



HM Treasury

Public Expenditure

Statistical Analyses 2018



Public Expenditure

Statistical Analyses 2018

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

July 2018

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How to use PESA

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

What is PESA?

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

Table i.1 Spending frameworks used in PESA

Budgeting	Expenditure on services
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.	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.

Table i.2 shows which framework each chapter or table is presented under. A short summary of each section is then provided below. The chapter text contains further details.

Table i.2 Frameworks against which chapters/tables are presented

Section	Chapter	Budgeting framework	Expenditure on services framework
Budgets	1. Departmental budgets	All tables	–
	2. Economic analyses 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 analyses	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

There are two main presentations within this section:

- **departmental budgets** – the key central government departmental budgets that the Government uses 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; 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. There are two main presentations of public sector spending in this section (but also see the country and regional analysis section below):

- **by function/sub-function** – public spending is shown against ten functions (e.g. 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

This analysis splits the data from the above sections by sector of government (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 the public sector data, the sectoral breakdown shows the spending of each sector.

Country and regional analysis

The country and regional analysis (CRA) show identifiable public sector expenditure by country and region. The CRA is presented in Chapters 9 and 10 of PESA and the information for these tables was gathered in a separate data collection exercise during the summer of 2017. Therefore, the figures in these chapters are not entirely consistent with the figures in other PESA chapters. Chapter 9 contains more detail on the analysis process.

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

Period covered by PESA tables

All data series in PESA are annual and for financial years. Tables in PESA 2018 normally cover the years 2013-14 to 2019-20, although some show only the latest year (2017-18) and some are presented over a longer historical period.

Public expenditure National Statistics updates

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

- Total Managed Expenditure, by budgetary category (PESA 2018, **Table 1.1**);
- resource and capital elements of Departmental Expenditure Limits and Annually Managed Expenditure by departmental group (PESA 2018, **Tables 1.3** and **1.8**);
- public sector expenditure on services by function (PESA 2018, **Table 4.2**); and
- public sector expenditure on services by economic category (PESA 2018, **Table 5.3**).

Further updates will take place in November, February and May. Most series in PESA are only published annually.

We would be interested in readers' views on how PESA might be developed to further increase its value to users. Please write to:

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Frequently asked questions

How much did the government spend on x?

The answer varies depending upon 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 total UK public sector current and capital spending on transport, and **Tables 6.6, 7.4** and **8.4** provide a breakdown according to whether it is central government, local government or public corporations responsible for the spending;
- **Table 1.10** shows the total DEL spending of the Transport departmental group. **Tables 1.3** and **1.8** 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 not therefore included as spending within the expenditure on services framework; and
- **Table 2.1** shows central government pay (as in **Table 6.5**), but split between departments' DEL and AME budgets.

How can I compare spending on x to previous years?

Chapter 4 contains long-run series (from 1994-95) 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 therefore 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?

Departmental groups are listed in Annex B. The departments are broadly grouped in line with ministerial responsibility.

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 website¹. 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, of which: public and common services	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, of which: international services	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, of which: public sector debt interest	1.7 Public sector debt interest
4. Economic affairs, of which: enterprise and economic development	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, of which: science and technology	4.8 R&D economic affairs
4. Economic affairs, of which: employment policies	4.1 General economic, commercial and labour affairs (labour affairs part only)
4. Economic affairs, of which: agriculture, fisheries and forestry	4.2 Agriculture, forestry, fishing and hunting
4. Economic affairs, of which: transport	4.5 Transport

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

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 2017-18 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 gov.uk website².

² <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>



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1

Departmental budgets

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 reconciling from the budgetary framework to the fiscal aggregates in the National Accounts.

What's new

1.2 NHS England Expenditure

For the first time in recent years, Public Expenditure Statistical Analyses (PESA) includes the following table on spending and plans relating to NHS England. This data is presented as the Total Departmental Expenditure Limit (TDEL). Spending Review 2015 also set plans for NHS England using TDEL. The data is also presented in real terms and for both outturn and plan years.

For further information please see the Department of Health and Social Care (DHSC) annual report and accounts.

For the plan years 2019-20 and 2020-21, data is derived from the following press release: <https://www.gov.uk/government/news/prime-minister-sets-out-5-year-nhs-funding-plan>

As can be seen from the link, the Prime Minister has set out a new multi-year funding plan for the NHS, setting the real terms growth rate for spending in return for the NHS agreeing a new long-term plan with the Government later this year. Barnett consequential are also set out in this link. The final settlement and plan will be confirmed at a future fiscal event, subject to an NHS plan that meets the tests that are set out in the link above.

NHS England - Total Departmental Expenditure Limits⁽¹⁾, 2013-14 to 2020-21

	National Statistics								£ million
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
	outturn	outturn	outturn	outturn	outturn	plans	plans	plans	
NHS England ^(2, 4)	93,876	97,287	100,754	105,975	109,833	114,859	122,105	128,467	
NHS England ^(2, 4) - real terms ⁽³⁾	99,656	101,966	104,763	107,782	109,833	113,142	118,420	122,555	

⁽¹⁾ Total DEL is given by Resource DEL excluding depreciation plus Capital DEL.

⁽²⁾ For further information on NHS England expenditure please refer to the Department of Health and Social Care Annual Report and Accounts 2018.

⁽³⁾ Real-terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from data published by the Office for National Statistics. See annex F for more detail.

⁽⁴⁾ Years 2019-20 and 2020-21 each include £1,250m to fund higher employer pension contributions as listed in the link above.

DHSC or devolved authorities' data have not yet been adjusted in any of the other tables in PESA 2018 to reflect the Prime Minister's announcement setting out the five year NHS funding plans. These budgets will be adjusted in the usual way in due course.

The budgeting and reporting framework

1.3 Table 1.1 summarises public expenditure both in terms of the Treasury's budgeting and control framework¹, and in terms of the National Accounts aggregate Total Managed Expenditure (TME) and its components. **Table 1.2** presents the same information in real terms.

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

1.5 A clear distinction is made for budgeting between current and capital spending, with departments having separate resource and capital budgets largely based on International Financial Reporting Standards (IFRS). For part of their resource and capital budgets, departments are given firm multi-year spending limits called Departmental Expenditure Limits (DELs), within which they prioritise resources and plan ahead.

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

Reconciliation of budgeting and National Accounts aggregates

1.7 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, measured on an IFRS basis.

1.8 Table 1.1 shows the reconciliation from the resource and capital budgets to the National Accounts measures of public sector current expenditure and public sector gross investment, respectively. With the deduction of depreciation, the latter reconciles to public sector net investment. **Table 1.2** presents the same information in real terms.

1.9 A breakdown of the accounting adjustments used for this reconciliation is shown in **Table 1.14** and **Annex D** resource and capital budgets

1.10 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.

1.11 Table 1.5 shows resource DEL excluding depreciation as first presented in the Spending Reviews of 2010 (to 2015-16) and 2015 (from 2016-17). The depreciation ringfence is a control total that departments must manage. **Table 1.6 presents** the same information in real terms.

1.12 Table 1.8 shows the capital budget for each departmental group, with **Table 1.9** presenting the same information in real terms. Capital DEL is a control total.

¹ <https://www.gov.uk/government/publications/consolidated-budgeting-guidance>

Administration budgets

1.13 Table 1.7 sets out details of administration expenditure in resource DEL for those central government departments that are subject to administration budgets. Administration budgets are set for most civil service departments and are designed to contain most back-office functions. These budgets therefore help to drive economy and efficiency in the running of government. Around 65 per cent of administration costs are accounted for by civil service pay, a further 30 per cent 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**.

Total DEL

1.14 Table 1.10 shows Total DEL by departmental group. Total DEL is made up of resource DEL excluding depreciation plus capital DEL. **Table 1.10** is consistent with **Table 1.5** plus **Table 1.8**. Note that Total DEL is not a control total. **Table 1.11** presents the same information as **Table 1.10** in real terms.

1.15 Table 1.12 presents total expenditure, ie the sum of Total DEL and departmental AME, by departmental group. **Table 1.13** presents the same information as **Table 1.12** in real terms.

Public expenditure by spending sector

1.16 Table 1.15 shows a breakdown of TME, and within it DEL and AME, between the National Accounts public spending sectors (central government, local government and public corporations).

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

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

Central government own expenditure

1.19 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.

1.20 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 Arms Length Bodies (ALBs) classified to central government; and
- spending of the devolved administrations in Scotland, Wales and Northern Ireland.

1.21 Central government own expenditure is shown split into DEL, departmental AME, and other AME, including locally financed central government expenditure. This latter category at present 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

1.22 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 and Wales (the proceeds of non-domestic rates that are collected and distributed to local authorities by the devolved administrations); and
- self-financed expenditure. Further analyses of local government expenditure are presented in **Chapter 7**.

Public corporations' expenditure

1.23 The impact of public corporations on the parent department can be either in DEL or departmental AME. For most public corporations, DEL includes:

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

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

1.25 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, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
CURRENT EXPENDITURE							
Resource DEL							
Resource DEL excluding depreciation	308,361	307,844	306,676	304,259	302,544	309,200	312,900
Depreciation in resource DEL	22,298	17,169	18,742	25,248	28,661	23,000	23,400
Total resource DEL	330,659	325,013	325,418	329,506	331,205	332,100	336,300
Resource departmental AME							
Social security benefits	179,599	184,185	187,687	189,298	192,521	200,218	202,170
Tax credits ⁽¹⁾	29,394	29,187	28,482	27,393	26,293	23,505	26,171
Net public service pensions ⁽²⁾	5,787	10,188	11,830	9,524	26,340	27,030	23,223
National lottery	1,209	1,440	904	1,080	1,229	986	1,050
BBC domestic services	3,204	3,533	3,631	3,567	3,713	3,635	3,604
Student loans	-1,096	-1,579	-1,683	-2,031	-2,992	-4,129	-5,386
Non-cash items	43,389	61,033	185,538	61,761	147,313	64,923	61,623
Financial sector interventions	8,380	-48,669	-12,492	-24,832	-216	-84	-84
Other departmental expenditure	13,332	14,986	14,067	25,804	39,020	46,135	39,355
Total resource departmental AME	283,199	254,303	417,963	291,563	433,221	362,219	351,726
Resource other AME							
Net expenditure transfers to the EU	11,879	11,658	11,253	9,160	10,188	13,154	15,112
Locally financed expenditure	23,187	25,555	30,294	33,902	35,376	37,455	39,346
Central government gross debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980
Accounting adjustments ⁽³⁾	-32,562	12,917	-147,439	-20,063	-156,947	-65,196	-49,154
Total resource other AME	51,301	95,501	-60,766	71,658	-56,634	38,664	57,285
Total resource AME	334,500	349,804	357,197	363,221	376,587	400,883	409,010
Public sector current expenditure	665,159	674,817	682,615	692,727	707,792	733,000	745,300
CAPITAL EXPENDITURE							
Capital DEL							
Total capital DEL	49,742	53,195	48,603	51,268	55,711	60,900	69,300
Capital departmental AME							
National lottery	492	584	407	479	427	221	407
BBC domestic services	83	111	130	248	141	169	170
Student loans	9,291	11,477	12,597	14,025	16,898	19,740	22,777
Financial sector interventions	-4,938	-3,030	-11,315	-3,514	-942	25	-
Other departmental expenditure	-11,118	-4,118	-11,076	-8,059	4,730	2,186	8,251
Total capital departmental AME	-6,189	5,024	-9,257	3,179	21,253	22,341	31,605
Capital other AME							
Locally financed expenditure	6,877	6,683	8,720	9,031	10,996	10,765	9,256
Public corporations' own-financed capital expenditure	14,400	18,027	14,594	16,682	15,486	18,565	18,107
Accounting adjustments ⁽³⁾	3,824	-7,302	11,492	-902	-21,744	-32,715	-39,518
Total capital other AME	25,101	17,409	34,806	24,812	4,738	-3,385	-12,155
Total capital AME	18,912	22,433	25,549	27,991	25,992	18,955	19,450
Public sector gross investment ⁽⁴⁾	68,654	75,628	74,152	79,259	81,703	79,800	88,700
<i>less public sector depreciation</i>	37,959	39,014	40,078	40,781	41,049	40,883	42,180
Public sector net investment ⁽⁴⁾	30,695	36,614	34,074	38,478	40,654	39,000	46,600
TOTAL MANAGED EXPENDITURE ⁽⁴⁾	733,813	750,445	756,767	771,986	789,495	812,900	834,000
<i>of which:</i>							
Total DEL ⁽⁵⁾	358,104	361,039	355,278	355,527	358,255	370,100	382,100
Departmental AME	277,009	259,327	408,706	294,741	454,475	384,560	383,331
Other AME	98,700	130,079	-7,217	121,718	-23,235	58,251	68,525

⁽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. Tax credits include elements that are treated as negative tax in National Accounts.

⁽²⁾ The change from 2017-18 is due to the reduction in the "discount rate net of CPI" used to measure the costs of public service pensions accruing over the year on an accounting basis.

⁽³⁾ Transactions from 2013-14 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 2.A in Chapter 2.

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

Table 1.2 Total Managed Expenditure in real terms ⁽¹⁾, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
CURRENT EXPENDITURE							
Resource DEL							
Resource DEL excluding depreciation	327,346	322,652	318,878	309,448	302,544	304,500	303,400
Depreciation in resource DEL	23,671	17,995	19,488	25,678	28,661	22,600	22,700
Total resource DEL	351,017	340,646	338,366	335,127	331,205	327,200	326,100
Resource departmental AME							
Social security benefits	190,656	193,044	195,154	192,526	192,521	197,226	196,069
Tax credits ⁽²⁾	31,203	30,591	29,615	27,860	26,293	23,154	25,381
Net public service pensions ⁽³⁾	6,143	10,678	12,301	9,687	26,340	26,626	22,522
National lottery	1,284	1,509	940	1,098	1,229	971	1,018
BBC domestic services	3,402	3,703	3,775	3,628	3,713	3,581	3,495
Student loans	-1,163	-1,655	-1,750	-2,065	-2,992	-4,067	-5,223
Non-cash items	46,060	63,968	192,920	62,814	147,313	63,953	59,764
Financial sector interventions	8,896	-51,010	-12,989	-25,256	-216	-83	-81
Other departmental expenditure	14,153	15,706	14,627	26,244	39,020	45,446	38,167
Total resource departmental AME	300,634	266,535	434,593	296,536	433,221	356,805	341,112
Resource other AME							
Net expenditure transfers to the EU	12,610	12,219	11,700	9,316	10,188	12,957	14,656
Locally financed expenditure	24,615	26,784	31,499	34,481	35,376	36,896	38,159
Central government gross debt interest	51,801	47,553	46,923	49,489	54,749	52,455	50,411
Accounting adjustments ⁽⁴⁾	-34,567	13,538	-153,306	-20,406	-156,947	-64,222	-47,670
Total resource other AME	54,459	100,095	-63,183	72,880	-56,634	38,086	55,556
Total resource AME	355,094	366,629	371,410	369,416	376,587	394,892	396,668
Public sector current expenditure	706,111	707,275	709,775	704,543	707,792	722,100	722,800
CAPITAL EXPENDITURE							
Capital DEL							
Total capital DEL	52,805	55,753	50,537	52,142	55,711	60,000	67,200
Capital departmental AME							
National lottery	522	612	424	487	427	218	395
BBC domestic services	89	116	135	252	141	167	165
Student loans	9,863	12,029	13,098	14,264	16,898	19,445	22,089
Financial sector interventions	-5,242	-3,176	-11,765	-3,574	-942	24	0
Other departmental expenditure	-11,803	-4,316	-11,517	-8,196	4,730	2,153	8,002
Total capital departmental AME	-6,570	5,266	-9,625	3,233	21,253	22,007	30,652
Capital other AME							
Locally financed expenditure	7,300	7,005	9,067	9,185	10,996	10,604	8,977
Public corporations' own-financed capital expenditure	15,287	18,895	15,175	16,967	15,486	18,287	17,561
Accounting adjustments ⁽⁴⁾	4,060	-7,653	11,949	-917	-21,744	-32,226	-38,326
Total capital other AME	26,646	18,247	36,191	25,235	4,738	-3,334	-11,788
Total capital AME	20,076	23,512	26,566	28,468	25,992	18,672	18,863
Public sector gross investment ⁽⁵⁾	72,881	79,266	77,102	80,611	81,703	78,700	86,100
<i>less public sector depreciation</i>	40,296	40,891	41,673	41,477	41,049	40,272	40,907
Public sector net investment	32,585	38,375	35,430	39,134	40,654	38,400	45,200
TOTAL MANAGED EXPENDITURE ⁽⁵⁾	778,991	786,541	786,878	785,154	789,495	800,700	808,800
<i>of which:</i>							
Total DEL ⁽⁶⁾	380,151	378,405	369,414	361,591	358,255	364,500	370,600
Departmental AME	294,064	271,800	424,968	299,769	454,475	378,812	371,764
Other AME	104,776	136,336	-7,504	123,794	-23,235	57,380	66,457

⁽¹⁾ Real terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from the data released by the Office for National statistics on 29 June 2018. The forecasts are consistent with the 2018 Spring Statement.

⁽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. Tax credits include elements that are treated as negative tax in National Accounts.

⁽³⁾ The change from 2017-18 is due to the reduction in the "discount rate net of CPI" used to measure the costs of public service pensions accruing over the year on an accounting basis.

⁽⁴⁾ Transactions from 2013-14 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 2.A in Chapter 2.

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

Table 1.3 Resource budgets, 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19 plans	2019-20 plans
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn		
Resource DEL by departmental group							
Defence	35,536	34,155	34,424	35,423	34,199	36,708	37,452
Single Intelligence Account	1,967	2,032	2,174	2,268	2,390	2,593	2,398
Home Office	11,052	11,443	10,757	10,977	10,892	10,958	11,022
Foreign and Commonwealth Office	2,153	1,861	1,953	2,058	2,208	2,351	1,338
International Development	7,783	7,017	6,829	7,413	7,558	7,479	8,262
Health and Social Care	105,478	109,534	113,710	117,031	120,650	123,518	125,682
Work and Pensions	7,606	7,145	6,473	6,161	6,108	6,150	5,583
Education	65,611	62,222	63,978	69,854	74,879	68,388	69,839
Business, Energy and Industrial Strategy	2,417	2,450	2,499	1,968	1,720	1,938	2,011
Transport	4,702	3,460	3,029	2,927	3,616	3,761	3,327
Exiting the European Union	7	7	7	23	57	92	94
Digital, Culture, Media and Sport	1,386	1,512	1,389	1,550	1,584	1,680	1,671
MHCLG - Housing and Communities	1,985	2,043	2,174	2,488	2,372	2,818	2,268
MHCLG - Local Government	16,481	13,657	10,758	8,229	6,714	4,304	5,621
Scotland ⁽¹⁾	26,091	26,373	26,334	21,374	14,966	15,493	15,252
Wales ⁽²⁾	14,466	14,202	13,328	13,325	13,998	13,926	13,993
Northern Ireland	10,161	10,189	10,161	10,480	10,631	10,818	10,613
Justice	8,110	7,728	7,348	7,406	7,630	6,923	6,573
Law Officers' Departments	581	554	553	530	567	587	581
Environment, Food and Rural Affairs	1,883	1,856	1,737	1,744	1,848	1,809	1,723
HM Revenue and Customs	3,650	3,468	3,576	3,836	3,946	3,739	3,554
HM Treasury	-249	129	130	159	226	173	154
Cabinet Office	255	421	407	450	671	407	301
International Trade	206	279	341	345	383	354	346
Small and Independent Bodies	1,342	1,276	1,350	1,490	1,394	1,574	1,448
Reserves	-	-	-	-	-	5,900	7,200
OBR allowance for shortfall	-	-	-	-	-	-1,800	-1,800
Adjustment for Budget Exchange ⁽³⁾	-	-	-	-	-	-600	-400
Total resource DEL	330,659	325,013	325,418	329,506	331,205	332,100	336,300
Resource departmental AME by departmental group							
Defence	6,377	8,311	12,020	5,125	16,637	7,926	6,663
Single Intelligence Account	19	41	135	13	19	39	39
Home Office	1,872	2,457	1,551	2,396	2,510	2,747	2,912
Foreign and Commonwealth Office	66	-70	39	-53	142	100	100
International Development	109	151	206	188	326	58	181
Health and Social Care ⁽⁴⁾	18,194	21,952	48,530	27,782	39,664	36,787	36,557
Work and Pensions	163,072	167,639	173,400	172,921	177,252	183,307	184,729
Education	10,563	12,908	5,296	11,448	15,034	13,090	11,752
Business, Energy and Industrial Strategy ⁽⁴⁾	5,347	8,949	102,217	3,781	75,396	4,454	2,292
Transport ⁽⁵⁾	-5,207	-264	5,680	6,457	6,979	9,092	7,262
Exiting the European Union	-	-	-	-	0	3	1
Digital, Culture, Media and Sport	4,517	4,935	4,348	4,702	4,671	4,353	4,793
MHCLG - Housing and Communities	-48	47	56	154	184	1,010	720
MHCLG - Local Government	11,123	11,662	12,174	12,413	15,752	21,573	13,722
Scotland ⁽¹⁾	2,669	3,858	3,951	9,203	17,282	17,189	17,011
Wales ⁽²⁾	0	32	-311	240	177	349	510
Northern Ireland	7,463	8,285	8,370	8,248	8,889	9,542	9,782
Justice	-239	-144	483	549	653	616	503
Law Officers' Departments	7	13	-15	-	11	4	4
Environment, Food and Rural Affairs	-92	78	391	86	-195	214	179
HM Revenue and Customs	42,574	42,931	43,194	42,329	41,845	39,759	42,529
HM Treasury ⁽⁶⁾	6,210	-49,912	-13,781	-25,458	-681	-383	-196
Cabinet Office	8,641	10,573	10,366	9,140	10,545	10,257	9,663
International Trade	0	-	0	-	-	3	3
Small and Independent Bodies	-39	-129	-336	-102	127	130	16
Total resource departmental AME	283,199	254,303	417,963	291,563	433,221	362,219	351,726
Total resource budget	613,858	579,316	743,381	621,069	764,426	694,400	688,000

⁽¹⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽²⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽³⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

⁽⁴⁾ Figures reflect a change to the long-term discount rate used each year for provisions to maintain compliance with International Financial Reporting Standards.

⁽⁵⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

⁽⁶⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.4 Resource budgets in real terms ⁽¹⁾, 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19 plans	2019-20 plans
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn		
Resource DEL by departmental group							
Defence	37,724	35,798	35,794	36,027	34,199	36,159	36,322
Single Intelligence Account	2,088	2,129	2,260	2,307	2,390	2,554	2,326
Home Office	11,733	11,993	11,185	11,165	10,892	10,794	10,689
Foreign and Commonwealth Office	2,285	1,951	2,030	2,093	2,208	2,316	1,297
International Development	8,262	7,355	7,101	7,539	7,558	7,368	8,012
Health and Social Care	111,972	114,802	118,234	119,027	120,650	121,672	121,889
Work and Pensions	8,075	7,488	6,730	6,266	6,108	6,058	5,414
Education	69,650	65,215	66,524	71,045	74,879	67,366	67,731
Business, Energy and Industrial Strategy	2,566	2,568	2,599	2,001	1,720	1,909	1,950
Transport	4,991	3,626	3,149	2,977	3,616	3,705	3,227
Exiting the European Union	8	7	8	23	57	91	91
Digital, Culture, Media and Sport	1,471	1,585	1,444	1,576	1,584	1,655	1,620
MHCLG - Housing and Communities	2,107	2,142	2,260	2,531	2,372	2,775	2,199
MHCLG - Local Government	17,496	14,314	11,186	8,369	6,714	4,239	5,451
Scotland ⁽²⁾	27,697	27,641	27,382	21,739	14,966	15,261	14,792
Wales ⁽³⁾	15,357	14,885	13,858	13,552	13,998	13,718	13,571
Northern Ireland	10,786	10,679	10,565	10,659	10,631	10,656	10,293
Justice	8,609	8,100	7,640	7,532	7,630	6,819	6,375
Law Officers' Departments	617	580	575	539	567	578	564
Environment, Food and Rural Affairs	1,999	1,945	1,806	1,773	1,848	1,782	1,671
HM Revenue and Customs	3,875	3,635	3,718	3,901	3,946	3,683	3,446
HM Treasury	-264	135	135	162	226	170	150
Cabinet Office	271	442	423	458	671	401	292
International Trade	219	293	355	351	383	349	336
Small and Independent Bodies	1,425	1,338	1,403	1,515	1,394	1,550	1,404
Reserves	-	-	-	-	-	5,800	7,000
OBR allowance for shortfall	-	-	-	-	-	-1,700	-1,700
Adjustment for Budget Exchange ⁽⁴⁾	-	-	-	-	-	-600	-300
Total resource DEL	351,017	340,646	338,366	335,127	331,205	327,200	326,100
Resource departmental AME by departmental group							
Defence	6,770	8,710	12,499	5,213	16,637	7,807	6,462
Single Intelligence Account	20	43	140	14	19	38	38
Home Office	1,988	2,576	1,613	2,437	2,510	2,706	2,824
Foreign and Commonwealth Office	70	-74	40	-54	142	99	97
International Development	116	159	214	191	326	57	175
Health and Social Care ⁽⁵⁾	19,314	23,008	50,461	28,256	39,664	36,238	35,454
Work and Pensions	173,112	175,702	180,299	175,870	177,252	180,567	179,155
Education	11,213	13,529	5,507	11,643	15,034	12,894	11,397
Business, Energy and Industrial Strategy ⁽⁵⁾	5,677	9,379	106,285	3,845	75,396	4,388	2,223
Transport ⁽⁶⁾	-5,528	-276	5,906	6,567	6,979	8,956	7,043
Exiting the European Union	-5,207	-264	5,680	6,457	6,979	3	0
Digital, Culture, Media and Sport	4,795	5,172	4,521	4,782	4,671	4,288	4,649
MHCLG - Housing and Communities	-51	50	58	156	184	995	699
MHCLG - Local Government	11,808	12,223	12,659	12,625	15,752	21,251	13,308
Scotland ⁽²⁾	2,834	4,043	4,108	9,360	17,282	16,932	16,498
Wales ⁽³⁾	-	33	-323	244	177	344	495
Northern Ireland	7,923	8,684	8,703	8,389	8,889	9,399	9,487
Justice	-254	-151	502	559	653	607	488
Law Officers' Departments	7	13	-16	-	11	4	4
Environment, Food and Rural Affairs	-98	81	406	88	-195	211	173
HM Revenue and Customs	45,195	44,996	44,912	43,051	41,845	39,165	41,245
HM Treasury ⁽⁷⁾	6,592	-52,313	-14,329	-25,892	-681	-378	-190
Cabinet Office	9,173	11,081	10,778	9,296	10,545	10,104	9,372
International Trade	0	-	0	-	-	3	3
Small and Independent Bodies	-41	-135	-350	-104	127	128	16
Total resource departmental AME	300,634	266,535	434,593	296,536	433,221	356,805	341,112
Total resource budget	651,651	607,181	772,959	631,663	764,426	684,000	667,200

⁽¹⁾ Real terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from the data released by the Office for National statistics on 29 June 2018. The forecasts are consistent with the 2018 Spring Statement.

⁽²⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽³⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽⁴⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

⁽⁵⁾ Figures reflect a change to the long-term discount rate used each year for provisions to maintain compliance with International Financial Reporting Standards.

⁽⁶⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

⁽⁷⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.5 Resource DEL excluding depreciation, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
Resource DEL excluding depreciation by departmental group							
Defence	26,055	25,632	26,696	26,592	26,901	28,208	28,952
Single Intelligence Account	1,564	1,606	1,768	1,920	2,020	2,227	2,021
Home Office	10,792	11,163	10,510	10,712	10,594	10,605	10,712
Foreign and Commonwealth Office	1,995	1,713	1,762	1,934	2,061	2,239	1,226
International Development	7,769	7,000	6,817	7,404	7,549	7,461	8,243
Health and Social Care	104,408	108,373	112,592	116,028	119,916	121,987	124,151
Work and Pensions	7,424	6,969	6,290	6,004	5,921	5,985	5,428
Education	59,182	59,860	59,180	59,894	60,372	62,540	63,450
Business, Energy and Industrial Strategy	2,112	2,157	2,230	1,612	1,453	1,658	1,727
Transport	3,695	2,468	1,913	1,585	2,019	2,062	1,630
Exiting the European Union	7	7	7	23	57	92	94
Digital, Culture, Media and Sport	1,227	1,407	1,262	1,407	1,435	1,494	1,472
MHCLG - Housing and Communities	1,957	2,050	2,173	2,471	2,391	2,588	2,243
MHCLG - Local Government	16,481	13,657	10,758	8,229	6,714	4,304	5,621
Scotland ⁽¹⁾	25,428	25,620	25,563	20,596	14,182	14,388	14,107
Wales ⁽²⁾	13,709	13,754	12,814	13,071	13,290	13,262	13,303
Northern Ireland	9,710	9,686	9,906	9,890	10,084	10,244	10,026
Justice	7,661	7,293	6,894	6,915	7,162	6,333	5,970
Law Officers' Departments	575	547	546	524	559	572	566
Environment, Food and Rural Affairs	1,687	1,666	1,568	1,556	1,671	1,568	1,484
HM Revenue and Customs	3,416	3,191	3,302	3,557	3,649	3,388	3,174
HM Treasury	-255	123	122	152	218	167	148
Cabinet Office	241	409	388	428	637	357	286
International Trade	204	277	339	343	381	352	344
Small and Independent Bodies	1,319	1,217	1,276	1,412	1,307	1,487	1,333
Reserves	–	–	–	–	–	5,900	7,200
OBR allowance for shortfall	–	–	–	–	–	-1,800	-1,800
Adjustment for Budget Exchange ⁽³⁾	–	–	–	–	–	-600	-400
Total Resource DEL excluding depreciation	308,361	307,844	306,676	304,259	302,544	309,200	312,900

⁽¹⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽²⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽³⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.6 Resource DEL excluding depreciation in real terms ⁽¹⁾, 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Resource DEL excluding depreciation by departmental group								
Defence	27,659	26,865	27,758	27,045	26,901	27,786	28,078	
Single Intelligence Account	1,660	1,684	1,838	1,953	2,020	2,194	1,960	
Home Office	11,456	11,700	10,928	10,895	10,594	10,446	10,388	
Foreign and Commonwealth Office	2,118	1,795	1,832	1,967	2,061	2,206	1,189	
International Development	8,247	7,336	7,088	7,531	7,549	7,350	7,994	
Health and Social Care	110,836	113,586	117,072	118,007	119,916	120,164	120,404	
Work and Pensions	7,881	7,304	6,540	6,107	5,921	5,895	5,264	
Education	62,825	62,739	61,534	60,915	60,372	61,605	61,535	
Business, Energy and Industrial Strategy	2,242	2,260	2,319	1,640	1,453	1,633	1,675	
Transport	3,922	2,587	1,989	1,612	2,019	2,031	1,580	
Exiting the European Union	8	7	8	23	57	90	91	
Digital, Culture, Media and Sport	1,303	1,474	1,312	1,431	1,435	1,471	1,428	
MHCLG - Housing and Communities	2,078	2,149	2,259	2,513	2,391	2,549	2,175	
MHCLG - Local Government	17,496	14,314	11,186	8,369	6,714	4,239	5,451	
Scotland ⁽²⁾	26,993	26,852	26,580	20,947	14,182	14,173	13,681	
Wales ⁽³⁾	14,553	14,415	13,324	13,294	13,290	13,064	12,902	
Northern Ireland	10,308	10,152	10,300	10,059	10,084	10,091	9,723	
Justice	8,132	7,644	7,169	7,033	7,162	6,238	5,790	
Law Officers' Departments	610	574	567	533	559	563	549	
Environment, Food and Rural Affairs	1,790	1,746	1,631	1,583	1,671	1,545	1,439	
HM Revenue and Customs	3,626	3,345	3,433	3,618	3,649	3,337	3,078	
HM Treasury	-271	129	126	154	218	165	144	
Cabinet Office	256	428	403	435	637	351	278	
International Trade	216	290	353	348	381	346	334	
Small and Independent Bodies	1,400	1,275	1,327	1,436	1,307	1,464	1,292	
Reserves	–	–	–	–	–	5,800	7,000	
OBR allowance for shortfall	–	–	–	–	–	-1,700	-1,700	
Adjustment for Budget Exchange ⁽⁴⁾	–	–	–	–	–	-600	-300	
Total Resource DEL excluding depreciation	327,346	322,652	318,878	309,448	302,544	304,500	303,400	

⁽¹⁾ Real terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from the data released by the Office for National statistics on 29 June 2018. The forecasts are consistent with the 2018 Spring Statement.

⁽²⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽³⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽⁴⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.7 Administration budgets , 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19	2019-20
	2013-14	2014-15	2015-16	2016-17	2017-18		
outturn	outturn	outturn	outturn	outturn	plans	plans	
Defence	2,129	1,474	1,505	1,497	1,467	1,473	1,525
Single Intelligence Account	59	58	63	67	70	75	76
Home Office	501	525	384	375	352	350	309
Foreign and Commonwealth Office	167	178	111	116	176	184	183
International Development	116	110	104	97	100	116	117
Health and Social Care	3,122	2,873	2,554	2,400	2,319	2,846	2,767
Work and Pensions	1,084	888	835	880	799	828	796
Education	587	560	499	524	541	492	475
Business, Energy and Industrial Strategy	475	475	435	392	383	404	495
Transport	240	271	267	259	260	269	266
Exiting the European Union	7	7	7	23	57	92	94
Digital, Culture, Media and Sport	139	148	159	143	157	173	157
MHCLG - Housing and Communities	363	252	275	242	224	266	239
Justice	530	552	571	510	455	392	318
Law Officers' Departments	42	45	43	43	42	51	62
Environment, Food and Rural Affairs	527	487	497	453	473	461	455
HM Revenue and Customs	869	801	792	757	842	903	911
HM Treasury	131	146	134	160	165	146	138
Cabinet Office	155	156	151	195	184	178	167
International Trade	42	20	27	30	76	68	67
Small and Independent Bodies	304	366	281	256	254	270	257
Adjustment for Budget Exchange ⁽¹⁾	–	–	–	–	–	-4	–
Total administration budgets	11,589	10,394	9,695	9,418	9,399	10,034	9,875
<i>of which: administration costs paybill</i>	7,497	6,680	6,604	6,499	6,631	5,930	5,714
Administration budgets as a percentage of Total Managed Expenditure ⁽²⁾	1.6	1.4	1.3	1.2	1.2	1.2	1.2

⁽¹⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

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

Table 1.8 Capital budgets, 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19 plans	2019-20 plans
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn		
Capital DEL by departmental group							
Defence	8,485	8,736	8,402	8,689	9,704	8,761	8,994
Single Intelligence Account	499	550	575	603	576	643	655
Home Office	519	520	476	510	624	491	482
Foreign and Commonwealth Office	120	158	131	60	-252	102	98
International Development	2,251	2,650	2,433	2,588	2,713	2,652	3,527
Health and Social Care	5,367	4,971	4,652	4,556	5,238	6,364	6,741
Work and Pensions	237	251	188	292	432	255	227
Education	4,120	4,764	5,414	5,104	4,846	5,182	5,098
Business, Energy and Industrial Strategy	9,510	9,360	10,199	10,793	10,464	10,769	11,390
Transport ⁽¹⁾	8,537	9,389	6,001	5,419	6,218	8,070	10,519
Exiting the European Union	–	–	–	–	1	1	0
Digital, Culture, Media and Sport	33	264	349	275	351	585	604
MHCLG - Housing and Communities	3,729	4,332	3,849	5,114	6,634	9,417	10,761
Scotland	2,921	3,289	3,164	3,246	3,626	3,899	4,242
Wales	1,325	1,500	1,543	1,449	1,825	1,901	2,113
Northern Ireland	945	1,085	766	1,005	1,148	1,568	1,481
Justice	274	295	266	417	412	532	417
Law Officers' Departments	3	4	3	13	10	16	8
Environment, Food and Rural Affairs	550	692	570	655	632	613	588
HM Revenue and Customs	218	234	228	326	281	250	229
HM Treasury	-6	36	-660	-2	-78	224	262
Cabinet Office	30	30	-37	48	116	30	15
International Trade	3	2	2	6	15	4	4
Small and Independent Bodies	76	83	90	103	177	309	376
Reserves	–	–	–	–	–	800	2,400
Capital spending not yet in budgets	–	–	–	–	–	–	400
OBR allowance for shortfall	–	–	–	–	–	-1,800	-2,300
Adjustment for Budget Exchange ⁽²⁾	–	–	–	–	–	-800	–
Total capital DEL	49,742	53,195	48,603	51,268	55,711	60,900	69,300
Capital departmental AME by departmental group							
Defence	-129	51	29	–	44	137	–
Home Office	–	–	437	–	–	–	–
International Development	–	–	450	285	395	683	–
Health and Social Care	-70	-5	9	13	–	15	15
Work and Pensions	-134	-124	-148	-87	-37	246	–
Education	8,483	10,563	11,642	13,072	15,801	18,635	21,538
Business, Energy and Industrial Strategy	-4,305	-1,616	-1,630	-15	-1,197	-149	-83
Transport ⁽³⁾	13	6,695	6,544	6,855	6,960	5,746	6,905
Digital, Culture, Media and Sport	646	743	497	804	773	565	618
MHCLG - Housing and Communities	–	121	207	–	–	–	–
Scotland	336	440	744	811	958	1,000	1,010
Wales	306	357	388	422	505	787	927
Northern Ireland	425	536	605	498	318	422	535
Environment, Food and Rural Affairs	–	2	0	1	0	16	16
HM Revenue and Customs	0	0	–	–	–	0	0
HM Treasury ⁽⁴⁾	-11,725	-12,714	-29,066	-19,731	-3,697	-6,434	126
Small and Independent Bodies	-34	-23	34	251	429	671	–
Total capital departmental AME	-6,189	5,024	-9,257	3,179	21,253	22,341	31,605
Total capital budget	43,553	58,219	39,346	54,447	76,965	83,200	100,900

⁽¹⁾ Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

⁽²⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

⁽³⁾ In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

⁽⁴⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.9 Capital budgets in real terms ⁽¹⁾ , 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Capital DEL by departmental group								
Defence	9,007	9,156	8,737	8,837	9,704	8,630	8,723	
Single Intelligence Account	529	577	598	614	576	634	635	
Home Office	551	545	494	519	624	484	468	
Foreign and Commonwealth Office	127	165	137	61	-252	101	95	
International Development	2,389	2,778	2,530	2,632	2,713	2,612	3,420	
Health and Social Care	5,697	5,210	4,837	4,634	5,238	6,269	6,538	
Work and Pensions	251	263	195	297	432	251	220	
Education	4,374	4,993	5,630	5,191	4,846	5,105	4,944	
Business, Energy and Industrial Strategy	10,096	9,810	10,605	10,977	10,464	10,608	11,046	
Transport ⁽²⁾	9,062	9,841	6,240	5,512	6,218	7,949	10,201	
Exiting the European Union	–	–	–	–	1	1	0	
Digital, Culture, Media and Sport	35	276	363	280	351	576	586	
MHCLG - Housing and Communities	3,959	4,541	4,002	5,201	6,634	9,276	10,437	
Scotland	3,101	3,447	3,289	3,302	3,626	3,841	4,114	
Wales	1,406	1,572	1,604	1,473	1,825	1,872	2,050	
Northern Ireland	1,003	1,137	796	1,023	1,148	1,544	1,436	
Justice	291	310	277	424	412	524	405	
Law Officers' Departments	3	4	3	14	10	16	8	
Environment, Food and Rural Affairs	583	725	593	666	632	604	571	
HM Revenue and Customs	232	245	237	332	281	246	222	
HM Treasury	-6	37	-686	-2	-78	221	254	
Cabinet Office	32	31	-39	48	116	29	15	
International Trade	3	2	2	6	15	3	4	
Small and Independent Bodies	81	87	94	104	177	304	364	
Reserves	–	–	–	–	–	800	2,300	
Capital spending not yet in budgets	–	–	–	–	–	–	400	
OBR allowance for shortfall	–	–	–	–	–	-1,700	-2,300	
Adjustment for Budget Exchange ⁽³⁾	–	–	–	–	–	-800	–	
Total capital DEL	52,805	55,753	50,537	52,142	55,711	60,000	67,200	
Capital departmental AME by departmental group								
Defence	-137	53	30	–	44	135	–	
Home Office	–	–	454	–	–	–	–	
International Development	–	–	468	290	395	673	–	
Health and Social Care	-74	-5	9	14	0	15	15	
Work and Pensions	-143	-130	-154	-89	-37	243	–	
Education	9,005	11,071	12,105	13,295	15,801	18,356	20,888	
Business, Energy and Industrial Strategy	-4,570	-1,693	-1,695	-15	-1,197	-147	-80	
Transport ⁽⁴⁾	13	7,017	6,805	6,972	6,960	5,660	6,697	
Digital, Culture, Media and Sport	685	779	517	818	773	556	599	
MHCLG - Housing and Communities	–	127	215	–	–	–	–	
Scotland	356	461	774	824	958	985	980	
Wales	325	374	403	429	505	775	899	
Northern Ireland	451	561	629	506	318	416	519	
Environment, Food and Rural Affairs	–	2	–	1	–	16	16	
HM Revenue and Customs	0	0	–	–	–	0	0	
HM Treasury ⁽⁵⁾	-12,447	-13,326	-30,222	-20,068	-3,697	-6,338	122	
Small and Independent Bodies	-36	-24	35	255	429	661	–	
Total capital departmental AME	-6,570	5,266	-9,625	3,233	21,253	22,007	30,652	
Total capital budget	46,235	61,019	40,911	55,376	76,965	82,000	97,800	

⁽¹⁾ Real terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from the data released by the Office for National statistics on 29 June 2018. The forecasts are consistent with the 2018 Spring Statement.

⁽²⁾ Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

⁽³⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

⁽⁴⁾ In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

⁽⁵⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

Table 1.10 Total Departmental Expenditure Limits ⁽¹⁾, 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Total DEL by departmental group								
Defence	34,540	34,368	35,099	35,280	36,605	36,969	37,946	
Single Intelligence Account	2,062	2,156	2,343	2,524	2,596	2,870	2,676	
Home Office	11,311	11,683	10,986	11,222	11,218	11,096	11,194	
Foreign and Commonwealth Office	2,115	1,870	1,893	1,994	1,809	2,342	1,324	
International Development	10,020	9,650	9,250	9,992	10,262	10,113	11,769	
Health and Social Care	109,775	113,345	117,245	120,584	125,154	128,351	130,892	
Work and Pensions	7,661	7,220	6,477	6,296	6,354	6,239	5,654	
Education	63,302	64,624	64,594	64,997	65,217	67,722	68,548	
Business, Energy and Industrial Strategy	11,623	11,517	12,429	12,405	11,918	12,427	13,117	
Transport ⁽²⁾	12,231	11,857	7,914	7,004	8,236	10,132	12,148	
Exiting the European Union	7	7	7	23	57	93	94	
Digital, Culture, Media and Sport	1,260	1,670	1,611	1,682	1,786	2,079	2,076	
MHCLG - Housing and Communities	5,687	6,383	6,022	7,585	9,025	12,004	13,004	
MHCLG - Local Government	16,481	13,657	10,758	8,229	6,714	4,304	5,621	
Scotland ⁽³⁾	28,349	28,909	28,726	23,842	17,808	18,287	18,349	
Wales ⁽⁴⁾	15,034	15,254	14,357	14,520	15,114	15,163	15,416	
Northern Ireland	10,655	10,771	10,672	10,895	11,232	11,811	11,507	
Justice	7,935	7,588	7,160	7,332	7,574	6,865	6,387	
Law Officers' Departments	578	551	548	537	569	588	574	
Environment, Food and Rural Affairs	2,236	2,358	2,138	2,211	2,303	2,181	2,072	
HM Revenue and Customs	3,634	3,425	3,530	3,884	3,930	3,638	3,403	
HM Treasury	-261	159	-539	150	140	391	410	
Cabinet Office	271	439	351	475	754	386	301	
International Trade	206	279	341	349	396	355	349	
Small and Independent Bodies	1,395	1,300	1,366	1,515	1,484	1,796	1,708	
Reserves	–	–	–	–	–	6,700	9,600	
Capital spending not yet in budgets	–	–	–	–	–	–	400	
OBR allowance for shortfall	–	–	–	–	–	-3,500	-4,100	
Adjustment for Budget Exchange ⁽⁵⁾	–	–	–	–	–	-1,400	-400	
Total DEL by departmental group	358,104	361,039	355,278	355,527	358,255	370,100	382,100	

⁽¹⁾ Total DEL is given by Resource DEL excluding depreciation (Table 1.5) plus Capital DEL (Table 1.8).

⁽²⁾ Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

⁽³⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽⁴⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽⁵⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.11 Total Departmental Expenditure Limits ⁽¹⁾ in real terms , ⁽²⁾ 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Total DEL by departmental group								
Defence	36,666	36,021	36,495	35,882	36,605	36,416	36,801	
Single Intelligence Account	2,189	2,260	2,436	2,567	2,596	2,827	2,595	
Home Office	12,007	12,245	11,423	11,414	11,218	10,930	10,856	
Foreign and Commonwealth Office	2,245	1,960	1,969	2,028	1,809	2,307	1,284	
International Development	10,637	10,114	9,618	10,163	10,262	9,962	11,414	
Health and Social Care	116,533	118,796	121,910	122,641	125,154	126,433	126,942	
Work and Pensions	8,132	7,567	6,735	6,403	6,354	6,146	5,484	
Education	67,199	67,733	67,164	66,106	65,217	66,709	66,480	
Business, Energy and Industrial Strategy	12,338	12,071	12,924	12,617	11,918	12,241	12,721	
Transport ⁽³⁾	12,984	12,427	8,229	7,123	8,236	9,980	11,781	
Exiting the European Union	8	7	8	23	57	91	91	
Digital, Culture, Media and Sport	1,338	1,751	1,675	1,710	1,786	2,048	2,013	
MHCLG - Housing and Communities	6,037	6,690	6,262	7,714	9,025	11,825	12,612	
MHCLG - Local Government	17,496	14,314	11,186	8,369	6,714	4,239	5,451	
Scotland ⁽⁴⁾	30,094	30,299	29,869	24,249	17,808	18,014	17,795	
Wales ⁽⁵⁾	15,960	15,987	14,928	14,768	15,114	14,936	14,951	
Northern Ireland	11,311	11,289	11,097	11,081	11,232	11,635	11,160	
Justice	8,423	7,953	7,445	7,457	7,574	6,763	6,194	
Law Officers' Departments	613	578	570	546	569	579	557	
Environment, Food and Rural Affairs	2,374	2,471	2,223	2,249	2,303	2,149	2,009	
HM Revenue and Customs	3,857	3,590	3,670	3,950	3,930	3,583	3,300	
HM Treasury	-277	167	-560	152	140	385	398	
Cabinet Office	288	460	365	483	754	381	292	
International Trade	219	292	354	355	396	350	338	
Small and Independent Bodies	1,480	1,362	1,421	1,540	1,484	1,769	1,657	
Reserves	-	-	-	-	-	6,600	9,300	
Capital spending not yet in budgets	-	-	-	-	-	-	400	
OBR allowance for shortfall	-	-	-	-	-	-3,400	-3,900	
Adjustment for Budget Exchange ⁽⁶⁾	-	-	-	-	-	-1,400	-300	
Total DEL by departmental group	380,151	378,405	369,414	361,591	358,255	364,500	370,600	

⁽¹⁾ Total DEL is given by Resource DEL excluding depreciation (Table 1.5) plus Capital DEL (Table 1.8).

⁽²⁾ Real terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from the data released by the Office for National statistics on 29 June 2018. The forecasts are consistent with the 2018 Spring Statement.

⁽³⁾ Following implementation of ESA10, Network rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail. The actual expenditure of Network rail appears in the Department for Transport departmental AME budget.

⁽⁴⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽⁵⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽⁶⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

Table 1.12 Total Managed Expenditure by departmental group and other expenditure , 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19 plans	2019-20 plans
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn		
Total Managed Expenditure by departmental group							
Defence	40,789	42,729	47,148	40,405	53,287	45,031	44,609
Single Intelligence Account	2,081	2,198	2,478	2,537	2,615	2,909	2,715
Home Office	13,183	14,141	12,973	13,619	13,728	13,843	14,106
Foreign and Commonwealth Office	2,181	1,800	1,932	1,941	1,952	2,442	1,424
International Development	10,129	9,801	9,906	10,465	10,983	10,854	11,950
Health and Social Care ⁽¹⁾	127,899	135,292	165,784	148,380	164,819	165,154	167,464
Work and Pensions	170,598	174,734	179,729	179,129	183,569	189,793	190,383
Education	82,347	88,095	81,532	89,518	96,052	99,446	101,837
Business, Energy and Industrial Strategy ⁽¹⁾	12,665	18,850	113,017	16,171	86,117	16,732	15,327
Transport ⁽²⁾	7,037	18,289	20,138	20,316	22,175	24,970	26,315
Exiting the European Union	7	7	7	23	57	96	95
Digital, Culture, Media and Sport	6,423	7,348	6,455	7,188	7,229	6,996	7,487
MHCLG - Housing and Communities	5,638	6,551	6,285	7,739	9,209	13,014	13,725
MHCLG - Local Government	27,605	25,319	22,932	20,642	22,466	25,877	19,343
Scotland ⁽³⁾	31,354	33,206	33,421	33,855	36,047	36,476	36,370
Wales ⁽⁴⁾	15,339	15,643	14,434	15,182	15,796	16,299	16,853
Northern Ireland	18,543	19,592	19,647	19,642	20,440	21,776	21,823
Justice	7,695	7,444	7,643	7,881	8,227	7,481	6,890
Law Officers' Departments	584	564	533	537	581	592	578
Environment, Food and Rural Affairs	2,143	2,437	2,529	2,298	2,108	2,411	2,267
HM Revenue and Customs	46,208	46,357	46,723	46,213	45,775	43,397	45,931
HM Treasury ⁽⁵⁾	-5,776	-62,468	-43,385	-45,040	-4,238	-6,426	340
Cabinet Office	8,912	11,011	10,717	9,616	11,299	10,644	9,964
International Trade	207	279	340	349	396	358	352
Small and Independent Bodies	1,322	1,148	1,064	1,663	2,040	2,597	1,725
Total departmental expenditure ⁽⁶⁾	635,113	620,366	763,984	650,268	812,730	752,762	759,872
Central government gross debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980
Locally financed expenditure	30,064	32,238	39,014	42,934	46,372	48,221	48,602
Public sector depreciation	37,959	39,014	40,078	40,781	41,049	40,883	42,180
Net expenditure transfers to the EU	11,879	11,658	11,253	9,160	10,188	13,154	15,112
Public corporations' own-financed capital expenditure	14,400	18,027	14,594	16,682	15,486	18,565	18,107
Accounting adjustments	-44,399	-16,230	-157,283	-36,498	-191,078	-115,823	-107,457
Reserves	-	-	-	-	-	6,700	9,600
Caoital spending not yet in budgets	-	-	-	-	-	-	400
OBR allowance for shortfall	-	-	-	-	-	-3,500	-4,100
Adjustment for Budget Exchange ⁽⁷⁾	-	-	-	-	-	-1,400	-400
Total other expenditure ⁽⁸⁾	98,700	130,079	-7,217	121,718	-23,235	60,108	74,127
Total Managed Expenditure ⁽⁹⁾	733,813	750,445	756,767	771,986	789,495	812,900	834,000

⁽¹⁾ Figures reflect a change to the long-term discount rate used each year for provisions to maintain compliance with International Financial Reporting Standards.

⁽²⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

⁽³⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽⁴⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽⁵⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

⁽⁶⁾ Total departmental expenditure is given by Resource DEL excluding depreciation plus capital DEL plus resource and capital departmental AME.

⁽⁷⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

⁽⁸⁾ Total other expenditure is other AME spend within total managed expenditure.

⁽⁹⁾ This excludes the temporary effects of banks being classified to the public sector. See Box 2.A in Chapter 2.

Table 1.13 Total Managed Expenditure by departmental group and other expenditure in real terms, ⁽¹⁾ 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19 plans	2019-20 plans
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn		
Total Managed Expenditure by departmental group							
Defence	43,300	44,784	49,024	41,095	53,287	44,358	43,263
Single Intelligence Account	2,209	2,303	2,576	2,580	2,615	2,866	2,633
Home Office	13,995	14,821	13,489	13,851	13,728	13,636	13,680
Foreign and Commonwealth Office	2,315	1,887	2,009	1,974	1,952	2,405	1,381
International Development	10,753	10,273	10,300	10,643	10,983	10,692	11,589
Health and Social Care ⁽²⁾	135,773	141,800	172,380	150,911	164,819	162,685	162,411
Work and Pensions	181,102	183,139	186,880	182,185	183,569	186,956	184,638
Education	87,417	92,332	84,776	91,044	96,052	97,960	98,764
Business, Energy and Industrial Strategy ⁽²⁾	13,445	19,757	117,513	16,447	86,117	16,482	14,864
Transport ⁽³⁾	7,470	19,169	20,940	20,662	22,175	24,597	25,521
Exiting the European Union	8	7	8	23	57	94	92
Digital, Culture, Media and Sport	6,818	7,701	6,712	7,310	7,229	6,892	7,261
MHCLG - Housing and Communities	5,985	6,866	6,535	7,871	9,209	12,819	13,311
MHCLG - Local Government	29,304	26,537	23,844	20,994	22,466	25,490	18,759
Scotland ⁽⁴⁾	33,284	34,803	34,751	34,433	36,047	35,931	35,272
Wales ⁽⁵⁾	16,284	16,395	15,009	15,440	15,796	16,055	16,344
Northern Ireland	19,684	20,534	20,429	19,977	20,440	21,450	21,165
Justice	8,169	7,802	7,947	8,016	8,227	7,369	6,682
Law Officers' Departments	620	591	554	546	581	583	561
Environment, Food and Rural Affairs	2,275	2,554	2,630	2,337	2,108	2,375	2,198
HM Revenue and Customs	49,053	48,586	48,582	47,001	45,775	42,748	44,545
HM Treasury ⁽⁶⁾	-6,131	-65,472	-45,111	-45,808	-4,238	-6,330	330
Cabinet Office	9,460	11,541	11,143	9,780	11,299	10,484	9,664
International Trade	219	292	354	355	396	353	341
Small and Independent Bodies	1,404	1,204	1,106	1,692	2,040	2,558	1,673
Total departmental expenditure ⁽⁷⁾	674,215	650,205	794,382	661,360	812,730	741,511	736,942
Central government gross debt interest	51,801	47,553	46,923	49,489	54,749	52,455	50,411
Locally financed expenditure	31,915	33,789	40,566	43,666	46,372	47,500	47,135
Public sector depreciation	40,296	40,891	41,673	41,477	41,049	40,272	40,907
Net expenditure transfers to the EU	12,610	12,219	11,700	9,316	10,188	12,957	14,656
Public corporations' own-financed capital expenditure	15,287	18,895	15,175	16,967	15,486	18,287	17,561
Accounting adjustments	-47,132	-17,010	-163,541	-37,121	-191,078	-114,091	-104,214
Reserves	-	-	-	-	-	6,600	9,300
Capital spending not yet in budgets	-	-	-	-	-	-	400
OBR allowance for shortfall	-	-	-	-	-	-3,400	-3,900
Adjustment for Budget Exchange ⁽⁸⁾	-	-	-	-	-	-1,400	-300
Total other expenditure ⁽⁹⁾	104,776	136,336	-7,504	123,794	-23,235	59,200	71,900
Total Managed Expenditure ⁽¹⁰⁾	778,991	786,541	786,878	785,154	789,495	800,700	808,800

⁽¹⁾ Real terms figures are the cash figures adjusted to 2017-18 price levels using GDP deflators. The deflators are calculated from the data released by the Office for National statistics on 29 June 2018. The forecasts are consistent with the 2018 Spring Statement.

⁽²⁾ Figures reflect a change to the long-term discount rate used each year for provisions to maintain compliance with International Financial Reporting Standards.

⁽³⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector. Figures in 2013-14 and 2014-15 reflect a change in accounting policy for recognising impairment on the roads network.

⁽⁴⁾ The Scottish Government's resource DEL block grant has been adjusted from 2015-16 onwards as agreed in the Scottish Government's Fiscal Framework. From 2015-16 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. In 2016-17 they reflect the creation of the Scottish Rate of Income Tax. From 2017-18 they reflect the devolution of further income tax powers and revenues from Scottish courts.

⁽⁵⁾ The Welsh Government's resource DEL block grant has been adjusted from 2018-19 onwards as agreed in the Welsh Government's Fiscal Framework. From 2018-19 adjustments reflect the devolution of Stamp Duty Land Tax and Landfill Tax. Totals do not yet reflect the devolution of Welsh Rates of Income Tax.

⁽⁶⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions, see Box 2.A in Chapter 2.

⁽⁷⁾ Total departmental expenditure is given by Resource DEL excluding depreciation plus capital DEL plus resource and capital departmental AME.

⁽⁸⁾ Departmental budgets include amounts carried forward through Budget Exchange. These increases will be offset by any deposits at Supplementary Estimates in future years so are excluded from spending totals.

⁽⁹⁾ Total other expenditure is other AME spend within total managed expenditure.

⁽¹⁰⁾ This excludes the temporary effects of banks being classified to the public sector. See Box 2.A in Chapter 2.

