed to further increase its value to users. Please write to:

The Editor, PESA  
Government Estimates, Accounts and Reporting  
Floor 1/W1  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ  
e-mail: pesa@hmtreasury.gsi.gov.uk

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<sup>1</sup> Further information can be found in **Box 3.A** in **Chapter 3**.

## Frequently asked questions

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

The answer varies depending on which levels of government you are interested in, and what sort of spending.

The list of tables below takes transport as an example. The chapter text 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. This includes spending by devolved administrations, local government and public corporations, as well as by the Transport departmental group (details of the departments included in this group are given in **Annex B**). **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 of transport, such as national and local roads;
- **Table 5.4** shows the UK public sector current and capital spending on transport, and **Tables 6.6, 7.4 and 8.4** provide a breakdown according to whether central government, local government or public corporations are responsible for the spending;
- **Table 1.12** shows the total DEL spending of the Transport departmental group. **Tables 1.3 and 1.6** show the resource and capital spending respectively of the Transport group; and
- **Table 9.8e** presents spending on transport by country and region. **Chapter 10** tables present country spending on the more detailed categories such as national and local roads.

The second list of tables takes pay as an example:

- **Table 5.3** shows the total UK public sector spending on pay;
- **Tables 6.5** shows pay for central government and **Table 7.8** shows local government pay by country. All public corporation current spending (except debt interest) is included as part of the gross operating surplus calculation, which scores on the revenue side of the National Accounts and is therefore not included as spending within the expenditure on services framework; and
- **Table 2.1** shows central government pay (as in **Table 6.5**) split between departments' DEL and AME budgets.

### How can I compare spending on x to previous years?

**Chapter 4** contains long run series (from 1987-88) for public sector expenditure on services by function. Historic long run series of the budgeting aggregates are not available due to the restructuring of government departments and the movement of spending programmes between departments. These changes do not impact on the expenditure on services framework.

Users are strongly advised against simply splicing data together from different editions of PESA as data is unlikely to be directly consistent due to changes in coverage and classification. Departments and the devolved administrations maintain five years of live outturn data. Data for earlier years exist only on archived databases and are not adjusted for machinery of government and classification changes. The PESA team maintain a summarised version of this historical data on a consistent basis for the production of the long-run series.



## What are departmental groups?

Departments are grouped broadly in line with ministerial responsibility. Departmental groups are listed in **Annex B**.

## How are the functions defined?

The functions are based on the United Nations' Classification Of the Functions Of Government (UN COFOG). Tables that show spending by function are consistent with UN COFOG level 1, but additionally show some HM Treasury-defined functions as 'of which' lines (see below). Tables that show spending by sub-function are broadly consistent with UN COFOG level 2. Definitions of the UN COFOG classifications are available on the United Nations Statistics Division website<sup>2</sup>. The mapping between the HM Treasury functions and UN COFOG level 2 is as follows:

HM Treasury functions	UN COFOG level 2
1. General public services, <b>of which: public and common services</b>	1.1 Executive and legislative organs, financial and fiscal affairs, external affairs (excluding external affairs) 1.3 General services 1.4 Basic research 1.5 R&D general public services 1.6 General public services n.e.c.
1. General public services, <b>of which: international services</b>	1.1 Executive and legislative organs, financial and fiscal affairs, external affairs (external affairs part only) 1.2 Foreign economic aid
1. General public services, <b>of which: public sector debt interest</b>	1.7 Public sector debt interest
4. Economic affairs, <b>of which: enterprise and economic development</b>	4.1 General economic, commercial and labour affairs (excluding labour affairs) 4.3 Fuel and energy 4.4 Mining, manufacturing and construction 4.6 Communication 4.7 Other industries 4.9 Economic affairs n.e.c.
4. Economic affairs, <b>of which: science and technology</b>	4.8 R&D economic affairs
4. Economic affairs, <b>of which: employment policies</b>	4.1 General economic, commercial and labour affairs (labour affairs part only)
4. Economic affairs, <b>of which: agriculture, fisheries and forestry</b>	4.2 Agriculture, forestry, fishing and hunting
4. Economic affairs, <b>of which: transport</b>	4.5 Transport

<sup>2</sup> [unstats.un.org](http://unstats.un.org)

## 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 actual (known as nominal) spend adjusted to exclude the effect of general inflation, as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2008-09 prices. The GDP deflators and GDP actuals used in this publication are those given in **Annex F**. The most up-to-date deflators and GDP numbers are available on the HMT website<sup>3</sup>.

## Why are chapters 9 and 10 not consistent with the other expenditure on services tables?

Additional off-database analysis of the data is required to produce tables in **Chapters 9 and 10** and therefore the data is extracted from the database earlier to allow this to take place. **Chapter 9** contains more detail on the analysis process.

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<sup>3</sup> [www.hm-treasury.gov.uk/data\\_gdp\\_index.htm](http://www.hm-treasury.gov.uk/data_gdp_index.htm)



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# 1

## Departmental budgets

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1.1 This chapter brings together information on public expenditure within the current budgeting and control framework. This comprises departmental budgets, including all control totals, as well as reconciliations from the budgeting framework to the main fiscal aggregates drawn from the National Accounts.

1.2 The budgeting and control aggregates up to 2008-09 in **Tables 1.1 to 1.9 and Table 1.11** fall within the scope of National Statistics. Outturn data in **Table 1.10** have not been assessed as National Statistics but fall within the wider scope of Official Statistics. All the data for the years 2009-10 and 2010-11 are outside the scope of Official Statistics.

### What's new

1.3 **Chapter 1** reflects the Machinery of Government changes that took place last year, the main one being the merger of the Department for Business, Enterprise and Regulatory Reform (BERR) with the Department for Innovation Universities and Skills (DIUS) to form the Department for Business, Innovation and Skills (BIS). PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive, nor any structural changes announced since the election.

1.4 As part of the alignment project the Treasury is, as far as possible, aligning the treatment of spending in departmental budgets, Supply Estimates and Resource Accounts. The main change to the budgeting framework is the removal of the near-cash/non-cash boundary from resource budgets, as this distinction is not recognised within resource accounting. Further changes to budgets are divided into four categories:

- removal of the cost of capital charge (also removed from Supply Estimates and Resource Accounts);
- movement from Departmental Expenditure Limits (DEL) to Annually Managed Expenditure (AME) of certain transactions (mainly provisions) previously recorded within the non-cash budget;
- inclusion of Communities and Local Government's debt repayment grants to local government in their capital AME budget (previously non-budget); and
- movement from capital to resource budgets of profit/loss on disposal of assets.

Further information on the alignment project can be found in **Box 3.A** in **Chapter 3** and in **Annex C**.

1.5 **Table 1.1** contains two new rows that show the impact of financial sector interventions on resource and capital departmental AME. Further information on the treatment of financial sector interventions in budgets can be found in **Box 2.A** in **Chapter 2**.

### The budgeting and reporting framework

1.6 **Table 1.1** summarises public expenditure both in terms of the Treasury's 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.



1.7 There is a fuller description of the budgeting and control framework in **Annex C**. This chapter gives a brief overview.

1.8 A clear distinction is made for budgeting between current and capital spending, with departments having separate resource and capital budgets largely based on resource accounting components. For part of their resource and capital budgets, departments are given three year spending limits called DEL within which they prioritise resources and plan ahead.

1.9 Spending that cannot reasonably be subject to firm multi-year limits, or that relates to certain non-cash transactions, is included in 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.

## Reconciliations of budgeting and National Accounts aggregates

1.10 DEL and AME together make up TME, an aggregate that is drawn from the National Accounts, and is defined in National Accounts terms as public sector current expenditure plus public sector gross investment (measured net of sales but gross of depreciation). Note that total public sector depreciation is modelled by the ONS for the National Accounts, while the depreciation referred to in the footnote to **Table 1.1** is depreciation in resource DEL.

1.11 **Table 1.1** shows the reconciliation from the resource and capital budgets to the National Accounts measures public sector current expenditure and public sector gross investment, respectively. With the deduction of depreciation, the latter reconciles to public sector net investment.

1.12 A breakdown of the accounting adjustments used for this reconciliation are shown in **Table 1.10**, **Annex D** provides further details.

## Resource and capital budgets

1.13 **Table 1.3** shows the resource budget for each departmental group, with **Table 1.4** presenting the same information in real terms. Resource DEL is a control total, which means that departments must manage spending to keep within this total. **Table 1.3a** is a temporary table that shows the near-cash elements of resource budgets consistent with the pre-alignment budgeting framework. This table will be retained at least until the provisional outturn National Statistics release on 8 July 2010.

1.14 Full details of departmental groups are set out in **Annex 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.

1.15 **Table 1.6** shows the capital budget for each departmental group, with **Table 1.7** presenting the same information in real terms. Capital DEL is a control total.

1.16 All tables reflect changes to the budgeting system that are discussed further in **Chapter 3** and **Annex C**.

## Administration budgets

1.17 **Table 1.5** sets out details of administrative expenditure in resource DEL for those central government departments that are subject to administration budgets. The departmental administration budget within resource DEL is a control total.

1.18 Administration budgets are set for most civil service departments and are generally designed to contain most back-office functions. These budgets therefore help to drive economy and efficiency in the running of government itself. Around 60% of administration costs are accounted for by civil service pay, a further 35% is accounted for by procurement of goods and services (e.g. accommodation, equipment, travel). An analysis of administration budgets by economic category is shown in **Table 2.1**.

1.19 The devolved administrations and arm's length bodies, such as Non-Departmental Public Bodies (NDPBs), are not part of the administration budget regime.

## Total DEL

1.20 **Table 1.8** shows total DEL by departmental group. Total DEL is made up of resource DEL plus capital DEL less depreciation in resource DEL. Total DEL is not a control total. **Table 1.9** presents the same information as **Table 1.8** in real terms.

## Public expenditure by spending sector

1.21 **Table 1.11** shows a breakdown of TME, and within it DEL and AME, between the National Accounts spending sectors (central government, local government and public corporations).

1.22 This sectoral breakdown is used in many of the analyses in this publication. In this table capital and current expenditure are added together (net of depreciation).

1.23 TME is a consolidated measure of public expenditure. I.e. payments from one sector that are used to finance the expenditure of another sector are excluded from TME, as are the corresponding receipts in the counterparty sector. The sectoral split of TME presented in PESA records only the 'own' expenditure components that relate to an individual sector.

## Central government own expenditure

1.24 Central government own expenditure excludes central government spending in support of local government. Loans and capital grants in support of public corporations are also excluded.

1.25 However, subsidies to public corporations are included here, as exceptionally these intra-public sector flows are not consolidated out in the calculation of TME. Central government expenditure includes:

- departments' own spending;
- spending of agencies and NDPBs classified to central government;
- NHS and Foundation Trusts; and
- spending of the devolved administrations in Scotland, Wales and Northern Ireland.

1.26 Central government own expenditure is shown split into DEL, departmental AME, and other AME, including locally financed central government 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**.

## Local government expenditure

1.27 Local government 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 government expenditure are presented in **Chapter 7**.

## Public corporation expenditure

1.28 The impact of public corporations on the parent department can be either in DEL or departmental AME. For most public corporations, departments' DELs include:

- subsidies and capital grants paid;
- interest and dividends received; and
- loans and public dividend capital invested.

1.29 For self-financing public corporations, grants and subsidies score in DEL and the other items are contained in departmental AME.

1.30 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 in this table shows their contribution to TME, which is capital expenditure plus interest and dividends paid to the private sector. Further analyses for public corporations, including information on subsidies, are presented in **Chapter 8**.

**Table 1.1 Total Managed Expenditure, 2004–05 to 2010–11**

	£ million						
	National Statistics						
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>CURRENT EXPENDITURE</b>							
<i>Resource DEL</i>							
<b>Total resource DEL</b>	<b>253,797</b>	<b>270,436</b>	<b>283,354</b>	<b>299,978</b>	<b>313,483</b>	<b>334,800</b>	<b>342,700</b>
<i>Resource departmental AME</i>							
Social security benefits	124,781	129,621	133,463	140,474	151,196	164,840	169,878
Tax credits <sup>(1)</sup>	11,601	12,972	14,189	15,404	18,374	21,871	23,349
Net public service pensions <sup>(2)</sup>	352	3,656	3,357	5,425	5,419	2,904	11,633
National lottery	665	841	837	882	1,011	893	923
BBC domestic services	2,916	3,067	3,242	3,430	3,316	3,464	3,646
Student loans	-313	-402	-456	-847	-976	-260	-1,005
Non-cash items	22,935	33,432	40,917	47,271	42,470	50,594	48,801
Financial sector interventions	-	-	-	-	41,551	-5,690	-2,281
Other departmental expenditure	1,368	2,098	2,791	1,431	1,622	2,076	1,821
<b>Total resource departmental AME</b>	<b>164,304</b>	<b>185,284</b>	<b>198,340</b>	<b>213,469</b>	<b>263,983</b>	<b>240,692</b>	<b>256,766</b>
<i>Resource other AME</i>							
Net expenditure transfers to the EC	4,907	4,435	4,652	5,392	3,060	6,419	8,296
Locally financed expenditure	20,889	22,861	23,448	24,340	26,812	26,432	27,584
Central government gross debt interest	23,936	25,808	27,581	29,961	30,507	30,948	43,268
Accounting adjustments <sup>(3)</sup>	-11,186	-24,369	-30,158	-37,259	-73,107	-38,714	-41,278
<b>Total resource other AME</b>	<b>38,546</b>	<b>28,735</b>	<b>25,523</b>	<b>22,434</b>	<b>-12,728</b>	<b>25,085</b>	<b>37,870</b>
<b>Total resource AME</b>	<b>202,850</b>	<b>214,019</b>	<b>223,863</b>	<b>235,903</b>	<b>251,255</b>	<b>265,777</b>	<b>294,636</b>
<b>Public sector current expenditure</b>	<b>456,647</b>	<b>484,455</b>	<b>507,217</b>	<b>535,881</b>	<b>564,738</b>	<b>600,555</b>	<b>637,300</b>
<b>CAPITAL EXPENDITURE</b>							
<i>Capital DEL</i>							
<b>Total capital DEL</b>	<b>32,865</b>	<b>36,634</b>	<b>39,487</b>	<b>44,809</b>	<b>48,532</b>	<b>56,600</b>	<b>51,600</b>
<i>Capital departmental AME</i>							
National lottery	1,039	988	880	713	536	959	876
BBC domestic services	78	94	103	85	81	123	114
Student loans	2,261	2,419	3,207	4,481	4,475	4,744	5,632
Financial sector interventions	-	-	-	-	85,525	47,124	4,605
Other departmental expenditure	718	785	136	696	144	1,021	1,240
<b>Total capital departmental AME</b>	<b>4,096</b>	<b>4,286</b>	<b>4,327</b>	<b>5,975</b>	<b>90,761</b>	<b>53,972</b>	<b>12,468</b>
<i>Capital other AME</i>							
Locally financed expenditure	2,377	3,173	3,033	4,181	7,490	6,305	5,374
Public corporations' own-financed capital expenditure	2,332	3,836	4,251	5,173	7,089	7,677	7,405
Accounting adjustments <sup>(3)</sup>	-5,940	-8,378	-8,269	-13,485	-88,766	-55,835	-17,417
<b>Total capital other AME</b>	<b>-1,231</b>	<b>-1,369</b>	<b>-985</b>	<b>-4,131</b>	<b>-74,187</b>	<b>-41,853</b>	<b>-4,638</b>
<b>Total capital AME</b>	<b>2,865</b>	<b>2,917</b>	<b>3,342</b>	<b>1,844</b>	<b>16,574</b>	<b>12,118</b>	<b>7,829</b>
<b>Public sector gross investment<sup>(4)</sup></b>	<b>35,730</b>	<b>39,551</b>	<b>42,829</b>	<b>46,653</b>	<b>65,106</b>	<b>68,705</b>	<b>59,500</b>
less public sector depreciation <sup>(4)</sup>	15,156	16,095	16,988	17,820	18,721	19,681	20,600
<b>Public sector net investment<sup>(4)</sup></b>	<b>20,574</b>	<b>23,456</b>	<b>25,841</b>	<b>28,833</b>	<b>46,385</b>	<b>49,024</b>	<b>38,900</b>
<b>TOTAL MANAGED EXPENDITURE<sup>(4)</sup></b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>	<b>696,800</b>
<i>of which:</i>							
Total DEL <sup>(5)</sup>	278,733	297,396	312,500	333,841	350,382	378,000	380,000
Departmental AME	168,400	189,570	202,667	219,445	354,743	294,664	269,234
Other AME	45,244	37,040	34,879	29,248	-75,281	-3,414	47,575

(1) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child allowances paid as part of Income Support and Jobseekers' Allowance are shown within social security benefits.

(2) The main pension schemes are reported under FRS17 accounting requirements, the reconciliation to National Accounts is explained in Annex D.

(3) Transactions in 2008-09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

(5) Total DEL is given by resource DEL plus capital DEL less depreciation in DEL. The depreciation figures can be found in Table 2.1.

**Table 1.2 Total Managed Expenditure in real terms<sup>(1)</sup>, 2004–05 to 2010–11**

	£ million						
	National Statistics						
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>CURRENT EXPENDITURE</b>							
<i>Resource DEL</i>							
<b>Total resource DEL</b>	<b>280,748</b>	<b>293,675</b>	<b>298,862</b>	<b>307,520</b>	<b>313,483</b>	<b>328,500</b>	<b>326,800</b>
<i>Resource departmental AME</i>							
Social security benefits	138,031	140,760	140,767	144,006	151,196	161,768	162,005
Tax credits <sup>(2)</sup>	12,833	14,087	14,966	15,791	18,374	21,463	22,267
Net public service pensions <sup>(3)</sup>	389	3,970	3,541	5,561	5,419	2,850	11,094
National lottery	736	913	883	904	1,011	876	880
BBC domestic services	3,226	3,331	3,419	3,516	3,316	3,399	3,477
Student loans	–346	–437	–481	–868	–976	–255	–958
Non-cash items	25,370	36,305	43,156	48,460	42,470	49,651	46,539
Financial sector interventions	–	–	–	–	41,551	–5,584	–2,175
Other departmental expenditure	1,513	2,278	2,944	1,467	1,622	2,037	1,737
<b>Total resource departmental AME</b>	<b>181,751</b>	<b>201,206</b>	<b>209,195</b>	<b>218,836</b>	<b>263,983</b>	<b>236,206</b>	<b>244,866</b>
<i>Resource other AME</i>							
Net expenditure transfers to the EC	5,428	4,816	4,907	5,528	3,060	6,299	7,912
Locally financed expenditure	23,107	24,825	24,731	24,952	26,812	25,939	26,306
Central government gross debt interest	26,478	28,026	29,090	30,714	30,507	30,371	41,263
Accounting adjustments <sup>(4)</sup>	–12,374	–26,463	–31,809	–38,196	–73,107	–37,992	–39,365
<b>Total resource other AME</b>	<b>42,639</b>	<b>31,204</b>	<b>26,920</b>	<b>22,998</b>	<b>–12,728</b>	<b>24,617</b>	<b>36,115</b>
<b>Total resource AME</b>	<b>224,391</b>	<b>232,410</b>	<b>236,115</b>	<b>241,834</b>	<b>251,255</b>	<b>260,823</b>	<b>280,981</b>
<b>Public sector current expenditure</b>	<b>505,138</b>	<b>526,085</b>	<b>534,976</b>	<b>549,355</b>	<b>564,738</b>	<b>589,361</b>	<b>607,800</b>
<b>CAPITAL EXPENDITURE</b>							
<i>Capital DEL</i>							
<b>Total capital DEL</b>	<b>36,355</b>	<b>39,782</b>	<b>41,648</b>	<b>45,936</b>	<b>48,532</b>	<b>55,500</b>	<b>49,300</b>
<i>Capital departmental AME</i>							
National lottery	1,149	1,073	928	731	536	941	835
BBC domestic services	86	102	109	87	81	121	109
Student loans	2,501	2,627	3,383	4,594	4,475	4,656	5,371
Financial sector interventions	–	–	–	–	85,525	46,246	4,392
Other departmental expenditure	794	852	143	713	144	1,002	1,183
<b>Total capital departmental AME</b>	<b>4,531</b>	<b>4,654</b>	<b>4,564</b>	<b>6,125</b>	<b>90,761</b>	<b>52,966</b>	<b>11,890</b>
<i>Capital other AME</i>							
Locally financed expenditure	2,629	3,446	3,199	4,286	7,490	6,187	5,125
Public corporations' own-financed capital expenditure	2,580	3,080	4,484	5,303	7,089	7,534	7,062
Accounting adjustment <sup>(4)</sup>	–6,571	–8,012	–8,722	–13,824	–88,766	–54,794	–16,610
<b>Total capital other AME</b>	<b>–1,362</b>	<b>–1,487</b>	<b>–1,039</b>	<b>–4,235</b>	<b>–74,187</b>	<b>–41,073</b>	<b>–4,423</b>
<b>Total capital AME</b>	<b>3,169</b>	<b>3,168</b>	<b>3,525</b>	<b>1,890</b>	<b>16,574</b>	<b>11,892</b>	<b>7,466</b>
<b>Public sector gross investment<sup>(5)</sup></b>	<b>39,524</b>	<b>42,950</b>	<b>45,173</b>	<b>47,826</b>	<b>65,106</b>	<b>67,424</b>	<b>56,700</b>
less public sector depreciation <sup>(5)</sup>	16,765	17,478	17,918	18,268	18,721	19,314	19,600
<b>Public sector net investment<sup>(5)</sup></b>	<b>22,759</b>	<b>25,472</b>	<b>27,255</b>	<b>29,558</b>	<b>46,385</b>	<b>48,110</b>	<b>37,100</b>
<b>TOTAL MANAGED EXPENDITURE<sup>(5)</sup></b>	<b>544,662</b>	<b>569,035</b>	<b>580,149</b>	<b>597,181</b>	<b>629,844</b>	<b>656,786</b>	<b>664,500</b>
<i>of which:</i>							
Total DEL <sup>(6)</sup>	308,332	322,952	329,603	342,235	350,382	371,000	362,400
Departmental AME	186,282	205,860	213,759	224,963	354,743	289,172	256,757
Other AME	50,048	40,223	36,788	29,983	–75,281	–3,350	45,370

(1) Real terms figures are the cash figures adjusted to 2008–09 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30th March 2010. The forecasts are consistent with the June 2010 Financial Statement and Budget 2010.

(2) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child allowances paid as part of Income Support and Jobseekers' Allowance are shown within social security benefits.

(3) The main pension schemes are reported under FRS17 accounting requirements, the reconciliation to National Accounts is explained in Annex D.

(4) Transactions in 2008–09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

(5) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

(6) Total DEL is given by resource DEL plus capital DEL less depreciation in DEL. The depreciation figures can be found in Table 2.1.

**Table 1.3 Resource budgets, 2004–05 to 2010–11**

	£ million						
	National Statistics						2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	
<b>Resource DEL by departmental group</b>							
Education <sup>(1)</sup>	12,593	14,306	42,108	44,940	46,848	49,623	50,871
Health	69,203	74,955	78,617	84,338	90,278	97,558	101,494
<i>of which: NHS England</i>	66,960	72,750	76,658	82,349	88,761	95,957	99,459
Transport	5,832	5,849	6,316	6,493	5,803	6,954	6,388
CLG Communities	3,446	3,291	3,354	3,957	4,105	4,286	3,819
CLG Local Government <sup>(1)</sup>	43,316	46,244	22,540	22,750	24,651	25,505	25,981
Business, Innovation and Skills	13,779	14,767	15,486	17,046	17,851	19,206	19,219
Home Office	8,223	8,538	8,611	8,847	9,198	9,485	9,447
Justice	8,068	8,199	8,367	9,046	9,235	9,599	9,083
Law Officers' Departments	644	682	696	714	724	716	684
Defence	27,776	29,585	30,118	31,758	32,620	35,205	35,955
Foreign and Commonwealth Office	1,680	1,815	1,771	1,808	2,027	2,160	2,032
International Development	3,567	4,064	4,114	4,461	4,758	5,302	6,084
Energy and Climate Change	906	661	918	679	293	1,247	1,200
Environment, Food and Rural Affairs	2,456	2,282	2,458	2,531	2,446	2,547	2,418
Culture, Media and Sport	1,192	1,366	1,458	1,503	1,456	1,571	1,541
Work and Pensions	8,045	7,944	7,797	8,021	7,937	9,138	8,836
Scotland	18,987	20,405	21,945	23,344	24,090	25,132	25,698
Wales	10,266	10,890	11,548	12,235	12,799	13,587	13,857
Northern Ireland Executive	6,360	6,657	7,024	7,464	7,926	8,807	8,624
Northern Ireland Office	1,075	1,156	1,168	1,200	1,177	1,108	1,199
Chancellor's Departments	4,312	4,444	4,599	4,389	4,473	4,454	4,102
Cabinet Office	1,378	1,546	1,668	1,741	1,995	2,173	2,284
Independent Bodies	692	791	674	713	791	836	971
Modernisation Funding	–	–	–	–	–	–	200
DEL Reserve	–	–	–	–	–	–	600
Allowance for Shortfall	–	–	–	–	–	–1,400	–
<b>Total resource DEL</b>	<b>253,797</b>	<b>270,436</b>	<b>283,354</b>	<b>299,978</b>	<b>313,483</b>	<b>334,800</b>	<b>342,700</b>
<b>Resource departmental AME by departmental group</b>							
Education	6,350	8,069	8,600	10,709	10,652	10,461	13,177
Health	5,659	9,946	11,535	13,863	14,984	17,710	20,186
<i>of which: NHS England</i>	–740	664	1,303	3,667	1,574	4,886	2,509
Transport	229	–140	143	675	603	677	1,674
CLG Communities	174	295	365	339	621	341	19
CLG Local Government	461	524	1,037	842	661	284	463
Business, Innovation and Skills	–168	89	–347	–55	–244	531	54
Home Office	18	26	305	358	710	752	743
Justice	–636	–309	–136	–62	439	999	140
Law Officers' Departments	0	0	–1	7	9	14	1
Defence	5,079	5,444	4,927	5,905	6,193	7,895	8,662
Foreign and Commonwealth Office	3	–4	42	11	–28	43	20
International Development	106	57	417	–11	213	353	350
Energy and Climate Change	–283	6,411	6,853	7,274	2,403	4,038	2,006
Environment, Food and Rural Affairs	62	323	311	48	0	–54	–24
Culture, Media and Sport	3,188	3,493	3,633	3,842	3,890	3,997	4,104
Work and Pensions	110,555	115,131	119,139	127,334	135,344	146,991	151,592
Scotland	1,371	1,736	1,521	2,170	2,495	2,346	3,213
Wales	–44	–48	18	–62	138	315	121
Northern Ireland Executive	4,826	5,247	8,847	5,915	6,104	6,543	6,917
Northern Ireland Office	262	212	274	359	396	363	241
Chancellor's Departments	21,702	23,049	24,764	26,353	71,209	28,628	33,641
Cabinet Office	5,377	5,726	6,042	7,627	7,174	7,445	9,439
Independent Bodies	12	8	52	28	15	22	28
<b>Total resource departmental AME</b>	<b>164,304</b>	<b>185,284</b>	<b>198,340</b>	<b>213,469</b>	<b>263,983</b>	<b>240,692</b>	<b>256,766</b>
<b>Total resource budget</b>	<b>418,101</b>	<b>455,720</b>	<b>481,694</b>	<b>513,447</b>	<b>577,465</b>	<b>575,500</b>	<b>599,400</b>

(1) The discontinuity in these series reflect the creation of the Dedicated Schools Grant, replacing part of the Revenue Support Grant.

**Table 1.3a Near-cash in resource budgets, 2004–05 to 2010–11**

	National Statistics							£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	
<b>Near-cash resource DEL by departmental group</b>								
Education <sup>(1)</sup>	12,571	14,279	42,089	44,917	46,828	49,602	50,855	
Health	68,724	74,423	77,427	83,616	89,289	96,569	100,372	
<i>of which: NHS England</i>	66,495	72,234	75,488	81,648	87,796	94,971	98,339	
Transport	5,533	5,497	6,046	6,163	5,403	5,689	5,550	
CLG Communities	3,550	3,437	3,469	4,085	4,073	4,299	3,745	
CLG Local Government <sup>(1)</sup>	43,314	46,244	22,540	22,750	24,650	25,501	25,980	
Business, Innovation and Skills	13,056	13,978	14,676	15,892	16,537	17,690	17,484	
Home Office	8,155	8,453	8,499	8,705	9,012	9,311	9,239	
Justice	7,812	7,840	8,024	8,658	8,799	8,990	8,631	
Law Officers' Departments	636	679	687	705	713	707	675	
Defence	21,860	22,714	23,450	24,684	26,152	27,099	27,118	
Foreign and Commonwealth Office	1,609	1,708	1,690	1,736	1,943	2,057	1,933	
International Development	3,541	4,041	4,098	4,447	4,741	5,284	6,062	
Energy and Climate Change	914	667	913	672	288	1,239	1,190	
Environment, Food and Rural Affairs	2,272	2,146	2,311	2,317	2,250	2,335	2,207	
Culture, Media and Sport	1,158	1,263	1,358	1,399	1,415	1,448	1,413	
Work and Pensions	7,907	7,802	7,598	7,846	7,800	8,878	8,576	
Scotland	18,512	20,010	21,440	22,854	23,517	24,554	25,118	
Wales	10,085	10,662	11,345	11,932	12,401	13,134	13,445	
Northern Ireland Executive	6,202	6,503	6,851	7,262	7,699	8,542	8,309	
Northern Ireland Office	905	974	970	979	951	1,043	1,115	
Chancellor's Departments	4,080	4,255	4,402	4,192	4,248	4,214	3,846	
Cabinet Office	1,211	1,345	1,487	1,589	1,734	1,876	1,940	
Independent Bodies	557	590	596	625	709	758	907	
Modernisation Funding	–	–	–	–	–	–	200	
DEL Reserve	–	–	–	–	–	–	600	
Allowance for Shortfall	–	–	–	–	–	–1,400	–	
<b>Total near-cash in resource DEL</b>	<b>244,164</b>	<b>259,510</b>	<b>271,966</b>	<b>288,025</b>	<b>301,152</b>	<b>319,400</b>	<b>326,600</b>	
<b>Near-cash resource departmental AME by departmental group</b>								
Education	871	1,107	1,235	1,438	1,786	10,461	13,177	
Health	–2,345	–2,628	–2,605	–2,165	–2,183	17,710	20,186	
<i>of which: NHS England</i>	0	–2	–23	–16	–29	4,886	2,509	
Transport	31	35	43	44	40	677	1,674	
CLG Communities	83	253	298	234	–4	341	19	
CLG Local Government	461	524	1,036	842	661	284	463	
Business, Innovation and Skills	–21	103	21	–728	–47	531	54	
Home Office	1	4	291	353	538	752	743	
Justice	–12	–5	–6	4	15	999	140	
Law Officers' Departments	–	–	–	–	–	14	1	
Defence	2,562	2,546	2,749	2,756	2,956	7,895	8,662	
Foreign and Commonwealth Office	–	–	–	–	–	43	20	
International Development	117	104	113	112	107	353	350	
Energy and Climate Change	884	1,040	825	627	320	4,038	2,006	
Environment, Food and Rural Affairs	61	69	61	62	58	–54	–24	
Culture, Media and Sport	3,152	3,449	3,599	3,810	3,795	3,997	4,104	
Work and Pensions	110,255	114,832	118,177	124,373	134,258	146,991	151,592	
Scotland	–165	–207	–195	275	–82	2,346	3,213	
Wales	–94	–73	–33	–83	–79	315	121	
Northern Ireland Executive	3,732	3,815	4,041	4,381	4,335	6,543	6,917	
Northern Ireland Office	125	141	140	142	175	363	241	
Chancellor's Departments	21,431	23,196	24,738	26,303	27,453	28,628	33,641	
Cabinet Office	1,041	33	536	725	1,070	7,445	9,439	
Independent Bodies	8	10	14	8	9	22	28	
<b>Total near-cash in resource departmental AME</b>	<b>142,178</b>	<b>148,348</b>	<b>155,078</b>	<b>163,513</b>	<b>175,181</b>	<b>240,692</b>	<b>256,766</b>	
<b>Total near-cash in resource budget</b>	<b>386,342</b>	<b>407,858</b>	<b>427,044</b>	<b>451,538</b>	<b>476,333</b>	<b>560,100</b>	<b>583,400</b>	

(1) The discontinuity in these series reflect the creation of the Dedicated Schools Grant, replacing part of the Revenue Support Grant.



**Table 1.4 Resource budgets in real terms<sup>(1)</sup>, 2004–05 to 2010–11**

	National Statistics							£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	
<b>Resource DEL by departmental group</b>								
Education <sup>(2)</sup>	13,930	15,535	44,413	46,070	46,848	48,698	48,513	
Health	76,552	81,396	82,920	86,459	90,278	95,740	96,790	
<i>of which: NHS England</i>	<i>74,070</i>	<i>79,002</i>	<i>80,853</i>	<i>84,420</i>	<i>88,761</i>	<i>94,168</i>	<i>94,850</i>	
Transport	6,451	6,352	6,662	6,656	5,803	6,824	6,092	
CLG Communities	3,812	3,574	3,538	4,056	4,105	4,206	3,642	
CLG Local Government <sup>(2)</sup>	47,916	50,218	23,774	23,322	24,651	25,030	24,777	
Business, Innovation and Skills	15,242	16,036	16,334	17,475	17,851	18,848	18,328	
Home Office	9,096	9,272	9,082	9,069	9,198	9,308	9,009	
Justice	8,925	8,904	8,825	9,273	9,235	9,420	8,662	
Law Officers' Departments	712	741	734	732	724	703	652	
Defence	30,726	32,127	31,766	32,556	32,620	34,549	34,289	
Foreign and Commonwealth Office	1,858	1,971	1,868	1,853	2,027	2,120	1,938	
International Development	3,946	4,413	4,339	4,573	4,758	5,203	5,802	
Energy and Climate Change	1,002	718	968	696	293	1,224	1,144	
Environment, Food and Rural Affairs	2,717	2,478	2,593	2,595	2,446	2,500	2,306	
Culture, Media and Sport	1,319	1,483	1,538	1,541	1,456	1,542	1,470	
Work and Pensions	8,899	8,627	8,224	8,223	7,937	8,968	8,427	
Scotland	21,003	22,158	23,146	23,931	24,090	24,664	24,507	
Wales	11,356	11,826	12,180	12,543	12,799	13,334	13,215	
Northern Ireland Executive	7,035	7,229	7,408	7,652	7,926	8,643	8,224	
Northern Ireland Office	1,189	1,255	1,232	1,230	1,177	1,087	1,143	
Chancellor's Departments	4,770	4,826	4,851	4,499	4,473	4,371	3,912	
Cabinet Office	1,524	1,679	1,759	1,785	1,995	2,132	2,178	
Independent Bodies	765	859	711	731	791	820	926	
Modernisation Funding	–	–	–	–	–	–	200	
DEL Reserve	–	–	–	–	–	–	600	
Allowance for Shortfall	–	–	–	–	–	–1,400	–	
<b>Total resource DEL</b>	<b>280,748</b>	<b>293,675</b>	<b>298,862</b>	<b>307,520</b>	<b>313,483</b>	<b>328,500</b>	<b>326,800</b>	
<b>Resource departmental AME by departmental group</b>								
Education	7,024	8,762	9,071	10,978	10,652	10,266	12,566	
Health	6,260	10,801	12,166	14,212	14,984	17,380	19,250	
<i>of which: NHS England</i>	<i>–819</i>	<i>721</i>	<i>1,374</i>	<i>3,759</i>	<i>1,574</i>	<i>4,795</i>	<i>2,393</i>	
Transport	253	–152	151	692	603	664	1,596	
CLG Communities	192	320	385	348	621	335	18	
CLG Local Government	510	569	1,094	863	661	279	442	
Business, Innovation and Skills	–186	97	–366	–56	–244	521	51	
Home Office	20	28	322	367	710	738	709	
Justice	–704	–336	–143	–64	439	980	134	
Law Officers' Departments	–	–	–1	7	9	14	1	
Defence	5,618	5,912	5,197	6,053	6,193	7,748	8,261	
Foreign and Commonwealth Office	3	–4	44	11	–28	42	19	
International Development	117	62	440	–11	213	346	334	
Energy and Climate Change	–313	6,962	7,228	7,457	2,403	3,963	1,913	
Environment, Food and Rural Affairs	69	351	328	49	0	–53	–23	
Culture, Media and Sport	3,527	3,793	3,832	3,939	3,890	3,922	3,914	
Work and Pensions	122,295	125,024	125,659	130,536	135,344	144,251	144,567	
Scotland	1,517	1,885	1,604	2,225	2,495	2,302	3,064	
Wales	–49	–52	19	–64	138	309	115	
Northern Ireland Executive	5,338	5,698	9,331	6,064	6,104	6,421	6,596	
Northern Ireland Office	290	230	289	368	396	356	230	
Chancellor's Departments <sup>(3)</sup>	24,007	25,030	26,119	27,016	71,209	28,094	32,082	
Cabinet Office	5,948	6,218	6,373	7,819	7,174	7,306	9,002	
Independent Bodies	13	9	55	29	15	22	27	
<b>Total resource departmental AME</b>	<b>181,751</b>	<b>201,206</b>	<b>209,195</b>	<b>218,836</b>	<b>263,983</b>	<b>236,206</b>	<b>244,866</b>	
<b>Total resource budget</b>	<b>462,499</b>	<b>494,881</b>	<b>508,056</b>	<b>526,357</b>	<b>577,465</b>	<b>564,700</b>	<b>571,700</b>	

(1) Real terms figures are the cash figures adjusted to 2008–09 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30th March 2010. The forecasts are consistent with the June 2010 Financial Statement and Budget 2010

(2) The discontinuity in these series reflect the creation of the Dedicated Schools Grant, replacing part of the Revenue Support Grant.

(3) Transactions in 2008–09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.



**Table 1.5 Administration budgets, 2004–05 to 2010–11**

	£ million						
	National Statistics						2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	
Education	224	208	224	213	219	224	208
Health	299	277	274	275	273	265	267
Transport	276	297	286	283	273	275	266
CLG Communities	329	340	310	294	298	265	262
Business, Innovation and Skills	441	505	489	445	432	455	406
Home Office	684	686	662	639	626	388	405
Justice	401	463	423	439	436	431	411
Law Officers' Departments	71	61	61	98	66	68	61
Defence <sup>(1)</sup>	2,560	2,617	2,357	2,384	2,284	2,239	2,183
Foreign and Commonwealth Office	403	388	382	356	383	423	420
International Development	157	161	144	156	166	158	158
Energy and Climate Change	87	79	72	93	89	102	109
Environment, Food and Rural Affairs	309	338	329	307	257	263	283
Culture, Media and Sport	40	45	50	51	53	54	44
Work and Pensions	5,975	5,827	5,836	5,670	5,658	6,193	6,117
Northern Ireland Office	78	73	73	61	59	59	69
Chancellor's Departments	4,202	4,311	4,516	4,312	4,350	4,288	3,984
Cabinet Office	253	261	248	244	268	281	293
<i>of which: Security and Intelligence Agencies<sup>(1)</sup></i>	<i>81</i>	<i>82</i>	<i>81</i>	<i>74</i>	<i>81</i>	<i>83</i>	<i>82</i>
<b>Total administration budgets</b>	<b>16,791</b>	<b>16,938</b>	<b>16,736</b>	<b>16,319</b>	<b>16,191</b>	<b>16,431</b>	<b>15,947</b>
<i>of which: administration costs paybill</i>	<i>10,680</i>	<i>11,166</i>	<i>10,823</i>	<i>10,759</i>	<i>10,011</i>	<i>10,538</i>	<i>9,837</i>
<b>Administration budgets as a percentage of Total Managed Expenditure<sup>(2)</sup></b>	<b>3.4%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.3%</b>

(1) The historical data for Defence and Security and Intelligence Agencies are estimates. The former joined the administration budgets regime in the 2007 Comprehensive Spending Review, the latter have estimated the historical impact of reclassifications at the 2007 CSR.

(2) TME excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 1.6 Capital budgets, 2004–05 to 2010–11**

	£ million						
	National Statistics						2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	
<b>Capital DEL by departmental group</b>							
Education	4,070	4,413	4,056	5,226	5,519	7,523	6,661
Health	2,690	2,227	2,996	3,969	4,370	5,393	4,897
<i>of which: NHS England</i>	2,606	2,133	2,875	3,753	4,228	5,240	4,749
Transport	5,088	5,785	7,095	6,740	7,252	8,271	7,179
CLG Communities	5,133	5,708	5,602	6,234	7,112	9,150	6,192
CLG Local Government	257	316	223	32	122	223	13
Business, Innovation and Skills	1,611	2,065	1,939	2,109	2,131	3,017	2,007
Home Office	594	638	600	744	836	1,017	764
Justice	606	510	541	757	912	859	568
Law Officers' Departments	11	–18	11	11	9	14	12
Defence	6,754	6,846	7,193	8,606	8,980	9,238	10,071
Foreign and Commonwealth Office	113	133	161	228	227	203	194
International Development	303	446	765	738	875	1,347	1,556
Energy and Climate Change	223	1,269	1,464	1,486	1,667	1,874	1,923
Environment, Food and Rural Affairs	316	640	584	557	610	734	548
Culture, Media and Sport	122	178	287	537	842	560	544
Work and Pensions	299	354	207	84	91	275	245
Scotland	2,171	2,390	3,030	3,563	3,333	3,927	3,239
Wales	1,008	1,208	1,318	1,461	1,627	1,947	1,673
Northern Ireland Executive	767	841	751	1,099	1,233	1,208	1,143
Northern Ireland Office	71	59	73	10	68	62	72
Chancellor's Departments	381	344	299	240	282	413	261
Cabinet Office	176	238	244	320	397	461	348
Independent Bodies	102	43	51	60	37	42	83
DEL Reserve	–	–	–	–	–	–	1,500
Allowance for Shortfall	–	–	–	–	–	–1,200	–
<b>Total capital DEL</b>	<b>32,865</b>	<b>36,634</b>	<b>39,487</b>	<b>44,809</b>	<b>48,532</b>	<b>56,600</b>	<b>51,600</b>
<b>Capital departmental AME by departmental group</b>							
Health	229	649	89	37	14	9	4
<i>of which: NHS England</i>	229	649	89	37	14	9	4
CLG Communities	610	368	543	1,213	516	171	–
Business, Innovation and Skills	1,819	1,549	2,223	3,469	3,254	4,530	5,610
Defence	–	–	–	–	–	5	68
Energy and Climate Change	–328	–440	–569	–419	–279	–337	–78
Environment, Food and Rural Affairs	1	–	0	0	1	1	11
Culture, Media and Sport	1,127	1,095	997	808	572	1,082	990
Work and Pensions	80	101	185	140	136	171	226
Scotland	170	150	147	149	180	183	179
Wales	135	121	128	165	168	193	176
Northern Ireland Executive	252	249	325	200	378	452	477
Chancellor's Departments <sup>(1)</sup>	–	444	256	212	85,822	47,513	4,805
Independent Bodies	–	–	2	–	–	–	–
<b>Total capital departmental AME</b>	<b>4,096</b>	<b>4,286</b>	<b>4,327</b>	<b>5,975</b>	<b>90,761</b>	<b>53,972</b>	<b>12,468</b>
<b>Total capital budget</b>	<b>36,961</b>	<b>40,920</b>	<b>43,813</b>	<b>50,785</b>	<b>139,292</b>	<b>110,600</b>	<b>64,100</b>

(1) Transactions in 2008–09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

**Table 1.7 Capital budgets in real terms<sup>(1)</sup>, 2004–05 to 2010–11**

	£ million						
	National Statistics						2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	
<b>Capital DEL by departmental group</b>							
Education	4,502	4,792	4,278	5,357	5,519	7,383	6,352
Health	2,976	2,418	3,160	4,069	4,370	5,292	4,670
<i>of which: NHS England</i>	2,883	2,316	3,032	3,847	4,228	5,142	4,529
Transport	5,628	6,282	7,483	6,909	7,252	8,117	6,846
CLG Communities	5,678	6,198	5,909	6,391	7,112	8,979	5,905
CLG Local Government	284	343	235	33	122	219	12
Business, Innovation and Skills	1,782	2,242	2,045	2,162	2,131	2,961	1,914
Home Office	657	693	633	763	836	998	729
Justice	670	554	571	776	912	843	542
Law Officers' Departments	12	–20	12	11	9	14	11
Defence	7,471	7,434	7,587	8,822	8,980	9,066	9,604
Foreign and Commonwealth Office	125	144	170	234	227	199	185
International Development	335	484	807	757	875	1,322	1,484
Energy and Climate Change	247	1,378	1,544	1,523	1,667	1,839	1,834
Environment, Food and Rural Affairs	350	695	616	571	610	720	523
Culture, Media and Sport	135	193	303	551	842	550	519
Work and Pensions	331	384	218	86	91	270	234
Scotland	2,402	2,595	3,196	3,653	3,333	3,854	3,089
Wales	1,115	1,312	1,390	1,498	1,627	1,911	1,595
Northern Ireland Executive	848	913	792	1,127	1,233	1,185	1,090
Northern Ireland Office	79	64	77	10	68	61	69
Chancellor's Departments	421	374	315	246	282	405	249
Cabinet Office	195	258	257	328	397	452	332
Independent Bodies	113	47	54	62	37	41	79
DEL Reserve	–	–	–	–	–	–	1,400
Allowance for Shortfall	–	–	–	–	–	–1,200	–
<b>Total capital DEL</b>	<b>36,355</b>	<b>39,782</b>	<b>41,648</b>	<b>45,936</b>	<b>48,532</b>	<b>55,500</b>	<b>49,300</b>
<b>Capital departmental AME by departmental group</b>							
Health	253	705	94	38	14	9	4
<i>of which: NHS England</i>	253	705	94	38	14	9	4
CLG Communities	675	400	573	1,243	516	168	–
Business, Innovation and Skills	2,012	1,682	2,345	3,556	3,254	4,446	5,350
Defence	–	–	–	–	–	5	65
Energy and Climate Change	–363	–478	–600	–430	–279	–331	–74
Environment, Food and Rural Affairs	1	–	0	0	1	1	10
Culture, Media and Sport	1,247	1,189	1,052	828	572	1,062	944
Work and Pensions	88	110	195	144	136	168	216
Scotland	188	163	155	153	180	180	171
Wales	149	131	135	169	168	189	168
Northern Ireland Executive	279	270	343	205	378	444	455
Chancellor's Departments <sup>(2)</sup>	–	482	270	217	85,822	46,627	4,582
Independent Bodies	–	–	2	–	–	–	–
<b>Total capital departmental AME</b>	<b>4,531</b>	<b>4,654</b>	<b>4,564</b>	<b>6,125</b>	<b>90,761</b>	<b>52,966</b>	<b>11,890</b>
<b>Total capital budget</b>	<b>40,886</b>	<b>44,436</b>	<b>46,211</b>	<b>52,062</b>	<b>139,292</b>	<b>108,500</b>	<b>61,100</b>

(1) Real terms figures are the cash figures adjusted to 2008-09 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30th March 2010. The forecasts are consistent with the June 2010 Financial Statement and Budget 2010.

(2) Transactions in 2008-09 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

**Table 1.8 Total Departmental Expenditure Limits<sup>(1)</sup>, 2004–05 to 2010–11**

Resource and net capital DEL by departmental group	National Statistics							£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	
Education	16,641	18,692	46,145	50,146	52,347	57,125	57,517	
Health	71,433	76,672	80,622	87,571	93,676	101,955	105,270	
<i>of which: NHS England</i>	<i>69,120</i>	<i>74,386</i>	<i>78,558</i>	<i>85,385</i>	<i>92,037</i>	<i>100,204</i>	<i>103,089</i>	
Transport	10,665	11,354	13,103	12,839	12,657	13,962	12,730	
CLG Communities	8,543	8,968	8,928	10,161	11,170	13,404	9,937	
CLG Local Government	43,571	46,560	22,763	22,782	24,772	25,727	25,993	
Business, Innovation and Skills	15,250	16,699	17,265	18,948	19,785	21,959	20,986	
Home Office	8,749	9,087	9,100	9,450	9,850	10,329	10,003	
Justice	8,413	8,352	8,561	9,414	9,727	9,849	9,203	
Law Officers' Departments	647	656	698	716	722	720	687	
Defence	29,490	29,843	30,713	33,183	34,295	36,964	37,220	
Foreign and Commonwealth Office	1,726	1,840	1,850	1,963	2,173	2,260	2,127	
International Development	3,845	4,488	4,863	5,186	5,617	6,631	7,619	
Energy and Climate Change	1,126	1,925	2,374	2,158	1,955	3,113	3,113	
Environment, Food and Rural Affairs	2,589	2,785	2,885	2,877	2,863	3,074	2,756	
Culture, Media and Sport	1,280	1,442	1,643	1,933	2,271	2,007	1,957	
Work and Pensions	8,200	8,158	7,818	7,949	7,876	9,156	8,824	
Scotland	20,741	22,465	24,537	26,485	26,915	28,534	28,401	
Wales	11,126	11,903	12,688	13,442	14,076	15,131	15,177	
Northern Ireland Executive	6,997	7,357	7,645	8,406	8,989	9,810	9,516	
Northern Ireland Office	1,102	1,167	1,175	1,157	1,186	1,105	1,203	
Chancellor's Departments	4,455	4,621	4,701	4,442	4,545	4,632	4,111	
Cabinet Office	1,388	1,583	1,741	1,912	2,132	2,323	2,288	
Independent Bodies	757	778	682	721	783	833	1,003	
Modernisation Funding	–	–	–	–	–	–	200	
DEL Reserve	–	–	–	–	–	–	2,100	
Allowance for Shortfall	–	–	–	–	–	–2,600	–	
<b>Total DEL</b>	<b>278,733</b>	<b>297,396</b>	<b>312,500</b>	<b>333,841</b>	<b>350,382</b>	<b>378,000</b>	<b>380,000</b>	

(1) Total DEL is given by resource DEL plus capital DEL less depreciation in DEL. The depreciation figures can be found in Table 2.1.

**Table 1.9 Total Departmental Expenditure Limits<sup>(1)</sup> in real terms<sup>(2)</sup>, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Resource and net capital DEL by departmental group</b>							
Education	18,408	20,298	48,670	51,407	52,347	56,060	54,851
Health	79,018	83,261	85,034	89,773	93,676	100,055	100,391
<i>of which: NHS England</i>	76,460	80,778	82,857	87,532	92,037	98,336	98,311
Transport	11,798	12,330	13,820	13,162	12,657	13,702	12,140
CLG Communities	9,450	9,739	9,417	10,416	11,170	13,154	9,476
CLG Local Government	48,198	50,561	24,009	23,355	24,772	25,247	24,788
Business, Innovation and Skills	16,869	18,134	18,210	19,424	19,785	21,550	20,013
Home Office	9,678	9,868	9,598	9,688	9,850	10,136	9,539
Justice	9,306	9,070	9,030	9,651	9,727	9,665	8,776
Law Officers' Departments	716	712	736	734	722	707	655
Defence	32,622	32,407	32,394	34,017	34,295	36,275	35,495
Foreign and Commonwealth Office	1,909	1,998	1,951	2,012	2,173	2,218	2,028
International Development	4,253	4,874	5,129	5,316	5,617	6,507	7,266
Energy and Climate Change	1,246	2,090	2,504	2,212	1,955	3,055	2,969
Environment, Food and Rural Affairs	2,864	3,024	3,043	2,949	2,863	3,017	2,628
Culture, Media and Sport	1,416	1,566	1,733	1,982	2,271	1,970	1,866
Work and Pensions	9,071	8,859	8,246	8,149	7,876	8,985	8,415
Scotland	22,943	24,395	25,880	27,151	26,915	28,002	27,085
Wales	12,307	12,926	13,382	13,780	14,076	14,849	14,474
Northern Ireland Executive	7,740	7,989	8,063	8,617	8,989	9,627	9,075
Northern Ireland Office	1,219	1,267	1,239	1,186	1,186	1,084	1,147
Chancellor's Departments	4,928	5,018	4,958	4,554	4,545	4,546	3,920
Cabinet Office	1,535	1,719	1,836	1,960	2,132	2,280	2,182
Independent Bodies	837	845	719	739	783	817	957
Modernisation Funding	–	–	–	–	–	–	200
DEL Reserve	–	–	–	–	–	–	2,000
Allowance for Shortfall	–	–	–	–	–	–2,600	–
<b>Total DEL</b>	<b>308,332</b>	<b>322,952</b>	<b>329,603</b>	<b>342,235</b>	<b>350,382</b>	<b>371,000</b>	<b>362,400</b>

(1) Total DEL is given by resource DEL plus capital DEL less depreciation in DEL. The depreciation figures can be found in Table 2.1.

(2) Real terms figures are the cash figures adjusted to 2008-09 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics on 30th March 2010. The forecasts are consistent with the June 2010 Financial Statement and Budget 2010.

**Table 1.10 Accounting adjustments<sup>(1)</sup>, 2004–05 to 2010–11**

	£ billion						
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>Resource adjustments</b>							
Tax credits for individuals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pensions	-23.2	-30.8	-31.8	-35.9	-38.8	-37.6	-48.7
Other central government programmes	0.1	1.9	-0.3	-0.2	-0.2	0.0	0.6
VAT refunds	7.8	8.8	9.4	9.7	10.0	9.4	11.5
Central government capital consumption	5.5	5.7	5.9	6.1	6.5	6.9	7.2
Non-cash items not in TME <sup>(2)</sup>	-8.5	-17.4	-22.6	-26.7	-61.5	-28.5	-24.0
Resource items treated as capital in National Accounts	-0.9	-1.1	-0.6	0.0	-0.2	3.1	-0.3
Capital budget items treated as current in National Accounts	6.2	6.0	6.5	5.1	5.7	5.4	6.8
Expenditure financed by revenue receipts	0.6	0.6	0.6	0.6	0.7	0.6	0.7
Local government	6.2	5.5	5.8	6.4	6.6	6.0	9.1
General government consolidation	-4.9	-5.0	-5.0	-5.2	-5.4	-5.2	-5.3
Public corporations	1.0	0.8	0.8	0.9	0.7	0.6	0.9
Financial transactions	0.0	0.3	0.0	0.1	-0.2	-0.1	0.0
Data adjustment	-1.8	-0.6	0.2	0.2	-0.4	0.1	0.2
Balancing reconciliation	0.7	0.9	0.9	1.6	3.4	0.6	0.0
<b>Total resource adjustments</b>	<b>-11.2</b>	<b>-24.4</b>	<b>-30.2</b>	<b>-37.3</b>	<b>-73.1</b>	<b>-38.7</b>	<b>-41.3</b>
<b>Capital adjustments</b>							
VAT refunds	1.5	1.7	1.8	2.0	2.0	1.8	2.0
Resource items treated as capital in National Accounts	0.9	1.1	0.6	0.0	0.2	-3.1	0.3
Capital budget items treated as current in National Accounts	-6.2	-6.0	-6.5	-5.1	-5.7	-5.4	-6.8
Local government	-3.2	-3.4	-2.5	-4.9	-4.0	-3.6	-2.4
Financial transactions <sup>(2)</sup>	-2.1	-2.8	-3.3	-4.3	-80.5	-45.1	-11.3
Data adjustment	2.8	0.8	1.3	-0.4	-0.7	-0.8	0.1
Balancing reconciliation	0.4	0.2	0.3	-0.8	-0.1	0.4	0.7
<b>Total capital adjustments</b>	<b>-5.9</b>	<b>-8.4</b>	<b>-8.3</b>	<b>-13.5</b>	<b>-88.8</b>	<b>-55.8</b>	<b>-17.4</b>

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

(2) Transactions in 2008-09 onwards have been affected by financial sector interventions, see Box 5.A in Chapter 5.

**Table 1.11 Total Managed Expenditure by spending sector, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>Central government own expenditure</b>							
DEL <sup>(1)</sup>	194,512	206,484	218,877	234,309	247,867	272,031	264,729
Departmental AME <sup>(1)(2)</sup>	150,479	171,496	182,751	197,573	332,678	268,250	241,678
Locally financed expenditure in Northern Ireland	417	462	452	520	607	547	572
Net expenditure transfers to the EC	4,907	4,435	4,652	5,392	3,060	6,419	8,296
Central government debt interest	23,936	25,808	27,581	29,961	30,507	30,948	43,268
Accounting and other adjustments <sup>(2)</sup>	–18,172	–46,924	–36,533	–47,245	–159,639	–90,499	–57,100
<b>Total central government own expenditure</b>	<b>356,079</b>	<b>361,761</b>	<b>397,780</b>	<b>420,510</b>	<b>455,080</b>	<b>487,696</b>	<b>501,400</b>
<b>Local government expenditure</b>							
Central government support in DEL <sup>(1)</sup>	83,626	89,367	92,570	98,697	102,242	108,075	112,713
Central government support in departmental AME <sup>(1)</sup>	17,496	18,243	20,571	22,226	23,215	26,038	27,843
Locally financed support in Scotland	1,896	1,897	1,884	1,860	1,963	2,165	2,068
Local authority self-financed expenditure	20,952	23,675	24,145	26,141	31,741	30,025	30,317
Accounting and other adjustments	8,262	7,612	7,011	6,247	7,477	6,896	13,600
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>	<b>186,500</b>
<b>Public corporation expenditure</b>							
DEL <sup>(1)</sup>	595	1,545	1,054	835	274	498	197
Departmental AME <sup>(1)</sup>	425	–169	–655	–355	–1,150	376	–287
Public corporations' own-financed capital expenditure	2,332	3,836	4,251	5,173	7,089	7,677	7,405
Accounting and other adjustments	713	16,238	1,436	1,199	1,914	–187	1,500
<b>Total public corporation expenditure</b>	<b>4,065</b>	<b>21,450</b>	<b>6,086</b>	<b>6,852</b>	<b>8,127</b>	<b>8,364</b>	<b>8,900</b>
<b>Total Managed Expenditure</b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>	<b>696,800</b>

(1) Full resource budgeting basis, i.e. resource plus capital less depreciation, see Table 2.1.

(2) Transactions in 2008–09 have been affected by financial sector interventions, see Box 5.A in Chapter 5.

# 2

## Economic analyses of budgets

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2.1 This chapter provides analyses of the budgeting aggregates presented in **Chapter 1**. It shows analyses of budgets by economic category as well as information on the voted and non-voted components of public sector spending. All outturn data (to 2008–09) fall within the scope of National Statistics.

### What's new

2.2 In **Table 2.1** the near-cash/non-cash boundary has been removed from resource budgets and provisions (and certain other non-cash transactions) have been moved from Departmental Expenditure Limits (DEL) to Annually Managed Expenditure (AME). These changes are a result of the Government's alignment (or 'Clear Line of Sight') project. Further information on this can be found in **Box 3.A** in **Chapter 3**.

2.3 Current and capital procurement are now both shown gross in this table, with new headings added for income from the sales of goods and services, and assets. This aligns the presentation of procurement with that in **Tables 2.2 and 2.3**. Economic category breakdowns of total resource and capital budgets (i.e. DEL plus AME) have also been added. In addition, the treatment of financial sector interventions has also been changed. This is set out in **Box 2.A**.

2.4 **Tables 2.2 and 2.3** reflect the Machinery of Government changes that took place in 2009, the main one being the merger of the Department for Business, Enterprise and Regulatory Reform (BERR) with the Department for Innovation, Universities and Skills (DIUS) to form the Department for Business, Innovation and Skills (BIS). PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive, nor any structural changes announced since the election.

### Analyses of budgets by economic category of spending

2.5 **Table 2.1** shows analyses of budgets by economic category of spending, consistent with the budgeting aggregates reported in **Chapter 1**. The breakdowns of resource DEL and resource departmental AME are consistent with **Table 1.3**; administration budgets in resource DEL with **Table 1.5**; and capital budgets with **Table 1.6**.

2.6 Brief descriptions of the largest economic categories are given below, including the main differences from the corresponding economic categories presented against the expenditure on services framework in **Tables 5.3 and 6.5**.

2.7 **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.



### Box 2.A: Treatment of financial sector interventions in budgets

In PESA 2009 financial institutions supported by the government were classified as part of the public sector, following the treatment in the National Accounts. This meant that support to the banks was public sector neutral.

In December 2009 the ONS created an alternative measure of Public Sector Net Borrowing (PSNBex). This treated the classification of banks to the public sector (Northern Rock, Bradford & Bingley, Dunfermline, Lloyds Banking Group and Royal Bank of Scotland) as temporary, reflecting the Government's intention to return these banks to the private sector. As a result, these institutions are treated as if they are outside the public sector. PESA 2010 comes into line with this treatment.

The financial sector interventions are treated as follows in **Table 2.1**:

#### Resource budget

- Income from sales of goods and services: £1.0 billion in 2008–09 and £2.4 billion in 2009–10, made up mainly of underwriting commission and credit guarantee scheme income;
- Depreciation: £18.3 billion in 2008–09, which is mainly the mark to market impairment cost of RBS and LBG shares at the end of March 2009;
- Take up of provisions: £25.4 billion of provisions in 2008–09 for potential Asset Protection Scheme losses;
- Other: £1.1 billion of income in 2008–09, £3.3 billion in 2009–10 and £2.3 billion in 2010–11. This is comprised mainly of interest paid to government.

#### Capital budget

- Net lending to the private sector: £48.6 billion in 2008–09, £14.2 billion in 2009–10 and £4.6 billion in 2010–11. This is mainly lending to banks and the Financial Services Compensation Scheme;
- Other: £36.9 billion of share purchases in 2008–09 and a further £32.9 billion in 2009–10.

These transactions score within the HM Treasury AME budget and so are presented as part of the Chancellor's Departments group in **Chapter 1**.

**2.8 Gross current procurement** shows expenditure 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. It also includes the purchase of services from GPs. Spending on Single Use Military Equipment (SUME), shown as current procurement in the National Accounts presentations in **Chapters 5 and 6**, is treated as capital procurement in budgets.

**2.9 Current grants** include all transfer payments other than subsidies (see 2.10 below) that are not used to fund capital formation. In **Table 2.1** these grants are analysed by recipient: local government; persons and non-profit bodies; and overseas recipients. **Current grants to local government** are intra-public sector payments that consolidate out of Total Managed Expenditure (TME), which is a measure of total public spending drawn from the National Accounts. Further information on local government finance is given in **Chapter 7**. **Current grants to persons and non-profit bodies** largely comprise social security benefits included in resource departmental AME, as well as funding (usually in DEL) to further and higher education institutions and other

non-profit private sector bodies. **Current grants abroad** are mainly foreign aid, such as programmes to reduce poverty. **Table 2.1** does not include the transactions with the EC that are outside departmental budgets but which are within grants abroad in **Chapters 5 and 6**.

**2.10 Subsidies** are current transfer payments to trading businesses (both private sector companies and public corporations) to provide support for current costs, including payments to farmers under the EC's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors. Unlike other intra-public sector transactions, subsidies to public corporations are included within TME as the receipt of this funding, and subsequent spending, is included within the calculation of the PC's gross operating surplus (which scores on the revenue side of the National Accounts).

**2.11 Depreciation**, also termed capital consumption, represents the amount of capital used up in respect of fixed assets measured in Resource Accounts. 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.

**2.12 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 it is included as part of public sector expenditure on services in the functional analyses in other chapters.

**2.13 Take-up of provisions** are costs in resource budgets recognising that liabilities have been incurred that will more likely than not lead to a future payment, but where the amount and timing of these future payments are uncertain. Upon settling the liability the payment scores to the resource or capital 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. These lines do not include pension scheme provisions (see paragraph 2.14).

**2.14 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 cash 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 measured in Resource Accounts. This includes changes to current service costs, the non-cash impact of bulk or individual transfers in or out, and purchases of added years. **Release of provisions covering payments of pension benefits** records a reduction equal and opposite to the 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 (so the effects of discounting reduce). More information on pensions is included in **Annex D**, and a reconciliation from pensions in departmental AME to the National Accounts measure is given in **Table D1**.

**2.15 Capital grants** are transfer payments that are usually made on the condition that the recipient uses the funds for capital projects. Capital grants in **Table 2.1** are analysed by the nature of the recipient: persons and non-profit bodies; private sector companies; and overseas recipients. Capital grants to local government and public corporations are included as part of the respective capital support rows (see paragraphs 2.16 and 2.17).

**2.16 Capital support for local government** shows central government support for local government capital expenditure, comprising capital grants and Supported Capital Expenditure (Revenue). More information is given in **Chapter 7**.

**2.17 Capital support for public corporations** comprises capital grants, net lending to public corporations (see paragraph 2.20) and public corporations' market and overseas borrowing where this scores in the parent department's budget.

**2.18 Gross capital procurement** comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any net increases in stock (where included in budgets). It is measured gross of depreciation. It includes the pay of civil servants engaged in in-house capital formation that is recorded as capital expenditure, rather than as pay. It also includes expenditure on Single Use Military Equipment (SUME) that is classified as current procurement in the National Accounts. The expenditure on services presentations in **Chapters 5 and 6** follow the National Accounts treatment of SUME.

**2.19 Income from sales of capital assets** records the sale value (book value plus profit/loss) of any assets, such as land, buildings and machinery, disposed of.

**2.20 Net lending to private sector** means lending by government net of any repayments of previous lending. It includes transactions in shares of private companies – so for example privatisation receipts count as negative net lending.

**2.21 Other** includes items that are too small or too uncommon to warrant an individual line. These include certain receipts that are usually treated as part of revenue in the National Accounts, write-offs of stock, loans written-off, and certain financial transactions.

**2.22 Table 2.2** shows central government gross current procurement expenditure in budgets by departmental group.

**2.23 Table 2.3** shows central government own capital procurement, gross of depreciation and before deduction of sales, broken down by departmental group. It also includes asset sales by sector (central government, local government and public corporations).

