



PUBLIC EXPENDITURE

Statistical Analyses 1999-2000

*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty March 1999*

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I. PUBLIC EXPENDITURE OVERVIEW

THE GOVERNMENT'S APPROACH TO THE ECONOMY

I.1 The Government's central economic objective is to achieve high and stable levels of growth and employment. The key elements of the Government's strategy are:

- locking in economic stability as a platform for long term sustainable growth;
- raising productivity through promoting enterprise and investment;
- increasing employment opportunity with a better deal for working families;
- building a fairer society, with modern public services and a better deal for families and children.

I.2 On coming into office, the Government introduced a new framework for monetary and fiscal policy to promote economic stability, while ensuring that macroeconomic policy responded sensibly to shocks:

- a new **monetary framework** to deliver low and stable inflation, with the Bank of England's Monetary Policy Committee given operational independence to set interest rates to deliver the Government's inflation target;
- a new **fiscal framework**, based on two strict fiscal rules:
 - the *golden rule* – on average over the economic cycle, the Government will borrow only to invest and not to fund current expenditure; and
 - the *sustainable investment rule* – public sector net debt as a proportion of GDP will be held over the economic cycle at a stable and prudent level;
- a new **public expenditure regime** which together with new three-year spending plans will provide greater certainty and encourage long-term planning.

THE GOVERNMENT'S PUBLIC EXPENDITURE REGIME

I.3 The new expenditure regime provides a clear distinction between current and capital expenditure – helping to redress the previous bias against public investment (as the easier target for spending cuts). Departmental Expenditure Limits (DEL) are firm multi-year plans and have been set for three years. Annually Managed Expenditure (AME), which cannot reasonably be subject to firm multi-year limits, will be subject to tough annual scrutiny as part of the Budget process (DEL and AME are described in more detail in Appendix E).

I.4 These new spending plans have been accompanied by a fundamental change in the accountability of Government to Parliament and the public. Public Service Agreements (PSAs) covering the whole of the public sector have been published, setting explicit aims, objectives and targets to be achieved by the public sector with the funding provided, complemented by Output and Performance Analyses.

I.5 Within this framework, the Government is building high quality cost effective public services, alongside a fair and efficient tax system that promotes incentives to work, save and invest.

I.6 High quality public services are the bedrock of a fair society and affect the quality of all of our lives. The outcome of the Comprehensive Spending Review (CSR) announced last July set out how the Government will invest in and reform key public services over the next three years. These reforms mean public services will be able to meet the changing demands of a modern world and promote wider opportunities for the many people using them.

I.7 Key elements of these plans include:

- additional investment of £19 billion in education, doubling the capital budget for schools, expanding further and higher education, and providing resources to meet manifesto commitments on reducing class sizes;
- £21 billion for health, modernising the NHS and providing the largest hospital building programme in the history of the NHS;
- a new integrated transport strategy, supported by £1.7 billion of additional spending on public transport and the road and rail network; and
- £4.4 billion to regenerate cities and housing, tackling the council house repairs backlog, and providing a New Deal for Communities – expanding economic opportunity, improving neighbourhood management, and bringing housing and regeneration together in some of the most deprived neighbourhoods in the country.

I.8 The CSR also provided for the Invest in Britain Fund which will double public sector net investment over the next three years. Departmental Investment Strategies have been prepared to ensure efficient use of this investment. Within the Invest in Britain Fund, a £2.5 billion Capital Modernisation Fund (CMF) was set aside to fund step changes in the quality of specific public services and infrastructure, complementing the improvements across the public sector as a whole set out in the PSAs.

PLANS FOR FIRST TWO YEARS OF THIS PARLIAMENT

I.9 In the July 1997 Budget, the Government confirmed that it would work within the pre-announced spending plans for the first two years of the Parliament. Taking 1997–98 and 1998–99 together it is estimated that spending will undershoot these plans for the Control Total by £2 billion. (The Control Total and its relation to the current DEL and AME Regime is explained in Appendix E) In addition, by reallocating resources within these plans, the Government has provided extra resources for health and education.

TOTAL MANAGED EXPENDITURE, DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

I.10 Table 1.1 shows the split of Total Managed Expenditure (TME) as between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). DEL is further broken down between current and capital budgets and AME between Main Departmental Programmes, locally financed expenditure and other. The table shows the outturn for 1997–98, the estimated outturn for 1998–99 and the cash plans for 1999–2000 to 2001–02 on this basis.

I.11 This table also shows a national accounts based disaggregation of TME into current expenditure, net investment and depreciation. These are total public sector expenditure aggregates.

I.12 Tables 1.2 to 1.6 give details of DEL and AME within TME. These tables cover a nine-year period from 1993–94 to 2001–02. The new DEL/AME control regime takes effect from 1999–2000, and the figures in these tables for 1999–2000 onwards show the plans for spending under the new control regime as at March 1999. The figures up to 1998–99 show actual and estimated expenditure over that period in terms of the new regime categories but do not have any operational significance in terms of spending control, as a different control regime was then in force. (Outturns for the Control Total by department are shown in Table 1.13.) The estimated outturns for 1998–99 take account of the latest information available up to early March.

I.13 Table 1.2 gives a departmental breakdown of DEL. Shown separately in this table is spending financed by the Windfall Tax, including spending under the Welfare to Work programme. This spending is included in Total DEL, but is not included in individual departmental limits. Details of spending by programme are in the Economic and Fiscal Strategy Report, March 1999 (HC 298), Table 4.1. Also shown separately are the unallocated amounts from the Invest to Save Budget (ISB) and the Capital Modernisation Fund (CMF), and the DEL Reserve, after taking account of allocations agreed to date.

I.14 Table 1.3 gives a split of TME into DEL and AME and breaks down AME into 12 main categories of spending, including the AME Margin, an unallocated margin on total AME spending included for prudential reasons. The breakdown of AME is by type of spending, rather than by department. Further details of spending by department, including details of departmental programme spending within AME and of the separate contributions of different spending sectors – the department and accompanying non-departmental public bodies (NDPBs), local authorities, public corporations – to each departmental total, are shown in the detailed cash plans tables in each departmental report.

I.15 Tables 1.4 and 1.5 present the information in Tables 1.2 and 1.3 in real terms. Table 1.6 follows the same format as Table 1.2 but shows the current and capital budgets within DEL separately. So this table shows, for each department, how that department's DEL has been split between its current and capital budgets. Table 1.7 presents a breakdown of the accounting and other adjustments line in Table 1.3. Appendix B1 gives further details of these accounting and other adjustments.

I.16 Tables 1.8 and 1.9 give details of the respective allocations by department of the Invest to Save Budget and Capital Modernisation Fund. Allocated expenditure from these funds is included in individual departmental expenditure limits in Tables 1.2, 1.4 and 1.6. The remaining unallocated spending from these funds is shown in a separate line in these tables. Full details of individual departments' programmes under all these programmes are given in departmental reports.

SUPPLY EXPENDITURE AND SPENDING SECTORS

I.17 Table 1.10 shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds, and other expenditure. The relationship between DEL and AME and Supply expenditure is explained in more detail in the introductory sections of the Supply Estimates 1999–2000 (HC 336).

I.18 Table 1.11 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 non-departmental public bodies classified to central government, as well as central government departments' own spending. It includes the

spending of the new devolved administrations in Scotland, Wales and Northern Ireland, which are classified to central government. Central government own expenditure is split into DEL and AME, with spending in AME split further into Main Departmental Programmes and locally financed expenditure. This latter category is in respect of spending of the devolved administrations which is financed locally rather than from Westminster; at present it only includes expenditure of the Northern Ireland administration financed from regional rates. Further analyses of central government own expenditure are presented in Chapter 5.

I.19 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 will henceforth be collected and distributed to local authorities by the devolved administration in Scotland) and self-financed expenditure. Further analyses of local authority expenditure are presented in Chapter 6. The external finance requirements of public corporations are mostly in DEL, but for self-financing public corporations are in AME Main Departmental Programmes. Further analyses for public corporations are presented in Chapter 7.

CONTROL TOTAL

I.20 Table 1.13 shows outturns for 1993–94 to 1997–98 and estimated outturns for 1998–99 for the Control Total by department. This was the main aggregate used for the control of spending over this period. Because the focus of spending control will now switch to DEL and AME, spending plans for 1999–2000 onwards are not presented on this basis.

CONTENT OF THIS PUBLICATION

I.21 This annual publication summarises some of the information about spending by particular departments, which is provided in their respective departmental reports, and provides supporting information to the Supply Estimates 1999–2000 (HC 336), which will shortly be presented to the House of Commons. The figures are consistent with those which appeared in the March 1999 Financial Statement and Budget Report except that some corrections have been made to the projections of Annually Managed Expenditure for 1999–2000 to 2001–02. See Appendix A, paragraph A.5, for details.

I.22 The organisation and content of this publication are reviewed annually. Any comments on the coverage or presentation should be sent to Paul Osmon at the following address:

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I. PUBLIC EXPENDITURE OVERVIEW

Table I.1 Public Expenditure 1997–98 to 2001–02: Summary

| | £ billion | | | | |
|--|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1997–98 outturn | 1998–99 estimated outturn | 1999–00 plans | 2000–01 plans | 2001–02 plans |
| Departmental Expenditure Limits | | | | | |
| Current budget | 149.7 | 155.2 | 165.2 | 173.9 | 181.4 |
| Capital budget | 12.4 | 12.6 | 14.0 | 15.8 | 18.1 |
| Departmental Expenditure Limits | 162.1 | 167.8 | 179.2 | 189.7 | 199.5 |
| Annually Managed Expenditure | | | | | |
| Main Departmental Programmes | 103.9 | 106.2 | 114.7 | 117.5 | 122.8 |
| Locally financed expenditure | 15.7 | 16.1 | 17.0 | 18.3 | 19.8 |
| Other | 40.4 | 41.3 | 38.6 | 43.7 | 45.6 |
| Annually Managed Expenditure | 160.0 | 163.6 | 170.3 | 179.4 | 188.2 |
| Total Managed Expenditure | 322.1 | 331.4 | 349.4 | 369.1 | 387.7 |
| <i>of which:</i> | | | | | |
| current expenditure | 304.3 | 313.5 | 329.1 | 346.4 | 362.4 |
| net investment | 3.8 | 3.4 | 5.5 | 6.9 | 9.6 |
| depreciation | 14.0 | 14.6 | 14.8 | 15.2 | 15.7 |

Table I.2 Departmental Expenditure Limits, 1993–94 to 2001–02

| | £ million | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|------------------|
| | 1993–94 outturn | 1994–95 outturn | 1995–96 outturn | 1996–97 outturn | 1997–98 outturn | 1998–99 estimated outturn | 1999–00 plans | 2000–01 plans | 2001–02 plans |
| Education and Employment | 13,378 | 13,988 | 13,981 | 14,009 | 14,523 | 14,512 | 15,702 | 17,537 | 18,916 |
| Health | 29,762 | 31,593 | 32,933 | 33,769 | 35,297 | 37,643 | 40,345 | 43,271 | 46,172 |
| <i>of which: NHS</i> | 28,942 | 30,590 | 31,985 | 32,997 | 34,664 | 36,860 | 39,603 | 42,361 | 45,070 |
| DETR – Main Programmes | 12,182 | 11,574 | 9,630 | 9,667 | 9,614 | 9,341 | 9,697 | 10,497 | 11,915 |
| DETR – Local Government and Regional Policy | 29,375 | 29,910 | 30,296 | 31,318 | 31,375 | 32,762 | 34,208 | 35,437 | 36,893 |
| Home Office | 5,862 | 6,161 | 6,382 | 6,436 | 6,730 | 7,019 | 7,773 | 7,884 | 8,070 |
| Legal Departments | 2,370 | 2,542 | 2,638 | 2,627 | 2,641 | 2,701 | 2,756 | 2,801 | 2,713 |
| Defence | 22,757 | 22,562 | 21,517 | 21,383 | 20,910 | 22,549 | 22,280 | 22,815 | 22,972 |
| Foreign and Commonwealth Office | 1,244 | 1,257 | 1,333 | 1,053 | 1,076 | 1,119 | 1,115 | 1,133 | 1,153 |
| International Development | 2,081 | 2,237 | 2,197 | 2,096 | 2,105 | 2,327 | 2,299 | 2,763 | 3,072 |
| Trade and Industry | 4,683 | 3,895 | 3,433 | 3,330 | 3,084 | 3,105 | 3,249 | 3,602 | 3,578 |
| Agriculture, Fisheries and Food ⁽¹⁾ | 835 | 791 | 856 | 2,121 | 1,644 | 1,340 | 1,268 | 1,207 | 1,240 |
| Culture, Media and Sport | 976 | 978 | 1,026 | 959 | 911 | 920 | 993 | 1,002 | 1,042 |
| Social Security (administration) | 3,409 | 3,299 | 3,388 | 3,514 | 3,354 | 3,193 | 3,378 | 3,447 | 3,500 |
| Scotland | 12,174 | 12,709 | 12,784 | 12,905 | 12,871 | 13,334 | 13,878 | 14,582 | 15,224 |
| Wales | 5,946 | 6,208 | 6,346 | 6,474 | 6,499 | 6,804 | 7,062 | 7,454 | 7,840 |
| Northern Ireland | 5,004 | 5,143 | 5,247 | 5,356 | 5,465 | 5,723 | 5,852 | 6,098 | 6,175 |
| Chancellor's Departments | 2,939 | 2,862 | 2,923 | 2,886 | 2,887 | 2,989 | 3,197 | 3,045 | 3,279 |
| Cabinet Office | 1,054 | 966 | 1,248 | 1,156 | 933 | 1,353 | 1,425 | 1,361 | 1,313 |
| Welfare to Work ⁽²⁾ | | | | | 143 | 717 | 1,492 | 1,317 | 1,278 |
| Invest to Save Budget | | | | | | | | 45 | 65 |
| Capital Modernisation Fund | | | | | | | 34 | 547 | 685 |
| Reserve | | | | | | | 1,200 | 1,800 | 2,400 |
| Allowance for shortfall | | | | | | -1,600 | | | |
| Departmental Expenditure Limits | 156,033 | 158,676 | 158,157 | 161,060 | 162,061 | 167,800 | 179,200 | 189,700 | 199,500 |
| Total education spending⁽³⁾ | 33,152 | 34,728 | 35,614 | 36,163 | 37,400 | 38,300 | 41,300 | 44,800 | 48,000 |

(1) The large rise in departmental expenditure in the mid-to-late 1990s primarily reflects increased spending on BSE-related programmes.

(2) Expenditure financed by the Windfall Tax.

(3) Central government spending on education falling within DEL plus locally financed education spending (in AME).