Table 1.14 Accounting adjustments, ⁽¹⁾ 2013-14 to 2019-20

	National Statistics						£ billion	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Remove data in budgets which form part of public sector current expenditure but where a different source is used for National Accounts								
Resource DEL								
Capital consumption (excluding NHS)	-17.7	-15.0	-14.6	-15.3	-14.0	-18.6	-18.6	
NHS capital consumption	-2.1	-1.8	-1.9	-1.9	-2.2	-1.8	-1.8	
Interest	-0.3	-0.2	-0.1	-0.2	-1.3	0.0	0.0	
Public corporation subsidies		-0.7	-0.6	-0.5	-0.4	-0.5	-0.4	
Other	0.0	0.1	0.0	0.0	0.0	0.0	0.0	
Total resource DEL	-21.0	-17.7	-17.3	-17.8	-17.9	-20.8	-20.9	
Resource departmental AME								
Capital consumption	4.7	-1.2	-6.3	-6.7	-6.4	-7.4	-6.1	
Interest	1.3	2.1	3.3	1.6	2.1	3.0	4.2	
Subsidy element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Subsidy element of other environmental levies	-0.1	-0.2	-0.4	-0.5	-0.7	-0.9		
NNDR outturn adjustment	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	
Public corporation subsidies	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1	
Other	0.2	0.1	0.0	0.3	0.1	0.1	0.1	
Total resource departmental AME	5.7	0.7	-3.5	-5.5	-5.0	-5.4	-3.0	
Adjustment for different data used by OBR in PSCE forecast	0.0	0.0	0.0	0.0	0.0	17.8	22.1	
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0	12.5	12.7	
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0	5.3	9.4	
Total resource budget data replaced by different source data	-15.3	-16.9	-20.8	-23.3	-22.9	-8.4	-1.7	
Remove data in budgets which do not form part of public sector current expenditure								
Resource DEL								
Impairments	1.6	-0.5	-0.4	-0.7		0.0	0.0	
Receipts treated as negative DEL but revenue in National Accounts	0.1	0.1	0.1	0.0	0.0	0.0	0.0	
Fees, levies and charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Grant equivalent element of student lending	-6.1	-1.8	-3.7	-9.3	-13.7	-4.4	-4.8	
Stock write-offs	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
Change in pension scheme liabilities	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	
Miscellaneous current transfers	2.5	2.7	2.5	2.7	2.5	1.4	1.9	
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	0.6	0.7	0.7	0.6	0.6	0.9	0.9	
Profit or loss - sale of company securities	0.0	0.0	0.1	0.1	0.1	0.0	0.0	
Profit or loss - sale of other assets (capital in National Accounts)	-0.8	0.2	0.3	0.3	0.0	0.0	0.0	
EU funded expenditure	-0.3	0.2	0.0	-0.4	-0.3	-0.1	0.5	
Other	-0.5	0.0	0.4	0.3	0.3	0.6	-0.5	
Total resource DEL	-2.9	1.7	-0.2	-6.4	-11.5	-1.6	-2.1	
Resource departmental AME								
Impairments	-14.3	44.0	-5.0	22.4	-5.9	-4.6	-3.6	
Bad debts	-0.5	-0.4	-0.4	-0.2	-0.4	-0.4	-0.4	
Grant equivalent element of student lending	-0.6	-0.5	7.5	0.1	0.0	0.0	0.1	
Provisions	-8.2	-9.9	-127.5	-12.8	-93.7	-12.5	-9.1	
Change in pension scheme liabilities	-29.1	-34.8	-37.6	-36.2	-53.6	-54.4	-50.9	
Unwinding of discount rate on pension scheme liabilities	-38.0	-46.3	-42.9	-42.0	-42.6	-40.1	-42.8	
Release of provisions covering payments of pension benefits	32.2	34.2	35.3	35.5	36.5	38.7	40.4	
Fees, levies and charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Profit or loss - sale of other assets (capital in National Accounts)	0.0	0.0	0.1	0.1	0.0	0.0	0.0	
Imputed tax element of renewable obligation certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Imputed tax element of other environmental levies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Tax credits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	6.6	2.0	5.8	2.5	2.1	-0.1	-0.7	
Total resource departmental AME	-51.8	-11.7	-164.6	-30.6	-157.6	-73.4	-67.2	
Total resource budget data not in public sector current expenditure	-54.7	-10.0	-164.8	-37.0	-169.1	-75.0	-69.3	

Table 1.14 Accounting adjustments, ⁽¹⁾ 2013-14 to 2019-20 (continued)

	National Statistics						£ billion	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Central government adjustments in National Accounts								
Expenditure on goods and services	25.3	26.2	23.3	25.7	20.8	23.6	24.2	
<i>of which: VAT refunds</i>	5.0	5.0	5.0	5.0	5.2	5.4	5.5	
<i>of which: Single use military expenditure</i>	0.3	0.3	0.0	0.0	0.0	0.0	0.0	
<i>of which: payment from EU for tax collection costs</i>	-0.7	-0.8	-0.8	-0.8	-0.7	-0.7	-0.7	
<i>of which: capital consumption</i>	17.6	17.9	18.3	18.3	18.5	18.6	19.0	
<i>of which: ONS R&D Adjustment</i>	0.0	0.0	-2.7	0.0	0.0	0.0	0.0	
<i>of which: Network Rail</i>	0.4	1.1	-1.9	-2.0	0.0	0.0	0.0	
<i>of which: other</i>	2.7	2.5	5.3	5.1	-2.3	0.3	0.4	
Net social benefits	1.4	1.3	0.5	0.8	0.6	0.6	0.6	
<i>of which: switch between benefits and other current grants</i>	0.3	0.3	0.1	0.0	0.0	0.0	0.0	
<i>of which: other</i>	1.1	1.0	0.5	0.8	0.6	0.6	0.6	
Net current grants abroad	0.8	0.7	1.1	0.8	0.8	0.6	0.6	
<i>of which: attributed aid</i>	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: EU receipts</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: other</i>	0.9	0.7	1.1	0.8	0.8	0.6	0.6	
Other current grants	0.7	0.5	0.0	-1.1	2.1	-0.3	-0.3	
<i>of which: switch between other current grants and benefits</i>	-0.3	-0.3	-0.1	0.0	0.0	0.0	0.0	
<i>of which: other</i>	1.0	0.7	0.1	-1.1	2.1	-0.3	-0.3	
Subsidies	3.1	4.2	4.5	5.8	7.2	11.6	12.7	
<i>of which: Renewable Obligation Certificates</i>	2.5	3.1	3.9	4.7	6.1	7.4	8.3	
<i>of which: other environmental levies</i>	0.0	0.2	0.4	0.5	2.1	2.3	2.5	
<i>of which: company tax credits outside departmental AME</i>	1.0	1.3	1.4	1.5	1.2	1.2	1.3	
<i>of which: other</i>	-0.4	-0.4	-1.2	-0.9	-2.2	0.6	0.6	
VAT and GNI based EU contributions	0.0	0.1	0.0	0.4	0.0	0.0	0.0	
<i>of which: other</i>	0.0	0.1	0.0	0.4	0.0	0.0	0.0	
Total central government resource adjustments	31.4	32.9	29.5	32.4	31.5	36.2	37.8	
Local government adjustments in National Accounts								
Remove data which do not form part of public sector current expenditure	-3.8	-3.1	-3.6	-3.4	-3.5	-3.7	-3.7	
<i>of which: Northern Ireland regional rates</i>	-0.6	-0.7	-0.7	-0.6	-0.6	-0.6	-0.6	
<i>of which: retirement benefits</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: debt interest payments to central government</i>	-3.1	-2.5	-2.9	-2.8	-2.9	-3.0	-3.1	
<i>of which: other</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Adjustments to reconcile use of different data sources	-0.6	-1.1	-0.9	-1.6	-1.8	-3.7	-3.9	
<i>of which: central government support</i>	-1.6	-1.3	-1.6	-2.3	-2.7	-3.7	-3.9	
<i>of which: debt interest</i>	0.7	0.0	0.4	0.3	0.5	0.0	0.0	
<i>of which: police and fire top up grants</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: other</i>	0.3	0.3	0.3	0.4	0.4	0.0	0.0	
Expenditure on goods and services	22.0	22.8	23.7	24.9	24.2	1.3	1.3	
<i>of which: VAT refunds</i>	6.6	6.6	6.9	7.1	7.0	0.0	0.0	
<i>of which: Local Authority Pension Scheme</i>	2.1	2.0	2.0	2.2	2.4	0.0	0.0	
<i>of which: capital consumption</i>	10.1	10.6	11.1	11.6	12.1	0.0	0.0	
<i>of which: rates</i>	-1.4	-1.4	-1.4	-1.4	-1.4	0.0	0.0	
<i>of which: other</i>	4.6	5.0	5.2	5.4	4.1	1.3	1.3	
Subsidies	0.4	0.6	0.7	0.9	1.0	0.0	0.0	
<i>of which: equity injection into Housing Revenue Account</i>	0.4	0.6	0.7	0.9	1.0	0.0	0.0	
<i>of which: other</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net social benefits	-3.4	-4.1	-3.8	-4.5	-4.9	-1.3	-1.3	
<i>of which: housing benefits and rent rebates</i>	0.1	0.0	0.0	0.0	-1.1	0.0	0.0	
<i>of which: other</i>	-3.5	-4.1	-3.8	-4.5	-3.7	-1.3	-1.3	
Other current grants and current grants abroad	0.1	0.1	0.1	0.1	0.1	0.0	0.0	
Total local government resource adjustments	14.6	15.1	16.2	16.3	15.2	-7.3	-7.6	
Other resource adjustments								
Public corporations	3.3	3.7	3.8	3.8	2.6	0.7	0.7	
Asset Purchase Facility and Special Liquidity Scheme	-12.6	-12.4	-11.7	-13.2	-13.5	-11.6	-9.8	
Other	0.7	0.6	0.4	0.8	0.0	0.3	0.7	
Total other resource adjustments	-8.5	-8.1	-7.4	-8.5	-10.9	-10.6	-8.4	
Total resource adjustments	-32.6	12.9	-147.4	-20.1	-156.9	-65.2	-49.2	
<i>of which:</i>								
Timing adjustments ⁽³⁾								
Central government	5.7	4.8	1.5	2.3	-3.0	0.0	0.0	
Local government	1.2	0.9	1.4	1.0	0.5	0.0	0.0	

Table 1.14 Accounting adjustments, ⁽¹⁾ 2013-14 to 2019-20 (continued)

	National Statistics						£ billion	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Remove data in budgets which form part of public sector gross investment but where a different source is used for National Accounts								
Capital DEL								
Change in inventories	0.0	0.1	0.0	-0.3	-0.7	-0.4	-0.9	
Acquisitions less disposals of valuables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total capital DEL	0.0	0.1	0.0	-0.3	-0.7	-0.4	-0.9	
Adjustment for different data used by OBR in PSGI forecast	0.0	0.0	0.0	0.0	0.0	1.7	3.7	
<i>of which DEL</i>	0.0	0.0	0.0	0.0	0.0	0.4	0.8	
<i>of which AME</i>	0.0	0.0	0.0	0.0	0.0	1.3	2.9	
Total capital budget data replaced by different source data	0.0	0.1	0.0	-0.3	-0.7	1.3	2.8	
Remove data in budgets which do not form part of public sector gross investment								
Capital DEL								
Net lending to private sector	-2.8	-2.8	-1.9	-3.9	-4.9	-5.8	-7.7	
Capital support for public corporations	0.4	1.0	0.1	0.3	-0.1	-0.1	0.1	
Local government supported capital expenditure	0.0	0.0	-0.3	-0.2	-0.2	-0.2	0.0	
Northern Ireland Executive transfers between DEL and AME	0.2	0.3	0.3	0.2	0.0	0.1	0.2	
Other	-0.1	0.7	-0.3	-2.2	-0.8	-1.5	-1.9	
Total Capital DEL	-2.3	-0.8	-2.2	-5.7	-6.0	-7.6	-9.4	
Capital departmental AME								
Net lending to private sector	4.3	2.0	17.2	4.7	-13.6	-15.6	-23.7	
Capital support for public corporations	0.8	-0.3	-0.1	-0.2	-0.4	-0.4	-0.1	
Purchase of company securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Sale of company securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Northern Ireland Executive transfers between DEL and AME ⁽²⁾	-0.2	-0.2	-0.3	-0.2	0.0	-0.1	-0.2	
Other	0.6	-6.5	-0.4	-0.4	-0.5	-0.1	0.2	
Total capital departmental AME	5.5	-5.1	16.4	4.0	-14.5	-16.2	-23.8	
Total capital budget data not in public sector gross investment	3.2	-5.9	14.3	-1.7	-20.6	-23.8	-33.2	
Central government adjustments in National Accounts								
Gross fixed capital formation	6.8	5.7	-0.3	-1.8	-2.2	-0.2	-0.2	
<i>of which: profit or loss - sale of other assets (from resource budgets)</i>	0.8	-0.2	-0.3	-0.4	0.0	0.0	0.0	
<i>of which: Network Rail</i>	7.1	6.4	6.6	6.6	0.0	0.0	0.0	
<i>of which: Single use military expenditure</i>	-0.3	-0.3	0.0	0.0	0.0	0.0	0.0	
<i>of which: other</i>	-0.7	-0.1	-6.6	-8.0	-2.2	-0.2	-0.2	
Capital grants to and from the private sector	-6.0	-6.5	-0.8	3.5	1.2	0.2	0.2	
<i>of which: VAT refunds</i>	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
<i>of which: Royal Mail assets transfer</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: Network Rail</i>	-4.0	-3.7	-4.1	0.0	0.0	0.0	0.0	
<i>of which: other</i>	-2.1	-2.9	3.3	3.5	1.1	0.1	0.1	
Total central government capital adjustments	0.8	-0.8	-1.1	1.7		-0.1	0.0	
Local government adjustments in National Accounts								
Adjustments to reconcile use of different data sources	-2.8	-3.7	-4.6	-3.5	5.5	-10.8	-9.3	
<i>of which: overhanging debt</i>	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	
<i>of which: central government support</i>	0.4	0.7	1.3	0.5	9.1	-10.8	-9.3	
<i>of which: financial transactions</i>	-2.1	-2.7	-4.3	-2.6	-2.1	0.0	0.0	
<i>of which: capital grants from private sector</i>	-1.1	-1.5	-1.4	-1.4	-1.5	0.0	0.0	
Gross fixed capital formation	3.5	3.5	3.6	3.1	-4.7	0.0	0.0	
<i>of which: VAT refunds</i>	2.0	2.0	2.1	1.7	1.6	0.0	0.0	
<i>of which: roads de-trunking</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: other</i>	1.6	1.5	1.5	1.4	-6.3	0.0	0.0	
Capital grants	-0.1	-0.2	-0.2	-0.1	-1.2	0.0	0.0	
<i>of which: grants to public corporations</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>of which: other</i>	-0.1	-0.2	-0.2	-0.1	-1.2	0.0	0.0	
Total local government capital adjustments	0.7	-0.4	-1.2	-0.5	-0.4	-10.8	-9.3	

Table 1.14 Accounting adjustments, ⁽¹⁾ 2013-14 to 2019-20 (continued)

	National Statistics					£ billion	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Other capital adjustments							
Public corporations	-0.8	0.4	1.1	1.0	1.1	0.5	0.0
Housing Revenue Account reform receipts	0.0	0.0	-0.9	0.0	0.0	0.0	0.0
Other	0.0	-0.3	-0.6	-1.2	-0.2	0.1	0.1
Total other capital adjustments	-0.8	0.1	-0.5	-0.1	0.9	0.6	0.2
Total capital adjustments	3.8	-7.3	11.5	-0.9	-21.7	-32.7	-39.5
<i>of which:</i>							
Timing adjustments ⁽³⁾							
Central government	-4.5	-5.0	3.7	2.0	-0.9	0.0	0.0
Local government	-0.1	-0.3	-0.3	-0.3	-0.4	0.0	0.0

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

⁽²⁾ Offsets with Northern Ireland domestic rates (part of other AME and not in budgets) in local government adjustments in National Accounts.

⁽³⁾ Reflects timing difference between the latest OSCAR and other source data and the data underlying the Public Sector Finances statistical bulletin. These mainly result from revisions policy and issues with late corrections to OSCAR data in the early years.

Table 1.15 Total Managed Expenditure by spending sector, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
Central government own expenditure							
DEL ⁽¹⁾	269,416	275,461	274,120	278,572	284,751	296,330	301,794
Departmental AME ^{(1) (2)}	241,317	221,536	371,084	257,431	414,923	340,729	345,675
Locally financed support in Northern Ireland	632	661	651	585	596	614	596
Net expenditure transfers to the EU	11,879	11,658	11,253	9,160	10,188	13,154	15,112
Central government debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980
Accounting and other adjustments	-12,745	16,354	-123,934	-2,938	-153,960	-71,359	-64,474
Total central government own expenditure	559,296	571,041	578,301	591,469	611,247	632,719	650,683
Local government expenditure							
Central government support in DEL	80,725	78,279	72,968	69,382	65,332	63,079	65,727
Central government support in departmental AME	44,899	45,755	46,020	45,117	47,271	52,290	46,685
Locally financed support in Scotland	2,435	2,650	2,789	2,769	2,666	2,636	2,800
Locally financed support in Wales	–	–	956	977	1,059	1,050	1,063
Local authority self-financed expenditure	26,996	28,928	33,699	38,604	42,051	43,921	44,143
Accounting and other adjustments	15,161	14,760	15,000	15,892	14,393	17,653	21,305
Total local government expenditure	170,216	170,372	171,432	172,741	172,772	180,629	181,723
Public corporations' expenditure							
DEL	-216	-818	60	-171	211	133	57
Departmental AME	-1,028	152	-268	-63	241	201	-65
Public corporations' own-financed capital expenditure	14,400	18,027	14,594	16,682	15,486	18,565	18,107
Accounting and other adjustments	3,682	4,027	4,314	4,426	3,022	-7,758	-6,729
Total public corporations' expenditure	16,838	21,388	18,700	20,874	18,960	11,141	11,370
Bank of England ⁽³⁾	-12,537	-12,356	-11,666	-13,098	-13,484	-11,619	-9,777
Total Managed Expenditure	733,813	750,445	756,767	771,986	789,495	812,900	834,000

⁽¹⁾ Full resource budgeting basis, ie resource plus capital less depreciation. See Table 2.1⁽²⁾ Transactions have been affected by financial sector interventions. See Box 2A in Chapter 2.⁽³⁾ Asset Purchase facility and Special Liquidity Scheme.

2

Economic analyses of budgets

2.1 This chapter provides an economic category analysis of the budgeting aggregates presented in Chapter 1. All outturn data in this chapter (to 2017-18) fall within the scope of National Statistics.

What's new

2.2 Following the implementation of the Scotland Act 2016 and the associated fiscal Framework, new budgeting arrangements have been agreed with the Scottish Government which see its spend scored as AME rather than DEL. The new arrangements began at the start of 2018-19. The changes only affect tables in **Chapter 2**. In **Table 2.1** the block grant paid by the UK Government to the Scottish Government is shown against the **Other** economic category in both Resource and Capital DEL, offset by a corresponding receipt in Resource and Capital departmental AME. Spending funded by the block grant and the Scottish Government itself, is then shown against economic categories within Resource and Capital departmental AME. As a result, since PESA 2017 most economic categories in DEL will have been revised down, with a corresponding increase in the same categories within departmental AME. Total spending by the Scottish Government is not affected.

2.3 **Table 2.1** shows analyses of budgets by economic category of spending, consistent with the budgeting aggregates reported in **Chapter 1**. The breakdowns of resource DEL and resource departmental AME are consistent with **Table 1.3**; administration budgets in resource DEL with **Table 1.7**; and capital budgets with **Table 1.8**.

2.4 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**.

2.5 Staff costs 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 and payments for contract and agency staff that were formerly treated as procurement expenditure.

2.6 Gross current procurement shows expenditure on goods and services, including accommodation and building management, ICT outsourcing, maintenance and support, travel costs and payments for consultancy and audit services. It also includes the purchase of services from GPs.

2.7 Current grants include all transfer payments other than subsidies (see 2.8 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 the government's preferred measure of total public spending. 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. In **Table 2.1** they include tax credits previously scored as negative tax. **Current grants abroad** are mainly foreign aid, such as programmes to reduce poverty.

2.8 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 EU'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).

2.9 Rentals shows net expenditure on hire and rentals under PFI and non-PFI operating leases.

2.10 Depreciation, also termed capital consumption, represents the amount of capital used up in respect of fixed assets measured on the basis of International Financial Reporting Standards (IFRS). 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. As mentioned above, depreciation now also includes the grant equivalent element of student lending. This is the subsidy implied in student loans being issued at the inflation rate rather than the market interest rate.

2.11 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 below).

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

In the pre-Budget report of December 2009 the use in fiscal policy of new aggregates excluding the temporary effects of financial interventions was introduced. In these aggregates, banks that are classified to the public sector in the National Accounts (Northern Rock, Bradford & Bingley, Dunfermline, Lloyds Banking Group and Royal Bank of Scotland) are treated as if they are outside the public sector, reflecting the Government's intention to return these banks or their assets to the private sector.

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

Resource budget

- Income from sales of goods and services: -£0.2 billion in 2014-15, £0.0 billion in 2015-16, -£0.1 billion in 2016-17 and -£0.1 billion in 2017-18. This is mainly underwriting commission and guarantee fee income;
- Depreciation: In 2013-14 there an impairment of £13.0 billion. There was a gain of £48.0 billion in 2014-15, £10.5 billion in 2015-16 and £23.1 billion in 2016-17. In 2017-18 there was an impairment of £0.4 billion.
- Other: income of -£4.5 billion in 2013-14, -£0.5 billion in 2014-15, -£6.2 billion in 2015-16, -£1.7 billion in 2016-17 and -£0.5 billion in 2017-18. This is mainly interest paid to government and from the sale of shares.

Capital budget

- Net lending to the private sector: -£4.9 billion in 2013-14, -£3.0 billion in 2014-15, -£11.3 billion in 2015-16, -£3.5 billion in 2016-17 and -£0.9 billion in 2017-18. This is mainly lending to banks and the Financial Services Compensation Scheme and subsequent repayments, and income from the sale of shares in Lloyds Banking Group and the Royal Bank of Scotland.

These transactions score within the HM Treasury AME budget in tables in **Chapter 1**.

2.12 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 on an IFRS basis. 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 IFRS pensions in departmental AME to the National Accounts measure is given in **Table D1**.

2.13 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 2.14 and 2.15).

2.14 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**.

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

2.16 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.

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

2.18 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.

2.19 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. Write-offs of stock and loans are also recorded here. In **Chapters 5 and 6** they are recorded as capital grants in line with National Accounts.

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

2.21 Table 2.3 shows central government own capital procurement, gross of depreciation and before deduction of sales, broken down by departmental group.

Table 2.1 Budgets by economic category of spending, 2013-14 to 2019-20

	£ million						
	National Statistics					2018-19 plans	2019-20 plans
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn		
Resource DEL							
Staff costs	94,805	97,633	101,231	107,814	109,777	114,285	115,473
Gross current procurement	100,164	104,369	104,460	110,291	116,605	112,257	112,504
Income from sales of goods and services	-16,983	-17,296	-15,495	-22,329	-22,808	-19,425	-20,312
Current grants to local government	72,146	68,860	63,346	60,077	57,204	54,651	55,730
Current grants to persons and non-profit bodies	18,239	17,798	17,218	17,653	14,137	16,930	17,694
Current grants abroad	3,279	2,419	2,997	3,638	3,745	3,123	2,402
Subsidies to private sector companies	4,346	3,929	3,888	4,528	4,625	4,865	4,674
Subsidies to public corporations	969	747	639	487	430	455	449
Net public service pensions ⁽¹⁾	134	540	88	78	88	68	63
Rentals	6,895	7,635	7,737	6,467	4,590	6,518	6,714
Depreciation ⁽²⁾	22,298	17,169	18,742	25,248	28,661	23,000	23,400
Take up of provisions	-22	-147	44	2	1	0	11
Release of provisions	-16	-2	-2	0	0	0	-
Change in pension scheme liabilities	16	74	16	15	86	19	2
Unwinding of the discount rate on pension scheme liabilities	32	0	2	1	1	0	-
Release of provisions covering payments of pensions benefits	0	-386	0	0	0	0	-
Other	24,357	21,669	20,506	15,537	14,065	11,780	12,103
Plus unallocated funds	-	-	-	-	-	3,639	5,352
Total resource DEL	330,659	325,013	325,418	329,506	331,205	332,100	336,300
Of which: administration budgets in resource DEL							
Staff costs	7,497	6,680	6,604	6,499	6,631	5,930	5,714
Gross current procurement	4,349	5,005	4,195	3,754	3,905	4,572	4,203
Income from sales of goods and services ⁽³⁾	-1,152	-1,625	-1,288	-1,264	-1,219	-1,406	-1,137
Rentals	473	299	309	407	368	224	311
Depreciation	637	504	479	429	393	956	949
Other	-216	-469	-605	-407	-680	-238	-165
Total administration budgets in resource DEL	11,589	10,394	9,695	9,418	9,399	10,038	9,875
Resource departmental AME							
Staff costs	9,174	10,444	13,197	12,369	13,048	12,960	12,688
Gross current procurement	10,323	10,997	12,438	13,041	15,290	15,817	14,282
Income from sales of goods and services ⁽³⁾	-1,538	-2,013	-2,178	-1,969	-3,894	-3,993	-963
Current grants to local government	44,203	44,616	44,801	44,190	46,661	51,553	46,348
Current grants to persons and non-profit bodies	189,628	193,176	195,585	197,262	200,922	207,625	209,088
Current grants abroad	-700	-598	-520	-553	-577	-555	-523
Subsidies to private sector companies	3,217	3,534	4,716	5,103	5,441	5,843	6,008
Subsidies to public corporations	54	74	175	170	167	170	145
Net public service pensions ⁽¹⁾	8,947	9,641	9,561	8,812	9,240	11,292	12,712
Rentals	377	390	81	204	53	134	97
Depreciation ⁽³⁾	10,241	-42,267	3,776	-15,885	12,194	12,034	9,704
Take up of provisions ⁽³⁾	12,966	14,317	132,966	19,258	99,233	16,937	13,622
Release of provisions	-4,805	-4,369	-5,420	-6,430	-5,531	-4,439	-4,507
Change in pension scheme liabilities	29,087	34,769	37,596	36,245	53,592	54,437	50,869
Unwinding of the discount rate on pension scheme liabilities	37,991	46,255	42,882	42,002	42,648	40,114	42,849
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-32,246	-34,222	-35,327	-35,533	-36,492	-38,699	-40,358
Other	-33,717	-30,440	-36,367	-26,726	-18,775	-19,012	-20,334
Total resource departmental AME	283,199	254,303	417,963	291,563	433,221	362,219	351,726

Table 2.1 Budgets by economic category of spending, 2013-14 to 2019-20 (continued)

	National Statistics						£ million	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Resource budgets								
Staff costs	103,979	108,077	114,428	120,183	122,825	127,245	128,161	
Gross current procurement	110,487	115,366	116,899	123,332	131,895	128,074	126,785	
Income from sales of goods and services ⁽²⁾	-18,521	-19,309	-17,673	-24,298	-26,702	-23,418	-21,275	
Current grants to local government	116,348	113,476	108,147	104,267	103,865	106,205	102,078	
Current grants to persons and non-profit bodies	207,866	210,974	212,804	214,915	215,059	224,555	226,782	
Current grants abroad	2,579	1,820	2,477	3,085	3,168	2,568	1,880	
Subsidies to private sector companies	7,562	7,463	8,604	9,631	10,066	10,708	10,682	
Subsidies to public corporations	1,023	821	815	657	597	625	594	
Net public service pensions ⁽¹⁾	9,081	10,182	9,649	8,891	9,327	11,359	12,775	
Rentals	7,272	8,025	7,818	6,671	4,643	6,652	6,812	
Depreciation ^{(2) (3)}	32,539	-25,099	22,518	9,362	40,856	35,006	33,099	
Take up of provisions ⁽³⁾	12,943	14,171	133,010	19,261	99,234	16,937	13,632	
Release of provisions	-4,821	-4,371	-5,421	-6,430	-5,531	-4,439	-4,507	
Change in pension scheme liabilities	29,102	34,843	37,612	36,259	53,678	54,456	50,871	
Unwinding of the discount rate on pension scheme liabilities	38,023	46,256	42,883	42,003	42,649	40,114	42,849	
Release of provisions covering payments of pensions benefits ⁽⁴⁾	-32,247	-34,608	-35,328	-35,533	-36,492	-38,699	-40,358	
Other	-9,360	-8,771	-15,860	-11,189	-4,710	-7,232	-8,231	
Plus unallocated funds	–	–	–	–	–	3,639	5,352	
Total resource budgets	613,858	579,316	743,381	621,069	764,426	694,357	687,979	
Capital DEL								
Capital support for local government	8,579	9,419	9,623	9,305	8,128	8,428	9,997	
Capital grants to persons and non-profit bodies	5,806	6,189	6,507	3,727	6,859	8,213	8,480	
Capital grants to private sector companies	5,493	5,742	1,822	1,912	2,336	3,915	3,450	
Capital grants abroad	2,171	2,112	2,487	2,581	2,173	3,001	2,918	
Capital support for public corporations	-123	-698	221	213	461	271	143	
Release of provisions	4	–	–	–	–	–	–	
Gross capital procurement	24,758	27,275	25,432	26,590	28,528	28,099	32,180	
Income from sales of assets	-1,406	-1,982	-2,278	-1,624	-1,501	-967	-1,618	
Net lending and investment to the private sector and abroad ⁽³⁾	1,717	2,752	1,965	4,550	4,810	5,782	7,679	
Other	2,743	2,385	2,824	4,016	3,919	5,711	5,633	
Plus unallocated funds in capital DEL	–	–	–	–	–	-1,559	423	
Total capital DEL	49,742	53,195	48,603	51,268	55,711	60,900	69,300	
Capital departmental AME								
Capital support for local government	697	1,139	1,219	926	610	736	337	
Capital grants to persons and non-profit bodies	666	731	853	459	658	493	657	
Capital grants to private sector companies	-144	271	427	674	819	1,216	821	
Capital grants abroad	-99	-32	-77	-27	-24	-22	-21	
Capital support for public corporations	-740	362	102	195	451	425	92	
Take up of Provisions	73	149	83	8	276	–	–	
Release of Provision	-73	-80	-99	-72	-113	-273	-783	
Gross capital procurement	1,119	1,233	8,134	8,531	8,423	8,912	10,304	
Income from sales of assets	-167	-346	-243	-126	-136	-1,322	-64	
Net lending and investment to the private sector and abroad	-4,632	-2,007	-17,331	-4,745	12,919	15,580	23,678	
Other	-2,889	3,604	-2,323	-2,643	-2,628	-3,403	-3,416	
Plus unallocated funds	–	–	–	–	–	–	–	
Total capital departmental AME	-6,189	5,024	-9,257	3,179	21,253	22,341	31,605	

Table 2.1 Budgets by economic category of spending, 2013-14 to 2019-20 (continued)

	National Statistics					£ million	
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Capital budgets							
Capital support for local government	9,276	10,558	10,841	10,231	8,738	9,164	10,334
Capital grants to persons and non-profit bodies	6,472	6,920	7,360	4,186	7,517	8,705	9,136
Capital grants to private sector companies	5,348	6,013	2,249	2,585	3,154	5,131	4,272
Capital grants abroad	2,072	2,080	2,409	2,554	2,148	2,979	2,897
Capital support for public corporations	-863	-336	323	407	912	695	235
Take up of Provisions	73	149	83	8	276	–	–
Release of Provision	-69	-80	-99	-72	-113	-273	-783
Gross capital procurement	25,878	28,508	33,566	35,120	36,951	37,011	42,484
Income from sales of assets	-1,572	-2,328	-2,521	-1,750	-1,637	-2,289	-1,681
Net lending and investment to the private sector and abroad	-2,916	746	-15,366	-195	17,728	21,362	31,356
Other	-146	5,989	500	1,373	1,291	2,307	2,217
<i>Plus unallocated funds in capital DEL</i>	–	–	–	–	–	-1,559	423
Total capital budgets	43,553	58,219	39,346	54,447	76,965	83,234	100,890

⁽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⁾ Transactions have been affected by financial sector interventions. See Box 2.A for details.

⁽⁴⁾ Payments that release provision include bulk and individual transfers, including the transfer of liabilities within government.

Table 2.2 Gross current procurement in budgets, 2013-14 to 2019-20

	National Statistics							£ million
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Gross current procurement in budgets								
Defence	11,549	11,836	11,223	11,017	11,510	11,023	11,216	
Single Intelligence Account	832	983	1,084	1,107	1,198	1,582	1,124	
Home Office	2,208	2,254	2,445	2,508	2,607	2,835	2,702	
Foreign and Commonwealth Office	727	487	542	592	680	650	527	
International Development	1,057	1,218	1,193	1,170	1,117	1,075	1,718	
Health and Social Care	55,247	59,341	60,359	65,911	70,767	65,233	66,113	
Work and Pensions	2,228	2,409	2,264	2,063	1,857	1,953	1,921	
Education	3,837	4,427	4,306	4,716	5,262	6,235	5,966	
Business, Energy and Industrial Strategy	2,407	2,220	2,140	2,020	2,046	1,937	2,009	
Transport	1,953	1,746	3,604	3,792	4,312	4,345	4,879	
Exiting the European Union	4	4	4	11	23	42	52	
Digital, Culture, Media and Sport	3,621	3,580	3,213	3,263	3,148	3,332	3,067	
MHCLG - Housing and Communities	260	288	310	318	124	287	379	
MHCLG - Local Government	0	–	–	–	–	–	–	
Scotland	7,406	7,902	7,502	8,071	10,158	10,115	8,608	
Wales	3,421	3,471	3,566	3,854	3,856	3,918	4,074	
Northern Ireland	4,296	4,212	4,275	4,154	4,204	4,247	4,293	
Justice	5,382	4,825	4,466	4,873	5,031	4,955	4,631	
Law Officers' Departments	278	300	313	292	323	366	365	
Environment, Food and Rural Affairs	1,141	1,161	1,032	895	915	689	654	
HM Revenue and Customs	201	246	575	201	221	553	111	
HM Treasury	1,220	1,160	1,245	1,365	1,238	1,083	1,086	
Cabinet Office	241	323	317	286	395	494	348	
International Trade	191	202	211	203	214	285	251	
Small and Independent Bodies	780	770	709	650	689	840	692	
Total gross current procurement in budgets	110,487	115,366	116,899	123,332	131,895	128,074	126,785	

Table 2.3 Gross capital procurement in budgets, 2013-14 to 2019-20

	National Statistics							£ million
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	outturn	outturn	outturn	outturn	outturn	plans	plans	
Gross capital procurement in budgets								
Defence	8,411	9,145	9,015	8,836	9,737	9,095	9,184	
Single Intelligence Account	536	563	581	631	623	682	655	
Home Office	250	265	271	347	437	367	301	
Foreign and Commonwealth Office	137	123	134	104	142	104	96	
International Development	79	79	77	64	252	77	104	
Health and Social Care	5,008	5,523	5,089	4,850	4,709	6,014	6,870	
Work and Pensions	130	120	102	181	341	92	93	
Education	2,492	3,171	2,163	2,630	2,106	188	103	
Business, Innovation and Skills	3,042	3,151	3,171	3,157	3,439	2,964	2,887	
Transport	1,517	2,219	9,232	9,463	10,359	12,362	15,761	
Exiting the European Union	–	–	–	–	1	1	0	
Digital, Culture, Media and Sport	697	425	383	591	331	325	260	
MHCLG - Housing and Communities	131	168	139	231	395	533	900	
Scotland	1,087	1,053	1,113	1,201	1,084	916	1,934	
Wales	480	531	467	588	660	605	859	
Northern Ireland	933	1,011	786	1,052	980	1,212	1,208	
Justice	363	365	297	436	445	628	484	
Law Officers' Departments	3	4	3	13	10	16	8	
Environment, Food and Rural Affairs	249	227	191	244	267	224	173	
HM Revenue and Customs	3	13	3	3	8	9	5	
HM Treasury	220	240	229	328	308	253	232	
Cabinet Office	26	28	27	49	123	32	15	
International Trade	3	2	2	6	15	2	3	
Small and Independent Bodies	81	83	92	115	177	309	347	
Total gross capital procurement in budgets	25,878	28,508	33,566	35,120	36,951	37,011	42,484	

3

Changes in departmental budgets

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 2016-17, estimated outturn published in PESA 2017 (Cm 9467) is compared with the final outturn in **Chapter 1**;
- for 2017-18, the plans published in PESA 2017 are reconciled to final plans and compared to the estimated outturn in **Chapter 1**; and
- For 2018-19 and 2019-20 latest plans are compared with the published figures in PESA 2017.

3.2 The tables in this chapter are consequently split into three sections –

- **Tables 3.1, 3.2, 3.3 and 3.4** show changes for 2016-17;
- **Tables 3.5, 3.6, 3.7 and 3.8** show changes for 2017-18.
- **Tables 3.9-3.11** show plans for 2018-19 and 2019-20.

Within the first two sections the four tables show, respectively, resource DEL by departmental group, resource DEL excluding depreciation by departmental group, capital DEL by departmental group, and Total Managed Expenditure (TME) by budgeting category.

Types of changes

3.3 The comparisons distinguish between the following 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. This also takes account of any departmental under spends carried forward from 2017-18 to 2018-19 under the Budget Exchange system.

Machinery of Government and classification changes

3.4 There have been no significant Machinery of Government or classification changes since PESA 2017.

Policy changes

3.5 This section sets out the key spending policy decisions taken since PESA 2017. This mainly includes:

- measures announced in the Autumn Budget 2017;
- claims on the Reserve; and
- carry forward of estimated resource and capital DEL under spends (with the agreement of the Treasury) from 2017-18 under the Budget Exchange (BX) system.

Policy changes in 2017-18 Tables 3.5 to 3.7

3.6 The impact of policy decisions on resource DEL and capital DEL budgets in 2017-18 are set out in **Tables 3.5 and 3.7**, respectively. The main policy decisions are set out below.

The main claims on the resource DEL Reserve in 2017-18 were:

- Education received £14.7bn to provide budget cover for impairment of the student loan book;
- MOD received £1.1bn in respect of operations and peacekeeping, LIBOR and depreciation;
- DHSC received £0.7n to cover the impact of the change in the Personal Injury Discount Rate and to fund higher than anticipated expenditure relating to reciprocal healthcare arrangements with the European Economic Area;
- Transport received £0.5bn to provide support for rail passengers and for Highways England;
- Cabinet Office received £0.4bn to underwrite the Official Receiver appointed as liquidator of Carillion Plc, and various other programmes;
- MOJ received £0.3bn in relation to the delay to implementation of probate fee charging reform and in respect of the Court Reform programme;
- Digital, Culture, Media and Sport received £0.3bn to support the broadcasting and media sector and various other programmes;
- BEIS received £0.3bn to cover the ongoing costs of delivering the industrial strategy;
- Home Office received £0.2bn in respect of Asylum Support and preparations for EU exit;
- Foreign Office received £0.1bn in respect of various measures;
- DEFRA received £0.1bn in respect of work on preparing for EU exit and for floods recovery;
- HMRC received £0.1bn in respect of work on preparing for EU exit and various other programmes;
- HM Treasury received £0.1bn in respect of Oil and Gas Industry Decommissioning Relief Deeds and various other programmes.

The main claims on the capital DEL Reserve in 2017-18 were:

- MOD received £0.4bn in respect of operations and peacekeeping and a small adjustment to the capital budget;
- Welsh Government received £0.2bn in respect of IT and capital works expenditure and preparations for EU exit.

The other main policy decisions affecting 2017-18 DELs were:

- MOD switched £0.9bn from resource to single use military equipment (SUME) capital DEL to realign budgets;
- DHSC switched £1.0bn from CDEL to RDEL to meet spending pressures;
- MHCLG received £1.6bn additional CDEL funding for Help to Buy offset by £0.8bn budget underspends surrendered by the Department;
- DHSC received a £0.3bn increase in resource DEL funding and a £0.5bn increase in capital DEL funding for the NHS in the Autumn Budget 2017;
- MOJ switched £0.2bn from CDEL to RDEL;
- Scottish Government received £0.1bn to support implementation of the Fiscal Framework and £0.1bn to cover additional costs arising from the change in the Personal Injury Discount Rate;
- International Development switched £0.1bn from capital DEL to resource DEL and £0.1bn from capital DEL to capital AME;
- DWP switched £0.1bn from resource DEL to Capital DEL.

3.7 Under the Budget Exchange system departments carried forward from 2017-18 into 2018-19 £0.6bn resource DEL and £0.8bn capital DEL, and £0.3bn resource DEL from 2017-18 into 2019-20.

Policy changes in 2018-19 Tables 3.9 to 3.11

3.8 The impact of policy decisions on resource DEL and capital DEL budgets in 2018-19 are set out in **Tables 3.9 and 3.11** respectively. The main policy decisions are set out below:

3.9 A number of claims on the reserve have already fed into 2018-19 control totals at Main Estimates 2018-19:

- MOD received £0.3bn resource DEL and £0.1bn capital DEL from the Special Reserve for operations and peacekeeping;
- NIE received £0.2bn resource DEL and £0.2bn capital DEL;
- The Statistics Board received £0.1bn resource DEL funding for the Census.

3.10 The other main policy decisions affecting 2018-19 DEL budgets were:

- BEIS switched £0.1bn from resource to capital DEL;
- MHCLG Communities received £2.2bn CDEL in respect of Help to Buy Equity Loans, Home Building Fund for SMEs and various housing packages;
- MHCLG Local Government RDEL was reduced by £0.8bn in respect of the London 100% business rates retention pilot. MHCLG Local Government received £0.2bn RDEL due to bringing forward CPI uprating to 2018-19;

- Education received £0.1bn RDEL in respect of skills funding. Education switched £0.2bn from CDEL to RDEL. They also re-profiled £0.5bn CDEL funding from 2018-19 to 2019-20;
- DEFRA received £0.1bn RDEL funding for Air Quality Plan and Clean Air Fund;
- DHSC received additional funding of £1.6bn RDEL and £0.4bn CDEL;
- DFID's RDEL budget reduced by £0.4bn to meet ODA 0.7% GNI target. DFID also switched £0.6bn from CDEL to CAME in respect of the capitalisation of CDC Group plc;
- DfT moved £0.1bn CDEL from 2018-19 to 2019-20 in respect of local roads maintenance;
- DWP received £0.1bn RDEL in respect of various programmes;
- MOJ switched £0.2bn from CDEL to RDEL.

Policy changes in 2019-20 Tables 3.9 to 3.11

3.11 The impact of policy decisions on resource DEL and capital DEL budgets in 2019-20 are set out in **Tables 3.9 and 3.11 respectively**. The main policy decisions are set out below:

- BEIS received £0.1bn in respect of the Patient Capital Investment Fund.
- MHCLG Communities received £4.7bn CDEL in respect of Help to Buy Equity Loans, Home Building Fund for SMEs, Affordable Housing and various housing packages, and also £0.1bn RDEL in respect of a Right to Buy for Housing Association Tenants pilot;
- MHCLG Local Government received £0.3bn RDEL due to bringing forward CPI uprating to 2018-19;
- Education received £0.1bn RDEL in respect of skills funding. Education switched £0.4bn from CDEL to RDEL. They also switched £0.5bn CDEL funding from 2018-19 to 2019-20;
- DEFRA received £0.1bn RDEL funding for Clean Air Fund;
- DHSC received additional funding of £0.9bn RDEL and £0.7bn CDEL;
- HMRC received £0.1bn RDEL in respect of various programmes;
- HM Treasury received £0.1bn CDEL in respect of the Charging Infrastructure Investment Fund;
- DFID's RDEL budget reduced by £0.5bn to meet ODA 0.7% GNI target;
- DfT moved £0.1bn CDEL from 2018-19 to 2019-20 in respect of local roads maintenance. DfT received an additional £0.1bn in 2019-20 in respect of the Clean Air Fund and other measures;
- House of Commons Administration – additional £0.3bn CDEL in respect of building infrastructure work.

Table 3.1 Resource DEL 2016-17; changes since PESA 2017

				£ million	
	Final provision adjusted for MoG	Outturn in PESA 2017 adjusted for MoG	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	
				Outturn	
Resource DEL					
Defence	35,669	35,237	–	186	35,423
Single Intelligence Account	2,285	2,268	–	–	2,268
Home Office	11,039	10,931	–	46	10,977
Foreign and Commonwealth Office	2,067	2,058	–	–	2,058
International Development	7,524	7,456	–	-43	7,413
Health and Social Care	117,594	116,909	–	123	117,031
Work and Pensions	6,260	6,161	–	–	6,161
Education	75,293	69,288	–	566	69,854
Business, Energy and Industrial Strategy	2,337	1,972	–	-5	1,968
Transport	3,081	2,931	–	-4	2,927
Exiting the European Union	48	23	–	–	23
Digital, Culture, Media and Sport	1,633	1,567	–	-17	1,550
MHCLG – Housing and Communities	2,642	2,493	–	-5	2,488
MHCLG – Local Government	8,231	8,229	–	–	8,229
Scotland	21,598	21,391	–	-17	21,374
Wales	13,908	13,288	–	37	13,325
Northern Ireland	10,626	10,484	–	-4	10,480
Justice	7,470	7,339	–	67	7,406
Law Officers' Departments	554	530	–	-1	530
Environment, Food and Rural Affairs	1,898	1,764	–	-20	1,744
HM Revenue and Customs	3,861	3,836	–	–	3,836
HM Treasury	183	159	–	–	159
Cabinet Office	485	446	–	4	450
International Trade	351	345	–	–	345
Small and Independent Bodies	1,632	1,507	–	-17	1,490
Total resource DEL	338,270	328,610	–	895	329,506

Table 3.2 Resource DEL excluding depreciation 2016-17; changes since PESA 2017

				£ million
	Final provision adjusted for MoG	Outturn in PESA 2017 adjusted for MoG	Transfers and classification changes since PESA 2017	Other changes since PESA 2017
				Outturn
Resource DEL excluding depreciation				
Defence	26,759	26,563	–	29
Single Intelligence Account	1,931	1,920	–	–
Home Office	10,741	10,666	–	46
Foreign and Commonwealth Office	1,961	1,934	–	–
International Development	7,506	7,448	–	-43
Health and Social Care	116,083	115,908	–	121
Work and Pensions	6,067	6,004	–	–
Education	59,864	59,328	–	566
Business, Energy and Industrial Strategy	1,993	1,617	–	-5
Transport	1,693	1,589	–	-4
Exiting the European Union	48	23	–	–
Digital, Culture, Media and Sport	1,472	1,419	–	-12
MHCLG – Housing and Communities	2,592	2,481	–	-10
MHCLG – Local Government	8,231	8,229	–	–
Scotland	20,706	20,608	–	-12
Wales	13,151	13,035	–	36
Northern Ireland	9,938	9,891	–	-1
Justice	6,888	6,893	–	22
Law Officers' Departments	545	524	–	–
Environment, Food and Rural Affairs	1,687	1,575	–	-19
HM Revenue and Customs	3,570	3,557	–	–
HM Treasury	175	152	–	–
Cabinet Office	457	424	–	4
International Trade	349	343	–	–
Small and Independent Bodies	1,551	1,430	–	-18
Total resource DEL excluding depreciation	305,959	303,559	–	700
				304,259

Table 3.3 Capital DEL 2016-17; changes since PESA 2017

				£ million	
	Final provision adjusted for MoG	Outturn in PESA 2017 adjusted for MoG	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	
				Outturn	
Capital DEL					
Defence	8,753	8,665	–	23	8,689
Single Intelligence Account	608	603	–	–	603
Home Office	529	508	–	2	510
Foreign and Commonwealth Office	62	60	–	–	60
International Development	2,607	2,590	–	-3	2,588
Health and Social Care	4,616	4,605	–	-49	4,556
Work and Pensions	307	292	–	–	292
Education	6,406	5,598	–	-494	5,104
Business, Energy and Industrial Strategy	11,277	10,835	–	-42	10,793
Transport	5,488	5,467	–	-47	5,419
Exiting the European Union	2	0	–	–	0
Digital, Culture, Media and Sport	354	288	–	-13	275
MHCLG – Housing and Communities	5,185	5,114	–	–	5,114
Scotland	3,335	3,240	–	6	3,246
Wales	1,634	1,485	–	-36	1,449
Northern Ireland	1,048	1,005	–	–	1,005
Justice	459	364	–	53	417
Law Officers' Departments	15	14	–	-1	13
Environment, Food and Rural Affairs	671	648	–	7	655
HM Revenue and Customs	341	326	–	–	326
HM Treasury	5	-2	–	–	-2
Cabinet Office	55	48	–	-1	48
International Trade	10	6	–	–	6
Small and Independent Bodies	162	105	–	-3	103
Total capital DEL	53,928	51,866	–	-598	51,268

Table 3.4 Total Managed Expenditure 2016-17; changes since PESA 2017

	Outturn in PESA 2017	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	£ million Outturn
CURRENT EXPENDITURE				
<i>Resource DEL</i>				
Total resource DEL	328,610	–	896	329,506
<i>Resource departmental AME</i>				
Social security benefits	189,297	–	1	189,298
Tax credits	27,393	–	–	27,393
Net public service pensions	8,554	–	970	9,524
National lottery	1,274	–	-194	1,080
BBC domestic services	3,669	–	-102	3,567
Student loans	-1,968	–	-63	-2,031
Non-cash items	63,820	–	-2,059	61,761
Financial sector interventions	-24,832	–	–	-24,832
Other departmental expenditure	25,546	–	257	25,804
Total resource departmental AME	292,753	–	-1,190	291,563
<i>Resource other AME</i>				
Net expenditure transfers to the EU	9,160	–	–	9,160
Locally financed expenditure	34,249	–	-347	33,902
Central government gross debt interest	48,380	–	279	48,659
Accounting adjustments	-21,723	–	1,660	-20,063
Total resource other AME	70,066	–	1,592	71,658
Total resource AME	362,819	–	402	363,221
Public sector current expenditure	691,429	–	1,298	692,727
CAPITAL EXPENDITURE				
<i>Capital DEL</i>				
Total capital DEL	51,866	–	-598	51,268
<i>Capital departmental AME</i>				
National lottery	434	–	45	479
BBC domestic services	124	–	124	248
Student loans	14,629	–	-604	14,025
Financial sector interventions	-3,514	–	0	-3,514
Other departmental expenditure	-8,307	–	248	-8,059
Total capital departmental AME	3,365	–	-186	3,179
<i>Capital other AME</i>				
Locally financed expenditure	8,142	–	889	9,031
Public corporations' own-financed capital expenditure	16,977	–	-294	16,682
Accounting adjustments	-1,203	–	301	-902
Total capital other AME	23,916	–	896	24,812
Total capital AME	27,281	–	710	27,991
Public sector gross investment	79,147	–	112	79,259
less public sector depreciation	41,001	–	-220	40,781
Public sector net investment	38,146	–	332	38,478
Total Managed Expenditure	770,576	–	1,410	771,986

Table 3.5 Resource DEL 2017-18; changes since PESA 2017

	£ million				
	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	Final provision	Outturn
Resource DEL					
Defence	36,035	-39	224	36,220	34,199
Single Intelligence Account	2,401	-39	53	2,414	2,390
Home Office	10,952	-45	87	10,994	10,892
Foreign and Commonwealth Office	2,138	-4	84	2,217	2,208
International Development	7,604	-75	127	7,656	7,558
Health and Social Care	119,244	84	2,014	121,342	120,650
Work and Pensions	6,410	-6	-166	6,238	6,108
Education	66,568	-1	14,234	80,801	74,879
Business, Energy and Industrial Strategy	1,983	24	-5	2,002	1,720
Transport	3,589	-3	311	3,897	3,616
Exiting the European Union	100	-1	-23	76	57
Digital, Culture, Media and Sport	1,578	30	289	1,898	1,584
MHCLG – Housing and Communities	2,910	-20	-451	2,440	2,372
MHCLG – Local Government	6,728	–	-10	6,718	6,714
Scotland	15,374	12	8	15,394	14,966
Wales	14,002	6	408	14,415	13,998
Northern Ireland	10,524	4	266	10,794	10,631
Justice	7,173	-4	583	7,753	7,630
Law Officers' Departments	564	–	13	577	567
Environment, Food and Rural Affairs	1,873	30	72	1,975	1,848
HM Revenue and Customs	3,947	2	32	3,981	3,946
HM Treasury	169	12	57	237	226
Cabinet Office	502	41	137	680	671
International Trade	364	-22	49	391	383
Small and Independent Bodies	1,495	15	54	1,564	1,394
Reserves	4,424	–	-4,424	–	–
OBR allowance for shortfall	-750	–	750	–	–
Adjustment for Budget Exchange	-397	–	397	–	–
Total resource DEL	327,506	–	15,169	342,675	331,205

Table 3.6 Resource DEL excluding depreciation 2017-18; changes since PESA 2017

	£ million				
	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	Final provision	Outturn
Resource DEL excluding depreciation					
Defence	27,535	-39	-370	27,126	26,901
Single Intelligence Account	2,047	-39	41	2,049	2,020
Home Office	10,621	-45	87	10,663	10,594
Foreign and Commonwealth Office	2,026	-4	56	2,078	2,061
International Development	7,586	-75	127	7,638	7,549
Health and Social Care	117,733	84	2,014	119,831	119,916
Work and Pensions	6,231	-6	-166	6,059	5,921
Education	61,340	-1	-531	60,808	60,372
Business, Energy and Industrial Strategy	1,703	24	-87	1,640	1,453
Transport	1,968	-3	136	2,101	2,019
Exiting the European Union	100	-1	-23	76	57
Digital, Culture, Media and Sport	1,406	30	289	1,726	1,435
MHCLG – Housing and Communities	2,793	-20	-379	2,395	2,391
MHCLG – Local Government	6,728	–	-10	6,718	6,714
Scotland	14,317	12	158	14,488	14,182
Wales	13,365	6	95	13,465	13,290
Northern Ireland	9,966	4	174	10,144	10,084
Justice	6,584	-4	583	7,163	7,162
Law Officers' Departments	553	–	13	566	559
Environment, Food and Rural Affairs	1,629	30	72	1,731	1,671
HM Revenue and Customs	3,622	3	32	3,657	3,649
HM Treasury	162	12	57	230	218
Cabinet Office	467	40	137	644	637
International Trade	362	-22	49	389	381
Small and Independent Bodies	1,412	15	47	1,474	1,307
Reserves	4,424	–	-4,424	–	–
OBR allowance for shortfall	-750	–	750	–	–
Adjustment for Budget Exchange	-397	–	397	–	–
Total resource DEL excluding depreciation	305,536	–	-676	304,860	302,544

Table 3.7 Capital DEL 2017-18; changes since PESA 2017

	£ million				
	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	Final provision	Outturn
Capital DEL					
Defence	8,530	5	1,259	9,793	9,704
Single Intelligence Account	610	-12	-19	578	576
Home Office	566	-1	93	658	624
Foreign and Commonwealth Office	134	7	-3	138	-252
International Development	2,888	124	-265	2,747	2,713
Health and Social Care	6,084	-1	-485	5,598	5,238
Work and Pensions	378	–	123	501	432
Education	5,182	6	-195	4,993	4,846
Business, Energy and Industrial Strategy	10,896	-18	-22	10,856	10,464
Transport	6,410	1	22	6,432	6,218
Exiting the European Union	–	–	1	1	1
Digital, Culture, Media and Sport	449	-7	-56	386	351
MHCLG – Housing and Communities	6,512	-12	497	6,997	6,634
Scotland	3,389	6	239	3,634	3,626
Wales	1,604	6	356	1,966	1,825
Northern Ireland	1,210	6	55	1,270	1,148
Justice	742	11	-328	425	412
Law Officers' Departments	15	–	–	15	10
Environment, Food and Rural Affairs	685	-36	-6	644	632
HM Revenue and Customs	247	-9	44	282	281
HM Treasury	187	-91	-78	18	-78
Cabinet Office	97	13	13	123	116
International Trade	7	4	8	19	15
Small and Independent Bodies	249	–	64	312	177
Reserves	980	–	-980	–	–
OBR allowance for shortfall	-1,500	–	1,500	–	–
Adjustment for Budget Exchange	-471	–	471	–	–
Total capital DEL	56,080	0.000	2,306	58,386	55,711

Table 3.8 Total Managed Expenditure 2017-18; changes since PESA 2017

				£ million
	Plans in PESA 2017	Transfers and classification changes since PESA 2017	Other changes since PESA 2017	Outturn
CURRENT EXPENDITURE				
<i>Resource DEL</i>				
Total resource DEL	327,506	–	3,699	331,205
<i>Resource departmental AME</i>				
Social security benefits	193,828	–	-1,308	192,521
Tax credits	26,761	–	-468	26,293
Net public service pensions	24,363	–	1,977	26,340
National lottery	1,145	–	84	1,229
BBC domestic services	3,812	–	-99	3,713
Student loans	-3,055	–	63	-2,992
Non-cash items	71,071	–	76,242	147,313
Financial sector interventions	-184	–	-32	-216
Other departmental expenditure	37,310	–	1,710	39,020
Total resource departmental AME	355,052	–	78,169	433,221
<i>Resource other AME</i>				
Net expenditure transfers to the EU	12,226	–	-2,038	10,188
Locally financed expenditure	35,743	–	-368	35,376
Central government gross debt interest	55,779	–	-1,030	54,749
Accounting adjustments	-66,795	–	-90,152	-156,947
Total resource other AME	36,953	–	-93,587	-56,634
Total resource AME	392,005	–	-15,418	376,587
Public sector current expenditure	719,511	–	-11,719	707,792
CAPITAL EXPENDITURE				
<i>Capital DEL</i>				
Total capital DEL	56,080	–	-369	55,711
<i>Capital departmental AME</i>				
National lottery	496	–	-70	427
BBC domestic services	153	–	-13	141
Student loans	16,761	–	137	16,898
Financial sector interventions	30	–	-972	-942
Other departmental expenditure	-4,036	–	8,766	4,730
Total capital departmental AME	13,404	–	7,849	21,253
<i>Capital other AME</i>				
Locally financed expenditure	7,223	–	3,773	10,996
Public corporations' own-financed capital expenditure	18,175	–	-2,689	15,486
Accounting adjustments	-11,982	–	-9,762	-21,744
Total capital other AME	13,415	–	-8,677	4,738
Total capital AME	26,820	–	-828	25,992
Public sector gross investment	82,900	–	-1,197	81,703
<i>less public sector depreciation</i>	42,818	–	-1,769	41,049
Public sector net investment	40,082	–	572	40,654
Total Managed Expenditure	802,411	–	-12,916	789,495

Table 3.9 Resource DEL 2018-19 and 2019-20; changes since PESA 2017

	£ million							
	2018-19				2019-20			
	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes	Reserve allocation and other policy changes	New Plans
Resource DEL								
Defence	36,701	-253	260	36,708	37,452	–	–	37,452
Single Intelligence Account	2,276	296	20	2,593	2,398	–	–	2,398
Home Office	11,109	-112	-39	10,958	11,023	33	-35	11,022
Foreign and Commonwealth Office	1,344	1,007	–	2,351	1,358	-20	–	1,338
International Development	9,138	-1,156	-503	7,479	9,145	11	-895	8,262
Health and Social Care	121,788	130	1,601	123,518	124,781	–	901	125,682
Work and Pensions	6,083	-35	102	6,150	5,550	–	33	5,583
Education	67,935	-36	488	68,388	69,058	-35	815	69,839
Business, Energy and Industrial Strategy	2,021	-23	-61	1,938	1,824	1	187	2,011
Transport	3,724	8	28	3,761	3,327	–	–	3,327
Exiting the European Union	99	-4	-3	92	94	–	–	94
Digital, Culture, Media and Sport	1,647	3	30	1,680	1,660	–	11	1,671
MHCLG – Housing and Communities	2,433	16	368	2,818	2,178	–	89	2,268
MHCLG – Local Government	5,454	–	-1,151	4,304	5,360	–	261	5,621
Scotland	14,784	14	695	15,493	14,473	–	779	15,252
Wales	14,067	7	-148	13,926	14,163	–	-170	13,993
Northern Ireland	10,533	6	278	10,818	10,556	–	57	10,613
Justice	6,754	8	160	6,923	6,573	–	–	6,573
Law Officers' Departments	563	6	18	587	563	–	18	581
Environment, Food and Rural Affairs	1,732	27	50	1,809	1,663	–	60	1,723
HM Revenue and Customs	3,673	24	43	3,739	3,417	1	136	3,554
HM Treasury	160	10	2	173	154	–	–	154
Cabinet Office	279	38	90	407	257	–	44	301
International Trade	338	16	–	354	337	9	–	346
Small and Independent Bodies	1,414	2	157	1,574	1,399	–	49	1,448
Reserves	4,800	–	1,100	5,900	7,100	–	100	7,200
OBR allowance for shortfall	-800	–	-1,000	-1,800	-800	–	-1,000	-1,800
Adjustment for Budget Exchange	–	–	-600	-600	0	–	-400	-400
Adjustment for planned efficiency savings	–	–	–	–	-3,500	–	3,500	–
Total resource DEL	330,125	–	2,012	332,100	331,655	–	4,599	336,300

Table 3.10 Resource DEL excluding depreciation 2018-19 and 2019-20; changes since PESA 2017

	£ million							
	2018-19				2019-20			
	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes	Reserve allocation and other policy changes	New Plans
Resource DEL excluding depreciation								
Defence	28,201	-253	259	28,208	28,952	–	–	28,952
Single Intelligence Account	1,911	296	20	2,227	2,021	–	–	2,021
Home Office	10,756	-113	-38	10,605	10,713	32	-33	10,712
Foreign and Commonwealth Office	1,233	1,007	–	2,239	1,246	-20	–	1,226
International Development	9,120	-1,156	-503	7,461	9,126	11	-895	8,243
Health and Social Care	120,257	130	1,601	121,987	123,250	–	901	124,151
Work and Pensions	5,918	-35	102	5,985	5,395	–	33	5,428
Education	62,087	-35	488	62,540	62,670	-34	815	63,450
Business, Energy and Industrial Strategy	1,742	-23	-61	1,658	1,540	1	187	1,727
Transport	2,090	8	-36	2,062	1,693	–	-63	1,630
Exiting the European Union	99	-4	-4	92	94	–	–	94
Digital, Culture, Media and Sport	1,461	3	30	1,494	1,461	–	11	1,472
MHCLG – Housing and Communities	2,274	16	298	2,588	2,153	–	89	2,243
MHCLG – Local Government	5,454	–	-1,151	4,304	5,360	–	261	5,621
Scotland	13,678	14	695	14,388	13,328	–	779	14,107
Wales	13,404	7	-149	13,262	13,476	–	-173	13,303
Northern Ireland	9,959	6	278	10,244	9,969	–	57	10,026
Justice	6,164	8	160	6,333	5,969	–	–	5,970
Law Officers' Departments	548	6	18	572	548	–	18	566
Environment, Food and Rural Affairs	1,491	27	50	1,568	1,424	–	60	1,484
HM Revenue and Customs	3,321	24	43	3,388	3,037	1	136	3,174
HM Treasury	155	10	2	167	148	–	–	148
Cabinet Office	264	38	55	357	242	–	44	286
International Trade	335	16	–	352	335	9	–	344
Small and Independent Bodies	1,331	2	153	1,487	1,315	–	18	1,333
Reserves	4,800	–	1,100	5,900	7,100	–	100	7,200
OBR allowance for shortfall	-800	–	-1,000	-1,800	-800	–	-1,000	-1,800
Adjustment for Budget Exchange	–	–	-600	-600	0	–	-400	-400
Adjustment for planned efficiency savings	–	–	–	–	-3,500	–	3,500	–
Total resource DEL excluding depreciation	307,329	–	1,836	309,200	308,356	–	4,502	312,900

Table 3.11 Capital DEL 2018-19 and 2019-20; changes since PESA 2017

	£ million							
	2018-19				2019-20			
	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2017 adjusted for MOG	Transfers and classification changes	Reserve allocation and other policy changes	New Plans
Capital DEL								
Defence	8,745	-58	75	8,761	8,994	–	–	8,994
Single Intelligence Account	585	58	0	643	655	–	–	655
Home Office	497	-4	-1	491	483	1	-1	482
Foreign and Commonwealth Office	98	4	–	102	98	–	–	98
International Development	3,207	29	-584	2,652	3,527	–	–	3,527
Health and Social Care	6,012	-2	354	6,364	6,027	6	708	6,741
Work and Pensions	255	–	–	255	227	–	–	227
Education	6,075	-131	-762	5,182	4,753	-1	346	5,098
Business, Energy and Industrial Strategy	10,595	-20	194	10,769	11,245	-16	160	11,390
Transport	8,042	-27	54	8,070	11,345	-38	-788	10,519
Exiting the European Union	–	–	1	1	0	–	–	0
Digital, Culture, Media and Sport	529	–	56	585	581	–	23	604
MHCLG – Housing and Communities	6,584	161	2,672	9,417	6,015	38	4,708	10,761
Scotland	3,537	5	358	3,899	3,720	5	518	4,242
Wales	1,688	3	210	1,901	1,798	3	312	2,113
Northern Ireland	1,252	2	314	1,568	1,311	2	168	1,481
Justice	692	–	-160	532	417	–	–	417
Law Officers' Departments	16	–	–	16	8	–	–	8
Environment, Food and Rural Affairs	674	-21	-40	613	518	–	70	588
HM Revenue and Customs	234	–	16	250	216	–	13	229
HM Treasury	184	–	40	224	182	–	80	262
Cabinet Office	25	2	3	30	15	–	–	15
International Trade	4	–	–	4	4	1	–	4
Small and Independent Bodies	230	–	79	309	101	–	275	376
Reserves	600	–	200	800	1,200	–	1,100	2,400
Capital spending not yet in budgets	0	–	–	–	400	–	–	400
OBR allowance for shortfall	-1,800	–	–	-1,800	-2,100	–	-300	-2,300
Adjustment for Budget Exchange	0	–	-800	-800	0	–	0	–
Total capital DEL	58,588	–	2,306	60,900	61,774	–	7,510	69,300

4

Trends in public sector expenditure

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 are National Statistics.