## Supply Expenditure

**2.24 Table 2.4** shows the split of DEL and AME between expenditure that is voted by Parliament in Estimates, which accounts for about two-thirds of the total, and expenditure financed by other means (e.g. from the National Insurance Fund). 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 2010–11: Supplementary Budgetary Information (Cm 7880).

**Table 2.1 Budgets by economic category of spending, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Resource DEL</b>							
Pay	70,163	75,589	77,870	80,149	84,486	87,237	85,389
Gross current procurement	86,600	93,855	97,897	105,847	113,224	121,603	125,358
Income from sales of goods and services	-16,598	-19,771	-19,012	-20,508	-22,659	-20,694	-22,290
Current grants to local government	73,351	78,085	82,015	86,442	90,049	93,261	99,141
Current grants to persons and non-profit bodies	24,488	25,774	26,935	28,679	29,476	31,966	29,709
Current grants abroad	-69	-167	248	951	1,650	957	1,148
Subsidies to private sector companies	5,672	5,597	5,520	5,507	4,373	6,606	5,546
Subsidies to public corporations	861	901	923	1,422	1,282	1,204	1,088
Net public service pensions <sup>(1)</sup>	-83	-64	-85	6	12	10	0
Depreciation <sup>(2)</sup>	7,929	9,674	10,341	10,946	11,632	13,354	14,343
Grant equivalent element of student lending	702	762	784	1,140	1,290	1,438	1,661
Change in pension scheme liabilities	276	371	119	130	186	35	32
Unwinding of the discount rate on pension scheme liabilities	0	-	14	16	19	0	0
Release of provisions covering payments of pensions benefits <sup>(3)</sup>	-5	0	-4	0	-	-	-1
Other <sup>(4)</sup>	510	-171	-210	-749	-1,536	-777	912
Plus unallocated funds	-	-	-	-	-	-1,400	600
<b>Total resource DEL</b>	<b>253,797</b>	<b>270,436</b>	<b>283,354</b>	<b>299,978</b>	<b>313,483</b>	<b>334,800</b>	<b>342,700</b>
<b>Of which: administration budgets in resource DEL</b>							
Pay	10,680	11,166	10,823	10,759	10,011	10,538	9,837
Gross current procurement	6,880	6,837	6,836	6,337	7,025	6,497	5,840
Income from sales of goods and services	-1,039	-1,283	-1,071	-1,267	-1,285	-1,307	-1,182
Depreciation	584	504	604	570	530	731	753
Other <sup>(4)</sup>	-314	-286	-456	-80	-89	-29	699
<b>Total administration budgets in resource DEL</b>	<b>16,791</b>	<b>16,938</b>	<b>16,736</b>	<b>16,319</b>	<b>16,191</b>	<b>16,431</b>	<b>15,947</b>
<b>Resource departmental AME</b>							
Pay	977	1,009	1,024	1,179	1,060	1,372	1,395
Gross current procurement	2,319	2,461	2,587	2,647	2,705	2,566	2,720
Income from sales of goods and services <sup>(5)</sup>	-129	-274	-349	-561	-1,350	-2,702	-242
Current grants to local government	16,789	17,785	19,945	20,720	22,422	25,556	27,554
Current grants to persons and non-profit bodies	121,451	127,408	131,109	137,982	149,961	163,595	167,947
Subsidies to private sector companies	172	211	150	148	153	185	190
Subsidies to public corporations	-9	166	45	-28	-312	-172	-416
Net public service pensions <sup>(1)</sup>	1,258	274	1,147	2,290	3,087	3,109	4,005
Depreciation <sup>(5)</sup>	825	2,283	4,767	2,702	21,198	8,491	4,330
Grant equivalent element of student lending	-375	-334	-495	-109	-765	-675	-12
Take up of provisions <sup>(5)</sup>	4,659	10,883	13,849	18,336	35,439	11,153	9,080
Release of provisions	-6,319	-6,934	-7,083	-6,653	-6,535	-6,195	-5,709
Change in pension scheme liabilities	15,309	20,918	21,118	24,462	24,779	23,866	32,780
Unwinding of the discount rate on pension scheme liabilities	24,102	27,378	29,545	32,805	36,510	37,793	41,068
Release of provisions covering payments of pensions benefits <sup>(3)</sup>	-16,216	-17,536	-18,908	-21,327	-22,447	-24,072	-25,152
Other <sup>(4)(5)</sup>	-511	-413	-111	-1,124	-1,921	-3,179	-2,773
<b>Total resource departmental AME</b>	<b>164,304</b>	<b>185,284</b>	<b>198,340</b>	<b>213,469</b>	<b>263,983</b>	<b>240,692</b>	<b>256,766</b>

**Table 2.1 Budgets by economic category of spending, 2004–05 to 2010–11 (continued)**

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Resource budgets</b>							
Pay	71,140	76,599	78,894	81,328	85,546	88,610	86,784
Gross current procurement	88,920	96,316	100,484	108,495	115,929	124,168	128,078
Income from sales of goods and services <sup>(5)</sup>	-16,728	-20,045	-19,361	-21,069	-24,010	-23,396	-22,532
Current grants to local government	90,140	95,870	101,960	107,162	112,471	118,817	126,695
Current grants to persons and non-profit bodies	145,940	153,182	158,044	166,661	179,437	195,561	197,656
Current grants abroad	-69	-167	248	951	1,650	957	1,148
Subsidies to private sector companies	5,844	5,808	5,670	5,655	4,526	6,791	5,737
Subsidies to public corporations	852	1,067	968	1,394	970	1,032	673
Net public service pensions <sup>(1)</sup>	1,175	210	1,061	2,296	3,099	3,119	4,005
Depreciation <sup>(5)</sup>	8,755	11,957	15,108	13,648	32,830	21,845	18,673
Grant equivalent element of student lending	326	429	289	1,032	525	763	1,650
Take up of provisions <sup>(5)</sup>	4,659	10,883	13,849	18,336	35,439	11,153	9,080
Release of provisions	-6,319	-6,934	-7,083	-6,653	-6,535	-6,195	-5,709
Change in pension scheme liabilities	15,585	21,289	21,237	24,592	24,965	23,901	32,812
Unwinding of the discount rate on pension scheme liabilities	24,102	27,378	29,559	32,820	36,528	37,793	41,068
Release of provisions covering payments of pensions benefits <sup>(3)</sup>	-16,221	-17,536	-18,912	-21,327	-22,447	-24,072	-25,153
Other <sup>(4)(5)</sup>	-1	-584	-321	-1,873	-3,456	-3,957	-1,861
Plus unallocated funds	-	-	-	-	-	-1,400	600
<b>Total resource budgets</b>	<b>418,101</b>	<b>455,720</b>	<b>481,694</b>	<b>513,447</b>	<b>577,465</b>	<b>575,500</b>	<b>599,400</b>
<b>Capital DEL</b>							
Capital support for local government	10,276	11,282	10,555	12,256	12,192	14,814	13,573
Capital grants to persons and non-profit bodies	4,360	5,245	5,938	6,533	7,148	9,850	6,714
Capital grants to private sector companies	3,149	3,342	5,179	5,198	5,908	6,063	4,976
Capital grants abroad	-262	-175	-134	-172	8	33	431
Capital support for public corporations	687	1,652	1,185	979	467	669	374
Gross capital procurement	15,742	17,185	18,658	20,882	23,158	26,149	25,230
Income from sales of assets	-1,192	-2,038	-2,090	-1,029	-678	-724	-1,549
Net lending to the private sector and abroad	231	219	527	377	606	1,189	980
Other <sup>(4)</sup>	-126	-77	-331	-214	-278	-284	-535
Plus unallocated funds in capital DEL	-	-	-	-	-	-1,200	1,500
<b>Total capital DEL</b>	<b>32,865</b>	<b>36,634</b>	<b>39,487</b>	<b>44,809</b>	<b>48,532</b>	<b>56,600</b>	<b>51,600</b>
<b>Capital departmental AME</b>							
Capital support for local government	707	458	626	1,506	793	482	289
Capital grants to persons and non-profit bodies	943	1,342	1,001	565	554	737	548
Capital support for public corporations	470	-120	-550	-270	-525	517	618
Gross capital procurement	322	401	120	99	88	128	201
Income from sales of assets	-	-	-	-	-45	-	-
Net lending to the private sector and abroad <sup>(5)</sup>	1,481	2,039	2,449	4,083	52,875	18,828	10,349
Other <sup>(4)(5)</sup>	174	166	680	-8	37,021	33,280	463
<b>Total capital departmental AME</b>	<b>4,096</b>	<b>4,286</b>	<b>4,327</b>	<b>5,975</b>	<b>90,761</b>	<b>53,972</b>	<b>12,468</b>

**Table 2.1 Budgets by economic category of spending, 2004–05 to 2010–11 (continued)**

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Capital budgets</b>							
Capital support for local government	10,982	11,740	11,180	13,762	12,986	15,296	13,862
Capital grants to persons and non-profit bodies	5,303	6,587	6,940	7,099	7,702	10,587	7,262
Capital grants to private sector companies	3,149	3,342	5,179	5,198	5,908	6,063	4,976
Capital grants abroad	-262	-175	-134	-172	8	33	431
Capital support for public corporations	1,157	1,532	634	709	-58	1,186	992
Gross capital procurement	16,064	17,586	18,778	20,982	23,246	26,277	25,430
Income from sales of assets	-1,192	-2,038	-2,090	-1,029	-723	-724	-1,549
Net lending to the private sector and abroad <sup>(5)</sup>	1,712	2,258	2,976	4,460	53,481	20,017	11,329
Other <sup>(4)(5)</sup>	48	89	350	-222	36,743	32,996	-72
Plus unallocated funds in capital DEL	-	-	-	-	-	-1,200	1,500
<b>Total capital budgets</b>	<b>36,961</b>	<b>40,920</b>	<b>43,813</b>	<b>50,785</b>	<b>139,292</b>	<b>110,600</b>	<b>64,100</b>

(1) Figures here are based on payments and receipts that score in TME, and incorporate the net effect of bulk and individual transfers. The Resource Accounts based measure of net public service pensions is used in Table 1.1.

(2) Excludes NHS Trusts depreciation as exceptionally this is not removed in the calculation of TDEL.

(3) Payments that release provision include bulk and individual transfers, including transfer of liabilities within government.

(4) Other includes items too small or too uncommon to warrant an individual line.

(5) Transactions in 2008–09 onwards have been affected by financial sector interventions. See Box 2.A for details.

**Table 2.2 Gross current procurement<sup>(1)</sup> in budgets, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Gross current procurement in budgets</b>							
Education	476	448	512	602	738	1,185	799
Health	41,461	45,211	46,995	52,833	56,681	63,350	68,508
Transport	1,687	1,803	2,039	2,135	2,425	2,119	1,982
CLG Communities	440	441	419	443	491	460	475
CLG Local Government	298	301	264	266	261	264	260
Business, Innovation and Skills	1,449	1,439	1,508	1,507	1,844	2,091	1,736
Home Office	1,997	1,919	2,408	2,466	2,684	2,951	2,501
Justice	5,152	5,334	5,589	5,848	5,784	6,291	6,133
Law Officers' Departments	383	411	416	426	414	419	410
Defence	12,137	12,781	13,478	13,947	15,590	15,945	15,956
Foreign and Commonwealth Office	657	701	604	617	1,075	846	896
International Development	137	610	712	641	689	808	1,151
Energy and Climate Change	817	1,892	1,955	1,971	2,103	2,173	1,918
Environment, Food and Rural Affairs	1,372	1,403	1,521	1,443	1,303	1,375	1,212
Culture, Media and Sport	2,776	2,931	3,165	3,152	3,232	3,010	3,140
Work and Pensions	3,828	3,647	3,403	3,494	3,670	4,435	3,243
Scotland	5,230	5,832	5,733	6,571	6,643	6,055	6,271
Wales	2,686	2,786	3,139	3,219	3,100	2,999	3,717
Northern Ireland Executive	2,264	2,516	2,659	3,120	3,062	3,160	3,466
Northern Ireland Office	231	314	298	295	297	315	339
Chancellor's Departments	2,339	2,399	2,326	2,174	2,378	2,393	2,222
Cabinet Office	778	862	983	963	1,013	1,103	1,190
Independent Bodies	327	336	356	361	454	419	552
<b>Total gross current procurement in budgets</b>	<b>88,920</b>	<b>96,316</b>	<b>100,484</b>	<b>108,495</b>	<b>115,929</b>	<b>124,168</b>	<b>128,078</b>

(1) Budgeting definition of current procurement so excludes Defence spending on Single Use Military Equipment (SUME). Chapter 5 presents spending according to National Accounts definitions, where SUME is classified as current procurement.

**Table 2.3 Gross capital procurement<sup>(1)</sup> in budgets, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Gross capital procurement in budgets</b>							
Education	15	13	22	24	40	43	28
Health	3,203	3,511	3,868	4,025	4,304	5,150	4,523
Transport	705	827	1,208	1,175	1,203	2,003	1,741
CLG Communities	304	602	226	322	205	268	258
CLG Local Government	0	1	2	0	0	0	0
Business, Innovation and Skills	437	383	284	442	475	528	346
Home Office	172	159	397	378	489	593	412
Justice	579	517	552	798	933	859	652
Law Officers' Departments	11	10	11	11	9	14	12
Defence	7,104	7,119	7,545	8,619	9,154	9,357	10,432
Foreign and Commonwealth Office	85	113	162	192	235	162	150
International Development	31	30	25	66	19	14	20
Energy and Climate Change	6	1,016	1,054	1,077	1,141	1,202	1,428
Environment, Food and Rural Affairs	199	236	200	200	216	298	196
Culture, Media and Sport	123	236	385	669	1,417	1,852	1,591
Work and Pensions	299	401	202	85	95	249	229
Scotland	831	595	765	843	937	1,145	1,099
Wales	358	347	383	495	516	666	631
Northern Ireland Executive	785	759	794	844	1,086	1,087	1,019
Northern Ireland Office	72	63	79	89	72	66	72
Chancellor's Departments	470	378	304	254	294	269	217
Cabinet Office	170	227	248	317	368	410	296
Independent Bodies	102	43	61	60	37	42	78
<b>Total gross capital procurement in budgets</b>	<b>16,064</b>	<b>17,586</b>	<b>18,778</b>	<b>20,982</b>	<b>23,246</b>	<b>26,277</b>	<b>25,430</b>

(1) Budgeting definition of capital procurement so includes Defence spending on Single Use Military Equipment (SUME). Chapter 5 presents spending according to National Accounts definitions, where SUME is classified as current procurement.



**Table 2.4 Voted and non-voted expenditure in Total Managed Expenditure, 2004–05 to 2010–11**

	£ million						
	National Statistics						
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>Voted expenditure in budgets</b>							
<i>DEL</i>							
Central government own spending, excluding depreciation	134,393	141,401	149,759	160,248	169,557	183,979	191,209
Support for local government	62,693	66,855	70,568	75,427	77,508	80,898	81,852
Support for public corporations	292	525	265	76	29	182	49
Depreciation	6,811	8,493	8,715	9,458	10,038	11,437	12,609
<i>Departmental AME</i>							
Central government own spending <sup>(1)</sup>	70,711	80,386	84,543	95,443	230,449	151,307	121,145
Support for local government	17,351	18,089	20,403	21,878	22,827	25,676	27,502
Support for public corporations	463	–122	–	–10	–293	551	647
<b>Total voted expenditure in budgets</b>	<b>292,714</b>	<b>315,627</b>	<b>334,252</b>	<b>362,520</b>	<b>510,116</b>	<b>454,030</b>	<b>435,013</b>
<b>Non-voted expenditure in budgets</b>							
<i>DEL</i>							
Central government own spending, excluding depreciation	60,119	65,083	69,118	74,061	78,310	88,052	73,520
Support for local government	20,933	22,513	22,002	23,271	24,733	27,177	30,861
Support for public corporations	303	1,020	789	759	244	316	148
Depreciation	1,118	1,181	1,626	1,487	1,594	1,917	1,734
DEL not allocated by spending sector	–	–	–	–	–	–2,600	2,300
<i>Departmental AME</i>							
Central government own spending	79,768	91,111	98,208	102,130	102,229	116,943	120,532
Support for local government	145	154	168	349	388	362	341
Support for public corporations	–38	–47	–655	–345	–857	–175	–934
<i>Other AME</i>							
Locally financed expenditure, net expenditure transfers to the EU, and accounting and other adjustments <sup>(1)</sup>	37,314	27,366	24,539	18,302	–86,914	–16,768	33,232
<b>Total non-voted expenditure in budgets</b>	<b>199,663</b>	<b>208,379</b>	<b>215,794</b>	<b>220,014</b>	<b>119,727</b>	<b>215,200</b>	<b>261,800</b>
<b>Total Managed Expenditure<sup>(2)</sup></b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>	<b>696,800</b>
<b>Memorandum</b>							
<i>Voted expenditure not in budgets (included within "Non-Budget" in Estimates):</i>							
Grants to NDPBs to finance their expenditure	34,052	38,050	37,563	42,553	46,991	53,623	42,541
Grants to devolved administrations to finance their expenditure	37,947	40,802	43,167	46,858	48,453	51,850	52,926
Other voted expenditure not in budgets	–8,503	1,320	–8,725	–9,201	–11,355	–7,166	–7,788
<b>Total voted expenditure not in budgets</b>	<b>63,496</b>	<b>80,171</b>	<b>72,005</b>	<b>80,210</b>	<b>84,088</b>	<b>98,307</b>	<b>87,679</b>
<b>Total voted expenditure</b>	<b>356,210</b>	<b>395,798</b>	<b>406,257</b>	<b>442,730</b>	<b>594,205</b>	<b>552,337</b>	<b>522,692</b>

(1) Transactions in 2008–09 onwards have been affected by financial sector interventions. See Box 2.A for details.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

# 3

## Changes in departmental budgets

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3.1 This chapter compares the latest budgeting aggregates in **Chapter 1** with those previously published, and sets out the main reasons for the changes. Specifically:

- for 2008-09, estimated outturn published in PESA 2009 (Cm 7630) is compared with provisional outturn published in the Public Expenditure Outturn White Paper (PEOWP Cm 7606) and the final outturn in **Chapter 1**;
- for 2009-10, the plans published in PESA 2009 are reconciled to final plans and compared to the estimated outturn in **Chapter 1**; and
- for 2010-11, this chapter would normally compare PESA 2009 plans against those in **Chapter 1**. This year there is an intermediate step in the DEL tables (**Tables 3.7 and 3.8**) so policy decisions taken prior to the March Budget 2010 (HC 451) can be presented separately from those included within the June Budget 2010 (HC 61).

3.2 The tables in this chapter are consequently split into three sections by year – **Tables 3.1, 3.2 and 3.3** show changes in 2008-09, **Tables 3.4, 3.5 and 3.6** show changes in 2009-10, and **Tables 3.7, 3.8 and 3.9** show changes in 2010-11. Within each section the three tables show, respectively, resource DEL by departmental group, capital DEL by departmental group, and Total Managed Expenditure (TME) by budgeting category;

3.3 The changes in 2008-09 outturn shown in this chapter have not been assessed as National Statistics, but they do fall within the wider scope of Official Statistics.

### Types of changes

3.4 The comparisons distinguish between three types of change:

- Machinery of Government changes, which are implemented in the starting position of all tables so that other changes are not obscured by departmental restructuring;
- changes that result from spending being reclassified or where financing responsibility transfers between departments, i.e. changes in the way public expenditure is measured; and
- changes that reflect policy decisions or are due to the availability of updated outturn or forecasts.

### Machinery of Government changes

3.5 **Chapter 3** reflects the Machinery of Government changes that took place last year, the main one being the merger of the Department for Business, Enterprise and Regulatory Reform (BERR) with the Department for Innovation Universities and Skills (DIUS) to form the Department for Business, Innovation and Skills (BIS).

3.6 UK Borders Agency activities were transferred from HM Revenue and Customs (part of the Chancellor's Departments group) to the Home Office, which amounted to £0.3bn of resource DEL in both plans years (2009-10 and 2010-11).

3.7 PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive, nor any structural changes announced since the election.

## Classification and transfer changes

3.8 The most significant classification changes since PESA 2009 are:

- the budgeting framework has been more closely aligned with resource accounts, as part of the alignment (or 'Clear Line of Sight') project. This change has been applied to all years and is explained in more detail in **Box 3.A** below;

### **Box 3.A: The alignment (or 'Clear Line of Sight') project**

As part of the alignment project the Treasury is, as far as possible, aligning the treatment of spending in departmental budgets, Supply Estimates and Resource Accounts.

The main change to the budgeting framework is the removal of the near-cash/non-cash boundary from resource budgets, as this distinction is not recognised within resource accounting. Further changes to budgets are divided into four categories:

- removal of the cost of capital charge (also removed from Supply Estimates and Resource Accounts);
- movement from DEL to AME of certain transactions (mainly provisions) previously recorded within the non-cash budget (see below for further detail);
- inclusion of Communities and Local Government's debt repayment grants to local government in their capital AME budget (previously non-budget); and
- movement from capital to resource budgets of profit/loss on disposal of assets.

#### **DEL to AME movements**

As noted above the near-cash/non-cash boundary is being removed from resource budgets. The main elements of non-cash remaining in resource DEL are:

- depreciation;
- DEL impairments; and
- notional audit fees.

The following elements are therefore being moved into departmental resource AME:

- most provisions;
- write-off of bad debts;
- exchange rate losses/gains;
- revaluations below historic cost (where not already treated as AME); and
- other notional costs.

For more information please refer to the technical note issued alongside the February 2010 National Statistics release<sup>1</sup>, which used 2008-09 outturn to illustrate the changes to departmental budgets associated with the alignment project.

<sup>1</sup> [http://www.hm-treasury.gov.uk/d/natstats\\_technote.pdf](http://www.hm-treasury.gov.uk/d/natstats_technote.pdf)

- the treatment of financial sector interventions has been revised. PESA 2009 reflected the Office for National Statistics (ONS) reclassification of certain banks to the public sector. For PESA 2010 the effects of this reclassification are excluded, following an alternative treatment published by the ONS in December 2009. This revised treatment, and the main impacts, are explained in **Box 5.A** in **Chapter 5**; and
- the adoption of International Financial Reporting Standards (IFRS) from 2009-10 onwards has resulted in a number of changes, though on a much smaller scale than the alignment project.

**3.9** Budgets are generally restated for all years following classification changes so that they are presented on a consistent basis. However, due to resource implications, we have not asked departments to restate earlier years for the effects of moving from Generally Accepted Accounting Practice (GAAP) to International Financial Reporting Standards (IFRS). The main elements of IFRS have been implemented from 2009-10 onwards, and are described in **Annex C**.

**3.10** Changes in relation to Financial Instruments Standards (part of IFRS) were implemented from 2008-09 onwards. These changes affect the measurement of financial instruments on balance sheets, some of which impact on budgets. These changes are not material.

## Policy changes

**3.11** This section sets out the key spending policy decisions taken since PESA 2009. This mainly includes:

- measures announced at the Pre-Budget Report (PBR) 2009, March Budget 2010 and June Budget 2010;
- claims on the Reserve; and
- drawdown of End Year Flexibility (EYF), whereby departments (with the agreement of the Treasury) may carry forward unspent DEL provision from previous years.

### Policy changes in 2009-10

**3.12** The impact of policy decisions on resource DEL and capital DEL budgets in 2009-10 are set out in **Tables 3.4 and 3.5**, respectively. The main policy decisions are set out below.

**3.13** The main claims on the resource DEL Reserve in 2009-10 were:

- BIS received £0.15bn of funding from the Reserve in relation to student support;
- a £0.2bn Reserve claim for Work and Pensions (DWP) was approved to increase funding to Jobcentre Plus;
- Ministry of Justice made a claim on the Reserve of £0.2bn to increase prison capacity;
- further to claims approved prior to PESA 2009, £0.1bn was allocated to the Ministry of Defence;
- Northern Ireland Executive made a reserve claim of £0.13bn with regards to equal pay claims; and

- Northern Ireland Office were allocated £0.1bn as part of second stage devolution (also see 3.14 below).

3.14 The main drawdown of resource DEL EYF in 2009-10 was as follows:

- £0.3bn BIS drawdown for skills participation, apprenticeships, career development loans, student support and the six month unemployment package;
- two further amounts of £0.1bn were allocated to BIS. The first was agreed as part of their Comprehensive Spending Review (CSR) 2007 settlement to fund Research Councils on a 3-yearly basis, the second mainly funded enterprise finance guarantees;
- £0.5bn Education drawdown for children, young people, academies and childcare programmes;
- £0.2bn drawdown for each of Scotland and Wales was agreed at the time of the CSR 2007;
- in addition to the resource DEL claim on the Reserve (in 3.13 above) Northern Ireland Office drew down £0.1bn of EYF to fund second stage devolution; and
- an increase of £0.1bn in the Chancellor's Departments group was due to an estate rationalisation programme in HM Revenue and Customs (HMRC).

3.15 The main claims on the capital DEL Reserve in 2009-10 were:

- as part of the automotive assistance package BIS received £0.3bn; and
- alongside the additional resource DEL allocated to the Ministry of Defence during the year, £0.2bn of funding was provided from the capital DEL Reserve to support activities in Iraq and Afghanistan.

3.16 The main drawdown of capital DEL EYF for 2009-10 was as follows:

- the Department for Education (DfE) drew down £0.3bn for the Building Schools for the Future (BSF) programme;
- the Home Office drew down £0.2bn to increase Police and counter-terrorism grants; and
- alongside the resource DEL EYF drawdown agreed at the time of the CSR 2007, Scotland and Wales were allocated £0.2bn and £0.1bn, respectively, of capital DEL.

3.17 The other main policy decisions affecting 2009-10 DELs were:

- £0.4bn of capital funding was transferred to CLG Communities as part of Building Britain's Future, mainly from Transport (£0.3bn) and Education (£0.1bn), with smaller amounts from BIS and Home Office. CLG Communities additionally brought forward a further £0.1bn from their 2010-11 capital DEL;
- shown within the Chancellor's Departments group, capital funding for the Treasury Infrastructure Finance Unit (TIFU) to support Private Finance Initiative (PFI) projects was reduced by £0.7bn to the level of expected funding required;
- Health switched £0.2bn from resource to capital DEL in order to increase stocks of antivirals;

- Ministry of Defence switched £0.1bn from capital to resource to align funding with their operational requirements; and
- HMRC and DWP both received £0.1bn of Modernisation Funding, part of the funding arrangements agreed at the CSR 2007.

### Policy changes in 2010-11

3.18 The impact of policy decisions on resource DEL and capital DEL budgets in 2010-11 are set out in **Tables 3.7 and 3.8**, respectively. Decisions taken up to (and including) the March Budget 2010 are shown separately from those subsequently taken by the Coalition Government, which were included in the June Budget 2010.

### Main 2010-11 policy changes up to and including the March Budget 2010

3.19 The main Reserve claims agreed were as follows:

- Ministry of Justice received £0.1bn of additional resource DEL for election costs;
- Ministry of Defence received £3.0bn resource DEL and £1.6bn capital DEL for operations in Iraq and Afghanistan; and
- a Reserve claim of £0.4bn was added to the Foreign and Commonwealth Office (FCO) resource DEL budget. This will be shared between the FCO, International Development and Ministry of Defence to fund continued peacekeeping duties.

3.20 Spending measures and other policy changes in 2010-11 were as follows:

- DWP resource DEL was reduced by £0.5bn to reflect expected underspending;
- Ministry of Defence switched £0.4bn from capital to resource to align funding with their operational requirements;
- spending measures in the March Budget allocated BIS £0.3bn of resource DEL and £0.1bn capital DEL. This was in addition to £0.1bn of capital DEL allocated in the Pre-Budget Report (PBR) 2009 for the Strategic Investment Fund (SIF); and
- Energy and Climate Change (DECC) were awarded £0.2bn of additional capital DEL in the PBR 2009 for the Warm Front programme and the boiler scrappage scheme.

### Main 2010-11 policy changes included within the June Budget 2010

3.21 The Coalition Government announced £6.2bn of savings in May 2010, with £500m re-invested. These were the only changes to 2010-11 DEL budgets that were included within the June Budget 2010. Details are set out in **Box 3.B** below.

### Final outturn changes

3.22 Provisional outturn for 2008-09 was first published in July 2009. The only significant change since this first release relates to Locally Financed (Capital) Expenditure, which increases by £2.8bn (See **Table 3.3**). This is due to local government asset sales (negative spending) being significantly lower in final outturn than in their budgets data that was used in July.

### Box 3.B: £6.2bn of savings in 2010-11

On the 24<sup>th</sup> May the Government announced<sup>2</sup> £6.2bn of savings and £0.5bn of re-investment in 2010-11. The PESA presentation takes into account that:

- the Devolved Administrations have the option to make their contribution to the savings (£704m) and use their additional funding (£80m) in 2010-11, or defer both of these until 2011-12. For PESA 2010, as in the June Budget 2010, it has been assumed that the whole of the net amount (£624m) will be deferred;
- the Child Trust Fund savings (£320m) are in capital AME and so will only be seen as part of the total policy changes in 'other (capital) departmental expenditure' in **Table 3.9**; and
- £50m of re-investment is funding a tax measure (relating to business rates) rather than being public spending within departmental budgets. It is therefore not included within PESA.

Of the net £5.7bn savings in the May announcement, PESA therefore presents the following changes in departmental DELs:

- £3.4bn reduction in resource DEL ('Policy changes before June Budget 2010' column in **Table 3.7**); and
- £1.5bn reduction in capital DEL ('Policy changes before June Budget 2010' column in **Table 3.8**).

It should also be noted that the Olympics savings, shown in the press notice as part of the Culture, Media and Sport contribution, are now allocated across those departmental groups who are funding the Olympics.

<sup>2</sup> [http://www.hm-treasury.gov.uk/d/press\\_04\\_10.pdf](http://www.hm-treasury.gov.uk/d/press_04_10.pdf)

**Table 3.1 Resource DEL 2008–09; changes since PESA June 2009 and PEOWP July 2009**

					£ million	
	Final provision adjusted for MOG	Estimated outturn in PESA 2009 adjusted for MOG	Provisional outturn in PEOWP 2009 adjusted for MOG	Transfers and classification changes since PEOWP 2009	Other changes since PEOWP 2009	Outturn
Education	46,971	46,848	46,833	15	-1	46,848
Health	93,819	92,455	92,315	-2,052	14	90,278
Transport	6,830	6,546	5,704	99	-	5,803
CLG Communities	4,380	4,274	4,187	-84	2	4,105
CLG Local Government	24,718	24,647	24,651	-	-	24,651
Business, Innovation and Skills	18,318	18,260	18,004	-124	-28	17,851
Home Office	8,996	8,926	9,241	-36	-8	9,198
Justice	9,541	9,283	9,132	101	2	9,235
Law Officers' Departments	755	733	735	-10	-1	724
Defence	38,071	37,889	36,734	-4,092	-22	32,620
Foreign and Commonwealth Office	2,078	2,025	2,085	-58	-	2,027
International Development	4,838	4,835	4,783	-25	-	4,758
Energy and Climate Change	1,090	1,016	362	-63	-5	293
Environment, Food and Rural Affairs	2,668	2,654	2,590	-155	11	2,446
Culture, Media and Sport	1,634	1,633	1,626	-86	-84	1,456
Work and Pensions	8,120	8,059	7,979	-41	-1	7,937
Scotland	24,639	24,599	24,611	-491	-29	24,090
Wales	12,972	12,970	12,903	-145	41	12,799
Northern Ireland Executive	8,100	8,117	8,036	-112	2	7,926
Northern Ireland Office	1,344	1,342	1,331	-154	-	1,177
Chancellor's Departments	4,900	4,826	4,515	-42	-	4,473
Cabinet Office	2,108	2,049	2,057	-62	-	1,995
Independent Bodies	883	806	833	-54	13	791
Allowance for Shortfall	-	-600	-	-	-	-
<b>Total resource DEL</b>	<b>327,770</b>	<b>324,192</b>	<b>321,250</b>	<b>-7,671</b>	<b>-96</b>	<b>313,483</b>



**Table 3.2 Capital DEL 2008–09; changes since PESA June 2009 and PEOWP July 2009**

£ million						
	Final provision adjusted for MOG	Estimated outturn in PESA 2009 adjusted for MOG	Provisional outturn in PEOWP 2009 adjusted for MOG	Transfers and classification changes since PEOWP 2009	Other changes since PEOWP 2009	Outturn
Education	6,007	5,634	5,518	1	–	5,519
Health	4,911	4,561	4,367	3	–	4,370
Transport	7,284	7,283	7,182	70	–	7,252
CLG Communities	7,327	7,125	7,091	34	–13	7,112
CLG Local Government	176	129	122	–	–	122
Business, Innovation and Skills	2,140	2,139	2,128	3	–	2,131
Home Office	867	862	836	–	–	836
Justice	974	975	927	–5	–10	912
Law Officers' Departments	15	12	6	–	2	9
Defence	8,313	8,604	8,642	292	45	8,980
Foreign and Commonwealth Office	216	218	229	–2	–	227
International Development	891	891	876	–1	–	875
Energy and Climate Change	1,710	1,688	1,670	0	–2	1,667
Environment, Food and Rural Affairs	619	618	613	–1	–2	610
Culture, Media and Sport	1,083	791	862	–10	–10	842
Work and Pensions	89	57	74	18	–	91
Scotland	3,337	3,337	3,333	–	–	3,333
Wales	1,668	1,656	1,621	3	2	1,627
Northern Ireland Executive	1,154	1,137	1,198	34	2	1,233
Northern Ireland Office	80	78	68	–	–	68
Chancellor's Departments	310	293	294	–11	–	282
Cabinet Office	417	416	397	–	–	397
Independent Bodies	61	42	38	–	–1	37
Allowance for Shortfall	–	–200	–	–	–	–
<b>Total capital DEL</b>	<b>49,651</b>	<b>48,345</b>	<b>48,095</b>	<b>427</b>	<b>10</b>	<b>48,532</b>

**Table 3.3 Total Managed Expenditure 2008–09; changes since PESA June 2009 and PEOWP July 2009**

	Estimated outturn in PESA 2009	Provisional outturn in PEOWP 2009	Transfers and classification changes since PEOWP 2009	Other changes since PEOWP 2009	£ million Outturn
<b>CURRENT EXPENDITURE</b>					
<i>Resource DEL</i>					
<b>Total resource DEL</b>	<b>324,192</b>	<b>321,250</b>	<b>-7,671</b>	<b>-96</b>	<b>313,483</b>
<i>Resource departmental AME</i>					
Social security benefits	151,497	151,198	-	-2	151,196
Tax credits	18,402	18,374	-	-	18,374
Net public service pensions	6,111	5,492	-	-73	5,419
National lottery	948	898	-	113	1,011
BBC domestic services	3,352	3,316	-	-	3,316
Student loans	-1,191	-975	-	-1	-976
Non-cash items	52,727	48,911	-6,495	54	42,470
Financial sector interventions	50,592	42,360	-809	-	41,551
Other departmental expenditure	585	-516	2,163	-25	1,622
<b>Total resource departmental AME</b>	<b>283,024</b>	<b>269,058</b>	<b>-5,141</b>	<b>66</b>	<b>263,983</b>
<i>Resource other AME</i>					
Net expenditure transfers to the EC	3,060	3,060	-	-	3,060
Locally financed expenditure	27,344	27,410	-	-598	26,812
Central government gross debt interest	30,466	30,270	-	237	30,507
Accounting adjustments	-103,625	-87,239	12,813	1,319	-73,107
<b>Total resource other AME</b>	<b>-42,755</b>	<b>-26,499</b>	<b>12,813</b>	<b>958</b>	<b>-12,728</b>
<b>Total resource AME</b>	<b>240,269</b>	<b>242,559</b>	<b>7,671</b>	<b>1,024</b>	<b>251,255</b>
<b>Public sector current expenditure</b>	<b>564,461</b>	<b>563,809</b>	<b>-</b>	<b>928</b>	<b>564,738</b>
<b>CAPITAL EXPENDITURE</b>					
<i>Capital DEL</i>					
<b>Total capital DEL</b>	<b>48,345</b>	<b>48,095</b>	<b>427</b>	<b>10</b>	<b>48,532</b>
<i>Capital departmental AME</i>					
National lottery	647	647	-	-111	536
BBC domestic services	116	81	-	-	81
Student loans	4,732	4,475	-	-	4,475
Financial sector interventions	85,290	85,525	-	-	85,525
Other departmental expenditure	37	-378	483	39	144
<b>Total capital departmental AME</b>	<b>90,821</b>	<b>90,350</b>	<b>483</b>	<b>-72</b>	<b>90,761</b>
<i>Capital other AME</i>					
Locally financed expenditure	4,532	4,532	-	2,958	7,490
Public corporations' own-financed capital expenditure	7,157	7,157	-	-68	7,089
Accounting adjustments	-94,631	-95,329	8,977	-2,414	-88,766
<b>Total capital other AME</b>	<b>-82,942</b>	<b>-83,640</b>	<b>8,977</b>	<b>476</b>	<b>-74,187</b>
<b>Total capital AME</b>	<b>7,879</b>	<b>6,710</b>	<b>9,460</b>	<b>404</b>	<b>16,574</b>
<b>Public sector gross investment <sup>(1)</sup></b>	<b>56,224</b>	<b>54,805</b>	<b>9,887</b>	<b>414</b>	<b>65,106</b>
less public sector depreciation <sup>(1)</sup>	18,564	18,595	-102	228	18,721
<b>Public sector net investment <sup>(1)</sup></b>	<b>37,660</b>	<b>36,210</b>	<b>9,989</b>	<b>186</b>	<b>46,385</b>
<b>Total Managed Expenditure<sup>(1)</sup></b>	<b>620,685</b>	<b>618,614</b>	<b>9,887</b>	<b>1,343</b>	<b>629,844</b>

(1) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 3.4 Resource DEL 2009–10; changes since PESA 2009**

				£ million	
	Plans in PESA 2009 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education	49,232	64	496	49,792	49,623
Health	99,897	-2,286	221	97,833	97,558
Transport	6,398	805	35	7,238	6,954
CLG Communities	4,545	-229	19	4,335	4,286
CLG Local Government	25,596	1	-32	25,565	25,505
Business, Innovation and Skills	18,998	-252	788	19,534	19,206
Home Office	9,656	-45	-63	9,548	9,485
Justice	9,465	-293	253	9,425	9,599
Law Officers' Departments	732	7	7	747	716
Defence	38,582	-3,428	253	35,407	35,205
Foreign and Commonwealth Office	2,029	23	95	2,147	2,160
International Development	5,440	-140	3	5,302	5,302
Energy and Climate Change	1,106	17	127	1,249	1,247
Environment, Food and Rural Affairs	2,709	-103	-20	2,586	2,547
Culture, Media and Sport	1,681	-146	22	1,556	1,571
Work and Pensions	9,051	-170	333	9,214	9,138
Scotland	25,421	-484	213	25,150	25,132
Wales	13,556	-140	205	13,621	13,587
Northern Ireland Executive	8,389	281	166	8,836	8,807
Northern Ireland Office	1,186	-83	192	1,295	1,108
Chancellor's Departments	4,335	-43	163	4,455	4,454
Cabinet Office	2,260	-105	41	2,195	2,173
Independent Bodies	906	-53	1	854	836
Modernisation Funding	300	-	-300	-	-
DEL Reserve	700	-	-700	-	-
Allowance for Shortfall	-	-	-	-	-1,400
<b>Total resource DEL</b>	<b>342,100</b>	<b>-6,802</b>	<b>2,500</b>	<b>337,884</b>	<b>334,800</b>

**Table 3.5 Capital DEL 2009–10; changes since PESA 2009**

				£ million	
	Plans in PESA 2009 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education	7,343	–	233	7,575	7,523
Health	5,573	75	–260	5,389	5,393
Transport	8,314	280	–330	8,264	8,271
CLG Communities	8,623	–59	638	9,202	9,150
CLG Local Government	106	–	121	227	223
Business, Innovation and Skills	2,987	61	379	3,427	3,017
Home Office	823	–	184	1,007	1,017
Justice	777	–	136	913	859
Law Officers' Departments	13	–	2	14	14
Defence	9,121	10	98	9,228	9,238
Foreign and Commonwealth Office	216	–	–13	203	203
International Development	1,366	–	–	1,366	1,347
Energy and Climate Change	2,028	–22	–117	1,889	1,874
Environment, Food and Rural Affairs	669	–5	55	720	734
Culture, Media and Sport	404	–	139	543	560
Work and Pensions	84	207	–5	285	275
Scotland	3,713	31	186	3,929	3,927
Wales	1,722	–	217	1,939	1,947
Northern Ireland Executive	1,084	27	100	1,211	1,208
Northern Ireland Office	77	–	–	77	62
Chancellor's Departments	1,027	28	–652	402	413
Cabinet Office	390	19	53	462	461
Independent Bodies	64	–	2	66	42
DEL Reserve	1,200	–	–1,200	–	–
Allowance for Shortfall	–	–	–	–	–1,200
<b>Total capital DEL</b>	<b>57,700</b>	<b>650</b>	<b>0</b>	<b>58,339</b>	<b>56,600</b>

**Table 3.6 Total Managed Expenditure 2009–10; changes since PESA 2009**

	Plans in PESA 2009	Transfers and classification changes	Other Changes	£ million Estimated Outturn
<b>CURRENT EXPENDITURE</b>				
<i>Resource DEL</i>				
<b>Total resource DEL</b>	<b>342,100</b>	<b>-6,802</b>	<b>-560</b>	<b>334,800</b>
<i>Resource departmental AME</i>				
Social security benefits	165,485	-	-645	164,840
Tax credits	20,779	-	1,092	21,871
Net public service pensions	1,884	-497	1,517	2,904
National lottery	893	-	-	893
BBC domestic services	3,464	-	-	3,464
Student loans	-1,014	-	754	-260
Non-cash items	49,223	-1,951	3,322	50,594
Financial sector interventions	736	-1,500	-4,926	-5,690
Other departmental expenditure	1,639	-	437	2,076
<b>Total resource departmental AME</b>	<b>243,089</b>	<b>-3,948</b>	<b>1,551</b>	<b>240,692</b>
<i>Resource other AME</i>				
Net expenditure transfers to the EC	5,649	-	770	6,419
Locally financed government expenditure	27,940	-	-1,508	26,432
Central government gross debt interest	27,206	-	3,742	30,948
Accounting adjustments	-38,019	10,750	-11,445	-38,714
<b>Total resource other AME</b>	<b>22,776</b>	<b>10,750</b>	<b>-8,441</b>	<b>25,085</b>
<b>Total resource AME</b>	<b>265,865</b>	<b>6,802</b>	<b>-6,890</b>	<b>265,777</b>
<b>Public sector current expenditure</b>	<b>608,000</b>	<b>-</b>	<b>-7,450</b>	<b>600,555</b>
<b>CAPITAL EXPENDITURE</b>				
<i>Capital DEL</i>				
<b>Total capital DEL</b>	<b>57,700</b>	<b>650</b>	<b>-1,765</b>	<b>56,600</b>
<i>Capital departmental AME</i>				
National lottery	987	-	-28	959
BBC domestic services	123	-	-	123
Student loans	5,285	-	-541	4,744
Financial sector interventions	34,247	-	12,877	47,124
Other departmental expenditure	873	305	-158	1,021
<b>Total capital departmental AME</b>	<b>41,516</b>	<b>305</b>	<b>12,151</b>	<b>53,972</b>
<i>Capital other AME</i>				
Locally financed expenditure	4,378	-	1,928	6,305
Public corporations' own-financed capital expenditure	7,406	-	271	7,677
Accounting adjustments	-47,569	3,533	-11,800	-55,836
<b>Total capital other AME</b>	<b>-35,786</b>	<b>3,533</b>	<b>-9,600</b>	<b>-41,853</b>
<b>Total capital AME</b>	<b>5,730</b>	<b>3,838</b>	<b>2,550</b>	<b>12,118</b>
<b>Public sector gross investment<sup>(1)</sup></b>	<b>63,400</b>	<b>4,488</b>	<b>785</b>	<b>68,705</b>
less public sector depreciation <sup>(1)</sup>	19,600	-32	84	19,681
<b>Public sector net investment<sup>(1)</sup></b>	<b>43,800</b>	<b>4,520</b>	<b>702</b>	<b>49,024</b>
<b>Total Managed Expenditure<sup>(1)</sup></b>	<b>671,400</b>	<b>4,488</b>	<b>-6,664</b>	<b>669,260</b>

(1) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 3.7 Resource DEL 2010–11; changes since PESA 2009**

	£ million				
	Plans in PESA 2009 adjusted for MOG	Other transfers and classification changes	Policy changes before March Budget 2010 <sup>(1)</sup>	Policy changes before June Budget 2010	New Plans
Education	51,302	119	121	-671	50,871
Health	104,025	-2,531	-	-	101,494
Transport	6,371	60	247	-290	6,388
Communities and Local Government	4,459	-200	15	-455	3,819
Local Government	26,296	10	-	-325	25,981
Business, Innovation and Skills	19,236	-117	395	-295	19,219
Home Office	9,773	-3	-	-323	9,447
Justice	9,379	-295	141	-142	9,083
Law Officers' Departments	703	-2	-	-17	684
Defence	36,718	-4,112	3,349	-	35,955
Foreign and Commonwealth Office	1,600	92	390	-50	2,032
International Development	6,231	-149	2	-	6,084
Energy and Climate Change	1,142	42	30	-14	1,200
Environment, Food and Rural Affairs	2,682	-138	-29	-97	2,418
Culture, Media and Sport	1,733	-149	6	-49	1,541
Work and Pensions	9,929	-127	-473	-493	8,836
Scotland	26,129	-502	71	-	25,698
Wales	13,990	-162	29	-	13,857
Northern Ireland Executive	8,659	-45	10	-	8,624
Northern Ireland Office	1,174	-13	38	-	1,199
Chancellor's Departments	4,217	-30	16	-101	4,102
Cabinet Office	2,411	-55	1	-73	2,284
Independent Bodies	953	-33	51	-	971
Modernisation Funding	200	-	0	-	200
DEL Reserve	2,900	-	-2,300	-	600
<b>Total resource DEL</b>	<b>352,300</b>	<b>-8,342</b>	<b>2,200</b>	<b>-3,393</b>	<b>342,700</b>

(1) This includes all decisions taken by the previous government prior to the election.

**Table 3.8 Capital DEL 2010–11; changes since PESA 2009**

	£ million				
	Plans in PESA 2009 adjusted for MOG	Other transfers and classification changes	Policy changes before March Budget 2010 <sup>(1)</sup>	Policy changes before June Budget 2010	New Plans
Education	6,660	2	-1	-	6,661
Health	4,823	174	-100	-	4,897
Transport	7,412	239	-73	-399	7,179
Communities and Local Government	6,348	34	-24	-166	6,192
Local Government	92	-	-	-79	13
Business, Innovation and Skills	2,122	31	197	-343	2,007
Home Office	844	-	-45	-35	764
Justice	745	-	5	-182	568
Law Officers' Departments	13	-	-	-1	12
Defence	8,846	10	1,215	-	10,071
Foreign and Commonwealth Office	205	-	-6	-5	194
International Development	1,556	-	-	-	1,556
Energy and Climate Change	1,834	-10	169	-70	1,923
Environment, Food and Rural Affairs	609	3	-	-64	548
Culture, Media and Sport	566	-	-	-22	544
Work and Pensions	74	229	-6	-52	245
Scotland	3,181	30	28	-	3,239
Wales	1,748	-	-75	-	1,673
Northern Ireland Executive	1,110	23	10	-	1,143
Northern Ireland Office	72	-	-	-	72
Chancellor's Departments	245	-	46	-30	261
Cabinet Office	354	-	-	-6	348
Independent Bodies	67	1	15	-	83
DEL Reserve	2,100	-	-600	-	1,500
<b>Total capital DEL</b>	<b>51,600</b>	<b>767</b>	<b>700</b>	<b>-1,455</b>	<b>51,600</b>

(1) This includes all decisions taken by the previous government prior to the election.

**Table 3.9 Total Managed Expenditure 2010–11; changes since PESA 2009**

	£ million			
	Plans in PESA 2009	Other transfers and classification changes	Reserve allocation and other policy changes	New Plans
<b>CURRENT EXPENDITURE</b>				
<i>Resource DEL</i>				
<b>Total resource DEL</b>	<b>352,300</b>	<b>-8,342</b>	<b>-1,200</b>	<b>342,700</b>
<i>Resource departmental AME</i>				
Social security benefits	171,249	-	-1,371	169,878
Tax credits	21,353	-	1,996	23,349
Net public service pensions	2,073	8,192	1,368	11,633
National lottery	864	-	59	923
BBC domestic services	3,646	-	-	3,646
Student loans	-1,043	-	38	-1,005
Non-cash items	50,970	-3,868	1,700	48,801
Financial sector interventions	81	-	-2,362	-2,281
Other departmental expenditure <sup>(1)</sup>	1,375	-	446	1,821
<b>Total resource departmental AME</b>	<b>250,568</b>	<b>4,324</b>	<b>1,875</b>	<b>256,766</b>
<i>Resource other AME</i>				
Net expenditure transfers to the EC	7,875	-	421	8,296
Locally financed government expenditure	28,479	-	-895	27,584
Central government gross debt interest	42,906	-	362	43,268
Accounting adjustments	-37,237	4,018	-8,058	-41,277
<b>Total resource other AME</b>	<b>42,022</b>	<b>4,018</b>	<b>-8,170</b>	<b>37,870</b>
<b>Total resource AME</b>	<b>292,590</b>	<b>8,342</b>	<b>-6,296</b>	<b>294,636</b>
<b>Public sector current expenditure</b>	<b>644,800</b>	<b>-</b>	<b>-7,534</b>	<b>637,300</b>
<b>CAPITAL EXPENDITURE</b>				
<i>Capital DEL</i>				
<b>Total capital DEL</b>	<b>51,600</b>	<b>767</b>	<b>-700</b>	<b>51,600</b>
<i>Capital departmental AME</i>				
National lottery	851	-	25	876
BBC domestic services	114	-	-	114
Student loans	5,576	-	56	5,632
Financial sector interventions	155	-	4,450	4,605
Other departmental expenditure	822	-	419	1,240
<b>Total capital departmental AME</b>	<b>7,517</b>	<b>-</b>	<b>4,951</b>	<b>12,468</b>
<i>Capital other AME</i>				
Locally financed expenditure	3,874	-	1,500	5,374
Public corporations' own-financed capital expenditure	7,526	-	-121	7,405
Accounting adjustments	-13,633	-767	-3,017	-17,417
<b>Total capital other AME</b>	<b>-2,233</b>	<b>-767</b>	<b>-1,638</b>	<b>-4,638</b>
<b>Total capital AME</b>	<b>5,284</b>	<b>-767</b>	<b>3,312</b>	<b>7,829</b>
<b>Public sector gross investment</b>	<b>56,900</b>	<b>-</b>	<b>2,603</b>	<b>59,500</b>
less public sector depreciation	20,700	-	-130	20,600
<b>Public sector net investment</b>	<b>36,200</b>	<b>-</b>	<b>2,732</b>	<b>38,900</b>
<b>Total Managed Expenditure</b>	<b>701,700</b>	<b>-</b>	<b>-4,932</b>	<b>696,800</b>

(1) This includes the £320m reduction in Child Trust Fund as part of the recent savings package, please refer to Box 3.A.



# 4 Trends in public sector expenditure

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4.1 The analyses in this chapter show trends in government spending over a longer time span 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 combination of cash and accruals. Data for public sector expenditure on services are on a cash basis up until 1997-98, and on an accruals basis thereafter. All outturn data in this chapter (to 2008-09) are National Statistics.

## What's new

4.3 UK Borders Agency activities were transferred from HM Revenue and Customs to the Home Office and expenditure was consequently reclassified from **public and common services** to **public order and safety**. While Machinery of Government changes do not usually impact on the functional series (as the nature of the spending remains unchanged), on this occasion the transfer highlighted the previous misclassification. This affects functional tables in **Chapters 4, 5, 6, 9 and 10** and is the only significant functional reclassification in PESA 2010.

## Public spending aggregates

4.4 **Table 4.1** shows trends in public spending since 1967-68 in terms of three spending aggregates: public sector current expenditure; public sector net investment; and Total Managed Expenditure (TME). All aggregates are presented in nominal and in real terms and as a per cent of Gross Domestic Product (GDP). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only.

4.5 Data for all these aggregates 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. Figures for 2009-10 are estimated outturn and 2010-11 figures are projections produced by the Treasury.

## Public sector expenditure on services by function

4.6 The public spending by function series uses the Total Expenditure on Services spending aggregate (TES). Expenditure on services covers most expenditure by the public sector that is included in TME.

4.7 Public sector expenditure on services includes central government spending, but excludes the part that is finance to local government and capital finance to public corporations. This central government own expenditure is then combined with actual spending by local government and public corporations to give total public sector expenditure. Expenditure on services is a near-cash measure of spending in that it excludes non-cash items such as depreciation and provisions. Full details of the definition of expenditure on services and the relationship to departments' budgets are available in **Annex E**.

4.8 **Table 4.2** shows public sector expenditure on services from 1987-88 by United Nations Classification Of the Functions Of Government (COFOG) level 1. **Tables 4.3 and 4.4** present the same information in real terms and as a per cent of GDP respectively. These tables cover outturn years up to 2008-09 and give estimated outturn for 2009-10. They also show, in italics, additional Treasury-defined functional divisions that were used prior to the introduction of UN COFOG, but which don't correspond to COFOG level 1. The mapping between HM Treasury's functions and the UN COFOG level 2 classification is available in the '**How to use PESA**' chapter.

## Methods and data quality for long run TES series

4.9 Our aim is for the functional breakdown of spending to be broadly consistent across all tables.

4.10 Data in **Tables 4.2, 4.3 and 4.4** for years before 2004-05 are not taken directly from the 'live' public expenditure database that is maintained by government departments (see **Annex A**). Data that precede the most recent five outturn years cease to be 'live' and are archived in a summarised form.

4.11 Historical outturn data are not usually 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.

4.12 Only substantial classification changes are reflected in the historical years, based on the change in spending relative to the size of the function or functions concerned. Reclassifications that are reflected in the historical series are based on archived data. 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.

4.13 It should be noted that the attribution of spending to functions for historical years is less accurate than for live years. In some cases, the presentation of functional numbers as accurate to within £100m overstates the accuracy of the figures due to rounding. Minor differences in figures or rates of change should therefore be disregarded.

4.14 Since PESA 2009 the only reclassification that affects the historical functional series is the movement of UK Borders Agency spending from **public and common services** to **public order and safety**, as noted in paragraph 4.3 above.

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

All data in this table fall within the scope of National Statistics											
	Public sector current expenditure			Depreciation	Public sector net investment			Total Managed Expenditure <sup>(2)</sup>			
	Nominal £ billion	Real terms <sup>(1)</sup> £ billion	Per cent of GDP		Nominal £ billion	Nominal £ billion	Real terms <sup>(1)</sup> £ billion	Per cent of GDP	Nominal £ billion	Real terms <sup>(1)</sup> £ billion	Per cent of GDP
1967–68	13.8	186.1	33.7	1.5	3.0	40.2	7.3	18.3	245.8	44.5	
1968–69	14.8	190.3	33.3	1.6	2.9	37.0	6.5	19.3	247.9	43.4	
1969–70	15.7	191.1	32.8	1.7	2.9	34.8	6.0	20.3	247.1	42.5	
1970–71	17.4	195.3	32.7	2.0	3.3	37.3	6.2	22.7	254.9	42.7	
1971–72	19.8	204.8	33.4	2.3	3.1	32.4	5.3	25.2	260.8	42.6	
1972–73	22.4	213.1	33.2	2.6	3.3	31.2	4.9	28.2	268.8	41.9	
1973–74	26.4	234.1	35.0	3.1	3.9	35.0	5.2	33.4	296.5	44.3	
1974–75	34.8	258.1	38.7	3.9	5.1	37.5	5.6	43.7	324.5	48.6	
1975–76	44.5	263.6	39.7	4.9	6.2	36.8	5.6	55.7	329.5	49.7	
1976–77	52.0	270.8	39.7	5.8	5.8	30.2	4.4	63.6	331.1	48.5	
1977–78	58.3	267.1	38.3	6.6	4.5	20.7	3.0	69.4	318.1	45.6	
1978–79	66.6	275.1	38.2	7.5	4.4	18.0	2.5	78.5	324.2	45.1	
1979–80	79.8	281.8	38.1	8.9	4.8	16.8	2.3	93.5	330.1	44.6	
1980–81	97.2	290.0	40.6	10.7	4.5	13.5	1.9	112.4	335.5	47.0	
1981–82	111.2	302.8	42.3	11.7	2.6	7.2	1.0	125.5	341.7	47.7	
1982–83	121.7	309.7	42.3	12.1	4.5	11.4	1.6	138.3	352.0	48.1	
1983–84	131.3	319.5	42.0	12.6	5.7	13.9	1.8	149.7	364.0	47.8	
1984–85	142.0	327.8	42.2	12.7	5.3	12.2	1.6	159.9	369.2	47.5	
1985–86	149.9	327.8	40.5	12.3	4.3	9.4	1.2	166.5	364.1	45.0	
1986–87	157.3	333.1	39.7	12.7	2.7	5.7	0.7	172.7	365.8	43.6	
1987–88	168.0	336.6	38.1	12.7	2.6	5.2	0.6	183.3	367.1	41.6	
1988–89	175.4	329.1	35.8	13.6	1.7	3.2	0.3	190.7	357.8	38.9	
1989–90	189.3	331.5	35.3	14.3	6.6	11.6	1.2	210.2	368.2	39.2	
1990–91	205.6	333.7	35.6	14.1	7.8	12.6	1.3	227.5	369.3	39.4	
1991–92	230.8	353.8	38.0	12.6	10.8	16.5	1.8	254.2	389.6	41.9	
1992–93	249.9	371.6	39.8	12.7	11.6	17.2	1.8	274.2	407.7	43.7	
1993–94	263.9	381.9	39.7	13.0	9.4	13.6	1.4	286.3	414.3	43.1	
1994–95	276.3	393.7	39.3	13.1	9.8	14.0	1.4	299.2	426.3	42.6	
1995–96	288.1	399.1	38.7	13.1	10.1	14.0	1.4	311.4	431.3	41.8	
1996–97	298.0	397.9	37.6	12.4	5.4	7.2	0.7	315.9	421.8	39.9	
1997–98	305.0	396.9	36.2	12.2	4.8	6.3	0.6	322.0	419.0	38.2	
1998–99	312.8	398.7	35.1	12.1	6.0	7.6	0.7	330.9	421.7	37.2	
1999–00	325.1	406.4	34.4	12.4	5.5	6.9	0.6	343.0	428.7	36.3	
2000–01	346.3	427.2	35.0	12.6	5.1	6.3	0.5	364.0	449.1	36.8	
2001–02	364.2	439.5	35.3	13.1	11.9	14.4	1.2	389.2	469.6	37.7	
2002–03	393.4	459.8	36.0	14.0	13.8	16.1	1.3	421.2	492.3	38.6	
2003–04	425.3	483.5	36.7	14.6	15.6	17.8	1.3	455.5	517.9	39.4	
2004–05	456.6	505.1	37.6	15.2	20.6	22.8	1.7	492.4	544.7	40.5	
2005–06	484.5	526.1	38.1	16.1	23.5	25.5	1.8	524.0	569.0	41.2	
2006–07	507.2	535.0	37.7	17.0	25.8	27.3	1.9	550.0	580.1	40.9	
2007–08	535.9	549.4	37.8	17.8	28.8	29.6	2.0	582.5	597.2	41.1	
2008–09	564.7	564.7	39.4	18.7	46.4	46.4	3.2	629.8	629.8	43.9	
2009–10	600.6	589.4	42.7	19.7	49.0	48.1	3.5	669.3	656.8	47.5	
2010–11	637.3	607.8	43.2	20.6	38.9	37.1	2.6	696.8	664.5	47.3	

(1) Real terms figures are the nominal figures adjusted to 2008–09 price levels using outturn GDP deflators from the Office for National Statistics (released 30 March 2010), and using the 2009–10 and 2010–11 GDP deflator forecast in the June 2010 Budget.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 4.2 Public sector expenditure on services by function, 1987–88 to 2009–10

	cash, £billion																				accruals, £billion		
	National Statistics																				2008–09	2009–10	
	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	outturn	outturn	estimated outturn
1. General public services	25.0	26.0	28.0	28.1	26.9	28.0	29.8	32.8	36.3	37.5	38.9	39.8	37.1	38.7	36.1	36.0	39.1	42.5	45.7	47.7	50.7	52.8	53.4
of which:																							
public and common services	3.4	3.8	4.7	5.1	5.7	5.8	5.8	5.9	6.1	6.2	6.2	7.2	8.0	7.9	9.2	9.8	10.9	12.1	12.7	12.7	12.6	13.9	13.9
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	6.7	7.3	8.1
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	26.7	28.7	31.4	31.6	31.4
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	29.8	30.9	32.1	33.6	36.7	38.2
3. Public order and safety	8.1	9.0	10.3	11.7	13.2	14.4	15.0	15.6	16.0	16.4	17.1	18.0	18.4	20.4	23.1	24.4	26.4	28.5	29.3	30.4	31.7	33.6	35.0
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	33.1	33.7	35.5	37.7	38.9	48.1	45.6
of which:																							
enterprise and economic development <sup>(1)</sup>	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	6.5	6.5	6.5	6.9	15.6	9.1
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	3.0	2.8	3.2	3.2	3.5
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	3.3	3.3	3.3	3.1	3.8
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	5.3	5.4	5.6	5.1	5.0	5.4	6.1
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	16.3	16.0	17.0	19.9	20.5	20.8	23.1
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	5.4	6.0	6.2	7.0	8.5	9.3	9.5	9.6	11.4
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	6.7	8.0	10.6	11.5	12.9	15.0	15.6
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	89.6	94.5	102.2	110.0	119.8
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	9.7	10.0	10.8	11.4	12.2	13.1	14.1
9. Education	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	65.1	69.7	72.9	78.1	82.6	88.3
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	155.6	164.1	171.1	177.2	187.5	203.6	222.5
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	-1.5	-2.9	0.0
Unallocated <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-2.5
<b>Public sector 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>439.5</b>	<b>470.8</b>	<b>501.1</b>	<b>523.0</b>	<b>555.9</b>	<b>602.2</b>	<b>641.5</b>
Accounting adjustments	6.5	7.7	9.1	9.1	16.0	13.7	14.7	15.1	15.6	13.4	13.5	12.4	11.8	10.9	13.0	17.8	16.0	21.6	22.9	27.0	26.7	27.7	27.8
<b>Total Managed Expenditure<sup>(3)</sup></b>	<b>183.3</b>	<b>190.7</b>	<b>210.2</b>	<b>227.5</b>	<b>254.2</b>	<b>274.2</b>	<b>286.3</b>	<b>299.2</b>	<b>311.4</b>	<b>315.9</b>	<b>322.0</b>	<b>330.9</b>	<b>343.0</b>	<b>364.0</b>	<b>389.2</b>	<b>421.2</b>	<b>455.5</b>	<b>492.4</b>	<b>524.0</b>	<b>550.0</b>	<b>582.5</b>	<b>629.8</b>	<b>669.3</b>

(1) The increase in 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

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

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 4.3 Public sector expenditure on services by function in real terms<sup>(1)</sup>, 1987–88 to 2009–10**

	cash, £billion																				accruals, £billion		
	National Statistics																				2008–09	2009–10	
	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	outturn	outturn	estimated outturn
1. General public services	50.1	48.8	49.0	45.6	41.3	41.6	43.1	46.7	50.3	50.0	50.7	50.7	46.3	47.8	43.6	42.0	44.5	47.0	49.6	50.3	52.0	52.8	52.4
<i>of which:</i>																							
<i>public and common services</i>	6.8	7.1	8.3	8.3	8.8	8.6	8.4	8.5	8.4	8.3	8.0	9.2	10.0	9.8	11.0	11.4	12.4	13.4	13.8	13.4	13.0	13.9	13.7
<i>international services</i>	3.8	3.9	4.1	4.1	4.5	4.7	4.7	4.7	4.8	4.1	4.0	4.1	4.7	5.2	5.2	5.2	5.9	6.1	6.7	6.6	6.9	7.3	8.0
<i>public sector debt interest</i>	39.6	37.8	36.6	33.2	28.0	28.3	30.0	33.5	37.1	37.5	38.7	37.4	31.7	32.8	27.3	25.4	26.2	27.5	29.0	30.3	32.2	31.6	30.8
2. Defence	38.3	36.4	36.8	35.6	35.5	35.5	34.0	33.2	31.1	29.5	28.2	31.2	31.3	31.7	30.7	31.6	32.8	32.9	33.6	33.9	34.4	36.7	37.5
3. Public order and safety	16.3	16.9	18.0	18.9	20.2	21.4	21.7	22.2	22.1	22.0	22.2	23.0	23.0	25.1	27.9	28.6	30.0	31.5	31.8	32.1	32.5	33.6	34.3
4. Economic affairs	38.1	35.0	34.4	35.1	32.8	34.7	34.5	34.0	32.5	31.2	28.0	25.0	26.8	29.4	33.6	36.0	37.6	37.3	38.6	39.8	39.9	48.1	44.7
<i>of which:</i>																							
<i>enterprise and economic development<sup>(2)</sup></i>	13.0	12.5	12.3	11.3	8.3	8.0	7.9	6.7	6.2	5.8	5.6	3.9	5.6	6.0	6.2	6.9	6.9	7.2	7.1	6.9	7.1	15.6	8.9
<i>science and technology</i>	2.0	2.0	2.0	2.0	1.9	2.1	2.2	1.6	1.6	1.8	1.8	1.7	1.7	1.7	2.1	2.5	2.6	2.8	3.3	3.0	3.3	3.2	3.4
<i>employment policies</i>	5.9	5.1	4.1	3.9	4.2	4.3	4.4	4.5	4.2	3.7	3.2	3.7	4.4	4.7	4.0	3.5	3.6	3.5	3.6	3.5	3.4	3.1	3.7
<i>agriculture, fisheries and forestry</i>	4.4	3.8	3.4	4.4	4.3	4.3	5.5	4.8	5.4	7.2	6.1	5.6	5.3	5.8	7.6	5.8	6.0	6.0	6.1	5.4	5.1	5.4	6.0
<i>transport</i>	12.7	11.7	12.7	13.6	14.1	16.0	14.5	16.4	15.1	12.6	11.3	10.0	9.8	11.1	13.7	17.3	18.5	17.7	18.5	21.0	21.0	20.8	22.7
5. Environment protection	4.8	5.0	5.1	5.2	5.3	5.3	4.9	5.4	5.7	4.9	5.2	5.5	6.1	6.3	6.5	7.0	7.1	7.8	9.2	9.8	9.7	9.6	11.2
6. Housing and community amenities	9.2	6.7	9.2	9.7	10.4	10.5	9.0	8.8	8.4	7.7	6.4	7.0	5.8	6.8	7.5	6.4	7.6	8.8	11.5	12.2	13.2	15.0	15.3
7. Health	40.6	42.0	42.4	43.9	47.4	50.8	53.0	56.2	57.4	57.1	58.0	59.8	61.8	66.9	72.1	77.4	85.2	91.7	97.3	99.7	104.7	110.0	117.6
8. Recreation, culture and religion	7.0	7.2	7.5	7.8	7.6	7.6	7.4	7.5	7.6	7.6	8.3	9.2	9.7	9.6	10.3	10.9	11.0	11.0	11.7	12.0	12.5	13.1	13.8
9. Education	42.5	43.4	45.3	45.6	48.0	49.3	50.2	51.6	51.2	50.4	50.2	51.0	52.7	56.7	61.8	64.0	69.4	72.0	75.7	76.9	80.1	82.6	86.7
10. Social protection	110.4	106.6	107.3	110.7	122.9	135.5	142.2	145.3	149.1	150.6	149.0	146.8	153.7	158.6	165.8	169.8	176.9	181.6	185.8	186.8	192.3	203.6	218.4
EU transactions	-3.1	-4.7	-2.7	-3.7	-6.3	-5.0	-6.7	-6.1	-5.7	-6.9	-4.8	-3.3	-3.4	-3.2	-5.8	-2.2	-2.4	-1.0	-0.6	-1.9	-1.6	-2.9	0.0
Unallocated <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-2.4
<b>Public sector expenditure on services</b>	<b>354.2</b>	<b>343.4</b>	<b>352.2</b>	<b>354.5</b>	<b>365.1</b>	<b>387.3</b>	<b>393.1</b>	<b>404.8</b>	<b>409.7</b>	<b>403.9</b>	<b>401.4</b>	<b>405.9</b>	<b>413.9</b>	<b>435.6</b>	<b>454.0</b>	<b>471.5</b>	<b>499.7</b>	<b>520.7</b>	<b>544.1</b>	<b>551.6</b>	<b>569.8</b>	<b>602.2</b>	<b>629.5</b>
Accounting adjustments	13.0	14.4	16.0	14.8	24.5	20.4	21.2	21.5	21.6	17.9	17.6	15.8	14.7	13.4	15.6	20.8	18.2	23.9	24.9	28.5	27.3	27.7	27.3
<b>Total Managed Expenditure<sup>(4)</sup></b>	<b>367.1</b>	<b>357.8</b>	<b>368.2</b>	<b>369.3</b>	<b>389.6</b>	<b>407.7</b>	<b>414.3</b>	<b>426.3</b>	<b>431.3</b>	<b>421.8</b>	<b>419.0</b>	<b>421.7</b>	<b>428.7</b>	<b>449.1</b>	<b>469.6</b>	<b>492.3</b>	<b>517.9</b>	<b>544.7</b>	<b>569.0</b>	<b>580.1</b>	<b>597.2</b>	<b>629.8</b>	<b>656.8</b>

(1) Real terms figures are the nominal figures adjusted to 2008–09 price levels using outturn GDP deflators from the Office for National Statistics (released 30 March 2010), and using the 2009–10 GDP deflator forecast in the June 2010 Budget.