I. PUBLIC EXPENDITURE OVERVIEW

Table I.3 Total Managed Expenditure 1993–94 to 2001–02

| | £ million | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|------------------------------|-------------------------------|------------------------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Departmental Expenditure Limits | 156,033 | 158,676 | 158,157 | 161,060 | 162,061 | 167,800 | 179,200 | 189,700 | 199,500 |
| Annually Managed Expenditure | | | | | | | | | |
| Social Security benefits | 79,974 | 82,497 | 86,077 | 89,749 | 91,006 | 93,498 | 99,133 | 101,499 | 106,376 |
| Housing Revenue Account | | | | | | | | | |
| Subsidies | 4,359 | 4,356 | 4,238 | 4,184 | 3,980 | 3,663 | 3,701 ⁽²⁾ | 3,721 ⁽²⁾ | 3,704 ⁽²⁾ |
| Common Agricultural Policy | 2,607 | 2,225 | 2,640 | 2,928 | 2,472 | 2,783 | 2,402 | 2,674 | 2,870 |
| Export Credits Guarantee | | | | | | | | | |
| Department | 65 | -45 | -28 | 68 | 57 | -217 | 462 | 825 | 833 |
| Net Payments to EC Institutions ⁽¹⁾ | 1,877 | 1,268 | 3,370 | 1,817 | 2,049 | 3,466 | 2,715 | 2,553 | 2,872 |
| Self-financing Public Corporations | -722 | -673 | -243 | 60 | -294 | -194 | -38 | -209 | -328 |
| Locally financed expenditure | 9,290 | 11,945 | 14,424 | 14,389 | 15,698 | 16,124 | 17,003 | 18,267 | 19,764 |
| Net public service pensions | 3,829 | 3,816 | 4,200 | 5,000 | 5,449 | 5,090 | 6,151 | 6,072 | 6,157 |
| National Lottery | | | 126 | 364 | 1,087 | 1,351 | 2,616 | 2,666 | 2,800 |
| Central Government Debt | | | | | | | | | |
| Interest | 20,336 | 23,083 | 26,452 | 27,858 | 29,692 | 29,522 | 25,976 | 27,629 | 27,110 |
| Accounting and other adjustments | 5,798 | 9,506 | 9,689 | 8,816 | 8,806 | 8,500 | 9,100 | 11,700 | 13,000 |
| AME Margin | | | | | | | 1,000 | 2,000 | 3,000 |
| Total Annually Managed Expenditure | 127,412 | 137,978 | 150,943 | 155,234 | 160,599 | 163,600 | 170,200⁽²⁾ | 1,79,400⁽²⁾ | 188,200⁽²⁾ |
| Total Managed Expenditure | 283,445 | 296,654 | 309,100 | 316,294 | 322,063 | 331,400 | 349,400⁽²⁾ | 369,100⁽²⁾ | 387,700⁽²⁾ |
| of which: | | | | | | | | | |
| Current expenditure | 260,849 | 274,035 | 286,155 | 297,426 | 304,281 | 313,454 | 329,173 | 346,410 | 362,301 |
| Net Investment | 10,942 | 10,360 | 9,651 | 5,432 | 3,776 | 3,384 | 5,459 | 7,469 | 9,637 |
| Depreciation | 11,654 | 12,259 | 13,294 | 13,436 | 14,006 | 14,555 | 14,804 | 15,230 | 15,715 |

(1) 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 £3.9 billion in 1998-99, £3.3 billion in 1999-2000, £3.6 billion in 2000-01 and £3.9 billion in 2001-02. Figures from 1999-2000 are trend estimates.

(2) These figures incorporate corrections to those published in the Financial Statement and Budget Report March 1999. See Appendix A, paragraph A.5.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.4 Departmental Expenditure Limits in real terms, 1993–94 to 2001–02⁽¹⁾

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Education and Employment | 14,754 | 15,210 | 14,772 | 14,360 | 14,523 | 14,158 | 14,946 | 16,285 | 17,137 |
| Health | 32,825 | 34,353 | 34,796 | 34,613 | 35,297 | 36,724 | 38,401 | 40,181 | 41,829 |
| <i>of which: NHS</i> | <i>31,919</i> | <i>33,262</i> | <i>33,795</i> | <i>33,822</i> | <i>34,664</i> | <i>35,961</i> | <i>37,694</i> | <i>39,337</i> | <i>40,831</i> |
| DETR – Main Programmes | 13,436 | 12,586 | 10,175 | 9,909 | 9,614 | 9,113 | 9,229 | 9,747 | 10,795 |
| DETR – Local Government and | | | | | | | | | |
| Regional Policy | 32,398 | 32,523 | 32,010 | 32,101 | 31,375 | 31,963 | 32,559 | 32,907 | 33,424 |
| Home Office | 6,466 | 6,699 | 6,743 | 6,597 | 6,730 | 6,848 | 7,399 | 7,321 | 7,311 |
| Legal Departments | 2,614 | 2,764 | 2,788 | 2,692 | 2,641 | 2,635 | 2,623 | 2,601 | 2,458 |
| Defence | 25,099 | 24,533 | 22,734 | 21,918 | 20,910 | 21,999 | 21,207 | 21,186 | 20,812 |
| Foreign and Commonwealth | | | | | | | | | |
| Office | 1,372 | 1,367 | 1,408 | 1,079 | 1,076 | 1,092 | 1,061 | 1,052 | 1,044 |
| International Development | 2,296 | 2,433 | 2,321 | 2,148 | 2,105 | 2,270 | 2,188 | 2,566 | 2,783 |
| Trade and Industry | 5,165 | 4,235 | 3,627 | 3,414 | 3,084 | 3,029 | 3,092 | 3,345 | 3,241 |
| Agriculture, Fisheries and | | | | | | | | | |
| Food ⁽²⁾ | 921 | 860 | 904 | 2,174 | 1,644 | 1,307 | 1,207 | 1,121 | 1,123 |
| Culture, Media and Sport | 1,076 | 1,063 | 1,084 | 983 | 911 | 897 | 945 | 930 | 944 |
| Social Security (administration) | 3,760 | 3,587 | 3,580 | 3,602 | 3,354 | 3,115 | 3,215 | 3,201 | 3,171 |
| Scotland | 13,426 | 13,820 | 13,507 | 13,228 | 12,871 | 13,009 | 13,209 | 13,541 | 13,792 |
| Wales | 6,558 | 6,750 | 6,705 | 6,636 | 6,499 | 6,638 | 6,721 | 6,922 | 7,102 |
| Northern Ireland | 5,519 | 5,592 | 5,543 | 5,490 | 5,465 | 5,584 | 5,570 | 5,662 | 5,595 |
| Chancellor's Departments | 3,241 | 3,112 | 3,089 | 2,958 | 2,887 | 2,916 | 3,043 | 2,828 | 2,970 |
| Cabinet Office | 1,163 | 1,050 | 1,319 | 1,185 | 933 | 1,320 | 1,357 | 1,264 | 1,190 |
| Welfare to Work ⁽³⁾ | | | | | 143 | 700 | 1,420 | 1,223 | 1,157 |
| Invest to Save Budget | | | | | | | | 42 | 59 |
| Capital Modernisation Fund | | | | | | | 33 | 508 | 620 |
| Reserve | | | | | | | 1,100 | 1,700 | 2,200 |
| Allowance for shortfall | | | | | | -1,600 | | | |
| Departmental Expenditure | | | | | | | | | |
| Limits | 172,087 | 172,538 | 167,106 | 165,086 | 162,061 | 163,700 | 170,600 | 176,100 | 180,700 |
| <i>Total education spending⁽⁴⁾</i> | <i>36,563</i> | <i>37,761</i> | <i>37,629</i> | <i>37,067</i> | <i>37,400</i> | <i>37,400</i> | <i>39,300</i> | <i>41,600</i> | <i>43,500</i> |

(1) At 1997-98 prices, using GDP deflators consistent with the Financial Statement and Budget Report, March 1999 (HC 298).

(2) The large rise in departmental expenditure in the mid-to-late 1990s primarily reflects increased spending on BSE-related programmes.

(3) Expenditure financed by the Windfall Tax.

(4) Central government spending on education falling within DEL plus locally financed education spending (in AME).

I. PUBLIC EXPENDITURE OVERVIEW

Table I.5 Total Managed Expenditure in real terms, 1993–94 to 2001–02⁽¹⁾

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Departmental Expenditure Limits | 172,087 | 172,538 | 167,106 | 165,086 | 162,061 | 163,700 | 170,600 | 176,100 | 180,700 |
| Annually Managed Expenditure | | | | | | | | | |
| Social Security benefits | 88,202 | 89,703 | 90,947 | 91,993 | 91,006 | 91,218 | 94,355 | 94,252 | 96,371 |
| Housing Revenue Account | | | | | | | | | |
| Subsidies | 4,807 | 4,737 | 4,478 | 4,288 | 3,980 | 3,573 | 3,522 | 3,456 | 3,356 |
| Common Agricultural Policy | 2,875 | 2,420 | 2,789 | 3,002 | 2,472 | 2,715 | 2,286 | 2,483 | 2,600 |
| Export Credits Guarantee | | | | | | | | | |
| Department | 68 | -49 | -30 | 70 | 57 | -211 | 440 | 766 | 755 |
| Net Payments to EC | | | | | | | | | |
| Institutions ⁽¹⁾ | 2,070 | 1,379 | 3,561 | 1,862 | 2,049 | 3,381 | 2,584 | 2,371 | 2,602 |
| Self-financing Public | | | | | | | | | |
| Corporations | -796 | -732 | -257 | 61 | -294 | -189 | -36 | -194 | -297 |
| Locally financed expenditure | 10,245 | 12,988 | 15,240 | 16,090 | 15,698 | 15,731 | 16,184 | 16,963 | 17,905 |
| Net public service pensions | 4,223 | 4,149 | 4,438 | 5,125 | 5,449 | 4,966 | 5,855 | 5,638 | 5,578 |
| National Lottery | | | 133 | 373 | 1,087 | 1,318 | 2,490 | 2,476 | 2,537 |
| Central Government Debt | | | | | | | | | |
| Interest | 22,428 | 25,099 | 27,950 | 28,554 | 29,692 | 28,802 | 24,724 | 25,656 | 24,560 |
| Accounting and other adjustments | 6,395 | 10,366 | 10,237 | 9,036 | 8,806 | 8,300 | 8,700 | 11,100 | 11,900 |
| AME Margin | | | | | | | 1,000 | 1,900 | 2,700 |
| Total Annually Managed Expenditure | 140,521 | 150,032 | 159,483 | 159,115 | 160,002 | 159,600 | 155,700 | 166,600 | 170,500 |
| Total Managed Expenditure | 312,608 | 322,569 | 326,589 | 324,201 | 322,063 | 323,400 | 332,600 | 342,800 | 351,200 |
| of which: | | | | | | | | | |
| Current expenditure | 287,687 | 297,974 | 302,346 | 304,862 | 304,281 | 305,800 | 313,300 | 321,700 | 328,200 |
| Net Investment | 12,068 | 11,265 | 10,197 | 5,568 | 3,776 | 3,300 | 5,200 | 6,900 | 8,700 |
| Depreciation | 12,853 | 13,330 | 14,046 | 13,772 | 14,006 | 14,200 | 14,100 | 14,100 | 14,200 |

(1) 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.

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**Table I.6 Departmental Expenditure Limits – Current and Capital Budgets
1993–94 to 2001–02**

| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| | £ million | | | | | | | | |
| Current Budget | | | | | | | | | |
| Education and Employment | 12,267 | 12,888 | 12,823 | 13,360 | 13,933 | 13,845 | 14,548 | 15,814 | 16,794 |
| Health | 28,748 | 30,559 | 32,085 | 33,402 | 35,069 | 37,636 | 39,878 | 42,746 | 45,548 |
| <i>of which: NHS</i> | 28,065 | 29,700 | 31,303 | 32,761 | 34,518 | 36,916 | 39,197 | 41,898 | 44,509 |
| DETR - Main Programmes | 2,991 | 4,360 | 4,120 | 4,177 | 4,111 | 4,169 | 4,441 | 4,623 | 4,831 |
| DETR - Local Government and Regional Policy | 29,325 | 29,859 | 30,228 | 31,205 | 31,067 | 32,380 | 33,925 | 35,354 | 36,879 |
| Home Office | 5,223 | 5,510 | 5,703 | 5,916 | 6,185 | 6,572 | 7,381 | 7,456 | 7,620 |
| Legal Departments | 2,181 | 2,366 | 2,434 | 2,531 | 2,577 | 2,633 | 2,686 | 2,731 | 2,642 |
| Defence | 21,210 | 20,987 | 19,921 | 20,665 | 20,059 | 20,948 | 20,779 | 21,302 | 21,434 |
| Foreign and Commonwealth Office | 1,129 | 1,169 | 1,200 | 980 | 987 | 1,034 | 1,029 | 1,051 | 1,069 |
| International Development | 1,794 | 1,880 | 1,925 | 1,859 | 1,872 | 2,099 | 2,039 | 2,462 | 2,712 |
| Trade and Industry | 3,192 | 3,000 | 3,017 | 2,781 | 2,680 | 2,746 | 2,867 | 3,170 | 3,112 |
| Agriculture, Fisheries and Food ⁽¹⁾ | 667 | 625 | 651 | 1,778 | 1,361 | 1,193 | 1,050 | 1,030 | 1,006 |
| Culture, Media and Sport | 836 | 813 | 843 | 861 | 809 | 839 | 912 | 923 | 963 |
| Social Security (administration) | 3,085 | 3,058 | 3,233 | 3,395 | 3,354 | 3,493 | 3,328 | 3,395 | 3,447 |
| Scotland ⁽²⁾ | 10,143 | 10,796 | 11,057 | 11,376 | 11,503 | 11,743 | 12,204 | 12,793 | 13,290 |
| Wales ⁽²⁾ | 4,801 | 5,056 | 5,261 | 5,443 | 5,605 | 5,915 | 6,266 | 6,655 | 7,029 |
| Northern Ireland ⁽²⁾ | 4,342 | 4,481 | 4,629 | 4,816 | 4,930 | 5,201 | 5,348 | 5,457 | 5,510 |
| Chancellor's Departments | 2,658 | 2,669 | 2,710 | 2,683 | 2,728 | 2,851 | 3,036 | 3,093 | 3,133 |
| Cabinet Office | 773 | 646 | 1,054 | 999 | 777 | 1,155 | 1,160 | 1,147 | 1,135 |
| Welfare to Work ⁽³⁾ | | | | | 44 | 387 | 1,216 | 1,962 | 1,003 |
| Invest to Save Budget | | | | | | | 0 | 36 | 52 |
| Capital Modernisation Fund Reserve ⁽³⁾ | | | | | | | 1,100 | 1,700 | 2,200 |
| Allowance for shortfall | | | | | | -1,600 | | | |
| Total Current Budget | 135,365 | 140,724 | 142,895 | 148,225 | 149,651 | 155,200 | 165,200 | 173,900 | 181,400 |