What's new

4.3 There have been no significant changes to the presentation of data within this chapter since PESA 2017.

Public spending aggregates

4.4 **Table 4.1** shows trends in public spending since 1976-77 in terms of three spending aggregates: public sector current expenditure; public sector net investment; and Total Managed Expenditure (TME). All aggregates are presented in both nominal and real terms, and as a percentage of Gross Domestic Product (GDP). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only.

4.5 Outturn data for these aggregates up to 2017-18 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 on a monthly basis.

4.6 Plans period data from 2018-19 onwards are taken from the Office for Budget Responsibility, and are consistent with their Economic and Fiscal Outlook forecasts published at the time of the March 2018 Spring Statement.

Public sector expenditure on services by function

4.7 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.

4.8 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 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**.

4.9 **Table 4.2** shows public sector expenditure on services by United Nations Classification Of the Functions Of Government (COFOG) level 1 from 1994-95. **Tables 4.3 and 4.4** present this in real terms and as a percentage of GDP respectively. These tables cover outturn years up to 2017-18. 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.

Methods and data quality for long run TES series

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

4.11 Data in **Tables 4.2, 4.3 and 4.4** for years before 2013-14 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.

4.12 Historical outturn data are not usually subject to adjustment. However, reclassifications sometimes affect the long-run functional series. These include ONS decisions on the National Accounts, and decisions taken by the Treasury in conjunction with departments to improve the allocation of spending to functions.

4.13 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.

4.14 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 £100 million overstates the accuracy of the figures due to rounding. Minor differences in figures or rates of change should be disregarded.

Table 4.1 Public expenditure aggregates, 1976-77 to 2019-20

	Public sector current expenditure				Depreciation		Public sector net investment			Total Managed Expenditure ⁽²⁾		
	Real terms ⁽¹⁾		Per cent of GDP	Nominal		Real terms ⁽¹⁾	Real terms ⁽¹⁾		Per cent of GDP	Real terms ⁽¹⁾		Per cent of GDP
	Nominal £ billion	£ billion		Nominal £ billion	£ billion		Nominal £ billion	£ billion		Nominal £ billion	£ billion	
1976-77	51.2	298.0	36.1	6.4	6.4	37.4	37.4	4.5	64.1	372.9	45.1	
1977-78	57.5	294.2	34.7	7.4	7.4	26.8	26.8	3.2	70.2	358.8	42.3	
1978-79	66.1	304.0	34.4	8.4	8.4	23.9	23.9	2.7	79.7	366.5	41.5	
1979-80	79.6	313.2	34.2	10.0	10.0	22.7	22.7	2.5	95.3	375.1	41.0	
1980-81	96.8	319.8	36.2	12.1	12.1	19.2	19.2	2.2	114.7	378.8	42.9	
1981-82	110.8	331.1	37.2	13.2	13.2	12.4	12.4	1.4	128.2	382.9	43.0	
1982-83	121.6	338.8	37.2	13.9	13.9	17.1	17.1	1.9	141.6	394.4	43.3	
1983-84	131.3	349.0	36.7	14.6	14.6	20.2	20.2	2.1	153.4	407.8	42.9	
1984-85	142.0	357.3	36.8	14.8	14.8	18.4	18.4	1.9	164.1	412.8	42.5	
1985-86	150.5	359.1	35.6	14.4	14.4	15.1	15.1	1.5	171.3	408.6	40.4	
1986-87	158.7	363.5	34.9	14.9	14.9	11.0	11.0	1.1	178.4	408.7	39.2	
1987-88	169.6	368.0	33.2	14.9	14.9	10.2	10.2	0.9	189.3	410.6	37.1	
1988-89	176.3	359.2	31.0	15.8	15.8	7.7	7.7	0.7	195.9	399.1	34.4	
1989-90	191.1	361.4	30.5	16.8	16.8	9.0	9.0	1.4	216.8	410.1	34.6	
1990-91	208.1	363.8	30.7	16.7	16.7	17.9	17.9	1.5	235.1	411.0	34.7	
1991-92	232.0	383.6	32.5	15.4	15.4	22.3	22.3	1.9	260.9	431.4	36.6	
1992-93	252.1	406.6	34.3	15.3	15.3	22.7	22.7	1.9	281.5	453.9	38.3	
1993-94	266.2	419.0	34.2	15.6	15.6	18.8	18.8	1.5	293.7	462.4	37.7	
1994-95	277.6	431.8	34.0	15.7	15.7	19.1	19.1	1.5	305.5	475.2	37.4	
1995-96	291.2	439.4	33.9	15.7	15.7	19.0	19.0	1.5	319.4	482.0	37.1	
1996-97	300.3	437.8	32.8	16.0	16.0	11.1	11.1	0.8	323.9	472.2	35.3	
1997-98	308.2	446.4	32.1	18.7	18.7	9.3	9.3	0.7	333.4	482.8	34.8	
1998-99	316.6	452.6	31.6	18.8	18.8	11.1	11.1	0.8	343.1	490.6	34.2	
1999-00	327.5	466.4	31.3	19.4	19.4	13.1	13.1	0.9	356.1	507.2	34.1	
2000-01	349.1	486.3	31.8	20.0	20.0	12.8	12.8	0.8	378.3	526.9	34.4	
2001-02	366.9	506.1	32.1	20.9	20.9	22.6	22.6	1.4	404.2	557.5	35.4	
2002-03	394.2	530.5	32.8	22.8	22.8	27.9	27.9	1.7	437.8	589.2	36.5	
2003-04	430.8	568.0	34.0	22.9	22.9	31.4	31.4	1.9	477.5	629.6	37.6	
2004-05	463.5	595.1	34.9	24.5	24.5	37.0	37.0	2.2	516.9	663.6	38.9	
2005-06	490.8	614.0	34.7	25.9	25.9	37.2	37.2	2.1	546.4	683.5	38.7	
2006-07	513.7	624.1	34.5	27.2	27.2	37.6	37.6	2.1	571.9	694.8	38.4	
2007-08	544.4	645.4	34.9	28.2	28.2	40.2	40.2	2.2	606.5	719.1	38.9	
2008-09	577.1	666.1	36.9	31.1	31.1	61.7	61.7	3.4	661.7	763.8	42.3	
2009-10	610.0	694.3	39.4	32.5	32.5	60.0	60.0	3.4	695.2	791.2	44.9	
2010-11	637.7	712.5	39.7	33.9	33.9	51.1	51.1	2.8	717.4	801.5	44.7	
2011-12	645.9	712.3	39.1	35.4	35.4	42.5	42.5	2.2	717.3	791.0	43.5	
2012-13	655.9	709.1	38.3	36.6	36.6	39.3	39.3	2.3	731.8	791.1	42.8	
2013-14	665.2	706.1	37.3	38.0	38.0	32.6	32.6	1.7	733.8	779.0	41.2	
2014-15	674.8	707.3	36.4	39.0	39.0	38.4	38.4	2.0	750.4	786.5	40.5	
2015-16	682.6	709.8	35.7	40.1	40.1	35.4	35.4	1.8	756.8	786.9	39.6	
2016-17	692.7	704.5	34.8	40.8	40.8	39.1	39.1	1.9	772.0	785.2	38.8	
2017-18	707.8	707.8	34.4	41.0	41.0	40.7	40.7	2.0	789.5	789.5	38.4	
2018-19	733.0	722.1	34.6	40.9	40.9	38.4	38.4	1.8	812.9	800.7	38.4	
2019-20	745.3	722.8	34.2	42.2	42.2	45.2	45.2	2.1	834.0	808.8	38.3	

⁽¹⁾ Real terms figures are the nominal figures adjusted to 2017-18 price levels using GDP deflators from the Office for National Statistics (released 29 June 2018).

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

Table 4.2 Public sector expenditure on services by function, 1994-95 to 2017-18

	cash basis		accruals basis																					
	National Statistics		National Statistics																					
	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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
1. General public services	32.7	36.3	37.4	39.0	39.8	37.2	38.7	36.1	35.5	38.7	43.0	46.1	48.4	51.3	54.7	50.1	62.9	63.8	59.5	61.1	59.4	59.7	63.5	68.3
of which: public and common services	5.9	6.1	6.2	6.2	7.2	8.0	7.9	9.2	9.8	10.9	12.1	12.8	12.7	12.5	14.0	13.8	12.8	11.5	11.2	11.2	11.5	11.2	12.5	13.1
of which: international services	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	6.4	7.1	7.8	7.7	7.7	7.7	9.8	10.5	10.4	10.9
of which: public sector debt interest	23.5	26.8	28.1	29.7	29.4	25.5	26.6	22.6	21.2	22.7	25.4	27.1	29.4	32.1	34.3	29.2	42.3	44.6	40.6	40.1	37.4	38.0	40.2	44.5
2. Defence ⁽¹⁾	23.3	22.5	22.1	21.7	24.5	25.1	25.7	25.4	27.0	28.8	29.8	31.0	32.2	33.7	36.8	37.7	39.3	38.7	36.3	36.4	36.7	36.6	37.1	38.7
3. Public order and safety	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	33.7	34.1	33.1	32.1	31.3	29.6	30.5	30.2	30.1	31.6
4. Economic affairs	23.9	23.6	23.4	21.6	19.6	21.5	23.8	27.7	30.7	33.1	33.6	35.3	37.5	37.4	49.7	48.7	40.0	37.8	36.7	40.9	40.6	46.5	48.5	52.5
of which: enterprise and economic development ⁽²⁾	4.7	4.5	4.3	4.3	3.1	4.4	4.9	5.1	5.9	6.0	6.5	6.4	6.3	7.1	16.2	12.2	4.9	4.8	5.0	6.7	6.3	7.1	8.0	8.4
of which: science and technology	1.1	1.2	1.4	1.4	1.4	1.4	1.4	1.7	2.1	2.3	2.5	3.0	2.9	3.3	3.2	3.6	3.4	3.6	3.3	4.2	4.5	4.8	4.5	5.0
of which: employment policies	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	2.1	3.5	4.1	4.7	3.2	2.9	3.8	2.8	2.4	2.4	2.6
of which: agriculture, fisheries and forestry	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	4.3	5.8	5.8	5.5	5.8	5.3	5.4	5.2	4.5	5.2	5.3
of which: transport ^{(3), (4)}	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	20.6	21.0	23.0	21.5	20.4	20.2	20.8	21.8	27.7	28.4	31.2
5. Environment protection	3.8	4.1	3.7	4.0	4.3	4.9	5.1	5.4	6.0	6.2	7.0	8.5	9.4	9.6	9.2	10.4	10.9	10.5	10.7	11.2	11.6	11.6	11.0	11.4
6. Housing and community amenities	6.2	6.0	5.7	4.9	5.5	4.7	5.5	6.2	5.4	6.7	8.0	10.7	11.5	13.0	15.3	16.3	13.3	10.2	10.0	9.9	10.3	9.8	10.3	12.1
7. Health	39.4	41.4	42.8	44.5	46.9	49.4	54.2	59.8	66.2	74.9	82.9	89.8	94.7	101.1	108.7	116.9	119.9	121.3	124.3	129.4	134.1	138.5	142.6	145.8
8. Recreation, culture and religion	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	11.9	12.4	13.2	13.0	12.5	12.7	11.6	12.4	11.4	11.6	11.8
9. Education ⁽⁵⁾	36.2	37.0	37.8	38.6	40.0	42.2	45.9	51.2	54.7	61.0	65.1	69.8	73.0	78.7	83.0	88.5	91.5	86.5	84.1	84.7	85.1	84.9	84.9	87.8
10. Social protection	102.0	107.6	112.8	114.5	115.2	123.0	128.5	137.4	145.3	155.6	164.1	171.0	177.0	188.6	203.4	223.0	230.4	244.8	253.4	253.9	261.0	264.8	265.3	268.2
EU transactions ⁽⁶⁾	-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	0.9	5.9	4.3	6.7	7.2	6.2	7.7	4.7	5.4
Public sector expenditure on services	284.0	295.9	302.6	308.6	318.4	331.4	353.0	376.1	402.6	439.0	471.1	501.7	523.7	555.5	604.0	639.8	660.2	662.3	665.8	675.9	687.8	701.7	709.7	733.6
Accounting adjustments	21.5	23.5	21.3	24.8	24.7	24.7	25.3	28.1	35.2	38.5	45.7	44.7	48.2	51.1	57.7	55.4	57.2	54.9	66.0	57.9	62.6	55.1	62.3	55.9
Total Managed Expenditure⁽⁷⁾	305.5	319.4	323.9	333.4	343.1	356.1	378.3	404.2	437.8	477.5	516.9	546.4	571.9	606.5	661.7	695.2	717.4	717.3	731.8	733.8	750.4	756.8	772.0	789.5

⁽¹⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/orn/natohq/topics_49198.htm

⁽²⁾ Transactions in 2008-09 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

⁽³⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

⁽⁴⁾ In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

⁽⁵⁾ From 2011-12 onwards the 'grant-equivalent element of student loans' is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

⁽⁶⁾ From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

⁽⁷⁾ 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,⁽¹⁾ 1994-95 to 2017-18

	cash basis										accruals basis										£ billion			
	National Statistics																							
	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	2010-11	2011-12	2012-13	2013-14		2014-15	2015-16	2016-17
outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
1. General public services	50.8	54.7	54.6	56.5	56.9	53.0	53.9	49.8	47.7	51.1	55.2	57.7	58.8	60.8	63.1	57.0	70.2	70.3	64.4	64.8	62.2	62.0	64.6	68.3
of which: public and common services	9.2	9.2	9.0	9.0	10.3	11.4	11.0	12.7	13.2	14.4	15.5	16.0	15.4	14.8	16.2	15.7	14.3	12.6	12.1	11.9	12.0	11.7	12.7	13.1
of which: international services	5.1	5.1	4.5	4.5	4.6	5.3	5.9	5.9	6.1	6.7	7.1	7.8	7.7	7.9	7.4	8.1	8.7	8.5	8.4	10.4	11.0	10.9	11.0	10.7
of which: public sector debt interest	36.5	40.4	41.0	43.0	42.0	36.3	37.0	31.2	28.5	30.0	32.6	33.9	35.8	38.0	39.6	33.2	47.2	49.2	43.9	42.6	39.2	39.5	40.8	44.5
2. Defence ⁽²⁾	36.2	34.0	32.2	31.4	35.0	35.8	35.0	36.3	38.0	38.3	38.8	39.1	40.0	42.5	42.9	43.9	42.6	39.3	38.6	38.5	38.1	37.8	38.7	
3. Public order and safety	24.3	24.1	23.9	24.8	25.7	26.2	28.4	31.9	32.8	34.8	36.6	36.7	36.9	37.6	38.9	38.8	37.0	35.4	33.8	31.4	32.0	31.4	30.6	31.6
4. Economic affairs	37.2	35.6	34.1	31.3	28.0	30.6	33.2	38.2	41.3	43.6	43.1	44.2	45.6	44.3	57.4	55.4	44.7	41.7	39.7	43.4	42.5	48.3	49.3	52.5
of which: enterprise and economic development ⁽³⁾	7.3	6.8	6.3	6.2	4.4	6.3	6.8	7.0	7.9	7.9	8.3	8.0	7.7	8.4	18.7	13.9	5.5	5.3	5.4	7.1	6.6	7.4	8.1	8.4
of which: science and technology	1.7	1.8	2.0	2.0	2.0	2.0	2.0	2.3	2.8	3.0	3.2	3.8	3.5	3.9	3.7	4.1	3.8	4.0	3.6	4.5	4.7	5.0	4.6	5.0
of which: employment policies	5.0	4.7	4.1	3.6	4.1	5.0	5.3	4.6	4.0	4.2	4.1	4.1	4.0	2.5	4.0	4.7	5.3	3.6	3.1	4.0	3.0	2.5	2.4	2.6
of which: agriculture, fisheries and forestry	5.3	5.9	7.9	6.8	6.3	6.1	6.5	8.7	6.6	7.0	6.9	7.0	6.2	5.1	6.7	6.6	6.1	6.4	5.7	5.7	5.5	4.7	5.3	5.3
of which: transport ⁽⁴⁾ , ⁽⁵⁾	17.9	16.5	13.8	12.6	11.2	11.3	12.5	15.6	19.9	21.5	20.5	21.3	24.2	24.4	24.2	26.2	24.0	22.5	21.9	22.1	22.8	28.8	28.9	31.2
5. Environment protection	5.9	6.2	5.4	5.8	6.1	7.0	7.1	7.4	8.1	8.2	9.0	10.6	11.4	11.4	10.6	11.8	12.2	11.6	11.5	11.9	12.1	12.1	11.2	11.4
6. Housing and community amenities	9.6	9.1	8.3	7.1	7.9	6.7	7.7	8.6	7.3	8.8	10.3	13.4	14.0	15.4	17.7	18.6	14.9	11.2	10.8	10.5	10.8	10.2	10.5	12.1
7. Health	61.3	62.5	62.4	64.4	67.1	70.4	75.5	82.5	89.1	98.7	106.4	112.3	115.1	119.9	125.5	133.0	134.0	133.7	134.4	137.4	140.5	144.0	145.0	145.8
8. Recreation, culture and religion	8.1	8.3	8.3	9.3	10.3	11.0	10.9	11.9	12.5	12.8	12.8	13.5	13.9	14.1	14.3	15.0	14.5	13.8	13.7	12.3	13.0	11.8	11.8	11.8
9. Education ⁽⁶⁾	56.3	55.8	55.1	55.9	57.2	60.1	63.9	70.6	73.6	80.4	83.6	87.3	88.7	93.3	95.8	100.7	102.2	95.4	90.9	89.9	89.1	88.3	86.4	87.8
10. Social protection	158.7	162.4	164.4	165.8	164.7	175.2	179.0	189.5	195.5	205.1	210.7	213.9	215.0	223.6	234.8	253.8	257.4	270.0	273.9	269.6	273.6	275.4	269.9	268.2
EU transactions ⁽⁷⁾	-6.7	-6.2	-7.6	-5.4	-3.7	-3.8	-3.6	-6.6	-2.6	-2.8	-1.2	-0.8	-2.2	-1.8	-3.3	1.0	6.6	4.8	7.2	7.7	6.5	8.0	4.8	5.4
Public sector expenditure on services	441.8	446.5	441.2	446.9	455.2	472.0	491.7	518.7	541.8	578.8	604.8	627.6	636.3	658.5	697.1	728.2	737.6	730.4	719.7	717.5	720.9	729.6	721.8	733.6
Accounting adjustments	33.4	35.5	31.0	35.9	35.4	35.2	35.3	38.8	47.4	50.7	58.7	55.9	58.5	60.6	66.6	63.1	63.9	60.6	71.4	61.5	65.6	57.3	63.4	55.9
Total Managed Expenditure⁽⁸⁾	475.2	482.0	472.2	482.8	490.6	507.2	526.9	557.5	589.2	629.6	663.6	683.5	694.8	719.1	763.8	791.2	801.5	791.0	791.1	779.0	786.5	786.9	785.2	789.5

⁽¹⁾ Real terms figures are the nominal figures adjusted to 2017-18 price levels using GDP deflators from the Office for National Statistics (released 29 June 2018).

⁽²⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/0/natohg/topics_49198.htm

⁽³⁾ Transactions from 2008-09 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

⁽⁴⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

⁽⁵⁾ In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TIL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

⁽⁶⁾ From 2011-12 onwards the grant-equivalent element of student loans⁽⁸⁾ is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

⁽⁷⁾ From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

⁽⁸⁾ 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,⁽¹⁾ 1994-95 to 2017-18

	cash basis												accruals basis												per cent
	National Statistics												National Statistics												
	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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
1. General public services of which: public and common services of which: international services of which: public sector debt interest	4.0	4.2	4.1	4.1	4.0	3.6	3.5	3.2	3.0	3.1	3.2	3.3	3.3	3.3	3.5	3.2	3.9	3.9	3.5	3.4	3.2	3.1	3.2	3.3	
2. Defence ⁽²⁾	2.9	2.6	2.4	2.3	2.4	2.4	2.3	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.4	2.4	2.3	2.1	2.0	2.0	2.0	2.0	2.2	
3. Public order and safety	1.9	1.9	1.8	1.8	1.8	1.8	1.9	2.0	2.0	2.1	2.1	2.1	2.0	2.0	2.2	2.2	2.1	1.9	1.8	1.7	1.6	1.6	1.5	1.5	
4. Economic affairs of which: enterprise and economic development ⁽³⁾ of which: science and technology of which: employment policies of which: agriculture, fisheries and forestry	2.9	2.7	2.6	2.3	2.0	2.1	2.2	2.4	2.6	2.6	2.5	2.5	2.5	2.4	3.2	3.1	2.5	2.3	2.1	2.3	2.2	2.4	2.4	2.6	
5. Environment protection	0.6	0.5	0.5	0.4	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.4	0.5	1.0	0.8	0.3	0.3	0.3	0.4	0.3	0.4	0.4	0.4	
6. Housing and community amenities	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	
7. Health	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3	0.2	0.2	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	
8. Recreation, culture and religion	0.4	0.5	0.6	0.5	0.4	0.4	0.4	0.6	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.2	0.3	
9. Education ⁽⁶⁾	1.4	1.3	1.0	0.9	0.8	0.8	0.8	1.0	1.2	1.3	1.2	1.2	1.3	1.3	1.3	1.5	1.3	1.2	1.2	1.2	1.2	1.2	1.4	1.5	
10. Social protection	0.5	0.5	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
EU transactions ⁽⁷⁾	0.8	0.7	0.6	0.5	0.5	0.4	0.5	0.4	0.5	0.4	0.5	0.6	0.8	0.8	1.0	1.1	0.8	0.6	0.6	0.6	0.6	0.5	0.5	0.6	
Accounting adjustments	4.8	4.8	4.7	4.6	4.7	4.7	4.9	5.2	5.5	5.9	6.2	6.4	6.4	6.5	7.0	7.6	7.5	7.3	7.3	7.3	7.2	7.2	7.2	7.1	
Public sector expenditure on services	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.6	0.6	
Total Managed Expenditure⁽⁸⁾	4.4	4.3	4.1	4.0	4.0	4.0	4.2	4.5	4.6	4.8	4.9	4.9	4.9	5.0	5.3	5.7	5.7	5.2	4.9	4.8	4.6	4.4	4.3	4.3	
	12.5	12.5	12.3	11.9	11.5	11.8	11.7	12.0	12.1	12.3	12.4	12.1	11.9	12.1	13.0	14.4	14.3	14.8	14.8	14.3	14.1	13.8	13.3	13.0	
	-0.5	-0.5	-0.6	-0.4	-0.3	-0.3	-0.2	-0.4	-0.2	-0.2	-0.1	0.0	-0.1	-0.1	-0.2	0.1	0.4	0.3	0.4	0.4	0.3	0.4	0.2	0.3	
	34.8	34.4	33.0	32.2	31.7	31.7	32.1	33.0	33.5	34.6	35.5	35.2	35.6	38.6	41.4	41.1	40.1	38.9	37.9	37.1	36.7	35.7	35.7		
	2.6	2.7	2.3	2.6	2.5	2.4	2.3	2.5	2.9	3.0	3.4	3.2	3.2	3.3	3.7	3.6	3.6	3.3	3.9	3.3	3.4	2.9	3.1	2.7	
	37.4	37.1	35.3	34.8	34.2	34.1	34.4	35.4	36.5	37.6	38.9	38.7	38.4	38.9	42.3	44.9	44.7	43.5	42.8	41.2	40.5	39.6	38.8	38.4	

⁽¹⁾ GDP until 2017-18 is consistent with the latest figures from the Office for National Statistics (published 29 June 2018).

⁽²⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/0/natohg/topics_49198.htm

⁽³⁾ Transactions from 2008-09 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

⁽⁴⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

⁽⁵⁾ In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TIL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

⁽⁶⁾ From 2011-12 onwards the grant-equivalent element of student loans¹ is no longer part of the TES framework and has therefore been removed from the Education function. Therefore figures are not directly comparable between 2010-11 and 2011-12. A full explanation of this decision can be found in PESA 2016 Annex E.

⁽⁷⁾ From 2010-11 onwards VAT-based payments are no longer deducted from EU transactions thus bringing these totals in-line with ESA10.

⁽⁸⁾ 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

5.1 The analyses in this chapter present public sector expenditure for the years 2013-14 onwards, adjusted so that figures for all years are based on current definitions. All data are National Statistics and are based on the expenditure on services framework (explained in **Annex E**).

What's new

5.2 Since PESA 2017 the layout of table 5.1 has changed and in addition to this, current and capital versions of this table; 5.1a and 5.1b respectively are included within PESA for the first time. In past editions of PESA, table 5.1 would show local government spending allocated to the most relevant departmental group. For PESA 2018 local government is no longer allocated in this way. Instead there is a single line for 'Local Government' towards the bottom of the table showing expenditure split by function. The current and capital tables 5.1a and 5.1b are laid out in the same way as table 5.1.

Relationship between functional series and departments

5.3 Table 5.1 shows public sector expenditure on services by function split across the different government departmental groups for 2017-18. Departmental spending can be spread across a variety of functions, particularly in the case of the devolved administrations. As explained under 'What's new' there is now a single line for Local Government which covers spending for all UK local authorities.

Public sector expenditure on services by sub-function

5.4 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 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 United Nations website¹.

5.5 The sub-function analysis of health is presented against HM Treasury's own sub-functional classification. This is because the NHS in England and Wales (not applicable to Scotland or Northern Ireland) is neither financed nor organised along the lines of COFOG level 2, so capturing the required additional information is not currently possible.

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

Public sector expenditure on services by economic category

5.6 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.

5.7 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. Unlike **Chapter 2**, it does not include payments for contract and agency staff which are treated as procurement instead;
- **gross current procurement** includes expenditure on goods and services, including payments for contract and agency staff, and payments for consultancy and audit services. Expenditure on hire and rentals under PFI and non-PFI operating leases, shown as **Rentals** in **Chapter 2**, are included here. **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**;
- **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 EU'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**;
- **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; 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

5.8 Table 5.4 gives a functional (COFOG level 1) breakdown of the current and capital expenditure of the public sector for the years from 2013-14. 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

5.9 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.

5.10 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 fixed and intangible asset classes, and exclude 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.

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

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.

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

Current expenditure on services

- income from sales of goods and services: £0.03 billion in 2013-14, £0.2 billion in 2014-15, Nil in 2015-16, £0.06 billion in 2016-17 and £0.05 billion in 2017-18.

The other transactions shown in **Box 2.A** 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).

Table 5.1 Public sector expenditure on services by departmental group and function, 2017-18

Departmental Grouping	Function	National Statistics										Public sector expenditure on services for each department										
		1. General public services	of which: public and common services	of which: international services	of which: public sector debt interest	2. Defence	3. Public order and safety	4. Economic affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies		of which: agriculture, fisheries and forestry	of which: transport	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	
Defence						35,996													2,330			38,352
Single Intelligence Account						2,613																2,613
Home Office										2,933												2,933
Foreign and Commonwealth Office																						1,994
International Development																						1,994
Health and Social Care																						9,009
Health and Social Care																						117,213
Work and Pensions																						159,194
Education																						39,771
Education																						36,127
Business, Energy and Industrial Strategy																						11,329
Business, Energy and Industrial Strategy																						19,922
Transport																						57
Transport																						7,742
Exiting the European Union																						11,329
Exiting the European Union																						19,922
Digital, Culture, Media and Sport																						57
Digital, Culture, Media and Sport																						7,742
Housing, Communities and Local Government																						3,880
Housing, Communities and Local Government																						23,744
Government																						10,690
Government																						18,327
Scotland																						8,731
Scotland																						631
Wales																						4,289
Wales																						45,718
Northern Ireland																						49,582
Northern Ireland																						4,340
Justice																						417
Justice																						1,620
Law Officers' Departments																						151,535
Law Officers' Departments																						733,632
Environment, Food and Rural Affairs																						3,880
Environment, Food and Rural Affairs																						23,744
HM Revenue and Customs																						10,690
HM Revenue and Customs																						18,327
HM Treasury																						8,731
HM Treasury																						631
Cabinet Office																						4,289
Cabinet Office																						45,718
International Trade																						49,582
International Trade																						4,340
Small and Independent Bodies																						417
Small and Independent Bodies																						1,620
Local Government																						151,535
Local Government																						733,632
Public sector expenditure on services for each function		68,340	13,115	10,697	44,528	38,653	31,564	52,538	8,434	5,047	2,614	5,257	31,187	11,439	12,077	145,811	11,791	87,814	268,241	5,364	5,364	733,632

Table 5.1a Public sector current expenditure on services by departmental group and function, 2017-18

Departmental Grouping	Function	National Statistics											Public sector current expenditure on services for each department									
		1. General public services	of which: public and common services	of which: international services	of which: public sector debt interest	2. Defence	3. Public order and safety	4. Economic affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry		of which: transport	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	
Defence		-	-	-	-	26,366	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,722
Single Intelligence Account		-	-	-	-	1,991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,991
Home Office		-	-	-	-	-	-	-	-	2,445	-	-	-	-	-	-	-	-	-	-	-	2,445
Foreign and Commonwealth Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,246
International Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,246
Health and Social Care		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,174
Health and Social Care		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,679
Work and Pensions		-	-	-	-	-	-	-	-	2,376	15	-	-	-	-	-	-	-	-	-	-	158,872
Education		-	-	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	-	34,575
Business, Energy and Industrial Strategy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,638
Transport		-	-	-	-	-	-	-	-	111	2,506	1,329	1,119	56	1	481	-	-	-	-	-	6,478
Exiting the European Union		-	-	-	-	-	-	-	-	283	6,181	-	0	-	6,181	1	-	-	-	-	-	57
Digital, Culture, Media and Sport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,902
Housing, Communities and Local Government		-	-	-	-	-	-	-	-	-	59	59	-	-	-	39	220	9	6,034	3	537	-
Government		-	-	-	-	-	-	-	-	0	-2	-2	-	-	-	-	182	-	2	-	11	356
Scotland		-	-	-	-	-	-	-	-	2,517	1,943	268	3	-	884	178	68	12,269	230	2,454	403	20,439
Wales		-	-	-	-	-	-	-	-	1	804	136	5	0	288	34	42	6,855	54	1,153	84	9,260
Northern Ireland		-	-	-	-	-	-	-	-	1,136	983	206	-	80	252	40	234	4,048	133	2,499	7,753	17,103
Justice		-	-	-	-	-	-	-	-	8,335	-	-	-	-	-	-	-	-	-	-	44	8,379
Law Officers' Departments		-	-	-	-	-	-	-	-	621	-	-	-	-	-	-	-	-	-	-	-	621
Environment, Food and Rural Affairs		-	-	-	-	-	-	-	-	2,993	-	-	-	-	-	711	6	-	-	-	-	3,710
HM Revenue and Customs		-	-	-	-	-	-	-	-	3,729	3,729	-	-	-	-	27	134	-	-	-	38,083	45,431
HM Treasury		-	-	-	-	-	-	-	-	7	7	-	-	-	-	-	-	-	-	-	4	49,470
Cabinet Office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,496	4,225
International Trade		-	-	-	-	-	-	-	-	-	402	402	-	-	-	-	-	-	-	-	-	402
Small and Independent Bodies		-	-	-	-	-	-	-	-	4	259	154	-	-	-	-	-	-	-	-	148	1,460
Local Government		-	-	-	-	-	-	-	-	14,078	3,708	524	-	-	-	5,880	2,128	3,455	2,921	40,979	54,669	132,042
Public sector current expenditure on services for each function		64,084	10,104	9,452	44,528	28,401	29,530	25,959	6,827	1,127	2,509	4,770	10,728	7,391	3,013	139,619	9,399	78,167	267,748	5,364	658,675	

Table 5.1b Public sector capital expenditure on services by departmental group and function, 2017-18

Departmental Grouping	Function	National Statistics										Public sector capital expenditure on services on services for each department										
		1. General public services	of which: public and common services	of which: international services	of which: public sector debt interest	2. Defence	3. Public order and safety	4. Economic affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies		of which: agriculture, fisheries and forestry	of which: transport	5. Environment protection	6. Housing and community amenities	7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	EU transactions	
Defence						9,630																9,630
Single Intelligence Account						623																623
Home Office										488												488
Foreign and Commonwealth Office																						-252
International Development																						1,835
Health and Social Care																						4,533
Work and Pensions																						322
Education																						5,195
Business, Energy and Industrial Strategy																						7,691
Transport																						13,444
Exiting the European Union																						1
Digital, Culture, Media and Sport																						841
Housing, Communities and Local Government																						3,523
Government																						3,305
Scotland																						1,430
Wales																						1,224
Northern Ireland																						352
Justice																						10
Law Officers' Departments																						579
Environment, Food and Rural Affairs																						287
HM Revenue and Customs																						112
HM Treasury																						114
Cabinet Office																						15
International Trade																						160
Small and Independent Bodies																						19,493
Local Government																						19,493
Public sector capital expenditure on services for each function																						74,957

Table 5.2 Public sector expenditure on services by sub-function, 2013-14 to 2017-18

	National Statistics					£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	10,142	9,913	10,002	10,348	10,590	
1.2 Foreign economic aid ⁽¹⁾	7,586	8,542	8,173	8,729	8,613	
1.3 General services	768	932	948	1,140	856	
1.4 Basic research	–	–	–	–	–	
1.5 R&D general public services	402	407	415	308	358	
1.6 General public services n.e.c.	2,079	2,156	2,111	2,804	3,395	
1.7 Public debt transactions ^{(2), (3)}	40,108	37,418	38,006	40,153	44,528	
<i>of which: central government debt interest</i>	48,797	45,371	45,127	48,659	54,749	
<i>of which: local government debt interest</i>	547	706	762	807	700	
<i>of which: public corporation debt interest</i>	3,329	3,739	3,821	3,842	2,620	
<i>of which: Bank of England</i>	-12,565	-12,398	-11,704	-13,155	-13,541	
Total general public services	61,084	59,368	59,656	63,481	68,340	
2. Defence⁽⁴⁾						
2.1 Military defence	33,021	33,749	34,012	34,995	36,409	
2.2 Civil defence	104	104	99	141	140	
2.3 Foreign military aid	1,362	632	329	515	705	
2.4 R&D defence	1,732	2,009	1,981	1,296	1,231	
2.5 Defence n.e.c.	186	202	207	194	169	
Total defence	36,406	36,697	36,627	37,140	38,653	
3. Public order and safety						
3.1 Police services	16,351	16,662	16,569	16,371	17,525	
<i>of which: immigration and citizenship</i>	976	1,196	1,063	868	791	
<i>of which: other police services</i>	15,375	15,466	15,506	15,504	16,734	
3.2 Fire-protection services	2,802	2,807	2,720	2,714	2,806	
3.3 Law courts	5,548	6,331	5,745	5,810	6,098	
3.4 Prisons	4,116	3,828	4,158	4,249	4,339	
3.5 R&D public order and safety	38	38	35	38	31	
3.6 Public order and safety n.e.c.	748	820	980	880	765	
Total public order and safety	29,603	30,487	30,207	30,061	31,564	
4. Economic affairs						
4.1 General economic, commercial and labour affairs ⁽⁵⁾	8,402	7,421	7,719	8,102	8,346	
4.2 Agriculture, forestry, fishing and hunting	5,378	5,213	4,489	5,213	5,257	
<i>of which: market support under CAP</i>	2,959	2,773	2,278	2,973	2,899	
<i>of which: other agriculture, food and fisheries policy</i>	2,301	2,312	2,056	2,073	2,224	
<i>of which: forestry</i>	118	129	155	167	134	
4.3 Fuel and energy	464	450	463	480	761	
4.4 Mining, manufacturing and construction	273	39	168	858	1,077	
4.5 Transport	20,795	21,790	27,688	28,368	31,187	
<i>of which: national roads</i>	3,151	3,713	3,987	4,160	4,660	
<i>of which: local roads</i>	5,025	5,302	5,159	5,224	5,240	
<i>of which: local public transport</i>	2,398	2,519	2,438	2,495	2,637	
<i>of which: railway^{(6), (7)}</i>	9,020	9,147	14,616	15,080	17,053	
<i>of which: other transport</i>	1,201	1,109	1,489	1,409	1,597	
4.6 Communication	645	436	438	271	198	
4.7 Other industries	274	282	277	253	254	
4.8 R&D economic affairs	4,194	4,472	4,819	4,488	5,047	
4.9 Economic affairs n.e.c.	459	480	427	432	412	
Total economic affairs	40,884	40,583	46,488	48,465	52,538	
5. Environment protection						
5.1 Waste management	7,828	7,896	7,938	7,909	8,341	
5.2 Waste water management	–	–	–	–	–	
5.3 Pollution abatement	142	501	470	78	84	
5.4 Protection of biodiversity and landscape	435	475	598	418	362	
5.5 R&D environment protection	496	466	456	424	509	
5.6 Environment protection n.e.c.	2,308	2,250	2,148	2,215	2,144	
Total environment protection	11,209	11,589	11,609	11,043	11,439	

Table 5.2 Public sector expenditure on services by sub-function, 2013-14 to 2017-18 (continued)

	National Statistics					£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	
6. Housing and community amenities						
6.1 Housing development	5,174	5,692	5,493	5,234	6,893	
<i>of which: local authority housing</i>	4,074	4,738	4,685	4,358	5,558	
<i>of which: other social housing</i>	1,100	954	808	876	1,336	
6.2 Community development	3,062	2,950	2,642	3,165	3,211	
6.3 Water supply	628	582	581	745	785	
6.4 Street lighting	750	790	814	847	892	
6.5 R&D housing and community amenities	–	–	2	0	1	
6.6 Housing and community amenities n.e.c.	242	263	299	303	294	
Total housing and community amenities	9,856	10,277	9,830	10,295	12,077	
7. Health⁽⁸⁾						
Medical services	122,815	128,596	132,766	137,337	141,216	
Medical research	1,970	1,876	2,179	1,872	1,941	
Central and other health services	4,604	3,581	3,554	3,380	2,654	
Total health	129,389	134,053	138,499	142,589	145,811	
8. Recreation, culture and religion						
8.1 Recreational and sporting services	3,472	3,997	3,268	3,230	3,013	
8.2 Cultural services	3,952	4,056	3,777	3,860	4,119	
8.3 Broadcasting and publishing services	3,903	4,088	4,005	4,232	4,316	
8.4 Religious and other community services	95	76	85	58	86	
8.5 R&D recreation, culture and religion	141	174	168	157	170	
8.6 Recreation, culture and religion n.e.c.	46	59	65	69	87	
Total recreation, culture and religion	11,607	12,449	11,367	11,606	11,791	
9. Education						
9.1 Pre-primary and primary education	30,474	30,749	31,203	31,045	30,996	
<i>of which: under fives</i>	3,396	2,932	3,102	3,125	3,891	
<i>of which: primary education</i>	27,078	27,817	28,101	27,920	27,106	
9.2 Secondary education ⁽⁹⁾	37,488	39,138	38,972	38,928	41,655	
9.3 Post-secondary non-tertiary education	537	581	508	594	634	
9.4 Tertiary education	7,534	6,680	6,164	6,066	6,307	
9.5 Education not definable by level	598	735	632	808	891	
9.6 Subsidiary services to education	4,231	3,727	3,504	3,393	3,396	
9.7 R&D education	1,573	1,573	1,573	1,703	1,815	
9.8 Education n.e.c.	2,246	1,872	2,358	2,369	2,120	
Total education	84,681	85,055	84,914	84,905	87,814	
10. Social protection						
<i>of which: personal social services</i>	28,657	30,268	30,437	31,142	31,651	
10.1 Sickness and disability	46,887	50,155	53,260	53,465	55,192	
<i>of which: personal social services</i>	9,349	9,422	9,815	9,919	10,533	
<i>of which: incapacity, disability and injury benefits</i>	37,538	40,733	43,445	43,546	44,659	
10.2 Old age	114,301	118,569	120,094	121,856	124,327	
<i>of which: personal social services</i>	10,273	10,552	10,037	10,442	10,716	
<i>of which: pensions</i>	104,028	108,016	110,057	111,413	113,610	
10.3 Survivors	1,135	1,153	1,167	1,157	1,019	
10.4 Family and children	24,631	25,250	25,340	24,934	24,334	
<i>of which: personal social services</i>	8,497	9,759	10,023	10,149	9,839	
<i>of which: family benefits, income support and tax credits</i>	16,134	15,491	15,317	14,785	14,495	
10.5 Unemployment	4,945	3,473	2,698	2,227	2,022	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	4,945	3,473	2,698	2,227	2,022	
10.6 Housing	26,424	26,421	26,211	25,153	24,138	
10.7 Social exclusion n.e.c. ⁽¹⁰⁾	32,026	32,086	32,097	32,286	33,033	
<i>of which: personal social services</i>	539	534	563	632	562	
<i>family benefits, income support, Universal Credit and tax credits</i>	31,487	31,552	31,535	31,654	32,470	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	3,597	3,932	3,955	4,266	4,177	
Total social protection	253,945	261,038	264,821	265,341	268,241	

Table 5.2 Public sector expenditure on services by sub-function, 2013-14 to 2017-18 (continued)

	£ million				
	National Statistics				
	2013-14	2014-15	2015-16	2016-17	2017-18
	outturn	outturn	outturn	outturn	outturn
EU transactions⁽¹¹⁾					
VAT-based and GNI-based contributions (net of abatement and collection costs)	11,146	10,915	10,482	8,803	9,490
<i>derived as:</i>					
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	18,209	18,732	17,635	16,926	17,450
<i>Traditional Own Resources (without deduction of collection costs)</i>	-2,933	-3,006	-3,085	-3,366	-3,413
<i>UK abatement</i>	-4,130	-4,811	-4,068	-4,757	-4,547
EU receipts	-3,856	-4,690	-2,811	-4,081	-4,126
Attributed aid and Common Foreign and Security Policy	-79	-	-	-	-
Total EU transactions	7,211	6,225	7,671	4,722	5,364
Public sector expenditure on services	675,874	687,821	701,689	709,650	733,632
Accounting adjustments	57,939	62,624	55,078	62,336	55,863
Total Managed Expenditure⁽¹²⁾	733,813	750,445	756,767	771,986	789,495

⁽¹⁾ Official Development Assistance (ODA) is the internationally-agreed classification of foreign aid financing and is measured in accordance with international standards agreed by the Organisation for Economic Co-operation and Development (OECD). The UN COFOG measure of Foreign economic aid presented in this table is quite different from the UK ODA measure and therefore not comparable. For example the UK ODA measure include financial transactions such as loans, whereas the UN COFOG measure does not. Also, the UK ODA analysis is on a calendar year rather than financial year basis. A link to the latest ODA release is provided here: <https://www.gov.uk/government/statistics/provisional-uk-official-development-assistance-as-a-proportion-of-gross-national-income-2016>

⁽²⁾ Debt interest figures show gross payments to the private sector and overseas.

⁽³⁾ Bank of England public debt transactions shows data in respect of the Asset Purchase Facility and Special Liquidity Scheme.

⁽⁴⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/on/natohq/topics_49198.htm

⁽⁵⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions. Details are provided in chapter 5 Box 5.A.

⁽⁶⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

⁽⁷⁾ In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

⁽⁸⁾ The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented using HM Treasury's own sub-functional classification.

⁽⁹⁾ The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA the Department for Education will look to improve apportionment of spending across the education categories.

⁽¹⁰⁾ Social exclusion n.e.c. includes Child and Working Tax Credits. Also included here are Universal Credit additional costs that were previously scored in 10.9 Social protection n.e.c.

⁽¹¹⁾ 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 EU are shown in Table C.1.

⁽¹²⁾ 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, 2013-14 to 2017-18

	2013-14	2014-15	2015-16	2016-17	£ million 2017-18
	outturn	outturn	outturn	outturn	outturn
Public sector current expenditure on services					
Pay	163,273	166,606	171,588	177,759	183,961
Gross current procurement	198,964	205,657	208,424	213,833	219,130
Income from sales of goods and services	-51,066	-53,035	-51,883	-58,725	-60,874
Current grants to persons and non-profit bodies	231,739	234,881	236,657	237,951	237,138
Current grants abroad	14,067	12,402	13,694	11,382	12,320
Subsidies to private sector companies	9,039	8,820	9,972	10,904	11,428
Subsidies to public corporations	1,136	928	924	766	704
Net public service pensions	9,081	10,182	9,649	8,891	9,327
Public sector debt interest	40,108	37,418	38,006	40,153	44,528
Other	278	289	215	478	1,013
Total public sector current expenditure on services	616,619	624,148	637,246	643,392	658,675
Accounting adjustments	48,540	50,669	45,369	49,335	49,117
Total public sector current expenditure	665,159	674,817	682,615	692,727	707,792
Public sector capital expenditure on services					
Capital grants	15,654	18,314	14,545	10,503	14,071
Gross capital procurement	47,470	51,126	57,033	61,942	65,192
Income from sales of capital assets	-3,870	-5,765	-7,134	-6,185	-4,307
Total public sector capital expenditure on services	59,254	63,675	64,444	66,260	74,956
Accounting adjustments	9,400	11,953	9,708	12,999	6,747
Total public sector capital expenditure	68,654	75,628	74,152	79,259	81,703
Total public sector expenditure on services	675,873	687,823	701,690	709,652	733,631
Accounting adjustments	57,940	62,622	55,077	62,334	55,864
Total Managed Expenditure	733,813	750,445	756,767	771,986	789,495

Table 5.4 Public sector current and capital expenditure on services by function, ⁽¹⁾ 2013-14 to 2017-18

	National Statistics					£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	
Public sector current expenditure on services						
1. General public services	58,654	55,483	56,314	58,808	64,084	
<i>of which: public and common services</i>	9,372	9,703	9,851	9,709	10,104	
<i>of which: international services</i>	9,174	8,362	8,457	8,947	9,452	
<i>of which: public sector debt interest⁽²⁾</i>	40,108	37,418	38,006	40,153	44,528	
2. Defence ⁽³⁾	27,572	27,448	27,796	27,890	28,401	
3. Public order and safety	28,345	29,235	28,928	28,945	29,530	
4. Economic affairs	22,256	20,021	23,522	24,251	25,959	
<i>of which: enterprise and economic development⁽⁴⁾</i>	5,544	5,409	6,428	6,297	6,827	
<i>of which: science and technology</i>	363	496	875	978	1,127	
<i>of which: employment policies</i>	3,718	2,806	2,363	2,340	2,509	
<i>of which: agriculture, fisheries and forestry</i>	4,966	4,692	4,090	4,769	4,770	
<i>of which: transport⁽⁵⁾</i>	7,666	6,618	9,765	9,868	10,728	
5. Environment protection	7,637	7,839	7,938	7,264	7,391	
6. Housing and community amenities	3,137	3,062	2,986	2,943	3,013	
7. Health	121,968	127,651	132,663	136,978	139,619	
8. Recreation, culture and religion	9,754	10,427	9,327	9,381	9,399	
9. Education	75,859	75,604	75,595	77,319	78,167	
10. Social protection	254,228	261,150	264,506	264,890	267,748	
EU transactions	7,211	6,225	7,671	4,722	5,364	
Total public sector current expenditure on services	616,621	624,147	637,245	643,392	658,675	
Accounting adjustments	48,538	50,670	45,370	49,336	49,117	
Public sector current expenditure	665,159	674,817	682,615	692,727	707,792	
Public sector capital expenditure on services						
1. General public services	2,430	3,885	3,342	4,673	4,256	
<i>of which: public and common services</i>	1,809	1,752	1,358	2,755	3,011	
<i>of which: international services</i>	621	2,133	1,984	1,918	1,245	
2. Defence ⁽³⁾	8,834	9,249	8,832	9,250	10,252	
3. Public order and safety	1,258	1,252	1,279	1,116	2,033	
4. Economic affairs	18,628	20,562	22,967	24,214	26,579	
<i>of which: enterprise and economic development⁽⁴⁾</i>	1,178	862	679	1,700	1,607	
<i>of which: science and technology</i>	3,831	3,976	3,944	3,510	3,920	
<i>of which: employment policies</i>	77	32	22	60	105	
<i>of which: agriculture, fisheries and forestry</i>	413	520	399	444	488	
<i>of which: transport^{(5), (6)}</i>	13,129	15,172	17,924	18,501	20,459	
5. Environment protection	3,572	3,750	3,672	3,779	4,048	
6. Housing and community amenities	6,719	7,215	6,844	7,352	9,065	
7. Health	7,421	6,402	5,836	5,611	6,192	
8. Recreation, culture and religion	1,854	2,022	2,040	2,225	2,392	
9. Education	8,821	9,450	9,319	7,587	9,648	
10. Social protection	-283	-112	315	451	493	
Total public sector capital expenditure on services	59,253	63,673	64,444	66,259	74,957	
Accounting adjustments	9,401	11,955	9,708	13,000	6,746	
Public sector capital expenditure	68,654	75,628	74,152	79,259	81,703	
Total public sector expenditure on services	675,874	687,821	701,689	709,650	733,632	
Accounting adjustments	57,939	62,624	55,078	62,336	55,863	
Total Managed Expenditure⁽⁷⁾	733,813	750,445	756,767	771,986	789,495	

⁽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⁾ Debt interest figures include Bank of England public debt transactions in respect of the Asset Purchase Facility and Special Liquidity Scheme.

⁽³⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/on/natohq/topics_49198.htm

⁽⁴⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions. See chapter 5 Box 5.A for details.

⁽⁵⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

⁽⁶⁾ In order to align with ONS data, the transport function now includes expenditure relating to the local government part of the TfL subsidiary, 'Transport Trading Limited'. This data has been obtained from the Office for National Statistics and currently includes expenditure of bodies such as Crossrail and Rail for London from 2011-12 onwards.