(2) The increase in 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

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

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

Table 4.4 Public sector expenditure on services by function as a per cent of GDP<sup>(1)</sup>, 1987–88 to 2009–10

	based on cash																			based on accruals			
	National Statistics																						
	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
1. General public services	5.7	5.3	5.2	4.9	4.4	4.5	4.5	4.7	4.9	4.7	4.6	4.5	3.9	3.9	3.5	3.3	3.4	3.5	3.6	3.5	3.6	3.7	3.8
of which:																							
public and common services	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	0.9	0.9	1.0	1.0
international services	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6
public sector debt interest	4.5	4.1	3.9	3.5	3.0	3.0	3.1	3.3	3.6	3.5	3.5	3.3	2.7	2.7	2.2	2.0	2.0	2.1	2.1	2.2	2.2	2.2	2.2
2. Defence	4.3	4.0	3.9	3.8	3.8	3.8	3.5	3.3	3.0	2.8	2.6	2.7	2.7	2.6	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.6	2.7
3. Public order and safety	1.8	1.8	1.9	2.0	2.2	2.3	2.3	2.2	2.1	2.1	2.0	2.0	1.9	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.2	2.3	2.5
4. Economic affairs	4.3	3.8	3.7	3.8	3.5	3.7	3.6	3.4	3.1	2.9	2.6	2.2	2.3	2.4	2.7	2.8	2.9	2.8	2.8	2.8	2.7	3.4	3.2
of which:																							
enterprise and economic development <sup>(2)</sup>	1.5	1.4	1.3	1.2	0.9	0.9	0.8	0.7	0.6	0.5	0.5	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.1	0.6
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	0.2	0.2
employment policies	0.7	0.6	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3
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	0.4	0.4	0.4	0.4	0.4	0.4
transport	1.4	1.3	1.4	1.4	1.5	1.7	1.5	1.6	1.5	1.2	1.0	0.9	0.8	0.9	1.1	1.4	1.4	1.3	1.3	1.5	1.4	1.5	1.6
5. Environment protection	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.8
6. Housing and community amenities	1.0	0.7	1.0	1.0	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	1.0	1.1
7. Health	4.6	4.6	4.5	4.7	5.1	5.5	5.5	5.6	5.6	5.4	5.3	5.2	5.5	5.8	6.1	6.5	6.8	7.0	7.0	7.2	7.7	8.5	
8. Recreation, culture and religion	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.9	0.8	0.9	0.9	1.0
9. Education	4.8	4.7	4.8	4.9	5.2	5.3	5.2	5.2	5.0	4.8	4.6	4.5	4.6	5.0	5.0	5.3	5.4	5.5	5.4	5.5	5.8	6.3	
10. Social protection	12.5	11.6	11.4	11.8	13.2	14.5	14.8	14.5	14.5	14.2	13.6	12.9	13.0	13.0	13.3	13.3	13.4	13.5	13.5	13.2	13.2	14.2	15.8
EU transactions	-0.4	-0.5	-0.3	-0.4	-0.7	-0.5	-0.7	-0.6	-0.5	-0.7	-0.4	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.0
Unallocated <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.2
<b>Public sector expenditure on services</b>	<b>40.1</b>	<b>37.3</b>	<b>37.5</b>	<b>37.9</b>	<b>39.2</b>	<b>41.5</b>	<b>40.8</b>	<b>40.4</b>	<b>39.8</b>	<b>38.2</b>	<b>36.6</b>	<b>35.8</b>	<b>35.1</b>	<b>35.7</b>	<b>36.5</b>	<b>36.9</b>	<b>38.0</b>	<b>38.8</b>	<b>39.4</b>	<b>38.8</b>	<b>39.2</b>	<b>42.0</b>	<b>45.6</b>
Accounting adjustments	1.5	1.6	1.7	1.6	2.6	2.2	2.2	2.1	2.1	1.7	1.6	1.4	1.2	1.1	1.3	1.6	1.4	1.8	1.8	2.0	1.9	1.9	2.0
<b>Total Managed Expenditure<sup>(4)</sup></b>	<b>41.6</b>	<b>38.9</b>	<b>39.2</b>	<b>39.4</b>	<b>41.9</b>	<b>43.7</b>	<b>43.1</b>	<b>42.6</b>	<b>41.8</b>	<b>39.9</b>	<b>38.2</b>	<b>37.2</b>	<b>36.3</b>	<b>36.8</b>	<b>37.7</b>	<b>38.6</b>	<b>39.4</b>	<b>40.5</b>	<b>41.2</b>	<b>40.9</b>	<b>41.1</b>	<b>43.9</b>	<b>47.5</b>

(1) GDP until 2008–09 is consistent with the latest figures from the Office for National Statistics (published 30 March 2010). GDP for 2009–10 is consistent with the June 2010 Budget.

(2) The increase in 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

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

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

# 5

## Public sector expenditure by function, sub-function and economic category

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5.1 The analyses in this chapter present public sector expenditure adjusted so that figures for all years are based on current definitions. All outturn data (up to 2008-09) are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

### What's new

5.2 **Table 5.1** reflects the Machinery of Government changes that took place in 2009, the main one being the merger of the Department for Business, Enterprise and Regulatory Reform (BERR) with the Department for Innovation Universities and Skills (DIUS) to form the Department for Business, Innovation and Skills (BIS). PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive nor any structural changes announced since the election.

5.3 The breakdown of the economic categories in **Table 5.3** has been altered to align the table more closely with the presentation in **Table 2.1**. Procurement (both current and capital) is now shown on a gross basis, with separate lines for income from the sales of goods and services or assets. Subsidies and current grants have been broken down according to recipient. New categories have been added for net public service pensions and the grant equivalent element of student lending, which previously formed part of the social benefits and other grants category. More detail on the economic categories can be found below.

5.4 The treatment of financial sector interventions has been changed since the last edition of PESA. This is explained in **Box 5.A** below.

### Classification changes

5.5 There have been a number of classification changes since PESA 2009. These reclassifications aim to ensure that data are consistent with both level 2 of the UN Classification Of the Functions Of Government (COFOG) and the definition of expenditure on services. The largest of these are:

- the transfer of responsibility for the UK Borders Agency from HM Revenue and Customs (HMRC) to the Home Office, as noted in **Chapter 4**, which led to the subsequent movement of related spending from **1.1 Executive and legislative organs, financial and fiscal affairs, external affairs** to **3.1 Police services (of which: immigration and citizenship)**. This affects tables in **Chapters 4, 5, 6, 9 and 10**;
- the review of the COFOG level 2 classification of **Education** expenditure recorded by BIS, Wales and Scotland. The functional allocation of a number of expenditure items was reviewed in order to ensure greater consistency in the application of COFOG level 2 definitions. Changes mainly affected **9.3 Post-secondary non-tertiary education** and **9.5 Education not definable by level**, where a large number of expenditure items (mostly relating to further education) are now allocated to **9.2 Secondary education**. This is reflected in changes to tables in **Chapters 5, 6 and 10**; and
- the reporting of transactions between the Department of Work and Pensions (DWP) and the National Insurance Fund (both classified as part of central government) has been amended to remove the impact on sub-functional expenditure. This has resulted in the apparent movement of spending items from **10.9 Social protection n.e.c.** to personal social services under **10.5. Unemployment**. This affects tables in **Chapters 5, 6 and 10**.



### Box 5.A: Treatment of financial sector interventions in expenditure on services

In PESA 2009 financial institutions supported by the government were classified as part of the public sector, following the treatment in the National Accounts. This meant that support to the banks was public sector neutral. The only impact of this support on the expenditure on services framework (as on Total Managed Expenditure in the National Accounts) was income received from underwriting commission and the sale of goods and services.

In December 2009 the Office for National Statistics created an alternative measure of Public Sector Net Borrowing (PSNBex). This treated the classification of banks to the public sector (Northern Rock, Bradford & Bingley, Dunfermline, Lloyds Banking Group and Royal Bank of Scotland) as temporary, reflecting the Government's intention to return these banks to the private sector. As a result, these institutions are treated as if they are outside the public sector. PESA 2010 comes into line with this treatment.

The financial sector interventions are treated as follows in **Table 5.3**

Current expenditure on services

- income from sales of goods and services: £1 billion in 2008-09 and £2.4 billion in 2009-10, made up mainly of underwriting commission and credit guarantee scheme income.

Capital expenditure on services

- net capital grants: £9.4 billion in 2008-09 and £4.5 billion in 2009-10, comprising £7.7 billion of share purchases and £3.2 billion of capital income. This is support for depositors and purchases of equity in banks that the ONS have classified as capital grants in the National Accounts.

The other transactions shown in **Box 2.A** in **Chapter 2** do not have an impact on the expenditure on services framework because they either take the form of financial transactions which do not constitute spending (as one asset is exchanged for another), or they are offset by imputed recoveries in the National Accounts (such as the liabilities borne by the Financial Services Compensation Scheme).

As a result of this new treatment, Public Sector Net Investment within PSNBex is £10.0 billion higher in 2008-09 and £4.5 billion higher in 2009-10 than was previously the case. In 2008-09 this comprises the £9.4 billion of capital grants and £0.6 billion of income received by Bradford & Bingley (following the sale of their branches to Abbey) that is now no longer a public sector receipt. In 2009-10 it comprises the £7.7 billion of capital grants and £3.2 billion of fee income treated as capital in the National Accounts.

## Relationship between functional series and departments

5.6 **Table 5.1** shows public sector expenditure on services by function split across the different government departmental groups for 2008-09. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. This presentation allocates local government expenditure to the departmental group most closely associated with a particular function. For example, spending on schools by local government in Scotland is allocated to Scotland, while equivalent spending in England is allocated to the Department for Education.

## Public sector expenditure on services by sub-function

5.7 **Table 5.2** provides the most detailed functional analysis of public sector expenditure on services. The tables are presented in a format generally consistent with the level 2 breakdown of



the United Nations' Classification Of the Functions Of Government (UN COFOG). The table also shows, in italics, additional Treasury-defined sub-functional divisions that were used in PESA 2006, prior to the introduction of UN COFOG, but which do not map directly to COFOG level 2. Further information on UN COFOG is available from the Treasury website<sup>1</sup>.

5.8 The sub-functional analysis of health is presented against HM Treasury's own sub-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.

## Public sector expenditure on services by economic category

5.9 The economic significance of public spending, such as its impact on GDP, depends on its nature; firstly whether it is current or capital, but also whether it is, for example, a transfer payment or expenditure on goods and services. **Table 5.3** breaks down expenditure on services into its component economic categories.

5.10 The presentation of economic categories in **Table 5.3** is broadly consistent with the economic categories used by the Office for National Statistics for the National Accounts. Brief descriptions of each category within expenditure on services are given below. Except where specifically stated, these categories are consistent with the definitions of the corresponding economic categories presented against the budgeting framework in **Table 2.1**:

- **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;
- **gross current procurement** includes expenditure on goods and services, including hire and rentals under Private Finance Initiative (PFI) and non-PFI operating leases, payments for contract and agency staff, and payments for consultancy and audit services. It also includes spending on Single Use Military Equipment (SUME) following the treatment in the National Accounts. SUME is part of capital procurement in the budgeting presentation. **Income from the sales of goods and services** is now shown separately;
- **current grants to persons and non-profit bodies** are payments to these recipients that do not fund capital formation. They are mainly social security payments but also comprise grants to further and higher education institutions and other non-profit private sector bodies;
- **current grants abroad** are mainly foreign aid, such as programmes to reduce poverty. They also include the EU transactions set out in **Table 5.2**, that are not included within departmental budgets in **Table C.1**;
- **subsidies** are payments by government to trading businesses (both private sector and public corporations) to provide support for current costs, including payments to farmers under the EC's Common Agricultural Policy as well as subsidies to rail and bus operators. They are given with the objective of influencing their levels of production, their prices, or other factors;
- **net public service pensions** are the costs of pensions on a National Accounts basis; that is, payments to pensioners less receipts of contributions by employers and employees. More information on pensions is included in **Annex D**;

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<sup>1</sup> [http://www.hm-treasury.gov.uk/pes\\_function.htm](http://www.hm-treasury.gov.uk/pes_function.htm)

- **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;
- **public sector debt interest** reflects the debt interest payments to the private sector, so it excludes intra-public sector payments. These payments do not form part of departmental budgets so are not included within **Table 2.1**;
- **capital grants** are transfer payments to the private sector that are usually made on the condition that the recipient uses the funds for capital projects;
- **gross capital procurement** comprises the acquisition of fixed assets (such as land, buildings and machinery) as well as any increases in stock. It is measured gross of depreciation. In **Table 5.3** SUME forms part of gross current procurement (see above) but in **Table 2.1** it is included in capital procurement; and
- **income from sales of capital assets** is the sale value of any assets, such as land, buildings and machinery, disposed of.

## Public sector expenditure on services split by current and capital spending

5.11 **Table 5.4** gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector. A functional split by sector is available in **Chapter 6** (central government), **Chapter 7** (local government) and **Chapter 8** (public corporations). The split between capital and current follows the National Accounts definition.

## Public sector gross procurement by function

5.12 **Table 5.5** shows public sector gross current procurement by COFOG level 1 function. This is a breakdown of the figure shown in **Table 5.3** and is defined on a National Accounts basis, as described above. Procurement of goods and services by one public sector body from another are included in this table.

5.13 **Table 5.6** shows public sector gross capital procurement by COFOG level 1 function, and receipts from sales of fixed assets. These are defined on a National Accounts basis, as described above. Figures for asset sales are shown separately for central government, local government and public corporations, as well as for general government, which comprises central government and local government. Receipts, which are at sales value (i.e. book value plus profit or loss), are split between land and building, and other asset classes, excluding receipts from sales of financial assets, which are not included within expenditure on services. Sales of assets between public sector bodies are included in this table.

Table 5.1 Public sector expenditure on services by departmental group<sup>(1)</sup> and function, 2008–09

		National Statistics																	£ million							
Departmental group <sup>(2)</sup>	Function	1. General public services		of which: international services		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	10. Social protection	EU transactions	Public sector expenditure on services for each department
		of which: public and common services	of which: public sector debt interest																							
Education		-30	-30	-	-	-	121	-	-	-	-	-	-	-	-	-	-	-	-	-	10	-	54,474	7,698	-	62,273
Health		-	-	-	-	-	-	245	111	-	-	135	-	-	-	-	-	-	-	-	90,241	-	-	12,261	-	102,747
Transport		-	-	-	-	1	277	16,787	-	11	-	-	16,776	-	577	-	-	-	-	-	-	75	-	1,010	-	18,727
Communities and Local Government		4,744	4,738	6	-	19	2,646	2,816	2,816	-	-	-	-	99	10,308	-	362	-	-	-	-	362	-	2,148	-	23,142
Business, Innovation and Skills		10	9	1	-	-	-	4,891	1,983	2,814	93	-	-	400	1	713	145	14,020	626	-	-	-	-	-	-	20,804
Home Office		-	-	-	-	-	16,862	133	-	-	-	-	133	-	332	-	-	-	-	-	-	-	-	-	-	17,327
Justice		239	239	-	-	-	9,553	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104	-	9,896
Law Officers' Departments		-	-	-	-	-	724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	724
Defence		47	-	47	-	34,915	-	34	34	-	-	-	-	-	-	-	-	-	-	-	-	20	-	2,975	-	37,991
Foreign and Commonwealth Office		2,177	-	2,177	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,177
International Development		4,978	-	4,978	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107	-	5,086
Energy and Climate Change		61	-	61	-	-	-	989	989	-	-	-	-	1,544	-	-	-	-	-	-	-	-	-	-	-	2,595
Environment, Food and Rural Affairs		-	-	-	-	-	-	3,553	76	11	-	3,465	-	5,952	4	-	1,014	1	-	-	-	-	-	-	-	10,523
Culture, Media and Sport		55	55	-	-	-	-	181	181	-	-	-	-	38	38	51	9,548	60	-	-	-	-	-	-	-	9,762
Work and Pensions		446	446	-	-	-	-	2,781	-	-2	2,782	-	-	-	-	-	-	-	-	-	-	-	-	135,653	-	138,880
Scotland		1,137	1,137	-	-	5	2,306	4,061	530	137	4	787	2,604	841	1,802	10,130	1,055	7,522	3,048	-	-	-	-	-	-	31,908
Wales		694	693	1	-	-	28	1,616	278	5	76	460	796	520	593	5,531	541	3,993	1,639	-	-	-	-	-	-	15,155
Northern Ireland Executive		367	367	-	-	-	85	1,531	266	37	146	571	511	233	1,308	3,295	383	2,522	5,503	-	-	-	-	-	-	15,227
Northern Ireland Office		74	74	-	-	-	1,027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93	-	1,194
Chancellor's Departments		36,617	5,062	-	31,555	-	-	8,480	8,328	152	-	-	-	1	-	-	-	-	-	-	-	-	-	29,879	-2,931	72,046
Cabinet Office		402	402	-	-	1,771	-	-	-	-	-	-	-	-	-	-	-	-	1	1,071	-	-	-	-	-	3,245
Independent Bodies		755	755	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	756
<b>Public sector expenditure on services for each function</b>		<b>52,773</b>	<b>13,947</b>	<b>7,271</b>	<b>31,555</b>	<b>36,710</b>	<b>33,629</b>	<b>48,096</b>	<b>15,591</b>	<b>3,165</b>	<b>3,102</b>	<b>5,417</b>	<b>20,820</b>	<b>9,628</b>	<b>14,963</b>	<b>109,972</b>	<b>13,142</b>	<b>82,594</b>	<b>203,607</b>	<b>-2,931</b>						<b>602,184</b>

(1) Includes local government spending, which is allocated to the most relevant departmental group.

(2) PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive, nor any structural changes announced since the election.

**Table 5.2 Public sector expenditure on services by sub-function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	10,750	11,164	11,204	11,260	12,073	12,066
1.2 Foreign economic aid	3,581	4,227	4,297	4,638	4,951	5,707
1.3 General services	1,094	1,060	1,244	1,189	1,286	1,357
1.4 Basic research	39	53	77	54	86	90
1.5 R&D general public services	28	30	30	21	21	23
1.6 General public services n.e.c.	2,142	2,421	2,107	2,216	2,801	2,798
1.7 Public sector debt interest <sup>(1)</sup>	24,897	26,746	28,749	31,363	31,555	31,367
<i>of which: central government debt interest</i>	23,936	25,808	27,581	29,961	30,507	30,948
<i>of which: local government debt interest</i>	385	440	518	692	514	11
<i>of which: public corporation debt interest</i>	576	498	650	710	534	408
<b>Total general public services</b>	<b>42,532</b>	<b>45,701</b>	<b>47,708</b>	<b>50,741</b>	<b>52,773</b>	<b>53,408</b>
<b>2. Defence</b>						
2.1 Military defence	24,929	26,411	27,465	27,621	30,891	31,650
2.2 Civil defence	78	77	90	91	82	87
2.3 Foreign military aid	903	1,155	1,689	2,704	3,641	4,099
2.4 R&D defence	588	566	621	637	547	511
2.5 Defence n.e.c.	3,256	2,710	2,284	2,543	1,549	1,852
<b>Total defence</b>	<b>29,754</b>	<b>30,918</b>	<b>32,149</b>	<b>33,595</b>	<b>36,710</b>	<b>38,199</b>
<b>3. Public order and safety</b>						
3.1 Police services	15,590	16,470	17,156	17,507	18,724	19,702
<i>of which: immigration and citizenship</i>	2,127	1,933	2,006	2,068	2,089	2,267
<i>of which: other police services</i>	13,464	14,537	15,150	15,439	16,635	17,435
3.2 Fire-protection services	2,511	2,675	2,701	2,887	3,053	3,327
3.3 Law courts	6,764	6,111	6,266	6,545	6,725	6,894
3.4 Prisons	3,156	3,577	3,812	4,271	4,650	4,574
3.5 R&D public order and safety	48	23	14	26	25	30
3.6 Public order and safety n.e.c.	392	413	470	472	452	463
<b>Total public order and safety</b>	<b>28,462</b>	<b>29,268</b>	<b>30,419</b>	<b>31,709</b>	<b>33,629</b>	<b>34,990</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs <sup>(2)</sup>	6,453	6,971	6,872	7,198	15,639	9,544
4.2 Agriculture, forestry, fishing and hunting	5,442	5,604	5,134	5,001	5,417	6,079
<i>of which: market support under CAP</i>	3,978	3,949	3,526	3,272	3,632	4,393
<i>of which: other agriculture, food and fisheries policy</i>	1,329	1,484	1,429	1,567	1,635	1,533
<i>of which: forestry</i>	136	170	180	161	150	152
4.3 Fuel and energy	1,515	1,293	1,382	1,141	898	439
4.4 Mining, manufacturing and construction	–4	136	12	–98	359	725
4.5 Transport	16,022	17,039	19,885	20,526	20,820	23,083
<i>of which: national roads</i>	2,352	2,705	3,313	3,231	3,510	4,136
<i>of which: local roads</i>	4,599	4,963	4,946	5,120	5,572	5,508
<i>of which: local public transport</i>	2,223	2,573	2,909	3,205	3,579	4,095
<i>of which: railway</i>	6,055	5,921	7,826	7,897	7,011	8,200
<i>of which: other transport</i>	794	877	891	1,073	1,148	1,144
4.6 Communication	560	426	467	858	890	684
4.7 Other industries	308	295	315	300	303	291
4.8 R&D economic affairs	2,535	2,999	2,821	3,211	3,165	3,507
4.9 Economic affairs n.e.c.	889	768	822	785	605	1,202
<b>Total economic affairs</b>	<b>33,720</b>	<b>35,531</b>	<b>37,710</b>	<b>38,922</b>	<b>48,096</b>	<b>45,554</b>

Table 5.2 Public sector expenditure on services by sub-function, 2004–05 to 2009–10 (continued)

	National Statistics						£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	estimated outturn	
<b>5. Environment protection</b>							
5.1 Waste management	3,984	5,077	5,636	5,806	5,652	6,882	
5.2 Waste water management	58	70	71	35	50	58	
5.3 Pollution abatement	282	293	237	191	269	412	
5.4 Protection of biodiversity and landscape	321	318	481	441	451	434	
5.5 R&D environment protection	304	332	342	369	402	427	
5.6 Environment protection n.e.c.	2,094	2,408	2,534	2,641	2,804	3,208	
<b>Total environment protection</b>	<b>7,044</b>	<b>8,499</b>	<b>9,301</b>	<b>9,481</b>	<b>9,628</b>	<b>11,420</b>	
<b>6. Housing and community amenities</b>							
6.1 Housing development	4,228	6,029	6,832	7,675	9,276	10,349	
<i>of which: local authority housing</i>	1,946	3,773	4,010	4,653	5,787	5,237	
<i>of which: other social housing</i>	2,282	2,256	2,822	3,022	3,489	4,804	
6.2 Community development	2,677	2,971	3,001	3,414	3,585	3,420	
6.3 Water supply	484	900	990	993	1,241	980	
6.4 Street lighting	415	482	521	573	647	655	
6.5 R&D housing and community amenities	15	14	9	8	5	5	
6.6 Housing and community amenities n.e.c.	161	175	191	248	209	224	
<b>Total housing and community amenities</b>	<b>7,980</b>	<b>10,571</b>	<b>11,543</b>	<b>12,910</b>	<b>14,963</b>	<b>15,633</b>	
<b>7. Health<sup>(3)</sup></b>							
Medical services	80,754	87,582	92,173	99,625	107,319	116,638	
Medical research	475	482	609	582	812	897	
Central and other health services	1,703	1,519	1,730	1,944	1,841	2,278	
<b>Total health</b>	<b>82,932</b>	<b>89,582</b>	<b>94,512</b>	<b>102,151</b>	<b>109,972</b>	<b>119,813</b>	
<b>8. Recreation, culture and religion</b>							
8.1 Recreational and sporting services	2,944	3,130	3,493	4,037	4,921	5,396	
8.2 Cultural services	3,574	3,984	3,992	4,174	4,262	4,551	
8.3 Broadcasting and publishing services	3,270	3,431	3,566	3,669	3,589	3,763	
8.4 Religious and other community services	107	105	107	116	111	104	
8.5 R&D recreation, culture and religion	1	81	109	130	148	157	
8.6 Recreation, culture and religion n.e.c.	74	82	110	111	110	111	
<b>Total recreation, culture and religion</b>	<b>9,969</b>	<b>10,813</b>	<b>11,378</b>	<b>12,238</b>	<b>13,142</b>	<b>14,081</b>	
<b>9. Education</b>							
9.1 Pre-primary and primary education	21,894	23,430	24,174	25,807	27,272	28,648	
<i>of which: under fives</i>	4,113	4,305	4,107	4,425	4,609	4,935	
<i>of which: primary education</i>	17,781	19,125	20,068	21,381	22,663	23,713	
9.2 Secondary education	28,230	30,072	31,680	33,444	34,710	38,202	
9.3 Post-secondary non-tertiary education	350	332	297	318	516	485	
9.4 Tertiary education	8,920	9,862	10,409	11,783	11,639	12,873	
9.5 Education not definable by level	639	622	611	607	563	592	
9.6 Subsidiary services to education	2,958	3,210	3,354	3,599	4,726	4,673	
9.7 R&D education	43	34	38	33	15	20	
9.8 Education n.e.c.	2,086	2,142	2,369	2,506	3,153	2,803	
<b>Total education</b>	<b>65,120</b>	<b>69,704</b>	<b>72,931</b>	<b>78,098</b>	<b>82,594</b>	<b>88,297</b>	

**Table 5.2 Public sector expenditure on services by sub-function, 2004–05 to 2009–10 (continued)**

	£ million					
	National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>10. Social protection</b>						
<i>of which: personal social services</i>	23,307	25,186	26,512	28,055	29,667	30,165
10.1 Sickness and disability	30,909	32,274	33,332	35,048	38,397	41,209
<i>of which: personal social services</i>	6,536	7,094	7,389	8,046	8,565	8,920
<i>of which: incapacity, disability and injury benefits</i>	24,373	25,180	25,943	27,003	29,832	32,289
10.2 Old age	67,547	70,851	73,761	79,600	87,326	92,302
<i>of which: personal social services</i>	8,040	8,629	8,905	9,381	9,947	10,043
<i>of which: pensions</i>	59,507	62,222	64,857	70,219	77,379	82,259
10.3 Survivors	1,852	1,846	1,811	1,808	1,814	1,834
10.4 Family and children	26,748	27,137	27,405	28,713	28,141	29,121
<i>of which: personal social services</i>	5,579	6,217	6,558	6,966	7,430	7,594
<i>of which: family benefits, income support and tax credits</i>	21,169	20,920	20,847	21,747	20,711	21,526
10.5 Unemployment	3,817	4,102	4,641	4,336	5,323	7,089
<i>of which: personal social services</i>	1,323	1,462	1,892	1,848	1,804	1,547
<i>of which: other unemployment benefits</i>	2,494	2,640	2,749	2,488	3,519	5,541
10.6 Housing	15,559	16,349	17,355	18,293	19,664	22,805
10.7 Social exclusion n.e.c.	13,566	14,927	16,128	17,397	20,580	24,370
<i>of which: personal social services</i>	1,829	1,784	1,769	1,814	1,922	2,061
<i>of which: family benefits, income support and tax credits<sup>(4)</sup></i>	11,737	13,143	14,360	15,583	18,659	22,309
10.8 R&D social protection	2	1	0	0	1	0
10.9 Social protection n.e.c.	4,130	3,611	2,717	2,349	2,361	3,783
<b>Total social protection</b>	<b>164,130</b>	<b>171,097</b>	<b>177,150</b>	<b>187,544</b>	<b>203,607</b>	<b>222,513</b>
<b>EU transactions<sup>(5)</sup></b>						
GNI-based contribution (net of abatement and collection costs)	4,361	3,856	4,071	4,785	2,378	5,760
<i>derived as:</i>						
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	12,183	11,780	12,245	13,746	13,155	13,733
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,100	-4,283	-4,614	-5,001	-5,183	-3,754
<i>UK abatement</i>	-3,722	-3,641	-3,560	-3,960	-5,595	-4,218
<i>EC receipts</i>	-4,555	-3,750	-5,164	-5,601	-4,558	-4,820
<i>Attributed aid and Common Foreign and Security Policy</i>	-697	-704	-709	-715	-751	-899
<b>Total EU transactions</b>	<b>-892</b>	<b>-598</b>	<b>-1,802</b>	<b>-1,531</b>	<b>-2,931</b>	<b>41</b>
<b>Unallocated</b>						
Departmental unallocated provision	-	-	-	-	-	99
Allowance for shortfall	-	-	-	-	-	-2,594
<b>Total unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2,495</b>
<b>Public sector expenditure on services</b>	<b>470,751</b>	<b>501,088</b>	<b>522,999</b>	<b>555,859</b>	<b>602,184</b>	<b>641,455</b>
Accounting adjustments	21,626	22,918	27,047	26,675	27,660	27,805
<b>Total Managed Expenditure<sup>(6)</sup></b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>

(1) Debt interest figures show gross payments to the private sector and overseas.

(2) The increase in 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

(3) 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.

(4) Social exclusion n.e.c. includes Child and Working Tax Credits

(5) An explanation of why the EU transactions are defined in TES in this way is given in Annex E. Complete transactions with the institutions of the EC are shown in Table C.1.

(6) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 5.3 Public sector expenditure on services by economic category, 2004–05 to 2009–10<sup>(1)</sup>**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>Public sector current expenditure on services</b>						
Pay	133,270	141,981	147,262	152,190	159,903	164,470
Gross current procurement	146,798	158,927	164,874	174,794	188,053	196,419
Income from sales of goods and services	-40,166	-45,423	-45,519	-47,915	-53,184	-52,622
Current grants to persons and non-profit bodies	160,057	168,195	174,150	183,756	198,012	217,044
Current grants abroad	3,403	3,755	2,547	3,258	2,395	5,948
Subsidies to private sector companies	7,805	7,819	7,779	7,905	6,376	9,404
Subsidies to public corporations	953	1,176	1,072	1,509	1,086	1,146
Net public services pensions	1,175	210	1,061	2,296	3,099	3,119
Grant equivalent element of student lending	326	429	289	1,032	525	763
Public sector debt interest	24,897	26,746	28,749	31,363	31,555	31,367
Other	3	-120	-152	26	13	237
Unallocated provision	-	-	-	-	-	-1,422
<b>Total public sector current expenditure on services</b>	<b>438,521</b>	<b>463,694</b>	<b>482,112</b>	<b>510,214</b>	<b>537,832</b>	<b>575,873</b>
Accounting adjustments	18,126	20,761	25,105	25,667	26,906	24,682
<b>Total public sector current expenditure</b>	<b>456,647</b>	<b>484,455</b>	<b>507,217</b>	<b>535,881</b>	<b>564,738</b>	<b>600,555</b>
<b>Public sector capital expenditure on services</b>						
Capital grants <sup>(2)</sup>	9,884	11,274	13,677	14,411	25,110	22,752
Gross capital procurement	29,370	33,328	34,205	38,579	42,265	46,848
Income from sales of capital assets	-7,073	-7,299	-6,949	-7,299	-3,026	-2,845
Other	48	89	-47	-46	2	0
Unallocated provision	-	-	-	-	-	-1,173
<b>Total public sector capital expenditure on services</b>	<b>32,230</b>	<b>37,392</b>	<b>40,887</b>	<b>45,645</b>	<b>64,351</b>	<b>65,582</b>
Accounting adjustments	3,500	2,159	1,942	1,008	755	3,123
<b>Total public sector capital expenditure</b>	<b>35,730</b>	<b>39,551</b>	<b>42,829</b>	<b>46,653</b>	<b>65,106</b>	<b>68,705</b>
<b>Total public sector expenditure on services</b>	<b>470,751</b>	<b>501,087</b>	<b>522,999</b>	<b>555,859</b>	<b>602,184</b>	<b>641,455</b>
Accounting adjustments	21,626	22,919	27,047	26,675	27,660	27,805
<b>Total Managed Expenditure<sup>(3)</sup></b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>

(1) Most unallocated provision cannot be assigned to an individual sector. Therefore, total public sector expenditure on services and the breakdown by economic category for 2009–10 will not match the sum of those shown in Chapters 6, 7 and 8.

(2) Transactions from 2008–09 onwards have been affected by financial sector interventions. See Box 5.A for details.

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.



**Table 5.4 Public sector current and capital expenditure on services by function<sup>(1)</sup>,  
2004–05 to 2009–10**

	£ million					
	National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>Public sector current expenditure on services</b>						
1. General public services	40,763	43,757	46,121	49,033	50,287	50,801
<i>of which: public and common services</i>	10,514	11,146	11,488	11,368	11,934	11,965
<i>of which: international services</i>	5,353	5,865	5,884	6,303	6,798	7,469
<i>of which: public sector debt interest</i>	24,897	26,746	28,749	31,363	31,555	31,367
2. Defence	28,119	29,846	31,250	31,056	33,243	33,979
3. Public order and safety	26,755	27,658	28,604	29,620	30,881	32,103
4. Economic affairs	23,383	24,234	24,518	25,708	23,777	25,468
<i>of which: enterprise and economic development<sup>(2)</sup></i>	5,084	5,226	4,987	5,488	4,160	2,606
<i>of which: science and technology</i>	1,940	2,242	2,146	2,426	2,541	2,891
<i>of which: employment policies</i>	3,027	2,987	3,155	3,210	3,017	3,696
<i>of which: agriculture, fisheries and forestry</i>	5,204	5,321	4,813	4,712	5,040	5,763
<i>of which: transport</i>	8,129	8,459	9,417	9,872	9,019	10,512
5. Environment protection	6,141	6,290	7,054	7,200	7,020	8,422
6. Housing and community amenities	3,255	3,552	3,595	3,873	3,753	3,776
7. Health	79,218	86,467	90,623	97,432	104,626	113,267
8. Recreation, culture and religion	8,502	9,114	9,536	9,892	10,040	10,145
9. Education	59,620	63,254	66,266	71,162	74,284	77,864
10. Social protection	163,655	170,121	176,347	186,769	202,851	221,366
EU transactions	-892	-598	-1,802	-1,531	-2,931	41
Unallocated provision	-	-	-	-	-	-1,359
<b>Total public sector current expenditure on services</b>	<b>438,521</b>	<b>463,694</b>	<b>482,112</b>	<b>510,214</b>	<b>537,832</b>	<b>575,873</b>
Accounting adjustments	18,126	20,761	25,105	25,667	26,906	24,682
<b>Public sector current expenditure</b>	<b>456,647</b>	<b>484,455</b>	<b>507,217</b>	<b>535,881</b>	<b>564,738</b>	<b>600,555</b>
<b>Public sector capital expenditure on services</b>						
1. General public services	1,768	1,944	1,587	1,708	2,486	2,608
<i>of which: public and common services</i>	1,574	1,603	1,199	1,265	2,013	1,971
<i>of which: international services</i>	194	341	388	443	473	637
2. Defence	1,635	1,072	899	2,539	3,468	4,220
3. Public order and safety	1,707	1,610	1,815	2,089	2,747	2,887
4. Economic affairs	10,337	11,297	13,192	13,214	24,319	20,086
<i>of which: enterprise and economic development<sup>(2)</sup></i>	1,453	1,322	1,534	1,414	11,432	6,460
<i>of which: science and technology</i>	595	757	675	785	625	615
<i>of which: employment policies</i>	157	355	195	72	85	125
<i>of which: agriculture, fisheries and forestry</i>	239	283	321	289	377	316
<i>of which: transport</i>	7,894	8,580	10,467	10,655	11,801	12,570
5. Environment protection	903	2,209	2,247	2,281	2,607	2,999
6. Housing and community amenities	4,724	7,019	7,948	9,038	11,210	11,857
7. Health	3,713	3,115	3,889	4,719	5,346	6,546
8. Recreation, culture and religion	1,467	1,699	1,842	2,346	3,102	3,936
9. Education	5,500	6,450	6,665	6,936	8,309	10,433
10. Social protection	475	976	804	775	755	1,147
Unallocated provision	-	-	-	-	-	-1,136
<b>Total public sector capital expenditure on services</b>	<b>32,230</b>	<b>37,392</b>	<b>40,887</b>	<b>45,645</b>	<b>64,351</b>	<b>65,582</b>
Accounting adjustments	3,500	2,155	1,952	1,304	1,529	3,123
<b>Public sector capital expenditure</b>	<b>35,730</b>	<b>39,551</b>	<b>42,829</b>	<b>46,653</b>	<b>65,090</b>	<b>68,705</b>
<b>Total public sector expenditure on services</b>	<b>470,751</b>	<b>501,087</b>	<b>522,999</b>	<b>555,859</b>	<b>602,184</b>	<b>641,455</b>
Accounting adjustments	21,626	22,919	27,047	26,675	27,660	27,805
<b>Total Managed Expenditure<sup>(3)</sup></b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>

(1) Expenditure on services by function and sector is available in the appropriate sectoral chapter: for central government see Table 6.6; for local government see Table 7.4; for public corporations see Table 8.4.

(2) The decrease in current spending and increase in capital spending in 2008–09 onwards relate to the financial sector interventions. Details are provided in Box 5.A.

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.



**Table 5.5 Public sector current procurement<sup>(1)</sup> expenditure on services by function, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>Public sector gross current procurement expenditure on services</b>						
1. General public services	12,978	13,675	13,453	13,431	15,295	15,017
<i>of which: public and common services</i>	12,043	12,310	12,085	12,128	13,484	13,301
<i>of which: international services</i>	935	1,364	1,367	1,303	1,811	1,715
2. Defence	18,039	19,450	20,751	19,808	22,090	22,268
3. Public order and safety	11,278	11,457	12,138	12,611	13,314	14,112
4. Economic affairs	10,877	11,495	11,733	12,518	13,330	12,647
<i>of which: enterprise and economic development</i>	2,593	2,695	2,463	2,875	3,162	2,425
<i>of which: science and technology</i>	568	597	637	605	390	494
<i>of which: employment policies</i>	1,094	1,192	1,274	1,358	1,515	1,783
<i>of which: agriculture, fisheries and forestry</i>	1,015	1,084	1,081	1,074	1,037	1,108
<i>of which: transport</i>	5,607	5,928	6,278	6,606	7,226	6,837
5. Environment protection	5,361	6,927	7,386	7,495	8,020	8,235
6. Housing and community amenities	2,464	2,800	2,806	3,020	3,288	3,225
7. Health	48,176	52,865	54,937	61,766	65,730	71,730
8. Recreation, culture and religion	6,102	6,459	6,759	6,911	7,287	7,156
9. Education	9,152	9,644	10,135	11,091	12,076	12,907
10. Social protection	22,371	24,155	24,777	26,141	27,623	29,064
Unallocated	–	–	–	–	–	60
<b>Total public sector gross current procurement expenditure on services</b>	<b>146,798</b>	<b>158,927</b>	<b>164,874</b>	<b>174,794</b>	<b>188,053</b>	<b>196,419</b>

(1) National Accounts definition of current procurement, so includes Defence spending on Single Use Military Equipment (SUME). Chapter 2 presents spending according to departmental budgeting definitions, where SUME is classified as capital procurement.

**Table 5.6 Public sector capital procurement<sup>(1)</sup> expenditure on services by function, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>Public sector gross capital procurement expenditure on services</b>						
1. General public services	2,457	2,540	2,556	2,458	2,883	2,606
<i>of which: public and common services</i>	2,288	2,227	2,232	2,124	2,478	2,284
<i>of which: international services</i>	169	313	324	335	405	322
2. Defence	2,003	1,414	1,391	3,939	3,846	4,360
3. Public order and safety	1,692	1,675	1,926	2,254	2,828	2,934
4. Economic affairs	7,513	8,365	8,392	8,696	9,311	10,037
<i>of which: enterprise and economic development</i>	1,239	1,111	988	1,183	1,492	1,155
<i>of which: science and technology</i>	221	184	166	216	160	184
<i>of which: employment policies</i>	106	298	119	26	31	65
<i>of which: agriculture, fisheries and forestry</i>	263	313	308	303	304	297
<i>of which: transport</i>	5,685	6,458	6,812	6,967	7,325	8,336
5. Environment protection	613	1,658	1,605	1,701	1,877	2,254
6. Housing and community amenities	5,396	6,865	6,698	6,854	6,839	6,371
7. Health	3,986	4,184	4,667	5,020	5,406	6,484
8. Recreation, culture and religion	1,076	1,426	1,614	2,071	2,905	3,633
9. Education	4,218	4,690	4,910	5,098	5,966	7,551
10. Social protection	416	510	446	487	403	578
Unallocated	–	–	–	–	–	39
<b>Total public sector gross capital procurement expenditure on services</b>	<b>29,370</b>	<b>33,328</b>	<b>34,205</b>	<b>38,579</b>	<b>42,265</b>	<b>46,848</b>
<b>Plus public sector receipts from sales of assets</b>						
<b>Central government</b>						
Receipts from sale of land and existing buildings	–955	–1,553	–1,573	–2,181	–660	–506
Other	–476	–783	–605	–391	–316	–320
<b>Total central government receipts</b>	<b>–1,431</b>	<b>–2,336</b>	<b>–2,178</b>	<b>–2,572</b>	<b>–976</b>	<b>–825</b>
<b>Local government</b>						
Receipts from sale of land and existing buildings	–1,637	–1,732	–2,108	–2,404	–970	–1,291
Other	–19	–29	–47	–15	–36	–22
<b>Total local government receipts</b>	<b>–1,656</b>	<b>–1,762</b>	<b>–2,154</b>	<b>–2,419</b>	<b>–1,006</b>	<b>–1,312</b>
<b>Total general government receipts</b>	<b>–3,088</b>	<b>–4,098</b>	<b>–4,332</b>	<b>–4,990</b>	<b>–1,981</b>	<b>–2,138</b>
<b>Public corporations</b>						
Receipts from sale of land and existing buildings	–3,946	–2,881	–2,698	–2,281	–958	–689
Other	–39	–319	82	–28	–87	–18
<b>Total public corporations' receipts</b>	<b>–3,985</b>	<b>–3,201</b>	<b>–2,616</b>	<b>–2,309</b>	<b>–1,045</b>	<b>–707</b>
<b>Total public sector income from sales of capital assets</b>	<b>–7,073</b>	<b>–7,299</b>	<b>–6,949</b>	<b>–7,299</b>	<b>–3,026</b>	<b>–2,845</b>

(1) National Accounts definition of capital procurement so excludes Defence spending on Single Use Military Equipment (SUME). Chapter 2 presents spending according to departmental budgeting definitions, where SUME is classified as capital procurement.

# 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. Central government, as defined by the Office for National Statistics (ONS) for the National Accounts, includes the devolved administrations, executive agencies and Non-Departmental Public Bodies (NDPBs), and health trusts.

6.2 In addition to staff pay and procurement, 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 local government and support for the capital expenditure of public corporations. These data are shown in **Chapters 7 and 8** respectively.

6.3 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).

6.4 **Tables 6.1-6.3** are presented against the budgeting framework, **Tables 6.4-6.6** are presented against the expenditure on services framework. All outturn data (to 2008-09) in this chapter are National Statistics.

### What's new

6.5 The economic categories in **Table 6.5** have been brought into line with the new presentation set out in **Chapter 5**.

6.6 The presentation of financial sector interventions data has been changed so that it is consistent with the ONS treatment within PSNB ex, an alternative measure of public sector net borrowing (PSNB) that excludes the temporary effects of banks being classified to the public sector. This is explained in **Box 5.A** in **Chapter 5**.

6.7 **Tables 6.1 to 6.3** reflect the Machinery of Government changes that took place in 2009, the main one being the merger of the Department for Business, Enterprise and Regulatory Reform (BERR) with the Department for Innovation, Universities and Skills (DIUS) to form the Department for Business, Innovation and Skills (BIS). PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive, nor any structural changes announced since the election.

### Central government own expenditure by department

6.8 **Table 6.1** gives a departmental breakdown of central government own expenditure. Expenditure in DEL is shown separately from expenditure in departmental AME. DEL expenditure in this table is shown on a full resource budgeting basis, which is given by resource DEL plus capital DEL less depreciation (including impairments) in DEL. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is by local government, 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 resource and capital expenditure by department

6.9 **Tables 6.2 and 6.3** show the resource and capital elements of **Table 6.1**, respectively. Expenditure for each departmental group is therefore shown on a budgeting basis, while the final line in each table shows total central government own expenditure on a National Accounts basis. The lower section of each table shows the adjustments required to move from the budgeting framework to the National Accounts framework.

6.10 Central government capital spending in 2005-06 is reduced by a series of imputed transactions recorded in the National Accounts in respect of British Nuclear Fuels Limited (BNFL), a public corporation, transferring assets and liabilities to the Nuclear Decommissioning Authority (NDA). This is shown as part of the accounting adjustments in **Table 6.3** and has no impact on Total Managed Expenditure (TME) or the public finances overall. Details are provided in **Annex A**. The higher capital spending in 2008-09 and 2009-10 relates to the support given to financial institutions. See **Box 5.A** in **Chapter 5** for further details.

## Central government own expenditure on services by sub-function

6.11 **Table 6.4** shows central government own expenditure by sub-function, within the expenditure on services framework. Expenditure on services is an overall measure of public spending that is close to TME, and so broadly represents total current and capital expenditure as in the National Accounts. Full details are available in **Annex E**.

6.12 The three main revisions to sub-functional public sector spending noted in **Chapter 5** are all within central government own expenditure, and so are reflected in this chapter.

## Central government own expenditure on services by economic category

6.13 **Table 6.5** shows central government own expenditure by economic category, set within the framework of expenditure on services. An explanation of the different economic categories is available in **Chapter 5**.

## Central government own current and capital expenditure on services by function

6.14 **Table 6.6** shows central government own current and capital expenditure on services by function. This shows the capital and current split on a National Accounts basis so spending on Single Use Military Equipment (SUME) is classified as current and non-cash items such as depreciation and provisions are excluded.

**Table 6.1 Central government own expenditure in budgets<sup>(1)</sup> by departmental group, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Within DEL</b>							
Education	8,844	9,851	10,672	11,732	11,550	13,061	7,061
Health	69,107	74,382	78,647	85,577	92,279	100,425	103,625
Transport	5,744	5,800	7,479	7,284	7,434	8,270	7,001
CLG Communities	4,200	4,219	3,969	3,545	5,841	7,635	5,017
CLG Local Government	326	333	286	296	289	296	278
Business, Innovation and Skills	12,710	13,709	14,367	15,978	16,966	19,071	20,121
Home Office	2,778	2,693	3,098	3,046	3,269	3,628	3,201
Justice	7,982	8,252	8,436	9,287	9,724	9,849	9,203
Law Officers' Departments	647	656	698	716	722	720	687
Defence	29,592	29,957	30,770	33,237	34,395	36,985	37,257
Foreign and Commonwealth Office	1,687	1,801	1,814	1,927	2,135	2,224	2,094
International Development	3,826	4,472	4,862	5,185	5,617	6,631	7,619
Energy and Climate Change	1,126	1,925	2,374	2,158	1,955	3,114	3,114
Environment, Food and Rural Affairs	2,464	2,590	2,702	2,787	2,647	2,826	2,652
Culture, Media and Sport	1,269	1,381	1,623	1,948	2,269	2,108	1,893
Work and Pensions	7,539	7,410	7,084	7,192	7,216	8,402	8,151
Scotland	13,243	14,320	16,280	17,564	17,541	18,793	18,475
Wales	6,880	7,346	7,790	8,352	8,545	9,409	9,457
Northern Ireland Executive	6,872	7,239	7,632	8,267	8,840	9,689	9,219
Northern Ireland Office	1,102	1,167	1,175	1,157	1,186	1,105	1,203
Chancellor's Departments	4,448	4,624	4,705	4,447	4,545	4,634	4,112
Cabinet Office	1,368	1,582	1,731	1,906	2,118	2,322	2,288
Independent Bodies	757	778	682	721	783	833	1,003
<b>Total CG own expenditure within DEL</b>	<b>194,512</b>	<b>206,484</b>	<b>218,877</b>	<b>234,309</b>	<b>247,867</b>	<b>272,031</b>	<b>264,729</b>

**Table 6.1 Central government own expenditure in budgets<sup>(1)</sup> by departmental group, 2004–05 to 2010–11 (continued)**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Within departmental AME</b>							
Education	6,350	8,069	8,600	10,709	10,652	10,461	13,177
Health	5,888	10,595	11,623	13,900	14,998	17,720	20,189
Transport	228	–140	143	675	603	677	1,674
CLG Communities	156	284	198	172	369	72	–271
CLG Local Government	–	–	0	0	1	0	–
Business, Innovation and Skills	1,177	1,756	2,445	3,682	3,540	4,539	5,046
Home Office	18	26	14	6	171	21	2
Justice	–636	–309	–136	–62	439	999	140
Law Officers' Departments	0	0	–1	7	9	14	1
Defence	5,086	5,446	4,927	5,905	6,193	7,898	8,730
Foreign and Commonwealth Office	3	–4	42	11	–28	43	20
International Development	106	57	417	–11	213	353	350
Energy and Climate Change	–611	5,971	6,284	6,855	2,156	3,723	1,950
Environment, Food and Rural Affairs	63	323	312	48	1	–54	–13
Culture, Media and Sport	4,162	4,447	4,499	4,313	4,082	4,725	4,762
Work and Pensions	94,378	98,048	100,960	108,172	114,622	122,945	125,813
Scotland	1,541	1,886	1,668	2,319	2,666	2,520	3,384
Wales	99	60	110	92	306	508	297
Northern Ireland Executive	5,078	5,496	9,172	6,115	6,481	6,995	7,394
Northern Ireland Office	262	212	274	359	396	363	241
Chancellor's Departments <sup>(2)</sup>	21,740	23,540	25,103	26,650	157,617	76,262	39,326
Cabinet Office	5,377	5,726	6,042	7,627	7,174	7,445	9,439
Independent Bodies	12	8	53	28	15	22	28
<b>Total CG own expenditure within dept AME</b>	<b>150,479</b>	<b>171,496</b>	<b>182,751</b>	<b>197,573</b>	<b>332,678</b>	<b>268,250</b>	<b>241,678</b>
Locally financed expenditure in Northern Ireland	417	462	452	520	607	547	572
Net expenditure transfers to the EC	4,907	4,435	4,652	5,392	3,060	6,419	8,296
Central government debt interest	23,936	25,808	27,581	29,961	30,507	30,948	43,268
Accounting and other adjustments	–18,172	–46,924	–36,533	–47,245	–159,639	–90,499	–57,100
<b>Total CG own expenditure<sup>(3)</sup></b>	<b>356,079</b>	<b>361,761</b>	<b>397,780</b>	<b>420,510</b>	<b>455,080</b>	<b>487,696</b>	<b>501,400</b>

(1) Shown on a full resource budgeting basis. I.e. resource plus capital less depreciation.

(2) Transactions in 2008–09 onwards have been affected by financial sector interventions. See Box 2.A for details.

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 6.2 Central government own resource expenditure in budgets by departmental group, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Within resource DEL</b>							
Education	8,503	9,498	10,192	11,214	10,876	12,237	6,586
Health	66,594	72,305	75,854	81,807	88,091	95,305	99,026
Transport	2,912	2,998	3,163	3,006	2,137	2,328	1,898
CLG Communities	1,181	1,113	731	102	1,358	1,418	1,136
CLG Local Government	326	332	284	296	288	295	277
Business, Innovation and Skills	11,602	12,132	13,005	14,452	15,265	16,493	18,592
Home Office	2,543	2,455	2,676	2,647	2,772	2,954	2,752
Justice	7,422	7,743	7,897	8,530	8,814	8,990	8,635
Law Officers' Departments	636	674	687	705	713	707	675
Defence	22,764	23,035	23,573	24,621	25,376	27,754	27,179
Foreign and Commonwealth Office	1,613	1,707	1,689	1,735	1,946	2,057	1,933
International Development	3,542	4,042	4,098	4,448	4,742	5,284	6,063
Energy and Climate Change	903	656	911	672	288	1,240	1,191
Environment, Food and Rural Affairs	2,270	2,094	2,267	2,315	2,235	2,335	2,222
Culture, Media and Sport	1,157	1,242	1,331	1,355	1,338	1,327	1,374
Work and Pensions	7,248	7,059	6,882	7,112	7,124	8,135	7,912
Scotland	11,884	12,972	14,251	15,247	15,390	16,115	16,282
Wales	6,390	6,808	7,159	7,611	7,676	8,317	8,586
Northern Ireland Executive	6,166	6,456	6,845	7,254	7,703	8,547	8,321
Northern Ireland Office	1,031	1,109	1,103	1,147	1,119	1,043	1,131
Chancellor's Departments	4,075	4,277	4,404	4,205	4,262	4,220	3,851
Cabinet Office	1,192	1,344	1,497	1,591	1,735	1,862	1,940
Independent Bodies	655	735	631	661	747	791	919
<b>Total within resource DEL</b>	<b>172,609</b>	<b>182,784</b>	<b>191,129</b>	<b>202,734</b>	<b>211,995</b>	<b>229,755</b>	<b>228,482</b>

**Table 6.2 Central government own resource expenditure in budgets by departmental group, 2004–05 to 2010–11 (continued)**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Within resource departmental AME</b>							
Education	6,350	8,069	8,600	10,709	10,652	10,461	13,177
Health	5,659	9,946	11,535	13,863	14,984	17,710	20,186
Transport	228	–140	143	675	603	677	1,674
CLG Communities	156	284	198	172	369	72	–271
CLG Local Government	–	–	0	0	1	0	–
Business, Innovation and Skills	–172	87	–329	–57	–238	528	54
Home Office	18	26	14	6	171	21	2
Justice	–636	–309	–136	–62	439	999	140
Law Officers' Departments	0	0	–1	7	9	14	1
Defence	5,086	5,446	4,927	5,905	6,193	7,893	8,662
Foreign and Commonwealth Office	3	–4	42	11	–28	43	20
International Development	106	57	417	–11	213	353	350
Energy and Climate Change	–283	6,411	6,853	7,274	2,435	4,060	2,028
Environment, Food and Rural Affairs	62	323	311	48	0	–54	–24
Culture, Media and Sport	3,131	3,442	3,584	3,798	3,788	3,953	4,061
Work and Pensions	94,297	97,948	100,775	108,032	114,486	122,774	125,587
Scotland	1,371	1,736	1,521	2,170	2,487	2,337	3,204
Wales	–35	–61	–18	–73	138	315	121
Northern Ireland Executive	4,826	5,247	8,847	5,915	6,104	6,543	6,917
Northern Ireland Office	262	212	274	359	396	363	241
Chancellor's Departments <sup>(1)</sup>	21,740	23,096	24,847	26,438	71,795	28,749	34,521
Cabinet Office	5,377	5,726	6,042	7,627	7,174	7,445	9,439
Independent Bodies	12	8	52	28	15	22	28
<b>Total within resource departmental AME</b>	<b>147,560</b>	<b>167,548</b>	<b>178,500</b>	<b>192,834</b>	<b>242,186</b>	<b>215,277</b>	<b>230,117</b>
<b>Within resource other AME</b>							
Locally financed expenditure in Northern Ireland	417	462	452	520	607	547	572
Net expenditure transfers to the EC	4,907	4,435	4,652	5,392	3,060	6,419	8,296
Central government debt interest	23,936	25,808	27,581	29,961	30,507	30,948	43,268
Remove items classified as capital in National Accounts	214	296	89	1,545	302	3,308	1,301
Add items classified as current in National Accounts	5,409	6,007	6,506	5,095	5,666	5,449	7,426
Accounting and other adjustments	–17,606	–30,468	–34,955	–42,706	–77,766	–44,904	–49,100
<b>Total CG own current expenditure</b>	<b>337,447</b>	<b>356,872</b>	<b>373,954</b>	<b>395,375</b>	<b>416,557</b>	<b>446,799</b>	<b>470,300</b>

(1) Transactions in 2008–09 onwards have been affected by financial sector interventions. See Box 2.A for details.



