

Public Expenditure Statistical Analyses 2004

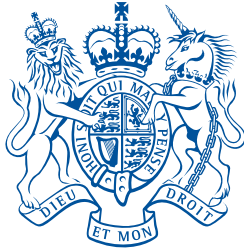
April 2004



Cm 6201

This document is part of a series of Departmental Reports (Cm 6201 to 6231) which, along with the Main Estimates 2004–05 and the Supply Estimates 2004–05: Supplementary Budgetary Information, present the Government's expenditure plans for 2003–06.

The complete series of Departmental Reports and Public Expenditure Statistical Analyses 2004 is also available as a set at a discounted price.



HM TREASURY



Public Expenditure Statistical Analyses 2004

April 2004

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

© Crown Copyright 2004

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be addressed to:

The Licensing Division
HMSO
St Clements House
2-16 Colegate
Norwich
NR3 1BQ

Fax: 01603 723000

E-mail: licensing@cabinet-office.x.gsi.gov.uk

Cover illustration © Dorian Drake

HM Treasury contacts

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

PESA Branch, PSDA team
Floor 1 / Area 1-E2
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

E-mail: pesa@hm-treasury.gov.uk

You can also find HM Treasury on the internet at:

www.hm-treasury.gov.uk

This and other government documents can be found on the internet at:

www.official-documents.co.uk

ISBN: 0-10-162012-8

Printed by The Stationery Office 04/04 164082 957988

INTRODUCTION AND OVERVIEW

Public Expenditure Statistical Analyses (PESA) is a compendium that brings together recent outturn data, estimated outturns for the latest year and spending plans over the whole range of UK public expenditure. It is published annually as a Command paper, alongside the Main Supply Estimates and Supplementary Budgetary Information. Further information on each government department's spending will be available in the individual departmental reports, which will be published during the weeks after publication of PESA.

The two objectives of PESA

PESA serves two purposes:

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

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

- Tables in Chapters 1, 2 and 5, and the early tables in chapters 4, 6 and 7 deal mainly with the budgeting aggregates, and their reconciliation to national accounts;
- Tables in Chapters 3 and 8, and the later tables in chapters 4, 6 and 7 provide analyses of TES.

Period covered by PESA tables

All data series in PESA are annual, and for financial years. Tables in PESA normally cover a span of up to nine years – five years outturns, estimated outturn for the latest year and up to three years spending plans, where available. (In certain areas, eg. local authority expenditure, detailed plans for future years are not available.) In this year's PESA, plans are only available up to 2005-06. So analyses of spending plans and outturn generally cover the eight years 1998-99 to 2005-06. Some series are presented over a longer historical period.

Consistency with FSBR and Supply Estimates

Information in PESA 2004 is consistent with the fiscal projections and public spending plans set out in Chapter C of the 2004 Financial Statement and Budget Report (HC.301; 17 March 2004), except in a few areas where later information is available and has been incorporated. Information in PESA is fully consistent with the 2004-05 Supply Estimates, both Main Estimates and Supplementary Budgetary Information.

National Statistics in PESA

Most of the outturn data (to 2002-03) are National Statistics. National Statistics are those outputs which Ministers have decided should come within the scope of the principles of the National Statistics Code of Practice. The Code seeks to ensure that National Statistics will be valued for their relevance, integrity, quality and accessibility. More information about National Statistics is available on the National Statistics web site at www.statistics.gov.uk.

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

Estimated outturns for 2003-04 and spending plans for future years are outside the scope of National Statistics. So are certain presentations of data relating to costs within the departmental administration costs control regime.

Public expenditure National Statistics updates

Outturn data to 2002-03 for certain key series in PESA were released on Budget day, 17 March 2004. The key series were:

- Total Managed Expenditure by budgetary category (RAB stage 1 basis) (PESA 2004 Table 1.15);
- Departmental Expenditure Limits, resource and capital, by departmental group (RAB stage 1 basis) (PESA 2004 Table 1.16);
- Total Managed Expenditure, by broad function (PESA Table 3.2).

These key series are updated 3 times throughout the year as National Statistics updates. They will next be updated in a release in July, at the time of publication of the Public Expenditure Outturn White Paper. The July release will include the first provisional estimates of 2003-04 outturns. It will be available on the web in the Public Spending Annual Outturns News Release at www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/natstat_index.cfm.

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

Changes from last year's PESA

PESA 2004 contains two major sets of quality improvements: to data showing expenditure by function; and to the country and regional analysis.

Functional Analyses of Expenditure. The functional analyses in Chapters 3, 4, 6 and 8 have been improved. The definitions of functions have been brought more closely into line with those of the United Nations Classification of the Functions of Government (COFOG). This

alignment has expanded the coverage of the main aggregate for analysis – Total Expenditure on Services (TES). And statisticians in Government departments have thoroughly overhauled the attribution of expenditure to the new functional categories.

More information on the new functional analysis, including a comparison of old and new presentations, was set out in an article on the Treasury's website on 17 March 2004: http://www.hm-treasury.gov.uk/media//B83D5/natstat_techpesa04.pdf.

Country and Regional Analysis. Chapter 8 sees major changes following the improvements adopted by Government statisticians in fulfilment of Ministers' acceptance of the recommendations of the McLean Report *Identifying the Flow of Domestic and European Expenditure into the English Regions*. The changes to TES feed through to this analysis also. The difference between expenditure that can and cannot be identified as for the benefit of a particular country or region has been more firmly rooted in national accounts categories. And statisticians in Government departments have responded to improved guidance by a more accurate statistical attribution of the benefits to regions from outturn expenditure. In addition to these quality improvements, PESA 2004 includes a wider range of analyses than before.

More information on the improved country and regional analysis was set out in an article and memorandum published on the Treasury's website on 5 April 2004: www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/spending_by_country_and_region/natstat_region_index.cfm. The memorandum invites comments on different ways of producing regional expenditure, and on how best to present the information in PESA.

Future development of PESA

More generally, the Editor would be grateful for comments on how PESA could be made more useful to users. The form and content of PESA are reviewed annually. We will be looking to consolidate and develop the improvements made this year. We would also be interested in views of what material could be seen as redundant. We are considering setting up a user panel, and would be interested to hear from those readers who would wish to be considered for participation.

Comments on the coverage and presentation of PESA should be sent to:

The Editor, PESA
Public Service Delivery Analysis Team
Floor 1/E2
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

e-mail: pesa@hm-treasury.gov.uk

CONTENTS

		Page
Chapter 1	Public expenditure overview	5
Chapter 2	Differences from previous plans	23
Chapter 3	Trends in public sector expenditure	35
Chapter 4	Central government own expenditure	51
Chapter 5	Central government administration costs and staffing	61
Chapter 6	Local authority expenditure	65
Chapter 7	Public corporations	79
Chapter 8	Analysis of public expenditure by country and region	87
Appendix A	Conventions and economic assumptions	127
Appendix B	The accounting adjustments in the Budgeting presentation of TME	129
Appendix C	Departmental groupings	139
Appendix D	Public corporations	141
Appendix E	Public expenditure budgeting and control aggregates	143
Appendix F	Expenditure on Services	151
Appendix G	Glossary of Terms	155

LIST OF TABLES

Chapter 1 Public expenditure overview

Table 1.1	Total Managed Expenditure, 1998-99 to 2005-06	8
Table 1.2	Departmental Expenditure Limits, 1998-99 to 2005-06	9
Table 1.3	Total Managed Expenditure in real terms, 1998-99 to 2005-06	10
Table 1.4	Departmental Expenditure Limits in real terms, 1998-99 to 2005-06	11
Table 1.5	Public sector current expenditure, 1998-99 to 2005-06	11
Table 1.6	Public sector net investment, 1998-99 to 2005-06	12
Table 1.7	Resource Budgets, 1998-99 to 2005-06	12
Table 1.8	Capital Budgets, 1998-99 to 2005-06	14
Table 1.9	Cash equivalent Resource Budgets, 1998-99 to 2005-06	15
Table 1.10	Non-cash Resource Budgets, 1998-99 to 2005-06	16
Table 1.11	Invest to Save Budget, 1999-2000 to 2005-06	17
Table 1.12	Accounting adjustments, 1998-99 to 2005-06	18
Table 1.13	Voted and non-voted expenditure in Total Managed Expenditure, 1998-99 to 2005-06	19
Table 1.14	Total Managed Expenditure by spending sector, 1998-99 to 2005-06	20
Table 1.15	Total Managed Expenditure, 1998-99 to 2002-03 (RAB stage 1 basis)	21
Table 1.16	Departmental Expenditure Limits, 1998-99 to 2002-03 (RAB stage 1 basis)	22

Chapter 2 Differences from previous plans

Table 2.1	Resource DEL, 2002-03, stage 1 RAB basis, changes since PESA May 2003 and PEOWP July 2003	26
Table 2.2	Capital DEL, 2002-03, stage 1 RAB basis, changes since PESA May 2003 and PEOWP July 2003	27
Table 2.3	Total Managed Expenditure, 2002-03, stage 1 RAB basis, changes since PESA May 2003	28
Table 2.4	Resource DEL, 2003-04, stage 2 RAB basis, changes since PESA 2003	29
Table 2.5	Capital DEL, 2003-04, stage 2 RAB basis, changes since PESA 2003	30
Table 2.6	Total Managed Expenditure, 2003-04, stage 2 RAB basis, changes since PESA 2003	31
Table 2.7	Resource DEL 2004-05 and 2005-06, stage 2 basis, changes since PESA 2003	32
Table 2.8	Capital Budget DEL, 2004-05 and 2005-06, stage 2 basis, changes since PESA 2003	33
Table 2.9	Total Managed Expenditure, 2004-05 and 2005-06, stage 2 basis, changes since PESA 2003	34

Chapter 3 Trends in public sector expenditure

Table 3.1	Public expenditure aggregates, 1965-66 to 2005-06	38
Table 3.2	Total Expenditure on Services by function, 1993-94 to 2003-04	39
Table 3.3	Total Expenditure on Services by function in real terms, 1993-94 to 2003-04	40
Table 3.4	Total Expenditure on Services by function as % of GDP, 1993-94 to 2003-04	41
Table 3.5	Total Expenditure on Services by department and function, 2002-03	42
Table 3.6	Total Expenditure on Services by function, 1998-99 to 2003-04	43
Table 3.7	Total Expenditure on Services by economic category, 1998-99 to 2003-04	46
Table 3.8	Public sector capital expenditure by spending sector and function, 1998-99 to 2005-06	47
Table 3.9	Public sector current expenditure by spending sector and function, 1998-99 to 2005-06	48
Table 3.10	Public sector receipts from sales of assets, 1998-99 to 2003-04	49

Chapter 4 Central government own expenditure

Table 4.1	Central government own expenditure by department, 1998-99 to 2005-06	53
Table 4.2	Central government own current expenditure by department, 1998-99 to 2005-06	54
Table 4.3	Central government own capital expenditure by department, 1998-99 to 2005-06	55
Table 4.4	Central government own expenditure on services by economic category, 1998-99 to 2005-06	56
Table 4.5	Central government own expenditure on services by function, 1998-99 to 2005-06	57

Chapter 5 Central government administration costs and staffing

Table 5.1	Gross administrative expenditure by department, 2002-03 to 2005-06	63
Table 5.2	Staff of central government departments, devolved administrations and trading funds, 2002-03 to 2005-06	64

Chapter 6 Local authority expenditure

Table 6.1	Financing of local authority expenditure in the United Kingdom, 1998-99 to 2005-06	68
Table 6.2	Central government support for local authorities in the United Kingdom by department, 1998-99 to 2005-06	69
Table 6.3	Central government capital support for local authorities in the United Kingdom by country and service 1998-99 to 2005-06	70
Table 6.4	Aggregate External Finance in Great Britain by country and grant 1998-99 to 2005-06	71
Table 6.5	Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1998-99 to 2005-06	72
Table 6.6	Local authority current and capital expenditure by function, 1998-99 to 2003-04	73
Table 6.7	Local authority current expenditure by country and function, 1998-99 to 2003-04	74
Table 6.8	Local authority gross capital expenditure by country and function, 1998-99 to 2003-04	75
Table 6.9	Local authority capital receipts by country and function, 1998-99 to 2003-04	76
Table 6.10	Local authority expenditure by country and economic category, 1998-99 to 2003-04	77

Chapter 7 Public corporations

Table 7.1	Public corporations' contribution to Budgets and TME, 1998-99 to 2005-06	83
Table 7.2	Public corporations' contribution to Resource DEL, 1998-99 to 2005-06	84
Table 7.3	Public corporations' capital expenditure, 1998-99 to 2005-06	85

Chapter 8 Analysis of public expenditure by country and region

Table 8.1	Total identifiable expenditure on services by country and region, 1998-99 to 2002-03	91
Table 8.2	Total identifiable expenditure on services by country and region, per head, 1998-99 to 2002-03	91
Table 8.3	Total identifiable expenditure on services by country, in real terms	92
Table 8.4	Total identifiable expenditure on services by country, per head, in real terms	92
Table 8.5a	Identifiable current expenditure on services, by function, country and region, 1998-99	93
Table 8.5b	Identifiable capital expenditure on services, by function, country and region, 1998-99	94
Table 8.6a	Identifiable current expenditure on services, by function, country and region, 1999-00	95
Table 8.6b	Identifiable capital expenditure on services, by function, country and region, 1999-00	96
Table 8.7a	Identifiable current expenditure on services, by function, country and region, 2000-01	97
Table 8.7b	Identifiable capital expenditure on services, by function, country and region, 2000-01	98
Table 8.8a	Identifiable current expenditure on services, by function, country and region, 2001-02	99
Table 8.8b	Identifiable capital expenditure on services, by function, country and region, 2001-02	100
Table 8.9a	Identifiable current expenditure on services, by function, country and region, 2002-03	101
Table 8.9b	Identifiable capital expenditure on services, by function, country and region, 2002-03	102
Table 8.10	UK Identifiable expenditure on services, by function, country and region, per head	103
Table 8.11	UK Identifiable expenditure on services, by function, country and region, per head, UK=100	106
Table 8.12	Total local authority identifiable expenditure on services by country and region, 1998-99 to 2002-03	109
Table 8.13	Total central government and public corporations identifiable expenditure on services by country and region, 1998-99 to 2002-03	110
Table 8.14	Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2002-03	111
Table 8.15	Local authority identifiable spending by function, country and region: 1998-99 to 2002-03	112
Table 8.16	Departmental expenditure on services by function, country and region, 2002-03	115
Table 8.17	Country and regional analysis of pay costs component of departments' non-identifiable spending, 2002-03	126

Appendix A Conventions and Economic Assumptions

Population by country and regions	128
-----------------------------------	-----

Appendix F Expenditure on Services

Derivation of Total Expenditure on Services from departmental budgets	154
---	-----

PUBLIC EXPENDITURE OVERVIEW

1.1 This chapter brings together information on public expenditure within the current budgeting and control framework. It also includes analyses of spending allocations from the central funds, information on Voted and non-Voted components of total public spending, and a breakdown of public expenditure by spending sector.

1.2 Outturn data on the budgeting and control aggregates in Tables 1.1 to 1.10 and 1.15 and 1.16 fall within the scope of National Statistics, as do outturn data in Table 1.14 (spending sectors). Data in Tables 1.11 to 1.13 are not National Statistics.

The Budgeting and Control Framework: DEL, AME and TME

1.3 Table 1.1 summarises public expenditure within the DEL/AME budgeting and control framework, which was first set out in the Economic and Fiscal Strategy Report of June 1988, and in terms of the resource accounting and budgeting system.

1.4 In accordance with the fiscal rules, a clear distinction is made between current and capital spending, with departments having separate resource and capital budgets. For part of their resource and capital budgets, departments are given firm three year spending limits called Departmental Expenditure Limits (DELs) within which they prioritise resources and plan ahead.

1.5 Spending that cannot reasonably be subject to firm multi-year limits is included in Annually Managed Expenditure (AME). Table 1.1 sets out the main elements of AME. Table 1.1 is in resource terms on a RAB stage 2 basis, as are all the other tables in this chapter, except for 1.15 and 1.16. Departmental AME (which is contained in departments' budgets) includes social security spending, payments under the Common Agricultural Policy, and the various other items of departmental expenditure set out in Table 1.1. The Housing Revenue Account Subsidy line has been discontinued, with the rent rebate element contained in it now reported in the Social Security Benefits line, and the subsidy element incorporated in the Other Programme spending line. For the spending plans set in the 2002 Spending Review, most of each department's non-cash items such as depreciation and capital charges (see paragraph 1.11 below) were brought into DEL (RAB stage 2). Outside departments' budgets, other AME consists of net payments to the EC, locally financed expenditure, debt interest, public corporations own-financed capital expenditure, and accounting and other adjustments.

1.6 Table 1.12 presents a breakdown of the accounting and other adjustments line in Table 1.1. Appendix B gives further details of these accounting and other adjustments.

1.7 DEL and AME together make up Total Managed Expenditure (TME), an aggregate that is drawn from the national accounts and is defined in national accounts terms as public sector current expenditure plus net investment plus depreciation.

1.8 Table 1.2 shows DEL by departmental group. Departmental groups reflect departmental boundaries and names following the Machinery of Government changes announced in June 2003. Full details of departmental groups are set out in Appendix C. The rest of the table shows unallocated amounts remaining in the central funds and in the DEL Reserve. Details of allocations from the Invest to Save Budget are shown in Table 1.11, discussed further below.

1.9 Table 1.3 and 1.4 present the same information as in Tables 1.1 and 1.2 in real terms.

Resource Budgets and Capital Budgets

1.10 Under resource budgeting, departmental spending is separated into Resource Budgets and Capital Budgets, each containing DEL and AME. These are shown in **Table 1.5 and 1.6**, reconciled (using the accounting adjustments from Table 1.1) to the national accounts measures of total current and capital spending.

1.11 Resource Budgets, shown in **Table 1.5**, include the resource costs of the capital assets used to deliver public services. These costs consist of capital consumed in each year (depreciation), and the opportunity cost of tying up resources in these assets (capital charge). **Table 1.7** shows the Resource Budget for each main department.

1.12 Public sector investment shown in **Table 1.6** includes the capital spending of the public sector fully inside departmental budgets, including NHS trusts and non-departmental public bodies, and capital expenditure outside departmental budgets, including public corporations own financed expenditure. **Table 1.8** shows the Capital Budget for each main department.

1.13 **Table 1.9** shows departmental Resource Budgets net of non-cash components. **Table 1.10** shows the non-cash elements of the departmental Resource Budgets in aggregate.

Allocations from Central Funds: Invest to Save Budget

1.14 **Table 1.11** gives details of allocations by department of the Invest to Save Budget. Outturn spending and allocations to departments are included in individual departmental limits in Tables 1.2, 1.4, 1.7 and 1.8. The unallocated amounts remaining in the ISB are shown in a separate line in Tables 1.2, 1.4, 1.7 and 1.8.

Supply Expenditure

1.15 **Table 1.13** shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds, and other expenditure. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in the introductory sections of the 2004-05 Supplementary Budgetary Information (Cm 6133).

Public Expenditure by each Spending Sector

1.16 **Table 1.14** shows a breakdown of TME, and within it DEL and AME, as between the national accounts spending sectors, which are used in many of the analyses in this publication. Central government own expenditure excludes central government spending in support of the spending of other parts of the public sector – local authorities and public corporations – but includes the spending of non-departmental public bodies classified to central government, as well as central government departments' own spending. It includes the spending of the devolved administrations in Scotland, Wales and Northern Ireland, which are classified to central government. Central government own expenditure is split into DEL, departmental AME, and the other AME elements, including locally financed expenditure. This latter category is in respect of spending of the devolved administrations that is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in Chapter 4.

I.17 Local authority expenditure is split into central government support (which can be in either DEL or AME), locally financed support in Scotland (the proceeds of non-domestic rates in Scotland which are collected and distributed to local authorities by the devolved administration) and self-financed expenditure. Further analyses of local authority expenditure are presented in Chapter 6.

I.18 Public corporations expenditure is also split into DEL and AME. These DEL and Departmental AME components are included in departments' budgets. Departments' DELs include the subsidies and capital grants paid to, interest and dividends received from, loans and public dividend capital invested in and a capital charge on the department's investments in public corporations. For self-financing public corporations, grants and subsidies score in DEL and the other items are contained in departmental AME. Different scoring applies to NHS trusts. Further analyses for public corporations are presented in Chapter 7.

DEL, AME and TME Outturn Under RAB Stage 1 Budgeting

I.19 **Table 1.15** is the RAB Stage 1 equivalent of **Table 1.1** and shows outturns from 1998-99 to 2002-03 for Total DEL, AME and its main components, and TME in resource terms, under the budgeting rules that operated for 2001-02 and 2002-03. **Table 1.16** shows outturns for Current and Capital DEL by department over the same period on the same basis. There may be some differences between the data reported in these tables and those included in equivalent National Statistics data releases, as a consequence of more up to date data being included in these PESA tables.

Table I.1 Total Managed Expenditure 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Departmental Expenditure Limits								
Resource DEL	173,906	184,221	199,831	215,427	235,314	251,859	263,900	284,000
Capital DEL	12,895	11,957	15,243	18,429	20,729	23,893	26,300	28,900
Less depreciation	7,390	7,378	9,237	9,524	15,471	10,497	11,000	11,700
Total Departmental Expenditure Limits	179,411	188,801	205,837	224,332	240,572	265,255	279,300	301,100
Annually Managed Expenditure								
<i>Departmental AME</i>								
Social security benefits	95,037	99,869	101,849	109,211	113,882	120,738	126,029	127,809
Tax Credits ⁽¹⁾	140	1,268	3,903	5,189	5,829	9,798	11,183	14,258
Common Agricultural Policy	2,990	2,749	2,903	3,622	2,620	2,506	2,535	2,523
Net public service pensions ⁽²⁾	3,331	1,813	1,921	2,944	4,077	1,589	977	234
National Lottery	1,831	1,908	1,855	1,710	1,810	2,000	2,000	1,600
Non-cash items	19,278	19,278	21,112	22,072	28,710	28,218	26,427	26,485
Other departmental expenditure	802	2,324	2,377	1,850	2,201	2,269	3,408	3,292
Total Departmental AME	123,409	129,208	135,921	146,597	159,129	167,118	172,557	176,200
<i>Other AME</i>								
Net payments to EC institutions ⁽³⁾	3,590	2,807	3,734	842	2,274	2,427	2,703	3,687
Locally financed expenditure	17,444	18,483	18,269	20,144	19,820	22,558	24,334	26,128
Central Government gross debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Public corporations own-financed capital expenditure	1,437	1,392	971	1,540	1,970	2,471	2,645	2,474
Total Other AME	51,232	47,608	48,920	44,574	44,903	49,661	53,610	57,731
Total AME before Accounting Adjustments	174,641	176,817	184,841	191,171	204,033	216,779	226,167	233,931
AME Margin	—	—	—	—	—	—	1,000	2,000
Accounting adjustments ⁽⁴⁾	-21,363	-21,985	-23,622	-24,955	-25,689	-23,036	-18,860	-16,684
Total Annually Managed Expenditure	153,278	154,831	161,219	166,215	178,344	193,742	208,300	219,200
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916	458,997	487,600	520,400
<i>of which:</i>								
Current expenditure	313,937	326,608	348,850	367,394	394,791	427,964	449,700	478,900
Net investment	6,410	4,148	4,994	9,370	9,767	16,200	22,400	25,200
Depreciation	12,342	12,876	13,212	13,783	14,358	14,833	15,500	16,300

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

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

(3) Net payments to EC institutions exclude the UK's contribution to the cost of EC aid to non-Member States (which is attributed to the aid programme). Net payments therefore differ from the UK's net contribution to the EC Budget, latest estimates for which are (UK billion):

2002–03	2003–04	2004–05	2005–06
3.1	3.3	3.3	4.3

(4) Excludes depreciation.

Table I.2 Departmental Expenditure Limits⁽¹⁾, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Resource and Net Capital DEL								
Education and Skills	12,858	13,995	16,664	19,299	23,901	26,242	27,648	31,106
Health	40,511	41,829	45,499	53,399	57,491	65,473	71,124	78,501
of which: NHS	39,771	41,241	44,881	52,469	55,724	63,667	68,882	76,144
Transport	4,613	5,122	4,753	6,830	9,039	10,655	10,752	11,285
Office of the Deputy Prime Minister	4,266	4,336	5,253	4,417	5,353	6,911	7,027	7,460
Local Government	32,734	34,194	35,325	37,006	37,598	41,184	43,684	46,175
Home Office	7,630	7,705	9,090	10,671	11,506	12,607	12,952	13,807
Constitutional Affairs	2,728	2,419	2,793	3,021	3,374	3,366	3,295	3,553
Attorney General's departments	337	335	375	431	492	583	516	575
Defence	28,472	29,482	31,466	30,748	29,327	31,286	29,868	30,813
Foreign and Commonwealth Office	1,136	1,166	1,347	1,387	1,521	1,628	1,484	1,538
International Development	2,420	2,764	2,979	3,150	3,597	3,871	3,759	4,522
Trade and Industry	3,055	3,826	5,942	5,467	4,224	5,425	5,002	5,433
Environment, Food and Rural Affairs	1,954	2,336	2,768	2,772	2,442	2,982	3,216	3,340
Culture, Media and Sport	1,009	1,041	1,059	1,012	1,209	1,499	1,444	1,543
Work and Pensions ⁽²⁾	5,217	5,786	6,101	6,593	7,893	8,418	8,223	8,316
Scotland ⁽³⁾	13,446	14,147	15,143	16,944	18,041	19,972	21,400	22,811
Wales ⁽³⁾	6,802	7,248	7,770	8,582	9,551	10,498	11,096	11,931
Northern Ireland Executive ⁽³⁾	4,774	5,045	5,789	5,920	6,930	7,126	7,068	7,503
Northern Ireland Office	1,008	1,133	979	1,085	1,098	1,106	1,157	1,214
Chancellor's departments	3,207	3,437	3,377	4,047	4,293	4,789	4,903	5,182
Cabinet Office	1,234	1,456	1,365	1,552	1,692	2,197	1,906	1,922
Invest to Save Budget	—	—	—	—	—	—	20	20
Reserve	—	—	—	—	—	—	1,400	2,600
Unallocated Special Reserve ⁽⁴⁾	—	—	—	—	—	—	300	—
Allowance for Shortfall	—	—	—	—	—	-2,563	—	—
Total DEL	179,411	188,801	205,837	224,332	240,572	265,255	279,300	301,100
Total Education Spending⁽⁵⁾	38.8	40.8	44.4	49.7	53.8	59.5	63.2	68.1

(1) Full resource budgeting basis, net of depreciation.

(2) Includes Welfare to Work expenditure financed by the Windfall Tax.

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

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

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

Table I.3 Total Managed Expenditure (real terms), 1998–99 to 2005–06⁽¹⁾

	£ million							
	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Departmental Expenditure Limits								
Resource DEL	191,040	197,989	212,020	222,730	235,314	245,025	251,000	263,400
Capital DEL	14,165	12,851	16,173	19,053	20,729	23,245	25,000	26,800
Less depreciation	8,118	7,929	9,800	9,846	15,471	10,212	10,400	10,900
Total Departmental Expenditure Limits	197,087	202,911	218,392	231,937	240,572	258,058	265,600	279,300
Annually Managed Expenditure								
<i>Departmental AME</i>								
Social security benefits	104,401	107,333	108,062	112,913	113,882	117,462	119,843	118,548
Tax Credits ⁽²⁾	154	1,363	4,141	5,365	5,829	9,532	10,634	13,225
Common Agricultural Policy	3,284	2,954	3,080	3,745	2,620	2,438	2,410	2,340
Net public service pensions ⁽³⁾	3,659	1,948	2,038	3,044	4,077	1,546	929	217
National Lottery	2,011	2,051	1,968	1,768	1,810	1,946	1,902	1,484
Non-cash items	21,178	20,719	22,400	22,820	28,710	27,453	25,130	24,566
Other departmental expenditure	0,881	2,498	2,523	1,912	2,201	2,207	3,240	3,053
Total departmental AME	135,568	138,865	144,211	151,567	159,129	162,583	164,089	163,432
<i>Other AME</i>								
Net payments to EC institutions ⁽⁴⁾	3,944	3,016	3,962	871	2,274	2,361	2,570	3,420
Locally financed expenditure	19,163	19,864	19,383	20,827	19,820	21,946	23,140	24,235
Central Government gross debt interest	31,594	26,790	27,529	22,794	20,839	21,602	22,754	23,598
Public corporations own-financed capital expenditure	1,579	1,496	1,030	1,592	1,970	2,404	2,515	2,295
Total Other AME	56,279	51,166	51,904	46,085	44,903	48,313	50,979	53,548
Total AME before Accounting Adjustments	191,848	190,032	196,115	197,652	204,033	210,897	215,067	216,981
AME Margin	—	—	—	—	—	—	1,000	1,900
Accounting adjustments ⁽⁵⁾	-23,467	-23,629	-25,062	-25,801	-25,689	-22,411	-17,934	-15,475
Total Annually Managed Expenditure	168,380	166,403	171,053	171,850	178,344	188,486	198,000	203,400
Total Managed Expenditure	365,468	369,314	389,445	403,787	418,916	446,543	463,700	482,700
<i>of which:</i>								
Current expenditure	344,868	351,018	370,129	379,849	394,791	416,352	427,600	444,200
Net investment	7,042	4,458	5,299	9,688	9,767	15,761	21,300	23,300
Depreciation	13,558	13,838	14,018	14,250	14,358	14,430	14,800	15,100

(1) At 2002–03 prices using GDP deflators consistent with the March 2004 Financial Statement and Budget Report. For other footnotes, please see footnotes for Table I.1.

Table I.4 Departmental Expenditure Limits,⁽¹⁾ (real terms), 1998–99 to 2005–06⁽²⁾

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Resource and Net Capital DEL								
Education and Skills	14,125	15,041	17,680	19,953	23,901	25,530	26,291	28,852
Health	44,503	44,955	48,275	55,209	57,491	63,697	67,634	72,813
of which: NHS	43,689	44,323	47,619	54,248	55,724	61,939	65,502	70,627
Transport	5,067	5,505	5,043	7,061	9,039	10,366	10,224	10,468
Office of the Deputy Prime Minister	4,686	4,660	5,574	4,567	5,353	6,723	6,682	6,920
Local Government	35,960	36,749	37,480	38,260	37,598	40,066	41,540	42,829
Home Office	8,381	8,281	9,644	11,033	11,506	12,265	12,317	12,807
Constitutional Affairs	2,996	2,599	2,963	3,123	3,374	3,275	3,133	3,296
Attorney General's departments	370	360	398	445	492	567	491	533
Defence	31,277	31,685	33,385	31,791	29,327	30,437	28,402	28,580
Foreign and Commonwealth Office	1,248	1,254	1,429	1,434	1,521	1,583	1,411	1,427
International Development	2,658	2,970	3,161	3,257	3,597	3,766	3,574	4,194
Trade and Industry	3,356	4,112	6,305	5,653	4,224	5,278	4,757	5,039
Environment, Food and Rural Affairs	2,146	2,511	2,937	2,866	2,442	2,901	3,058	3,098
Culture, Media and Sport	1,109	1,119	1,123	1,046	1,209	1,458	1,373	1,431
Work and Pensions ⁽³⁾	5,731	6,218	6,473	6,816	7,893	8,190	7,819	7,713
Scotland ⁽⁴⁾	14,771	15,204	16,066	17,518	18,041	19,430	20,350	21,158
Wales ⁽⁴⁾	7,472	7,789	8,244	8,873	9,551	10,213	10,551	11,067
Northern Ireland Executive ⁽⁴⁾	5,245	5,422	6,142	6,121	6,930	6,932	6,721	6,959
Northern Ireland Office	1,107	1,217	1,039	1,122	1,098	1,076	1,100	1,126
Chancellor's departments	3,523	3,693	3,583	4,184	4,293	4,659	4,662	4,807
Cabinet Office	1,356	1,565	1,449	1,604	1,692	2,138	1,813	1,782
Invest to Save Budget	—	—	—	—	—	—	17	15
Reserve	—	—	—	—	—	—	1,400	2,400
Unallocated Special Reserve ⁽⁵⁾	—	—	—	—	—	—	300	—
Allowance for Shortfall	—	—	—	—	—	-2,493	—	—
Total DEL	197,087	202,911	218,392	231,937	240,572	258,058	265,600	279,300
Total Education Spending⁽⁵⁾	42.7	43.9	47.1	51.4	53.8	57.9	60.1	63.3

(1) Full resource budgeting basis, net of depreciation.

(2) At 2002–03 prices, using GDP deflators consistent with the March 2004 Financial Statement and Budget Report.

(3) Includes Welfare to Work expenditure financed by the Windfall Tax.

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

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

(6) See footnote (5) to Table I.2.

Table I.5 Public Sector Current Expenditure, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Resource Budget								
Resource DEL	173,906	184,221	199,831	215,427	235,314	251,859	263,900	284,000
Resource departmental AME	122,916	127,493	133,911	145,585	157,833	165,198	169,784	175,332
Total Resource Budget	296,822	311,714	333,742	361,012	393,147	417,056	433,700	459,300
<i>Current spending in other AME:</i>								
Net payments to EC institutions ⁽¹⁾	3,590	2,807	3,734	842	2,274	2,427	2,703	3,687
Locally financed current expenditure	15,984	17,653	18,642	18,951	19,180	21,291	22,169	23,821
Central Government gross debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
AME Margin (current)	—	—	—	—	—	—	900	1,800
Remove items classified as capital in National Accounts	-4,995	-7,071	-4,872	-6,814	-7,848	-8,648	-9,319	-11,877
Accounting and other adjustments	-26,224	-23,421	-28,342	-28,644	-32,801	-26,367	-24,400	-23,267
Public Sector Current Expenditure	313,937	326,608	348,850	367,394	394,791	427,964	449,700	478,900

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

Table I.6 Public Sector Net Investment, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Capital Budget								
Capital DEL	12,895	11,957	15,243	18,429	20,729	23,893	26,300	28,900
Capital departmental AME	493	1,716	2,009	1,012	1,297	1,920	2,773	868
Total Capital Budget	13,388	13,673	17,252	19,440	22,026	25,813	29,100	29,800
<i>Capital spending in other AME:</i>								
Public corporations own-financed capital expenditure	1,437	1,392	971	1,540	1,970	2,471	2,645	2,474
Locally financed capital expenditure	1,460	830	-373	1,193	640	1,267	2,165	2,307
AME Margin (capital)	—	—	—	—	—	—	100	200
Add resource budget classified as capital in National Accounts	4,995	7,071	4,872	6,814	7,848	8,648	9,319	11,877
Accounting and other adjustments	-2,528	-5,942	-4,516	-5,834	-8,359	-7,166	-5,438	-5,143
Public Sector gross investment	18,752	17,024	18,206	23,153	24,125	31,033	37,900	41,500
Less Depreciation (national accounts)	12,342	12,876	13,212	13,783	14,358	14,833	15,500	16,300
Public Sector net investment	6,410	4,148	4,994	9,370	9,767	16,200	22,400	25,200

Table I.7 Resource Budgets, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Resource DEL								
Education and Skills	11,910	12,895	14,734	17,213	21,214	22,923	23,894	26,708
Health	39,919	41,294	44,564	51,987	55,946	63,148	68,656	74,842
of which: NHS	39,225	40,755	44,000	51,150	54,241	61,412	66,483	72,555
Transport	3,436	4,027	3,378	4,444	6,209	7,972	7,451	8,370
Office of the Deputy Prime Minister	2,474	2,767	2,932	2,683	3,870	4,673	4,712	5,048
Local Government	32,375	33,922	35,270	36,922	37,396	40,951	43,359	45,826
Home Office	7,426	7,446	8,832	10,285	11,113	11,878	12,181	12,980
Constitutional Affairs	2,686	2,311	2,806	2,991	3,341	3,265	3,275	3,526
Attorney General's departments	337	336	367	439	487	573	508	568
Defence	29,358	31,329	33,394	32,334	36,437	32,304	31,590	32,539
Foreign and Commonwealth Office	1,082	1,132	1,498	1,429	1,546	1,695	1,545	1,594
International Development	2,445	2,743	3,000	3,137	3,596	3,853	3,765	4,536
Trade and Industry	3,097	3,918	5,983	5,420	3,968	4,967	4,964	5,484
Environment, Food and Rural Affairs	1,831	2,244	2,718	2,667	2,319	2,816	3,082	3,203
Culture, Media and Sport	961	1,039	1,086	1,049	1,236	1,392	1,455	1,542
Work and Pensions ⁽¹⁾	5,592	5,798	6,115	6,478	7,271	8,434	8,104	8,341
Scotland	12,704	13,219	14,077	15,353	16,560	18,896	19,616	20,888
Wales	6,411	6,943	7,359	8,232	9,110	9,962	10,387	11,150
Northern Ireland Executive	4,547	4,809	5,674	5,748	6,610	6,718	6,761	7,167
Northern Ireland Office	1,011	1,135	974	1,075	1,101	1,085	1,149	1,191
Chancellor's departments	3,282	3,540	3,767	4,023	4,355	4,744	4,783	5,099
Cabinet Office	1,022	1,374	1,305	1,518	1,628	1,795	1,886	1,889
Invest to Save Budget	—	—	—	—	—	—	13	9
Reserve	—	—	—	—	—	—	500	1,500
Unallocated Special Reserve	—	—	—	—	—	—	300	—
Allowance for shortfall	—	—	—	—	—	-2,184	—	—
Total Resource DEL	173,906	184,221	199,831	215,427	235,314	251,859	263,900	284,000

(1) Includes Welfare to Work expenditure financed from the Windfall Tax.

Table I.7 Resource Budgets, 1998–99 to 2005–06 (continued)

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Resource Departmental AME								
Education and Skills	6,096	6,273	6,402	6,786	7,069	6,761	7,150	7,620
Health	5,403	3,521	3,782	3,949	4,569	5,732	6,194	6,692
<i>of which: NHS</i>	—	—	—	—	—	—0	3	—
Transport	2,075	1,771	1,725	2,107	3,055	3,210	2,089	1,579
Office of the Deputy Prime Minister	492	472	449	355	241	1,790	1,579	1,413
Local Government	109	200	61	498	170	320	300	—
Home Office	–1	312	1	173	2,013	41	1	1
Constitutional Affairs	81	87	92	96	101	59	64	68
Defence	3,949	4,154	4,420	4,482	6,151	4,670	4,463	4,486
Foreign and Commonwealth Office	—	–1	—	–0	–1	–0	–1	–1
International Development	132	58	81	59	51	78	75	72
Trade and Industry	305	777	879	1,149	3,137	2,120	153	458
Environment, Food and Rural Affairs	2,326	2,172	3,614	2,478	1,800	1,459	1,819	1,830
Culture, Media and Sport	1,148	1,169	1,403	1,359	1,514	1,473	960	1,422
Work and Pensions	83,360	87,030	88,439	95,558	99,975	104,323	109,292	111,156
Scotland	1,994	1,732	1,793	2,208	2,217	2,210	2,197	2,175
Wales	108	94	88	310	366	554	485	481
Northern Ireland Executive	3,771	3,934	4,807	5,100	5,640	5,537	5,798	6,073
Northern Ireland Office	–88	–92	3	42	35	25	38	46
Chancellor's departments	7,461	9,640	12,622	14,176	15,155	19,608	21,768	24,819
Cabinet Office	4,197	4,190	3,251	4,701	4,572	5,230	5,361	4,943
Total Resource Departmental AME	122,916	127,493	133,911	145,585	157,833	165,198	169,784	175,332
Total Resource Budget	296,822	311,714	333,742	361,012	393,147	417,056	433,700	459,300

Table I.8 Capital Budgets, 1998–99 to 2005–06

	£ million							
	National Statistics					2003–04 estimated outturn	2004–05 plans	2005–06 plans
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn			
Capital DEL								
Education and Skills	961	1,110	1,944	2,110	2,720	3,357	3,801	4,445
Health	746	899	1,227	1,717	1,976	2,724	3,026	4,319
<i>of which: NHS</i>	700	850	1,173	1,623	1,903	2,640	2,943	4,237
Transport	1,190	1,115	1,405	2,430	3,103	3,317	3,653	3,301
Office of the Deputy Prime Minister	1,795	1,578	2,334	1,750	1,492	2,249	2,330	2,428
Local Government	360	272	56	84	202	233	325	349
Home Office	466	395	403	576	654	967	1,004	1,071
Constitutional Affairs	75	37	38	84	88	177	103	119
Attorney General's departments	5	4	14	23	8	15	15	15
Defence	5,302	4,051	5,391	5,836	6,149	6,415	6,327	6,880
Foreign and Commonwealth Office	86	88	105	60	108	71	71	84
International Development	-22	25	-16	24	17	39	18	14
Trade and Industry	24	5	49	171	349	602	161	73
Environment, Food and Rural Affairs	179	189	170	250	254	330	334	344
Culture, Media and Sport	101	57	34	37	44	194	82	97
Work and Pensions ⁽¹⁾	-302	47	41	162	275	174	240	95
Scotland	805	1,041	1,173	1,761	1,600	1,253	1,960	2,099
Wales	542	481	556	541	679	731	918	998
Northern Ireland Executive	237	246	304	353	494	474	374	404
Northern Ireland Office	23	25	35	41	53	69	57	72
Chancellor's departments	92	87	-223	205	260	276	342	309
Cabinet Office	231	202	202	213	203	605	240	248
Invest to Save Budget	—	—	—	—	—	—	5	7
Reserve	—	—	—	—	—	—	1,000	1,100
Allowance for shortfall	—	—	—	—	—	-379	—	—
Total Capital DEL	12,895	11,957	15,243	18,429	20,729	23,893	26,300	28,900
Capital Departmental AME								
Education and Skills	1	3	2	3	5	4	1	1
Health	—	—	—	—	—	—	479	—
<i>of which: NHS</i>	—	—	—	—	—	—	479	—
Office of the Deputy Prime Minister	—	21	255	—	548	125	840	792
Local Government	—	—	—	50	210	125	—	—
Defence	—	—	—	111	-50	—	-28	-15
Foreign and Commonwealth Office	—	—	—	5	5	5	5	5
Trade and Industry	-226	919	1,260	389	184	310	130	-405
Environment, Food and Rural Affairs	9	2	1	1	1	1	1	1
Culture, Media and Sport	709	741	468	377	308	1,050	1,050	188
Work and Pensions	—	29	22	75	77	87	95	89
Wales	—	—	—	—	7	10	—	—
Northern Ireland Executive	—	—	—	—	—	201	200	200
Chancellor's departments	—	—	—	—	—	—	—	—
Total Capital Departmental AME	493	1,716	2,009	1,012	1,297	1,920	2,773	868
Total Capital Budget	13,388	13,673	17,252	19,440	22,026	25,813	29,100	29,800

(1) Includes Welfare to Work expenditure financed from the Windfall Tax.

Table I.9 Cash Equivalent Resource Budgets, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Resource DEL⁽¹⁾								
Education and Skills	11,891	12,533	14,785	17,109	21,031	22,889	23,853	26,665
Health	38,216	39,874	43,307	48,213	53,822	60,885	65,949	71,724
<i>of which: NHS</i>	37,523	39,335	42,744	47,378	52,129	59,164	63,789	69,450
Transport	3,448	4,087	3,583	4,510	5,767	7,394	7,244	8,130
Office of the Deputy Prime Minister	2,465	2,707	2,834	2,638	3,871	4,634	4,619	4,902
Local Government	32,375	33,922	35,269	36,922	37,396	40,950	43,359	45,826
Home Office	6,863	7,148	8,508	9,897	10,632	11,557	11,772	12,550
Constitutional Affairs	2,615	2,044	2,623	2,723	3,157	3,340	3,294	3,378
Attorney General's departments	333	330	360	402	484	565	498	556
Defence	18,378	19,984	19,391	18,554	19,956	21,494	20,305	20,702
Foreign and Commonwealth Office	965	1,037	1,201	1,277	1,333	1,488	1,353	1,388
International Development	2,012	2,527	2,731	3,131	3,352	3,922	3,809	4,488
Trade and Industry	2,965	2,956	3,342	4,009	3,933	4,651	4,694	5,207
Environment, Food and Rural Affairs	1,703	1,998	1,995	2,940	2,121	2,655	2,767	2,880
Culture, Media and Sport	866	944	978	918	1,099	1,220	1,276	1,359
Work and Pensions	5,581	5,744	6,067	6,425	7,555	8,242	7,991	8,233
Scotland	12,345	12,854	13,637	14,811	16,122	18,356	19,090	20,346
Wales	6,209	6,717	7,164	7,962	8,770	9,648	10,041	10,780
Northern Ireland Executive	4,466	4,717	5,017	5,298	5,936	6,543	6,584	6,987
Northern Ireland Office	964	962	1,040	1,088	1,042	1,076	1,120	1,149
Chancellor's departments	3,155	3,364	3,565	3,831	3,965	4,470	4,506	4,810
Cabinet Office	985	1,213	1,127	1,267	1,389	1,511	1,571	1,581
Total cash Resource DEL⁽¹⁾	158,798	167,663	178,524	193,926	212,733	237,490	245,694	263,642
Resource departmental AME								
Education and Skills	893	868	784	920	898	295	356	484
Health	1,371	—	—	—	—	1	—	—
<i>of which: NHS</i>	—	—	—	—	—	1	—	—
Transport	—	92	—	7	-2	—	—	—
Office of the Deputy Prime Minister	487	468	445	351	239	1,789	1,578	1,412
Local Government	109	200	61	498	170	320	300	—
Home Office	-1	312	1	179	2,025	41	1	1
Constitutional Affairs	40	43	45	46	47	1	2	4
Defence	1,281	1,302	1,428	1,334	1,174	1,165	1,271	1,081
Foreign and Commonwealth Office	—	-1	—	—	-1	—	-1	-1
International Development	132	—	—	—	—	—	—	—
Trade and Industry	316	195	340	226	727	846	943	991
Environment, Food and Rural Affairs	2,317	2,163	2,280	3,512	1,884	1,423	1,809	1,819
Culture, Media and Sport	1,148	1,169	1,403	1,359	1,512	1,474	960	1,422
Work and Pensions	83,139	86,803	88,311	95,471	99,789	104,208	109,188	111,055
Scotland	587	570	587	812	673	871	786	688
Wales	108	94	88	76	110	280	252	248
Northern Ireland Executive	3,671	3,734	3,790	3,904	3,946	3,828	3,998	4,180
Northern Ireland Office	-88	-92	3	42	35	25	38	46
Chancellor's departments	7,435	9,533	12,517	14,071	15,049	19,507	21,087	25,297
Cabinet Office	493	548	597	623	661	802	698	28
Total cash Resource departmental AME	103,437	108,001	112,679	123,432	128,975	136,875	143,265	148,757
Total cash Resource budget⁽¹⁾	262,234	275,664	291,202	317,358	341,708	374,365	388,959	412,399

(1) The cash resource DEL and cash resource budget figures shown above exclude the allowance for shortfall in DEL in 2003–04, and exclude the unallocated special reserve in 2004–05, and for 2004–05 and 2005–06, also exclude the Reserve and Invest to Save Budget. These items are part of resource budgets, as shown in Table I.7, but are not specified as cash or non-cash at this planning stage.