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

Table 5.5 Public sector gross current procurement expenditure on services by function, 2013-14 to 2017-18

	National Statistics					£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	
Public sector gross current procurement expenditure on services						
1. General public services	12,542	12,031	12,160	11,583	11,722	
<i>of which: public and common services</i>	9,591	9,063	9,083	8,594	8,692	
<i>of which: international services</i>	2,951	2,968	3,076	2,989	3,030	
2. Defence	16,374	16,838	16,453	15,957	16,472	
3. Public order and safety	12,358	12,589	12,832	12,867	13,221	
4. Economic affairs	11,593	10,624	12,111	12,144	12,334	
<i>of which: enterprise and economic development</i>	2,486	2,571	2,489	2,265	2,101	
<i>of which: science and technology</i>	219	152	92	35	23	
<i>of which: employment policies</i>	2,193	1,498	1,270	1,269	1,095	
<i>of which: agriculture, fisheries and forestry</i>	815	828	833	827	783	
<i>of which: transport⁽¹⁾</i>	5,882	5,576	7,427	7,748	8,331	
5. Environment protection	7,596	7,710	7,688	7,623	7,758	
6. Housing and community amenities	2,821	2,802	2,701	2,645	2,552	
7. Health	74,523	78,588	80,511	86,631	89,927	
8. Recreation, culture and religion	7,485	7,554	6,857	6,744	6,438	
9. Education	23,821	24,975	24,189	23,804	24,723	
10. Social protection	29,850	31,946	32,922	33,835	33,984	
Total public sector gross current procurement expenditure on services	198,964	205,657	208,424	213,833	219,130	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Gross Current Procurement' from that year.

Table 5.6 Public sector capital procurement expenditure on services by function, 2013-14 to 2017-18

	National Statistics					£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	
Public sector gross capital procurement expenditure on services						
1. General public services	2,671	2,403	2,391	3,462	3,802	
<i>of which: public and common services</i>	2,503	2,256	2,247	3,321	3,469	
<i>of which: international services</i>	168	147	144	141	333	
2. Defence	9,011	9,783	9,661	9,504	10,360	
3. Public order and safety	1,535	1,607	1,561	1,790	2,237	
4. Economic affairs	10,511	11,869	19,228	20,262	21,564	
<i>of which: enterprise and economic development</i>	715	493	612	1,308	1,637	
<i>of which: science and technology</i>	712	667	672	591	659	
<i>of which: employment policies</i>	76	32	25	62	112	
<i>of which: agriculture, fisheries and forestry</i>	292	385	362	353	396	
<i>of which: transport⁽¹⁾</i>	8,716	10,292	17,557	17,948	18,760	
5. Environment protection	2,830	2,906	2,901	3,053	3,290	
6. Housing and community amenities	5,859	6,381	6,718	7,326	8,371	
7. Health	6,292	6,749	6,174	6,124	5,980	
8. Recreation, culture and religion	1,527	1,517	1,695	1,813	1,729	
9. Education	6,891	7,525	6,384	8,214	7,350	
10. Social protection	345	386	321	395	508	
Total public sector gross capital procurement expenditure on services	47,470	51,126	57,032	61,942	65,192	
Plus public sector receipts from sales of assets						
Central government						
Fixed assets	-665	-2,195	-2,777	-2,137	-921	
Intangible assets	-27	-107	-37	-12	42	
Total central government receipts	-692	-2,303	-2,814	-2,148	-879	
Local government						
Fixed assets	-1,454	-1,759	-2,358	-1,960	-1,555	
Intangible assets	-	-	-	-	-	
Total local government receipts	-1,454	-1,759	-2,358	-1,960	-1,555	
Total general government receipts	-2,146	-4,062	-5,172	-4,108	-2,433	
Public corporations						
Fixed assets	-1,724	-1,703	-1,962	-2,077	-1,873	
Intangible assets	-	-	-	-	-	
Total public corporations receipts	-1,724	-1,703	-1,962	-2,077	-1,873	
Total public sector income from sales of capital assets	-3,870	-5,765	-7,134	-6,186	-4,306	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Capital Procurement' from that year.

6

Central government own expenditure

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 Arms Length Bodies (ALBs), health trusts and academies.

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 78 per cent of Departmental Expenditure Limits (DEL) and about 89 per cent of departmental Annually Managed Expenditure (AME).

6.4 **Tables 6.1 to 6.3** are presented against the budgeting framework, whereas **Tables 6.4 to 6.6** are presented against the expenditure on services framework.

What's new

6.5 There have been no significant changes since PESA 2017 affecting tables in this chapter.

Central government own expenditure by department

6.6 **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

6.7 **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.

Central government own expenditure on services by sub-function

6.8 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**.

Central government own expenditure on services by economic category

6.9 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

6.10 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.

Table 6.1 Central government own expenditure in budgets by departmental group,⁽¹⁾ 2013-14 to 2019-20

	National Statistics						£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
Within DEL							
Defence	34,597	34,509	35,169	35,413	36,627	36,953	37,949
Single Intelligence Account	2,062	2,156	2,343	2,524	2,596	2,870	2,676
Home Office	2,327	2,475	2,236	2,332	2,344	2,126	2,077
Foreign and Commonwealth Office	2,110	1,866	1,889	1,997	1,808	2,342	1,324
International Development	10,020	9,650	9,250	9,992	10,262	10,113	11,769
Health and Social Care	107,128	110,921	114,022	116,821	121,939	125,181	127,595
Work and Pensions	6,752	6,495	5,951	5,788	5,830	5,665	5,200
Education	27,968	29,367	30,183	31,361	32,597	35,320	34,975
Business, Energy and Industrial Strategy	11,449	11,415	12,203	12,212	11,811	12,363	13,021
Transport	6,033	6,595	3,015	3,628	5,485	7,821	9,123
Exiting the European Union	7	7	7	23	57	93	94
Digital, Culture, Media and Sport	1,217	1,343	1,363	1,531	1,649	2,079	2,076
MHCLG – Housing and Communities	2,549	2,482	1,521	2,460	3,896	5,831	7,378
MHCLG – Local Government	0	–	–	–	–	–	–
Scotland	20,170	20,793	20,596	16,098	9,847	9,627	9,385
Wales	8,775	9,106	9,390	9,845	10,339	10,630	10,996
Northern Ireland	10,522	10,634	10,480	10,689	11,018	11,617	11,359
Justice	7,843	7,495	7,084	7,133	7,393	6,697	6,317
Law Officers' Departments	578	551	548	537	569	588	574
Environment, Food and Rural Affairs	2,074	2,036	1,850	1,970	2,019	1,831	1,730
HM Revenue and Customs	3,634	3,425	3,530	3,884	3,930	3,638	3,403
HM Treasury	-261	159	-539	150	140	391	410
Cabinet Office	261	403	323	443	715	405	303
Department for International Trade	206	279	341	349	396	355	349
Small and Independent Bodies	1,395	1,300	1,366	1,395	1,484	1,796	1,708
Total CG own expenditure within DEL	269,416	275,461	274,120	278,572	284,751	296,330	301,794
Within departmental AME							
Defence	6,249	8,361	12,049	5,125	16,682	8,063	6,663
Single Intelligence Account	19	41	135	13	19	39	39
Home Office	199	582	-521	48	27	50	50
Foreign and Commonwealth Office	66	-70	39	-53	142	100	100
International Development	109	151	656	473	721	741	181
Health and Social Care	18,124	21,948	48,539	27,796	39,664	36,802	36,572
Work and Pensions	139,235	143,775	149,652	149,954	155,528	163,100	161,277
Education	19,046	23,471	16,938	24,520	30,835	31,725	33,289
Business, Energy and Industrial Strategy	1,853	7,042	100,537	3,637	74,168	4,306	2,211
Transport ⁽²⁾	-5,195	6,432	12,920	13,821	14,673	15,482	15,226
Exiting the European Union	–	–	–	–	0	3	1
Digital, Culture, Media and Sport	5,051	5,465	4,956	5,380	5,256	4,789	5,375
MHCLG – Housing and Communities	-48	48	56	154	184	1,010	720
Scotland	3,005	4,298	4,694	9,996	18,057	18,457	19,322
Wales	287	367	51	629	654	1,136	1,437
Northern Ireland	7,888	8,821	8,976	8,746	9,207	9,964	10,317
Justice	-239	-144	483	549	653	616	503
Law Officers' Departments	7	13	-15	–	11	4	4
Environment, Food and Rural Affairs	-93	79	391	87	-195	230	195
HM Revenue and Customs	42,575	42,931	43,194	42,329	41,845	39,759	42,529
HM Treasury ⁽³⁾	-5,431	-62,530	-42,737	-45,083	-4,311	-6,763	-17
Cabinet Office	8,641	10,573	10,366	9,140	10,545	10,257	9,663
Department for International Trade	0	–	0	–	–	3	3
Small and Independent Bodies	-30	-116	-274	170	556	856	16
Total CG own expenditure within dept AME	241,317	221,536	371,084	257,431	414,923	340,729	345,675
Locally financed expenditure in Northern Ireland	632	661	651	585	596	614	596
Net expenditure transfers to the EU	11,879	11,658	11,253	9,160	10,188	13,154	15,112
Central government debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980
Accounting and other adjustments	-12,745	16,354	-123,934	-2,938	-153,960	-71,359	-64,474
Total CG own expenditure⁽⁴⁾	559,296	571,041	578,301	591,469	611,247	632,719	650,683

⁽¹⁾ Shown on a full resource budgeting basis, i.e. resource DEL less depreciation plus Capital DEL.⁽²⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail within DEL. The actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.⁽³⁾ Transactions have been affected by financial sector interventions. See Box 2.A for details.⁽⁴⁾ 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, 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans	
Within resource DEL								
Defence	26,106	25,716	26,763	26,661	26,923	28,208	28,952	
Single Intelligence Account	1,564	1,606	1,768	1,920	2,020	2,227	2,021	
Home Office	2,047	2,199	1,963	1,952	1,851	1,766	1,706	
Foreign and Commonwealth Office	1,995	1,713	1,762	1,937	2,059	2,239	1,226	
International Development	7,769	7,000	6,817	7,404	7,549	7,461	8,243	
Health and Social Care	101,695	105,707	109,474	112,640	116,767	118,976	121,017	
Work and Pensions	6,515	6,245	5,830	5,576	5,482	5,535	5,048	
Education	26,084	27,128	26,805	28,740	30,095	31,955	32,726	
Business, Energy and Industrial Strategy	2,135	2,166	2,228	1,608	1,470	1,674	1,740	
Transport	853	15	598	601	1,236	1,570	1,031	
Exiting the European Union	7	7	7	23	57	92	94	
Digital, Culture, Media and Sport	1,235	1,380	1,217	1,338	1,390	1,494	1,472	
MHCLG – Housing and Communities	549	448	271	300	209	387	453	
MHCLG – Local Government	0	–	–	–	–	–	–	
Scotland	17,871	18,432	18,395	13,753	7,532	6,911	6,529	
Wales	8,017	8,148	8,469	8,879	9,083	9,129	9,343	
Northern Ireland	9,653	9,548	9,761	9,740	9,938	10,103	9,886	
Justice	7,569	7,200	6,818	6,730	6,986	6,164	5,900	
Law Officers' Departments	575	547	546	524	559	572	566	
Environment, Food and Rural Affairs	1,595	1,527	1,436	1,423	1,466	1,344	1,247	
HM Revenue and Customs	3,416	3,191	3,302	3,557	3,649	3,388	3,174	
HM Treasury	-255	123	122	152	218	167	148	
Cabinet Office	236	376	360	396	601	375	288	
Department for International Trade	204	277	339	342	380	352	344	
Small and Independent Bodies	1,319	1,217	1,276	1,292	1,307	1,487	1,333	
Total within resource DEL	228,752	231,917	236,326	237,491	238,828	243,575	244,487	
Within resource departmental AME								
Defence	6,377	8,311	12,020	5,125	16,637	7,926	6,663	
Single Intelligence Account	19	41	135	13	19	39	39	
Home Office	199	582	-612	48	27	50	50	
Foreign and Commonwealth Office	66	-70	39	-53	142	100	100	
International Development	109	151	206	188	326	58	181	
Health and Social Care	18,194	21,952	48,530	27,782	39,664	36,787	36,557	
Work and Pensions	139,370	143,899	149,800	150,041	155,565	162,853	161,277	
Education	10,563	12,908	5,296	11,448	15,034	13,090	11,752	
Business, Energy and Industrial Strategy	5,394	8,950	102,220	3,785	75,401	4,455	2,293	
Transport ⁽¹⁾	-5,207	-264	6,125	6,921	7,405	9,424	7,886	
Exiting the European Union	–	–	–	–	0	3	1	
Digital, Culture, Media and Sport	4,538	4,912	4,481	4,725	4,673	4,383	4,758	
MHCLG – Housing and Communities	-48	48	56	154	184	1,010	720	
Scotland	2,669	3,858	3,951	9,186	16,933	17,642	17,790	
Wales	-19	10	-331	207	149	349	510	
Northern Ireland	7,463	8,285	8,370	8,248	8,889	9,542	9,782	
Justice	-239	-144	483	549	653	616	503	
Law Officers' Departments	7	13	-15	–	11	4	4	
Environment, Food and Rural Affairs	-92	78	391	86	-195	214	179	
HM Revenue and Customs	42,574	42,931	43,194	42,329	41,845	39,759	42,529	
HM Treasury ⁽²⁾	6,294	-49,816	-13,672	-25,351	-615	-329	-142	
Cabinet Office	8,641	10,573	10,366	9,140	10,545	10,257	9,663	
Department for International Trade	0	–	0	–	–	3	3	
Small and Independent Bodies	-30	-123	-332	-99	127	130	16	
Total within resource departmental AME	246,841	217,085	380,700	254,473	393,420	318,367	313,113	
Within resource other AME								
Locally financed expenditure in Northern Ireland	632	661	651	585	596	614	596	
Net expenditure transfers to the EU	11,879	11,658	11,253	9,160	10,188	13,154	15,112	
Central government debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980	
Accounting and other adjustments	-16,184	22,880	-138,043	-2,732	-132,768	-45,493	-32,310	
Total CG own current expenditure	520,717	529,572	536,014	547,636	565,013	583,468	592,978	

⁽¹⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently Central Government own current expenditure includes Network Rail spending in all years shown. However, the actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget from 2015-16.

⁽²⁾ Transactions have been affected by financial sector interventions. See Box 2.A for details.

Table 6.3 Central government own capital expenditure by departmental group, 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans	
Within capital DEL								
Defence	8,490	8,792	8,406	8,752	9,704	8,745	8,997	
Single Intelligence Account	499	550	575	603	576	643	655	
Home Office	280	276	273	380	493	360	371	
Foreign and Commonwealth Office	115	153	126	60	-252	102	98	
International Development	2,251	2,650	2,433	2,588	2,713	2,652	3,527	
Health and Social Care	5,433	5,213	4,548	4,180	5,172	6,205	6,578	
Work and Pensions	237	251	121	212	349	131	152	
Education	1,885	2,239	3,378	2,621	2,501	3,365	2,248	
Business, Energy and Industrial Strategy	9,314	9,248	9,974	10,603	10,341	10,689	11,282	
Transport	5,180	6,580	2,417	3,026	4,249	6,251	8,092	
Exiting the European Union	–	–	–	–	1	1	0	
Digital, Culture, Media and Sport	-18	-36	146	192	258	585	604	
MHCLG – Housing and Communities	2,000	2,034	1,250	2,159	3,688	5,445	6,925	
Scotland	2,299	2,361	2,201	2,345	2,316	2,716	2,856	
Wales	759	958	921	966	1,255	1,501	1,653	
Northern Ireland	869	1,086	719	949	1,080	1,514	1,474	
Justice	274	295	266	403	407	532	417	
Law Officers' Departments	3	4	3	13	10	16	8	
Environment, Food and Rural Affairs	479	508	414	546	553	487	483	
HM Revenue and Customs	218	234	228	326	281	250	229	
HM Treasury	-6	36	-660	-2	-78	224	262	
Cabinet Office	25	26	-37	48	114	30	15	
Department for International Trade	3	2	2	6	15	4	4	
Small and Independent Bodies	76	83	90	103	177	309	376	
Total within capital DEL	40,664	43,544	37,793	41,081	45,924	52,755	57,306	
Within capital departmental AME								
Defence	-129	51	29	–	44	137	–	
Home Office	–	–	91	–	–	–	–	
International Development	–	–	450	285	395	683	–	
Health and Social Care	-70	-5	9	13	–	15	15	
Work and Pensions	-134	-124	-148	-87	-37	246	–	
Education	8,483	10,563	11,642	13,072	15,801	18,635	21,538	
Business, Energy and Industrial Strategy	-3,541	-1,908	-1,683	-149	-1,233	-149	-83	
Transport ⁽¹⁾	13	6,695	6,795	6,900	7,269	6,057	7,340	
Digital, Culture, Media and Sport	513	554	475	655	583	406	618	
MHCLG – Housing and Communities	–	–	–	–	–	–	–	
Scotland	336	440	744	810	1,123	816	1,532	
Wales	306	357	382	422	505	787	927	
Northern Ireland	425	536	605	498	318	422	535	
Environment, Food and Rural Affairs	0	2	0	1	0	16	16	
HM Revenue and Customs	0	0	–	–	–	0	0	
HM Treasury ⁽²⁾	-11,725	-12,714	-29,066	-19,731	-3,697	-6,434	126	
Small and Independent Bodies	–	7	58	269	429	726	–	
Total within capital departmental AME	-5,524	4,452	-9,615	2,959	21,502	22,363	32,562	
Within capital other AME								
Accounting and other adjustments	3,439	-6,527	14,109	-207	-21,192	-25,867	-32,163	
Total CG own capital expenditure⁽³⁾	38,579	41,469	42,287	43,833	46,234	49,251	57,705	

⁽¹⁾ In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014. This is included in Capital departmental AME as lending to the private sector.

⁽²⁾ Transactions 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 6.4 Central government own expenditure on services by sub-function, 2013-14 to 2019-20

	National Statistics						£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 Plans	2019-20 Plans	
1. General public services								
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	7,942	7,937	8,269	8,257	8,494	8,751	7,271	
1.2 Foreign economic aid ⁽¹⁾	7,586	8,542	8,173	8,729	8,613	9,197	9,934	
1.3 General services	467	492	453	577	575	640	472	
1.4 Basic research	—	—	—	—	—	—	—	
1.5 R&D general public services	402	407	415	308	358	437	430	
1.6 General public services n.e.c.	162	320	298	176	348	241	270	
1.7 Public sector debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980	
<i>of which: central government debt interest⁽²⁾</i>	<i>48,797</i>	<i>45,371</i>	<i>45,127</i>	<i>48,659</i>	<i>54,749</i>	<i>53,251</i>	<i>51,980</i>	
Total general public services	65,355	63,068	62,735	66,705	73,137	72,517	70,357	
2. Defence⁽³⁾								
2.1 Military defence	33,021	33,749	34,012	34,995	36,409	36,495	37,763	
2.2 Civil defence	50	56	53	96	91	78	—	
2.3 Foreign military aid	1,362	632	329	515	705	330	—	
2.4 R&D defence	1,673	1,950	1,922	1,268	1,231	1,940	1,918	
2.5 Defence n.e.c.	186	202	207	194	169	160	—	
Total defence	36,293	36,589	36,523	37,068	38,605	39,003	39,682	
3. Public order and safety								
3.1 Police services	4,474	4,778	4,656	4,642	4,877	4,858	4,626	
<i>of which: immigration and citizenship</i>	<i>976</i>	<i>1,196</i>	<i>1,063</i>	<i>868</i>	<i>791</i>	<i>839</i>	<i>789</i>	
<i>of which: other police services</i>	<i>3,498</i>	<i>3,582</i>	<i>3,593</i>	<i>3,774</i>	<i>4,087</i>	<i>4,019</i>	<i>3,837</i>	
3.2 Fire-protection services	395	444	470	452	474	470	445	
3.3 Law courts	5,465	6,244	5,654	5,713	6,000	5,815	5,462	
3.4 Prisons	4,116	3,828	4,158	4,249	4,339	4,518	4,162	
3.5 R&D public order and safety	38	38	35	38	31	40	40	
3.6 Public order and safety n.e.c.	748	820	980	880	765	498	515	
Total public order and safety	15,236	16,152	15,952	15,974	16,487	16,199	15,251	
4. Economic affairs								
4.1 General economic, commercial and labour affairs ⁽⁴⁾	7,567	6,528	7,230	7,316	7,656	8,347	7,854	
4.2 Agriculture, forestry, fishing and hunting	5,161	4,904	4,185	4,918	4,948	5,295	5,062	
<i>of which: market support under CAP</i>	<i>2,959</i>	<i>2,773</i>	<i>2,278</i>	<i>2,973</i>	<i>2,899</i>	<i>2,875</i>	<i>2,811</i>	
<i>of which: other agriculture, food and fisheries policy</i>	<i>2,088</i>	<i>2,005</i>	<i>1,754</i>	<i>1,780</i>	<i>1,917</i>	<i>2,278</i>	<i>2,109</i>	
<i>of which: forestry</i>	<i>114</i>	<i>127</i>	<i>154</i>	<i>165</i>	<i>132</i>	<i>142</i>	<i>142</i>	
4.3 Fuel and energy	464	450	463	480	761	491	397	
4.4 Mining, manufacturing and construction	2	6	8	14	35	13	11	
4.5 Transport	10,163	10,688	16,829	17,836	20,442	21,545	25,743	
<i>of which: national roads</i>	<i>3,151</i>	<i>3,713</i>	<i>3,987</i>	<i>4,158</i>	<i>4,656</i>	<i>4,868</i>	<i>5,257</i>	
<i>of which: local roads</i>	<i>370</i>	<i>349</i>	<i>246</i>	<i>315</i>	<i>310</i>	<i>378</i>	<i>262</i>	
<i>of which: local public transport</i>	<i>588</i>	<i>511</i>	<i>533</i>	<i>498</i>	<i>530</i>	<i>554</i>	<i>573</i>	
<i>of which: railway⁽⁵⁾</i>	<i>5,227</i>	<i>5,331</i>	<i>10,880</i>	<i>11,709</i>	<i>13,660</i>	<i>14,452</i>	<i>18,389</i>	
<i>of which: other transport</i>	<i>829</i>	<i>785</i>	<i>1,183</i>	<i>1,156</i>	<i>1,287</i>	<i>1,293</i>	<i>1,261</i>	
4.6 Communication	645	436	438	271	198	138	193	
4.7 Other industries	156	175	179	155	161	154	133	
4.8 R&D economic affairs	4,194	4,472	4,819	4,488	5,047	5,696	6,496	
4.9 Economic affairs n.e.c.	459	480	427	432	412	562	445	
Total economic affairs	28,811	28,138	34,578	35,910	39,659	42,240	46,333	
5. Environment protection								
5.1 Waste management	2,259	2,344	2,277	2,314	2,483	2,325	2,339	
5.2 Waste water management	—	—	—	—	—	—	—	
5.3 Pollution abatement	142	501	470	78	84	183	220	
5.4 Protection of biodiversity and landscape	432	473	596	416	360	332	326	
5.5 R&D environment protection	496	466	456	424	509	478	413	
5.6 Environment protection n.e.c.	1,608	1,603	1,537	1,632	1,542	1,381	1,395	
Total environment protection	4,937	5,388	5,335	4,864	4,977	4,699	4,693	
6. Housing and community amenities								
6.1 Housing development	1,078	1,000	966	1,046	1,570	2,069	2,860	
<i>of which: local authority housing</i>	<i>89</i>	<i>66</i>	<i>152</i>	<i>166</i>	<i>231</i>	<i>297</i>	<i>215</i>	
<i>of which: other social housing</i>	<i>990</i>	<i>934</i>	<i>814</i>	<i>880</i>	<i>1,339</i>	<i>1,772</i>	<i>2,646</i>	
6.2 Community development	587	639	455	540	522	644	687	
6.3 Water supply	274	265	256	261	292	278	288	
6.4 Street lighting	24	25	26	20	23	23	13	
6.5 R&D housing and community amenities	—	—	2	0	1	0	—	
6.6 Housing and community amenities n.e.c.	162	186	213	181	131	215	159	
Total housing and community amenities	2,124	2,115	1,917	2,048	2,538	3,229	4,007	

Table 6.4 Central government own expenditure on services by sub-function, 2013-14 to 2019-20 (continued)

	National Statistics						£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 Plans	2019-20 Plans	
7. Health⁽⁶⁾								
Medical services	120,303	125,853	129,604	133,839	137,797	140,124	141,839	
Medical research	1,970	1,876	2,179	1,872	1,941	1,899	1,900	
Central and other health services	4,550	3,526	3,499	3,325	2,603	6,411	6,835	
Total health	126,823	131,255	135,281	139,036	142,342	148,433	150,574	
8. Recreation, culture and religion								
8.1 Recreational and sporting services	721	1,196	553	629	477	338	499	
8.2 Cultural services	2,013	2,142	1,891	2,037	2,347	2,058	2,029	
8.3 Broadcasting and publishing services	3,903	4,088	4,005	4,232	4,316	4,394	4,454	
8.4 Religious and other community services	64	74	102	97	129	82	63	
8.5 R&D recreation, culture and religion	141	174	168	157	170	170	173	
8.6 Recreation, culture and religion n.e.c	46	58	65	69	87	78	78	
Total recreation, culture and religion	6,888	7,732	6,784	7,221	7,526	7,120	7,295	
9. Education								
9.1 Pre-primary and primary education	788	835	814	821	796	806	756	
<i>of which: under fives</i>	97	99	85	86	85	86	85	
<i>of which: primary education</i>	691	736	729	735	711	721	671	
9.2 Secondary education ⁽⁷⁾	23,948	26,978	27,371	27,653	30,474	30,300	30,041	
9.3 Post-secondary non-tertiary education	–	–	–	–	–	–	–	
9.4 Tertiary education	7,534	6,680	6,164	6,066	6,307	4,382	3,815	
9.5 Education not definable by level	408	560	473	655	746	972	1,390	
9.6 Subsidiary services to education	528	573	507	475	508	548	563	
9.7 R&D education	1,573	1,573	1,573	1,703	1,815	2,115	2,155	
9.8 Education n.e.c	2,204	1,837	2,328	2,342	2,086	3,369	3,215	
Total education	36,983	39,035	39,230	39,715	42,732	42,493	41,935	
10. Social protection								
<i>of which: personal social services</i>	1,064	1,113	1,202	1,203	1,287	1,355	1,279	
10.1 Sickness and disability	37,803	41,011	43,742	43,869	45,007	46,878	50,223	
<i>of which: personal social services</i>	265	278	297	323	348	372	313	
<i>of which: incapacity, disability and injury benefits</i>	37,538	40,733	43,445	43,546	44,659	46,506	49,909	
10.2 Old age	103,878	107,679	109,813	111,049	113,318	117,819	121,413	
<i>of which: personal social services</i>	449	467	489	495	514	522	507	
<i>of which: pensions</i>	103,429	107,212	109,324	110,554	112,804	117,297	120,906	
10.3 Survivors	1,135	1,153	1,167	1,157	1,019	1,136	1,110	
10.4 Family and children	16,434	15,814	15,688	15,131	14,881	15,064	15,864	
<i>of which: personal social services</i>	300	323	371	346	386	395	391	
<i>of which: family benefits, income support and tax credits</i>	16,134	15,491	15,317	14,785	14,495	14,670	15,473	
10.5 Unemployment	4,945	3,473	2,698	2,227	2,022	1,952	2,978	
<i>of which: personal social services</i>	–	–	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	4,945	3,473	2,698	2,227	2,022	1,952	2,978	
10.6 Housing	620	619	590	583	556	612	641	
10.7 Social exclusion n.e.c. ⁽⁸⁾	31,537	31,596	31,581	31,692	32,509	34,948	29,289	
<i>of which: personal social services</i>	50	44	46	39	39	67	68	
<i>of which: family benefits, income support, Universal Credit and tax credits</i>	31,487	31,552	31,535	31,654	32,470	34,881	29,221	
10.8 R&D Social protection	–	–	–	–	–	–	–	
10.9 Social protection n.e.c.	3,124	3,800	3,791	4,054	4,001	4,108	3,569	
Total social protection	199,477	205,146	209,069	209,762	213,313	222,517	225,085	

Table 6.4 Central government own expenditure on services by sub-function, 2013-14 to 2019-20 (continued)

	National Statistics						£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 Plans	2019-20 Plans	
EU transactions⁽⁹⁾								
VAT-based and GNI-based contributions (net of abatement and collection costs)	11,146	10,915	10,482	8,803	9,490	12,465	14,434	
<i>derived as:</i>								
<i>EU gross contribution pre-abatement and after deduction of collection costs</i>	18,209	18,732	17,635	16,926	17,450	20,323	22,458	
<i>Traditional Own Resources (without deduction of collection costs)</i>	-2,933	-3,006	-3,085	-3,366	-3,413	-3,447	-3,391	
<i>UK abatement</i>	-4,130	-4,811	-4,068	-4,757	-4,547	-4,411	-4,634	
EU receipts	-3,856	-4,690	-2,811	-4,081	-4,126	-5,107	-5,604	
Attributed aid and Common Foreign and Security Policy	-79	–	–	–	–	–	–	
Total EU transactions	7,211	6,225	7,671	4,722	5,364	7,358	8,829	
Total central government own expenditure on services	530,138	540,843	555,075	563,025	586,680	605,808	614,039	
Accounting adjustments	29,158	30,198	23,226	28,444	24,567	26,911	36,644	
Total central government own expenditure⁽¹⁰⁾	559,296	571,041	578,301	591,469	611,247	632,719	650,683	

⁽¹⁾ Official Development Assistance (ODA) is the internationally-agreed classification of foreign aid financing and is measured in accordance with international standards agreed by the Organisation for Economic Co-operation and Development (OECD). The UN COFOG measure of Foreign economic aid presented in this table is quite different from the UK ODA measure and therefore not comparable. For example the UK ODA measure include financial transactions such as loans, whereas the UN COFOG measure does not. Also, the UK ODA analysis is on a calendar year rather than financial year basis. A link to the latest ODA release is provided here: <https://www.gov.uk/government/statistics/provisional-uk-official-development-assistance-as-a-proportion-of-gross-national-income-2016>

⁽²⁾ Central government debt interest figures show gross payments to the private sector and overseas.

⁽³⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/on/natohq/topics_49198.htm

⁽⁴⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions. Details are provided in Box 5.A.

⁽⁵⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis only includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year onwards.

⁽⁶⁾ The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented using HM Treasury's own sub-functional classification.

⁽⁷⁾ The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA the Department for Education will look to improve apportionment of spending across the education categories.

⁽⁸⁾ Social exclusion n.e.c. includes Child and Working Tax Credits. Also included here are Universal Credit additional costs that were previously scored in 10.9 Social protection n.e.c.

⁽⁹⁾ 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 EU are shown in Table C.1.

⁽¹⁰⁾ 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, 2013-14 to 2019-20

	National Statistics						£ million
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
Central government current expenditure on services							
Pay	99,015	103,412	109,578	115,549	121,934	127,245	128,161
Gross current procurement	123,186	128,440	130,207	136,000	140,493	136,587	133,797
Income from sales of goods and services	-18,867	-20,034	-18,389	-25,414	-27,780	-24,378	-21,963
Current grants to persons and non-profit bodies	207,569	210,564	212,413	214,510	214,835	224,460	226,681
Current grants abroad	14,067	12,402	13,694	11,382	12,320	14,464	15,248
Subsidies to private sector companies	7,562	7,463	8,604	9,631	10,066	10,708	10,682
Subsidies to public corporations	1,023	821	815	657	597	625	594
Net public service pensions	9,081	10,182	9,649	8,891	9,327	11,359	12,775
Central government debt interest	48,797	45,371	45,127	48,659	54,749	53,251	51,980
Other	278	289	215	478	1,013	117	108
Total central government own current expenditure on services	491,711	498,910	511,913	520,343	537,554	554,438	558,063
Accounting adjustments	29,006	30,662	24,101	27,293	27,459	29,030	34,915
Total central government own current expenditure	520,717	529,572	536,014	547,636	565,013	583,468	592,978
Central government capital expenditure on services							
Capital grants to persons and non-profit bodies	6,499	6,923	7,369	4,417	7,474	8,702	9,133
Capital grants to private sector companies ^{(1) (2)}	5,355	6,135	2,297	1,577	2,281	5,162	4,303
Capital grants abroad	1,405	2,754	2,753	2,686	2,245	3,105	2,968
Gross capital procurement ⁽²⁾	25,859	28,424	33,558	36,150	38,004	37,107	41,315
Income from sales of capital assets	-692	-2,303	-2,814	-2,148	-879	-2,707	-1,742
Total central government own capital expenditure on services	38,426	41,933	43,163	42,682	49,125	51,369	55,977
Accounting adjustments	153	-464	-876	1,151	-2,891	-2,118	1,728
Total central government own capital expenditure	38,579	41,469	42,287	43,833	46,234	49,251	57,705
Total central government own expenditure on services	530,137	540,843	555,076	563,025	586,679	605,807	614,040
Accounting adjustments	29,159	30,198	23,225	28,444	24,568	26,912	36,643
Total central government own expenditure⁽³⁾	559,296	571,041	578,301	591,469	611,247	632,719	650,683

⁽¹⁾ Transactions have been affected by financial sector interventions. See Box 5.A for details.

⁽²⁾ Following implementation of ESA10, Network Rail is now classified to Central Government. Consequently from 2015-16 there is no longer a Central Government capital grant to Network Rail within DEL. The actual expenditure of Network Rail appears in the Department for Transport Resource departmental AME budget. In 2014-15 the Government put in place a loan arrangement in advance of Network Rail's formal reclassification to the Public Sector in September 2014.

⁽³⁾ 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, 2013-14 to 2019-20

	National Statistics						
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 Plans	2019-20 Plans
£ million							
Central government own current expenditure on services							
1. General public services	63,968	60,118	60,032	63,910	70,830	69,038	66,957
<i>of which: public and common services</i>	5,997	6,386	6,447	6,304	6,629	6,457	5,802
<i>of which: international services</i>	9,174	8,362	8,457	8,947	9,452	9,330	9,175
<i>of which: public sector debt interest</i>	48,797	45,371	45,127	48,659	54,749	53,251	51,980
2. Defence ⁽¹⁾	27,518	27,400	27,750	27,845	28,353	29,519	30,029
3. Public order and safety	14,490	15,420	15,172	15,080	15,452	15,029	14,349
4. Economic affairs	17,511	15,577	19,586	20,519	22,251	23,116	23,179
<i>of which: enterprise and economic development⁽²⁾</i>	4,642	4,498	5,815	5,595	6,302	6,260	5,871
<i>of which: science and technology</i>	363	496	875	978	1,127	1,153	1,427
<i>of which: employment policies</i>	3,718	2,806	2,363	2,340	2,509	2,757	2,556
<i>of which: agriculture, fisheries and forestry</i>	4,880	4,604	3,988	4,668	4,679	4,944	4,803
<i>of which: transport⁽³⁾</i>	3,909	3,172	6,545	6,939	7,635	8,002	8,521
5. Environment protection	1,988	2,211	2,252	1,581	1,510	1,455	1,564
6. Housing and community amenities	797	843	867	925	885	1,030	1,122
7. Health	119,408	124,863	129,458	133,444	136,165	141,093	142,650
8. Recreation, culture and religion	6,017	6,856	5,989	6,230	6,478	5,919	5,878
9. Education	32,766	33,887	34,139	36,446	37,188	38,429	38,478
10. Social protection	200,040	205,511	208,997	209,641	213,079	222,451	225,027
EU transactions	7,211	6,225	7,671	4,722	5,364	7,358	8,830
Total central government own current expenditure on services	491,712	498,910	511,912	520,343	537,555	554,438	558,062
Accounting adjustments	29,005	30,662	24,102	27,293	27,458	29,030	34,916
Total central government own current expenditure	520,717	529,572	536,014	547,636	565,013	583,468	592,978
Central government own capital expenditure on services							
1. General public services	1,388	2,950	2,703	2,796	2,307	3,479	3,400
<i>of which: public and common services</i>	783	833	724	909	1,062	1,191	1,231
<i>of which: international services</i>	604	2,117	1,979	1,887	1,245	2,288	2,169
2. Defence ⁽¹⁾	8,775	9,190	8,773	9,223	10,252	9,484	9,652
3. Public order and safety	746	733	780	894	1,036	1,170	901
4. Economic affairs	11,301	12,562	14,991	15,391	17,408	19,124	23,155
<i>of which: enterprise and economic development⁽²⁾</i>	856	739	545	674	307	657	581
<i>of which: science and technology</i>	3,831	3,976	3,944	3,510	3,920	4,543	5,069
<i>of which: employment policies</i>	77	32	22	60	105	30	24
<i>of which: agriculture, fisheries and forestry</i>	281	300	197	250	270	351	259
<i>of which: transport⁽³⁾</i>	6,255	7,515	10,284	10,897	12,807	13,543	17,222
5. Environment protection	2,948	3,177	3,083	3,283	3,467	3,243	3,129
6. Housing and community amenities	1,328	1,272	1,051	1,123	1,653	2,199	2,884
7. Health	7,415	6,392	5,823	5,592	6,177	7,340	7,924
8. Recreation, culture and religion	871	875	796	991	1,047	1,201	1,418
9. Education	4,217	5,148	5,091	3,269	5,545	4,063	3,457
10. Social protection	-563	-365	73	121	234	67	58
Total central government own capital expenditure on services	38,426	41,933	43,163	42,682	49,126	51,370	55,978
Accounting adjustments	153	-464	-876	1,151	-2,892	-2,119	1,727
Total central government own capital expenditure⁽⁴⁾	38,579	41,469	42,287	43,833	46,234	49,251	57,705

⁽¹⁾ The 2015 Spending Review continued the commitment to meet the NATO investment pledge to spend 2% of GDP on Defence for the rest of this decade. This is evaluated using the NATO definitions of Defence spending rather than the UN COFOG definitions that are used in this table. The UN COFOG and NATO measures of Defence use different definitions and are therefore not comparable. For example, the NATO Defence figures include pensions whereas in COFOG these are included in Social Protection. Details and figures on NATO Defence expenditures can be found at the following link: http://www.nato.int/cps/on/natohq/topics_49198.htm

⁽²⁾ Transactions from 2013-14 onwards have been affected by financial sector interventions. See Box 5.A for details.

⁽³⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The functional analysis only includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year onwards.

⁽⁴⁾ 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

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 2017-18) are covered by National Statistics protocols.

7.3 Central government support data (**Tables 7.1 to 7.3**) for all years up to 2017-18 are final outturn figures and data from 2018-19 onwards are latest plans.

7.4 Local government spending data (**Tables 7.4 to 7.8**) for all years up to 2016-17 are final outturn, while data for 2017-18 are based on budget plans and provisional outturns, where the latter are available.

What's new

7.5 Since PESA 2017, financing of the Scottish Government has been largely moved from DEL to AME, causing large changes to those totals in table 7.1. The net effect of this on total levels is zero.

The financing of local government expenditure

7.6 Central government support for local government expenditure is provided in two main forms: capital and current grants and the redistribution of non-domestic rate payments. Grant support may be non-specific (e.g. Revenue Support Grant), or related to specific services (e.g. Dedicated Schools Grant). A non-domestic rates retention scheme was introduced in England from April 2013, which allows local authorities to keep a proportion of the rates they collect, along with growth in the revenue that is generated in their area. Local government expenditure can also be financed by Supported Capital Expenditure (Revenue), equivalent to supported borrowing in Scotland. However, this was discontinued in England as of 31 March 2011.

7.7 Local authorities also raise finance locally, largely through council tax; receipts from sales of assets; contributions from developers; sales, fees and charges; and 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) were originally 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. From 1 April 2013 local authorities in England retain a proportion of this income. Also, from 2015-16 Welsh non-domestic rates move from central government DEL support to locally raised finance, and;
- other specific and special grants such as the schools grant and police grant, which fund part of the current expenditure on a specific service or activity.

7.11 Table 7.2 shows the above support by country, departmental group 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) in Wales, 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 Ministry of Housing, Communities and Local Government (MHCLG) and the devolved administrations (Scottish Government, Welsh Government and Northern Ireland Executive). 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 (e.g. education, roads, etc.). The Treasury assign spending to the COFOG functional categories used in PESA. In general the link from service categories to COFOG categories is relatively clear, but in some cases it 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 MHCLG 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 – Ministry of Housing, Communities and Local Government

- [<https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>]
- [<https://www.gov.uk/government/collections/local-authority-capital-expenditure-receipts-and-financing>]

Scotland – Scottish Government

- [<http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance>]

Wales – Welsh Government

- [<https://statswales.gov.wales/Catalogue/Local-Government/Finance>]

Table 7.1 Financing of local government in the United Kingdom by country, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
Current finance in DEL							
England	66,330	63,070	58,811	55,695	52,816	50,358	51,659
Scotland	41	30	28	25	22	24	0
Wales	5,717	5,621	4,361	4,205	4,218	4,128	3,930
Northern Ireland	58	138	147	152	148	142	141
Total current finance in DEL	72,146	68,859	63,347	60,077	57,204	54,652	55,730
Capital support in DEL							
England	8,009	8,878	9,022	8,819	7,616	8,017	9,533
Scotland	–	–	–	–	–	–	–
Wales	569	535	555	481	509	400	460
Northern Ireland	2	6	46	5	3	11	4
Total capital support in DEL	8,580	9,419	9,623	9,305	8,128	8,428	9,997
Total central government support in DEL ⁽¹⁾	80,726	78,278	72,970	69,382	65,332	63,080	65,727
Current finance in departmental AME							
England	33,826	34,556	35,227	34,978	37,356	42,121	37,156
Scotland	9,374	9,035	8,551	8,187	8,299	8,450	8,129
Wales	1,003	1,025	1,023	1,026	1,006	982	1,063
Northern Ireland	–	–	–	–	–	–	–
Total current finance in departmental AME	44,203	44,616	44,801	44,191	46,661	51,553	46,348
Capital support in departmental AME							
England	132	310	333	110	-302	-302	-369
Scotland	565	829	880	817	912	1,039	706
Wales	–	–	5	–	–	–	–
Northern Ireland	–	–	–	–	–	–	–
Total capital support in departmental AME	697	1,139	1,218	927	610	737	337
Total central government support in departmental AME ⁽²⁾	44,900	45,755	46,019	45,118	47,271	52,290	46,685
Locally financed expenditure							
Local authority self-financed expenditure	26,996	28,928	33,699	38,604	42,051	43,921	44,143
Locally financed support in Scotland ⁽³⁾	2,435	2,650	2,789	2,769	2,666	2,636	2,800
Locally financed support in Wales ⁽⁴⁾	–	–	1,875	977	1,059	1,050	1,063
Total locally financed expenditure	29,431	31,578	38,363	42,350	45,776	47,607	48,006
Total financing of local government expenditure	155,057	155,611	157,352	156,850	158,379	162,977	160,418
Accounting and other adjustments	15,159	14,761	14,080	15,891	14,393	17,652	21,305
Total local government expenditure	170,216	170,372	171,432	172,741	172,772	180,629	181,723

⁽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, as it is finance raised in Scotland rather than funding from Whitehall.

⁽⁴⁾ From 2015-16 national non-domestic rates in Wales became classified as locally raised, prior to that they formed part of departmental DEL. 2015-16 includes borrowing to reform the HRA.

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
England							
Home Office							
Police	9,943	10,300	9,952	10,267	10,399	10,979	11,284
Other	475	540	758	842	827	575	613
Total Home Office	10,418	10,840	10,710	11,109	11,226	11,554	11,897
Health and Social Care							
Social Care	42	80	56	–	–	–	–
Public Health	2,662	2,565	3,036	3,388	3,091	3,011	3,134
Other	9	21	26	–	59	–	–
Total Health and Social Care	2,713	2,666	3,118	3,388	3,150	3,011	3,134
Work and Pensions							
Housing benefits ⁽¹⁾	20,992	20,989	20,866	20,194	19,085	17,815	20,537
Other	847	676	443	419	439	445	408
Total Work and Pensions	21,839	21,665	21,309	20,613	19,524	18,260	20,945
Education⁽²⁾							
Schools Grant	29,167	28,254	27,551	25,168	24,128	24,147	24,400
Pupil Premium	1,365	1,768	1,668	1,563	1,432	1,386	1,305
Private finance initiative grant	715	744	749	751	751	751	752
Other	1,851	1,966	2,407	3,672	3,965	4,301	4,267
Total Education	33,098	32,732	32,375	31,154	30,276	30,585	30,724
Business, Energy and Industrial Strategy							
Business, Energy and Industrial Strategy	7	18	26	12	10	8	12
Total Business, Energy and Industrial Strategy	7	18	26	12	10	8	12
Transport							
GLA transport	1,988	1,777	591	474	255	–25	29
Strategic rail authority	182	52	126	5	86	86	86
Other	677	627	639	541	495	494	511
Total Transport	2,847	2,456	1,356	1,020	836	555	626
MHCLG Housing and Communities							
New Homes Bonus	668	917	1,168	1,462	1,227	948	900
PFI special grant (Housing)	154	183	184	192	192	192	192
Troubled Families	161	153	141	171	214	221	180
City Deals	–	–	1	102	91	168	162
Other	427	351	409	245	460	672	358
Total MHCLG Housing and Communities	1,410	1,604	1,903	2,172	2,184	2,201	1,792
MHCLG Local Government							
Non-domestic rate payments/Revenue Support Grant ⁽³⁾	26,669	24,994	22,241	20,071	19,598	23,699	17,068
Independent Living Fund	–	–	140	177	171	166	161
PFI special grant	26	27	27	27	26	28	28
Other	909	298	524	367	2,671	1,984	2,086
Total MHCLG Local Government	27,604	25,319	22,932	20,642	22,466	25,877	19,343
Environment, Food and Rural Affairs							
Environment, Food and Rural Affairs	92	139	132	133	205	224	237
Total Environment, Food and Rural Affairs	92	139	132	133	205	224	237
Other government departments	128	188	176	430	295	203	105
Total England	100,156	97,627	94,037	90,673	90,172	92,478	88,815

Table 7.2 Central government current grants for local government in the United Kingdom by departmental group, 2013-14 to 2019-20 (continued)

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
Scotland							
Work and Pensions							
Housing benefits ⁽¹⁾	1,724	1,750	1,732	1,693	1,625	1,656	1,852
Other	41	30	27	25	22	25	0
Total Work and Pensions	1,765	1,780	1,759	1,718	1,647	1,681	1,852
Scottish Government							
Revenue Support Grant	7,529	7,165	7,151	6,839	6,799	6,734	6,809
Non-domestic rate income ⁽⁴⁾	2,435	2,650	2,789	2,769	2,666	2,636	2,800
Other	1,886	1,900	1,428	1,373	1,522	1,741	1,320
Total Scottish Government	11,850	11,715	11,368	10,981	10,987	11,111	10,929
Other government departments	–	–	-445	-464	-425	-332	-624
Total Scotland	13,615	13,495	12,682	12,235	12,209	12,460	12,157
Wales							
Home Office							
Police	–	–	–	–	–	-18	-30
Other	–	–	–	–	–	–	–
Total Home Office	–	–	–	–	–	-18	-30
Work and Pensions							
Housing benefits ⁽¹⁾	984	1,003	1,002	992	977	982	1,063
Other	23	16	15	13	13	14	–
Total Work and Pensions	1,007	1,019	1,017	1,005	990	996	1,063
Welsh Assembly Government							
Non-domestic rate payments/Revenue Support Grant	4,681	4,439	4,293	4,263	4,309	4,396	4,360
Other	1,031	1,189	1,030	939	984	787	663
Total Welsh Assembly Government	5,712	5,628	5,323	5,202	5,293	5,183	5,023
Other government departments	0	-1	0	0	0	-1	–
Total Wales	6,719	6,646	6,340	6,207	6,283	6,160	6,056
Northern Ireland							
Northern Ireland Executive							
	58	138	147	152	148	142	141
Total Northern Ireland	58	138	147	152	148	142	141
Total current finance	120,548	117,906	113,206	109,267	108,812	111,240	107,169

⁽¹⁾ Housing Benefit figures to 2018-19 reflect the switch of payments from Housing Benefit to Universal Credit, which is funded directly from central government. Figures for 2019-20 have not yet been updated on HM Treasury's central database and so show Housing Benefit without this effect, consistent with the treatment of UC in OBR's fiscal forecast. Future publications will be updated as information becomes available.

⁽²⁾ Academies are now treated as part of central government, and so their expenditure falls within pay and procurement and is no longer recorded within grants for local government.

⁽³⁾ The level of business rates retained by local authorities has been affected by a number of pilots for 100% rates retention in 2017-18 and 2018-19. Government policy on pilots for 2019-20 has not yet been confirmed, so the level in that year reflects the base level of business rates retention and RSG.

⁽⁴⁾ 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 departmental group, 2013-14 to 2019-20

	National Statistics					£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans
England							
Capital grants							
Home Office	238	244	548	130	131	132	112
Health and Social Care	247	227	221	621	69	129	129
Education	2,235	2,525	2,036	2,482	2,345	1,817	2,850
Business, Energy and Industrial Strategy	77	22	55	42	41	42	58
Transport	3,373	3,188	3,342	2,351	1,633	1,550	2,144
Digital, Culture, Media and Sport	183	409	225	232	94	–	–
MHCLG Housing and Communities	1,729	2,406	2,792	2,947	2,914	3,919	3,766
Justice	–	–	–	14	5	–	–
Environment, Food and Rural Affairs	54	164	137	109	79	126	105
Cabinet Office	5	3	–	–	2	–	–
Total capital grants	8,141	9,188	9,355	8,928	7,314	7,715	9,164
Total England	8,141	9,188	9,355	8,928	7,314	7,715	9,164
Scotland							
Supported borrowing							
Scottish Government	–	–	–	–	–	–	–
Total supported borrowing	–	–	–	–	–	–	–
Capital grants							
Scottish Government	565	829	880	817	912	1,039	706
Total capital grants	565	829	880	817	912	1,039	706
Total Scotland	565	829	880	817	912	1,039	706
Wales							
Supported Capital Expenditure (Revenue) ⁽¹⁾							
Welsh Assembly Government	89	89	89	89	89	89	89
Total Supported Capital Expenditure (Revenue)	89	89	89	89	89	89	89
Capital grants							
Welsh Assembly Government	480	446	471	392	421	311	371
Total capital grants	480	446	471	392	421	311	371
Total Wales	569	535	560	481	510	400	460
Northern Ireland capital grants							
Northern Ireland Executive	2	6	46	5	3	11	4
Total Northern Ireland	2	6	46	5	3	11	4
Total United Kingdom	9,277	10,558	10,841	10,231	8,739	9,165	10,334

⁽¹⁾ A full definition of Supported Capital expenditure (SCR) is given in Annex 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, 2013-14 to 2017-18

	£ million				
	2013-14	2014-15	2015-16	2016-17	2017-18
	outturn	outturn	outturn	outturn	plans
Current					
1. General public services	3,922	4,024	4,165	4,212	4,176
<i>of which: public and common services</i>	3,375	3,318	3,403	3,405	3,476
<i>of which: public sector debt interest⁽¹⁾</i>	547	706	762	807	700
2. Defence	54	49	46	45	48
3. Public order and safety	13,855	13,815	13,756	13,865	14,078
4. Economic affairs	4,746	4,445	3,935	3,731	3,708
<i>of which: enterprise and economic development</i>	903	911	613	702	524
<i>of which: agriculture, fisheries and forestry</i>	86	88	102	101	91
<i>of which: transport</i>	3,757	3,446	3,220	2,928	3,093
5. Environment protection	5,649	5,629	5,686	5,683	5,880
6. Housing and community amenities	2,340	2,219	2,119	2,018	2,128
7. Health	2,560	2,788	3,205	3,534	3,455
8. Recreation, culture and religion	3,737	3,571	3,338	3,151	2,921
9. Education	43,094	41,717	41,455	40,873	40,979
10. Social protection	54,188	55,639	55,510	55,250	54,669
Total local government current expenditure on services	134,145	133,896	133,216	132,362	132,042
Accounting adjustments	19,533	20,008	21,268	22,042	21,658
Total local government current expenditure	153,678	153,904	154,484	154,404	153,700
Capital					
1. General public services	954	878	947	1,732	1,968
<i>of which: public and common services</i>	954	878	947	1,732	1,968
3. Public order and safety	512	519	499	223	998
4. Economic affairs	6,032	6,451	6,492	7,362	7,136
<i>of which: enterprise and economic development</i>	300	84	128	1,019	1,301
<i>of which: employment policies</i>	–	–	–	–	–
<i>of which: agriculture, fisheries and forestry</i>	127	219	200	191	213
<i>of which: transport</i>	5,605	6,148	6,164	6,152	5,622
5. Environment protection	624	573	589	496	581
6. Housing and community amenities	2,300	2,543	2,098	2,503	3,090
7. Health	6	10	13	19	15
8. Recreation, culture and religion	983	1,146	1,244	1,235	1,344
9. Education	4,604	4,302	4,228	4,318	4,103
10. Social protection	271	256	241	327	259
Total local government capital expenditure on services	16,286	16,679	16,351	18,214	19,493
Accounting adjustments	252	-211	597	123	-421
Total local government capital expenditure	16,538	16,468	16,948	18,337	19,072
Total local government expenditure	170,216	170,372	171,432	172,741	172,772

⁽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, 2013-14 to 2017-18

	£ million				
	2013-14	2014-15	2015-16	2016-17	2017-18
	outturn	outturn	outturn	outturn	plans
England					
1. General public services	2,690	2,682	2,744	2,789	2,901
<i>of which: public and common services</i>	2,690	2,682	2,744	2,789	2,901
2. Defence	47	43	39	39	42
3. Public order and safety	13,085	13,014	12,999	13,101	13,290
4. Economic affairs	3,714	3,458	3,012	2,850	2,805
<i>of which: enterprise and economic development</i>	544	559	312	411	226
<i>of which: agriculture, fisheries and forestry</i>	69	72	80	83	73
<i>of which: transport</i>	3,101	2,827	2,620	2,356	2,506
5. Environment protection	4,477	4,467	4,523	4,498	4,663
6. Housing and community amenities	2,003	1,892	1,799	1,729	1,711
7. Health	2,508	2,737	3,152	3,480	3,410
8. Recreation, culture and religion	2,670	2,505	2,322	2,149	2,006
9. Education	35,881	34,477	34,133	33,382	33,343
10. Social protection	46,301	47,623	47,402	47,362	46,531
Total England	113,376	112,898	112,127	111,379	110,701
Scotland					
1. General public services	503	455	468	428	347
<i>of which: public and common services</i>	503	455	468	428	347
2. Defence	3	3	4	4	3
3. Public order and safety	–	–	–	–	–
4. Economic affairs	711	701	673	630	653
<i>of which: enterprise and economic development</i>	241	247	226	216	231
<i>of which: agriculture, fisheries and forestry</i>	10	10	15	10	10
<i>of which: transport</i>	460	444	432	404	412
5. Environment protection	632	633	644	647	676
6. Housing and community amenities	72	74	97	43	130
8. Recreation, culture and religion	584	609	566	539	523
9. Education	4,590	4,624	4,745	4,875	5,037
10. Social protection	4,991	5,065	5,163	4,909	5,164
Total Scotland	12,086	12,164	12,359	12,076	12,534
Wales					
1. General public services	182	181	191	188	227
<i>of which: public and common services</i>	182	181	191	188	227
2. Defence	4	4	3	2	3
3. Public order and safety	770	801	756	764	789
4. Economic affairs	300	257	228	222	224
<i>of which: enterprise and economic development</i>	97	77	52	46	42
<i>of which: agriculture, fisheries and forestry</i>	7	6	8	8	8
<i>of which: transport</i>	196	174	168	168	174
5. Environment protection	360	343	329	336	358
6. Housing and community amenities	168	155	124	121	119
8. Recreation, culture and religion	262	245	220	210	199
9. Education	2,623	2,616	2,577	2,616	2,599
10. Social protection	2,896	2,951	2,945	2,979	2,974
Total Wales	7,564	7,553	7,373	7,438	7,491
Total Great Britain	133,026	132,615	131,859	130,893	130,726
Northern Ireland					
4. Economic affairs	21	27	23	29	25
<i>of which: enterprise and economic development</i>	21	27	23	29	25
5. Environment protection	180	186	190	203	185
6. Housing and community amenities	98	99	100	124	169
7. Health	52	52	53	54	44
8. Recreation, culture and religion	221	211	230	252	192
Total Northern Ireland	571	575	596	662	615
Debt interest ⁽¹⁾	547	706	762	807	700
Total local government current expenditure on services	134,144	133,896	133,217	132,362	132,041
Accounting adjustments	19,534	20,008	21,267	22,042	21,659
Total local government current expenditure	153,678	153,904	154,484	154,404	153,700

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

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2013-14 to 2017-18

	£ million				
	2013-14	2014-15	2015-16	2016-17	2017-18
	outturn	outturn	outturn	outturn	plans
England					
1. General public services	1,246	1,280	1,311	2,020	2,259
<i>of which: public and common services</i>	1,246	1,280	1,311	2,020	2,259
3. Public order and safety	660	740	785	813	1,065
4. Economic affairs	5,561	6,077	6,346	6,869	6,461
<i>of which: enterprise and economic development</i>	447	296	472	1,017	1,159
<i>of which: employment policies</i>	0	0	0	0	0
<i>of which: agriculture, fisheries and forestry</i>	87	147	184	170	204
<i>of which: transport</i>	5,027	5,634	5,690	5,682	5,098
5. Environment protection	474	491	492	378	463
6. Housing and community amenities	2,030	2,330	2,208	2,335	2,980
7. Health	4	7	10	18	8
8. Recreation, culture and religion	817	931	1,034	982	1,031
9. Education	3,913	3,647	3,367	3,216	2,981
10. Social protection	229	239	248	311	283
Total England	14,935	15,742	15,802	16,942	17,531
Scotland					
1. General public services	175	174	196	178	259
<i>of which: public and common services</i>	175	174	196	178	259
3. Public order and safety	–	–	–	–	–
4. Economic affairs	616	570	574	697	755
<i>of which: enterprise and economic development</i>	74	50	73	175	252
<i>of which: agriculture, fisheries and forestry</i>	69	85	65	47	33
<i>of which: transport</i>	473	435	436	475	470
5. Environment protection	130	56	64	87	71
6. Housing and community amenities	161	173	174	175	173
8. Recreation, culture and religion	155	128	171	229	193
9. Education	524	559	653	854	785
10. Social protection	81	74	63	65	43
Total Scotland	1,841	1,735	1,893	2,285	2,279
Wales					
1. General public services	50	44	39	40	77
<i>of which: public and common services</i>	50	44	39	40	77
3. Public order and safety	54	48	57	43	73
4. Economic affairs	198	189	133	145	136
<i>of which: enterprise and economic development</i>	22	25	18	22	23
<i>of which: agriculture, fisheries and forestry</i>	14	14	7	8	15
<i>of which: transport</i>	162	150	108	115	98
5. Environment protection	24	26	32	32	37
6. Housing and community amenities	201	194	195	155	144
8. Recreation, culture and religion	53	47	54	44	53
9. Education	274	246	335	374	483
10. Social protection	18	23	13	15	23
Total Wales	872	816	859	848	1,026
Total Great Britain	17,648	18,293	18,554	20,075	20,836
Northern Ireland					
4. Economic affairs	1	4	15	5	16
<i>of which: enterprise and economic development</i>	1	4	15	5	16
5. Environment protection	9	12	8	6	17
6. Housing and community amenities	21	25	37	34	28
7. Health	3	4	3	2	7
8. Recreation, culture and religion	57	100	93	52	144
Total Northern Ireland	91	145	155	100	212
Total United Kingdom	17,739	18,438	18,709	20,174	21,048
Memorandum					
United Kingdom gross capital expenditure, from above	17,739	18,438	18,709	20,174	21,048
United Kingdom capital receipts (see table 7.7)	-1,454	-1,759	-2,358	-1,960	-1,555
Total local government net capital expenditure on services	16,285	16,679	16,351	18,214	19,493
Accounting adjustments	253	-211	597	123	-421
Total local government net capital expenditure	16,538	16,468	16,948	18,337	19,072

⁽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, 2013-14 to 2017-18

	£ million				
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 plans
England					
1. General public services	477	574	562	463	594
<i>of which: public and common services</i>	477	574	562	463	594
3. Public order and safety	199	267	340	631	133
4. Economic affairs	277	337	433	309	184
<i>of which: enterprise and economic development</i>	179	262	317	159	104
<i>of which: employment policies</i>	–	–	–	–	–
<i>of which: agriculture, fisheries and forestry</i>	44	27	56	34	38
<i>of which: transport</i>	54	48	60	116	42
5. Environment protection	12	8	4	3	4
6. Housing and community amenities	97	147	495	177	216
8. Recreation, culture and religion	70	22	54	42	39
9. Education	89	120	107	108	118
10. Social protection	53	69	78	57	85
Total England	1,273	1,544	2,073	1,790	1,374
Scotland					
1. General public services	28	26	19	21	11
<i>of which: public and common services</i>	28	26	19	21	11
3. Public order and safety	–	–	–	–	–
4. Economic affairs	59	39	128	16	21
<i>of which: enterprise and economic development</i>	57	18	118	13	18
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0
<i>of which: transport</i>	2	21	10	3	3
5. Environment protection	1	1	1	2	2
6. Housing and community amenities	1	5	0	0	1
8. Recreation, culture and religion	4	2	3	14	16
9. Education	14	15	16	13	14
10. Social protection	3	6	1	4	6
Total Scotland	110	94	168	69	70
Wales					
1. General public services	12	20	18	23	22
<i>of which: public and common services</i>	12	20	18	23	22
3. Public order and safety	2	2	3	2	7
4. Economic affairs	8	11	8	27	26
<i>of which: enterprise and economic development</i>	7	10	7	27	26
<i>of which: agriculture, fisheries and forestry</i>	0	0	0	0	0
<i>of which: transport</i>	1	1	1	0	0
5. Environment protection	0	0	0	0	0
6. Housing and community amenities	12	15	13	15	15
8. Recreation, culture and religion	0	0	1	1	1
9. Education	5	15	4	6	14
10. Social protection	0	5	3	3	0
Total Wales	40	68	51	78	84
Total Great Britain	1,423	1,706	2,292	1,937	1,528
Northern Ireland					
4. Economic affairs	1	1	8	1	2
<i>of which: enterprise and economic development</i>	1	1	8	1	2
5. Environment protection	1	3	1	1	0
6. Housing and community amenities	3	13	7	3	3
7. Health	0	1	0	1	0
8. Recreation, culture and religion	25	35	49	16	21
Total Northern Ireland	30	53	66	23	27
Total United Kingdom capital receipts	1,454	1,759	2,358	1,960	1,555

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2013-14 to 2017-18

	£ million				
	2013-14	2014-15	2015-16	2016-17	2017-18
	outturn	outturn	outturn	outturn	plans
England					
Pay	53,607	52,876	51,424	51,198	50,839
Gross current procurement	65,594	66,558	67,893	67,723	68,318
Income from sales of goods and services	-28,713	-29,436	-30,019	-29,526	-29,470
Subsidies to private sector companies	1,477	1,357	1,368	1,273	1,362
Subsidies to public corporations	15	14	14	12	13
Current grants to persons and non-profit bodies	21,396	21,529	21,447	20,699	19,640
Gross capital procurement	12,924	13,529	13,964	15,368	15,697
Income from sales of capital assets	-1,273	-1,544	-2,073	-1,790	-1,374
Capital grants	2,011	2,213	1,838	1,574	1,834
Total England	127,038	127,096	125,855	126,531	126,858
Scotland					
Pay	5,994	6,045	6,129	6,467	6,604
Gross current procurement	6,162	6,250	6,340	6,088	6,333
Income from sales of goods and services	-1,938	-2,001	-1,978	-2,309	-2,168
Subsidies to public corporations	98	93	95	97	94
Current grants to persons and non-profit bodies	1,770	1,776	1,772	1,733	1,671
Gross capital procurement	1,642	1,536	1,705	2,120	2,121
Income from sales of capital assets	-110	-94	-168	-69	-70
Capital grants	200	198	188	165	159
Total Scotland	13,818	13,804	14,083	14,291	14,743
Wales					
Pay	4,355	3,951	4,110	4,199	4,217
Gross current procurement	3,555	3,946	3,515	3,532	3,580
Income from sales of goods and services	-1,350	-1,355	-1,276	-1,302	-1,298
Current grants to persons and non-profit bodies	1,004	1,011	1,024	1,009	992
Gross capital procurement	778	728	765	766	950
Income from sales of capital assets	-40	-68	-51	-78	-84
Capital grants	94	88	94	82	76
Total Wales	8,396	8,301	8,181	8,208	8,433
Great Britain					
Pay	63,956	62,873	61,662	61,864	61,660
Gross current procurement	75,312	76,754	77,748	77,342	78,231
Income from sales of goods and services	-32,001	-32,793	-33,274	-33,136	-32,936
Subsidies to private sector companies	1,477	1,357	1,368	1,273	1,362
Subsidies to public corporations	113	107	109	109	107
Current grants to persons and non-profit bodies	24,170	24,317	24,244	23,441	22,303
Gross capital procurement	15,344	15,793	16,433	18,254	18,767
Income from sales of capital assets	-1,423	-1,707	-2,292	-1,937	-1,528
Capital grants	2,305	2,500	2,120	1,820	2,068
Total Great Britain	149,252	149,201	148,119	149,030	150,035
Northern Ireland					
Pay	302	321	348	346	367
Gross current procurement	466	463	469	491	406
Income from sales of goods and services	-197	-209	-220	-174	-158
Gross capital procurement	91	145	155	100	212
Income from sales of capital assets	-30	-53	-66	-23	-27
Total Northern Ireland	632	668	686	739	801
United Kingdom					
Pay	64,258	63,194	62,010	62,210	62,027
Gross current procurement	75,778	77,217	78,217	77,833	78,637
Income from sales of goods and services	-32,199	-33,001	-33,494	-33,311	-33,094
Subsidies to private sector companies	1,477	1,357	1,368	1,273	1,362
Subsidies to public corporations	113	107	109	109	107
Current grants to persons and non-profit bodies	24,170	24,317	24,244	23,441	22,303
Local government debt interest ⁽¹⁾	547	706	762	807	700
Gross capital procurement	15,435	15,938	16,589	18,354	18,980
Income from sales of capital assets	-1,454	-1,759	-2,358	-1,960	-1,555
Capital grants	2,305	2,500	2,120	1,820	2,068
Total local government expenditure on services	150,430	150,576	149,567	150,576	151,535
Accounting adjustments	19,786	19,796	21,865	22,165	21,237
Total local government expenditure	170,216	170,372	171,432	172,741	172,772

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

8

Public Corporations

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 2017-18 are National Statistics.