**Table 6.3 Central government own capital expenditure by departmental group, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Within capital DEL</b>							
Education	341	353	480	518	674	824	474
Health	2,513	2,077	2,793	3,769	4,188	5,120	4,598
Transport	2,833	2,802	4,316	4,278	5,297	5,943	5,103
CLG Communities	3,019	3,105	3,238	3,442	4,484	6,217	3,882
CLG Local Government	0	1	2	0	0	0	0
Business, Innovation and Skills	1,108	1,577	1,362	1,526	1,701	2,579	1,529
Home Office	235	238	422	399	497	673	449
Justice	560	509	539	757	909	859	568
Law Officers' Departments	11	–18	11	11	9	14	12
Defence	6,828	6,922	7,197	8,616	9,019	9,231	10,078
Foreign and Commonwealth Office	74	95	125	192	190	167	161
International Development	284	430	764	737	875	1,347	1,556
Energy and Climate Change	223	1,269	1,464	1,486	1,667	1,874	1,923
Environment, Food and Rural Affairs	193	496	436	472	411	491	430
Culture, Media and Sport	112	139	291	593	932	781	519
Work and Pensions	291	351	201	80	91	267	239
Scotland	1,359	1,348	2,029	2,318	2,152	2,678	2,193
Wales	490	538	631	740	869	1,092	871
Northern Ireland Executive	707	782	787	1,013	1,137	1,142	899
Northern Ireland Office	71	59	73	10	68	62	72
Chancellor's Departments	373	347	302	242	282	414	261
Cabinet Office	176	238	234	315	384	461	348
Independent Bodies	102	43	51	60	37	42	83
<b>Total within capital DEL</b>	<b>21,903</b>	<b>23,700</b>	<b>27,747</b>	<b>31,575</b>	<b>35,872</b>	<b>42,276</b>	<b>36,247</b>
<b>Within capital departmental AME</b>							
Health	229	649	89	37	14	10	4
Business, Innovation and Skills	1,349	1,669	2,774	3,739	3,779	4,012	4,992
Defence	–	–	–	–	–	5	68
Energy and Climate Change	–328	–440	–569	–419	–279	–337	–78
Environment, Food and Rural Affairs	1	–	0	0	1	1	11
Culture, Media and Sport	1,031	1,005	915	515	295	772	701
Work and Pensions	80	101	185	140	136	171	226
Scotland	170	150	147	149	180	183	179
Wales	135	121	128	165	168	193	176
Northern Ireland Executive	252	249	325	200	378	452	477
Chancellor's Departments <sup>(1)</sup>	–	444	256	212	85,822	47,513	4,805
Independent Bodies	–	–	2	–	–	–	–
<b>Total within capital departmental AME</b>	<b>2,920</b>	<b>3,948</b>	<b>4,251</b>	<b>4,739</b>	<b>90,492</b>	<b>52,973</b>	<b>11,560</b>
<b>Within capital other AME</b>							
Add items classified as capital in National Accounts	–214	–296	–89	–1,545	–302	–3,308	–1,301
Remove items classified as current in National Accounts	–5,409	–6,007	–6,506	–5,095	–5,666	–5,449	–7,426
Accounting and other adjustments	–567	–16,457	–1,577	–4,539	–81,873	–45,595	–8,000
<b>Total CG own capital expenditure<sup>(2)</sup></b>	<b>18,632</b>	<b>4,889</b>	<b>23,826</b>	<b>25,135</b>	<b>38,523</b>	<b>40,897</b>	<b>31,100</b>

(1) Transactions in 2008–09 onwards have been affected by financial sector interventions. See Box 2.A for details.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 6.4 Central government own expenditure on services by sub-function, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>I. General public services</b>							
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	8,393	8,779	9,099	8,938	9,355	9,433	8,992
1.2 Foreign economic aid	3,607	4,110	4,174	4,596	4,865	5,620	6,445
1.3 General services	489	594	599	634	715	796	799
1.4 Basic research	39	53	77	54	86	90	101
1.5 R&D general public services	28	30	30	21	21	23	22
1.6 General public services n.e.c.	299	274	201	243	284	468	489
1.7 Public sector debt interest <sup>(1)</sup>	23,936	25,808	27,581	29,961	30,507	30,948	43,268
<i>of which: central government debt interest</i>	23,936	25,808	27,581	29,961	30,507	30,948	43,268
<b>Total general public services</b>	<b>36,789</b>	<b>39,649</b>	<b>41,762</b>	<b>44,446</b>	<b>45,832</b>	<b>47,378</b>	<b>60,117</b>
<b>2. Defence</b>							
2.1 Military defence	24,909	26,401	27,455	27,611	30,881	31,640	32,594
2.2 Civil defence	35	23	32	26	19	19	15
2.3 Foreign military aid	903	1,155	1,689	2,704	3,641	4,099	4,142
2.4 R&D defence	512	505	528	548	506	470	429
2.5 Defence n.e.c.	3,256	2,710	2,284	2,543	1,549	1,852	1,956
<b>Total defence</b>	<b>29,615</b>	<b>30,794</b>	<b>31,988</b>	<b>33,431</b>	<b>36,596</b>	<b>38,080</b>	<b>39,136</b>
<b>3. Public order and safety</b>							
3.1 Police services	4,015	4,009	4,268	4,352	4,761	5,034	4,435
<i>of which: immigration and citizenship</i>	2,127	1,933	2,006	2,068	2,089	2,267	1,997
<i>of which: other police services</i>	1,889	2,076	2,262	2,284	2,672	2,767	2,438
3.2 Fire-protection services	129	121	145	219	292	312	225
3.3 Law courts	6,229	6,045	6,191	6,466	6,641	6,847	5,385
3.4 Prisons	3,156	3,577	3,812	4,271	4,650	4,574	5,400
3.5 R&D public order and safety	48	23	14	26	25	30	0
3.6 Public order and safety n.e.c.	392	413	470	472	452	463	563
<b>Total public order and safety</b>	<b>13,970</b>	<b>14,187</b>	<b>14,900</b>	<b>15,806</b>	<b>16,821</b>	<b>17,259</b>	<b>16,008</b>
<b>4. Economic affairs</b>							
4.1 General economic, commercial and labour affairs <sup>(2)</sup>	5,333	5,679	5,774	5,799	13,948	8,549	5,057
4.2 Agriculture, forestry, fishing and hunting	5,384	5,538	5,058	4,915	5,284	5,931	5,118
<i>of which: market support under CAP</i>	3,978	3,949	3,526	3,272	3,632	4,393	3,748
<i>of which: other agriculture, food and fisheries policy</i>	1,271	1,422	1,354	1,488	1,504	1,388	1,176
<i>of which: forestry</i>	136	166	178	155	148	151	193
4.3 Fuel and energy	1,198	1,333	1,121	915	654	439	413
4.4 Mining, manufacturing and construction	15	16	24	26	32	418	16
4.5 Transport	7,020	7,175	9,877	10,184	10,190	11,994	10,156
<i>of which: national roads</i>	2,330	2,688	3,286	3,205	3,492	4,136	3,592
<i>of which: local roads</i>	242	254	239	295	343	389	448
<i>of which: local public transport</i>	474	508	759	843	780	831	837
<i>of which: railway</i>	3,445	3,144	4,972	5,181	4,942	5,945	4,587
<i>of which: other transport</i>	530	581	621	659	635	693	692
4.6 Communication	428	256	232	605	446	332	374
4.7 Other industries	121	125	116	119	114	125	97
4.8 R&D economic affairs	2,535	2,999	2,821	3,211	3,165	3,507	3,509
4.9 Economic affairs n.e.c.	889	768	822	785	605	1,202	902
<b>Total economic affairs</b>	<b>22,923</b>	<b>23,888</b>	<b>25,846</b>	<b>26,559</b>	<b>34,439</b>	<b>32,497</b>	<b>25,643</b>

**Table 6.4 Central government own expenditure on services by sub-function, 2004–05 to 2010–11 (continued)**

	National Statistics						£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>5. Environment protection</b>							
5.1 Waste management	508	1,224	1,592	1,400	887	1,736	1,853
5.2 Waste water management	32	43	44	4	18	24	–2
5.3 Pollution abatement	282	293	237	191	269	412	481
5.4 Protection of biodiversity and landscape	315	312	475	421	431	413	493
5.5 R&D environment protection	304	332	342	369	402	427	395
5.6 Environment protection n.e.c	1,095	1,389	1,530	1,535	1,599	1,772	1,929
<b>Total environment protection</b>	<b>2,537</b>	<b>3,593</b>	<b>4,218</b>	<b>3,919</b>	<b>3,605</b>	<b>4,784</b>	<b>5,149</b>
<b>6. Housing and community amenities</b>							
6.1 Housing development	2,555	2,733	3,196	3,338	3,515	5,282	3,454
<i>of which: local authority housing</i>	288	481	378	319	26	170	–108
<i>of which: other social housing</i>	2,266	2,252	2,818	3,019	3,489	4,804	3,389
6.2 Community development	581	691	423	562	596	795	579
6.3 Water supply	318	359	330	377	542	400	149
6.4 Street lighting	17	19	15	19	23	22	20
6.5 R&D housing and community amenities	15	14	9	8	5	5	8
6.6 Housing and community amenities n.e.c	93	99	116	146	119	131	155
<b>Total housing and community amenities</b>	<b>3,579</b>	<b>3,915</b>	<b>4,089</b>	<b>4,451</b>	<b>4,800</b>	<b>6,636</b>	<b>4,364</b>
<b>7. Health<sup>(b)</sup></b>							
Medical services	80,414	87,277	91,895	99,397	107,123	116,347	118,885
Medical research	475	482	609	582	812	897	879
Central and other health services	1,635	1,454	1,665	1,855	1,760	2,225	2,278
<b>Total health</b>	<b>82,524</b>	<b>89,212</b>	<b>94,170</b>	<b>101,834</b>	<b>109,695</b>	<b>119,469</b>	<b>122,042</b>
<b>8. Recreation, culture and religion</b>							
8.1 Recreational and sporting services	389	376	661	1,035	1,698	2,129	1,948
8.2 Cultural services	1,765	1,963	1,957	2,036	1,988	2,083	1,965
8.3 Broadcasting and publishing services	3,263	3,426	3,554	3,663	3,580	3,763	3,941
8.4 Religious and other community services	10	10	14	15	16	16	15
8.5 R&D recreation, culture and religion	1	81	109	130	148	157	140
8.6 Recreation, culture and religion n.e.c	73	85	109	109	109	109	91
<b>Total recreation, culture and religion</b>	<b>5,501</b>	<b>5,941</b>	<b>6,404</b>	<b>6,988</b>	<b>7,540</b>	<b>8,257</b>	<b>8,101</b>
<b>9. Education</b>							
9.1 Pre-primary and primary education	1,070	1,061	641	730	695	724	839
<i>of which: under fives</i>	551	517	88	144	111	99	141
<i>of which: primary education</i>	519	544	553	586	584	625	698
9.2 Secondary education	9,855	10,499	11,360	12,117	12,085	14,384	10,264
9.3 Post-secondary non-tertiary education	0	–5	–4	0	116	6	2
9.4 Tertiary education	8,888	9,835	10,400	11,779	11,636	12,870	13,176
9.5 Education not definable by level	561	537	523	513	457	484	508
9.6 Subsidiary services to education	545	593	632	746	1,203	1,430	1,402
9.7 R&D education	43	34	38	33	15	20	19
9.8 Education n.e.c	2,016	2,088	2,306	2,449	3,097	2,692	2,086
<b>Total education</b>	<b>22,978</b>	<b>24,643</b>	<b>25,896</b>	<b>28,367</b>	<b>29,305</b>	<b>32,610</b>	<b>28,296</b>

**Table 6.4 Central government own expenditure on services by sub-function, 2004–05 to 2010–11 (continued)**

	£ million						
	National Statistics					2009–10	2010–11
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated	plans
						outturn	
<b>10. Social protection</b>							
<i>of which: personal social services</i>	3,785	4,159	4,771	5,139	5,205	4,948	5,573
10.1 Sickness and disability	25,316	26,108	26,962	28,191	31,046	33,453	35,501
<i>of which: personal social services</i>	943	928	1,018	1,189	1,215	1,164	1,533
<i>of which: incapacity, disability and injury benefits</i>	24,373	25,180	25,943	27,003	29,832	32,289	33,968
10.2 Old age	59,184	61,917	64,426	69,797	76,808	81,904	85,313
<i>of which: personal social services</i>	13	15	16	15	21	20	19
<i>of which: pensions</i>	59,171	61,902	64,410	69,782	76,787	81,883	85,295
10.3 Survivors	1,852	1,846	1,811	1,808	1,814	1,834	1,832
10.4 Family and children	21,476	21,448	21,478	22,501	21,494	22,189	21,564
<i>of which: personal social services</i>	307	528	631	754	783	662	998
<i>of which: family benefits, income support and tax credits</i>	21,169	20,920	20,847	21,747	20,711	21,526	20,566
10.5 Unemployment	3,753	4,011	4,580	4,273	5,264	7,026	6,640
<i>of which: personal social services</i>	1,259	1,372	1,831	1,785	1,745	1,485	1,282
<i>of which: other unemployment benefits</i>	2,494	2,640	2,749	2,488	3,519	5,541	5,359
10.6 Housing	361	341	439	450	537	665	648
10.7 Social exclusion n.e.c. <sup>(4)</sup>	13,001	14,459	15,635	16,979	20,101	23,925	25,250
<i>of which: personal social services</i>	1,263	1,316	1,275	1,396	1,442	1,616	1,741
<i>of which: family benefits, income support and tax credits</i>	11,737	13,143	14,360	15,583	18,659	22,309	23,508
10.8 R&D Social protection	2	1	0	0	1	0	0
10.9 Social protection n.e.c.	3,597	3,027	2,033	1,581	1,613	2,749	2,221
<b>Total social protection</b>	<b>128,541</b>	<b>133,158</b>	<b>137,363</b>	<b>145,581</b>	<b>158,678</b>	<b>173,745</b>	<b>178,970</b>
<b>EU transactions<sup>(5)</sup></b>							
GNI-based contribution (net of abatement and collection costs)	4,361	3,856	4,071	4,785	2,378	5,760	7,681
<i>derived as:</i>							
<i>EC gross contribution pre-abatement and after deduction of collection costs</i>	12,183	11,780	12,245	13,746	13,155	13,733	15,216
<i>Traditional Own Resources (without deduction of collection costs) and VAT contributions</i>	-4,100	-4,283	-4,614	-5,001	-5,183	-3,754	-4,765
<i>UK abatement</i>	-3,722	-3,641	-3,560	-3,960	-5,595	-4,218	-2,770
<i>EC receipts</i>	-4,555	-3,750	-5,164	-5,601	-4,558	-4,820	-4,782
<i>Attributed aid and Common Foreign and Security Policy</i>	-697	-704	-709	-715	-751	-899	-899
<b>Total EU transactions</b>	<b>-892</b>	<b>-598</b>	<b>-1,802</b>	<b>-1,531</b>	<b>-2,931</b>	<b>41</b>	<b>1,999</b>
<b>Total central government own expenditure on services</b>	<b>348,065</b>	<b>368,384</b>	<b>384,832</b>	<b>409,852</b>	<b>444,379</b>	<b>480,756</b>	<b>489,824</b>
Accounting adjustments	8,014	-6,623	12,948	10,658	10,701	6,940	11,600
<b>Total central government own expenditure<sup>(6)</sup></b>	<b>356,079</b>	<b>361,761</b>	<b>397,780</b>	<b>420,510</b>	<b>455,080</b>	<b>487,696</b>	<b>501,400</b>

(1) Debt interest figures show gross payments to the private sector and overseas.

(2) The increase in 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

(3) 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.

(4) Social exclusion n.e.c. includes Child and Working Tax Credits

(5) An explanation of why the EU transactions are defined in TES in this way is given in Annex E. Complete transactions with the institutions of the EC are shown in Table C.1.

(6) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 6.5 Central government own expenditure on services by economic category, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>Central government current expenditure on services</b>							
Pay	71,140	76,599	78,894	81,328	85,546	88,610	86,784
Gross current procurement	94,304	102,323	106,992	113,592	121,644	129,554	135,334
Income from sales of goods and services	-16,702	-20,045	-19,362	-21,072	-24,059	-23,393	-22,535
Current grants to persons and non-profit bodies	145,940	153,182	158,044	166,661	179,437	195,561	197,656
Current grants abroad	3,403	3,755	2,547	3,258	2,395	5,948	7,690
Subsidies to private sector companies	5,844	5,808	5,670	5,655	4,526	6,791	5,737
Subsidies to public corporations	852	1,067	968	1,394	970	1,032	673
Net public service pensions	1,175	210	1,061	2,296	3,099	3,119	4,005
Grant equivalent element of student lending	326	429	289	1,032	525	763	1,650
Central government debt interest	23,936	25,808	27,581	29,961	30,507	30,948	43,268
Other	3	-120	-152	26	13	233	1,102
<b>Total central government own current expenditure on services</b>	<b>330,220</b>	<b>349,015</b>	<b>362,532</b>	<b>384,131</b>	<b>404,602</b>	<b>439,166</b>	<b>461,363</b>
Accounting adjustments	7,227	7,857	11,422	11,244	11,955	7,633	9,000
<b>Total central government own current expenditure</b>	<b>337,447</b>	<b>356,872</b>	<b>373,954</b>	<b>395,375</b>	<b>416,557</b>	<b>446,799</b>	<b>470,300</b>
<b>Central government capital expenditure on services</b>							
Capital grants to persons and non-profit bodies	5,303	6,587	6,940	7,099	7,702	10,587	7,262
Capital grants to private sector companies <sup>(1)</sup>	3,149	3,342	5,179	5,198	15,269	10,544	3,666
Capital grants abroad	96	108	136	158	249	494	890
Gross capital procurement	10,680	11,580	12,270	15,883	17,530	20,787	18,165
Income from sales of capital assets	-1,431	-2,336	-2,178	-2,572	-976	-825	-1,547
Other	48	89	-47	-46	2	3	26
<b>Total central government own capital expenditure on services</b>	<b>17,845</b>	<b>19,369</b>	<b>22,300</b>	<b>25,721</b>	<b>39,776</b>	<b>41,590</b>	<b>28,461</b>
Accounting adjustments	787	-14,480	1,526	-586	-1,253	-693	2,600
<b>Total central government own capital expenditure<sup>(2)</sup></b>	<b>18,632</b>	<b>4,889</b>	<b>23,826</b>	<b>25,135</b>	<b>38,523</b>	<b>40,897</b>	<b>31,100</b>
<b>Total central government own expenditure on services</b>	<b>348,065</b>	<b>368,384</b>	<b>384,832</b>	<b>409,852</b>	<b>444,379</b>	<b>480,756</b>	<b>489,824</b>
Accounting adjustments	8,014	-6,623	12,948	10,658	10,701	6,940	11,600
<b>Total central government own expenditure<sup>(2)</sup></b>	<b>356,079</b>	<b>361,761</b>	<b>397,780</b>	<b>420,510</b>	<b>455,080</b>	<b>487,696</b>	<b>501,400</b>

(1) Transactions in 2008–09 onwards have been affected by financial sector interventions. See Box 5.A for details.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 6.6 Central government own current and capital expenditure on services by function, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Central government own current expenditure on services</b>							
1. General public services	35,933	38,945	41,023	43,672	45,001	46,299	58,865
<i>of which: public and common services</i>	6,644	7,272	7,558	7,409	7,696	7,882	7,711
<i>of which: international services</i>	5,353	5,865	5,884	6,303	6,798	7,469	7,887
<i>of which: public sector debt interest</i>	23,936	25,808	27,581	29,961	30,507	30,948	43,268
2. Defence	28,076	29,792	31,191	30,991	33,180	33,911	36,124
3. Public order and safety	12,978	13,278	13,718	14,398	15,093	15,466	14,684
4. Economic affairs	17,706	18,236	18,551	19,151	16,926	18,854	19,279
<i>of which: enterprise and economic development<sup>(1)</sup></i>	3,834	3,836	3,778	3,949	2,330	1,523	3,320
<i>of which: science and technology</i>	1,940	2,242	2,146	2,426	2,541	2,891	2,854
<i>of which: employment policies</i>	3,027	2,987	3,155	3,210	3,017	3,696	4,108
<i>of which: agriculture, fisheries and forestry</i>	5,195	5,310	4,802	4,699	5,023	5,750	5,128
<i>of which: transport</i>	3,710	3,861	4,670	4,866	4,015	4,995	3,869
5. Environment protection	1,999	1,763	2,282	2,068	1,520	2,575	2,620
6. Housing and community amenities	1,030	1,096	1,075	1,094	648	799	416
7. Health	78,906	86,169	90,392	97,204	104,431	113,027	116,283
8. Recreation, culture and religion	4,928	5,347	5,646	5,876	5,834	5,969	6,187
9. Education	21,290	22,481	23,629	26,058	26,702	29,301	26,411
10. Social protection	128,265	132,505	136,827	145,149	158,198	172,922	178,493
EU transactions	-892	-598	-1,802	-1,531	-2,931	41	1,999
<b>Total central government own current expenditure on services</b>	<b>330,220</b>	<b>349,015</b>	<b>362,532</b>	<b>384,131</b>	<b>404,602</b>	<b>439,166</b>	<b>461,363</b>
Accounting adjustments	7,227	7,857	11,422	11,244	11,955	7,633	9,000
<b>Total central government own current expenditure</b>	<b>337,447</b>	<b>356,872</b>	<b>373,954</b>	<b>395,375</b>	<b>416,557</b>	<b>446,799</b>	<b>470,300</b>
<b>Central government own capital expenditure on services</b>							
1. General public services	857	704	739	774	830	1,079	1,252
<i>of which: public and common services</i>	684	523	516	408	486	568	511
<i>of which: international services</i>	173	181	223	366	345	511	740
2. Defence	1,539	1,002	797	2,440	3,416	4,169	3,011
3. Public order and safety	992	909	1,181	1,408	1,727	1,793	1,324
4. Economic affairs	5,217	5,652	7,295	7,409	17,513	13,643	6,363
<i>of which: enterprise and economic development<sup>(1)</sup></i>	977	1,011	966	1,005	10,361	5,739	-654
<i>of which: science and technology</i>	595	757	675	785	625	615	655
<i>of which: employment policies</i>	147	343	191	85	92	107	85
<i>of which: agriculture, fisheries and forestry</i>	189	227	256	216	260	182	-10
<i>of which: transport</i>	3,310	3,314	5,207	5,317	6,175	7,000	6,286
5. Environment protection	538	1,830	1,936	1,851	2,086	2,209	2,529
6. Housing and community amenities	2,548	2,819	3,013	3,356	4,152	5,837	3,948
7. Health	3,618	3,043	3,777	4,630	5,264	6,441	5,758
8. Recreation, culture and religion	573	595	758	1,112	1,705	2,288	1,914
9. Education	1,688	2,162	2,267	2,309	2,603	3,309	1,885
10. Social protection	275	653	535	432	480	823	477
<b>Total central government own capital expenditure on services</b>	<b>17,845</b>	<b>19,369</b>	<b>22,300</b>	<b>25,721</b>	<b>39,776</b>	<b>41,590</b>	<b>28,461</b>
Accounting adjustments	787	-14,480	1,526	-586	-1,253	-693	2,600
<b>Total central government own capital expenditure<sup>(2)</sup></b>	<b>18,632</b>	<b>4,889</b>	<b>23,826</b>	<b>25,135</b>	<b>38,523</b>	<b>40,897</b>	<b>31,100</b>

(1) Transactions in 2008–09 onwards have been affected by the financial sector interventions. Details are provided in Box 5.A.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

# 7

## Local government financing and expenditure

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7.1 This chapter describes central government support for local government within budgets (**Tables 7.1 to 7.3**) and local government expenditure on services (**Tables 7.4 to 7.8**). 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 this chapter.

7.2 Data for outturn years (to 2008–09) are covered by National Statistics protocols.

7.3 Central government support data for all years up to 2008–09 are final outturn figures; 2009–10 data are estimated outturn; and data for 2010–11 are latest plans.

7.4 Local government spending data for all years up to 2008–09 are final outturn. Data for 2009–10 are based on budget plans.

### What's new

7.5 There have been no significant changes to the presentation of data within this chapter since PESA 2009.

### The financing of local government expenditure

7.6 Central government support for local government expenditure is provided in three forms: capital and current grants; 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. Dedicated Schools Grant (DSG).

7.7 Local authorities also raise finance locally, largely through council tax, receipts from sales of assets, contributions from developers and unsupported borrowing. By convention, Scottish Non-Domestic Rates Income (NDRI) is shown in PESA as locally financed central government support in other AME, as it is raised in Scotland rather than funded by Whitehall.

7.8 Funding provided to local government by the EU is channelled through departmental budgets but is not treated as central government support in PESA. This is because the receipts from the EU offset in budgets against the subsequent payment to local government, so this funding forms part of the accounting and other adjustments that are required to reconcile the departmental budgeting data to an aggregate drawn from the National Accounts.

7.9 **Table 7.1** shows current and capital support provided to local government within each country in the UK, according to whether support is in DEL or AME. As noted above, further adjustments are made to these budgeting aggregates to reconcile with total local government expenditure in the National Accounts.

### Support for local government current spending

7.10 Central government support for current expenditure on local services is largely provided through:

- Revenue Support Grant (RSG) – a non ring-fenced grant paid to local government in England, Scotland and Wales;



- non-domestic (business) rate payments – the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England and Wales, and then redistributed. As noted above, equivalent payments in Scotland are considered to be locally financed rather than central government support;
- other specific and special grants such as the Dedicated Schools Grant (DSG) and police grant, which fund part of the current expenditure on a specific service or activity; and
- Area Based Grant – a pooled current grant that is paid to local government by Communities and Local Government (CLG), acting as agent for other contributing departments.

7.11 **Table 7.2** shows the above support by country, department and grant.

## Support for local government capital programmes

7.12 Central government support for local government capital expenditure comprises capital grants and Supported Capital Expenditure (Revenue), equivalent to supported borrowing in Scotland. The latter enables 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 7.3** shows the components of central government capital support within the United Kingdom by country and department.

## Data sources and data quality

7.13 The central government support for local government shown in **Tables 7.1 to 7.3** is taken from finance data loaded onto the Treasury spending database by departments, consistent with their resource accounts.

## Local government expenditure

7.14 Total local government expenditure is defined as the contribution of local government to Total Managed Expenditure (TME). TME is a consolidated measure in the sense that most transactions between parts of the public sector are excluded. For example, total local government expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Local government expenditure accounts for around one quarter of TME.

7.15 Local government 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.

## Local government expenditure on services

7.16 The measure of local government spending that is analysed by function and economic category in PESA is local government expenditure on services. It is largely equivalent to the National Accounts measure of local government expenditure, which is also shown in the tables. **Annex E** gives more information on expenditure on services.

7.17 The functional categories in **Tables 7.4 to 7.7** are based on the UN Classification Of the Functions Of Government (COFOG) and are consistent with the functional categories used in other PESA chapters:

- **Table 7.4** presents total local government expenditure by function;
- **Table 7.5** shows local government current expenditure by country and function;



- **Table 7.6** shows gross capital expenditure, split by country and function. Gross indicates that it is before sales of capital assets and depreciation; and
- **Table 7.7** shows local government capital receipts within the United Kingdom, again by country and function.

7.18 **Table 7.8** shows local government expenditure by country and economic category. The economic categories are broadly consistent with those used by the ONS for the National Accounts. These are described in **Chapter 5**.

## Data sources and data quality

7.19 The local government expenditure shown in **Tables 7.4 to 7.8** is based on revenue (current) and capital data collections completed by local authorities and sent to the Department for 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.

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

7.21 Spending information received from local government is described in terms of local authority services (education, roads etc). The Treasury assign spending to the COFOG functional categories used in PESA. In general the read-across from service categories to COFOG categories is relatively clear, but in some cases the read-across is less straightforward and assumptions are applied.

7.22 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. 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.

7.23 The Treasury are working with CLG and the ONS to improve the quality and timeliness of local government spending data.

7.24 More information on local government finance and spending is available from the following sources:

- England – CLG publication Local Government Financial Statistics [<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/localgovernmentfinance/statistics>]
- 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 government in the United Kingdom by country, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>Current finance in DEL</b>							
England	62,448	66,657	70,103	73,877	76,577	79,392	85,095
Scotland	6,862	7,219	7,396	7,818	8,329	8,636	9,027
Wales	3,975	4,148	4,465	4,693	5,089	5,178	4,966
Northern Ireland	65	60	50	54	54	55	53
<b>Total current finance in DEL</b>	<b>73,351</b>	<b>78,085</b>	<b>82,015</b>	<b>86,442</b>	<b>90,049</b>	<b>93,261</b>	<b>99,141</b>
<b>Capital support in DEL</b>							
England	8,980	9,762	8,898	10,535	10,467	12,996	11,715
Scotland	768	829	961	976	951	1,049	870
Wales	522	685	687	735	771	767	806
Northern Ireland	7	6	9	10	3	3	181
<b>Total capital support in DEL</b>	<b>10,276</b>	<b>11,282</b>	<b>10,555</b>	<b>12,256</b>	<b>12,192</b>	<b>14,814</b>	<b>13,573</b>
<b>Total central government support in DEL<sup>(1)</sup></b>	<b>83,626</b>	<b>89,367</b>	<b>92,570</b>	<b>98,697</b>	<b>102,242</b>	<b>108,075</b>	<b>112,713</b>
<b>Current finance in departmental AME</b>							
England	14,592	15,485	17,546	18,249	19,802	22,632	24,427
Scotland	1,501	1,536	1,583	1,622	1,718	1,904	2,025
Wales	696	762	814	848	900	1,019	1,101
Northern Ireland	1	1	2	1	1	1	1
<b>Total current finance in departmental AME</b>	<b>16,789</b>	<b>17,785</b>	<b>19,945</b>	<b>20,720</b>	<b>22,422</b>	<b>25,556</b>	<b>27,554</b>
<b>Capital support in departmental AME</b>							
England	689	446	617	1,495	783	471	279
Scotland	0	0	0	7	6	6	6
Wales	16	10	7	3	3	3	3
Northern Ireland	1	1	1	1	1	1	1
<b>Total capital support in departmental AME</b>	<b>707</b>	<b>458</b>	<b>626</b>	<b>1,506</b>	<b>793</b>	<b>482</b>	<b>289</b>
<b>Total central government support in departmental AME<sup>(2)</sup></b>	<b>17,496</b>	<b>18,243</b>	<b>20,571</b>	<b>22,226</b>	<b>23,215</b>	<b>26,038</b>	<b>27,843</b>
<b>Locally financed expenditure</b>							
Local authority self-financed expenditure	20,952	23,675	24,145	26,141	31,741	30,025	30,317
Locally financed support in Scotland <sup>(3)</sup>	1,896	1,897	1,884	1,860	1,963	2,165	2,068
<b>Total locally financed expenditure</b>	<b>22,848</b>	<b>25,572</b>	<b>26,028</b>	<b>28,001</b>	<b>33,703</b>	<b>32,191</b>	<b>32,385</b>
<b>Total financing of local government expenditure</b>	<b>123,971</b>	<b>133,183</b>	<b>139,169</b>	<b>148,925</b>	<b>159,160</b>	<b>166,304</b>	<b>172,942</b>
Accounting and other adjustments	8,262	7,612	7,011	6,247	7,477	6,896	13,600
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>	<b>186,500</b>

(1) Receipts from the EU offset in budgets against the subsequent payment to local government.

(2) Includes lottery grants.

(3) By convention, Non-Domestic Rates Income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support. I.e. it is finance raised in Scotland rather than funding from Whitehall.

**Table 7.2 Central government current grants for local government in the United Kingdom by department group, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>England</b>							
<b>Education</b>							
Dedicated Schools Grant <sup>(1)</sup>	–	–	26,576	28,049	28,954	29,670	31,891
Standards fund	1,594	2,033	2,955	2,803	2,925	3,270	2,206
Schools standard grant	928	923	1,217	1,530	1,545	1,556	1,593
Sure start	290	488	817	927	1,242	1,439	1,536
Area Based Grants	–	–	–	–	1,164	1,276	918
Young People's Learning Agency grants	–	–	–	–	–	–	5,700
Other	1,256	1,337	332	397	123	155	426
<b>Total Education</b>	<b>4,068</b>	<b>4,781</b>	<b>31,898</b>	<b>33,706</b>	<b>35,952</b>	<b>37,365</b>	<b>44,269</b>
<b>Health</b>							
Health	278	261	194	186	141	30	30
Social Care	1,871	1,880	1,578	1,609	131	260	329
Area Based Grants	–	–	–	–	943	968	988
<b>Total Health</b>	<b>2,148</b>	<b>2,141</b>	<b>1,772</b>	<b>1,795</b>	<b>1,215</b>	<b>1,258</b>	<b>1,346</b>
<b>Transport</b>							
GLA transport	2,260	2,180	2,390	2,521	2,467	2,555	2,764
Strategic rail authority	214	250	234	219	206	212	214
Area Based Grants	–	–	–	–	181	182	169
Other	196	146	224	361	421	422	513
<b>Total Transport</b>	<b>2,671</b>	<b>2,577</b>	<b>2,848</b>	<b>3,100</b>	<b>3,275</b>	<b>3,371</b>	<b>3,660</b>
<b>CLG Communities</b>							
Supporting people	1,856	1,755	1,726	1,735	1,686	1,666	–
New deal for communities	157	160	144	131	102	79	35
Local area agreements	–	4	456	1,707	–	–	–
Area Based Grants	–	–	–	–	645	676	2,163
Other	236	243	442	425	529	700	704
<b>Total CLG Communities</b>	<b>2,249</b>	<b>2,163</b>	<b>2,768</b>	<b>3,997</b>	<b>2,962</b>	<b>3,121</b>	<b>2,902</b>
<b>CLG Local Government</b>							
Non-domestic rate payments	15,461	18,409	18,207	18,953	21,058	19,785	21,963
Revenue Support Grant <sup>(1)</sup>	27,006	26,726	3,443	3,163	2,909	4,547	3,167
Neighbourhood renewal fund	450	525	525	–	–	–	–
PFI special grant	427	416	513	594	677	777	909
LA business growth incentive scheme	–	116	329	389	102	49	–
Other	105	245	274	197	275	333	126
<b>Total CLG Local Government</b>	<b>43,450</b>	<b>46,436</b>	<b>23,292</b>	<b>23,296</b>	<b>25,023</b>	<b>25,492</b>	<b>26,165</b>
<b>Business, Innovation and Skills</b>							
LSC grants	1,655	2,111	1,944	2,039	2,113	2,198	–
RDA development fund	380	385	380	346	279	253	391
Other	15	13	6	7	8	3	3
<b>Total Business, Innovation and Skills</b>	<b>2,050</b>	<b>2,509</b>	<b>2,330</b>	<b>2,392</b>	<b>2,400</b>	<b>2,454</b>	<b>394</b>
<b>Home Office</b>							
Police	5,140	5,549	5,749	5,991	6,240	6,602	6,687
Area Based Grants	–	–	–	–	61	79	55
Other	255	215	147	140	196	126	183
<b>Total Home Office</b>	<b>5,395</b>	<b>5,764</b>	<b>5,896</b>	<b>6,131</b>	<b>6,498</b>	<b>6,807</b>	<b>6,924</b>
<b>Environment, Food and Rural Affairs</b>							
Environment Agency	–34	–34	–58	–27	–22	–30	–43
Area Based Grants	–	–	–	–	3	–	3
Other	37	86	93	51	68	64	64
<b>Total Environment, Food and Rural Affairs</b>	<b>2</b>	<b>51</b>	<b>35</b>	<b>24</b>	<b>49</b>	<b>35</b>	<b>24</b>

**Table 7.2 Central government current grants for local government in the United Kingdom by department group, 2004–05 to 2010–11 (continued)**

	£ million						
	National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated	plans
						outturn	
<b>Work and Pensions</b>							
Rent rebates	4,184	4,234	4,399	4,439	4,373	4,407	4,456
Rent allowances	6,907	7,525	8,308	9,021	10,278	12,829	14,147
Council tax benefits	2,946	3,123	3,278	3,370	3,583	4,053	4,272
Area Based Grants	–	–	–	–	33	48	49
Other	512	666	630	649	549	628	550
<b>Total Work and Pensions</b>	<b>14,549</b>	<b>15,549</b>	<b>16,615</b>	<b>17,480</b>	<b>18,817</b>	<b>21,965</b>	<b>23,474</b>
<b>Other government departments</b>	458	171	195	205	188	156	75
<b>Total England</b>	<b>77,040</b>	<b>82,143</b>	<b>87,649</b>	<b>92,126</b>	<b>96,379</b>	<b>102,023</b>	<b>109,235</b>
<b>Scotland</b>							
<b>Work and Pensions</b>							
Rent allowance	618	641	670	707	786	891	1,002
Rent rebates	535	541	554	556	572	615	630
Council tax benefits	347	354	358	356	350	386	382
Other	129	65	81	80	63	59	57
<b>Total Work and Pensions</b>	<b>1,629</b>	<b>1,601</b>	<b>1,663</b>	<b>1,699</b>	<b>1,770</b>	<b>1,952</b>	<b>2,070</b>
<b>Scottish Government</b>							
Revenue Support Grant	5,267	5,586	5,778	6,170	7,433	7,750	8,370
Non-domestic rate income <sup>(2)</sup>	1,896	1,897	1,884	1,860	1,963	2,165	2,068
Police	486	521	530	550	552	569	490
Other	980	1,047	1,009	1,019	289	265	119
<b>Total Scottish Government</b>	<b>8,629</b>	<b>9,052</b>	<b>9,200</b>	<b>9,598</b>	<b>10,237</b>	<b>10,750</b>	<b>11,046</b>
<b>Other government departments</b>	0	0	0	3	2	3	3
<b>Total Scotland</b>	<b>10,259</b>	<b>10,653</b>	<b>10,863</b>	<b>11,300</b>	<b>12,010</b>	<b>12,705</b>	<b>13,119</b>
<b>Wales</b>							
<b>Home Office</b>							
Police	218	230	218	268	270	282	290
Other	–	–	–	12	12	–	14
<b>Total Home Office</b>	<b>218</b>	<b>230</b>	<b>218</b>	<b>280</b>	<b>282</b>	<b>282</b>	<b>304</b>
<b>Work and Pensions</b>							
Rent allowance	280	302	317	356	442	546	672
Rent rebates	267	276	284	294	260	251	195
Council tax benefits	156	170	177	184	195	219	231
Other	28	31	37	43	34	29	31
<b>Total Work and Pensions</b>	<b>732</b>	<b>779</b>	<b>815</b>	<b>876</b>	<b>931</b>	<b>1,045</b>	<b>1,129</b>
<b>Welsh Assembly Government</b>							
Revenue Support Grant	2,539	2,699	2,899	3,011	3,055	3,141	3,363
Non-domestic rate payments	745	788	844	902	976	1,012	918
Other	435	413	503	468	742	714	637
<b>Total Welsh Assembly Government</b>	<b>3,719</b>	<b>3,900</b>	<b>4,246</b>	<b>4,380</b>	<b>4,774</b>	<b>4,866</b>	<b>4,918</b>
<b>Other government departments</b>	2	0	0	3	3	3	3
<b>Total Wales</b>	<b>4,671</b>	<b>4,910</b>	<b>5,279</b>	<b>5,540</b>	<b>5,989</b>	<b>6,197</b>	<b>6,354</b>
<b>Northern Ireland</b>							
<b>Culture, Media and Sport</b>							
	1	1	2	1	1	1	1
<b>Northern Ireland Executive</b>							
	65	60	50	54	54	55	53
<b>Total Northern Ireland</b>	<b>66</b>	<b>62</b>	<b>53</b>	<b>56</b>	<b>56</b>	<b>57</b>	<b>54</b>
<b>Total current finance</b>	<b>92,036</b>	<b>97,767</b>	<b>103,844</b>	<b>109,022</b>	<b>114,434</b>	<b>120,982</b>	<b>128,763</b>

(1) The discontinuity in these series reflect the creation of the Dedicated Schools Grant, replacing part of the Revenue Support Grant.

(2) By convention, Non-Domestic Rates Income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support. I.e it is finance raised in Scotland rather than funding from Whitehall.

**Table 7.3 Central government capital support for local government in the United Kingdom by country and department group, 2004–05 to 2010–11**

	£ million						
	National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated	plans
						outturn	
<b>England</b>							
<b>Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>							
Education	1,207	1,375	1,031	1,050	1,045	943	545
Health	53	53	50	50	–	–	–
Transport	1,423	1,405	1,368	854	856	903	973
CLG Communities	1,376	1,734	1,181	1,295	1,230	1,257	839
Home Office	70	73	123	67	67	73	70
Justice	9	–	–	–	–	–	–
Environment, Food and Rural Affairs	44	22	–	–	–	–	–
<b>Total Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>	<b>4,180</b>	<b>4,662</b>	<b>3,754</b>	<b>3,317</b>	<b>3,198</b>	<b>3,176</b>	<b>2,426</b>
<b>Capital grants</b>							
Education	2,522	2,685	2,544	3,658	3,800	5,756	5,642
Health	87	68	131	108	164	274	256
Transport	283	160	291	1,077	1,014	1,240	1,117
CLG Communities	1,297	1,218	1,719	2,706	1,915	1,804	1,437
CLG Local Government	256	315	222	32	122	223	12
Business, Innovation and Skills	551	547	578	567	426	434	467
Home Office	286	312	55	265	249	262	233
Justice	38	1	2	0	3	–	–
Environment, Food and Rural Affairs	78	122	140	69	170	219	100
Culture, Media and Sport	89	118	69	226	177	79	304
Work and Pensions	1	0	0	0	0	–	–
Cabinet Office	0	0	11	5	13	–	–
<b>Total capital grants</b>	<b>5,488</b>	<b>5,546</b>	<b>5,762</b>	<b>8,714</b>	<b>8,053</b>	<b>10,291</b>	<b>9,568</b>
<b>Total England</b>	<b>9,669</b>	<b>10,208</b>	<b>9,516</b>	<b>12,031</b>	<b>11,250</b>	<b>13,467</b>	<b>11,994</b>
<b>Scotland</b>							
<b>Supported borrowing</b>							
Scottish Government	364	355	352	358	330	330	330
<b>Total supported borrowing</b>	<b>364</b>	<b>355</b>	<b>352</b>	<b>358</b>	<b>330</b>	<b>330</b>	<b>330</b>
<b>Capital grants</b>							
Culture, Media and Sport	0	0	0	7	6	6	6
Scottish Government	404	473	609	617	621	719	541
<b>Total capital grants</b>	<b>404</b>	<b>474</b>	<b>609</b>	<b>624</b>	<b>628</b>	<b>725</b>	<b>547</b>
<b>Total Scotland</b>	<b>768</b>	<b>829</b>	<b>961</b>	<b>982</b>	<b>957</b>	<b>1,055</b>	<b>877</b>
<b>Wales</b>							
<b>Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>							
Home Office	4	15	–	7	7	–	4
Welsh Assembly Government	167	163	163	163	163	163	167
<b>Total Supported Capital Expenditure (Revenue)<sup>(1)</sup></b>	<b>171</b>	<b>178</b>	<b>163</b>	<b>170</b>	<b>170</b>	<b>163</b>	<b>170</b>
<b>Capital grants</b>							
Home Office	–	–	–	7	7	8	–
Culture, Media and Sport	16	10	7	3	3	3	3
Welsh Assembly Government	351	507	523	558	594	595	636
<b>Total capital grants</b>	<b>367</b>	<b>517</b>	<b>530</b>	<b>568</b>	<b>604</b>	<b>607</b>	<b>639</b>
<b>Total Wales</b>	<b>538</b>	<b>695</b>	<b>694</b>	<b>738</b>	<b>774</b>	<b>770</b>	<b>809</b>
<b>Northern Ireland capital grants</b>							
Culture, Media and Sport	1	1	1	1	1	1	1
Northern Ireland Executive	7	6	9	10	3	3	181
<b>Total Northern Ireland</b>	<b>8</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>182</b>
<b>Total United Kingdom</b>	<b>10,982</b>	<b>11,740</b>	<b>11,180</b>	<b>13,762</b>	<b>12,986</b>	<b>15,296</b>	<b>13,862</b>

(1) A full definition of Supported Capital Expenditure (SCR) is given in Appendix G. This is equivalent to supported borrowing in Scotland.

**Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2004–05 to 2009–10**

	£ million					
	National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>Current</b>						
1. General public services	4,255	4,314	4,448	4,651	4,751	4,094
<i>of which: public and common services</i>	3,870	3,874	3,930	3,959	4,237	4,083
<i>of which: public sector debt interest<sup>(1)</sup></i>	385	440	518	692	514	11
2. Defence	43	53	59	65	63	68
3. Public order and safety	13,777	14,379	14,886	15,222	15,788	16,637
4. Economic affairs	5,677	5,998	5,967	6,557	6,851	6,614
<i>of which: enterprise and economic development</i>	1,250	1,390	1,209	1,539	1,830	1,083
<i>of which: agriculture, fisheries and forestry</i>	9	10	11	13	17	13
<i>of which: transport</i>	4,418	4,598	4,747	5,005	5,004	5,518
5. Environment protection	4,142	4,527	4,772	5,132	5,501	5,846
6. Housing and community amenities	2,225	2,456	2,520	2,779	3,105	2,977
7. Health	312	298	231	228	195	239
8. Recreation, culture and religion	3,574	3,767	3,890	4,016	4,206	4,176
9. Education	38,330	40,774	42,637	45,104	47,583	48,563
10. Social protection	35,390	37,615	39,519	41,620	44,653	48,443
<b>Total local government current expenditure on services</b>	<b>107,725</b>	<b>114,182</b>	<b>118,929</b>	<b>125,374</b>	<b>132,696</b>	<b>137,657</b>
Accounting adjustments	10,899	12,903	13,684	14,422	14,951	15,691
<b>Total local government current expenditure</b>	<b>118,624</b>	<b>127,085</b>	<b>132,613</b>	<b>139,796</b>	<b>147,647</b>	<b>153,348</b>
<b>Capital</b>						
1. General public services	897	989	854	858	1,297	1,302
<i>of which: public and common services</i>	897	989	854	858	1,297	1,302
3. Public order and safety	709	701	629	677	1,013	1,087
4. Economic affairs	2,999	3,579	3,434	3,490	4,368	4,393
<i>of which: enterprise and economic development</i>	-11	128	-3	-114	335	321
<i>of which: employment policies</i>	0	0	0	1	3	10
<i>of which: agriculture, fisheries and forestry</i>	49	52	63	66	115	133
<i>of which: transport</i>	2,960	3,398	3,373	3,537	3,916	3,929
5. Environment protection	372	399	330	450	572	808
6. Housing and community amenities	1,614	1,624	1,840	2,519	2,509	1,639
7. Health	63	45	86	52	57	105
8. Recreation, culture and religion	867	1,075	1,053	1,208	1,370	1,649
9. Education	3,812	4,287	4,398	4,627	5,706	7,124
10. Social protection	200	323	266	342	274	323
<b>Total local government capital expenditure on services</b>	<b>11,533</b>	<b>13,020</b>	<b>12,889</b>	<b>14,222</b>	<b>17,168</b>	<b>18,429</b>
Accounting adjustments	2,076	690	678	1,154	1,822	1,423
<b>Total local government capital expenditure</b>	<b>13,609</b>	<b>13,710</b>	<b>13,567</b>	<b>15,376</b>	<b>18,990</b>	<b>19,852</b>
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>

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

**Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>England</b>						
1. General public services	3,354	3,075	3,336	3,297	3,566	3,380
<i>of which: public and common services</i>	3,354	3,075	3,336	3,297	3,566	3,380
2. Defence	37	46	51	57	54	59
3. Public order and safety	12,121	12,544	13,019	13,342	13,873	14,268
4. Economic affairs	4,839	5,112	5,075	5,622	5,792	5,577
<i>of which: enterprise and economic development</i>	1,039	1,158	967	1,285	1,497	769
<i>of which: agriculture, fisheries and forestry</i>	6	8	8	10	13	10
<i>of which: transport</i>	3,794	3,946	4,100	4,327	4,282	4,798
5. Environment protection	3,345	3,675	3,833	4,153	4,422	4,699
6. Housing and community amenities	1,947	2,138	2,299	2,398	2,589	2,491
7. Health	278	261	194	186	141	194
8. Recreation, culture and religion	2,642	2,799	2,921	3,017	3,133	3,126
9. Education	32,311	34,468	36,040	38,249	40,456	41,281
10. Social protection	30,046	31,969	33,871	35,444	38,052	41,484
<b>Total England</b>	<b>90,918</b>	<b>96,088</b>	<b>100,639</b>	<b>105,765</b>	<b>112,078</b>	<b>116,560</b>
<b>Scotland</b>						
1. General public services	344	564	389	439	444	404
<i>of which: public and common services</i>	344	564	389	439	444	404
2. Defence	4	4	5	4	5	5
3. Public order and safety	1,025	1,149	1,132	1,148	1,141	1,508
4. Economic affairs	541	598	588	618	679	717
<i>of which: enterprise and economic development</i>	110	141	142	150	190	214
<i>of which: agriculture, fisheries and forestry</i>	1	1	1	1	1	1
<i>of which: transport</i>	431	456	445	466	487	502
5. Environment protection	446	475	511	532	590	636
6. Housing and community amenities	86	104	2	131	186	222
8. Recreation, culture and religion	522	540	556	562	573	620
9. Education	3,992	4,179	4,371	4,514	4,673	4,798
10. Social protection	3,579	3,764	3,635	4,049	4,353	4,616
<b>Total Scotland</b>	<b>10,538</b>	<b>11,378</b>	<b>11,189</b>	<b>11,997</b>	<b>12,645</b>	<b>13,525</b>
<b>Wales</b>						
1. General public services	172	235	206	224	228	299
<i>of which: public and common services</i>	172	235	206	224	228	299
2. Defence	2	3	3	3	3	4
3. Public order and safety	632	686	735	732	774	861
4. Economic affairs	284	277	290	302	359	302
<i>of which: enterprise and economic development</i>	89	79	86	88	122	81
<i>of which: agriculture, fisheries and forestry</i>	2	2	2	2	3	2
<i>of which: transport</i>	194	196	202	212	234	218
5. Environment protection	247	263	298	296	330	347
6. Housing and community amenities	114	127	139	148	232	164
8. Recreation, culture and religion	243	249	263	274	293	268
9. Education	2,027	2,126	2,226	2,341	2,454	2,483
10. Social protection	1,764	1,882	2,014	2,126	2,248	2,343
<b>Total Wales</b>	<b>5,486</b>	<b>5,847</b>	<b>6,175</b>	<b>6,447</b>	<b>6,920</b>	<b>7,071</b>
<b>Total Great Britain</b>	<b>106,942</b>	<b>113,313</b>	<b>118,003</b>	<b>124,209</b>	<b>131,642</b>	<b>137,156</b>

**Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10 (continued)**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>Northern Ireland</b>						
4. Economic affairs	13	11	14	16	21	18
<i>of which: enterprise and economic development</i>	<i>13</i>	<i>11</i>	<i>14</i>	<i>16</i>	<i>21</i>	<i>18</i>
5. Environment protection	104	114	129	150	159	165
6. Housing and community amenities	79	87	79	101	98	100
7. Health	34	37	37	42	54	45
8. Recreation, culture and religion	167	179	150	163	207	161
<b>Total Northern Ireland</b>	<b>398</b>	<b>429</b>	<b>409</b>	<b>473</b>	<b>539</b>	<b>490</b>
Local government debt interest <sup>(1)</sup>	385	440	518	692	514	11
<b>Total local government current expenditure on services</b>	<b>107,725</b>	<b>114,182</b>	<b>118,929</b>	<b>125,374</b>	<b>132,696</b>	<b>137,657</b>
Accounting adjustments	10,899	12,903	13,684	14,422	14,951	15,691
<b>Total local government current expenditure</b>	<b>118,624</b>	<b>127,085</b>	<b>132,613</b>	<b>139,796</b>	<b>147,647</b>	<b>153,348</b>

(1) Debt interest is not allocated to individual countries so is only included in the total UK figures. These figures exclude all intra-public sector debt interest payments.



**Table 7.6 Local government gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>England</b>						
1. General public services	1,125	1,229	1,168	1,286	1,261	1,489
<i>of which: public and common services</i>	1,125	1,229	1,168	1,286	1,261	1,489
3. Public order and safety	639	701	652	717	960	1,065
4. Economic affairs	2,989	3,314	3,108	3,302	3,716	3,710
<i>of which: enterprise and economic development</i>	260	302	252	276	349	290
<i>of which: employment policies</i>	0	0	0	1	3	10
<i>of which: agriculture, fisheries and forestry</i>	66	93	96	85	80	73
<i>of which: transport</i>	2,663	2,919	2,760	2,940	3,284	3,337
5. Environment protection	302	301	284	346	447	695
6. Housing and community amenities	1,469	1,568	1,846	2,447	2,352	1,503
7. Health	62	43	84	42	55	98
8. Recreation, culture and religion	697	947	898	963	1,051	1,411
9. Education	3,694	4,034	4,077	4,319	5,159	6,594
10. Social protection	221	341	279	363	240	300
<b>Total England</b>	<b>11,198</b>	<b>12,478</b>	<b>12,395</b>	<b>13,785</b>	<b>15,241</b>	<b>16,865</b>
<b>Scotland</b>						
1. General public services	195	207	283	180	268	213
<i>of which: public and common services</i>	195	207	283	180	268	213
3. Public order and safety	69	67	67	69	79	65
4. Economic affairs	340	428	526	636	600	693
<i>of which: enterprise and economic development</i>	22	29	24	87	95	106
<i>of which: agriculture, fisheries and forestry</i>	24	21	30	42	61	74
<i>of which: transport</i>	294	378	472	507	444	513
5. Environment protection	48	59	40	75	69	83
6. Housing and community amenities	177	136	130	72	63	71
8. Recreation, culture and religion	121	120	137	167	210	260
9. Education	214	330	415	465	479	511
10. Social protection	42	47	59	65	63	71
<b>Total Scotland</b>	<b>1,206</b>	<b>1,393</b>	<b>1,658</b>	<b>1,729</b>	<b>1,831</b>	<b>1,968</b>
<b>Wales</b>						
1. General public services	51	60	79	73	67	23
<i>of which: public and common services</i>	51	60	79	73	67	23
3. Public order and safety	43	41	37	43	62	62
4. Economic affairs	171	241	249	258	259	228
<i>of which: enterprise and economic development</i>	26	34	30	13	17	13
<i>of which: agriculture, fisheries and forestry</i>	8	6	9	11	14	13
<i>of which: transport</i>	138	200	211	234	227	203
5. Environment protection	26	37	34	30	54	19
6. Housing and community amenities	189	191	182	213	200	179
8. Recreation, culture and religion	80	76	104	151	117	45
9. Education	144	161	185	190	203	214
10. Social protection	17	20	19	19	22	25
<b>Total Wales</b>	<b>721</b>	<b>827</b>	<b>889</b>	<b>975</b>	<b>984</b>	<b>795</b>
<b>Total Great Britain</b>	<b>13,125</b>	<b>14,698</b>	<b>14,942</b>	<b>16,489</b>	<b>18,057</b>	<b>19,628</b>

**Table 7.6 Local government gross<sup>(1)</sup> capital expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10 (continued)**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn
<b>Northern Ireland</b>						
4. Economic affairs	3	1	2	8	4	2
<i>of which: enterprise and economic development</i>	3	1	2	8	4	2
5. Environment protection	13	17	15	24	15	17
6. Housing and community amenities	15	21	27	35	32	27
7. Health	1	2	2	10	2	8
8. Recreation, culture and religion	32	43	56	75	64	60
<b>Total Northern Ireland</b>	<b>64</b>	<b>84</b>	<b>102</b>	<b>151</b>	<b>116</b>	<b>114</b>
<b>Total United Kingdom</b>	<b>13,189</b>	<b>14,782</b>	<b>15,044</b>	<b>16,641</b>	<b>18,173</b>	<b>19,742</b>
<b>Memorandum</b>						
United Kingdom gross capital expenditure, from above	13,189	14,782	15,044	16,641	18,173	19,742
United Kingdom capital receipts (see table 7.7)	-1,656	-1,762	-2,154	-2,419	-1,006	-1,312
<b>Total local government net capital expenditure on services</b>	<b>11,533</b>	<b>13,020</b>	<b>12,889</b>	<b>14,222</b>	<b>17,168</b>	<b>18,429</b>
Accounting adjustments	2,076	690	678	1,154	1,822	1,423
<b>Total local government net capital expenditure</b>	<b>13,609</b>	<b>13,710</b>	<b>13,567</b>	<b>15,376</b>	<b>18,990</b>	<b>19,852</b>

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

**Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>England</b>						
1. General public services	369	413	430	462	244	374
<i>of which: public and common services</i>	369	413	430	462	244	374
3. Public order and safety	38	102	121	144	80	98
4. Economic affairs	452	376	412	673	194	204
<i>of which: enterprise and economic development</i>	307	228	283	467	118	83
<i>of which: employment policies</i>	–	–	–	0	–	–
<i>of which: agriculture, fisheries and forestry</i>	45	63	65	69	39	24
<i>of which: transport</i>	100	85	63	137	37	98
5. Environment protection	12	8	38	14	9	2
6. Housing and community amenities	196	235	294	211	109	112
8. Recreation, culture and religion	41	85	97	120	44	97
9. Education	210	216	261	271	102	173
10. Social protection	75	84	85	100	45	68
<b>Total England</b>	<b>1,394</b>	<b>1,519</b>	<b>1,737</b>	<b>1,995</b>	<b>828</b>	<b>1,129</b>
<b>Scotland</b>						
1. General public services	92	85	179	168	44	27
<i>of which: public and common services</i>	92	85	179	168	44	27
3. Public order and safety	3	5	5	4	5	4
4. Economic affairs	41	13	22	29	8	29
<i>of which: enterprise and economic development</i>	7	4	16	23	6	3
<i>of which: agriculture, fisheries and forestry</i>	1	0	0	0	0	0
<i>of which: transport</i>	33	8	5	6	2	26
5. Environment protection	0	0	1	4	1	2
6. Housing and community amenities	6	8	3	1	4	7
8. Recreation, culture and religion	7	4	3	13	3	12
9. Education	19	17	12	63	30	18
10. Social protection	4	1	2	3	1	2
<b>Total Scotland</b>	<b>174</b>	<b>133</b>	<b>226</b>	<b>285</b>	<b>94</b>	<b>102</b>
<b>Wales</b>						
1. General public services	11	10	68	50	11	22
<i>of which: public and common services</i>	11	10	68	50	11	22
3. Public order and safety	1	1	1	4	3	3
4. Economic affairs	9	16	17	10	5	8
<i>of which: enterprise and economic development</i>	5	5	11	7	2	4
<i>of which: agriculture, fisheries and forestry</i>	3	6	6	3	3	3
<i>of which: transport</i>	1	5	1	0	0	0
5. Environment protection	0	0	0	3	0	0
6. Housing and community amenities	30	43	39	34	14	18
8. Recreation, culture and religion	6	6	9	8	5	3
9. Education	10	5	6	12	4	4
10. Social protection	1	0	4	2	5	3
<b>Total Wales</b>	<b>69</b>	<b>80</b>	<b>144</b>	<b>123</b>	<b>47</b>	<b>60</b>
<b>Total Great Britain</b>	<b>1,637</b>	<b>1,732</b>	<b>2,108</b>	<b>2,404</b>	<b>970</b>	<b>1,291</b>

**Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2004–05 to 2009–10 (continued)**

	National Statistics					£ million
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Northern Ireland</b>						
4. Economic affairs	2	0	0	1	3	0
<i>of which: enterprise and economic development</i>	2	0	0	1	3	0
5. Environment protection	5	6	4	4	2	2
6. Housing and community amenities	4	6	8	2	11	4
7. Health	0	0	0	0	0	0
8. Recreation, culture and religion	8	16	34	9	19	16
<b>Total Northern Ireland</b>	<b>19</b>	<b>29</b>	<b>47</b>	<b>15</b>	<b>36</b>	<b>22</b>
<b>Total United Kingdom capital receipts</b>	<b>1,656</b>	<b>1,762</b>	<b>2,154</b>	<b>2,419</b>	<b>1,006</b>	<b>1,313</b>

**Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2004–05 to 2009–10**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>England</b>						
Pay	52,831	55,572	58,333	60,208	63,053	63,980
Gross current procurement	44,303	47,006	48,221	51,208	55,260	55,222
Income from sales of goods and services	-20,563	-21,736	-22,273	-23,062	-24,576	-24,415
Subsidies to private sector companies	1,961	2,011	2,108	2,251	1,850	2,613
Subsidies to public corporations	16	18	18	18	20	17
Current grants to persons and non-profit bodies	12,370	13,217	14,231	15,143	16,469	19,143
Gross capital procurement	10,201	11,463	11,206	12,035	13,526	15,913
Income from sales of capital assets	-1,394	-1,519	-1,737	-1,995	-828	-1,129
Capital grants	998	1,014	1,189	1,750	1,715	952
<b>Total England</b>	<b>100,723</b>	<b>107,046</b>	<b>111,296</b>	<b>117,554</b>	<b>126,491</b>	<b>132,296</b>
<b>Scotland</b>						
Pay	5,906	6,470	6,645	6,820	7,091	7,476
Gross current procurement	5,433	6,089	5,763	6,305	6,781	7,180
Income from sales of goods and services	-2,074	-2,486	-2,565	-2,520	-2,714	-2,764
Subsidies to private sector companies	85	91	86	96	96	97
Current grants to persons and non-profit bodies	1,189	1,214	1,259	1,296	1,392	1,537
Gross capital procurement	1,076	1,330	1,588	1,686	1,790	1,920
Income from sales of capital assets	-174	-133	-226	-285	-94	-102
Capital grants	130	63	69	43	42	48
<b>Total Scotland</b>	<b>11,570</b>	<b>12,638</b>	<b>12,621</b>	<b>13,442</b>	<b>14,382</b>	<b>15,391</b>
<b>Wales</b>						
Pay	3,195	3,119	3,148	3,578	3,931	4,107
Gross current procurement	2,438	3,166	3,590	3,357	3,961	4,057
Income from sales of goods and services	-707	-1,021	-1,178	-1,144	-1,684	-1,896
Current grants to persons and non-profit bodies	559	583	615	656	713	804
Gross capital procurement	590	716	773	861	891	714
Income from sales of capital assets	-69	-80	-144	-123	-47	-60
Capital grants	131	111	116	114	93	81
<b>Total Wales</b>	<b>6,137</b>	<b>6,594</b>	<b>6,920</b>	<b>7,299</b>	<b>7,857</b>	<b>7,806</b>
<b>Great Britain</b>						
Pay	61,932	65,161	68,126	70,606	74,074	75,562
Gross current procurement	52,174	56,261	57,574	60,869	66,002	66,458
Income from sales of goods and services	-23,343	-25,243	-26,016	-26,726	-28,974	-29,075
Subsidies to private sector companies	1,961	2,010	2,108	2,251	1,850	2,613
Subsidies to public corporations	101	109	104	114	116	114
Current grants to persons and non-profit bodies	14,118	15,014	16,106	17,095	18,574	21,484
Gross capital procurement	11,867	13,509	13,567	14,582	16,207	18,547
Income from sales of capital assets	-1,637	-1,732	-2,108	-2,404	-970	-1,291
Capital grants	1,258	1,188	1,375	1,907	1,850	1,081
<b>Total Great Britain</b>	<b>118,430</b>	<b>126,279</b>	<b>130,836</b>	<b>138,295</b>	<b>148,729</b>	<b>155,493</b>
<b>Northern Ireland</b>						
Pay	198	221	242	256	283	297
Gross current procurement	320	343	308	333	407	347
Income from sales of goods and services	-121	-135	-141	-117	-151	-154
Gross capital procurement	64	84	102	151	116	114
Income from sales of capital assets	-19	-29	-47	-15	-36	-22
<b>Total Northern Ireland</b>	<b>443</b>	<b>483</b>	<b>464</b>	<b>609</b>	<b>620</b>	<b>582</b>

**Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2004–05 to 2009–10 (continued)**

	£ million					
	National Statistics					2009–10 estimated outturn
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	
<b>United Kingdom</b>						
Pay	62,130	65,382	68,368	70,863	74,357	75,859
Gross current procurement	52,494	56,604	57,882	61,202	66,410	66,805
Income from sales of goods and services	-23,464	-25,378	-26,157	-26,843	-29,125	-29,230
Subsidies to private sector companies	1,961	2,010	2,108	2,251	1,850	2,613
Subsidies to public corporations	101	109	104	114	116	114
Current grants to persons and non-profit bodies	14,118	15,014	16,106	17,095	18,574	21,484
Local government debt interest <sup>(1)</sup>	385	440	518	692	514	11
Gross capital procurement	11,931	13,593	13,669	14,734	16,324	18,661
Income from sales of capital assets	-1,656	-1,762	-2,154	-2,419	-1,006	-1,312
Capital grants	1,258	1,188	1,375	1,907	1,850	1,081
<b>Total local government expenditure on services</b>	<b>119,258</b>	<b>127,202</b>	<b>131,819</b>	<b>139,596</b>	<b>149,863</b>	<b>156,086</b>
Accounting adjustments	12,975	13,593	14,361	15,576	16,774	17,114
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>

(1) Debt interest is not allocated to individual countries so is only included in the total UK figures. These figures exclude all intra-public sector debt interest payments.

# 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 2008-09 are National Statistics.

### What's new

8.3 The budgeting treatment of **Forest Enterprises** and **London and Continental Railways** (LCR) has been brought into line with that of other public corporations accountable to Ministers (see paragraph 8.11 below). As a result the line for profit (loss) of Forest Enterprises and LCR has been removed from **Table 8.1**, and their capital spending is now outside departmental budgets.

8.4 The classification of banks to the public sector is now being treated as a temporary measure, reflecting the Government's intention to return the banks to the private sector. As a result the banks are treated as if they are outside the public sector in PESA. More detail on the effect of this can be found in **Box 5.A** in **Chapter 5**.

8.5 **Tables 8.2 and 8.3** reflect the Machinery of Government changes that took place in 2009, the main one being the merger the Department for Business, Enterprise and Regulatory Reform (BERR) with the Department for Innovation, Universities and Skills (DIUS) to form the Department for Business, Innovation and Skills (BIS). PESA 2010 does not reflect the transfer of policing and justice powers to the Northern Ireland Executive, nor any structural changes announced since the election.

8.6 Following the alignment (or 'Clear Line of Sight') project, the cost of capital charge of PCs has been removed from **Table 8.1**. More information on this can be found in **Chapter 3**.

### 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* – 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 government or other public corporations; and
- it has substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent departments.

### Self financing public corporations (SFPCs)

8.8 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.

8.9 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

8.10 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.

8.11 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.

8.12 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.

## The budgeting control framework

8.13 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 a self financing public corporation (SFPC));
- equity purchase in and 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**; and
- public corporations' market and overseas borrowing (PCMOB) where, exceptionally, it is permitted (capital DEL, or capital AME if an SFPC).

8.14 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.

8.15 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.

8.16 **Public corporations controlled by local government** 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 government (in **Chapter 7**), some of which may be used by them to support public corporations. However, this is not identified in PESA as relating to public corporations. Therefore the whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in other AME. They are also included in the bottom line of **Tables 8.1, 8.3, 8.4 and 8.5**, which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME).



8.17 **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 government, on TME. In this presentation PC gross investment in TME is shown to be the sum of:

- government capital support in budgets (investment grants and net lending to PCs);
- PCMOB in budgets; and
- public corporations' own-financed capital expenditure (PCOFCE).

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.

8.18 **Table 8.2** shows the budgetary information in **Table 8.1** split by department group.

## The National Accounts

8.19 TME measures the current and capital expenditure of the public sector as a whole. It is taken from National Accounts compiled by the ONS. In relation to public corporations, 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.

8.20 TME is a consolidated measure of public expenditure and so most transfers between different sectors are excluded. This applies to capital grants and net lending paid by central government to public corporations, and interest and dividend flows between general government and public corporations. However, payments of subsidies to, and purchases of goods and services from, public corporations form part of TME as the use of this funding feeds into the calculation of public corporations' gross trading surplus, which scores as an income (or revenue) item in the public sector accounts.

8.21 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.

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

8.23 **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 government. 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. The figures include the purchase of assets, less sales, plus any capital grants paid by a public corporation net of any received from the private sector or abroad.

8.24 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 (a public corporation) transferring assets and liabilities to the Nuclear Decommissioning Authority (a central government body). This is explained in more detail in **Annex A**.

8.25 **Tables 8.4 and 8.5** show the capital expenditure from **Table 8.3** broken down by function and economic category respectively. They also include the debt interest payments to the private sector, which is the only public corporation current spending that forms part of TME.

### Sources of data and data quality

8.26 Information in **Tables 8.1 and 8.2** forms part of departments' budgets and so should be of good quality. **Annex A** has more information.

8.27 Information on public corporations' capital expenditure is largely sourced from public corporations by departments who in turn supply the data to the Treasury. Our aim is to publish capital spending data for all public corporations accountable to Ministers. However, information is provided by departments primarily for PESA and does not form part of a control total. The only appearance in a departmental publication will normally be within the regional expenditure tables in departmental reports. Information in **Tables 8.3 to 8.5** may therefore not be as up to date or accurate as the information in the other tables in this chapter.

### Further Information

8.28 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*.

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<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, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Resource DEL</b>							
CG dividends from PCs (–)	–32	–44	–62	–70	–108	–71	–74
CG interest from PCs (–)	–60	–63	–69	–74	–85	–99	–103
Subsidies to PCs <sup>(1)</sup>	861	901	923	1,422	1,282	1,204	1,088
<b>Total resource DEL</b>	<b>769</b>	<b>794</b>	<b>793</b>	<b>1,279</b>	<b>1,088</b>	<b>1,034</b>	<b>911</b>
<b>Resource departmental AME</b>							
CG dividends from PCs (–)	–44	–53	–83	–85	–452	–143	–172
CG interest from PCs (–)	–1	–1	–22	–	–173	–	–733
Subsidies to PCs	–9	166	45	–28	–312	–172	–416
Loan write off – mutual consent	–	5	–	–	–	2	–
<b>Total resource departmental AME</b>	<b>–54</b>	<b>117</b>	<b>–60</b>	<b>–113</b>	<b>–936</b>	<b>–313</b>	<b>–1,321</b>
<b>Total public corporations' contribution to resource budget<sup>(1)</sup></b>	<b>715</b>	<b>911</b>	<b>732</b>	<b>1,166</b>	<b>152</b>	<b>721</b>	<b>–409</b>
<b>Capital DEL</b>							
CG investment grants to PCs	823	1,663	1,225	307	356	433	285
Net lending to PCs	–136	–15	–57	187	112	144	87
Market and overseas borrowing	–	4	17	485	–1	91	2
<b>Total capital DEL</b>	<b>687</b>	<b>1,652</b>	<b>1,185</b>	<b>979</b>	<b>467</b>	<b>669</b>	<b>374</b>
<b>Capital departmental AME</b>							
Net lending to PCs	470	–120	–550	–270	–525	517	618
<b>Total capital departmental AME</b>	<b>470</b>	<b>–120</b>	<b>–550</b>	<b>–270</b>	<b>–525</b>	<b>517</b>	<b>618</b>
<b>Total public corporations' contribution to capital budget</b>	<b>1,157</b>	<b>1,532</b>	<b>634</b>	<b>709</b>	<b>–58</b>	<b>1,186</b>	<b>992</b>
<b>Other AME</b>							
PC own-financed capital expenditure <sup>(2)</sup>	2,332	3,836	4,251	5,173	7,089	7,677	7,405
Accounting adjustments <sup>(3)</sup>	–139	15,171	469	–197	944	–1,220	900
<b>Public corporations' expenditure in TME<sup>(4)</sup></b>	<b>4,065</b>	<b>21,450</b>	<b>6,086</b>	<b>6,852</b>	<b>8,127</b>	<b>8,364</b>	<b>8,900</b>
<i>of which:</i>							
PC current expenditure in TME	576	496	644	709	537	408	700
PC gross investment in TME <sup>(3)</sup>	3,489	20,948	5,446	6,294	8,478	7,956	8,100

(1) Data in this table differ from those shown for public corporations in Tables 1.11 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 1.11 and 2.4. In Table 8.1 subsidies are shown as part of public corporations' contribution to the resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

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

(3) The increase in 2005–06 is a result of a series of imputed transactions in respect of British Nuclear Fuels Limited. See paragraph 8.24 for details.