Table I.10 Non-cash Resource Budgets, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Resource DEL⁽¹⁾								
Education and Skills	18	362	–51	104	183	34	40	43
Health	1,702	1,420	1,257	3,774	2,123	2,263	2,707	3,118
<i>of which: NHS</i>	1,702	1,420	1,256	3,772	2,112	2,248	2,694	3,105
Transport	–13	–60	–205	–66	442	577	207	240
Office of the Deputy Prime Minister	9	60	98	45	–1	39	93	146
Local Government	—	—	—	—	—	—	—	—
Home Office	563	298	324	387	481	320	409	430
Constitutional Affairs	71	266	182	268	184	–75	–19	148
Attorney General's departments	5	7	7	37	4	8	10	11
Defence	10,980	11,345	14,003	13,780	16,481	10,809	11,285	11,837
Foreign and Commonwealth Office	117	95	297	152	213	207	192	207
International Development	433	216	268	6	245	–70	–44	48
Trade and Industry	132	962	2,640	1,411	36	316	269	277
Environment, Food and Rural Affairs	128	247	723	–273	198	161	316	322
Culture, Media and Sport	95	94	108	131	137	172	179	183
Work and Pensions	11	53	48	53	–284	191	113	109
Scotland	360	365	440	542	438	541	526	543
Wales	202	226	196	269	340	314	346	370
Northern Ireland Executive	81	92	658	450	674	175	177	179
Northern Ireland Office	48	174	–66	–13	59	9	29	42
Chancellor's departments	127	176	202	193	390	274	277	289
Cabinet Office	38	161	178	251	239	284	315	308
Total non-cash Resource DEL⁽¹⁾	15,108	16,558	21,307	21,501	22,581	16,553	17,428	18,850
Resource departmental AME								
Education and Skills	5,202	5,406	5,617	5,865	6,171	6,466	6,794	7,136
Health	4,032	3,521	3,782	3,949	4,569	5,731	6,194	6,692
<i>of which: NHS</i>	—	—	—	—	—	–2	3	—
Transport	2,075	1,678	1,725	2,100	3,058	3,210	2,089	1,579
Office of the Deputy Prime Minister	6	4	4	3	2	1	1	1
Home Office	—	—	—	–6	–12	—	—	—
Constitutional Affairs	41	44	47	51	54	58	62	64
Defence	2,668	2,851	2,992	3,148	4,977	3,505	3,192	3,404
International Development	—	58	81	60	52	78	75	72
Trade and Industry	–11	582	539	923	2,410	1,275	–790	–534
Environment, Food and Rural Affairs	9	9	1,334	–1,034	–84	35	11	11
Culture, Media and Sport	—	—	—	—	1	–1	—	—
Work and Pensions	221	227	129	88	146	115	104	101
Scotland	1,407	1,162	1,206	1,395	1,545	1,339	1,411	1,487
Wales	—	—	—	234	256	274	233	233
Northern Ireland Executive	100	200	1,017	1,196	1,694	1,709	1,800	1,893
Chancellor's departments	26	106	106	105	107	101	681	–479
Cabinet Office	3,704	3,642	2,653	4,078	3,912	4,427	4,663	4,915
Total non-cash Resource departmental AME	19,480	19,491	21,233	22,153	28,857	28,323	26,520	26,575
Total non-cash Resource budget⁽¹⁾	34,588	36,050	42,540	43,654	51,438	44,875	43,948	45,425

(1) See footnote 1 to table I.9.

Table I.11 Invest to Save Budget, 1999–2000 to 2005–06⁽¹⁾

	£ million						
	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	estimated outturn	Plans	Plans
Education and Skills	2.1	0.1	0.4	2.8	4.4	0.4	0.2
Health	0.2	5.9	6.7	4.6	2.6	2.5	3.6
Transport	0.2	0.1	—	0.8	3.3	0.4	0.1
Office of Deputy Prime Minister	0.3	4.1	12.8	15.6	18.2	12.2	1.2
Local Government	—	0.1	0.3	0.2	0.6	0.8	—
Home Office	0.5	4.7	6.0	9.0	16.0	2.1	1.4
Constitutional Affairs	0.6	2.4	0.3	1.4	1.7	0.1	0.1
Attorney General's Departments	—	—	—	—	—	10.0	8.6
Defence	—	0.1	2.2	0.2	0.4	—	—
Foreign and Commonwealth Office	—	—	—	—	—	—	—
Trade and Industry	—	1.2	3.0	7.6	1.7	1.2	0.7
Environment, Food and Rural Affairs	—	—	—	1.1	1.0	1.0	1.1
Culture, Media and Sport	0.1	—	0.4	2.8	3.1	0.7	—
Work and Pensions	30.4	16.1	21.0	0.6	4.9	3.1	3.1
Scotland	—	0.5	0.3	0.4	5.1	2.2	1.8
Wales	0.4	1.7	8.4	6.2	2.2	0.4	0.3
Northern Ireland Executive	1.2	0.5	0.5	1.8	1.1	0.3	0.2
Northern Ireland Office	0.1	0.1	—	—	—	—	—
Chancellor's Departments	1.8	3.0	3.3	1.6	2.2	1.9	—
Cabinet Office	—	0.8	0.1	0.6	3.0	—	—
Unallocated	—	—	—	—	—	17.7	15.9
Total Invest to Save Budget	37.8	41.3	65.6	57.2	71.5	57.0	38.2

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

Table I.12 Accounting adjustments, 1998–99 to 2005–06

	£ billion							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Tax credits for individuals	1.9	1.8	1.0	0.8	0.9	0.1	—	—
Pensions	-15.5	-13.5	-13.5	-16.6	-19.8	-22.0	-22.4	-23.8
European Community contributions	-6.2	-5.5	-6.3	-6.1	-4.1	-4.4	-4.0	-3.9
Other central government programmes	1.5	1.6	1.9	2.2	2.2	2.1	1.7	2.0
VAT refunds	5.3	5.8	6.7	7.6	8.8	10.3	11.1	12.2
Central government capital consumption	4.2	4.4	4.4	4.4	4.5	4.6	4.9	5.2
Non-cash items not in TME	-11.2	-13.6	-18.4	-20.0	-19.6	-12.8	-10.8	-9.9
Expenditure financed by revenue receipts	0.1	0.1	0.2	0.2	0.5	0.4	0.5	0.4
Local authorities	3.8	3.9	4.0	4.3	4.6	3.3	4.8	5.1
General government consolidation	-5.2	-5.2	-5.2	-5.1	-6.2	-4.9	-5.5	-5.6
Public corporations	1.3	1.3	1.5	1.3	1.4	0.9	1.0	1.1
Financial transactions	0.4	-0.9	-1.3	-0.1	-0.5	-0.3	0.1	0.8
Data adjustment	-0.3	-0.1	-0.1	-0.1	—	-0.2	-0.3	-0.3
Balancing reconciliation to national accounts	-1.5	-2.0	1.6	2.2	1.7	—	—	—
Total accounting adjustments	-21.4	-22.0	-23.6	-25.0	-25.7	-23.0	-18.9	-16.7

The accounting adjustments are described in Appendix B.

Table I.13 Voted and non-voted expenditure in TME, 1998–99 to 2005–06

	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Voted expenditure in TME:								
DEL⁽¹⁾								
Central government excluding depreciation ⁽¹⁾ spending	93,866	100,220	108,974	117,207	120,133	132,002	133,777	145,237
Support for local authorities	42,467	42,575	46,178	49,259	52,499	58,081	61,221	65,254
Support for public corporations	1,523	1,876	1,333	1,330	1,627	960	951	1,007
Depreciation ⁽¹⁾	6,982	6,849	8,540	8,710	14,600	9,522	9,868	10,562
Departmental AME								
Central Government own spending	60,009	60,969	61,774	66,113	75,676	72,284	72,294	71,274
Support for local authorities	11,259	11,282	11,549	13,808	14,925	16,654	18,678	18,847
Support for public corporations	5	103	104	95	76	817	585	101
Other AME								
Central governments spending (EU receipts)	-3,815	-3,639	-3,552	-3,510	-3,784	-4,226	-4,146	-4,129
Total voted expenditure in TME	212,295	220,236	234,900	253,012	275,751	286,094	293,229	308,151
Non-voted expenditure in TME:								
DEL⁽¹⁾								
Central government own spending, excluding depreciation ⁽¹⁾⁽²⁾	31,148	33,134	37,155	43,763	51,008	56,356	61,720	67,860
Support for local authorities	10,110	10,479	11,720	12,153	14,739	16,253	17,519	18,072
Public corporations	297	517	477	620	568	1,603	2,335	1,100
Depreciation ⁽¹⁾	408	529	697	814	871	975	1,110	1,164
DEL not allocated by spending sector	—	—	—	—	—	-2,563	1,800	2,600
AME								
Central government own spending ⁽²⁾	51,803	56,573	62,220	66,174	67,931	76,150	79,391	85,611
Support for local authorities	342	331	341	449	555	1,233	1,291	399
Public corporations	-8	-50	-68	-42	-34	-20	318	-33
Other AME and AME margin								
Central Government debt interest, AME margin, locally financed expenditure, non-voted net payments to EU, and accounting and other adjustments	26,294	21,884	19,614	13,605	7,528	22,916	28,917	35,451
Total non-voted expenditure in TME	120,394	123,396	132,156	137,535	143,165	172,903	194,400	212,200
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916	458,997	487,600	520,400
Memorandum:								
Voted expenditure not in TME (included within "Non-Budget" in Estimates):								
Grants to NDPBs to finance their expenditure	11,659	13,545	15,644	20,911	25,195	30,728	31,295	32,454
Grants to devolved administrations to finance their expenditure	1,620	21,967	26,999	31,369	35,404	37,976	40,196	—
Other non-public expenditure	-883	1,092	2,766	1,165	2,012	2,229	-2,892	-2,960
Total voted expenditure not in TME	12,397	36,604	45,409	53,446	62,610	70,933	68,599	29,494
Total voted expenditure	224,692	256,840	280,309	306,457	338,362	357,027	361,828	337,645

(1) Total DEL is normally shown excluding depreciation.

(2) Central government non-voted own spending includes spending by the devolved administrations and Non-Departmental Public Bodies.

Table I.14 Total Managed Expenditure by spending sector, 1998–99 to 2005–06

	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
£ million								
Central government own expenditure:								
DEL ⁽¹⁾⁽²⁾	125,014	133,355	146,129	160,970	171,146	188,358	195,496	213,097
Departmental AME	111,811	117,542	123,995	132,287	143,608	148,434	151,686	156,885
Locally financed support in								
Northern Ireland	97	111	129	156	169	145	154	168
Net payments to EC institutions	3,590	2,807	3,734	842	2,274	2,427	2,703	3,687
Central government debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Accounting and other adjustments ⁽¹⁾	-22,886	-25,962	-29,369	-29,889	-30,522	-27,361	-21,000	-19,600
Total central government own expenditure	246,386	252,780	270,564	286,413	307,514	334,207	352,900	379,700
Local authority expenditure:								
Central government support in DEL ⁽²⁾	52,576	53,054	57,898	61,412	67,238	74,334	78,740	83,326
Central Government support in departmental AME	11,601	11,614	11,890	14,257	15,480	17,886	19,969	19,247
Locally financed support in								
Scotland	1,395	1,441	1,511	1,554	1,718	1,804	1,874	2,009
Local authority self-financed expenditure	15,952	16,931	16,629	18,434	17,933	20,609	22,306	23,952
Accounting and other adjustments ⁽¹⁾	195	3,506	3,318	3,200	4,665	4,891	5,200	7,400
Total local authority expenditure	81,720	86,545	91,246	98,857	107,034	119,525	128,100	135,900
Public corporation expenditure:								
DEL ⁽²⁾	1,820	2,392	1,810	1,950	2,189	2,563	3,287	2,107
Departmental AME	-3	53	36	53	41	797	902	68
Public Corporations' own-financed capital expenditure	1,437	1,392	971	1,540	1,970	2,471	2,645	2,474
Accounting and other adjustments ⁽¹⁾	1,328	470	2,429	1,735	168	-566	-300	200
Total public corporation expenditure	4,583	4,307	5,246	5,277	4,368	5,265	6,600	4,800
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916	458,997	487,600	520,400

(1) Full resource budgeting basis, net of depreciation.

(2) The sectoral DEL figures shown above exclude the 300 million unallocated Special Reserve in 2004–05 (see footnote 4 to table I.2), and, for 2004–05 and 2005–06, also exclude the DEL reserve and unallocated amounts for the Invest to Save Budget. AME figures for 2004–05 and 2005–06 exclude the AME margin. Amounts for each of these items are shown in Tables I.1 and I.2. These items are included within the accounting and other adjustments figures in Table I.14 above, reflecting notional forecast allocations. The accounting and other adjustments in this table differ from those shown in Tables I.1 and I.12, by these amounts.

Table I.15 Total Managed Expenditure, 1998–99 to 2002–03 (RAB stage I basis)

	National Statistics				
	1998–99	1999–00	2000–01	2001–02	2002–03
	outturn	outturn	outturn	outturn	outturn
£ million					
Departmental Expenditure Limits					
Resource DEL	154,177	160,561	173,352	188,239	204,824
Capital DEL	17,138	18,456	19,921	24,064	27,970
Total Departmental Expenditure Limits	171,315	179,017	193,274	212,303	232,794
Annually Managed Expenditure					
<i>Departmental AME</i>					
Social security benefits	95,045	99,874	101,853	109,300	114,089
Common Agricultural Policy	2,990	2,749	2,903	3,622	2,620
Export Credits Guarantee Department	–154	925	1,315	349	98
Self-financing Public Corporations	709	1,387	1,374	912	842
Net public service pensions	4,810	5,006	4,783	4,876	3,872
National Lottery	1,831	1,908	1,855	1,710	1,810
Other programme spending	458	1,420	2,243	4,503	2,779
Non-cash items:					
Depreciation	7,347	7,329	9,189	9,435	15,837
Cost of capital charges	9,529	9,920	11,039	10,911	8,988
Provisions and other charges	969	2,771	5,051	3,890	6,558
Total departmental AME	123,534	133,290	141,607	149,507	157,493
<i>Other AME</i>					
Net payments to EC institutions ⁽¹⁾	3,590	2,807	3,734	842	2,274
Locally financed expenditure	17,444	18,483	18,269	20,144	19,820
Central Government gross debt interest	28,760	24,927	25,945	22,047	20,839
Total Other AME	49,794	46,216	47,949	43,034	42,933
Accounting adjustments	–11,954	–14,891	–15,773	–14,297	–14,304
AME Margin					
Total Annually Managed Expenditure	161,374	164,615	173,782	178,244	186,122
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916
of which:					
Current expenditure	313,937	326,608	348,850	367,394	394,791
Net investment	6,410	4,148	4,994	9,370	9,767
Depreciation	12,342	12,876	13,212	13,783	14,358

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

Table I.16 Departmental Expenditure Limits, 1998–99 to 2002–03 (RAB stage I basis)

	£ million				
	National Statistics				
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn
Resource DEL					
Education and Skills	11,698	12,303	14,430	16,708	20,516
Health	38,216	39,832	43,249	48,125	53,628
of which: NHS	37,523	39,293	42,686	47,289	51,935
Transport	2,593	2,705	2,832	2,686	3,165
Office of the Deputy Prime Minister	646	607	702	1,279	1,693
Local Government	32,375	33,922	35,270	36,922	37,396
Home Office	6,809	7,058	8,416	9,684	10,341
Constitutional Affairs	2,655	2,059	2,654	2,740	3,143
Attorney General's departments	333	331	361	403	485
Defence	17,729	18,152	19,239	18,521	19,958
Foreign and Commonwealth Office	953	1,025	1,178	1,263	1,338
International Development	2,012	2,528	2,732	3,131	3,410
Trade and Industry	2,746	2,855	3,039	3,573	3,548
Environment, Food and Rural Affairs	1,612	1,868	1,877	2,777	2,048
Culture, Media and Sport	834	908	944	884	1,089
Work and Pensions	5,338	5,279	5,472	6,431	7,146
Scotland	12,177	12,564	13,309	14,558	15,694
Wales	6,028	6,296	6,798	7,498	8,455
Northern Ireland Executive	4,046	4,282	4,542	4,876	5,378
Northern Ireland Office	964	962	1,039	1,086	1,038
Chancellor's departments	3,160	3,319	3,513	3,821	3,962
Cabinet Office	985	1,215	1,122	1,273	1,393
Welfare to Work ⁽¹⁾	269	492	634	—	—
Invest to Save Budget	—	—	—	—	—
Reserve	—	—	—	—	—
Unallocated Special Reserve	—	—	—	—	—
Allowance for Shortfall	—	—	—	—	—
Total Resource DEL	154,177	160,561	173,352	188,239	204,824
Capital DEL					
Education and Skills	901	1,106	1,592	2,645	3,420
Health	746	957	1,300	1,826	2,180
of which: NHS	700	908	1,246	1,732	2,107
Transport	1,990	2,488	2,152	4,319	5,723
Office of the Deputy Prime Minister	3,160	3,127	3,791	2,639	3,198
Local Government	360	272	56	85	202
Home Office	473	458	481	802	948
Constitutional Affairs	96	57	64	112	109
Attorney General's departments	5	4	14	23	8
Defence	5,989	5,976	5,740	5,918	6,185
Foreign and Commonwealth Office	101	102	130	77	108
International Development	-22	25	-16	24	17
Trade and Industry	247	191	345	627	766
Environment, Food and Rural Affairs	284	343	344	448	442
Culture, Media and Sport	135	94	72	71	55
Work and Pensions	-286	68	68	178	308
Scotland	978	1,371	1,544	2,158	2,126
Wales	783	632	774	933	995
Northern Ireland Executive	591	564	652	706	654
Northern Ireland Office	23	26	36	44	59
Chancellor's departments	108	156	-146	215	265
Cabinet Office	231	203	210	213	204
Welfare to Work ⁽¹⁾	244	237	715	—	—
Invest to Save Budget	—	—	—	—	—
Reserve	—	—	—	—	—
Total Capital DEL	17,138	18,456	19,921	24,064	27,970
Total DEL	171,315	179,017	193,274	212,303	232,794

(1) Spending financed by Windfall Tax

2

DIFFERENCES FROM PREVIOUS PLANS

2.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 5901), which were consistent with Budget 2003. The comparisons are presented in two different ways (Stage 1 resource budgeting and Stage 2 resource budgeting) depending on the budgeting regime applicable to the year. The tables in this chapter do not fall within the scope of National Statistics.

Types of changes

2.2 The comparisons distinguish between:

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

The tables

2.3 Data in the tables taken from last year's PESA are adjusted for the effects of the machinery of Government (MOG) changes last summer. The main one was the creation of the Department for Constitutional Affairs (DCA). DCA was formed from the Lord Chancellor's Department and took on functions from the Wales and Scotland Offices.

2.4 Tables 2.1, 2.2 and 2.3 are for 2002-03, and compare the latest outturns with the estimated outturns in last year's PESA, and with the provisional outturns published in July 2003 in the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision as at the end of the year (PEOWP). All numbers are presented on an SR2000 (RAB Stage 1) budgeting basis, which was the basis for spending control in that year.

2.5 Under RAB Stage 1, DEL contained mostly near-cash items measured on an accruals basis. Non-cash items, such as depreciation, cost of capital charges, and take-up and release of provisions were in AME. There were also differences in the treatment of public corporations. PESA 2002 contains a full description of RAB stage 1. The present – RAB Stage 2 – budgeting system is described in Appendix E of this year's PESA.

2.6 Tables 2.4, 2.5 and 2.6 are for 2003-04, and compare the current “estimated outturns” (forecasts) with the plans in last year's PESA. The DEL tables also show final provision following updates provided by departments as part of the Spring Supplementary Estimates. All numbers are presented on an SR2002 (RAB Stage 2) budgeting basis, which was the basis for spending control in 2003-04.

2.7 Tables 2.7, 2.8 and 2.9 are for 2004-5 and 2005-6, and compare the current plans (consistent with the Budget and as presented elsewhere in PESA) with the plans in last year's PESA. All numbers are presented on the current budgeting regime (RAB Stage 2).

Main classification and transfer changes affecting plans

2.8 Last year PESA showed the effect on departmental budgets of the switch between Stage 1 and full resource (Stage 2) budgeting. Stage 2 budgeting was introduced in

Departments from the 1st April 2003 as part of the SR2002 settlement. Since that time the budgeting regime has essentially remained the same as introduced in the SR2002 document. Therefore the tables presented in Chapter 2 of PESA 2004 are not affected by major changes to the budgeting regime that are common to all departments.

2.9 In 2003 the rate used for cost of capital charges and the discount rate applied to provisions were changed from 6% to 3.5%. This year the rates used have remained the same (3.5%). Some departments implemented the change from 6% to 3.5% this year. For these departments this change is included in the transfer and classification changes for that department.

2.10 With effect from 1 April 2003 the adoption of the accounting standard FRS17 requires pension schemes preparing separate scheme statements under Chapter 15 of the Resource Accounting Manual to reflect the accruing pension costs of scheme members. This change was shown in last year's PESA. In 2003-04 in departmental budgets central government bodies other than those detailed above who also run pension schemes, either unfunded schemes or funded schemes, have moved to scoring their pensions on an FRS17 basis in their budgets.

2.11 The net public service pensions line now shows for the vast majority of central government schemes:

- the annual increase in the liability arising from current and past service costs
- employee contributions and purchase of added years
- the receipts of employer contributions, and
- any group and individual transfers into the scheme.

2.12 The presentation of certain support for local authority housing has changed in 2003-04. Last year there was a separate line for Housing Revenue Account subsidies. This year, central government support for monies paid to individuals in receipt of housing benefit and rent rebates is part of the social security line in AME. That follows a change of responsibility to the Department for Work and Pensions. The remainder of the old Housing Revenue Account subsidies line, covering Housing Subsidy, has moved to the Other programme spending in AME line.

Policy and estimating changes

2.13 Tables 2.4, 2.5 and 2.6 show changes to plans for 2003-4 financed by allocations from the Reserve, draw down of End Year Flexibility (EYF) and changes to forecasts.

2.14 The Department for Education and Skills' resource DEL increased by £0.6bn in 2003-04, this was financed from draw down of EYF from previous year's underspends. The Department of Health's Resource DEL provision in 2003-04 increased by £0.8bn. Of this sum, £0.7bn was funded by the department's draw down of EYF, the remainder was a switch from capital DEL into resource DEL for capital grants.

2.15 The Department for Transport increased resource DEL by £0.8bn. Of this amount, £0.7bn represented a claim on the Reserve for various transport related pressures including the London Underground, planning blight compensation payments and higher than expected depreciation costs. The remainder of the increase was from EYF.

2.16 Defence resource DEL was increased by £1.5bn in 2003-04. Of this number, £1.1bn was an agreed claim on the Reserve for activities in Iraq. The remainder was from EYF.

2.17 Claims on the Reserve total £4billion across all departments. These include an additional £0.3bn for activities in Iraq and peacekeeping drawn down by the Department for International Development and the Foreign and Commonwealth Office. The draw down of EYF accounts for other increases in total Departmental Expenditure Limits.

2.18 Changes to expenditure items in Annually Managed Expenditure are due to changes in forecasts in the Pre Budget Report 2003 (CM6042) and the Budget 2004 (HC301).

2.19 Increases to tax credits are due to higher spending through the Child Tax Credit (CTC) and the Working Tax Credit (WTC). Budget 2004 revised forecasts due to re-profiling of payment schedules for the Child and Working Tax Credits. Changes to forecasts of social security expenditure are due to a combination of factors, including benefit uprating and increases in the Supporting People Programme. Budget 2004 revised forecasts due to changes in population projections and increased uptake of benefits by pensioners and the disabled.

2.20 Policy and estimating changes for 2004-05 and 2005-06 are shown in tables 2.7, 2.8 and 2.9; the main changes are as follows:

- Switches in responsibility for certain services that are delivered by local authorities. Grants for certain police activities and education services are now the responsibility of the Home Office and the Department for Education and Skills respectively.
- Reduction in Department of Health capital DEL of £350m in respect of Foundation Trusts. The capital expenditure of Foundation Trusts is now in AME. Overall Department for Health capital budgets are unchanged therefore: this amount is still accounted for in Department of Health budgets but as Annually Managed Expenditure.
- Some other switches from capital DEL into resource DEL for Department of Health and Office of the Deputy Prime Minister in respect of capital grants. Capital Grants to the private sector score in resource DEL. For more information on the budgeting framework please refer to Appendix E.
- £100 payments to the over 70s account for £0.5bn increase in AME for 2004-05.
- Increases to social security and tax credits are due to additions to the Supporting People programme and Child Tax Credits, as well as revised forecasts of uptake, population and unemployment claimant count announced as part of PBR 2003 and Budget 2004.

Table 2.1 Resource DEL 2002–03, stage I RAB basis; changes since PESA May 2003 and PEOWP July 2003

£ million

	Final provision adjusted for MOG	Estimated outturn in PESA 2003 adjusted for MOG	Provisional outturn in PEOWP 2003 adjusted for MOG	Transfers and classification changes since PEOWP 2003	Other changes since PEOWP 2003	Outturn
Education and Skills	21,287	20,585	20,429	—	87	20,516
Health	54,003	54,003	53,627	—	2	53,628
Transport	3,189	3,114	3,144	1	20	3,165
Office of the Deputy Prime Minister	1,916	1,745	1,721	6	-34	1,693
Local Government	37,429	37,407	37,396	—	—	37,396
Home Office	10,396	10,394	10,392	8	-58	10,341
Constitutional Affairs	3,126	3,042	3,023	—	120	3,143
Attorney General's Departments	505	486	487	—	-2	485
Defence	20,177	20,161	20,249	—	-291	19,958
Foreign and Commonwealth Office	1,401	1,399	1,339	—	-1	1,338
International Development	3,441	3,390	3,367	—	43	3,410
Trade and Industry	3,919	3,798	3,578	—	-31	3,548
Environment Food and Rural Affairs	1,956	2,259	2,169	-95	-26	2,048
Culture Media and Sport	1,166	1,161	1,055	-1	35	1,089
Work and Pensions	7,612	7,411	7,231	—	-85	7,146
Scotland	16,199	16,135	15,692	2	—	15,694
Wales	8,538	8,520	8,499	—	-44	8,456
Northern Ireland Executive	5,640	5,670	5,375	—	2	5,378
Northern Ireland Office	1,178	1,103	1,049	35	-46	1,038
Chancellor's Departments	4,222	4,188	3,968	—	-6	3,962
Cabinet Office	1,443	1,408	1,360	7	25	1,393
Unallocated Special Reserve	—	2,000	—	—	—	—
Allowance for Shortfall	—	-3,100	—	—	—	—
Total	208,744	206,279	205,149	-37	-288	204,824

Table 2.2 Capital DEL 2002–03, stage I RAB basis; changes since PESA May 2003 and PEOWP July 2003

£ million

	Final provision adjusted for MOG	Estimated outturn in PESA 2003 adjusted for MOG	Provisional outturn in PEOWP 2003 adjusted for MOG	Transfers and classification changes since PEOWP 2003	Other changes since PEOWP 2003	Outturn
Education and Skills	3,521	3,215	3,410	—	10	3,420
Health	2,385	2,162	2,179	—	1	2,180
Transport	5,681	5,611	5,676	—	46	5,723
Office of the Deputy Prime Minister	3,518	3,158	3,157	—	40	3,198
Local Government	270	231	202	—	—	202
Home Office	1,102	1,065	1,036	—	-88	948
Constitutional Affairs	134	140	109	—	—	109
Attorney General's Departments	17	11	8	—	-1	8
Defence	6,360	6,340	6,211	—	-25	6,185
Foreign and Commonwealth Office	68	98	88	—	20	108
International Development	13	13	-14	—	31	17
Trade and Industry	1,087	992	740	—	27	766
Environment Food and Rural Affairs	580	637	504	100	-162	442
Culture Media and Sport	163	94	115	1	-61	55
Work and Pensions	295	207	232	—	77	308
Scotland	2,401	1,981	2,139	-13	—	2,126
Wales	1,050	1,064	958	—	37	995
Northern Ireland Executive	829	549	662	—	-8	654
Northern Ireland Office	69	61	60	—	-2	59
Chancellor's Departments	404	399	358	—	-93	265
Cabinet Office	254	236	221	—	-17	204
Allowance for shortfall	—	-900	—	—	—	—
Total	30,201	27,364	28,050	88	-167	27,970

Table 2.3 Total Managed Expenditure 2002–03, stage I RAB basis; changes since PESA May 2003

	£ million				
	Estimated outturn in PESA 2003	Provisional outturn in 2003	Transfers and classification changes since PEOWP 2003	Other changes since PEOWP 2003	Outturn
Resource DEL	206,279	205,149	-37	-288	204,824
Capital DEL	27,364	28,050	88	-167	27,970
Total DEL	233,643	233,199	51	-455	232,794
Annually Managed Expenditure					
<i>Departmental AME</i>					
Social Security Benefits	109,775	109,635	3,961	493	114,089
Housing Revenue Account Subsidies	4,270	4,288	-4,288	—	—
Common Agricultural Policy	2,598	2,504	-95	211	2,620
Exports Credits Guarantee Department	763	289	—	-191	98
Self-financed Public Corporations	1,173	1,139	—	-298	842
Net Public Service Pensions	5,774	4,946	-1,394	319	3,872
National Lottery	1,930	1,930	—	-120	1,810
Other programme expenditure	919	1,755	-731	1,756	2,779
Non-cash items	35,955	32,669	363	-1,648	31,384
Total Departmental AME	163,157	159,156	-2,184	521	157,493
<i>Other AME</i>					
Net Payments to EC Institutions	2,288	2,289	—	-15	2,274
Locally Financed Expenditure	20,714	20,810	26	-1,016	19,820
Central Government Debt Interest	20,845	20,895	-6	-50	20,839
Total Other AME	43,847	43,994	20	-1,081	42,933
Accounting and other adjustments	-19,622	-16,439	2,113	22	-14,304
Total Annually Managed Expenditure	187,382	186,710	-51	-538	186,122
Total Managed Expenditure	421,025	419,909	—	-993	418,916

Table 2.4 Resource DEL 2003–04; stage 2 RAB basis; changes since PESA 2003

£ million

	Plans in PESA 2003 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education and Skills	22,750	39	577	23,366	22,923
Health	62,372	12	776	63,160	63,148
Transport	7,347	-2	779	8,124	7,972
Office of the Deputy Prime Minister	4,757	-53	133	4,837	4,673
Local Government	41,007	6	15	41,028	40,951
Home Office	11,704	-177	441	11,969	11,878
Constitutional Affairs	3,034	59	174	3,266	3,265
Attorney General's departments	472	81	20	573	573
Defence	30,752	-6	1,485	32,231	32,304
Foreign and Commonwealth Office	1,652	-9	52	1,695	1,695
International Development	3,639	4	293	3,936	3,853
Trade and Industry	4,673	58	368	5,099	4,967
Environment, Food and Rural Affairs	2,725	-7	147	2,865	2,816
Culture, Media and Sport	1,401	-52	63	1,411	1,392
Work and Pensions	8,009	23	565	8,597	8,434
Scotland	18,387	201	473	19,062	18,896
Wales	9,774	3	184	9,962	9,962
Northern Ireland Executive	6,446	-61	334	6,718	6,718
Northern Ireland Office	1,071	28	44	1,143	1,085
Chancellor's departments	4,580	5	200	4,785	4,744
Cabinet Office	1,825	7	61	1,893	1,795
Invest to save budget	40	—	-40	—	—
DEL Reserve	635	—	-635	—	—
Unallocated Special Reserve	—	—	—	—	—
Allowance for Shortfall	—	—	-2,184	-2,184	-2,184
Total	249,052	160	4,325	253,537	251,859

Table 2.5 Capital DEL 2003–04; stage 2 RAB basis; changes since PESA 2003

£ million

	Plans in PESA 2003 adjusted for MOG	Other transfers and classification changes	Reserve allocation and other policy changes	Final provision	Estimated outturn
Education and Skills	3,323	12	120	3,455	3,357
Health	2,976	-13	-139	2,824	2,724
Transport	3,304	6	7	3,316	3,317
Office of the Deputy Prime Minister	1,843	-2	467	2,308	2,249
Local Government	324	-6	15	334	233
Home Office	1,096	-40	28	1,085	967
Constitutional Affairs	104	32	44	180	177
Attorney General's departments	15	—	1	16	15
Defence	6,128	6	282	6,415	6,415
Foreign and Commonwealth Office	57	4	10	71	71
International Development	11	—	28	39	39
Trade and Industry	503	38	100	641	602
Environment, Food and Rural Affairs	346	—	27	373	330
Culture, Media and Sport	88	17	141	246	194
Work and Pensions	34	—	143	177	174
Scotland	1,957	-217	—	1,740	1,253
Wales	830	—	—	830	731
Northern Ireland Executive	423	—	51	474	474
Northern Ireland Office	64	—	8	72	69
Chancellor's departments	272	—	43	315	276
Cabinet Office	619	1	16	636	605
Invest to Save Budget	10	—	-10	—	—
DEL Reserve	807	—	-807	—	—
Capital Modernisation Fund	—	—	—	—	—
General allowance for shortfall	—	—	-379	-379	-379
Total	25,134	-161	195	25,168	23,893

Table 2.6 Total Managed Expenditure 2003–04, stage 2 RAB basis; changes since PESA 2003

	£ million			
	Plans in PESA 2003	Transfers and classification changes	Other changes	Estimated outturn
Departmental Expenditure Limits				
Resource DEL	249,052	160	2,647	251,859
Capital DEL	25,134	-161	-1,079	23,893
Less depreciation	10,349	-46	194	10,497
Total DEL	263,837	44	1,374	265,255
Annually Managed Expenditure				
<i>Departmental AME</i>				
Social Security Benefits	114,659	3,942	2,137	120,738
Tax Credits	8,205	—	1,593	9,798
Housing Revenue Account Subsidies	4,279	-4,279	—	—
Common Agricultural Policy	2,336	-1	171	2,506
Net Public Service Pensions	471	-305	1,423	1,589
National Lottery	2,200	—	-200	2,000
Non-cash items	24,561	548	3,110	28,218
Other programme expenditure	2,266	329	-326	2,269
Total Departmental AME	158,978	233	7,907	167,118
<i>Other AME</i>				
Net Payments to EC Institutions	2,307	—	120	2,427
Locally Financed Expenditure	22,959	—	-400	22,558
Central Government Debt Interest	21,833	—	371	22,204
Public Corporations own financed capital expenditure	2,579	—	-108	2,471
Total Other AME	49,678	—	-17	49,661
Total AME before Accounting Adjustments	208,656	233	7,890	216,779
AME margin	1,000	—	-1,000	—
Accounting adjustments	-17,833	-277	-4,926	-23,036
Total Annually Managed Expenditure	191,823	-44	1,965	193,742
Total Managed Expenditure	455,659	—	3,338	458,997

Table 2.7 Resource DEL 2004-05 and 2005-06, stage 2 basis; changes since PESA 2003

	2004-05			2005-06			New plans	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes	New Plans	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes	New plans
	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes									
Education and Skills	23,910	-5	-11	23,894	846	-72	26,708	25,934	846	-72	26,708	25,934	846	-72	26,708
Health	68,527	17	112	68,656	2	158	74,842	74,682	2	158	74,842	74,682	2	158	74,842
Transport	7,463	-11	—	7,451	-9	18	8,370	8,361	-9	18	8,370	8,361	-9	18	8,370
Office of the Deputy Prime Minister	5,119	-93	-314	4,712	8	-326	5,048	5,366	8	-326	5,048	5,366	8	-326	5,048
Local Government	44,068	-556	-153	43,359	-1,654	-510	45,826	47,990	-1,654	-510	45,826	47,990	-1,654	-510	45,826
Home Office	11,623	389	170	12,181	391	194	12,980	12,396	391	194	12,980	12,396	391	194	12,980
Constitutional Affairs	3,320	22	-67	3,275	126	-2	3,526	3,402	126	-2	3,526	3,402	126	-2	3,526
Attorney General's departments	520	-28	15	508	—	27	568	540	—	27	568	540	—	27	568
Defence	31,462	128	1	31,590	160	101	32,539	32,278	160	101	32,539	32,278	160	101	32,539
Foreign and Commonwealth Office	1,542	-35	38	1,545	1	-15	1,594	1,609	1	-15	1,594	1,609	1	-15	1,594
International Development	3,752	13	—	3,765	31	3	4,536	4,502	31	3	4,536	4,502	31	3	4,536
Trade and Industry	4,992	-28	-1	4,964	-20	41	5,484	5,463	-20	41	5,484	5,463	-20	41	5,484
Environment, Food and Rural Affairs	2,708	266	108	3,082	315	130	3,203	2,758	315	130	3,203	2,758	315	130	3,203
Culture, Media and Sport	1,473	-18	—	1,455	-18	15	1,542	1,545	-18	15	1,542	1,545	-18	15	1,542
Work and Pensions	8,085	26	-7	8,104	23	124	8,341	8,194	23	124	8,341	8,194	23	124	8,341
Scotland	19,361	181	74	19,616	175	70	20,888	20,644	175	70	20,888	20,644	175	70	20,888
Wales	10,369	-8	26	10,387	-5	16	11,150	11,138	-5	16	11,150	11,138	-5	16	11,150
Northern Ireland Executive	6,736	-55	80	6,761	-57	76	7,167	7,148	-57	76	7,167	7,148	-57	76	7,167
Northern Ireland Office	1,113	37	—	1,149	46	1	1,191	1,145	46	1	1,191	1,145	46	1	1,191
Chancellor's departments	4,704	33	46	4,783	6	205	5,099	4,889	6	205	5,099	4,889	6	205	5,099
Cabinet Office	1,848	—	37	1,886	—	26	1,889	1,864	—	26	1,889	1,864	—	26	1,889
Invest to Save Budget	32	—	-19	13	—	-15	9	24	—	-15	9	24	—	-15	9
DEL Reserve	1,100	—	-300	800	—	-100	1,500	1,600	—	-100	1,500	1,600	—	-100	1,500
Total	263,800	274	-200	263,900	368	100	284,000	283,400	368	100	284,000	283,400	368	100	284,000

£ million

Table 2.8 Capital DEL 2004-05 and 2005-06, stage 2 basis; changes since PESA 2003

	2004-05			2005-06			New plans	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes	New plans
	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	Reserve allocation and other policy changes					
Education and Skills	3,779	—	23	3,801	—	104	4,341	—	104	4,445	
Health	3,465	—	-439	3,026	—	-125	4,444	—	-125	4,319	
Transport	3,651	2	—	3,653	2	—	3,299	2	—	3,301	
Office of the Deputy Prime Minister	2,011	3	316	2,330	3	330	2,095	3	330	2,428	
Local Government	324	—	1	325	—	—	349	—	—	349	
Home Office	1,076	—	-72	1,004	—	2	1,069	—	2	1,071	
Constitutional Affairs	103	—	—	103	—	—	119	—	—	119	
Attorney General's departments	14	—	1	15	—	—	15	—	—	15	
Defence	6,405	-78	—	6,327	-161	—	7,041	-161	—	6,880	
Foreign and Commonwealth Office	71	—	—	71	—	—	84	—	—	84	
International Development	18	—	—	18	—	—	14	—	—	14	
Trade and Industry	168	-7	—	161	-7	-25	105	-7	-25	73	
Environment, Food and Rural Affairs	334	—	—	334	—	—	344	—	—	344	
Culture, Media and Sport	61	21	—	82	21	—	75	21	—	97	
Work and Pensions	233	—	7	240	—	—	95	—	—	95	
Scotland	2,155	-195	—	1,960	-195	—	2,295	-195	—	2,099	
Wales	918	—	—	918	—	—	998	—	—	998	
Northern Ireland Executive	483	—	-109	374	—	-119	523	—	-119	404	
Northern Ireland Office	57	—	—	57	—	—	72	—	—	72	
Chancellor's departments	317	—	25	342	—	1	308	—	1	309	
Cabinet Office	238	—	2	240	—	1	247	—	1	248	
Invest to Save Budget	8	—	-3	5	—	—	6	—	—	7	
DEL Reserve	900	—	100	1,000	—	—	1,100	—	—	1,100	
Total	26,900	-254	-200	26,300	-337	200	29,100	-337	200	28,900	

£ million

Table 2.9 Total Managed Expenditure 2004-05 and 2005-06, stage 2 basis; changes since PESA 2003

	2004-05			2005-06			£ million
	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	New Plans	Plans in PESA 2003 adjusted for MOG	Other transfer and classification changes	New plans	
Departmental Expenditure Limits							
Resource DEL	263,800	274	263,900	283,400	368	100	284,000
Capital DEL	26,800	-254	26,300	29,100	-337	200	28,900
Less depreciation	11,100	-86	11,000	11,800	-60	—	11,800
Total DEL	279,500	106	279,300	300,700	91	300	301,100
Annually Managed Expenditure							
<i>Departmental AME</i>							
Social Security Benefits	117,650	3,317	126,029	122,059	3,332	2,417	127,809
Tax Credits	11,230	—	11,183	12,520	—	1,738	14,258
Housing Revenue Account Subsidies	4,019	-4,019	—	4,064	-4,064	—	—
Common Agricultural Policy	2,342	-1	2,535	2,318	-1	206	2,523
Net Public Service Pensions	305	-307	977	195	-421	460	234
National Lottery	1,900	—	2,000	1,500	—	100	1,600
Non-cash items	25,271	350	26,427	26,029	296	159	26,485
Other programme expenditure	1,868	1,042	3,408	2,019	1,218	56	3,292
Total Departmental AME	164,585	382	172,557	170,703	359	5,137	176,200
<i>Other AME</i>							
Net Payments to EC Institutions	3,042	—	2,703	3,367	—	320	3,687
Locally Financed Expenditure	24,642	—	24,334	26,148	—	-20	26,128
Central Government Debt Interest	23,214	—	23,928	24,277	—	1,165	25,442
Public Corporations own financed capital expenditure	2,687	—	2,645	2,714	—	-240	2,474
Total Other AME	53,585	—	53,610	56,506	—	1,225	57,731
Total AME before Accounting Adjustments	218,170	382	226,167	227,210	359	6,362	233,931
AME margin	2,000	—	1,000	3,000	—	-1,000	2,000
Accounting adjustments	-14,997	-488	-18,860	-14,400	-450	-1,834	-16,684
Annually Managed Expenditure	205,173	-106	208,307	215,810	-91	3,528	219,247
Total Managed Expenditure	484,700	—	487,600	516,500	—	3,900	520,400

3.1 The analyses in this chapter give a picture of changes in government expenditure over recent years. The analyses are generally based on national accounts concepts or functional analyses. They are therefore not affected by changes in the allocation of responsibilities between government departments or between central and local government. Nor are they affected by changes in the budgeting regime.

3.2 Data in this chapter are a mix of cash and accruals. All outturn data up until 1997–1998 are on a cash basis. Outturn for 1998–99 to 2002–03 are on an accruals basis, as are estimated outturn data for 2003–04 and plans data, where shown, for 2004–05 and 2005–06. All outturn data (to 2002–03) in the tables in this chapter are National Statistics.

Public expenditure aggregates

3.3 Table 3.1 shows trends in public expenditure over the years 1965–66 to 2005–06 in nominal and in real terms and as a percentage of gross domestic product (GDP). The table shows three spending aggregates in this detail: public sector current expenditure, public sector net investment and Total Managed Expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in nominal terms only. Data for all these aggregates for the years up to 2002–03 are taken from the national accounts compiled by the Office for National Statistics (ONS). Public sector current expenditure plus public sector net investment plus public sector depreciation is equal to TME – which is a measure of total public sector spending drawn from national accounts. Figures for 2003–04 are estimated outturn and for 2004–05 onwards are projections produced by the Treasury.

Total Expenditure on Services by function

3.4 Tables 3.2 to 3.6 analyse spending by function. The functional categories are based on the UN Classification of the Functions of Government (COFOG), the international standard. This presentation differs from that of PESA 2003; the change in methodology was pre-announced on the Treasury public website in a detailed technical note at the following address: http://www.hm-treasury.gov.uk/media//B83D5/natstat_techpesa04.pdf.

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

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

3.7 However, the definition of TES has some particular implications for measurement of expenditure on health services. Health authorities buy healthcare from NHS trusts. Most NHS trusts are public corporations in the national accounts. So TME includes:

- purchase of services by health authorities from NHS trusts;
- the capital expenditure of NHS trusts; and
- interest paid by NHS trusts to the private sector.