What's new

8.3 The Office for National Statistics has concluded that registered providers of social housing in England are private, market producers and as such were re-classified to the private non-financial corporations sector. This classification took effect from 16 November 2017. Prior to that date they were classified as public corporations. **Table 8.3** includes data for all Housing Associations before and after this classification change.

Definition of public corporations

8.4 Public corporations is a term from National Accounts, which are based on the European System of Accounts (ESA10). The Office for National Statistics (ONS) determines which bodies are public corporations. ONS will classify a body 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)

8.5 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.

8.6 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

8.7 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.

8.8 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.

8.9 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

8.10 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).

8.11 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.

8.12 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.

8.13 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).

8.14 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.

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

The National Accounts

8.16 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.

8.17 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.

8.18 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.

8.19 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).

8.20 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.

8.21 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

8.22 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.

8.23 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. 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

8.24 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 website¹ in *Public Sector Classification Guide*¹

¹ <https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/publicsectorclassificationguide>

Table 8.1 Public corporations' contribution to budgets and Total Managed Expenditure,⁽¹⁾ 2013-14 to 2019-20

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	£ million 2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Resource DEL							
CG dividends from PCs (-)	-84	-115	-135	-121	-99	-106	-58
CG interest from PCs (-)	-9	-6	-29	-31	-39	-32	-28
Subsidies to PCs	969	747	639	487	430	455	449
Loans written off – mutual consent	–	–	–	–	–	–	–
Total resource DEL	876	626	475	335	291	317	363
Resource departmental AME							
CG dividends from PCs (-)	-132	-101	-262	-194	-104	-120	-54
CG interest from PCs (-)	-157	-109	-109	-64	-106	-104	-103
Subsidies to PCs	54	74	175	170	167	170	145
Loans written off – mutual consent	–	–	–	–	–	–	–
Total resource departmental AME	-234	-136	-195	-87	-43	-53	-13
Total public corporations' contribution to resource budget	642	489	280	248	249	264	350
Capital DEL							
CG investment grants to PCs	295	320	277	252	208	181	193
Net lending to PCs	-412	-1,008	-49	-259	105	89	-51
Market and overseas borrowing	-5	-9	-4	-12	36	–	–
Total capital DEL	-123	-697	224	-19	350	271	143
Capital departmental AME							
CG investment grants to PCs	22	28	12	20	13	18	19
Net lending to PCs	-762	335	90	175	439	407	73
Total capital departmental AME	-740	362	102	195	451	425	92
Total public corporations' contribution to capital budget	-863	-335	326	175	801	695	235
Other AME							
PC own-financed capital expenditure ⁽²⁾	14,400	18,027	14,594	16,682	15,486	18,565	18,107
Accounting adjustments	2,659	3,207	3,500	3,769	2,424	-8,383	-7,322
Public corporations' expenditure in TME⁽³⁾	16,838	21,388	18,700	20,874	18,960	11,141	11,370
<i>of which:</i>							
PC current expenditure in TME	3,329	3,739	3,821	3,842	2,620	684	715
PC gross investment in TME	13,509	17,649	14,879	17,032	16,340	10,457	10,655

⁽¹⁾ Data in this table differ from those shown for public corporations in Table 1.15. Central government subsidies to public corporations are classified as central government own spending in National Accounts, and are shown as such in Table 1.15. In Table 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⁾ 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 by departmental group,⁽¹⁾ 2013-14 to 2019-20

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	£ million 2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Resource DEL							
Defence	-51	-84	-67	-70	-22	–	–
Home Office	–	-1	–	–	–	–	–
Foreign and Commonwealth Office	157	150	157	159	173	178	181
Health and Social Care	92	82	94	–	–	67	65
Work and Pensions	120	111	16	17	8	14	11
Education	0	3	–	–	–	–	–
Business, Energy and Industrial Strategy	320	202	159	137	69	36	26
Transport	6	25	-42	-37	-53	-46	-10
Digital, Culture, Media and Sport	9	50	44	29	14	–	–
MHCLG – Housing and Communities and MHCLG – Local Government	-2	-2	-2	-1	-1	–	-3
Wales	-1	0	-1	0	–	–	–
Northern Ireland	210	81	100	73	84	67	75
International Trade	–	–	0	–	–	–	–
Environment, Food and Rural Affairs	19	8	20	30	21	19	19
Cabinet Office	-3	-2	-2	-2	-2	-18	-2
Small and Independent Bodies	0	0	0	–	–	–	–
Total resource DEL	876	626	475	335	291	317	363
Resource departmental AME							
Business, Energy and Industrial Strategy	-46	-1	-2	-5	-5	-1	-1
Digital, Culture, Media and Sport	-55	-5	-150	-44	-38	-66	–
Scotland	31	42	68	69	64	66	42
Wales	-73	-73	–	–	–	–	–
HM Treasury	-84	-97	-109	-107	-66	-54	-54
Small and Independent Bodies	-7	-4	-2	-1	2	2	–
Total resource departmental AME	-234	-136	-195	-87	-43	-53	-13
Total public corporations' contribution to resource budget	642	489	280	248	249	264	350
Capital DEL							
Defence	-6	-57	-3	-63	–	16	-3
Foreign and Commonwealth Office	5	5	5	–	–	–	–
Health and Social Care	-313	-469	-117	-245	-4	30	34
Work and Pensions	–	–	67	80	84	124	75
Business, Energy and Industrial Strategy	119	90	170	147	82	38	50
Transport	-16	-378	1	3	33	-33	-87
Digital, Culture, Media and Sport	–	80	–	–	-1	–	–
MHCLG – Housing and Communities and MHCLG – Local Government	–	14	14	8	32	53	71
Wales	-3	7	67	2	60	–	–
Northern Ireland	74	-7	0	51	64	42	4
Environment, Food and Rural Affairs	17	19	19	–	–	–	–
Total capital DEL	-123	-697	224	-19	350	271	143
Capital departmental AME							
Business, Energy and Industrial Strategy	-764	292	53	134	36	–	–
Digital, Culture, Media and Sport	0	0	–	–	189	159	–
Scotland	57	99	73	79	226	320	92
Small and Independent Bodies	-34	-29	-24	-19	–	-54	–
Total capital departmental AME	-740	362	102	195	451	425	92
Total public corporations' contribution to capital budget	-863	-335	326	175	801	695	235
Total public corporations' contribution to budgets	-221	155	606	423	1,050	959	586

⁽¹⁾ Data in this table differ from those shown for public corporations in Table 1.15. Central government subsidies to public corporations are classified as central government own spending in National Accounts, and are shown as such in Table 1.15. In Table 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.

Table 8.3 Public corporations' capital expenditure on services, 2013-14 to 2019-20

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	£ million 2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Defence							
Defence Support Group	7	7	7	#	#	#	#
Defence Aviation Repair Agency ⁽¹⁾	–	–	–	#	#	#	#
Defence Science and Technology Laboratory ⁽¹⁾	41	41	41	33	#	#	#
Hydrographic Office ⁽¹⁾	8	8	8	–6	#	#	#
Navy, Army and Air Force Institute	3	3	3	#	#	#	#
Total Defence	59	59	59	27	#	#	#
Foreign and Commonwealth Office							
British Council	17	16	5	31	#	#	#
Total Foreign and Commonwealth Office	17	16	5	31	#	#	#
International Development							
CDC Group ⁽⁵⁾	#	#	#	#	#	#	#
Actis ⁽⁵⁾	#	#	#	#	#	#	#
Total International Development	#	#	#	#	#	#	#
Health and Social Care							
Medicines and Healthcare Products Regulatory Agency ⁽¹⁾	#	#	#	#	#	#	#
NHS Estates ⁽¹⁾	#	#	#	#	#	#	#
NHS Blood and Transplant	#	#	#	#	#	#	#
Total Health and Social Care	#	#	#	#	#	#	#
Work and Pensions							
Remploy	#	#	#	#	#	#	#
Pension Protection Fund	9	-3	1	3	#	#	#
National Employment Savings Trust	2	3	4	1	#	#	#
Office for Nuclear Regulation	–	0	0	–	#	#	#
Total Work and Pensions	10	1	5	4	#	#	#
Business, Energy and Industrial Strategy							
UK Intellectual Property Office	2	1	#	#	#	#	#
British Nuclear Fuels Limited ⁽⁵⁾	–	–	#	#	#	#	#
Companies House ⁽¹⁾	-2	–	5	7	#	#	#
Royal Mail Holdings ⁽⁵⁾	–	–	#	#	#	#	#
Land Registry ⁽¹⁾	0	2	#	#	#	#	#
Ordnance Survey ⁽¹⁾	20	–	#	#	#	#	#
Meteorological Office ⁽¹⁾	21	38	#	#	#	#	#
Total Business, Energy and Industrial Strategy	41	41	5	7	#	#	#
Transport							
Civil Aviation Authority	#	#	#	#	#	#	#
Driving Standards Agency ⁽¹⁾	#	#	#	#	#	#	#
Vehicle and Operator Services Agency ⁽¹⁾	#	#	#	#	#	#	#
Total Transport	#	#	#	#	#	#	#
Digital, Culture Media and Sport							
Channel Four Television Corporation ⁽⁵⁾	#	#	#	#	#	#	#
Historic Royal Palaces Trust	#	#	#	#	#	#	#
Tote ⁽⁵⁾	#	#	#	#	#	#	#
Total Digital, Culture Media and Sport	#	#	#	#	#	#	#
MHCLG – Housing and Communities and MHCLG – Local Government							
Fire Service College ⁽¹⁾	–	–	–	#	#	#	#
QEII Conference Centre ⁽¹⁾	1	3	4	#	#	#	#
Total MHCLG – Housing and Communities and MHCLG – Local Government	1	3	4	–	–	–	–
Scotland							
Caledonian MacBrayne	6	6	6	6	6	#	#
Forest Enterprise	5	2	2	2	2	#	#
Scottish Water	355	318	325	485	494	#	#
Total Scotland	365	325	333	492	501	#	#
Northern Ireland							
Northern Ireland Driver and Vehicle Testing Agency ⁽¹⁾	1	0	0	2	4	11	32
Northern Ireland Housing Executive	110	21	–6	–4	–3	29	39
Northern Ireland Public Trust Port Authority	10	22	23	54	46	50	77
Northern Ireland Transport Holding Company	29	37	37	75	71	162	226
Northern Ireland Water	–	–	–	–	–	–	–
Total Northern Ireland	151	79	55	126	118	252	375
Environment Food and Rural Affairs							
Covent Garden Market Authority	–	–	–	1	3	4	2
Total Environment Food and Rural Affairs	–	–	–	1	3	4	2

Table 8.3 Public corporations' capital expenditure on services, 2013-14 to 2019-20 (continued)

							£ million	
	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 plans	2019-20 plans	
HM Treasury								
Crown Estate ⁽⁵⁾	47	33	-321	113	-20	-	-	
Royal Mint ⁽⁵⁾⁽⁷⁾	-	-	-	-	-	-	-	
Total HM Treasury	47	33	-321	113	-20	-	-	
Local Government								
Transport Trading Limited	1,223	1,444	1,410	1,316	1,904	*	*	
England Housing Revenue Account	1,914	2,297	2,607	2,465	2,825	2,617	2,745	
Scotland Housing Revenue Account	565	595	561	538	694	563	591	
Wales Housing Revenue Account	147	169	207	242	313	208	218	
Total Local Government	3,850	4,506	4,786	4,561	5,736	*	*	
Housing Associations ⁽¹⁾	5,934	9,316	6,392	8,427	7,009	1,278	1,250	
Total public corporations' capital expenditure on services	10,476	14,378	12,241	13,790	13,347	6,706	6,978	
Accounting Adjustments	3,033	3,271	2,638	3,242	2,993	3,751	3,677	
Total public corporations' capital expenditure⁽²⁾	13,509	17,649	14,879	17,032	16,340	10,457	10,655	

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⁾ The Office for National Statistics has concluded that registered providers of social housing in England are private, market producers and as such were re-classified to the private non-financial corporations sector. This classification took effect from 16 November 2017.

⁽²⁾ 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, 2013-14 to 2019-20

	£ million						
	2013-14 outturn	2014-15 outturn	2015-16 outturn	National Statistics		2018-19 plans	2019-20 plans
				2016-17 outturn	2017-18 outturn		
Public corporations' current expenditure on services							
1. General public services	3,329	3,739	3,821	3,842	2,620	684	715
<i>of which: public sector debt interest</i>	3,329	3,739	3,821	3,842	2,620	684	715
Total public corporations' current expenditure on services	3,329	3,739	3,821	3,842	2,620	684	715
Accounting adjustments	—	—	—	—	—	—	—
Total public corporations' current expenditure	3,308	3,232	3,301	3,428	3,930	4,050	4,180
Public corporations' capital expenditure on services							
1. General public services	88	57	-308	146	-20	—	—
<i>of which: public and common services</i>	71	41	-313	115	-20	—	—
<i>of which: international services</i>	17	16	5	31	—	—	—
2. Defence	59	59	59	27	—	—	—
3. Public order and safety	—	—	—	—	—	—	—
4. Economic affairs	1,295	1,549	1,483	1,461	2,035	2,009	2,134
<i>of which: enterprise and economic development</i>	22	39	6	7	—	—	—
<i>of which: employment policies</i>	—	—	—	—	—	—	—
<i>of which: agriculture, fisheries and forestry</i>	5	2	2	3	4	4	2
<i>of which: transport</i>	1,269	1,508	1,476	1,452	2,031	2,005	2,132
5. Environment protection	—	—	—	—	—	—	—
6. Housing and community amenities	3,092	3,400	3,695	3,726	4,322	3,418	3,594
7. Health	—	—	—	—	—	—	—
8. Recreation, culture and religion	—	—	—	—	—	—	—
10. Social protection	9	-3	1	3	—	—	—
Total public corporations' capital expenditure on services	4,542	5,062	4,930	5,363	6,338	5,428	5,728
Accounting adjustments	8,967	12,587	9,949	11,669	10,002	5,030	4,927
Total public corporations' capital expenditure	13,509	17,649	14,879	17,032	16,340	10,457	10,655

Table 8.5 Public corporations' current and capital expenditure by economic category, 2013-14 to 2019-20

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	£ million 2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Public corporations' current expenditure on services							
Public corporations' debt interest	3,329	3,739	3,821	3,842	2,620	684	715
Total public corporations' current expenditure on services	3,329	3,739	3,821	3,842	2,620	684	715
Accounting adjustments	0	0	0	0	0	0	0
Total public corporations' current expenditure	3,329	3,739	3,821	3,842	2,620	684	715
Public corporations' capital expenditure on services							
Gross capital procurement	6,176	6,764	6,886	7,438	8,208	5,450	5,749
Income from sales of assets	-1,724	-1,703	-1,962	-2,077	-1,873	-23	-22
Capital grants	90	2	6	3	3	-	-
Total public corporations' capital expenditure on services	4,542	5,062	4,930	5,363	6,338	5,427	5,728
Accounting adjustments	8,967	12,587	9,949	11,669	10,002	5,030	4,927
Total public corporations' capital expenditure	13,509	17,649	14,879	17,032	16,340	10,457	10,655
Total public corporations' expenditure on services	7,871	8,801	8,751	9,205	8,958	6,111	6,443
Accounting adjustments	8,967	12,587	9,949	11,669	10,002	5,030	4,927
Total public corporations' expenditure⁽¹⁾	16,838	21,388	18,700	20,874	18,960	11,141	11,370

⁽¹⁾ 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 are National Statistics. Readers need to bear in mind the following two points about this chapter.

9.2 The first is that the information in **Chapters 9 and 10** was gathered in a separate data collection exercise during the summer of 2017. Therefore, the figures in these chapters are not entirely consistent with the figures in other PESA chapters. Following the practice instituted in PESA 2017, data presented in these chapters are *identical* to that published on GOV.UK in the CRA National Statistics release from November 2017¹. Therefore:

- TME, debt interest and EU transaction totals that feed into these tables are from data sourced in November 2017.
- Similarly, mid-year population estimates and GDP deflators used to produce ‘per head’ and ‘real terms’ tables respectively are also from the most up-to-date available sources as at November 2017. For clarification, the GDP deflators presented in Annex F of PESA are as of 29 June 2018 and are the source for ‘real terms’ tables seen elsewhere in this publication.

9.3 The second point is that 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 because only a minority of public spending is planned on a regional basis.

How public expenditure is planned and controlled

9.4 Public expenditure is planned and controlled on a departmental basis, except where devolved responsibility lies with the Scottish Government, Welsh Government, Northern Ireland Executive, 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, but not Northern Ireland.

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

The tables

9.6 Most of the tables in this chapter provide an analysis of spending for the period 2012-13 to 2016-17. Information on methods and data quality is provided in the sections below.

9.7 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.

¹ <https://www.gov.uk/government/statistics/country-and-regional-analysis-2017>

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

9.9 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 average UK level.

9.10 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. **Tables 9.19 and 9.20** show the equivalent presentations for combined central government and public corporation spending.

9.11 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 2016-17 only.

9.12 A supplementary database and tables are available on GOV.UK alongside the November 2017 CRA release. This will include the information in **Table 9.21** for earlier years, while the interactive tables allow users to choose how they view the data.

Methods

The process of apportioning expenditure by country and region

9.13 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 analyses of public expenditure by country and region that are published in this release.

9.14 The figures in this chapter 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.

Identifiable expenditure on services

9.15 The country and regional analyses are 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 analyses, expenditure on services is divided into identifiable and non-identifiable expenditure:

- Around 88 per cent of total expenditure on services is **identifiable** expenditure, which has been incurred for the benefit of individuals, enterprises or communities within particular regions. Examples are health, education, and social protection spending; and
- **non-identifiable** expenditure, constituting the remaining 12 per cent of total expenditure on services, 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' locations 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 EU receipts can be classified as identifiable or non-identifiable depending upon the characteristics of the expenditure itself. Receipts from the EU are treated as non-identifiable within TES. Consequently, regional expenditure includes the expenditure financed by EU receipts. Payments to the EU are attributed to 'outside UK' as these are transfer payments that the EU then spends.

How identifiable expenditure is attributed to countries and regions

9.18 Identifiable expenditure is attributed to a specific country or region using the 'for' basis wherever possible, which records the regions that benefited from the spending, or whom the spending was for, rather than simply the location where the spending took place (the 'in' basis). Where it is not possible to allocate spending to regions on a 'for' basis, the 'in' basis is used instead. For most spending the 'for' and the 'in' bases would in practice offer similar results.

9.19 A number of issues 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 spending 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.

Data on public expenditure by country and region

9.20 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.

9.21 The data cover central government, local government and public corporations.

9.22 Subsequent inconsistencies between the CRA and earlier chapters in PESA reflect updates that have been made by departments and local authorities since the summer of 2017.

9.23 Information on local government spending in the CRA is based on data supplied by the Ministry for Housing, Communities and Local Government (MHCLG), and Department for 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 MHCLG.

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.

9.25 In order not to overstate the accuracy of the numbers provided, CRA data is rounded to the nearest £1 million. 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
- the Treasury asks the largest departments to allocate their spending by country and region, whereas spending for the remaining departments (de minimis) are pro-rated using the total expenditure of the larger departments.

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

- the 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 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 below).

9.27 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 Digital, Culture, Media and Sport (DCMS)** – while some of the Arm's length Bodies (ALBs) DCMS is responsible for could allocate spending to the region where it took place, others used visitor survey data or other proxies to estimate regional allocations. Inconsistencies occurred in the treatment of survey data for visitors from 'outside UK'. This mostly affects the recreation, culture and religion function.
- **Department for Transport (DfT)** – DfT have produced regional allocations of transport expenditure by country and region. However, DfT have explained that the disaggregation of expenditure to this geographic level is particularly difficult with the available information and users should be aware of the methodologies used and the limitations of the data. This is particularly relevant concerning the rail network (including High Speed 2 expenditure) and Highways regional allocations. These methodologies are outlined below;

- Highways England's spend on motorways and major A roads is difficult to allocate on a 'who benefits' basis due to the nature of the network. Spend has therefore been assigned using actual regional data, with central expenditure apportioned across the regions;
- allocating rail expenditure is also difficult due to the railway network crossing regional boundaries, however, a sound methodology has been applied to allocate rail expenditure on a 'who benefits?' basis. Following reclassification of Network Rail (NR) as a public body, changes to associated rail expenditure allocations were made and as a result, rail expenditure from 2015-16 is not directly comparable with previous years;
 - from 2015-16 all NR expenditure is reported, where in previous years only Government grants to NR were included. This means that the total public expenditure for NR increased substantially;
 - the method used to allocate many areas of rail expenditure changed in 2016-17 to more accurately align with spending profiles across regions of Great Britain. This is done by matching NR route accounts to patterns of rail passenger demand. Allocations for 2015-16 have also been harmonised with the improved methodology.
- the methodology for allocating HS2 expenditure has two elements. Where circumstance allows, expenditure is allocated to specific regions, for example property purchase costs have been allocated according to where the property being purchased is located. The remaining balance of expenditure has been allocated in line with the most relevant regional benefit split for the Full Network. This is either the;
 - Phase 1 regional split from 2013 in section 5.3 here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/365065/S_A_1_Economic_case_0.pdf
 - or the 2016 economic case found on table 10 of HS2 Phase Two, West Midlands to Crewe, Economic Case; https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/490312/Economic_Case_report_2016.pdf
- **Local Government for England: Transport Trading Limited** – the main component of this expenditure relates to Crossrail. Estimated regional allocations are therefore based on analysis of Crossrail's economic benefits that was conducted by Crossrail Ltd prior to 2009. Therefore this illustrative data does not represent the final Crossrail scheme (e.g. Reading extension) and does not represent current expectations about Crossrail services and other national rail and tube services. In addition it excludes benefits from wider economic impacts. Please see link to analysis below:
 - http://74f85f59f39b887b696f-ab656259048fb93837ecc0ecbcf0c557.r23.cf3.rackcdn.com/assets/library/document/c/original/crossrail_distribution_of_benefits_feb_2009.pdf
- **International Trade** – All expenditure for this department changed from ID to non-ID as it benefits the UK as a whole;
- **Armed Forces Pensions Schemes & Ministry of Defence** – There are significant changes to the allocation methodology of the pensions schemes for these two departments:
 - **Armed Forces Pensions Schemes:** The allocation methodology has been improved this year. Expenditure is split by country and region using the Health Statistics publication on pension recipient's location. These revisions to the methodology have been back dated to 2014-15.

- **MoD Armed Forces War Pensions:** This year the Health Statistics publication on pension recipient's location was used to split by country and region. This makes the data consistent with the approach used for the Armed Forces Pensions Schemes. These revisions to the methodology have been back dated to 2014-15.
- **Ministry of Defence (MoD)** – MoD include expenditure on several segments that relate to 'Operations and Peace Keeping'. These are classified to sub-function: 'Foreign military aid'. In previous years these segments were deemed to be non-ID expenditure. For this year's CRA these have now been moved to ID expenditure benefitting 'OUTSIDE UK';
- **Environment, Food & Rural Affairs** – Defra have improved the allocation methodology for Rural Payment Agency (RPA) segments. In previous years RPA apportionments were based on rural population. For this year, data has been derived from the Rural Payments accounting system, which maps each business to a regional identifier.

Table 9.1 Total identifiable expenditure on services by country and region, 2012-13 to 2016-17

	£ million						as a per cent of identifiable expenditure								
	National Statistics			National Statistics			National Statistics			National Statistics					
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
North East	24,159	24,480	24,749	25,157	25,525	4	4	4	4	4	4	4	4	4	4
North West	64,480	64,448	66,156	67,569	68,077	11	11	11	11	11	11	11	11	11	11
Yorkshire and The Humber	45,139	45,496	46,636	47,461	47,801	8	8	8	8	8	8	8	8	8	8
East Midlands	36,283	36,802	38,038	38,496	39,129	6	6	6	6	6	6	6	6	6	6
West Midlands	47,826	48,264	50,012	50,045	51,313	8	8	8	8	8	8	8	8	8	8
East	45,194	46,236	48,147	49,380	49,995	8	8	8	8	8	8	8	8	8	8
London	82,529	83,669	85,083	87,377	89,569	14	14	14	14	14	14	14	14	14	14
South East	65,712	67,499	69,001	70,801	73,211	11	11	11	11	11	11	11	11	11	11
South West	42,738	43,854	45,318	45,976	47,158	7	7	7	7	7	7	7	7	7	7
Total England	454,061	460,749	473,141	482,262	491,779	78	78	78	78	78	78	78	78	78	79
Scotland	53,959	54,177	55,121	56,297	57,563	9	9	9	9	9	9	9	9	9	9
Wales	29,553	30,114	30,636	30,974	31,367	5	5	5	5	5	5	5	5	5	5
Northern Ireland	19,645	19,981	20,333	20,222	20,562	3	3	3	3	3	3	3	3	3	3
UK identifiable expenditure	557,219	565,020	579,231	589,755	601,271	96	95	96	96	96	96	96	96	96	96
Outside UK	25,089	26,659	26,895	25,647	24,232	4	5	4	4	4	4	4	4	4	4
Total identifiable expenditure	582,308	591,679	606,126	615,402	625,503	100	100	100	100	100	100	100	100	100	100
	£ million						as a per cent of Total Managed Expenditure								
	National Statistics			National Statistics			National Statistics			National Statistics					
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
Identifiable expenditure	582,308	591,679	606,126	615,402	625,503	80	81	81	81	81	80	81	81	81	81
Non-identifiable expenditure ⁽¹⁾	83,448	83,388	81,078	84,912	85,613	11	11	11	11	11	11	11	11	11	11
Public sector expenditure on services	665,756	675,067	687,204	700,314	711,116	91	92	91	91	91	91	91	93	92	92
Accounting adjustments	65,845	58,684	64,112	56,533	61,274	9	8	8	9	9	9	8	7	8	8
Total Managed Expenditure⁽²⁾	731,601	733,751	751,316	756,847	772,390	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Includes the effect of financial sector interventions. See PESA Box 5.A for details.

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

Table 9.2 Total identifiable expenditure on services by country and region, per head 2012-13 to 2016-17⁽¹⁾

	£ per head						Index (UK identifiable expenditure = 100)								
	National Statistics			National Statistics			National Statistics			National Statistics					
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
North East	9,284	9,377	9,451	9,585	9,680	106	106	105	106	106	106	106	105	106	106
North West	9,102	9,073	9,275	9,419	9,429	104	103	103	104	103	104	103	103	104	103
Yorkshire and The Humber	8,490	8,523	8,701	8,804	8,810	97	97	97	97	97	97	97	97	97	96
East Midlands	7,943	8,003	8,202	8,231	8,282	91	91	91	91	91	91	91	91	91	90
West Midlands	8,476	8,505	8,754	8,702	8,846	97	96	96	96	96	96	96	98	96	97
East	7,651	7,765	8,000	8,126	8,155	87	88	88	88	89	87	88	89	90	89
London	9,933	9,941	9,964	10,074	10,192	114	113	111	111	111	114	113	111	111	111
South East	7,532	7,677	7,776	7,913	8,111	86	87	87	87	87	86	87	87	87	89
South West	8,004	8,155	8,356	8,403	8,549	92	93	93	93	93	92	93	93	93	93
England	8,488	8,554	8,711	8,803	8,898	97	97	97	97	97	97	97	97	97	97
Scotland	10,155	10,169	10,308	10,478	10,651	116	115	115	116	115	116	115	115	116	116
Wales	9,614	9,770	9,908	9,994	10,076	110	111	111	111	110	110	111	110	110	110
Northern Ireland	10,773	10,920	11,048	10,921	11,042	123	124	124	124	123	123	124	123	121	121
UK identifiable expenditure	8,747	8,814	8,967	9,058	9,159	100	100	100	100	100	100	100	100	100	100

⁽¹⁾ Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex within the CRA 2017 release for details.

Table 9.3 Total identifiable expenditure on services by country and region in real terms,⁽¹⁾ 2012-13 to 2016-17

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
North East	25,662	25,566	25,478	25,724	25,525	
North West	68,491	67,308	68,104	69,093	68,077	
Yorkshire and The Humber	47,946	47,514	48,010	48,531	47,801	
East Midlands	38,540	38,435	39,158	39,364	39,129	
West Midlands	50,801	50,406	51,485	51,174	51,313	
East	48,006	48,288	49,565	50,494	49,995	
London	87,662	87,382	87,588	89,348	89,569	
South East	69,800	70,494	71,033	72,398	73,211	
South West	45,396	45,800	46,653	47,013	47,158	
England	482,306	481,191	487,073	493,140	491,779	
Scotland	57,316	56,580	56,744	57,566	57,563	
Wales	31,392	31,450	31,538	31,672	31,367	
Northern Ireland	20,867	20,867	20,932	20,679	20,562	
UK identifiable expenditure	591,880	590,089	596,286	603,058	601,271	
Outside UK	26,650	27,842	27,687	26,226	24,232	
Total identifiable expenditure	618,530	617,931	623,973	629,283	625,503	
Non-identifiable expenditure ⁽²⁾	88,639	87,087	83,465	86,827	85,613	
Total Expenditure on Services	707,169	705,018	707,439	716,110	711,116	
Accounting adjustments	69,941	61,288	66,000	57,809	61,274	
Total Managed Expenditure⁽³⁾	777,110	766,306	773,439	773,919	772,390	

⁽¹⁾ Real terms figures are the nominal figures adjusted to 2016-17 price levels using GDP deflators from the Office for National Statistics (released 29 September 2017).

⁽²⁾ Includes the effect of financial sector interventions. See PESA Box 5.A for details.

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

Table 9.4 Total identifiable expenditure on services by country and region per head⁽¹⁾ in real terms,⁽²⁾ 2012-13 to 2016-17

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
North East	9,861	9,793	9,729	9,801	9,680	
North West	9,668	9,476	9,548	9,631	9,429	
Yorkshire and The Humber	9,018	8,902	8,957	9,003	8,810	
East Midlands	8,438	8,358	8,444	8,417	8,282	
West Midlands	9,003	8,883	9,011	8,898	8,846	
East	8,126	8,110	8,236	8,310	8,155	
London	10,551	10,382	10,258	10,301	10,192	
South East	8,000	8,017	8,005	8,091	8,111	
South West	8,502	8,517	8,602	8,593	8,549	
England	9,016	8,933	8,967	9,001	8,898	
Scotland	10,787	10,620	10,611	10,714	10,651	
Wales	10,212	10,203	10,200	10,220	10,076	
Northern Ireland	11,443	11,405	11,373	11,168	11,042	
UK identifiable expenditure	9,291	9,205	9,231	9,262	9,159	

⁽¹⁾ Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex within the CRA 2017 release for details.

⁽²⁾ Real terms figures are the nominal figures adjusted to 2016-17 price levels using GDP deflators from the Office for National Statistics (released 29 September 2017).

Table 9.5 Identifiable expenditure on general public services by country and region, 2012-13 to 2016-17

	General public services												of which: capital											
	National Statistics						National Statistics						National Statistics											
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn							
North East	276	224	227	214	240		233	174	192	185	201		43	50	35	29	39							
North West	639	572	562	545	563		494	468	469	477	475		144	105	93	68	88							
Yorkshire and The Humber	402	405	356	354	418		331	292	275	272	308		71	113	81	82	110							
East Midlands	472	432	397	377	441		392	327	314	297	334		80	105	82	80	107							
West Midlands	431	437	498	420	492		398	377	425	426	412		33	60	73	-5	80							
East	542	517	656	575	672		460	438	475	465	534		82	79	181	110	138							
London	852	799	714	704	1,051		541	593	651	646	636		311	205	62	58	415							
South East	767	796	841	723	1,393		623	606	669	598	699		144	190	172	125	694							
South West	470	430	554	451	579		408	345	419	362	408		62	85	134	89	171							
England	4,851	4,612	4,804	4,363	5,849		3,880	3,620	3,891	3,727	4,007		971	992	914	636	1,842							
Scotland	936	1,112	1,137	1,131	1,085		793	921	949	946	871		142	191	188	184	213							
Wales	508	508	528	493	510		430	443	478	467	466		78	64	50	26	44							
Northern Ireland	381	419	458	393	348		353	374	381	358	309		28	45	78	35	40							
UK identifiable expenditure	6,675	6,650	6,928	6,379	7,792		5,455	5,359	5,698	5,499	5,653		1,220	1,291	1,230	881	2,139							
Outside the UK	6,483	8,498	9,481	9,232	8,770		5,749	7,695	7,199	7,063	7,656		734	803	2,282	2,169	1,114							
Total identifiable expenditure	13,158	15,147	16,409	15,612	16,562		11,204	13,053	12,897	12,562	13,309		1,953	2,094	3,512	3,050	3,254							
Non-identifiable expenditure	46,313	45,863	42,881	43,977	46,159		46,145	45,520	42,499	43,665	45,743		168	343	382	312	416							
Total Expenditure on Services	59,471	61,011	59,290	59,589	62,722		57,350	58,574	55,396	56,227	59,052		2,121	2,437	3,894	3,362	3,670							

£ million

Table 9.5a Identifiable expenditure on general public services (of which: public and common services) by country and region, 2012-13 to 2016-17

	Total public and common services												of which: current												of which: capital											
	National Statistics						National Statistics						National Statistics						National Statistics																	
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn													
North East	269	218	224	210	237		226	168	189	181	197		43	50	35	29	39		143	104	92	67	88													
North West	621	555	552	534	552		477	452	460	467	465		70	113	81	81	109		79	104	82	80	107													
Yorkshire and The Humber	388	392	349	345	410		318	280	268	264	300		32	59	72	-6	79		81	104	180	109	137													
East Midlands	460	421	390	370	434		381	317	308	290	327		310	204	61	57	414		143	189	171	124	693													
West Midlands	417	424	489	411	483		384	365	417	418	404		61	84	134	88	171		61	84	134	88	171													
East	527	503	647	566	663		446	425	467	457	526		310	204	61	57	414		310	204	61	57	414													
London	830	779	701	691	1,038		521	574	640	634	624		143	189	171	124	693		143	189	171	124	693													
South East	745	776	828	710	1,379		602	587	657	586	686		61	84	134	88	171		61	84	134	88	171													
South West	456	417	546	443	571		395	333	412	354	400		961	984	907	629	1,837		961	984	907	629	1,837													
England	4,712	4,484	4,726	4,281	5,767		3,751	3,500	3,818	3,652	3,929		961	984	907	629	1,837		961	984	907	629	1,837													
Scotland	922	1,099	1,129	1,122	1,077		780	909	941	939	864		141	190	188	184	213		141	190	188	184	213													
Wales	500	500	524	488	505		422	437	474	463	462		77	64	50	26	44		77	64	50	26	44													
Northern Ireland	376	414	456	390	346		348	370	378	356	306		28	44	78	34	40		28	44	78	34	40													
UK identifiable expenditure	6,510	6,498	6,834	6,282	7,695		5,302	5,215	5,612	5,410	5,561		1,208	1,283	1,222	872	2,134		1,208	1,283	1,222	872	2,134													
Outside the UK	230	305	300	308	295		-	-	-	-	-		230	305	300	308	295		230	305	300	308	295													
Total identifiable expenditure	6,740	6,803	7,134	6,590	7,989		5,302	5,215	5,612	5,410	5,561		1,438	1,588	1,522	1,180	2,429		1,438	1,588	1,522	1,180	2,429													
Non-identifiable expenditure	4,386	4,312	4,249	4,549	4,759		4,249	4,083	4,010	4,363	4,400		137	228	239	186	359		137	228	239	186	359													
Total Expenditure on Services	11,126	11,115	11,384	11,138	12,748		9,551	9,299	9,623	9,773	9,961		1,575	1,816	1,761	1,366	2,788		1,575	1,816	1,761	1,366	2,788													

Table 9.5b Identifiable expenditure on general public services (of which: international services) by country and region, 2012-13 to 2016-17

	International services										of which: current										of which: capital										£ million
	National Statistics					National Statistics					National Statistics					National Statistics															
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn											
North East	7	6	4	4	4	6	6	3	4	4	0	0	0	0	0	0	0	0	0	0											
North West	18	17	10	11	11	17	16	9	10	10	1	1	1	1	1	1	1	1	1	1											
Yorkshire and The Humber	14	13	8	8	8	13	12	7	7	8	1	1	1	1	1	1	1	1	1	1											
East Midlands	12	11	7	7	7	11	10	6	6	7	1	1	1	1	1	1	1	1	1	1											
West Midlands	15	13	8	9	9	14	13	8	8	8	1	1	1	1	1	1	1	1	1	1											
East	15	14	9	9	9	14	13	8	8	8	1	1	1	1	1	1	1	1	1	1											
London	21	20	12	13	13	20	19	11	12	12	2	2	1	1	1	2	2	1	1	1											
South East	23	21	13	13	13	21	20	12	12	13	2	2	1	1	1	2	2	1	1	1											
South West	14	13	8	8	8	13	12	7	7	8	1	1	1	1	1	1	1	1	1	1											
England	138	127	79	82	82	129	120	72	75	77	10	7	7	7	5	10	7	7	7	5											
Scotland	14	13	8	8	8	13	12	7	7	8	1	1	1	1	1	1	1	1	1	1											
Wales	8	7	4	5	5	7	7	4	4	4	1	1	0	0	0	1	0	0	0	0											
Northern Ireland	5	4	3	3	3	4	4	2	3	3	0	0	0	0	0	0	0	0	0	0											
UK identifiable expenditure	165	152	94	97	97	153	143	86	89	92	12	8	8	9	6	12	8	8	9	6											
Outside the UK	6,253	8,193	9,181	8,924	8,475	5,749	7,695	7,199	7,063	7,656	504	498	1,982	1,861	819	504	498	1,982	1,861	819											
Total identifiable expenditure	6,418	8,344	9,275	9,022	8,573	5,902	7,838	7,285	7,152	7,748	515	506	1,990	1,869	825	515	506	1,990	1,869	825											
Non-identifiable expenditure	1,303	1,444	1,212	1,424	1,251	1,272	1,329	1,069	1,297	1,194	31	115	143	126	57	31	115	143	126	57											
Total Expenditure on Services	7,720	9,788	10,487	10,446	9,823	7,174	9,167	8,355	8,450	8,941	546	621	2,133	1,996	882	546	621	2,133	1,996	882											

Table 9.5c Identifiable expenditure on general public services (of which: public sector debt interest) by country and region, 2012-13 to 2016-17

	Public sector debt interest						of which: current						of which: capital						£ million
	National Statistics			National Statistics			National Statistics			National Statistics			National Statistics						
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn				
North East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
North West	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Yorkshire and The Humber	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
East Midlands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
West Midlands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
London	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
South East	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
South West	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
England	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Scotland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Wales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Northern Ireland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
UK identifiable expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Outside the UK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total identifiable expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Non-identifiable expenditure	40,624	40,108	37,419	38,005	40,150	40,624	40,108	37,419	38,005	40,150	40,624	40,108	37,419	38,005	40,150				
Total Expenditure on Services	40,624	40,108	37,419	38,005	40,150	40,624	40,108	37,419	38,005	40,150	40,624	40,108	37,419	38,005	40,150				

Table 9.6 Identifiable expenditure on defence by country and region, 2012-13 to 2016-17

	Defence						of which: current						of which: capital						£ million
	National Statistics			National Statistics			National Statistics			National Statistics			National Statistics						
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn				
North East	2	2	2	1	2	2	2	2	1	2	-	-	-	-	-				
North West	5	5	4	6	7	5	5	4	6	7	-	-	-	-	-				
Yorkshire and The Humber	3	4	3	3	4	3	4	3	3	4	-	-	-	-	-				
East Midlands	4	5	4	4	5	4	5	4	4	5	-	-	-	-	-				
West Midlands	4	4	3	3	4	4	4	3	3	4	-	-	-	-	-				
East	6	6	6	6	6	6	6	6	6	6	-	-	-	-	-				
London	8	7	7	6	7	8	7	7	6	7	-	-	-	-	-				
South East	8	9	9	7	8	8	9	9	7	8	-	-	-	-	-				
South West	4	5	5	3	4	4	5	5	3	4	-	-	-	-	-				
England	45	47	43	39	47	45	47	43	39	47	-	-	-	-	-				
Scotland	3	3	3	4	4	3	3	3	4	4	-	-	-	-	-				
Wales	4	4	4	3	2	4	4	4	3	2	-	-	-	-	-				
Northern Ireland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
UK identifiable expenditure	52	54	49	46	53	52	54	49	46	53	-	-	-	-	-				
Outside the UK	2,235	1,361	633	329	515	1,730	1,236	624	276	400	506	126	9	53	115				
Total identifiable expenditure	2,287	1,415	682	375	568	1,782	1,290	673	322	453	506	126	9	53	115				
Non-identifiable expenditure	34,053	34,989	36,016	36,252	36,431	25,321	26,281	26,787	27,474	27,346	8,732	8,708	9,229	8,779	9,085				
Total Expenditure on Services	36,340	36,405	36,698	36,627	36,999	27,102	27,571	27,460	27,796	27,799	9,238	8,834	9,238	8,831	9,200				

Table 9.7 Identifiable expenditure on public order and safety by country and region, 2012-13 to 2016-17

	Public order and safety						of which: current						of which: capital						£ million
	National Statistics			National Statistics			National Statistics			National Statistics			National Statistics						
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn				
North East	1,243	1,197	1,205	1,241	1,283	1,182	1,127	1,142	1,210	1,233	61	70	62	31	49				
North West	3,395	3,264	3,232	3,140	3,235	3,280	3,137	3,121	2,999	3,027	115	127	110	141	208				
Yorkshire and The Humber	2,303	2,215	2,228	2,191	2,226	2,184	2,101	2,114	2,056	2,095	119	114	114	136	131				
East Midlands	1,689	1,610	1,658	1,803	1,823	1,601	1,526	1,581	1,709	1,717	87	83	77	94	106				
West Midlands	2,330	2,191	2,264	2,289	2,326	2,258	2,113	2,163	2,161	2,204	72	77	100	128	123				
East	1,918	1,898	1,979	2,106	2,147	1,868	1,820	1,893	2,015	2,049	49	78	86	92	98				
London	5,961	5,441	5,674	5,476	5,313	5,743	5,310	5,556	5,390	5,495	218	131	118	85	-182				
South East	3,051	2,976	2,943	2,936	2,988	2,949	2,885	2,842	2,807	2,868	102	91	101	129	120				
South West	1,920	1,849	1,889	1,856	1,877	1,856	1,780	1,807	1,757	1,793	63	69	81	100	84				
England	23,809	22,640	23,071	23,039	23,217	22,922	21,801	22,220	22,104	22,481	887	839	851	935	736				
Scotland	2,691	2,388	2,649	2,650	2,581	2,506	2,265	2,543	2,588	2,520	185	123	107	61	61				
Wales	1,360	1,328	1,348	1,230	1,258	1,308	1,256	1,283	1,158	1,193	52	72	64	72	65				
Northern Ireland	1,382	1,357	1,271	1,244	1,219	1,310	1,293	1,206	1,162	1,155	72	64	65	82	64				
UK identifiable expenditure	29,243	27,713	28,340	28,162	28,275	28,047	26,614	27,252	27,012	27,349	1,196	1,099	1,087	1,151	927				
Outside the UK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total identifiable expenditure	29,243	27,713	28,340	28,162	28,275	28,047	26,614	27,252	27,012	27,349	1,196	1,099	1,087	1,151	927				
Non-identifiable expenditure	2,063	1,890	2,147	2,043	1,798	1,849	1,730	1,983	1,915	1,631	214	159	164	128	167				
Total Expenditure on Services	31,307	29,603	30,487	30,205	30,073	29,896	28,345	29,235	28,926	28,979	1,410	1,258	1,252	1,279	1,094				

Table 9.8 Identifiable expenditure on economic affairs by country and region, 2012-13 to 2016-17

	Economic affairs												of which: capital												£ million
	National Statistics						of which: current						National Statistics						of which: capital						
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		
North East	1,206	1,430	1,310	1,423	1,471		758	828	690	786	757		448	602	620	637	714		448	602	620	637	714		
North West	3,161	3,529	3,390	4,234	4,147		1,705	1,881	1,596	1,912	1,956		1,455	1,648	1,795	2,322	2,191		1,455	1,648	1,795	2,322	2,191		
Yorkshire and The Humber	2,641	2,973	2,904	3,300	3,064		1,560	1,716	1,450	1,697	1,665		1,081	1,257	1,454	1,603	1,399		1,081	1,257	1,454	1,603	1,399		
East Midlands	1,831	2,094	2,171	2,247	2,213		1,137	1,191	1,096	1,186	1,176		694	903	1,075	1,060	1,037		694	903	1,075	1,060	1,037		
West Midlands	2,356	2,575	2,711	2,822	3,071		1,285	1,426	1,299	1,428	1,462		1,070	1,149	1,412	1,394	1,610		1,070	1,149	1,412	1,394	1,610		
East	2,692	2,871	2,975	3,382	3,399		1,322	1,383	1,285	1,430	1,476		1,370	1,489	1,691	1,951	1,922		1,370	1,489	1,691	1,951	1,922		
London	6,744	7,276	7,350	9,343	10,010		2,404	2,552	2,279	3,403	3,388		4,339	4,724	5,071	5,940	6,621		4,339	4,724	5,071	5,940	6,621		
South East	3,495	4,006	3,982	4,817	5,601		1,768	1,883	1,749	1,988	2,263		1,727	2,123	2,233	2,830	3,338		1,727	2,123	2,233	2,830	3,338		
South West	2,237	2,375	2,520	2,714	3,132		1,391	1,375	1,329	1,402	1,577		846	1,000	1,192	1,312	1,554		846	1,000	1,192	1,312	1,554		
England	26,362	29,129	29,315	34,282	36,106		13,332	14,235	12,772	15,232	15,721		13,030	14,894	16,543	19,050	20,386		13,030	14,894	16,543	19,050	20,386		
Scotland	5,312	5,527	5,322	5,529	5,926		3,224	3,466	3,137	3,423	3,453		2,088	2,061	2,185	2,106	2,474		2,088	2,061	2,185	2,106	2,474		
Wales	2,210	2,379	2,348	2,429	2,308		1,405	1,491	1,403	1,506	1,424		805	888	945	923	884		805	888	945	923	884		
Northern Ireland	1,587	1,639	1,676	1,548	1,581		1,212	1,249	1,221	1,227	1,113		375	390	455	321	469		375	390	455	321	469		
UK identifiable expenditure	35,471	38,674	38,661	43,788	45,922		19,173	20,441	18,533	21,388	21,710		16,298	18,233	20,128	22,400	24,212		16,298	18,233	20,128	22,400	24,212		
Outside the UK	313	402	488	441	436		14	47	106	96	38		298	355	382	344	398		298	355	382	344	398		
Total identifiable expenditure	35,784	39,076	39,150	44,228	46,358		19,187	20,488	18,639	21,484	21,748		16,597	18,588	20,510	22,744	24,610		16,597	18,588	20,510	22,744	24,610		
Non-identifiable expenditure ⁽¹⁾	926	1,072	769	1,398	1,022		592	1,035	721	1,271	948		334	36	49	127	74		334	36	49	127	74		
Total Expenditure on Services	36,710	40,148	39,919	45,626	47,381		19,780	21,523	19,360	22,755	22,696		16,930	18,624	20,559	22,871	24,684		16,930	18,624	20,559	22,871	24,684		

⁽¹⁾ Includes the effect of financial sector interventions. See PESA Box 5.A for details.

Table 9.8a Identifiable expenditure on economic affairs (of which: enterprise and economic development) by country and region, 2012-13 to 2016-17

	Enterprise and economic development												of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2012-13	2013-14	2014-15	2015-16	2016-17		2012-13	2013-14	2014-15	2015-16	2016-17		2012-13	2013-14	2014-15	2015-16	2016-17		
	outturn	outturn	outturn	outturn	outturn		outturn	outturn	outturn	outturn	outturn		outturn	outturn	outturn	outturn	outturn		
North East	193	296	165	165	192		158	194	129	148	143		34	102	36	18	49		
North West	393	579	437	514	487		338	406	364	446	415		55	173	73	68	72		
Yorkshire and The Humber	319	398	415	372	320		266	297	339	353	288		53	101	75	19	33		
East Midlands	226	269	271	329	369		187	198	209	280	249		39	71	62	48	120		
West Midlands	336	395	389	157	388		282	305	320	314	298		54	90	70	-157	90		
East	222	246	304	291	347		202	228	237	242	265		20	18	68	50	82		
London	388	613	494	758	749		392	514	582	748	725		-4	99	-88	10	25		
South East	362	440	424	642	1,059		317	352	359	457	485		45	88	65	185	574		
South West	231	287	304	340	366		229	248	268	306	298		3	38	36	34	67		
England	2,669	3,523	3,203	3,566	4,278		2,371	2,742	2,807	3,293	3,165		298	781	396	273	1,112		
Scotland	884	980	945	912	943		659	784	762	781	753		225	196	183	131	190		
Wales	419	531	535	444	388		342	373	350	355	299		78	159	185	89	89		
Northern Ireland	288	306	341	393	335		258	263	288	322	293		30	43	53	70	42		
UK identifiable expenditure	4,261	5,340	5,024	5,315	5,944		3,630	4,161	4,207	4,751	4,510		631	1,179	817	564	1,434		
Outside the UK	-	-	0	1	1		-	-	0	1	1		-	-	-	-	0		
Total identifiable expenditure	4,261	5,340	5,024	5,316	5,945		3,630	4,161	4,207	4,752	4,510		631	1,179	817	564	1,434		
Non-identifiable expenditure ⁽¹⁾	738	784	537	1,020	574		427	785	492	911	521		311	-1	45	109	53		
Total Expenditure on Services	4,999	6,124	5,561	6,336	6,518		4,057	4,947	4,699	5,663	5,031		942	1,178	862	673	1,487		

⁽¹⁾ Includes the effect of financial sector interventions. See PESA Box 5.A for details.