I. PUBLIC EXPENDITURE OVERVIEW

**Table I.6 Departmental Expenditure Limits – Current and Capital Budgets
1993–94 to 2001–02 (continued)**

| | £ million | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Capital Budget | | | | | | | | | |
| Education and Employment | 1,110 | 1,100 | 1,158 | 649 | 590 | 666 | 1,154 | 1,723 | 2,122 |
| Health ⁽⁵⁾ | 1,014 | 1,034 | 848 | 367 | 228 | 7 | 467 | 525 | 623 |
| of which: NHS ⁽⁵⁾ | 877 | 890 | 683 | 235 | 146 | -56 | 405 | 463 | 562 |
| DETR - Main Programmes | 9,162 | 7,214 | 5,510 | 5,490 | 5,503 | 5,172 | 5,256 | 5,874 | 7,084 |
| DETR - Local Government and | | | | | | | | | |
| Regional Policy | 50 | 51 | 68 | 113 | 308 | 382 | 282 | 84 | 14 |
| Home Office | 639 | 652 | 679 | 520 | 546 | 448 | 392 | 428 | 450 |
| Legal Departments | 189 | 176 | 205 | 96 | 64 | 68 | 71 | 71 | 71 |
| Defence | 1,548 | 1,575 | 1,596 | 718 | 852 | 1,601 | 1,501 | 1,513 | 1,539 |
| Foreign and Commonwealth | | | | | | | | | |
| Office | 114 | 89 | 133 | 73 | 90 | 85 | 86 | 82 | 84 |
| International Development | 287 | 357 | 272 | 237 | 233 | 227 | 261 | 301 | 360 |
| Trade and Industry | 1,491 | 895 | 416 | 550 | 404 | 359 | 382 | 433 | 466 |
| Agriculture, Fisheries and | | | | | | | | | |
| Food ⁽¹⁾ | 169 | 166 | 204 | 343 | 283 | 147 | 218 | 176 | 234 |
| Culture, Media and Sport | 140 | 164 | 183 | 98 | 102 | 80 | 81 | 79 | 79 |
| Social Security (administration) | 324 | 240 | 155 | 119 | | -300 | 50 | 51 | 53 |
| Scotland ⁽²⁾ | 2,031 | 1,914 | 1,727 | 1,529 | 1,369 | 1,591 | 1,674 | 1,789 | 1,934 |
| Wales ⁽²⁾ | 1,145 | 1,151 | 1,085 | 1,031 | 893 | 889 | 796 | 799 | 811 |
| Northern Ireland ⁽²⁾ | 663 | 662 | 618 | 541 | 534 | 522 | 504 | 640 | 665 |
| Chancellor's Departments | 281 | 193 | 213 | 203 | 159 | 138 | 161 | -48 | 146 |
| Cabinet Office | 281 | 319 | 195 | 157 | 155 | 199 | 265 | 214 | 178 |
| Welfare to Work ⁽³⁾ | | | | | 99 | 330 | 275 | 355 | 275 |
| Invest to Save Budget | | | | | | | | 9 | 13 |
| Capital Modernisation Fund | | | | | | | 34 | 547 | 685 |
| Reserve ⁽⁴⁾ | | | | | | | 100 | 200 | 200 |
| Allowance for shortfall | | | | | | | | | |
| Total Capital Budget | 20,668 | 17,952 | 15,262 | 12,835 | 12,410 | 12,600 | 14,000 | 15,800 | 18,100 |
| Departmental Expenditure | | | | | | | | | |
| Limits | 156,033 | 158,676 | 158,157 | 161,060 | 162,061 | 167,800 | 179,200 | 189,700 | 199,500 |

(1) The large rise in departmental expenditure in the mid-to-late 1990s primarily increased spending on BSE-related programmes.

(2) The split between current and capital budgets for Scotland, Wales and Northern Ireland is indicative; current and capital spending within DEL is currently a matter for the respective Secretaries of State and in due course for the respective Executive.

(3) Expenditure financed by the Windfall Tax.

(4) Reserve has been arbitrarily apportioned between current and capital, with 10 per cent allocated to capital.

(5) Covers capital budget of Department of Health only and excludes NHS Trusts. Plans for total net public capital spending in health, including Trusts, are £1.7 billion in 1999-2000, £2.0 billion in 2000-01 and £2.3 billion in 2001-02. See Table 7.3 for details of capital expenditure by NHS Trusts.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.7 Accounting and Other Adjustments, 1993-94 to 2001-02⁽¹⁾

| | £ million | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| Non-trading capital consumption | 5,242 | 5,408 | 5,996 | 6,430 | 6,738 | 7,100 | 7,300 | 7,600 | 7,800 |
| VAT refunded on general government expenditure | 3,528 | 4,604 | 4,780 | 4,754 | 4,878 | 5,100 | 5,300 | 5,500 | 5,800 |
| EC contributions | -6,507 | -5,520 | -7,446 | -6,988 | -5,863 | -6,200 | -5,800 | -5,700 | -5,800 |
| Income tax credits | 3,925 | 3,635 | 2,891 | 2,598 | 2,857 | 2,000 | 2,900 | 5,300 | 5,600 |
| <i>of which: Working Families and Disabled Persons' Tax Credit</i> | | | | | | | 1,300 | 5,100 | 5,400 |
| Other programme spending in AME | 269 | 268 | 208 | 176 | 160 | 200 | 200 | 300 | 400 |
| Adjustments for public corporations | 2,615 | 2,632 | 3,693 | 2,378 | 2,824 | 2,900 | 3,400 | 3,800 | 3,900 |
| Intra-public sector debt interest | -2,653 | -2,239 | -2,460 | -2,330 | -2,520 | -2,300 | -2,100 | -2,000 | -2,000 |
| Financial transactions in DEL and AME | -582 | 833 | 1,865 | 1,732 | -159 | -400 | -1,900 | -2,800 | -2,500 |
| Other accounting adjustments | -92 | -234 | 124 | -231 | -132 | 100 | -200 | -200 | -300 |
| Total accounting and other adjustments | 5,745 | 9,388 | 9,651 | 8,519 | 8,785 | 8,500 | 9,100 | 11,700 | 13,000 |

(1) For more details of accounting and other adjustments in AME, see Appendix B I.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.8 Invest to Save Budget, 1999–2000 to 2001–02⁽¹⁾

| | £ million | | |
|--|-------------------------|------------------|------------------|
| | 1999–00 plans | 2000–01 plans | 2001–02 plans |
| Education and Employment | 35.8 ⁽²⁾ | 24.0 | 23.1 |
| Health | 3.0 | 2.4 | 2.4 |
| DETR–Main Programmes | 1.1 | 0.1 | |
| Home Office | 1.7 | | |
| Legal Departments | 2.8 | 0.1 | |
| Culture, Media and Sport | 0.1 | | |
| Social Security (administration) | 1.0 | 0.3 | 0.1 |
| Scotland | 0.8 | 0.6 | 0.6 |
| Wales | 2.0 | 4.3 | 5.7 |
| Northern Ireland | 2.5 | 1.4 | 1.0 |
| Chancellor’s Departments | 1.8 | 0.7 | 0.6 |
| Cabinet Office | 0.1 | | |
| Total allocated | 53⁽²⁾ | 34 | 33 |
| Total unallocated | 0 | 45 | 65 |
| Total expenditure under the Invest to Save Budget | 53⁽²⁾ | 79 | 98 |

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

(2) Includes £32.5 million for Single Work Focus Gateway funded from DEL Reserve.

| Table 1.9 Capital Modernisation Fund, 1999–2000 to 2001–02 | | | |
|---|------------------|------------------|------------------|
| | £ million | | |
| | 1999–00 plans | 2000–01 plans | 2001–02 plans |
| Crime reduction | | | |
| Home Office | 20 | 60 | 70 |
| Northern Ireland | 1 | | |
| Total crime reduction | 21 | 60 | 70 |
| IT-based learning centres | | | |
| Education and Employment | 50 | 150 | 200 |
| Scotland | 5 | 14 | 19 |
| Total IT-based learning centres | 55 | 164 | 219 |
| Modernising hospitals and primary care | | | |
| Health | 100 | 110 | 150 |
| Scotland | 10 | 11 | 15 |
| Total modernising hospitals and primary care | 110 | 121 | 165 |
| Rural transport | | | |
| DETR–Main Programmes | 10 | | |
| Scotland | 1 | | |
| Total rural transport | 11 | | |
| SBS venture capital fund | | | |
| Trade and Industry | | 19 | |
| Scotland | | 0 | |
| Total SBS venture capital fund | | 19 | |
| Other | | | |
| Wales | 10 | 31 | 39 |
| Northern Ireland | 6 | 20 | 25 |
| Scotland | 4 | 38 | 47 |
| Total other | 19 | 88 | 111 |
| Total allocated | 216 | 453 | 565 |
| Total unallocated | 34 | 547 | 685 |
| Total expenditure under the Capital Modernisation Fund | 250 | 1,000 | 1,250 |

I. PUBLIC EXPENDITURE OVERVIEW

Table I.10 Total Managed Expenditure: Voted and other expenditure, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Voted in Estimates | | | | | | | | | |
| Departmental expenditure in Departmental Expenditure Limits | | | | | | | | | |
| Central government expenditure | 89,752 | 94,129 | 95,345 | 97,938 | 97,379 | 101,052 | 103,926 | 108,212 | 112,692 |
| Central government support for local authorities | 40,924 | 41,351 | 41,687 | 42,405 | 42,483 | 44,190 | 43,032 | 44,030 | 46,272 |
| Nationalised industries' external finance | 3,273 | 1,588 | 1,143 | 1,417 | 692 | 488 | 466 | 154 | 176 |
| Total departmental expenditure in Departmental Expenditure Limits | 133,949 | 137,068 | 138,175 | 141,760 | 140,555 | 145,730 | 147,424 | 152,396 | 159,140 |
| Welfare to Work expenditure in Departmental Expenditure Limits | | | | | | | | | |
| Central government expenditure | | | | | 48 | 384 | 1,111 | 826 | 834 |
| Central government support for local authorities | | | | | 82 | 273 | 254 | 250 | 250 |
| Total Welfare to Work expenditure in Departmental Expenditure Limits | | | | | 130 | 657 | 1,366 | 1,076 | 1,161 |
| Main Departmental Programmes in Annually Managed Expenditure | | | | | | | | | |
| Central government expenditure | 38,564 | 39,293 | 41,858 | 44,198 | 44,343 | 45,075 | 46,779 | 47,044 | 48,768 |
| Central government support for local authorities | 9,665 | 10,702 | 11,164 | 11,715 | 11,476 | 11,251 | 12,432 | 13,367 | 14,269 |
| Nationalised industries' external finance | -744 | -611 | -224 | 31 | -276 | -187 | -109 | -202 | -302 |
| Total Main Departmental Programmes in Annually Managed Expenditure | 47,485 | 49,384 | 52,798 | 55,944 | 55,543 | 56,139 | 59,102 | 60,209 | 62,717 |
| Total Voted in Estimates⁽¹⁾ | 181,434 | 186,452 | 190,974 | 197,804 | 196,228 | 202,527 | 207,892 | 213,682 | 223,018 |
| Other | | | | | | | | | |
| Departmental expenditure in Departmental Expenditure Limits | 22,084 | 21,609 | 19,982 | 19,300 | 21,363 | 21,505 | 30,259 | 35,972 | 39,062 |
| Welfare to Work expenditure in Departmental Expenditure Limits | | | | | 13 | 60 | 128 | 240 | 119 |
| Main Departmental Programmes in Annually Managed Expenditure | 42,628 | 43,059 | 44,417 | 46,585 | 48,374 | 49,867 | 55,554 | 57,280 | 60,040 |
| Other | 37,032 | 45,535 | 53,727 | 52,705 | 56,085 | 57,400 | 55,600 | 61,900 | 65,400 |
| Total other | 102,011 | 110,202 | 118,126 | 118,590 | 125,835 | 128,900 | 141,500 | 155,400 | 164,600 |
| Total Managed Expenditure | 283,445 | 296,654 | 309,100 | 316,294 | 322,063 | 331,400 | 349,400 | 369,100 | 387,700 |

(1) Total DEL plus AME Main Departmental Programmes Voted in Estimates.

I. PUBLIC EXPENDITURE OVERVIEW

| Table I.11 Total Managed Expenditure by Spending Sector, 1993-94 to 2001-02 | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| | £ million | | | | | | | | |
| Central government own expenditure | | | | | | | | | |
| DEL | 101,813 | 105,401 | 107,013 | 109,275 | 110,048 | 113,680 | 124,174 | 132,133 | 138,425 |
| AME Main Programmes | 88,440 | 82,415 | 86,295 | 90,754 | 92,735 | 95,160 | 102,133 | 104,130 | 108,602 |
| Locally financed support in Northern Ireland | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 424 |
| Total central government own expenditure | 182,311 | 187,891 | 193,389 | 200,120 | 202,880 | 208,900 | 226,400 | 236,400 | 247,200 |
| Local authority expenditure | | | | | | | | | |
| Central government support in DEL | 49,089 | 49,530 | 49,520 | 49,654 | 49,557 | 51,845 | 52,919 | 55,766 | 59,190 |
| Central government support in AME Main Programmes | 9,664 | 10,702 | 11,164 | 11,715 | 11,476 | 11,251 | 12,561 | 13,565 | 14,482 |
| Locally financed support in Scotland | 1,186 | 1,109 | 1,193 | 1,313 | 1,326 | 1,395 | 1,441 | 1,473 | 1,510 |
| Local authority self-financed expenditure | 8,046 | 10,761 | 13,150 | 12,985 | 14,275 | 14,600 | 15,500 | 16,700 | 18,100 |
| Total local authority expenditure | 67,985 | 72,102 | 75,027 | 75,687 | 76,634 | 79,100 | 82,400 | 87,500 | 93,300 |
| External finance requirements of public corporations | | | | | | | | | |
| DEL | 6,131 | 3,746 | 1,625 | 2,131 | 2,457 | 2,314 | 2,093 | 1,787 | 1,867 |
| AME Main Programmes | -722 | -673 | -243 | 60 | -294 | -194 | -38 | -209 | -328 |
| Total external finance requirements of public corporations | 5,408 | 3,072 | 1,381 | 2,191 | 2,162 | 2,120 | 2,055 | 1,578 | 1,539 |
| Total departmental and locally Financed Expenditure | 255,704 | 263,065 | 269,797 | 277,978 | 281,676 | 290,200 | 310,800 | 325,400 | 342,000 |
| Other Annually Managed Expenditure | 27,741 | 33,589 | 39,303 | 38,316 | 40,387 | 41,300 | 38,600 | 43,700 | 45,600 |
| Total Managed Expenditure | 284,445 | 296,654 | 309,100 | 316,294 | 322,063 | 331,400 | 349,400 | 369,100 | 387,700 |

I. PUBLIC EXPENDITURE OVERVIEW

Table I.12 Control Total by department,⁽¹⁾ 1993-94 to 1998-99

| | £ million | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Education and Employment ⁽⁴⁾ | 13,530 | 14,206 | 14,318 | 14,335 | 14,044 | 14,179 |
| Health | 29,762 | 31,593 | 32,924 | 33,799 | 35,317 | 37,643 |
| DETR - Main Programmes | 16,242 | 15,605 | 13,528 | 12,967 | 12,385 | 11,995 |
| DETR - Local Government and Regional Policy ⁽³⁾ | 29,375 | 29,910 | 30,296 | 31,318 | 31,375 | 32,757 |
| Home Office | 5,866 | 6,165 | 6,383 | 6,439 | 6,732 | 7,022 |
| Legal Departments | 2,370 | 2,542 | 2,638 | 2,627 | 2,641 | 2,701 |
| Defence ⁽²⁾ | 22,767 | 22,573 | 21,528 | 21,399 | 20,919 | 22,549 |
| Foreign and Commonwealth Office | 1,244 | 1,257 | 1,333 | 1,053 | 1,076 | 1,119 |
| International Development | 2,235 | 2,385 | 2,338 | 2,230 | 2,242 | 2,425 |
| Trade and Industry | 4,062 | 3,320 | 3,194 | 2,696 | 2,778 | 2,748 |
| Agriculture, Fisheries and Food | 2,948 | 2,450 | 2,828 | 4,217 | 3,498 | 3,420 |
| Culture, Media and Sport | 953 | 934 | 967 | 963 | 894 | 927 |
| Social Security | 67,091 | 69,456 | 72,762 | 76,905 | 79,228 | 81,744 |
| Scotland ⁽³⁾ | 13,625 | 14,120 | 14,354 | 14,665 | 14,422 | 14,948 |
| Wales ⁽³⁾ | 6,297 | 6,551 | 6,719 | 6,817 | 6,817 | 7,113 |
| Northern Ireland ⁽³⁾ | 7,088 | 7,391 | 7,669 | 7,984 | 8,140 | 8,548 |
| Chancellor's Departments | 3,335 | 3,224 | 3,234 | 3,146 | 3,103 | 3,193 |
| Cabinet Office ⁽²⁾ | 1,054 | 966 | 1,248 | 1,156 | 933 | 1,353 |
| Net Payments to EC Institutions | 1,877 | 1,268 | 3,370 | 1,817 | 2,049 | 3,466 |
| Local authority self-financed expenditure | 8,100 | 10,880 | 13,187 | 13,281 | 14,300 | 14,600 |
| Allowance for shortfall ⁽⁵⁾ | | | | | | -1,300 |
| Control Total | 239,819 | 246,795 | 254,819 | 259,813 | 262,900 | 273,200 |

(1) A full list of departments included in each departmental grouping is given in Appendix C.