3.8 As is normal with payments made to trading bodies, the sums paid by health authorities include elements to cover the cost of depreciation of trusts' capital assets, and to cover trusts' payments of interest and dividends on their debt.

3.9 For services provided by central and local government, Expenditure on Services does not attribute depreciation, cost of capital charges, or debt interest to functions.

3.10 Therefore, the expenditure on health care has been adjusted to exclude the elements of health authorities' payments for services that cover the depreciation of NHS trusts' capital and their payments of interest and dividends. That follows the same treatment as in PESA 2003. The adjustments should ease comparability between functions.

3.11 In addition, TES now includes the effect of EU transactions on the same basis as TME. This basis excludes the payments to the EC which, in the National Accounts, are considered as direct payments to the EC from UK citizens and enterprises. The UK's contribution to the EC is now based on the GNI related contribution, net of the UK's abatement.

3.12 Table 3.2 shows a longer time series, from 1993–94 to 2003–04, for TES by function, at a higher level of aggregation. There is ongoing work to produce a longer run functional series. When available this will be published on the website at the following address http://www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/spending_by_function/natstat_spenfunc_index.cfm. Tables 3.3 and 3.4 present the material in Table 3.2 in real terms and as a percentage of GDP. These tables cover outturn years and give estimated outturns for 2003–04. Table 3.6 gives a detailed analysis of the level of spending in the different functional areas of government for the years 1998–99 to 2003–04.

Relationship between functional series and departments' DELs

3.13 Table 3.5 shows TES by function split across the different government departments for 2002–03. Departmental spending can be spread across a variety of functions, particularly that of the devolved administrations.

3.14 To get TES for each department we take total DEL and remove items as detailed in paragraph 3.6. This total, combined with departmental AME on the same basis and local authority and public corporations spending is then allocated to function according to the nature of the programme expenditure. Full details of the relationship and reconciliation between departments' DELs and TES is given in appendix F.

3.15 Taken together, the reconciliation table in appendix F and table 3.5 show how the functional series are derived from departments' DELs, first by deriving expenditure on services for each department (Appendix F) and then by allocating that spending across the functions (table 3.5).

Total Expenditure on Services by economic category

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

Total Expenditure on Services split by spending sector and current and capital spending

3.17 Tables 3.8 and 3.9 give a functional breakdown of the capital expenditure of central and local government and public corporations for outturn years (1998–99 to 2003–04), and for central government and public corporation spending for the plans years (2004–05 and 2005–06). The figures for central government and public corporations capital spending for 2004–05 onwards reflect departments’ capital budgets and detailed decisions on the allocation of expenditure. A functional split of local authority spending is not available for future years as the allocation of spending between services is a matter for individual local authorities, and there is no aggregate information of their plans at this level of detail.

Asset sales

3.18 Table 3.10 shows actual and planned general government receipts from asset sales from 1998–99 through to 2003–04. Figures are shown separately for each spending sector, distinguishing between receipts from sale of land and buildings and other receipts.

Table 3.1 Public expenditure aggregates, 1965–66 to 2005–06

Outturn data in this table up to 2002–03 fall within the scope of National Statistics

	Public sector current expenditure		Depreciation		Public sector net investment		Total Managed Expenditure			
	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP	Cash £ billion	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP	Cash £ billion	Real terms ⁽¹⁾ £ billion	Percentage of GDP
1965–66	11.3	139.0	31.0	1.3	1.8	22.5	5.0	14.4	177.7	39.6
1966–67	12.2	145.1	31.8	1.4	2.3	26.9	5.9	15.9	188.7	41.3
1967–68	13.7	158.4	33.6	1.5	2.9	33.6	7.1	18.2	209.5	44.5
1968–69	14.7	162.1	33.2	1.7	2.8	31.0	6.4	19.2	211.4	43.3
1969–70	15.6	162.7	32.7	1.8	2.8	29.0	5.8	20.2	210.7	42.4
1970–71	17.3	166.4	32.6	2.1	3.2	31.2	6.1	22.6	217.5	42.7
1971–72	19.7	174.2	33.3	2.3	3.1	27.6	5.3	25.1	222.2	42.5
1972–73	22.2	181.6	33.1	2.6	3.2	26.4	4.8	28.1	229.4	41.9
1973–74	26.2	199.8	35.1	3.1	3.9	29.7	5.2	33.2	253.4	44.5
1974–75	34.6	221.1	38.8	4.0	4.9	31.5	5.5	43.6	278.2	48.9
1975–76	44.3	225.7	39.9	5.1	6.1	30.9	5.5	55.5	282.5	49.9
1976–77	51.8	232.4	39.9	6.0	5.6	25.2	4.3	63.3	284.4	48.8
1977–78	58.0	229.2	38.4	6.8	4.3	17.1	2.9	69.1	273.2	45.8
1978–79	66.3	236.0	38.4	7.7	4.2	14.9	2.4	78.2	278.3	45.3
1979–80	79.4	242.0	38.2	9.1	4.5	13.8	2.2	93.1	283.7	44.8
1980–81	96.6	249.2	40.8	10.9	4.3	11.1	1.8	111.8	288.5	47.3
1981–82	110.6	260.4	42.6	11.9	2.4	5.7	0.9	124.9	294.1	48.1
1982–83	120.9	266.0	42.7	12.3	4.2	9.3	1.5	137.5	302.5	48.5
1983–84	130.4	274.3	42.3	12.8	5.5	11.6	1.8	148.7	312.8	48.2
1984–85	141.0	281.9	42.6	12.8	5.1	10.2	1.5	158.9	317.7	48.0
1985–86	148.7	282.0	41.0	12.1	4.5	8.6	1.2	165.3	313.4	45.6
1986–87	155.8	286.3	40.1	12.6	2.8	5.0	0.7	171.2	314.7	44.1
1987–88	166.4	289.6	38.6	12.3	2.8	5.0	0.7	181.5	316.0	42.1
1988–89	173.7	282.6	36.2	13.6	1.7	2.8	0.4	189.0	307.5	39.4
1989–90	187.4	284.9	35.7	14.7	6.3	9.5	1.2	208.4	316.7	39.7
1990–91	203.3	286.4	36.1	13.8	8.2	11.5	1.4	224.5	316.3	39.8
1991–92	228.6	303.7	38.4	12.3	11.0	14.6	1.8	251.1	333.5	42.2
1992–93	247.8	318.7	40.3	11.9	12.4	15.9	2.0	271.6	349.3	44.1
1993–94	262.3	328.4	40.1	12.0	10.4	13.0	1.6	284.6	356.4	43.6
1994–95	275.2	339.5	39.8	12.5	10.4	12.8	1.5	298.1	367.7	43.2
1995–96	287.2	344.3	39.4	12.9	10.3	12.4	1.4	310.5	372.2	42.6
1996–97	297.8	345.1	38.5	12.0	5.9	6.8	0.8	315.6	365.8	40.8
1997–98	305.2	345.0	37.1	11.9	5.6	6.3	0.7	322.7	364.7	39.2
1998–99	313.9	344.9	36.1	12.3	6.4	7.0	0.7	332.7	365.5	38.3
1999–00	326.6	351.0	35.5	12.9	4.1	4.5	0.5	343.6	369.3	37.4
2000–01	348.9	370.1	36.2	13.2	5.0	5.3	0.5	367.1	389.4	38.1
2001–02	367.4	379.8	36.6	13.8	9.4	9.7	0.9	390.5	403.8	38.9
2002–03	394.8	394.8	37.4	14.4	9.8	9.8	0.9	418.9	418.9	39.7
2003–04	428.0	416.4	38.4	14.8	16.2	15.8	1.5	459.0	446.5	41.2
2004–05	449.7	427.6	38.2	15.5	22.4	21.3	1.9	487.6	463.7	41.5
2005–06	478.9	444.2	38.5	16.3	25.2	23.3	2.0	520.4	482.7	41.9

(1) Real terms figures are the cash figures adjusted to 2002–03 price levels.

Table 3.2 Total Expenditure on Services by function, 1993–94 to 2003–04

	cash, £ billions						accruals, £ billions				
	National Statistics										
	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
General public services	7.5	7.6	7.7	7.7	7.6	8.6	9.4	9.3	10.6	11.2	13.6
EU transactions	-4.7	-4.3	-4.1	-5.2	-3.7	-2.6	-2.7	-2.6	-5.3	-1.8	-2.0
International services	3.1	3.2	3.3	2.9	2.9	3.0	3.6	4.0	4.6	4.9	5.6
Public sector debt interest	20.8	23.5	26.8	28.1	29.7	29.3	25.3	26.4	22.5	21.3	22.6
Defence ⁽¹⁾	22.5	22.4	21.7	21.3	20.9	23.7	24.1	24.9	24.6	26.1	28.0
Public order and safety	14.8	15.4	15.8	16.3	17.0	17.9	18.4	20.4	23.0	24.9	27.7
Enterprise and economic development	5.4	4.6	4.4	4.4	4.4	3.4	4.7	4.9	5.3	5.9	7.2
Science and technology	1.5	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.5	1.9	2.2
Employment policies	2.9	3.0	2.9	2.8	2.5	2.8	3.1	3.4	3.3	3.3	3.7
Agriculture, fisheries and forestry	3.6	3.2	3.7	5.4	4.6	4.5	4.5	4.8	6.7	4.7	5.2
Transport	10.6	12.1	11.5	10.1	9.2	8.5	9.0	9.1	11.3	13.6	15.9
Environment protection	4.2	4.6	5.0	4.9	4.0	5.4	6.0	6.2	6.7	7.2	7.7
Housing and community amenities	5.8	5.8	5.6	4.8	5.3	4.3	3.5	4.5	5.3	4.9	7.5
Health	36.4	39.2	41.2	42.5	44.4	47.0	49.6	54.3	59.9	66.3	75.6
Recreation, culture and religion	3.2	3.3	3.6	3.8	4.4	5.2	5.6	5.6	5.5	6.0	6.3
Education and training	34.6	36.2	37.0	37.8	38.6	40.1	42.3	45.8	51.0	55.3	61.0
of which: Education	33.4	35.0	35.8	36.4	37.4	38.8	40.8	44.4	49.7	53.8	59.5
Social protection	97.8	101.5	107.1	111.9	113.6	114.4	122.0	127.4	136.0	143.8	152.4
Unallocated ⁽²⁾	—	—	—	—	—	—	—	—	—	—	-2.5
Total expenditure on services	270.1	282.6	294.2	300.7	306.7	316.7	329.7	349.8	372.5	399.5	437.6
Other accounting adjustments	14.5	15.5	16.3	14.9	16.0	16.0	13.9	17.3	18.0	19.4	21.4
Total Managed Expenditure	284.6	298.1	310.5	315.6	322.7	332.7	343.6	367.1	390.5	418.9	459.0

(1) Expenditure on defence for 1996–97 and 1997–98 includes receipts from the sale of Ministry of Defence married quarters.

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

Table 3.3 Total Expenditure on Services by function in real terms⁽¹⁾, 1993–94 to 2003–04

	cash, £ billions							accruals, £ billions			
	National Statistics										
	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
General public services	9.4	9.4	9.3	8.9	8.6	9.4	10.1	9.8	11.0	11.2	13.2
EU transactions	-5.8	-5.3	-4.9	-6.0	-4.2	-2.9	-2.9	-2.7	-5.4	-1.8	-1.9
International services	3.8	3.9	3.9	3.4	3.2	3.3	3.9	4.2	4.7	4.9	5.4
Public sector debt interest	26.0	29.0	32.1	32.6	33.6	32.2	27.2	28.0	23.3	21.3	22.0
Defence ⁽²⁾	28.2	27.7	26.0	24.7	23.7	26.1	26.0	26.4	25.4	26.1	27.2
Public order and safety	18.6	19.0	19.0	18.9	19.2	19.7	19.8	21.6	23.8	24.9	26.9
Enterprise and economic development	6.7	5.7	5.3	5.1	5.0	3.8	5.1	5.2	5.5	5.9	7.0
Science and technology	1.9	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.6	1.9	2.1
Employment policies	3.6	3.7	3.4	3.2	2.8	3.0	3.3	3.6	3.4	3.3	3.6
Agriculture, fisheries and forestry	4.6	4.0	4.4	6.3	5.2	5.0	4.8	5.1	6.9	4.7	5.1
Transport	13.3	14.9	13.8	11.7	10.4	9.3	9.7	9.7	11.7	13.6	15.5
Environment protection	5.3	5.7	6.0	5.6	4.5	5.9	6.5	6.6	6.9	7.2	7.5
Housing and community amenities	7.2	7.1	6.7	5.6	6.0	4.7	3.8	4.7	5.5	4.9	7.3
Health	45.6	48.4	49.4	49.2	50.2	51.7	53.3	57.6	61.9	66.3	73.5
Recreation, culture and religion	4.0	4.1	4.3	4.4	5.0	5.7	6.0	6.0	5.7	6.0	6.1
Education and training	43.3	44.7	44.3	43.8	43.7	44.0	45.4	48.6	52.7	55.3	59.4
<i>of which: Education</i>	<i>41.9</i>	<i>43.1</i>	<i>42.9</i>	<i>42.2</i>	<i>42.3</i>	<i>42.7</i>	<i>43.9</i>	<i>47.1</i>	<i>51.4</i>	<i>53.8</i>	<i>57.9</i>
Social protection	122.5	125.2	128.4	129.6	128.4	125.7	131.1	135.2	140.6	143.8	148.3
Unallocated	—	—	—	—	—	—	—	—	—	—	-2.4
Total expenditure on services	338.1	348.6	352.7	348.5	346.6	347.9	354.3	371.1	385.1	399.5	425.7
Other accounting adjustments	18.3	19.1	19.5	17.3	18.1	17.6	15.0	18.3	18.7	19.4	20.8
Total Managed Expenditure	356.4	367.7	372.2	365.8	364.7	365.5	369.3	389.4	403.8	418.9	446.5

(1) Real terms figures are the cash figures adjusted to 2002–03 price levels.

(2) See footnote (1) to table 3.2.

Table 3.4 Total Expenditure on Services by function as a percentage of GDP, 1993–94 to 2003–04

	based on cash						based on accruals				
	National Statistics										
	1993–94 outturn	1994–95 outturn	1995–96 outturn	1996–97 outturn	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
General public services	1.1	1.1	1.1	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.2
EU transactions	-0.7	-0.6	-0.6	-0.7	-0.5	-0.3	-0.3	-0.3	-0.5	-0.2	-0.2
International services	0.5	0.5	0.5	0.4	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Public sector debt interest	3.2	3.4	3.7	3.6	3.6	3.4	2.7	2.7	2.2	2.0	2.0
Defence ⁽¹⁾	3.4	3.3	3.0	2.8	2.5	2.7	2.6	2.6	2.4	2.5	2.5
Public order and safety	2.3	2.2	2.2	2.1	2.1	2.1	2.0	2.1	2.3	2.4	2.5
Enterprise and economic development	0.8	0.7	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.6
Science and technology	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2
Employment policies	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.4	0.3	0.3	0.3
Agriculture, fisheries and forestry	0.6	0.5	0.5	0.7	0.6	0.5	0.5	0.5	0.7	0.4	0.5
Transport	1.6	1.8	1.6	1.3	1.1	1.0	1.0	0.9	1.1	1.3	1.4
Environment protection	0.6	0.7	0.7	0.6	0.5	0.6	0.7	0.6	0.7	0.7	0.7
Housing and community amenities	0.9	0.8	0.8	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.7
Health	5.6	5.7	5.7	5.5	5.4	5.4	5.4	5.6	6.0	6.3	6.8
Recreation, culture and religion	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.6
Education and training	5.3	5.2	5.1	4.9	4.7	4.6	4.6	4.8	5.1	5.2	5.5
<i>of which: Education</i>	<i>5.1</i>	<i>5.1</i>	<i>4.9</i>	<i>4.7</i>	<i>4.5</i>	<i>4.5</i>	<i>4.4</i>	<i>4.6</i>	<i>4.9</i>	<i>5.1</i>	<i>5.3</i>
Social protection	15.0	14.7	14.7	14.5	13.8	13.2	13.3	13.2	13.5	13.6	13.7
Unallocated	—	—	—	—	—	—	—	—	—	—	-0.2
Total expenditure on services	41.3	40.9	40.3	38.8	37.2	36.4	35.8	36.3	37.1	37.9	39.2
Other accounting adjustments	2.3	2.3	2.3	2.0	2.0	1.9	1.6	1.8	1.8	1.8	1.9
Total Managed Expenditure	43.6	43.2	42.6	40.8	39.2	38.3	37.4	38.1	38.9	39.7	41.2

(1) See footnote (1) to table 3.2.

Table 3.5 Total Expenditure on Services by department and function, 2002–03

Department Function	National Statistics														Total all functions for each department			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environmental protection	Housing and community amenities	Health		Recreation, culture and religion	Education and training	Social protection
Education and skills	—	—	—	—	—	0.1	—	—	0.2	—	—	—	—	—	—	45.3	1.6	47.2
Health	—	—	—	—	—	—	—	—	—	0.1	—	—	53.9	—	—	—	12.6	66.7
Transport	—	—	—	—	—	—	0.1	—	—	—	11.7	—	—	—	—	—	—	11.8
Office of the Deputy Prime Minister	3.5	—	—	—	—	2.0	1.4	—	—	—	—	—	3.7	—	—	—	—	10.6
Home office	0.1	—	—	—	—	16.1	—	—	—	—	—	—	—	—	—	—	1.7	17.9
Department for constitutional affairs	0.1	—	—	—	—	3.3	—	—	—	—	—	—	—	—	—	—	—	3.4
Law officer's departments	—	—	—	—	—	0.5	—	—	—	—	—	—	—	—	—	—	—	0.5
Defence	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	2.5	28.8
Foreign and commonwealth office	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	1.4
International development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	3.5
Trade and industry	—	—	—	—	—	—	2.9	1.7	0.1	—	—	0.6	—	—	—	—	0.4	6.0
Environment, food and rural affairs	—	—	—	—	—	—	0.1	—	—	3.3	—	4.8	—	—	—	—	0.1	8.3
Culture, media and sport	—	—	—	—	—	—	0.2	—	—	—	—	—	—	4.9	—	—	—	5.1
Work and pensions	0.2	—	—	—	—	—	—	—	2.5	—	—	—	—	—	—	—	103.8	106.6
Scotland	0.7	—	—	—	—	1.8	0.3	—	0.4	0.7	1.1	1.0	0.7	0.7	5.2	1.9	21.0	
Wales	0.3	—	—	—	—	—	0.4	—	—	0.3	0.5	0.5	0.2	0.3	2.7	1.0	9.8	
Northern Ireland executive	0.2	—	—	—	—	0.1	0.5	—	—	0.4	0.3	0.3	0.3	0.1	2.1	4.5	10.9	
Northern Ireland office	—	—	—	—	—	1.0	—	—	—	—	—	—	—	—	—	—	0.1	1.1
Chancellor's departments	4.4	-1.8	—	—	—	—	—	0.2	—	—	—	—	—	—	—	—	14.8	38.8
Cabinet office	1.5	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	-1.4	0.2
Total Expenditure on Services	11.2	-1.8	4.9	21.3	26.1	24.9	5.9	1.9	3.3	4.7	13.6	7.2	4.9	66.3	6.0	55.3	143.8	399.5

Table 3.6 Total Expenditure on Services by function, 1998–99 to 2003–04

	accruals, £ millions					
	National Statistics					
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
General public services						
Public and common services	8,551	9,368	9,274	10,613	11,163	13,564
Total general public services	8,551	9,368	9,274	10,613	11,163	13,564
EU transactions						
EC receipts	-3,950	-3,676	-4,099	-3,309	-3,424	-4,203
GNI-based contribution, net of abatment and aid	1,328	953	1,519	-1,952	1,575	2,237
Total EU transactions	-2,622	-2,723	-2,580	-5,261	-1,849	-1,966
International Services						
Other international services	1,008	1,061	1,251	1,393	1,511	1,638
International development assistance	2,016	2,533	2,750	3,164	3,344	3,931
Total international services	3,024	3,594	4,001	4,557	4,854	5,568
Debt interest⁽¹⁾⁽²⁾						
Central government debt interest	28,760	24,927	25,946	22,047	20,839	22,204
Local authority debt interest	541	313	385	350	344	299
Public corporation debt interest	39	43	75	121	115	95
Total debt interest	29,340	25,283	26,406	22,518	21,298	22,598
Defence						
National defence	23,719	24,143	24,875	24,553	26,134	27,948
Civil defence	6	6	6	2	3	22
Total defence	23,724	24,148	24,881	24,555	26,136	27,970
Public order and safety						
Police	9,013	9,363	9,782	11,298	12,158	13,667
Fire	1,869	1,964	2,020	2,163	2,385	2,531
Administration of justice	3,416	2,962	3,548	4,451	4,896	5,506
Immigration and citizenship	309	796	1,398	1,729	1,794	1,960
Prisons and offender programmes	2,737	2,774	2,942	2,591	2,888	3,053
Other public order and safety	556	575	667	803	798	946
Total public order and safety	17,899	18,434	20,357	23,035	24,917	27,664
Enterprise and economic development						
Economic development and trade	664	661	768	986	1,018	1,116
Support for business	940	2,044	2,064	2,076	2,115	2,941
Regional policy	1,828	2,037	2,091	2,246	2,763	3,098
Total enterprise and economic development	3,432	4,742	4,923	5,308	5,896	7,155
Science and technology						
Science and technology	1,255	1,264	1,306	1,529	1,943	2,185
Total science and technology	1,255	1,264	1,306	1,529	1,943	2,185
Employment policies						
Employment policies	2,758	3,098	3,380	3,306	3,297	3,653
Total employment policies	2,758	3,098	3,380	3,306	3,297	3,653
Agriculture, fisheries and forestry						
Market support under CAP	3,527	3,333	2,962	2,730	2,959	2,924
Other agriculture, food and fisheries policy	988	1,076	1,784	3,845	1,650	2,136
Forestry	10	72	102	115	138	131
Total agriculture, fisheries and forestry	4,525	4,481	4,848	6,691	4,748	5,191

Table 3.6 Total Expenditure on Services by function, 1998–99 to 2003–04 (continued)

	National Statistics					
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
<i>accruals, £ millions</i>						
Transport						
National roads	1,823	1,943	2,106	2,316	2,653	2,670
Local roads	2,804	2,851	3,178	3,846	4,366	4,315
Local public transport	1,985	2,349	2,240	2,681	3,576	4,719
Railways	1,393	1,212	1,044	1,792	2,437	3,422
Other transport	461	690	555	635	583	819
Total transport	8,467	9,045	9,123	11,270	13,615	15,945
Environment protection						
Environmental protection	5,223	5,833	6,048	6,494	6,920	7,437
Environmental research	182	183	190	209	236	286
Total environment protection	5,406	6,016	6,238	6,704	7,156	7,723
Housing and community services						
Local authority housing	1,879	1,031	1,321	1,811	1,112	2,434
Other social housing	1,263	1,296	1,334	1,490	1,639	2,101
Other housing and community services	1,110	1,221	1,795	2,041	2,164	2,994
Total housing and community amenities	4,252	3,549	4,451	5,342	4,915	7,529
Health⁽³⁾						
Medical services	45,900	48,270	52,964	58,380	64,741	73,354
Medical research	289	311	327	359	333	413
Central health and other services	836	994	1,041	1,161	1,197	1,829
Total health	47,025	49,575	54,332	59,900	66,271	75,596
Recreation, culture and religion						
Heritage, arts, libraries and films	2,170	2,405	2,461	2,487	2,726	3,108
Sport and recreation	1,251	1,335	1,391	1,482	1,565	1,860
Broadcasting	255	214	224	187	202	217
Lottery	1,489	1,577	1,514	1,313	1,473	1,025
Other recreation, culture and religion	23	28	31	37	42	60
Total recreation, culture and religion	5,188	5,558	5,620	5,506	6,007	6,270
Education and training⁽³⁾						
Under fives	2,016	2,289	2,466	3,045	3,203	3,693
Primary schools	10,291	11,369	12,471	13,703	14,658	16,191
Secondary schools	11,483	12,256	13,428	15,085	15,870	17,479
Higher education	4,813	5,408	5,790	6,230	6,632	7,056
Further education	4,415	4,588	5,098	6,013	6,560	7,328
Student support	2,507	1,978	1,796	1,466	1,661	1,664
Training	1,248	1,403	1,481	1,222	1,496	1,527
Other education and training	3,307	2,958	3,300	4,191	5,232	6,098
Total education and training	40,080	42,250	45,831	50,955	55,312	61,036

Table 3.6 Total Expenditure on Services by function, 1998–99 to 2003–04 (continued)

	accruals, £ millions					
	National Statistics					
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
Social protection						
Incapacity, disability and injury benefits	18,098	18,724	19,138	20,723	20,777	21,794
State pensions	37,828	40,877	43,262	46,619	49,142	51,599
Public sector occupational pensions ⁽⁴⁾	4,898	5,133	4,871	4,917	3,890	2,628
Widows' benefits	1,002	1,030	1,019	1,131	1,124	1,035
Family benefits, income support and tax credits	22,617	24,978	27,139	29,196	31,029	36,396
Unemployment benefits	3,993	3,756	3,428	3,192	4,447	4,010
Housing benefits	11,441	11,550	11,534	11,923	12,977	12,578
Personal social services	11,048	12,166	12,992	14,009	16,088	18,097
Administration and miscellaneous services	3,494	3,811	4,001	4,253	4,364	4,310
Total social protection	114,419	122,025	127,383	135,964	143,837	152,449
Unallocated provision						
Departmental unallocated provision	—	—	4	—	2	46
Allowance for shortfall	—	—	—	—	—	–2,563
Total unallocated provision	—	—	4	—	2	–2,517
Total Expenditure on Services	316,723	329,707	349,778	372,492	399,518	437,613
Accounting adjustments	15,966	13,925	17,278	18,055	19,398	21,384
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916	458,997

(1) Debt interest figures are gross.

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

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

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

Table 3.7 Total Expenditure on Services by economic category, 1998-99 to 2003-04

	National Statistics					
	1998-99 outturn	1999-00 outturn	2000-01 outturn	2001-02 outturn	2002-03 outturn	2003-04 estimated outturn
<i>accruals, £ million</i>						
Public sector current expenditure						
Pay ⁽¹⁾	61,974	66,974	71,054	76,610	82,615	93,133
Procurement of goods and services ⁽¹⁾	84,668	89,826	90,078	106,453	116,744	124,365
Subsidies	7,250	7,150	7,456	8,377	8,177	9,029
Social benefits and other grants to private sector	114,309	121,417	127,938	136,624	144,425	153,834
Current transfers abroad	1,005	1,771	2,333	216	2,499	4,602
Public sector debt interest	29,340	25,283	26,406	22,518	21,298	22,598
Total public sector current expenditure on services	298,545	312,422	333,265	350,799	375,758	407,561
Accounting adjustments	15,392	14,186	15,585	16,595	19,033	20,403
Total public sector current expenditure	313,937	326,608	348,850	367,394	394,791	427,964
Public sector capital expenditure						
Capital expenditure on assets ⁽²⁾	13,805	13,024	11,965	15,401	16,525	20,951
Stock building	269	152	119	13	20	-79
Capital grants	4,104	4,110	4,430	6,279	7,216	9,180
Total public sector capital expenditure on services	18,178	17,285	16,515	21,693	23,760	30,052
Accounting adjustments	574	-261	1,691	1,460	365	981
Total public sector capital expenditure	18,752	17,024	18,206	23,153	24,125	31,033
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916	458,977

(1) Excludes pay and procurement of public corporations such as NHS trusts.

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

Table 3.8 Public sector capital expenditure by spending sector and function, 1998–99 to 2005–06

	accruals, £ million							
	National Statistics					2003–04 estimated outturn	2004–05 plans	2005–06 plans
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn			
Central government own								
General public services	349	346	109	558	642	1,188	1,005	924
International services	91	94	121	119	136	127	103	115
Defence	5,079	2,336	985	1,106	897	1,078	1,012	922
Public order and safety	425	394	421	866	877	999	808	902
Enterprise and economic development	595	435	674	1,313	984	1,268	1,535	1,922
Science and technology	22	77	101	158	271	441	433	457
Employment policies	—	8	7	30	31	179	25	23
Agriculture, fisheries and forestry	111	112	112	175	165	252	238	242
Transport	1,165	1,141	1,146	2,255	2,824	4,146	4,260	4,671
Environment protection	395	377	356	512	417	29	630	648
Housing and community amenities	873	939	967	1,139	1,411	2,203	2,032	2,025
Health ⁽²⁾	-307	-34	22	668	1,249	1,002	554	3,072
Recreation, culture and religion	1,102	1,542	928	525	929	560	391	1,007
Education and training	286	373	558	968	1,198	1,252	1,518	1,645
Social protection	-311	36	38	177	253	24	146	892
Unallocated provision	—	—	—	—	—	-357	800	1,000
Total central government own capital expenditure on services⁽¹⁾	9,873	8,176	6,546	10,568	12,282	14,391	15,500	20,500
Accounting adjustments	-2,012	-886	896	-201	-1,059	620	1,700	1,200
Total central government own capital expenditure	7,861	7,290	7,442	10,367	11,223	15,011	17,200	21,700
Local authorities								
General public services	309	245	173	258	327	415	—	—
Public order and safety	310	289	289	405	512	717	—	—
Enterprise and economic development	24	68	25	38	—	26	—	—
Employment policies	2	3	5	3	1	9	—	—
Agriculture, fisheries and forestry	-70	-30	-31	-30	-38	-36	—	—
Transport	1,203	1,163	1,550	2,069	2,677	2,613	—	—
Environment protection	257	325	307	350	365	561	—	—
Housing and community amenities	1,112	448	940	1,487	729	2,104	—	—
Health	—	—	—	—	—	102	—	—
Recreation, culture and religion	441	498	516	581	594	932	—	—
Education and training	1,352	1,485	1,810	2,151	2,298	3,077	—	—
Social protection	114	108	116	120	153	203	—	—
Total local authorities capital expenditure on services	5,053	4,602	5,701	7,432	7,617	10,723		
Accounting adjustments	1,294	868	-108	198	1,032	129	—	—
Total local authorities capital expenditure	6,347	5,470	5,593	7,630	8,649	10,852	14,300	15,200
Public corporations								
General public services	58	4	50	64	57	106	105	42
International services	15	14	25	17	—	31	31	31
Defence	—	73	50	53	91	61	96	71
Public order and safety	—	1	1	15	2	14	11	11
Enterprise and economic development	1,082	1,595	1,448	842	755	1,101	689	722
Employment policies	6	5	1	2	6	5	5	5
Agriculture, fisheries and forestry	—	-7	4	6	14	3	-3	-3
Transport	566	916	450	610	837	763	1,030	1,013
Environment protection	-1	377	459	475	377	485	564	585
Housing and community amenities	73	59	33	42	31	41	41	41
Health ⁽²⁾	1,269	1,309	1,590	1,453	1,560	2,197	3,197	1,612
Recreation, culture and religion	184	161	156	115	130	123	108	93
Social protection	—	—	—	—	—	7	—	—
Total public corporations capital expenditure on services	3,252	4,507	4,268	3,693	3,861	4,937	5,874	4,223
Accounting adjustments	1,292	-243	903	1,463	392	233	500	400
Total public corporations capital expenditure	4,544	4,264	5,171	5,156	4,253	5,170	6,400	4,600
Public sector capital expenditure	18,752	17,024	18,206	23,153	24,125	31,033	37,900	41,500

(1) Sectoral spending figures shown above exclude the £300 million Unallocated Special Reserve in 2004–05 (see footnote (4) to Table 1.2), and for 2004–05 and 2005–06, also exclude the DEL reserve and unallocated amounts for the Invest to Save Budget. AME figures for 2004–05 and 2005–06 exclude the AME margin. Amounts for each of these items are shown in Tables 1.1 and 1.2. These items are included within the accounting adjustments figures in the table above, reflecting notional forecast allocations.

(2) See footnote (4) to table 7.1.

Table 3.9 Public sector current expenditure by spending sector and function, 1998–99 to 2005–06

	accruals, £ million								
	National Statistics						2003–04 estimated outturn	2004–05 plans	2005–06 plans
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn			
Central government own									
General public services	5,064	5,777	5,945	6,600	6,854	7,780	7,423	8,564	
EU transactions	-2,622	-2,723	-2,580	-5,261	-1,849	-1,966	-1,309	-168	
International services	2,918	3,486	3,854	4,421	4,718	5,410	5,124	5,638	
Debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442	
Defence	18,642	21,736	23,843	23,396	25,149	26,831	25,631	26,684	
Public order and safety	6,823	6,885	8,364	10,081	11,330	12,581	12,358	13,199	
Enterprise and economic development	1,381	2,280	2,451	2,761	3,777	4,360	4,163	4,097	
Science and technology	1,233	1,186	1,205	1,372	1,671	1,743	1,790	1,979	
Employment policies	2,694	3,030	3,320	3,225	3,207	3,402	3,397	3,248	
Agriculture, fisheries and forestry	4,426	4,339	4,688	6,460	4,520	4,896	4,732	4,732	
Transport	2,723	2,966	2,812	2,749	3,188	3,997	3,263	3,520	
Environment protection	1,372	1,386	1,384	1,423	1,661	2,003	1,877	2,010	
Housing and community amenities	1,229	1,152	1,155	1,148	1,009	889	677	856	
Health	45,690	47,896	52,277	57,331	63,014	71,948	76,860	83,263	
Recreation, culture and religion	1,508	1,297	1,837	1,910	1,879	2,098	2,058	2,037	
Education and training	12,505	14,059	15,344	16,932	18,928	20,954	22,972	24,484	
Social protection	92,680	98,657	103,186	110,297	115,112	122,923	127,546	130,972	
Unallocated provision	—	—	4	—	2	-2,159	1,000	2,800	
Total central government own current expenditure on services⁽¹⁾	227,026	238,336	255,035	266,892	285,009	309,894	323,500	343,400	
Accounting adjustments	11,499	7,154	8,087	9,154	11,282	9,302	12,300	14,600	
Total central government own current expenditure	238,525	245,490	263,122	276,046	296,291	319,196	335,800	358,000	
Local authorities									
General public services	2,771	2,998	2,998	3,134	3,284	4,075	—	—	
Debt interest	541	313	385	350	344	299	—	—	
Defence	3	4	4	—	—	—	—	—	
Public order and safety	10,341	10,865	11,282	11,667	12,197	13,353	—	—	
Enterprise and economic development	349	364	326	354	380	400	—	—	
Employment policies	57	53	46	47	53	58	—	—	
Agriculture, fisheries and forestry	58	67	74	79	87	75	—	—	
Transport	2,810	2,860	3,166	3,587	4,089	4,425	—	—	
Environment protection	3,383	3,551	3,732	3,944	4,336	4,645	—	—	
Housing and community amenities	966	950	1,355	1,527	1,735	2,291	—	—	
Health	373	403	442	449	449	347	—	—	
Recreation, culture and religion	1,954	2,060	2,183	2,374	2,477	2,559	—	—	
Education and training	25,937	26,333	28,119	30,903	32,888	35,753	—	—	
Social protection	21,935	23,223	24,042	25,371	28,318	29,292	—	—	
Total local authorities current expenditure on services	71,478	74,043	78,154	83,787	90,635	97,573	—	—	
Accounting adjustments	3,895	7,032	7,499	7,440	7,750	11,100	—	—	
Total local authorities current expenditure	75,373	81,075	85,653	91,227	98,385	108,673	113,800	120,700	
Public corporations									
Debt interest	39	43	75	121	115	95	200	200	
Total public corporations current expenditure	39	43	75	121	115	95	200	200	
Public sector current expenditure	313,937	326,608	348,850	367,394	394,791	427,964	449,700	478,900	

(1) See footnote (1) to Table 3.8.

Table 3.10 Public sector receipts from sales of assets⁽¹⁾, 1998–99 to 2003–04

	accruals, £ millions					
	National Statistics					
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn
Central government						
Receipts from sale of land and existing buildings	261	–1,061	777	606	810	771
Other	237	419	229	218	149	246
Total Central government	498	–642	1,006	824	959	1,017
Local authorities⁽²⁾						
Receipts from sale of land and existing buildings	2,905	3,639	3,588	3,532	5,121	3,821
Other	28	18	20	11	10	14
Total Local authorities	2,933	3,658	3,608	3,542	5,131	3,835
General government	3,431	3,016	4,614	4,366	6,090	4,852
Public corporations						
Receipts from sale of land and existing buildings	105	254	210	140	189	24
Other	10	389	233	39	30	22
Total public corporations	115	644	443	179	219	46
Total public sector	3,546	3,660	5,057	4,546	6,309	4,898

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

(2) The local authority figures for 2003–04 reflect local authority budgets data, as set at the beginning of 2003–04. This differs from latest figures for local authority estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2004.

4

CENTRAL GOVERNMENT OWN EXPENDITURE

Introduction

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

4.2 All the analyses of central government own expenditure in this section offer further breakdowns of the figures given for central government own expenditure in the sectoral spending **Table 1.14**.

4.3 All outturn data (to 2002–03) in this chapter are National Statistics.

Central government own expenditure by department

4.4 **Table 4.1** gives a departmental breakdown of central government own expenditure, actual and planned, for the period 1998–99 to 2005–06. Expenditure falling in DEL is shown separately from expenditure falling in departmental AME. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded under Scotland, Wales or Northern Ireland. (The devolved administrations are treated as part of central government in these analyses.) Partly as a result, social security, health and defence together account for some two thirds of total central government own spending. Other AME includes locally financed expenditure that is classified as central government spending (see para 1.15).

Central government own current and capital expenditure by department

4.5 **Tables 4.2** and **4.3** show, for 1998–99 through to 2003–04, central government expenditure, actual and planned, for each department, separated between current/resource and capital expenditure. Departmental totals for resource expenditure include non-cash items. These are deducted in the accounting adjustments to get to a measure of total current expenditure that is consistent with national accounts.

Central government own expenditure by economic category

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

4.7 The pay totals in **Table 4.4** exclude the pay of most NHS employees, because most NHS trusts are public corporations. Health authorities' purchase of health care from providers (mostly from NHS Trusts but also from hospitals managed by health authorities under contracts) is classified as procurement of goods and services. In the case of contracts with NHS Trusts, it is the payments for the goods and services provided, rather than the trusts' actual expenditure, which is recorded in central government own expenditure. Scottish NHS trusts are treated like other parts of central government from 2003–04 when they were reabsorbed into health boards.

Central government own expenditure by function

4.8 **Table 4.5** shows central government own expenditure by function. This allocates to the appropriate function the expenditure for which the devolved administrations in Scotland, Wales and Northern Ireland are responsible. As with **Table 4.4**, and the functional analyses in Chapter 3, this functional table is set within the framework of TES. Because expenditure by local authorities is excluded, it is possible to include figures for the future plans years here as well as data for the past.

Table 4.1 Central government own expenditure by department, 1998–99 to 2005–06

	£ million							
	National Statistics							
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn	2004–05 plans	2005–06 plans
Within DEL								
Education and Skills	9,626	11,352	12,213	13,946	15,877	17,319	19,285	21,018
Health	38,783	40,215	43,794	51,462	54,734	61,510	66,055	74,592
Transport	3,273	3,392	3,065	4,100	5,370	6,920	6,102	6,690
Office of the Deputy Prime Minister	1,489	2,064	2,131	2,389	3,050	4,154	4,114	4,385
Local Government	211	245	250	264	258	288	321	355
Home Office	3,356	3,419	4,605	6,423	7,122	7,926	8,183	9,218
Constitutional Affairs	2,383	2,151	2,486	2,671	3,055	3,007	2,948	3,028
Attorney General's Departments	337	335	375	431	492	583	516	575
Defence	28,510	29,500	31,493	30,733	29,316	31,292	29,869	30,816
Foreign and Commonwealth Office	1,121	1,152	1,322	1,370	1,521	1,597	1,453	1,507
International Development	2,420	2,764	2,979	3,150	3,597	3,871	3,759	4,522
Trade and Industry	3,040	3,821	5,900	5,342	4,090	5,371	4,931	5,450
Environment, Food and Rural Affairs	2,127	2,509	2,936	2,918	2,587	3,079	3,091	3,215
Culture, Media and Sport	996	1,031	1,032	983	1,175	1,453	1,413	1,511
Work and Pensions	4,840	5,452	5,795	6,252	7,520	7,757	7,661	7,724
Scotland	8,802	9,195	10,026	11,154	11,818	13,408	14,265	15,338
Wales	3,624	3,861	4,383	4,970	5,742	6,380	6,731	7,562
Northern Ireland Executive	4,641	4,884	5,634	5,748	6,760	6,932	6,853	7,291
Northern Ireland Office	1,008	1,133	979	1,085	1,098	1,106	1,157	1,214
Chancellor's Departments	3,207	3,437	3,378	4,047	4,293	4,790	4,903	5,183
Cabinet Office	1,220	1,442	1,352	1,533	1,672	2,178	1,887	1,903
Allowance for shortfall						-2,563		
Total CG own expenditure within DEL⁽¹⁾⁽²⁾	125,014	133,355	146,129	160,970	171,146	188,358	195,496	213,097
Within Departmental AME								
Education and Skills	6,097	6,277	6,404	6,789	7,074	6,635	7,095	7,621
Health	5,403	3,521	3,782	3,949	4,569	5,732	6,323	6,692
Transport	2,075	1,771	1,725	2,107	3,055	3,210	2,089	1,579
Office of the Deputy Prime Minister	492	472	449	355	241	191	-11	125
Home Office	-1	312	1	173	2,013	41	1	1
Constitutional Affairs	81	87	92	96	101	59	64	68
Defence	3,949	4,154	4,420	4,607	6,137	4,662	4,460	4,480
Foreign and Commonwealth Office		-1		5	5	5	5	5
International Development	132	58	81	59	51	78	75	72
Trade and Industry	79	1,696	2,140	1,538	3,320	1,730	-218	52
Environment, Food and Rural Affairs	2,326	2,166	3,607	2,473	1,795	1,454	1,814	1,825
Culture, Media and Sport	1,515	1,579	1,530	1,339	1,484	1,548	840	1,308
Work and Pensions	72,218	76,006	77,237	82,329	85,852	89,938	93,501	94,496
Scotland	1,994	1,732	1,793	2,208	2,217	2,210	2,197	2,175
Wales	108	94	88	308	366	432	364	384
Northern Ireland Executive	3,771	3,934	4,807	5,100	5,640	5,738	5,998	6,273
Northern Ireland Office	-88	-92	3	42	35	25	38	46
Chancellor's Departments	7,464	9,587	12,586	14,109	15,078	19,518	21,690	24,741
Cabinet Office	4,197	4,190	3,251	4,701	4,572	5,230	5,361	4,943
Total CG own exp within Dept AME	111,811	117,542	123,995	132,287	143,608	148,434	151,686	156,885
Locally financed support in Northern Ireland	97	111	129	156	169	145	154	168
Net payments to EC institutions	3,590	2,807	3,734	842	2,274	2,427	2,703	3,687
Central government debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Accounting and other adjustments	-22,886	-25,962	-29,369	-29,889	-30,522	-27,361	-21,000	-19,600
Total CG own expenditure	246,386	252,780	270,564	286,413	307,514	334,207	352,900	379,700

(1) Net of depreciation.

(2) See footnote (1) to Table 1.14.