Table 9.8b Identifiable expenditure on economic affairs (of which: science and technology) by country and region, 2012-13 to 2016-17

	Science and technology						of which: current						of which: capital						£ million												
	2012-13			2013-14			2014-15			2015-16			2016-17			2012-13				2013-14			2014-15			2015-16			2016-17		
	outturn	2012-13	2013-14	outturn	2014-15	2015-16	2016-17	outturn	2012-13	2013-14	outturn	2014-15	2015-16	2016-17	outturn	2012-13	2013-14	outturn		2014-15	2015-16	2016-17	outturn	2012-13	2013-14	outturn	2014-15	2015-16	2016-17		
North East	118	160	174	196	142	142	10	16	16	24	68	16	16	108	144	150	128	126													
North West	290	387	409	421	351	351	27	45	49	59	90	49	49	263	342	350	331	302													
Yorkshire and The Humber	227	301	326	343	255	255	20	33	31	48	88	31	31	207	267	277	256	224													
East Midlands	194	257	297	269	257	257	17	25	27	37	65	27	27	177	232	261	203	231													
West Midlands	199	273	304	293	275	275	21	33	33	43	74	33	33	178	240	261	218	242													
East	393	458	470	529	407	407	26	31	35	39	63	35	35	368	428	431	466	372													
London	489	606	613	708	539	539	35	37	32	43	43	51	51	454	569	580	665	487													
South East	505	603	622	709	568	568	36	43	36	47	76	51	51	469	560	575	632	517													
South West	229	305	359	337	327	327	20	32	20	47	76	32	32	208	273	311	261	295													
England	2,644	3,350	3,573	3,804	3,123	3,123	214	295	295	376	644	326	326	2,430	3,055	3,197	3,160	2,797													
Scotland	309	375	400	472	374	374	23	26	26	50	102	32	32	286	349	350	370	342													
Wales	109	152	188	209	147	147	23	34	34	64	85	22	22	86	119	124	124	124													
Northern Ireland	44	56	58	88	69	69	6	4	4	5	42	10	10	38	52	53	46	59													
UK identifiable expenditure	3,106	3,933	4,219	4,573	3,712	3,712	266	359	359	495	873	390	390	2,841	3,574	3,725	3,700	3,323													
Outside the UK	209	253	252	244	258	258	5	3	3	1	1	-1	-1	203	249	251	243	259													
Total identifiable expenditure	3,315	4,185	4,472	4,817	3,970	3,970	271	362	362	495	874	389	389	3,044	3,823	3,976	3,943	3,581													
Non-identifiable expenditure	10	8	0	2	1	1	1	1	1	1	1	-	-	10	8	0	1	1													
Total Expenditure on Services	3,325	4,194	4,472	4,819	3,971	3,971	272	363	363	496	875	389	389	3,054	3,831	3,976	3,944	3,582													

Table 9.8c Identifiable expenditure on economic affairs (of which: employment policies) by country and region, 2012-13 to 2016-17

	Employment policies												of which: current												of which: capital												£ million
	National Statistics						National Statistics						National Statistics						National Statistics																		
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2016-17 outturn																			
North East	162	211	167	152	166	166	157	206	165	151	162	162	5	5	2	1	4	4																			
North West	389	483	352	265	276	276	377	472	347	261	267	267	12	11	5	3	8	8																			
Yorkshire and The Humber	302	394	315	267	264	264	293	385	311	264	257	257	9	9	4	3	7	7																			
East Midlands	210	257	200	169	166	166	204	251	198	167	161	161	6	6	3	2	5	5																			
West Midlands	284	378	293	243	272	272	276	369	290	241	266	266	8	8	3	2	6	6																			
East	202	253	183	153	153	153	196	247	181	152	150	150	6	6	2	1	4	4																			
London	388	501	399	351	354	354	377	490	395	348	346	346	11	11	4	3	8	8																			
South East	243	298	222	189	204	204	236	291	219	188	199	199	7	7	3	2	5	5																			
South West	153	191	138	116	125	125	149	187	137	115	122	122	4	4	2	1	3	3																			
England	2,332	2,965	2,269	1,905	1,979	1,979	2,265	2,899	2,243	1,887	1,929	1,929	67	66	27	18	50	50																			
Scotland	251	327	271	233	243	243	244	319	268	231	237	237	7	7	3	2	6	6																			
Wales	143	189	160	138	136	136	139	185	159	137	133	133	4	4	2	1	3	3																			
Northern Ireland	151	176	183	151	100	100	151	176	182	150	99	99	0	0	0	0	1	1																			
UK identifiable expenditure	2,878	3,657	2,884	2,427	2,458	2,458	2,799	3,579	2,852	2,406	2,399	2,399	79	77	32	22	60	60																			
Outside the UK	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																			
Total identifiable expenditure	2,878	3,657	2,884	2,427	2,458	2,458	2,799	3,579	2,852	2,406	2,399	2,399	79	77	32	22	60	60																			
Non-identifiable expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—																			
Total Expenditure on Services	2,878	3,657	2,884	2,427	2,458	2,458	2,799	3,579	2,852	2,406	2,399	2,399	79	77	32	22	60	60																			

Table 9.8d Identifiable expenditure on economic affairs (of which: agriculture, fisheries and forestry) by country and region, 2012-13 to 2016-17

	Agriculture, fisheries and forestry												of which: capital						£ million
	National Statistics						National Statistics						National Statistics						
	2012-13	2013-14	2014-15	2015-16	2016-17	2012-13	2013-14	2014-15	2015-16	2016-17	2012-13	2013-14	2014-15	2015-16	2016-17				
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn				
North East	200	205	186	175	203	193	183	171	158	188	6	22	15	16	15				
North West	338	332	313	296	362	329	324	304	267	329	9	8	9	29	34				
Yorkshire and The Humber	375	366	355	318	406	369	361	343	290	362	7	4	13	29	44				
East Midlands	407	390	372	290	381	405	393	371	282	365	3	-3	2	8	16				
West Midlands	326	322	290	240	312	321	315	292	241	301	5	7	-2	-2	11				
East	526	500	479	385	448	523	496	464	355	434	3	5	15	30	14				
London	61	70	66	76	75	57	52	42	61	55	4	18	24	16	20				
South East	483	469	451	334	429	471	448	432	324	399	12	20	19	10	30				
South West	634	639	618	481	631	627	615	577	473	607	7	24	41	9	23				
England	3,350	3,292	3,130	2,595	3,247	3,294	3,187	2,995	2,451	3,040	55	105	135	144	207				
Scotland	917	953	923	817	1,015	767	789	731	685	808	150	164	192	132	207				
Wales	457	485	444	430	464	412	432	386	377	408	45	53	58	54	55				
Northern Ireland	535	577	572	487	505	499	523	486	446	465	36	54	86	42	40				
UK identifiable expenditure	5,260	5,306	5,068	4,330	5,231	4,973	4,931	4,597	3,959	4,722	287	375	471	371	509				
Outside the UK	25	72	145	111	67	4	38	99	87	31	20	34	46	24	36				
Total identifiable expenditure	5,284	5,378	5,213	4,441	5,298	4,977	4,969	4,696	4,046	4,753	307	409	517	395	545				
Non-identifiable expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total Expenditure on Services	5,284	5,378	5,213	4,441	5,298	4,977	4,969	4,696	4,046	4,753	307	409	517	395	545				

Table 9.8e Identifiable expenditure on economic affairs (of which: transport⁽¹⁾) by country and region, 2012-13 to 2016-17

	Transport												of which: capital												£ million
	National Statistics						of which: current						National Statistics						of which: capital						
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn								
North East	533	557	618	735	768		238	228	201	261	248		295	329	417	474	520								
North West	1,752	1,748	1,880	2,738	2,670		634	634	522	847	895		1,117	1,114	1,358	1,891	1,775								
Yorkshire and The Humber	1,418	1,515	1,494	1,999	1,818		613	640	409	702	727		805	875	1,085	1,297	1,092								
East Midlands	794	921	1,030	1,191	1,041		324	324	282	392	375		469	597	749	799	666								
West Midlands	1,211	1,207	1,434	1,891	1,824		385	404	354	557	564		826	803	1,080	1,333	1,260								
East	1,349	1,414	1,540	2,023	2,043		376	381	364	619	593		973	1,033	1,176	1,404	1,450								
London	5,417	5,487	5,779	7,450	8,293		1,543	1,460	1,229	2,202	2,212		3,875	4,027	4,550	5,247	6,082								
South East	1,903	2,196	2,263	2,944	3,340		708	748	692	942	1,129		1,195	1,449	1,571	2,002	2,211								
South West	990	954	1,101	1,441	1,683		366	294	299	432	518		624	660	802	1,008	1,165								
England	15,366	16,000	17,139	22,412	23,481		5,188	5,112	4,352	6,956	7,260		10,179	10,888	12,787	15,455	16,221								
Scotland	2,951	2,892	2,784	3,094	3,352		1,531	1,548	1,326	1,623	1,624		1,420	1,344	1,458	1,471	1,728								
Wales	1,081	1,021	1,021	1,207	1,173		489	467	445	552	562		592	554	576	655	611								
Northern Ireland	569	524	522	429	571		298	283	260	267	245		271	242	262	162	326								
UK identifiable expenditure	19,967	20,437	21,466	27,141	28,577		7,505	7,410	6,383	9,398	9,691		12,461	13,027	15,083	17,743	18,886								
Outside the UK	79	78	92	85	111		5	6	7	7	7		75	72	85	78	104								
Total identifiable expenditure	20,046	20,515	21,557	27,226	28,688		7,510	7,416	6,389	9,406	9,698		12,536	13,099	15,168	17,821	18,990								
Non-identifiable expenditure	178	279	232	376	448		165	249	228	359	427		13	30	4	17	21								
Total Expenditure on Services	20,224	20,794	21,790	27,602	29,136		7,675	7,666	6,617	9,765	10,125		12,549	13,129	15,172	17,838	19,011								

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The Transport analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on Services' from that year.

Table 9.9 Identifiable expenditure on environment protection by country and region, 2012-13 to 2016-17

	Environment protection						of which: current						of which: capital						£ million	
	National Statistics			National Statistics			National Statistics			National Statistics			National Statistics			National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn		2015-16 outturn
North East	299	333	361	323	322	254	279	274	275	275	44	54	87	48	46	1,152	1,105	1,215	1,173	1,299
North West	2,238	2,192	2,274	2,296	2,287	1,086	1,087	1,059	1,123	988	1,152	1,105	1,215	1,173	1,299	1,152	1,105	1,215	1,173	1,299
Yorkshire and The Humber	600	625	642	723	648	490	504	524	539	506	490	504	539	506	142	110	121	118	184	142
East Midlands	525	532	522	517	490	385	413	431	435	417	385	413	435	417	73	140	118	91	82	73
West Midlands	565	577	631	673	644	473	480	511	516	496	473	480	511	496	149	92	98	121	157	149
East	794	895	944	991	861	592	629	662	723	625	592	629	662	723	236	202	266	282	268	236
London	1,051	1,082	1,156	1,125	1,106	922	933	980	955	926	922	933	980	955	180	129	149	175	169	180
South East	1,180	1,279	1,391	1,357	1,227	853	884	956	997	887	853	884	956	997	341	328	395	435	360	341
South West	942	946	1,075	998	978	619	631	670	663	604	619	631	670	663	374	323	315	406	335	374
England	8,193	8,459	8,997	9,002	8,563	5,674	5,839	6,068	6,227	5,724	2,519	2,620	2,929	2,775	2,839	2,519	2,620	2,929	2,775	2,839
Scotland	1,328	1,418	1,397	1,382	1,347	919	953	970	965	905	409	465	426	417	442	409	465	426	417	442
Wales	653	683	682	636	623	506	542	517	494	484	147	141	165	142	139	147	141	165	142	139
Northern Ireland	255	266	268	265	257	232	242	240	243	230	23	24	28	22	27	23	24	28	22	27
UK identifiable expenditure	10,430	10,826	11,344	11,285	10,790	7,332	7,577	7,796	7,930	7,343	3,098	3,250	3,548	3,356	3,447	3,098	3,250	3,548	3,356	3,447
Outside the UK	6	9	2	2	1	6	7	2	1	1	0	1	0	0	0	0	1	0	0	0
Total identifiable expenditure	10,436	10,835	11,346	11,287	10,791	7,338	7,584	7,798	7,931	7,344	3,099	3,251	3,548	3,356	3,447	3,099	3,251	3,548	3,356	3,447
Non-identifiable expenditure	228	348	221	348	350	38	24	15	28	45	189	325	206	320	306	189	325	206	320	306
Total Expenditure on Services	10,664	11,183	11,567	11,635	11,142	7,376	7,608	7,813	7,959	7,389	3,288	3,575	3,753	3,676	3,753	3,288	3,575	3,753	3,676	3,753

Table 9.10 Identifiable expenditure on housing and community amenities by country and region, 2012-13 to 2016-17

	Housing and community amenities										of which: current						of which: capital						£ million			
	National Statistics					National Statistics					2012-13			2013-14			2014-15			2015-16				2016-17		
	2012-13	2013-14	2014-15	2015-16	2016-17	2012-13	2013-14	2014-15	2015-16	2016-17	outturn	outturn	outturn	outturn	outturn	2012-13	2013-14	2014-15	2015-16	2016-17	outturn	outturn		outturn	outturn	outturn
North East	487	501	533	511	484	143	120	119	113	116	343	382	414	398	367	343	382	414	398	367	343	382	414	398	367	
North West	870	615	787	697	790	312	282	274	238	250	558	334	513	459	540	558	334	513	459	540	558	334	513	459	540	
Yorkshire and The Humber	646	618	681	718	753	240	234	222	204	208	406	385	458	514	546	406	385	458	514	546	406	385	458	514	546	
East Midlands	464	562	616	584	601	206	207	204	180	181	258	356	412	403	420	258	356	412	403	420	258	356	412	403	420	
West Midlands	634	677	746	428	811	227	242	227	206	212	406	436	519	222	598	406	436	519	222	598	406	436	519	222	598	
East	446	522	600	639	678	244	243	241	239	244	202	278	359	400	434	202	278	359	400	434	202	278	359	400	434	
London	2,331	2,240	1,951	1,842	1,793	522	510	516	482	488	1,810	1,730	1,435	1,360	1,305	1,810	1,730	1,435	1,360	1,305	1,810	1,730	1,435	1,360	1,305	
South East	707	700	870	850	868	410	389	400	384	398	297	311	470	466	469	297	311	470	466	469	297	311	470	466	469	
South West	424	485	526	530	430	235	249	230	217	219	189	236	296	313	211	189	236	296	313	211	189	236	296	313	211	
England	7,010	6,921	7,310	6,799	7,206	2,540	2,474	2,433	2,263	2,316	4,470	4,447	4,877	4,536	4,890	4,470	4,447	4,877	4,536	4,890	4,470	4,447	4,877	4,536	4,890	
Scotland	1,523	1,544	1,568	1,580	1,767	86	136	143	173	220	1,437	1,407	1,424	1,407	1,547	1,437	1,407	1,424	1,407	1,547	1,437	1,407	1,424	1,407	1,547	
Wales	638	616	612	702	715	146	140	134	169	169	492	476	477	533	545	492	476	477	533	545	492	476	477	533	545	
Northern Ireland	824	781	794	716	766	449	400	367	372	396	375	381	427	344	370	375	381	427	344	370	375	381	427	344	370	
UK identifiable expenditure	9,995	9,862	10,283	9,797	10,454	3,221	3,150	3,077	2,977	3,101	6,774	6,711	7,206	6,820	7,353	6,774	6,711	7,206	6,820	7,353	6,774	6,711	7,206	6,820	7,353	
Outside the UK	—	0	0	0	—	—	0	0	0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total identifiable expenditure	9,995	9,862	10,283	9,797	10,454	3,221	3,150	3,077	2,977	3,101	6,774	6,711	7,206	6,820	7,353	6,774	6,711	7,206	6,820	7,353	6,774	6,711	7,206	6,820	7,353	
Non-identifiable expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total Expenditure on Services	9,995	9,862	10,283	9,797	10,454	3,221	3,150	3,077	2,977	3,101	6,774	6,711	7,206	6,820	7,353	6,774	6,711	7,206	6,820	7,353	6,774	6,711	7,206	6,820	7,353	

Table 9.11 Identifiable expenditure on health by country and region, 2012-13 to 2016-17

	Health												of which: capital												£ million
	National Statistics						of which: current						National Statistics												
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn								
North East	5,547	5,676	5,770	6,039	6,226	6,006	5,283	5,355	5,504	5,803	6,006	6,006	264	322	266	236	220								
North West	14,672	14,660	15,394	16,047	16,753	16,166	13,974	13,832	14,685	15,417	16,166	16,166	698	827	709	630	587								
Yorkshire and The Humber	10,026	10,264	10,820	11,110	11,478	11,083	9,542	9,686	10,330	10,682	11,083	11,083	484	578	490	428	394								
East Midlands	7,842	8,119	8,535	8,779	9,156	8,839	7,450	7,654	8,144	8,431	8,839	8,839	392	465	391	348	317								
West Midlands	11,023	11,304	12,023	12,253	12,767	12,328	10,493	10,678	11,480	11,779	12,328	12,328	530	626	543	474	439								
East	9,507	10,321	10,906	11,304	11,490	11,072	9,005	9,700	10,385	10,832	11,072	11,072	502	621	522	472	419								
London	20,156	21,455	21,640	22,518	23,494	22,467	19,002	20,061	20,406	21,348	22,467	22,467	1,154	1,394	1,234	1,170	1,027								
South East	14,611	15,696	16,292	16,828	17,434	16,776	13,822	14,734	15,488	16,094	16,776	16,776	788	962	805	735	657								
South West	9,095	9,864	10,243	10,578	11,059	10,672	8,641	9,298	9,773	10,162	10,672	10,672	454	567	470	416	387								
England	102,479	107,359	111,624	115,457	119,856	115,410	97,213	100,998	106,193	110,548	115,410	115,410	5,266	6,361	5,431	4,909	4,447								
Scotland	11,286	11,460	11,592	12,131	12,603	11,995	10,604	10,826	11,106	11,566	11,995	11,995	683	634	486	566	607								
Wales	6,020	6,162	6,441	6,593	6,952	6,680	5,796	5,930	6,136	6,380	6,680	6,680	223	233	305	213	273								
Northern Ireland	3,844	3,873	3,910	4,036	4,171	3,927	3,514	3,618	3,678	3,830	3,927	3,927	329	255	232	205	244								
UK identifiable expenditure	123,629	128,854	133,566	138,217	143,582	138,011	117,127	121,371	127,113	132,324	138,011	138,011	6,502	7,483	6,454	5,893	5,571								
Outside the UK	673	535	492	282	763	737	649	505	461	245	737	737	25	30	31	37	26								
Total identifiable expenditure	124,302	129,389	134,059	138,499	144,345	138,748	117,776	121,876	127,574	132,569	138,748	138,748	6,527	7,513	6,484	5,930	5,597								
Non-identifiable expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—								
Total Expenditure on Services	124,302	129,389	134,059	138,499	144,345	138,748	117,776	121,876	127,574	132,569	138,748	138,748	6,527	7,513	6,484	5,930	5,597								

Table 9.12 Identifiable expenditure on recreation, culture and religion by country and region, 2012-13 to 2016-17

	Recreation, culture and religion						of which: current						of which: capital						£ million	
	National Statistics			National Statistics			National Statistics			National Statistics			National Statistics			National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn		2015-16 outturn
North East	313	302	318	262	299	257	238	226	197	202	56	64	92	66	98					
North West	676	674	762	701	725	544	532	546	517	523	132	142	216	184	202					
Yorkshire and The Humber	587	572	610	528	572	453	465	486	395	403	134	107	125	133	169					
East Midlands	419	409	424	390	417	322	304	300	286	298	97	105	124	104	119					
West Midlands	599	563	517	467	499	427	414	406	368	372	172	150	111	99	127					
East	506	499	487	442	470	374	368	361	343	348	132	131	126	99	123					
London	1,889	1,282	1,398	1,119	1,277	1,602	1,041	1,109	948	978	287	241	289	171	299					
South East	795	731	793	732	805	585	580	583	526	516	210	151	210	205	290					
South West	469	439	479	402	452	344	334	377	314	319	124	105	102	88	133					
England	6,253	5,471	5,788	5,043	5,517	4,908	4,275	4,393	3,894	3,957	1,345	1,196	1,396	1,149	1,560					
Scotland	1,305	1,127	1,208	1,038	1,052	977	901	1,039	813	767	328	227	169	224	285					
Wales	582	528	524	468	478	469	447	446	404	400	114	81	77	64	78					
Northern Ireland	463	459	470	444	470	371	384	356	371	333	92	76	114	73	137					
UK identifiable expenditure	8,603	7,585	7,990	6,993	7,518	6,725	6,006	6,234	5,482	5,457	1,878	1,580	1,756	1,510	2,061					
Outside the UK	220	241	225	194	198	178	210	205	191	159	42	31	20	3	39					
Total identifiable expenditure	8,823	7,826	8,215	7,187	7,716	6,903	6,216	6,439	5,674	5,616	1,920	1,610	1,776	1,513	2,100					
Non-identifiable expenditure	3,887	3,781	4,235	3,709	3,932	3,763	3,537	3,989	3,552	3,678	124	244	246	156	254					
Total Expenditure on Services	12,711	11,607	12,449	10,896	11,649	10,666	9,754	10,427	9,226	9,295	2,044	1,854	2,022	1,670	2,354					

Table 9.13 Identifiable expenditure on education by country and region, 2012-13 to 2016-17

	Education						of which: current						of which: capital						£ million		
	2012-13		2013-14		2014-15		2015-16		2016-17		2012-13		2013-14		2014-15		2015-16			2016-17	
	outturn	2012-13	outturn	2013-14	outturn	2014-15	outturn	2015-16	outturn	2016-17	outturn	2012-13	outturn	2013-14	outturn	2014-15	outturn	2015-16		outturn	2016-17
North East	3,434	3,414	3,367	3,296	3,355	3,126	3,163	3,095	3,041	3,016	308	251	272	255	339						
North West	9,362	9,461	9,391	9,254	9,215	8,522	8,557	8,446	8,380	8,332	840	904	945	873	883						
Yorkshire and The Humber	7,259	7,082	6,963	6,799	6,943	6,419	6,437	6,276	6,132	6,181	840	645	687	667	762						
East Midlands	5,824	5,744	5,700	5,645	5,879	5,304	5,135	5,105	5,095	5,274	520	609	595	549	605						
West Midlands	7,498	7,522	7,527	7,406	7,462	6,774	6,872	6,820	6,707	6,786	725	650	707	699	676						
East	7,250	7,137	7,445	7,426	7,761	6,465	6,367	6,524	6,476	6,757	786	770	921	950	1,004						
London	12,669	13,277	13,662	13,490	14,104	11,099	11,216	11,443	11,607	11,951	1,570	2,061	2,219	1,883	2,153						
South East	10,395	10,392	10,347	10,483	10,879	9,382	9,134	9,009	9,005	9,400	1,013	1,257	1,337	1,478	1,478						
South West	6,241	6,310	6,310	6,348	6,564	5,718	5,703	5,653	5,636	5,871	523	607	656	712	693						
England	69,932	70,339	70,712	70,147	72,162	62,807	62,583	62,372	62,079	63,569	7,125	7,755	8,340	8,068	8,593						
Scotland	7,522	7,559	7,614	7,839	8,173	6,866	6,923	6,980	7,108	7,306	656	636	634	731	866						
Wales	4,053	4,161	3,987	4,086	4,186	3,745	3,863	3,741	3,728	3,780	308	298	245	358	406						
Northern Ireland	2,595	2,621	2,741	2,709	2,717	2,466	2,489	2,510	2,546	2,486	130	132	231	162	232						
UK identifiable expenditure	84,103	84,680	85,054	84,780	87,238	75,885	75,859	75,604	75,461	77,141	8,219	8,821	9,450	9,319	10,096						
Outside the UK	1	1	1	1	1	1	1	0	1	1	—	0	0	—	0						
Total identifiable expenditure	84,104	84,680	85,054	84,781	87,239	75,885	75,859	75,604	75,462	77,142	8,219	8,821	9,450	9,319	10,096						
Non-identifiable expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—						
Total Expenditure on Services	84,104	84,680	85,054	84,781	87,239	75,885	75,859	75,604	75,462	77,142	8,219	8,821	9,450	9,319	10,096						

Table 9.14 Identifiable expenditure on social protection by country and region, 2012-13 to 2016-17

	Social protection						of which: current						of which: capital						£ million	
	National Statistics			National Statistics			National Statistics			National Statistics			National Statistics			National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn		2015-16 outturn
North East	11,354	11,400	11,655	11,844	11,844	11,328	11,314	11,618	11,821	11,823	26	86	37	23	20					
North West	29,462	29,476	30,359	30,649	30,354	29,413	29,451	30,313	30,606	30,294	49	25	47	43	61					
Yorkshire and The Humber	20,671	20,738	21,429	21,735	21,697	20,629	20,720	21,391	21,714	21,673	42	18	38	22	24					
East Midlands	17,215	17,296	18,011	18,151	18,104	17,185	17,286	17,978	18,126	18,070	29	10	34	25	34					
West Midlands	22,385	22,414	23,091	23,284	23,237	22,346	22,410	23,072	23,260	23,191	39	4	19	24	46					
East	21,534	21,572	22,149	22,510	22,512	21,498	21,557	22,118	22,479	22,461	36	15	30	31	51					
London	30,867	30,810	31,531	31,755	31,415	30,835	30,804	31,497	31,743	31,377	32	6	34	12	38					
South East	30,702	30,915	31,532	32,067	32,009	30,648	30,884	31,496	32,035	31,947	54	31	36	32	62					
South West	20,937	21,150	21,717	22,095	22,084	20,917	21,140	21,706	22,075	22,065	19	11	12	20	19					
England	205,126	205,772	211,476	214,091	213,255	204,799	205,566	211,189	213,858	212,900	327	206	287	233	355					
Scotland	22,052	22,039	22,631	23,014	23,024	21,963	21,962	22,554	22,945	22,947	89	77	77	69	78					
Wales	13,525	13,745	14,165	14,334	14,335	13,495	13,728	14,141	14,318	14,316	30	17	24	16	20					
Northern Ireland	8,314	8,566	8,745	8,868	9,033	8,310	8,560	8,745	8,865	9,027	3	6	1	3	6					
UK identifiable expenditure	249,017	250,123	257,017	260,307	259,647	248,567	249,816	256,628	259,987	259,190	450	307	389	321	458					
Outside the UK	4,431	4,546	4,657	4,685	4,744	4,431	4,546	4,657	4,685	4,744	—	—	—	—	—					
Total identifiable expenditure	253,449	254,669	261,673	264,992	264,391	252,999	254,363	261,285	264,671	263,934	450	307	389	321	458					
Non-identifiable expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—					
Total Expenditure on Services	253,449	253,969	261,173	264,988	264,391	252,999	254,363	261,285	264,671	263,934	450	-393	-111	316	458					

Table 9.15 UK identifiable expenditure on services by function, country and region, per head⁽¹⁾, 2012-13 to 2016-17

Data in this table from 2012-13 to 2016-17 are National Statistics

	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	£ per head
2012-13																			
North East	106	104	3	1	478	463	74	45	62	77	205	115	187	2,131	120	1,320	4,363	9,284	
North West	90	88	3	1	479	446	55	41	55	48	247	316	123	2,071	95	1,322	4,159	9,102	
Yorkshire and The Humber	76	73	3	1	433	497	60	43	57	71	267	113	122	1,886	110	1,365	3,888	8,490	
East Midlands	103	101	3	1	370	401	49	42	46	89	174	115	102	1,717	92	1,275	3,769	7,943	
West Midlands	76	74	3	1	413	418	60	35	50	58	215	100	112	1,954	106	1,329	3,967	8,476	
East	92	89	3	1	325	456	38	67	34	89	228	134	75	1,609	86	1,227	3,645	7,651	
London	103	100	3	1	718	812	47	59	47	7	652	126	281	2,426	227	1,525	3,715	9,933	
South East	88	85	3	1	350	401	42	58	28	55	218	135	81	1,675	91	1,191	3,519	7,532	
South West	88	85	3	1	359	419	43	43	29	119	185	176	79	1,703	88	1,169	3,921	8,004	
England	91	88	3	1	445	493	50	49	44	63	287	153	131	1,916	117	1,307	3,835	8,488	
Scotland	176	173	3	1	507	1,000	166	58	47	173	555	250	287	2,124	246	1,416	4,150	10,155	
Wales	165	163	3	1	443	719	136	35	47	149	352	213	207	1,958	189	1,319	4,400	9,614	
Northern Ireland	209	206	3	-	758	870	158	24	83	293	312	140	452	2,108	254	1,423	4,559	10,773	
UK identifiable expenditure	105	102	3	1	459	557	67	49	45	83	313	164	157	1,941	135	1,320	3,909	8,747	
2013-14																			
North East	86	83	2	1	458	548	114	61	81	79	213	127	192	2,174	116	1,308	4,367	9,377	
North West	81	78	2	1	459	497	82	54	68	47	246	309	87	2,064	95	1,332	4,150	9,073	
Yorkshire and The Humber	76	74	2	1	415	557	75	56	74	68	284	117	116	1,923	107	1,327	3,885	8,523	
East Midlands	94	92	2	1	350	455	58	56	56	85	200	116	122	1,765	89	1,249	3,761	8,003	
West Midlands	77	75	2	1	386	454	70	48	67	57	213	102	119	1,992	99	1,326	3,950	8,505	
East	87	84	2	1	319	482	41	77	42	84	237	150	88	1,733	84	1,199	3,623	7,765	
London	95	93	2	1	647	864	73	72	59	8	652	129	266	2,549	152	1,577	3,661	9,941	
South East	91	88	2	1	338	456	50	69	34	53	250	145	80	1,785	83	1,182	3,516	7,677	
South West	80	78	2	1	344	442	53	57	36	119	177	176	90	1,834	82	1,173	3,933	8,155	
England	86	83	2	1	420	541	65	62	55	61	297	157	128	1,993	102	1,306	3,820	8,554	
Scotland	209	206	2	1	448	1,037	184	70	61	179	543	266	290	2,151	212	1,419	4,137	10,169	
Wales	165	162	2	1	431	772	172	49	61	157	331	222	200	1,999	171	1,350	4,459	9,770	
Northern Ireland	229	226	2	-	742	896	167	31	96	315	287	145	427	2,117	251	1,433	4,682	10,920	
UK identifiable expenditure	104	101	2	1	432	603	83	61	57	83	319	169	154	2,010	118	1,321	3,902	8,814	

Table 9.15 UK identifiable expenditure on services by function, country and region, per head⁽¹⁾, 2012-13 to 2016-17 (continued)

Data in this table from 2012-13 to 2016-17 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	
2014-15																			
North East	87	85	1	1	460	500	63	67	64	71	236	138	204	2,204	121	1,286	4,451	9,451	
North West	79	77	1	1	453	475	61	57	49	44	264	319	110	2,158	107	1,316	4,256	9,275	
Yorkshire and The Humber	66	65	1	1	416	542	77	61	59	66	279	120	127	2,019	114	1,299	3,998	8,701	
East Midlands	86	84	1	1	358	468	58	64	43	80	222	113	133	1,841	91	1,229	3,884	8,202	
West Midlands	87	86	1	1	396	475	68	53	51	51	251	111	131	2,104	90	1,318	4,042	8,754	
East	109	108	1	1	329	494	51	78	30	80	256	157	100	1,812	81	1,237	3,680	8,000	
London	84	82	1	1	665	861	58	72	47	8	677	135	228	2,534	164	1,600	3,693	9,964	
South East	95	93	1	1	332	449	48	70	25	51	255	157	98	1,836	89	1,166	3,553	7,776	
South West	102	101	1	1	348	465	56	66	26	114	203	198	97	1,889	88	1,163	4,004	8,356	
England	88	87	1	1	425	540	59	66	42	58	316	166	135	2,055	107	1,302	3,893	8,711	
Scotland	213	211	1	0	495	995	177	75	51	173	521	261	293	2,168	226	1,424	4,232	10,308	
Wales	171	169	1	1	436	759	173	61	52	144	330	220	198	2,083	169	1,289	4,581	9,908	
Northern Ireland	249	248	1	-	691	910	185	32	99	311	284	146	431	2,124	255	1,489	4,752	11,048	
UK identifiable expenditure	107	106	1	1	439	599	78	65	45	78	332	176	159	2,068	124	1,317	3,979	8,967	
2015-16																			
North East	82	80	1	1	473	542	63	75	58	67	280	123	195	2,301	100	1,256	4,513	9,585	
North West	76	74	1	1	438	590	72	59	37	41	382	320	97	2,237	98	1,290	4,272	9,419	
Yorkshire and The Humber	66	64	1	1	406	612	69	64	50	59	371	134	133	2,061	98	1,261	4,032	8,804	
East Midlands	81	79	1	1	386	480	70	57	36	62	255	111	125	1,877	83	1,207	3,881	8,231	
West Midlands	73	72	1	1	398	491	27	51	42	42	329	117	74	2,131	81	1,288	4,049	8,702	
East	95	93	1	1	347	557	48	87	25	63	333	163	105	1,860	73	1,222	3,705	8,126	
London	81	80	1	1	631	1,077	87	82	40	9	859	130	212	2,596	129	1,555	3,661	10,074	
South East	81	79	1	1	328	538	72	79	21	37	329	152	95	1,881	82	1,172	3,584	7,913	
South West	82	81	1	1	339	496	62	62	21	88	263	182	97	1,933	74	1,160	4,038	8,403	
England	80	78	1	1	421	626	65	69	35	47	409	164	124	2,107	92	1,280	3,908	8,803	
Scotland	210	209	1	1	493	1,029	170	88	43	152	576	257	294	2,258	193	1,459	4,283	10,478	
Wales	159	158	1	1	397	784	143	68	45	139	389	205	226	2,127	151	1,318	4,625	9,994	
Northern Ireland	212	211	1	-	672	836	212	48	81	263	232	143	387	2,180	240	1,463	4,790	10,921	
UK identifiable expenditure	98	96	1	1	433	673	82	70	37	67	417	173	150	2,123	107	1,302	3,998	9,058	

Table 9.15 UK identifiable expenditure on services by function, country and region, per head⁽¹⁾, 2012-13 to 2016-17 (continued)

	Data in this table from 2012-13 to 2016-17 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
2016-17																		
North East	91	90	1	1	486	558	73	54	63	77	291	122	183	2,361	114	1,272	4,492	9,680
North West	78	77	1	1	448	574	67	49	38	50	370	317	109	2,320	100	1,276	4,204	9,429
Yorkshire and The Humber	77	76	1	1	410	565	59	47	49	75	335	119	139	2,115	106	1,280	3,999	8,810
East Midlands	93	92	1	1	386	468	78	54	35	81	220	104	127	1,938	88	1,244	3,832	8,282
West Midlands	85	83	1	1	401	529	67	47	47	54	314	111	140	2,201	86	1,286	4,006	8,846
East	110	108	1	1	350	554	57	66	25	73	333	140	111	1,874	77	1,266	3,672	8,155
London	120	118	1	1	605	1,139	85	61	40	9	944	126	204	2,673	145	1,605	3,575	10,192
South East	154	153	1	1	331	620	117	63	23	48	370	136	96	1,931	89	1,205	3,546	8,111
South West	105	104	1	1	340	568	66	59	23	114	305	177	78	2,005	82	1,190	4,004	8,549
England	106	104	1	1	420	653	77	56	36	59	425	155	130	2,169	100	1,306	3,859	8,898
Scotland	201	199	1	1	478	1,097	174	69	45	188	620	249	327	2,332	195	1,512	4,260	10,651
Wales	164	162	1	1	404	741	125	47	44	149	377	200	230	2,233	154	1,345	4,605	10,076
Northern Ireland	187	186	1	-	655	849	180	37	54	271	307	138	411	2,240	252	1,459	4,851	11,042
UK identifiable expenditure	119	117	1	1	431	700	91	57	37	80	435	164	159	2,187	115	1,329	3,955	9,159

⁽¹⁾ Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex within the CRA 2017 release for details.

Table 9.16 UK identifiable expenditure on services by function, country and region, per head indexed, 2012-13 to 2016-17

		Index (UK identifiable expenditure = 100)										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
2012-13																			
	North East	101	101	100	99	104	83	111	93	138	93	65	70	119	110	89	100	112	106
	North West	86	86	100	89	104	80	83	84	121	58	79	193	78	107	71	100	106	104
	Yorkshire and The Humber	72	71	100	70	94	89	90	88	126	86	85	69	77	97	82	103	99	97
	East Midlands	99	99	100	99	81	72	74	87	102	108	55	70	65	88	68	97	96	91
	West Midlands	73	72	100	95	90	75	89	72	111	70	68	61	72	101	79	101	101	97
	East	88	87	100	131	71	82	56	137	76	108	73	82	48	83	63	93	93	87
	London	98	98	100	122	156	146	70	121	103	9	208	77	179	125	168	116	95	114
	South East	84	84	100	117	76	72	62	119	62	67	70	83	52	86	67	90	90	86
	South West	84	84	100	95	78	75	65	88	63	144	59	108	51	88	65	89	100	92
	England	87	86	100	104	97	89	75	101	97	76	92	94	84	99	87	99	98	97
	Scotland	168	170	100	69	110	180	249	119	105	209	177	153	183	109	182	107	106	116
	Wales	158	159	100	142	96	129	204	73	103	180	112	130	132	101	140	100	113	110
	Northern Ireland	199	202	100	-	165	156	236	50	184	355	100	85	288	109	188	108	117	123
	UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2013-14																			
	North East	83	82	100	83	106	91	136	100	142	95	67	75	125	108	98	99	112	106
	North West	78	77	100	91	106	82	98	89	119	56	77	183	56	103	80	101	106	103
	Yorkshire and The Humber	73	73	100	92	96	92	90	92	129	83	89	69	75	96	91	100	100	97
	East Midlands	91	90	100	140	81	75	70	91	98	102	63	68	79	88	75	95	96	91
	West Midlands	74	74	100	78	89	75	84	78	117	69	67	60	78	99	84	100	101	96
	East	84	83	100	115	74	80	50	125	75	102	74	89	57	86	71	91	93	88
	London	91	91	100	99	150	143	87	117	104	10	204	76	173	127	129	119	94	113
	South East	87	87	100	116	78	76	60	112	59	64	78	86	52	89	70	89	90	87
	South West	77	77	100	112	80	73	64	92	62	144	56	104	59	91	69	101	101	93
	England	83	82	100	104	97	90	79	101	96	74	93	93	84	99	86	99	98	97
	Scotland	201	204	100	73	104	172	221	115	107	216	170	158	188	107	179	107	106	115
	Wales	159	160	100	144	100	128	207	81	108	190	104	131	130	99	145	102	114	111
	Northern Ireland	221	223	100	-	172	148	200	50	169	381	90	86	277	105	212	108	120	124
	UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Data in this table from 2012-13 to 2016-17 are National Statistics

Table 9.16 UK identifiable expenditure on services by function, country and region, per head indexed, 2012-13 to 2016-17 (continued)

Data in this table from 2012-13 to 2016-17 are National Statistics

	Index (UK identifiable expenditure = 100)										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	Total Expenditure on Services
2014-15																		
North East	81	81	100	85	105	84	81	102	143	90	71	79	128	107	98	98	112	105
North West	74	73	100	79	103	79	79	88	110	56	79	182	69	104	100	100	107	103
Yorkshire and The Humber	62	61	100	74	95	91	99	93	132	84	84	68	80	98	92	99	100	97
East Midlands	80	79	100	108	82	78	75	98	97	102	67	64	83	89	74	93	98	91
West Midlands	81	81	100	73	90	79	88	81	115	65	76	63	82	102	100	100	102	98
East	102	102	100	128	75	83	65	119	68	101	77	89	63	88	65	94	92	89
London	78	78	100	104	151	144	74	110	105	10	204	77	144	123	132	122	93	111
South East	88	88	100	132	76	75	61	107	56	65	77	89	62	89	72	89	89	87
South West	95	95	100	131	79	78	72	101	57	145	61	113	61	91	71	88	101	93
England	82	82	100	104	97	90	76	101	94	73	95	94	85	99	86	99	98	97
Scotland	198	200	100	64	113	166	227	114	114	220	157	149	184	105	183	108	106	115
Wales	159	160	100	155	99	127	222	93	116	183	99	126	124	101	137	98	115	110
Northern Ireland	232	234	100	-	157	152	238	49	222	396	85	83	271	103	206	113	119	123
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2015-16																		
North East	83	83	100	72	109	81	77	106	156	100	67	71	129	108	93	96	113	106
North West	78	77	100	123	101	88	88	84	99	62	92	185	65	105	91	99	107	104
Yorkshire and The Humber	67	66	100	78	94	91	85	91	133	89	89	77	89	97	91	97	101	97
East Midlands	82	82	100	134	89	71	86	82	97	93	61	64	83	88	78	93	97	91
West Midlands	75	74	100	83	92	73	33	72	113	63	79	67	49	100	76	99	101	96
East	97	97	100	128	80	83	59	124	68	95	80	94	70	88	68	94	93	90
London	83	83	100	94	146	160	107	116	109	13	206	75	141	122	120	119	92	111
South East	82	82	100	105	76	80	88	113	57	56	79	88	63	89	76	90	90	87
South West	84	84	100	79	78	74	76	88	57	132	63	105	64	91	68	89	101	93
England	81	81	100	102	97	93	80	99	93	71	98	95	82	99	86	98	98	97
Scotland	215	217	100	98	114	153	208	125	117	229	138	148	195	106	180	112	107	116
Wales	162	163	100	136	92	117	176	96	120	209	93	118	150	100	141	101	116	110
Northern Ireland	216	218	100	-	155	124	260	68	218	396	56	83	257	103	223	112	120	121
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 9.16 UK identifiable expenditure on services by function, country and region, per head indexed, 2012-13 to 2016-17 (continued)

Data in this table from 2012-13 to 2016-17 are National Statistics

	Index (UK identifiable expenditure = 100)										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
2016-17																		
North East	77	77	100	80	113	80	80	96	168	96	67	74	115	108	99	96	114	106
North West	66	65	100	123	104	82	75	86	102	63	85	193	69	106	88	96	106	103
Yorkshire and The Humber	65	64	100	85	95	81	65	83	130	94	77	73	87	97	92	96	101	96
East Midlands	79	78	100	132	90	67	86	96	94	101	51	63	80	89	77	94	97	90
West Midlands	71	71	100	89	93	76	74	84	125	67	72	68	88	101	75	97	101	97
East	92	92	100	127	81	79	62	117	67	92	77	85	69	86	67	95	93	89
London	101	101	100	98	140	163	94	108	108	11	217	77	128	122	127	121	90	111
South East	130	130	100	108	77	89	130	111	60	60	85	83	60	88	78	91	90	89
South West	88	88	100	86	79	81	73	105	60	144	70	108	49	92	72	90	101	93
England	89	89	100	105	98	93	85	100	96	74	98	94	82	99	87	98	98	97
Scotland	169	170	100	89	111	157	193	122	120	236	142	152	205	107	170	114	108	116
Wales	138	138	100	96	94	106	138	83	117	187	87	122	144	102	134	101	116	110
Northern Ireland	158	158	100	-	152	121	199	66	144	341	70	84	258	102	220	110	123	121
UK identifiable expenditure	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 9.17 Total local government identifiable expenditure on services by country and region, 2012-13 to 2016-17

	£ million									
	National Statistics					National Statistics				
	2012-13 outrun	2013-14 outrun	2014-15 outrun	2015-16 outrun	2016-17 outrun	2012-13 outrun	2013-14 outrun	2014-15 outrun	2015-16 outrun	2016-17 outrun
North East	6,454	6,512	6,374	6,287	6,374	27	27	26	25	25
North West	17,147	17,324	17,257	17,268	17,153	27	27	26	26	25
Yorkshire and The Humber	12,030	11,888	11,721	11,763	11,823	27	26	25	25	25
East Midlands	9,151	8,935	8,832	8,882	8,843	25	24	23	23	23
West Midlands	12,681	12,545	12,632	11,849	12,200	27	26	25	24	24
East	11,837	11,732	12,191	11,980	12,141	26	25	25	24	24
London	28,648	29,432	29,161	28,931	28,890	35	35	34	33	32
South East	17,479	18,053	18,094	18,112	18,889	27	27	26	26	26
South West	10,519	10,618	10,834	10,784	10,804	25	24	24	23	23
Total England	125,946	127,038	127,096	125,855	127,117	28	28	27	26	26
Scotland	15,245	13,818	13,804	14,083	14,437	28	26	25	25	25
Wales	8,355	8,396	8,301	8,181	8,208	28	28	27	26	26
Northern Ireland ⁽¹⁾	624	632	668	686	787	3	3	3	3	4
UK local government identifiable expenditure	150,170	149,883	149,869	148,805	150,549	27	27	26	25	25
Non-identifiable expenditure	515	547	707	761	804	1	1	1	1	1
Total local government expenditure on services	150,685	150,430	150,576	149,566	151,353	23	22	22	21	21
Accounting adjustments	19,757	19,848	19,979	22,157	21,858	30	34	31	39	36
Total local government expenditure	170,442	170,278	170,555	171,723	173,211	23	23	23	23	22

⁽¹⁾ The relative weighting of Northern Ireland is lower 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⁽¹⁾ 2012-13 to 2016-17

	£ per head						Index (UK identifiable expenditure = 100)					
	National Statistics						National Statistics					
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn		2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
North East	2,480	2,495	2,434	2,395	2,417		105	107	105	105	105	
North West	2,420	2,439	2,419	2,407	2,376		103	104	104	105	104	
Yorkshire and The Humber	2,263	2,227	2,187	2,182	2,179		96	95	94	95	95	
East Midlands	2,003	1,943	1,904	1,899	1,872		85	83	82	83	82	
West Midlands	2,247	2,211	2,211	2,060	2,103		95	95	95	90	92	
East	2,004	1,970	2,026	1,971	1,980		85	84	87	86	86	
London	3,448	3,497	3,415	3,335	3,287		146	150	147	146	143	
South East	2,003	2,053	2,039	2,024	2,093		85	88	88	89	91	
South West	1,970	1,974	1,998	1,971	1,959		84	84	86	86	85	
Total England	2,354	2,358	2,340	2,297	2,300		100	101	101	101	100	
Scotland	2,869	2,594	2,581	2,621	2,671		122	111	111	115	116	
Wales	2,718	2,724	2,685	2,640	2,636		115	116	116	116	115	
Northern Ireland ⁽²⁾	342	345	363	370	423		15	15	16	16	18	
UK local government identifiable expenditure	2,357	2,338	2,320	2,285	2,293		100	100	100	100	100	

⁽¹⁾ Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex within the CRA 2017 release for details.

⁽²⁾ The relative weighting of Northern Ireland is lower in these tables 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, 2012-13 to 2016-17

	as a per cent of total spending in that region from A.1														
	£ million						National Statistics								
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
North East	17,705	17,968	18,375	18,870	19,150	73	73	74	74	75	73	73	74	75	75
North West	47,333	47,124	48,899	50,301	50,923	73	73	74	74	75	73	73	74	74	75
Yorkshire and The Humber	33,109	33,608	34,915	35,697	35,979	73	74	75	75	75	73	74	75	75	75
East Midlands	27,133	27,867	29,206	29,614	30,287	75	76	77	77	77	75	76	77	77	77
West Midlands	35,145	35,720	37,380	38,196	39,113	73	74	74	75	76	73	74	75	76	76
East	33,357	34,504	35,956	37,400	37,855	74	75	75	75	76	74	75	75	76	76
London	53,880	54,238	55,922	58,446	60,680	65	65	65	66	66	65	65	66	67	68
South East	48,233	49,446	50,907	52,689	54,322	73	73	73	74	74	73	73	74	74	74
South West	32,219	33,236	34,484	35,192	36,354	75	76	76	76	77	75	76	76	77	77
Total England	328,114	333,711	346,045	356,407	364,661	72	72	72	73	74	72	72	73	74	74
Scotland	38,714	40,359	41,317	42,214	43,126	72	74	74	75	75	72	74	75	75	75
Wales	21,198	21,719	22,335	22,792	23,160	72	72	72	73	74	72	72	73	74	74
Northern Ireland ⁽¹⁾	19,021	19,349	19,665	19,537	19,775	97	97	97	97	97	97	97	97	97	96
UK central government and public corporations identifiable expenditure	407,048	415,137	429,362	440,949	450,722	73	73	74	74	75	73	73	74	75	75
Outside UK	25,089	26,659	26,895	25,647	24,232	100	100	100	100	100	100	100	100	100	100
Total central government and public corporations identifiable expenditure	432,137	441,796	456,257	466,597	474,954	74	75	75	75	76	74	75	75	76	76
Non-identifiable expenditure ⁽²⁾	94,991	95,406	92,769	95,855	97,964	114	114	114	114	114	114	114	114	113	114
Total central government and public corporations' expenditure on services	527,129	537,201	549,026	562,451	572,918	79	80	80	80	81	79	80	80	80	81
Accounting adjustments	46,048	38,809	44,091	34,339	39,359	70	66	66	69	61	70	66	69	61	64
Total central government and public corporations' expenditure⁽³⁾	573,177	576,010	593,117	596,790	612,277	78	79	79	79	79	78	79	79	79	79

⁽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⁾ Includes the effect of financial sector interventions. See Box 5.A of PESA for details.

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

Table 9.20 Total central government and public corporations' identifiable expenditure on services by country and region per head⁽¹⁾, 2012-13 to 2016-17

	National Statistics					£ per head
	2012-13	2013-14	2014-15	2015-16	2016-17	
	outturn	outturn	outturn	outturn	outturn	
North East	6,804	6,883	7,017	7,190	7,263	
North West	6,681	6,634	6,855	7,012	7,053	
Yorkshire and The Humber	6,227	6,296	6,514	6,622	6,631	
East Midlands	5,940	6,060	6,298	6,332	6,411	
West Midlands	6,229	6,295	6,543	6,642	6,743	
East	5,647	5,795	5,974	6,155	6,175	
London	6,485	6,444	6,549	6,738	6,905	
South East	5,528	5,624	5,737	5,888	6,018	
South West	6,034	6,180	6,358	6,432	6,591	
Total England	6,134	6,195	6,371	6,505	6,598	
Scotland	7,286	7,575	7,726	7,857	7,979	
Wales	6,896	7,046	7,223	7,355	7,439	
Northern Ireland ⁽²⁾	10,431	10,575	10,685	10,551	10,620	
UK central government and public corporations' identifiable expenditure	6,390	6,476	6,647	6,772	6,866	

	National Statistics					Index (UK identifiable expenditure = 100)
	2012-13	2013-14	2014-15	2015-16	2016-17	
	outturn	outturn	outturn	outturn	outturn	
North East	106	106	106	106	106	
North West	105	102	103	104	103	
Yorkshire and The Humber	97	97	98	98	97	
East Midlands	93	94	95	93	93	
West Midlands	97	97	98	98	98	
East	88	89	90	91	90	
London	101	100	99	99	101	
South East	87	87	86	87	88	
South West	94	95	96	95	96	
Total England	96	96	96	96	96	
Scotland	114	117	116	116	116	
Wales	108	109	109	109	108	
Northern Ireland ⁽²⁾	163	163	161	156	155	
UK central government and public corporations' identifiable expenditure	100	100	100	100	100	

⁽¹⁾ Per head figures calculated using the latest mid-year population estimates from the ONS. See Annex within the CRA 2017 release for details.

⁽²⁾ 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 2016-17

Function		National Statistics										Total Expenditure on Services					
		1. General public services <i>of which: public and common services</i>	2. Defence <i>of which: international services</i>	3. Public order and safety	4. Economic affairs <i>of which: enterprise and economic development</i>	<i>of which: science and technology</i>	<i>of which: employment policies</i>	<i>of which: agriculture, fisheries and forestry</i>	<i>of which: transport</i>	5. Environment protection	6. Housing and community amenities		7. Health	8. Recreation, culture and religion	9. Education	10. Social protection	
Scotland		424	–	2,515	2,843	427	3	–	939	1,474	210	816	12,508	217	2,533	447	22,514
Scottish Government ⁽¹⁾		10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10
Scotland Office		568	–	–	1,232	257	–	–	70	905	732	931	–	743	5,615	5,217	15,043
Local government public corporations		–	–	–	5	–	–	–	–	5	–	–	–	–	–	–	5
UK government departments		82	8	66	1,846	259	371	243	6	967	404	20	95	92	24	17,360	19,990
Total identifiable expenditure in Scotland		1,085	8	2,581	5,926	943	374	243	1,015	3,352	1,347	1,767	12,603	1,052	8,173	23,024	57,563
Wales		246	–	1	1,222	224	21	0	433	544	149	197	6,935	106	1,187	92	10,135
Welsh Assembly Government ⁽¹⁾		4	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4
Wales Office		205	–	805	339	41	–	–	16	283	367	503	–	253	2,984	2,991	8,449
Local government public corporations		–	–	–	4	–	–	–	–	4	–	–	–	–	–	–	4
UK government departments		55	5	452	743	123	125	137	14	343	107	15	17	120	15	11,252	12,775
Total identifiable expenditure in Wales		510	5	1,258	2,308	388	147	136	464	1,173	623	715	6,952	478	4,186	14,335	31,367
Northern Ireland		297	–	1,216	1,396	243	5	99	493	556	38	551	4,115	147	2,714	7,497	17,971
Northern Ireland Executive		23	–	–	–	–	–	–	–	–	–	–	–	–	–	–	23
Northern Ireland Office		–	–	–	37	37	–	–	–	–	201	208	48	293	–	–	787
Northern Irish local government		28	3	3	149	56	64	2	12	15	18	7	7	30	3	1,535	1,780
UK government departments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total identifiable expenditure in Northern Ireland		348	3	1,219	1,581	335	69	100	505	571	257	766	4,171	470	2,717	9,033	20,562

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

10 Public expenditure by country and sub-function

10.1 This chapter (with the exception of two tables) presents public expenditure by country and sub-function. The figures in this chapter are consistent with **Chapter 9**.

10.2 Readers need to bear in mind two points about this chapter:

- as with **Chapter 9**, the information in **Chapter 10** was gathered in a separate data collection exercise during the summer of 2017. The **Chapter 10** tables are identical to those published in the CRA National Statistics release from November 2017¹. Therefore mid-year population estimates used to produce the 'per head' tables in this chapter are from the most up-to-date available source as at November 2017.
- most public spending is planned to benefit categories of individuals and enterprises irrespective of location. 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 because only a minority of public spending is planned on a regional basis.

10.3 **Tables 10.5 to 10.8** 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.

10.4 The interactive tables and database available on GOV.UK alongside the November 2017 CRA release will include information in **Table 10.9** for earlier years.

10.5 Below is a summary of the tables presented in this chapter. Unless otherwise stated, these tables show outturn between 2012-13 and 2016-17:

- **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;
- **Table 10.8** shows total identifiable expenditure on services for Northern Ireland by sub-function per head;

¹ <https://www.gov.uk/government/statistics/country-and-regional-analysis-2017>

- **Table 10.9** shows total identifiable expenditure on services for each English region by sub-function for outturn period 2016-17 only and;
- **Table 10.10** shows total identifiable expenditure on services for each English region by sub-function per head for outturn period 2016-17 only.