(4) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 8.2 Public corporations' contribution to budgets<sup>(1)</sup> by departmental group, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Resource DEL</b>							
Health	89	77	53	41	51	-1	70
Transport	14	18	14	28	12	134	45
Communities and Local Government	35	17	14	15	10	73	7
Business, Innovation and Skills	-9	-6	74	455	293	145	152
Home Office	-	-	-	-	-	-	-1
Defence	-28	-38	-53	-42	-61	-28	-30
Foreign and Commonwealth Office	164	181	183	186	195	197	178
Energy and Climate Change	-	-	-	-	-	-1	-1
Environment, Food and Rural Affairs	76	83	68	57	53	48	39
Work and Pensions	109	108	129	192	174	120	120
Scotland	48	62	36	39	49	32	23
Wales	13	13	-19	0	-	0	-
Northern Ireland Executive	258	280	294	310	313	314	310
Chancellor's Departments	-1	-1	-2	-2	-	0	-1
<b>Total resource DEL</b>	<b>769</b>	<b>794</b>	<b>793</b>	<b>1,279</b>	<b>1,088</b>	<b>1,034</b>	<b>911</b>
<b>Resource departmental AME</b>							
Communities and Local Government	65	241	131	66	-221	-89	-340
Business, Innovation and Skills	-	-	-22	-	-7	-	-3
Defence	-7	-2	-	-	-	2	-
Energy and Climate Change	-	-	-	-	-31	-22	-22
Scotland	10	10	8	7	0	-	-
Wales	-86	-87	-96	-103	-93	-85	-78
Chancellor's Departments	-36	-45	-81	-83	-583	-119	-878
<b>Total resource departmental AME</b>	<b>-54</b>	<b>117</b>	<b>-60</b>	<b>-113</b>	<b>-936</b>	<b>-313</b>	<b>-1,321</b>
<b>Total public corporations' contribution to resource budget</b>	<b>715</b>	<b>911</b>	<b>732</b>	<b>1,166</b>	<b>152</b>	<b>721</b>	<b>-409</b>
<b>Capital DEL</b>							
Health	37	28	22	41	19	0	43
Transport	549	1,418	1,120	531	85	185	-13
Communities and Local Government	51	19	6	3	0	44	35
Business, Innovation and Skills	-48	-58	-1	15	4	4	12
Home Office	-	-	-	-	10	-	9
Defence	-74	-76	-4	-10	-39	7	-7
Foreign and Commonwealth Office	39	39	36	36	37	36	33
International Development	19	16	1	1	-	-	-
Environment, Food and Rural Affairs	1	0	8	16	28	25	18
Culture, Media and Sport	0	-	-	0	-	-	-
Work and Pensions	7	3	5	4	-	9	6
Scotland	44	213	40	269	230	201	176
Wales	-	-	-	-	-	97	-
Northern Ireland Executive	53	52	-46	75	93	64	63
Chancellor's Departments	8	-2	-3	-3	-	-1	-
<b>Total capital DEL</b>	<b>687</b>	<b>1,652</b>	<b>1,185</b>	<b>979</b>	<b>467</b>	<b>669</b>	<b>374</b>
<b>Capital departmental AME</b>							
Health	-	-	-	-	-	-1	-
Business, Innovation and Skills	470	-120	-550	-270	-525	518	618
<b>Total capital departmental AME</b>	<b>470</b>	<b>-120</b>	<b>-550</b>	<b>-270</b>	<b>-525</b>	<b>517</b>	<b>618</b>
<b>Total public corporations' contribution to capital budget</b>	<b>1,157</b>	<b>1,532</b>	<b>634</b>	<b>709</b>	<b>-58</b>	<b>1,186</b>	<b>992</b>
<b>Total public corporations' contribution to budgets</b>	<b>1,871</b>	<b>2,443</b>	<b>1,367</b>	<b>1,875</b>	<b>94</b>	<b>1,907</b>	<b>582</b>

(1) Data in this table differ from those shown for public corporations in Tables 1.11 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 1.11 and 2.4. In Table 8.2 subsidies are shown as part of public corporations' contribution to the resource budget.

**Table 8.3 Public corporations' capital expenditure on services, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Health</b>							
Medicines and Healthcare Products Regulatory Agency <sup>(T)</sup>	10	4	6	2	6	#	#
NHS Estates <sup>(T)</sup>	0	1	1	1	0	#	#
NHS Blood and Transplant	22	22	19	34	19	#	#
<b>Total Health</b>	<b>32</b>	<b>27</b>	<b>26</b>	<b>37</b>	<b>25</b>	<b>#</b>	<b>#</b>
<b>Transport</b>							
Civil Aviation Authority	12	8	5	4	4	#	#
Driving Standards Agency <sup>(T)</sup>	7	2	15	2	3	#	#
Vehicle and Operator Services Agency <sup>(T)</sup>	15	15	12	24	15	#	#
London and Continental Railways	674	601	474	312	-70	-	-
GNER <sup>(1)</sup>	-	-	-8	-25	-	-	-
<b>Total Transport</b>	<b>708</b>	<b>627</b>	<b>498</b>	<b>318</b>	<b>-48</b>	<b>-</b>	<b>-</b>
<b>Communities and Local Government</b>							
Fire Service College <sup>(T)</sup>	-	1	1	0	1	1	2
Housing Action Trusts <sup>(2)</sup>	15	4	4	3	-	-	-
Housing Revenue Account	191	1,701	2,057	2,122	3,226	3,097	3,151
Ordnance Survey <sup>(T)</sup>	14	15	14	10	22	39	4
QEII Conference Centre <sup>(T)</sup>	1	1	0	1	1	1	1
<b>Total Department for Communities and Local Government</b>	<b>221</b>	<b>1,721</b>	<b>2,076</b>	<b>2,137</b>	<b>3,250</b>	<b>3,138</b>	<b>3,158</b>
<b>Business, Innovation and Skills</b>							
UK Intellectual Property Office <sup>(T)</sup>	2	2	4	-	1	4	2
British Nuclear Fuels Limited <sup>(5)</sup>	289	-260	26	2	-	-	-
Companies House <sup>(T)</sup>	8	12	23	10	14	10	14
Royal Mail Holdings <sup>(5)</sup>	132	170	235	253	444	*	*
<b>Total Business, Innovation and Skills</b>	<b>431</b>	<b>-76</b>	<b>288</b>	<b>265</b>	<b>458</b>	<b>*</b>	<b>*</b>
<b>Home Office</b>							
Forensic Science Service <sup>(T)</sup>	6	0	4	4	6	6	4
<b>Total Home Office</b>	<b>6</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>
<b>Justice</b>							
Land Registry <sup>(T)</sup>	29	43	51	40	27	10	19
<b>Total Justice</b>	<b>29</b>	<b>43</b>	<b>51</b>	<b>40</b>	<b>27</b>	<b>10</b>	<b>19</b>
<b>Defence</b>							
Army Base Repair Organisation <sup>(T)</sup>	5	4	4	4	-	-	-
Defence Aviation Repair Agency <sup>(T)</sup>	12	3	3	3	7	7	7
Defence Science and Technology Laboratory <sup>(T)</sup>	12	12	45	41	41	41	41
Hydrographic Office <sup>(T)</sup>	7	13	14	8	8	8	8
Meteorological Office <sup>(T)</sup>	21	25	34	26	26	26	26
Navy, Army and Air Force Institute	3	3	3	3	3	3	3
QinetiQ <sup>(5)</sup>	64	48	48	48	-	-	-
<b>Total Defence</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	21	31	31	27
British Council	15	12	11	14	10	8	16
<b>Total Foreign and Commonwealth Office</b>	<b>46</b>	<b>43</b>	<b>42</b>	<b>35</b>	<b>41</b>	<b>39</b>	<b>43</b>
<b>International Development</b>							
CDC Group <sup>(5)</sup>	-30	116	121	41	86	*	*
Actis <sup>(5)</sup>	4	0	2	1	1	*	*
<b>Total International Development</b>	<b>-25</b>	<b>117</b>	<b>123</b>	<b>42</b>	<b>87</b>	<b>*</b>	<b>*</b>
<b>Energy and Climate Change</b>							
British Energy <sup>(3)</sup>	28	220	235	224	244	-	-
<b>Total Energy and Climate Change</b>	<b>28</b>	<b>220</b>	<b>235</b>	<b>224</b>	<b>244</b>	<b>-</b>	<b>-</b>
<b>Environment Food and Rural Affairs</b>							
British Waterways	-7	-20	-20	-19	-51	-18	2
Forest Enterprise	-2	1	-4	0	-	-	-
<b>Total Environment Food and Rural Affairs</b>	<b>-9</b>	<b>-19</b>	<b>-24</b>	<b>-20</b>	<b>-51</b>	<b>-18</b>	<b>2</b>

**Table 8.3 Public corporations' capital expenditure on services, 2004–05 to 2010–11 (continued)**

	£ million						
	National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans
<b>Culture Media and Sport</b>							
Channel Four Television Corporation <sup>(5)</sup>	7	5	12	6	9	*	*
Historic Royal Palaces Trust	–	0	4	3	1	#	#
Tote <sup>(5)</sup>	20	24	15	17	17	*	*
<b>Total Culture Media and Sport</b>	<b>27</b>	<b>30</b>	<b>31</b>	<b>26</b>	<b>27</b>	<b>*</b>	<b>*</b>
<b>Work and Pensions</b>							
Remploy	10	12	3	–14	–10	8	5
Pension Protection Fund	–	0	2	1	1	1	1
<b>Total Work and Pensions</b>	<b>10</b>	<b>12</b>	<b>5</b>	<b>–13</b>	<b>–9</b>	<b>9</b>	<b>6</b>
<b>Scotland</b>							
Caledonian MacBrayne	8	9	10	7	8	6	6
Forest Enterprise	2	3	6	7	2	1	1
Highlands and Islands Airports	4	10	19	10	10	4	4
Housing Revenue Account	122	184	264	224	353	475	481
Scottish Water	167	541	660	616	699	580	580
<b>Total Scotland</b>	<b>303</b>	<b>746</b>	<b>959</b>	<b>864</b>	<b>1,073</b>	<b>1,065</b>	<b>1,071</b>
<b>Wales</b>							
Housing Revenue Account	–13	65	95	105	125	125	128
<b>Total Wales</b>	<b>–13</b>	<b>65</b>	<b>95</b>	<b>105</b>	<b>125</b>	<b>125</b>	<b>128</b>
<b>Northern Ireland Executive</b>							
Northern Ireland Driver and Vehicle Testing Agency <sup>(7)</sup>	1	1	–	2	2	1	3
Northern Ireland Housing Executive	82	82	15	93	147	104	115
Northern Ireland Public Trust Port Authority	–	17	20	48	37	16	12
Northern Ireland Transport Holding Company	5	4	34	82	47	51	79
<b>Total Northern Ireland Executive</b>	<b>87</b>	<b>104</b>	<b>69</b>	<b>225</b>	<b>233</b>	<b>173</b>	<b>210</b>
<b>Chancellor's Departments</b>							
Crown Estate <sup>(5)</sup>	–67	31	–239	–52	180	*	*
Buying Solutions <sup>(7)(4)</sup>	12	–	–	–	–	–	–
Royal Mint <sup>(5)(7)</sup>	4	2	1	0	–	*	*
<b>Total Chancellor's Departments</b>	<b>–50</b>	<b>33</b>	<b>–237</b>	<b>–52</b>	<b>180</b>	<b>*</b>	<b>*</b>
<b>Local Government</b>							
London Underground Limited <sup>(5)</sup>	899	1,201	1,306	1,333	1,653	*	*
<b>Total Local Government</b>	<b>899</b>	<b>1,201</b>	<b>1,306</b>	<b>1,333</b>	<b>1,653</b>	<b>*</b>	<b>*</b>
<b>Total public corporations' capital expenditure on services</b>	<b>2,852</b>	<b>5,003</b>	<b>5,698</b>	<b>5,702</b>	<b>7,407</b>	<b>6,699</b>	<b>6,709</b>
Accounting adjustments <sup>(6)</sup>	637	15,949	–262	440	186	1,257	1,400
<b>Total public corporations' capital expenditure<sup>(7)</sup></b>	<b>3,489</b>	<b>20,952</b>	<b>5,436</b>	<b>6,142</b>	<b>7,593</b>	<b>7,956</b>	<b>8,100</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 total.

(1) Great North Eastern Railways (GNER) is classified to the public corporation sector from December 2006 to December 2007, during which time GNER operated under an amended version of the Franchise Agreement signed in May 2005.

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

(3) The Government sold shares in British Energy in January 2009, but it is still currently classified by the ONS as a public corporation.

(4) Established as the Buying Agency in April 1992, renamed to OGCbuying.solutions in April 2001, and renamed as Buying Solutions in April 2009.

(5) Includes capital spending by Infracos (Metronet and Tubelines).

(6) The increase in 2005–06 is a result of a series of imputed transactions in respect of British Nuclear Fuels Limited. See paragraph 8.24 for details.

(7) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 8.4 Public corporations' current and capital expenditure on services by function, 2004–05 to 2010–11**

	£ million						
	National Statistics					2009–10 estimated outturn	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
<b>Public corporations' current expenditure</b>							
1. General public services	576	498	650	710	534	408	700
of which: public sector debt interest	576	498	650	710	534	408	700
<b>Total public corporations' current expenditure on services</b>	<b>576</b>	<b>498</b>	<b>650</b>	<b>710</b>	<b>534</b>	<b>408</b>	<b>700</b>
Accounting adjustments	–	–	–	–	–	–	–
<b>Total public corporations' current expenditure</b>	<b>576</b>	<b>498</b>	<b>650</b>	<b>710</b>	<b>534</b>	<b>408</b>	<b>700</b>
<b>Public corporations' capital expenditure on services</b>							
1. General public services	14	252	–6	76	359	226	204
of which: public and common services	–6	92	–171	–1	231	101	74
of which: international services	21	160	165	77	128	126	130
of which: public sector debt interest	–	–	–	–	–	–	–
2. Defence	96	70	103	99	51	51	51
3. Public order and safety	6	1	5	4	7	7	6
4. Economic affairs	2,121	2,066	2,463	2,315	2,438	2,050	1,989
of which: enterprise and economic development	487	183	571	523	736	400	316
of which: science and technology	–	–	–	–	–	–	–
of which: employment policies	10	12	3	–14	–10	8	5
of which: agriculture, fisheries and forestry	0	4	2	6	2	1	1
of which: transport	1,624	1,868	1,887	1,800	1,710	1,642	1,667
5. Environment protection	–7	–20	–20	–19	–51	–18	2
6. Housing and community amenities	563	2,577	3,095	3,163	4,549	4,381	4,455
7. Health	32	27	26	37	25	–	–
8. Recreation, culture and religion	27	30	31	26	27	–	–
9. Education	–	–	–	–	–	–	–
10. Social protection	–	0	2	1	1	1	1
<b>Total public corporations' capital expenditure on services</b>	<b>2,852</b>	<b>5,003</b>	<b>5,698</b>	<b>5,702</b>	<b>7,407</b>	<b>6,699</b>	<b>6,709</b>
Accounting adjustments	637	15,949	–262	440	186	1,257	1,400
<b>Total public corporations' capital expenditure<sup>(1)</sup></b>	<b>3,489</b>	<b>20,952</b>	<b>5,436</b>	<b>6,142</b>	<b>7,593</b>	<b>7,956</b>	<b>8,100</b>

(1) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 8.5 Public corporations' current and capital expenditure by economic category, 2004–05 to 2010–11**

	National Statistics						£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans
<b>Public corporations' current expenditure on services</b>							
Public corporation debt interest	576	498	650	710	534	408	700
<b>Total public corporations' current expenditure on services</b>	<b>576</b>	<b>498</b>	<b>650</b>	<b>710</b>	<b>534</b>	<b>408</b>	<b>700</b>
Accounting adjustments	–	–	–	–	–	–	–
<b>Total public corporations' current expenditure</b>	<b>576</b>	<b>498</b>	<b>650</b>	<b>710</b>	<b>534</b>	<b>408</b>	<b>700</b>
<b>Public corporations' capital expenditure on services</b>							
Gross capital procurement	6,759	8,155	8,266	7,962	8,411	7,361	6,742
Income from sales of assets	–3,985	–3,201	–2,616	–2,309	–1,045	–707	–68
Capital grants	78	49	49	49	41	45	35
<b>Total public corporations' capital expenditure on services</b>	<b>2,852</b>	<b>5,003</b>	<b>5,698</b>	<b>5,702</b>	<b>7,407</b>	<b>6,699</b>	<b>6,709</b>
Accounting adjustments <sup>(1)</sup>	637	15,949	–262	440	186	1,257	1,400
<b>Total public corporations' capital expenditure<sup>(1)(2)</sup></b>	<b>3,489</b>	<b>20,952</b>	<b>5,436</b>	<b>6,142</b>	<b>7,593</b>	<b>7,956</b>	<b>8,100</b>
<b>Total public corporations' expenditure on services</b>	<b>3,428</b>	<b>5,501</b>	<b>6,348</b>	<b>6,412</b>	<b>7,941</b>	<b>7,107</b>	<b>7,424</b>
Accounting adjustments <sup>(1)</sup>	637	15,949	–262	440	186	1,257	1,400
<b>Total public corporations' expenditure<sup>(1)(2)</sup></b>	<b>4,065</b>	<b>21,450</b>	<b>6,086</b>	<b>6,852</b>	<b>8,127</b>	<b>8,364</b>	<b>8,900</b>

(1) The increase in 2005–06 is a result of a series of imputed transactions in respect of British Nuclear Fuels Limited. See paragraph 8.24 for details.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.



# 9 Public expenditure by country, region and function

9.1 This chapter presents analyses of public expenditure by country, region and function. Data in this chapter for all years up to and including 2008-09 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 analysis presented in this chapter shows 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 **Chapters 9 and 10** was gathered in a separate data collection exercise during the winter of 2009-10. Therefore, the figures in these chapters are not entirely consistent with the figures in other PESA chapters. In particular, the 2009-10 figures used for the country and regional analysis are plans whereas the other chapters in PESA use estimated outturn.

## How public expenditure is planned and controlled

9.2 Public expenditure is planned and controlled on a departmental basis, except where devolved responsibility lies with the Scottish Government, Welsh Assembly Government or Northern Ireland Assembly, or with local government. This means that in several areas expenditure is planned on a UK-wide or GB-wide basis rather than by reference to a single country. For example the Department for Work and Pensions (DWP) is responsible for the operation of the social security benefit system throughout Great Britain.

9.3 The Country and Regional Analysis (CRA) exercise is a statistical analysis. It plays no direct part in resource allocation.

## The tables

9.4 Most of the tables in this chapter provide an analysis of spending for the period 2004-05 to 2009-10. Information on methods and data quality is provided in the sections below.

9.5 **Table 9.1** shows identifiable public sector expenditure on services by country and region. **Table 9.2** shows this spending on a per head basis. **Table 9.3** is in real terms and **Table 9.4** shows this real terms spending on a per head basis.

9.6 **Tables 9.5 to 9.14** each focus on a particular function, showing current, capital and total public sector expenditure by country and region.

9.7 **Table 9.15** shows identifiable public sector spending by function, country and region on a per head basis. **Table 9.16** shows these per head figures as percentages of the UK totals.

9.8 **Tables 9.17 to 9.20** provide a sectoral breakdown of **Tables 9.1 and 9.2**. **Table 9.17** shows the country and regional allocations of local government expenditure, and **Table 9.18** shows this on a per head basis. **Table 9.19 and 9.20** show the equivalent presentations for combined central government and public corporation spending.

9.9 For Scotland, Wales and Northern Ireland, **Table 9.21** shows the relative contributions of the devolved administrations, Whitehall departments and local government under each functional heading. This table covers 2008-09 only.

9.10 Shortly after the publication of PESA, the Treasury will publish supplementary tables on its website. This will include the database underlying the published tables.

## Methods

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

9.11 In order to provide information on the allocation of expenditure by country and region, the Treasury asks the UK government departments and devolved administrations to undertake an annual statistical exercise. The exercise is based on 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 by the Treasury. The Treasury then collates departments' returns and combines these with the known spending of local government to produce the analysis of public expenditure by country and region that is 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 Expenditure is attributed to a specific country or region using the 'for' basis, which records the regions that benefited from the spending, or whom the spending was for, rather than the location where the spending took place (the 'in' basis). For most spending the 'in' and 'for' bases would in practice offer the same result.

9.14 A number of limitations can be identified limiting the ability to offer a complete picture of 'who benefits':

- **practical difficulties:** for example, schools are not used solely by the residents of the region in which the facility is located. Definitional and border problems become increasingly significant the smaller the geographical unit considered;
- **conceptual problems:** for example, agricultural support is treated as benefiting the farmers who receive subsidies rather than the final consumers of food; and
- **data collection issues:** departments are encouraged but not required to allocate all expenditure on the basis of 'who benefits'. If spending is not significant (less than £20m annually on capital or current) and/or relevant data for allocating this to regions are not available, departments may use some statistical proxy instead. This might include using straight population shares, or using the same regional allocation proportions as other related spending. It is not considered practical or cost effective to collect local government spending data on the basis of 'who benefits'. Instead, local government spending is assumed to benefit the area where the expenditure is incurred. The other main limitation of the 'for' basis is that this can only cover the amount of spending (currently approximately 83 per cent of Total Managed Expenditure (TME)) that can be identified as benefiting individual regions. The remainder cannot be attributed as benefiting specific regions (such as most defence spending) and so is considered to benefit the UK as a whole.

## Identifiable expenditure on services

9.15 The country and regional analysis is set within the overall framework of expenditure on services (TES), which broadly represents total current and capital spending of the public sector. See **Annex E** for further information on this framework. For the country and regional analysis, expenditure on services 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 social protection spending; and
- **non-identifiable** expenditure cannot be classified as benefiting particular regions or countries and is deemed to be incurred on behalf of the United Kingdom as a whole. Examples include the majority of expenditure on defence, 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 other cases, departments approximate regional benefits where the immediate beneficiaries' head office locations mask the final recipients' location.

9.17 Expenditure financed by EC receipts can be classified as identifiable or non-identifiable depending on the characteristics of the expenditure itself. Receipts from the EC are treated as non-identifiable within TES. Consequently, regional expenditure includes the expenditure financed by EC receipts. Payments to the EC are attributed to 'outside UK' as 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 2009-10 onwards are based on plans data.

9.20 The plans data includes unallocated provision, which departments have not yet allocated to programmes of expenditure. It is not possible to establish an accurate regional distribution for these data and they are therefore classified as non-identifiable.

9.21 The information in this chapter on the spending of Whitehall departments and devolved administrations is based on aggregate data recorded on the Treasury's public spending database in December 2009. This is to allow departments and devolved administrations sufficient time to complete the regional allocation exercise.

9.22 Subsequent inconsistencies between the CRA and earlier chapters in PESA reflect updates that have been made by departments since December.

9.23 Information on local government spending in the CRA is based on data supplied by the departments for Communities and Local Government (CLG), Education (DfE), and Work and Pensions (DWP), as well as the devolved administrations. English local government spending is attributed to regions by the Treasury using information supplied by CLG.

## 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 provide readers with precise figures for use in calculations without introducing rounding errors.

9.25 The presentation of un-rounded figures can overstate the accuracy of the numbers provided. The CRA will be subject to imprecision because:

- the concept of who benefits is open to interpretation;
- simplifying assumptions are made in order to reduce the reporting burden for government bodies;
- the robustness of allocation methods varies according to the availability of data. Public service pension spending can be allocated on the basis of the postcodes of recipients, giving a very accurate regional allocation. Other apportionments require a higher degree of estimation; and
- a de minimis limit is applied before spending is apportioned.

9.26 Some of the steps that departments and the Treasury undertake to ensure that data are of sufficient quality to be used in the CRA include:

- issuance of clear guidance by the Treasury to departments in order to obtain consistency where possible;
- meetings between departments and the Treasury to discuss methods of allocation;
- considerable resources devoted by departments to the work, including the involvement of statisticians in preparing their returns to the Treasury. The return is 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 accompanied by a statement on data quality (see 9.27 below); and
- for many departments, an extract from the CRA appears in their Departmental Report, providing them with a direct interest in the quality of the data that they supply.

9.27 With the exception of the Department for Transport (DfT) and the Department for Culture, Media and Sport (DCMS), who have marked some of their statistics as insufficiently robust, all other departments have formally signed off their return as meeting National Statistics standards. 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 by departments on data quality are:

- **Department for Transport** – a robust methodology is not available to allocate all expenditure to regions on a ‘who benefits’ basis. This is particularly a problem for spending on motorways and trunk roads (by the Highways Agency) and on the rail network, which in total comprises the majority of DfT expenditure. This expenditure is therefore allocated on an ‘in’ basis;
- **Department for Culture, Media and Sport** – despite attempts this year to improve the data quality of their return and to obtain more detailed information from Non-Departmental Public Bodies (NDPBs) about their allocation methods, DCMS’ methodology still shows a number of weaknesses. Firstly, several requested returns were never provided. Secondly, allocation methods used by NDPBs with similar underlying information have been inconsistent, particularly for capital spending.

While some NDPBs allocated the spending to the region where it took place, others used visitor survey data to estimate regional allocations. Inconsistencies also occurred in the treatment of survey data for visitors from 'outside UK'. This mostly affects the recreation, culture and religion function;

- **Department for Culture, Media and Sport** – the approach to regionally allocating National Lottery spending was reviewed in detail and several changes were implemented with a greater focus on seeking raw data from relevant organisations. Other issues remain, such as the fact that distributing bodies collect regional information at the time they make an award, while the CRA is based on the subsequent cash payments, which can be paid out over a number of years;
- **Department for Work and Pensions** – has continued to implement methodological improvements since PESA 2008. DWP now allocate all administrative expenditure to the region of residence of the ultimate beneficiary. Amongst other expenditure items, the allocation of Job Centre Plus was reviewed and a more appropriate methodology applied, the main effect being the allocation of a larger share to Wales and the North East and a reduction for London, Scotland and the South East.
- **Department for Energy and Climate Change** – the regional distribution of a number of expenditure items has been reviewed with the creation of this new department. This includes the allocation of British Energy spending using sector employment figures with the result that the distribution is now less concentrated on the North West and a larger share is allocated to Scotland. In 2008-09 the North West sees its allocated spending fall further due to increased income, which nets off against the large expenditure, by the Nuclear Decommissioning Authority.
- **Home Office** – spending on crime reduction has now been consistently classified as identifiable to reflect the fact that it predominantly benefits England and Wales. The change implies that the Home Office is able to account regionally for a greater part of their expenditure not that the overall expenditure has changed.

Table 9.1 Total identifiable expenditure on services by country and region, 2004–05 to 2009–10

	£ million						As a percentage of identifiable expenditure					
	National Statistics						National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	18,537	19,559	20,137	21,245	22,994	24,669	5	5	4	4	4	4
North West	47,002	49,484	52,182	55,489	59,172	63,990	12	11	11	11	11	11
Yorkshire and the Humber	32,652	34,677	36,193	38,079	41,029	44,276	8	8	8	8	8	8
East Midlands	25,646	27,389	28,517	30,341	32,663	35,383	6	6	6	6	6	6
West Midlands	33,930	36,409	38,149	40,560	43,350	46,881	8	8	8	8	8	8
East	31,031	33,399	34,929	37,141	40,298	43,826	8	8	8	8	8	8
London	56,746	60,546	63,162	67,001	72,113	77,826	14	14	14	14	14	14
South East	46,383	48,873	51,050	54,152	58,907	64,250	11	11	11	11	11	11
South West	30,498	32,427	33,703	36,091	38,989	42,388	7	7	7	7	8	8
<b>Total England</b>	<b>322,426</b>	<b>342,763</b>	<b>358,022</b>	<b>380,097</b>	<b>409,516</b>	<b>443,488</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>	<b>79</b>
Scotland	38,352	41,690	43,724	46,305	48,650	52,320	9	10	10	10	9	9
Wales	21,894	23,362	24,549	25,764	27,563	28,780	5	5	5	5	5	5
Northern Ireland	14,269	15,026	15,614	16,805	17,975	19,070	3	3	3	3	3	3
<b>UK identifiable expenditure</b>	<b>396,941</b>	<b>422,841</b>	<b>441,909</b>	<b>468,972</b>	<b>503,705</b>	<b>543,658</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>98</b>	<b>97</b>
Outside UK	11,341	11,710	12,292	13,849	12,095	15,098	3	3	3	3	2	3
<b>Total identifiable expenditure</b>	<b>408,282</b>	<b>434,551</b>	<b>454,201</b>	<b>482,821</b>	<b>515,801</b>	<b>558,756</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
	£ million						As a percentage of Total Managed Expenditure					
	National Statistics						National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
Identifiable expenditure	408,282	434,551	454,201	482,821	515,801	558,756	83	83	83	83	82	83
Non-identifiable expenditure <sup>(1)</sup>	62,522	66,511	68,708	72,833	86,554	85,292	13	13	12	13	14	13
<b>Public sector expenditure on services</b>	<b>470,804</b>	<b>501,063</b>	<b>522,909</b>	<b>555,653</b>	<b>602,355</b>	<b>644,048</b>	<b>96</b>	<b>96</b>	<b>95</b>	<b>95</b>	<b>96</b>	<b>96</b>
Accounting adjustments	21,573	22,943	27,137	26,881	27,489	25,212	4	4	5	5	4	4
<b>Total Managed Expenditure<sup>(2)</sup></b>	<b>492,377</b>	<b>524,006</b>	<b>550,046</b>	<b>582,534</b>	<b>629,844</b>	<b>669,260</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) The increase from 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

(2) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 9.2 Total identifiable expenditure on services by country and region, per head 2004–05 to 2009–10**

	£ per head						Index (UK identifiable expenditure = 100)					
	National Statistics						National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	7,292	7,671	7,879	8,284	8,930	9,588	110	109	108	108	109	109
North West	6,892	7,235	7,614	8,084	8,606	9,228	104	103	104	105	105	105
Yorkshire and the Humber	6,448	6,789	7,038	7,355	7,871	8,399	97	97	96	96	96	95
East Midlands	5,976	6,329	6,534	6,896	7,368	7,878	90	90	90	90	90	90
West Midlands	6,370	6,805	7,108	7,536	8,011	8,620	96	97	97	98	98	98
East	5,631	6,004	6,230	6,561	7,034	7,602	85	86	85	85	86	86
London	7,680	8,120	8,408	8,866	9,464	10,139	116	116	115	115	115	115
South East	5,709	5,971	6,197	6,517	7,029	7,642	86	85	85	85	86	87
South West	6,049	6,375	6,577	6,970	7,485	8,058	91	91	90	91	91	92
<b>England</b>	<b>6,434</b>	<b>6,792</b>	<b>7,053</b>	<b>7,439</b>	<b>7,960</b>	<b>8,559</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>	<b>97</b>
Scotland	7,552	8,183	8,545	9,011	9,412	10,083	114	117	117	117	115	115
Wales <sup>(1)</sup>	7,431	7,910	8,277	8,646	9,209	9,597	112	113	113	112	112	109
Northern Ireland <sup>(1)</sup>	8,343	8,714	8,965	9,544	10,127	10,662	126	124	123	124	123	121
<b>UK identifiable expenditure</b>	<b>6,633</b>	<b>7,019</b>	<b>7,294</b>	<b>7,692</b>	<b>8,206</b>	<b>8,798</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) The relative decrease in 2009–10 is largely due to the timing of End Year Flexibility and Reserve claims, which for Wales and Northern Ireland were agreed in the spring and so are not included within Chapters 9 and 10.

**Table 9.3 Total identifiable expenditure on services by country and region in real terms<sup>(1)</sup>, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	20,506	21,240	21,239	21,779	22,994	24,209
North West	51,993	53,736	55,038	56,884	59,172	62,797
Yorkshire and the Humber	36,119	37,657	38,173	39,036	41,029	43,450
East Midlands	28,370	29,742	30,078	31,104	32,663	34,724
West Midlands	37,533	39,538	40,236	41,580	43,350	46,007
East	34,326	36,269	36,840	38,075	40,298	43,009
London	62,772	65,749	66,619	68,685	72,113	76,376
South East	51,309	53,072	53,844	55,513	58,907	63,052
South West	33,736	35,214	35,548	36,998	38,989	41,597
<b>England</b>	<b>356,664</b>	<b>372,217</b>	<b>377,616</b>	<b>389,654</b>	<b>409,516</b>	<b>435,222</b>
Scotland	42,425	45,273	46,117	47,469	48,650	51,345
Wales	24,219	25,370	25,893	26,412	27,563	28,243
Northern Ireland	15,784	16,317	16,468	17,228	17,975	18,715
<b>UK identifiable expenditure</b>	<b>439,092</b>	<b>459,177</b>	<b>466,094</b>	<b>480,763</b>	<b>503,705</b>	<b>533,524</b>
Outside UK	12,545	12,716	12,965	14,197	12,095	14,817
<b>Total identifiable expenditure</b>	<b>451,638</b>	<b>471,893</b>	<b>479,059</b>	<b>494,960</b>	<b>515,801</b>	<b>548,341</b>
Non-identifiable expenditure <sup>(2)</sup>	69,161	72,227	72,468	74,664	86,554	83,702
<b>Total Expenditure on Services</b>	<b>520,799</b>	<b>544,120</b>	<b>551,527</b>	<b>569,624</b>	<b>602,355</b>	<b>632,043</b>
Accounting adjustments	23,864	24,915	28,622	27,557	27,489	24,742
<b>Total Managed Expenditure<sup>(3)</sup></b>	<b>544,662</b>	<b>569,035</b>	<b>580,149</b>	<b>597,181</b>	<b>629,844</b>	<b>656,786</b>

(1) Real terms figures are the nominal figures adjusted to 2008–09 price levels using outturn GDP deflators from the Office for National Statistics (released 30 March 2010), and the 2009–10 GDP deflator forecast in the June 2010 Budget.

(2) The increase from 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 9.4 Total identifiable expenditure on services by country and region per head in real terms<sup>(1)</sup>, 2004–05 to 2009–10**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	8,066	8,330	8,310	8,492	8,930	9,410
North West	7,624	7,856	8,031	8,287	8,606	9,056
Yorkshire and the Humber	7,133	7,373	7,423	7,540	7,871	8,242
East Midlands	6,611	6,873	6,892	7,070	7,368	7,731
West Midlands	7,046	7,389	7,497	7,726	8,011	8,460
East	6,229	6,520	6,571	6,726	7,034	7,460
London	8,495	8,818	8,868	9,089	9,464	9,950
South East	6,315	6,484	6,536	6,681	7,029	7,499
South West	6,692	6,923	6,937	7,145	7,485	7,908
<b>England</b>	<b>7,118</b>	<b>7,376</b>	<b>7,439</b>	<b>7,627</b>	<b>7,960</b>	<b>8,399</b>
Scotland	8,354	8,886	9,013	9,238	9,412	9,895
Wales	8,220	8,590	8,730	8,863	9,209	9,418
Northern Ireland	9,229	9,463	9,456	9,784	10,127	10,463
<b>UK identifiable expenditure</b>	<b>7,337</b>	<b>7,623</b>	<b>7,693</b>	<b>7,885</b>	<b>8,206</b>	<b>8,634</b>

(1) Real terms figures are the nominal figures adjusted to 2008–09 price levels using outturn GDP deflators from the Office for National Statistics (released 30 March 2010), and the 2009–10 GDP deflator forecast in the June 2010 Budget.



**Table 9.5 Identifiable expenditure on general public services by country and region, 2004–05 to 2009–10**

	General public services						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	297	309	261	264	361	357	267	270	235	244	317	309	30	39	26	20	43	48	
North West	712	757	785	692	812	815	621	651	690	616	714	704	91	107	95	76	98	111	
Yorkshire and the Humber	491	422	480	469	482	485	374	369	396	420	417	413	117	53	84	49	65	73	
East Midlands	412	458	451	501	483	492	340	359	349	384	370	364	72	98	102	118	113	128	
West Midlands	556	638	638	696	731	760	476	527	497	481	510	503	80	111	141	215	220	257	
East	556	605	600	616	722	720	471	489	487	523	599	585	85	116	113	93	123	135	
London	1,028	945	1,132	1,011	1,140	1,169	854	749	951	827	906	910	174	196	181	184	234	259	
South East	917	940	826	807	854	848	676	703	684	682	727	715	242	236	143	125	127	133	
South West	518	536	508	553	631	634	457	472	451	464	511	500	62	65	58	89	120	134	
<b>England</b>	<b>5,488</b>	<b>5,611</b>	<b>5,683</b>	<b>5,609</b>	<b>6,216</b>	<b>6,281</b>	<b>4,536</b>	<b>4,589</b>	<b>4,739</b>	<b>4,640</b>	<b>5,072</b>	<b>5,002</b>	<b>953</b>	<b>1,022</b>	<b>944</b>	<b>969</b>	<b>1,145</b>	<b>1,278</b>	
Scotland	1,001	1,212	1,060	1,019	1,247	1,217	770	1,066	922	975	989	990	230	146	138	44	258	228	
Wales	499	603	646	698	761	788	416	519	603	652	669	765	84	84	43	45	92	24	
Northern Ireland	340	378	427	369	462	450	325	360	372	376	418	385	15	18	55	-7	44	65	
<b>UK identifiable expenditure</b>	<b>7,329</b>	<b>7,804</b>	<b>7,816</b>	<b>7,694</b>	<b>8,686</b>	<b>8,737</b>	<b>6,046</b>	<b>6,534</b>	<b>6,637</b>	<b>6,643</b>	<b>7,148</b>	<b>7,141</b>	<b>1,282</b>	<b>1,270</b>	<b>1,179</b>	<b>1,051</b>	<b>1,538</b>	<b>1,595</b>	
Outside the UK	4,085	4,759	4,849	5,216	5,657	6,310	4,018	4,554	4,630	5,013	5,417	5,792	68	205	219	203	240	518	
<b>Total identifiable expenditure</b>	<b>11,414</b>	<b>12,564</b>	<b>12,665</b>	<b>12,910</b>	<b>14,343</b>	<b>15,046</b>	<b>10,064</b>	<b>11,089</b>	<b>11,266</b>	<b>11,655</b>	<b>12,565</b>	<b>12,933</b>	<b>1,350</b>	<b>1,475</b>	<b>1,399</b>	<b>1,255</b>	<b>1,778</b>	<b>2,113</b>	
Non-identifiable spending	31,178	33,191	35,042	37,794	38,291	37,988	30,679	32,648	34,829	37,358	37,633	37,472	499	543	213	436	659	516	
<b>Total Expenditure on Services</b>	<b>42,592</b>	<b>45,755</b>	<b>47,707</b>	<b>50,704</b>	<b>52,634</b>	<b>53,034</b>	<b>40,744</b>	<b>43,737</b>	<b>46,095</b>	<b>49,014</b>	<b>50,198</b>	<b>50,405</b>	<b>1,848</b>	<b>2,018</b>	<b>1,612</b>	<b>1,690</b>	<b>2,436</b>	<b>2,629</b>	

**Table 9.5a Identifiable expenditure on general public services (of which: public and common services) by country and region, 2004–05 to 2009–10**

	Total public and common services						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	286	298	252	253	352	348	258	260	227	236	309	300	28	38	25	18	43	48	
North West	687	732	761	662	789	792	599	626	669	593	691	681	88	106	92	69	98	111	
Yorkshire and the Humber	471	399	462	446	465	467	358	349	380	403	400	395	113	50	82	43	65	72	
East Midlands	398	442	437	486	468	477	326	344	335	370	356	349	71	98	102	116	113	128	
West Midlands	537	618	621	675	712	742	459	508	481	464	492	485	78	110	140	212	220	257	
East	538	585	582	596	703	700	454	470	470	505	580	566	84	115	112	90	123	135	
London	1,004	918	1,108	985	1,114	1,143	831	723	928	803	880	884	173	195	180	183	234	259	
South East	891	910	800	780	819	816	650	675	659	656	696	684	241	235	142	123	123	132	
South West	502	518	492	536	614	616	441	454	435	447	494	483	61	64	57	88	120	134	
<b>England</b>	<b>5,313</b>	<b>5,421</b>	<b>5,516</b>	<b>5,419</b>	<b>6,036</b>	<b>6,101</b>	<b>4,375</b>	<b>4,410</b>	<b>4,584</b>	<b>4,477</b>	<b>4,897</b>	<b>4,827</b>	<b>937</b>	<b>1,011</b>	<b>932</b>	<b>942</b>	<b>1,139</b>	<b>1,275</b>	
Scotland	984	1,194	1,044	1,002	1,230	1,200	755	1,048	907	959	972	972	230	146	137	43	258	228	
Wales	490	592	636	688	750	778	406	509	594	643	659	754	84	83	42	45	91	23	
Northern Ireland	335	372	422	363	456	444	320	354	367	370	412	379	15	18	55	-7	44	65	
<b>UK identifiable expenditure</b>	<b>7,122</b>	<b>7,579</b>	<b>7,618</b>	<b>7,473</b>	<b>8,472</b>	<b>8,523</b>	<b>5,856</b>	<b>6,321</b>	<b>6,452</b>	<b>6,449</b>	<b>6,940</b>	<b>6,932</b>	<b>1,266</b>	<b>1,258</b>	<b>1,166</b>	<b>1,023</b>	<b>1,532</b>	<b>1,591</b>	
Outside the UK	0	0	0	-	0	-	0	0	0	-	0	-	-	-	-	-	-	-	-
<b>Total identifiable expenditure</b>	<b>7,122</b>	<b>7,579</b>	<b>7,618</b>	<b>7,473</b>	<b>8,472</b>	<b>8,523</b>	<b>5,856</b>	<b>6,322</b>	<b>6,452</b>	<b>6,449</b>	<b>6,940</b>	<b>6,932</b>	<b>1,266</b>	<b>1,258</b>	<b>1,166</b>	<b>1,023</b>	<b>1,532</b>	<b>1,591</b>	
Non-identifiable spending	5,021	5,221	5,085	5,135	5,451	5,249	4,632	4,801	5,008	4,893	4,970	4,919	389	419	78	242	481	330	
<b>Total Expenditure on Services</b>	<b>12,143</b>	<b>12,800</b>	<b>12,703</b>	<b>12,607</b>	<b>13,923</b>	<b>13,773</b>	<b>10,488</b>	<b>11,123</b>	<b>11,460</b>	<b>11,342</b>	<b>11,910</b>	<b>11,852</b>	<b>1,655</b>	<b>1,677</b>	<b>1,244</b>	<b>1,265</b>	<b>2,013</b>	<b>1,921</b>	



**Table 9.6 Identifiable expenditure on defence by country and region, 2004–05 to 2009–10**

	Defence						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	5	3	5	4	3	2	2	4	4	3	3	2	3	0	1	0	0	0	0
North West	7	7	9	9	8	6	4	7	8	9	8	6	3	1	1	0	0	0	0
Yorkshire and the Humber	6	4	6	10	6	5	4	5	5	9	6	5	1	0	0	0	0	0	0
East Midlands	6	5	7	7	7	6	4	4	6	7	7	6	2	1	1	0	0	0	0
West Midlands	6	7	8	8	7	6	3	6	7	8	7	6	3	1	1	0	0	0	0
East	7	9	10	10	10	9	5	8	9	10	10	9	2	1	0	0	0	0	0
London	11	12	13	12	11	9	8	10	12	12	11	9	4	2	1	0	0	0	0
South East	12	11	13	13	12	10	7	10	11	12	12	10	5	1	2	0	0	0	0
South West	10	9	9	9	8	7	7	7	8	9	8	7	3	2	1	0	0	0	0
<b>England</b>	<b>70</b>	<b>67</b>	<b>80</b>	<b>82</b>	<b>74</b>	<b>61</b>	<b>44</b>	<b>61</b>	<b>71</b>	<b>79</b>	<b>72</b>	<b>59</b>	<b>26</b>	<b>7</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>
Scotland	6	6	7	7	5	9	6	6	7	7	5	9	–	–	0	–	–	–	0
Wales	3	3	3	4	3	4	3	3	3	4	3	4	–	–	0	–	–	–	0
Northern Ireland	0	0	0	0	0	0	0	0	0	0	0	0	–	0	0	–	–	–	0
<b>UK identifiable expenditure</b>	<b>78</b>	<b>77</b>	<b>91</b>	<b>93</b>	<b>82</b>	<b>75</b>	<b>53</b>	<b>70</b>	<b>82</b>	<b>90</b>	<b>81</b>	<b>73</b>	<b>26</b>	<b>7</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>
Outside the UK	0	–	–	24	9	5	–	–	–	–	–	–	0	–	–	24	9	5	5
<b>Total identifiable expenditure</b>	<b>78</b>	<b>77</b>	<b>91</b>	<b>117</b>	<b>91</b>	<b>80</b>	<b>53</b>	<b>70</b>	<b>82</b>	<b>90</b>	<b>81</b>	<b>73</b>	<b>26</b>	<b>7</b>	<b>8</b>	<b>27</b>	<b>10</b>	<b>7</b>	<b>7</b>
Non-identifiable spending	29,676	30,841	32,058	33,477	36,506	37,759	28,066	29,776	31,168	30,941	33,041	34,997	1,610	1,066	891	2,536	3,464	2,762	2,762
<b>Total Expenditure on Services</b>	<b>29,755</b>	<b>30,918</b>	<b>32,149</b>	<b>33,594</b>	<b>36,596</b>	<b>37,839</b>	<b>28,119</b>	<b>29,846</b>	<b>31,250</b>	<b>31,031</b>	<b>33,122</b>	<b>35,070</b>	<b>1,636</b>	<b>1,072</b>	<b>899</b>	<b>2,563</b>	<b>3,475</b>	<b>2,769</b>	<b>2,769</b>

**Table 9.7 Identifiable expenditure on public order and safety by country and region, 2004–05 to 2009–10**

	Public order and safety						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	1,148	1,182	1,257	1,337	1,436	1,419	1,095	1,135	1,193	1,271	1,341	1,323	53	47	64	66	95	96	96
North West	3,179	3,290	3,428	3,594	3,844	3,886	3,005	3,123	3,239	3,350	3,543	3,582	175	167	189	244	301	305	305
Yorkshire and the Humber	2,083	2,188	2,287	2,413	2,469	2,545	1,952	2,062	2,144	2,251	2,271	2,341	131	126	143	162	199	205	205
East Midlands	1,512	1,572	1,638	1,721	1,882	1,910	1,427	1,488	1,540	1,608	1,737	1,758	85	85	97	113	145	152	152
West Midlands	2,140	2,231	2,376	2,451	2,571	2,629	1,993	2,099	2,217	2,269	2,345	2,398	147	131	159	182	226	231	231
East	1,774	1,838	1,955	2,079	2,163	2,198	1,682	1,749	1,834	1,914	1,998	2,042	92	89	121	165	165	156	156
London	5,554	5,703	5,830	6,079	6,656	6,755	5,219	5,352	5,521	5,744	6,071	6,145	335	351	309	335	585	610	610
South East	2,859	2,942	3,046	3,129	3,356	3,376	2,713	2,805	2,894	2,946	3,111	3,143	146	137	151	183	244	233	233
South West	1,676	1,702	1,786	1,905	2,007	2,052	1,588	1,623	1,681	1,767	1,868	1,915	88	79	105	139	139	137	137
<b>England</b>	<b>21,924</b>	<b>22,648</b>	<b>23,602</b>	<b>24,709</b>	<b>26,385</b>	<b>26,771</b>	<b>20,674</b>	<b>21,437</b>	<b>22,264</b>	<b>23,120</b>	<b>24,285</b>	<b>24,647</b>	<b>1,250</b>	<b>1,211</b>	<b>1,337</b>	<b>1,589</b>	<b>2,100</b>	<b>2,124</b>	<b>2,124</b>
Scotland	1,950	2,142	2,163	2,235	2,395	2,810	1,778	1,980	1,977	2,074	2,180	2,548	172	162	186	161	215	262	262
Wales	1,205	1,279	1,347	1,393	1,488	1,624	1,111	1,192	1,246	1,276	1,361	1,468	94	86	100	117	128	156	156
Northern Ireland	1,247	1,255	1,283	1,303	1,285	1,340	1,170	1,182	1,201	1,220	1,200	1,246	77	73	82	83	84	94	94
<b>UK identifiable expenditure</b>	<b>26,327</b>	<b>27,323</b>	<b>28,394</b>	<b>29,640</b>	<b>31,553</b>	<b>32,544</b>	<b>24,734</b>	<b>25,791</b>	<b>26,688</b>	<b>27,690</b>	<b>29,026</b>	<b>29,909</b>	<b>1,592</b>	<b>1,532</b>	<b>1,706</b>	<b>1,950</b>	<b>2,527</b>	<b>2,635</b>	<b>2,635</b>
Outside the UK	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total identifiable expenditure</b>	<b>26,327</b>	<b>27,323</b>	<b>28,394</b>	<b>29,640</b>	<b>31,553</b>	<b>32,544</b>	<b>24,734</b>	<b>25,791</b>	<b>26,688</b>	<b>27,690</b>	<b>29,026</b>	<b>29,909</b>	<b>1,592</b>	<b>1,532</b>	<b>1,706</b>	<b>1,950</b>	<b>2,527</b>	<b>2,635</b>	<b>2,635</b>
Non-identifiable spending	2,165	1,972	2,054	2,103	2,105	2,131	2,051	1,894	1,945	1,962	1,891	1,872	114	78	109	141	214	259	259
<b>Total Expenditure on Services</b>	<b>28,492</b>	<b>29,295</b>	<b>30,448</b>	<b>31,743</b>	<b>33,658</b>	<b>34,676</b>	<b>26,785</b>	<b>27,685</b>	<b>28,633</b>	<b>29,652</b>	<b>30,917</b>	<b>31,781</b>	<b>1,707</b>	<b>1,610</b>	<b>1,815</b>	<b>2,091</b>	<b>2,741</b>	<b>2,895</b>	<b>2,895</b>

Table 9.8 Identifiable expenditure on economic affairs by country and region, 2004–05 to 2009–10

	£ million																	
	Economic affairs						of which: current						of which: capital					
	National Statistics						National Statistics						National Statistics					
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	1,457	1,544	1,585	1,636	1,577	1,581	1,046	1,117	1,113	1,198	1,073	1,086	411	427	471	439	504	495
North West	3,484	3,258	3,691	3,775	3,833	4,116	2,272	2,313	2,462	2,540	2,454	2,693	1,212	945	1,229	1,235	1,379	1,423
Yorkshire and the Humber	2,594	2,679	2,794	2,766	2,780	2,975	1,932	1,951	2,031	1,942	1,876	2,015	662	728	763	824	904	960
East Midlands	2,144	2,251	2,233	2,278	2,186	2,343	1,616	1,716	1,611	1,605	1,471	1,540	528	536	622	672	715	803
West Midlands	2,521	2,633	2,725	2,795	2,836	2,953	1,770	1,842	1,796	1,877	1,800	1,899	751	791	929	918	1,036	1,054
East	2,329	2,488	2,530	2,702	2,863	3,068	1,638	1,703	1,635	1,732	1,709	1,839	691	784	895	970	1,154	1,228
London	5,573	5,985	6,363	6,382	6,536	6,876	3,609	3,477	3,583	3,925	3,308	3,729	1,964	2,507	2,781	2,457	3,229	3,147
South East	3,325	3,375	3,637	3,803	4,251	4,590	1,978	2,006	2,003	2,142	2,299	2,718	1,347	1,369	1,634	1,661	1,952	1,872
South West	2,304	2,513	2,607	2,594	2,687	2,801	1,644	1,826	1,793	1,811	1,782	1,905	660	687	815	783	905	895
<b>England</b>	<b>25,731</b>	<b>26,726</b>	<b>28,165</b>	<b>28,731</b>	<b>29,551</b>	<b>31,301</b>	<b>17,504</b>	<b>17,952</b>	<b>18,025</b>	<b>18,772</b>	<b>17,772</b>	<b>19,425</b>	<b>8,227</b>	<b>8,774</b>	<b>10,139</b>	<b>9,959</b>	<b>11,780</b>	<b>11,876</b>
Scotland	3,677	3,977	4,810	5,275	5,135	5,389	2,720	2,774	3,209	3,544	3,460	3,460	957	1,203	1,601	1,731	1,675	1,928
Wales	2,093	2,326	2,314	2,333	2,545	2,228	1,517	1,692	1,610	1,586	1,728	1,566	576	634	704	747	817	662
Northern Ireland	1,233	1,365	1,292	1,461	1,619	1,701	1,029	1,147	1,053	1,102	1,191	1,268	204	218	239	359	428	434
<b>UK identifiable expenditure</b>	<b>32,734</b>	<b>34,395</b>	<b>36,581</b>	<b>37,800</b>	<b>38,851</b>	<b>40,619</b>	<b>22,771</b>	<b>23,566</b>	<b>23,898</b>	<b>25,003</b>	<b>24,150</b>	<b>25,719</b>	<b>9,963</b>	<b>10,829</b>	<b>12,683</b>	<b>12,796</b>	<b>14,701</b>	<b>14,900</b>
Outside the UK	416	439	451	430	498	231	189	201	204	231	339	260	228	237	247	200	159	-28
<b>Total identifiable expenditure</b>	<b>33,150</b>	<b>34,833</b>	<b>37,031</b>	<b>38,230</b>	<b>39,349</b>	<b>40,850</b>	<b>22,959</b>	<b>23,768</b>	<b>24,102</b>	<b>25,234</b>	<b>24,489</b>	<b>25,978</b>	<b>10,191</b>	<b>11,066</b>	<b>12,930</b>	<b>12,996</b>	<b>14,860</b>	<b>14,872</b>
Non-identifiable spending <sup>(1)</sup>	538	602	734	677	8,964	4,902	425	461	573	517	-553	-630	113	141	161	160	9,517	5,532
<b>Total Expenditure on Services</b>	<b>33,688</b>	<b>35,436</b>	<b>37,766</b>	<b>38,907</b>	<b>48,313</b>	<b>45,752</b>	<b>23,384</b>	<b>24,229</b>	<b>24,675</b>	<b>25,751</b>	<b>23,935</b>	<b>25,348</b>	<b>10,304</b>	<b>11,207</b>	<b>13,090</b>	<b>13,156</b>	<b>24,377</b>	<b>20,404</b>

(1) The increase from 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

Table 9.8a Identifiable expenditure on economic affairs (of which: enterprise and economic development) by country and region, 2004–05 to 2009–10

	£ million																	
	Enterprise and economic development						of which: current						of which: capital					
	National Statistics						National Statistics						National Statistics					
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	566	564	553	604	543	443	421	441	411	503	385	296	144	123	142	101	158	147
North West	829	505	768	808	894	845	447	463	496	583	610	572	381	41	273	225	285	273
Yorkshire and the Humber	782	775	708	759	675	605	630	607	575	578	483	409	152	168	133	181	192	196
East Midlands	406	435	421	449	456	386	329	349	336	344	342	279	77	86	85	105	114	107
West Midlands	530	563	521	579	657	575	388	404	377	405	431	363	142	159	144	174	226	212
East	309	321	280	317	465	391	235	255	225	233	331	285	73	65	55	85	134	105
London	494	625	605	535	726	624	515	572	550	680	570	445	-21	53	54	-146	156	179
South East	326	380	335	406	549	553	276	278	252	315	387	393	50	103	82	91	162	159
South West	344	308	308	362	436	423	218	233	243	279	288	295	126	74	65	82	148	128
<b>England</b>	<b>4,586</b>	<b>4,476</b>	<b>4,498</b>	<b>4,819</b>	<b>5,402</b>	<b>4,844</b>	<b>3,461</b>	<b>3,603</b>	<b>3,464</b>	<b>3,920</b>	<b>3,827</b>	<b>3,338</b>	<b>1,125</b>	<b>873</b>	<b>1,035</b>	<b>899</b>	<b>1,574</b>	<b>1,507</b>
Scotland	878	909	922	1,045	985	910	756	738	715	803	699	673	122	170	208	242	285	237
Wales	766	787	690	612	647	502	604	617	534	453	456	415	162	170	156	160	190	87
Northern Ireland	253	235	224	234	288	383	203	196	202	209	251	259	49	39	22	26	37	124
<b>UK identifiable expenditure</b>	<b>6,483</b>	<b>6,407</b>	<b>6,335</b>	<b>6,711</b>	<b>7,321</b>	<b>6,639</b>	<b>5,025</b>	<b>5,155</b>	<b>4,914</b>	<b>5,384</b>	<b>5,234</b>	<b>4,684</b>	<b>1,458</b>	<b>1,252</b>	<b>1,421</b>	<b>1,327</b>	<b>2,087</b>	<b>1,954</b>
Outside the UK	29	32	69	85	102	65	14	16	28	59	54	34	15	16	42	26	49	31
<b>Total identifiable expenditure</b>	<b>6,512</b>	<b>6,439</b>	<b>6,404</b>	<b>6,795</b>	<b>7,423</b>	<b>6,704</b>	<b>5,039</b>	<b>5,171</b>	<b>4,942</b>	<b>5,443</b>	<b>5,288</b>	<b>4,718</b>	<b>1,473</b>	<b>1,268</b>	<b>1,463</b>	<b>1,352</b>	<b>2,136</b>	<b>1,985</b>
Non-identifiable spending <sup>(1)</sup>	86	106	108	92	8,412	3,672	55	65	56	58	-984	-1,677	30	41	52	34	9,396	5,349
<b>Total Expenditure on Services</b>	<b>6,598</b>	<b>6,544</b>	<b>6,512</b>	<b>6,888</b>	<b>15,835</b>	<b>10,376</b>	<b>5,094</b>	<b>5,236</b>	<b>4,998</b>	<b>5,501</b>	<b>4,303</b>	<b>3,042</b>	<b>1,503</b>	<b>1,309</b>	<b>1,515</b>	<b>1,386</b>	<b>11,532</b>	<b>7,334</b>

(1) The increase from 2008–09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

**Table 9.8b Identifiable expenditure on economic affairs (of which: science and technology) by country and region, 2004–05 to 2009–10**

	£ million																		
	Science and technology						of which: current						of which: capital						
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans		
North East	63	87	78	95	87	100	42	60	55	66	70	78	21	27	23	29	17	21	
North West	177	215	187	226	219	240	134	156	137	171	177	190	43	59	50	55	42	50	
Yorkshire and the Humber	143	181	157	192	180	198	105	128	111	144	144	156	39	53	45	47	35	42	
East Midlands	113	141	124	154	146	161	84	101	90	114	120	130	29	39	34	40	26	31	
West Midlands	111	138	122	157	144	165	81	96	85	118	118	133	30	42	36	39	26	32	
East	260	320	245	261	293	317	217	277	208	221	238	252	44	43	36	39	56	65	
London	350	395	379	455	465	536	275	294	297	356	387	438	76	100	82	99	78	97	
South East	294	332	310	377	366	384	235	244	224	260	289	310	59	88	86	117	76	74	
South West	105	140	136	160	136	156	75	91	91	116	111	126	30	49	44	44	24	30	
<b>England</b>	<b>1,618</b>	<b>1,947</b>	<b>1,737</b>	<b>2,077</b>	<b>2,035</b>	<b>2,257</b>	<b>1,248</b>	<b>1,447</b>	<b>1,300</b>	<b>1,567</b>	<b>1,654</b>	<b>1,814</b>	<b>370</b>	<b>501</b>	<b>437</b>	<b>510</b>	<b>381</b>	<b>443</b>	
Scotland	252	319	261	401	366	367	210	266	216	293	278	305	42	53	45	108	88	62	
Wales	52	68	60	78	74	80	42	60	51	68	68	72	10	8	9	9	6	8	
Northern Ireland	71	72	63	77	69	70	54	57	54	66	65	64	17	14	8	11	3	6	
<b>UK identifiable expenditure</b>	<b>1,992</b>	<b>2,407</b>	<b>2,121</b>	<b>2,633</b>	<b>2,543</b>	<b>2,773</b>	<b>1,554</b>	<b>1,830</b>	<b>1,621</b>	<b>1,994</b>	<b>2,065</b>	<b>2,255</b>	<b>438</b>	<b>576</b>	<b>500</b>	<b>639</b>	<b>478</b>	<b>519</b>	
Outside the UK	163	179	174	151	253	210	149	155	146	122	225	184	14	24	28	30	29	26	
<b>Total identifiable expenditure</b>	<b>2,156</b>	<b>2,586</b>	<b>2,296</b>	<b>2,784</b>	<b>2,797</b>	<b>2,983</b>	<b>1,703</b>	<b>1,986</b>	<b>1,768</b>	<b>2,116</b>	<b>2,290</b>	<b>2,439</b>	<b>452</b>	<b>600</b>	<b>528</b>	<b>669</b>	<b>507</b>	<b>544</b>	
Non-identifiable spending	289	329	470	416	371	369	228	247	369	300	260	197	62	82	101	116	111	172	
<b>Total Expenditure on Services</b>	<b>2,445</b>	<b>2,915</b>	<b>2,765</b>	<b>3,200</b>	<b>3,168</b>	<b>3,352</b>	<b>1,931</b>	<b>2,232</b>	<b>2,136</b>	<b>2,416</b>	<b>2,550</b>	<b>2,636</b>	<b>514</b>	<b>683</b>	<b>629</b>	<b>784</b>	<b>618</b>	<b>716</b>	

**Table 9.8c Identifiable expenditure on economic affairs (of which: employment policies) by country and region, 2004–05 to 2009–10**

	£ million																		
	Employment policies						of which: current						of which: capital						
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans		
North East	174	181	182	179	164	169	167	163	175	179	163	166	6	18	7	0	0	3	
North West	404	431	443	435	399	417	389	388	425	434	398	408	15	44	18	1	1	9	
Yorkshire and the Humber	269	287	291	286	270	288	260	261	280	285	269	282	9	27	11	2	1	6	
East Midlands	199	213	217	212	202	219	192	193	209	212	202	214	7	20	8	1	1	4	
West Midlands	297	322	323	320	301	323	288	293	311	320	298	312	10	29	12	1	2	11	
East	210	223	228	223	215	235	203	203	220	222	214	230	7	20	8	1	1	5	
London	471	481	469	452	401	425	457	439	452	450	398	413	14	42	17	2	3	12	
South East	278	295	300	288	283	313	269	269	288	287	281	306	9	26	11	1	2	7	
South West	188	201	208	200	193	210	181	181	200	199	192	205	7	20	8	1	1	5	
<b>England</b>	<b>2,490</b>	<b>2,633</b>	<b>2,661</b>	<b>2,596</b>	<b>2,428</b>	<b>2,599</b>	<b>2,407</b>	<b>2,389</b>	<b>2,560</b>	<b>2,587</b>	<b>2,416</b>	<b>2,536</b>	<b>83</b>	<b>244</b>	<b>101</b>	<b>8</b>	<b>12</b>	<b>62</b>	
Scotland	270	273	258	253	260	247	258	240	245	252	259	240	11	33	13	1	1	6	
Wales	236	254	267	256	252	236	174	177	189	195	178	180	62	77	78	62	74	55	
Northern Ireland	173	167	146	164	147	210	173	166	144	163	147	210	0	0	2	1	0	0	
<b>UK identifiable expenditure</b>	<b>3,169</b>	<b>3,327</b>	<b>3,332</b>	<b>3,269</b>	<b>3,087</b>	<b>3,292</b>	<b>3,013</b>	<b>2,973</b>	<b>3,138</b>	<b>3,197</b>	<b>2,999</b>	<b>3,167</b>	<b>157</b>	<b>354</b>	<b>194</b>	<b>72</b>	<b>87</b>	<b>124</b>	
Outside the UK	14	15	18	13	17	17	14	14	17	13	17	17	0	1	0	0	0	0	
<b>Total identifiable expenditure</b>	<b>3,184</b>	<b>3,342</b>	<b>3,349</b>	<b>3,282</b>	<b>3,104</b>	<b>3,309</b>	<b>3,027</b>	<b>2,987</b>	<b>3,155</b>	<b>3,210</b>	<b>3,017</b>	<b>3,184</b>	<b>157</b>	<b>355</b>	<b>195</b>	<b>72</b>	<b>87</b>	<b>125</b>	
Non-identifiable spending	-	-	-	-	-	671	-	-	-	-	-	671	-	-	-	-	-	-	
<b>Total Expenditure on Services</b>	<b>3,184</b>	<b>3,342</b>	<b>3,349</b>	<b>3,282</b>	<b>3,104</b>	<b>3,980</b>	<b>3,027</b>	<b>2,987</b>	<b>3,155</b>	<b>3,210</b>	<b>3,017</b>	<b>3,855</b>	<b>157</b>	<b>355</b>	<b>195</b>	<b>72</b>	<b>87</b>	<b>125</b>	

Table 9.8d Identifiable expenditure on economic affairs (of which: agriculture, fisheries and forestry) by country and region, 2004–05 to 2009–10