Table 4.2 Central government own current expenditure by department, 1998–99 to 2005–06

	£ million							
	National Statistics							
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn	2004–05 plans	2005–06 plans
Within resource budget DEL								
Education and Skills	9,611	11,336	12,171	13,754	15,620	17,179	19,271	21,003
Health	39,125	40,335	43,907	50,972	54,033	60,922	65,784	71,776
Transport	2,698	2,915	2,618	3,429	4,525	6,206	5,265	6,092
Office of the Deputy Prime Minister	1,470	2,007	2,071	1,867	2,929	3,696	3,901	4,202
Local Government	210	244	249	264	258	287	320	354
Home Office	3,051	3,191	4,361	5,973	6,700	7,227	7,467	8,465
Constitutional Affairs	2,341	2,140	2,470	2,619	3,011	2,883	2,901	2,965
Attorney General's Departments	332	332	361	408	484	569	501	560
Defence	23,170	25,433	26,083	24,895	23,172	24,864	23,530	23,926
Foreign and Commonwealth Office	1,035	1,064	1,216	1,309	1,413	1,526	1,381	1,423
International Development	2,442	2,739	2,995	3,126	3,580	3,832	3,741	4,508
Trade and Industry	3,016	3,816	5,883	5,203	3,809	4,820	4,799	5,367
Environment, Food and Rural Affairs	2,001	2,369	2,819	2,747	2,424	2,902	2,885	3,000
Culture, Media and Sport	902	978	1,018	967	1,148	1,305	1,362	1,446
Work and Pensions	5,147	5,410	5,758	6,092	7,247	7,586	7,425	7,633
Scotland	8,650	9,038	9,838	10,586	11,223	12,898	13,246	14,208
Wales	3,598	3,905	4,324	4,913	5,656	6,209	6,484	7,236
Northern Ireland Executive	4,466	4,705	5,400	5,461	6,334	6,578	6,460	6,878
Northern Ireland Office	985	1,107	944	1,044	1,045	1,037	1,100	1,142
Chancellor's Departments	3,116	3,350	3,601	3,842	4,033	4,514	4,561	4,873
Cabinet Office	989	1,239	1,150	1,320	1,468	1,573	1,647	1,655
Allowance for shortfall						-2,184		
Total within resource budget DEL	118,356	127,655	139,240	150,791	160,111	176,428	184,033	198,711
Within resource departmental AME								
Education and Skills	6,096	6,273	6,402	6,786	7,069	6,631	7,094	7,620
Health	5,403	3,521	3,782	3,949	4,569	5,732	6,194	6,692
Transport	2,075	1,771	1,725	2,107	3,055	3,210	2,089	1,579
Office of the Deputy Prime Minister	492	472	449	355	241	191	-11	125
Home Office	-1	312	1	173	2,013	41	1	1
Constitutional Affairs	81	87	92	96	101	59	64	68
Defence	3,949	4,154	4,420	4,446	6,137	4,662	4,460	4,480
Foreign and Commonwealth Office	—	-1	—	—	-1	—	-1	-1
International Development	132	58	81	59	51	78	75	72
Trade and Industry	305	777	879	1,149	3,136	2,120	152	457
Environment, Food and Rural Affairs	2,317	2,164	3,606	2,471	1,793	1,452	1,813	1,823
Culture, Media and Sport	1,148	1,130	1,363	1,313	1,474	1,538	830	1,298
Work and Pensions	72,218	75,977	77,215	82,255	85,775	89,851	93,406	94,396
Scotland	1,994	1,732	1,793	2,208	2,217	2,210	2,197	2,175
Wales	108	94	88	308	366	432	364	384
Northern Ireland Executive	3,771	3,934	4,807	5,100	5,640	5,537	5,798	6,073
Northern Ireland Office	-88	-92	3	42	35	25	38	46
Chancellor's Departments	7,464	9,587	12,586	14,109	15,078	19,518	21,690	24,741
Cabinet Office	4,197	4,190	3,251	4,701	4,572	5,230	5,361	4,943
Total within resource departmental AME	111,660	116,140	122,541	131,626	143,325	148,515	151,614	156,973
Locally financed support in Northern Ireland	97	111	129	156	169	145	154	168
Net payments to EC institutions	3,590	2,807	3,734	842	2,274	2,427	2,703	3,687
Central government debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Remove items classified as capital in								
National Accounts	-4,995	-7,071	-4,872	-6,814	-7,848	-8,648	-9,319	-11,877
Accounting and other adjustments	-18,943	-19,079	-23,596	-22,602	-22,579	-21,875	-17,400	-15,100
Total CG own current expenditure	238,525	245,490	263,122	276,046	296,291	319,196	335,800	358,000

Table 4.3 Central government own capital expenditure by department, 1998–99 to 2005–06

	£ million							
	National Statistics					2003–04 estimated outturn	2004–05 plans	2005–06 plans
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn			
Within capital budget DEL								
Education and Skills	15	16	42	193	257	140	14	14
Health ⁽¹⁾	-343	-119	-113	490	701	588	272	2,816
Transport	576	477	447	671	845	714	837	599
Office of the Deputy Prime Minister	19	57	60	521	121	458	213	183
Local Government	1	—	—	—	—	1	1	1
Home Office	305	228	244	449	422	699	716	753
Constitutional Affairs	43	11	16	51	44	124	47	63
Attorney General's Departments	5	4	14	23	8	15	15	15
Defence	5,340	4,067	5,410	5,837	6,144	6,428	6,339	6,890
Foreign and Commonwealth Office	86	88	105	60	108	71	71	84
International Development	-22	25	-16	24	17	39	18	14
Trade and Industry	24	5	17	139	281	551	131	83
Environment, Food and Rural Affairs	125	140	116	171	163	177	206	215
Culture, Media and Sport	94	53	14	15	27	148	51	66
Work and Pensions	-307	42	38	161	273	171	236	91
Scotland	151	157	188	568	595	510	1,019	1,130
Wales	25	-44	59	57	86	171	247	326
Northern Ireland Executive	176	179	234	287	427	354	393	413
Northern Ireland Office	23	25	35	41	53	69	57	72
Chancellor's Departments	92	87	-223	205	260	276	342	309
Cabinet Office	231	202	202	213	203	605	240	248
Allowance for shortfall						-379		
Total within capital budget DEL	6,658	5,699	6,889	10,179	11,034	11,930	11,463	14,385
Within capital departmental AME								
Education and Skills	1	3	2	3	5	4	1	1
Health	—	—	—	—	—	—	129	—
Defence	—	—	—	161	—	—	—	—
Foreign and Commonwealth Office	—	—	—	5	5	5	5	5
Trade and Industry	-226	919	1,260	389	184	-390	-370	-405
Environment, Food and Rural Affairs	9	2	1	1	1	1	1	1
Culture, Media and Sport	367	449	168	27	10	10	10	10
Work and Pensions	—	29	22	75	77	87	95	99
Northern Ireland Executive	—	—	—	—	—	201	200	200
Total within capital departmental AME	151	1,402	1,453	661	283	-81	71	-87
Add items classified as capital in National Accounts	4,995	7,071	4,872	6,814	7,848	8,648	9,319	11,877
Accounting and other adjustments	-3,944	-6,883	-5,773	-7,287	-7,943	-5,486	-3,700	-4,500
Total CG own capital expenditure	7,861	7,290	7,442	10,367	11,223	15,011	17,200	21,700

(1) See footnote (4) to Table 7.1.

Table 4.4 Central government own expenditure on services by economic category 1998–99 to 2005–06

	£ million							
	National Statistics					2003–04 estimated outturn	2004–05 plans	2005–06 plans
1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn				
Central government current expenditure								
Pay ⁽¹⁾	20,809	23,363	24,443	26,528	28,903	33,114	32,569	33,718
Procurement of goods and services ⁽¹⁾	68,803	72,793	79,892	86,638	95,109	101,992	108,458	117,483
Subsidies	6,540	6,467	6,596	7,302	6,628	7,261	6,497	6,619
Social benefits and other grants to private sector	101,111	109,014	115,826	124,159	131,031	140,718	146,991	153,253
Current transfers abroad	1,005	1,771	2,333	231	5,923	8,805	9,803	11,176
Central government debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Total central government current expenditure on services⁽²⁾	227,027	238,336	255,036	266,891	285,009	309,894	323,494	343,401
Accounting adjustments	11,498	7,154	8,086	9,155	11,282	9,302	12,300	14,600
Total central government current expenditure	238,525	245,490	263,122	276,046	296,291	319,196	335,800	358,000
Central government capital expenditure								
Capital expenditure ⁽³⁾	7,306	5,214	3,372	5,419	6,179	6,527	6,805	9,276
Stock building	—	—	—	–53	–14	–105	–59	–46
Capital grants	2,568	2,962	3,175	5,202	6,118	7,969	8,737	11,284
Total central government capital expenditure on services⁽²⁾	9,873	8,176	6,546	10,568	12,282	14,391	15,484	20,514
Accounting adjustments	–2,012	–886	896	–201	–1,059	620	1,700	1,200
Total central government capital expenditure	7,861	7,290	7,442	10,367	11,223	15,011	17,200	21,700
Total Managed Expenditure	246,386	252,780	270,564	286,413	307,514	334,207	352,900	379,700

(1) Excludes pay and procurement of public corporations such as NHS trusts.

(2) See footnote (1) to Table 3.8.

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

Table 4.5 Central government own expenditure on services by function, 1998–99 to 2005–06

	£ million							
	National Statistics						2003–04	2004–05
	1998–99	1999–00	2000–01	2001–02	2002–03	estimated	plans	plans
	outturn	outturn	outturn	outturn	outturn	outturn		
General public services								
Public and common services	5,413	6,122	6,054	7,157	7,495	8,968	8,428	9,488
Total General public services	5,413	6,122	6,054	7,157	7,495	8,968	8,428	9,488
EU transactions								
EC receipts	-3,950	-3,676	-4,099	-3,309	-3,424	-4,203	-4,756	-4,293
GNP-based contribution, net of abatement and aid	1,328	953	1,519	1,952	1,575	2,237	3,447	4,125
Total EU transactions	-2,622	-2,723	-2,580	-5,261	-1,849	-1,966	-1,309	-168
International Services								
Other International services	992	1,047	1,226	1,376	1,511	1,607	1,437	1,299
International development assistance	2,016	2,533	2,750	3,164	3,344	3,931	3,790	4,454
Total International services	3,009	3,580	3,976	4,540	4,854	5,537	5,227	5,753
Debt Interest								
CG gross debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Total Debt interest	28,760	24,927	25,946	22,047	20,839	22,204	23,928	25,442
Defence								
National defence	23,719	24,069	24,825	24,500	26,043	27,887	26,596	27,587
Civil defence	2	2	2	2	3	22	48	19
Total Defence	23,721	24,072	24,828	24,502	26,045	27,910	26,644	27,605
Public order and safety								
Police	991	952	1,029	1,718	2,086	2,435	2,666	3,198
Fire	115	126	126	141	242	168	58	59
Administration of justice	3,015	2,553	3,134	3,990	4,420	5,036	4,774	4,926
Immigration and citizenship	309	796	1,398	1,729	1,794	1,960	1,693	1,717
Prisons and offender programmes	2,283	2,297	2,457	2,591	2,888	3,053	3,109	3,222
Other public order and safety	535	555	641	777	777	928	866	979
Total Public order and safety	7,248	7,279	8,785	10,947	12,207	13,580	13,166	14,101
Enterprise and economic development								
Economic development and trade	473	432	553	710	710	810	889	872
Support for business	375	678	812	1,227	1,393	1,809	1,699	1,704
Regional policy	1,129	1,604	1,759	2,137	2,658	3,008	3,110	3,442
Total Enterprise and economic development	1,977	2,715	3,124	4,074	4,761	5,628	5,698	6,019
Science and technology								
Science and technology	1,255	1,264	1,306	1,529	1,943	2,185	2,222	2,436
Total Science and technology	1,255	1,264	1,306	1,529	1,943	2,185	2,222	2,436
Employment policies								
Employment policies	2,694	3,038	3,328	3,254	3,238	3,581	3,422	3,271
Total Employment policies	2,694	3,038	3,328	3,254	3,238	3,581	3,422	3,271
Agriculture, fisheries and forestry								
Market support under CAP	3,523	3,329	2,959	2,727	2,959	2,924	2,820	2,728
Other agriculture, food and fisheries policy	1,004	1,043	1,744	3,798	1,602	2,097	2,021	2,111
Forestry	10	79	97	110	125	128	130	136
Total Agriculture, fisheries and forestry	4,537	4,451	4,800	6,635	4,685	5,148	4,971	4,974

Table 4.5 Central government own expenditure on services by function, 1998–99 to 2005–06 (continued)

	£ million							
	National Statistics						2003–04 estimated outturn	2004–05 plans
1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn				
Transport								
National roads	1,798	1,925	2,086	2,271	2,624	2,637	2,701	2,723
Local public transport	314	363	362	348	376	1,279	418	432
Railways	1,393	1,209	1,041	1,792	2,437	3,422	3,472	3,973
Other transport	383	610	469	592	575	806	932	1,063
Total Transport	3,888	4,107	3,958	5,004	6,012	8,144	7,523	8,191
Environment protection								
Environmental protection	1,585	1,580	1,551	1,726	1,843	1,746	2,234	2,358
Environmental research	182	183	190	209	236	286	273	300
Total Environment protection	1,767	1,763	1,741	1,935	2,078	2,032	2,507	2,658
Housing and community amenities								
Local authority housing	478	467	445	351	240	190	–12	125
Other social housing	1,259	1,296	1,334	1,490	1,639	2,101	2,155	2,174
Other housing and community services	365	328	343	445	541	802	566	583
Total Housing and community amenities	2,102	2,092	2,122	2,286	2,420	3,092	2,709	2,882
Health								
Medical services	44,317	46,626	51,008	56,548	62,794	70,856	75,489	84,531
Medical research	289	311	327	359	333	413	416	464
Central health and other services	777	925	965	1,092	1,135	1,680	1,509	1,339
Total Health	45,383	47,862	52,300	57,999	64,262	72,949	77,414	86,334
Recreation, culture and religion								
Heritage, arts, libraries and films	954	1,071	1,061	916	1,049	1,293	1,281	1,386
Sport and recreation	61	76	72	82	151	165	157	177
Broadcasting	83	88	88	87	93	114	122	122
Lottery	1,489	1,577	1,514	1,313	1,473	1,025	830	1,298
Other recreation, culture and religion	23	28	31	37	42	60	58	61
Total Recreation, culture and religion	2,609	2,840	2,765	2,435	2,807	2,657	2,449	3,044
Education and training								
Under fives	134	130	59	136	221	439	492	586
Primary schools	345	367	398	466	606	651	631	639
Secondary schools	965	1,034	1,086	1,246	1,121	1,180	1,190	1,219
Higher Education	4,802	5,397	5,778	6,218	6,632	7,056	7,555	8,078
Further Education	3,690	3,839	4,296	5,205	5,733	6,372	6,724	7,334
Student support	630	1,182	1,478	1,339	1,585	1,596	2,195	2,499
Training	1,248	1,403	1,481	1,222	1,496	1,527	1,681	1,741
Other education and training	979	1,079	1,326	2,069	2,731	3,386	4,022	4,033
Total Education and training	12,791	14,432	15,902	17,900	20,126	22,206	24,490	26,129

Table 4.5 Central government own expenditure on services by function, 1998–99 to 2005–06 (continued)

	£ million							
	National Statistics					2003–04 estimated outturn	2004–05 plans	2005–06 plans
1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn				
Social protection								
Incapacity, disability and injury benefits	18,098	18,724	19,138	20,723	20,777	21,794	22,676	23,781
State pensions	37,828	40,877	43,262	46,619	49,142	51,599	54,399	56,582
Public sector occupational pensions	4,898	5,133	4,871	4,917	3,890	2,628	2,239	1,526
Widows' benefits	1,002	1,030	1,019	1,131	1,124	1,035	969	906
Family benefits, income support and tax credits	22,617	24,978	27,139	29,196	31,029	36,396	38,275	40,272
Unemployment benefits	3,993	3,756	3,428	3,192	4,447	4,010	4,040	4,214
Housing benefits	396	401	302	307	308	262	327	337
Personal social services	536	582	672	779	993	1,598	1,754	1,845
Administration and miscellaneous services	3,001	3,212	3,394	3,609	3,655	3,623	3,012	2,400
Total social protection	92,369	98,693	103,225	110,474	115,366	122,947	127,691	131,864
Unallocated provision								
Departmental unallocated provision			4		2	46	1,797	3,892
Allowances for shortfall						-2,563		
Total unallocated provision	—	—	4	—	2	-2,517	1,797	3,892
Total central government own expenditure on services⁽¹⁾	236,901	246,513	261,584	277,457	297,291	324,285	338,977	363,914
Accounting adjustments	9,485	6,267	8,980	8,956	10,223	9,922	14,000	15,800
Total central government own expenditure	246,386	252,780	270,564	286,413	307,514	334,207	352,900	379,700

(1) See footnote (1) to Table 3.8.

Introduction

5.1 This chapter sets out details of expenditure by those central government departments that are subject to Treasury administration costs controls, and of civil service staffing levels in all central government departments and the devolved administrations. The data cover a period of four years, starting in 2002–03, with plans going through to 2005–06. The data on administration costs are on a resource basis.

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

Budget 2004 announcements

5.3 The 2004 Budget announced workforce reductions in some departments and plans for departmental restructuring. The Budget also announced that administration costs for all government departments would be capped, in 2006–07 and 2007–08, at or below 2005–06 nominal levels.

5.4 The Budget announcements on administration costs are not reflected in **Table 5.1** as the financial years to which the announcements relate (2006–07 and 2007–08) do not fall within the scope of this year's table. PESA 2005 will set out the plans for departments' administration costs in 2006–07 and 2007–08, which will have been agreed in the 2004 Spending Review. Future PESA publications will also reflect the reductions in civil service staff numbers that have been announced, the details of which are currently being worked through by departments.

Administration costs

5.5 The primary aim of administration costs control is to promote economical and efficient administration and service delivery in central government. Administration cost controls cover the costs of most central government administration. However, the controls do not cover the costs of some direct front line services and support activities that are directly associated with these. The controls do cover the direct delivery of services by some departments and their agencies where these are carried out by civil servants, for example, prison officers and personal advisers helping people into work. Administration costs are controlled during the year through accrual-based administration costs limits, which are notified to Parliament in the Supply Estimates. These limits are net of certain income which departments are allowed to offset against their gross administrative expenditure. Administration costs limits for 2004–05 are announced in the 2004–05 Supplementary Budgetary Information (Cm6133).

5.6 **Table 5.1** shows gross administrative expenditure from 2002–03 to 2005–06 for all central government departments for which administration costs controls are operated. There are no figures for the Ministry of Defence, which is not subject to administration costs control, nor for the devolved administrations, which operate their own controls. Gross administrative expenditure is measured after eliminating transactions between departments and offsetting VAT refunds on eligible contracted out services. The table shows final outturn for 2002–03, estimated outturn for 2003–04 and plans for 2004–05 and 2005–06.

5.7 Departments' paybill outturns are published in departmental reports, together with the related staff numbers.

Civil service staffing

5.8 Table 5.2 provides a summary of civil service staffing by department, starting with final outturn for 2002–03, estimated outturn for 2003–04 and plans for 2004–05 and 2005–06. The figures comprise all permanent staff and exclude temporary and casual staff. Numbers are measured in terms of “full time equivalent” staff with part-time staff recorded according to the proportion of a full week they are contracted to work. In most cases planned figures have been estimated to be consistent with current administration costs data.

5.9 Plans for the devolved administrations are indicative only as staff numbers will depend on decisions taken by the devolved executives. PESA now shows separate totals for the numbers of civil servants in central government departments, the devolved administrations (and their predecessor departments), and trading funds.

5.10 The figures in Table 5.2 include some groups of staff which were not included in PESA 2003, including:

- 12,000 magistrates courts staff who will transfer into the Department for Constitutional Affairs from 2005–06; and
- 1,250 (800 full-time equivalents) Office for National Statistics interviewers who were not previously categorised as civil servants.

Table 5.1 Gross administrative expenditure^{1,2,3} by department, 2002–03 to 2005–06

	accruals £ million			
	2002–03 outturn ⁽⁴⁾	2003–04 estimated outturn	2004–05 plans	2005–06 plans
Education and Skills	264	280	274	282
Health	331	334	302	321
Transport	590	628	255	286
Office of the Deputy Prime Minister	279	362	353	345
Home Office	3,472	4,079	4,093	4,436
Constitutional Affairs	761	949	899	980
Attorney General's Departments	366	448	386	417
Foreign and Commonwealth Office	932	1,041	904	930
International Development	99	212	227	244
Trade and Industry ⁽⁵⁾	609	653	540	570
Environment, Food and Rural Affairs	537	549	560	583
Culture, Media and Sport	36	49	48	51
Work and Pensions	5,778	6,350	6,015	6,111
Northern Ireland Office	216	171	185	202
Chancellor's Departments:	4,404	4,839	4,872	5,197
<i>Of which:</i>				
<i>Inland Revenue</i>	2,954	3,258	3,180	3,360
<i>Customs and Excise</i>	992	1,083	1,191	1,313
<i>Others</i>	458	498	502	524
Cabinet Office	689	764	811	830
Departmental totals	19,364	21,709	20,723	21,785
<i>Of which, estimated IT PFI capital⁽⁶⁾</i>	335	440	464	473
Total gross expenditure on civil departments' administration costs	19,029	21,269	20,259	21,312
<i>Of which administration costs payroll⁽⁷⁾</i>	<i>9,981</i>	<i>10,899</i>	<i>10,227</i>	<i>10,392</i>
Ministry of Defence civilian payroll	2,365	2,543	2,702	2,770
Total gross expenditure on civil departments' administration costs as a percentage of Total Managed Expenditure	4.5%	4.6%	4.2%	4.1%

(1) Administration costs cover the costs of all central government administration other than the costs of some direct front line services, and activities and support activities that are directly associated with these.

(2) Gross of all receipts except for those receipts paid from within other departments' administration costs, which are netted off for consolidation purposes.

(3) Excludes administration costs of devolved administrations.

(4) Figures for 2002–03 represent final outturn and update estimated outturn figures published in PESA 2003.

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

(6) These are charges that previously would have scored as capital but under PFI contracts are now funded from administration costs. The Government has now adopted a presumption against the use of PFI in future IT projects. PFI in the IT sector will be replaced by a set of procurement options appropriate for different types of IT projects.

(7) This covers the pay costs of Civil Servants and other staff (including casual staff) and includes superannuation charges and National Insurance Contributions. It excludes the staff of the devolved administrations, the armed forces and Ministry of Defence civilian staff.

Table 5.2 Staff of central government departments, devolved administrations and trading funds, 2002–03 to 2005–06⁽¹⁾⁽²⁾

	thousands (full-time equivalents)			
	2002–03 outturn ⁽³⁾	2003–04 estimated outturn	2004–05 plans	2005–06 plans
Central Government Departments				
Education and Skills ⁽⁴⁾	6.8	4.5	4.2	4.1
Office for Standards in Education ⁽⁴⁾	–	2.4	2.4	2.4
Health	3.7	3.7	2.6	2.6
Food Standards Agency	2.2	2.2	2.2	2.2
Transport	10.4	11.9	12.5	13.5
Office of the Deputy Prime Minister	4.5	4.8	4.8	4.7
Home Office ⁽⁵⁾	60.9	65.2	67.9	67.6
Charity Commission ⁽⁶⁾	–	0.6	0.6	0.6
Constitutional Affairs ⁽⁷⁾⁽⁸⁾	13.3	13.4	13.4	25.0
Attorney General's Departments	7.5	8.1	8.4	8.6
Defence	76.5	73.6	72.6	71.8
Foreign and Commonwealth Office	5.6	5.9	5.9	5.9
International Development	1.6	1.9	1.9	1.9
Trade and Industry	9.6	10.3	9.5	9.3
Export Credits Guarantee Department	0.4	0.4	0.4	0.4
Environment, Food, and Rural Affairs	12.5	13.0	12.7	11.9
Culture, Media and Sport	0.7	0.7	0.5	0.5
Work and Pensions	130.2	128.6	122.2	115.5
Northern Ireland Office	3.4	3.3	3.7	3.7
HM Customs and Excise	22.3	22.4	22.6	22.5
Inland Revenue ⁽⁹⁾	71.2	77.3	76.8	76.8
Chancellor's other departments ⁽¹⁰⁾	5.3	6.1	6.3	6.4
Cabinet Office and Privy Council Office	2.6	2.3	2.2	2.2
Security and Intelligence Services	8.9	8.9	9.4	9.7
Central Government Departments Total	460.1	471.5	465.7	469.8
Devolved Administrations⁽¹¹⁾				
Scotland	14.0	14.0	14.2	14.3
Wales	3.4	3.5	3.6	3.6
Northern Ireland	25.6	26.7	26.6	26.6
Devolved Administrations Total	43.0	44.2	44.4	44.5
Trading funds⁽¹²⁾	34.4	36.2	36.5	38.2
TOTAL⁽¹⁾⁽²⁾	537.5	551.9	546.6	552.5

(1) Unless otherwise indicated all the figures are financial year averages for permanent staff.

(2) Budget 2004 announced workforce reductions in some departments and plans for departmental restructuring. These changes are not reflected in Table 5.2.

(3) Figures for 2002–03 represent final outturn and update estimated outturn figures published in PESA 2003.

(4) Figures for Ofsted before 2003–04 are included in Education and Skills.

(5) Home Office figures include the Asset Recovery Agency.

(6) Figures for Charity Commission before 2003–04 are included in Home Office.

(7) From 2003 the work of the Scotland Office and Wales Office has been incorporated into the new Department for Constitutional Affairs.

(8) Constitutional Affairs figures for 2005–06 include around 12,000 Magistrates Courts staff transferring into Department for Constitutional Affairs. Previously, these staff would not have been classed as civil servants.

(9) Figures for Inland Revenue include Valuation Office staff (4,500 in 2004–05) not counted in PESA 2003.

(10) From 2003–04, figures for Chancellor's other departments include around 1,250 interviewers (800 full time equivalents) in Office for National Statistics not previously classed as civil servants.

(11) Plans for the devolved administrations are indicative only as staff numbers will depend on decisions taken by the devolved executives. Figures for years before the current devolved administrations were created reflect the staff numbers of predecessor organisations.

(12) The figures for trading funds now include around 2,100 staff in the Army Base Repair Organisation not counted in PESA 2003.

6

LOCAL AUTHORITY EXPENDITURE

Introduction

6.1 This chapter describes central government support for local authorities from 1998–99 to 2005–06 and local authority expenditure for outturn years. It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in certain tables in this section.

6.2 In this chapter all data for central government support are on a resource basis. All outturn data (to 2002–03) fall under the umbrella of National Statistics.

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

6.4 Total Local Authority Expenditure is defined as the contribution of local authorities to TME as measured in national accounts. TME is a consolidated measure in the sense that transactions between parts of the public sector do not add to TME. So, for example, total local authority expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Total local authority expenditure can also be measured as central government support for local authorities within DEL and Departmental AME, plus locally financed expenditure in AME, plus some accounting adjustments. **Table 6.1** sets out details of the financing of local authority expenditure defined on this basis.

6.5 Local authority expenditure accounts for around one quarter of TME. Data for all years up to 2001–02 are final outturn figures; 2002–03 are provisional outturn; 2003–04 are estimated outturn based on local authority budget plans; 2004–05 to 2005–06 are based on the spending plans by central government departments that support local authorities and forecasts of local authority expenditure financed locally.

6.6 The local authority expenditure data (**Tables 6.6** to **6.10**) has improved in quality this year as a result of an internal review of data collection methods. This mainly involved some expenditure data being reclassified by function. Changes have been applied to historical years to provide a more reliable data series on a consistent basis.

6.7 Outturn figures and projections for the later years are set out in **Table 6.1**. **Table 6.6** presents current and capital local authority expenditure by function for the outturn and estimated outturn years: 1998–99 to 2003–04. **Table 6.10** shows total local authority expenditure for those years, broken down by country and economic category. **Table 6.7** shows local authority current expenditure by country and function for those years.

6.8 The functional categories are based on the UN Classification of the Functions of Government (COFOG), the international standard. This presentation differs from that of PESA 2003; the change in methodology was pre-announced on the Treasury public website in a detailed technical note at the following address: http://www.hm-treasury.gov.uk/medial/B83D5/natstat_techpesa04.pdf.

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

6.10 Table 6.2 presents a departmental breakdown of central government support for current and capital expenditure by local authorities.

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

Main local services

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

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

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

6.14 Table 6.4 shows AEF in Great Britain by country and grant. Most AEF falls within DEL, with the exception of Scottish NNDR payments, which are in locally financed expenditure in Other AME, and Education Maintenance Allowances and Non domestic rate outturn adjustments, which are in Departmental AME.

Other spending

6.15 This is financed almost wholly by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and rebates, and council tax benefit. Table 6.5 shows current specific grants outside AEF by country, for the years 1998–99 to 2005–06. Grants outside of AEF are a mixture of support falling within DEL and Departmental AME.

Capital expenditure

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

- central government support;
- own resources: capital receipts and revenue.

6.17 From 1 April 2004, Local authorities in England, Wales and Scotland no longer have to set aside part of their housing capital receipts to repay debt. For English and Welsh authorities a proportion of their housing capital receipts are pooled, but they are free to spend the remainder for any capital purpose they see fit. Scottish authorities are free to decide on the use of all their housing receipts. The requirement to set aside part of their other, non housing receipts was lifted in September 1998.

6.18 Gross capital expenditure, split by country and function from 1998–99 to 2003–4, is shown in **Table 6.8**. Gross means that it is before sales of capital assets and depreciation. These estimates take account of the returns from local authorities on capital expenditure. **Table 6.9** shows local authority receipts within the United Kingdom, again by country and function. **Tables 6.8** and **6.9** use a definition of capital expenditure that is consistent with the national accounts, i.e. excludes financial transactions.

Support for local authority capital programmes

6.19 Central government support for local authority capital expenditure comprises grants and credit approvals (net capital allocations in Scotland). Credit approvals and net capital allocations authorise local authorities to borrow or use other forms of credit to finance capital expenditure. **Table 6.3** shows the components of this government support within the United Kingdom by country and by service. Credit approvals fall sharply in 2001–02 because of a change in the way support for housing repairs is provided: more of that support is now given through rent rebate grants and subsidies rather than credit approvals.

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

6.21 Credit approvals and capital grants are replaced by the term Supported Capital Expenditure (SCE) from 1 April 2004, as a result of the new prudential capital finance system. For a full definition see appendix G.

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1998–99 to 2005–06

	£ million							
	National Statistics							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Current finance in DEL								
Aggregate External Finance								
England								
Revenue support grant	19,506	19,902	19,470	21,122	19,931	24,267	27,010	} 44,706
Non-domestic rate payments	12,531	13,619	15,407	15,144	16,633	15,607	15,000	
Specific and special grants	6,169	6,371	8,270	9,624	11,455	12,592	13,003	13,556
Total England	38,205	39,891	43,146	45,890	48,019	52,466	55,013	58,262
Scotland								
Revenue support grant	3,487	3,537	3,593	3,940	4,558	5,016	5,300	5,461
Specific and special grants	391	521	611	627	668	656	707	835
Total Scotland	3,878	4,058	4,204	4,567	5,226	5,672	6,008	6,297
Wales								
Revenue support grant	1,804	1,890	2,032	2,146	2,347	2,538	} 3,291	} 3,301
Non-domestic rate payments	606	656	648	708	673	660		
Specific and special grants	287	277	284	253	275	310	316	303
Total Wales	2,697	2,824	2,963	3,107	3,295	3,509	3,607	3,604
Great Britain								
Revenue support grant	24,796	25,329	25,094	27,208	26,836	31,822	35,601	} 53,469
Non-domestic rate payments	13,137	14,275	16,054	15,852	17,305	16,267	15,000	
Specific and special grants	6,847	7,169	9,165	10,504	12,398	13,558	14,027	14,694
Total AEF Great Britain	44,780	46,773	50,313	53,564	56,539	61,646	64,628	68,162
Non AEF current grants	2,462	1,170	741	781	2,222	2,786	3,145	3,481
Total current finance in DEL	47,242	47,942	51,054	54,345	58,761	64,432	67,773	71,644
Capital finance in DEL⁽⁴⁾								
Capital grants/SCE(C) ⁽¹⁾	2,154	1,865	2,728	3,494	4,494	5,333	5,647	6,210
Credit approvals/SCE(R) ⁽¹⁾	3,182	3,247	4,116	3,573	3,982	4,569	5,321	5,473
Total capital support in DEL	5,336	5,112	6,845	7,068	8,476	9,902	10,967	11,683
Total central government support in DEL	52,576	53,054	57,898	61,412	67,238	74,334	78,740	83,326
Central government support in departmental AME⁽²⁾⁽⁴⁾	11,601	11,614	11,890	14,257	15,480	17,886	19,969	19,247
Locally financed expenditure								
Local authority self financed expenditure	15,952	16,931	16,629	18,434	17,933	20,609	22,306	23,952
Locally financed support in Scotland ⁽³⁾	1,395	1,441	1,511	1,554	1,718	1,804	1,874	2,009
Total Locally financed expenditure	17,347	18,372	18,140	19,998	19,651	22,413	24,180	25,961
Accounting and other adjustments	195	3,506	3,318	3,200	4,665	4,891	5,200	7,300
Total Local Authority expenditure	81,720	86,545	91,246	98,857	107,034	119,525	128,100	135,900

(1) A full definition of Supported Capital Expenditure (SCE) is given in Appendix G.

(2) Includes expenditure financed from the Lottery.

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

(4) Includes debt repayment grants from central government which score in budgets. Debt repayment is not expenditure so this is deducted in the accounting adjustments line.

Table 6.2 Central government support for local authorities in the United Kingdom by department, 1998–99 to 2005–06

	£ million							
	National Statistics							
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn	2004–05 plans	2005–06 plans
Current in DEL								
Education and Skills	2,286	1,546	2,549	3,435	5,561	5,706	4,575	5,657
Health	1,047	929	913	1,133	1,879	1,785	2,255	2,242
Transport	271	260	517	492	638	1,122	1,839	1,896
Office of the Deputy Prime Minister	32,466	33,822	35,205	36,891	37,496	41,307	43,808	46,288
Home Office	4,112	4,119	4,326	4,123	4,155	4,414	4,482	4,272
Legal Departments	312	242	284	318	275	305	291	469
Trade and Industry	15	10	15	97	66	31	70	31
Environment, Food and Rural Affairs	-227	-226	-226	-225	-240	-253	-6	-7
Work and Pensions	366	323	301	334	365	647	550	580
Culture, Media and Sports	6	6	7	8	17	—	—	—
Cabinet Office	14	14	13	19	19	19	19	19
Scotland ⁽¹⁾	4,015	4,191	4,274	4,653	5,275	5,774	6,148	6,456
Wales ⁽¹⁾	2,494	2,627	2,790	3,002	3,199	3,496	3,610	3,614
Northern Ireland ⁽¹⁾	64	80	86	66	56	79	132	124
Total current in DEL	47,242	47,942	51,054	54,345	58,761	64,432	67,773	71,644
Current in departmental AME								
Education and Skills	—	—	—	—	—	130	56	—
Office of the Deputy Prime Minister	109	200	61	498	170	1,919	1,891	1,288
Trade and Industry	—	—	—	—	1	—	1	1
Environment, Food and Rural Affairs	8	8	8	6	6	6	6	6
Work and Pensions	11,141	11,053	11,225	13,304	14,200	15,886	15,886	16,760
Culture, Media and Sport	—	39	40	47	40	-65	130	124
Wales	—	—	—	2	—	122	121	97
Total current in departmental AME	11,259	11,300	11,334	13,857	14,417	16,586	18,090	18,276
Locally Financed Expenditure in Scotland⁽³⁾	1,395	1,441	1,511	1,554	1,718	1,804	1,874	2,009
Total Current	59,896	60,683	63,899	69,755	74,896	82,822	87,737	91,928
Capital in DEL⁽²⁾								
Education and Skills	946	1,097	1,903	1,917	2,463	3,218	3,787	4,431
Health	46	49	48	50	72	177	78	78
Transport	615	639	855	1,759	2,259	2,586	2,817	2,703
Office of the Deputy Prime Minister	2,467	2,128	2,729	1,812	2,073	2,280	2,442	2,594
Home Office	161	161	160	133	234	268	288	318
Legal Departments	32	26	22	33	44	53	56	56
Trade and Industry	—	—	33	33	69	1	18	1
Environment, Food and Rural Affairs	53	56	51	73	80	150	129	126
Work and Pensions	5	5	3	1	2	3	4	4
Culture, Media and Sport	7	4	20	21	17	46	31	31
Scotland ⁽¹⁾	590	538	592	750	687	619	751	773
Wales ⁽¹⁾	412	406	428	484	475	491	561	561
Northern Ireland ⁽¹⁾	1	1	1	1	2	10	7	6
Total Capital in DEL	5,336	5,112	6,845	7,068	8,476	9,902	10,967	11,683
Capital in departmental AME⁽²⁾								
Financing from the National Lottery	342	292	301	351	298	1,040	1,040	178
Other departmental AME	—	21	255	50	766	261	840	792
Total capital in departmental AME	342	313	556	401	1,063	1,301	1,880	971
Total Capital	5,677	5,425	7,400	7,468	9,540	11,203	12,847	12,653
Total central government support	65,573	66,108	71,299	77,223	84,436	94,025	100,583	104,582

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

(2) Includes debt repayment grants from central government which score in budgets.

(3) Non Domestic Rates Income (NDR) is locally financed support in Scotland, in AME. Equivalent to NNDR in England and Wales.

Table 6.3 Central government capital support⁽⁵⁾ for local authorities in the United Kingdom by country and service, 1998–99 to 2005–06

£ million

	National Statistics							
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn	2004–05 plans	2005–06 plans
England								
Credit approvals/SCE(R)⁽⁴⁾								
Housing	987	1,024	1,819	684	844	1,150	1,476	1,643
Transport	368	470	766	1,183	1,314	1,485	1,565	1,703
Education	382	456	545	565	818	1,032	1,464	1,298
Personal social services	54	57	56	56	56	60	62	63
Fire services	30	30	33	57	48	53	58	58
Environment protection	38	40	37	49	9	47	44	42
Enterprise and economic development	149	121	1	—	—	—	—	—
Recreation, culture and religion	—	—	—	—	10	—	—	—
General public services	358	272	54	93	208	133	8	8
Criminal Justice	56	57	58	70	9	80	80	80
Total Credit Approvals/SCE(R)	2,423	2,529	3,370	2,757	3,316	4,040	4,756	4,894
Capital grants/SCE(C)⁽⁴⁾								
Housing	573	557	484	614	607	391	300	223
Transport	239	159	88	574	931	1,088	1,249	996
Education	550	629	1,347	1,339	1,623	2,158	2,297	3,097
Personal social services	5	4	2	7	38	45	42	52
Environment protection	15	16	14	24	72	107	85	85
Enterprise and economic development	384	136	280	279	325	361	378	354
Recreation, culture and religion	—	—	—	—	—	—	6	6
General public services	—	21	365	188	884	492	1,102	1,126
Health	—	—	—	—	—	102	—	—
Employment policies	2	2	2	1	2	3	3	3
Criminal Justice	129	120	115	88	264	225	246	275
Total Capital grants/SCE(C)	1,898	1,645	2,696	3,115	4,747	4,972	5,709	6,216
Total England	4,320	4,174	6,066	5,872	8,063	9,012	10,465	11,110
Scotland⁽¹⁾								
Net capital allocations⁽²⁾								
Scotland Executive housing	195	158	161	179	161	99	44	59
Scottish Executive: other	326	299	346	429	459	297	345	345
Total Net capital allocations	521	457	507	608	620	396	389	404
Capital grants								
Scotland Executive housing	—	17	18	65	26	105	171	175
Scottish Executive: other	69	65	68	78	42	118	191	195
Total Capital grants	69	82	86	143	68	223	362	370
Total Scotland	590	539	593	750	687	619	751	774
Wales⁽¹⁾								
Credit approvals/SCE(R)								
National Assembly for Wales	231	256	234	253	261	261	167	166
Other departments ⁽³⁾	6	6	6	6	3	8	9	9
Total Credit approvals/SCE(R)	237	262	240	259	264	269	176	176
Capital grants/SCE(C)								
National Assembly for Wales	180	150	194	231	222	240	394	394
Other departments ⁽³⁾	6	7	6	5	5	13	14	15
Total Capital grants/SCE(C)	186	157	201	236	227	253	408	410
Total Wales	423	418	441	495	490	522	583	585
Northern Ireland capital grants⁽¹⁾	1	1	1	1	2	10	7	6
Capital grants from the lottery	342	292	301	351	298	1,040	1,040	178
United Kingdom Total	5,677	5,425	7,400	7,468	9,540	11,203	12,847	12,653
<i>of which:</i>								
Credit approvals/SCE(R)	3,181	3,247	4,116	3,623	4,199	4,704	5,321	5,473
Capital grants/SCE(C)	2,496	2,178	3,285	3,845	5,341	6,498	7,526	7,180

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

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

(3) Includes Home Office, Department for Constitutional Affairs, Office of the Deputy Prime Minister, Department for Education and Skills and Department for Work and Pensions.

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

(5) Includes debt repayment grants from central government which score in budgets.

Table 6.4 Aggregate External Finance in Great Britain by country and grant 1998–99 to 2005–06

	£ million							
	National Statistics							
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn	2004–05 plans	2005–06 plans
England								
Revenue Support grant	19,506	19,902	19,470	21,122	19,931	24,267	27,010	44,706
NNDR	12,640	13,818	15,468	15,642	16,802	15,927	15,300	—
Police	3,470	3,518	3,637	3,795	3,788	4,083	4,154	3,944
Health	1,047	1,000	1,052	1,440	2,367	2,363	2,343	2,369
Education	409	676	2,086	2,995	3,580	3,651	3,056	3,875
Offenders Programme	310	329	388	—	—	—	—	—
Magistrates Courts	281	216	253	301	302	330	319	435
Social Security	166	166	180	172	167	381	365	370
Neighbourhood renewal fund	—	—	—	200	300	400	450	525
Metropolitan Railways Passenger Services grant	219	199	183	10	12	13	10	10
GLA Transport	—	—	286	236	324	737	1,415	1,430
Strategic Rail Authority	—	—	—	215	241	284	205	214
RDA Development Fund	—	—	—	41	42	—	39	—
PFI Special grant	15	37	62	127	207	311	415	—
Other	251	230	142	93	124	167	287	383
Total England	38,314	40,091	43,207	46,388	48,188	52,916	55,369	58,262
Scotland⁽¹⁾								
Revenue Support grant	3,487	3,537	3,593	3,940	4,558	5,016	5,300	5,461
NDR ⁽²⁾	1,395	1,441	1,511	1,554	1,718	1,804	1,874	2,009
Police	337	357	373	388	423	436	461	493
Other	54	164	238	239	245	220	246	342
Total Scotland	5,273	5,498	5,715	6,121	6,944	7,477	7,881	8,305
Wales⁽¹⁾								
Revenue Support grant	1,804	1,890	2,032	2,146	2,347	2,538	3,291	3,301
NNDR	606	656	648	708	673	660	—	—
Police	180	181	186	200	217	214	219	208
Other	107	97	98	53	58	96	98	95
Total Wales	2,697	2,824	2,963	3,107	3,295	3,509	3,607	3,604
Total Great Britain	46,284	48,413	51,885	55,616	58,427	63,901	66,857	70,171
<i>Of which: AEF grants in DEL</i>	<i>44,780</i>	<i>46,773</i>	<i>50,313</i>	<i>53,564</i>	<i>56,539</i>	<i>61,646</i>	<i>64,628</i>	<i>68,162</i>

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

(2) Non Domestic Rates Income (NDR) is locally financed support in Scotland, in AME. Equivalent to NNDR in England and Wales.

Table 6.5 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1998–99 to 2005–06

	£ million							
	National Statistics							
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 estimated outturn	2004–05 plans	2005–06 plans
England								
Mandatory student awards	1843	754	301	120	63	72	10	82
LSC Grants	—	—	—	—	1,398	1,534	1,476	1,573
Rent rebates	2,914	2,720	2,577	4,156	3,977	3,916	3,980	4,006
Rent allowances	4,594	4,662	4,893	5,221	5,940	5,953	6,749	7,239
Community charge rebates/ Council tax benefits	1,890	1,882	1,910	1,982	2,186	2,585	3,000	3,231
Supporting People Programme	—	—	—	—	—	1,830	1,801	1,497
Environment Agency	–248	–248	–248	–248	–264	–282	–34	–35
Planning Delivery Grant	—	—	—	—	—	51	130	170
LDA ODPM support	—	—	117	103	107	107	107	107
New Deal for Communities	—	3	24	55	99	117	150	171
Speed and red light camera enforcement	—	—	3	—	1	—	—	—
Police Special Grants	9	10	60	99	133	98	89	100
Others	586	384	270	417	428	344	582	666
Total England	11,589	10,167	9,906	11,904	14,068	16,326	18,040	18,807
Scotland								
Rent rebates	618	628	626	649	678	413	400	413
Rent allowances	298	308	349	383	456	608	694	745
Community charge rebates/ Council tax benefits	276	283	280	289	292	310	337	356
Others	158	159	91	109	104	147	186	205
Total Scotland	1,350	1,377	1,346	1,430	1,531	1,478	1,617	1,719
Wales								
Rent rebates	246	250	255	261	266	275	270	261
Rent allowances	214	220	226	242	265	256	285	322
Community charge rebates/ Council tax benefits	91	100	109	113	120	137	151	168
Others	58	77	86	122	162	372	385	356
Total Wales	609	647	676	739	814	1,039	1,091	1,107
Northern Ireland								
Others	64	80	86	66	56	79	132	124
Total Northern Ireland	64	80	86	66	56	79	132	124
Total United Kingdom	13,611	12,270	12,014	14,139	16,469	18,921	20,879	21,757
<i>Memo: Of which in DEL:</i>								
England	2,183	856	479	486	1,901	2,312	2,565	2,894
Scotland	157	157	90	108	103	146	185	204
Wales	58	76	86	120	162	249	263	259
Northern Ireland	64	80	86	66	56	79	132	124
Total within DEL	2,462	1,170	741	781	2,222	2,786	3,145	3,481

Table 6.6 Local authority current and capital expenditure by function, 1998–99 to 2003–04⁽¹⁾

	£ million					
	National Statistics					2003–04
	1998–99	1999–00	2000–01	2001–02	2002–03	budgets
	outturn	outturn	outturn	outturn	outturn	budgets
Current						
General public services	2,771	2,998	2,998	3,134	3,284	4075
Debt interest to private sector ⁽²⁾	541	313	385	350	344	299
Defence	3	4	4	—	—	—
Public order and safety	10,341	10,865	11,282	11,667	12,197	13,353
Enterprise and economic development	349	364	326	354	380	400
Employment policies	57	53	46	47	53	58
Agriculture, fisheries and forestry	58	67	74	79	87	75
Transport	2,810	2,860	3,166	3,587	4,089	4,425
Environment protection	3,383	3,551	3,732	3,944	4,336	4,645
Housing and community amenities	966	950	1,355	1,527	1,735	2,291
Health	373	403	442	449	449	347
Recreation, culture and religion	1,954	2,060	2,183	2,374	2,477	2,559
Education and training	25,937	26,333	28,119	30,903	32,888	35,753
Social protection	21,935	23,223	24,042	25,371	28,318	29,292
Accounting adjustments	3,895	7,032	7,499	7,440	7,750	11,100
Total current	75,373	81,075	85,653	91,227	98,385	108,673
Capital						
General public services	309	245	173	258	327	415
Public order and safety	310	289	289	405	512	717
Enterprise and economic development	24	68	25	38	—	26
Employment policies	2	3	5	3	1	9
Agriculture, fisheries and forestry	-70	-30	-31	-30	-38	-36
Transport	1,203	1,163	1,550	2,069	2,677	2,613
Environment protection	257	325	307	350	365	561
Housing and community amenities	1,112	448	940	1,487	729	2,104
Health	—	—	—	—	—	102
Recreation, culture and religion	441	498	516	581	594	932
Education and training	1,352	1,485	1,810	2,151	2,298	3,077
Social protection	114	108	116	120	153	203
Accounting adjustments	1,294	868	-108	198	1,032	129
Total capital	6,347	5,470	5,593	7,630	8,649	10,852
Total Local Authority Expenditure	81,720	86,545	91,246	98,857	107,034	119,525

(1) The local authority figures for 2003–04 reflect local authority budgets data, as set at the beginning of 2003–04. This differs from the totals of local authority expenditure in this table, which reflect latest figures for estimated outturn, as forecast in the public finances section of the Financial Statement and Budget Report in March 2004. The difference in sources is adjusted for within the accounting adjustments.