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2012-13 to 2016-17

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	2,457	2,508	2,504	1,941	2,412	
1.2 Foreign economic aid	–	–	–	–	–	
1.3 General services	681	476	607	671	508	
1.4 Basic research	–	–	–	–	–	
1.5 R&D general public services	70	76	85	86	86	
1.6 General public services n.e.c.	1,643	1,551	1,609	1,666	2,843	
Total general public services	4,851	4,612	4,804	4,363	5,849	
2. Defence						
2.1 Military defence	–	–	–	–	–	
2.2 Civil defence	45	47	43	39	47	
2.3 Foreign military aid	–	–	–	–	–	
2.4 R&D defence	–	–	–	–	–	
2.5 Defence n.e.c.	–	–	–	–	–	
Total defence	45	47	43	39	47	
3. Public order and safety						
3.1 Police services	12,516	11,897	11,844	11,889	11,928	
<i>of which: immigration and citizenship</i>	–	–	–	–	–	
<i>of which: other police services</i>	12,516	11,897	11,844	11,889	11,928	
3.2 Fire-protection services	2,285	2,253	2,215	2,097	2,205	
3.3 Law courts	4,990	4,570	5,337	4,821	4,786	
3.4 Prisons	3,627	3,450	3,168	3,561	3,649	
3.5 R&D public order and safety	30	29	30	28	27	
3.6 Public order and safety n.e.c.	361	441	477	642	621	
Total public order and safety	23,809	22,640	23,071	23,039	23,217	
4. Economic affairs						
4.1 General economic, commercial and labour affairs	4,102	5,395	4,620	4,522	4,581	
4.2 Agriculture, forestry, fishing and hunting	3,350	3,292	3,130	2,595	3,247	
<i>of which: market support under CAP</i>	1,864	1,845	1,721	1,329	2,003	
<i>of which: other agriculture, food and fisheries policy</i>	1,484	1,444	1,407	1,266	1,244	
<i>of which: forestry</i>	1	2	2	–	–	
4.3 Fuel and energy	384	352	332	312	339	
4.4 Mining, manufacturing and construction	-12	269	36	161	863	
4.5 Transport	15,366	16,000	17,139	22,412	23,481	
<i>of which: national roads</i>	2,001	2,320	2,830	2,967	3,048	
<i>of which: local roads</i>	3,425	3,675	4,020	4,013	4,320	
<i>of which: local public transport</i>	2,210	2,018	2,140	2,077	1,926	
<i>of which: railway⁽¹⁾</i>	7,382	7,507	7,713	12,714	13,744	
<i>of which: other transport</i>	348	479	437	641	443	
4.6 Communication	–	–	–	7	–	
4.7 Other industries	137	120	119	123	119	
4.8 R&D economic affairs	2,644	3,350	3,573	3,804	3,123	
4.9 Economic affairs n.e.c.	390	352	366	346	355	
Total economic affairs	26,362	29,129	29,315	34,282	36,106	

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
5. Environment protection					
5.1 Waste management	6,133	6,234	6,356	6,387	6,381
5.2 Waste water management	–	–	–	–	–
5.3 Pollution abatement	111	122	431	403	57
5.4 Protection of biodiversity and landscape	238	280	326	507	332
5.5 R&D environment protection	381	426	400	388	335
5.6 Environment protection n.e.c.	1,331	1,397	1,484	1,316	1,458
Total environment protection	8,193	8,459	8,997	9,002	8,563
6. Housing and community amenities					
6.1 Housing development	3,907	3,558	3,971	3,656	3,492
<i>of which: local authority housing</i>	<i>3,251</i>	<i>3,036</i>	<i>3,623</i>	<i>3,440</i>	<i>3,228</i>
<i>of which: other social housing</i>	<i>657</i>	<i>522</i>	<i>348</i>	<i>216</i>	<i>264</i>
6.2 Community development	2,309	2,531	2,449	2,205	2,693
6.3 Water supply	8	7	7	6	6
6.4 Street lighting	634	671	707	735	834
6.5 R&D housing and community amenities	–	–	–	–	–
6.6 Housing and community amenities n.e.c.	151	155	177	197	180
Total housing and community amenities	7,010	6,921	7,310	6,799	7,206
7. Health⁽²⁾					
Medical services	97,533	101,574	106,966	110,467	114,530
Health research	1,487	1,749	1,650	1,896	1,568
Central and other health services	3,459	4,035	3,008	3,094	3,758
Total health	102,479	107,359	111,624	115,457	119,856
8. Recreation, culture and religion					
8.1 Recreational and sporting services	2,919	2,326	2,466	2,310	2,175
8.2 Cultural services	3,047	2,913	3,055	2,422	3,069
8.3 Broadcasting and publishing services	159	154	176	202	191
8.4 Religious and other community services	48	38	22	29	15
8.5 R&D recreation, culture and religion	35	14	37	38	27
8.6 Recreation, culture and religion n.e.c.	45	27	32	42	40
Total recreation, culture and religion	6,253	5,471	5,788	5,043	5,517
9. Education					
9.1 Pre-primary and primary education	24,660	25,261	25,452	25,706	25,261
<i>of which: under fives</i>	<i>2,558</i>	<i>2,969</i>	<i>2,471</i>	<i>2,553</i>	<i>2,826</i>
<i>of which: primary education</i>	<i>22,102</i>	<i>22,292</i>	<i>22,981</i>	<i>23,153</i>	<i>22,435</i>
9.2 Secondary education ⁽³⁾	31,813	32,033	33,730	33,240	34,498
9.3 Post-secondary non-tertiary education	104	126	105	77	116
9.4 Tertiary education	5,970	5,313	4,488	4,045	4,210
9.5 Education not definable by level	238	202	324	304	580
9.6 Subsidiary services to education	4,046	4,111	3,678	3,400	3,543
9.7 R&D education	1,583	1,573	1,573	1,573	1,991
9.8 Education n.e.c.	1,519	1,720	1,362	1,801	1,963
Total education	69,932	70,339	70,712	70,147	72,162

Table 10.1 Total identifiable expenditure on services in England by sub-function, 2012-13 to 2016-17 (continued)

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	22,972	22,887	24,374	24,510	24,077	
10.1 Sickness and disability	36,414	37,398	39,854	42,058	41,865	
<i>of which: personal social services</i>	8,142	7,663	7,708	8,086	7,958	
<i>of which: incapacity, disability and injury benefits</i>	28,272	29,735	32,146	33,973	33,907	
10.2 Old age	88,080	90,675	93,930	95,206	96,458	
<i>of which: personal social services</i>	7,714	7,804	8,037	7,542	7,757	
<i>of which: pensions</i>	80,366	82,871	85,893	87,663	88,702	
10.3 Survivors	754	795	791	804	796	
10.4 Family and children	22,152	20,465	21,136	21,205	20,516	
<i>of which: personal social services</i>	6,644	6,919	8,133	8,354	7,900	
<i>of which: family benefits, income support and tax credits</i>	15,508	13,545	13,002	12,851	12,616	
10.5 Unemployment	4,884	4,033	2,770	2,139	1,769	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	4,884	4,033	2,770	2,139	1,769	
10.6 Housing	22,529	22,746	22,692	22,418	21,632	
10.7 Social exclusion n.e.c.	27,164	26,828	27,022	27,046	26,933	
<i>of which: personal social services</i>	471	500	495	528	463	
<i>of which: family benefits, income support and tax credits</i>	26,693	26,329	26,527	26,518	26,470	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	3,149	2,832	3,281	3,216	3,286	
Total social protection	205,126	205,772	211,476	214,091	213,255	
Total Expenditure on Services in England	454,061	460,749	473,141	482,262	491,779	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

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

⁽³⁾ The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA and the CRA the Department for Education will look to improve apportionment of spending across the education categories.

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2012-13 to 2016-17

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	642	703	739	821	832	
1.2 Foreign economic aid	–	–	–	–	–	
1.3 General services	37	38	52	43	56	
1.4 Basic research	–	–	–	–	–	
1.5 R&D general public services	13	13	15	14	17	
1.6 General public services n.e.c.	244	357	331	253	180	
Total general public services	936	1,112	1,137	1,131	1,085	
2. Defence						
2.1 Military defence	–	–	–	–	–	
2.2 Civil defence	3	3	3	4	4	
2.3 Foreign military aid	–	–	–	–	–	
2.4 R&D defence	–	–	–	–	–	
2.5 Defence n.e.c.	–	–	–	–	–	
Total defence	3	3	3	4	4	
3. Public order and safety						
3.1 Police services	1,467	1,262	1,464	1,475	1,424	
<i>of which: immigration and citizenship</i>	–	–	–	–	–	
<i>of which: other police services</i>	1,467	1,262	1,464	1,475	1,424	
3.2 Fire-protection services	377	306	363	388	369	
3.3 Law courts	462	478	470	457	459	
3.4 Prisons	345	317	325	305	309	
3.5 R&D public order and safety	1	–	–	–	–	
3.6 Public order and safety n.e.c.	39	24	26	25	20	
Total public order and safety	2,691	2,388	2,649	2,650	2,581	
4. Economic affairs						
4.1 General economic, commercial and labour affairs	1,007	1,110	942	899	947	
4.2 Agriculture, forestry, fishing and hunting	917	953	923	817	1,015	
<i>of which: market support under CAP</i>	471	486	418	392	462	
<i>of which: other agriculture, food and fisheries policy</i>	347	361	390	327	450	
<i>of which: forestry</i>	99	106	114	98	103	
4.3 Fuel and energy	41	50	54	63	59	
4.4 Mining, manufacturing and construction	0	0	0	1	1	
4.5 Transport	2,951	2,892	2,784	3,094	3,352	
<i>of which: national roads</i>	611	569	620	708	753	
<i>of which: local roads</i>	691	691	678	691	694	
<i>of which: local public transport</i>	275	260	266	273	271	
<i>of which: railway⁽¹⁾</i>	915	965	849	1,045	1,223	
<i>of which: other transport</i>	458	406	371	377	412	
4.6 Communication	9	16	79	65	82	
4.7 Other industries	73	75	80	74	73	
4.8 R&D economic affairs	309	375	400	472	374	
4.9 Economic affairs n.e.c.	5	56	61	44	24	
Total economic affairs	5,312	5,527	5,322	5,529	5,926	

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
5. Environment protection					
5.1 Waste management	931	1,014	956	966	981
5.2 Waste water management	–	–	–	–	–
5.3 Pollution abatement	27	9	37	36	7
5.4 Protection of biodiversity and landscape	142	137	138	129	117
5.5 R&D environment protection	31	36	34	35	32
5.6 Environment protection n.e.c.	197	222	231	216	210
Total environment protection	1,328	1,418	1,397	1,382	1,347
6. Housing and community amenities					
6.1 Housing development	994	1,030	1,104	1,119	1,165
<i>of which: local authority housing</i>	<i>672</i>	<i>734</i>	<i>780</i>	<i>772</i>	<i>852</i>
<i>of which: other social housing</i>	<i>322</i>	<i>296</i>	<i>324</i>	<i>347</i>	<i>313</i>
6.2 Community development	129	138	123	106	103
6.3 Water supply	387	356	321	327	487
6.4 Street lighting	3	6	5	8	8
6.5 R&D housing and community amenities	–	–	–	2	0
6.6 Housing and community amenities n.e.c.	11	13	15	19	3
Total housing and community amenities	1,523	1,544	1,568	1,580	1,767
7. Health ⁽²⁾					
Medical services	10,912	11,061	11,192	11,736	12,075
Health research	132	131	134	192	209
Central and other health services	243	268	266	203	319
Total health	11,286	11,460	11,592	12,131	12,603
8. Recreation, culture and religion					
8.1 Recreational and sporting services	804	653	733	520	495
8.2 Cultural services	448	435	435	475	523
8.3 Broadcasting and publishing services	22	24	26	27	21
8.4 Religious and other community services	27	14	12	13	11
8.5 R&D recreation, culture and religion	2	0	2	2	2
8.6 Recreation, culture and religion n.e.c.	1	1	1	–	0
Total recreation, culture and religion	1,305	1,127	1,208	1,038	1,052
9. Education					
9.1 Pre-primary and primary education	2,809	2,916	2,955	3,134	3,292
<i>of which: under fives</i>	<i>301</i>	<i>308</i>	<i>348</i>	<i>445</i>	<i>492</i>
<i>of which: primary education</i>	<i>2,508</i>	<i>2,608</i>	<i>2,607</i>	<i>2,689</i>	<i>2,801</i>
9.2 Secondary education	2,685	2,575	2,638	2,693	2,800
9.3 Post-secondary non-tertiary education	–	–	–	–	–
9.4 Tertiary education	1,454	1,488	1,458	1,413	1,484
9.5 Education not definable by level	163	140	144	136	122
9.6 Subsidiary services to education	207	228	225	242	217
9.7 R&D education	–	–	–	0	0
9.8 Education n.e.c.	205	211	196	222	258
Total education	7,522	7,559	7,614	7,839	8,173

Table 10.2 Total identifiable expenditure on services in Scotland by sub-function, 2012-13 to 2016-17 (continued)

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	3,028	3,115	3,170	3,202	3,203	
10.1 Sickness and disability	4,417	4,580	4,867	5,080	5,107	
<i>of which: personal social services</i>	903	872	891	903	899	
<i>of which: incapacity, disability and injury benefits</i>	3,514	3,708	3,976	4,177	4,208	
10.2 Old age	9,849	10,120	10,475	10,599	10,627	
<i>of which: personal social services</i>	1,346	1,391	1,405	1,388	1,369	
<i>of which: pensions</i>	8,503	8,729	9,071	9,210	9,258	
10.3 Survivors	158	160	168	171	172	
10.4 Family and children	2,291	2,110	2,068	2,082	2,067	
<i>of which: personal social services</i>	779	852	874	911	935	
<i>of which: family benefits, income support and tax credits</i>	1,512	1,257	1,194	1,171	1,132	
10.5 Unemployment	520	443	330	261	215	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	520	443	330	261	215	
10.6 Housing	2,028	1,933	1,945	2,001	1,997	
10.7 Social exclusion n.e.c.	2,395	2,306	2,293	2,309	2,326	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: family benefits, income support and tax credits</i>	2,395	2,306	2,293	2,309	2,326	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	394	386	485	511	513	
Total social protection	22,052	22,039	22,631	23,014	23,024	
Total Expenditure on Services in Scotland	53,959	54,177	55,121	56,297	57,563	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

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

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2012-13 to 2016-17

	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
	£ million				
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	399	415	438	397	412
1.2 Foreign economic aid	–	–	–	–	–
1.3 General services	16	16	14	14	16
1.4 Basic research	–	–	–	–	–
1.5 R&D general public services	4	4	5	5	5
1.6 General public services n.e.c.	88	73	72	77	77
Total general public services	508	508	528	493	510
2. Defence					
2.1 Military defence	–	–	–	–	–
2.2 Civil defence	4	4	4	3	2
2.3 Foreign military aid	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–
Total defence	4	4	4	3	2
3. Public order and safety					
3.1 Police services	694	691	718	677	685
<i>of which: immigration and citizenship</i>	–	–	–	–	–
<i>of which: other police services</i>	694	691	718	677	685
3.2 Fire-protection services	146	155	150	153	147
3.3 Law courts	274	249	262	237	233
3.4 Prisons	230	218	203	151	176
3.5 R&D public order and safety	1	1	1	1	1
3.6 Public order and safety n.e.c.	15	14	14	11	16
Total public order and safety	1,360	1,328	1,348	1,230	1,258
4. Economic affairs					
4.1 General economic, commercial and labour affairs	425	535	474	401	396
4.2 Agriculture, forestry, fishing and hunting	457	485	444	430	464
<i>of which: market support under CAP</i>	267	264	230	209	242
<i>of which: other agriculture, food and fisheries policy</i>	188	218	211	220	221
<i>of which: forestry</i>	2	3	2	1	1
4.3 Fuel and energy	33	37	37	40	30
4.4 Mining, manufacturing and construction	–	3	1	5	-13
4.5 Transport	1,081	1,021	1,021	1,207	1,173
<i>of which: national roads</i>	217	247	246	294	348
<i>of which: local roads</i>	362	289	256	209	216
<i>of which: local public transport</i>	70	52	47	45	45
<i>of which: railway⁽¹⁾</i>	395	392	427	610	517
<i>of which: other transport</i>	37	42	44	50	47
4.6 Communication	43	65	103	78	38
4.7 Other industries	37	37	36	29	28
4.8 R&D economic affairs	109	152	188	209	147
4.9 Economic affairs n.e.c.	25	43	44	29	46
Total economic affairs	2,210	2,379	2,348	2,429	2,308

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2012-13 to 2016-17 (continued)

	£ million				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
5. Environment protection					
5.1 Waste management	409	393	389	388	399
5.2 Waste water management	–	–	–	–	–
5.3 Pollution abatement	1	2	17	16	0
5.4 Protection of biodiversity and landscape	5	6	6	6	10
5.5 R&D environment protection	18	21	20	20	18
5.6 Environment protection n.e.c.	220	261	250	206	195
Total environment protection	653	683	682	636	623
6. Housing and community amenities					
6.1 Housing development	339	304	335	473	498
<i>of which: local authority housing</i>	<i>339</i>	<i>304</i>	<i>335</i>	<i>473</i>	<i>498</i>
<i>of which: other social housing</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>0</i>
6.2 Community development	253	262	223	184	171
6.3 Water supply	0	0	0	0	0
6.4 Street lighting	46	49	53	44	45
6.5 R&D housing and community amenities	–	–	–	–	–
6.6 Housing and community amenities n.e.c.	–	–	–	0	–
Total housing and community amenities	638	616	612	702	715
7. Health ⁽²⁾					
Medical services	5,873	6,006	6,296	6,443	6,799
Health research	45	44	45	48	48
Central and other health services	102	113	99	103	105
Total health	6,020	6,162	6,441	6,593	6,952
8. Recreation, culture and religion					
8.1 Recreational and sporting services	255	233	224	204	188
8.2 Cultural services	212	197	189	161	187
8.3 Broadcasting and publishing services	65	80	87	79	78
8.4 Religious and other community services	3	2	0	–	-2
8.5 R&D recreation, culture and religion	1	0	1	1	1
8.6 Recreation, culture and religion n.e.c.	46	15	22	23	26
Total recreation, culture and religion	582	528	524	468	478
9. Education					
9.1 Pre-primary and primary education	1,531	1,560	1,555	1,588	1,618
<i>of which: under fives</i>	<i>78</i>	<i>52</i>	<i>46</i>	<i>44</i>	<i>39</i>
<i>of which: primary education</i>	<i>1,453</i>	<i>1,508</i>	<i>1,508</i>	<i>1,545</i>	<i>1,579</i>
9.2 Secondary education	1,656	1,906	1,749	1,868	1,910
9.3 Post-secondary non-tertiary education	–	–	–	–	–
9.4 Tertiary education	379	381	363	370	384
9.5 Education not definable by level	168	160	180	113	98
9.6 Subsidiary services to education	241	90	89	92	106
9.7 R&D education	–	–	–	–	–
9.8 Education n.e.c.	78	63	51	54	71
Total education	4,053	4,161	3,987	4,086	4,186

Table 10.3 Total identifiable expenditure on services in Wales by sub-function, 2012-13 to 2016-17 (continued)

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	1,658	1,754	1,787	1,741	1,801	
10.1 Sickness and disability	2,965	3,056	3,264	3,332	3,358	
<i>of which: personal social services</i>	535	548	545	528	559	
<i>of which: incapacity, disability and injury benefits</i>	2,430	2,508	2,719	2,803	2,799	
10.2 Old age	5,736	5,917	6,164	6,249	6,298	
<i>of which: personal social services</i>	605	629	643	617	623	
<i>of which: pensions</i>	5,131	5,289	5,521	5,632	5,675	
10.3 Survivors	60	67	73	72	71	
10.4 Family and children	1,409	1,351	1,331	1,320	1,324	
<i>of which: personal social services</i>	490	539	560	560	584	
<i>of which: family benefits, income support and tax credits</i>	918	813	772	760	740	
10.5 Unemployment	303	256	194	156	122	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	303	256	194	156	122	
10.6 Housing	1,142	1,181	1,207	1,208	1,180	
10.7 Social exclusion n.e.c.	1,683	1,659	1,660	1,656	1,643	
<i>of which: personal social services</i>	28	39	39	35	35	
<i>of which: family benefits, income support and tax credits</i>	1,655	1,620	1,621	1,622	1,608	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	228	257	271	340	340	
Total social protection	13,525	13,745	14,165	14,334	14,335	
Total Expenditure on Services in Wales	29,553	30,114	30,636	30,974	31,367	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

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

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2012-13 to 2016-17

	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
	£ million				
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	154	175	171	143	170
1.2 Foreign economic aid	–	–	–	–	–
1.3 General services	157	171	205	181	158
1.4 Basic research	–	–	–	–	–
1.5 R&D general public services	2	2	3	3	3
1.6 General public services n.e.c.	69	70	80	66	17
Total general public services	381	419	458	393	348
2. Defence					
2.1 Military defence	–	–	–	–	–
2.2 Civil defence	–	–	–	–	–
2.3 Foreign military aid	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–
Total defence	–	–	–	–	–
3. Public order and safety					
3.1 Police services	885	893	802	797	783
<i>of which: immigration and citizenship</i>	–	–	–	–	–
<i>of which: other police services</i>	885	893	802	797	783
3.2 Fire-protection services	76	87	81	82	83
3.3 Law courts	253	246	257	226	222
3.4 Prisons	163	131	132	139	131
3.5 R&D public order and safety	0	–	–	–	–
3.6 Public order and safety n.e.c.	5	–	–	–	–
Total public order and safety	1,382	1,357	1,271	1,244	1,219
4. Economic affairs					
4.1 General economic, commercial and labour affairs	368	419	445	432	343
4.2 Agriculture, forestry, fishing and hunting	535	577	572	487	505
<i>of which: market support under CAP</i>	289	326	316	276	304
<i>of which: other agriculture, food and fisheries policy</i>	240	243	246	203	194
<i>of which: forestry</i>	6	8	10	8	7
4.3 Fuel and energy	5	6	13	39	52
4.4 Mining, manufacturing and construction	1	1	1	1	1
4.5 Transport	569	524	522	429	571
<i>of which: national roads</i>	23	15	16	18	9
<i>of which: local roads</i>	335	369	349	246	332
<i>of which: local public transport</i>	79	68	65	44	64
<i>of which: railway</i>	82	55	61	82	94
<i>of which: other transport</i>	50	18	31	39	73
4.6 Communication	1	6	8	14	3
4.7 Other industries	64	41	48	50	35
4.8 R&D economic affairs	44	56	58	88	69
4.9 Economic affairs n.e.c.	–	8	9	7	1
Total economic affairs	1,587	1,639	1,676	1,548	1,581

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2012-13 to 2016-17 (continued)

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
5. Environment protection						
5.1 Waste management	188	188	195	197	203	
5.2 Waste water management	–	–	–	–	–	
5.3 Pollution abatement	0	0	9	9	0	
5.4 Protection of biodiversity and landscape	0	0	0	0	0	
5.5 R&D environment protection	11	12	12	12	11	
5.6 Environment protection n.e.c.	56	66	52	48	44	
Total environment protection	255	266	268	265	257	
6. Housing and community amenities						
6.1 Housing development	330	281	282	229	205	
<i>of which: local authority housing</i>	–	–	–	–	–	
<i>of which: other social housing</i>	330	281	282	229	205	
6.2 Community development	125	130	155	127	117	
6.3 Water supply	270	265	255	248	252	
6.4 Street lighting	23	24	25	26	20	
6.5 R&D housing and community amenities	–	–	–	–	–	
6.6 Housing and community amenities n.e.c.	76	80	77	86	171	
Total housing and community amenities	824	781	794	716	766	
7. Health ⁽¹⁾						
Medical services	3,595	3,608	3,635	3,812	3,954	
Health research	14	15	15	6	19	
Central and other health services	235	250	260	218	197	
Total health	3,844	3,873	3,910	4,036	4,171	
8. Recreation, culture and religion						
8.1 Recreational and sporting services	240	234	258	232	250	
8.2 Cultural services	180	174	160	156	169	
8.3 Broadcasting and publishing services	7	11	9	11	9	
8.4 Religious and other community services	35	40	42	44	42	
8.5 R&D recreation, culture and religion	1	0	1	1	1	
8.6 Recreation, culture and religion n.e.c.	0	0	0	–	0	
Total recreation, culture and religion	463	459	470	444	470	
9. Education						
9.1 Pre-primary and primary education	715	737	787	774	797	
<i>of which: under fives</i>	63	66	67	60	67	
<i>of which: primary education</i>	652	671	721	714	730	
9.2 Secondary education	984	974	1,021	1,039	1,045	
9.3 Post-secondary non-tertiary education	–	–	–	–	–	
9.4 Tertiary education	345	352	371	336	343	
9.5 Education not definable by level	98	96	87	79	69	
9.6 Subsidiary services to education	197	212	210	200	194	
9.7 R&D education	–	–	–	–	–	
9.8 Education n.e.c.	257	251	263	280	268	
Total education	2,595	2,621	2,741	2,709	2,717	

Table 10.4 Total identifiable expenditure on services in Northern Ireland by sub-function, 2012-13 to 2016-17 (continued)

	National Statistics					£ million
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	854	901	931	984	1,017	
10.1 Sickness and disability	2,341	2,426	2,523	2,650	2,815	
<i>of which: personal social services</i>	255	265	273	297	324	
<i>of which: incapacity, disability and injury benefits</i>	2,086	2,161	2,250	2,353	2,491	
10.2 Old age	3,297	3,518	3,669	3,679	3,746	
<i>of which: personal social services</i>	431	449	467	489	495	
<i>of which: pensions</i>	2,866	3,069	3,202	3,190	3,251	
10.3 Survivors	71	73	76	78	80	
10.4 Family and children	660	658	672	693	675	
<i>of which: personal social services</i>	168	186	191	198	198	
<i>of which: family benefits, income support and tax credits</i>	491	472	481	496	477	
10.5 Unemployment	231	211	178	141	119	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	231	211	178	141	119	
10.6 Housing	662	564	577	584	581	
10.7 Social exclusion n.e.c.	1,050	1,044	1,041	1,017	986	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: family benefits, income support and tax credits</i>	1,050	1,044	1,041	1,017	986	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	2	73	9	25	30	
Total social protection	8,314	8,566	8,745	8,868	9,033	
Total Expenditure on Services in Northern Ireland	19,645	19,981	20,333	20,222	20,562	

⁽¹⁾ The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented using HM Treasury's own sub-functional classification.

Table 10.5 Total identifiable expenditure on services in England by sub-function, per head, 2012-13 to 2016-17

	£ per head				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	46	47	46	35	44
1.2 Foreign economic aid	–	–	–	–	–
1.3 General services	13	9	11	12	9
1.4 Basic research	–	–	–	–	–
1.5 R&D general public services	1	1	2	2	2
1.6 General public services n.e.c.	31	29	30	30	51
Total general public services	91	86	88	80	106
2. Defence					
2.1 Military defence	–	–	–	–	–
2.2 Civil defence	1	1	1	1	1
2.3 Foreign military aid	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–
Total defence	1	1	1	1	1
3. Public order and safety					
3.1 Police services	234	221	218	217	216
<i>of which: immigration and citizenship</i>	–	–	–	–	–
<i>of which: other police services</i>	234	221	218	217	216
3.2 Fire-protection services	43	42	41	38	40
3.3 Law courts	93	85	98	88	87
3.4 Prisons	68	64	58	65	66
3.5 R&D public order and safety	1	1	1	1	0
3.6 Public order and safety n.e.c.	7	8	9	12	11
Total public order and safety	445	420	425	421	420
4. Economic affairs					
4.1 General economic, commercial and labour affairs	77	100	85	83	83
4.2 Agriculture, forestry, fishing and hunting	63	61	58	47	59
<i>of which: market support under CAP</i>	35	34	32	24	36
<i>of which: other agriculture, food and fisheries policy</i>	28	27	26	23	23
<i>of which: forestry</i>	0	0	0	–	–
4.3 Fuel and energy	7	7	6	6	6
4.4 Mining, manufacturing and construction	0	5	1	3	16
4.5 Transport	287	297	316	409	425
<i>of which: national roads</i>	37	43	52	54	55
<i>of which: local roads</i>	64	68	74	73	78
<i>of which: local public transport</i>	41	37	39	38	35
<i>of which: railway⁽¹⁾</i>	138	139	142	232	249
<i>of which: other transport</i>	7	9	8	12	8
4.6 Communication	–	–	–	0	–
4.7 Other industries	3	2	2	2	2
4.8 R&D economic affairs	49	62	66	69	56
4.9 Economic affairs n.e.c.	7	7	7	6	6
Total economic affairs	493	541	540	626	653

Table 10.5 Total identifiable expenditure on services in England by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
£ per head					
5. Environment protection					
5.1 Waste management	115	116	117	117	115
5.2 Waste water management	–	–	–	–	–
5.3 Pollution abatement	2	2	8	7	1
5.4 Protection of biodiversity and landscape	4	5	6	9	6
5.5 R&D environment protection	7	8	7	7	6
5.6 Environment protection n.e.c.	25	26	27	24	26
Total environment protection	153	157	166	164	155
6. Housing and community amenities					
6.1 Housing development	73	66	73	67	63
<i>of which: local authority housing</i>	<i>61</i>	<i>56</i>	<i>67</i>	<i>63</i>	<i>58</i>
<i>of which: other social housing</i>	<i>12</i>	<i>10</i>	<i>6</i>	<i>4</i>	<i>5</i>
6.2 Community development	43	47	45	40	49
6.3 Water supply	0	0	0	0	0
6.4 Street lighting	12	12	13	13	15
6.5 R&D housing and community amenities	–	–	–	–	–
6.6 Housing and community amenities n.e.c.	3	3	3	4	3
Total housing and community amenities	131	128	135	124	130
7. Health ⁽²⁾					
Medical services	1,823	1,886	1,969	2,016	2,072
Health research	28	32	30	35	28
Central and other health services	65	75	55	56	68
Total health	1,916	1,993	2,055	2,107	2,169
8. Recreation, culture and religion					
8.1 Recreational and sporting services	55	43	45	42	39
8.2 Cultural services	57	54	56	44	56
8.3 Broadcasting and publishing services	3	3	3	4	3
8.4 Religious and other community services	1	1	0	1	0
8.5 R&D recreation, culture and religion	1	0	1	1	0
8.6 Recreation, culture and religion n.e.c.	1	1	1	1	1
Total recreation, culture and religion	117	102	107	92	100
9. Education					
9.1 Pre-primary and primary education	461	469	469	469	457
<i>of which: under fives</i>	<i>48</i>	<i>55</i>	<i>45</i>	<i>47</i>	<i>51</i>
<i>of which: primary education</i>	<i>413</i>	<i>414</i>	<i>423</i>	<i>423</i>	<i>406</i>
9.2 Secondary education ⁽³⁾	595	595	621	607	624
9.3 Post-secondary non-tertiary education	2	2	2	1	2
9.4 Tertiary education	112	99	83	74	76
9.5 Education not definable by level	4	4	6	6	10
9.6 Subsidiary services to education	76	76	68	62	64
9.7 R&D education	30	29	29	29	36
9.8 Education n.e.c.	28	32	25	33	36
Total education	1,307	1,306	1,302	1,280	1,306

Table 10.5 Total identifiable expenditure on services in England by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
					£ per head
10. Social protection					
<i>of which: personal social services</i>	429	425	449	447	436
10.1 Sickness and disability	681	694	734	768	757
<i>of which: personal social services</i>	152	142	142	148	144
<i>of which: incapacity, disability and injury benefits</i>	529	552	592	620	613
10.2 Old age	1,647	1,683	1,729	1,738	1,745
<i>of which: personal social services</i>	144	145	148	138	140
<i>of which: pensions</i>	1,502	1,538	1,581	1,600	1,605
10.3 Survivors	14	15	15	15	14
10.4 Family and children	414	380	389	387	371
<i>of which: personal social services</i>	124	128	150	152	143
<i>of which: family benefits, income support and tax credits</i>	290	251	239	235	228
10.5 Unemployment	91	75	51	39	32
<i>of which: personal social services</i>	–	–	–	–	–
<i>of which: other unemployment benefits</i>	91	75	51	39	32
10.6 Housing	421	422	418	409	391
10.7 Social exclusion n.e.c.	508	498	497	494	487
<i>of which: personal social services</i>	9	9	9	10	8
<i>of which: family benefits, income support and tax credits</i>	499	489	488	484	479
10.8 R&D social protection	–	–	–	–	–
10.9 Social protection n.e.c.	59	53	60	59	59
Total social protection	3,835	3,820	3,893	3,908	3,859
Total Expenditure on Services in England	8,488	8,554	8,711	8,803	8,898

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

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

⁽³⁾ The Department for Education is currently recording all central government academy expenditure as 'Secondary Education', across all years presented. While secondary schools currently account for the largest population in the academy sector, it is recognised that this will also cover some schools in primary and other functional categories. In future editions of PESA and the CRA the Department for Education will look to improve apportionment of spending across the education categories.

Table 10.6 Total identifiable expenditure on services in Scotland by sub-function, per head, 2012-13 to 2016-17

	£ per head				
	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	121	132	138	153	154
1.2 Foreign economic aid	–	–	–	–	–
1.3 General services	7	7	10	8	10
1.4 Basic research	–	–	–	–	–
1.5 R&D general public services	2	3	3	3	3
1.6 General public services n.e.c.	46	67	62	47	33
Total general public services	176	209	213	210	201
2. Defence					
2.1 Military defence	–	–	–	–	–
2.2 Civil defence	1	1	0	1	1
2.3 Foreign military aid	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–
Total defence	1	1	0	1	1
3. Public order and safety					
3.1 Police services	276	237	274	275	263
<i>of which: immigration and citizenship</i>	–	–	–	–	–
<i>of which: other police services</i>	276	237	274	275	263
3.2 Fire-protection services	71	57	68	72	68
3.3 Law courts	87	90	88	85	85
3.4 Prisons	65	59	61	57	57
3.5 R&D public order and safety	0	–	–	–	–
3.6 Public order and safety n.e.c.	7	5	5	5	4
Total public order and safety	507	448	495	493	478
4. Economic affairs					
4.1 General economic, commercial and labour affairs	189	208	176	167	175
4.2 Agriculture, forestry, fishing and hunting	173	179	173	152	188
<i>of which: market support under CAP</i>	89	91	78	73	85
<i>of which: other agriculture, food and fisheries policy</i>	65	68	73	61	83
<i>of which: forestry</i>	19	20	21	18	19
4.3 Fuel and energy	8	9	10	12	11
4.4 Mining, manufacturing and construction	0	0	0	0	0
4.5 Transport	555	543	521	576	620
<i>of which: national roads</i>	115	107	116	132	139
<i>of which: local roads</i>	130	130	127	129	128
<i>of which: local public transport</i>	52	49	50	51	50
<i>of which: railway⁽¹⁾</i>	172	181	159	195	226
<i>of which: other transport</i>	86	76	69	70	76
4.6 Communication	2	3	15	12	15
4.7 Other industries	14	14	15	14	14
4.8 R&D economic affairs	58	70	75	88	69
4.9 Economic affairs n.e.c.	1	11	11	8	4
Total economic affairs	1,000	1,037	995	1,029	1,097

Table 10.6 Total identifiable expenditure on services in Scotland by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
5. Environment protection						
5.1 Waste management	175	190	179	180	182	
5.2 Waste water management	–	–	–	–	–	
5.3 Pollution abatement	5	2	7	7	1	
5.4 Protection of biodiversity and landscape	27	26	26	24	22	
5.5 R&D environment protection	6	7	6	6	6	
5.6 Environment protection n.e.c.	37	42	43	40	39	
Total environment protection	250	266	261	257	249	
6. Housing and community amenities						
6.1 Housing development	187	193	206	208	215	
<i>of which: local authority housing</i>	127	138	146	144	158	
<i>of which: other social housing</i>	61	56	61	65	58	
6.2 Community development	24	26	23	20	19	
6.3 Water supply	73	67	60	61	90	
6.4 Street lighting	1	1	1	2	2	
6.5 R&D housing and community amenities	–	–	–	0	0	
6.6 Housing and community amenities n.e.c.	2	2	3	3	1	
Total housing and community amenities	287	290	293	294	327	
7. Health ⁽²⁾						
Medical services	2,054	2,076	2,093	2,184	2,234	
Health research	25	25	25	36	39	
Central and other health services	46	50	50	38	59	
Total health	2,124	2,151	2,168	2,258	2,332	
8. Recreation, culture and religion						
8.1 Recreational and sporting services	151	123	137	97	92	
8.2 Cultural services	84	82	81	88	97	
8.3 Broadcasting and publishing services	4	4	5	5	4	
8.4 Religious and other community services	5	3	2	2	2	
8.5 R&D recreation, culture and religion	0	0	0	0	0	
8.6 Recreation, culture and religion n.e.c.	0	0	0	–	0	
Total recreation, culture and religion	246	212	226	193	195	
9. Education						
9.1 Pre-primary and primary education	529	547	553	583	609	
<i>of which: under fives</i>	57	58	65	83	91	
<i>of which: primary education</i>	472	490	488	500	518	
9.2 Secondary education	505	483	493	501	518	
9.3 Post-secondary non-tertiary education	–	–	–	–	–	
9.4 Tertiary education	274	279	273	263	275	
9.5 Education not definable by level	31	26	27	25	23	
9.6 Subsidiary services to education	39	43	42	45	40	
9.7 R&D education	–	–	–	0	0	
9.8 Education n.e.c.	39	40	37	41	48	
Total education	1,416	1,419	1,424	1,459	1,512	

Table 10.6 Total identifiable expenditure on services in Scotland by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	570	585	593	596	593	
10.1 Sickness and disability	831	860	910	945	945	
<i>of which: personal social services</i>	170	164	167	168	166	
<i>of which: incapacity, disability and injury benefits</i>	661	696	743	777	779	
10.2 Old age	1,853	1,900	1,959	1,973	1,966	
<i>of which: personal social services</i>	253	261	263	258	253	
<i>of which: pensions</i>	1,600	1,639	1,696	1,714	1,713	
10.3 Survivors	30	30	31	32	32	
10.4 Family and children	431	396	387	387	382	
<i>of which: personal social services</i>	147	160	163	170	173	
<i>of which: family benefits, income support and tax credits</i>	285	236	223	218	209	
10.5 Unemployment	98	83	62	49	40	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	98	83	62	49	40	
10.6 Housing	382	363	364	372	369	
10.7 Social exclusion n.e.c.	451	433	429	430	430	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: family benefits, income support and tax credits</i>	451	433	429	430	430	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	74	72	91	95	95	
Total social protection	4,150	4,137	4,232	4,283	4,260	
Total Expenditure on Services in Scotland	10,155	10,169	10,308	10,478	10,651	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

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

Table 10.7 Total identifiable expenditure on services in Wales by sub-function, per head, 2012-13 to 2016-17

	National Statistics				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
					£ per head
1. General public services					
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	130	135	142	128	132
1.2 Foreign economic aid	–	–	–	–	–
1.3 General services	5	5	5	5	5
1.4 Basic research	–	–	–	–	–
1.5 R&D general public services	1	1	1	1	1
1.6 General public services n.e.c.	29	24	23	25	25
Total general public services	165	165	171	159	164
2. Defence					
2.1 Military defence	–	–	–	–	–
2.2 Civil defence	1	1	1	1	1
2.3 Foreign military aid	–	–	–	–	–
2.4 R&D defence	–	–	–	–	–
2.5 Defence n.e.c.	–	–	–	–	–
Total defence	1	1	1	1	1
3. Public order and safety					
3.1 Police services	226	224	232	219	220
<i>of which: immigration and citizenship</i>	–	–	–	–	–
<i>of which: other police services</i>	226	224	232	219	220
3.2 Fire-protection services	48	50	48	49	47
3.3 Law courts	89	81	85	76	75
3.4 Prisons	75	71	66	49	57
3.5 R&D public order and safety	0	0	0	0	0
3.6 Public order and safety n.e.c.	5	4	4	4	5
Total public order and safety	443	431	436	397	404
4. Economic affairs					
4.1 General economic, commercial and labour affairs	138	174	153	130	127
4.2 Agriculture, forestry, fishing and hunting	149	157	144	139	149
<i>of which: market support under CAP</i>	87	86	75	68	78
<i>of which: other agriculture, food and fisheries policy</i>	61	71	68	71	71
<i>of which: forestry</i>	1	1	1	0	0
4.3 Fuel and energy	11	12	12	13	10
4.4 Mining, manufacturing and construction	0	1	0	2	-4
4.5 Transport	352	331	330	389	377
<i>of which: national roads</i>	70	80	80	95	112
<i>of which: local roads</i>	118	94	83	67	69
<i>of which: local public transport</i>	23	17	15	14	15
<i>of which: railway⁽¹⁾</i>	129	127	138	197	166
<i>of which: other transport</i>	12	14	14	16	15
4.6 Communication	14	21	33	25	12
4.7 Other industries	12	12	12	9	9
4.8 R&D economic affairs	35	49	61	68	47
4.9 Economic affairs n.e.c.	8	14	14	9	15
Total economic affairs	719	772	759	784	741

Table 10.7 Total identifiable expenditure on services in Wales by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
5. Environment protection						
5.1 Waste management	133	127	126	125	128	
5.2 Waste water management	–	–	–	–	–	
5.3 Pollution abatement	0	1	5	5	0	
5.4 Protection of biodiversity and landscape	2	2	2	2	3	
5.5 R&D environment protection	6	7	6	6	6	
5.6 Environment protection n.e.c.	71	85	81	66	63	
Total environment protection	213	222	220	205	200	
6. Housing and community amenities						
6.1 Housing development	110	99	108	153	160	
<i>of which: local authority housing</i>	<i>110</i>	<i>99</i>	<i>108</i>	<i>153</i>	<i>160</i>	
<i>of which: other social housing</i>	–	–	–	–	0	
6.2 Community development	82	85	72	59	55	
6.3 Water supply	0	0	0	0	0	
6.4 Street lighting	15	16	17	14	15	
6.5 R&D housing and community amenities	–	–	–	–	–	
6.6 Housing and community amenities n.e.c.	–	–	–	–	–	
Total housing and community amenities	207	200	198	226	230	
7. Health ⁽²⁾						
Medical services	1,911	1,948	2,036	2,079	2,184	
Health research	15	14	15	15	15	
Central and other health services	33	37	32	33	34	
Total health	1,958	1,999	2,083	2,127	2,233	
8. Recreation, culture and religion						
8.1 Recreational and sporting services	83	76	72	66	60	
8.2 Cultural services	69	64	61	52	60	
8.3 Broadcasting and publishing services	21	26	28	26	25	
8.4 Religious and other community services	1	1	0	0	–	
8.5 R&D recreation, culture and religion	0	0	0	0	0	
8.6 Recreation, culture and religion n.e.c.	15	5	7	7	8	
Total recreation, culture and religion	189	171	169	151	154	
9. Education						
9.1 Pre-primary and primary education	498	506	503	513	520	
<i>of which: under fives</i>	<i>25</i>	<i>17</i>	<i>15</i>	<i>14</i>	<i>12</i>	
<i>of which: primary education</i>	<i>473</i>	<i>489</i>	<i>488</i>	<i>498</i>	<i>507</i>	
9.2 Secondary education	539	618	566	603	613	
9.3 Post-secondary non-tertiary education	–	–	–	–	–	
9.4 Tertiary education	123	124	117	119	123	
9.5 Education not definable by level	55	52	58	37	31	
9.6 Subsidiary services to education	78	29	29	30	34	
9.7 R&D education	–	–	–	–	–	
9.8 Education n.e.c.	25	21	16	17	23	
Total education	1,319	1,350	1,289	1,318	1,345	

Table 10.7 Total identifiable expenditure on services in Wales by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	539	569	578	562	578	
10.1 Sickness and disability	965	992	1,056	1,075	1,079	
<i>of which: personal social services</i>	174	178	176	171	180	
<i>of which: incapacity, disability and injury benefits</i>	791	814	879	905	899	
10.2 Old age	1,866	1,920	1,993	2,017	2,023	
<i>of which: personal social services</i>	197	204	208	199	200	
<i>of which: pensions</i>	1,669	1,716	1,785	1,817	1,823	
10.3 Survivors	19	22	24	23	23	
10.4 Family and children	458	438	431	426	425	
<i>of which: personal social services</i>	159	175	181	181	187	
<i>of which: family benefits, income support and tax credits</i>	299	264	250	245	238	
10.5 Unemployment	98	83	63	50	39	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	98	83	63	50	39	
10.6 Housing	372	383	390	390	379	
10.7 Social exclusion n.e.c.	547	538	537	535	528	
<i>of which: personal social services</i>	9	13	13	11	11	
<i>of which: family benefits, income support and tax credits</i>	538	526	524	523	517	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	74	83	88	110	109	
Total social protection	4,400	4,459	4,581	4,625	4,605	
Total Expenditure on Services in Wales	9,614	9,770	9,908	9,994	10,076	

⁽¹⁾ Following implementation of ESA2010, Network Rail is now classified to Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending in all years shown, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16. The sub-functional analysis shown includes Network Rail spending from 2015-16 and is therefore only included within 'Total Expenditure on services' from that year.

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

Table 10.8 Total identifiable expenditure on services in Northern Ireland by sub-function, per head, 2012-13 to 2016-17

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
1. General public services						
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	84	96	93	77	91	
1.2 Foreign economic aid	–	–	–	–	–	
1.3 General services	86	94	112	98	85	
1.4 Basic research	–	–	–	–	–	
1.5 R&D general public services	1	1	1	1	2	
1.6 General public services n.e.c.	38	38	43	36	9	
Total general public services	209	229	249	212	187	
2. Defence						
2.1 Military defence	–	–	–	–	–	
2.2 Civil defence	–	–	–	–	–	
2.3 Foreign military aid	–	–	–	–	–	
2.4 R&D defence	–	–	–	–	–	
2.5 Defence n.e.c.	–	–	–	–	–	
Total defence	–	–	–	–	–	
3. Public order and safety						
3.1 Police services	485	488	436	430	420	
<i>of which: immigration and citizenship</i>	–	–	–	–	–	
<i>of which: other police services</i>	485	488	436	430	420	
3.2 Fire-protection services	42	48	44	44	45	
3.3 Law courts	139	134	140	122	119	
3.4 Prisons	89	72	72	75	71	
3.5 R&D public order and safety	0	–	–	–	–	
3.6 Public order and safety n.e.c.	3	–	–	–	–	
Total public order and safety	758	742	691	672	655	
4. Economic affairs						
4.1 General economic, commercial and labour affairs	202	229	242	233	184	
4.2 Agriculture, forestry, fishing and hunting	293	315	311	263	271	
<i>of which: market support under CAP</i>	159	178	172	149	163	
<i>of which: other agriculture, food and fisheries policy</i>	132	133	133	110	104	
<i>of which: forestry</i>	3	4	5	4	4	
4.3 Fuel and energy	3	3	7	21	28	
4.4 Mining, manufacturing and construction	1	1	1	1	1	
4.5 Transport	312	287	284	232	307	
<i>of which: national roads</i>	12	8	9	10	5	
<i>of which: local roads</i>	184	202	189	133	178	
<i>of which: local public transport</i>	43	37	35	24	34	
<i>of which: railway</i>	45	30	33	44	50	
<i>of which: other transport</i>	27	10	17	21	39	
4.6 Communication	1	3	4	8	2	
4.7 Other industries	35	23	26	27	19	
4.8 R&D economic affairs	24	31	32	48	37	
4.9 Economic affairs n.e.c.	–	4	5	4	0	
Total economic affairs	870	896	910	836	849	

Table 10.8 Total identifiable expenditure on services in Northern Ireland by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
5. Environment protection						
5.1 Waste management	103	103	106	106	109	
5.2 Waste water management	–	–	–	–	–	
5.3 Pollution abatement	0	0	5	5	0	
5.4 Protection of biodiversity and landscape	–	0	0	0	0	
5.5 R&D environment protection	6	7	6	6	6	
5.6 Environment protection n.e.c.	31	36	28	26	23	
Total environment protection	140	145	146	143	138	
6. Housing and community amenities						
6.1 Housing development	181	154	153	124	110	
<i>of which: local authority housing</i>	–	–	–	–	–	
<i>of which: other social housing</i>	181	154	153	124	110	
6.2 Community development	69	71	84	69	63	
6.3 Water supply	148	145	138	134	135	
6.4 Street lighting	13	13	14	14	11	
6.5 R&D housing and community amenities	–	–	–	–	–	
6.6 Housing and community amenities n.e.c.	41	44	42	46	92	
Total housing and community amenities	452	427	431	387	411	
7. Health ⁽¹⁾						
Medical services	1,971	1,972	1,975	2,058	2,124	
Health research	8	8	8	3	10	
Central and other health services	129	137	141	118	106	
Total health	2,108	2,117	2,124	2,180	2,240	
8. Recreation, culture and religion						
8.1 Recreational and sporting services	131	128	140	125	134	
8.2 Cultural services	98	95	87	84	91	
8.3 Broadcasting and publishing services	4	6	5	6	5	
8.4 Religious and other community services	19	22	23	24	22	
8.5 R&D recreation, culture and religion	0	0	0	0	0	
8.6 Recreation, culture and religion n.e.c.	0	0	0	–	0	
Total recreation, culture and religion	254	251	255	240	252	
9. Education						
9.1 Pre-primary and primary education	392	403	428	418	428	
<i>of which: under fives</i>	35	36	36	32	36	
<i>of which: primary education</i>	358	367	392	386	392	
9.2 Secondary education	539	532	555	561	561	
9.3 Post-secondary non-tertiary education	–	–	–	–	–	
9.4 Tertiary education	189	192	202	182	184	
9.5 Education not definable by level	54	53	48	43	37	
9.6 Subsidiary services to education	108	116	114	108	104	
9.7 R&D education	–	–	–	–	–	
9.8 Education n.e.c.	141	137	143	151	144	
Total education	1,423	1,433	1,489	1,463	1,459	

Table 10.8 Total identifiable expenditure on services in Northern Ireland by sub-function, per head, 2012-13 to 2016-17 (continued)

	National Statistics					£ per head
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn	
10. Social protection						
<i>of which: personal social services</i>	468	492	506	531	546	
10.1 Sickness and disability	1,284	1,326	1,371	1,431	1,512	
<i>of which: personal social services</i>	140	145	148	160	174	
<i>of which: incapacity, disability and injury benefits</i>	1,144	1,181	1,223	1,271	1,337	
10.2 Old age	1,808	1,923	1,993	1,987	2,012	
<i>of which: personal social services</i>	236	246	254	264	266	
<i>of which: pensions</i>	1,572	1,677	1,740	1,723	1,746	
10.3 Survivors	39	40	41	42	43	
10.4 Family and children	362	359	365	374	362	
<i>of which: personal social services</i>	92	102	104	107	106	
<i>of which: family benefits, income support and tax credits</i>	269	258	261	268	256	
10.5 Unemployment	126	115	97	76	64	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: other unemployment benefits</i>	126	115	97	76	64	
10.6 Housing	363	308	313	316	312	
10.7 Social exclusion n.e.c.	576	571	566	549	530	
<i>of which: personal social services</i>	–	–	–	–	–	
<i>of which: family benefits, income support and tax credits</i>	576	571	566	549	530	
10.8 R&D social protection	–	–	–	–	–	
10.9 Social protection n.e.c.	1	40	5	14	16	
Total social protection	4,559	4,682	4,752	4,790	4,851	
Total Expenditure on Services in Northern Ireland	10,773	10,920	11,048	10,921	11,042	

⁽¹⁾ The level of detail required for COFOG level 2 is not yet available in England and Wales. Health spending is therefore presented using HM Treasury's own sub-functional classification.