(2) Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(3) Includes revenue/rate support grant and non-domestic rates payments in England. (Comparable items are included in the figures for Scotland and Wales.)

(4) Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. See table 4.7 for further details.

(5) See paragraph A6 of Appendix A.

2. DIFFERENCES FROM PREVIOUS PLANS

INTRODUCTION

2.1 Since the introduction of Simplified Estimates in 1995, Public Expenditure Statistical Analyses (PESA) and departmental reports coincide both in consistency of figures and timing of publication with the Main Supply Estimates. The figures which will be presented in the Supply Estimates for 1999–2000, and therefore also in this publication, are also consistent with those in the Financial Statement and Budget Report March 1999 (except for some corrections to the projections for Annually Managed Expenditure – see Appendix A, paragraph A.5).

2.2 This Chapter includes two sets of comparisons. The first three tables compare the latest plans for Departmental Expenditure Limits and Annually Managed Expenditure with the plans set out in the Comprehensive Spending Review (Cm 4076). The remaining tables compare the estimated outturn for the Control Total for 1998–99 with the corresponding figures in last year's PESA (Cm 3901), and the outturn for the Control Total in 1997–98 with the plans set out in Public Expenditure Statistical Analyses 1997–98 (Cm 3601).

CHANGES TO SPENDING PLANS SINCE THE COMPREHENSIVE SPENDING REVIEW

2.3 Tables 2.1, 2.2 and 2.3 show, for the spending plans for 1999–2000 to 2001–02, the differences between the latest plans and those first set out in the Comprehensive Spending Review in July 1998. Table 2.1 shows changes to DEL by department, Table 2.2 shows changes to AME and Table 2.3 shows changes to DEL current and capital budgets. The comparisons distinguish between:

- transfers of financing responsibility between departments and spending sectors;
- classification changes, ie. changes in the way public expenditure is scored or re-allocation of functions between departments; and
- other changes, which are due to policy decisions or changes in forecasts of underlying economic factors.

CLASSIFICATION AND TRANSFER CHANGES AFFECTING SPENDING PLANS

2.4 The main transfers of financing responsibility or machinery of government affecting the DEL spending plans for 1999–2000 to 2001–02 are (the numbers in this and subsequent textual passages have been rounded to the nearest £5 million or £0.1 billion):

- responsibility for the Contributions Agency passed from the Department for Social Security to the Inland Revenue, requiring transfers of £85 million in 1999–2000, £115 million in 2000–01 and £125 million in 2001–02;
- provision for discretionary awards passed from the Department of the Environment, Transport and the Regions to the Department for Education and Employment, changing the DELs by £40 million in 1999–2000, £80 million in 2000–01 and £95 million in 2001–02. Provision for music was also switched in the same way, involving adjustments to DELs of £30 million in each of the plan years;

2. DIFFERENCES FROM PREVIOUS PLANS

- responsibility for part of the grant in aid paid to the British Council passed from the Department for International Development to the Foreign and Commonwealth Office, leading to a shift in DEL of £30 million in each year;
- responsibility for funding students in health care professions passed from the Department for Education and Employment to the Department of Health, with adjustments to DELs of £25 million in 1999–2000, £40 million in 2000–2001 and £45 million in 2001–02;
- responsibility for certain payments in respect of contaminated land passed from the Main Programmes line of the Department of the Environment, Transport and the Regions to the Department’s Local Government and Regional Policy line, requiring an adjustment to the DELs of £10 million in each of the plan years;
- responsibility for expenditure on forestry in Scotland after devolution has been transferred to the Scottish Office with an increase in the Scottish DEL line of £10 million in 1999–2000, £15 million in 2000–01 and £20 million in 2001–02. Note that pre-devolution expenditure on Scottish Forestry remains part of the Forestry Commission line;
- responsibility for expenditure on certain planning programmes moved from the Department of the Environment, Transport and the Regions’ Local Government and Regional Policy Line to its Main Programmes line requiring a transfer of £10 million in 1999–2000 and £5 million thereafter. A similar change took place affecting provision for Regional Development Agencies and requiring an adjustment of £15 million in each year;
- provision for certain expenditure on Royal Travel passed from the Ministry of Defence to the Department of the Environment, Transport and the Regions transferring DEL of £10 million in each of the plan years; and
- responsibility for severe weather warning moved from the Department of the Environment, Transport and the Regions to the Home Office, transferring DEL of £10 million in each of the plan years.

2.5 The main classification changes affecting DEL for the plan years are:

- The introduction of the new European System of Accounts (ESA95) led to a number of changes, including:
 - expenditure on that element of the Department for International Development’s overseas superannuation expenditure that had been in DEL is now a Main Departmental Programme in AME (£0.1 billion in each of the plan years), as is the expenditure of the Home Office on pensions in respect of seconded police and fire staff (less than £5 million in each of the plan years);
 - the Issue Department of the Bank of England was reclassified from the central government sector to a new central bank sector. As a result, the cost of producing and distributing banknotes no longer forms part of Total Managed Expenditure. Consequently, HM Treasury’s DEL has fallen by £50 million in each of the plan years; and
 - ESA95 made a number of changes to the split between current and capital expenditure. These changes left total departmental DELs unchanged, but altered the mix. The biggest change was in the Ministry

of Defence numbers, where expenditure on the acquisition of dual use military equipment changed from current expenditure to capital expenditure (£1½ billion in each of the plan years);

- since the CSR, there have been some changes to the split of expenditure between DEL and AME:
 - expenditure by the Department of Social Security on certain anti-fraud measures and Motability administration has been moved out of Main Departmental Programmes in AME into DEL (£75 million in 1999–2000 and £70 million in each of the other plan years);
 - expenditure by the Department of Trade and Industry on the Redundancy Payments Scheme (£135 million in 1999–2000, £145 million in 2000–01 and £160 million in 2001–02) has been moved from DEL to be a Main Departmental Programme in AME; and
 - expenditure financed by Northern Ireland Regional Rates net of the element deemed to be in respect of water rates was reclassified from DEL to Locally Financed Expenditure in AME. As a result, DEL was reduced by £105 million in 1999–2000, £115 million in 2000–01 and £125 million in 2001–02;
- there have also been other classification changes affecting DEL, including:
 - a change in the accounting policy for student loans debt sales means that the resultant adjustments to the figure for subsidies and bad debt included in DEL are taken in the year that the Government is committed to a sale rather than when it is announced; there have also been changes in the calculation of the implications of the forthcoming debt sale. The effect is to increase the DEL of the Department for Education and Employment by £100 million in 1999–2000; and
 - a number of receipts previously treated as revenue are now netted off the DEL, including the Environment Agency's receipts from fishing licences, reducing the Ministry of Agriculture Fisheries and Food's DEL by £15 million in each of the plan years.

OTHER CHANGES TO PLANS FOR 1999–2000 TO 2001–02

2.6 In addition to the DEL/AME changes mentioned above, the main classification changes affecting Main Departmental Programmes in AME and central government debt interest for the plan years are set out below:

- the introduction of ESA95 led to a number of changes, including:
 - the expenditure on the main public service unfunded pensions net of contributions received (including accruing superannuation liability charges paid by Government departments to the Principal Civil Service Pension Scheme) now impacts directly on Total Managed Expenditure (TME). As a result, net pensions expenditure is treated as a Main Departmental Programme in AME. The classification change put £6.0 billion into the new line in the AME table in 1999–2000, £6.2 billion in 2000–01 and £6.4 billion in 2001–02. This increase was partly offset by reductions in DEL (see above) and in the Accounting and Other Adjustments (£4.3 billion in 1999–2000, £4.4 billion in 2000–01 and £4.5 billion in 2001–02). So the net increase in TME due to ESA95 pensions changes has been £1.6 billion in 1999–2000, £1.7 billion in 2000–01 and £1.8 billion in 2001–02;

- Guaranteed Export Finance Corporation plc is now held for national accounts to be acting as an agent of the Export Credits Guarantee Department when refinancing export-related loans benefiting from fixed rate export finance. As a result, the ECGD line in Main Departmental Programmes in AME has been increased by £0.5 billion in 1999-2000 and £0.8 billion in 2000-01 and 2001-02, which is almost entirely offset in the Accounting and Other Adjustments. There has also been an increase in the level of central government gross debt interest payments as interest on GEFCO bonds is now treated as interest paid by central government; and
- two further changes have increased the level of central government debt interest. First, any difference between the issue and redemption price of a gilt is now recorded as debt interest, spread over the life of the gilt. Under the previous system of national accounts, discounts and premia did not score as interest. Second, with the reclassification of the Bank of England Issue Department to the new Central Bank sector, payments of interest on securities held by the Issue Department which were previously consolidated within central government now add to government expenditure. Together, these two factors added £1.4 billion to central government debt interest in each of the plan years.
- the Self-Financing Public Corporations line now incorporates values for the external finance of Channel 4 Television, which had previously been included at zero (£75 million in 1999-2000 and near zero figures for the later plan years).

OTHER CHANGES TO PLANS FOR 1999-2000 TO 2001-02

2.7 Plans for DEL for 1999-2000 onwards reflect a number of policy decisions, with these changes offset in the DEL Reserve. The Budget measures included expenditure on the Climate Change Levy to be funded from DEL. This sum has not yet been allocated from the DEL Reserve to a department. The main changes are:

- the Budget announced initial allocations to departments from the Capital Modernisation Fund (CMF). These allocations left total DEL over the plans period unchanged, but increased the DELs of those departments that benefited. £1.1 billion has been allocated from the CMF over three years. £250 million was brought forward in the Budget from 2001-02 to 1999-2000, (total DEL over the planning period is unchanged). The main beneficiaries included the Department for Education and Employment (£50 million in 1999-2000, £150 million in 2000-01 and £200 million in 2001-02), Home Office (£20 million in 1999-2000, £60 million in 2000-01 and £70 million in 2001-02), Department of Health (£100 million in 1999-2000, £110 million in 2000-01 and £150 million 2001-02), Northern Ireland (£5 million in 1999-2000, £20 million in 2000-01 and £25 million in 2001-02), Department of the Environment, Transport and the Regions (£10 million in 1999-2000), Scotland (£40 million in 1999-2000, £65 million in 2000-01 and £80 million in 2001-02), Department of Trade and Industry (£20 million in 2000-01), Wales (£10 million in 1999-2000, £30 million in 2000-01 and £40 million in 2001-02);
- first round allocations have been made from the Invest to Save Budget. These allocations left total DEL over the plans period unchanged, but increased the DELs of the departments that benefited. These allocations amounted to £120 million over the three years, including an allocation from the DEL Reserve.

The main beneficiaries included the Department for Education and Employment (£35 million in 1999–2000, and £25 million in each of 2000–01 and 2001–02), the Department for Health (£5 million in 1999–2000 and smaller amounts in the later plan years), the Legal Departments (grant to the Land Registry) (£5 million in 1999–2000) and the Welsh Office (£5 million in each of 2000–01 and 2001–02 with a lesser sum in 1999–2000);

- additional resources have been made available to fund the anti-fraud effort of the Department for Social Security and local authorities including work on the Verification Framework (£60 million in 1999–2000, £80 million in 2000–01 and £60 million in 2001–02);
- following the abolition of Family Credit, the Department for Social Security's running costs have been reduced by £30 million in 1999–2000 and £60 million in each of 2000–01 and 2001–02;
- in order to fund the increase in the Inland Revenue's administration expenditure flowing from the introduction of the Working Families Tax Credit, their DEL has been increased by £30 million in 1999–2000 and £60 million in each of 2000–01 and 2001–02;
- there was an agreed claim on the Reserve for the Department of Trade and Industry for the Science Enterprise Challenge increasing DEL in 1999–2000 by £25 million;
- a claim on the Reserve increased the DEL of the Cabinet Office by £15 million in 1999–2000 for Action 2000 – a promotional campaign regarding the impact of the Millennium Bug;
- there was an increase in the DEL of the Office for Fair Trading of £8 million in 1999–2000 and £5 million in each of the other plan years following the Office's strategic planning and resource review, and to allow for the costs of implementing the Competition Act; and
- finally, there have been changes to the separate DEL for expenditure financed by the Windfall Tax. Provision for 1999–2000 has been increased from £1.3 billion to £1.5 billion. This change is largely to accommodate the carrying forward to this year of expenditure originally expected to be made in 1998–99. Planned expenditure has also been increased in each of the plan years because of the introduction in the March 1999 Budget of the New Deal for Over 50s (increases of £10 million in 1999–2000 and £20 million in each of the other years). And estimates of future expenditure have also been revised to take into account the unemployment planning assumptions.

2.8 The latest plans for expenditure on Main Departmental Programmes in AME also take account of a number of policy decisions:

- the measures in the March 1999 Budget which were fully set out in the Financial Statement and Budget Report (HC 298 – see in particular Table 1.11). These included increases in Child Benefit and a new employment credit for the Over 50s; and
- in the Self-financing Public Corporations line, the external financing requirement of the Commonwealth Development Corporation (CDC) was increased by £15 million in each of the plan years so that CDC could benefit from zero net financing in its preparations for the Public Private Partnership. The external financing requirement of the Post Office was increased by £240 million in 1999–2000, £210 million in 2000–01 and £165 million in 2001–02 as part of the package of reforms announced for the Post Office in December 1998 in order to finance higher investment.

2.9 There are also a number of estimating changes to Main Departmental Programmes in AME as a result of new forecasts, on the basis of the latest economic assumptions. The main changes are:

- the estimating and policy changes since the CSR on Social Security reduced the AME line by £1.3 billion in 1999–2000, £1.4 billion in 2000–01 and £2.5 billion in 2001–02. The rising unemployment assumption and policy changes are offset by lower benefit expenditure forecasts and up-rating assumptions at the level of individual benefits and a decision that it was prudent that the expenditure figures should fully reflect the forecasts from models operated by the Department of Social Security;
- the changed unemployment assumptions have also led to an increase in expected expenditure on housing revenue account subsidies of £60 million in 1999–2000, £150 million in 2000–01 and £130 million in 2001–02;
- the forecast level of debt interest payments has fallen by £3.1 billion in 1999–2000, £1.1 billion in 2000–01 and £1.5 billion in 2001–02 due to lower expected interest rates and changes to the all-items RPI inflation rate. The new interest rate assumption has also led to a change in the planned level of export finance support by the Export Credits Guarantee Department of £5 million in 1999–2000;
- the numbers reflect new departmental forecasts of pensions expenditure, leading to an estimating increase of £60 million in 1999–2000 and reductions of £120 million in 2000–01 and £250 million in 2001–02; and
- forecast expenditure on market support by the Intervention Board for Agricultural Products has been reduced by £100 million in 1999–2000 and increased by £220 million in 2000–01 and 2001–02; the latest figures include the effects of two devaluations of the “Green Pound” that took place in October 1998 and a number of other estimating changes.