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

Table 6.7 Local authority current expenditure by country and function, 1998–99 to 2003–04

	National Statistics						£ million
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	
	outturn	outturn	outturn	outturn	outturn	budgets	
England							
General public services	2,380	2,593	2,603	2,731	2,786	3,499	
Public order and safety	8,959	9,424	9,774	10,077	10,528	11,555	
Enterprise and economic development	209	226	235	244	254	272	
Employment policies	53	50	46	47	53	58	
Agriculture, fisheries and forestry	53	63	68	76	79	70	
Transport	2,294	2,315	2,600	3,021	3,407	3,696	
Environment protection	2,642	2,771	2,900	3,068	3,404	3,643	
Housing and community amenities	945	931	1,338	1,518	1,722	2,277	
Health	373	403	442	449	449	347	
Recreation, culture and religion	1,441	1,526	1,637	1,734	1,812	1,873	
Education and training	21,912	22,093	23,616	26,051	27,762	30,221	
Social protection	18,682	19,811	20,480	21,579	23,994	24,879	
Total England	59,944	62,207	65,741	70,594	76,250	82,389	
Scotland							
General public services	238	243	245	264	330	335	
Defence	3	4	4	—	—	—	
Public order and safety	883	924	957	1,031	1,079	1,167	
Enterprise and economic development	120	115	68	74	88	87	
Employment policies	1	—	—	—	—	—	
Agriculture, fisheries and forestry	1	1	1	—	—	—	
Transport	356	384	391	373	458	479	
Environment protection	365	366	381	424	446	475	
Housing and community amenities	4	—	—	—	—	—	
Recreation, culture and religion	404	420	433	442	453	471	
Education and training	2,564	2,763	2,910	3,139	3,333	3,554	
Social protection	2,149	2,263	2,352	2,495	2,871	2,901	
Total Scotland	7,086	7,482	7,740	8,240	9,058	9,469	
Wales							
General public services	153	161	150	140	167	241	
Public order and safety	499	517	551	560	590	631	
Enterprise and economic development	11	12	12	24	24	28	
Employment policies	3	3	—	—	—	—	
Agriculture, fisheries and forestry	4	3	5	3	8	5	
Transport	159	159	173	192	222	248	
Environment protection	244	272	299	292	316	347	
Housing and community amenities	18	18	17	10	14	15	
Recreation, culture and religion	109	114	112	198	211	214	
Education and training	1,392	1,403	1,515	1,631	1,705	1,886	
Social protection	1,104	1,149	1,210	1,297	1,452	1,513	
Total Wales	3,696	3,812	4,045	4,346	4,710	5,127	
Total Great Britain	70,726	73,501	77,527	83,180	90,018	96,985	
Northern Ireland							
Enterprise and economic development	10	10	11	12	12	13	
Agriculture, fisheries and forestry	—	—	—	1	1	1	
Transport	2	2	2	2	2	2	
Environment protection	132	142	151	160	169	180	
Education and training	68	74	78	83	88	93	
Total Northern Ireland	212	229	242	257	272	289	
Debt interest to private sector ⁽¹⁾	541	313	385	350	344	299	
Accounting Adjustments	3,895	7,032	7,499	7,440	7,750	11,100	
Total United Kingdom current expenditure	75,373	81,075	85,653	91,227	98,385	108,673	

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

Table 6.8 Local authority gross⁽¹⁾ capital expenditure by country and function, 1998–99 to 2003–04

	National Statistics					£ million
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
	outturn	outturn	outturn	outturn	outturn	budgets
England						
General public services	344	336	300	422	565	767
Public order and safety	340	364	360	452	521	738
Enterprise and economic development	133	269	180	182	220	180
Employment policies	2	3	5	3	1	9
Agriculture, fisheries and forestry	18	7	7	6	7	10
Transport	1,051	1,082	1,409	1,877	2,461	2,330
Environment protection	164	191	188	214	264	321
Housing and community amenities	2,726	2,662	3,087	3,470	4,025	4,115
Health	—	—	—	—	—	102
Recreation, culture and religion	385	433	484	525	514	840
Education and training	1,251	1,391	1,719	2,062	2,287	2,946
Social protection	136	133	156	158	199	243
Total England	6,549	6,870	7,894	9,370	11,064	12,601
Scotland						
General public services	78	81	78	89	95	114
Public order and safety	38	36	36	40	53	72
Enterprise and economic development	29	19	20	12	15	17
Transport	114	107	119	165	170	219
Environment protection	27	40	37	50	47	57
Housing and community amenities	300	292	291	342	321	250
Recreation, culture and religion	56	61	52	51	73	88
Education and training	126	137	128	143	157	192
Social protection	30	22	21	31	30	43
Total Scotland	798	794	782	923	962	1,052
Wales						
Public order and safety	21	23	21	26	28	54
Enterprise and economic development	—	—	—	—	—	—
Agriculture, fisheries and forestry	8	10	7	6	5	9
Transport	85	74	108	109	105	124
Environment protection	128	130	114	118	125	214
Housing and community amenities	232	184	195	202	219	243
Recreation, culture and religion	20	27	19	29	43	41
Education and training	63	62	80	96	97	117
Social protection	11	8	8	10	11	16
Total Wales	568	519	552	595	633	818
Total Great Britain	7,916	8,183	9,228	10,888	12,658	14,472
Northern Ireland						
Enterprise and economic development	8	9	9	10	11	11
Agriculture, fisheries and forestry	2	2	2	2	2	2
Transport	8	8	9	9	10	10
Environment protection	30	32	34	36	38	41
Education and training	23	25	26	28	29	22
Total Northern Ireland	70	76	81	86	90	87
Total United Kingdom	7,986	8,260	9,309	10,974	12,748	14,558
Memorandum						
United Kingdom gross capital expenditure, from above	7,986	8,260	9,309	10,974	12,748	14,558
United Kingdom capital receipts (see Table 6.9)	-2,933	-3,658	-3,608	-3,542	-5,131	-3,835
Accounting Adjustments	1,294	868	-108	198	1,032	231
Total local authority capital expenditure	6,347	5,470	5,593	7,630	8,649	10,852

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

Table 6.9 Local authority capital receipts by country and function, 1998–99 to 2003–04

	National Statistics					£ million
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 budgets
England						
General public services	83	151	181	218	276	417
Public order and safety	80	125	117	105	83	139
Enterprise and economic development	125	216	173	159	234	173
Employment policies	—	—	—	—	—	—
Agriculture, fisheries and forestry	95	48	44	41	49	55
Transport	49	103	89	80	68	64
Environment protection	54	14	20	27	50	32
Housing and community amenities	1,887	2,408	2,498	2,394	3,646	2,363
Recreation, culture and religion	16	10	30	19	25	28
Education and training	82	102	119	146	233	186
Social protection	53	50	63	68	74	89
Total England	2,524	3,227	3,333	3,258	4,738	3,546
Scotland						
General public services	29	21	25	35	58	50
Public order and safety	5	5	5	4	4	6
Enterprise and economic development	21	13	12	7	11	10
Transport	6	4	7	9	2	5
Environment protection	1	4	10	14	5	4
Housing and community amenities	206	219	68	69	94	82
Recreation, culture and religion	4	12	8	4	10	9
Education and training	19	15	10	11	15	13
Social protection	8	4	6	10	10	10
Total Scotland	299	297	150	165	207	188
Wales						
Public order and safety	5	4	5	3	3	2
Agriculture, fisheries and forestry	3	1	2	2	3	2
Transport	—	1	—	3	—	1
Environment protection	21	31	16	17	45	24
Housing and community amenities	53	63	67	63	97	59
Recreation, culture and religion	—	1	1	—	1	—
Education and training	3	5	6	5	7	1
Social protection	1	1	—	1	2	—
Total Wales	86	108	98	93	159	90
Total Great Britain	2,909	3,632	3,581	3,515	5,104	3,824
Northern Ireland						
Environment protection	16	18	19	10	10	11
Education and training	7	8	8	17	17	—
Total Northern Ireland	23	25	27	27	27	11
Total United Kingdom	2,933	3,658	3,608	3,542	5,131	3,835

Table 6.10 Local authority expenditure by country and economic category, 1998–99 to 2003–04

	National Statistics					£ million
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 budgets
England						
Pay	34,082	36,232	38,647	41,673	44,514	49,946
Other current expenditure on goods and services	13,610	14,575	15,821	17,146	18,756	19,403
Subsidies	623	582	756	959	1,405	1,589
Current Grants to persons	11,629	10,817	10,517	10,816	11,575	11,451
Net capital expenditure on assets	3,093	2,961	3,773	5,272	5,542	8,107
Capital grants	932	682	788	840	784	948
Total England	63,969	65,850	70,302	76,707	82,576	91,444
Scotland						
Pay	3,962	4,118	4,348	4,458	4,949	5,292
Other current expenditure on goods and services	2,002	2,228	2,228	2,554	2,724	2,887
Subsidies	87	101	105	117	145	179
Current Grants to persons	1,034	1,035	1,060	1,111	1,241	1,111
Net capital expenditure on assets	398	400	531	696	701	817
Capital grants	101	98	100	62	53	47
Total Scotland	7,585	7,980	8,372	8,999	9,813	10,333
Wales						
Pay	2,898	3,021	3,361	3,681	3,964	4,475
Other current expenditure on goods and services	263	240	149	127	168	97
Subsidies	—	—	—	—	—	—
Current Grants to persons	534	551	535	538	578	555
Net capital expenditure on assets	314	284	337	393	355	589
Capital grants	168	127	117	109	119	139
Total Wales	4,178	4,223	4,499	4,848	5,184	5,855
Great Britain						
Pay	40,943	43,371	46,356	49,812	53,427	59,713
Other current expenditure on goods and services	15,875	17,044	18,198	19,828	21,648	22,387
Subsidies	710	683	861	1,076	1,549	1,768
Current Grants to persons	13,198	12,403	12,112	12,465	13,394	13,117
Net capital expenditure on assets	3,805	3,645	4,641	6,361	6,598	9,513
Capital grants	1,201	906	1,006	1,012	956	1,134
Total Great Britain	75,732	78,052	83,173	90,553	97,572	107,633
Northern Ireland						
Pay	222	240	254	269	286	303
Other current expenditure on goods and services	–10	–11	–12	–13	–13	–14
Net capital expenditure on assets	45	49	52	57	61	73
Capital grants	2	2	2	2	2	2
Total Northern Ireland	259	279	296	316	335	364

Table 6.10 Local authority expenditure by country and economic category, 1998–99 to 2003–04 (continued)

	National Statistics					£ million
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	2003–04 budgets
United Kingdom						
Pay	41,165	43,611	46,610	50,081	53,713	60,016
Other current expenditure on goods and services	15,865	17,033	18,186	19,815	21,635	22,475
Subsidies	710	683	861	1,076	1,549	1,768
Current grants to persons	13,198	12,403	12,112	12,465	13,394	13,117
Local Authority debt interest to private sector ⁽¹⁾	541	313	385	350	344	299
Net capital expenditure on assets	3,850	3,694	4,693	6,418	6,659	9,586
Capital grants	1,203	908	1,008	1,014	958	1,137
Total United Kingdom	76,532	78,645	83,855	91,219	98,252	108,296
Accounting and other adjustments	5,188	7,900	7,391	7,638	8,782	11,229
Total Local Authority Expenditure	81,720	86,545	91,246	98,857	107,034	119,525

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

7.1 This Chapter sets out what public corporations are, recent developments affecting them, how they are controlled, and how they are scored in public expenditure. A list of the main public corporations is in appendix D. The appendix shows which bodies are Self-Financing Public Corporations (SFPCs) and Trading Funds.

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

Definition of public corporations

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

- they are mainly trading bodies, largely recovering their costs from fees charged to customers. Some charge for regulatory activities, where these provide a significant benefit to the person paying the fee, for example through quality testing;
- they are owned or controlled by central government, local authorities or other public corporations; and
- they have substantial day to day operating independence so that they should be seen as institutional units separate from their parent departments.

Recent developments

7.4 On 2 July 2003, the ONS announced a provisional decision that NHS foundation hospitals would be classified to the central government sector and a firm decision that the existing NHS trusts would be reclassified from the public corporation sector to the central government sector. The ONS also indicated a provisional view that once the new system of paying for hospital services through “national tariffs” had been introduced over the period 2004–05 to 2007–08 then English NHS trusts and NHS foundation hospital trusts would be regarded as public corporations for the national accounts. The reclassification to the central government sector is to be effected in the national accounts Blue Book in Summer 2004 and has therefore not been reflected in the figures in this Chapter for English, Welsh and Northern Irish bodies. Scottish NHS Trusts are treated as central government bodies with effect from 2003–04 in PESA 2004, as they have been re-absorbed back into health boards.

7.5 The ONS announced on 27 February 2004 that Network Rail would be regarded as a public corporation until 31 March 2003 rather than until 16 August 2002 as previously stated. From 1 April 2003 Network Rail is a private sector non-financial corporation. The extension of the time that Network Rail was in the public sector before it became a private sector body will be effected in the national accounts in Summer 2004, and has therefore not been reflected in the figures in this Chapter.

7.6 Driver and Vehicle Licensing Agency (DVLA) became a trading fund on 1 April 2004. The ONS will continue to classify it to the central government sector for national accounts. DVLA figures are therefore not included in this chapter, and in PESA DVLA scores as part of central government.

The corporate control framework

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

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

Self-financing public corporations

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

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

Trading funds

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

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

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

Public expenditure measurement and control

7.13 The following transactions with and in respect of public corporations accountable to Ministers are normally included in departmental budgets. The list corresponds with the scoring and concepts in resource accounts:

- subsidies and capital grants paid to the public corporation by the Department (in resource DEL, except for capital grants financed by the Capital Modernisation Fund which are in capital DEL);
- interest and dividends received from the public corporation, and equity withdrawals (resource DEL, or resource AME if an SFPC);
- loans and public dividend capital (PDC) invested in the public corporation (capital DEL, or capital AME if an SFPC); and
- a capital charge on the department's investments (loans and PDC) in the public corporation (in resource DEL, or resource AME if an SFPC). This is the same figure as is recorded in the department's resource accounts.

7.14 **Forest Enterprise** and **NHS Trusts** in England, Wales and Northern Ireland have a different budgeting treatment:

- resource DEL includes: subsidies given to the public corporation; the public corporation's profit(-)/loss(+); and a capital charge on the public corporation's net assets;
- capital DEL (AME in the case of NHS foundation hospitals) includes the public corporation's capital expenditure and any loans given by the public corporation to the private sector, or any shares that the public corporation buys in a private sector company.

7.15 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.

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

7.17 **Public corporations controlled by local authorities** include the businesses reporting to Transport for London and local authority airports such as Manchester. DEL and departmental AME include central government support to local authorities, some of which may be used by them to support public corporations. The expenditure of these public corporations is not within DEL or departmental AME. The whole of their capital expenditure is included in the public corporations' own-financed capital expenditure line in AME. They are included in the bottom line of **Tables 7.1** and **7.3** which show the total contribution of all public corporations' own expenditure to Total Managed Expenditure (TME). The largest of them are identified separately in **Table 7.3**.

7.18 **Table 7.1** shows the impact on departmental budgets – DEL and Departmental AME – of public corporations accountable to Ministers. It also shows a reconciliation to the impact of all public corporations, including those accountable to local authorities, on TME. The table covers outturn and plan years.

7.19 Table 7.2 shows the contributions of public corporations accountable to Ministers to resource budget DELs, by department, for outturn and plan years.

Public corporations in Total Managed Expenditure

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

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

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

7.22 Grants and subsidies given by public corporations to the private sector and overseas are imputed to general government expenditure in national accounts, as grant-giving is not held to be a normal function of a commercial body.

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

7.24 Table 7.3 shows the capital expenditure of each major public corporation sponsored by a central government department and of the biggest public corporations accountable to local authorities. It does not identify separately small public corporations controlled by central government departments and most public corporations under local authority control. It also gives for each department the sum of capital expenditure of the public corporations listed. The total figure for the table includes all public corporations. Capital expenditure is recorded net of any asset sales. In this table, apart from the total line, it includes any capital grants paid by a public corporation net of any received from the private sector or abroad. The table gives figures for outturn and plan years.

Further information

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

Table 7.1 Public corporations' contribution to budgets⁽¹⁾ and TME 1998–99 to 2005–06

	£ million							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Within resource budget:								
<i>Resource Budget DELs:</i>								
CG dividends from PCs(-)	-33	31	233	-16	-13	-65	-49	-64
CG interest from PCs(-)	-3	-78	-127	-129	-68	-314	-145	-160
Subsidies to PCs	503	610	653	610	611	1,577	687	685
CG investment grants to PCs	1,056	1,336	457	746	982	304	210	193
Cost of capital charge	844	903	920	1,007	941	1,098	1,185	1,304
Profit(-)/loss(+) of NHS Trusts and FE ⁽²⁾	-1,278	-1,276	-1,582	-1,340	-1,370	-778	-863	-862
Total resource DEL	1,089	1,525	554	878	1,082	1,822	1,026	1,097
<i>Resource Budget AME:</i>								
CG dividends from SFPCs(-)	-8	-50	-68	-42	-34	-20	-33	-33
CG interest from SFPCs(-)	—	—	—	—	-5	-3	-5	-1
Subsidies to SFPCs ⁽³⁾	2	2	2	2	2	2	2	2
Cost of capital charge	5	103	104	145	131	120	118	117
Total resource AME	-1	55	38	105	93	99	82	85
Total public corporations' contribution to resource budget⁽¹⁾	1,088	1,579	592	983	1,176	1,922	1,108	1,182
Within Capital Budget:								
<i>Capital Budget DELs:</i>								
Capital Expenditure by NHS trusts and Forest Enterprise ⁽²⁾⁽⁴⁾	1,270	1,299	1,588	1,453	1,572	2,205	2,857	1,621
CG investment grants to PCs ⁽⁵⁾	—	—	104	—	—	—	—	—
Net lending to PCs	-36	178	218	228	146	113	92	74
Total capital budget DEL	1,234	1,477	1,909	1,682	1,718	2,318	2,948	1,695
<i>Capital Budget AME:</i>								
Capital expenditure by NHS foundation trusts ⁽²⁾	—	—	—	—	—	—	350	—
Net lending to SFPCs	—	—	—	-50	-50	700	472	-15
Total capital budget AME	—	—	—	-50	-50	700	822	-15
Total public corporations' contribution to capital budget	1,234	1,477	1,909	1,632	1,668	3,018	3,770	1,680
Other AME:								
PC own financed capital expenditure ⁽⁶⁾	1,437	1,392	971	1,540	1,970	2,471	2,645	2,474
Accounting adjustments	824	-141	1,774	1,122	-446	-2,146	-1,000	-500
Public corporations' expenditure in TME	4,583	4,307	5,246	5,277	4,368	5,265	6,600	4,800
<i>of which:</i>								
PC current expenditure in TME	39	43	75	121	115	95	200	200
PC gross investment in TME	4,544	4,264	5,171	5,156	4,253	5,170	6,400	4,600

(1) Data in this table differ from those shown for public corporations in Table 1.14. Central government subsidies to public corporations are classified as central government own spending in National Accounts, and are shown as such in Table 1.14. In Table 7.1 subsidies are shown as part of public corporations' contribution to resource budget. Subsidies are removed in the accounting adjustments and do not form part of public corporations' expenditure in TME.

(2) NHS Trusts and Forest Enterprise have different budgeting rules such that the profit/loss scores in resource DEL and capital expenditure scores in capital DEL (capital AME for NHS foundation trusts).

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

(4) Department of Health capital budget allocation between central government and NHS trusts for 2005–06 has not been finalised. For the full amount of Department of Health capital DEL, see Table 1.8.

(5) Capital budget includes central government investment grants to public corporations that are financed from the Capital Modernisation Fund.

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

Table 7.2 Public corporations' contribution to Resource DEL, 1998–99 to 2005–06

	£ million							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Public corporations' contribution to resource budget DEL								
Health	-408	-335	-548	-423	-394	45	60	165
Transport	458	912	283	479	774	900	8	7
Office of the Deputy Prime Minister	404	319	295	109	114	107	61	35
Home Office	—	—	—	-1	-3	-1	-1	-1
Defence	—	-2	-8	18	14	10	12	6
Foreign and Commonwealth Office	15	14	25	17	—	31	31	31
Trade and Industry	6	-4	-4	-5	-1	-29	-28	-38
Environment, Food and Rural Affairs	55	73	84	87	67	104	78	81
Culture, Media and Sport	75	75	75	77	80	85	92	92
Work and Pensions	94	96	101	148	119	126	97	97
Scotland	-4	-94	-104	1	13	121	112	115
Wales	207	278	173	133	27	71	173	173
Northern Ireland Executive	187	192	181	237	270	253	332	333
Chancellor's departments	—	—	-1	—	—	-1	—	—
Cabinet Office	—	—	—	1	1	—	—	—
Total public corporations' contribution to resource budget DEL	1,089	1,525	554	878	1,082	1,822	1,026	1,097

Table 7.3 Public corporations' capital expenditure 1998–99 to 2005–06

	£ million							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Health								
NHS Estates	—	—	—	1	—	—	—	—
NHS Foundation Trusts	—	—	—	—	—	—	350	—
NHS Trusts*	1,043	970	1,293	1,177	1,203	1,956	2,676	1,424
Total Health	1,043	970	1,293	1,178	1,203	1,956	3,026	1,424
Transport								
British Railways Board ⁽¹⁾	—	3	3	—	—	—	—	—
Civil Aviation Authority	—	1	1	1	1	—	1	1
Docklands Light Railway	46	18	3	—	—	—	—	—
Driving Standards Agency (Trading Fund)	8	2	2	3	6	5	2	2
London Regional Transport ⁽²⁾	430	816	315	—	—	—	—	—
London Underground/Jubilee Line extension	—	—	—	483	772	681	884	926
National Air Traffic Services ⁽³⁾	52	46	77	25	—	—	—	—
Vehicle and Operator Services Agency	7	7	8	30	11	15	15	15
Total Transport	543	893	409	542	790	701	902	944
Office of the Deputy Prime Minister								
Audit Commission	—	—	1	1	—	—	—	—
Commission for the New Towns ⁽⁴⁾	50	30	–5	—	—	—	—	—
Fire Service College	—	1	1	4	2	5	2	2
HATs – Housing Action Trusts ⁽⁵⁾	82	70	103	87	82	59	93	93
QEII Conference Centre	1	—	1	1	—	1	1	1
Urban Regeneration Agency ⁽⁴⁾	419	270	221	—	—	—	—	—
Total Office of the Deputy Prime Minister	552	371	322	93	84	64	96	96
Home Office								
Forensic Science Service	—	—	—	11	10	9	9	9
Total Home Office	—	—	—	11	10	9	9	9
Constitutional Affairs								
HM Land Registry	21	20	26	26	20	47	40	18
Total Constitutional Affairs	21	20	26	26	20	47	40	18
Defence								
Defence Aviation Repair Agency	—	—	—	6	7	8	12	3
Defence Evaluation Research Agency ⁽⁶⁾	—	73	50	—	—	—	—	—
Defence Scientific and Technology Laboratories	—	—	—	10	10	9	12	12
Hydrographic Office	—	5	2	5	4	7	7	12
Meteorological Office	—	25	14	48	49	31	21	23
Navy, Army, Airforce Institute (NAAFI).	—	—	—	1	4	3	3	3
QinetiQ ⁽⁵⁾	—	—	—	36	67	*	*	*
Total Defence	—	103	66	105	141	*	*	*
Foreign and Commonwealth Office								
BBC World Service	15	14	25	17	30	31	31	31
Total Foreign and Commonwealth Office	15	14	25	17	30	31	31	31
Trade and Industry								
British Nuclear Fuels Ltd (BNFL) ⁽⁵⁾	466	492	518	546	447	*	*	*
Companies House	—	4	1	1	10	6	6	6
Patent Office	—	—	—	—	1	1	1	1
Royal Mail Holdings Ltd ⁽⁵⁾	—	708	607	155	163	*	*	*
Total Trade and Industry	466	1,204	1,126	702	621	*	*	*
Environment, Food and Rural Affairs								
British Waterways Board	–1	6	39	2	18	5	5	5
Total Environment, Food and Rural Affairs	–1	6	39	2	18	5	5	5

Table 7.3 Public corporations' capital expenditure 1998–99 to 2005–06 (continued)

	£ million							
	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans
						outturn		
Culture, Media and Sport								
BBC ⁽⁵⁾	163	114	124	84	105	*	*	*
Channel Four Television ⁽⁵⁾	7	11	11	16	4	*	*	*
Historic Royal Palaces Trust	4	2	4	1	1	—	—	—
Tote – Horserace Totalisator Board ⁽⁵⁾	8	33	16	15	20	*	*	*
Welsh Fourth Channel Authority	1	1	1	1	—	—	—	—
Total Culture, Media and Sport	184	161	156	115	130	*	*	*
Work and Pensions								
Remploy	6	5	1	2	6	5	5	5
Total Work and Pensions	6	5	1	2	6	5	5	5
Crown Estate								
Crown Estate ⁽⁵⁾	—	–23	18	30	32	*	*	*
Total Crown Estate	—	–23	18	30	32	55	60	20
Forestry Commission								
Forest Enterprise	—	–7	4	5	13	3	–1	–1
Total Forestry Commission	—	–7	4	5	13	3	–1	–1
HM Treasury								
OGC Buying Solutions	—	—	—	—	—	—	—	—
Royal Mint ⁽⁵⁾	13	6	4	6	4	*	*	*
Total HM Treasury	13	6	4	6	4	*	*	*
Scottish Executive								
NHS Trusts (Scotland) ⁽⁷⁾	64	152	152	205	172	—	—	—
Water Supply and Sewerage	—	371	421	474	359	480	559	580
Total Scottish Executive	64	523	573	679	531	480	559	580
National Assembly for Wales								
Forest Enterprise	—	—	—	—	1	1	–3	–3
NHS Trusts (Wales)	102	118	69	—	116	68	113	113
Welsh Development Agency ⁽⁸⁾	89	—	—	—	—	—	—	—
Total National Assembly for Wales	191	118	69	—	117	69	111	111
Northern Ireland Executive								
HSS Trusts	59	63	69	65	66	168	58	75
Laganside ⁽⁹⁾	1	2	—	—	—	—	—	—
Northern Ireland Housing Executive	73	59	33	42	31	41	41	41
Northern Ireland Public Trust Port Authorities	10	10	—	—	—	—	—	—
Northern Ireland Transport Holding Company	—	—	30	40	39	55	123	64
Total Northern Ireland Executive	143	135	132	147	136	264	223	180
Accounting Adjustment	1,304	–236	907	1,495	366	–415	—	–500
Total public corporations' capital expenditure	4,544	4,264	5,171	5,156	4,253	5,170	6,400	4,600

* See footnote (4) to table 7.1.

(1) British Railways Board was wound up 31 December 2000.

(2) London Regional Transport has been wound up.

(3) NATS – privatised in 2001.

(4) Commission for New Towns and Urban Regeneration Agency ceased to be separate public corporations when they were subsumed within English Partnerships in May 1999, although PESA continues to show separate data series up to 2000–01. English Partnerships is now a central government body.

(5) HATs are central government bodies in national accounts and are treated as public corporations in PESA.

(6) DERA ceased to exist in 2002.

(7) NHS Trusts (Scotland) are central government bodies from 2003–04.

(8) Includes Development Board for Rural Wales and Land Authority for Wales, which have been wound up and included in the Welsh Development Agency (WDA). WDA was re-classified to central government from April 2001 in national accounts, from 1999–2000 in PESA.

(9) Laganside was reclassified in April 2003 as a central government body for national accounts and is treated as a public corporation for PESA.

(S) Self-financing public corporation (SFPC). The estimated outturn and plans for capital expenditure by SFPCs are not shown individually in this table but are included in the overall total.

8

ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

8.1 This chapter presents analyses of public expenditure outturn by country and region. In this chapter all data are National Statistics.

Recent Developments

8.2 PESA 2004 sees major changes in these country and regional analyses following the improvements adopted by Government statisticians in fulfilment of Ministers' acceptance of the relevant recommendations of the McLean Report *Identifying the Flow of Domestic and European Expenditure into the English Regions*. The main changes to these analyses are that:

- The definition of Total Expenditure on Services (TES) was changed when the definitions of functions were brought more closely into line with those of the United Nations Classification of the Functions of Government (COFOG) – for further information see the Introduction and Chapter 3. The change to TES feeds through to the country and region analysis also.
- The dividing line between expenditure that can and cannot be identified as being for the benefit of a particular country or region has been more firmly rooted in national accounts concepts and definitions. Further details are given in paragraphs 8.15 to 8.18 below.
- Statisticians in Government departments have responded to improved guidance and recommendations to use better methods and practices and have produced more accurate statistical breakdowns of the benefits to regions from outturn expenditure.

8.3 PESA 2004 also now includes a wider range of analyses than before.

8.4 More information on the improved country and regional analysis was set out in an article and memorandum published on the Treasury's website on 5 April 2004: www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/spending_by_country_and_region/natstat_region_index.cfm. The memorandum invites comments on different ways of producing regional expenditure, and on how best to present the information in PESA.

8.5 The effects of these changes may mean that the numbers published in PESA 2004 are not directly comparable to the numbers published in previous PESAs.

How public expenditure is planned and controlled

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

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

Apportionment of expenditure by country and region

8.8 In order to provide information on the split of expenditure by country and region, the Treasury asks the UK government departments to undertake an annual statistical exercise to apportion their historical outturn spending between countries and regions, for public spending that can be identified as benefiting the population of individual regions. The Treasury then collates departments' returns and combines these with the known spending of the regional bodies to produce the analyses of public expenditure by country and region that are published in this chapter.

8.9 The figures in this chapter therefore include a wider coverage of expenditure in respect of 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. This year's PESA includes new tables that show the spending by country and region separately for each of the devolved administrations, local authorities, and government departments.

How to attribute expenditure to countries and regions

8.10 In most of the tables of this chapter, expenditure is attributed to a specific country or region using the 'for' basis of measuring regional expenditure, which records the regions that benefited from the spending, or whom the spending was for. The exception is table 8.17, which allocates expenditure on an 'in' basis, which records the country or region in which the expenditure was incurred.

8.11 There are limitations to the 'who benefits' approach:

- There are practical difficulties. For example, hospitals are not used solely by the residents of the region in which the facility is located and roads serve the needs of more than the geographical area through which they pass. Definitional and border problems become increasingly significant the smaller the geographical unit considered.
- There are also significant definitional problems associated with working out 'who benefits'. For example, in the main country and regional analyses, agricultural support is treated as benefiting the farmers who receive subsidies rather than the final consumers of food.

8.12 The methods used in these analyses to deal with these practical and definitional problems are set out in detail in the memorandum referred to in paragraph 8.4 above. These methods have been agreed between HM Treasury and ONS, and used as the basis for detailed guidance for departments on how to attribute various types of spending between the countries and regions using the 'for' method.

8.13 The other main limitation of the ‘for’ basis of measuring regional spending is that this can only cover the amount of spending (now some 87 per cent of TME), which can be identified as benefiting individual regions. The remaining spending cannot be attributed as benefiting specific regions because it is spent for the benefit of the UK as a whole. This boundary to the main country and regional analysis is explained further below.

8.14 This year’s PESA includes, for the first time, a limited analysis of the regional location of the pay costs part of the spending that cannot be identified as benefiting individual regions. This analysis can only be done on an ‘in’ basis.

Identifiable expenditure on services

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

- Identifiable expenditure is that which can be recognized as having been incurred for the benefit of individuals, enterprises, or communities within particular regions.
- Non-identifiable expenditure is that which is deemed to be incurred on behalf of the United Kingdom as a whole, e.g. defence expenditure.

8.16 The split of spending in TES between identifiable and non-identifiable spending has been revised in this year’s PESA, as part of the work with ONS in setting out the rules for measuring spending on a ‘for’ and ‘in’ basis. This work, and the definitions of identifiable and non-identifiable spending are set out in the article and memorandum referred to in paragraph 8.4 above.

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

8.18 Expenditure financed by EC receipts has been treated as identifiable (or, occasionally, not identifiable) according to the characteristics of the expenditure itself. Receipts from the EC are treated as non-identifiable within TES. This treatment means that regional expenditure includes the expenditure financed by EC receipts. Including both EC-financed expenditure and EC receipts within TES means that these net out and so TES in aggregate is on a national accounts basis (see Appendices B, E and F for treatment of EC payments and receipts in the aggregates). The gross payments to the EC have been attributed to ‘outside UK’, because these are transfer payments which the EU then spends.

Data on public expenditure by country and region

8.19 For this year’s analyses, the Treasury asked the UK government departments to attribute their data between all the regions of England and countries of the UK that benefit from their spending in one data collection exercise, using common methods. The tables also present the spending attributed to the English regions alongside the spending attributed to Scotland, Wales and Northern Ireland. Figures for expenditure per head in the regions of

England and in the countries of the UK are therefore directly comparable. However, 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.

8.20 The data cover central government, local government and public corporations. While most data are outturn data, the returns include some estimated outturn data for local authorities where final outturn was not available. Data are on an accruals basis.

Tables on expenditure for a country or region

8.21 In this year's PESA, most of the tables in this chapter provide a country and region analysis of identifiable spending for the five-year period from 1998-99 to 2002-03, which was the period for this year's data collection exercise. Because the data in this section were collected in the winter of 2003-04 they are not entirely consistent with other figures in this publication and individual departmental reports.

8.22 **Table 8.1** shows total identifiable expenditure on services. **Table 8.2** shows it on a per head basis. **Table 8.3** shows it in real terms. **Table 8.4** shows it on a real terms per head basis.

8.23 **Tables 8.5 to 8.9** give fuller details of spending by broad function, and split on a capital and current basis.

8.24 **Table 8.10** shows the sum of capital and current identifiable spending, by function on a per head basis. **Table 8.11** shows the **Table 8.10** per head figures as percentages of the UK totals.

8.25 **Table 8.12** shows spending by local authorities. **Table 8.13** is an equivalent tabulation for expenditure by public corporations and central government.

8.26 **Table 8.14** shows for Scotland, Wales and Northern Ireland, the relative contributions of the spending of the devolved administrations, local authorities and UK departments under each functional head. This table covers 2002-03 only.

8.27 **Table 8.15** shows expenditure by local authorities in the English regions by function.

8.28 **Table 8.16** sets out expenditure, for 2002-03 only, for departments by country and region and by function and sub-function.

Analysis of certain non-identifiable expenditure

8.29 **Table 8.17** aims to provide some regional analysis of the non-identifiable expenditure that cannot be analysed as being for a country or region. It therefore shows in which country and region departments incurred pay costs that form part of their non-identifiable expenditure, as detailed in **Table 8.16** above. Because these pay costs are measured on an 'in' basis they are not directly equivalent to the "for" expenditures in the other tables. The table covers 2002-03 only. These pay costs provide details of regional spending, on an 'in' basis, for the 15% of public spending that is non-identifiable as benefiting a country or region.

Table 8.1 Total identifiable expenditure on services by country and region, 1998–99 to 2002–03

	accruals, £ million					As a percentage of identifiable expenditure				
	National Statistics					National Statistics				
	1998–99	1999–00	2000–01	2001–02	2002–03	1998–99	1999–00	2000–01	2001–02	2002–03
North East	12,121	12,995	13,642	15,329	16,243	5	5	5	5	5
North West	31,259	32,988	35,174	38,238	40,914	12	12	12	12	12
Yorkshire and Humberside	20,949	22,178	23,750	25,899	27,594	8	8	8	8	8
East Midlands	15,787	16,757	18,024	19,897	21,124	6	6	6	6	6
West Midlands	21,575	22,672	24,033	26,891	28,505	8	8	8	8	8
South West	19,114	20,325	21,821	23,832	24,688	7	7	7	8	7
Eastern	19,183	20,277	21,697	23,362	25,459	7	7	7	7	7
London	34,414	36,499	38,736	43,414	47,970	13	13	13	14	14
South East	28,819	30,503	32,168	35,400	37,775	11	11	11	11	11
England	203,221	215,195	229,045	252,262	270,273	79	79	79	80	79
Scotland	25,349	27,141	28,605	31,696	33,254	10	10	10	10	10
Wales	14,327	15,055	16,212	17,341	18,911	6	6	6	5	6
Northern Ireland	9,647	9,986	10,659	11,416	12,329	4	4	4	4	4
UK identifiable expenditure	252,544	267,377	284,522	312,715	334,766	98	98	98	99	98
Outside UK	5,321	5,857	6,741	3,846	7,713	2	2	2	1	2
Total identifiable expenditure	257,865	273,235	291,262	316,562	342,479	100	100	100	100	100
	accruals, £ million					As a percentage of Total Managed Expenditure				
	National Statistics					National Statistics				
	1998–99	1999–00	2000–01	2001–02	2002–03	1998–99	1999–00	2000–01	2001–02	2002–03
Identifiable expenditure	257,865	273,235	291,262	316,562	342,479	78	80	79	81	82
Non-identifiable expenditure	58,934	56,466	58,679	56,976	58,058	18	16	16	15	14
Total Expenditure on Services	316,799	329,701	349,941	373,538	400,537	95	96	95	96	96
Accounting adjustments	15,890	13,931	17,115	17,009	18,379	5	4	5	4	4
Total Managed Expenditure	332,689	343,632	367,056	390,547	418,916	100	100	100	100	100

Table 8.2 Total identifiable expenditure on services by country and region, per head 1998–99 to 2002–03

	accruals, £ per head					Index (UK identifiable expenditure = 100)				
	National Statistics					National Statistics				
	1998–99	1999–00	2000–01	2001–02	2002–03	1998–99	1999–00	2000–01	2001–02	2002–03
North East	4,764	5,134	5,408	6,086	6,463	110	113	112	115	114
North West	4,623	4,896	5,221	5,650	6,043	107	107	108	107	107
Yorkshire and Humberside	4,232	4,483	4,798	5,210	5,538	98	98	99	98	98
East Midlands	3,827	4,044	4,336	4,757	5,011	89	89	90	90	89
West Midlands	4,096	4,306	4,569	5,090	5,374	95	94	94	96	95
South West	3,946	4,171	4,445	4,827	4,976	91	91	92	91	88
Eastern	3,615	3,796	4,037	4,325	4,697	84	83	83	82	83
London	4,938	5,184	5,452	5,941	6,522	114	114	113	112	115
South East	3,652	3,834	4,030	4,413	4,699	85	84	83	83	83
England	4,165	4,393	4,659	5,108	5,453	96	96	96	96	96
Scotland	4,993	5,351	5,650	6,259	6,579	116	117	117	118	116
Wales	4,947	5,196	5,582	5,964	6,479	114	114	115	113	115
Northern Ireland	5,750	5,948	6,334	6,758	7,267	133	130	131	128	129
UK identifiable expenditure	4,321	4,560	4,837	5,296	5,652	100	100	100	100	100

Table 8.3 Total identifiable expenditure on services by country, in real terms

£ million, 2002–03 prices

	National Statistics				
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn
North East	13,315	13,966	14,474	15,849	16,243
North West	34,339	35,453	37,319	39,534	40,914
Yorkshire and Humberside	23,013	23,836	25,199	26,777	27,594
East Midlands	17,342	18,009	19,123	20,572	21,124
West Midlands	23,701	24,366	25,499	27,803	28,505
South West	20,997	21,844	23,152	24,640	24,688
Eastern	21,073	21,792	23,020	24,154	25,459
London	37,805	39,227	41,099	44,886	47,970
South East	31,658	32,783	34,130	36,600	37,775
England	223,244	231,278	243,016	260,814	270,273
Scotland	27,847	29,169	30,350	32,771	33,254
Wales	15,739	16,180	17,201	17,929	18,911
Northern Ireland	10,597	10,732	11,309	11,803	12,329
UK identifiable expenditure	277,426	287,360	301,877	323,317	334,766
Outside UK	5,845	6,295	7,152	3,976	7,713
Total identifiable expenditure	283,272	293,656	309,028	327,294	342,479
Non-identifiable expenditure	64,741	60,686	62,258	58,908	58,058
Total Expenditure on Services	348,012	354,342	371,286	386,202	400,537
Accounting adjustments	17,456	14,972	18,159	17,586	18,379
Total Managed Expenditure	365,468	369,314	389,445	403,787	418,916

Table 8.4 Total identifiable expenditure on services by country, per head, in real terms

£ per head, 2002–03 prices

	National Statistics				
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn
North East	5,233	5,517	5,738	6,292	6,463
North West	5,078	5,262	5,539	5,842	6,043
Yorkshire and Humberside	4,649	4,818	5,091	5,387	5,538
East Midlands	4,204	4,346	4,600	4,918	5,011
West Midlands	4,500	4,628	4,848	5,263	5,374
South West	4,335	4,482	4,716	4,991	4,976
Eastern	3,972	4,080	4,283	4,472	4,697
London	5,425	5,571	5,785	6,142	6,522
South East	4,012	4,121	4,276	4,563	4,699
England	4,576	4,721	4,943	5,281	5,453
Scotland	5,485	5,751	5,995	6,471	6,579
Wales	5,435	5,585	5,923	6,166	6,479
Northern Ireland	6,316	6,392	6,720	6,987	7,267
UK identifiable expenditure	4,747	4,901	5,133	5,475	5,652

Table 8.5a Identifiable current expenditure on services, by function, country and region, 1998–99

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	148	—	—	—	—	688	53	20	215	188	247	183	69	2,081	166	1,812	5,737	11,606
North West	331	—	—	—	1	1,867	138	60	419	419	647	509	206	5,464	350	4,692	14,685	29,788
Yorkshire and Humberside	218	—	—	—	1	1,149	71	49	226	420	385	314	106	3,955	250	3,338	9,607	20,089
East Midlands	203	—	—	—	1	878	51	40	126	440	252	269	84	2,943	178	2,484	7,240	15,189
West Midlands	249	—	—	—	1	1,191	87	48	200	422	375	323	116	3,978	224	3,464	9,936	20,615
South West	251	—	—	—	1	1,060	91	42	154	719	430	331	111	3,431	211	2,730	8,986	18,548
Eastern	265	—	—	—	1	1,007	84	122	123	476	502	349	107	3,676	224	2,808	8,810	18,554
London	558	—	—	—	2	2,379	126	95	241	80	767	532	703	6,445	597	5,234	14,170	31,928
South East	375	—	—	—	1	1,511	112	155	175	409	744	577	195	5,558	332	4,454	12,955	27,553
England	2,598	—	—	—	8	11,731	813	629	1,880	3,574	4,349	3,387	1,696	37,530	2,533	31,014	92,125	193,869
Scotland	419	—	—	—	6	1,365	257	75	672	550	656	476	380	4,555	570	3,912	10,466	24,360
Wales	240	—	—	—	1	676	64	30	109	252	276	313	36	2,394	265	1,990	6,768	13,412
Northern Ireland	135	—	—	—	1	1,074	240	12	41	326	156	98	160	1,385	51	1,498	3,748	8,922
UK current identifiable expenditure	3,392	—	—	—	16	14,846	1,374	746	2,702	4,701	5,437	4,274	2,272	45,863	3,420	38,414	113,107	240,562
Outside the UK	—	1,328	2,146	—	129	—	51	202	8	—	-1	4	—	-57	60	9	1,377	5,254
Total current identifiable expenditure	3,392	1,328	2,146	—	144	14,846	1,424	947	2,710	4,701	5,436	4,278	2,272	45,807	3,479	38,423	114,484	245,816
Non-identifiable spending	4,550	-3,950	785	29,340	18,501	2,303	322	310	—	—	97	402	—	125	1	—	—	52,786
Total current expenditure on services	7,941	-2,622	2,930	29,340	18,645	17,149	1,747	1,258	2,710	4,701	5,533	4,680	2,272	45,931	3,480	38,423	114,484	298,602

All the data in this table are National Statistics

£ million

Table 8.5b Identifiable capital expenditure on services, by function, country and region, 1998–99

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	21	—	—	—	—	22	78	—	—	8	97	17	133	-5	78	88	-24	514
North West	34	—	—	—	—	44	223	—	—	14	281	32	350	194	178	168	-48	1,472
Yorkshire and Humberside	33	—	—	—	—	25	122	—	—	15	214	39	196	53	68	121	-25	861
East Midlands	31	—	—	—	—	28	79	—	—	7	143	22	64	61	69	103	-9	598
West Midlands	35	—	—	—	—	36	150	—	—	10	259	29	98	105	116	133	-11	960
South West	26	—	—	—	—	30	107	—	—	15	181	39	-112	71	84	134	-11	566
Eastern	24	—	—	—	—	15	73	—	—	-26	168	34	87	54	100	118	-17	630
London	30	—	—	—	—	53	166	—	—	13	784	30	665	93	395	272	-17	2,486
South East	54	—	—	—	—	42	200	—	—	6	343	68	98	75	175	219	-14	1,266
England	289	—	—	—	—	295	1,199	—	7	63	2,470	309	1,578	700	1,261	1,356	-176	9,352
Scotland	75	—	—	—	—	71	167	—	-1	25	190	44	93	81	147	110	-13	990
Wales	-24	—	—	—	—	18	162	—	—	7	170	118	245	104	63	61	-8	915
Northern Ireland	16	—	—	—	—	35	154	—	—	26	47	93	141	61	40	110	1	725
UK capital identifiable expenditure	355	—	—	—	—	419	1,682	—	7	121	2,876	565	2,058	946	1,512	1,638	-197	11,982
Outside the UK	—	—	42	—	—	—	—	—	—	—	—	—	—	—	24	—	—	66
Total capital identifiable expenditure	355	—	42	—	—	419	1,682	—	7	121	2,876	565	2,058	946	1,537	1,638	-197	12,049
Non-identifiable spending	361	—	101	—	5,079	316	19	22	—	—	58	6	—	16	171	—	—	6,148
Total capital Expenditure on Services	716	—	143	—	5,079	735	1,701	22	7	121	2,934	571	2,058	962	1,707	1,638	-197	18,197