Table 10.9 Total identifiable expenditure on services in the English Regions by sub-function for 2016-17

	National Statistics										£ million
	Yorkshire and The Humber					West Midlands					
	North East	North West	East Midlands	East	London	South East	South West	Total England			
1. General public services											
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	126	288	199	303	438	410	199	2,412			
1.2 Foreign economic aid	—	—	—	—	—	—	—	—			
1.3 General services	23	93	31	42	118	41	45	508			
1.4 Basic research	—	—	—	—	—	—	—	—			
1.5 R&D general public services	4	11	7	10	14	14	9	86			
1.6 General public services n.e.c.	88	171	204	318	481	928	326	2,843			
Total general public services	240	563	441	672	1,051	1,393	579	5,849			
2. Defence											
2.1 Military defence	—	—	—	—	—	—	—	—			
2.2 Civil defence	2	7	5	6	7	8	4	47			
2.3 Foreign military aid	—	—	—	—	—	—	—	—			
2.4 R&D defence	—	—	—	—	—	—	—	—			
2.5 Defence n.e.c.	—	—	—	—	—	—	—	—			
Total defence	2	7	5	6	7	8	4	47			
3. Public order and safety											
3.1 Police services	554	1,685	863	1,072	2,906	1,615	1,001	11,928			
<i>of which: immigration and citizenship</i>	—	—	—	—	—	—	—	—			
<i>of which: other police services</i>	554	1,685	863	1,072	2,906	1,615	1,001	11,928			
3.2 Fire-protection services	139	311	160	221	391	348	221	2,205			
3.3 Law courts	313	611	324	384	1,390	471	372	4,786			
3.4 Prisons	239	533	429	415	473	473	233	3,649			
3.5 R&D public order and safety	2	4	2	2	7	3	2	27			
3.6 Public order and safety n.e.c.	36	91	45	52	148	77	49	621			
Total public order and safety	1,283	3,235	1,823	2,147	5,313	2,988	1,877	23,217			
4. Economic affairs											
4.1 General economic, commercial and labour affairs	299	614	364	351	955	573	376	4,581			
4.2 Agriculture, forestry, fishing and hunting	203	362	381	448	75	429	631	3,247			
<i>of which: market support under CAP</i>	119	205	258	305	10	253	408	2,003			
<i>of which: other agriculture, food and fisheries policy</i>	84	157	123	143	65	176	223	1,244			
<i>of which: forestry</i>	—	—	—	—	—	—	—	—			
4.3 Fuel and energy	27	61	40	24	37	49	30	339			
4.4 Mining, manufacturing and construction	9	34	20	75	5	564	39	863			

Table 10.9 Total identifiable expenditure on services in the English Regions by sub-function for 2016-17 (continued)

	National Statistics										£ million					
	North East		North West		Yorkshire and The Humber		East Midlands		West Midlands			East	London	South East	South West	Total England
	North East	North West	North West	North West	The Humber	East Midlands	East Midlands	West Midlands	West Midlands							
4. Economic affairs continued																
4.5 Transport	768	2,670	1,818	1,041	1,824	2,043	8,293	3,340	1,683	23,481						
of which: national roads	131	445	383	245	354	395	26	837	233	3,048						
of which: local roads	275	639	523	331	444	633	371	573	531	4,320						
of which: local public transport	51	257	117	89	85	74	1,013	109	129	1,926						
of which: railway	291	1,262	741	332	872	883	6,796	1,816	750	13,744						
of which: other transport	20	67	54	44	69	56	87	6	40	443						
4.6 Communication	—	—	—	—	—	—	—	—	—	—						
4.7 Other industries	5	13	12	6	11	9	32	19	12	119						
4.8 R&D economic affairs	142	351	255	257	275	407	539	568	327	3,123						
4.9 Economic affairs n.e.c.	17	41	29	27	33	41	75	59	33	355						
Total economic affairs	1,471	4,147	3,064	2,213	3,071	3,399	10,010	5,601	3,132	36,106						
5. Environment protection																
5.1 Waste management	211	2,035	388	323	452	532	804	918	718	6,381						
5.2 Waste water management	—	—	—	—	—	—	—	—	—	—						
5.3 Pollution abatement	2	5	5	3	4	10	10	13	5	57						
5.4 Protection of biodiversity and landscape	23	37	51	52	33	31	11	49	44	332						
5.5 R&D environment protection	17	44	33	29	35	37	53	54	33	335						
5.6 Environment protection n.e.c.	69	165	171	83	121	250	228	193	177	1,458						
Total environment protection	322	2,287	648	490	644	861	1,106	1,227	978	8,563						
6. Housing and community amenities																
6.1 Housing development	255	224	335	332	375	333	1,107	388	143	3,492						
of which: local authority housing	249	204	323	320	358	311	995	348	121	3,228						
of which: other social housing	6	20	13	12	17	22	112	41	22	264						
6.2 Community development	141	423	316	196	330	226	535	326	200	2,693						
6.3 Water supply	0	1	1	1	1	1	1	1	1	6						
6.4 Street lighting	80	116	85	58	88	95	124	119	69	834						
6.5 R&D housing and community amenities	—	—	—	—	—	—	—	—	—	—						
6.6 Housing and community amenities n.e.c.	8	26	16	14	17	22	26	33	16	180						
Total housing and community amenities	484	790	753	601	811	678	1,793	868	430	7,206						

Table 10.9 Total identifiable expenditure on services in the English Regions by sub-function for 2016-17 (continued)

	National Statistics										£ million
	Yorkshire and The Humber					West Midlands					
	North East	North West	East Midlands	West Midlands	East	London	South East	South West	Total England		
7. Health⁽¹⁾											
Medical services	5,982	16,088	10,985	8,722	10,913	22,481	16,561	10,556	114,530		
Health research	64	173	123	113	162	414	261	128	1,568		
Central and other health services	180	492	370	321	416	599	612	375	3,758		
Total health	6,226	16,753	11,478	9,156	11,490	23,494	17,434	11,059	119,856		
8. Recreation, culture and religion											
8.1 Recreational and sporting services	111	299	256	164	188	419	344	174	2,175		
8.2 Cultural services	183	393	300	227	246	798	403	258	3,069		
8.3 Broadcasting and publishing services	8	24	16	14	25	35	34	17	191		
8.4 Religious and other community services	-5	0	-6	6	4	16	13	-4	15		
8.5 R&D recreation, culture and religion	1	4	3	2	3	4	4	3	27		
8.6 Recreation, culture and religion n.e.c.	2	6	4	3	4	6	6	4	40		
Total recreation, culture and religion	299	725	572	417	470	1,277	805	452	5,517		
9. Education											
9.1 Pre-primary and primary education <i>of which: under fives</i>	1,144	3,547	2,432	1,818	2,601	5,193	3,886	1,985	25,261		
<i>of which: primary education</i>	133	413	273	204	286	566	424	221	2,826		
9.2 Secondary education	1,011	3,134	2,158	1,614	2,315	4,627	3,462	1,764	22,435		
9.3 Post-secondary non-tertiary education	1,632	4,165	3,352	3,093	3,946	6,132	5,079	3,494	34,498		
9.4 Tertiary education	2	3	17	4	15	42	5	4	116		
9.5 Education not definable by level	200	574	414	343	357	927	587	386	4,210		
9.6 Subsidiary services to education	28	77	57	48	63	93	94	57	580		
9.7 R&D education	171	400	298	281	351	807	561	319	3,543		
9.8 Education n.e.c.	86	193	175	128	211	588	354	135	1,991		
Total education	3,355	9,215	6,943	5,879	7,761	14,104	10,879	6,564	72,162		
10. Social protection											
<i>of which: personal social services</i>	1,294	3,186	2,334	1,842	2,522	4,408	3,652	2,420	24,077		
10.1 Sickness and disability <i>of which: personal social services</i>	2,589	6,934	4,368	3,628	4,248	5,673	5,749	4,101	41,865		
<i>of which: incapacity, disability and injury benefits</i>	370	1,090	656	598	1,012	1,322	1,327	826	7,958		
10.2 Old age <i>of which: personal social services</i>	2,218	5,844	3,711	3,029	3,237	4,351	4,421	3,275	33,907		
<i>of which: pensions</i>	5,172	12,951	9,702	8,677	11,264	10,181	16,521	11,675	96,458		
	503	1,014	829	575	780	1,357	1,139	844	7,757		
	4,669	11,937	8,873	8,102	10,547	8,824	15,382	10,831	88,702		

Table 10.9 Total identifiable expenditure on services in the English Regions by sub-function for 2016-17 (continued)

	National Statistics										£ million										
	North East		North West		Yorkshire and The Humber		East Midlands		West Midlands			East		London		South East		South West		Total England	
10. Social protection continued																					
10.3 Survivors	52	122	94	86	93	82	37	127	102	796											
10.4 Family and children	1,061	2,805	2,151	1,733	2,313	2,082	3,530	2,959	1,882	20,516											
of which: personal social services	410	1,055	833	648	859	752	1,500	1,119	723	7,900											
of which: family benefits, income support and tax credits	651	1,750	1,318	1,085	1,454	1,330	2,030	1,840	1,159	12,616											
10.5 Unemployment	147	220	229	137	248	145	326	198	120	1,769											
of which: personal social services	—	—	—	—	—	—	—	—	—	—											
of which: other unemployment benefits	147	220	229	137	248	145	326	198	120	1,769											
10.6 Housing	1,097	2,633	1,762	1,315	2,011	1,906	6,339	2,846	1,722	21,632											
10.7 Social exclusion n.e.c.	1,462	4,245	2,973	2,270	3,234	2,503	4,752	3,247	2,247	26,933											
of which: personal social services	11	27	15	21	24	42	229	66	27	463											
of which: family benefits, income support and tax credits	1,451	4,218	2,958	2,249	3,210	2,460	4,523	3,181	2,220	26,470											
10.8 R&D social protection	—	—	—	—	—	—	—	—	—	—											
10.9 Social protection n.e.c.	263	445	418	258	447	282	577	362	234	3,286											
Total social protection	11,844	30,354	21,697	18,104	23,237	22,512	31,415	32,009	22,084	213,255											
Total Expenditure on Services in the English Regions	25,525	68,077	47,801	39,129	51,313	49,995	89,569	73,211	47,158	491,779											

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

Table 10.10 Total identifiable expenditure on services in the English Regions by sub-function, per head for 2016-17

	National Statistics							£ per head		
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London		South East	South West
1. General public services										
1.1 Executive and legislative organs, financial and fiscal affairs, external affairs	48	40	39	42	41	49	50	45	36	44
1.2 Foreign economic aid	—	—	—	—	—	—	—	—	—	—
1.3 General services	9	13	4	6	17	7	13	5	8	9
1.4 Basic research	—	—	—	—	—	—	—	—	—	—
1.5 R&D general public services	2	2	2	2	2	2	2	2	2	2
1.6 General public services n.e.c.	33	24	33	43	25	52	55	103	59	51
Total general public services	91	78	77	93	85	110	120	154	105	106
2. Defence										
2.1 Military defence	—	—	—	—	—	—	—	—	—	—
2.2 Civil defence	1	1	1	1	1	1	1	1	1	1
2.3 Foreign military aid	—	—	—	—	—	—	—	—	—	—
2.4 R&D defence	—	—	—	—	—	—	—	—	—	—
2.5 Defence n.e.c.	—	—	—	—	—	—	—	—	—	—
Total defence	1	1	1	1	1	1	1	1	1	1
3. Public order and safety										
3.1 Police services	210	233	205	183	193	175	331	179	181	216
<i>of which: immigration and citizenship</i>	—	—	—	—	—	—	—	—	—	—
<i>of which: other police services</i>	210	233	205	183	193	175	331	179	181	216
3.2 Fire-protection services	53	43	38	34	35	36	44	39	40	40
3.3 Law courts	119	85	75	69	89	63	158	52	67	87
3.4 Prisons	91	74	80	91	73	68	54	52	42	66
3.5 R&D public order and safety	1	1	0	0	0	0	1	0	0	0
3.6 Public order and safety n.e.c.	14	13	11	10	11	9	17	9	9	11
Total public order and safety	486	448	410	386	401	350	605	331	340	420
4. Economic affairs										
4.1 General economic, commercial and labour affairs	113	85	89	77	98	57	109	64	68	83
4.2 Agriculture, forestry, fishing and hunting	77	50	75	81	54	73	9	48	114	59
<i>of which: market support under CAP</i>	45	28	44	55	35	50	1	28	74	36
<i>of which: other agriculture, food and fisheries policy</i>	32	22	30	26	19	23	7	19	40	23
<i>of which: forestry</i>	—	—	—	—	—	—	—	—	—	—
4.3 Fuel and energy	10	8	7	8	5	4	4	5	5	6
4.4 Mining, manufacturing and construction	3	5	4	21	3	12	1	62	7	16

Table 10.10 Total identifiable expenditure on services in the English Regions by sub-function, per head for 2016-17 (continued)

	National Statistics										£ per head
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	Total England	
4. Economic affairs continued											
4.5 Transport	291	370	335	220	314	333	944	370	305	425	
of which: national roads	50	62	71	52	61	64	3	93	42	55	
of which: local roads	104	88	96	70	77	103	42	63	96	78	
of which: local public transport	19	36	22	19	15	12	115	12	23	35	
of which: railway	110	175	137	70	150	144	773	201	136	249	
of which: other transport	8	9	10	9	12	9	10	1	7	8	
4.6 Communication	—	—	—	—	—	—	—	—	—	—	
4.7 Other industries	2	2	2	1	2	1	4	2	2	2	
4.8 R&D economic affairs	54	49	47	54	47	66	61	63	59	56	
4.9 Economic affairs n.e.c.	7	6	5	6	6	7	9	7	6	6	
Total economic affairs	558	574	565	468	529	554	1,139	620	568	653	
5. Environment protection											
5.1 Waste management	80	282	72	68	78	87	92	102	130	115	
5.2 Waste water management	—	—	—	—	—	—	—	—	—	—	
5.3 Pollution abatement	1	1	1	1	1	2	1	1	1	1	
5.4 Protection of biodiversity and landscape	9	5	9	11	6	5	1	5	8	6	
5.5 R&D environment protection	6	6	6	6	6	6	6	6	6	6	
5.6 Environment protection n.e.c.	26	23	32	18	21	41	26	21	32	26	
Total environment protection	122	317	119	104	111	140	126	136	177	155	
6. Housing and community amenities											
6.1 Housing development	97	31	62	70	65	54	126	43	26	63	
of which: local authority housing	94	28	59	68	62	51	113	39	22	58	
of which: other social housing	2	3	2	2	3	4	13	5	4	5	
6.2 Community development	53	59	58	42	57	37	61	36	36	49	
6.3 Water supply	0	0	0	0	0	0	0	0	0	0	
6.4 Street lighting	30	16	16	12	15	15	14	13	13	15	
6.5 R&D housing and community amenities	—	—	—	—	—	—	—	—	—	—	
6.6 Housing and community amenities n.e.c.	3	4	3	3	3	4	3	4	3	3	
Total housing and community amenities	183	109	139	127	140	111	204	96	78	130	

Table 10.10 Total identifiable expenditure on services in the English Regions by sub-function, per head for 2016-17 (continued)

	National Statistics										£ per head
	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	Total England	
7. Health⁽¹⁾											
Medical services	2,269	2,228	2,025	1,846	2,111	1,780	2,558	1,835	1,914	2,072	
Health research	24	24	23	24	22	26	47	29	23	28	
Central and other health services	68	68	68	68	68	68	68	68	68	68	
Total health	2,361	2,320	2,115	1,938	2,201	1,874	2,673	1,931	2,005	2,169	
8. Recreation, culture and religion											
8.1 Recreational and sporting services	42	41	47	35	38	31	48	38	32	39	
8.2 Cultural services	69	54	55	48	45	40	91	45	47	56	
8.3 Broadcasting and publishing services	3	3	3	3	3	4	4	4	3	3	
8.4 Religious and other community services	-2	0	0	1	0	1	2	1	0	0	
8.5 R&D recreation, culture and religion	0	0	0	0	0	0	0	0	0	0	
8.6 Recreation, culture and religion n.e.c.	1	1	1	1	1	1	1	1	1	1	
Total recreation, culture and religion	114	100	106	88	86	77	145	89	82	100	
9. Education											
9.1 Pre-primary and primary education	434	491	448	385	458	424	591	430	360	457	
of which: under fives	50	57	50	43	53	47	64	47	40	51	
of which: primary education	383	434	398	342	405	378	527	384	320	406	
9.2 Secondary education	619	577	618	655	621	644	698	563	633	624	
9.3 Post-secondary non-tertiary education	1	0	3	1	4	2	5	1	1	2	
9.4 Tertiary education	76	79	76	73	73	58	105	65	70	76	
9.5 Education not definable by level	11	11	11	10	11	10	11	10	10	10	
9.6 Subsidiary services to education	65	55	55	59	61	57	92	62	58	64	
9.7 R&D education	33	27	32	27	21	34	67	39	24	36	
9.8 Education n.e.c.	35	36	36	35	37	35	37	35	33	36	
Total education	1,272	1,276	1,280	1,244	1,286	1,266	1,605	1,205	1,190	1,306	
10. Social protection											
of which: personal social services	491	441	430	390	417	411	502	405	439	436	
10.1 Sickness and disability	982	960	805	768	789	693	646	637	744	757	
of which: personal social services	140	151	121	127	130	165	150	147	150	144	
of which: incapacity, disability and injury benefits	841	809	684	641	658	528	495	490	594	613	
10.2 Old age	1,961	1,794	1,788	1,837	1,778	1,837	1,159	1,830	2,117	1,745	
of which: personal social services	191	140	153	122	134	117	154	126	153	140	
of which: pensions	1,771	1,653	1,635	1,715	1,644	1,720	1,004	1,704	1,964	1,605	

Table 10.10 Total identifiable expenditure on services in the English Regions by sub-function, per head for 2016-17 (continued)

	National Statistics										£ per head	
	Yorkshire and The Humber					West						
	North East	North West	East Midlands	East	London	South East	South West	Total England				
10. Social protection continued												
10.3 Survivors	20	17	17	13	4	14	18	14	4	14	18	14
10.4 Family and children	403	388	396	340	402	328	341	371	402	328	341	371
of which: personal social services	156	146	154	123	171	124	131	143	171	124	131	143
of which: family benefits, income support and tax credits	247	242	243	217	231	204	210	228	231	204	210	228
10.5 Unemployment	56	30	42	24	37	22	22	32	37	22	22	32
of which: personal social services	—	—	—	—	—	—	—	—	—	—	—	—
of which: other unemployment benefits	56	30	42	24	37	22	22	32	37	22	22	32
10.6 Housing	416	365	325	311	721	315	312	391	721	315	312	391
10.7 Social exclusion n.e.c.	554	588	548	408	541	360	407	487	541	360	407	487
of which: personal social services	4	4	3	7	26	7	5	8	26	7	5	8
of which: family benefits, income support and tax credits	550	584	545	401	515	352	403	479	515	352	403	479
10.8 R&D social protection	—	—	—	—	—	—	—	—	—	—	—	—
10.9 Social protection n.e.c.	100	62	77	46	66	40	42	59	66	40	42	59
Total social protection	4,492	4,204	3,999	3,672	3,575	3,546	4,004	3,859	3,575	3,546	4,004	3,859
Total Expenditure on Services in the English Regions	9,680	9,429	8,810	8,155	10,192	8,111	8,549	8,898	10,192	8,111	8,549	8,898

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

A

Sources, data quality and conventions

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
- the 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 corporations data

A.2 Most expenditure data in PESA are taken directly from the Treasury's public expenditure database, known as the Online System for Central Accounting and Reporting (OSCAR). This system collects public spending data from central government departments and the devolved administrations. OSCAR 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 OSCAR by departments and devolved administrations cover:

- their own expenditure;
- the expenditure of agencies and Arms Length Bodies (ALBs);
- support for local government and public corporations; and
- capital expenditure of the public corporations that they sponsor¹.

A.4 Departments and devolved administrations can maintain up to ten years of live data depending on the year of the latest Spending Review. For PESA 2018 departments maintained the years 2013-14 to 2019-20. 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.

¹ 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.

A.5 Data are extracted from OSCAR approximately one week prior to publication, with the following exception:

- the historical information that extends back beyond the live outturn years is maintained off-database.

Local government data

A.6 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 Ministry of Housing, Communities and Local Government (MHCLG). 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;
- public sector, central and local government, and public corporations' debt interest;
- 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 mostly 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 All departments and the devolved administrations are reporting data against COFOG level 2, with two notable exceptions. Both the Department of Health and Social Care and the Welsh Government are currently unable to report the health function on this basis as the NHS for these bodies 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 ALBs) 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 OSCAR are of high quality. Several outputs directly relevant to Whitehall departments' operations and reporting are derived from OSCAR, including Supply Estimates and tables published in Departmental Reports.

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

- complexity of the public expenditure system: data needs 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 directly from the Treasury's database; and
- the need to keep compliance costs down means that some data disaggregation is not justifiable.

A.12 The Department for Education (DfE) continue to make efforts to improve the data underlying their budgetary aggregates. This includes expenditure listed by function (chapters 4 and 5) and on local government grants (chapter 7). While DfE and HMT have engaged in quality assurance on these data, due to the number of academies continuing to move between the local government and central government sectors further work is needed to provide consistent information across outturn and plans years. A programme of work at DfE and with academies is in place to further develop this data and improvements will be made in future editions of PESA.

A.13 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 £1m to prevent users from introducing rounding errors.

Revisions policy

A.14 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:

- May – updated outturn for central government departments;
- July – Public Spending Statistics (PSS) comprising provisional outturn for central government (Whitehall) departments and PESA including revised spending plans consistent with the Budget;
- November – final outturn for central government (Whitehall) departments and provisional outturn for local government – updated Country and Regional Analysis (CRA); and
- February – final outturn for local government and Devolved Administrations.

A.15 Further information on significant revisions since PESA 2017 is provided in chapter text.

A.16 Where we discover errors after the production of PESA 2018 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.17 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 2018 treatment differs from the ONS classification:

- The **Financial Services Compensation Scheme (FSCS)** and the **Financial Conduct Authority (FCA)** 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, the Treasury loans to the FSCS are shown as payments to the private sector to reflect their ultimate destination;
- Banks 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 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.18 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.19 PFI deals may be on or off the Government's balance sheet depending upon 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 GAAP 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.20 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; and
- the depreciation on the imputed asset.

A.21 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.

Financial sector interventions

A.22 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.

A.23 In the budgeting tables, the support still scores within the HM Treasury Annually Managed Expenditure (AME) budget. All support to financial sector institutions is central government own spending.

A.24 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.25 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.26 Data in previous editions of PESA may not be directly consistent with PESA 2018 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.27 Total Managed Expenditure (TME) and its sectoral components are consistent with the joint ONS/Treasury Public Sector Finance Statistics monthly release published on 21 June 2018.

Conventions

Rounding

A.28 The figures in this publication are generally shown to the nearest £1 million.

A.29 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.30 Figures in tables may not sum due to rounding.

Real terms figures

A.31 A number of the tables in this publication give figures in real terms or as a percentage 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 2017-18 prices. The GDP data used in this publication are those given in **Annex F**.

Use of accruals data in tables

A.32 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

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. These groupings are set out below.

B.2 This presentation is consistent with Spending Review 2015 and Autumn Budget 2017 documents.

Title	Departments included
Defence	Ministry of Defence
Single Intelligence Account	Single Intelligence Account
Home Office	Home Office
Foreign and Commonwealth Office	Foreign and Commonwealth Office
International Development	Department for International Development
Health and Social Care	Department of Health and Social Care (inc NHS)
Work and Pensions	Department for Work and Pensions
Education	Department for Education Office of Qualifications and Examinations Regulation (Ofqual)
Business, Energy and Industrial Strategy	Department for Business, Energy and Industrial Strategy
Transport	Department for Transport
Exiting the European Union	Department for Exiting the European Union
Digital, Culture, Media and Sport	Department for Digital, Culture, Media and Sport
MHCLG - Housing and Communities	Housing and Communities part of Ministry of Housing, Communities and Local Government
MHCLG - Local Government	Local Government part of Ministry of Housing, Communities and Local Government (mainly grants to English local authorities and the Greater London Authority)
Scotland	Scottish Government
Wales	Welsh Assembly Government
Northern Ireland	Northern Ireland Executive
Justice	Ministry of Justice
Law Officers' Departments	The Crown Prosecution Service Serious Fraud Office HM Procurator General and Treasury Solicitor
Environment, Food and Rural Affairs	Department for Environment, Food and Rural Affairs
HM Revenue and Customs	HM Revenue and Customs
HM Treasury	HM Treasury
Cabinet Office	Cabinet Office
International Trade	Department for International Trade

Title	Departments included
Small and Independent Bodies	Charity Commission Competition and Markets Authority Electoral Commission Export Credits Guarantee Department Food Standards Agency Government Actuary's Department House of Commons House of Lords Independent Parliamentary Standards Authority Local Government Boundary Commission for England National Audit Office National Savings and Investment Northern Ireland Office Office for Standards in Education, Children's Services and Skills. Office of Gas and Electricity Markets Office of Rail and Road Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England Scotland Office and Office of the Advocate General Statistics Board The National Archives United Kingdom Supreme Court Wales Office Water Services Regulatory Authority



Public expenditure budgeting and control aggregates

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.

Resource budgeting

C.3 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.

C.4 There are separate departmental budgets for resource (i.e. current) and capital expenditure. These are also laid out in more detail below.

Resource budget

C.5 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.6 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 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.7 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.8 The resource budgets for the Department for International Development (DfID) and the Foreign and Commonwealth Office (FCO) include an attributed share of the EU's expenditure on overseas aid and the Common Foreign and Security Policy.

C.9 Arms Length Bodies – resource and capital budgets include the expenditure of most arms length bodies (ALBs) classified to the central government sector.

C.10 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.11 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.12 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.13 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.14 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.15 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.16 This table summarises the main standard contents of resource and capital budgets:

	Resource budget	Capital budget
Department's own transactions	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
ALB transactions	As the department	As the department
Local government	Current grants to local government	Capital grants to local government Credit approvals
Public corporations on an external finance basis	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.17 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.18 DELs are set for three or four 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 some unspent DEL from one year to the next with the agreement of Treasury under the system of Budget Exchange.

C.19 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 Union. 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.20 DEL includes a Reserve to meet unexpected needs. When sums are allocated from the Reserve, individual departments' DELs are increased and the Reserve line reduced by the same amount.

C.21 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.22 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 DEL excluding depreciation *plus* capital DEL. Depreciation here includes impairments (including Student Loan provisions) and the release of the donated assets and government grant reserves.

Annually Managed Expenditure

C.23 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.24 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.25 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.26 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. It includes payments by DWP to the BBC in respect of free television licences for the over-75s.

C.27 Tax credits – Until PESA 2011 tax credits in HMRC's AME did not include negative tax (i.e. where the amount paid is less than or equal to the tax liability of the household). In this PESA all tax credits are included in departmental AME, increasing departmental AME by approximately £5bn to £6bn per year. This aligns to the way tax credits appear in resource accounts.

C.28 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.29 BBC domestic services – the expenditure of the BBC on domestic broadcasting scores in departmental AME. Certain trading operations of the BBC are treated as self-financing public corporations in AME.

C.30 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.31 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.32 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.33 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. This 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.34 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.35 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.36 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.37 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 ALBs 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.38 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.

C.39 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 IFRS 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.40 The cost of pension schemes as measured on an IFRS basis does not impact directly on TME or the other fiscal aggregates. **Annex D** explains how the IFRS 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.41 The overall change over the year in the schemes' balance sheet pensions liability measured on an IFRS 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.42 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.43 Expenditure on services includes the cost of public service pensions on a TME basis in the social protection function.

C.44 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.45 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.46 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.47 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.48 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 Rates;
- expenditure financed from the product of the Welsh Non-Domestic Rates 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.49 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.50 Northern Ireland Regional Rates (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.51 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.52 Net expenditure transfers to the European Union – Plans data from 2018-19 onwards are taken directly from the OBR's March 2018 Forecast. The OBR will revise their forecast in Autumn Budget 2018. Transactions with the institutions of the European Union are shown in **Table C.1** and comprise the following concepts:

- net expenditure transfers to the European Union;
- net payments to EU institutions; and
- the net contribution to the EU budget.

C.53 The TME effect of EU membership is therefore given by:

- GNI-based contributions
- *Plus* VAT-based payments to the EU
- *less* the UK's abatement and
- *less* an amount in respect of the cost of collecting Traditional Own Resources.

Table C.1 Transactions with the institutions of the European Union, 2013-14 to 2019-20

	£ million						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	outturn	outturn	outturn	outturn	outturn	plans ⁽¹⁾	plans ⁽¹⁾
GNI based contribution	13,845	14,154	12,570	11,440	11,761	14,453	16,570
UK abatement	-4,130	-4,811	-4,068	-4,757	-4,547	-4,411	-4,634
VAT-based payments to the EU ⁽²⁾	2,163	2,316	2,751	2,477	2,974	3,112	3,176
Net expenditure transfers to the EU	11,879	11,658	11,253	9,160	10,188	13,154	15,112
Receipts to cover collection costs in respect of collecting Traditional Own Resources (TOR) ⁽³⁾	-733	-743	-771	-357	-698	-689	-678
to give contribution to TME ⁽²⁾	11,146	10,915	10,482	8,803	9,490	12,465	14,434
TOR ⁽³⁾	2,933	3,006	3,085	3,366	3,413	3,447	3,391
Gross contribution to the EU budget	14,079	13,921	13,567	12,169	12,903	15,912	17,824
Public sector EU receipts ⁽⁴⁾	-3,856	-4,690	-2,811	-4,081	-4,126	-5,107	-5,604
Net contributions to the EU budget	10,223	9,231	10,756	8,088	8,777	10,805	12,221
less Other attributed costs ⁽⁵⁾	79	-	-	-	-	-	-
Net payments to EU institutions	10,143	9,231	10,756	8,088	8,777	10,805	12,221

⁽¹⁾ In their forecast of the UK's contributions to the EU budget, the OBR have made no assumptions about the UK's exit from the EU, any future relationship the UK might have with the EU nor any financial implications of the UK leaving the EU. The OBR forecast has been run on a fiscally neutral basis and assumes that any EU contributions would be recycled into domestic spending from 2019-20. The assumptions underlying their forecasts for these years can be found in the OBR's March 2018 Economic and Fiscal Outlook.

⁽²⁾ VAT-based payments to the EU are included in the TME subtotal, reflecting changes in the European System of Accounts 2010.

⁽³⁾ TOR comprises customs duties (including those on agricultural products) and sugar levies.

⁽⁴⁾ Receipts are shown here on a cash basis. EU receipts in budgets are on an accruals basis.

⁽⁵⁾ The UK's contribution to the cost of EU aid to states outside the EU is attributed to departmental budgets.

C.54 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.55 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.56 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.57 Accounting adjustments are described in **Annex D**.

Total Managed Expenditure

C.58 Total Managed Expenditure (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.59 As in **Table 1.1**, TME can be shown to equal Total DEL + AME (including accounting adjustments).

C.60 In addition, TME may be expressed as the sum of:

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

C.61 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.

D

Accounting adjustments in the budgeting presentation of TME

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. From 2009-10 onwards this was based on International Financial Reporting Standards (IFRS) and prior to that was based on UK's Generally Accepted Accounting Practice. Both accounting frameworks differ in a number of ways from National Accounts, which are based on the European System of Accounts 2010 (ESA10). The main difference is that ESA10, in the main, recognises liabilities and assets only when they crystallise.

D.3 As a consequence of this, a number of adjustments are needed to reconcile budgets to the component parts of TME – these are known as accounting adjustments. **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 (PSCE) plus public sector gross investment (PSGI) then equals TME. In this presentation the AME totals include the accounting adjustments.

D.4 The accounting adjustments are shown separately for resource and capital in **Table 1.14**, the former shows the breakdown of those adjustments necessary to reconcile to PSCE and the latter those adjustments necessary to reconcile to PSGI. In each table the accounting adjustments are broken down into three categories;

- a. data that are removed from budgets because the National Accounts uses a different data source;
- b. data that are removed from budgets because they are not part of spending as defined by the National Accounts; and
- c. accounting adjustments that are made to budgets to move them to a basis and economic categorisation consistent with spending as defined by the National Accounts.

D.5 The accounting adjustments in the first two categories above are shown separately according to whether they are in DEL or AME. The main accounting adjustments within the third category are shown separately for the Central Government and Local Government sectors arranged by the economic categories within TME. The section below goes through the main adjustments giving a description of the nature of the adjustment and the reason that it needs to be made. For each economic category there are a large number of smaller adjustments that are not shown separately – the total for these is in the 'other' category. These adjustments include the part of the timing adjustments published at the bottom of **Table 1.14** that is applicable to each economic category and a number of less significant accounting adjustments, including those that switch misreported data on OSCAR between economic categories.

List of the accounting adjustments in Table 1.14

Resource Accounting Adjustments

Remove data in budgets which form part of public sector current expenditure but where a different source is used for National Accounts

Capital consumption and NHS capital consumption

D.6 These items are removed from both DEL and AME because, as is common international practice, estimates of capital consumption in the National Accounts are produced using a Perpetual Inventory Model (PIM) rather than the data reported by departments as part of their budgets.

Interest

D.7 This item is removed from both DEL and AME as the ONS sources its Central Government interest transaction from a variety of sources with none being the data in budgets reported by departments. In **Table 1.1** Gross Debt Interest is shown separately from accounting adjustments under other AME. This is far larger than the interest items deducted from budgets as it includes the interest the Debt Management Office pays on its Gilts as well as interest paid by departments.

Subsidy element of renewable obligation certificates and other environmental levies

D.8 Where there is a compulsory and unrequited payment imposed by Government, even if the payment is not to a public sector body, National Accounts sometimes require the payment to be imputed in the public finances as offsetting taxation and subsidy spending. This is the case with renewable obligation certificates (ROCs), where companies not meeting their renewable obligations have to purchase ROCs from companies who have exceeded their obligations. The Department for Business, Energy and Industrial Strategy (BEIS) have already included estimates in their AME forecast for the subsidy elements, however ONS and the Office for Budget Responsibility (OBR) are currently using a different source for their estimates of the value of this subsidy so the BEIS estimates are removed from AME. This also applies for other environmental levies such as Feed-in Tariffs and the Renewable Heat Initiative so these are also removed.

Other

D.9 The items deducted from both DEL and AME under this category include dividends and rent. In both cases ONS use sources other than the data reported by departments as part of their budgets.

Adjustment for different data used by OBR in PSCE forecast

D.10 The forecast data for departments' DEL and AME budgets for 2018-19 and 2019-20 used in this publication are taken from the data submitted by departments on OSCAR. The OBR used OSCAR data consistent with PESA 2017 as a starting point for their forecast in the March 2018 Economic and Fiscal Outlook (EFO). These adjustments are to reconcile the data used by the OBR in their forecast with that in PESA. For AME, the OBR used the forecasts provided to them by departments, which should also have been reflected on OSCAR. For DEL the OBR used plans from PESA 2017 adjusted to reflect policy announcements made during the year. For 2018-19 and 2019-20, the OBR also included an estimate of the expected level of underspending by departments.

Remove data in budgets which do not form part of public sector current expenditure

Impairments

D.11 Impairments as defined in budgets, in both DEL and AME, can result from a number of factors which do not affect PSCE as defined in the National Accounts. Examples of these are impairments resulting from the revaluation of assets or from unexpected losses which are treated as balance sheet movements only in National Accounts. Impairments from wear and tear in the course of normal business are treated as part of PSCE capital consumption in the National Accounts and are accounted for as part of the PIM discussed in D.6 above. As a result all impairments as reported in budgets by departments are removed from both DEL and AME as they do not form part of public expenditure.

Fees, levies and charges, receipts treated as negative DEL but revenue in National Accounts, and miscellaneous current transfers

D.12 Some receipts included under these categories benefit resource budgets, in both DEL and AME, 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.13 The central government receipts that are removed in the adjustment are:

- certain taxes collected, including licences issued by the utility regulators;
- certain fines;
- current donations;
- current compensation;
- rent of land; and
- dividends and interest from the private sector and overseas.

Change in pension scheme liabilities, unwinding of discount rate on pension scheme liabilities and release of provisions covering payments of pension benefits.

D.14 Pension costs are measured differently in resource accounts (and predominantly AME budgets) and National Accounts due to the different way these frameworks deal with provision liabilities.

D.15 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.16 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.17 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.18 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.17 above);
- the pensions element of the non-cash items line in **Table 1.1** (i.e. the unwinding of the discount on the liability);
- the sum of these elements, which is the contribution of pension schemes to departmental AME;
- the accounting adjustments required to reach the contribution to TME (see D.20 below); and
- the contribution of the main public service pensions schemes to TME.

D.19 The adjustments are as follows:

- remove changes in liabilities scored in the net public service pensions line;
- remove changes in liabilities arising from the unwinding of the discount rate that are scored in the non-cash items line in AME; and
- add cash payments to pensioners, surviving spouses etc and transfers out to other schemes.

Table D.1 Pay as you go public service pensions schemes in AME and in TME, 2013-14 to 2019-20

	£ million						
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	outturn	outturn	outturn	outturn	outturn	plans	plans
Departmental AME (GAAP basis)							
Change in liability	29,087	34,769	37,596	36,245	53,592	54,437	50,869
Contributions received*	-23,313	-24,676	-25,934	-26,802	-27,417	-27,596	-27,814
Cash payments in OCS not covered by release of provision*	13	95	168	81	164	188	168
Net public service pensions (GAAP basis) ⁽¹⁾	5,787	10,188	11,830	9,524	26,340	27,030	23,223
Unwinding of discount rate (= contribution to non-cash items)	37,991	46,255	42,882	42,002	42,648	40,114	42,849
Total Departmental AME (GAAP basis)	43,778	56,443	54,712	51,526	68,988	67,143	66,071
Accounting adjustments							
Remove change in liability	-29,087	-34,769	-37,596	-36,245	-53,592	-54,437	-50,869
Remove increased liability due to unwinding of discount rate	-37,991	-46,255	-42,882	-42,002	-42,648	-40,114	-42,849
Add pensions in payment covered by release of provision*+	32,246	34,222	35,327	35,533	36,492	38,699	40,358
Accounting adjustments (Pensions)	-34,831	-46,802	-45,150	-42,714	-59,748	-55,852	-53,359
Contribution to TME (National Accounts basis)	8,947	9,641	9,561	8,812	9,240	11,292	12,712
of which:							
Pensions in payment*	32,260	34,318	35,496	35,614	36,656	38,887	40,526
Contributions received*	-23,313	-24,676	-25,934	-26,802	-27,417	-27,596	-27,814

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

+ offsets change in gross liability.

⁽¹⁾ The change from 2017-18 is due to the reduction in the "discount rate net of CPI" used to measure the costs of public service pensions accruing over the year on an accounting basis.

Grant equivalent element of student lending

D.20 In budgets this is the provision that represents the net present value of the interest support element of student loans that scores in DEL and AME 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. These values therefore need to be removed from DEL and AME as an accounting adjustment.

Stock write-offs

D.21 In budgets the write-off of stocks covers items such as military expenditure and medical stocks that are treated as being consumed at the point of purchase in National Accounts. This adjustment therefore removes the value of these stocks from DEL.

Northern Ireland Executive transfers between DEL and AME

D.22 As explained in Annex C, expenditure financed by Northern Ireland Rates is treated as a transfer from AME into DEL and by convention treated as part of locally financed expenditure in **Table 1.1**. This is removed from DEL and added back in the section which removes data from Local Government expenditure.

Profit or loss – sale of company securities

D.23 Departmental resource DEL and AME budgets include the profit or loss on the sale of company securities. These are removed as an adjustment as they are scored as financial transactions in the National Accounts.

Profit or loss – sale of other assets

D.24 Departmental resource DEL and AME budgets include the profit or loss on sales of tangible and intangible fixed assets. In the National Accounts, these are treated as capital transactions rather than resource transactions and so this adjustment is necessary to remove them from PSCE.

Fee income treated as capital in National Accounts

D.25 The Government announced the intention to instigate the Asset Protection Scheme for Lloyds Banking Group (LBG) and RBS in February 2009. In December 2009, RBS signed the contract to participate in the scheme and LBG announced it would not take part in the scheme. The Government received an exit fee from LBG and a fee from RBS for the implicit guarantee provided between February and December 2009. These fees were treated as capital receipts in the National Accounts but as negative resource AME (receipts) in HM Treasury's budget. This adjustment removes the receipts from PSCE.

Imputed tax element of renewable obligation certificates and other environmental levies

D.26 As explained above, National Accounts requires payments of ROCs and other environmental levies to be imputed in the public finances as offsetting taxation and subsidy spending. BEIS have already included estimates in their AME forecast for the tax elements, however these are treated as part of receipts rather than spending in the National Accounts and so are removed in this adjustment.

Other

D.27 There are a number of other items that are removed from DEL and AME because they do not score as part of TME in the National Accounts. These include:

- notional audit fees, which are not scored in TME as no money flows;
- some other miscellaneous transactions that are scored in budgets but treated as financial transactions in the National Accounts; and
- some transfers between different parts of central government that are excluded from the National Accounts as they are within the same sector in the National Accounts.

Central Government Adjustments in the National Accounts

Expenditure on Goods and Services

VAT refunds

D.28 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.29 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. This adjustment therefore adds back 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.

EU tax collection costs

D.30 The UK receives a payment from the EU for collecting Traditional Own Resources (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.

Capital consumption

D.31 As explained above, departmental estimates for capital consumption are removed from both DEL and AME because, as is common international practice, estimates of capital consumption in the National Accounts are produced using a Perpetual Inventory Model (PIM). This adjustment adds in the PIM estimates.

Net Social Benefits

Switch between net social benefits and other current grants

D.32 When COINS, the predecessor of OSCAR, was first set up, departments misclassified net social payments as other current grants due to issues with the mapping of codes to the previous reporting systems. These misclassifications continue on a smaller scale today and this adjustment corrects this misclassification.

Public service pensions contribution up-rate

D.33 This adjustment accounts for the additional receipts from the increase in contribution rates from 2012-13 announced in the 2010 Spending Review. The receipts were included in the OBR forecast in the 2012 March EFO at a global level since details about how it will impact across pension schemes had not yet been announced.

Net Current Grants Abroad

DfID funding for capital projects scored in resource DEL

D.34 A proportion of the Department for International Development's (DFID) 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. This adjustment removes the part that is deemed to be capital spending so that it is not included in PSCE. This is not reflected in the forecast years as the composition of the DFID aid budget has changed.

EU receipts and EU funded expenditure

D.35 EU grant expenditure routed through government departments is treated in the National Accounts as a transaction between the EU and the end-recipient of the grant. Both the receipt from the EU and the spending funded by the EU are included in departments' DEL budgets. This adjustment therefore removes the receipt of the EU finance by departments, which is scored as part of their DEL budget. There are adjustments within the "other" category in Other Current Grants and in Subsidies that remove the spending.

Subsidies

Renewable obligation certificates and other environmental levies

D.36 As mentioned above, ROCs and some other environmental levies are treated as imputed subsidies (and tax) in the National Accounts. This adjustment adds in ONS's and OBR's valuation of the imputed subsidy (BEIS's OSCAR data having been removed in the first section of the table).

Company tax credits outside departmental AME

D.37 Currently ONS treat all company tax credits payments as part of TME. These include research and development tax credits, transitional relief to charities formerly entitled to receive tax credits on dividends, film tax credits and tax relief on clearing contaminated land. This adjustment adds the part of the payments of these tax credits that are not in HMRC's AME budget.

Local Government Adjustments in the National Accounts

D.38 As explained in Annex C, the contribution to AME from the Local Government sector is locally financed expenditure. This comprises the parts of local authority expenditure not met by central government support in the UK (known as LASFE), expenditure financed by Scottish NNDR, expenditure financed by Welsh NNDR and expenditure financed by Northern Ireland Regional Rates. LASFE is calculated as total Local Government expenditure, sourced from Local Government data (as outlined in Annex A), adjusted to a National Accounts basis, less CG support, based on data in Central Government departments' budgets. The accounting adjustments listed below are therefore the main adjustments to Local Government source data needed to transform it to a National Accounts basis and to reconcile Central and Local Government sources for PSCE.

Remove data which do not form part of public sector current expenditure

Retirement benefits

D.39 An adjustment is required here to remove items in the local government source data which do not reflect actual payments.

Debt interest payments to central government

D.40 Interest payments to central government are removed as they represent flows between two parts of the public sector and so do not score towards TME.

Adjustments to reconcile use of different data sources

Central government support

D.41 As mentioned above, the data for Central Government support used in the calculation of LASFE is based on data in Central Government departments' budgets and the total spending is from the Local Government sources. This adjustment is therefore necessary to reconcile Central Government and Local Government sources of information for current Central Government support. The data based on Central Government departments' budgets are the data deducted in the calculation of LASFE as these are felt to be more reliable and are available at a more detailed level for quality assurance.

Debt interest

D.42 This adjustment reconciles differences between the data source used for the calculation of debt interest payments to the private sector by Local Authorities in the National Accounts and that used in Local Government sources.

Expenditure on Goods and Services

VAT refunds

D.43 As mentioned in the section on Central Government adjustments to expenditure on goods and services above, public sector bodies, including Local Authorities, receive refunds of VAT that they have paid in respect of contracted out services for non-business purposes. Central government support in resource DEL (and AME) and current LASFE are measured net of these VAT refunds, but in TME the expenditure is recorded including the VAT paid and therefore an adjustment is made to add back these refunds.

Capital consumption

D.44 As also mentioned above, in the section on Central Government adjustments to expenditure on goods and services, estimates of capital consumption in the National Accounts are sourced from the ONS's PIM model. This adjustment adds in these estimates for the Local Government sector.

Rates

D.45 This deducts payments of National Non-domestic Rates (NNDR) paid by local government which are in locally financed expenditure but do not form part of TME.

Subsidies

Equity injection into Housing Revenue Account

D.46 The HRA is treated as a Public Corporation in National Accounts. This means that the regular deficit resulting from its operations is treated in National Accounts as an imputed subsidy (if a regular profit were made it would be treated as an imputed dividend). The deficit (or profit) is calculated as the gross operating surplus less gross capital expenditure. Gross, rather than net, capital expenditure is used as sales of housing stock are treated as financial transactions which reduce LG equity in the HRA. Since 2004-05 the HRA have had a regular deficit so a subsidy is imputed from Local Government to the PC sector. This adjustment adds in the subsidy to Local Government spending. (Unlike grants subsidies from one part of the public sector to another are included in TME).

Net Social Benefits

Housing benefits and rent rebates

D.47 ONS use data from DWP in respect of housing benefits and rent rebates. An adjustment is necessary to bring data from Local Government sources into line with that from DWP.

Public Corporations

D.48 The main adjustment in relation to Public Corporations data is their payment of debt interest to the private sector. This is the only part of Public Corporation own expenditure other than Public Corporations' Own Financed Capital Expenditure (see Annex C) that scores in TME. This adjustment adds in the data used in the National Accounts for their debt interest payments to the private sector.

Capital Accounting Adjustments

Remove data in budgets which form part of public sector gross investment but where a different source is used for National Accounts

Change in inventories and acquisitions less disposals of valuables

D.49 The data in the National Accounts for both of these are sourced from ONS surveys and administrative sources other than OSCAR.

Adjustment for different data used by OBR in PSGI forecast

D.50 As explained above for resource spending, the forecast data for departments' DEL and AME budgets for 2018-19 and 2019-20 used in this PESA publication differ from those used by the OBR in their March 2018 EFO. These adjustments are to reconcile the data used by the OBR with those on OSCAR used in PESA.

Remove data in budgets which do not form part of public sector gross investment

Net lending to private sector and the purchase and sale of company securities

D.51 These types of transactions are treated as financial transactions which do not score as spending in the National Accounts, because they involve a swap of financial assets and so are excluded from PSGI and TME. However, they are included in DEL and AME in order to have control over departments' impact on Public Sector Net Debt (PSND) so this adjustment is necessary to exclude them from TME.

Capital support for public corporations and local government supported capital expenditure

D.52 These transactions are excluded from TME as they are lending from central government to support capital expenditure by other parts of the public sector.

Northern Ireland Executive transfers between DEL and AME

D.53 This is the capital equivalent of the transfers described in D.22 above.

Other

D.54 There are a number of other items that are removed from DEL and AME because they do not score as part of PSGI in the National Accounts. These include:

- some capital provisions;
- some other miscellaneous transactions that are scored in budgets but treated as financial transactions in the National Accounts; and
- some transfers between different parts of central government that are excluded from the National Accounts as they are within the same sector in the National Accounts.

Central Government adjustments in National Accounts

Gross Fixed Capital Formation

Profit or loss – sale of other assets (from resource budgets)

D.55 As mentioned in the section on resource accounting adjustments, in National Accounts the profit or loss on sales of tangible and intangible fixed assets are treated as capital expenditure and therefore as part of PSGI. However, they are treated as part of resource DEL and AME. This adjustment is necessary to add them to PSGI.

Capital grants to and from the private sector

VAT refunds

D.56 Refunds of VAT are also available on certain items to householders who are building their own home or converting a non-residential building into a home for them to live in. As mentioned above, spending in National Accounts is recorded inclusive of refunded VAT and therefore the value of these refunds is included in PSGI as a capital grant to the household sector (and also included in total VAT receipts) but not in Budgets. This adjustment adds the value of these refunds to PSGI.

Fee income treated as capital in National Accounts

D.57 As outlined in the section on resource accounting adjustments, certain fees received from RBS and LBG in respect of the Asset Protection Scheme were treated as capital receipts in the National Accounts and resource receipts in HM Treasury's AME. This adjustment ensures that these receipts are included in PSGI.

DfID funding for capital projects scored in resource DEL

D.58 As also stated above, in the section on resource accounting adjustments a proportion of DFID's bilateral aid budget is deemed to be a capital grant to the rest of the world in the National Accounts, although all bilateral aid grants are shown in their resource DEL budgets. This adjustment adds the part deemed to be capital so that it scores in PSGI.

Local Government Adjustments in National Accounts

D.59 The overall rationale behind the accounting adjustments for Local Government is explained in the section on resource accounting adjustments. The accounting adjustments listed below are the main adjustments to Local Government source data needed to transform it to a National Accounts basis and to reconcile Central and Local Government sources for PSGI.

Adjustments to reconcile use of different data sources

Central government support

D.60 As mentioned above, the data for Central Government support used in the calculation of LASFE is based on data in Central Government departments' budgets and the total spending is from the Local Government sources. This adjustment is therefore necessary to reconcile Central Government and Local Government sources of information for Central Government support via capital grants. The data based on Central Government departments' budgets are the data deducted in the calculation of LASFE as these are felt to be more reliable and are available at a detailed level for quality assurance.

Financial transactions

D.61 Financial transactions, which do not score as spending in the National Accounts because they involve a swap of financial assets, are excluded from PSGI and TME. This adjustment removes the parts of capital LASFE that need to be excluded as they are financial transactions.

Capital grants from private sector

D.62 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. An adjustment is therefore made to add to public sector net investment the local authority receipts of investment grants from private sector developers.

Gross Fixed Capital Formation

VAT refunds

D.63 As mentioned above, Local Authorities receive refunds of VAT that they have paid in respect of contracted-out services for non-business purposes, including on capital expenditure. Central government capital grants to Local Authorities in resource DEL (and AME) and capital LASFE are measured net of these VAT refunds, but in TME the expenditure is recorded including the VAT paid. This adjustment therefore adds the value of the refunds to PSGI.

Roads de-trunking

D.64 De-trunking of roads involves transferring the ownership and control of roads from the Highways Agency (part of central government) to Local Authorities. In National Accounts this involves recording the payment for the receipts of an asset by Local Authorities. As this is not recorded in LASFE an adjustment is necessary to add this in to PSGI.

Capital Grants to Public Corporations

D.65 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. This mainly concerns payments by Transport for London to London Underground.

Other capital adjustments

Public Corporations

D.66 The Public Corporation element of TME is effectively composed of PCOFCE plus central government support for public corporations. This adjustment adds back an element of the net lending subtracted above, to ensure that the level of PC spending is properly reflected.

Housing Revenue Account reform receipts

D.67 This represents a receipt by central government of net capital grants from local authorities that implement the reform of council house financing announced in the Spending Review. This net receipt is completely offset by a net payment included within capital LASFE, so this has no impact on the overall public finances.

E

Expenditure on services framework

E.1 Tables in **Chapters 4 to 8**, showing public expenditure by function and/or economic category 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). For the avoidance of doubt, expenditure on services is the spending required to deliver services, not just the purchasing of services.

E.3 The introduction of the Online System for Central Accounting and Reporting (OSCAR) was accompanied by changes to the chart of accounts, against which departments record their expenditure. Most of the changes to the expenditure on services framework have been minor. The most significant has been the removal of the attributed share of the EU's aid. Departmental budgets include this attributed expenditure, but it doesn't increase TME as it is actually part of EU spending financed by the UK's budgetary contributions. This change brings TES closer into line with the National Accounts.

E.4 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.5 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. Public sector expenditure on services is worth about 93% of TME.

EU transactions in expenditure on services

E.6 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.

Expenditure on services and budgets

E.7 Expenditure on services can be built up from departmental budgets (resource DEL, capital DEL and departmental AME). Essentially, (most) 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

grants to local government;
capital grants to public corporations;
depreciation (includes the impairment costs of Student Loans);
provisions;
spending classified as financial transactions in the National Accounts;
interest and dividends;
items classified as revenue in the National Accounts which are netted off spending in budgets;
EU receipts;
other items that are not classified as spending in National Accounts (e.g. transfers between central government departments); and
most intra-public sector transfers, the main exceptions being subsidies to public corporations and trading bodies.

Plus

local government current and capital expenditure;
Northern Ireland locally financed expenditure;
public corporations' capital expenditure;
public sector debt interest; and
EU transactions.

E.8 Table E.1 shows the derivation of expenditure on services from departmental groups' budgets.

Classification changes

E.9 Classification changes since PESA 2017 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, 2017-18

	Defence	Single Intelligence Account	Home Office	Foreign and Commonwealth Office	International Development	Health and Social care	Work and Pensions	Education	Business, Energy and Industrial Strategy	Transport	Exiting the European Union	Digital, Culture, Media and Sport	Housing and Communities and Local Government	Scotland	Wales	Northern Ireland	Justice	Law Officers' Departments	Environment, Food and Rural Affairs	HM Revenue and Customs	HM Treasury	Cabinet Office	International Trade	Small and Independent Bodies	Local Government Expenditure	Total for all departments
Departmental Budgets																										
Resource DEL	34,199	2,390	10,892	2,208	7,558	120,650	6,108	74,879	1,720	3,616	57	1,584	9,085	14,966	13,998	10,631	7,630	567	1,848	3,946	226	671	383	1,394	-	331,205
Capital DEL	9,704	576	624	-252	2,713	5,238	432	4,846	10,464	6,218	1	351	6,634	3,626	1,825	1,148	412	10	632	281	-78	116	15	177	-	55,711
Resource Departmental AME	16,637	19	2,510	142	326	39,664	177,252	15,034	75,396	6,979	-	4,671	15,936	17,282	177	8,889	653	11	-195	41,845	-681	10,545	-	127	-	433,221
Capital Departmental AME	44	-	-	-	395	-	-37	15,801	-1,197	6,960	-	773	-	958	505	318	-	-	-	-3,697	-	-	-	429	-	21,253
Remove																										
Grants to local government	-	-	-11,357	-	-	-3,219	-22,161	-32,621	-51	-2,037	-	-174	-12,977	-8,018	-4,744	-151	-181	-	-283	-	-	-40	-	-	-	-98,015
Capital grants to public corporations	-	-	-	-	-	-	-	-	-50	-	-	-	-32	-13	-	-126	-	-	-	-	-	-	-	-	-	-221
Depreciation	-8,639	-381	-298	-139	-10	-1,446	14	-14,784	-4,664	-6,202	-	-346	-188	-731	-683	-799	-577	-8	-180	-299	-377	-33	-2	-82	-	-40,856
Provisions	-13,693	-8	-27	-5	-273	-39,176	-1,284	-12,873	-71,056	-245	-	-12	-6	-4,560	-265	-2,379	-458	-15	36	-12	-104	-7,049	-	-72	-	-153,538
Financial transactions	-	-	-	-	-1,273	-139	-128	-15,925	1,327	224	-	-192	-3,528	-1,122	-775	-270	-	-	-2	-	3,887	-	-	-429	-	-18,345
Interest and dividends	-112	-29	-36	-	4	-1,189	19	2,839	220	-1,628	-	-23	39	-16	92	-34	-49	-	-	-	768	11	-	26	-	899
Items classified as revenue in National Accounts	85	-	788	40	-431	-2,416	-216	552	2,061	4,366	-	331	107	19	26	-	1,304	65	293	8	447	269	22	88	-	7,808
EU receipts	-	-0	-1	-1	1	-	19	202	24	55	-	-	145	601	555	384	-	-	2,110	-	-	-	-	1	-	4,096
Other items not in TME	127	46	-163	1	-1	-754	-824	1,821	-2,865	-288	-1	779	-14,160	-444	-334	2	-3	1	27	-51	19	-150	0	-39	-	-17,253
Add																										
Local government current expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	131,342
Local government capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,493
Northern Ireland locally financed expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	596	-	-	-	-	-	-	-	-	-	596
Public corporations' capital expenditure	-	-	-	-	-	-	-	-	-	1,904	-	-	2,825	1,195	313	118	-	-	3	-	-20	-	-	-	-	6,338
Public sector debt interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,828	-	-	-	-	44,528
EU transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,364	-	-	-	-	5,364
Loans written off by mutual consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector expenditure on services	38,352	2,613	2,933	1,994	9,009	117,213	159,194	39,771	11,329	19,922	57	7,742	3,880	23,743	10,690	18,327	8,731	631	4,289	45,718	49,582	4,340	417	1,620	151,535	733,632

F

GDP deflators

F.1 This annex presents the GDP deflators used in this release.

GDP deflators

F.2 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 2017-18 prices. The GDP deflators used in this publication are those given below. The most up to date deflators can be found on the GOV.UK website¹. Please note that these deflators do not apply to the real terms tables presented in chapter 9 of this publication.

Table F.1 GDP deflators and money GDP

Outturn data are based on the June 2018 National Accounts figures from ONS
Forecast data are consistent with the 2018 Spring Statement

Financial year	GDP deflator at market prices		Money GDP £ million
	2017-18 = 100	Per cent change on previous year	
1976-77	17.190	13.92	142,000
1977-78	19.556	13.77	165,996
1978-79	21.746	11.20	192,181
1979-80	25.416	16.88	232,495
1980-81	30.287	19.16	267,471
1981-82	33.469	10.51	297,954
1982-83	35.908	7.29	327,120
1983-84	37.615	4.75	357,828
1984-85	39.736	5.64	385,681
1985-86	41.919	5.49	423,462
1986-87	43.653	4.14	455,085
1987-88	46.094	5.59	510,371
1988-89	49.082	6.48	569,310
1989-90	52.863	7.70	627,117
1990-91	57.195	8.20	676,943
1991-92	60.480	5.74	712,877
1992-93	62.010	2.53	734,387
1993-94	63.518	2.43	778,018
1994-95	64.286	1.21	815,769
1995-96	66.261	3.07	859,841
1996-97	68.594	3.52	916,578
1997-98	69.048	0.66	959,331
1998-99	69.939	1.29	1,003,372
1999-00	70.206	0.38	1,045,091
2000-01	71.789	2.25	1,099,246
2001-02	72.508	1.00	1,141,377
2002-03	74.306	2.48	1,200,616
2003-04	75.849	2.08	1,268,445
2004-05	77.892	2.69	1,327,919
2005-06	79.934	2.62	1,412,939
2006-07	82.310	2.97	1,487,530

¹ <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

Table F.1 GDP deflators and money GDP (continued)

Outturn data are based on the June 2018 National Accounts figures from ONS
Forecast data are consistent with the 2018 Spring Statement

Financial year	GDP deflator at market prices		Money GDP £ million
	2017-18 = 100	Per cent change on previous year	
2007-08	84.349	2.48	1,558,747
2008-09	86.639	2.71	1,563,555
2009-10	87.866	1.42	1,547,137
2010-11	89.501	1.86	1,606,602
2011-12	90.678	1.31	1,650,370
2012-13	92.503	2.01	1,710,685
2013-14	94.200	1.83	1,781,350
2014-15	95.411	1.28	1,855,049
2015-16	96.173	0.80	1,912,472
2016-17	98.323	2.24	1,989,162
2017-18	100.000	1.71	2,056,207
2018-19	–	1.52	2,116,053
2019-20	–	1.57	2,176,921

GDP Deflator: Financial years 1976-77 to 2017-18 taken from ONS series L8GG.

For 2018-19 to 2019-20: derived from Office for Budget Responsibility (OBR) forecasts for GDP deflator increases as at the Spring Statement 2018

Money GDP: For years 1976-77 to 2017-18: ONS data for money GDP (not seasonally adjusted, BKTL)

For 2018-19 to 2019-20: OBR forecasts for money GDP as of the 2018 Spring Statement

Population numbers and GDP deflators used for country and regional tables

F.3 Following the practice instituted at PESA 2017, the tables in chapters 9 and 10 are identical to those published in the November 2017 Country and Regional Analysis (CRA) release.

Therefore mid-year population estimates used for the November 2017 CRA publication can be found within the annex of that release. Similarly, GDP deflators used to produce 'real terms' tables in chapter 9 can also be found within this annex. A link to the November 2017 CRA is provided below:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657987/Country_and_Regional_Analysis_November_2017.pdf

G

Glossary

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

Acronyms

ALBs	Arms Length Bodies
AME	Annually Managed Expenditure
ASLCs	Accruing Superannuation Liability Charges
CAP	Common Agricultural Policy
CRA	Country and Regional Analysis
DEL	Departmental Expenditure Limit
EFO	Economic and Fiscal Outlook
GAAP	Generally Accepted Accounting Practice
GDP	Gross Domestic Product
IFRS	International Financial Reporting Standards
LASFE	Local Authority Self-Financed Expenditure
OSCAR	Online System for Central Accounting and Reporting
PCOFCE	Public Corporations' Own-Financed Capital Expenditure
PSCE	Public sector current expenditure
PSNB	Public sector net borrowing
PSND	Public sector net debt
PSNI	Public sector net investment
RAB	Resource Accounting and Budgeting
SUME	Single Use Military Equipment
TES	Total Expenditure on Services
TME	Total Managed Expenditure

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 (including their ALBs) 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 website¹.

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**.

Arms Length Bodies – refers to a department's executive NDPBs and Trading Funds where these bodies have been classified as being within Central Government by the Office for National Statistics.

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.

Budget Exchange – a mechanism that allows departments to surrender an underspend in advance of the end of the financial year in return for a corresponding increase in the following year, subject to Treasury agreement.

¹ http://webarchive.nationalarchives.gov.uk/20130405170223/http://www.hm-treasury.gov.uk/psr_clear_line_of_sight_intro.htm

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);
- **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.

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 **ALBs**; 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 on the UN website².

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, depreciation in 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.

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** in PESA 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 **ALB** 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.

² <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 for Education 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**. The depreciation ring fence includes depreciation, **impairments** and student loans **provisions** recently classified as **impairments**.

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.

Economic and Fiscal Outlook – is a bi-annual publication. It sets out the OBR forecasts for the economy and the public finances, and an assessment of whether the Government is likely to achieve its fiscal mandate and supplementary target

Estimated outturn is a forecast of spending incurred on the basis of actual expenditure to date.

Estimates – see **Supply Expenditure**.

European System of Accounts 2010 (ESA10) – 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. ESA10 is consistent with the earlier System of National Accounts 2008 (SNA08), which was developed by a number of international organisations.

Expenditure on services (known as 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. It has been known as the Red Book. Since 1999 it has been published alongside the Economic and Fiscal Strategy Report in a single Budget document.

Financial transactions are payments and receipts relating to changes in holdings of financial assets or liabilities. Financial assets entitle their owners to unconditional financial claims on the units that have the liability (except for gold where there is no liability on another unit). Government departments' financial assets include bank deposits; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, income accrued but not yet paid; 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. **Public sector** bodies have recently moved 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 of PESA 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 Public Spending Statistics 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) have been implemented by **public sector** bodies to replace GAAP-based **resource accounting**. Departments have reported 2009-10 resource accounts against IFRS, whilst local authorities moved onto this basis in 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 (LFE) is LASFE plus expenditure financed by non-domestic rates in Scotland, Wales 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**.

Net lending has two meanings:

- in **National Accounts** it is the balance of the current and capital accounts and is often quoted with sign reversed as “net borrowing”, which is sometimes called the government deficit; and
- in this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so, for example, privatisation receipts count as negative net lending. Government lends to students, some industries, **public corporations**, **local 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 **ALBs** is normally a non-budget transfer – it is the ALB’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-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.

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 Public Spending Statistics and PESA and as part of which sector.

Online System for Central Accounting and Reporting (OSCAR) – the Treasury’s database that holds public expenditure data.

Other AME is public spending that is outside both **DEL** and **departmental AME**. It includes net transfers to the EU, **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 **ALB** 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 Public Spending Statistics.

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 Public Spending Statistics, 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.

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** unless they relate to pensions or are scored by independent bodies exceptionally allowed to score provisions in **DEL**.

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 EU 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.

Within Public Spending Statistics, 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 **ESA10**. 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 this release.

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 this release, 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 **International Financial Reporting Standards** (IFRS) 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 2011-12 framework on which this release 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).

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.

Special reserve is **reserve** specifically set aside to cover military operations.

Spending Reviews set **DELs** for the following three or four 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. A further Spending Review in autumn 2010 set budgets for 2011-12 to 2014-15. A Spending Round in June 2013 set budgets for 2015-16. In November 2015 a further spending review set capital budgets for all departments for 2016-17 to 2020-21. Resource budgets were set for all departments up to 2019-20, and for protected departments up to 2020-21 (Health, Defence and International Development).

Spending sectors are the part of the **public sector** that are making the expenditure, either **central government**, **local government** or **public corporations**.

Statement of Comprehensive Net Expenditure (SoCNE) – 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

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 EU to trading businesses to help pay for current costs. These include payments to farmers under the EU'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. In budgets tax credits score in departmental AME including negative tax, this is aligned with resource accounts. 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 Public Spending Statistics, 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 Union's 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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