CHANGES TO CONTROL TOTAL, 1993–94 TO 1998–99

2.10 Table 2.4 shows, for 1998–99, a comparison of the estimated outturn for the Control Total by department with previous plans in PESA 1998–99 (Cm 3901, published in April 1998). Table 2.5 presents, for 1997–98, differences from the plans set out in PESA 1997–98 (Cm 3601, published in March 1997) and, therefore, also reflects transfers and classification changes made between that publication and last year’s PESA.

Table 2.1 Changes to Departmental Expenditure Limits since the Comprehensive Spending Review 1999–2000 to 2001–2002

| | £ million | | | | | | | | | | | |
|---|----------------|--------------------------------------|---------------|----------------|----------------|--------------------------------------|---------------|----------------|----------------|--------------------------------------|---------------|----------------|
| | 1999–2000 | | | | 2000–2001 | | | | 2001–2002 | | | |
| | Plans in CSR | Transfers and Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers and Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers and Classification Changes | Other Changes | New Plans |
| Education and Employment | 15,473 | 141 | 88 | 15,702 | 17,295 | 68 | 174 | 17,537 | 18,612 | 81 | 223 | 18,916 |
| Health | 40,228 | 14 | 103 | 40,345 | 43,129 | 29 | 112 | 43,271 | 45,985 | 34 | 152 | 46,172 |
| DETR – Main Programmes | 9,721 | –39 | 15 | 9,697 | 10,582 | –46 | –40 | 10,497 | 12,000 | –43 | –42 | 11,915 |
| DETR – Local Government and Regional Policy | 34,263 | –67 | 12 | 34,208 | 35,505 | –97 | 29 | 35,437 | 36,981 | –118 | 30 | 36,893 |
| Home Office | 7,735 | 17 | 21 | 7,773 | 7,811 | 14 | 59 | 7,884 | 7,986 | 15 | 69 | 8,070 |
| Legal Departments | 2,758 | –3 | 1 | 2,756 | 2,804 | –3 | | 2,801 | 2,716 | –3 | | 2,713 |
| Defence | 22,294 | –14 | | 22,280 | 22,830 | –14 | | 22,815 | 22,987 | –15 | | 22,972 |
| Foreign and Commonwealth Office | 1,092 | 29 | –6 | 1,115 | 1,110 | 29 | –6 | 1,133 | 1,129 | 30 | –6 | 1,153 |
| International Development | 2,442 | –143 | | 2,299 | 2,908 | –145 | | 2,763 | 3,218 | –146 | | 3,072 |
| Trade and Industry | 3,338 | –135 | 46 | 3,249 | 3,706 | –148 | 44 | 3,602 | 3,723 | –162 | 18 | 3,578 |
| Agriculture, Fisheries and Food | 1,284 | –16 | 1 | 1,268 | 1,223 | –16 | | 1,207 | 1,256 | –16 | | 1,240 |
| Culture, Media and Sport | 990 | 3 | | 993 | 998 | 4 | | 1,002 | 1,038 | 4 | | 1,042 |
| Social Security | 3,332 | –78 | 123 | 3,378 | 3,411 | –108 | 144 | 3,447 | 3,491 | –116 | 124 | 3,500 |
| Scotland | 13,847 | 11 | 20 | 13,878 | 14,505 | 13 | 64 | 14,582 | 15,129 | 13 | 82 | 15,224 |
| Wales | 7,036 | 13 | 13 | 7,062 | 7,406 | 12 | 36 | 7,454 | 7,781 | 12 | 46 | 7,840 |
| Northern Ireland | 5,950 | –52 | –47 | 5,852 | 6,158 | –61 | | 6,098 | 6,311 | –71 | –65 | 6,175 |
| Chancellor's Departments | 3,157 | 37 | 3 | 3,197 | 2,975 | 69 | 1 | 3,045 | 3,201 | 77 | 1 | 3,279 |
| Cabinet Office | 1,417 | –4 | 12 | 1,425 | 1,363 | –2 | 1 | 1,361 | 1,316 | –3 | 1 | 1,313 |
| Welfare to Work | 1,326 | | 166 | 1,492 | 1,279 | | 38 | 1,317 | 1,278 | | 0 | 1,278 |
| Invest to Save Budget | 20 | | –20 | | 80 | | –35 | 45 | 100 | | –35 | 65 |
| Capital Modernisation Fund Reserve | 1,500 | 250 | –216 | 34 | 1,000 | –453 | 547 | 1,500 | 1,500 | –250 | –565 | 685 |
| Total | 179,300 | 0 | 0 | 179,200 | 190,100 | –400 | 0 | 189,700 | 200,200 | –700 | –100 | 199,500 |

Table 2.2 Total Managed Expenditure, 1999-2000 to 2001-02 – changes to plans since the Comprehensive Spending Review

| | £ million | | | | | | | | | | | |
|--|-----------------|--|------------------|----------------|-----------------|--|------------------|----------------|-----------------|--|------------------|----------------|
| | 1999-2000 | | | | 2000-2001 | | | | 2001-2002 | | | |
| | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans |
| Departmental Expenditure Limits | 179,200 | 0 | 0 | 179,200 | 190,100 | -400 | 0 | 189,700 | 200,200 | -700 | -100 | 199,500 |
| Social Security Benefits | 100,510 | -60 | -1,317 | 99,133 | 102,997 | -64 | -1,434 | 101,499 | 108,921 | -64 | -2,481 | 106,376 |
| Housing Revenue Account Subsidies | 3,641 | | 60 | 3,701 | 3,572 | | 149 | 3,721 | 3,574 | | 130 | 3,704 |
| Common Agricultural Policy | 2,504 | | -102 | 2,402 | 2,458 | | 216 | 2,674 | 2,658 | | 212 | 2,870 |
| Exports Credits Guarantee Department | 61 | 474 | -73 | 462 | 44 | 794 | -13 | 825 | 51 | 795 | -13 | 833 |
| Net Payments to EC Institutions | 2,881 | | -166 | 2,715 | 2,870 | | -317 | 2,553 | 3,229 | | -357 | 2,872 |
| Self-financing Public Corporations | -368 | 76 | 254 | -38 | -432 | -1 | 224 | -209 | -508 | -2 | 182 | -326 |
| Locally financed expenditure | 16,720 | 105 | 178 | 17,003 | 17,812 | 114 | 341 | 18,267 | 19,073 | 124 | -567 | 19,764 |
| Net public service pensions | | 5,989 | 162 | 6,151 | | 6,190 | -118 | 6,072 | | 6,407 | -250 | 6,157 |
| National Lottery | 2,500 | | 116 | 2,616 | 2,500 | | 166 | 2,666 | 2,300 | | 500 | 2,800 |
| Central Government Debt Interest | 27,642 | 1,440 | -3,106 | 25,976 | 27,321 | 1,405 | -1,097 | 27,629 | 27,208 | 1,413 | -1,511 | 27,110 |
| Accounting and other adjustments | 15,300 | -5,700 | -400 | 9,100 | 18,800 | -5,100 | -1,900 | 11,700 | 20,000 | -5,000 | -2,000 | 13,000 |
| AME Reserve | 1,000 | | 0 | 1,000 | 2,000 | | 0 | 2,000 | 3,000 | | 0 | 3,000 |
| Annually Managed Expenditure | 172,400 | 2,300 | -4,400 | 170,300 | 179,900 | 3,300 | -3,800 | 179,400 | 189,500 | 3,700 | -5,000 | 188,200 |
| Total Managed Expenditure | 351,600 | 2,300 | -4,400 | 349,400 | 370,000 | 2,400 | -3,800 | 369,100 | 389,700 | 3,000 | -5,100 | 387,700 |

Table 2.3 Current and Capital budgets within DEL, 1999-2000 to 2001-02 – changes to plans since the Comprehensive Spending Review

| | £ million | | | | | | | | | | | |
|---|-----------------|--|------------------|----------------|-----------------|--|------------------|----------------|-----------------|--|------------------|----------------|
| | 1999-2000 | | | | 2000-01 | | | | 2001-02 | | | |
| | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans |
| Current Budget | | | | | | | | | | | | |
| Education and Employment | 14,352 | 145 | 51 | 14,548 | 15,702 | 72 | 40 | 15,814 | 16,670 | 85 | 39 | 16,794 |
| Health | 39,886 | 14 | -23 | 39,878 | 42,715 | 30 | 1 | 42,746 | 45,513 | 34 | 1 | 45,548 |
| DETR – Main Programmes | 4,224 | 241 | -24 | 4,441 | 4,469 | 192 | -38 | 4,623 | 4,702 | 170 | -41 | 4,831 |
| DETR – Local Government and Regional Policy | 33,963 | -38 | | 33,925 | 35,435 | -99 | 18 | 35,354 | 36,981 | -119 | 17 | 36,879 |
| Home Office | 7,340 | 23 | 18 | 7,381 | 7,415 | 25 | 16 | 7,456 | 7,578 | 26 | 16 | 7,620 |
| Legal Departments | 2,686 | -3 | 3 | 2,686 | 2,762 | -3 | -28 | 2,731 | 2,644 | -3 | 1 | 2,642 |
| Defence | 21,976 | -1,270 | 74 | 20,779 | 22,510 | -1,313 | 105 | 21,302 | 22,666 | -1,333 | 101 | 21,434 |
| Foreign and Commonwealth Office | 1,007 | 27 | -6 | 1,029 | 1,026 | 28 | -3 | 1,051 | 1,045 | 28 | -4 | 1,069 |
| International Development | 2,141 | -102 | | 2,039 | 2,593 | -130 | -1 | 2,462 | 2,886 | -174 | | 2,712 |
| Trade and Industry | 2,976 | -135 | 26 | 2,867 | 3,266 | -147 | 51 | 3,170 | 3,233 | -162 | 41 | 3,112 |
| Agriculture, Fisheries and Food | 1,065 | -16 | 1 | 1,050 | 1,046 | -16 | | 1,030 | 1,021 | -16 | 1 | 1,006 |
| Culture, Media and Sport | 909 | -5 | 9 | 912 | 924 | -4 | 3 | 923 | 961 | -4 | 6 | 963 |
| Social Security | 3,273 | -73 | 128 | 3,328 | 3,350 | -104 | 149 | 3,395 | 3,429 | -111 | 129 | 3,447 |
| Scotland | 12,246 | 13 | -55 | 12,204 | 12,830 | 16 | -53 | 12,793 | 13,310 | 16 | -36 | 13,290 |
| Wales | 6,146 | 13 | 106 | 6,266 | 6,466 | 12 | 177 | 6,655 | 6,769 | 12 | 248 | 7,029 |
| Northern Ireland | 5,375 | -52 | 24 | 5,348 | 5,486 | -61 | 32 | 5,457 | 5,580 | -71 | 1 | 5,510 |
| Chancellor's Departments | 2,980 | 43 | 13 | 3,036 | 3,006 | 80 | 7 | 3,093 | 3,037 | 88 | 8 | 3,133 |
| Cabinet Office | 1,140 | | 20 | 1,160 | 1,135 | 2 | 10 | 1,147 | 1,124 | 1 | 10 | 1,135 |
| Welfare to Work | 1,026 | | 190 | 1,216 | 979 | | -17 | 962 | 978 | | 25 | 1,003 |
| Invest to Save Budget | 16 | | -16 | | 64 | | -28 | 36 | 80 | | -28 | 52 |
| Capital Modernisation Fund | | | | | | | | | | | | |
| Reserve | 1,400 | | -300 | 1,100 | 1,800 | | -100 | 1,700 | 2,300 | | -100 | 2,200 |
| Total Current Budget | 166,100 | -1,200 | 300 | 165,200 | 175,000 | -1,400 | 300 | 173,900 | 182,500 | -1,500 | 400 | 181,400 |

Table 2.3 Current and Capital budgets within DEL, 1999–2000 to 2001–02 – changes to plans since the Comprehensive Spending Review (continued)

| | £ million | | | | | | | | | | | |
|---|-----------------|--|------------------|----------------|-----------------|--|------------------|----------------|-----------------|--|------------------|----------------|
| | 1999–2000 | | | | 2000–2001 | | | | 2001–2002 | | | |
| | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans | Plans in CSR | Transfers & Classification Changes | Other Changes | New Plans |
| Capital Budget | | | | | | | | | | | | |
| Education and Employment | 1,121 | –4 | 37 | 1,154 | 1,594 | –4 | 133 | 1,723 | 1,942 | –4 | 184 | 2,122 |
| Health | 342 | | 126 | 467 | 414 | | 111 | 525 | 473 | | 150 | 623 |
| DETR – Main Programmes | 5,498 | –280 | 39 | 5,256 | 6,113 | –238 | –1 | 5,874 | 7,298 | –212 | –2 | 7,084 |
| DETR – Local Government and Regional Policy | 300 | –29 | 11 | 282 | 70 | 2 | 12 | 84 | | 1 | 13 | 14 |
| Home Office | 394 | –6 | 4 | 392 | 396 | –11 | 43 | 428 | 408 | –11 | 53 | 450 |
| Legal Departments | 72 | | –1 | 71 | 72 | | –1 | 71 | 72 | | –1 | 71 |
| Defence | 319 | 1,256 | –74 | 1,501 | 320 | 1,299 | –106 | 1,513 | 321 | 1,318 | –100 | 1,539 |
| Foreign and Commonwealth Office | 84 | 2 | | 86 | 84 | 2 | –4 | 82 | 84 | 2 | –2 | 84 |
| International Development | 301 | –40 | | 261 | 316 | –15 | 0 | 301 | 332 | 28 | 0 | 360 |
| Trade and Industry | 361 | | 21 | 382 | 440 | | –7 | 433 | 490 | | –24 | 466 |
| Agriculture, Fisheries and Food | 219 | | –1 | 218 | 177 | | –1 | 176 | 235 | | –1 | 234 |
| Culture, Media and Sport | 81 | 8 | –9 | 81 | 74 | 8 | –3 | 79 | 77 | 8 | –6 | 79 |
| Social Security | 59 | –5 | –5 | 50 | 61 | –5 | –5 | 51 | 62 | –5 | –4 | 53 |
| Scotland | 1,601 | –3 | 75 | 1,674 | 1,680 | –3 | 112 | 1,789 | 1,810 | | 124 | 1934 |
| Wales | 889 | | –93 | 796 | 940 | | –141 | 799 | 1,012 | | –201 | 811 |
| Northern Ireland | 575 | | –71 | 504 | 673 | | –33 | 640 | 731 | | –66 | 665 |
| Chancellor's Departments | 176 | –6 | –10 | 161 | –31 | –11 | –6 | –48 | 164 | –11 | –7 | 146 |
| Cabinet Office | 278 | –4 | –8 | 265 | 228 | –4 | –10 | 214 | 192 | | –14 | 178 |
| Welfare to Work | 300 | | –25 | 275 | 300 | | 55 | 355 | 300 | | –25 | 275 |
| Invest to Save Budget | 4 | | –4 | | 16 | | –7 | 9 | 20 | | 0 | |
| Capital Modernisation Fund | | 250 | –216 | 34 | 1,000 | | –453 | 547 | 1,500 | –250 | –565 | 685 |
| Reserve | 100 | | | 100 | 200 | | –16 | 184 | 200 | | –16 | 200 |
| Total Capital Budget | 13,100 | 1,100 | –200 | 14,000 | 15,100 | 1,000 | –300 | 15,800 | 17,800 | 900 | –500 | 18,100 |
| Departmental Expenditure Limits | 179,200 | 0 | 0 | 179,200 | 190,100 | –400 | 0 | 189,700 | 200,200 | –700 | –100 | 199,500 |