Table 8.6a Identifiable current expenditure on services, by function, country and region, 1999–2000

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	166	—	—	—	2	743	170	19	255	184	262	187	67	2,156	168	1,784	6,095	12,258
North West	381	—	—	—	4	1,890	299	58	497	409	711	524	206	5,750	339	4,726	15,524	31,320
Yorkshire and Humberside	233	—	—	—	3	1,172	253	47	272	407	435	323	114	4,039	243	3,390	10,221	21,151
East Midlands	213	—	—	—	2	895	126	38	149	424	284	287	79	2,996	178	2,638	7,801	16,111
West Midlands	274	—	—	—	3	1,206	195	47	236	408	409	333	123	4,048	221	3,576	10,647	21,726
South West	283	—	—	—	3	1,024	136	41	177	694	427	340	114	3,627	202	2,856	9,601	19,524
Eastern	291	—	—	—	3	920	113	116	144	460	535	358	105	3,889	222	3,151	9,416	19,723
London	569	—	—	—	7	2,338	132	92	284	86	693	554	694	6,696	527	5,590	15,137	33,400
South East	434	—	—	—	4	1,555	180	143	204	404	747	592	197	5,837	342	4,762	13,800	29,202
England	2,845	—	—	—	31	11,744	1,603	601	2,219	3,476	4,503	3,499	1,698	39,038	2,442	32,474	98,244	204,416
Scotland	458	—	—	—	10	1,453	356	72	642	538	687	466	308	4,742	565	4,210	11,094	25,598
Wales	296	—	—	—	2	664	115	29	130	250	277	340	30	2,559	261	2,102	7,231	14,285
Northern Ireland	151	—	—	—	2	1,080	241	11	48	292	163	113	160	1,513	38	1,572	3,887	9,272
UK current identifiable expenditure	3,750	—	—	—	44	14,941	2,315	713	3,038	4,555	5,630	4,418	2,196	47,852	3,305	40,358	120,455	253,570
Outside the UK	—	953	2,725	—	120	—	52	180	—	—	-1	2	—	167	65	9	1,485	5,756
Total current identifiable expenditure	3,750	953	2,725	—	164	14,941	2,367	892	3,038	4,555	5,629	4,420	2,196	48,019	3,371	40,367	121,940	259,327
Non-identifiable spending	4,922	-3,676	789	25,283	21,575	2,790	295	320	—	—	197	439	—	135	4	—	—	53,074
Total current expenditure on services	8,672	-2,723	3,514	25,283	21,739	17,731	2,662	1,212	3,038	4,556	5,826	4,860	2,196	48,153	3,374	40,367	121,940	312,401

All the data in this table are National Statistics

Table 8.6b Identifiable capital expenditure on services, by function, country and region, 1999–2000

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	16	—	—	—	—	19	98	2	1	4	121	23	93	42	205	102	11	736
North West	22	—	—	—	—	47	233	5	2	18	297	57	289	98	362	217	21	1,669
Yorkshire and Humberside	27	—	—	—	—	24	134	4	1	14	145	36	206	169	111	142	13	1,027
East Midlands	28	—	—	—	—	25	129	3	1	8	136	27	12	55	90	121	10	646
West Midlands	12	—	—	—	—	42	169	4	1	11	226	30	51	77	162	142	19	946
South West	21	—	—	—	—	24	133	3	1	18	220	43	-39	101	123	145	8	801
Eastern	22	—	—	—	—	12	57	12	1	5	182	39	-74	21	114	154	11	554
London	19	—	—	—	—	38	440	8	3	16	1,176	43	544	193	334	277	9	3,099
South East	44	—	—	—	—	45	197	15	1	8	314	66	-2	161	212	235	6	1,301
England	212	—	—	—	—	276	1,589	57	10	102	2,816	364	1,081	917	1,713	1,534	108	10,779
Scotland	101	—	—	—	—	81	202	6	2	28	165	414	73	167	158	125	21	1,544
Wales	-84	—	—	—	—	22	91	3	1	8	143	102	183	102	103	87	9	770
Northern Ireland	18	—	—	—	—	36	158	1	—	24	45	99	115	65	39	112	2	714
UK capital identifiable expenditure	247	—	—	—	—	415	2,041	67	13	163	3,169	979	1,451	1,252	2,013	1,859	140	13,807
Outside the UK	—	—	56	—	—	—	—	—	—	—	—	—	—	—	45	—	—	101
Total capital identifiable expenditure	247	—	56	—	—	415	2,041	67	13	163	3,169	979	1,451	1,252	2,058	1,859	140	13,908
Non-identifiable spending	333	—	102	—	2,409	269	59	10	—	—	50	11	—	24	126	—	—	3,392
Total capital expenditure on services	579	—	158	—	2,409	684	2,100	77	13	163	3,219	989	1,451	1,275	2,184	1,859	140	17,301

Table 8.7a Identifiable current expenditure on services, by function, country and region, 2000–01

All the data in this table are National Statistics		£ million																
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	127	—	—	—	—	792	173	20	278	221	267	203	84	2,348	168	1,929	6,394	13,005
North West	378	—	—	—	1	2,083	297	61	542	461	731	540	286	6,281	392	5,091	16,202	33,346
Yorkshire and Humberside	228	—	—	—	—	1,240	271	49	297	432	452	352	151	4,402	279	3,690	10,692	22,535
East Midlands	220	—	—	—	—	988	130	40	167	422	302	309	117	3,252	217	2,850	8,207	17,222
West Midlands	300	—	—	—	—	1,121	217	48	262	447	418	359	159	4,335	254	3,823	11,214	22,959
South West	300	—	—	—	—	1,131	161	42	198	731	429	369	146	4,137	234	3,071	9,977	20,927
Eastern	282	—	—	—	—	1,077	132	123	164	431	516	379	135	4,201	250	3,383	9,858	20,932
London	603	—	—	—	1	2,569	147	95	313	100	848	593	784	7,406	812	6,069	15,747	36,087
South East	416	—	—	—	1	1,684	210	150	227	420	701	634	242	6,313	428	5,087	14,338	30,852
England	2,854	—	—	—	4	12,685	1,740	626	2,448	3,667	4,666	3,739	2,104	42,675	3,034	34,994	102,629	217,864
Scotland	498	—	—	—	6	1,517	383	74	686	556	734	495	324	5,069	604	4,485	11,411	26,842
Wales	297	—	—	—	—	732	157	30	140	238	282	368	36	2,802	282	2,277	7,647	15,288
Northern Ireland	169	—	—	—	—	1,160	221	12	36	343	169	115	161	1,662	47	1,667	4,092	9,855
UK current identifiable expenditure	3,818	—	—	—	11	16,095	2,501	741	3,310	4,804	5,851	4,716	2,625	52,209	3,966	43,424	125,779	269,850
Outside the UK	—	1,519	2,971	—	129	—	56	175	7	—	-1	2	—	212	65	14	1,483	6,632
Total current identifiable expenditure	3,818	1,519	2,971	—	140	16,095	2,557	916	3,317	4,804	5,850	4,718	2,625	52,421	4,031	43,438	127,261	276,482
Non-identifiable spending	5,046	-4,099	899	26,406	23,707	3,539	241	315	—	81	128	466	—	141	4	—	—	56,875
Total current expenditure on services	8,864	-2,580	3,870	26,406	23,846	19,633	2,798	1,231	3,317	4,885	5,979	5,184	2,625	52,562	4,035	43,438	127,261	333,356

Table 8.7b Identifiable capital expenditure on services, by function, country and region, 2000–01

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	-5	—	—	—	—	14	122	2	4	7	187	25	-4	53	83	139	10	637
North West	18	—	—	—	—	59	278	6	2	16	293	61	345	257	205	271	19	1,829
Yorkshire and Humberside	25	—	—	—	—	33	149	5	—	12	234	38	235	162	70	237	14	1,216
East Midlands	30	—	—	—	—	26	130	4	—	7	152	27	96	73	89	153	16	802
West Midlands	21	—	—	—	—	40	164	5	—	11	240	36	103	135	89	208	22	1,074
South West	14	—	—	—	—	24	126	4	—	13	205	39	66	103	95	195	10	894
Eastern	15	—	—	—	—	22	101	14	—	7	205	36	30	40	85	200	11	766
London	25	—	—	—	—	57	299	10	—	15	788	51	573	231	285	311	4	2,648
South East	12	—	—	—	—	52	177	16	1	9	311	58	-13	202	183	293	14	1,316
England	156	—	—	—	—	326	1,546	66	9	97	2,614	372	1,431	1,255	1,185	2,006	119	11,181
Scotland	94	—	—	—	—	69	251	7	1	24	175	453	224	206	120	121	18	1,763
Wales	10	—	—	—	—	23	170	3	—	7	183	101	186	52	74	105	10	924
Northern Ireland	21	—	—	—	—	38	156	1	—	27	87	115	104	70	31	151	3	804
UK capital identifiable expenditure	280	—	—	—	—	455	2,122	78	10	154	3,060	1,041	1,945	1,584	1,410	2,382	150	14,672
Outside the UK	—	—	70	—	—	—	—	—	—	—	—	—	—	—	39	—	—	109
Total capital identifiable expenditure	280	—	70	—	—	455	2,122	78	10	154	3,060	1,041	1,945	1,584	1,449	2,383	150	14,780
Non-identifiable spending	51	—	130	—	1,035	256	45	23	—	7	86	8	—	29	135	—	—	1,805
Total capital expenditure on services	331	—	200	—	1,035	711	2,168	101	10	161	3,146	1,049	1,945	1,613	1,585	2,383	150	16,585

Table 8.8a Identifiable current expenditure on services, by function, country and region, 2001–02

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	192	—	—	—	2	837	233	23	269	395	233	205	124	2,658	183	2,144	6,860	14,357
North West	393	—	—	—	5	2,213	308	76	524	726	725	584	405	6,868	375	5,630	17,268	36,100
Yorkshire and Humberside	249	—	—	—	3	1,232	336	56	284	623	484	388	241	4,690	322	4,096	11,376	24,382
East Midlands	234	—	—	—	3	1,124	178	48	154	532	289	332	136	3,674	229	3,161	8,744	18,836
West Midlands	299	—	—	—	4	1,457	257	56	245	689	422	375	235	5,104	264	4,242	11,997	25,644
South West	299	—	—	—	4	1,208	175	50	188	1,073	323	412	173	4,466	240	3,407	10,548	22,567
Eastern	310	—	—	—	3	1,239	136	134	151	455	433	418	158	4,481	273	3,727	10,458	22,377
London	613	—	—	—	9	3,036	59	108	327	120	1,483	648	1,098	8,224	851	6,714	16,553	39,844
South East	457	—	—	—	6	1,854	213	171	221	563	603	714	274	7,066	432	5,623	15,166	33,363
England	3,045	—	—	—	38	14,199	1,894	723	2,365	5,175	4,996	4,075	2,845	47,230	3,170	38,743	108,970	237,469
Scotland	562	—	—	—	7	1,665	437	86	684	598	694	603	369	5,287	649	4,877	12,697	29,215
Wales	312	—	—	—	2	817	230	34	139	236	299	365	43	2,990	378	2,468	7,961	16,274
Northern Ireland	201	—	—	—	2	1,185	278	14	17	353	181	117	170	1,809	53	1,740	4,462	10,582
UK current identifiable expenditure	4,119	—	—	—	50	17,867	2,839	857	3,205	6,362	6,170	5,161	3,426	57,316	4,249	47,829	134,089	293,540
Outside the UK	—	-1,952	3,383	—	180	—	73	173	7	—	-1	2	—	231	32	10	1,573	3,711
Total current identifiable expenditure	4,120	-1,952	3,383	—	230	17,867	2,912	1,030	3,212	6,362	6,169	5,163	3,426	57,548	4,281	47,839	135,662	297,252
Non-identifiable spending	5,572	-3,309	1,016	22,518	23,166	3,982	256	334	—	105	174	574	—	141	4	—	—	54,533
Total current expenditure on services	9,691	-5,261	4,399	22,518	23,396	21,849	3,168	1,364	3,212	6,467	6,344	5,737	3,426	57,689	4,285	47,839	135,662	351,785

Table 8.8b Identifiable capital expenditure on services, by function, country and region, 2001–02

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	17	—	—	—	—	32	155	3	4	9	193	29	157	85	77	187	23	972
North West	25	—	—	—	—	104	275	9	8	24	430	59	435	242	149	334	44	2,138
Yorkshire and Humberside	23	—	—	—	—	65	184	7	3	18	339	39	256	118	91	341	32	1,517
East Midlands	35	—	—	—	—	49	90	6	2	13	238	28	70	202	55	255	19	1,061
West Midlands	5	—	—	—	—	58	141	7	3	15	347	40	143	121	73	259	36	1,247
South West	50	—	—	—	—	64	126	6	2	17	283	50	131	203	70	244	19	1,266
Eastern	10	—	—	—	—	49	94	18	2	6	357	46	-70	167	74	219	15	986
London	22	—	—	—	—	127	351	15	3	18	1,351	76	625	324	229	404	26	3,570
South East	53	—	—	—	—	87	90	22	2	26	717	78	154	276	114	394	25	2,037
England	237	—	—	—	—	636	1,505	92	28	148	4,255	445	1,901	1,738	931	2,637	238	14,793
Scotland	125	—	—	—	—	111	196	10	3	57	308	527	467	314	116	211	36	2,481
Wales	11	—	—	—	—	40	286	4	2	6	220	107	202	-4	57	120	16	1,067
Northern Ireland	32	—	—	—	—	60	126	2	—	23	108	153	101	68	9	150	2	834
UK capital identifiable expenditure	405	—	—	—	—	846	2,113	108	33	234	4,890	1,232	2,671	2,116	1,113	3,119	292	19,175
Outside the UK	—	—	127	—	—	—	—	—	—	—	—	—	—	—	8	—	—	135
Total capital identifiable expenditure	405	—	127	—	—	846	2,113	108	33	234	4,890	1,232	2,671	2,116	1,121	3,119	292	19,310
Non-identifiable spending	464	—	84	—	1,159	430	84	50	—	2	40	8	—	23	100	—	—	2,443
Total capital expenditure on services	869	—	211	—	1,159	1,277	2,197	158	33	236	4,930	1,240	2,671	2,140	1,221	3,119	292	21,753

Table 8.9a Identifiable current expenditure on services, by function, country and region, 2002–03

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	184	—	—	—	—	939	319	29	265	207	271	227	138	2,908	186	2,339	7,300	15,312
North West	383	—	—	—	1	2,402	356	95	513	447	768	644	405	7,743	418	6,085	18,397	38,656
Yorkshire and Humberside	264	—	—	—	1	1,350	541	50	283	417	517	418	258	5,194	324	4,444	12,032	26,091
East Midlands	238	—	—	—	1	1,221	310	45	152	413	323	348	154	3,814	238	3,442	9,309	20,009
West Midlands	286	—	—	—	1	1,532	329	55	246	428	441	403	237	5,283	290	4,608	12,781	26,922
South West	318	—	—	—	1	1,241	188	61	184	711	350	439	192	4,793	248	3,717	10,988	23,431
Eastern	321	—	—	—	1	1,305	147	187	150	431	434	459	184	5,174	260	4,022	11,168	24,242
London	672	—	—	—	2	3,267	31	126	314	103	2,056	705	1,120	9,088	786	7,373	17,745	43,387
South East	438	—	—	—	1	2,067	244	276	209	412	569	758	313	7,708	434	6,130	15,804	35,363
England	3,104	—	—	—	9	15,324	2,465	924	2,317	3,568	5,729	4,401	3,001	51,702	3,183	42,159	115,525	253,413
Scotland	623	—	—	—	3	1,720	415	108	682	624	889	599	241	5,924	641	5,050	13,247	30,768
Wales	370	—	—	—	1	895	483	31	139	283	312	408	68	3,342	403	2,714	8,391	17,839
Northern Ireland	215	—	—	—	1	1,153	444	18	44	376	207	141	195	1,969	69	1,893	4,703	11,426
UK current identifiable expenditure	4,311	—	—	—	14	19,092	3,807	1,082	3,182	4,850	7,137	5,549	3,506	62,938	4,296	51,816	141,865	313,445
Outside the UK	—	1,575	3,644	—	183	—	80	188	10	—	-1	2	—	276	55	3	1,587	7,602
Total current identifiable expenditure	4,312	1,575	3,644	—	196	19,092	3,887	1,271	3,192	4,850	7,136	5,551	3,506	63,213	4,351	51,819	143,453	321,048
Non-identifiable spending	5,791	-3,424	1,079	21,298	24,952	4,374	349	385	—	118	119	529	—	108	4	—	—	55,686
Total current expenditure on services	10,103	-1,849	4,723	21,298	25,149	23,465	4,236	1,656	3,192	4,969	7,255	6,081	3,506	63,321	4,356	51,819	143,453	376,734

All the data in this table are National Statistics

Table 8.9b Identifiable capital expenditure on services, by function, country and region, 2002–03

All the data in this table are National Statistics

	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
North East	23	—	—	—	—	34	99	6	3	12	224	29	64	116	77	204	38	930
North West	—	—	—	—	—	107	302	17	6	32	610	56	291	256	159	366	56	2,258
Yorkshire and Humberside	38	—	—	—	—	71	68	15	3	14	403	58	146	194	137	316	39	1,503
East Midlands	45	—	—	—	—	43	52	11	2	14	297	32	53	173	95	278	20	1,115
West Midlands	48	—	—	—	—	60	152	13	3	15	457	40	86	263	121	289	39	1,584
South West	48	—	—	—	—	64	122	12	2	23	343	50	85	166	87	236	19	1,257
Eastern	30	—	—	—	—	34	71	34	2	14	412	55	—60	192	96	311	25	1,217
London	26	—	—	—	—	189	343	45	3	20	2,083	41	569	345	287	608	23	4,583
South East	59	—	—	—	—	95	143	57	3	23	830	84	178	369	139	403	31	2,413
England	317	—	—	—	—	698	1,351	210	26	167	5,659	445	1,413	2,073	1,199	3,011	290	16,860
Scotland	154	—	—	—	—	109	116	10	3	41	279	411	483	454	186	197	43	2,486
Wales	6	—	—	—	—	40	124	3	2	9	221	83	190	121	137	117	20	1,072
Northern Ireland	32	—	—	—	—	68	114	2	—	24	117	172	87	91	23	169	4	903
UK capital identifiable expenditure	509	—	—	—	—	915	1,705	225	31	240	6,275	1,111	2,173	2,739	1,546	3,494	357	21,321
Outside the UK	—	—	66	—	—	—	—	—	—	—	—	—	—	49	—5	—	—	110
Total capital identifiable expenditure	509	—	66	—	—	915	1,705	225	31	240	6,275	1,111	2,173	2,788	1,542	3,494	357	21,431
Non-identifiable spending	528	—	113	—	988	452	80	47	—	1	15	18	—	20	109	—	—	2,372
Total capital expenditure on services	1,037	—	180	—	988	1,368	1,785	271	31	241	6,291	1,129	2,173	2,808	1,650	3,494	357	23,803

Table 8.10 UK Identifiable expenditure on services, by function, country and region, per head

All the data in this table are National Statistics

		accruals per head, £ million														Total
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
1998-99																
	67	—	—	279	51	8	85	77	135	79	80	816	96	747	2,245	4,764
North East																
North West	54	—	—	283	54	9	62	64	137	80	82	837	78	719	2,165	4,623
Yorkshire and Humberside	51	—	—	237	39	10	46	88	121	71	61	810	64	699	1,936	4,232
East Midlands	56	—	—	220	32	10	31	109	96	71	36	728	60	627	1,753	3,827
West Midlands	54	—	—	233	45	9	38	82	121	67	41	775	65	683	1,884	4,096
South West	57	—	—	225	41	9	32	152	126	76	—	723	61	591	1,853	3,946
Eastern	54	—	—	193	30	23	23	85	126	72	37	703	61	551	1,657	3,615
London	84	—	—	349	42	14	35	13	223	81	196	938	142	790	2,031	4,938
South East	54	—	—	197	40	20	22	53	138	82	37	714	64	592	1,640	3,652
England	59	—	—	246	41	13	39	75	140	76	67	784	78	663	1,885	4,165
Scotland	97	—	1	283	84	15	132	113	167	103	93	913	141	792	2,059	4,993
Wales	75	—	—	240	78	10	38	89	154	149	97	862	113	708	2,334	4,947
Northern Ireland	89	—	1	661	235	7	24	210	121	114	179	862	55	958	2,234	5,750
UK identifiable expenditure	64	—	—	261	52	13	46	83	142	83	74	801	84	685	1,932	4,321
1999-00																
North East	72	—	1	301	106	8	102	74	151	83	64	868	147	745	2,412	5,134
North West	60	—	1	288	79	9	74	64	150	86	73	868	104	734	2,307	4,896
Yorkshire and Humberside	53	—	1	242	78	10	55	85	117	73	64	851	72	714	2,069	4,483
East Midlands	58	—	—	222	62	10	36	104	101	76	22	736	64	666	1,885	4,044
West Midlands	54	—	1	237	69	10	45	80	120	69	33	783	73	706	2,026	4,306
South West	63	—	1	215	55	9	37	146	133	79	15	765	67	616	1,972	4,171
Eastern	59	—	1	175	32	24	27	87	134	74	6	732	63	619	1,765	3,796
London	84	—	1	337	81	14	41	14	265	85	176	978	122	833	2,151	5,184
South East	60	—	1	201	47	20	26	52	133	83	25	754	70	628	1,736	3,834
England	62	—	1	245	65	13	46	73	149	79	57	816	85	694	2,008	4,393
Scotland	110	—	2	302	110	15	127	112	168	174	75	968	143	855	2,191	5,351
Wales	73	—	1	237	71	11	45	89	145	153	74	918	126	756	2,499	5,196
Northern Ireland	101	—	1	665	238	7	29	188	124	126	164	940	46	1,004	2,316	5,948
UK identifiable expenditure	68	—	1	262	74	13	52	80	150	92	62	837	91	720	2,057	4,560

Table 8.10 UK Identifiable expenditure on services, by function, country and region, per head (continued)

All the data in this table are National Statistics

	accruals per head, £ million														Total	
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training		Social protection
2000-01																
North East	49	—	—	319	117	9	112	90	180	91	32	951	99	820	2,539	5,408
North West	59	—	—	318	85	10	81	71	152	89	94	970	89	796	2,408	5,221
Yorkshire and Humberside	51	—	—	257	85	11	60	90	139	79	78	922	71	793	2,163	4,798
East Midlands	60	—	—	244	63	11	40	103	109	81	51	800	74	722	1,978	4,336
West Midlands	61	—	—	221	73	10	50	87	125	75	50	850	65	767	2,136	4,569
South West	64	—	—	235	58	9	40	152	129	83	43	864	67	665	2,034	4,445
Eastern	55	—	—	204	44	25	31	81	134	77	31	789	62	667	1,836	4,037
London	88	—	—	369	63	15	44	16	230	91	191	1,075	155	898	2,217	5,452
South East	54	—	—	218	48	21	29	54	127	87	29	816	77	674	1,798	4,030
England	61	—	—	265	67	14	50	77	148	84	72	893	86	753	2,090	4,659
Scotland	117	—	1	313	125	16	136	115	180	187	108	1,042	143	910	2,257	5,650
Wales	106	—	—	260	113	11	49	84	160	161	76	983	123	820	2,637	5,582
Northern Ireland	113	—	—	711	224	8	21	219	153	137	158	1,030	46	1,080	2,433	6,334
UK identifiable expenditure	70	—	—	281	79	14	56	84	152	98	78	915	91	779	2,141	4,837
2001-02																
North East	83	—	1	345	154	10	108	161	169	93	112	1,089	103	925	2,733	6,086
North West	62	—	1	342	86	13	79	111	171	95	124	1,051	77	881	2,558	5,650
Yorkshire and Humberside	55	—	1	261	105	13	58	129	166	86	100	967	83	893	2,295	5,210
East Midlands	64	—	1	280	64	13	37	130	126	86	49	926	68	816	2,095	4,757
West Midlands	57	—	1	287	75	12	47	133	146	79	72	989	64	852	2,278	5,090
South West	71	—	1	258	61	11	38	221	123	94	62	946	63	740	2,140	4,827
Eastern	59	—	1	238	42	28	28	86	146	86	16	861	64	731	1,939	4,325
London	87	—	1	433	56	17	45	19	388	99	236	1,170	148	974	2,269	5,941
South East	64	—	1	242	38	24	28	73	165	99	53	915	68	750	1,894	4,413
England	66	—	1	300	69	17	48	108	187	92	96	991	83	838	2,211	5,108
Scotland	136	—	1	351	125	19	136	129	198	223	165	1,106	151	1,005	2,514	6,259
Wales	111	—	1	294	177	13	48	84	178	162	84	1,027	149	890	2,743	5,964
Northern Ireland	137	—	1	737	239	9	10	223	171	160	160	1,111	37	1,119	2,643	6,758
UK identifiable expenditure	77	—	1	317	84	16	55	112	187	108	103	1,006	91	863	2,276	5,296

Table 8.10 UK Identifiable expenditure on services, by function, country and region, per head (continued)

	accruals per head, £ million														Total	
	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training		Social protection
2002-03																
North East	83	—	—	387	166	14	107	87	197	101	81	1,203	105	1,012	2,920	6,463
North West	56	—	—	371	97	17	77	71	204	103	103	1,181	85	953	2,725	6,043
Yorkshire and Humberside	60	—	—	285	122	13	57	87	185	96	81	1,081	93	955	2,423	5,538
East Midlands	67	—	—	300	86	13	37	102	147	90	49	946	79	882	2,213	5,011
West Midlands	63	—	—	300	91	13	47	84	169	84	61	1,045	77	923	2,417	5,374
South West	74	—	—	263	62	15	38	148	140	98	56	999	68	797	2,219	4,976
Eastern	65	—	—	247	40	41	28	82	156	95	23	990	66	799	2,065	4,697
London	95	—	—	470	51	23	43	17	563	102	230	1,282	146	1,085	2,416	6,522
South East	62	—	—	269	48	41	26	54	174	105	61	1,005	71	813	1,970	4,699
England	69	—	—	323	77	23	47	75	230	98	89	1,085	88	911	2,337	5,453
Scotland	154	—	1	362	105	24	136	131	231	200	143	1,262	164	1,038	2,629	6,579
Wales	129	—	—	320	208	12	48	100	183	168	88	1,186	185	970	2,881	6,479
Northern Ireland	146	—	1	720	328	12	26	236	191	184	166	1,214	54	1,215	2,774	7,267
UK identifiable expenditure	81	—	—	338	93	22	54	86	226	112	96	1,109	99	934	2,401	5,652

All the data in this table are National Statistics

Table 8.11 UK Identifiable expenditure on services, by function, country and region, per head, UK=100

All the data in this table are National Statistics

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
1998-99																
North East	104	—	—	107	98	62	184	94	95	95	108	102	114	109	116	110
North West	84	—	54	108	102	70	134	78	96	97	111	104	93	105	112	107
Yorkshire and Humberside	79	—	74	91	75	78	99	107	85	86	82	101	76	102	100	98
East Midlands	88	—	89	84	60	76	66	132	67	85	49	91	71	91	91	89
West Midlands	84	—	69	89	86	71	82	99	85	81	55	97	76	100	98	95
South West	89	—	75	86	78	68	69	184	89	92	—	90	72	86	96	91
Eastern	85	—	69	74	57	180	50	103	89	87	49	88	72	80	86	84
London	132	—	105	134	80	107	75	16	156	97	265	117	169	115	105	114
South East	85	—	46	75	76	154	48	64	97	99	50	89	76	86	85	85
England	92	—	60	94	79	101	83	90	98	91	91	98	92	97	98	96
Scotland	152	—	432	108	160	116	285	137	117	124	126	114	168	116	107	116
Wales	116	—	126	92	149	81	81	108	108	180	131	108	134	103	121	114
Northern Ireland	139	—	218	253	449	56	53	254	85	137	241	108	65	140	116	133
UK identifiable expenditure	100	—	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1999-00																
North East	105	—	105	115	143	62	195	92	101	90	102	104	162	103	117	113
North West	88	—	79	110	106	71	142	79	100	94	118	104	115	102	112	107
Yorkshire and Humberside	77	—	81	92	105	78	106	106	78	79	104	102	79	99	101	98
East Midlands	86	—	64	85	83	76	70	129	67	83	36	88	71	92	92	89
West Midlands	80	—	76	91	93	73	86	99	80	75	53	94	80	98	98	94
South West	92	—	82	82	74	68	70	182	88	85	25	91	74	86	96	91
Eastern	86	—	75	67	43	180	52	108	89	81	9	87	69	86	86	83
London	123	—	132	129	109	107	78	18	177	92	283	117	135	116	105	114
South East	88	—	67	77	64	149	50	64	89	90	39	90	77	87	84	84
England	92	—	84	94	88	101	87	91	100	86	91	97	94	96	98	96
Scotland	162	—	263	115	148	116	244	139	112	188	121	116	157	119	107	117
Wales	107	—	92	90	96	80	86	111	97	166	118	110	139	105	122	114
Northern Ireland	148	—	159	254	321	54	55	234	83	137	263	112	51	139	113	130
UK identifiable expenditure	100	—	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.1 I UK Identifiable expenditure on services, by function, country and region, per head, UK=100 (continued)

All the data in this table are National Statistics

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2000-01																
North East	70	—	—	114	149	63	198	107	119	93	41	104	109	105	119	112
North West	84	—	79	113	109	71	143	84	100	91	121	106	97	102	112	108
Yorkshire and Humberside	73	—	—	91	108	78	106	106	92	81	100	101	77	102	101	99
East Midlands	86	—	—	87	80	76	71	122	72	83	66	87	81	93	92	90
West Midlands	88	—	—	78	92	72	88	103	83	77	64	93	71	98	100	94
South West	92	—	—	84	74	67	71	180	85	85	56	94	73	85	95	92
Eastern	80	—	—	73	55	182	54	97	88	79	40	86	68	86	86	83
London	127	—	75	131	80	105	78	19	152	92	246	118	169	115	104	113
South East	77	—	67	77	62	150	51	64	84	89	37	89	84	87	84	83
England	88	—	44	94	85	101	88	91	98	85	93	98	94	97	98	96
Scotland	168	—	634	111	159	115	240	136	119	191	139	114	156	117	105	117
Wales	152	—	—	92	143	82	86	100	106	165	98	107	134	105	123	115
Northern Ireland	162	—	—	253	285	55	38	260	101	140	203	113	51	139	114	131
UK identifiable expenditure	100	—	100	100	100	100	100	100	100	100	100	100	100	100	100	100
2001-02																
North East	108	—	94	109	184	63	198	144	90	86	108	108	114	107	120	115
North West	80	—	87	108	103	77	143	99	91	88	120	104	85	102	112	107
Yorkshire and Humberside	71	—	71	82	125	78	106	115	89	79	97	96	92	103	101	98
East Midlands	84	—	85	88	77	79	68	117	67	79	48	92	75	95	92	90
West Midlands	75	—	89	90	90	73	86	119	78	73	69	98	70	99	100	96
South West	92	—	96	81	73	69	70	198	66	86	60	94	69	86	94	91
Eastern	77	—	66	75	51	172	52	77	78	79	16	85	71	85	85	82
London	113	—	145	137	67	103	82	17	207	92	228	116	163	113	100	112
South East	83	—	88	76	45	147	51	66	88	91	52	91	75	87	83	83
England	87	—	91	95	82	101	88	96	100	85	93	99	91	97	97	96
Scotland	177	—	163	111	149	116	248	116	106	206	160	110	166	116	110	118
Wales	145	—	81	93	212	80	88	75	95	150	82	102	164	103	121	113
Northern Ireland	179	—	140	233	284	54	18	199	91	148	155	110	41	130	116	128
UK identifiable expenditure	100	—	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.11 UK Identifiable expenditure on services, by function, country and region, per head, UK=100 (continued)

All the data in this table are National Statistics

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2002-03																
North East	102	—	—	115	178	63	197	101	87	90	84	108	106	108	122	114
North West	69	—	62	110	104	75	141	82	90	92	107	107	86	102	114	107
Yorkshire and Humberside	74	—	85	84	131	59	106	101	82	85	84	98	94	102	101	98
East Midlands	82	—	100	89	92	60	67	118	65	80	51	85	80	95	92	89
West Midlands	78	—	80	89	97	58	87	97	75	74	64	94	79	99	101	95
South West	91	—	85	78	67	68	69	172	62	88	58	90	68	85	92	88
Eastern	80	—	78	73	43	185	52	96	69	84	24	89	67	86	86	83
London	117	—	115	139	55	105	79	19	248	90	240	116	148	116	100	115
South East	76	—	53	80	52	188	49	63	77	93	64	91	72	87	82	83
England	85	—	77	96	83	104	87	88	101	87	93	98	90	98	97	96
Scotland	189	—	251	107	113	107	250	153	102	178	149	114	166	111	109	116
Wales	158	—	145	95	223	53	88	116	81	150	92	107	188	104	120	115
Northern Ireland	179	—	249	213	353	53	48	274	84	164	173	109	55	130	116	129
UK identifiable expenditure	100	—	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Table 8.12 Total local authority identifiable expenditure on services by country and region, 1998–99 to 2002–03

	accruals, £ million					As a % of total spending (from Table 8.1)				
	National Statistics					National Statistics				
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn
North East	3,623	3,725	3,809	4,355	4,613	30	29	28	28	28
North West	9,759	10,041	10,753	11,506	12,251	31	30	31	30	30
Yorkshire and Humberside	6,429	6,504	7,049	7,488	7,916	31	29	30	29	29
East Midlands	4,681	4,865	5,272	5,680	6,152	30	29	29	29	29
West Midlands	6,725	6,862	7,162	7,907	8,502	31	30	30	29	30
South West	5,478	5,774	6,230	6,734	7,213	29	28	29	28	29
Eastern	5,743	5,937	6,543	7,007	7,660	30	29	30	30	30
London	12,422	12,724	13,641	15,246	16,491	36	35	35	35	34
South East	9,110	9,416	9,843	10,783	11,777	32	31	31	30	31
Total England	63,969	65,850	70,302	76,707	82,576	31	31	31	30	31
Scotland	7,585	7,980	8,372	8,999	9,813	30	29	29	28	30
Wales	4,178	4,223	4,499	4,848	5,184	29	28	28	28	27
Northern Ireland	259	279	296	316	335	3	3	3	3	3
UK local authority identifiable expenditure	75,991	78,332	83,470	90,869	97,908	30	29	29	29	29
Non-identifiable expenditure	541	313	385	350	344	1	1	1	1	1
Total local authority expenditure on services	76,532	78,645	83,855	91,219	98,252	24	24	24	24	25
Accounting adjustments	5,188	7,900	7,391	7,638	8,782	33	57	43	45	45
Total local authority expenditure	81,720	86,545	91,246	98,857	107,034	25	25	25	25	26

Table 8.13 Total central government and public corporations identifiable expenditure on services by country and region, 1998–99 to 2002–03

	accruals, £ million					As a % of total spending (from Table 8.1)				
	National Statistics					National Statistics				
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 outturn
North East	8,498	9,269	9,833	10,975	11,629	70	71	72	72	72
North West	21,500	22,947	24,421	26,732	28,663	69	70	69	70	70
Yorkshire and Humberside	14,521	15,674	16,701	18,410	19,678	69	71	70	71	71
East Midlands	11,106	11,892	12,752	14,217	14,972	70	71	71	71	71
West Midlands	14,850	15,810	16,871	18,984	20,003	69	70	70	71	70
South West	13,635	14,551	15,590	17,098	17,475	71	72	71	72	71
Eastern	13,441	14,340	15,155	16,355	17,799	70	71	70	70	70
London	21,992	23,775	25,095	28,168	31,479	64	65	65	65	66
South East	19,708	21,086	22,325	24,617	25,998	68	69	69	70	69
Total England	139,252	149,345	158,743	175,556	187,697	69	69	69	70	69
Scotland	17,764	19,162	20,234	22,697	23,441	70	71	71	72	70
Wales	10,149	10,832	11,713	12,493	13,727	71	72	72	72	73
Northern Ireland	9,388	9,707	10,363	11,100	11,993	97	97	97	97	97
UK central government and public corporations identifiable expenditure	176,553	189,046	201,052	221,846	236,858	70	71	71	71	71
Outside UK	5,321	5,857	6,741	3,846	7,713	100	100	100	100	100
Total central government and public corporations identifiable expenditure	181,874	194,903	207,793	225,693	244,571	71	71	71	71	71
Non-identifiable expenditure	58,393	56,153	58,294	56,626	57,714	99	99	99	99	99
Total central government and public corporations expenditure on services	240,267	251,056	266,087	282,319	302,285	76	76	76	76	76
Accounting adjustments	10,702	6,031	9,723	9,371	9,597	67	43	57	55	51
Total central government and public corporations expenditure	250,969	257,087	275,810	291,690	311,882	75	75	75	75	74

Table 8.14 Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2002–03

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health ⁽²⁾	Recreation, culture, and religion	Education and training	Social protection	Total
All the data in this table are National Statistics																
Scotland																
Scottish Executive	371	—	2	665	284	9	413	657	480	472	498	6,531	144	1,738	290	12,553
Scotland Office ⁽¹⁾	7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7
Local Authorities	367	—	—	1,129	92	—	—	—	627	488	227	—	516	3,476	2,891	9,813
UK government departments	31	—	1	35	155	110	273	8	61	50	—	-152	168	33	10,108	10,881
Total identifiable expenditure in Scotland	776	—	3	1,829	531	119	686	664	1,168	1,010	724	6,379	828	5,247	13,290	33,254
Wales																
National Assembly for Wales	193	—	—	—	438	—	—	279	162	71	122	3,554	92	939	153	6,002
Wales Office ⁽¹⁾	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3
Local Authorities	167	—	—	615	24	—	—	10	327	397	136	—	253	1,794	1,461	5,184
UK government departments	13	—	1	320	144	34	140	3	44	23	1	-91	195	97	6,797	7,721
Total identifiable expenditure in Wales	376	—	1	935	606	34	140	292	533	491	258	3,463	540	2,831	8,410	18,910
Northern Ireland																
Northern Ireland Executive	201	—	—	111	508	—	43	397	301	115	282	2,059	53	1,961	4,522	10,553
Northern Ireland Office	45	—	—	1,015	—	—	—	—	—	—	—	—	—	—	70	1,130
Northern Ireland Court Service	—	—	—	95	—	—	—	—	—	—	—	—	—	—	—	95
Local Authorities	—	—	—	—	23	—	—	3	12	198	—	—	—	100	—	335
UK government departments	—	—	1	—	26	20	1	—	11	1	—	1	39	—	115	215
Total identifiable expenditure in Northern Ireland	247	—	1	1,221	557	20	44	400	324	313	282	2,060	92	2,061	4,707	12,329

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

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

(2) The negative numbers for UK government departments in this column largely reflect that the adjustment for trust debt remuneration (see Appendix F) in respect of Scotland and Wales has been attributed to the Department of Health, not to the Scottish Executive and the National Assembly for Wales.