	£ million																		
	Agriculture, fisheries and forestry						of which: current						of which: capital						
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans		
North East	198	216	199	192	180	198	191	208	192	174	172	191	7	8	7	17	9	8	
North West	378	409	385	346	349	355	368	376	333	316	319	325	10	33	52	31	30	29	
Yorkshire and the Humber	506	473	421	387	364	403	471	448	405	367	354	391	35	25	16	20	10	12	
East Midlands	588	600	493	414	398	429	576	587	479	401	389	418	12	13	14	13	9	11	
West Midlands	371	399	379	351	334	351	357	397	366	333	328	342	13	2	12	18	6	9	
East	571	558	509	534	489	526	559	539	500	529	483	515	12	19	9	5	6	11	
London	319	87	60	41	63	65	316	84	57	38	61	62	3	2	2	3	3	3	
South East	484	459	433	457	657	704	449	437	412	447	642	686	35	22	21	10	15	18	
South West	727	850	732	678	690	706	705	790	689	652	654	668	22	60	44	26	36	37	
<b>England</b>	<b>4,141</b>	<b>4,051</b>	<b>3,610</b>	<b>3,399</b>	<b>3,525</b>	<b>3,737</b>	<b>3,991</b>	<b>3,866</b>	<b>3,433</b>	<b>3,256</b>	<b>3,402</b>	<b>3,599</b>	<b>150</b>	<b>185</b>	<b>177</b>	<b>143</b>	<b>123</b>	<b>138</b>	
Scotland	664	646	660	741	799	849	621	605	593	677	709	719	44	42	67	65	90	130	
Wales	232	364	407	442	517	439	213	347	387	407	465	401	19	17	20	35	51	38	
Northern Ireland	402	534	473	464	576	484	378	497	422	413	458	442	24	37	51	51	118	41	
<b>UK identifiable expenditure</b>	<b>5,439</b>	<b>5,596</b>	<b>5,150</b>	<b>5,046</b>	<b>5,416</b>	<b>5,509</b>	<b>5,203</b>	<b>5,316</b>	<b>4,835</b>	<b>4,753</b>	<b>5,034</b>	<b>5,161</b>	<b>236</b>	<b>280</b>	<b>315</b>	<b>293</b>	<b>383</b>	<b>348</b>	
Outside the UK	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
<b>Total identifiable expenditure</b>	<b>5,439</b>	<b>5,596</b>	<b>5,150</b>	<b>5,046</b>	<b>5,416</b>	<b>5,509</b>	<b>5,203</b>	<b>5,316</b>	<b>4,835</b>	<b>4,753</b>	<b>5,034</b>	<b>5,161</b>	<b>236</b>	<b>280</b>	<b>315</b>	<b>293</b>	<b>383</b>	<b>348</b>	
Non-identifiable spending	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
<b>Total Expenditure on Services</b>	<b>5,439</b>	<b>5,596</b>	<b>5,150</b>	<b>5,046</b>	<b>5,416</b>	<b>5,509</b>	<b>5,203</b>	<b>5,316</b>	<b>4,835</b>	<b>4,753</b>	<b>5,034</b>	<b>5,161</b>	<b>236</b>	<b>280</b>	<b>315</b>	<b>293</b>	<b>383</b>	<b>348</b>	

Table 9.8e Identifiable expenditure on economic affairs (of which: transport) by country and region, 2004–05 to 2009–10

	£ million																		
	Transport						of which: current						of which: capital						
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans		
North East	456	496	572	567	603	670	224	246	281	276	283	355	232	250	292	291	320	315	
North West	1,696	1,698	1,908	1,960	1,971	2,259	933	929	1,070	1,037	950	1,198	763	768	838	923	1,022	1,061	
Yorkshire and the Humber	894	963	1,217	1,142	1,291	1,479	467	508	660	567	626	776	426	455	557	574	665	703	
East Midlands	838	863	978	1,049	985	1,148	434	485	498	535	419	499	404	378	480	513	565	649	
West Midlands	1,211	1,212	1,380	1,387	1,400	1,540	655	653	656	701	625	750	557	559	724	686	775	790	
East	980	1,066	1,270	1,367	1,401	1,599	424	429	483	527	443	556	556	636	787	840	958	1,043	
London	3,938	4,398	4,850	4,900	4,881	5,227	2,046	2,087	2,226	2,400	1,892	2,371	1,892	2,310	2,624	2,500	2,989	2,856	
South East	1,943	1,909	2,259	2,275	2,397	2,636	750	779	826	834	700	1,022	1,194	1,130	1,434	1,441	1,698	1,614	
South West	940	1,015	1,223	1,195	1,233	1,306	464	530	570	565	536	610	476	485	653	631	696	695	
<b>England</b>	<b>12,896</b>	<b>13,618</b>	<b>15,658</b>	<b>15,841</b>	<b>16,162</b>	<b>17,864</b>	<b>6,397</b>	<b>6,647</b>	<b>7,269</b>	<b>7,442</b>	<b>6,473</b>	<b>8,138</b>	<b>6,500</b>	<b>6,971</b>	<b>8,389</b>	<b>8,399</b>	<b>9,689</b>	<b>9,726</b>	
Scotland	1,614	1,831	2,709	2,835	2,726	3,016	875	925	1,441	1,519	1,515	1,522	739	905	1,268	1,316	1,212	1,493	
Wales	806	852	889	944	1,056	971	484	491	449	463	561	499	323	361	440	481	495	473	
Northern Ireland	334	357	386	521	539	555	221	230	231	251	269	292	113	127	156	271	269	263	
<b>UK identifiable expenditure</b>	<b>15,650</b>	<b>16,658</b>	<b>19,642</b>	<b>20,141</b>	<b>20,483</b>	<b>22,406</b>	<b>7,976</b>	<b>8,293</b>	<b>9,390</b>	<b>9,675</b>	<b>8,818</b>	<b>10,451</b>	<b>7,674</b>	<b>8,365</b>	<b>10,252</b>	<b>10,466</b>	<b>11,666</b>	<b>11,955</b>	
Outside the UK	209	213	189	182	125	–61	11	16	13	38	43	24	198	197	176	144	82	–85	
<b>Total identifiable expenditure</b>	<b>15,860</b>	<b>16,871</b>	<b>19,832</b>	<b>20,323</b>	<b>20,608</b>	<b>22,345</b>	<b>7,987</b>	<b>8,309</b>	<b>9,403</b>	<b>9,713</b>	<b>8,861</b>	<b>10,475</b>	<b>7,873</b>	<b>8,562</b>	<b>10,429</b>	<b>10,610</b>	<b>11,748</b>	<b>11,870</b>	
Non-identifiable spending	163	168	156	169	181	190	142	150	148	159	171	178	21	18	8	10	10	11	
<b>Total Expenditure on Services</b>	<b>16,022</b>	<b>17,039</b>	<b>19,988</b>	<b>20,492</b>	<b>20,789</b>	<b>22,535</b>	<b>8,129</b>	<b>8,459</b>	<b>9,551</b>	<b>9,872</b>	<b>9,032</b>	<b>10,654</b>	<b>7,894</b>	<b>8,580</b>	<b>10,437</b>	<b>10,620</b>	<b>11,758</b>	<b>11,881</b>	

**Table 9.9 Identifiable expenditure on environment protection by country and region, 2004–05 to 2009–10**

	Environment protection						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	261	277	306	322	338	369	236	239	251	272	277	291	24	38	55	50	61	78	
North West	807	1,039	1,769	1,602	1,497	2,064	705	694	950	827	569	1,080	102	345	819	774	928	985	
Yorkshire and the Humber	502	549	602	627	675	766	420	436	479	512	533	570	82	113	123	115	142	196	
East Midlands	439	464	517	530	569	633	375	381	426	436	460	482	63	83	91	95	109	151	
West Midlands	503	557	609	626	661	736	435	472	498	527	537	561	68	85	111	99	124	175	
East	569	609	711	712	741	834	501	511	582	583	599	642	68	98	129	129	142	192	
London	862	957	1,002	1,080	1,153	1,274	742	821	877	963	1,007	1,058	120	136	125	117	146	216	
South East	857	1,148	1,037	1,127	1,095	1,314	782	773	831	877	846	957	76	375	206	249	249	357	
South West	611	797	729	916	896	1,130	539	567	615	637	605	732	73	230	115	279	292	398	
<b>England</b>	<b>5,410</b>	<b>6,397</b>	<b>7,283</b>	<b>7,543</b>	<b>7,627</b>	<b>9,120</b>	<b>4,735</b>	<b>4,894</b>	<b>5,510</b>	<b>5,635</b>	<b>5,433</b>	<b>6,372</b>	<b>675</b>	<b>1,503</b>	<b>1,774</b>	<b>1,908</b>	<b>2,194</b>	<b>2,748</b>	
Scotland	846	1,252	995	1,048	981	1,274	736	693	773	774	723	972	110	559	223	274	258	302	
Wales	394	429	580	463	529	538	355	380	444	432	443	474	39	49	135	31	86	63	
Northern Ireland	199	233	247	235	239	244	147	166	184	211	223	226	51	67	63	24	16	18	
<b>UK identifiable expenditure</b>	<b>6,849</b>	<b>8,311</b>	<b>9,105</b>	<b>9,288</b>	<b>9,376</b>	<b>11,176</b>	<b>5,974</b>	<b>6,133</b>	<b>6,911</b>	<b>7,052</b>	<b>6,822</b>	<b>8,044</b>	<b>875</b>	<b>2,177</b>	<b>2,194</b>	<b>2,236</b>	<b>2,554</b>	<b>3,132</b>	
Outside the UK	41	44	30	10	23	36	41	44	30	10	13	20	–	–	–	–	11	16	
<b>Total identifiable expenditure</b>	<b>6,890</b>	<b>8,355</b>	<b>9,135</b>	<b>9,298</b>	<b>9,399</b>	<b>11,212</b>	<b>6,015</b>	<b>6,178</b>	<b>6,940</b>	<b>7,062</b>	<b>6,835</b>	<b>8,064</b>	<b>875</b>	<b>2,177</b>	<b>2,194</b>	<b>2,236</b>	<b>2,564</b>	<b>3,148</b>	
Non-identifiable spending	153	167	188	193	244	313	125	135	155	158	217	275	28	32	34	35	27	39	
<b>Total Expenditure on Services</b>	<b>7,043</b>	<b>8,522</b>	<b>9,323</b>	<b>9,491</b>	<b>9,644</b>	<b>11,525</b>	<b>6,140</b>	<b>6,313</b>	<b>7,095</b>	<b>7,220</b>	<b>7,052</b>	<b>8,339</b>	<b>903</b>	<b>2,209</b>	<b>2,228</b>	<b>2,271</b>	<b>2,592</b>	<b>3,186</b>	

**Table 9.10 Identifiable expenditure on housing and community amenities by country and region, 2004–05 to 2009–10**

	Housing and community amenities						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	325	471	504	539	656	720	150	184	181	157	169	182	175	287	323	382	486	538	
North West	1,031	1,208	1,188	1,742	1,833	1,728	388	438	398	407	439	461	643	771	791	1,335	1,394	1,267	
Yorkshire and the Humber	522	721	941	964	1,078	1,132	255	254	293	276	274	294	267	467	648	688	804	838	
East Midlands	382	452	525	502	652	741	197	215	226	221	227	235	185	237	299	281	425	505	
West Midlands	531	664	733	809	969	1,076	217	248	268	294	236	259	314	417	464	515	732	816	
East	310	628	612	627	776	901	203	252	262	279	260	285	106	376	350	348	516	616	
London	1,562	2,143	2,621	2,709	3,282	3,700	484	544	488	575	490	542	1,078	1,599	2,133	2,135	2,792	3,158	
South East	800	1,037	848	927	1,198	1,410	371	420	433	392	400	429	429	617	415	536	799	981	
South West	357	456	494	648	737	858	201	231	223	247	249	268	156	224	271	401	488	590	
<b>England</b>	<b>5,820</b>	<b>7,780</b>	<b>8,466</b>	<b>9,466</b>	<b>11,181</b>	<b>12,266</b>	<b>2,466</b>	<b>2,785</b>	<b>2,772</b>	<b>2,847</b>	<b>2,744</b>	<b>2,956</b>	<b>3,354</b>	<b>4,995</b>	<b>5,695</b>	<b>6,619</b>	<b>8,437</b>	<b>9,310</b>	
Scotland	1,016	1,406	1,679	1,746	1,787	1,914	279	162	182	333	260	326	736	1,244	1,497	1,413	1,527	1,588	
Wales	284	409	471	512	644	562	78	108	113	119	166	155	206	301	358	392	478	407	
Northern Ireland	866	956	889	1,132	1,309	1,205	439	485	493	559	567	568	427	471	395	573	743	637	
<b>UK identifiable expenditure</b>	<b>7,985</b>	<b>10,551</b>	<b>11,506</b>	<b>12,856</b>	<b>14,921</b>	<b>15,947</b>	<b>3,262</b>	<b>3,540</b>	<b>3,560</b>	<b>3,859</b>	<b>3,737</b>	<b>4,005</b>	<b>4,723</b>	<b>7,011</b>	<b>7,946</b>	<b>8,998</b>	<b>11,184</b>	<b>11,942</b>	
Outside the UK	0	–	–	–	–	–	0	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total identifiable expenditure</b>	<b>7,985</b>	<b>10,551</b>	<b>11,506</b>	<b>12,856</b>	<b>14,921</b>	<b>15,947</b>	<b>3,262</b>	<b>3,540</b>	<b>3,560</b>	<b>3,859</b>	<b>3,737</b>	<b>4,005</b>	<b>4,723</b>	<b>7,011</b>	<b>7,946</b>	<b>8,998</b>	<b>11,184</b>	<b>11,942</b>	
Non-identifiable spending	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure on Services</b>	<b>7,985</b>	<b>10,551</b>	<b>11,506</b>	<b>12,856</b>	<b>14,921</b>	<b>15,947</b>	<b>3,262</b>	<b>3,540</b>	<b>3,560</b>	<b>3,859</b>	<b>3,737</b>	<b>4,005</b>	<b>4,723</b>	<b>7,011</b>	<b>7,946</b>	<b>8,998</b>	<b>11,184</b>	<b>11,942</b>	

**Table 9.11 Identifiable expenditure on health by country and region, 2004–05 to 2009–10**

	£ million																		
	Health						of which: current						of which: capital						
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans		
North East	3,719	4,059	4,290	4,600	5,019	5,350	3,569	3,904	4,116	4,434	4,778	5,127	150	156	174	167	240	223	
North West	9,913	10,780	11,337	12,291	13,101	14,201	9,493	10,386	10,903	11,724	12,592	13,578	420	394	434	567	510	623	
Yorkshire and the Humber	6,910	7,595	7,874	8,453	9,232	9,921	6,656	7,333	7,573	8,149	8,877	9,458	254	261	300	304	356	463	
East Midlands	5,183	5,687	6,018	6,617	7,181	7,833	4,958	5,476	5,828	6,323	6,782	7,421	225	211	190	293	399	412	
West Midlands	6,960	7,566	8,212	8,825	9,474	10,303	6,640	7,342	7,855	8,394	9,024	9,798	320	223	357	430	450	505	
East	6,712	7,228	7,650	8,099	8,891	9,862	6,464	6,979	7,433	7,821	8,548	9,371	248	249	217	277	343	491	
London	11,902	12,607	12,663	14,147	15,172	16,502	11,260	12,093	12,147	13,384	14,404	15,352	642	515	516	763	768	1,150	
South East	10,100	10,658	11,533	12,287	13,288	14,790	9,638	10,377	10,842	11,660	12,543	13,844	462	282	691	627	745	946	
South West	6,387	7,024	7,251	7,910	8,563	9,505	6,117	6,732	6,961	7,562	8,112	8,920	270	291	291	348	451	585	
<b>England</b>	<b>67,785</b>	<b>73,204</b>	<b>76,828</b>	<b>83,227</b>	<b>89,922</b>	<b>98,267</b>	<b>64,795</b>	<b>70,622</b>	<b>73,659</b>	<b>79,451</b>	<b>85,660</b>	<b>92,870</b>	<b>2,991</b>	<b>2,582</b>	<b>3,169</b>	<b>3,776</b>	<b>4,262</b>	<b>5,397</b>	
Scotland	7,702	8,562	9,035	9,727	10,160	10,721	7,281	8,308	8,742	9,285	9,648	10,118	421	255	293	442	512	603	
Wales	4,333	4,649	4,984	5,255	5,553	5,867	4,212	4,494	4,807	4,986	5,240	5,498	120	156	177	268	313	368	
Northern Ireland	2,445	2,630	2,858	2,955	3,300	3,365	2,289	2,470	2,662	2,773	3,108	3,162	156	160	196	182	191	203	
<b>UK identifiable expenditure</b>	<b>82,265</b>	<b>89,045</b>	<b>93,705</b>	<b>101,164</b>	<b>108,934</b>	<b>118,219</b>	<b>78,576</b>	<b>85,893</b>	<b>89,870</b>	<b>96,495</b>	<b>103,656</b>	<b>111,647</b>	<b>3,688</b>	<b>3,152</b>	<b>3,835</b>	<b>4,668</b>	<b>5,278</b>	<b>6,571</b>	
Outside the UK	459	362	545	762	660	532	458	361	545	762	660	532	1	1	0	0	–	–	
<b>Total identifiable expenditure</b>	<b>82,724</b>	<b>89,407</b>	<b>94,249</b>	<b>101,926</b>	<b>109,594</b>	<b>118,751</b>	<b>79,034</b>	<b>86,254</b>	<b>90,415</b>	<b>97,257</b>	<b>104,315</b>	<b>112,179</b>	<b>3,690</b>	<b>3,153</b>	<b>3,835</b>	<b>4,669</b>	<b>5,278</b>	<b>6,571</b>	
Non-identifiable spending	213	176	259	229	357	347	184	214	209	175	290	263	28	–38	50	54	67	84	
<b>Total Expenditure on Services</b>	<b>82,936</b>	<b>89,583</b>	<b>94,509</b>	<b>102,155</b>	<b>109,951</b>	<b>119,098</b>	<b>79,218</b>	<b>86,467</b>	<b>90,623</b>	<b>97,432</b>	<b>104,605</b>	<b>112,442</b>	<b>3,718</b>	<b>3,116</b>	<b>3,885</b>	<b>4,722</b>	<b>5,345</b>	<b>6,655</b>	

**Table 9.12 Identifiable expenditure on recreation, culture and religion by country and region, 2004–05 to 2009–10**

	£ million																		
	Recreation, culture and religion						of which: current						of which: capital						
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans		
North East	340	371	355	369	370	379	251	268	273	285	300	298	90	103	82	84	70	80	
North West	613	702	753	751	814	867	503	568	594	597	639	634	110	134	159	154	175	233	
Yorkshire and the Humber	517	567	609	596	619	664	408	447	460	453	472	474	109	120	149	143	147	189	
East Midlands	443	425	436	472	461	481	327	321	344	359	365	368	115	104	93	113	96	113	
West Midlands	484	546	536	581	597	634	373	406	435	442	469	468	110	140	101	139	128	166	
East	434	489	490	545	562	592	351	380	387	415	437	432	83	109	103	130	126	160	
London	979	1,113	1,100	1,066	1,138	1,183	782	875	909	894	915	919	196	237	192	171	223	264	
South East	686	737	784	828	882	932	534	599	630	642	660	653	151	138	154	186	222	279	
South West	433	510	512	489	534	559	346	382	394	386	416	410	87	129	118	104	118	150	
<b>England</b>	<b>4,928</b>	<b>5,460</b>	<b>5,574</b>	<b>5,696</b>	<b>5,976</b>	<b>6,290</b>	<b>3,877</b>	<b>4,245</b>	<b>4,424</b>	<b>4,472</b>	<b>4,672</b>	<b>4,655</b>	<b>1,051</b>	<b>1,215</b>	<b>1,150</b>	<b>1,224</b>	<b>1,304</b>	<b>1,635</b>	
Scotland	900	953	992	1,032	1,084	1,190	733	775	801	801	818	881	166	178	191	230	266	309	
Wales	550	563	616	684	676	595	434	450	472	499	544	520	116	113	145	186	132	75	
Northern Ireland	299	331	310	387	417	400	256	279	264	280	323	278	43	51	46	106	93	122	
<b>UK identifiable expenditure</b>	<b>6,677</b>	<b>7,306</b>	<b>7,493</b>	<b>7,798</b>	<b>8,153</b>	<b>8,476</b>	<b>5,300</b>	<b>5,749</b>	<b>5,962</b>	<b>6,052</b>	<b>6,358</b>	<b>6,334</b>	<b>1,376</b>	<b>1,557</b>	<b>1,531</b>	<b>1,746</b>	<b>1,795</b>	<b>2,142</b>	
Outside the UK	137	192	201	264	277	259	125	143	166	226	229	231	12	48	34	38	48	28	
<b>Total identifiable expenditure</b>	<b>6,814</b>	<b>7,498</b>	<b>7,694</b>	<b>8,063</b>	<b>8,430</b>	<b>8,734</b>	<b>5,425</b>	<b>5,893</b>	<b>6,128</b>	<b>6,279</b>	<b>6,587</b>	<b>6,564</b>	<b>1,389</b>	<b>1,605</b>	<b>1,566</b>	<b>1,784</b>	<b>1,843</b>	<b>2,170</b>	
Non-identifiable spending	3,149	3,311	3,536	3,944	4,610	4,748	3,071	3,217	3,334	3,476	3,390	3,534	78	94	201	468	1,220	1,215	
<b>Total Expenditure on Services</b>	<b>9,962</b>	<b>10,809</b>	<b>11,229</b>	<b>12,006</b>	<b>13,040</b>	<b>13,482</b>	<b>8,496</b>	<b>9,110</b>	<b>9,462</b>	<b>9,754</b>	<b>9,977</b>	<b>10,098</b>	<b>1,467</b>	<b>1,699</b>	<b>1,767</b>	<b>2,252</b>	<b>3,063</b>	<b>3,384</b>	



**Table 9.13 Identifiable expenditure on education by country and region, 2004–05 to 2009–10**

	Education						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	2,963	3,184	3,259	3,443	3,784	4,020	2,705	2,853	2,961	3,109	3,291	3,403	258	330	298	333	493	617	
North West	7,479	7,973	8,192	8,896	9,331	9,840	6,904	7,319	7,540	8,196	8,487	8,795	575	654	652	700	844	1,045	
Yorkshire and the Humber	5,502	5,871	6,054	6,438	6,926	7,316	4,996	5,296	5,515	5,900	6,188	6,398	507	575	539	537	739	919	
East Midlands	4,439	4,765	4,961	5,319	5,670	6,007	4,032	4,264	4,488	4,823	5,068	5,259	408	500	473	497	602	748	
West Midlands	5,823	6,273	6,547	7,063	7,341	7,764	5,288	5,660	5,910	6,428	6,683	6,959	534	613	637	635	658	805	
East	5,224	5,636	5,908	6,490	6,776	7,187	4,734	5,081	5,329	5,821	6,058	6,297	489	556	579	669	718	891	
London	9,252	10,012	10,572	11,374	12,257	13,014	8,481	9,075	9,642	10,364	10,973	11,424	771	937	930	1,010	1,283	1,591	
South East	7,943	8,480	8,792	9,451	10,105	10,677	7,154	7,598	7,950	8,541	8,992	9,302	789	883	842	910	1,113	1,376	
South West	4,861	5,195	5,478	5,851	6,240	6,626	4,373	4,662	4,929	5,339	5,537	5,749	487	532	549	512	704	877	
<b>England</b>	<b>53,486</b>	<b>57,388</b>	<b>59,764</b>	<b>64,325</b>	<b>68,431</b>	<b>72,453</b>	<b>48,668</b>	<b>51,807</b>	<b>54,266</b>	<b>58,521</b>	<b>61,276</b>	<b>63,585</b>	<b>4,818</b>	<b>5,580</b>	<b>5,498</b>	<b>5,804</b>	<b>7,154</b>	<b>8,868</b>	
Scotland	6,139	6,565	7,131	7,354	7,555	7,842	5,835	6,086	6,407	6,658	6,906	7,128	304	480	724	696	649	715	
Wales	3,329	3,485	3,689	3,944	4,036	4,288	3,157	3,290	3,451	3,721	3,771	4,009	172	195	238	223	265	279	
Northern Ireland	2,138	2,238	2,311	2,434	2,521	2,739	1,932	2,043	2,106	2,221	2,288	2,445	206	195	205	213	233	293	
<b>UK identifiable expenditure</b>	<b>65,092</b>	<b>69,675</b>	<b>72,895</b>	<b>78,057</b>	<b>82,543</b>	<b>87,322</b>	<b>59,592</b>	<b>63,225</b>	<b>66,230</b>	<b>71,120</b>	<b>74,241</b>	<b>77,167</b>	<b>5,500</b>	<b>6,450</b>	<b>6,665</b>	<b>6,936</b>	<b>8,302</b>	<b>10,155</b>	
Outside the UK	28	29	36	42	41	46	28	29	36	42	41	46	0	0	0	0	0	0	
<b>Total identifiable expenditure</b>	<b>65,120</b>	<b>69,704</b>	<b>72,931</b>	<b>78,098</b>	<b>82,583</b>	<b>87,368</b>	<b>59,620</b>	<b>63,254</b>	<b>66,266</b>	<b>71,162</b>	<b>74,282</b>	<b>77,213</b>	<b>5,500</b>	<b>6,450</b>	<b>6,665</b>	<b>6,936</b>	<b>8,302</b>	<b>10,155</b>	
Non-identifiable spending	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure on Services</b>	<b>65,120</b>	<b>69,704</b>	<b>72,931</b>	<b>78,098</b>	<b>82,583</b>	<b>87,368</b>	<b>59,620</b>	<b>63,254</b>	<b>66,266</b>	<b>71,162</b>	<b>74,282</b>	<b>77,213</b>	<b>5,500</b>	<b>6,450</b>	<b>6,665</b>	<b>6,936</b>	<b>8,302</b>	<b>10,155</b>	

**Table 9.14 Identifiable expenditure on social protection by country and region, 2004–05 to 2009–10**

	Social protection						of which: current						of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	
	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	outturn	outturn	outturn	outturn	outturn	plans	
North East	8,024	8,159	8,315	8,731	9,452	10,471	7,986	8,109	8,266	8,689	9,417	10,402	38	50	49	43	34	70	
North West	19,777	20,470	21,031	22,137	24,097	26,466	19,706	20,364	20,952	22,061	24,014	26,348	71	105	79	76	84	118	
Yorkshire and the Humber	13,525	14,081	14,545	15,344	16,761	18,466	13,457	13,987	14,488	15,276	16,696	18,374	67	94	58	68	65	92	
East Midlands	10,687	11,309	11,731	12,394	13,569	14,938	10,663	11,241	11,686	12,336	13,527	14,876	25	68	44	58	43	61	
West Midlands	14,405	15,295	15,764	16,706	18,163	20,020	14,370	15,209	15,669	16,614	18,093	19,922	36	86	95	92	70	98	
East	13,117	13,869	14,463	15,262	16,793	18,456	13,103	13,799	14,421	15,205	16,741	18,379	14	71	42	57	53	77	
London	20,023	21,069	21,867	23,140	24,768	27,344	19,968	20,941	21,764	23,054	24,654	27,175	55	128	102	86	114	169	
South East	18,885	19,545	20,535	21,780	23,865	26,302	18,834	19,431	20,438	21,694	23,779	26,181	51	113	97	86	86	121	
South West	13,341	13,685	14,328	15,215	16,685	18,216	13,317	13,612	14,266	15,156	16,632	18,136	24	73	61	58	53	80	
<b>England</b>	<b>131,784</b>	<b>137,481</b>	<b>142,578</b>	<b>150,710</b>	<b>164,154</b>	<b>180,679</b>	<b>131,403</b>	<b>136,693</b>	<b>141,951</b>	<b>150,086</b>	<b>163,553</b>	<b>179,793</b>	<b>381</b>	<b>788</b>	<b>627</b>	<b>624</b>	<b>601</b>	<b>886</b>	
Scotland	15,116	15,615	15,851	16,861	18,301	19,953	15,060	15,516	15,749	16,771	18,205	19,834	56	99	102	90	96	119	
Wales	9,204	9,617	9,899	10,480	11,328	12,285	9,177	9,564	9,852	10,444	11,299	12,220	28	53	47	36	29	66	
Northern Ireland	5,501	5,640	5,996	6,530	6,825	7,625	5,491	5,613	5,977	6,513	6,809	7,600	9	28	19	18	16	25	
<b>UK identifiable expenditure</b>	<b>161,605</b>	<b>168,354</b>	<b>174,323</b>	<b>184,582</b>	<b>200,608</b>	<b>220,543</b>	<b>161,131</b>	<b>167,385</b>	<b>173,529</b>	<b>183,813</b>	<b>199,866</b>	<b>219,447</b>	<b>474</b>	<b>969</b>	<b>795</b>	<b>769</b>	<b>742</b>	<b>1,096</b>	
Outside the UK	2,512	2,734	2,820	3,021	3,333	3,572	2,511	2,726	2,811	3,014	3,328	3,557	1	8	9	7	5	15	
<b>Total identifiable expenditure</b>	<b>164,117</b>	<b>171,088</b>	<b>177,143</b>	<b>187,603</b>	<b>203,941</b>	<b>224,114</b>	<b>163,642</b>	<b>170,111</b>	<b>176,340</b>	<b>186,827</b>	<b>203,194</b>	<b>223,004</b>	<b>475</b>	<b>976</b>	<b>804</b>	<b>775</b>	<b>747</b>	<b>1,111</b>	
Non-identifiable spending	5	–	–	–	–	–	5	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure on Services</b>	<b>164,122</b>	<b>171,088</b>	<b>177,143</b>	<b>187,603</b>	<b>203,941</b>	<b>224,114</b>	<b>163,647</b>	<b>170,111</b>	<b>176,340</b>	<b>186,827</b>	<b>203,194</b>	<b>223,004</b>	<b>475</b>	<b>976</b>	<b>804</b>	<b>775</b>	<b>747</b>	<b>1,111</b>	

Table 9.15 UK identifiable expenditure on services by function, country and region, per head, 2004–05 to 2009–10

Data in this table from 2004–05 to 2008–09 are National Statistics																	£ per head												
	1. General public services		of which: public and common services		of which: international services		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	10. Social protection	Total Expenditure on Services
<b>2004–05</b>																													
North East	117	113	4	2	451	573	223	25	68	78	180	103	128	1,463	134	1,165	3,156	<b>7,292</b>											
North West	104	101	4	1	466	511	122	26	59	55	249	118	151	1,454	90	1,097	2,900	<b>6,892</b>											
Yorkshire and the Humber	97	93	4	1	411	512	155	28	53	100	176	99	103	1,364	102	1,087	2,671	<b>6,448</b>											
East Midlands	96	93	3	1	352	500	95	26	46	137	195	102	89	1,208	103	1,035	2,490	<b>5,976</b>											
West Midlands	104	101	4	1	402	473	100	21	56	70	227	94	100	1,307	91	1,093	2,704	<b>6,370</b>											
East	101	98	3	1	322	423	56	47	38	104	178	103	56	1,218	79	948	2,380	<b>5,631</b>											
London	139	136	3	2	752	754	67	47	64	43	533	117	211	1,611	132	1,252	2,710	<b>7,680</b>											
South East	113	110	3	1	352	409	40	36	34	60	239	106	98	1,243	84	978	2,324	<b>5,709</b>											
South West	103	99	3	2	332	457	68	21	37	144	186	121	71	1,267	86	964	2,646	<b>6,049</b>											
<b>England</b>	<b>110</b>	<b>106</b>	<b>3</b>	<b>1</b>	<b>438</b>	<b>513</b>	<b>92</b>	<b>32</b>	<b>50</b>	<b>83</b>	<b>257</b>	<b>108</b>	<b>116</b>	<b>1,353</b>	<b>98</b>	<b>1,067</b>	<b>2,630</b>	<b>6,434</b>											
Scotland	197	194	3	1	384	724	173	50	53	131	318	167	200	1,517	177	1,209	2,977	<b>7,552</b>											
Wales	170	166	3	1	409	710	260	18	80	79	274	134	96	1,470	187	1,130	3,124	<b>7,431</b>											
Northern Ireland	199	196	3	0	729	721	148	41	101	235	195	116	506	1,430	175	1,250	3,216	<b>8,343</b>											
<b>UK identifiable expenditure</b>	<b>122</b>	<b>119</b>	<b>3</b>	<b>1</b>	<b>440</b>	<b>547</b>	<b>108</b>	<b>33</b>	<b>53</b>	<b>91</b>	<b>262</b>	<b>114</b>	<b>133</b>	<b>1,375</b>	<b>112</b>	<b>1,088</b>	<b>2,700</b>	<b>6,633</b>											
<b>2005–06</b>																													
North East	121	117	4	1	464	606	221	34	71	85	194	109	185	1,592	145	1,249	3,200	<b>7,671</b>											
North West	111	107	4	1	481	476	74	31	63	60	248	152	177	1,576	103	1,166	2,993	<b>7,235</b>											
Yorkshire and the Humber	83	78	4	1	428	525	152	35	56	93	189	107	141	1,487	111	1,149	2,757	<b>6,789</b>											
East Midlands	106	102	4	1	363	520	101	32	49	139	199	107	105	1,314	98	1,101	2,613	<b>6,329</b>											
West Midlands	119	115	4	1	417	492	105	26	60	75	226	104	124	1,414	102	1,172	2,858	<b>6,805</b>											
East	109	105	4	2	330	447	58	58	40	100	192	109	113	1,299	88	1,013	2,493	<b>6,004</b>											
London	127	123	4	2	765	803	84	53	64	12	590	128	287	1,691	149	1,343	2,826	<b>8,120</b>											
South East	115	111	4	1	359	412	46	41	36	56	233	140	127	1,302	90	1,036	2,388	<b>5,971</b>											
South West	105	102	4	2	335	494	61	27	39	167	200	157	90	1,381	100	1,021	2,690	<b>6,375</b>											
<b>England</b>	<b>111</b>	<b>107</b>	<b>4</b>	<b>1</b>	<b>449</b>	<b>530</b>	<b>89</b>	<b>39</b>	<b>52</b>	<b>80</b>	<b>270</b>	<b>127</b>	<b>154</b>	<b>1,451</b>	<b>108</b>	<b>1,137</b>	<b>2,724</b>	<b>6,792</b>											
Scotland	238	234	4	1	420	781	178	63	54	127	359	246	276	1,681	187	1,289	3,065	<b>8,183</b>											
Wales	204	201	4	1	433	787	267	23	86	123	288	145	138	1,574	190	1,180	3,256	<b>7,910</b>											
Northern Ireland	219	216	4	0	728	792	136	42	97	310	207	135	554	1,525	192	1,298	3,271	<b>8,714</b>											
<b>UK identifiable expenditure</b>	<b>130</b>	<b>126</b>	<b>4</b>	<b>1</b>	<b>454</b>	<b>571</b>	<b>106</b>	<b>40</b>	<b>55</b>	<b>93</b>	<b>277</b>	<b>138</b>	<b>175</b>	<b>1,478</b>	<b>121</b>	<b>1,157</b>	<b>2,795</b>	<b>7,019</b>											

Table 9.15 UK identifiable expenditure on services by function, country and region, per head, 2004–05 to 2009–10 (continued)

Data in this table from 2004–05 to 2008–09 are National Statistics																	£ per head												
	1. General public services		of which: public and common services		of which: international services		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	10. Social protection	Total Expenditure on Services
<b>2006–07</b>																													
North East	102	99	3	2	492	620	216	30	71	78	224	120	197	1,678	139	1,275	3,253												<b>7,879</b>
North West	115	111	4	1	500	539	112	27	65	56	278	258	173	1,654	110	1,195	3,069												<b>7,614</b>
Yorkshire and the Humber	93	90	4	1	445	543	138	30	57	82	237	117	183	1,531	118	1,177	2,829												<b>7,038</b>
East Midlands	103	100	3	2	375	512	96	28	50	113	224	119	120	1,379	100	1,137	2,688												<b>6,534</b>
West Midlands	119	116	3	2	443	508	97	23	60	71	257	113	137	1,530	100	1,220	2,937												<b>7,108</b>
East	107	104	3	2	349	451	50	44	41	91	226	127	109	1,365	87	1,054	2,580												<b>6,230</b>
London	151	147	3	2	776	847	80	51	62	8	646	133	349	1,686	146	1,407	2,911												<b>8,408</b>
South East	100	97	3	2	370	441	41	38	36	53	274	126	103	1,400	95	1,067	2,493												<b>6,197</b>
South West	99	96	3	2	349	509	60	26	41	143	239	142	96	1,415	100	1,069	2,796												<b>6,577</b>
<b>England</b>	<b>112</b>	<b>109</b>	<b>3</b>	<b>2</b>	<b>465</b>	<b>555</b>	<b>89</b>	<b>34</b>	<b>52</b>	<b>71</b>	<b>308</b>	<b>143</b>	<b>167</b>	<b>1,513</b>	<b>110</b>	<b>1,177</b>	<b>2,809</b>												<b>7,053</b>
Scotland	207	204	3	1	423	940	180	51	50	129	529	194	328	1,766	194	1,394	3,098												<b>8,545</b>
Wales	218	215	3	1	454	780	233	20	90	137	300	195	159	1,680	208	1,244	3,338												<b>8,277</b>
Northern Ireland	245	242	3	0	737	742	129	36	84	272	222	142	510	1,641	178	1,327	3,443												<b>8,965</b>
<b>UK identifiable expenditure</b>	<b>129</b>	<b>126</b>	<b>3</b>	<b>1</b>	<b>469</b>	<b>604</b>	<b>105</b>	<b>35</b>	<b>55</b>	<b>85</b>	<b>324</b>	<b>150</b>	<b>190</b>	<b>1,547</b>	<b>124</b>	<b>1,203</b>	<b>2,877</b>												<b>7,294</b>
<b>2007–08</b>																													
North East	103	99	4	1	521	638	235	37	70	75	221	126	210	1,794	144	1,342	3,405												<b>8,284</b>
North West	101	96	4	1	524	550	118	33	63	50	286	233	254	1,791	109	1,296	3,225												<b>8,084</b>
Yorkshire and the Humber	91	86	4	2	466	534	147	37	55	75	220	121	186	1,633	115	1,243	2,964												<b>7,355</b>
East Midlands	114	110	4	2	391	518	102	35	48	94	238	121	114	1,504	107	1,209	2,817												<b>6,896</b>
West Midlands	129	125	4	1	455	519	108	29	60	65	258	116	150	1,640	108	1,312	3,104												<b>7,536</b>
East	109	105	4	2	367	477	56	46	39	94	241	126	111	1,431	96	1,146	2,696												<b>6,561</b>
London	134	130	3	2	804	845	71	60	60	5	648	143	359	1,872	141	1,505	3,062												<b>8,866</b>
South East	97	94	3	2	377	458	49	45	35	55	274	136	112	1,479	100	1,137	2,621												<b>6,517</b>
South West	107	103	3	2	368	501	70	31	39	131	231	177	125	1,528	94	1,130	2,938												<b>6,970</b>
<b>England</b>	<b>110</b>	<b>106</b>	<b>4</b>	<b>2</b>	<b>484</b>	<b>562</b>	<b>94</b>	<b>41</b>	<b>51</b>	<b>67</b>	<b>310</b>	<b>148</b>	<b>185</b>	<b>1,629</b>	<b>111</b>	<b>1,259</b>	<b>2,950</b>												<b>7,439</b>
Scotland	198	195	3	1	435	1,027	203	78	49	144	552	204	340	1,893	201	1,431	3,281												<b>9,011</b>
Wales	234	231	3	1	467	783	206	26	86	148	317	155	172	1,763	230	1,324	3,517												<b>8,646</b>
Northern Ireland	210	206	3	0	740	830	133	44	93	263	296	133	643	1,678	220	1,382	3,709												<b>9,544</b>
<b>UK identifiable expenditure</b>	<b>126</b>	<b>123</b>	<b>4</b>	<b>2</b>	<b>486</b>	<b>620</b>	<b>110</b>	<b>43</b>	<b>54</b>	<b>83</b>	<b>330</b>	<b>152</b>	<b>211</b>	<b>1,659</b>	<b>128</b>	<b>1,280</b>	<b>3,027</b>												<b>7,692</b>

Table 9.15 UK identifiable expenditure on services by function, country and region, per head, 2004–05 to 2009–10 (continued)

Data in this table from 2004–05 to 2008–09 are National Statistics																	£ per head			
	1. General public services		of which: public and common services	of which: international services	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	10. Social protection	Total Expenditure on Services
<b>2008–09</b>																				
North East	140	137	3	1	558	613	211	34	64	70	234	131	255	1,949	144	1,470	3,671	<b>8,930</b>		
North West	118	115	3	1	559	557	130	32	58	51	287	218	267	1,905	118	1,357	3,505	<b>8,606</b>		
Yorkshire and the Humber	93	89	3	1	474	533	130	34	52	70	248	130	207	1,771	119	1,329	3,215	<b>7,871</b>		
East Midlands	109	106	3	2	425	493	103	33	46	90	222	128	147	1,620	104	1,279	3,061	<b>7,368</b>		
West Midlands	135	132	3	1	475	524	121	27	56	62	259	122	179	1,751	110	1,357	3,357	<b>8,011</b>		
East	126	123	3	2	378	500	81	51	38	85	245	129	135	1,552	98	1,183	2,931	<b>7,034</b>		
London	150	146	3	1	874	858	95	61	53	8	641	151	431	1,991	149	1,608	3,250	<b>9,464</b>		
South East	102	98	4	1	400	507	65	44	34	78	286	131	143	1,586	105	1,206	2,848	<b>7,029</b>		
South West	121	118	3	2	385	516	84	26	37	132	237	172	142	1,644	103	1,198	3,203	<b>7,485</b>		
<b>England</b>	<b>121</b>	<b>117</b>	<b>3</b>	<b>1</b>	<b>513</b>	<b>574</b>	<b>105</b>	<b>40</b>	<b>47</b>	<b>69</b>	<b>314</b>	<b>148</b>	<b>217</b>	<b>1,748</b>	<b>116</b>	<b>1,330</b>	<b>3,191</b>	<b>7,960</b>		
Scotland	241	238	3	1	463	993	191	71	50	154	527	190	346	1,966	210	1,462	3,541	<b>9,412</b>		
Wales	254	251	4	1	497	850	216	25	84	173	353	177	215	1,855	226	1,348	3,785	<b>9,209</b>		
Northern Ireland	260	257	3	0	724	912	162	39	83	325	304	135	738	1,859	235	1,420	3,845	<b>10,127</b>		
<b>UK identifiable expenditure</b>	<b>142</b>	<b>138</b>	<b>3</b>	<b>1</b>	<b>514</b>	<b>633</b>	<b>119</b>	<b>41</b>	<b>50</b>	<b>88</b>	<b>334</b>	<b>153</b>	<b>243</b>	<b>1,775</b>	<b>133</b>	<b>1,345</b>	<b>3,268</b>	<b>8,206</b>		
<b>Data in this section do not form part of National Statistics</b>																				
<b>2009–10</b>																				
North East	139	135	3	1	552	614	172	39	66	77	261	143	280	2,080	147	1,563	4,070	<b>9,588</b>		
North West	118	114	3	1	560	594	122	35	60	51	326	298	249	2,048	125	1,419	3,817	<b>9,228</b>		
Yorkshire and the Humber	92	89	3	1	483	564	115	38	55	77	281	145	215	1,882	126	1,388	3,503	<b>8,399</b>		
East Midlands	110	106	3	1	425	522	86	36	49	96	256	141	165	1,744	107	1,337	3,326	<b>7,878</b>		
West Midlands	140	136	3	1	483	543	106	30	59	65	283	135	198	1,894	117	1,428	3,681	<b>8,620</b>		
East	125	121	3	2	381	532	68	55	41	91	277	145	156	1,711	103	1,247	3,201	<b>7,602</b>		
London	152	149	3	1	880	896	81	70	55	8	681	166	482	2,150	154	1,696	3,562	<b>10,139</b>		
South East	101	97	4	1	402	546	66	46	37	84	314	156	168	1,759	111	1,270	3,128	<b>7,642</b>		
South West	121	117	3	1	390	532	80	30	40	134	248	215	163	1,807	106	1,260	3,463	<b>8,058</b>		
<b>England</b>	<b>121</b>	<b>118</b>	<b>3</b>	<b>1</b>	<b>517</b>	<b>604</b>	<b>93</b>	<b>44</b>	<b>50</b>	<b>72</b>	<b>345</b>	<b>176</b>	<b>237</b>	<b>1,896</b>	<b>121</b>	<b>1,398</b>	<b>3,487</b>	<b>8,559</b>		
Scotland	235	231	3	2	541	1,038	175	71	48	164	581	246	369	2,066	229	1,511	3,845	<b>10,083</b>		
Wales	263	259	4	1	541	743	167	27	79	146	324	179	188	1,956	198	1,430	4,097	<b>9,597</b>		
Northern Ireland	252	248	3	0	749	951	214	39	118	270	310	137	674	1,881	224	1,531	4,263	<b>10,662</b>		
<b>UK identifiable expenditure</b>	<b>141</b>	<b>138</b>	<b>3</b>	<b>1</b>	<b>527</b>	<b>657</b>	<b>107</b>	<b>45</b>	<b>53</b>	<b>89</b>	<b>363</b>	<b>181</b>	<b>258</b>	<b>1,913</b>	<b>137</b>	<b>1,413</b>	<b>3,569</b>	<b>8,798</b>		

Table 9.16 UK identifiable expenditure on services by function, country and region, per head indexed, 2004–05 to 2009–10

Data in this table from 2004–05 to 2008–09 are National Statistics																	Index (UK identifiable expenditure = 100)	
	1. General public services	of which: public and common services	of which: international services	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	10. Social protection	Total Expenditure on Services
<b>2004–05</b>																		
North East	95	95	120	150	103	105	205	75	129	86	69	90	96	106	120	107	117	110
North West	85	85	105	77	106	93	112	78	112	61	95	103	113	106	81	101	107	104
Yorkshire and the Humber	79	78	118	84	94	94	143	85	100	110	67	87	77	99	92	100	99	97
East Midlands	78	78	97	104	80	91	87	79	88	151	75	89	67	88	92	95	92	90
West Midlands	85	85	105	92	91	87	92	63	105	77	87	83	75	95	81	101	100	96
East	82	82	96	97	73	77	52	142	72	114	68	90	42	89	71	87	88	85
London	114	114	94	118	171	138	62	142	120	48	204	102	158	117	119	115	100	116
South East	92	92	95	111	80	75	37	109	65	66	91	92	74	90	76	90	86	86
South West	84	84	96	147	76	84	63	63	70	159	71	106	53	92	77	89	98	91
<b>England</b>	<b>89</b>	<b>89</b>	<b>101</b>	<b>106</b>	<b>99</b>	<b>94</b>	<b>84</b>	<b>97</b>	<b>94</b>	<b>91</b>	<b>98</b>	<b>94</b>	<b>87</b>	<b>98</b>	<b>88</b>	<b>98</b>	<b>97</b>	<b>97</b>
Scotland	161	163	93	94	87	132	160	149	100	144	121	146	150	110	159	111	110	114
Wales	138	140	93	66	93	130	240	53	152	87	105	117	72	107	167	104	116	112
Northern Ireland	163	165	93	-6	166	132	137	124	191	259	75	101	380	104	157	115	119	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>2005–06</b>																		
North East	94	93	115	101	102	106	208	85	129	91	70	79	106	108	120	108	114	109
North West	85	85	98	82	106	83	69	79	114	64	90	110	101	107	85	101	107	103
Yorkshire and the Humber	64	62	120	69	94	92	143	89	102	100	68	78	81	101	91	99	99	97
East Midlands	82	81	98	91	80	91	94	81	89	149	72	78	60	89	81	95	94	90
West Midlands	92	92	104	97	92	86	99	65	109	80	82	75	71	96	84	101	102	97
East	84	84	97	126	73	78	54	144	73	108	69	79	64	88	72	88	89	86
London	98	98	96	126	169	141	79	133	117	13	213	93	164	114	123	116	101	116
South East	89	88	96	107	79	72	44	102	65	60	84	102	72	88	74	90	85	85
South West	81	81	97	137	74	87	57	69	71	180	72	114	51	93	83	88	96	91
<b>England</b>	<b>86</b>	<b>85</b>	<b>101</b>	<b>105</b>	<b>99</b>	<b>93</b>	<b>83</b>	<b>97</b>	<b>94</b>	<b>86</b>	<b>98</b>	<b>92</b>	<b>88</b>	<b>98</b>	<b>89</b>	<b>98</b>	<b>97</b>	<b>97</b>
Scotland	184	186	95	95	93	137	168	157	97	137	130	178	158	114	154	111	110	117
Wales	158	159	95	81	95	138	251	58	156	133	104	105	79	106	157	102	117	113
Northern Ireland	169	172	95	0	160	139	128	104	175	333	75	98	316	103	158	112	117	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>



Table 9.16 UK identifiable expenditure on services by function, country and region, per head indexed, 2004–05 to 2009–10 (continued)

	Data in this table from 2004–05 to 2008–09 are National Statistics																	Index (UK identifiable expenditure = 100)
	1. General public services	of which: public and common services	of which: international services	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	10. Social protection	Total Expenditure on Services
<b>2008–09</b>																		
North East	99	99	97	89	108	97	177	82	126	79	70	86	105	110	108	109	112	109
North West	83	83	97	89	109	88	109	77	115	58	86	143	110	107	89	101	107	105
Yorkshire and the Humber	65	65	97	85	92	84	109	83	103	79	74	85	85	100	89	99	98	96
East Midlands	77	77	97	122	83	78	86	79	91	102	67	84	61	91	78	95	94	90
West Midlands	95	95	97	102	92	83	102	64	111	70	78	80	74	99	83	101	103	98
East	89	89	97	135	73	79	68	124	75	97	73	85	56	87	74	88	90	86
London	106	106	97	110	170	136	80	147	105	9	192	99	177	112	112	120	99	115
South East	72	71	117	109	78	80	55	105	67	89	86	86	59	89	79	90	87	86
South West	86	85	97	117	75	82	70	63	74	150	71	113	58	93	77	89	98	91
<b>England</b>	<b>85</b>	<b>85</b>	<b>100</b>	<b>107</b>	<b>100</b>	<b>91</b>	<b>88</b>	<b>95</b>	<b>94</b>	<b>78</b>	<b>94</b>	<b>97</b>	<b>89</b>	<b>98</b>	<b>87</b>	<b>99</b>	<b>98</b>	<b>97</b>
Scotland	171	172	97	72	90	157	160	171	100	175	158	124	142	111	158	109	108	115
Wales	180	182	104	84	97	134	181	60	167	196	106	116	88	105	170	100	116	112
Northern Ireland	184	186	97	2	141	144	136	93	165	368	91	88	303	105	177	106	118	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>Data in this section do not form part of National Statistics</b>																		
<b>2009–10</b>																		
North East	98	98	98	71	105	93	160	86	123	87	72	79	108	109	107	111	114	109
North West	83	83	98	77	106	90	113	77	113	57	90	165	97	107	91	100	107	105
Yorkshire and the Humber	65	64	98	74	92	86	107	84	103	86	77	80	83	98	92	98	98	95
East Midlands	77	77	98	115	81	79	80	80	91	107	70	78	64	91	78	95	93	90
West Midlands	99	99	98	91	92	83	98	68	111	72	78	75	77	99	85	101	103	98
East	88	88	98	132	72	81	63	122	77	102	76	80	61	89	75	88	90	86
London	108	108	98	99	167	136	76	155	104	10	188	92	187	112	112	120	100	115
South East	71	70	109	100	76	83	61	102	70	94	86	86	65	92	81	90	88	87
South West	85	85	98	110	74	81	75	66	75	150	68	119	63	94	78	89	97	92
<b>England</b>	<b>86</b>	<b>85</b>	<b>100</b>	<b>98</b>	<b>98</b>	<b>92</b>	<b>87</b>	<b>97</b>	<b>94</b>	<b>81</b>	<b>95</b>	<b>97</b>	<b>92</b>	<b>99</b>	<b>89</b>	<b>99</b>	<b>98</b>	<b>97</b>
Scotland	166	168	98	145	103	158	163	157	89	184	160	136	143	108	167	107	108	115
Wales	186	188	105	123	103	113	156	60	148	164	89	99	73	102	145	101	115	109
Northern Ireland	178	180	98	2	142	145	199	87	221	303	86	76	261	98	163	108	119	121
<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>

Table 9.17 Total local government identifiable expenditure on services by country and region, 2004–05 to 2009–10

	£ million						As a percentage of total spending in that region (from Table 9.1)					
	National Statistics						National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	5,406	5,777	5,812	6,164	6,729	6,998	29	30	29	29	29	28
North West	14,038	14,958	15,417	16,530	17,740	18,295	30	30	30	30	30	29
Yorkshire and the Humber	9,473	10,068	10,618	11,068	11,877	12,432	29	29	29	29	29	28
East Midlands	7,432	7,889	8,257	8,761	9,361	9,791	29	29	29	29	29	28
West Midlands	10,259	11,029	11,539	12,227	12,830	13,417	30	30	30	30	30	29
East	9,442	10,175	10,531	11,333	12,198	12,761	30	30	30	31	30	29
London	21,928	23,365	24,519	25,402	27,253	28,635	39	39	39	38	38	37
South East	14,113	14,714	15,160	15,997	17,374	18,267	30	30	30	30	29	28
South West	8,632	9,071	9,444	10,074	11,127	11,700	28	28	28	28	29	28
<b>Total England</b>	<b>100,723</b>	<b>107,046</b>	<b>111,296</b>	<b>117,554</b>	<b>126,491</b>	<b>132,296</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>30</b>
Scotland	11,570	12,638	12,621	13,442	14,382	15,391	30	30	29	29	30	29
Wales	6,137	6,594	6,920	7,299	7,857	7,806	28	28	28	28	29	27
Northern Ireland <sup>(1)</sup>	443	483	464	609	620	582	3	3	3	4	3	3
<b>UK local government identifiable expenditure</b>	<b>118,873</b>	<b>126,762</b>	<b>131,301</b>	<b>138,904</b>	<b>149,349</b>	<b>156,075</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>29</b>
Non-identifiable expenditure	385	440	518	692	514	11	1	1	1	1	1	0
<b>Total local government expenditure on services</b>	<b>119,258</b>	<b>127,202</b>	<b>131,819</b>	<b>139,596</b>	<b>149,863</b>	<b>156,086</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>24</b>
Accounting adjustments	12,975	13,593	14,361	15,576	16,774	17,114	60	59	53	58	61	68
<b>Total local government expenditure</b>	<b>132,233</b>	<b>140,795</b>	<b>146,180</b>	<b>155,172</b>	<b>166,637</b>	<b>173,200</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>26</b>	<b>26</b>

(1) The relative weighting of Northern Ireland is higher in these tables because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments.



**Table 9.18 Total local government identifiable expenditure on services by country and region, per head 2004–05 to 2009–10**

	£ per head						Index (UK identifiable expenditure = 100)					
	National Statistics						National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	2,126	2,266	2,274	2,403	2,613	2,720	107	108	105	105	107	108
North West	2,058	2,187	2,250	2,408	2,580	2,638	104	104	104	106	106	104
Yorkshire and the Humber	1,871	1,971	2,065	2,138	2,278	2,358	94	94	95	94	94	93
East Midlands	1,732	1,823	1,892	1,991	2,112	2,180	87	87	87	87	87	86
West Midlands	1,926	2,061	2,150	2,272	2,371	2,467	97	98	99	100	97	98
East	1,713	1,829	1,878	2,002	2,129	2,213	86	87	87	88	88	88
London	2,968	3,134	3,264	3,361	3,577	3,731	149	149	151	148	147	148
South East	1,737	1,798	1,840	1,925	2,073	2,173	87	85	85	85	85	86
South West	1,712	1,783	1,843	1,945	2,136	2,224	86	85	85	85	88	88
<b>Total England</b>	<b>2,010</b>	<b>2,121</b>	<b>2,192</b>	<b>2,301</b>	<b>2,459</b>	<b>2,553</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>101</b>
Scotland	2,278	2,481	2,466	2,616	2,782	2,966	115	118	114	115	114	117
Wales	2,083	2,233	2,333	2,449	2,625	2,603	105	106	108	108	108	103
Northern Ireland <sup>(1)</sup>	259	280	267	346	349	326	13	13	12	15	14	13
<b>UK local government identifiable expenditure</b>	<b>1,986</b>	<b>2,104</b>	<b>2,167</b>	<b>2,278</b>	<b>2,433</b>	<b>2,526</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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

Table 9.19 Total central government and public corporations' identifiable expenditure on services by country and region, 2004–05 to 2010–11

	£ million							As a percentage of total spending in that region from 9.1					
	National Statistics							National Statistics					
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	2010–11 plans	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
North East	13,131	13,783	14,325	15,081	16,265	17,671	17,625	71	70	71	71	71	72
North West	32,965	34,526	36,766	38,959	41,431	45,695	45,945	70	70	70	70	70	71
Yorkshire and the Humber	23,179	24,609	25,575	27,011	29,152	31,843	31,691	71	71	71	71	71	72
East Midlands	18,214	19,500	20,260	21,581	23,303	25,593	25,658	71	71	71	71	71	72
West Midlands	23,672	25,380	26,610	28,333	30,520	33,464	33,392	70	70	70	70	70	71
East	21,589	23,224	24,398	25,808	28,100	31,065	31,503	70	70	70	69	70	71
London	34,818	37,180	38,643	41,598	44,860	49,191	47,830	61	61	61	62	62	63
South East	32,270	34,159	35,890	38,155	41,532	45,983	46,216	70	70	70	70	71	72
South West	21,866	23,356	24,260	26,017	27,862	30,687	30,808	72	72	72	72	71	72
<b>Total England</b>	<b>221,703</b>	<b>235,716</b>	<b>246,726</b>	<b>262,543</b>	<b>283,026</b>	<b>311,192</b>	<b>310,668</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>70</b>
Scotland	26,782	29,052	31,104	32,863	34,269	36,928	37,302	70	70	71	71	70	71
Wales	15,757	16,768	17,630	18,465	19,706	20,974	21,368	72	72	72	72	71	73
Northern Ireland <sup>(1)</sup>	13,826	14,543	15,149	16,197	17,356	18,488	18,555	97	97	97	96	97	97
<b>UK central government and public corporations' identifiable expenditure</b>	<b>278,068</b>	<b>296,080</b>	<b>310,608</b>	<b>330,068</b>	<b>354,356</b>	<b>387,582</b>	<b>387,893</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>71</b>
Outside UK	11,341	11,710	12,292	13,849	12,095	15,098	17,782	100	100	100	100	100	100
<b>Total central government and public corporations' identifiable expenditure</b>	<b>289,409</b>	<b>307,790</b>	<b>322,901</b>	<b>343,917</b>	<b>366,452</b>	<b>402,680</b>	<b>405,675</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>72</b>
Non-identifiable expenditure <sup>(2)</sup>	62,137	66,071	68,190	72,141	86,040	85,281	95,953	99	99	99	99	99	100
<b>Total central government and public corporations' expenditure on services</b>	<b>351,546</b>	<b>373,861</b>	<b>391,090</b>	<b>416,057</b>	<b>452,492</b>	<b>487,961</b>	<b>501,628</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>76</b>
Accounting adjustments	8,598	9,350	12,776	11,305	10,715	8,099	13,420	40	41	47	42	39	32
<b>Total central government and public corporations' expenditure<sup>(3)</sup></b>	<b>360,144</b>	<b>383,211</b>	<b>403,866</b>	<b>427,362</b>	<b>463,207</b>	<b>496,060</b>	<b>515,049</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>74</b>	<b>74</b>

(1) The relative weighting of Northern Ireland is higher in these tables because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments.

(2) The increase from 2008-09 onwards relates to the financial sector interventions. Details are provided in Box 5.A.

(3) This excludes the temporary effects of banks being classified to the public sector. See Box 5.A for details.

**Table 9.20 Total central government and public corporations' identifiable expenditure on services by country and region per head, 2004–05 to 2010–11**

	£ per head						
	National Statistics					2009–10 plans	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
North East	5,165	5,406	5,605	5,881	6,316	6,868	6,832
North West	4,834	5,048	5,365	5,676	6,025	6,590	6,596
Yorkshire and the Humber	4,577	4,818	4,973	5,217	5,592	6,041	5,960
East Midlands	4,244	4,506	4,642	4,905	5,257	5,698	5,657
West Midlands	4,444	4,743	4,958	5,265	5,640	6,153	6,109
East	3,917	4,175	4,352	4,559	4,905	5,389	5,412
London	4,712	4,987	5,144	5,505	5,887	6,409	6,182
South East	3,972	4,174	4,357	4,592	4,956	5,469	5,457
South West	4,337	4,592	4,734	5,025	5,349	5,834	5,804
<b>Total England</b>	<b>4,424</b>	<b>4,671</b>	<b>4,860</b>	<b>5,139</b>	<b>5,501</b>	<b>6,006</b>	<b>5,952</b>
Scotland	5,274	5,702	6,079	6,395	6,630	7,117	7,158
Wales	5,348	5,677	5,944	6,197	6,584	6,994	7,098
Northern Ireland <sup>(1)</sup>	8,084	8,434	8,698	9,199	9,778	10,336	10,296
<b>UK central government and public corporations' identifiable expenditure</b>	<b>4,646</b>	<b>4,915</b>	<b>5,127</b>	<b>5,414</b>	<b>5,773</b>	<b>6,272</b>	<b>6,234</b>

	Index (UK identifiable expenditure = 100)						
	National Statistics					2009–10 plans	2010–11 plans
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn		
North East	111	110	109	109	109	110	110
North West	104	103	105	105	104	105	106
Yorkshire and the Humber	99	98	97	96	97	96	96
East Midlands	91	92	91	91	91	91	91
West Midlands	96	97	97	97	98	98	98
East	84	85	85	84	85	86	87
London	101	101	100	102	102	102	99
South East	85	85	85	85	86	87	88
South West	93	93	92	93	93	93	93
<b>Total England</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>96</b>	<b>95</b>
Scotland	114	116	119	118	115	113	115
Wales	115	116	116	114	114	112	114
Northern Ireland <sup>(1)</sup>	174	172	170	170	169	165	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>

(1) The relative weighting of Northern Ireland is higher in these tables because spending that is undertaken by local government in Great Britain is mostly undertaken by Northern Ireland departments.

Table 9.21 Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2008–09

All the data in this table are National Statistics																		£ million
Function  Departmental grouping	National Statistics																	Total Expenditure on Services
	1. General public services of which: public and common services	of which: International services	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	10. Social protection			
<b>Scotland</b>																		
Scottish Executive	496	496	–	–	1,089	2,994	471	138	4	723	1,659	178	1,542	10,111	219	2,402	81	19,112
Scotland Office <sup>(1)</sup>	9	9	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9
Scottish local government	668	668	–	5	1,216	1,271	279	–	–	62	930	659	245	–	781	5,122	4,415	14,382
Local government public corporations	–	–	–	–	–	5	–	–	–	–	5	–	–	–	–	–	–	5
UK government departments	74	56	18	0	90	864	235	228	256	13	132	144	–	48	85	32	13,805	15,143
<b>Total identifiable expenditure in Scotland</b>	<b>1,247</b>	<b>1,230</b>	<b>18</b>	<b>5</b>	<b>2,395</b>	<b>5,135</b>	<b>985</b>	<b>366</b>	<b>260</b>	<b>799</b>	<b>2,726</b>	<b>981</b>	<b>1,787</b>	<b>10,160</b>	<b>1,084</b>	<b>7,555</b>	<b>18,301</b>	<b>48,650</b>
<b>Wales</b>																		
Welsh Assembly Government	424	424	1	–	29	1,316	359	5	79	495	378	127	222	5,539	126	1,334	103	9,221
Wales Office <sup>(1)</sup>	5	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5
Welsh local government	283	283	–	3	833	613	137	–	–	15	461	383	418	–	404	2,654	2,266	7,857
Local government public corporations	–	–	–	–	–	3	–	–	–	–	3	–	–	–	–	–	–	3
UK government departments	49	38	10	0	627	613	150	69	173	7	213	19	3	14	146	48	8,959	10,477
<b>Total identifiable expenditure in Wales</b>	<b>761</b>	<b>750</b>	<b>11</b>	<b>3</b>	<b>1,488</b>	<b>2,545</b>	<b>647</b>	<b>74</b>	<b>252</b>	<b>517</b>	<b>1,056</b>	<b>529</b>	<b>644</b>	<b>5,553</b>	<b>676</b>	<b>4,036</b>	<b>11,328</b>	<b>27,563</b>
<b>Northern Ireland<sup>(2)</sup></b>																		
Northern Ireland Executive	367	367	–	–	87	1,509	243	40	145	573	507	61	1,190	3,240	132	2,516	5,631	14,732
Northern Ireland Office	74	74	–	–	1,028	–	–	–	–	–	–	–	–	–	–	–	93	1,194
Northern Ireland Court Service	–	–	–	–	142	–	–	–	–	–	–	–	–	–	–	–	–	142
Northern Irish local government	–	–	–	–	–	22	22	–	–	–	–	172	119	56	252	–	–	620
UK government departments	22	15	6	0	28	88	23	29	2	3	31	7	0	4	33	5	1,101	1,287
<b>Total identifiable expenditure in Northern Ireland</b>	<b>462</b>	<b>456</b>	<b>6</b>	<b>0</b>	<b>1,285</b>	<b>1,619</b>	<b>288</b>	<b>69</b>	<b>147</b>	<b>576</b>	<b>539</b>	<b>239</b>	<b>1,309</b>	<b>3,300</b>	<b>417</b>	<b>2,521</b>	<b>6,825</b>	<b>17,975</b>

(1) This includes public corporations sponsored by central government departments.

(2) This does not reflect the transfer of policing and justice powers to the Northern Ireland Executive. These changes will be effected in PESA 2011.

# 10

## Public expenditure by country and sub-function

10.1 This chapter presents public expenditure by country and sub-function. In this chapter, data for all years up to and including 2008-09 are National Statistics. The figures in this chapter are consistent with **Chapter 9**, with the English local government data reported at England rather than English regional level to allow sub-functional analyses and country comparisons of spending. See **Chapter 9** for further details on 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 regional basis; and
- the information in **Chapters 9 and 10** was gathered in a separate data collection exercise during the winter of 2009-10. Therefore, the figures in these chapters are not entirely consistent with the figures in other PESA chapters.

### What's new

10.3 Additional tables in this chapter present the total identifiable expenditure on services for each country per head. While this makes figures more easily comparable, it draws attention to any inconsistencies in the sub-functional classification of spending across countries. The Treasury has worked closely with departments and devolved administrations to improve the sub-functional Education classification since PESA 2009 but more work is needed particularly on local authorities' **of which: under fives** spending. Changes in PESA 2010 mainly affect **9.3 Post-secondary non-tertiary education** and **9.5 Education not definable by level**, where a large number of expenditure items (mostly relating to further education) are now allocated to **9.2 Secondary education**.