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.4 Control Total by department in 1998–99, differences from previous plans

| | Plans in PESA 1998–99 | Transfer and Classification changes | Revised Plans | Other Changes | Estimated Outturn |
|---|-----------------------------|---|------------------|------------------|----------------------|
| | | | | | £ million |
| Education and Employment | 13,072 | –219 | 12,853 | 1,326 | 14,179 |
| Health | 37,170 | 3 | 37,173 | 469 | 37,643 |
| DETR–Main Programmes | 12,149 | –55 | 12,094 | –99 | 11,995 |
| DETR–Local Government | 32,764 | –7 | 32,757 | 0 | 32,757 |
| Home Office | 6,895 | 8 | 6,903 | 119 | 7,022 |
| Legal Departments | 2,686 | –47 | 2,639 | 62 | 2,701 |
| Defence | 22,240 | 8 | 22,248 | 301 | 22,549 |
| Foreign Office | 1,037 | 29 | 1,066 | 54 | 1,119 |
| International Development | 2,311 | –28 | 2,283 | 142 | 2,425 |
| Trade and Industry | 2,879 | –241 | 2,638 | 110 | 2,748 |
| Agriculture, Fisheries and Food | 3,365 | 2 | 3,367 | 53 | 3,420 |
| Culture, Media and Sport | 912 | 10 | 922 | 6 | 927 |
| Social Security | 83,621 | 43 | 83,664 | –1,920 | 81,744 |
| Scotland | 14,581 | 47 | 14,628 | 321 | 14,948 |
| Wales | 6,969 | 5 | 6,974 | 138 | 7,113 |
| Northern Ireland | 8,402 | 2 | 8,404 | 144 | 8,548 |
| Chancellor's Departments | 3,100 | –51 | 3,049 | 144 | 3,193 |
| Cabinet Office | 1,306 | –5 | 1,301 | 52 | 1,353 |
| European Communities | 2,443 | 0 | 2,443 | 1,022 | 3,465 |
| LASFE | 14,000 | 0 | 14,000 | 600 | 14,600 |
| Reserve | 3,000 | 0 | 3,000 | –3,000 | |
| Carry forward of underspending ⁽¹⁾ | | 750 | 750 | –750 | |
| Allowance for shortfall | | 0 | 0 | –1,300 | –1,300 |
| Control Total | 274,929 | 300 | 275,200 | –2,000 | 273,200 |

(1) Carry forward of £750 million underspend from 1997-98, announced in Economic and Fiscal Strategy Report, 1998 (Cm 3978).

2. DIFFERENCES FROM PREVIOUS PLANS

Table 2.5 Difference between plans and outturn for the Control Total by department, 1997–98

| | Plans in PESA 1997–98 | Transfer and Classification changes | Revised Plans | Other Changes | £ million Estimated Outturn |
|---|-----------------------------|---|------------------|------------------|-----------------------------------|
| Education and Employment | 13,876 | -158 | 13,718 | 327 | 14,044 |
| Health | 34,938 | -25 | 34,913 | 405 | 35,317 |
| DETR—Main Programmes | 12,769 | -66 | 12,703 | -318 | 12,385 |
| DETR—Local Government | 31,378 | -3 | 31,375 | 0 | 31,375 |
| Home Office | 6,889 | -64 | 6,825 | -93 | 6,732 |
| Legal Departments | 2,708 | -38 | 2,670 | -29 | 2,641 |
| Defence | 21,122 | 12 | 21,134 | -215 | 20,919 |
| Foreign Office | 1,078 | -9 | 1,069 | 8 | 1,076 |
| International Development | 2,187 | 0 | 2,187 | 55 | 2,242 |
| Trade and Industry | 3,068 | -33 | 3,035 | -258 | 2,778 |
| Agriculture, Fisheries and Food | 3,739 | 4 | 3,743 | -245 | 3,498 |
| Culture, Media and Sport | 924 | -53 | 871 | 24 | 894 |
| Social Security | 79,843 | -51 | 79,792 | -564 | 79,228 |
| Scotland | 14,337 | 49 | 14,386 | 36 | 14,422 |
| Wales | 6,894 | 4 | 6,898 | -81 | 6,817 |
| Northern Ireland | 8,227 | -2 | 8,225 | -86 | 8,140 |
| Chancellor's Departments | 3,168 | -72 | 3,096 | 6 | 3,103 |
| Cabinet Office | 1,045 | -7 | 1,038 | -106 | 933 |
| European Communities | 2,247 | 0 | 2,247 | -197 | 2,049 |
| LASFE | 13,700 | -500 | 13,200 | 1,100 | 14,300 |
| Reserve | 2,300 | 0 | 2,300 | -2,300 | |
| Carry forward of underspending ⁽¹⁾ | | -2,250 | -2,250 | 2,250 | |
| Allowance for shortfall | | 0 | 0 | 0 | |
| Control Total | 266,437 | -3,000 | 263,200 | -300 | 262,900 |

(1) Includes carry forward of £1,500 million underspend into 1998-99, announced in Financial Statement and Budget Report, March 1998 (HC 620), and further carry forward of £750 million underspend into 1998-99, announced in Economic and Fiscal Strategy Report 1998 (Cm 3978).

3. PUBLIC EXPENDITURE CONTROLS

IN-YEAR CONTROLS – DEPARTMENTAL EXPENDITURE LIMITS

3.1 As noted in Chapter 1, the main focus for control of departmental spending that can be given firm and realistic limits during a given financial year is the departmental expenditure limit. **Table 3.1** shows to the nearest £000 the control limits for all expenditure within Total DEL for 1999–2000, split between Voted and non-Voted elements. DEL replaces cash limits; the in-year control mechanisms are described in Section 2 of the Supply Estimates 1999–2000, to be presented to the House of Commons as HC 336.

3.2 Running costs which form separate control limits within DEL are described in this Chapter, along with External Finance Limits (EFLs) for nationalised industries and other public corporations. Full detail of local authority financing is shown in Chapter 6. The impact of External Finance Requirements (EFRs) for nationalised industries and other public corporations on DEL and Main Departmental Programmes in AME to 2001–02 is described in Chapter 7.

RUNNING COSTS

3.3 Running costs controls cover departments' current expenditure on staff, accommodation and other services used in the administration of central government and the direct delivery of services by departments. Current expenditure on assessing and paying benefits, assessing and collecting taxes, running prisons and helping people return to work amounts to about half the total. The primary aim of running costs control is to promote economical and efficient administration and service delivery in central government. This is largely achieved by containing gross administrative costs. Running costs controls leave departmental managers with the flexibility to decide how to use effectively the funds available for administration and service delivery to meet their objectives.

3.4 Running costs expenditure is controlled during the year through running costs limits which are notified to Parliament. Most departments now have running costs deals agreed for the three years of the Comprehensive Spending Review (CSR) period, and this will allow departments greater certainty of funding to manage their administration costs effectively. The only addition to CSR running costs funding is the running costs element of the Invest to Save Budget, which allows departments to bid for funds for innovative, joined-up government projects. Otherwise, the running costs limits, once set, are not intended to be changed. The only general exception, apart from agreed classification and transfer changes, is that gross limits may be increased under end-year flexibility (EYF). The EYF scheme allows underspends to be carried forward, thereby assisting departments to manage their running costs budgets and encouraging improvements in efficiency and value for money. All changes to running costs limits require the specific approval of Treasury and will be notified to Parliament.

3.5 Running costs are normally controlled gross, although for areas where expenditure and receipts vary in line with demand and which have suitably robust monitoring and management systems, net running costs control may be agreed as set out in "The Financing and Accountability of Next Steps Agencies" (Cm 914). **Table 3.2** sets out gross running costs limits for 1999–2000 for those departments and agencies which have gross controls. From 1 April 1999, 18 bodies, mainly Executive Agencies, will be subject to net running costs controls.

Table 3.3 sets out the net running costs limits for 1999–2000 for these bodies. Wilton Park reverted to gross running costs control during 1998–99. The Treasury Solicitors Department will begin to operate under net control from 1 April 1999. Ordnance Survey, Forensic Science Service and NHS Estates will become Trading Funds, and move out of running costs control, and the Scottish Agricultural Science Agency and the Land Registry of Northern Ireland will move out of running costs control in anticipation of devolution (see paragraph 3.6, below).

3.6 From 1 April 1999, the administration costs of the departments which will be controlled by the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly after devolution will be removed from running costs control. UK Parliamentary control will only be exercised over the running costs expenditure for the Offices of the Secretaries of State for Scotland and for Wales, and for the Northern Ireland Office.

3.7 Where running costs are controlled gross, departments can, with Treasury approval, offset certain receipts against gross running costs expenditure. These are receipts:

- i from sub-letting property (see paragraph 3.8 below);
- ii related to running costs expenditure incurred in selling services into wider markets (see paragraph 3.8 below);
- iii from a body under running costs control in respect of services provided (see paragraph 3.9 below);
- iv from another running costs controlled area in respect of staff seconded there (see paragraph 3.9 below);
- v from employment subsidies received under the Welfare to Work package (see paragraph 3.10 below);
- vi from HM Customs & Excise in respect of VAT refunds on eligible contracted out services (see paragraph 3.11 below);
- vii in respect of staff members who are funded from the European Fast Stream programme; and
- viii joint running costs funding by third parties for Invest to Save projects (see paragraph 3.12 below).

These receipts are shown in the “Allowable receipts” column of Table 3.2. The inclusion of items vi, vii and viii, represents a change from presentation of running costs provision in PESA 1998–99, when vi and vii were offset against the “Gross Expenditure” column of Table 3.2. Invest to Save is a new initiative taking effect from 1 April 1999.

3.8 The inclusion within the gross running costs limit of certain receipts from sub-letting property and from selling services into wider markets results from the Government’s policy on maximising value from public assets. Allowing departments to offset running costs related wider market receipts and receipts arising from sub-letting against their running costs limits is designed to encourage departments to make the best use of their fixed assets.

3.9 Running costs limits are affected by the treatment of receipts for services purchased by a running costs controlled body from a body under gross running costs control. Previously, the gross expenditure of both customer and provider department was included within their running costs limits. Allowing these receipts to be offset against expenditure avoids counting running costs expenditure twice, and thus ends the distortion within the running costs totals in Chapter 3 and Chapter 5. Similarly, receipts from another running costs controlled area in respect of staff seconded there are also allowable against gross expenditure, to avoid distortions in the recording of paybill expenditure within departments.

3.10 Running costs limits are also affected by the Welfare to Work package which includes New Deals for the Young and Long Term Unemployed. Running costs controlled bodies are able to offset New Deal subsidies and training payments paid to them against their running costs limit providing the payments relate to expenditure on running costs. Running costs expenditure on Welfare to Work is financed from the windfall tax on privatised utilities and will continue to be separately identified in Table 3.2.

3.11 Departments who contract out to the private sector services previously undertaken in-house may, with Treasury approval, claim back the VAT element of this expenditure. The resulting VAT refunds will then be allowed as an offset when calculating running costs limits

3.12 Invest to Save projects are jointly funded by the ISB programme run by the Cabinet Office and HM Treasury, and by the public sector partners participating in each individual project. Where funding partners are both within the gross running costs regime, the department with final responsibility for accounting for ISB expenditure will be allowed to offset receipts from another partner to the project against their running costs limit, where applicable. This to avoid expenditure being recorded twice against overall running costs limits.

3.13 A nine year span of outturn data and provision for running costs by department is provided in Chapter 5, which also includes outturns and projections for departmental staffing levels.

EXTERNAL FINANCE LIMITS

3.14 The public expenditure treatment of public corporations accountable to Ministers is described more fully in Chapter 7. The key points are:

- the impact of almost all public corporations on DEL and Main Departmental Programmes in AME is measured by their external financing requirements (EFRs), a measure of the grant, subsidy, government lending and market and overseas borrowing which an industry needs during the financial year to supplement the income from its trading activities; and
- for the Self-Financing Public Corporations (SFPCs), EFRs are in Main Departmental Programmes in AME – with any grant or subsidy paid to an SFPC scoring additionally in DEL (apart from the routine subsidy to the Crown Estate Commissioners). All other public corporations score in DEL.

3.15 **External finance limits (EFLs)** were introduced in 1976 as an important short-term control on the EFR. Where a public corporation generates a positive cash flow, after financing new investment, it is expected to repay outstanding debt, or if no debt is outstanding to invest in financial assets which are liabilities of the public sector. Corporations are set an EFL for the year immediately ahead and provisional figures for external finance for the rest of the plan period are also set. **Table 3.4** shows, for each public corporation controlled in this way, the EFL which has been set for 1999–2000, together with the EFL and estimated EFR outturn for 1998–99. Although EFLs are normally set at the level of the planned EFR, they may be set at a lower level so there may be differences for 1999–2000 between the EFLs shown in this Chapter and the EFRs set out in Chapter 7.