Table 8.15 Local authority identifiable spending by function, country and region: 1998–99 to 2002–03

All the data in this table are National Statistics

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
1998–99																
North East	150	—	—	488	16	—	4	3	180	149	160	21	124	1,349	979	3,623
North West	325	—	—	1,439	37	—	6	4	600	390	354	54	268	3,489	2,792	9,759
Yorkshire and Humberside	228	—	—	916	12	—	5	5	408	262	228	36	179	2,463	1,686	6,429
East Midlands	211	—	—	710	25	—	6	-2	231	205	99	27	141	1,856	1,172	4,681
West Midlands	260	—	—	987	23	—	5	—	383	269	131	38	200	2,642	1,788	6,725
South West	252	—	—	853	30	—	12	2	292	269	-76	30	144	2,076	1,595	5,478
Eastern	266	—	—	835	30	—	4	-39	292	265	129	33	190	2,158	1,579	5,743
London	555	—	—	1,731	9	—	7	7	402	472	577	86	286	3,715	4,576	12,422
South East	395	—	—	1,260	35	—	6	-4	507	472	182	49	277	3,333	2,598	9,110
England	2,641	—	—	9,219	216	—	55	-24	3,296	2,753	1,784	373	1,810	23,081	18,765	63,969
Scotland	286	—	3	916	128	—	1	1	464	391	97	—	455	2,672	2,170	7,585
Wales	153	—	—	515	11	—	3	9	244	351	197	—	129	1,452	1,114	4,178
Northern Ireland	—	—	—	—	18	—	—	2	9	145	—	—	—	84	—	259
Total local authority identifiable spending in 1998–99	3,080	—	3	10,651	373	—	59	-12	4,013	3,640	2,078	373	2,394	27,289	22,049	75,991
1999–00																
North East	162	—	—	580	26	—	3	3	215	162	117	22	138	1,263	1,035	3,725
North West	365	—	—	1,539	37	—	5	5	663	447	269	58	288	3,407	2,959	10,041
Yorkshire and Humberside	238	—	—	977	-7	—	9	5	360	270	235	39	198	2,390	1,789	6,504
East Midlands	220	—	—	756	24	—	6	-2	243	226	42	28	161	1,900	1,260	4,865
West Midlands	263	—	—	1,044	31	—	4	1	367	286	93	40	196	2,619	1,918	6,862
South West	279	—	—	853	35	—	9	5	320	287	-8	32	155	2,111	1,697	5,774
Eastern	290	—	—	777	-34	—	4	-5	325	288	-40	36	187	2,427	1,683	5,937
London	536	—	—	1,785	115	—	7	11	315	497	413	94	320	3,817	4,814	12,724
South East	425	—	—	1,353	53	—	6	-1	486	484	65	54	306	3,447	2,738	9,416
England	2,778	—	—	9,664	279	—	52	22	3,293	2,948	1,186	403	1,949	23,382	19,894	65,850
Scotland	303	—	4	955	122	—	—	1	487	402	73	—	468	2,885	2,281	7,980
Wales	161	—	—	536	12	—	3	12	232	370	139	—	141	1,460	1,157	4,223
Northern Ireland	—	—	—	—	19	—	—	2	10	157	—	—	—	91	—	279
Total local authority identifiable spending in 1999–00	3,242	—	4	11,155	432	—	55	37	4,022	3,876	1,398	403	2,558	27,818	23,332	78,332

Table 8.15 Local authority identifiable spending by function, country and region: 1998–99 to 2002–03 (continued)

		accruals, £ millions															
		General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2000–01																	
North East	101	—	—	—	572	26	—	6	3	283	169	36	24	144	1,369	1,076	3,809
North West	351	—	—	—	1,646	58	—	5	6	668	459	431	63	345	3,671	3,052	10,753
Yorkshire and Humberside	227	—	—	—	994	26	—	6	4	467	290	311	42	207	2,651	1,824	7,049
East Midlands	225	—	—	—	806	26	—	6	—	270	236	161	31	153	2,044	1,314	5,272
West Midlands	293	—	—	—	897	25	—	4	4	384	298	178	44	204	2,815	2,017	7,162
South West	283	—	—	—	909	34	—	11	2	317	300	124	35	171	2,290	1,755	6,230
Eastern	271	—	—	—	901	21	—	5	—	352	300	90	39	202	2,623	1,738	6,543
London	583	—	—	—	1,863	-20	—	5	12	704	525	502	103	351	4,063	4,951	13,641
South East	389	—	—	—	1,428	46	—	5	2	475	491	95	60	314	3,691	2,848	9,843
England	2,723	—	—	—	10,017	243	—	51	31	3,920	3,068	1,927	442	2,091	25,216	20,573	70,302
Scotland	298	—	4	987	76	—	—	—	1	503	408	224	—	477	3,028	2,367	8,372
Wales	150	—	—	567	12	—	—	—	10	281	397	145	—	131	1,588	1,218	4,499
Northern Ireland	—	—	—	—	—	20	—	—	2	11	166	—	—	—	97	—	296
Total local authority identifiable spending in 2000-01	3,171	—	4	11,571	351	—	—	51	44	4,716	4,038	2,296	442	2,699	29,929	24,159	83,470
2001–02																	
North East	182	—	—	552	32	—	—	4	3	276	174	214	25	162	1,537	1,193	4,355
North West	364	—	—	1,593	44	—	—	5	8	776	463	584	63	361	4,049	3,196	11,506
Yorkshire and Humberside	239	—	—	863	22	—	—	5	7	528	301	359	42	230	2,978	1,913	7,488
East Midlands	239	—	—	848	14	—	—	5	2	325	239	133	31	168	2,309	1,366	5,680
West Midlands	270	—	—	1,106	20	—	—	4	3	443	319	238	45	230	3,075	2,155	7,907
South West	313	—	—	914	31	—	—	9	2	355	319	212	36	174	2,521	1,849	6,734
Eastern	287	—	—	972	21	—	—	5	-7	446	324	1	41	211	2,878	1,826	7,007
London	572	—	—	2,119	60	—	—	5	11	1,129	583	582	105	373	4,511	5,197	15,246
South East	468	—	—	1,457	23	—	—	7	11	539	533	271	61	331	4,108	2,975	10,783
England	2,935	—	—	10,423	267	—	—	50	40	4,818	3,255	2,594	449	2,240	27,967	21,669	76,707
Scotland	318	—	—	1,066	79	—	—	—	—	529	460	272	—	489	3,271	2,515	8,999
Wales	140	—	—	582	24	—	—	—	7	298	393	148	—	227	1,722	1,306	4,848
Northern Ireland	—	—	—	—	22	—	—	—	3	11	186	—	—	—	95	—	316
Total local authority identifiable spending in 2001-02	3,392	—	—	12,072	392	—	—	50	50	5,656	4,294	3,014	449	2,955	33,055	25,490	90,869

All the data in this table are National Statistics

Table 8.15 Local authority identifiable spending by function, country and region: 1998–99 to 2002–03 (continued)

All the data in this table are National Statistics

	General public services	International services	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environment protection	Housing and community amenities	Health	Recreation, culture, and religion	Education and training	Social protection	Total
2002–03																
North East	180	—	—	612	28	—	4	4	306	191	140	25	161	1,626	1,338	4,613
North West	328	—	—	1,699	34	—	5	9	968	516	443	63	331	4,308	3,546	12,251
Yorkshire and Humberside	269	—	—	932	12	—	7	-2	548	350	279	42	247	3,135	2,097	7,916
East Midlands	252	—	—	896	28	—	5	2	373	269	124	32	184	2,426	1,562	6,152
West Midlands	301	—	—	1,127	30	—	4	1	514	347	190	46	251	3,301	2,390	8,502
South West	329	—	—	893	26	—	11	2	410	356	170	39	187	2,685	2,105	7,213
Eastern	319	—	—	972	10	—	6	-2	490	376	20	42	223	3,091	2,114	7,660
London	642	—	—	2,283	39	—	4	14	1,555	607	451	97	373	4,816	5,610	16,491
South East	456	—	—	1,553	35	—	6	8	636	606	286	63	344	4,428	3,356	11,777
England	3,076	—	—	10,965	240	—	53	36	5,800	3,618	2,101	449	2,302	29,816	24,119	82,576
Scotland	367	—	—	1,129	92	—	—	—	627	488	227	—	516	3,476	2,891	9,813
Wales	167	—	—	615	24	—	—	10	327	397	136	—	253	1,794	1,461	5,184
Northern Ireland	—	—	—	—	23	—	—	3	12	198	—	—	—	100	—	335
Total local authority identifiable spending in 2002-03	3,611	—	—	12,709	380	—	53	48	6,766	4,701	2,464	449	3,071	35,186	28,471	97,908

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03

All the data in this table are National Statistics

	accruals, £ million																	
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
EDUCATION AND SKILLS																		
Public order and safety																		
Administration of justice	4	11	8	7	9	8	9	12	13	82	—	—	—	82	—	82	—	82
Total public order and safety	4	11	8	7	9	8	9	12	13	82	—	—	—	82	—	82	—	82
Employment policies																		
Employment policies	15	32	24	15	24	20	18	39	26	213	1	1	—	214	10	224	—	224
Total employment policies	15	32	24	15	24	20	18	39	26	213	1	1	—	214	10	224	—	224
Health																		
Central and other health services	—	1	1	1	1	1	1	1	1	7	—	—	—	7	—	7	—	7
Medical services	—	—	—	—	—	—	—	—	—	1	—	—	—	1	—	1	—	1
Total health	—	1	1	1	1	1	1	1	1	8	—	—	—	8	—	8	—	8
Education and training																		
Further education	330	805	502	403	641	477	417	847	672	5,094	—	—	—	5,094	—	5,094	—	5,094
Higher education	275	619	514	471	426	356	409	1,289	807	5,166	—	—	—	5,166	2	5,169	—	5,169
Other education and training	101	210	239	127	154	135	137	413	209	1,726	1	4	—	1,731	1	1,732	—	1,732
Primary schools	7	25	16	11	12	6	7	51	5	140	—	—	—	140	—	140	—	140
Secondary schools	18	33	24	25	41	25	17	68	35	287	—	—	—	287	—	287	—	287
Student support	75	201	161	131	130	123	78	243	174	1,316	20	87	—	1,424	—	1,424	—	1,424
Training	88	209	138	108	166	127	164	216	181	1,397	12	6	—	1,415	—	1,415	—	1,415
Under fives	23	40	29	18	26	18	11	39	18	221	—	—	—	221	—	221	—	221
Total education and training	917	2,142	1,625	1,294	1,595	1,267	1,240	3,165	2,103	15,347	33	97	—	15,478	3	15,481	—	15,481

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

All the data in this table are National Statistics

	accruals, £ million																		
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Social protection																			
Family benefits, income support and tax credits	1	4	3	2	3	3	3	4	4	27	—	—	—	27	—	27	—	27	
Personal social services	1	3	2	2	3	2	3	3	4	24	—	—	—	24	—	24	—	24	
Public sector occupational pensions	86	173	160	152	188	143	165	7	209	1,282	25	140	1	1,448	59	1,506	—	1,506	
Total social protection	89	180	165	156	193	148	170	14	217	1,332	25	140	1	1,498	59	1,556	—	1,556	
TOTAL EDUCATION AND SKILLS	1,025	2,366	1,823	1,472	1,822	1,444	1,439	3,231	2,360	16,982	58	238	1	17,279	72	17,351	—	17,351	
HEALTH																			
Agriculture, fisheries and forestry																			
Other agriculture food fisheries policy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	119	119	
Total agriculture, fisheries and forestry	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	119	119	
Health																			
Central and other health services	41	107	72	52	73	66	70	125	105	711	—	—	—	711	266	977	—	977	
Medical services ⁽¹⁾	2,957	7,827	5,273	3,887	5,426	4,848	5,197	9,142	7,876	52,434	-174	-91	1	52,170	49	52,219	—	52,219	
Total health	2,998	7,934	5,345	3,940	5,499	4,915	5,267	9,267	7,981	53,145	-174	-91	1	52,881	315	53,196	—	53,196	
Social protection																			
Personal social services	8	22	15	11	15	14	14	26	21	145	—	—	—	145	—	145	—	145	
Public sector occupational pensions	-7	-17	-10	-10	-10	-9	-12	-14	-14	-103	-1	-4	—	-108	—	-108	—	-108	
Total social protection	2	5	4	1	4	5	2	12	8	42	-1	-4	—	37	—	37	—	37	
TOTAL HEALTH	3,000	7,939	5,349	3,940	5,503	4,920	5,269	9,279	7,989	53,187	-175	-95	1	52,918	315	53,233	119	53,352	
TRANSPORT																			
Science and technology																			
Science and technology	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	42	42	
Total Science and technology	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	42	42	

(1) The negative numbers for Scotland and Wales in this row reflect that the adjustment for trust debt remuneration (see Appendix F) in respect of Scotland and Wales has been attributed to the Department of Health, not Scottish Executive and National Assembly for Wales.

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics										accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
Transport																		
Local public transport	29	50	35	25	31	25	25	838	31	1,090	—	—	—	1,090	—	1,090	—	1,090
National roads	101	278	198	166	217	193	219	283	316	1,972	18	10	9	2,009	—	2,009	—	2,009
Other transport	8	14	13	9	13	11	13	57	17	157	3	3	1	164	-1	163	135	297
Railways	52	67	125	46	122	53	99	1,405	399	2,369	40	31	—	2,440	—	2,440	—	2,440
Total transport	190	410	372	247	383	283	356	2,584	764	5,588	61	44	11	5,703	-1	5,702	135	5,836
Social protection																		
Public sector occupational pensions	—	—	—	—	—	—	—	—	—	-2	—	—	—	-2	—	-2	—	-2
Total social protection	—	—	—	—	—	—	—	—	—	-2	—	—	—	-2	—	-2	—	-2
TOTAL TRANSPORT	190	409	372	246	383	283	355	2,584	763	5,586	61	44	11	5,701	-1	5,699	177	5,877
OFFICE OF THE DEPUTY PRIME MINISTER																		
General public services																		
Public and common services	13	20	15	12	14	15	13	27	16	144	—	—	—	144	—	144	344	488
Total general public services	13	20	15	12	14	15	13	27	16	144	—	—	—	144	—	144	344	488
Public order and safety																		
Fire	8	15	8	7	10	9	8	20	15	101	—	6	—	107	—	107	—	107
Total public order and safety	8	15	8	7	10	9	8	20	15	101	—	6	—	107	—	107	—	107
Enterprise and economic development																		
Regional policy	195	337	249	119	238	93	44	63	113	1,450	—	—	—	1,450	—	1,450	—	1,450
Total enterprise and economic development	195	337	249	119	238	93	44	63	113	1,450	—	—	—	1,450	—	1,450	—	1,450
Housing and Community amenities																		
Local authority housing	21	120	44	16	32	6	2	636	12	888	—	—	—	888	—	888	—	888
Other housing and community services	12	27	19	14	19	21	20	94	50	275	—	1	—	276	—	276	—	276
Other social housing	31	106	62	53	83	81	82	508	144	1,151	—	—	—	1,151	—	1,151	—	1,151
Total housing and Community amenities	63	253	125	83	134	107	104	1,238	206	2,313	—	1	—	2,314	—	2,314	—	2,314

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

All the data in this table are National Statistics													accruals, £ million						
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Social protection																			
Personal social services	1	2	1	1	1	2	1	19	2	32	—	—	—	32	—	32	—	32	
Total social protection	1	2	1	1	1	2	1	19	2	32	—	—	—	32	—	32	—	32	
TOTAL OFFICE OF THE DEPUTY PRIME MINISTER	280	628	398	223	397	227	171	1,366	352	4,041	—	7	—	4,047	—	4,047	344	4,391	
HOME OFFICE																			
General public services																			
Public and common services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	26	26	
Total general public services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	26	26	
Public order and safety																			
Administration of justice	67	177	110	72	93	68	63	192	90	931	33	63	—	1,027	—	1,027	—	1,027	
Immigration and citizenship	3	5	5	3	5	1	1	14	2	40	3	1	—	43	—	43	1,807	1,851	
Other public order and safety	2	5	4	3	4	3	3	5	5	35	—	2	—	36	—	36	284	320	
Police	63	153	107	80	106	84	89	271	175	1,128	—	64	—	1,192	—	1,192	—	1,192	
Prisons and offender programmes	22	42	30	23	30	24	23	46	35	275	—	17	—	292	—	292	2,234	2,526	
Total public order and safety	156	381	256	182	238	180	180	529	307	2,408	36	147	—	2,590	—	2,590	4,326	6,916	
Social protection																			
Public sector occupational pensions	85	219	148	117	139	123	132	442	202	1,607	—	83	—	1,690	—	1,690	—	1,690	
Total social protection	85	219	148	117	139	123	132	442	202	1,607	—	83	—	1,690	—	1,690	—	1,690	
TOTAL HOME OFFICE	241	601	404	299	376	303	312	970	510	4,015	36	229	—	4,281	—	4,281	4,351	8,632	
CONSTITUTIONAL AFFAIRS																			
General public services																			
Public and common services	2	3	2	2	3	3	3	4	4	23	—	1	—	25	—	25	55	79	
Total general public services	2	3	2	2	3	3	3	4	4	23	—	1	—	25	—	25	55	79	
Public order and safety																			
Administration of justice	167	335	175	140	164	184	134	519	221	2,039	—	140	95	2,273	—	2,273	465	2,738	
Total public order and safety	167	335	175	140	164	184	134	519	221	2,039	—	140	95	2,273	—	2,273	465	2,738	

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Social protection																			
Public sector occupational pensions	—	2	2	1	1	3	4	9	5	27	6	1	2	35	—	35	—	35	
Total social protection	—	2	2	1	1	3	4	9	5	27	6	1	2	35	—	35	—	35	
TOTAL CONSTITUTIONAL AFFAIRS	169	340	179	143	168	190	140	532	230	2,090	6	141	97	2,335	—	2,335	519	2,854	
ATTORNEY GENERAL'S DEPARTMENTS																			
Public order and safety																			
Administration of justice	6	17	11	6	10	7	9	26	15	107	—	7	—	114	—	114	16	130	
Other public order and safety	20	51	31	27	34	25	27	68	38	321	—	21	—	341	—	341	20	361	
Total public order and safety	26	68	42	33	45	31	36	94	53	428	—	28	—	455	—	455	36	491	
TOTAL ATTORNEY GENERAL'S DEPARTMENTS	26	68	42	33	45	31	36	94	53	428	—	28	—	455	—	455	36	491	
MINISTRY OF DEFENCE																			
International services																			
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60	60	
Total International services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60	60	
Defence																			
National defence	—	1	1	1	1	1	1	2	1	9	1	1	1	11	183	194	25,940	26,134	
Total defence	—	1	1	1	1	1	1	2	1	9	1	1	1	11	183	194	25,940	26,134	
Enterprise and economic development																			
Economic development and trade	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52	52	
Total enterprise and economic development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52	52	

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humber	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non- identifiable spending	Total expenditure on services	
Social protection																			
Personal social services	—	—	—	—	—	—	—	12	—	12	—	—	—	12	—	12	—	12	
Public sector occupational pensions	54	147	94	76	102	107	90	244	154	883	137	67	60	1,334	—	1,334	—	1,334	
State pensions	59	141	82	71	71	141	94	59	165	883	106	71	53	1,165	53	1,165	—	1,165	
TOTAL social protection	113	288	177	147	172	249	184	315	319	1,964	243	138	112	2,458	53	2,511	—	2,511	
TOTAL SOCIAL PROTECTION	114	290	178	148	173	250	185	318	320	1,974	244	138	113	2,470	236	2,705	26,052	28,757	
FOREIGN AND COMMONWEALTH OFFICE																			
International services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	315	315	1,131	1,446	
Total International services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	315	315	1,131	1,446	
TOTAL FOREIGN AND COMMONWEALTH OFFICE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	315	315	1,131	1,446	
INTERNATIONAL DEVELOPMENT																			
International services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
International development assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,334	3,334	—	3,334	
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	35	35	—	35	
Total international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,368	3,368	—	3,368	
Social protection																			
Public sector occupational pensions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	116	116	—	116	
Total Social protection	—	—	—	—	—	—	—	—	—	—	—	—	—	—	116	116	—	116	
TOTAL INTERNATIONAL DEVELOPMENT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,484	3,484	—	3,484	
TRADE AND INDUSTRY																			
General public services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	5	
Public and common services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total general public services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	5	

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics										accruals, £ million								
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
International services																			
International development assistance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4	4	—	4	4
Other international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	23	23	2	25	25
Total international services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	27	27	2	29	29
Enterprise and economic development																			
Economic development and trade	15	21	13	20	35	35	17	26	33	216	20	8	8	252	5	257	377	634	634
Regional policy	51	85	65	16	24	17	8	25	10	302	—	—	—	302	—	302	—	302	302
Support for business	119	162	260	172	147	126	134	213	188	1,520	132	132	19	1,802	4	1,806	—	1,806	1,806
Total enterprise and economic development	185	268	338	208	206	177	159	264	232	2,037	152	141	26	2,356	9	2,365	377	2,741	2,741
Science and technology																			
Science and technology	27	90	49	43	51	58	203	147	307	975	94	25	15	1,108	188	1,297	390	1,687	1,687
Total science and technology	27	90	49	43	51	58	203	147	307	975	94	25	15	1,108	188	1,297	390	1,687	1,687
Employment policies																			
Employment policies	1	2	2	2	2	2	3	4	4	21	2	1	1	24	—	24	—	24	24
Total employment policies	1	2	2	2	2	2	3	4	4	21	2	1	1	24	—	24	—	24	24
Agriculture, fisheries and forestry																			
Other agriculture food fisheries policy	1	—	1	1	—	—	—	—	—	3	—	1	—	4	—	4	—	4	4
Total agriculture, fisheries and forestry	1	—	1	1	—	—	—	—	—	3	—	1	—	4	—	4	—	4	4
Environment protection																			
Environmental protection	25	64	32	17	25	30	16	21	55	285	43	22	—	351	—	351	—	351	351
Environmental research	—	11	—	9	—	6	32	—	18	77	7	1	—	84	2	87	149	235	235
Total environment protection	25	74	33	26	25	37	48	21	74	362	50	23	1	435	2	437	149	586	586
Health																			
Health research	—	—	—	15	—	4	56	67	32	174	22	—	—	196	10	206	128	333	333
Total health	—	—	—	15	—	4	56	67	32	174	22	—	—	196	10	206	128	333	333

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Education and training																			
Training	—	1	—	1	—	1	2	—	2	7	—	—	—	7	—	7	—	7	7
Total education and training	—	1	—	1	—	1	2	—	2	7	—	—	—	7	—	7	—	7	7
Social protection																			
Family benefits, income support and tax credits	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public sector occupational pensions	4	12	9	8	10	9	13	19	19	103	10	5	3	120	—	120	—	120	120
Unemployment benefits	10	30	22	19	24	22	31	47	47	252	25	12	—	289	—	289	—	289	289
Total social protection	14	42	31	28	34	31	44	66	66	355	35	17	3	409	—	409	—	409	409
TOTAL TRADE AND INDUSTRY	252	478	454	322	318	309	514	570	716	3,934	356	207	45	4,541	236	4,777	1,049	5,827	5,827
ENVIRONMENT, FOOD AND RURAL AFFAIRS																			
Enterprise and economic development																			
Economic development and trade	1	1	1	1	1	1	1	3	1	12	—	1	—	12	—	12	—	12	12
Regional policy	5	10	5	4	4	9	3	—	2	42	—	—	—	42	—	42	—	42	42
Total enterprise and economic development	5	11	6	5	5	10	5	3	4	54	—	1	—	54	—	54	—	54	54
Agriculture, fisheries and forestry																			
Forestry	4	10	9	6	7	12	7	2	12	69	7	2	—	78	—	78	—	78	78
Market support under CAP	78	180	213	245	208	360	280	2	198	1,765	—	—	—	1,765	—	1,765	—	1,765	1,765
Other agriculture food fisheries policy	133	278	209	174	226	360	160	105	216	1,862	—	—	—	1,862	—	1,862	—	1,862	1,862
Total agriculture, fisheries and forestry	215	468	431	425	442	732	447	108	427	3,695	7	2	—	3,705	—	3,705	—	3,705	3,705
Environment protection																			
Environmental protection	39	110	94	85	71	96	90	119	162	866	—	—	—	866	—	866	399	1,265	1,265
Total environment protection	39	110	94	85	71	96	90	119	162	866	—	—	—	866	—	866	399	1,265	1,265

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics										accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services
Social protection																		
Public sector occupational pensions	10	21	12	8	8	19	7	—	5	90	—	—	—	90	—	90	—	90
Total social protection	10	21	12	8	8	19	7	—	5	90	—	—	—	90	—	90	—	90
TOTAL ENVIRONMENT, FOOD AND RURAL AFFAIRS	270	610	543	523	526	857	549	231	597	4,705	7	3	—	4,715	—	4,715	399	5,114
CULTURE, MEDIA AND SPORT																		
Enterprise and economic development																		
Regional policy	2	4	2	1	2	2	—	—	—	14	—	—	—	14	—	14	—	14
Support for business	—	—	—	—	—	—	—	3	—	3	—	—	—	3	71	74	—	74
Total enterprise and economic development	2	4	2	1	2	2	—	3	—	17	—	—	—	17	71	88	—	88
Recreation, culture and religion																		
Broadcasting	—	—	—	—	—	—	—	—	—	—	—	81	—	81	—	81	113	194
Heritage, arts, libraries and films	37	74	64	43	48	63	47	240	118	733	7	4	3	747	50	797	—	797
Lottery	47	145	132	88	94	68	70	429	90	1,165	160	110	37	1,473	—	1,473	—	1,473
Other recreation, culture and religion	4	4	4	4	4	4	4	5	4	36	—	—	—	36	—	36	—	36
Sport and recreation	14	22	14	14	14	12	12	26	16	145	—	—	—	146	—	146	—	146
Total recreation, culture and religion	102	246	214	149	160	148	133	700	228	2,079	168	195	39	2,482	51	2,532	113	2,646
TOTAL CULTURE, MEDIA AND SPORT	104	250	216	150	162	150	133	703	228	2,096	168	195	39	2,499	122	2,620	113	2,733
WORK AND PENSIONS																		
General public services																		
Public and common services	13	30	15	16	16	18	16	16	18	159	30	11	—	200	—	200	—	200
Total general public services	13	30	15	16	16	18	16	16	18	159	30	11	—	200	—	200	—	200
Enterprise and economic development																		
Regional policy	2	4	2	1	2	1	1	2	1	16	2	1	—	20	—	20	—	20
Total enterprise and economic development	2	4	2	1	2	1	1	2	1	16	2	1	—	20	—	20	—	20

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable expenditure	Total expenditure on services	
Employment policies																			
Employment policies	249	480	253	132	219	153	125	270	175	2,057	270	139	—	2,465	—	2,465	—	2,465	
Total employment policies	249	480	253	132	219	153	125	270	175	2,057	270	139	—	2,465	—	2,465	—	2,465	
Social protection																			
Administration and miscellaneous services	347	667	344	177	290	210	167	340	237	2,779	367	190	—	3,336	—	3,336	—	3,336	
Family benefits, income support and tax credits	805	2,130	1,299	903	1,392	953	1,011	2,531	1,331	12,354	1,457	853	—	14,664	—	14,664	—	14,664	
Incapacity, disability and injury benefits	1,365	3,291	1,955	1,518	2,025	1,451	1,448	1,781	1,763	16,598	2,367	1,741	—	20,705	—	20,705	—	20,705	
Personal social services	1	2	1	1	1	1	1	1	1	8	1	1	—	10	—	10	—	10	
State pensions	2,135	5,482	3,980	3,328	4,260	4,394	4,450	4,478	6,409	38,917	4,094	2,449	9	45,469	1,378	46,847	—	46,847	
Unemployment benefits	284	560	376	231	386	210	221	612	284	3,164	407	196	—	3,766	—	3,766	—	3,766	
Widows' benefits	59	137	93	79	108	85	92	110	149	912	120	57	—	1,089	—	1,089	—	1,089	
Total social protection	4,995	12,268	8,048	6,237	8,462	7,304	7,389	9,854	10,174	74,731	8,813	5,486	9	89,039	1,378	90,417	—	90,417	
TOTAL WORK AND PENSIONS	5,260	12,782	8,318	6,387	8,698	7,477	7,531	10,141	10,368	76,962	9,115	5,638	9	91,724	1,378	93,102	—	93,102	
CHANCELLOR'S DEPARTMENTS																			
General public services																			
Public and common services	—	—	—	—	—	—	—	8	—	10	—	—	—	11	—	11	4,299	4,310	
Total general public services	—	—	—	—	—	—	—	8	—	10	—	—	—	11	—	11	4,299	4,310	
Enterprise and economic development																			
Support for business	—	—	—	—	—	—	—	—	1	2	1	2	—	5	—	5	—	5	
Total enterprise and economic development	—	—	—	—	—	—	—	—	1	2	1	2	—	5	—	5	—	5	
Science and technology																			
Science & technology	8	22	16	14	17	16	17	24	26	159	16	9	5	190	—	190	—	190	
Total science and technology	8	22	16	14	17	16	17	24	26	159	16	9	5	190	—	190	—	190	

Table 8.16 Departmental expenditure on services by function, country and region, 2002–03 (continued)

	All the data in this table are National Statistics											accruals, £ million							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	UK identifiable expenditure	Outside the UK	Total identifiable expenditure	Non-identifiable spending	Total expenditure on services	
Social protection																			
Family benefits, income support and tax credits	737	1,984	1,457	1,131	1,483	1,219	1,258	1,604	1,789	12,662	1,109	1,005	—	14,776	10	14,786	—	14,786	
Public sector occupational pensions	1	2	2	1	2	4	2	4	7	25	3	2	—	30	1	30	—	30	
Total social protection	738	1,986	1,459	1,132	1,485	1,223	1,260	1,608	1,796	12,687	1,111	1,006	—	14,805	11	14,816	—	14,816	
TOTAL CHANCELLOR'S DEPARTMENTS	746	2,009	1,475	1,146	1,502	1,240	1,278	1,640	1,824	12,859	1,129	1,018	6	15,011	11	15,023	4,299	19,321	
CENTRAL EXCHEQUER FUNCTIONS																			
EU transactions																			
EC payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,575	1,575	—	1,575	
EC Receipts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-3,424	-3,424	
Total EU transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,575	1,575	-3,424	-1,849	
Debt interest																			
CG debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	20,839	20,839	
PC debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	115	115	
Total debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	20,954	20,954	
TOTAL CENTRAL EXCHEQUER FUNCTIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,575	1,575	17,530	19,105	
CABINET OFFICE																			
General public services																			
Public and common services	—	1	1	1	1	1	1	1	3	9	1	—	—	9	—	9	1,592	1,601	
Total general public services	—	1	1	1	1	1	1	1	3	9	1	—	—	9	—	9	1,592	1,601	
Social protection																			
Public sector occupational pensions	-47	-105	-72	-61	-70	-205	-114	-180	-315	-1,170	-123	-70	-11	-1,375	-29	-1,404	—	-1,404	
Total social protection	-47	-105	-72	-61	-70	-205	-114	-180	-315	-1,170	-123	-70	-11	-1,375	-29	-1,404	—	-1,404	
TOTAL CABINET OFFICE	-46	-104	-72	-60	-70	-204	-114	-179	-312	-1,162	-123	-69	-11	-1,365	-29	-1,395	1,592	197	
TOTAL DEPARTMENTS EXPENDITURE	11,629	28,663	19,678	14,972	20,003	17,475	17,799	31,479	25,998	187,697	10,881	7,722	310	206,610	7,713	214,323	57,712	272,035	

Table 8.17 Country and regional analysis of pay costs component of departments' non-identifiable spending 2002-03

Department grouping	Pay costs for non-identifiable spending											£ millions							
	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	Northern Ireland	Total UK	Outside UK	Total non-identifiable pay costs	Total non-identifiable pay costs as % of total departmental pay costs (identifiable and non-identifiable)	Other non-identifiable spending	Total non-identifiable spending
Health	2	5	7	3	6	4	2	23	2	54	7	5	—	66	—	66	4	53	119
Transport	—	—	—	—	—	1	—	2	5	9	1	1	—	10	—	10	3	167	177
Office of the Deputy Prime Minister	5	10	7	4	6	4	3	16	7	61	—	—	—	61	—	61	23	282	344
Home Office	95	201	181	111	119	111	136	426	255	1,633	11	32	1	1,677	—	1,677	71	2,674	4,351
Constitutional Affairs	14	55	27	17	28	24	26	113	38	342	—	14	—	356	—	356	77	163	519
Attorney General's Office	—	—	—	—	—	—	—	37	—	37	—	—	—	37	—	37	14	—	36
Ministry of Defence civilian paycosts	13	74	85	64	143	595	172	222	419	1,788	187	41	68	2,083	224	2,307	23	—	2,307
Ministry of Defence Armed Forces paycosts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	77	16,021	23,745
Foreign and Commonwealth Office	—	12	—	—	—	—	—	206	39	257	1	—	1	260	156	416	100	715	1,131
Trade and Industry	16	50	37	31	40	49	74	124	71	491	45	20	10	566	—	566	76	483	1,049
Environment, Food and Rural Affairs	2	2	4	2	5	6	2	21	5	49	1	1	—	50	—	50	7	349	399
Culture, Media and Sport	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	113	113
Work and Pensions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	2
Chancellor's departments	279	264	161	126	145	117	184	560	300	2,137	177	135	48	2,497	15	2,512	100	1,787	4,299
Central exchequer functions ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	17,874	17,874
Cabinet Office	13	27	17	17	17	46	26	307	90	560	29	19	4	612	8	621	100	971	1,592
Total																16,404	67⁽²⁾	41,654	58,058

⁽¹⁾ Central exchequer functions include EC receipts and public sector debt interest, where the latter includes payments of debt interest by public corporations and local authorities to the private sector.

⁽²⁾ The non-identifiable pay costs shown here form 67% of the total pay costs of the departmental groupings shown in this table. Other departmental groupings, such as Education, are not included in this table, because all their spending is identifiable. Taking all central government departments together the non-identifiable pay costs shown here account for 57% of total central government pay costs. See also footnote (1) to table 4.4.

A

CONVENTIONS AND ECONOMIC ASSUMPTIONS

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

Rounding conventions

A.2 The figures in this publication are generally shown to the nearest £1 million, except that the figures for the main spending aggregates – DEL, AME, and TME – and the DEL Reserve and AME Margin are rounded to the nearest £100 million from 2003–04 onwards.

A.3 Dashes in tables either show that there are no data, or that the value is too small to be included when rounded, i.e. normally between ±£0.5 million.

Real terms

A.4 A number of the tables in this publication give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 2002–03 prices. The GDP deflators used in this publication are those recorded on the Treasury website at www.hm-treasury.gov.uk/economic_data_and_tools/gdp-deflators/data_gdp_fig.cfm on 19 April 2004, when PESA 2004 was published. See also paragraph A.9 below.

2003–04 estimated outturn

A.5 The estimated outturns for individual departments for 2003–04 are based on the latest information available from departments. The estimated outturn for resource DEL for 2003–04 includes an allowance for shortfall of £2.6 billion reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

Data in tables

A.6 In this edition of PESA all data are presented on an accruals basis. Consistent data on a resource basis are only available back to 1998–99. As a result most of the tables that show plans or projections to 2005–06 cover a period of eight years, from 1998–99 to 2005–06.

A.7 It is not possible to look at trends over a longer period by simply comparing figures in successive public expenditure publications as such figures are not always on a consistent basis due to changes in coverage and classification changes. This publication presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period.

Economic assumptions

A.8 The following economic assumptions underlie the figures in this publication:

- Income related social security benefits are updated annually in April in line with the change in the Rossi (a modified measure of inflation based on the Retail Prices Index) in the year up to the previous September. Other non income-related benefits are also updated in April, but in line with the change

in the Retail Prices Index over the same period. The uprating factors used for the projections in this publication were, Rossi, 2 per cent in 2003–04, 1½ in 2004–05 and 2¼ in 2005–06; for the RPI, 3 per cent for 2003–04 and 2004–05, and 2¾ per cent for 2005–06.

- (b) UK claimant unemployment is assumed to remain at recent levels of 0.92 million. This planning assumption has been audited by the National Audit Office. (See the NAO Report: Audit of Assumptions for the 2004 Budget, published as HC 434).
- Further details on economic assumptions can be found in the March 2004 Financial Statement and Budget Report, (HC 301), pages 250–251.

Economic growth and inflation

A.9 General inflation as measured by the GDP deflator is forecast to be 2¼ per cent in 2003–04, 2½ per cent in 2004–05 and 2½ per cent in 2005–06.

A.10 GDP at market prices (money GDP) is projected to rise from £1,054 billion in 2002–03 (outturn) to £1,115 billion in 2003–04 (estimate) to £1,176 billion in 2004–05 and £1,243 billion in 2005–06 (projections).

Population by country and region

A.11 The population numbers used in Chapter 8 of PESA 2004 are as follows (source: mid-year estimates in Population Trends 115 Spring 2004):

	Thousands				
	mid-1998	mid-1999	mid-2000	mid-2001	mid-2002
North East	2,544	2,531	2,523	2,519	2,513
North West	6,762	6,738	6,737	6,767	6,771
Yorkshire and Humberside	4,950	4,947	4,950	4,971	4,983
East Midlands	4,125	4,144	4,157	4,183	4,215
West Midlands	5,267	5,265	5,260	5,283	5,304
South West	4,843	4,874	4,909	4,937	4,961
Eastern	5,306	5,341	5,375	5,401	5,420
London	6,969	7,041	7,104	7,308	7,355
South East	7,891	7,955	7,982	8,021	8,038
England	48,789	48,987	49,167	49,390	49,562
Scotland	5,077	5,072	5,063	5,064	5,055
Wales	2,896	2,897	2,904	2,908	2,919
Northern Ireland	1,678	1,679	1,683	1,689	1,697
United Kingdom	58,440	58,635	58,817	59,051	59,232

A.12 These mid-year numbers have been applied to the financial year series, mid 1998 to 1998–99 and so on.

B

THE ACCOUNTING ADJUSTMENTS IN THE BUDGETING PRESENTATION OF TME

NEED FOR ACCOUNTING ADJUSTMENTS

B.1 The national accounts, produced by the Office for National Statistics (ONS), follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. Total Managed Expenditure (TME) is drawn from national accounts.

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

B.3 So a number of adjustments are needed to relate Total DEL and AME to TME, as is shown in **Table 1.1**. More detail of the adjustments is shown in **Table 1.12**. The sub-headings below show what is in each of the rows in that table. The operator (ie “add” or “subtract”) describes the adjustment needed to derive TME from Total DEL plus departmental and other AME.

CHANGES SINCE PESA 2003

B.4 The arrangement of the accounting adjustments in this Appendix and the arrangement of the rows in **Table 1.12** has been changed. The logic of the order now reflects whether adjustments are related to:

- Central government programmes and expenditure (including central government support for local authorities in the form of VAT refunds);
- Accruals concepts in departments’ budgets that are not in TME;
- Expenditure financed by revenue receipts – mainly relating to central government bodies but also affecting local authorities;
- Local authorities;
- Consolidation of general government (general government is central and local government);
- Public corporations;
- Financial transactions (since TME represents the current and capital expenditure of the public sector, not financial transactions);
- Data adjustments, where the same concepts apply in resource budgets and TME but different data are used; and
- Balancing reconciliation item.

B.5 With this presentation, the contents of the rows in **Table 1.12** are described more transparently by the adjustments shown under the equivalent sub-heading in this Appendix. Inevitably, in some cases a judgement had to be made about which row would be the best place to put an adjustment that could fall into more than one category.

B.6 The following obsolete adjustments have been retired (the number given refers to the number in Appendix B of PESA 2003):

(xvii) [capital expenditure of local authority public corporations] is now part of Public Corporations Own-Financed Expenditure in AME;

(xx) [local authority debt interest ultimately funded by housing subsidy] is shown in LASFE in AME;

(xxxii) [expenditure of the Financial Services Authority (FSA)] is no longer needed as the FSA has been reclassified by the ONS as a public corporation and so its capital expenditure is shown alongside that of other public corporations;

(xxxv) [accruals adjustment] is no longer needed as ONS can now use RAB data;

(xxxvii) [Finance Leases] is obsolete as the last year with data was 1997-98.

B.7 In addition, adjustments (xiv) and (xviii) [receipts of interest from public corporations] have been merged.

B.8 The following accounting adjustments are new in PESA 2004:

9. Add interest on special drawing rights;

15. Add capital grants representing student loan write-offs;

39. Consolidate out general government payment of non-domestic rates;

40. Consolidate out grants in budgets to help local authorities repay debt.

LIST OF THE ACCOUNTING ADJUSTMENTS

Tax credits for individuals

B.9 Departmental AME shows expenditure on tax credits following the OECD basis for deciding what element, if any, of a tax credit should be treated as expenditure, rather than as an adjustment to tax receipts. Normally, that means that only amounts payable in excess of an individual's tax liability count as expenditure. In the national accounts, some elements of some tax credits for individuals also score as government expenditure even when they are less than the individual's tax liability.

1. For the tax credits following, add the amount of the tax credit that scores as expenditure in TME and that is less than an individual's tax liability: Mortgage Interest Relief, Life Assurance Premium Relief, Vocational Training Relief, Working Families Tax Credit and Disabled Persons Tax Credit. Add the whole amount of Private Medical Insurance Premium Relief.

B.10 No adjustment is needed for the new tax credits (Working Tax Credit and Child Tax Credit) as they are treated in the same way under both the OECD and national accounts bases.

Pensions

B.II As detailed in Appendix E, the costs in AME in respect of pensions are measured as the increase in the liabilities held by pension schemes. TME measures expenditure on unfunded or pay-as-you-go public service pensions differently. TME disregards both accruing liabilities and employer contributions and instead counts:

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

B.I2 So the adjustments to get from the costs in AME are as follows:

2. Remove increases in liabilities scored in the net public sector pension line and arising from:
 - current and past service costs,
 - employee and employer additional contributions, and
 - group and individual transfers into the scheme.
3. Remove increases in liabilities arising from the unwinding of the discount rate that is scored in the Other non-cash items line in AME.
4. Add in the expenditure charged directly to the scheme's balance sheet. Typically this will be cash payments for members' continuing pensions, lump sums, spouses' benefits and similar payments, and bulk and individual transfers out of the scheme.

European Community contributions

B.I3 The national accounts treat most payments made by the UK to the institutions of the European Communities as taxes paid direct to the EC by households and enterprises. Only the GNI-based 4th resource contribution and the UK's budget abatement count in TME as UK government contributions. By contrast, the Net Payments line in AME includes the full gross contribution to the EC. The accounting adjustments therefore need to deduct those elements of the gross contribution that do not score in TME:

5. Deduct the customs duties, agricultural and sugar levies, and the VAT-based contribution paid to the institutions of the European Communities.
6. Deduct any Net Lending to the European Investment Bank, which is treated as a UK government transaction, but is not in TME as TME does not include financial transactions.

B.I4 Similarly, most payments to households and enterprises that are funded by the EC are treated in national accounts as direct payments to them by the EC, even if they pass through the Government's books. By contrast, DEL and departmental AME score expenditure that passes through Government and that is funded by EC receipts like UK government expenditure. The Net Payments to EC Institutions line in AME deducts receipts from the EC, thus bringing levels of expenditure and receipts onto a TME basis. Most EC receipts are not netted off DEL: where they are netted off DEL (as well as in the Net Payments line), a further adjustment is needed to reverse that second deduction.

7. Add receipts for EU funded research projects that are netted-off in DEL.

Other central government programmes

8. **Purchase of NHS Services.** The prices paid by government for the services of NHS trusts cover the full economic costs of those services and so include an amount to cover depreciation. The amount of these charges that scores in DEL excludes the element that covers depreciation. That element is shown here since TME includes the full cost of services bought.
9. **Interest on Special Drawing Rights (SDRs).** Add payments of interest on SDRs held by the UK at the International Monetary Fund which are treated in the national accounts as current expenditure on goods and services.
10. **Privatisation programme** (applies to outturn years only): add current and capital expenditure on privatisations which is borne outside DEL.
11. **Tax Credits for Companies and Charities.** As with tax credits for individuals (see above), national accounts score as expenditure some elements of tax credits for companies and charities that reduce the taxpayer's liability. This adjustment adds in such payments in respect of Research and Development Tax Credit (from 2001–02), payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and tax relief on clearing contaminated land. The element of these tax credits that is paid in excess of tax liabilities is shown in Other departmental expenditure in AME.
12. **Loan guarantees:** add the imputed subsidies for certain loan guarantees which are included in national accounts.
13. **DfID loan and debt write-offs:** Deduct the cost of interest forgone by the Department for International Development in respect of debts forgiven under Retrospective Terms Adjustments arrangements which forms part of DfID's DEL but is not in TME. Add capital grants when DfID writes-off certain debts owed to it. In national accounts, writing off a debt for policy reasons is treated as a capital transfer. Write-offs are recorded in DfID's resource budget but are removed along with other non-cash items below.
14. **ECGD debt write-offs:** add the UK government's top-up to the loan write-offs to heavily indebted poor countries agreed by the Paris Club. This top-up represents a gift rather than a forced write-off during the normal course of ECGD's business so it is recorded as a capital transfer in national accounts.
15. **Student Loan debt write-offs:** add an amount of capital grants for student loans as they are written off, as the scheme does not set out to recover the full amount of write-offs from borrowers collectively.

VAT refunds

16. Add VAT refunded to central government departments in respect of contracted out services for non-business purposes, VAT refunds to free public museums in respect of non-business activities, and VAT refunds to local authorities in respect of all non-business activities. DEL and locally financed expenditure are measured net of these VAT refunds, but in TME the expenditure is recorded including the VAT paid.

17. Add VAT refunds paid to NHS trusts in respect of contracted out services in connexion with activities that are non-business for VAT purposes. TME records these refunds as subsidies to NHS trusts.
18. Add VAT refunds paid to the BBC and ITN in respect of non-business activities. These are treated as subsidies in TME.
19. Add VAT refunds paid to DIY house builders. These are treated as capital grants in TME.

Central government capital consumption

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

Non-cash items not in TME

B.15 Both budgets and TME measure expenditure on an accruals basis as regards timing. A number of accruals concepts – such as depreciation – appear in both measures, although the coverage or data may be different (see the later subsection Data adjustments). However, a number of non-cash items appear in budgets produced on a GAAP basis (see Appendix E) that do not have a TME counterpart. They are removed here:

21. Deduct the cost of capital charge, debt write-offs, notional audit fee, and other such non-cash items recorded in departmental budgets but not in national accounts.
22. Deduct the take-up, movements in the value, and release of provisions that score in budgets. That leaves in the consumption of resources that is offset in budgets by the release of provisions and which is what scores in TME.
23. Deduct the measure of the subsidy and bad debt element of student loans that scores in DEL.
24. Add the purchase of stocks, subtract the sales of stocks, and subtract reductions in the value of stocks due to consumption of stock items. National accounts treat purchases and sales of stocks as capital expenditure. When stocks are drawn down to be used, TME scores both the draw-down of stocks as a reduction in value and their consumption as an expense. Under RAB purchases and sales of stocks are cash adjustments, and the draw-down of stocks is a balance sheet entry. RAB records as expenditure only the consumption of stocks or the production of goods for stock.

Expenditure financed by revenue receipts

B.16 Some receipts are deducted from budgets and other expenditure presentations even where national accounts do not treat them as negative expenditure in TME but as entries on the revenue side of the government's account. The deduction of such receipts needs to be reversed.

B.17 For departments and NDPBs the receipts are:

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

B.18 For local authorities, the receipts are:

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

Local authorities

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

B.19 In some cases receipts are treated as financing expenditure in AME when national accounts treat them as reducing TME. The value of the receipts needs to be deducted:

36. Local authority receipts of investment grants from private sector developers;
37. Certain licence fees collected by local authorities.

General government consolidation

B.20 TME is consolidated public sector expenditure. So it records only those distributive transactions that are paid outside the public sector. Payments of certain taxes and of grants and interest that are within the public sector do not score in TME.

38. Deduct debt interest paid by local authorities to central government.

39. Deduct payments of national non-domestic rates paid by central and local government, which are in budgets and locally financed expenditure, and which are consolidated out for TME.
40. Deduct debt repayment grants from central government to local authorities which score in budgets. Debt repayment is not expenditure.
41. Deduct current grants to local authorities by public corporations financed by subsidies from central government. The subsidies are in DEL (outside support for LAs) and in addition the LA expenditure is in locally financed expenditure. National accounts treat the public corporation as an agent of central government in this regard. So the flow is treated as a central government grant to local government and does not add to TME.

Public corporations

B.21 Departments' resource and capital budgets normally include certain items in respect of public corporations:

- subsidies and capital grants paid by the department to public corporations;
- loans given by the department to public corporations – either voted or from the National Loans Fund;
- interest, dividends and equity withdrawals received from public corporations;
- a capital charge on the loans and public dividend capital invested in public corporations.

B.22 TME includes the subsidies only, so the other items have to be deducted.

B.23 TME includes PC capital expenditure, and interest and dividends paid by PCs to the private sector. Other AME includes public corporations' own-financed capital expenditure, that is, capital expenditure less CG grant and loan finance for it. So the deduction of loans and capital grants is effected in other AME.

B.24 NHS (England and Wales) trusts and Forest Enterprise are PCs that have a different budgeting treatment. Their profit/loss and actual capital expenditure scores in budgets rather than grants and loans given and the trust debt remuneration actually received. This profit has to be removed in the accounting adjustments. The Crown Estate is also different: subsidies to it score in departmental AME and the dividend it pays is outside budgets.

B.25 So the adjustments needed are:

42. Add receipts from public corporations of interest, dividends and equity withdrawals that are netted-off in budgets.
43. Add interest paid by public corporations to the private sector and abroad. Such property income paid by public corporations is in TME, but not in departmental budgets.
44. Deduct the profit/loss of NHS trusts (England and Wales) and Forest Enterprise.

Financial transactions

B.26 TME measures the current and capital expenditure of the public sector and excludes net lending. Departmental budgets include the net acquisition of financial assets acquired for policy purposes rather than cash flow management. Typical transactions are purchases of shares and lending to businesses and individuals. The specific adjustments are described below:

45. Deduct loans, net of repayments of loans, to the private sector and overseas that score in DEL and departmental AME.

46. Deduct the net acquisition of private sector company securities that scores in DEL and departmental AME.

47. Deduct the profit/loss on the sale of shares and other financial assets recorded in DEL or departmental AME. This profit/loss represents a financial transaction in national accounts and so is outside TME.

Data adjustment

B.27 In some cases, TME and budgets have the same concepts but use different data. Adjustments are needed to put budgets data onto the TME basis:

48. Deduct depreciation and impairments in departmental AME. Depreciation and impairments in DEL have already been deducted in arriving at Total DEL in Table 1.1. TME uses the national accounts number for Non-trading Capital Consumption – see above.

49. For outturn years, add the amounts recorded by ONS, less the amounts recorded in budgets, for central government grants to LAs.

Balancing reconciliation to national accounts

50. Add, for outturn years, the residual difference between the last published figure for TME as measured by ONS for national accounts and the number as measured by latest Treasury sources. Differences can arise for example because of differences in the timing and sources of data.

ADJUSTMENTS AFFECTING THE SPLIT BETWEEN CURRENT AND CAPITAL EXPENDITURE

B.28 These adjustments have no impact on the sum of current and capital expenditure, and so are not shown in Table 1.12. They do however affect the split of total TME into current and capital expenditure.