### Tables on expenditure for a country

10.4 The tables in this chapter present public sector expenditure on services by country and sub-function:

- **Table 10.1** shows total identifiable expenditure on services for England by sub-function;
- **Table 10.2** shows total identifiable expenditure on services for Scotland by sub-function;
- **Table 10.3** shows total identifiable expenditure on services for Wales by sub-function;
- **Table 10.4** shows total identifiable expenditure on services for Northern Ireland by sub-function;
- **Table 10.5** shows total identifiable expenditure on services for England by sub-function per head;
- **Table 10.6** shows total identifiable expenditure on services for Scotland by sub-function per head;
- **Table 10.7** shows total identifiable expenditure on services for Wales by sub-function per head; and
- **Table 10.8** shows total identifiable expenditure on services for Northern Ireland by sub-function per head.

**Table 10.1 Total identifiable expenditure on services in England by sub-function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	2,817	3,018	3,010	2,904	3,102	3,080
1.2 Foreign economic aid	14	11	9	26	6	3
1.3 General services	874	812	976	919	974	998
1.4 Basic research	80	74	45	–	–	–
1.5 R&D general public services	12	10	11	10	9	10
1.6 General public services n.e.c.	1,690	1,685	1,632	1,750	2,126	2,189
<b>Total general public services</b>	<b>5,488</b>	<b>5,611</b>	<b>5,683</b>	<b>5,609</b>	<b>6,216</b>	<b>6,281</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	2	–	0
2.2 Civil defence	69	67	80	80	74	61
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	0	–	–	–	–	0
<b>Total defence</b>	<b>70</b>	<b>67</b>	<b>80</b>	<b>82</b>	<b>74</b>	<b>61</b>
<b>3. Public order and safety</b>						
3.1 Police services	11,132	11,958	12,583	12,792	13,903	14,188
<i>of which: immigration and citizenship</i>	4	4	4	3	16	21
<i>of which: other police services</i>	11,128	11,954	12,579	12,789	13,887	14,167
3.2 Fire-protection services	2,059	2,186	2,182	2,365	2,478	2,604
3.3 Law courts	5,855	5,283	5,396	5,628	5,778	5,521
3.4 Prisons	2,601	2,967	3,195	3,648	3,947	4,164
3.5 R&D public order and safety	44	21	13	23	22	24
3.6 Public order and safety n.e.c.	233	233	233	252	257	270
<b>Total public order and safety</b>	<b>21,924</b>	<b>22,648</b>	<b>23,602</b>	<b>24,709</b>	<b>26,385</b>	<b>26,771</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	5,024	5,321	5,194	5,453	5,724	5,378
4.2 Agriculture, forestry, fishing and hunting	4,141	4,051	3,610	3,399	3,525	3,737
<i>of which: market support under CAP</i>	3,174	2,901	2,520	2,323	2,523	2,684
<i>of which: other agriculture, food and fisheries policy</i>	923	1,093	1,043	1,023	957	1,013
<i>of which: forestry</i>	44	57	48	53	45	40
4.3 Fuel and energy	1,220	926	1,057	880	653	341
4.4 Mining, manufacturing and construction	–46	72	–24	–184	236	551
4.5 Transport	12,896	13,618	15,658	15,841	16,162	17,864
<i>of which: national roads</i>	1,889	2,201	2,666	2,613	2,893	3,561
<i>of which: local roads</i>	3,618	3,801	3,721	3,871	4,219	4,102
<i>of which: local public transport</i>	2,026	2,347	2,500	2,686	3,096	3,581
<i>of which: railway</i>	5,112	4,987	6,440	6,283	5,593	6,240
<i>of which: other transport</i>	251	282	331	387	360	380
4.6 Communication	257	215	297	629	647	507
4.7 Other industries	184	180	208	188	189	170
4.8 R&D economic affairs	1,618	1,947	1,737	2,077	2,035	2,257
4.9 Economic affairs n.e.c.	438	395	427	448	380	497
<b>Total economic affairs</b>	<b>25,731</b>	<b>26,726</b>	<b>28,165</b>	<b>28,731</b>	<b>29,551</b>	<b>31,301</b>
<b>5. Environment protection</b>						
5.1 Waste management	3,106	3,781	4,442	4,632	4,508	5,510
5.2 Waste water management	31	38	38	34	49	42
5.3 Pollution abatement	267	283	229	181	234	513
5.4 Protection of biodiversity and landscape	250	238	332	309	320	304
5.5 R&D environment protection	94	100	105	141	154	48
5.6 Environment protection n.e.c.	1,662	1,956	2,138	2,246	2,361	2,702
<b>Total environment protection</b>	<b>5,410</b>	<b>6,397</b>	<b>7,283</b>	<b>7,543</b>	<b>7,627</b>	<b>9,120</b>

**Table 10.1 Total identifiable expenditure on services in England by sub-function, 2004–05 to 2009–10 (continued)**

	National Statistics						£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans	
<b>6. Housing and community amenities</b>							
6.1 Housing development	3,049	4,687	5,347	5,975	7,418	8,607	
<i>of which: local authority housing</i>	1,240	2,955	3,256	3,744	4,588	4,051	
<i>of which: other social housing</i>	1,810	1,732	2,091	2,231	2,830	4,556	
6.2 Community development	2,322	2,598	2,582	2,899	3,103	2,955	
6.3 Water supply	3	-17	-19	-8	-5	-10	
6.4 Street lighting	363	424	466	513	577	585	
6.5 R&D housing and community amenities	-	-	-	-	-	-	
6.6 Housing and community amenities n.e.c	82	89	90	88	88	130	
<b>Total housing and community amenities</b>	<b>5,820</b>	<b>7,780</b>	<b>8,466</b>	<b>9,466</b>	<b>11,181</b>	<b>12,266</b>	
<b>7. Health<sup>(1)</sup></b>							
Medical services	66,559	72,092	75,643	82,053	88,660	96,932	
Health research	169	198	230	231	295	262	
Central and other health services	1,057	914	954	944	966	1,073	
<b>Total health</b>	<b>67,785</b>	<b>73,204</b>	<b>76,828</b>	<b>83,227</b>	<b>89,922</b>	<b>98,267</b>	
<b>8. Recreation, culture and religion</b>							
8.1 Recreational and sporting services	2,118	2,272	2,343	2,393	2,607	2,736	
8.2 Cultural services	2,692	2,995	2,997	3,042	3,100	3,296	
8.3 Broadcasting and publishing services	2	1	1	1	1	-	
8.4 Religious and other community services	80	78	79	91	84	80	
8.5 R&D recreation, culture and religion	1	74	98	117	132	122	
8.6 Recreation, culture and religion n.e.c	35	41	57	52	52	55	
<b>Total recreation, culture and religion</b>	<b>4,928</b>	<b>5,460</b>	<b>5,574</b>	<b>5,696</b>	<b>5,976</b>	<b>6,290</b>	
<b>9. Education<sup>(2)</sup></b>							
9.1 Pre-primary and primary education	19,190	20,563	21,092	22,549	23,862	25,263	
<i>of which: under fives</i>	3,762	3,958	3,746	4,012	4,180	4,499	
<i>of which: primary education</i>	15,428	16,605	17,345	18,537	19,682	20,764	
9.2 Secondary education	22,686	24,095	25,428	26,990	28,224	30,260	
9.3 Post-secondary non-tertiary education	218	203	164	178	364	341	
9.4 Tertiary education	7,002	7,849	8,112	9,366	9,255	9,901	
9.5 Education not definable by level	320	317	312	345	316	305	
9.6 Subsidiary services to education	2,590	2,820	2,965	3,135	3,964	4,580	
9.7 R&D education	15	12	13	12	11	20	
9.8 Education n.e.c	1,466	1,528	1,678	1,751	2,436	1,783	
<b>Total education</b>	<b>53,486</b>	<b>57,388</b>	<b>59,764</b>	<b>64,325</b>	<b>68,431</b>	<b>72,453</b>	
<b>10. Social protection</b>							
<i>of which: personal social services</i>	18,519	20,100	21,372	22,489	23,887	24,120	
10.1 Sickness and disability	23,103	24,238	25,152	26,429	29,078	31,718	
<i>of which: personal social services</i>	4,706	5,196	5,429	6,011	6,437	6,765	
<i>of which: incapacity, disability and injury benefits</i>	18,397	19,042	19,723	20,418	22,641	24,953	
10.2 Old age	54,075	56,764	59,095	63,530	69,884	74,796	
<i>of which: personal social services</i>	6,562	7,086	7,438	7,712	8,141	8,172	
<i>of which: pensions</i>	47,513	49,679	51,657	55,818	61,743	66,624	
10.3 Survivors	1,481	1,481	1,443	1,434	1,436	1,440	
10.4 Family and children	22,462	22,764	22,974	24,035	23,589	23,984	
<i>of which: personal social services</i>	4,703	5,204	5,488	5,797	6,234	6,411	
<i>of which: family benefits, income support and tax credits</i>	17,760	17,560	17,486	18,237	17,355	17,574	
10.5 Unemployment	3,074	3,357	3,799	3,554	4,392	6,777	
<i>of which: personal social services</i>	1,048	1,166	1,501	1,467	1,435	1,046	
<i>of which: other unemployment benefits</i>	2,026	2,190	2,298	2,088	2,957	5,730	
10.6 Housing	13,079	13,803	14,646	15,490	16,694	19,456	
10.7 Social exclusion n.e.c	11,082	12,160	13,301	14,379	17,269	19,477	
<i>of which: personal social services</i>	1,502	1,448	1,516	1,502	1,641	1,726	
<i>of which: family benefits, income support and tax credits</i>	9,580	10,712	11,785	12,876	15,628	17,751	
10.8 R&D social protection	2	1	0	-	-	-	
10.9 Social protection n.e.c.	3,426	2,913	2,168	1,859	1,813	3,031	
<b>Total social protection</b>	<b>131,784</b>	<b>137,481</b>	<b>142,578</b>	<b>150,710</b>	<b>164,154</b>	<b>180,679</b>	
<b>Total Expenditure on Services in England</b>	<b>322,426</b>	<b>342,763</b>	<b>358,022</b>	<b>380,097</b>	<b>409,516</b>	<b>443,488</b>	

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

**Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	701	650	675	716	707	725
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	22	29	25	25	22	19
1.4 Basic research	39	53	77	54	84	101
1.5 R&D general public services	15	19	19	10	11	13
1.6 General public services n.e.c.	224	461	264	214	424	359
<b>Total general public services</b>	<b>1,001</b>	<b>1,212</b>	<b>1,060</b>	<b>1,019</b>	<b>1,247</b>	<b>1,217</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	6	6	7	7	5	9
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
<b>Total defence</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>9</b>
<b>3. Public order and safety</b>						
3.1 Police services	1,009	1,169	1,120	1,180	1,251	1,484
<i>of which: immigration and citizenship</i>	0	0	0	0	2	2
<i>of which: other police services</i>	1,009	1,168	1,120	1,179	1,249	1,482
3.2 Fire-protection services	239	265	273	282	299	374
3.3 Law courts	389	392	403	434	451	458
3.4 Prisons	294	297	323	289	347	404
3.5 R&D public order and safety	1	1	1	1	1	1
3.6 Public order and safety n.e.c.	17	19	43	50	46	88
<b>Total public order and safety</b>	<b>1,950</b>	<b>2,142</b>	<b>2,163</b>	<b>2,235</b>	<b>2,395</b>	<b>2,810</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	673	685	702	731	717	658
4.2 Agriculture, forestry, fishing and hunting	664	646	660	741	799	849
<i>of which: market support under CAP</i>	450	443	449	479	509	526
<i>of which: other agriculture, food and fisheries policy</i>	159	147	129	184	211	234
<i>of which: forestry</i>	55	57	82	78	78	90
4.3 Fuel and energy	132	179	157	126	115	56
4.4 Mining, manufacturing and construction	28	40	21	81	114	141
4.5 Transport	1,614	1,831	2,709	2,835	2,726	3,016
<i>of which: national roads</i>	341	390	481	451	499	593
<i>of which: local roads</i>	486	598	651	626	654	686
<i>of which: local public transport</i>	72	79	239	247	266	268
<i>of which: railway</i>	442	456	1,072	1,199	923	1,061
<i>of which: other transport</i>	272	307	266	313	384	408
4.6 Communication	34	45	40	75	79	44
4.7 Other industries	69	81	79	86	87	83
4.8 R&D economic affairs	252	319	261	401	366	367
4.9 Economic affairs n.e.c.	211	153	181	199	132	176
<b>Total economic affairs</b>	<b>3,677</b>	<b>3,977</b>	<b>4,810</b>	<b>5,275</b>	<b>5,135</b>	<b>5,389</b>
<b>5. Environment protection</b>						
5.1 Waste management	562	937	682	697	648	906
5.2 Waste water management	–	–	–	–	–	–
5.3 Pollution abatement	12	7	7	9	12	20
5.4 Protection of biodiversity and landscape	89	97	148	123	115	122
5.5 R&D environment protection	12	17	17	16	17	7
5.6 Environment protection n.e.c.	170	194	142	203	189	219
<b>Total environment protection</b>	<b>846</b>	<b>1,252</b>	<b>995</b>	<b>1,048</b>	<b>981</b>	<b>1,274</b>



**Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2004–05 to 2009–10 (continued)**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	707	715	874	950	955	1,135
<i>of which: local authority housing</i>	300	323	292	357	501	671
<i>of which: other social housing</i>	407	392	581	593	454	463
6.2 Community development	94	104	116	119	118	154
6.3 Water supply	174	547	661	619	689	588
6.4 Street lighting	8	9	8	8	10	11
6.5 R&D housing and community amenities	15	14	9	8	7	6
6.6 Housing and community amenities n.e.c	18	17	12	43	8	20
<b>Total housing and community amenities</b>	<b>1,016</b>	<b>1,406</b>	<b>1,679</b>	<b>1,746</b>	<b>1,787</b>	<b>1,914</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	7,596	8,438	8,906	9,603	9,871	10,381
Health research	29	32	37	43	106	104
Central and other health services	76	92	92	81	183	236
<b>Total health</b>	<b>7,702</b>	<b>8,562</b>	<b>9,035</b>	<b>9,727</b>	<b>10,160</b>	<b>10,721</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	432	461	497	524	558	603
8.2 Cultural services	428	446	441	468	482	550
8.3 Broadcasting and publishing services	19	21	24	11	12	11
8.4 Religious and other community services	20	20	21	19	21	17
8.5 R&D recreation, culture and religion	0	5	7	8	11	8
8.6 Recreation, culture and religion n.e.c	0	1	1	1	1	1
<b>Total recreation, culture and religion</b>	<b>900</b>	<b>953</b>	<b>992</b>	<b>1,032</b>	<b>1,084</b>	<b>1,190</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	2,251	2,428	2,584	2,731	2,834	2,854
<i>of which: under fives</i>	256	276	289	307	309	335
<i>of which: primary education</i>	1,995	2,152	2,294	2,423	2,525	2,518
9.2 Secondary education	2,226	2,395	2,629	2,660	2,731	2,862
9.3 Post-secondary non-tertiary education	133	129	133	140	148	141
9.4 Tertiary education	1,092	1,165	1,378	1,454	1,411	1,402
9.5 Education not definable by level	163	167	126	83	42	42
9.6 Subsidiary services to education	24	22	14	15	198	208
9.7 R&D education	25	19	23	19	0	5
9.8 Education n.e.c	225	240	243	254	191	328
<b>Total education</b>	<b>6,139</b>	<b>6,565</b>	<b>7,131</b>	<b>7,354</b>	<b>7,555</b>	<b>7,842</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	2,292	2,447	2,330	2,748	2,988	3,106
10.1 Sickness and disability	3,001	3,128	3,121	3,334	3,700	4,087
<i>of which: personal social services</i>	540	589	524	675	747	825
<i>of which: incapacity, disability and injury benefits</i>	2,460	2,539	2,598	2,659	2,952	3,262
10.2 Old age	6,064	6,295	6,422	6,998	7,780	8,406
<i>of which: personal social services</i>	1,013	1,049	949	1,132	1,246	1,307
<i>of which: pensions</i>	5,051	5,246	5,473	5,866	6,534	7,099
10.3 Survivors	195	191	187	193	193	198
10.4 Family and children	2,508	2,536	2,565	2,726	2,570	2,589
<i>of which: personal social services</i>	555	616	634	714	766	766
<i>of which: family benefits, income support and tax credits</i>	1,953	1,920	1,931	2,012	1,804	1,823
10.5 Unemployment	339	324	360	319	389	607
<i>of which: personal social services</i>	78	83	109	106	102	72
<i>of which: other unemployment benefits</i>	261	241	251	213	287	536
10.6 Housing	1,496	1,543	1,570	1,609	1,682	1,882
10.7 Social exclusion n.e.c	1,110	1,214	1,299	1,390	1,668	1,878
<i>of which: personal social services</i>	106	110	114	121	127	136
<i>of which: family benefits, income support and tax credits</i>	1,004	1,104	1,184	1,269	1,541	1,742
10.8 R&D social protection	0	0	0	0	1	0
10.9 Social protection n.e.c.	404	384	327	292	319	306
<b>Total social protection</b>	<b>15,116</b>	<b>15,615</b>	<b>15,851</b>	<b>16,861</b>	<b>18,301</b>	<b>19,953</b>
<b>Total Expenditure on Services in Scotland</b>	<b>38,352</b>	<b>41,690</b>	<b>43,724</b>	<b>46,305</b>	<b>48,650</b>	<b>52,320</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

**Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	381	417	523	546	577	622
1.2 Foreign economic aid	–	–	0	–	1	1
1.3 General services	21	22	24	30	28	35
1.4 Basic research	–	–	–	–	–	–
1.5 R&D general public services	1	0	0	0	0	0
1.6 General public services n.e.c.	97	164	98	121	155	130
<b>Total general public services</b>	<b>499</b>	<b>603</b>	<b>646</b>	<b>698</b>	<b>761</b>	<b>788</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	3	3	3	3	3	4
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
<b>Total defence</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>4</b>
<b>3. Public order and safety</b>						
3.1 Police services	562	636	686	701	744	819
<i>of which: immigration and citizenship</i>	0	0	0	0	1	1
<i>of which: other police services</i>	562	635	686	701	743	818
3.2 Fire-protection services	145	160	172	167	197	236
3.3 Law courts	343	304	311	317	316	306
3.4 Prisons	140	165	164	193	217	247
3.5 R&D public order and safety	2	1	1	1	1	1
3.6 Public order and safety n.e.c.	12	12	13	14	14	15
<b>Total public order and safety</b>	<b>1,205</b>	<b>1,279</b>	<b>1,347</b>	<b>1,393</b>	<b>1,488</b>	<b>1,624</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	327	471	502	536	564	449
4.2 Agriculture, forestry, fishing and hunting	232	364	407	442	517	439
<i>of which: market support under CAP</i>	154	276	305	222	262	250
<i>of which: other agriculture, food and fisheries policy</i>	50	42	53	176	208	165
<i>of which: forestry</i>	28	46	49	44	47	24
4.3 Fuel and energy	155	189	158	116	95	44
4.4 Mining, manufacturing and construction	14	24	14	5	9	20
4.5 Transport	806	852	889	944	1,056	971
<i>of which: national roads</i>	159	157	184	191	199	198
<i>of which: local roads</i>	254	310	338	329	358	333
<i>of which: local public transport</i>	61	81	69	114	92	93
<i>of which: railway</i>	292	267	260	273	362	312
<i>of which: other transport</i>	41	36	38	37	46	36
4.6 Communication	239	130	68	64	62	52
4.7 Other industries	55	34	27	26	26	25
4.8 R&D Economic affairs	52	68	60	78	74	80
4.9 Economic affairs n.e.c.	213	192	189	122	141	147
<b>Total economic affairs</b>	<b>2,093</b>	<b>2,326</b>	<b>2,314</b>	<b>2,333</b>	<b>2,545</b>	<b>2,228</b>
<b>5. Environment protection</b>						
5.1 Waste management	203	233	372	306	325	369
5.2 Waste water management	3	1	1	1	1	1
5.3 Pollution abatement	2	1	0	1	1	3
5.4 Protection of biodiversity and landscape	8	10	5	7	9	7
5.5 R&D environment protection	4	4	4	9	9	3
5.6 Environment protection n.e.c.	174	181	197	139	184	154
<b>Total environment protection</b>	<b>394</b>	<b>429</b>	<b>580</b>	<b>463</b>	<b>529</b>	<b>538</b>

**Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2004–05 to 2009–10 (continued)**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	98	194	220	200	350	254
<i>of which: local authority housing</i>	130	200	225	232	334	257
<i>of which: other social housing</i>	-31	-5	-5	-32	16	-3
6.2 Community development	159	184	200	257	230	251
6.3 Water supply	-	-	-	-	-	-
6.4 Street lighting	26	30	31	34	37	37
6.5 R&D housing and community amenities	-	-	-	-	-	-
6.6 Housing and community amenities n.e.c	0	0	21	21	27	21
<b>Total housing and community amenities</b>	<b>284</b>	<b>409</b>	<b>471</b>	<b>512</b>	<b>644</b>	<b>562</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	4,297	4,575	4,914	5,178	5,480	5,776
Health research	22	29	34	36	39	47
Central and other health services	14	45	35	40	34	43
<b>Total health</b>	<b>4,333</b>	<b>4,649</b>	<b>4,984</b>	<b>5,255</b>	<b>5,553</b>	<b>5,867</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	233	231	267	324	310	241
8.2 Cultural services	193	209	213	238	235	225
8.3 Broadcasting and publishing services	99	98	105	91	102	101
8.4 Religious and other community services	6	6	7	6	6	6
8.5 R&D recreation, culture and religion	0	2	3	3	3	3
8.6 Recreation, culture and religion n.e.c	18	16	22	23	20	20
<b>Total recreation, culture and religion</b>	<b>550</b>	<b>563</b>	<b>616</b>	<b>684</b>	<b>676</b>	<b>595</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	1,053	1,100	1,243	1,338	1,408	1,435
<i>of which: under fives</i>	73	46	46	78	93	100
<i>of which: primary education</i>	980	1,055	1,197	1,259	1,315	1,335
9.2 Secondary education <sup>(3)</sup>	1,415	1,509	1,440	1,499	1,392	1,536
9.3 Post-secondary non-tertiary education	-	-	-	-	-	-
9.4 Tertiary education	471	481	508	537	537	459
9.5 Education not definable by level	150	134	169	185	209	182
9.6 Subsidiary services to education	210	237	239	305	397	529
9.7 R&D education	-	-	-	-	-	-
9.8 Education n.e.c	30	23	91	80	92	148
<b>Total education</b>	<b>3,329</b>	<b>3,485</b>	<b>3,689</b>	<b>3,944</b>	<b>4,036</b>	<b>4,288</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	1,546	1,711	1,768	1,902	1,913	1,870
10.1 Sickness and disability	2,246	2,349	2,424	2,515	2,743	2,973
<i>of which: personal social services</i>	358	400	430	485	511	522
<i>of which: incapacity, disability and injury benefits</i>	1,888	1,949	1,994	2,030	2,232	2,451
10.2 Old age	3,427	3,596	3,751	4,058	4,455	4,795
<i>of which: personal social services</i>	465	494	518	537	560	563
<i>of which: pensions</i>	2,962	3,102	3,234	3,522	3,895	4,232
10.3 Survivors	102	102	100	100	101	102
10.4 Family and children	1,436	1,482	1,495	1,544	1,501	1,496
<i>of which: personal social services</i>	308	382	406	420	434	426
<i>of which: family benefits, income support and tax credits</i>	1,128	1,100	1,089	1,125	1,067	1,070
10.5 Unemployment	307	332	399	388	440	522
<i>of which: personal social services</i>	194	209	276	270	262	186
<i>of which: other unemployment benefits</i>	113	123	123	118	178	336
10.6 Housing	648	668	708	747	806	908
10.7 Social exclusion n.e.c	865	934	900	1,018	1,148	1,310
<i>of which: personal social services</i>	221	225	139	191	145	173
<i>of which: family benefits, income support and tax credits</i>	644	708	762	827	1,003	1,137
10.8 R&D social protection	0	-	-	-	-	-
10.9 Social protection n.e.c.	172	154	121	109	133	180
<b>Total social protection</b>	<b>9,204</b>	<b>9,617</b>	<b>9,899</b>	<b>10,480</b>	<b>11,328</b>	<b>12,285</b>
<b>Total Expenditure on Services in Wales</b>	<b>21,894</b>	<b>23,362</b>	<b>24,549</b>	<b>25,764</b>	<b>27,563</b>	<b>28,780</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

(3) Data received after the conclusion of the exercise indicates that Wales' Secondary education spending in 2008–09 should be closer to £1,510 million raising overall Education spending to £4,150 million.

**Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2004–05 to 2009–10**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	162	168	194	147	220	222
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	161	193	213	205	215	207
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.	17	17	21	17	26	21
<b>Total general public services</b>	<b>340</b>	<b>378</b>	<b>427</b>	<b>369</b>	<b>462</b>	<b>450</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	0	0	0	0	0	0
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
<b>Total defence</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Public order and safety</b>						
3.1 Police services	765	780	766	769	749	798
<i>of which: immigration and citizenship</i>	0	0	0	0	1	1
<i>of which: other police services</i>	765	779	766	769	749	798
3.2 Fire-protection services	68	64	74	74	83	86
3.3 Law courts	177	132	155	162	178	173
3.4 Prisons	120	148	130	142	139	152
3.5 R&D public order and safety	0	0	0	0	0	0
3.6 Public order and safety n.e.c.	116	132	157	156	136	131
<b>Total public order and safety</b>	<b>1,247</b>	<b>1,255</b>	<b>1,283</b>	<b>1,303</b>	<b>1,285</b>	<b>1,340</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	382	361	333	349	365	516
4.2 Agriculture, forestry, fishing and hunting	402	534	473	464	576	484
<i>of which: market support under CAP</i>	200	329	251	246	278	260
<i>of which: other agriculture, food and fisheries policy</i>	195	199	216	214	295	216
<i>of which: forestry</i>	7	6	5	4	3	8
4.3 Fuel and energy	8	13	9	17	35	17
4.4 Mining, manufacturing and construction	0	0	0	0	0	12
4.5 Transport	334	357	386	521	539	555
<i>of which: national roads</i>	14	12	12	13	18	18
<i>of which: local roads</i>	241	254	236	294	341	364
<i>of which: local public transport</i>	60	62	98	156	124	133
<i>of which: railway</i>	2	2	3	2	12	12
<i>of which: other transport</i>	16	27	37	56	44	29
4.6 Communication	14	7	10	19	22	29
4.7 Other industries	1	0	0	0	0	0
4.8 R&D economic affairs	71	72	63	77	69	70
4.9 Economic affairs n.e.c.	21	20	18	12	13	19
<b>Total economic affairs</b>	<b>1,233</b>	<b>1,365</b>	<b>1,292</b>	<b>1,461</b>	<b>1,619</b>	<b>1,701</b>
<b>5. Environment protection</b>						
5.1 Waste management	113	125	140	170	172	181
5.2 Waste water management	24	31	32	–	–	–
5.3 Pollution abatement	1	2	–	–	–	0
5.4 Protection of biodiversity and landscape	5	4	5	6	8	7
5.5 R&D environment protection	–	0	0	4	4	0
5.6 Environment protection n.e.c.	56	71	69	54	56	56
<b>Total environment protection</b>	<b>199</b>	<b>233</b>	<b>247</b>	<b>235</b>	<b>239</b>	<b>244</b>

**Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2004–05 to 2009–10 (continued)**

	National Statistics					£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	372	425	370	500	520	518
<i>of which: local authority housing</i>	277	296	236	320	374	312
<i>of which: other social housing</i>	95	130	134	180	147	206
6.2 Community development	102	86	104	139	139	156
6.3 Water supply	308	350	326	372	537	420
6.4 Street lighting	17	19	15	19	23	19
6.5 R&D housing and community amenities	–	–	–	–	–	–
6.6 Housing and community amenities n.e.c	67	76	74	102	90	92
<b>Total housing and community amenities</b>	<b>866</b>	<b>956</b>	<b>889</b>	<b>1,132</b>	<b>1,309</b>	<b>1,205</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	2,339	2,503	2,733	2,832	3,167	3,205
Health research	39	43	42	43	52	81
Central and other health services	67	84	83	80	80	79
<b>Total health</b>	<b>2,445</b>	<b>2,630</b>	<b>2,858</b>	<b>2,955</b>	<b>3,300</b>	<b>3,365</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	151	156	140	193	215	206
8.2 Cultural services	132	155	146	166	170	168
8.3 Broadcasting and publishing services	0	0	0	0	0	–
8.4 Religious and other community services	1	0	1	1	1	1
8.5 R&D recreation, culture and religion	0	1	1	2	2	1
8.6 Recreation, culture and religion n.e.c	15	18	23	26	29	24
<b>Total recreation, culture and religion</b>	<b>299</b>	<b>331</b>	<b>310</b>	<b>387</b>	<b>417</b>	<b>400</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	492	533	539	563	597	649
<i>of which: under fives</i>	22	25	25	28	26	26
<i>of which: primary education</i>	470	508	514	535	571	623
9.2 Secondary education	811	878	900	922	953	1,006
9.3 Post-secondary non-tertiary education	–	–	–	–	–	–
9.4 Tertiary education	292	293	332	342	332	391
9.5 Education not definable by level	5	4	3	–5	–1	–19
9.6 Subsidiary services to education	133	130	136	144	167	146
9.7 R&D education	–	–	–	–	–	–
9.8 Education n.e.c	405	401	401	468	473	565
<b>Total education</b>	<b>2,138</b>	<b>2,238</b>	<b>2,311</b>	<b>2,434</b>	<b>2,521</b>	<b>2,739</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	696	724	771	817	837	928
10.1 Sickness and disability	2,420	2,423	2,500	2,633	2,733	2,963
<i>of which: personal social services</i>	682	710	741	782	823	897
<i>of which: incapacity, disability and injury benefits</i>	1,738	1,714	1,759	1,851	1,910	2,066
10.2 Old age	1,783	1,882	2,000	2,304	2,311	2,583
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: pensions</i>	1,783	1,882	2,000	2,304	2,311	2,583
10.3 Survivors	37	35	41	39	40	46
10.4 Family and children	412	433	458	505	513	546
<i>of which: personal social services</i>	14	15	31	35	14	31
<i>of which: family benefits, income support and tax credits</i>	399	418	428	471	499	515
10.5 Unemployment	93	86	78	69	96	187
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: other unemployment benefits</i>	93	86	78	69	96	187
10.6 Housing	336	334	432	446	483	560
10.7 Social exclusion n.e.c	403	436	473	528	635	727
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: family benefits, income support and tax credits</i>	403	436	473	528	635	727
10.8 R&D social protection	–	–	–	–	–	–
10.9 Social protection n.e.c.	15	11	15	6	15	13
<b>Total social protection</b>	<b>5,501</b>	<b>5,640</b>	<b>5,996</b>	<b>6,530</b>	<b>6,825</b>	<b>7,625</b>
<b>Total Expenditure on Services in Northern Ireland</b>	<b>14,269</b>	<b>15,026</b>	<b>15,614</b>	<b>16,805</b>	<b>17,975</b>	<b>19,070</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

**Table 10.5 Total identifiable expenditure on services in England by sub-function, per head, 2004–05 to 2009–10**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	56	60	59	57	60	59
1.2 Foreign economic aid	0	0	0	1	0	0
1.3 General services	17	16	19	18	19	19
1.4 Basic Research	2	1	1	–	–	–
1.5 R&D general public services	0	0	0	0	0	0
1.6 General public services n.e.c.	34	33	32	34	41	42
<b>Total general public services</b>	<b>110</b>	<b>111</b>	<b>112</b>	<b>110</b>	<b>121</b>	<b>121</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	1	1	2	2	1	1
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	0	–	–	–	–	0
<b>Total defence</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>3. Public order and safety</b>						
3.1 Police services	222	237	248	250	270	274
<i>of which: immigration and citizenship</i>	0	0	0	0	0	0
<i>of which: other police services</i>	222	237	248	250	270	273
3.2 Fire-protection services	41	43	43	46	48	50
3.3 Law courts	117	105	106	110	112	107
3.4 Prisons	52	59	63	71	77	80
3.5 R&D public order and safety	1	0	0	0	0	0
3.6 Public order and safety n.e.c.	5	5	5	5	5	5
<b>Total public order and safety</b>	<b>438</b>	<b>449</b>	<b>465</b>	<b>484</b>	<b>513</b>	<b>517</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	100	105	102	107	111	104
4.2 Agriculture, forestry, fishing and hunting	83	80	71	67	69	72
<i>of which: market support under CAP</i>	63	57	50	45	49	52
<i>of which: other agriculture, food and fisheries policy</i>	18	22	21	20	19	20
<i>of which: forestry</i>	1	1	1	1	1	1
4.3 Fuel and energy	24	18	21	17	13	7
4.4 Mining, manufacturing and construction	–1	1	0	–4	5	11
4.5 Transport	257	270	308	310	314	345
<i>of which: national roads</i>	38	44	53	51	56	69
<i>of which: local roads</i>	72	75	73	76	82	79
<i>of which: local public transport</i>	40	47	49	53	60	69
<i>of which: railway</i>	102	99	127	123	109	120
<i>of which: other transport</i>	5	6	7	8	7	7
4.6 Communication	5	4	6	12	13	10
4.7 Other industries	4	4	4	4	4	3
4.8 R&D economic affairs	32	39	34	41	40	44
4.9 Economic affairs n.e.c.	9	8	8	9	7	10
<b>Total economic affairs</b>	<b>513</b>	<b>530</b>	<b>555</b>	<b>562</b>	<b>574</b>	<b>604</b>
<b>5. Environment protection</b>						
5.1 Waste management	62	75	88	91	88	106
5.2 Waste water management	1	1	1	1	1	1
5.3 Pollution abatement	5	6	5	4	5	10
5.4 Protection of biodiversity and landscape	5	5	7	6	6	6
5.5 R&D environment protection	2	2	2	3	3	1
5.6 Environment protection n.e.c.	33	39	42	44	46	52
<b>Total environment protection</b>	<b>108</b>	<b>127</b>	<b>143</b>	<b>148</b>	<b>148</b>	<b>176</b>

**Table 10.5 Total identifiable expenditure on services in England by sub-function, per head, 2004–05 to 2009–10 (continued)**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	61	93	105	117	144	166
<i>of which: local authority housing</i>	25	59	64	73	89	78
<i>of which: other social housing</i>	36	34	41	44	55	88
6.2 Community development	46	51	51	57	60	57
6.3 Water supply	0	0	0	0	0	0
6.4 Street lighting	7	8	9	10	11	11
6.5 R&D housing and community amenities	–	–	–	–	–	–
6.6 Housing and community amenities n.e.c	2	2	2	2	2	3
<b>Total housing and community amenities</b>	<b>116</b>	<b>154</b>	<b>167</b>	<b>185</b>	<b>217</b>	<b>237</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	1,328	1,429	1,490	1,606	1,723	1,871
Health research	3	4	5	5	6	5
Central and other health services	21	18	19	18	19	21
<b>Total health</b>	<b>1,353</b>	<b>1,451</b>	<b>1,513</b>	<b>1,629</b>	<b>1,748</b>	<b>1,896</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	42	45	46	47	51	53
8.2 Cultural services	54	59	59	60	60	64
8.3 Broadcasting and publishing services	0	0	0	0	0	–
8.4 Religious and other community services	2	2	2	2	2	2
8.5 R&D recreation, culture and religion	0	1	2	2	3	2
8.6 Recreation, culture and religion n.e.c	1	1	1	1	1	1
<b>Total recreation, culture and religion</b>	<b>98</b>	<b>108</b>	<b>110</b>	<b>111</b>	<b>116</b>	<b>121</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	383	407	415	441	464	488
<i>of which: under fives</i>	75	78	74	79	81	87
<i>of which: primary education</i>	308	329	342	363	383	401
9.2 Secondary education	453	477	501	528	549	584
9.3 Post-secondary non-tertiary education	4	4	3	3	7	7
9.4 Tertiary education	140	156	160	183	180	191
9.5 Education not definable by level	6	6	6	7	6	6
9.6 Subsidiary services to education	52	56	58	61	77	88
9.7 R&D education	0	0	0	0	0	0
9.8 Education n.e.c	29	30	33	34	47	34
<b>Total education</b>	<b>1,067</b>	<b>1,137</b>	<b>1,177</b>	<b>1,259</b>	<b>1,330</b>	<b>1,398</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	370	398	421	440	464	465
10.1 Sickness and disability	461	480	495	517	565	612
<i>of which: personal social services</i>	94	103	107	118	125	131
<i>of which: incapacity, disability and injury benefits</i>	367	377	389	400	440	482
10.2 Old age	1,079	1,125	1,164	1,243	1,358	1,443
<i>of which: personal social services</i>	131	140	147	151	158	158
<i>of which: pensions</i>	948	984	1,018	1,093	1,200	1,286
10.3 Survivors	30	29	28	28	28	28
10.4 Family and children	448	451	453	470	459	463
<i>of which: personal social services</i>	94	103	108	113	121	124
<i>of which: family benefits, income support and tax credits</i>	354	348	344	357	337	339
10.5 Unemployment	61	67	75	70	85	131
<i>of which: personal social services</i>	21	23	30	29	28	20
<i>of which: other unemployment benefits</i>	40	43	45	41	57	111
10.6 Housing	261	274	289	303	324	375
10.7 Social exclusion n.e.c	221	241	262	281	336	376
<i>of which: personal social services</i>	30	29	30	29	32	33
<i>of which: family benefits, income support and tax credits</i>	191	212	232	252	304	343
10.8 R&D social protection	0	0	0	–	–	–
10.9 Social protection n.e.c.	68	58	43	36	35	58
<b>Total social protection</b>	<b>2,630</b>	<b>2,724</b>	<b>2,809</b>	<b>2,950</b>	<b>3,191</b>	<b>3,487</b>
<b>Total Expenditure on Services in Northern Ireland</b>	<b>6,434</b>	<b>6,792</b>	<b>7,053</b>	<b>7,439</b>	<b>7,960</b>	<b>8,559</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.



**Table 10.6 Total identifiable expenditure on services in Scotland by sub-function, per head, 2004–05 to 2009–10**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	138	128	132	139	137	140
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	4	6	5	5	4	4
1.4 Basic Research	8	10	15	10	16	19
1.5 R&D general public services	3	4	4	2	2	2
1.6 General public services n.e.c.	44	90	52	42	82	69
<b>Total general public services</b>	<b>197</b>	<b>238</b>	<b>207</b>	<b>198</b>	<b>241</b>	<b>235</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	1	1	1	1	1	2
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
<b>Total defence</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>3. Public order and safety</b>						
3.1 Police services	199	229	219	230	242	286
<i>of which: immigration and citizenship</i>	0	0	0	0	0	0
<i>of which: other police services</i>	199	229	219	230	242	286
3.2 Fire-protection services	47	52	53	55	58	72
3.3 Law courts	77	77	79	84	87	88
3.4 Prisons	58	58	63	56	67	78
3.5 R&D public order and safety	0	0	0	0	0	0
3.6 Public order and safety n.e.c.	3	4	8	10	9	17
<b>Total public order and safety</b>	<b>384</b>	<b>420</b>	<b>423</b>	<b>435</b>	<b>463</b>	<b>541</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	133	134	137	142	139	127
4.2 Agriculture, forestry, fishing and hunting	131	127	129	144	154	164
<i>of which: market support under CAP</i>	89	87	88	93	99	101
<i>of which: other agriculture, food and fisheries policy</i>	31	29	25	36	41	45
<i>of which: forestry</i>	11	11	16	15	15	17
4.3 Fuel and energy	26	35	31	25	22	11
4.4 Mining, manufacturing and construction	6	8	4	16	22	27
4.5 Transport	318	359	529	552	527	581
<i>of which: national roads</i>	67	77	94	88	96	114
<i>of which: local roads</i>	96	117	127	122	127	132
<i>of which: local public transport</i>	14	16	47	48	51	52
<i>of which: railway</i>	87	89	210	233	179	204
<i>of which: other transport</i>	53	60	52	61	74	79
4.6 Communication	7	9	8	15	15	8
4.7 Other industries	14	16	15	17	17	16
4.8 R&D economic affairs	50	63	51	78	71	71
4.9 Economic affairs n.e.c.	42	30	35	39	26	34
<b>Total economic affairs</b>	<b>724</b>	<b>781</b>	<b>940</b>	<b>1,027</b>	<b>993</b>	<b>1,038</b>
<b>5. Environment protection</b>						
5.1 Waste management	111	184	133	136	125	175
5.2 Waste water management	–	–	–	–	–	–
5.3 Pollution abatement	2	1	1	2	2	4
5.4 Protection of biodiversity and landscape	18	19	29	24	22	24
5.5 R&D environment protection	2	3	3	3	3	1
5.6 Environment protection n.e.c.	34	38	28	40	37	42
<b>Total environment protection</b>	<b>167</b>	<b>246</b>	<b>194</b>	<b>204</b>	<b>190</b>	<b>246</b>



**Table 10.6 Total identifiable expenditure on services in Scotland by sub-function, per head, 2004–05 to 2009–10 (continued)**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	139	140	171	185	185	219
<i>of which: local authority housing</i>	59	63	57	69	97	129
<i>of which: other social housing</i>	80	77	114	115	88	89
6.2 Community development	19	20	23	23	23	30
6.3 Water supply	34	107	129	120	133	113
6.4 Street lighting	2	2	2	1	2	2
6.5 R&D housing and community amenities	3	3	2	2	1	1
6.6 Housing and community amenities n.e.c	3	3	2	8	2	4
<b>Total housing and community amenities</b>	<b>200</b>	<b>276</b>	<b>328</b>	<b>340</b>	<b>346</b>	<b>369</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	1,496	1,656	1,741	1,869	1,910	2,001
Health research	6	6	7	8	20	20
Central and other health services	15	18	18	16	35	45
<b>Total health</b>	<b>1,517</b>	<b>1,681</b>	<b>1,766</b>	<b>1,893</b>	<b>1,966</b>	<b>2,066</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	85	90	97	102	108	116
8.2 Cultural services	84	88	86	91	93	106
8.3 Broadcasting and publishing services	4	4	5	2	2	2
8.4 Religious and other community services	4	4	4	4	4	3
8.5 R&D recreation, culture and religion	0	1	1	2	2	2
8.6 Recreation, culture and religion n.e.c	0	0	0	0	0	0
<b>Total recreation, culture and religion</b>	<b>177</b>	<b>187</b>	<b>194</b>	<b>201</b>	<b>210</b>	<b>229</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	443	477	505	531	548	550
<i>of which: under fives</i>	50	54	57	60	60	65
<i>of which: primary education</i>	393	422	448	472	489	485
9.2 Secondary education	438	470	514	518	528	552
9.3 Post-secondary non-tertiary education	26	25	26	27	29	27
9.4 Tertiary education	215	229	269	283	273	270
9.5 Education not definable by level	32	33	25	16	8	8
9.6 Subsidiary services to education	5	4	3	3	38	40
9.7 R&D education	5	4	4	4	0	1
9.8 Education n.e.c	44	47	48	49	37	63
<b>Total education</b>	<b>1,209</b>	<b>1,289</b>	<b>1,394</b>	<b>1,431</b>	<b>1,462</b>	<b>1,511</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	451	480	455	535	578	599
10.1 Sickness and disability	591	614	610	649	716	788
<i>of which: personal social services</i>	106	116	102	131	145	159
<i>of which: incapacity, disability and injury benefits</i>	484	498	508	517	571	629
10.2 Old age	1,194	1,236	1,255	1,362	1,505	1,620
<i>of which: personal social services</i>	199	206	185	220	241	252
<i>of which: pensions</i>	995	1,030	1,070	1,142	1,264	1,368
10.3 Survivors	38	38	37	38	37	38
10.4 Family and children	494	498	501	530	497	499
<i>of which: personal social services</i>	109	121	124	139	148	148
<i>of which: family benefits, income support and tax credits</i>	385	377	377	392	349	351
10.5 Unemployment	67	64	70	62	75	117
<i>of which: personal social services</i>	15	16	21	21	20	14
<i>of which: other unemployment benefits</i>	51	47	49	41	56	103
10.6 Housing	295	303	307	313	325	363
10.7 Social exclusion n.e.c	219	238	254	270	323	362
<i>of which: personal social services</i>	21	22	22	23	25	26
<i>of which: family benefits, income support and tax credits</i>	198	217	231	247	298	336
10.8 R&D social protection	0	0	0	0	0	0
10.9 Social protection n.e.c.	79	75	64	57	62	59
<b>Total social protection</b>	<b>2,977</b>	<b>3,065</b>	<b>3,098</b>	<b>3,281</b>	<b>3,541</b>	<b>3,845</b>
<b>Total Expenditure on Services in Northern Ireland</b>	<b>7,552</b>	<b>8,183</b>	<b>8,545</b>	<b>9,011</b>	<b>9,412</b>	<b>10,083</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

**Table 10.7 Total identifiable expenditure on services in Wales by sub-function, per head, 2004–05 to 2009–10**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	129	141	177	183	193	207
1.2 Foreign economic aid	–	–	0	–	0	0
1.3 General services	7	7	8	10	9	12
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.	33	55	33	40	52	43
<b>Total general public services</b>	<b>170</b>	<b>204</b>	<b>218</b>	<b>234</b>	<b>254</b>	<b>263</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	1	1	1	1	1	1
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
<b>Total defence</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>3. Public order and safety</b>						
3.1 Police services	191	215	231	235	249	273
<i>of which: immigration and citizenship</i>	0	0	0	0	0	0
<i>of which: other police services</i>	191	215	231	235	248	273
3.2 Fire-protection services	49	54	58	56	66	79
3.3 Law courts	116	103	105	106	105	102
3.4 Prisons	48	56	55	65	72	82
3.5 R&D public order and safety	1	0	0	0	0	0
3.6 Public order and safety n.e.c.	4	4	4	5	5	5
<b>Total public order and safety</b>	<b>409</b>	<b>433</b>	<b>454</b>	<b>467</b>	<b>497</b>	<b>541</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	111	160	169	180	189	150
4.2 Agriculture, forestry, fishing and hunting	79	123	137	148	173	146
<i>of which: market support under CAP</i>	52	94	103	75	88	83
<i>of which: other agriculture, food and fisheries policy</i>	17	14	18	59	69	55
<i>of which: forestry</i>	10	16	16	15	16	8
4.3 Fuel and energy	52	64	53	39	32	15
4.4 Mining, manufacturing and construction	5	8	5	2	3	7
4.5 Transport	274	288	300	317	353	324
<i>of which: national roads</i>	54	53	62	64	67	66
<i>of which: local roads</i>	86	105	114	110	120	111
<i>of which: local public transport</i>	21	28	23	38	31	31
<i>of which: railway</i>	99	91	88	92	121	104
<i>of which: other transport</i>	14	12	13	12	15	12
4.6 Communication	81	44	23	22	21	17
4.7 Other industries	19	12	9	9	9	8
4.8 R&D economic affairs	18	23	20	26	25	27
4.9 Economic affairs n.e.c.	72	65	64	41	47	49
<b>Total economic affairs</b>	<b>710</b>	<b>787</b>	<b>780</b>	<b>783</b>	<b>850</b>	<b>743</b>
<b>5. Environment protection</b>						
5.1 Waste management	69	79	126	103	109	123
5.2 Waste water management	1	0	0	0	0	0
5.3 Pollution abatement	1	0	0	0	0	1
5.4 Protection of biodiversity and landscape	3	3	2	2	3	2
5.5 R&D environment protection	1	1	1	3	3	1
5.6 Environment protection n.e.c.	59	61	66	47	61	51
<b>Total environment protection</b>	<b>134</b>	<b>145</b>	<b>195</b>	<b>155</b>	<b>177</b>	<b>179</b>

**Table 10.7 Total identifiable expenditure on services in Wales by sub-function, per head, 2004–05 to 2009–10 (continued)**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	33	66	74	67	117	85
<i>of which: local authority housing</i>	44	68	76	78	112	86
<i>of which: other social housing</i>	-11	-2	-2	-11	5	-1
6.2 Community development	54	62	67	86	77	84
6.3 Water supply	-	-	-	-	-	-
6.4 Street lighting	9	10	10	11	12	12
6.5 R&D housing and community amenities	-	-	-	-	-	-
6.6 Housing and community amenities n.e.c	0	0	7	7	9	7
<b>Total housing and community amenities</b>	<b>96</b>	<b>138</b>	<b>159</b>	<b>172</b>	<b>215</b>	<b>188</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	1,458	1,549	1,657	1,738	1,831	1,926
Health research	7	10	12	12	13	16
Central and other health services	5	15	12	13	11	14
<b>Total health</b>	<b>1,470</b>	<b>1,574</b>	<b>1,680</b>	<b>1,763</b>	<b>1,855</b>	<b>1,956</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	79	78	90	109	104	80
8.2 Cultural services	66	71	72	80	78	75
8.3 Broadcasting and publishing services	34	33	35	30	34	34
8.4 Religious and other community services	2	2	2	2	2	2
8.5 R&D recreation, culture and religion	0	1	1	1	1	1
8.6 Recreation, culture and religion n.e.c	6	5	8	8	7	7
<b>Total recreation, culture and religion</b>	<b>187</b>	<b>190</b>	<b>208</b>	<b>230</b>	<b>226</b>	<b>198</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	357	373	419	449	470	478
<i>of which: under fives</i>	25	15	15	26	31	33
<i>of which: primary education</i>	333	357	404	423	439	445
9.2 Secondary education <sup>(3)</sup>	480	511	485	503	465	512
9.3 Post-secondary non-tertiary education	-	-	-	-	-	-
9.4 Tertiary education	160	163	171	180	180	153
9.5 Education not definable by level	51	45	57	62	70	61
9.6 Subsidiary services to education	71	80	80	102	133	176
9.7 R&D education	-	-	-	-	-	-
9.8 Education n.e.c	10	8	31	27	31	49
<b>Total education</b>	<b>1,130</b>	<b>1,180</b>	<b>1,244</b>	<b>1,324</b>	<b>1,348</b>	<b>1,430</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	525	579	596	638	639	624
10.1 Sickness and disability	762	795	817	844	917	991
<i>of which: personal social services</i>	121	136	145	163	171	174
<i>of which: incapacity, disability and injury benefits</i>	641	660	672	681	746	817
10.2 Old age	1,163	1,218	1,265	1,362	1,489	1,599
<i>of which: personal social services</i>	158	167	175	180	187	188
<i>of which: pensions</i>	1,005	1,050	1,090	1,182	1,301	1,411
10.3 Survivors	35	34	34	34	34	34
10.4 Family and children	487	502	504	518	502	499
<i>of which: personal social services</i>	105	129	137	141	145	142
<i>of which: family benefits, income support and tax credits</i>	383	373	367	377	356	357
10.5 Unemployment	104	112	135	130	147	174
<i>of which: personal social services</i>	66	71	93	91	88	62
<i>of which: other unemployment benefits</i>	38	42	42	40	60	112
10.6 Housing	220	226	239	251	269	303
10.7 Social exclusion n.e.c	294	316	303	341	383	437
<i>of which: personal social services</i>	75	76	47	64	48	58
<i>of which: family benefits, income support and tax credits</i>	219	240	257	277	335	379
10.8 R&D social protection	0	-	-	-	-	-
10.9 Social protection n.e.c.	58	52	41	36	44	60
<b>Total social protection</b>	<b>3,124</b>	<b>3,256</b>	<b>3,338</b>	<b>3,517</b>	<b>3,785</b>	<b>4,097</b>
<b>Total Expenditure on Services in Northern Ireland</b>	<b>7,431</b>	<b>7,910</b>	<b>8,277</b>	<b>8,646</b>	<b>9,209</b>	<b>9,597</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

(3) Data received after the conclusion of the exercise indicates that Wales' Secondary education spending in 2008-09 should be closer to £505 per head raising overall Education spending to £1,390 per head.

**Table 10.8 Total identifiable expenditure on services in Northern Ireland by sub-function, per head, 2004–05 to 2009–10**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>1. General public services</b>						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	95	98	111	83	124	124
1.2 Foreign economic aid	–	–	–	–	–	–
1.3 General services	94	112	122	116	121	116
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.	10	10	12	10	15	12
<b>Total general public services</b>	<b>199</b>	<b>219</b>	<b>245</b>	<b>210</b>	<b>260</b>	<b>252</b>
<b>2. Defence</b>						
2.1 Military defence	–	–	0	0	–	0
2.2 Civil defence	0	0	0	0	0	0
2.3 Foreign military aid	–	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–	–
<b>Total defence</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Public order and safety</b>						
3.1 Police services	447	452	440	437	422	446
<i>of which: immigration and citizenship</i>	0	0	0	0	0	0
<i>of which: other police services</i>	447	452	440	437	422	446
3.2 Fire-protection services	40	37	43	42	46	48
3.3 Law courts	104	77	89	92	100	97
3.4 Prisons	70	86	75	80	78	85
3.5 R&D public order and safety	0	0	0	0	0	0
3.6 Public order and safety n.e.c.	68	76	90	88	77	73
<b>Total public order and safety</b>	<b>729</b>	<b>728</b>	<b>737</b>	<b>740</b>	<b>724</b>	<b>749</b>
<b>4. Economic affairs</b>						
4.1 General economic, commercial and labour affairs	224	209	191	198	206	288
4.2 Agriculture, forestry, fishing and hunting	235	310	272	263	325	270
<i>of which: market support under CAP</i>	117	191	144	140	157	145
<i>of which: other agriculture, food and fisheries policy</i>	114	115	124	121	166	121
<i>of which: forestry</i>	4	4	3	2	2	5
4.3 Fuel and energy	5	8	5	10	20	9
4.4 Mining, manufacturing and construction	0	0	0	0	0	7
4.5 Transport	195	207	222	296	304	310
<i>of which: national roads</i>	8	7	7	7	10	10
<i>of which: local roads</i>	141	147	136	167	192	204
<i>of which: local public transport</i>	35	36	56	89	70	75
<i>of which: railway</i>	1	1	2	1	7	6
<i>of which: other transport</i>	10	16	21	32	25	16
4.6 Communication	8	4	6	11	12	16
4.7 Other industries	0	0	0	0	0	0
4.8 R&D economic affairs	41	42	36	44	39	39
4.9 Economic affairs n.e.c.	12	12	10	7	7	10
<b>Total economic affairs</b>	<b>721</b>	<b>792</b>	<b>742</b>	<b>830</b>	<b>912</b>	<b>951</b>
<b>5. Environment protection</b>						
5.1 Waste management	66	73	80	97	97	101
5.2 Waste water management	14	18	18	–	–	–
5.3 Pollution abatement	1	1	–	–	–	0
5.4 Protection of biodiversity and landscape	3	2	3	4	4	4
5.5 R&D environment protection	–	0	0	2	2	0
5.6 Environment protection n.e.c.	33	41	40	31	31	31
<b>Total environment protection</b>	<b>116</b>	<b>135</b>	<b>142</b>	<b>133</b>	<b>135</b>	<b>137</b>

**Table 10.8 Total identifiable expenditure on services in Northern Ireland by sub-function, per head, 2004–05 to 2009–10 (continued)**

	National Statistics					£ per head
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 plans
<b>6. Housing and community amenities</b>						
6.1 Housing development	217	247	213	284	293	290
<i>of which: local authority housing</i>	162	171	136	182	211	175
<i>of which: other social housing</i>	55	75	77	102	83	115
6.2 Community development	60	50	60	79	78	87
6.3 Water supply	180	203	187	211	302	235
6.4 Street lighting	10	11	8	11	13	11
6.5 R&D housing and community amenities	–	–	–	–	–	–
6.6 Housing and community amenities n.e.c	39	44	43	58	51	52
<b>Total housing and community amenities</b>	<b>506</b>	<b>554</b>	<b>510</b>	<b>643</b>	<b>738</b>	<b>674</b>
<b>7. Health<sup>(1)</sup></b>						
Medical services	1,367	1,452	1,569	1,608	1,784	1,792
Health research	23	25	24	24	29	45
Central and other health services	39	49	48	46	45	44
<b>Total health</b>	<b>1,430</b>	<b>1,525</b>	<b>1,641</b>	<b>1,678</b>	<b>1,859</b>	<b>1,881</b>
<b>8. Recreation, culture and religion</b>						
8.1 Recreational and sporting services	88	91	80	109	121	115
8.2 Cultural services	77	90	84	94	96	94
8.3 Broadcasting and publishing services	0	0	0	0	0	–
8.4 Religious and other community services	0	0	0	0	0	0
8.5 R&D recreation, culture and religion	0	0	1	1	1	1
8.6 Recreation, culture and religion n.e.c	9	11	13	15	16	13
<b>Total recreation, culture and religion</b>	<b>175</b>	<b>192</b>	<b>178</b>	<b>220</b>	<b>235</b>	<b>224</b>
<b>9. Education<sup>(2)</sup></b>						
9.1 Pre-primary and primary education	288	309	309	320	337	363
<i>of which: under fives</i>	13	14	14	16	15	14
<i>of which: primary education</i>	275	294	295	304	322	348
9.2 Secondary education	474	509	517	524	537	563
9.3 Post-secondary non-tertiary education	–	–	–	–	–	–
9.4 Tertiary education	171	170	191	194	187	218
9.5 Education not definable by level	3	2	2	–3	0	–10
9.6 Subsidiary services to education	78	75	78	82	94	81
9.7 R&D education	–	–	–	–	–	–
9.8 Education n.e.c	237	233	230	266	266	316
<b>Total education</b>	<b>1,250</b>	<b>1,298</b>	<b>1,327</b>	<b>1,382</b>	<b>1,420</b>	<b>1,531</b>
<b>10. Social protection</b>						
<i>of which: personal social services</i>	407	420	443	464	471	519
10.1 Sickness and disability	1,415	1,405	1,435	1,496	1,539	1,657
<i>of which: personal social services</i>	399	412	425	444	463	501
<i>of which: incapacity, disability and injury benefits</i>	1,016	994	1,010	1,051	1,076	1,155
10.2 Old age	1,043	1,092	1,148	1,309	1,302	1,444
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: pensions</i>	1,043	1,092	1,148	1,309	1,302	1,444
10.3 Survivors	22	20	23	22	23	26
10.4 Family and children	241	251	263	287	289	305
<i>of which: personal social services</i>	8	9	18	20	8	17
<i>of which: family benefits, income support and tax credits</i>	233	243	246	267	281	288
10.5 Unemployment	55	50	45	39	54	104
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: other unemployment benefits</i>	55	50	45	39	54	104
10.6 Housing	197	194	248	253	272	313
10.7 Social exclusion n.e.c	236	253	271	300	358	407
<i>of which: personal social services</i>	–	–	–	–	–	–
<i>of which: family benefits, income support and tax credits</i>	236	253	271	300	358	407
10.8 R&D social protection	–	–	–	–	–	–
10.9 Social protection n.e.c.	9	6	9	3	8	7
<b>Total social protection</b>	<b>3,216</b>	<b>3,271</b>	<b>3,443</b>	<b>3,709</b>	<b>3,845</b>	<b>4,263</b>
<b>Total Expenditure on Services in Northern Ireland</b>	<b>8,343</b>	<b>8,714</b>	<b>8,965</b>	<b>9,544</b>	<b>10,127</b>	<b>10,662</b>

(1) 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.

(2) The sub-functional classification of Education has been reviewed since PESA 2009 and work on this continues. For more details see the text in Chapter 10.

# A

# Sources, data quality and conventions

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A.1 This annex outlines the main sources used in producing PESA and provides information on:

- data quality;
- our revisions policy;
- coverage of public bodies;
- the treatment of certain transactions;
- consistency with other publications; and
- main conventions used throughout the publication.

The information in this annex applies to all in-year updates as well as to this publication.

## Sources of data

### 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 Online Information System (COINS). COINS is a reporting system rather than an accounting system and so contains aggregate spending information rather than any transactional detail.

A.3 Data entered onto COINS by departments and devolved administrations cover:

- their own expenditure;
- the expenditure of agencies and Non-Departmental Public Bodies (NDPBs);
- support for local government and public corporations; and
- capital expenditure of the public corporations that they sponsor<sup>1</sup>.

A.4 Departments and devolved administrations can maintain up to nine years of live data depending on the year of the latest Spending Review. For PESA 2010 departments maintained the years 2004-05 to 2010-11. This involves:

- updating values in the light of better or new information, ensuring final outturns are consistent with information in published audited accounts (normally available in the summer after the end of the financial year); and
- implementing classification changes across all live years to ensure data are consistent.

A.5 Data are extracted from COINS approximately one week prior to publication, with the following two exceptions:

- the historical information that extends back beyond the live outturn years is maintained off-database; and
- data for the country and regional analysis are extracted from COINS in December, and allocated to countries/regions off COINS.

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<sup>1</sup> The departmental reporting requirements in relation to public corporations result from the fact that only PC capital expenditure is treated as spending in the National Accounts. The current spending (except debt interest paid to the private sector) is included in the calculation of the gross operating surplus, which scores on the revenue side of the account.

## Local government data

A.6 The Department for Education (DfE) supplies data on local government education spending in England. The Department for Work and Pensions (DWP) supplies data on local government housing benefit payments in all countries except Northern Ireland. All other data on local government spending in England are supplied by the Department for Communities and Local Government (CLG). The devolved administrations provide local government spending data for Scotland, Wales and Northern Ireland.

## National Accounts aggregates

A.7 The Office for National Statistics (ONS) supplies outturn numbers for the following National Accounts aggregates used in PESA:

- Total Managed Expenditure (TME);
- public sector current expenditure, gross investment and net investment;
- public sector, central and local government, and public corporations' depreciation;
- central government own expenditure (total, current and capital);
- local government expenditure (total, current, capital); and
- public corporations' expenditure (total, current and capital).

Two points worth noting are:

- the public sector or total expenditure on services (TES) aggregate used in PESA is a Treasury aggregate that broadly follows the National Accounts framework and so is broadly consistent with TME. **Annex E** provides a detailed definition of TES; and
- depreciation in budgets is a number sourced from departments consistent with their resource accounts. The depreciation numbers used in the National Accounts are derived by the ONS.

## Classification Of the Functions Of Government (COFOG)

A.8 The Treasury assigns level 2 United Nations COFOG categories to departmental and local government data in consultation with departments and the devolved administrations. Where data streams cover more than one sub-functional category, departments are asked to change their reporting (if at all possible) so that spending on each sub-function is recorded separately. We do not ask departments to make changes where the amounts involved would be less than £10m.

A.9 With the exception of the Department of Health, all departments and the devolved administrations are reporting data against COFOG level 2. The Department of Health is 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-functional analysis is therefore presented against Treasury defined sub-functions.

## Data quality

A.10 Departments (including agencies and NDPBs) and devolved administrations aim to produce good quality data for internal management and control, as well as for 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 Supply Estimates, tables published in Departmental Reports, and Supplementary Budgetary Information.



A.11 While Whitehall departments have clear incentives to ensure accurate data is reported on COINS, a number of factors can adversely affect data quality:

- complexity of the public expenditure system: data need to be coded so that a wide range of outputs can be produced against a number of frameworks. Some data will be miscoded;
- although comprehensive guidance is made available, those recording data sometimes need to apply judgement to determine the right coding. Views on the right judgement to make may differ;
- while the budget-based numbers in PESA (for example in **Chapter 1**) are key control totals for departments and devolved administrations that are closely monitored, some of the economic category and sub-functional analyses do not appear in departmental outputs so may be less robust. The devolved administrations do not draw outputs direct from the Treasury's database; and
- the need to keep compliance costs down means that some data disaggregation is not justifiable.

A.12 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 lower level categories. Small differences in numbers should not be taken as significant. We present many figures to the nearest £m to prevent users from introducing rounding errors.

## Revisions policy

A.13 The data in all PESA tables are open for revision to ensure that the latest data are published. Long-run data are published on a consistent classification basis, as far back as possible. The main data updates that will be included through the year are as follows:

- PESA (comprising National Statistics release of outturn in April, with forecasts/plans added shortly afterwards) – updated Country and Regional Analysis (CRA) and revised spending plans consistent with the Budget;
- July – provisional outturn for central government (Whitehall) departments;
- October – final outturn for central government (Whitehall) departments and provisional outturn for local government; and
- February – final outturn for local government and Devolved Administrations;

A.14 Further information on significant revisions since PESA 2009 is provided in chapter text.

A.15 Where we discover errors after the production of PESA 2010 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 an explanatory note.

## Coverage of public bodies

A.16 PESA generally aims to include the expenditure of all bodies classified to the public sector by the Office for National Statistics (ONS). However, when new public bodies are set up, or when bodies are reclassified to, or within, the public sector, there may be a delay before data are recorded in a way that allows their inclusion in PESA. The following explains where the PESA 2010 treatment differs from the ONS classification:



- The **Financial Services Compensation Scheme (FSCS) and Financial Services Authority (FSA)** are classified by the ONS to the public sector but are not currently incorporated within the budgeting framework. While the spending of these bodies is not included within PESA 2010, the Treasury loans to the FSCS are shown as payments to the private sector to reflect their ultimate destination;
- **City Academies and Technology Colleges** are both classified by ONS as part of the public sector, but are treated in DfE accounts and budgets as private sector bodies. PESA reflects this private sector classification, presenting DfE payments to these bodies rather than their subsequent spending.
- Banks recently classified to the public sector by the ONS (**Northern Rock, Bradford & Bingley, Dunfermline, Royal Bank of Scotland and Lloyds Banking Group**) are treated in PESA 2010 as part of the private sector. More detail on the treatment of this support in the budgeting and expenditure on services frameworks is set out in **Chapters 2 and 5** respectively.