3. PUBLIC EXPENDITURE CONTROLS

Table 3.1 Departmental Expenditure Limits for 1999–2000

| Department/Group | DEL | £ thousand | |
|--|--------------------|--------------------|------------------------|
| | | Voted | of which: Non-Voted |
| Department for Education and Employment ⁽¹⁾ | 15,702,326 | 14,350,774 | 1,351,552 |
| Department of Health | 40,345,045 | 40,178,767 | 166,278 |
| DETR–Main Programmes ⁽²⁾ | 9,696,757 | 7,958,165 | 1,738,592 |
| DETR–Local Government | 34,207,667 | 33,840,681 | 366,986 |
| Office of the Rail Regulator | 1 | 1 | – |
| Office of Water Services | -49 | 1 | -50 |
| Home Office | 7,752,125 | 7,564,054 | 188,071 |
| Charity Commission | 21,277 | 21,277 | – |
| Lord Chancellor's Departments ⁽³⁾ | 2,421,144 | 2,329,356 | 91,788 |
| Attorney General's Departments ⁽⁴⁾ | 335,061 | 331,261 | 3,800 |
| Ministry of Defence | 22,280,341 | 22,280,341 | – |
| Foreign and Commonwealth Office | 1,114,622 | 1,112,022 | 2,600 |
| Department for International Development | 2,299,090 | 1,794,764 | 504,326 |
| Department of Trade and Industry | 3,217,547 | 3,127,781 | 89,766 |
| Export Credits Guarantee Department | 520 | 520 | – |
| Office of Fair Trading | 30,733 | 30,733 | – |
| Office of Telecommunications | 1 | 1 | – |
| Office of Gas Supply | 1 | 1 | – |
| Office of Electricity Regulation | 1 | 1 | – |
| Ministry of Agriculture, Fisheries and Food ⁽⁵⁾ | 1,267,812 | 1,250,121 | 17,691 |
| Forestry Commission | 68,615 | 68,615 | – |
| Department of Culture, Media and Sport ⁽⁶⁾ | 993,137 | 965,376 | 27,761 |
| Department of Social Security | 3,377,638 | 2,643,935 | 733,703 |
| Scotland | 13,809,418 | 2,400 | 13,807,018 |
| Wales | 7,061,717 | 2,044,161 | 5,017,556 |
| Northern Ireland | 5,851,739 | 992,317 | 4,859,422 |
| HM Treasury | 140,875 | 102,784 | 38,091 |
| HM Customs & Excise | 898,293 | 897,293 | 1,000 |
| Inland Revenue | 1,871,226 | 1,836,316 | 34,910 |
| National Savings | 172,815 | 172,815 | – |
| Registry of Friendly Societies | 2,460 | 2,460 | – |
| National Investment and Loans Office | 250 | 250 | – |
| Office for National Statistics | 110,242 | 109,242 | 1,000 |
| Government Actuary's Department | 636 | 636 | – |
| Cabinet Office ⁽⁷⁾ | 301,820 | 301,480 | 340 |
| Security and Intelligence Services | 742,947 | 742,947 | – |
| Privy Council Office | 2,462 | 2,462 | – |
| Office of the Parliamentary Commissioner and Health Service Commissioners | 14,971 | 14,971 | – |
| House of Lords | 45,852 | 45,852 | – |
| House of Commons | 273,925 | 273,925 | – |
| National Audit Office | 43,400 | 43,400 | – |
| Expenditure financed by the windfall tax | 1,491,839 | 1,365,624 | 126,215 |
| of which: | | | |
| Department for Education and Employment | 1,349,816 | 1,349,816 | – |
| Department of Health | -10 | -10 | – |
| Department of Social Security | 11,952 | 11,952 | – |
| Scotland | 27,395 | – | 27,395 |
| Wales | 15,426 | 3,856 | 11,570 |
| Northern Ireland | 87,250 | – | 87,250 |
| Total | 177,968,299 | 148,799,883 | 13,797,453 |

(1) Includes Sure Start and the Office of Her Majesty's Chief Inspector of Schools.

(2) Includes Ordnance Survey and Office of the Rail Regulator.

(3) Includes Lord Chancellor's Department, Northern Ireland Court Service, Public Record Office and Land Registry.

(4) Includes Crown Prosecution Service, Serious Fraud Office and Treasury Solicitor's Department.

(5) Includes the Intervention Board–Executive Agency.

(6) Includes the Office of the National Lottery.

(7) Includes Central Office of Information.

3. PUBLIC EXPENDITURE CONTROLS

Table 3.2 Gross running cost limits, 1999-2000

| | £ thousand | | |
|--|----------------------|-----------------------|------------------------------|
| | Gross expenditure | Allowable receipts | Gross running costs limit |
| Department for Education and Employment ⁽¹⁾ | 2,070,708 | -44,979 | 2,025,729 |
| <i>Funded by the Windfall Tax</i> | 176,555 | -15,000 | 161,555 |
| Office of Her Majesty's Chief Inspector | 62,575 | -607 | 61,968 |
| Department of Health | 541,346 | -6,527 | 534,819 |
| Office of Water Services | 9,484 | 0 | 9,484 |
| Department of the Environment, Transport and the Regions | 1,088,657 | -14,254 | 1,074,403 |
| Health and Safety Executive | 326,988 | -4,899 | 322,089 |
| Office of Passenger Franchising | 20,620 | -466 | 20,154 |
| Office of the Rail Regulator | 9,258 | -258 | 9,000 |
| Charity Commission | 40,442 | -484 | 39,958 |
| Home Office | 2,535,055 | -46,626 | 2,488,429 |
| Crown Prosecution Service | 438,721 | -1,698 | 437,023 |
| Serious Fraud Office | 22,808 | -610 | 22,198 |
| Lord Chancellor's Department | 469,627 | -13,178 | 456,449 |
| Public Record Office | 24,968 | | 24,968 |
| Northern Ireland Court Service | 28,534 | -674 | 27,860 |
| Foreign and Commonwealth Office | 1,082,200 | -44,557 | 1,037,643 |
| Department for International Development | 55,182 | -176 | 55,006 |
| Office of Electricity Regulation | 12,104 | -393 | 11,711 |
| Office of Gas Supply | 7,416 | 356 | 7,772 |
| Office of Telecommunications | 21,271 | -484 | 20,787 |
| Office of Fair Trading | 37,387 | -138 | 37,249 |
| Department of Trade and Industry | 767,379 | -39,610 | 727,769 |
| The Intervention Board | 128,653 | -6,412 | 122,241 |
| Ministry of Agriculture, Fisheries and Food | 623,810 | -8,044 | 615,766 |
| Office of the National Lottery | 2,587 | -111 | 2,476 |
| Department for Culture, Media and Sport | 62,101 | -1,159 | 60,942 |
| Department of Social Security ⁽¹⁾ | 5,843,732 | -58,929 | 5,784,803 |
| <i>Funded by the Windfall Tax</i> | 36,317 | 0 | 36,317 |
| Scottish Courts Administration | 133,995 | -6,541 | 127,454 |
| Scottish Record Office | 7,894 | 0 | 7,894 |
| General Register Office for Scotland | 16,585 | -260 | 16,325 |
| Scottish Office | 770,419 | -20,804 | 749,615 |
| Welsh Office | 71,342 | -1,293 | 70,049 |
| Northern Ireland Office | 170,525 | -1,025 | 169,500 |
| Northern Ireland Departments ⁽¹⁾ | 615,554 | -35,651 | 579,903 |
| Office for National Statistics | 221,006 | -13,722 | 207,284 |
| Customs and Excise | 1,576,872 | -13,097 | 1,563,775 |
| Friendly Societies Registry | 14,266 | -60 | 14,206 |
| Inland Revenue | 3,954,159 | -123,294 | 3,830,865 |
| National Savings Department | 351,088 | -4,936 | 346,152 |
| National Investment and Loans Office | 1,550 | -114 | 1,436 |
| HM Treasury | 56,910 | -1,915 | 54,995 |
| Security and Intelligence Services | 419,504 | -13,802 | 405,702 |
| Cabinet Office: other services | 85,666 | -31,355 | 54,311 |
| Privy Council Office | 2,221 | -2 | 2,219 |
| Total for gross running costs areas | 25,016,041 | -577,788 | 24,438,253 |
| MOD Operating Costs | 17,802,786 | -1,884,445 | 15,918,341 |

(1) Includes all departmental running costs expenditure not funded by the Windfall Tax.

3. PUBLIC EXPENDITURE CONTROLS

Table 3.3 Net running costs limits, 1999–2000

| | £ million | | |
|--|----------------------|-----------------|----------------------------|
| | Gross expenditure | Receipts | Net running costs limit |
| Health and Safety Laboratory (HSE) | 13,997 | -13,997 | 0 |
| Vehicle Certification Agency (DETR) | 4,598 | -4,477 | 121 |
| UK Passport Agency (HO) | 65,805 | -65,805 | 0 |
| Treasury Solicitor's Department | 27,703 | -25,268 | 2,435 |
| National Weights and Measures Laboratory (DTI) | 2,822 | -2,822 | 0 |
| Radiocommunications Agency (DTI) | 35,309 | -35,309 | 0 |
| Central Services (DTI) | 14,425 | -14,425 | 0 |
| Central Science Laboratory (MAFF) | 29,261 | -29,261 | 0 |
| Farming and Rural Conservation Agency (MAFF) | 18,781 | -18,781 | 0 |
| Veterinary Laboratories Agency (MAFF) | 43,114 | -43,114 | 0 |
| Veterinary Medicine Directorate (MAFF) | 6,933 | -6,933 | 0 |
| Information Technology Services Agency (DSS) | 322,222 | -322,222 | 0 |
| Customer Funded Services (ONS) | 17,750 | -17,951 | -201 |
| Government Actuary's Department | 7,601 | -7,178 | 423 |
| Valuation Office (IR) | 142,798 | -142,798 | 0 |
| Civil Service College (CO) | 18,375 | -18,523 | -148 |
| Government Car and Despatch Agency (CO) | 11,775 | -12,991 | -1,216 |
| Security Facilities Executive Agency (SAFE) | 11,530 | -11,530 | 0 |
| Total for net running costs areas | 794,799 | -793,385 | 1,414 |
| Land Registers of Northern Ireland (NI) | 4,504 | -4,504 | 0 |

3. PUBLIC EXPENDITURE CONTROLS

Table 3.4 External finance limits of public corporations, 1999–2000

| | £ thousand | | |
|---|----------------|---------------------------------|----------------|
| | 1998–99 EFL | 1998–99 Estimated outturn | 1999–00 EFL |
| Education and Employment | | | |
| Remploy Ltd | 94,161 | 94,160 | 94,160 |
| Health | | | |
| Medicines Control Agency (T) | 7,500 | 7,500 | 700 |
| National Health Service Trusts (England) | 121,290 | 58,714 | 166,596 |
| DETR | | | |
| Air Travel Trust Fund | 4,000 | 1,000 | 4,000 |
| British Waterways Board | 53,272 | 53,272 | 58,690 |
| Civil Aviation Authority (N) | –39,559 | –43,018 | –2,000 |
| Docklands Light Railway | 52,000 | 52,000 | 21,400 |
| Driving Standards Agency (T) | –138 | –138 | –145 |
| Housing Action Trusts | 94,500 | 94,500 | 84,400 |
| London Transport (N) | 391,198 | 391,198 | 399,250 |
| National Air Traffic Services (N) (S) | – | – | –37,600 |
| National Railways (N) | 157,943 | 152,330 | 93,200 |
| New Town Development Corporations and the Commission for New Towns | –115,600 | –115,600 | –112,000 |
| Queen Elizabeth II Conference Centre (T) | –152 | –152 | –134 |
| Urban Regeneration Agency (English Partnerships) | 295,971 | 295,971 | 76,308 |
| Vehicle Inspectorate (T) | –60 | –60 | 1 |
| Home Office | | | |
| Fire Service College (T) | –1,446 | –1,446 | –3,406 |
| Forensic Science Service (T) | | | –270 |
| The Tote (S) | –1,782 | –1,782 | –6,993 |
| Legal Departments | | | |
| Land Registry (T) | 0 | –6,259 | 0 |
| Defence | | | |
| Defence and Evaluation Research Agency (T) | –29,371 | –29,115 | –7,593 |
| Hydrographic Office (T) | 87,500 | –342 | –256 |
| Meteorological Office (T) | –8,383 | –15,554 | –8,513 |
| Foreign and Commonwealth Office | | | |
| BBC Monitoring Service | –1,423 | –1,423 | –1,400 |
| International Development | | | |
| Commonwealth Development Corporation (S) | –15,000 | –15,200 | 0 |
| Trade and Industry | | | |
| British Coal (N) | 12,300 | 12,300 | 7,000 |
| British Nuclear Fuels (N) (S) | 78,410 | 78,410 | 25,000 |
| British Shipbuilders (N) | 0 | 0 | 0 |
| Companies House (T) | 1,227 | 1,227 | 2,065 |
| The Patent Office (T) | –7,858 | –7,858 | –5,561 |
| Post Office (N) (S) | –214,000 | –214,000 | –97,000 |
| Culture Media and Sport | | | |
| The Welsh Fourth Channel Authority | 75,127 | 75,127 | 75,127 |

3. PUBLIC EXPENDITURE CONTROLS

**Table 3.4 External finance limits of public corporations 1999–2000
(continued)**

| | £ thousand | | |
|---|----------------|---------------------------------|----------------|
| | 1999–99 EFL | 1998–99 Estimated outturn | 1999–00 EFL |
| Wales | | | |
| National Health Service Trust (Wales) | 49,670 | 49,670 | 10,674 |
| Urban Development Corporations (Wales) | 37,419 | 37,419 | 35,419 |
| Welsh Development Agency | 140,134 | 140,134 | 134,152 |
| Northern Ireland | | | |
| Driver Vehicle Testing Agency (T) | 1 | 1 | 1 |
| Laganside | 7,574 | 7,574 | 7,574 |
| National Health Service Trusts (Northern Ireland) | 18,627 | 18,627 | 10,208 |
| Northern Ireland Housing Executive | 170,752 | 141,827 | 151,429 |
| Northern Ireland Transport Holding Company | 20,411 | 20,293 | 22,741 |
| Cabinet Office | | | |
| The Buying Agency (T) | 0 | 0 | 0 |
| Central Office of Information (T) | 0 | 0 | 0 |
| (N) Nationalised industry. | | | |
| (S) Self-financing Public Corporation. | | | |
| (T) Trading Fund. | | | |
| (1) In 1998–99 National Air Traffic Services formed part of the EFL for the Civil Aviation Authority. | | | |
| (2) External finance limits for public corporations in Scotland were published IN HC 193 dated 4 February 1999. | | | |

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

4.1 The analyses in this chapter attempt to give a picture of changes in government expenditure over recent years, adjusted as far as possible so that figures for outturn years are based on current allocations of responsibilities between departments and on current definitions for the aggregate spending measures. Some significant discontinuities remaining in the figures are explained in footnotes.

PUBLIC EXPENDITURE AGGREGATES

4.2 Table 4.1 shows trends in public expenditure over the years 1963–64 to 2001–02 in cash and in real terms and as a percentage of gross domestic product (GDP). The table shows four spending aggregates in this detail: public sector current expenditure, public sector net investment, total managed expenditure (TME) and general government expenditure (GGE). Data for a fifth aggregate, public sector depreciation, are shown in cash only. Data for all these aggregates for the years up to 1997–98 are taken from the national accounts compiled by the Office for National Statistics. Public sector current expenditure plus public sector net investment plus public sector depreciation is equal to TME – which is total public sector spending in national accounts. Figures for 1998–99 onwards are projections produced by the Treasury.

TOTAL MANAGED EXPENDITURE BY FUNCTION

4.3 Table 4.2 gives a functional analysis of TME for the years since 1983–84, allocating to the appropriate function expenditure for which the respective Secretaries of State for Scotland, Wales and Northern Ireland are responsible and expenditure by local authorities. The key concept in this and subsequent tables in this publication is “expenditure on services”, which is the spending aggregate allocated by function. This covers most expenditure by central government, including support to public corporations, and expenditure by local authorities – including loans (net of repayments) which are outside of TME – but excludes debt interest payments, net public service pension payments in AME and most of the accounting adjustments in Table 1.7. In deciding on the exact coverage of expenditure on services for this year’s PESA, substantial weight was given to maintaining continuity with the coverage in previous publications, but there have been a few changes from last year, including the inclusion of spending financed from the National Lottery, previously excluded as an accounting adjustment.

4.4 Tables 4.3 and 4.4 present the material in Table 4.3 in real terms and as a percentage of GDP. A more detailed analysis of public expenditure by function, covering the period 1993–94 to 1998–99, is given in Table 4.5.

4.5 As in previous publications, these tables cover outturn years only. Future levels of local authority expenditure on particular services are the responsibility of individual authorities, and there are no detailed plans at this level of detail for total public sector expenditure.