- Expenditure on single use military equipment (fighting equipment) that is capital under GAAP rules is recorded as capital expenditure in departmental budgets but treated as current expenditure in national accounts.
- Departmental budgets record all expenditure on capital grants to local authorities as capital expenditure including those funded by the EC. This expenditure has to be deducted in moving to TME since it is regarded in national accounts as the EC's own expenditure, not the UK Government's. It is deducted through the net payments to EU institutions line in AME, but this is

all treated as current expenditure. So to record government's own capital expenditure correctly it is necessary to have an adjustment that subtracts EC funded capital grants to LAs from total capital expenditure, and adds that amount to current expenditure.

- Under RAB, the resource budget includes the profit/loss, relative to book value, when capital assets are sold. National accounts records all of the sale price as a capital receipt. So it is necessary to have an adjustment that removes the profit/loss from current expenditure and adds it to capital expenditure. Reminder of sign convention: if an asset were sold at a profit relative to book value this accounting adjustment would increase current expenditure (relative the amount recorded in budget) and reduce capital expenditure.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

B.29 Interest and dividend payments and receipts within the public sector are consolidated out. So TME scores only the public sector's interest and dividend payments to the private sector and overseas. The same is also true of other transfer payments such as current and capital grants, and rent.

B.30 The same is not true for transactions in goods and services between general government and public corporations and government's payments of subsidies: these are not consolidated out. General Government's purchases of services from, and subsidies to, public corporations and trading bodies score as public sector current expenditure. The public corporations' and trading bodies' receipts of these payments form part of their Gross Trading Surplus which is on the revenue side of the public accounts.

C

DEPARTMENTAL GROUPINGS

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

Title	Departments included
Education and skills	Department for Education and Skills Office for Her Majesty's Chief Inspector of Schools in England (Ofsted)
Health	Department of Health Food Standards Agency
Transport	Department for Transport Office of the Rail Regulator
Office of the Deputy Prime Minister	Office of the Deputy Prime Minister (except Local Government)
Local Government	Local Government – mainly block and transitional grants to English local authorities, the Greater London Authority, and Regional Development Agencies
Home Office	Home Office Charity Commission Assets Recovery Agency
Constitutional Affairs	Department for Constitutional Affairs The National Archives: Public Record Office and Historical Manuscripts Commission Northern Ireland Court Service Land Registry Scotland Office ⁽¹⁾ Wales Office ⁽¹⁾
Attorney General's Departments	The Crown Prosecution Service Serious Fraud Office Treasury Solicitor's Department
Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office
International Development	Department for International Development
Trade and Industry	Department of Trade and Industry UK Trade and Investment Office of Fair Trading Office of Gas and Electricity Markets Postal Services Commission Export Credits Guarantee Department

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

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

D

PUBLIC CORPORATIONS

D.1 This appendix groups current major public corporations according to the departmental groups used in the statistical tables. It also shows some public corporations that are accountable to local authorities. Public corporations marked with an “S” are self-financing public corporations; those marked with an “T” are trading funds. A fuller list of public corporations is available on the ONS website at http://www.statistics.gov.uk/downloads/theme_economy/MA23.xls Sector Classification for the National Accounts.

Department	Public Corporations
Health	Medicines Control Agency (T) NHS Trusts (England) NHS Foundation Trusts Estates Directorate
Transport	Driving Standards Agency (T) Civil Aviation Authority Vehicle and Operator Services Agency South Eastern Trains Ltd
Office of the Deputy Prime Minister	Queen Elizabeth II Conference Centre (T) Ordnance Survey
Local Government	Audit Commission Fire Service College
Home Office	Forensic Science Service
Constitutional Affairs	HM Land Registry (T)
Defence	Defence Science and Technology Laboratories Hydrographic Office (T) Meteorological Office (T) Qinetiq (S) NAAFI
Foreign and Commonwealth Office	BBC World Service British Council
International Development	Commonwealth Development Corporation (S)
Trade and Industry	Companies House (T) Patent Office (T) British Nuclear Fuels Limited (S) Royal Mail Holdings (S)
Environment food and rural affairs	Forest Enterprise British Waterways

Culture, Media and Sport	The Tote (S) Royal Parks Agency Historic Royal Palaces Trust British Broadcasting Corporation (S) Channel 4 Television (S) Welsh Fourth Channel Authority
Work and pensions	Remploy
Scotland	Caledonian MacBrayne Highlands and Islands Airports Scottish Water Authorities
Wales	Welsh Development Agency NHS Trusts (Wales)
Northern Ireland Executive	HSS Trusts NI Housing Executive NI Public Trust Port Authorities
Chancellor's Departments	Royal Mint (S) Crown Estate (S) Financial Services Authority Office of Government Commerce-Buying Solutions
Cabinet Office	Central Office of Information
Local Authorities	Businesses reporting to Transport for London London Underground Manchester Airport plc

E.1 This Appendix describes the budgeting and control regime under full resource budgeting (RAB stage 2) that was introduced for the 2002 Spending Review (SR2002) which set budgets for 2003–04 to 2005–06. The key budgetary control aggregates are Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME), which are applied to departments' resource and capital budgets. AME is split into Departmental and Other AME. DEL plus AME including accounting adjustments together sum to Total Managed Expenditure (TME), an aggregate drawn from national accounts.

RESOURCE ACCOUNTING AND BUDGETING

E.2 Since 2001–02, departmental budgets have been set and monitored in resource terms, and Parliament votes resources as well as cash in the Supply Estimates. There are separate departmental budgets for resources and capital expenditure.

Resource Budget

E.3 The resource budget measures total resources consumed by a department. A department's resource budget is divided into Resource DEL and Resource Departmental AME.

E.4 Resource accounts measure expenditure when it accrues rather than when the cash is spent. Resource budgets include non-cash costs such as depreciation, provisions and charges for bad debts in accordance with the Resource Accounting Manual, which follows Generally Accepted Accounting Practice (GAAP) with such adaptations as are necessary for the public sector.

E.5 The annual resource cost to departments of the assets they use to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up capital in these assets (the cost of capital charge). The cost of capital charge is now 3.5 per cent of the net assets (fixed capital and financial assets, net of financial liabilities and provisions) employed by each department (numbers are presented as if a 3.5 per cent charge had always applied).

E.6 Resource budgets include most of the department's transactions with public corporations sponsored by the department (as recorded in resource accounts), including capital grants; but lending to public corporations is in the capital budget. Resource budgets include capital grants to the private sector. They also include current grants to local authorities, but capital grants to local authorities (called Supported Capital Expenditure (Capital) in England from 1 April 2004) are in capital DEL.

E.7 The sum of departmental resource budgets is reconciled to public sector current expenditure – a national accounts concept which is part of TME – in **Table 1.5**.

Capital Budget

E.8 The capital budget is also split into DEL and AME components. The sum of departmental capital budgets is reconciled to public sector net investment in **Table 1.6**.

Resource budgeting: some points to note

E.9 Both resource and capital budgets include costs as they are incurred – they measure accruals. They do not include prepayments for goods and services not consumed in that year but will include resources consumed but paid for later. Stock consumption scores in the resource budget while spending on adding to stocks does not.

E.10 Defence fighting equipment with no civilian use (sometimes called Single Use Military Equipment) is treated as capital expenditure, but national accounts treat it as current.

E.11 The DEL of the Department for Health is adjusted to avoid counting both the capital expenditure of NHS trusts in Capital DEL and, in Resource DEL, an element of charges for services paid by the department that finances that expenditure. The adjustment equals the depreciation recorded in the accounts of NHS trusts.

DEPARTMENTAL EXPENDITURE LIMITS

E.12 A little under 60 per cent of public expenditure (TME) by value is in DEL. But because AME includes a small number of large programmes, by far the majority of public expenditure programmes are in DEL. The main programmes in AME are set out later in this section.

E.13 DELs are set for three years in a Spending Review. They represent firm plans for departmental spending that can only be increased in exceptional circumstances with the Treasury's agreement through a claim on the DEL Reserve. Departments can carry forward unspent DEL from one year to the next. SR2002 set firm spending plans for 2003–04 to 2005–06.

E.14 DEL includes all administration costs of Government departments and most of their other purchases of services. It includes grants and subsidies paid to public corporations and the private sector. For the FCO and DFID it includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

E.15 Capital DEL includes expenditure on fixed capital assets, capital grants to local authorities and the acquisition of certain financial assets acquired or sold for policy reasons. Capital DEL is net of the book value of receipts from the sale of capital assets. The profit/loss on asset sales is in resource DEL so that it aligns with the recording in the operating cost statement in resource accounts.

E.16 Capital DEL generally includes loans on the basis of new loans issued less repayments of loan principal. Public lending to students is treated differently: resource DEL records the cost of lending on the basis of an assessment of the subsidy implied in the low interest rate charged and the bad debt provision that is needed. Actual lending to students is outside budgets.

E.17 DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest, rent of land, and also certain levies and fines where the Chief Secretary to the Treasury has given specific agreement for a department to retain them in their DEL.

E.18 DEL includes a Reserve to meet unexpected needs, and the unallocated provision for the Invest to Save Budget (ISB), a challenge fund. When sums are allocated, from either the Reserve or the ISB, individual departments' DELs are increased and the Reserve/ISB lines reduced by the same amounts.

E.19 Non-Departmental Public Bodies. DEL includes the expenditure of most non-departmental public bodies (NDPBs) classified to the central government sector. Normally the actual expenditure of NDPBs is recorded, rather than the grant-in-aid from the parent department. This treatment remains a difference with the accounting treatment which just records the grant-in-aid.

E.20 Central Government Support for Local Authorities. Resource DEL scores current grants to local authorities. Capital grants (in England called Supported Capital Expenditure (Capital) from 2004–05) score in Capital DEL. Capital DEL also includes amounts for local authority borrowing where central government has agreed to fund the resultant loan charges (up to 2003–04: credit approvals (capital consents in Scotland); from 2004–05 Supported Capital Expenditure (Revenue) in England (Supported borrowing in Scotland)). More information on local authorities is in Chapter 6.

E.21 Public Corporations. For most public corporations, DEL scores

- subsidies and capital grants paid to the public corporation by the department (resource DEL);
- dividends and interest received from the public corporation, and equity withdrawals (resource DEL);
- loans given to the public corporation, voted or from the National Loans Fund, (capital DEL);
- a capital charge in respect of the department's loans and Public Dividend Capital invested in a public corporation (resource DEL).

E.22 For self-financing public corporations everything except the first item is in departmental AME rather than DEL.

E.23 NHS trusts (England and Wales) and Forest Enterprise have a different budgeting treatment. For them, DEL includes their operating profit/loss and their capital expenditure.

E.24 More information on the scoring of public corporations is given in Chapter 7.

ANNUALLY MANAGED EXPENDITURE

E.25 This part describes the components of AME, which may be divided into:

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

Departmental Annually Managed Expenditure

E.26 Departmental AME programmes are set out in departmental reports, and are identified under this heading in Estimates. A programme is included in AME if it cannot reasonably be subject to firm three-year limits as for DEL. Typically this is where the programme expenditure is demand-led, volatile, and large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

E.27 The main programmes in departmental AME are:

- Social security benefits;
- Tax credits for individuals;
- Common Agricultural Policy expenditure funded by the EU;
- Net public service pensions; and
- Expenditure financed by the proceeds of the National Lottery.

E.28 Social Security Benefits. Includes payments of social security and National Insurance benefits by the Department for Work and Pensions (DWP) and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by local authorities, eg Housing Benefit and Council Tax Benefit. It now also includes central government support for local authorities' payments of Rent Rebates which is now the responsibility of DWP (Housing Subsidy in England and Wales and Housing Support Grant in Scotland are now included in the Other departmental expenditure line). Includes Inland Revenue payments in respect of Child Trust Funds.

E.29 Tax Credits for Individuals. Tax credits paid to households that are classified as public expenditure under OECD guidelines followed by HM Treasury in the calculation of Net Taxes and Social Security Contributions. Mainly tax credit payments to non-tax-payers, or otherwise in excess of total tax liability.

E.30 Common Agricultural Policy (CAP). Includes expenditure on the CAP funded by the EU.

E.31 Net Public Service Pensions. This line comprises payments in respect of unfunded public sector occupational pensions schemes less relevant receipts. The main examples are the schemes for the civil service, armed forces, teachers and NHS staff.

E.32 The main unfunded public service pension schemes, following Financial Reporting Standard 17, report any increase in liabilities accrued in the period less contributions received from employers, employees and inward transfers. This line does not include an amount for the unwinding of the discount rate on the liability (which scores elsewhere in AME). For some small un-funded schemes information is not available on an FRS17 basis and these schemes report the difference between the cash paid out during the year and any contributions received.

E.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 balance sheet. However, if any cash payment is made that is not covered by a previously recognised liability, that payment would score in this AME line.

E.34 Relevant receipts include employers' contributions (including accruing superannuation liability charges paid by departments to the Principal Civil Service Pension Scheme), employees' contributions for ordinary pensions (including widows'/widowers' pensions) and for added years, and receipts of bulk and individual transfers in.

E.35 In addition, grants outside DEL to enable NDPBs in the central government sector with their own pay as you go pension schemes to make bulk transfer payments are recorded in this AME line.

E.36 Note that this line does not cover:

- Pension schemes with a real pensions fund, eg local authority and most public corporations' pensions;
- the main police and fire pensions, which are run by local authorities, and whose costs are in local authority expenditure;
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pensions schemes – although the intention is that these will eventually be recorded in the same way as the main schemes; and
- the increase in the liability due to the unwinding of the discount rate, which is scored under 'non cash' items (see below). The increase in the liability due to the unwinding of the discount scores in non-cash items because there is no cost of capital credit recognised on the liability in scheme accounts; this credit would normally offset the increase. Therefore to score just the increase without the credit would distort the numbers.

E.37 National Lottery. Expenditure on the six good causes funded from the proceeds of the National Lottery is in this line: the arts, sport, heritage, charities, projects to mark the Millennium and the New Opportunities Fund (health, education and environment). This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by grants from the National Lottery Distribution Fund.

E.38 Non-cash items in AME. Consists of:

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

E.39 Other departmental expenditure in AME includes:

- Capital expenditure of NHS foundation trusts;
- Export Credits Guarantee Department (part);
- Expenditure on tax credits for companies (research and development, contaminated land clearance) and charities calculated on an OECD basis;
- Rates paid on behalf of embassies, net of beneficial portion receipts;
- Housing Subsidy in England and Wales and Housing Support Grant in Scotland were formerly shown as part of a separate line and are now included in the Other departmental expenditure line. Central government support for local authorities' payments of rent rebates is now included in the social security benefits line;
- Redundancy Payments Scheme;
- Coal Health Liabilities;
- Education Maintenance Allowances;

- Expenditure of certain levy-funded bodies; and
- Acceptances of artworks in lieu of Inheritance Tax.

Other Annually Managed Expenditure

E.40 **Locally Financed Expenditure.** This line comprises the following items:

- Local Authority Self Financed Expenditure (LASFE) in the UK;
- expenditure financed from the product of the Scottish Non Domestic Rate; and
- central government expenditure financed from the product of Northern Ireland Regional Rates (NIRR).

E.41 NIRR are set by the central government in Northern Ireland. The product is not hypothecated to financing specific expenditure. By convention it is treated in PESA as locally financed central government expenditure. The bulk of the product of NIRR is treated as a transfer from AME into DEL. AME also records – as a payment for a service reducing TME – the remaining element of NIRR that represents receipts of water charges.

E.42 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, investment grants from the EU, unsupported borrowing and the use of reserves.

E.43 Net Payments to European Community Institutions. This line is mainly made up of the following components:

- Import duties
- plus Agricultural & sugar levies
- plus VAT contribution
- plus GNI-based contribution (including payments to EC budget reserves)
- less the UK's abatement
- less receipts from the EC that come to or pass through government
- less European Coal & Steel Community receipts
- less receipt reflecting the cost of collecting tariffs & levies
- plus net lending to the European Investment Bank
- less attributed aid and Common Foreign & Security Policy expenditure, which are in DEL.

E.44 **Public Corporations' Own-Financed Capital Expenditure.** This line comprises the capital expenditure of public corporations net of any capital grants or loans given by a PC's parent department. Excludes NHS trusts (England and Wales) and Forest Enterprise which have a different budgeting regime. This line includes the own-financed capital expenditure of public corporations accountable to local authorities.

E.45 **Central Government Debt interest.** This line includes interest paid to the private sector and overseas, but not interest paid to other parts of the public sector. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/premia on gilts at issue.

AME Margin and Accounting Adjustments

E.46 **AME Margin.** The AME margin is an allowance for estimating changes.

E.47 **Accounting adjustments** are described in Appendix B.

TOTAL MANAGED EXPENDITURE

E.48 TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector, net of some receipts. So it includes expenditure of central and local government and also the capital expenditure of public corporations. TME excludes grants and interest payments between parts of the public sector – it is a consolidated measure. TME does not include financial transactions. So TME is the expenditure side of the equation that gives Public Sector Net Borrowing, the government's preferred measure of the fiscal stance.

E.49 TME equals DEL + AME (including accounting adjustments).

E.50 In addition, TME may be expressed as the sum of :

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

F

EXPENDITURE ON SERVICES

F1 The tables in Chapters 3 and 4 which show public expenditure disaggregated by function and by economic category and the tables in Chapter 8, which show public expenditure by country and by region, all focus on Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure (TME).

Recent Developments

F2 The definition of TES has been changed for PESA 2004 as part of the changes to measure spending on functions in line with the United Nations Classification of Functions of Government. It now includes:

- Payments of debt interest to the private sector and the rest of the world; and
- Payments of unfunded public service pensions on the same basis as in TME, that is: pensions in payment less receipts of employer and employee pensions contributions (the payment of employer pension contributions scores as part of pay under the relevant functional heading).

F3 EU transactions score in aggregate in TES in the same way as in TME. However, TES includes EU-funded payments within functional expenditure of government, for instance on agriculture, that the national accounts score as direct payments from the EU to enterprises and households. The EU transactions line in TES includes EU receipts, thus bringing the total into line with TME. TES also includes the contribution to the EU on the TME basis (GNI-based contribution, less abatement, less attributed aid), rather than on the broader basis in the Net Payments to EU institutions line in the AME table (for which see Appendix E).

F4 More information on the changes in definition is set out in the introduction and in Chapter 3, and in a memorandum published on 17 March 2004 on the Treasury's website at http://www.hm-treasury.gov.uk/media//B83D5/natstat_techpesa04.pdf.

TES defined by reference to TME

F5 TME is the current and capital expenditure of the public sector, on a national accounts basis. TES represents much the same, with minor divergences. The divergences reflect mainly the difficulty of attributing some data to functions, and consequent differences to maintain consistency between functions. The main difference to TME is that TES does not include general government capital consumption and does not reverse the deduction of certain VAT refunds in the budget-based expenditure data. It also includes a small number of items that are in budgets but not in TME, for example the subsidy element of student loans. TES is worth about 95% of TME.

F.6 TES can be defined in terms of the current and capital expenditure of spending sectors on a national accounts basis as (simplifying):

- central government own current expenditure, including subsidies to public corporations but without central government support for local authorities and without capital grants or net lending to public corporations
- + subsidy and bad debt element of student loans
- + local authorities current expenditure
- local authorities debt interest paid to central government
- + public corporations debt interest to private sector and rest of the world
- + central government gross capital expenditure (net of asset sales)
- + local authorities gross capital expenditure (net of asset sales)
- + public corporations gross capital expenditure (net of asset sales)

TES defined by reference to budgeting aggregates

F7 TES can also be built up from the budgeting aggregates (DEL, Departmental AME and other AME) (simplifying):

Departmental Expenditure Limits

- spending in DEL
- non-cash items in DEL
- the element of purchases of healthcare from NHS trusts that represents the funding of trust debt remuneration
- + reverse the deduction in budgets of certain receipts that are revenue in the national accounts, including interest and dividend receipts from public corporations
- financial transactions
- debt repayment grants to local authorities
- profit/loss of public corporations recorded in DEL

Departmental Annually Managed Expenditure

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

Other Annually Managed Expenditure

- + net payments to EC Institutions (AME basis, except that tariffs, agricultural and sugar levies and the VAT contribution are not included)
- + locally financed expenditure
- local authority debt interest paid to central government
- capital grants paid by local authorities to public corporations
- + central government gross debt interest
- + public corporations own-financed capital expenditure
- + public corporations debt interest to the private sector and rest of world

F8 The following table shows an alternative derivation of TES from spending in the budgeting aggregates DEL and Departmental AME via the national accounts spending sectors for 2002-03.

Derivation of Total Expenditure on Services from departmental budgets

	2002-03, £ million														Total for all departments						
	Education and Skills	Health	Transport	Office of the Deputy Prime Minister	Home Office	Constitutional Affairs	Attorney Generals' departments	Defence	Foreign and Commonwealth Office	International Development	Trade and Industry	Environment, Food and Rural Affairs	Culture, Media and Sport Includes National Lottery financing	Work and Pensions	Scotland	Wales	Northern Ireland Executive	Northern Ireland Office	Chancellor's departments	Cabinet Office	
Start with:																					
Res DEL	21,214	55,946	6,209	41,266	11,113	3,341	487	36,437	1,546	3,596	3,968	2,319	1,236	7,271	16,560	9,110	6,610	1,101	4,355	1,628	235,314
Cap DEL	2,720	1,976	3,103	1,695	654	88	8	6,149	108	17	349	254	44	275	1,600	679	494	53	260	203	20,729
Res AME	7,069	4,569	3,055	411	2,013	101	—	6,151	1	51	3,137	1,800	1,514	99,975	2,217	366	5,640	35	15,155	4,572	157,833
Cap AME	5	—	—	758	—	—	—	-50	5	—	184	1	308	77	—	7	—	—	—	—	1,297
Remove:																					
Finance to LAs	8,024	1,951	2,897	40,497	4,389	319	—	—	—	—	136	-154	372	14,567	5,962	3,681	58	—	—	19	82,718
Finance to PCs	—	—	7	75	—	—	—	—	—	—	—	3	—	6	1	—	117	—	—	1	210
Financial transactions	—	—	62	-2	-2	—	—	-45	—	-6	313	-2	—	77	144	1	-2	—	—	—	538
Non-cash items in DEL	183	2,123	442	5	481	184	4	16,481	213	245	8	194	137	-284	438	340	674	179	390	242	22,679
Non-cash items in AME	5,444	4,677	3,058	-4	324	65	—	3,658	—	-64	2,352	-79	1	146	1,650	253	1,648	-120	107	5,947	29,063
Profit/loss of PCs	—	-1,154	—	—	—	—	—	—	—	—	—	—	—	—	-105	-41	-71	—	—	—	-1,370
Other items not in TME	—	—	-38	-5	—	—	—	—	—	—	-91	-174	-14	—	—	—	—	—	-22	—	-344
Interest and dividends	—	—	-13	-29	11	—	—	-21	—	—	-226	—	—	—	-38	—	—	—	-27	—	-343
Trust debt remuneration	—	1,277	—	—	—	—	—	—	—	—	—	—	—	—	175	91	—	—	—	—	1,544
Add:																					
PC capex	—	3	18	84	—	20	—	143	—	—	621	18	130	6	367	—	70	—	37	—	1,517
LA Cap exp	2,054	125	2,393	720	356	40	—	—	—	—	1	171	489	1	754	449	63	—	—	—	7,616
LA current exp	27,767	12,931	3,407	6,234	8,984	379	—	—	—	—	244	3,483	1,922	13,466	7,690	3,483	272	—	—	29	90,291
Northern Ireland locally financed expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	169	—	—	—	169
Debt interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	21,298	—	21,298
EU transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	-1,849	—	-1,849
To give:																					
Total Expenditure on Services	47,178	66,676	11,770	10,631	17,918	3,403	491	28,757	1,446	3,490	6,013	8,256	5,146	106,559	20,961	9,769	10,894	1,130	38,808	225	399,518

G

GLOSSARY OF TERMS

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

Accounting adjustments shown in, for example, table 1.1 are certain items of expenditure that account for the difference between TME and the sum of DEL, Departmental AME and Other AME (see Appendix E). TME is drawn from **national accounts**. However there are certain components in national accounts which are not included in the **resource** and **capital budgets** that form the basis of planning and control of departmental spending under resource budgeting, and there are some items in **resource budgeting** aggregates that are not part of TME. These items form the accounting adjustments. Appendix B has full details.

Accruing Superannuation Liability Charges (ASLCs) are employer pension contributions paid to the bodies responsible for paying and accounting for unfunded public sector occupational pensions. For example, government departments pay aslcs in respect of serving civil servants. The payments represent an actuarial assessment of the accruing discounted future cost of public expenditure on pensions arising from the current employment of staff. DEL includes aslcs.

Administration costs – the gross costs of running a central government department. It includes the pay of the civil servants who work in the department, and associated expenditure such as **aslcs**, accommodation, travel, and training. Administration costs limits are set net of allowable income arising from activities whose costs fall within administration costs.

Aggregate External Finance (AEF) is central government support for expenditure on local authority main services. It comprises **Revenue Support Grant**; distribution of **national non-domestic rate** receipts; police grant and various other specific and special grants which fund part of the current expenditure on a specific service or activity. AEF does not include the cost of VAT refunded to local authorities on their non-business operations.

Annually Managed Expenditure (AME) is spending included in **Total Managed Expenditure** which does not fall within **Departmental Expenditure Limits (DELs)**. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. **Departmental AME** is spending in AME which is scored in departmental budgets.

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

Appropriations in aid are departmental income that is retained by departments in their **Supply Estimates** and used to offset related expenditure. Typically the income arises from the sale of goods and services. Non-operating appropriations in aid relate to income from the sale of assets.

Assets can be either financial or non-financial:

- **Financial assets** include monetary gold, bank deposits, IMF Special Drawing Rights, loans granted, bonds, shares, accounts receivable, and the value of the government's stake in public corporations.
- **Non-financial assets** consist of fixed capital (such as buildings and vehicles); stocks; land and valuables.

Billion – a thousand million

The **Blue Book** is a publication by ONS that presents **national accounts**.

Capital consumption is also called **depreciation** and represents the amount of fixed capital used up each year.

A department's **Capital Budget** covers **capital expenditure**. The capital budget is divided into **DEL** and **Departmental AME**. The capital budget includes gross capital formation, net acquisition of land and the net acquisition of financial assets acquired for policy purposes (net lending). The capital budget includes **capital grants** to local authorities (treated as resource expenditure in accounts and **Estimates**), but not other capital grants. It also includes single use military equipment treated as current expenditure in **national accounts**.

Capital expenditure can be understood in several ways.

- In **national accounts** capital expenditure is usually understood to mean **capital formation**, the net acquisition of land, and expenditure on capital grants. **Capital formation** is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in national accounts all assets with a purely military use are defined as current; but assets that can be used for civil and military purposes count as capital. Certain types of significant computer software development are treated as capital expenditure.
- Capital expenditure includes the value of assets acquired under finance leases.
- In-house development of assets such as computer software and databases can be capitalised in government accounts provided certain conditions are met. It is sometimes called "own account capital formation".
- **Net investment** is public sector capital expenditure, as defined above, net of depreciation.
- Under **resource accounting**, and in various presentations of local authority finances, capital expenditure also includes loans that are given and the net acquisition of shares. In other words it includes the net acquisition of financial assets that are acquired for policy reasons rather than managing the government's funds. Such policy lending also generally scores in **DEL**, in the capital budget, but is removed by the **accounting adjustments** as it does not score in **TME**.
- Some presentations of the capital expenditure of central government, and capital DELs, include **credit approvals** (up to 2003-04) and provision for **Supported Capital Expenditure** allocations (from 2004-05) given to local authorities.

Capital grants (also called investment grants) are payments given by government on the condition that the recipient uses the funds for **capital formation** (for example: building a school or factory or buying a machine). Capital grants are also used in **national accounts** to record debt write-offs made by government for policy reasons. In such cases two transactions are recorded: a capital grant from government to the debtor; and the repayment of debt by the debtor. Capital grants are treated as current expenditure in resource accounts and **Estimates**.

Capital grants to **public corporations** and the private sector are included in the **resource budget**, but capital grants to local authorities remain under the **capital budget**.

The **Capital Modernisation Fund (CMF)** was a challenge fund from which departments could bid for provision to support capital projects aimed at improving the quality of public service delivery (see also **Invest to Save Budget**). The CMF was not allocated to any specific department when public expenditure was being planned. The CMF was discontinued in the 2003 Budget, and the remaining unallocated amounts were removed from DEL.

Central Government is a sector in **national accounts**. It comprises Parliament; government departments and their executive agencies; the devolved assemblies of Scotland and Wales; Northern Ireland departments; government funds such as the **National Loans Fund**; the foreign exchange official reserves; non-departmental public bodies; and various other public bodies that are controlled and mainly financed by central government. Central Government does not include **public corporations**, nor does it include some non-profit institutions that receive significant government funding – such as universities, further education colleges, and housing associations – this is because they are not controlled by government and so they belong in the private sector.

Classification changes are changes in the way items of public expenditure are recorded, rather than an actual change in the amount of cash spent or resources consumed. Classification changes can increase or decrease the recorded level of public expenditure.

The **Code for Fiscal Stability** set out the fiscal policy framework and gave it a statutory basis in the 1998 Finance Act. It has five principles: transparency, stability, responsibility, fairness and efficiency.

Consolidated Fund is the Government's main account with the Bank of England. Most of central government's expenditure is financed from this fund, and most taxes and other receipts are paid into it.

Consolidated Fund Extra Receipt means income or receipts of a government department that it has to pay into the **Consolidated Fund** rather than keep in its **Supply Estimates** as an **appropriation in aid** to help finance its own expenditure. For example, most fines levied by the Crown Court are treated this way.

Cost of capital charge is an annual non-cash charge applied to each department's budget. It is now 3.5 per cent of the net assets of the department and is used to make departments aware of the full cost of holding assets. Previously the charge had been levied at a rate of 6 per cent. It was reduced to 3.5 per cent with effect from 2003–04. This change in rate was effected as a **classification change**, and therefore back years data were reworked as if the charge had been at 3.5 per cent throughout.

Credit approvals used to be given by central government to local authorities and represented the amounts that each local authority was allowed to borrow to finance capital expenditure. There were two types: Basic Credit Approvals (BCAs) – for any sort of capital expenditure), and Supplementary Credit Approvals (SCAs) – for particular projects or services. Supported credit approvals were those where current grants to local authorities were increased to finance the borrowing. Unsupported credit approvals carried no promise of future government support and scored in AME. Credit approvals ceased to exist from 1 April 2004 and have been replaced by **Supported Capital Expenditure (Revenue)**.

Current expenditure on goods and services is a national accounts term. It is the sum of expenditure on pay and related staff costs, plus spending on goods and services. It is net of receipts from sales. It excludes **capital expenditure**, but includes expenditure on equipment that can only be used for military purposes. It differs from final consumption in that capital consumption is not included.

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

Departmental Expenditure Limits (DELs) are firm plans for three years for a specific part of a department's expenditure. In general the DEL will cover all running costs and all programme expenditure, except in certain cases where spending is included in departmental AME because it cannot reasonably be subject to close control over a three year period. Both resource and capital budgets are divided into DEL and **departmental AME**. DEL normally includes relevant non-cash items such as **depreciation, cost of capital charges**, and provisions.

Departmental Investment Strategy (DIS) is a statement by each department setting out its long term strategic plans for investment, the condition and suitability of its existing asset base, and the systems that will ensure value for money in delivery.

Departmental Unallocated Provision (DUP) is an amount that a department keeps within its budget to meet unplanned increases in spending, and which is not allocated to any particular programme at the start of a year.

Depreciation is also termed **capital consumption**. TME includes non-trading capital consumption as an item of **current expenditure**. TME includes **public sector capital expenditure** without a deduction for the depreciation of capital assets. **Public sector net investment** deducts an aggregate charge for all depreciation (market and non-market) from gross capital spending.

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

Economic Categories. These represent classifications in **national accounts** and are one of the categories used to collect data from government departments on their expenditure. The main categories in TME are set out in a table in Chapter 3.

Efficiency Challenge Fund. Central fund set up within the **DEL Reserve** to contribute to the cost of efficiency measures in 2004–05 and 2005–06. Sums allocated from the fund are added to department's DELs and **administration costs** limits.

End Year Flexibility (EYF) is the set of rules by which departments are allowed to carry forward unspent DEL provision from one year to the next.

Estimates – see **Supply Expenditure**.

The **European System of Accounts 1995 (ESA95)** is the system used by the **Office for National Statistics** for measuring and presenting UK **national accounts**. The system is compulsory for EU member states reporting economic statistics to the EU Commission. ESA95 is consistent with the earlier System of National Accounts 1993 (SNA93) which was developed by a number of international organisations.

The **Exchange Equalisation Account (EEA)** is the government's account at the Bank of England that holds the official gold and foreign currency reserves.

Excessive Deficit Procedure is part of the Maastricht Treaty. It requires EU member states to keep their **general government** net borrowing below 3 per cent of GDP and **general government** gross debt below 60 per cent of GDP.

The **fiscal framework** is part of the government's policy for public finances and is based on the **golden rule** and the **sustainable investment rule**.

The **Financial Statement and Budget Report** is published each year by the Treasury on Budget day. It has been known as the Red Book. Since 1999 it has been published alongside the **Economic and Fiscal Strategy Report** in a single Budget document.

Financial transactions are payments and receipts relating to changes in holdings of financial assets or liabilities. Financial assets entitle their owners to unconditional financial claims on the units that have the liability (except for gold where there is no liability on another unit). Government's financial liabilities include Treasury Bills; British Government securities (gilts); loans received; deposits accepted for example in respect of National Savings; and accounts payable such as for goods received but not yet paid for. Government's financial assets include bank deposits; monetary gold; foreign currency held; bonds and shares owned; loans given; accounts receivable in respect of, for example, taxes accrued but not yet paid; **public dividend capital** and the value of government's other stakes in **public corporations**. Physical assets such as buildings and land are not financial assets. Transactions in some financial assets are undertaken to manage cash flows for example movements in bank deposits; but some are undertaken to further a policy such as lending to students. These types of financial transactions are sometimes called policy lending and if undertaken by a department are normally included in its **DEL capital budget**.

Fiscal Policy is the set of decisions made by government that determines the levels of taxes and public expenditure. See also the **Code for Fiscal Stability** and the **Fiscal Framework**.

General Government is the consolidated combination of the central and local government sectors in **national accounts**.

The **Golden Rule** states that, on average over the economic cycle, the government will borrow only to invest and not to fund current expenditure. This means that, over the cycle, the **surplus on current budget** must not be negative. It is one of the Government's two fiscal rules underpinning its **fiscal policy**.

Grants are unrequited payments to individuals or bodies. In **national accounts** current grants to persons are called social benefits; and those to trading businesses are called **subsidies**. See also **capital grants**.

Grants in aid are grants voted in **Estimates** to a particular organisation where any unspent amount at the end of the year does not have to be returned to the **Consolidated Fund**. Many **Non-Departmental Public Bodies** are funded this way.

Gross Domestic Product (GDP) (at market prices) is the value of goods and services produced in the UK. "Gross" means there is no deduction for capital consumption. Economic data are often quoted as a percentage of GDP to give an indication of trends through time and to make international comparisons easier.

The Housing Revenue Account (HRA) represents the current income and expenditure of local authority social housing provision. The HRA is treated as a quasi-corporation in national accounts. The surplus of income (including rent rebates and subsidies paid by other parts of government) over expenditure is treated as being paid over to local authorities as a notional dividend on the revenue side of the account. This means that the current expenditure of local authority housing departments is not included in TME. The cost of rent rebates and subsidies is included in TME; these items are within the AME lines for social security benefits and other departmental expenditure in AME. Local authority **capital expenditure** on housing and payments of interest on housing-related debt are treated as part of local authority expenditure.

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

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

Locally Financed Expenditure (LFE) is LASFE plus expenditure financed by non-domestic rates in Scotland and Northern Ireland Regional Rates (NIRR).

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

National Accounts: this is a statistical system that represents the UK's economic transactions. The system provides a number of key economic statistics including **Gross Domestic Product (GDP)**, consumers' expenditure, the balance of payments with the rest of the world, and the public sector balances used in the **Code for Fiscal Stability**.

National Health Service (NHS) Trusts in England and Wales are **public corporations** that sell health services to NHS service procurement bodies. In Scotland NHS trusts have been re-absorbed back into Health Boards.

National Non-Domestic Rates (NNDR) is a tax paid by the occupiers of non-domestic property, principally businesses. The bill for a property depends on its rateable value and the poundage. The poundage is set by central government at a common rate for England – sometimes called the Uniform Business Rate. 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). Until 31 March 2000 government departments (the Crown List) paid Contributions in Lieu of Rates directly into the pool; they now pay normal NNDR. The pool is distributed back to local authorities in proportion to their population and is scored in expenditure as a central government grant to local authorities. Similar systems apply in Wales and Scotland. The grant is in DEL for England and Wales, but in the AME line for **Locally Financed Expenditure** in Scotland. NNDR payments by **general government** are consolidated out through the **accounting adjustments** to arrive at TME.

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

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

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

Net lending has two meanings.

- In national accounts it is the balance of the current and capital accounts and is often quoted with sign reversed as “net borrowing” – which is sometimes called the government deficit.
- In this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so for example privatisation receipts count as negative net lending. Government lends to students, some industries such as aerospace, public corporations, local authorities, to some overseas governments and to some international bodies that supply foreign aid.

Net Taxes and Social Security Contributions is a Treasury measure of cash payments made to government. It includes taxes that are treated in the **national accounts** as paid to the EC. In this measure all tax credits are treated as negative tax to the extent that the amount paid is less than the tax liability of the household. A full reconciliation to the national accounts measure of taxes is published in the **Financial Statement and Budget Report**.

New tax credits are the Working Tax Credit and Child Tax Credit. They replaced former personal tax credits in 2003-04. New tax credits score as **TME** (Departmental AME), when the amount paid exceeds the tax liability of the household, but as negative tax when the amount paid is less than or equal to the tax liability of the household.

Non-cash items refer to various notional transactions that appear in the **operating cost statement** under RAB, such as depreciation and cost of capital charges. Most non-cash items are in DEL, but some are in AME.

Non-Departmental Public Bodies (NDPBs) are generally central government bodies with day to day autonomy in their management and financial matters, and usually funded through **grant in aid**. A list can be found in the Cabinet Office publication “Public Bodies”.

Operating Cost Statement: This is the statement in departmental resource accounts that shows the current income and expenditure of the department on an accruals basis. It is similar to the profit and loss statement in commercial accounts.

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

The **Office for National Statistics (ONS)** is the government department that produces many official statistics such as the **national accounts**. ONS decides classification issues for national accounts.

Pay includes salaries, employers' National Insurance Contributions, and accruing pension costs (actual or imputed, such as **aslcs**).

Police grant is a current grant from central government to police authorities.

The **Private Finance Initiative (PFI)** is a system for purchasing capital intensive services for the public sector. Typically, the private sector designs, finances, builds, and maintains infrastructure, and other fixed capital assets, and then operates those assets to sell services to the public sector. In a proportion of cases the capital assets are accounted for on the balance sheet of the private sector operator; in other cases they are on the public sector's books.

Privatisation proceeds are the receipts from the sale of shares, other securities and debt, in **public corporations** that were sold as part of the privatisation programme. The proceeds are recorded as negative net lending. A corporation is said to be privatised when it is no longer controlled by government: in such cases it is classified to the private sector.

Public corporations are publicly controlled trading bodies with substantial financial and operational independence from central and local government. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They include Royal Mail Holdings; central government **trading funds** such as the Meteorological Office and Companies House; and broadcasters such as BBC and Channel Four.

Public Dividend Capital (PDC) is a form of long-term government finance for some **public corporations**. The government receives a return in the form of dividends rather than fixed interest payments.

Public expenditure is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**.

Public Private Partnerships (PPPs) are arrangements whereby, typically, the public sector and private sector form joint ventures to improve the efficiency of public sector operations. They can be classified in national accounts to either the public or private sectors depending on who has the most control over the PPP.

The **Public Sector** comprises general government and public corporations. The Bank of England is in a separate sector – the Central Bank Sector.

Public sector current expenditure:

- is the sum of the **current expenditure** of **general government** and some property income (interest and rent) paid by **public corporations** to the private sector and abroad;
- does not include expenditure incurred in producing goods and services for sale. (The surplus of sale receipts over operating costs for public corporations and general government trading bodies is scored as a public sector receipt and does not affect the expenditure measure);
- is net of certain receipts such as: grants within the public sector; interest flows within the public sector; receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EU abatement;

- includes **non-trading capital consumption**. This is the **depreciation** of the fixed assets of public bodies that mostly produce goods and services that are not sold. It excludes depreciation on assets used to produce goods and services for sale including the assets of public corporations and local authority housing.

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

Public Sector net borrowing is the difference between public sector current and capital receipts and expenditure as measured by **national accounts**. It also equals the net balance of the public sector's net acquisition of financial liabilities less its acquisition of financial assets. Negative net borrowing is sometimes called **net lending**. Data imprecision means that the different ways of measuring net borrowing never give exactly the same answer. The difference is called the statistical discrepancy in **ESA95** (it used to be called the balancing item).

Public Sector Net Debt is the sum of the public sector's financial liabilities at nominal value, less its liquid financial assets.

The **Public Sector Surplus on Current Budget** is the difference between the public sector's current receipts (including capital taxes) and its **current expenditure** (including depreciation). It is the key fiscal balance underlying the operation of the **Golden Rule**.

Real terms figures are amounts adjusted for the effect of general price inflation as measured by the GDP market price deflator.

Receipts from fees and charges. General Government final consumption in **national accounts**, and departmental expenditure for budgeting purposes, are measured net of receipts from certain fees and charges such as sales of publications and medical prescription charges. To be treated in this way two conditions must hold:

- there is a clear and direct link between the payment of the fee and the supply of goods or services to the payer of the fee (for this purpose, the supply of a service can include testing an ability, eligibility or quality);
- the size of the payment is related to the cost of supplying the goods and services, such that the government is not exploiting a monopoly function to raise revenue. If the receipts do exceed the cost significantly the payments are treated as taxes. In some cases the payment is split between a sale and a tax.

There are a few receipts which in national accounts are not netted off public expenditure but which are netted off in departmental expenditure budgets from either **DEL** or departmental **AME**. The **accounting adjustments** provide more information.

Requests for Resources (RfRs) in the Estimates presented to Parliament ask for permission for departments to spend. They show the resources required by each department based on accruals, rather than cash, concepts. Departments may have one or more RfRs, each representing a high level objective of the department.

The **Reserve** is an amount within **DEL**, not allocated to departmental programmes, which provides a margin to cover emergencies and genuinely unforeseen contingencies. The **AME margin** is a similar concept within **AME** and allows for estimating changes.

Resource accounting is the accounting system used to record expenditure in departmental accounts. It applies generally accepted accounting practice (GAAP) to departmental transactions. Spending is measured on an accruals basis.

Resource budget is the budget for current expenditure on an accruals basis. It is divided into resource DEL and resource **departmental AME**.

Resource budgeting is the budgeting regime based on resource accounting introduced for the spending plans set in the 2000 Spending Review and which has been used for in-year spending control from 2001–02. It is derived from resource accounting rules, but there are a few differences in treatment between resource accounts and resource budgets.

Resource outturn is the actual expenditure corresponding to approval for expenditure voted in a **Request for Resources**.

Revenue Support Grant is an unhypothecated current grant from central government to local authorities.

Spending sectors are the part of the public expenditure recording system that identifies which sector is making the expenditure and how to integrate it into public expenditure aggregates.

Spending Reviews set DELs and plans for AME for the following three years. The first was the Comprehensive Spending Review in 1998. SR2000, which reported in July 2000, set spending plans for the years 2001–04. The most recent, SR2002, reported in July 2002, and set plans for 2003–06. SR2004 is to be the next.

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

Stock-building (also known as the net acquisition of inventories) is the value of the physical increase in stocks. In government accounts it relates mainly to MoD stocks and to agricultural stocks held by the Intervention Board.

Subsidies are payments by government and the EU to trading businesses to help pay for current costs, for example: payments to farmers under the EU’s Common Agricultural Policy.

Supply expenditure is expenditure financed through resources and cash voted by Parliament in the annual **Supply Estimates**: also termed voted in Estimates.

Supported Capital Expenditure (SCE) – the term for most forms of central government support for local authority capital expenditure from 1 April 2004 when the Local Government Act 2003 brought in the new prudential capital finance system for England. Supported Capital Expenditure (Revenue) is the amount of expenditure towards which revenue grant support will be paid to a local authority on the costs of its borrowing. The borrowing support is provided through revenue grants to help local authorities with the costs of financing loans. Supported Capital Expenditure (Capital) is the term used for capital grants. Self-financed borrowing by local authorities will score in AME.

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

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

Public sector **trading bodies** are publicly owned trading businesses.

- **Public corporations** are trading bodies.

- **Quasi-corporations** are entities that meet the economic definition of a public corporation but 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 (**capital expenditure** on housing and interest on housing related debt are treated as local authority expenditure).
- There are also some trading activities which are closely integrated within **general government** and do not have enough independence to be classified as a public corporation or quasi-corporation. Their **capital expenditure** is included in public expenditure measures, but their current expenditure and current receipts are including as a revenue item called gross trading surplus. There are examples in the **local government** sector: some theatres and sports facilities.

Trading Funds have financing frameworks that allow them to meet outgoings without the cash flows passing through **Estimates**. Generally they cover their costs from trading receipts. In **national accounts** they are normally treated as **public corporations**.

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

Welfare to Work was a spending programme covering current and capital expenditure on a wide range of social activities. It was funded from receipts from the windfall tax levied on the privatised utilities in December 1997 and 1998 which raised over £5 billion. From 2001-02 the expenditure on equivalent programmes is not separately identified in PESA tables.

Whole of Government Accounts (WGA) will be a set of consolidated financial statements, based on Generally Accepted Accounting Practice in the UK (UK GAAP), covering the whole of the UK public sector.



Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London, WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0-10-162012-8



9 780101 620123