## Treatment of certain transactions in PESA

### The Private Finance Initiative

A.17 The private finance initiative (PFI) is a means of procuring capital-intensive services. Instead of the public sector being responsible, for example, for building and maintaining a school building, 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.18 PFI deals may be on or off the Government's balance sheet depending on where the balance of risks in the project lies. For the period that this publication covers, independent public sector auditors take the balance sheet decision based on resource accounting principles, and this decision is also normally used by the ONS for the National Accounts. If the project is on the Government's balance sheet, the capital expenditure is treated as part of public sector capital expenditure. If the project is off the Government's balance sheet then the capital expenditure is considered to be undertaken by the private sector, with the unitary charge adding to public sector current expenditure.

A.19 For on-balance sheet projects, PESA includes:

- the capital expenditure imputed to the public sector;
- the service and debt interest elements of the unitary charge;
- the depreciation on the imputed asset; and
- the cost of capital charges and credits.

A.20 For off-balance sheet projects, where the asset economically as well as legally belongs to the private sector, PESA includes the whole general government payment of unitary charges as payments for services.

### British Nuclear Fuel Limited

A.21 In 2005-06 British Nuclear Fuel Limited (BNFL), a public corporation, 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 public corporation sector to

the central government sector has no impact on TME, or the overall public finances, 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.22 The sectoral contribution to TME is shown as the 'own' expenditure of each sector. Payments from one sector that are used to finance the expenditure of another sector are therefore excluded from these sectoral totals, as are the corresponding receipts. As a result, the imputed GFCF transactions add to the public corporation contribution to TME, reducing the central government contribution by a corresponding amount. As transactions imputed for the National Accounts are generally not included within the budgeting or expenditure on services frameworks, there are larger than usual accounting adjustments in 2005-06 for the central government and public corporation sectors.

## Financial sector interventions

A.23 In PESA 2009 financial institutions supported by the government were classified as part of the public sector, following the treatment in the National Accounts. This meant that support to the banks was public sector neutral.

A.24 In December 2009 the ONS created an alternative measure of Public Sector Net Borrowing (PSNBex). This treated the classification of banks to the public sector (Northern Rock, Bradford & Bingley, Dunfermline, Lloyds Banking Group and Royal Bank of Scotland) as temporary, reflecting the Government's intention to return these banks to the private sector. As a result, these institutions are treated as if they are outside the public sector. PESA 2010 comes into line with this treatment.

A.25 In the budgeting tables, the support still scores within the HM Treasury Annually Managed Expenditure (AME) budget, which is presented as part of the Chancellor's Departments group in PESA. However, whereas this support was previously split between central government own spending and support to public corporations, for PESA 2010 all support to financial sector institutions is central government own spending.

A.26 The expenditure on services tables reflects the impact of this support on public spending in the National Accounts, i.e. on Total Managed Expenditure within PSNBex. The only transactions that are treated as spending within this measure are:

- the element of the share purchase that the ONS have classified as a capital grant;
- the element of depositor compensation over and above their statutory entitlements; and
- fees received from underwriting commission and credit guarantee scheme income.

A.27 Other transactions do not generally have an impact on Total Managed Expenditure, nor therefore on the expenditure on services tables, because:

- they take the form of financial transactions, such as loans or share purchases, which do not constitute spending (as one asset is exchanged for another); or
- they are offset by recoveries imputed in the National Accounts, such as for liabilities borne by the FSCS.

## Consistency with other publications

### Previous editions of PESA

A.28 Data in previous editions of PESA may not be directly consistent with PESA 2010 due to changes in data coverage and classification changes. Details of the main budgetary classification changes are shown in **Annex C**. Readers are therefore strongly advised against simply splicing together data in different editions of PESA. The summary analysis in **Chapter 4** incorporates historical data adjusted to current definitions in order to show trends over a longer period.

### Public Sector Finance Statistics

A.29 Total Managed Expenditure (TME) and its sectoral components for 2010-11 are as forecast in the June FSBR (HC61; 22 June 2010). For 2009-10 and earlier years these aggregates are consistent with the joint ONS/Treasury Public Sector Finance Statistics monthly release published on 18 June 2010.

### The Budget and Pre-Budget Report (PBR)

A.30 The Budget and Pre-Budget Report present TME by budgetary category as well as resource and capital DEL by departmental group. The outturn data for these tables are consistent with the latest public expenditure National Statistics release, which is usually one of the three in-year updates of key PESA tables.

A.31 While the DEL numbers in the Budget and the Pre-Budget Report (PBR) generally reflect the exact figures published in the relevant National Statistics release, 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 Budget and PBR combine the AME categories and exclude certain transactions in order to give a presentation more closely aligned with the fiscal aggregates. As a result the accounting adjustments in PESA and Budget/PBR are also different.

A.32 The main differences in the presentation of AME lines are:

- the predecessor payments to Child Tax Credits (child allowances in Income Support and Jobseekers Allowance) are included in the Budget/PBR tax credits line whereas in PESA these payments are shown as part of social security benefits;
- net lending to students is shown in departmental AME in PESA and is not shown in the Budget/PBR;
- the main public service pension schemes are shown on a resource accounting basis in PESA and on a National Accounts basis in the Budget/PBR. **Annex C** explains the treatment in PESA and **Annex D** includes a reconciliation table;
- the BBC's dividend income is shown as part of the BBC domestic services line in PESA but part of the other current expenditure line in the Budget/PBR. PESA also presents the BBC capital spending separately whereas the Budget/PBR includes this spending within other capital expenditure;
- the Budget/PBR does not include a non-cash AME line while PESA does; and
- the financial sector intervention lines and the other expenditure lines in the Budget/PBR essentially only include items that contribute to TME, whereas PESA shows all relevant items recorded in departmental AME.

## Conventions

### Rounding

A.33 The figures in this publication are generally shown to the nearest £1 million.

A.34 In all chapters dashes in the tables show that there are no data, while zeros show that there are data that round to 0.

A.35 Figures in tables may not sum due to rounding.

### Real terms figures

A.36 A number of the tables in this publication give figures in real terms or as a per cent of GDP. 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 2008-09 prices. The GDP data used in this publication are those given in **Annex F**.

### Use of accruals data in tables

A.37 All data are presented on an accruals basis except in the long run tables covering years before 1998-99 (which contain some cash data).

# B

## Departmental groups

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B.1 A number of tables in this publication present analyses by department. Rather than showing figures for all individual government departments separately, departments are grouped together broadly on the basis of Ministerial responsibilities. These groupings are set out below.

<b>Title</b>	<b>Departments included</b>
Education	Department for Education Office for Standards in Education, Children's Services and Skills (Ofsted)
Health	Department of Health Food Standards Agency
Transport	Department for Transport Office of the Rail Regulator
CLG Communities	Communities part of Communities and Local Government
CLG Local Government	Local Government part of Communities and Local Government (mainly grants to English local authorities, the Greater London Authority, and Regional Development Agencies)
Business, Innovation and Skills	Business, Innovation and Skills UK Trade and Investment Office of Fair Trading Office of Communications Postal Services Commission Export Credits Guarantee Department
Home Office	Home Office Assets Recovery Agency
Justice	Ministry of Justice The National Archives: Public Record Office and Historical Manuscripts Commission Electoral Commission Northern Ireland Court Service Land Registry Scotland Office Wales Office
Law Officers' Departments	The Crown Prosecution Service Serious Fraud Office HM Procurator General and Treasury Solicitor Revenue and Customs Prosecution Office

<b>Title</b>	<b>Departments included</b>
Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office
International Development	Department for International Development
Energy and Climate Change	Department of Energy and Climate Change Office of Gas and Electricity Markets
Environment, Food and Rural Affairs	Department for Environment, Food and Rural Affairs Forestry Commission Water Services Regulatory Authority
Culture, Media and Sport	Department for Culture, Media and Sport
Work and Pensions	Department for Work and Pensions Government Equalities Office
Scotland	Scottish Executive and its departments
Wales	Welsh Assembly Government
Northern Ireland Executive	Northern Ireland departments
Northern Ireland Office	Northern Ireland Office
Chancellor's Departments	HM Treasury National Savings and Investments Government Actuary's Department HM Revenue and Customs National Investment and Loans Office Royal Mint Office of Government Commerce Crown Estate Office
Cabinet Office	Cabinet Office Central Office of Information Charity Commission National School of Government Security and Intelligence Agencies
Independent Bodies	House of Commons House of Lords National Audit Office Statistics Board Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England Independent Parliamentary Standards Authority Local Government Boundary Commission for England



# Public expenditure budgeting and control aggregates

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C.1 This annex 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.

C.2 Departments have separate resource and capital budgets. These are split into Departmental Expenditure Limits (DEL) and departmental Annually Managed Expenditure (AME). Within DEL there are separate control totals for capital and resource DEL budgets; and within resource DEL there is a further control total for administration budgets and a ring-fence for depreciation. 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.

## What's new

C.3 There are a number of changes to the budgeting framework that departments will be controlled on from 2010-11 onwards, in particular reflecting the implementation of the Alignment (Clear Line of Sight) Project and International Financial Reporting Standards (IFRS).

C.4 The resource DEL budget is no longer split between near-cash and non-cash; instead there is a single resource DEL budget. In implementing this:

- depreciation and DEL impairments remain in resource DEL, within a ring-fence. The depreciation of NHS Trusts is exceptionally outside the ring-fence because, historically, it has been included within near-cash spending;
- notional audit fees remain in resource DEL, but are no longer part of any non-cash ring-fence;
- AME impairments remain in resource AME, but are no longer part of any non-cash ring-fence;
- revaluations below historic cost scores in resource AME. As with all AME spending, departments are expected to maintain control over these costs;
- cost of capital charges and credits have been removed entirely from budgets. Departments may still be required to consider the cost of capital when calculating fees and charges etc. The removal of cost of capital also has significant impacts on the budgeting for student loans and public corporations;
- the take-up and utilisation of provisions moves from non-cash DEL into resource AME. This revision does not affect the scoring of payments associated with the releasing of a provision; these remain in resource DEL, resource AME or exceptionally capital DEL, as appropriate;
- write-off of bad debts has, in most cases, moved from non-cash DEL into resource AME. In exceptional cases where the public sector lending that created the original debt is recorded in AME or outside of budgets (rather than DEL), the write off of debt, by default, scores in resource DEL. This is to ensure that, at some point, the economic cost of the write-off is recognised within DEL controls;

- the initial cost of taking on a new financial guarantee contract as identified under International Accounting Standards 19 (IAS 19) has moved from non-cash DEL to resource AME;
- the treatment of stocks written-off has been amended. Where stocks are purchased they score outside of budgets, only impacting on control totals when consumed or written-off. The consumption or write-off remains in resource DEL;
- debt repayment grants to local authorities are recorded in capital AME. These grants previously scored outside budgets;
- profit and loss on disposal of assets has moved from capital DEL to resource DEL;
- all public corporations have now been moved from the consolidation basis and have now adopted the standard external finance basis;
- the treatment of capitalised provisions moves into line with other provisions, with take up and utilisation of the provision in AME, and cash expenditure in DEL;
- the budgeting for student loans has been updated in light of the revised accounting treatment. An impairment replaces the provision created for the subsidy and policy write-off costs when the loans are issued. This is charged to the ring-fenced part of resource DEL. Items such as the interest receivable and unwinding of the impairment are scored in AME; and
- International Financial Reporting Standards (IFRS) results in a few small changes to budgets, including the inclusion of accrued employee benefits within resource DEL, the accrual of lease incentives over the full life of the lease and a small number of leases now being treated as finance leases. PFI type contracts, however, are budgeted for on a National Accounts basis rather than an IFRS basis.

C.5 The Treasury has published an updated version of the Consolidated Budgeting Guidance<sup>2</sup> for departments, which contains other changes to the control framework that do not directly impact on the figures produced in PESA. The guidance explains in detail what is in budgets.

## Resource budgeting

C.6 In 2003-04 the Government completed its staged move to a full resource basis for financial reporting and control. Since this point, budgets have been set and monitored in resource terms, as described below, and Supply Estimates vote resource requirements as well as cash.

C.7 There are separate departmental budgets for resource (i.e. current) and capital expenditure. These are also laid out in more detail below and are summarised in C.20.

## Resource budget

C.8 The **resource budget** controls the current expenditure of a department and largely follows the contents of resource accounts. Resource accounts are prepared in accordance with the Government Financial Reporting Manual, which follows International Financial Reporting Standards (IFRS) with such adaptations as are necessary for the public sector.

C.9 **Resource budgets** 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

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<sup>2</sup> [http://www.hm-treasury.gov.uk/psr\\_bc\\_consolidated\\_budgeting.htm](http://www.hm-treasury.gov.uk/psr_bc_consolidated_budgeting.htm)



charges for bad debts. Resource budgets record the cost of lending to students on the basis of an assessment of the subsidy implied in the low interest rate charged and the bad debt provision that is required. The annual resource cost to departments of the assets they use to deliver services is also included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation).

**C.10** The resource (DEL) budget includes all administration costs of central government departments such as pay and employer pension 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.

**C.11** The resource budgets for the Department for International Development (DfID) and the Foreign and Commonwealth Office (FCO) include an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

**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 Public Corporations** are budgeted for on an external finance basis. Resource budgets include subsidies paid to, and dividends and interest received from, all public corporations sponsored by a department. Capital grants, lending to public corporations, and private sector borrowing by public corporations are in the capital budget.

**C.14 Central government support for local government** – the resource budget scores current grants to local government. Capital support scores in capital budgets. More information on local government is in **Chapter 7**.

## Capital budget

**C.15 Capital budgets** include expenditure on fixed capital assets, capital grants and the acquisition of certain financial assets acquired or sold for policy reasons. Capital budgets include capital expenditure financed by finance leases and on balance sheet Private Finance Initiative transactions. Capital budgets are set net of the sale value of receipts from the sale of capital assets.

**C.16** 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 are recorded in capital budgets. The profit/loss on disposal is recorded in the resource budget.

**C.17** Capital budgets generally include loans on a net basis. I.e. new loans issued less repayments of loan principal. Large (over £20m) prepayments and debtors score in capital budgets if they last more than 12 months.

**C.18** 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.19 Central government support for local government** – current grants score in resource budgets. Capital grants (also called Supported Capital Expenditure (Capital) in England and Wales) score in capital budgets. Capital budgets also include amounts for local authority borrowing where central government has agreed to fund the resultant loan charges. These credit approvals are known as Supported Capital Expenditure (Revenue) in England and Wales, and supported borrowing in Scotland. More information on local government is in Chapter 7.

## Resource and capital budgets – summary table

C.20 This table summarises the main standard contents of resource and capital budgets:

	Resource budget	Capital budget
<b>Department's own transactions</b>	Pay, current purchases, grants to individuals, subsidies Depreciation and impairments on the department's assets Take-up of provisions, movement in value of provisions and utilisation of provisions Bad debts Loss on sale of fixed assets Less income from sales of goods and services Less release of provisions Less profit on sale of fixed assets	Expenditure on new fixed assets Less book value sale proceeds of fixed assets Net lending to the private sector Investment grants to the private sector
<b>NDPB transactions</b>	As the department <i>Note: the department's grant in aid to NDPBs is not in budgets</i>	As the department
<b>Local government</b>	Current grants to local government	Capital grants to local government Credit approvals
<b>Public corporations on an external finance basis</b>	Subsidies paid to public corporations Less interest and dividends received from public corporations	Investment grants paid to public corporations Net lending to public corporations (including equity withdrawals from public corporations) Public corporations' market and overseas borrowing

## Departmental Expenditure Limits

C.21 Around half 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.22 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.

C.23 DEL is net of certain receipts, mainly from sales of goods and services, asset sales, dividends, interest, rent of land and income from the European Community. It is also net of 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.24 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.25 **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.26 **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

C.27 The following text describes the components of AME, which for the purposes of PESA is divided into departmental AME and other AME. The items in bold correspond to the row names of Table 1.1.

### Departmental Annually Managed Expenditure

C.28 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.29 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.30 **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 government, such as 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.31 **Tax credits** – those tax credits that effectively reduce the amount of tax paid by an individual will net off tax receipts and not be counted as expenditure. Where tax credit payments to an individual or enterprise exceed the tax liability, the payment will be counted as public expenditure. These are also payments in respect of contributions to stakeholder pensions of non tax-payers or in excess of tax paid.

C.32 **Student loans** – the transactions of loan principal score in capital departmental AME while resource departmental AME contains interest receivable and certain non-cash transactions.

Resource DEL scores the changes in the impairment recognised by the issuing departments in their resource accounts.

**C.33 BBC domestic services** – the expenditure of the BBC on domestic broadcasting scores in departmental AME. The BBC World Service scores in the Foreign and Commonwealth Office 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.34 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 International Accounting Standard 19 (IAS 19) as amended for the public sector. The main schemes are those for NHS staff, the civil service, teachers and the armed forces. This line comprises an assessment of the increase in the liability relating to current employees less relevant receipts. It does not include an amount for the unwinding of the discount rate, which is shown as part of the non-cash items in AME.

**C.35** All the major unfunded pension schemes follow IAS 19 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) less pension contributions receivable from employers and employees, and less other income.

**C.36** Note that there may be several reasons for a difference in the level of contributions and the IAS 19 charge. In particular, calculations of contributions and of the IAS 19 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 rate is set to reflect previous over- and under-assessment of contributions due to scheme-specific experience on issues such as pay and demography.

**C.37** 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.38** 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.39** 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 etc). 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 then 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.40** 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.41 Note that this line does not cover:

- pension schemes with a real pensions fund, such as local government and most public corporations' pension schemes;
- the schemes for police officers and fire-fighters, which although unfunded are run by local government, and whose costs are therefore in local government 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 IAS 19 basis.

C.42 Future payments of pensions are discounted in order to obtain the value of the liability in today's terms. Each year, future payments come a year closer and so the effects of discounting are reduced. That unwinding of the discount rate is a cost that is recognised in the accounts. In budgets, the amount for the unwinding of the discount rate on the liability is part of the **non-cash items** row (see C.49 below).

C.43 The amount for the unwinding of the discount rate can 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 accounting 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 (which are the costs in the net public service pensions row) from the notional costs that result because the schemes are unfunded.

C.44 The cost of pension schemes as measured on a resource accounting basis does not impact directly on TME or the other fiscal aggregates. **Annex D** explains how the resource accounting measures for the main public service pension schemes in departmental AME can be reconciled to their impact on TME, and this is shown in detail in **Table D.1**.

C.45 The overall change over the year in the schemes' balance sheet pensions liability measured on a resource accounting 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.46 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.47 Expenditure on services includes the cost of public service pensions on a TME basis in the social protection function.

C.48 **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.

**C.49 Non-cash items** include:

- large, demand led non-cash items that could not reasonably be included in DEL budgets, such as provisions for nuclear decommissioning liabilities and the increase in the liability of public service pensions schemes due to the unwinding of the discount rate; and
- non-cash items in respect of departmental AME programmes.

**C.50 Financial sector interventions** – includes all transactions that relate to the support provided by the Treasury to financial institutions since 2008-09. The underlying components are set out in **Box 2.A** in **Chapter 2**.

**C.51 Other departmental expenditure** 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, which reflects 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;
- Redundancy Payments Scheme;
- coal health liabilities;
- adjustments to prior years National Non-Domestic Rates (NNDR) collection;
- support to local government in respect of police officers and fire-fighters pension schemes;
- debt repayment grants to local authorities;
- expenditure of certain levy-funded bodies; and
- acceptances of artworks in lieu of Inheritance Tax.

## Other Annually Managed Expenditure

**C.52 Locally Financed Expenditure (LFE)** – this line comprises the following items:

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

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

C.54 NIRR are set by the central government in Northern Ireland and can be used to finance any public sector expenditure within Northern Ireland. 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, so this means that DEL is set net of the product of the NIRR.

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

C.56 **Net expenditure transfers to the European Community** – transactions with the institutions of the European Community are shown in **Table C.1** and comprise the following concepts:

- net expenditure transfers to the European Community, which reflects the main TME impact of membership of the European Community;
- net payments to EC institutions; and
- the net contribution to the EC budget.

C.57 The TME effect of EU membership is therefore given by:

- GNI-based contributions;
- less the UK's abatement; and
- less an amount in respect of the cost of collecting Traditional Own Resources (TOR).

**Table C.1: Transactions with the institutions of the European Community, 2004–05 to 2010–11**

	National Statistics							£ million
	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 outturn	2009–10 estimated outturn	2010–11 plans	
GNI based contribution	8,628	8,077	8,213	9,352	8,654	10,637	11,066	
UK abatement	-3,722	-3,641	-3,560	-3,960	-5,595	-4,218	-2,770	
<b>Net expenditure transfers to the EC</b>	<b>4,907</b>	<b>4,435</b>	<b>4,652</b>	<b>5,392</b>	<b>3,060</b>	<b>6,419</b>	<b>8,296</b>	
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) <sup>(1)</sup>	-545	-580	-581	-607	-682	-658	-615	
to give contribution to TME	4,361	3,856	4,071	4,785	2,378	5,760	7,681	
TOR <sup>(1)</sup>	2,195	2,319	2,326	2,430	2,728	2,633	2,460	
VAT payments to the EC	1,904	1,964	2,287	2,571	2,455	1,121	2,305	
<b>Gross contribution to the EC budget</b>	<b>8,461</b>	<b>8,139</b>	<b>8,685</b>	<b>9,786</b>	<b>7,561</b>	<b>9,515</b>	<b>12,446</b>	
Public sector EC receipts (except European coal and steel community receipts) <sup>(2)</sup>	-4,555	-3,750	-5,164	-5,601	-4,558	-4,820	-4,782	
<b>Net contributions to the EC budget</b>	<b>3,906</b>	<b>4,389</b>	<b>3,521</b>	<b>4,185</b>	<b>3,002</b>	<b>4,695</b>	<b>7,664</b>	
less Attributed Aid <sup>(3)</sup>	694	700	706	711	728	801	822	
less Common Foreign and Security Policy <sup>(3)</sup>	3	3	3	4	23	29	34	
less other attributed costs <sup>(3)</sup>	-	-	-	-	-	69	43	
<b>Net payments to EC institutions</b>	<b>3,208</b>	<b>3,685</b>	<b>2,812</b>	<b>3,470</b>	<b>2,252</b>	<b>3,796</b>	<b>6,764</b>	

(1) TOR comprises customs duties (including those on agricultural products) and sugar levies.

(2) 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 is attributed to departmental budgets.

C.58 **Public Corporations' Own-Financed Capital Expenditure** – this line comprises the capital expenditure of public corporations net of any capital grants or loans given by its parent department and net of public corporations' market and overseas borrowing where that scores to departmental budgets.



C.59 This line also includes the whole amount of capital expenditure of public corporations accountable to local government, whether own-financed or supported by local government: an accounting adjustment removes local government support to public corporations to avoid this spending being double counted.

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

C.61 **Accounting adjustments** are described in **Annex D**.

## Total Managed Expenditure

C.62 TME is an aggregate drawn from National Accounts. It covers the current and capital expenditure of the public sector, net of some receipts. It therefore 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 (as it is a consolidated measure) as well as all financial transactions (such as lending). So TME is the expenditure side of the equation that gives public sector net borrowing, a measure of the fiscal stance.

C.63 As in **Table 1.1**, TME can be shown to equal DEL + AME (including accounting adjustments).

C.64 In addition, TME may be expressed as the sum of:

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

C.65 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.





# Accounting adjustments in the budgeting presentation of TME

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## The need for accounting adjustments

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 that measures the sum of public sector current and capital spending.

D.2 Government departments budget and account for their spending in resource terms which differs in several ways from National Accounts.

D.3 As a consequence, a number of adjustments are needed to relate budgets to the component parts of TME. **Table 1.1** 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 include the accounting adjustments.

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

## List of the accounting adjustments

### Tax credits for individuals

D.5 The tax credits line in departmental AME follows the OECD guidelines for deciding what element, if any, of a tax credit should be treated as expenditure rather than as an adjustment to tax receipts. Accordingly, 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. The resource adjustment is therefore 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.6 No adjustment is needed for the Working Tax Credit and Child Tax Credit as the OECD and National Accounts treatments are the same.

### Pay as you go public service pensions

D.7 Pension costs are measured differently by resource accounts and National Accounts due to the different way these frameworks deal with provision liabilities.

D.8 In the National Accounts, the following transactions are included within TME:

- payments to pensioners, surviving spouses etc and transfers out to other schemes;
- less receipts of contributions by employees and employers, and transfers in from other schemes.

D.9 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. 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;
- plus payments of pensions or transfers out that are not covered by a previously recognised liability;
- less receipts of contributions by employees and employers, and transfers in from other schemes.

D.10 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 **Annex C** for further details.

D.11 **Table D.1** reconciles pensions expenditure as presented in **Table 1.1**, in resource accounts and in TME. So the table presents:

- the three main contributions to the net public service pensions line in **Table 1.1** (as in D.9 above);
- the pensions element of the non-cash items line in **Table 1.1** (i.e. the unwinding of the discount on the liability as in D.10 above);
- the sum of these elements, which is the contribution of pension schemes to departmental AME;
- the accounting adjustments required to reach the contribution to TME (see D.12 below); and
- the contribution of the main public service pensions schemes to TME.

D.12 The resource 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; and
4. add cash payments to pensioners, surviving spouses etc and transfers out to other schemes.

**Table D.1 Pay as you go public service pension schemes in AME and in TME, 2004-05 to 2010-11**

	£ million						
	National Statistics						
	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 estimated outturn	2010-11 plans
<b>Departmental AME (Resource accounting basis)</b>							
Change in liability	15,309	20,918	21,118	24,462	24,779	23,866	32,780
Contributions received*	-15,119	-17,368	-17,934	-19,066	-19,439	-21,167	-21,168
Cash payments in OCS not covered by release of provision*	162	105	172	29	79	205	21
<b>Net public service pensions (Resource accounting basis)</b>	<b>352</b>	<b>3,656</b>	<b>3,357</b>	<b>5,425</b>	<b>5,419</b>	<b>2,904</b>	<b>11,633</b>
Unwinding of discount rate (= contribution to non-cash items)	24,102	27,378	29,545	32,805	36,510	37,793	41,068
<b>Total Departmental AME (Resource accounting basis)</b>	<b>24,453</b>	<b>31,033</b>	<b>32,902</b>	<b>38,230</b>	<b>41,929</b>	<b>40,697</b>	<b>52,701</b>
<b>Accounting adjustments</b>							
Remove change in liability	-15,309	-20,918	-21,118	-24,462	-24,779	-23,866	-32,780
Remove increased liability due to unwinding of discount rate	-24,102	-27,378	-29,545	-32,805	-36,510	-37,793	-41,068
Add pensions in payment covered by release of provision*+	16,216	17,536	18,908	21,327	22,447	24,072	25,152
<b>Accounting adjustments (Pensions)</b>	<b>-23,195</b>	<b>-30,760</b>	<b>-31,755</b>	<b>-35,940</b>	<b>-38,842</b>	<b>-37,587</b>	<b>-48,696</b>
<b>Contribution to TME (National Accounts basis)</b>	<b>1,258</b>	<b>274</b>	<b>1,147</b>	<b>2,290</b>	<b>3,087</b>	<b>3,109</b>	<b>4,005</b>
<i>of which:</i>							
Pensions in payment <sup>(1)*</sup>	16,377	17,641	19,080	21,356	22,525	24,276	25,173
Employer/employee contributions <sup>(1)*</sup>	-15,119	-17,368	-17,934	-19,066	-19,439	-21,167	-21,168

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

+ offsets change in gross liability

(1) Plans for 2010-11 are based on data provided by pension schemes for Main Estimates (HC87). Schemes have further opportunities to seek Parliamentary approval for additional resources during the year (Supplementary Estimates). These figures differ from forecasts included with the June Budget 2010 (HC61), which are the best central estimate of full-year spending.

## Other central government programmes

D.13 There are a number of resource adjustments included in this line as follows:

5. **interest on Special Drawing Rights (SDRs)** – add payments of interest on SDRs held by the UK at the International Monetary Fund that 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 adjustment 1 above), the 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 TOR (customs duties, agricultural and sugar levies) on behalf of the EU. This receipt (which is actually netted off 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 that are included in National Accounts in relation to certain loan guarantees. In the current balance, imputed receipts match these

imputed subsidies;

9. **Attributed Aid, Common Foreign and Security Policy (CFSP) and other attributed aid** – remove the attributed share of the EU’s aid and CFSP expenditure. Departmental budgets include this attributed expenditure, but it 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. **debts written off by ECGD for policy reasons** – the budgeting and National Accounts treatments of ECGD are explained in detail in the public corporation section below. Included in this line is an adjustment to add debts written off for policy reasons that are routed through central government in National Accounts; and
12. **Renewable Obligation Certificates (ROCs)** – companies not meeting their renewable obligations can purchase ROCs from companies who have exceeded their obligations. The ONS route these transactions through central government so impute offsetting current receipts and subsidies. The adjustment in this line adds the imputed subsidies.

## VAT refunds

**D.14** VAT is a tax that is paid by final consumers, i.e. 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, this refund would 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.15** However, some public sector bodies additionally 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 as a final consumer, and therefore form part of final government consumption within TME (as well as part of current receipts). However, departmental budgets, and other spending data, are net of all recoverable VAT.

**D.16** The following resource adjustments are therefore 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. (Exceptionally, VAT refunds to NHS trusts and the BBC in respect of non-business services are not added in to the figures to arrive at TME.);
14. add VAT refunds to local government 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; and
15. add VAT refunds paid to ITN in respect of non-business activities. These are treated as subsidies in TME.

**D.17** 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.

## Non-cash items not in TME

D.18 Both budgets and National Accounts measure expenditure on an accruals basis in respect of timing. A number of accruals concepts (such as accounts payable/receivable) appear in both budgets and National Accounts datasets. However, a number of non-cash items appear in resource budgets produced consistent with the Government Financial Reporting Manual that do not have a National Accounts counterpart. They are removed here:

18. remove debt write-offs (other than debts written off by mutual consent, which count as capital grants in the National Accounts), notional audit fees, and other such non-cash items recorded in departmental budgets but not in National Accounts;
19. remove 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; and
20. remove 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.19 Central government debt write-offs go through resource DEL. Those that are intended to convey a benefit to the debtor (as opposed to the department being unable to recover the debt because the debtor cannot pay) are treated as capital grants in the National Accounts.

D.20 A proportion of the Department for International Development'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.21 The equal pay settlement scores as capital in the National Accounts but is largely being scored in local authorities' revenue accounts.

21. Switch spending outlined in D.19 to D.21 from the resource budget into public sector gross investment.

## Capital budget items treated as current in National Accounts

D.22 Expenditure on Single Use Military Equipment (fighting equipment with no non-military use) that is capital under accounting rules is recorded as capital expenditure in departmental budgets but treated as current expenditure in National Accounts.

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

## Expenditure financed by revenue receipts

D.23 Some receipts benefit resource budgets even where they are included on the revenue side of the National Accounts. The deduction of such receipts in budgets needs to be reversed in the calculation of TME.

D.24 The central government receipts that are removed in the adjustment 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; and
28. dividends and interest from the private sector and overseas.

D.25 For local government, the receipts removed are:

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

## Local government

D.26 Central government support to local government is included within departmental budgets. Locally financed expenditure as reported by local authorities is shown within other AME. Further adjustments in relation to local government expenditure are additionally required in the calculation of TME.

D.27 The following resource adjustments are required in the calculation of public sector current expenditure:

30. add the value of local government non-trading capital consumption (i.e. depreciation) as modelled by ONS for National Accounts;
31. add an amount equivalent to the subsidies paid to local authority trading bodies. These are included within central government budgets but deducted from the operating surplus of these trading bodies, one of the revenue items in the calculation of locally financed expenditure. The adjustment is therefore required so that these amounts are included as part of TME;
32. deduct adjustments to prior years' National Non-Domestic Rates (NNDR) that are included within the Department for Communities and Local Government (CLG) budget but which score on the revenue side of the National Accounts; and
33. add imputed subsidies to the public corporation sector for the injection of equity into Housing Revenue Accounts (HRAs). These are required to ensure that dividends paid by the HRA to local government are non-negative, and are offset in the current balance by imputed public corporation receipts.

D.28 Local government capital expenditure includes grants paid to public corporations. The capital expenditure that this finances is included as part of Public Corporations' Own-Financed Capital Expenditure (PCOFCE), as this contains capital spending other than that financed by central government. An adjustment is therefore required to avoid double-counting this spending in TME.

34. Remove capital grants paid by local government to public corporations. This mainly concerns payments by Transport for London to London Underground.

D.29 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 included in TME:

35. add to public sector net investment the local authority receipts of investment grants from private sector developers; and
36. add to public sector current expenditure certain licence fees collected by local authorities.

D.30 Further adjustments are made to both the current and capital in-year expenditure of local government.

37. Adjust estimated outturn to align central government support and LASFE figures with the forecast total local government expenditure.

## General government consolidation

D.31 The National Accounts presents a consolidated measure of public sector expenditure, so adjustments are required to ensure that certain intra-public sector transactions are excluded. Payments of certain taxes, grants and interest that are wholly within the public sector do not form part of TME.

D.32 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 (NNDR) paid by central and local government, which are in budgets and locally financed expenditure respectively, but do not form part of TME;
40. deduct an amount equivalent to the subsidies paid by central government to public corporations that finance current grants to local authorities. The payments are in DEL but as they are recorded as subsidies to public corporations rather than support for local government, the subsequent local government spending forms part of locally financed expenditure. This adjustment therefore avoids double counting this spending in TME; and
41. deduct departments' receipts of interest and dividends 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, these payments do not score in TME.

D.33 The capital adjustment required is as follows:

42. deduct payments from local authorities to the Department of Communities and Local Government (CLG) in respect of pooled housing receipts. These payments score in Local Authority Self Financed Expenditure but do not form part of TME.



## Public corporations

D.34 Departments' budgets include the following items in respect of public corporations:

- subsidies and capital grants paid by the department to public corporations;
- loans given by the department to public corporations;
- 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; and
- interest, dividends and equity withdrawals received from public corporations.

D.35 Other AME includes Public Corporations' Own-Financed Capital Expenditure (PCOFCE), which is given by total public corporations' capital expenditure less central government grant and loan support, and less PCMOB.

D.36 TME includes total public corporation capital expenditure plus interest and dividends paid by public corporations to the private sector. The resource adjustments needed to relate the above transactions to TME are:

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

D.37 Export Credits Guarantee Department (ECGD) is a public corporation in the National Accounts that is treated in the same way as insurance corporations. It is also a department in its own right, and it has a unique budgeting framework.

D.38 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 while depreciation on its assets is a cost. 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.39 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.40 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.41 Finally the capital budget AME scores some financial transactions. These are removed in the general accounting adjustments for financial transactions below.

D.42 So the resource adjustment included in this line is:

45. remove ECGD interest receipts that do not form part of TME.



## Financial transactions

D.43 TME measures the current and capital expenditure of the public sector and excludes net lending. Departmental capital budgets include the net acquisition of financial assets acquired for policy purposes rather than for cash flow management. A capital adjustment is required to remove these from TME as follows:

46. deduct loans, net of repayments, to the private sector and overseas;
47. deduct the net acquisition of private sector company securities;
48. deduct the profit/loss on the sale of shares and other financial assets; and
49. deduct movements in large pre-payments and debtors.

## Data adjustment

D.44 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.

50. Deduct depreciation and impairments in resource budgets and replace with the National Accounts number for non-trading capital consumption.

## Balancing reconciliation

51. Add 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. This can be necessary, for example, because of timing differences.
52. 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

## Expenditure on services framework

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E.1 Tables in **Chapters 4 to 8**, showing public expenditure by function and/or economic category, and tables in **Chapters 9 and 10**, showing public expenditure by country and region, are all based on the public sector expenditure on services framework.

E.2 Public sector or total expenditure on services (TES) broadly represents the current and capital expenditure of the public sector, and so is similar to the National Accounts measure of Total Managed Expenditure (TME). The definition of expenditure on services in PESA 2010 is almost identical to that presented in PESA 2009. For the avoidance of doubt, expenditure on services is the spending required to deliver services, not just the purchasing of services.

E.3 Expenditure on services is a more stable measure of public spending than departments' budgets, as it is not affected by the creation or amalgamation of departments or by programmes of work moving between departments.

### Expenditure on services and TME

E.4 TME is the current and capital expenditure of the public sector on a National Accounts basis. Public sector expenditure on services is similar, but with minor divergences. The divergences mainly reflect the difficulty of attributing certain types of spending to the correct functions in all cases, which, if attempted, would result in a lack of consistency between functions. The main difference from TME is that expenditure on services does not include general government capital consumption (depreciation) 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. Public sector expenditure on services is worth about 95% of TME.

### EU transactions in expenditure on services

E.5 EU transactions score in their entirety within public sector expenditure on services in the same way as in TME. However, expenditure on services scores EU funded payments, for instance on agriculture, as UK government spending within the appropriate function, whereas the National Accounts score these as direct payments from the EU to enterprises and households. The EU transactions line within expenditure on services includes EU receipts, thus bringing the total into line with TME. Similarly, expenditure on services 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**.

## Expenditure on services and budgets

E.6 Expenditure on services can be built up from departmental budgets (resource DEL, capital DEL and departmental AME). The majority of transfers to other parts of the public sector are removed, as are transactions that do not score as spending in the National Accounts. Spending by local government and public corporations is then added

Departmental budgets (resource Departmental Expenditure Limits + capital Departmental Expenditure Limits + departmental Annually Managed Expenditure)	
Less	<ul style="list-style-type: none"> <li>grants to local government;</li> <li>capital grants to public corporations;</li> <li>depreciation;</li> <li>provisions;</li> <li>spending classified as financial transactions in the National Accounts;</li> <li>interest and dividends;</li> <li>items classified as revenue in the National Accounts which are netted off spending in budgets;</li> <li>EC receipts;</li> <li>other items that are not classified as spending in National Accounts (e.g. transfers between central government departments); and</li> <li>most intra-public sector transfers, the main exceptions being subsidies to public corporations and trading bodies.</li> </ul>
Plus	<ul style="list-style-type: none"> <li>local government current and capital expenditure;</li> <li>Northern Ireland locally financed expenditure;</li> <li>public corporations' capital expenditure;</li> <li>public sector debt interest; and</li> <li>EU transactions.</li> </ul>

E.7 **Table E.1** shows the derivation of expenditure on services from departmental groups' budgets.

### Classification changes

E.8 Classification changes since PESA 2009 are detailed in **Chapter 4**, where they affect expenditure on services or the functional split, and **Chapter 5**, where they affect expenditure on services, the sub-functional split or the economic breakdown.

Table E.1 Derivation of public sector expenditure on services from departmental groups' budgets, 2008–09

	Education	Health	Transport	Communities and Local Government	Business, Innovation and skills	Home Office	Justice	Law Officers' Departments	Defence	Foreign and Commonwealth Office	International Development	Energy and Climate Change	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	Total for all departments
<b>Departmental Budgets</b>																							
Resource DEL	46,848	90,278	5,803	28,756	17,851	9,198	9,235	724	32,620	2,027	4,758	293	2,446	1,456	7,937	24,090	12,799	7,926	1,177	4,473	1,995	791	313,483
Capital DEL	5,519	4,370	7,252	7,234	2,131	836	912	9	8,980	227	875	1,667	610	842	91	3,333	1,627	1,233	68	282	397	37	48,532
Resource Departmental AME	10,652	14,984	603	1,282	-244	710	439	9	6,193	-28	213	2,403	0	3,890	135,344	2,495	138	6,104	396	71,209	7,174	15	263,983
Capital Departmental AME	-	14	-	516	3,254	-	-	-	-	-	-	-279	1	572	136	180	168	378	-	85,822	-	-	90,761
<b>Remove</b>																							
Grants to local government	-40,797	-1,379	-5,146	-31,251	-2,826	-7,109	-3	-	-	-	-	-	-219	-381	-21,518	-9,225	-5,531	-57	-	-	-14	-	-125,457
Capital grants to public corporations	-	-20	-60	-	-	-	-	-	-	-37	-	-	-28	-	-	-14	-	-198	-	-	-	-	-356
Depreciation	-26	-1,359	-1,067	-608	-428	-190	-1,106	-10	-6,631	-52	-17	-454	-199	-111	-158	-567	-512	-390	-59	-18,571	-272	-45	-32,830
Provisions	-8,860	-16,749	108	-28	-208	-167	261	-9	-3,820	-2	-138	-1,634	64	-11	-636	-2,588	-55	-1,532	-387	-25,382	-6,098	-43	-67,915
Financial transactions	-	-13	-25	-4	-3,138	-10	-	-	-49	-	-694	279	-1	-5	-134	-394	-168	-47	-	-76,164	7	-	-80,560
Interest and dividends	-	30	-12	17	921	-	9	-	25	-	2	31	32	74	1	139	-2	8	-	1,261	-	-	2,538
Items classified as revenue in National Accounts	-	-1,786	597	26	285	468	0	2	41	-	-1	44	16	57	20	-	11	11	-	329	-	-	120
EC receipts <sup>(1)</sup>	-	-	77	81	114	20	-	-	-	-	-	-	2,006	-	231	595	447	347	-	-	-	1	3,918
Other items not in TME	-2,115	-48	-19	24	1,630	-5	-10	0	547	0	0	0	-1	6	-450	5	-51	-36	-1	-16	-1	0	-543
<b>Add</b>																							
Local government current expenditure	45,994	14,150	5,687	10,291	414	12,805	130	-	-	-	-	-	5,280	2,524	18,023	11,056	5,230	539	-	-	58	-	132,182
Local government capital expenditure	5,058	250	3,323	3,556	130	765	-	-	-	-	-	-	566	822	3	1,737	878	81	-	-	-	-	17,168
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	607	-	-	-	-	607
Public corporations capital expenditure	-	25	1,605	3,250	458	6	27	-	85	41	87	244	-51	27	-9	1,073	125	233	-	180	-	-	7,407
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,555	-	-	31,555
EU transactions <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-2,931	-	-	-2,931
Grant equivalent element of student loans	-	-	-	-	459	-	-	-	-	-	-	-	-	-	-	-7	51	21	-	-	-	-	525
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Public sector expenditure on services</b>	<b>62,273</b>	<b>102,747</b>	<b>18,727</b>	<b>23,142</b>	<b>20,804</b>	<b>17,327</b>	<b>9,896</b>	<b>724</b>	<b>37,991</b>	<b>2,177</b>	<b>5,086</b>	<b>2,595</b>	<b>10,523</b>	<b>9,762</b>	<b>138,880</b>	<b>31,908</b>	<b>15,155</b>	<b>15,227</b>	<b>1,194</b>	<b>72,046</b>	<b>3,245</b>	<b>756</b>	<b>602,184</b>

(1) EC receipts are on an accruals basis and in departments' budgets. This excludes receipts that are removed as part of the grants to local government line. Chapter 7 text contains details.

(2) EU transactions as defined in Annex E. EC receipts within this line are on a cash basis.

# F Population numbers and GDP deflators

F.1 This annex presents the population numbers and GDP deflators used in this release.

## Population numbers by country and region

F.2 The population numbers used in **Chapter 9 and Chapter 10** are in the table below. The mid year numbers are then directly applied to the relevant financial year (e.g. mid 2004 to financial data for 2004-05).

**Table F1 Population by country and region**

	Thousands						
	mid-2004	mid-2005	mid-2006	mid-2007	mid-2008	mid-2009	mid-2010
North East	2,542	2,550	2,556	2,564	2,575	2,573	2,580
North West	6,820	6,840	6,853	6,864	6,876	6,934	6,965
Yorkshire and the Humber	5,064	5,108	5,142	5,177	5,213	5,272	5,318
East Midlands	4,291	4,328	4,364	4,400	4,433	4,491	4,536
West Midlands	5,327	5,351	5,367	5,382	5,411	5,438	5,466
East	5,511	5,563	5,607	5,661	5,729	5,765	5,820
London	7,389	7,456	7,512	7,557	7,620	7,676	7,737
South East	8,125	8,185	8,238	8,309	8,380	8,408	8,469
South West	5,042	5,087	5,124	5,178	5,209	5,260	5,308
England	50,111	50,466	50,763	51,092	51,446	51,817	52,198
Scotland	5,078	5,095	5,117	5,138	5,169	5,189	5,211
Wales	2,946	2,954	2,966	2,980	2,993	2,999	3,011
Northern Ireland	1,710	1,724	1,742	1,761	1,775	1,789	1,802
<b>United Kingdom</b>	<b>59,846</b>	<b>60,238</b>	<b>60,587</b>	<b>60,971</b>	<b>61,383</b>	<b>61,794</b>	<b>62,222</b>

Source: mid-2004 to mid-2008 are on a 2007 basis; mid-2009 and mid-2010 country projections are 2008 based. Projections for the mid-2009 and mid-2010 English regions have been calculated by applying 2006 based regional population projections to the latest 2008 based country projections.  
All the population data were sourced from the Office for National Statistics<sup>3</sup>

## GDP deflators

F.3 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 2008-09 prices. The GDP deflators used in this publication are those given below. The most up to date deflators can be found on the Treasury website.

<sup>3</sup> <http://www.statistics.gov.uk/>

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

<b>Outturn data are based on the 31 March 2010 National Accounts figures from ONS</b>			
<b>Forecast data are consistent with the June Budget 2010</b>			
<b>Financial year</b>	<b>GDP deflator at market prices</b>		<b>Money GDP</b>
	<b>2008-09 = 100</b>	<b>per cent change on previous year</b>	<b>£ million</b>
1967-68	7.427	2.87	40,980
1968-69	7.784	4.80	44,504
1969-70	8.207	5.44	47,749
1970-71	8.888	8.30	53,075
1971-72	9.681	8.92	59,324
1972-73	10.506	8.52	67,472
1973-74	11.265	7.22	75,339
1974-75	13.476	19.63	89,940
1975-76	16.900	25.41	112,088
1976-77	19.195	13.58	130,945
1977-78	21.824	13.70	152,377
1978-79	24.224	11.00	174,237
1979-80	28.323	16.92	209,623
1980-81	33.508	18.31	239,137
1981-82	36.729	9.61	263,031
1982-83	39.282	6.95	287,441
1983-84	41.108	4.65	313,012
1984-85	43.307	5.35	336,657
1985-86	45.741	5.62	369,917
1986-87	47.211	3.21	396,146
1987-88	49.914	5.73	440,760
1988-89	53.302	6.79	490,080
1989-90	57.098	7.12	536,859
1990-91	61.598	7.88	576,798
1991-92	65.247	5.92	607,334
1992-93	67.259	3.08	627,221
1993-94	69.101	2.74	664,973
1994-95	70.178	1.56	703,113
1995-96	72.194	2.87	744,100
1996-97	74.887	3.73	792,360
1997-98	76.845	2.61	843,145
1998-99	78.464	2.11	890,272
1999-00	80.009	1.97	944,630
2000-01	81.060	1.31	989,552
2001-02	82.871	2.23	1,031,458
2002-03	85.544	3.23	1,092,056
2003-04	87.955	2.82	1,157,408
2004-05	90.400	2.78	1,214,701
2005-06	92.087	1.87	1,270,835
2006-07	94.811	2.96	1,346,209
2007-08	97.547	2.89	1,418,246
2008-09	100.000	2.51	1,433,951
2009-10	–	1.9	1,408,000
2010-11	–	2.9	1,474,000

GDP Deflator: For years 1967-68 to 2008-09: calculated from ONS data for seasonally adjusted current and constant price GDP (YBHA and ABMI)  
For years 2009-10 and 2010-11: derived from HM Treasury forecasts for GDP deflators increases at the June Budget 2010

Cash GDP: For years 1967-68 to 2008-09: ONS data for money GDP (not seasonally adjusted, BKTL)  
For years 2009-10 and 2010-11: derived from HM Treasury forecasts for money GDP at the June Budget 2010

1 For further information and the 'User Guide' to these series visit the following page on:  
[http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm)



# Glossary of terms

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

## Acronyms

AME	<b>Annually Managed Expenditure</b>
ASLCs	<b>Accruing Superannuation Liability Charges</b>
COINS	<b>Combined On-line Information System</b>
CRA	<b>Country and Region Analysis</b>
DEL	<b>Departmental Expenditure Limits</b>
GAAP	<b>Generally Accepted Accounting Practice</b>
GDP	<b>Gross Domestic Product</b>
LASFE	<b>Local Authority Self-Financed Expenditure</b>
NDPBs	<b>Non-Departmental Public Bodies</b>
PCOFCE	<b>Public Corporations' Own-Financed Capital Expenditure</b>
PSCE	<b>Public sector current expenditure</b>
PSNB	<b>Public sector net borrowing</b>
PSND	<b>Public sector net debt</b>
PSNI	<b>Public sector net investment</b>
RAB	<b>Resource Accounting and Budgeting</b>
SUME	<b>Single Use Military Equipment</b>
TES	<b>Expenditure on services</b>
TME	<b>Total Managed Expenditure</b>

## Terms

**Accounting adjustments** shown in, for example, Table 1.1 are certain items of expenditure that account for the difference between the **National Accounts** aggregate **TME** and the sum of the **resource budgeting** items **DEL**, **departmental AME** and **other AME**. Accounting adjustments are required because there are certain components in TME that 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. Annex 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 based on accruals. Accruals accounting recognises when costs occur rather than when the payment is made. I.e. having the heating on is a cost that accrues each day whereas the bill might be paid quarterly.

**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. ASLCs are included within **DEL**.

**Administration budget** – the costs of running a central government department that do not relate to the delivery of frontline services; it includes the pay of most 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** that are set net of income arising from departments' administrative activities.

**Alignment (or 'Clear Line of Sight') project** – in order to simplify public spending reporting, this project aims to align more closely the treatment of spending in departmental budgets, **Estimates** and **Resource Accounts**. More information is available on the Treasury's website<sup>4</sup>.

**Annually Managed Expenditure (AME)** is spending included in **TME** that does not fall within **DELS**. Expenditure in AME is generally less predictable and more difficult to control than expenditure in DEL. AME is split into **departmental AME** and **other AME**.

**AME margin** – in previous editions of PESA this was an unallocated margin on total AME spending included as an allowance for estimating changes. The forecasts made by the Office for Budget Responsibility no longer include such a margin.

**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 it is unhypothecated (i.e. 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.

**Capital budget** – 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 (including under finance leases) such as land, buildings, machinery and vehicles. In both 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 aggregate of the net book value and any profit or loss on disposal);
- **Single Use Military Equipment** that is treated as capital in **resource** accounts (although it is treated as current expenditure in **National Accounts**);

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<sup>4</sup> [http://www.hm-treasury.gov.uk/psr\\_clear\\_line\\_of\\_sight\\_intro.htm](http://www.hm-treasury.gov.uk/psr_clear_line_of_sight_intro.htm)



- **net lending** undertaken for policy purposes; net means after the repayment of debt principal;
- in-house development of assets such as computer software and databases. This can be capitalised in government accounts provided certain conditions are met. It is sometimes called “own account capital formation”;
- large (over £20m) **debtors or prepayments** that are long term (over 12 months). These are included in capital budgets on the same basis as **net lending**. I.e. on an additions less reductions basis; and
- **capital grants**.

**Capital consumption** – see **depreciation**.

**Capital expenditure** can be understood in several ways:

- in **National Accounts**, capital expenditure is usually understood to mean **capital formation**, net acquisition of land, and expenditure on **capital grants**. Certain types of significant computer software development are treated as capital expenditure. The **pay** of civil servants engaged in in-house capital formation is also recorded as capital expenditure, not as pay. **Public sector net investment** is given by capital expenditure as defined above (also known as public sector gross investment) less **depreciation**;
- under **resource accounting**, 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 central government capital expenditure include **Supported Capital Expenditure** (Revenue) allocations given to local authorities in England and Wales (the equivalent in Scotland is supported borrowing). Northern Ireland does not have an equivalent concept as their local government 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**. 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 both civil and military purposes count as capital. Under **resource accounting**, both single and dual use military equipment are treated as capital.

**Capital grants** (also called investment grants) are payments made 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** but are included in the **capital budget**.

**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; most **NDPBs**; and various other non-market public bodies that are controlled by central government. Central government does not include **public corporations**, nor those 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 government** 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-defined system 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 against the HM Treasury's own sub-functional classification. Further information on COFOG is available within the 'How to use PESA' chapter and on the UN website<sup>5</sup>.

**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 and Commonwealth Office's DEL.

**Control total – resource budget DEL, administration budget in DEL and capital budget DEL** are control totals. This means that departments have to manage spending within set limits.

**Cost of capital charge** used to be a notional charge that was applied to each department's budget in order to make departments aware of the full cost of holding assets. As part of the **alignment project** this charge has been removed from budgets. It only appears in **Chapter 3** of PESA 2010, where its removal from budgets is shown as part of the **classification changes** that have been made since PESA 2009.

**Country and Regional Analysis (CRA)** – the CRA presents statistical estimates for the allocation of **identifiable expenditure** between the UK countries and nine English regions. See **Chapters 9 and 10** for more information.

**Current expenditure** – this is spending on items that are consumed in the process of providing public services or, in other words, is recurring spending. This includes, for example, wages and salaries, benefits, and purchasing goods and services.

**Current grants** are unrequited payments to individuals or bodies, which means that no specific goods or services are received in return. In **National Accounts** current grants to persons are called **social benefits** and those to trading businesses are called **subsidies**.

**Debtors** are **assets** on the balance sheet. They are recognised where a transaction 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** has not benefited from the accrued transaction. Where a department or its **NDPB** has a large (over £20m), long term (over 12 months) debtor, this is included in their **capital budget** on the same basis as net lending.

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

**Dedicated Schools Grants (DSG)** is a hypothecated (ring-fenced) **current grant** from central government to local authorities, paid by the Department of Children, Schools and Families (DCSF) and allocated to schools on a formula basis. This was introduced from 2006-07 replacing part of the **Revenue Support Grant (RSG)** paid by Communities and Local Government (CLG).

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

**Departmental Expenditure Limits (DELs)** are firm plans for three years for a specific part of a department's expenditure. DEL covers all administration costs and programme expenditure except where:

- some programme spending cannot reasonably be subject to close control over a three-year period; or
- spending relates to non-cash costs other than depreciation and impairments.

Departmental spending not in DEL is included in **departmental AME**. Both **resource** and **capital budgets** are divided into DEL and departmental AME.

**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. It is a measure of the reduction in value of an asset due to the effects of wear and tear. **TME** includes depreciation as an item of **current expenditure**. **Public sector net investment** is given by deducting depreciation from gross **capital expenditure**.

**Economic categories** – these represent broad classifications of the economic impact of transactions. Examples of economic categories are **pay, social benefits and subsidies**. The main categories in expenditure on services, based on **National Accounts** definitions, are set out in Table 5.3 and described in Chapter 5. The equivalent budgeting presentation, based on resource accounting, is shown in Table 2.1 and described in Chapter 2.

**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.

**Estimated outturn** is a forecast of spending incurred on the basis of actual expenditure to date.

**Estimates** – see **Supply Expenditure**.

**European System of Accounts 1995 (ESA95)** – This 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.

**Expenditure on services (TES)** is an aggregate used in PESA to analyse the capital and current spending of the public sector. The current and capital elements of expenditure on services are sometimes shown separately as current expenditure on services and capital expenditure on services. Note that TES and its components represent the overall cost of providing services, rather than just the cost of purchasing services from third parties, and includes expenditure on **assets**. See Annex E for a full definition.

**Financial Reporting Standard 17 (FRS17)** sets out the **GAAP** basis for recording pensions.

**Financial Statement and Budget Report (FSBR)** – the FSBR is published each year by the Treasury on Budget day, also 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; and **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**.

**General Government** is the consolidated combination of the **central government** 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** framework that is used for **TME**. **Public sector** bodies are in the process of moving from GAAP to **International Financial Reporting Standards (IFRS)**.

**Grants** – see **current grants** and **capital grants**.

**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.

**Housing Revenue Account (HRA)** – the 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. This net amount is then included as revenue rather than spending in the **National Accounts**, which 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. PESA had previously shown this spending in the local government sector. Payments of interest on housing related debt will continue to be treated as part of local government expenditure.

**Identifiable expenditure** is expenditure that can be recognised as having been incurred for the benefit of individuals, enterprises or communities within a particular country or region. Examples are most health and education services, and spending on social security and pensions. See Chapter 9 for further details.

**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 Annex C for further details. In the PESA budgeting-based presentations impairments are included in the depreciation line, and it is the combined total that is used in the calculation of **Total DEL**. In the **National Accounts**, impairments resulting from accidental damage are included alongside depreciation; other sorts of impairment are not counted in the main expenditure measures.

**International Financial Reporting Standards (IFRS)** are being implemented by **public sector** bodies to replace **GAAP**-based **resource accounting**. Departments will report 2009-10 resource accounts against IFRS, with local authorities moving onto this basis for 2010-11.

**Local Authority Self-Financed Expenditure (LASFE)** is aggregate **local government** expenditure less its receipts of **central 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 does not include **depreciation**.

**Locally Financed Expenditure** 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.

**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. The National Accounts is presented by the ONS in the Blue Book.

**National Loans Fund (NLF)** – the 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.

**National Lottery Distribution Fund (NLDF)** – the NLDF is a central government fund, administered by the Department for Culture, Media and Sport (DCMS). The Fund receives a proportion of the proceeds from national lottery ticket sales (receipt of that proportion is treated as a tax in **National Accounts**). The Fund passes it to the Lottery Distributors, independent public sector bodies responsible for awarding national lottery grants to good causes. Payments by the Distributors are treated in the National Accounts as **central government** expenditure in **AME**.

**National Non-Domestic Rates (NNDR)** in England 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 in the form of central government grants. 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 **central government** or **local 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** used to be those elements that turned into cash transactions quickly, such as **pay**, current **procurement**, and income from sales. Changes to the 2010-11 budgeting framework made as part of the **alignment project** mean that resource budgets are no longer divided into near-cash and **non-cash**. However, as departments were controlled against near-cash in resource DEL for 2009-10, a near-cash table will be included in publications at least until the provisional outturn release on 8 July 2010. In PESA this is Table 1.3a.

**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”, also 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 government**, some overseas governments and some international bodies that supply foreign aid.

**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** refers to various transactions that appear in the **operating cost statement** under **resource accounting**, but are not directly included in the **National Accounts** measure of Surplus on the Current Budget. The major non-cash transactions are **depreciation**, impairments and the taking and release of provisions. Most depreciation and impairments are in **DEL** but following changes to the budgeting framework as part of the **alignment project**, most other non-cash items are in **AME**.

**Non-Departmental Public Bodies (NDPBs)** are public bodies with day-to-day autonomy in their management and financial matters. NDPBs are funded by a sponsor department through a non-budget grant in aid payment, with the subsequent NDPB expenditure (and any further income they generate themselves) scoring in the sponsor department’s budget. A list of NDPBs can be found on the Civil Service website<sup>6</sup>.

**Non-identifiable expenditure** is expenditure that cannot be recognised as benefiting a particular country or region, so is deemed to be incurred on behalf of the United Kingdom as a whole. E.g. most defence expenditure, overseas representation and tax collection.

**Non-voted** expenditure is expenditure that is not voted by Parliament through the Supply procedure. It includes spending funded from various funds, such as the National Insurance Fund, as well as spending by **Non-Departmental Public Bodies (NDPBs)** as Parliament have previously voted the payment of funding to these bodies.

**Office for National Statistics (ONS)** – the ONS is an independent public sector body that produces many official statistics such as the **National Accounts**. ONS decisions about the classification of bodies are the basis for determining which bodies are included within PESA and as part of which sector.

**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.

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<sup>6</sup> [www.civilservice.gov.uk/about/public/bodies.asp](http://www.civilservice.gov.uk/about/public/bodies.asp)

**Other AME** is public spending that is outside both **DEL** and **departmental AME**. It includes net transfers to the EC, **locally financed expenditure**, debt interest, **public corporations'** own-financed capital expenditure and **accounting adjustments**.

**Outturn** describes expenditure actually incurred and will generally have been included in the resource accounts of the relevant body.

**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**.

**Prepayments** are assets on the balance sheet. They are recognised where cash payments are 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**. 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 **resource DEL** within **TME**.

**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. Annex A has more information on the treatment of PFI in PESA.

**Privatisation receipts** 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.

**Procurement** spending is now shown gross throughout PESA, rather than net of sales as was previously the case within certain tables. It is shown as current or capital procurement as follows:

- current procurement is expenditure 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. It also includes the purchase of services from GPs. Purchase of minor maintenance and minor pieces of equipment and IT systems that are not treated as capital would be counted as current procurement;
- capital procurement is expenditure on the purchase of fixed **assets** such as buildings, machinery and large-scale IT projects; and
- Expenditure on **Single Use Military Equipment (SUME)** is treated as current procurement within **National Accounts** and **expenditure on services**, but capital procurement in budgets.

**Provider Trusts** sell health services in England and Wales. In England they can either be classified as NHS or Foundation Trusts, the latter having more financial and operational independence. In Wales they are known as Health Trusts. In Scotland trusts have been re-absorbed back into Health Boards. All Provider Trusts throughout the UK are in the **central government** sector.

**Provisions** – 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. Provisions score as part of the resource budget, usually in **AME**.

**Public corporations** are publicly controlled **trading bodies** with substantial financial and operational independence from **central** and **local government** – they are legally separate institutional units responsible for their own day-to-day operations and producing their own accounts. 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 Corporations' Own-Financed Capital Expenditure (PCOFCE)** is aggregate **public corporation capital expenditure** less its receipts of **central government** capital support in budgets.

**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 sector** – the public sector comprises **central government, local government** and **public corporations**.

**Public sector current expenditure (PSCE):**

- is the sum of the **current expenditure** of **central government** and **local government**, plus certain 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 expenditure measures;
- is net of certain receipts such as: receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EC abatement; sales of goods and services; and income from rent of buildings; and
- includes non-trading capital consumption. This is the **depreciation** of the fixed **assets** held by **central government** and **local government**. It excludes depreciation on assets used to produce goods and services for sale including the assets of **public corporations** and local authority housing.

For PESA 2010, PSCE is presented consistent with a measure of **public sector net borrowing** excluding the temporary effects of the financial sector interventions (PSNBex).

**Public sector net borrowing (PSNB)** is the difference between **public sector** receipts and expenditure as measured by **National Accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities less its acquisition of financial assets. 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**. In December 2009 the ONS defined an alternative measure of PSNB excluding the temporary effects of the financial sector interventions (PSNBex). Spending aggregates consistent with PSNBex are used throughout PESA 2010.

**Public sector net debt (PSND)** is the sum of the public sector's financial liabilities at nominal value, less its liquid financial assets.



**Public sector net investment (PSNI)** is all capital expenditure by the **public sector** less an amount representing 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. For PESA 2010, PSNI is presented consistent with a measure of **public sector net borrowing** excluding the temporary effects of the financial sector interventions (PSNBex).

**Public sector gross investment (PSGI)** – see **capital expenditure**.

**Quasi-corporations** are entities that meet the economic definition of a public corporation (i.e. 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).

**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.

**Reserve** – an amount within **DEL** not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies.

**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. 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 was a control total. However, under the 2010-11 framework on which PESA is based, the near-cash control within resource DEL has been removed as part of the **alignment project**. 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 Annex C for further information.

**Revenue Support Grant** is an unhypothecated (i.e. non ring-fenced) current grant from **central government** to local authorities, paid by Communities and Local Government (CLG).

**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** and **expenditure on services** frameworks all expenditure on SUME is treated as **current expenditure**. In **resource accounts** and **resource budgeting**, expenditure on SUME that is of a capital nature is treated as capital. Dual use military equipment is treated as capital in all presentations.

**Social benefits** include social security, tax credits and similar payments to individuals. They also include unrequited grants to not-for-profit non-market bodies such as charities (although purchases of services from charities count as **procurement**). Public service pension payments are included in social benefits.

**Spending Reviews** set **DELs** for the following three years. The first was the Comprehensive Spending Review in 1998 with further SRs held every two years until 2004. A second Comprehensive Spending Review reported in autumn 2007 and set budgets for 2008-09 to 2010-11.

**Spending sectors** are the part of the **public sector** that are making the expenditure, either **central government, local government or public corporations**.

**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 buildings within urban regeneration areas.

**Subsidies** are payments by government and the EC to trading businesses to help pay for current costs. These include 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 that is voted by Parliament either in the annual Main Estimates (at the start of the year) or in Supplementary Estimates in-year.

**Supported borrowing** – this is the equivalent of **Supported Capital Expenditure (Revenue)** in Scotland.

**Supported Capital Expenditure (SCE)** – Supported Capital Expenditure (Revenue) (SCE[R]) is the amount of borrowing by a local authority in England and Wales (to fund capital expenditure) towards which central government is prepared to provide revenue grant. This support is provided either through **Revenue Support Grant (RSG)** or **Housing Revenue Account (HRA)** subsidy. It is known as **supported borrowing** in Scotland but there is no equivalent in Northern Ireland as their local government sector is much smaller. Supported Capital Expenditure (Capital) (SCE[C]) is sometimes used to refer to central government capital grants paid to local authorities, although **capital grants** remains the more commonly used terminology.

**Tax credits** are the Working Tax Credit and Child Tax Credit. They replaced former personal tax credits in 2003-04. Tax credits score in **TME** (within 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.

**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.

**Total Expenditure on Services (TES)** – see **Expenditure on services**.

**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 can also be presented as the sum of **DEL** and **AME**. For PESA 2010, TME and its components are presented consistent with **public sector net borrowing** excluding the temporary effects of the financial sector interventions (PSNBex).

**Trading bodies** are publicly owned or controlled trading businesses. **Public corporations** and **quasi-corporations** are trading bodies. There may also be some trading activities that are closely integrated within **central government** or **local government** and do not have enough independence to be classified as a public corporation or quasi-corporation. **Capital expenditure** of trading bodies is included in public expenditure measures, but the surplus of current income over **current expenditure** is included as a revenue item called gross trading surplus. There are examples in the **local government** sector such as 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 Supply Estimates. Generally they cover their costs from trading receipts. In **National Accounts** they are normally treated as **public corporations**.

**Traditional Own Resources (TOR)** – the European Communities' Traditional Own Resources are 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 that might otherwise have been performed in-house.



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