TOTAL MANAGED EXPENDITURE BY ECONOMIC CATEGORY

4.6 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

services, current or capital. **Table 4.6** breaks down total expenditure on services into the following economic categories:

- i Pay – pay and pension costs;
- ii Other current expenditure on goods and services – including general administrative expenses and purchases of other goods and services which are not of a capital nature;
- iii Subsidies – payments to producers designed to reduce their prices;
- iv Current grants to the private sector – including grants to persons, such as social security benefits, and grants towards the current expenditure of non-profit making bodies outside the public sector;
- v Current transfers abroad – including net payments to European Communities institutions, payments from the UK's development assistance, subscriptions to international organisations and pensions paid to overseas residents;
- vi Net capital expenditure on assets – comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from sales of similar assets and the value of net changes in the level of stocks;
- vii Capital grants – grants to the private sector, nationalised industries and other public corporations; and
- viii Lending and other financial transactions – comprising net lending to the private sector and public corporations, net lending and investment abroad from the UK's Aid Programme.

As in Tables 4.2 to 4.5, debt interest payments and most accounting adjustments are not allocated by economic category and are shown separately.

ASSET SALES

4.7 **Table 4.7** shows actual and planned general government receipts from asset sales from 1993–94 through to 2001–02. Significant one-off items which are included in departmental spending totals are identified separately. These need to be taken into account in looking at trends in departmental spending.

Table 4.1 Public Expenditure Aggregates, 1963-64 to 2001-02

| | Public Sector Current Expenditure | | | Depreciation Cash (£ billion) | Public Sector Net Investment | | | Total Managed Expenditure | | | General Government Expenditure | | |
|---------|-----------------------------------|--|----------------------|-------------------------------------|------------------------------|--|----------------------|---------------------------|--|----------------------|--------------------------------|--|----------------------|
| | Cash (£ billion) | Real terms ⁽¹⁾ (£ billion) | Percentage of GDP | | Cash (£ billion) | Real terms ⁽¹⁾ (£ billion) | Percentage of GDP | Cash (£ billion) | Real terms ⁽¹⁾ (£ billion) | Percentage of GDP | Cash (£ billion) | Real terms ⁽¹⁾ (£ billion) | Percentage of GDP |
| 1963-64 | 9.4 | 111.4 | 30.2 | 1.0 | 1.5 | 18.3 | 5.0 | 11.9 | 141.5 | 38.4 | 11.4 | 135.3 | 36.7 |
| 1964-65 | 9.9 | 112.7 | 29.2 | 1.1 | 1.9 | 21.2 | 5.5 | 12.8 | 146.0 | 37.9 | 12.3 | 140.3 | 36.4 |
| 1965-66 | 11.0 | 120.0 | 30.5 | 1.2 | 2.0 | 21.6 | 5.5 | 14.2 | 154.1 | 39.2 | 13.7 | 148.9 | 37.8 |
| 1966-67 | 12.0 | 125.7 | 31.3 | 1.2 | 2.4 | 25.4 | 6.3 | 15.7 | 164.1 | 40.9 | 15.1 | 158.4 | 39.5 |
| 1967-68 | 13.5 | 137.0 | 33.2 | 1.4 | 3.1 | 31.2 | 7.5 | 17.9 | 182.1 | 44.1 | 17.5 | 178.2 | 43.1 |
| 1968-69 | 14.5 | 139.8 | 32.8 | 1.5 | 3.0 | 28.8 | 6.8 | 18.9 | 183.2 | 43.0 | 18.3 | 177.5 | 41.7 |
| 1969-70 | 15.3 | 140.4 | 32.3 | 1.7 | 2.9 | 27.0 | 6.2 | 19.9 | 182.7 | 42.0 | 19.2 | 176.8 | 40.6 |
| 1970-71 | 16.9 | 143.4 | 32.1 | 1.9 | 3.4 | 29.0 | 6.5 | 22.2 | 188.5 | 42.2 | 21.6 | 183.2 | 41.0 |
| 1971-72 | 19.3 | 150.2 | 32.9 | 2.2 | 3.2 | 25.3 | 5.5 | 24.7 | 192.3 | 42.2 | 24.3 | 188.8 | 41.4 |
| 1972-73 | 21.9 | 157.5 | 32.7 | 2.5 | 3.4 | 24.5 | 5.1 | 27.7 | 199.6 | 41.5 | 27.3 | 196.5 | 40.8 |
| 1973-74 | 25.8 | 173.4 | 34.7 | 3.0 | 4.1 | 27.5 | 5.5 | 32.8 | 220.7 | 44.2 | 31.5 | 211.6 | 42.4 |
| 1974-75 | 34.2 | 191.9 | 38.6 | 3.8 | 5.1 | 28.8 | 5.8 | 43.2 | 242.1 | 48.7 | 42.4 | 238.0 | 47.9 |
| 1975-76 | 43.8 | 196.3 | 39.8 | 4.8 | 6.4 | 28.5 | 5.8 | 55.0 | 246.2 | 49.9 | 53.2 | 238.1 | 48.2 |
| 1976-77 | 51.2 | 201.8 | 39.7 | 5.6 | 5.9 | 23.4 | 4.6 | 62.8 | 247.4 | 48.7 | 58.9 | 231.9 | 45.6 |
| 1977-78 | 57.3 | 198.6 | 38.1 | 6.4 | 4.7 | 16.4 | 3.1 | 68.4 | 237.2 | 45.5 | 63.8 | 221.0 | 42.4 |
| 1978-79 | 65.5 | 204.5 | 38.0 | 7.3 | 4.6 | 14.3 | 2.7 | 77.4 | 241.7 | 44.9 | 74.2 | 231.5 | 43.1 |
| 1979-80 | 78.9 | 210.9 | 38.2 | 8.6 | 5.1 | 13.6 | 2.5 | 92.6 | 247.4 | 44.8 | 89.0 | 237.9 | 43.1 |
| 1980-81 | 93.6 | 217.6 | 40.9 | 10.5 | 4.7 | 10.6 | 2.0 | 111.5 | 252.1 | 47.3 | 108.5 | 245.3 | 46.1 |
| 1981-82 | 110.0 | 227.0 | 42.6 | 11.5 | 2.8 | 5.9 | 1.1 | 124.3 | 256.5 | 48.1 | 120.6 | 248.9 | 46.7 |
| 1982-83 | 120.5 | 232.6 | 42.6 | 11.8 | 4.8 | 9.2 | 1.7 | 137.1 | 264.6 | 48.5 | 131.9 | 254.5 | 46.6 |
| 1983-84 | 129.8 | 239.5 | 42.4 | 12.4 | 5.9 | 10.9 | 1.9 | 148.1 | 273.3 | 48.3 | 139.6 | 257.6 | 45.6 |
| 1984-85 | 140.2 | 245.8 | 42.5 | 12.5 | 5.5 | 9.6 | 1.7 | 158.3 | 277.4 | 48.0 | 150.0 | 262.9 | 45.5 |
| 1985-86 | 148.1 | 246.6 | 41.0 | 11.8 | 4.8 | 8.0 | 1.3 | 164.7 | 274.3 | 45.6 | 157.3 | 261.8 | 43.5 |
| 1986-87 | 155.2 | 250.5 | 39.9 | 12.4 | 3.1 | 5.0 | 0.8 | 170.7 | 275.6 | 43.9 | 161.8 | 261.3 | 41.6 |
| 1987-88 | 165.5 | 253.6 | 38.5 | 11.9 | 3.3 | 5.0 | 0.8 | 180.6 | 276.9 | 42.1 | 171.1 | 262.3 | 39.8 |
| 1988-89 | 172.5 | 247.7 | 36.0 | 13.3 | 2.0 | 2.9 | 0.4 | 187.8 | 269.7 | 39.2 | 178.2 | 255.8 | 37.2 |
| 1989-90 | 185.8 | 249.0 | 35.6 | 14.2 | 6.8 | 9.2 | 1.3 | 206.8 | 277.1 | 39.6 | 200.1 | 268.1 | 38.3 |
| 1990-91 | 201.5 | 250.3 | 35.8 | 13.5 | 8.4 | 10.5 | 1.5 | 223.4 | 277.5 | 39.7 | 216.4 | 268.9 | 38.5 |
| 1991-92 | 226.7 | 265.2 | 38.4 | 12.0 | 11.4 | 13.3 | 1.9 | 250.1 | 292.6 | 42.4 | 240.5 | 281.4 | 40.8 |
| 1992-93 | 246.6 | 279.2 | 40.2 | 11.6 | 12.9 | 14.6 | 2.1 | 271.1 | 307.0 | 44.2 | 262.5 | 297.2 | 42.8 |
| 1993-94 | 260.8 | 287.8 | 40.3 | 11.7 | 10.9 | 12.1 | 1.7 | 283.4 | 312.7 | 43.8 | 277.8 | 306.4 | 42.9 |
| 1994-95 | 274.0 | 298.0 | 40.0 | 12.3 | 10.4 | 11.3 | 1.5 | 296.7 | 322.6 | 43.3 | 289.4 | 314.7 | 42.2 |
| 1995-96 | 286.2 | 302.4 | 39.6 | 13.3 | 9.7 | 10.2 | 1.3 | 309.1 | 326.7 | 42.8 | 304.3 | 321.6 | 42.1 |
| 1996-97 | 297.4 | 304.9 | 38.9 | 13.4 | 5.4 | 5.6 | 0.7 | 316.3 | 324.3 | 41.4 | 309.2 | 317.0 | 40.4 |
| 1997-98 | 304.3 | 304.3 | 37.5 | 14.0 | 3.8 | 3.8 | 0.5 | 322.1 | 322.1 | 39.7 | 317.6 | 317.6 | 39.1 |
| 1998-99 | 313.5 | 305.8 | 37.0 | 14.6 | 3.4 | 3.3 | 0.4 | 331.4 | 323.3 | 39.1 | 329.5 | 321.5 | 38.9 |
| 1999-00 | 329.2 | 313.3 | 37.4 | 14.8 | 5.5 | 5.2 | 0.6 | 349.4 | 332.6 | 39.7 | 347.1 | 330.4 | 39.5 |
| 2000-01 | 346.4 | 321.7 | 37.4 | 15.2 | 7.5 | 6.9 | 0.8 | 369.1 | 342.8 | 39.9 | 369.3 | 343.0 | 39.9 |
| 2001-02 | 362.3 | 328.2 | 37.2 | 15.7 | 9.6 | 8.7 | 1.0 | 387.7 | 351.2 | 39.8 | 388.1 | 351.6 | 39.8 |

(1) Cash figures adjusted to price levels of 1997-98.

Table 4.2 Total Managed Expenditure by function, 1983-84 to 1998-99⁽¹⁾

| | £ billion | | | | | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn |
| Education ⁽²⁾ | 15.8 | 16.4 | 16.9 | 18.6 | 20.4 | 22.0 | 24.5 | 26.5 | 29.3 | 31.6 | 33.3 | 34.9 | 35.9 | 36.4 | 37.9 | 38.9 |
| Health and personal social services | 18.1 | 19.4 | 20.5 | 22.1 | 24.3 | 26.8 | 29.3 | 32.8 | 37.1 | 40.7 | 42.8 | 46.0 | 48.6 | 50.7 | 53.1 | 56.3 |
| of which: Health | 15.4 | 16.5 | 17.5 | 18.7 | 20.5 | 22.6 | 24.5 | 27.4 | 31.2 | 34.3 | 35.6 | 37.5 | 39.2 | 40.6 | 42.4 | 45.0 |
| Transport | 5.3 | 5.6 | 5.7 | 5.6 | 5.6 | 5.8 | 6.7 | 8.1 | 9.1 | 10.5 | 9.8 | 10.1 | 8.8 | 8.7 | 8.8 | 8.6 |
| Housing | 4.4 | 4.5 | 4.1 | 4.0 | 4.1 | 3.2 | 5.1 | 4.8 | 5.7 | 6.2 | 5.2 | 5.2 | 5.0 | 4.6 | 3.7 | 3.7 |
| Other environmental services | 4.6 | 4.4 | 4.5 | 5.3 | 5.5 | 5.6 | 6.7 | 7.5 | 8.3 | 8.9 | 8.6 | 9.3 | 9.6 | 9.4 | 9.8 | 9.8 |
| Law, order and protective services | 5.7 | 6.4 | 6.6 | 7.2 | 8.1 | 9.0 | 10.2 | 11.5 | 13.0 | 14.2 | 14.8 | 15.4 | 15.7 | 16.2 | 16.9 | 17.4 |
| Defence ⁽³⁾ | 15.7 | 17.4 | 18.2 | 18.4 | 18.9 | 19.2 | 20.8 | 21.7 | 22.9 | 22.9 | 22.8 | 22.6 | 21.5 | 21.4 | 20.9 | 22.5 |
| International development assistance and other international services | 1.6 | 1.6 | 1.8 | 1.9 | 1.9 | 2.2 | 2.4 | 2.6 | 3.0 | 3.3 | 3.4 | 3.5 | 3.5 | 3.1 | 3.2 | 3.4 |
| Trade, industry, energy, employment and training | 7.4 | 8.4 | 8.6 | 8.6 | 7.1 | 8.6 | 8.2 | 9.5 | 10.0 | 10.5 | 10.9 | 10.3 | 9.7 | 9.1 | 8.1 | 8.5 |
| Agriculture, fisheries, food and forestry | 2.4 | 2.4 | 2.9 | 2.2 | 2.4 | 2.2 | 2.2 | 2.9 | 3.1 | 3.2 | 4.1 | 3.7 | 4.1 | 6.0 | 5.0 | 5.0 |
| Culture, Media and Sport ⁽⁴⁾ | 1.3 | 1.4 | 1.5 | 1.6 | 1.8 | 2.0 | 2.3 | 2.5 | 2.6 | 2.7 | 2.7 | 2.8 | 3.0 | 3.2 | 4.1 | 4.3 |
| Social Security | 36.7 | 39.7 | 43.3 | 46.5 | 48.6 | 49.8 | 52.8 | 59.1 | 70.2 | 79.5 | 86.8 | 89.1 | 93.1 | 96.8 | 97.8 | 100.2 |
| Central administration and associated expenditure ⁽⁵⁾ | 3.2 | 3.7 | 3.6 | 4.1 | 5.0 | 4.7 | 6.4 | 6.5 | 4.6 | 6.3 | 6.4 | 5.7 | 8.1 | 6.5 | 6.4 | 8.4 |
| Total expenditure on services | 122.3 | 131.3 | 138.2 | 146.1 | 153.8 | 161.1 | 177.6 | 196.1 | 218.9 | 240.6 | 251.6 | 258.5 | 266.7 | 272.1 | 275.7 | 287.2 |
| General government debt interest | 15.2 | 16.9 | 18.6 | 18.6 | 19.5 | 20.1 | 21.0 | 20.6 | 18.5 | 19.1 | 20.8 | 23.6 | 27.1 | 28.3 | 30.1 | 30.0 |
| Other accounting adjustments ⁽⁶⁾ | 10.6 | 10.1 | 7.9 | 6.0 | 7.4 | 6.6 | 8.2 | 6.7 | 12.7 | 11.4 | 11.1 | 14.5 | 15.2 | 15.9 | 16.3 | 15.9 |
| Allowance for shortfall ⁽⁷⁾ | | | | | | | | | | | | | | | | -1.6 |
| Total Managed Expenditure | 148.1 | 158.3 | 164.7 | 170.7 | 180.6 | 187.8 | 206.8 | 223.4 | 250.1 | 271.1 | 283.4 | 296.7 | 309.1 | 316.3 | 322.1 | 331.4 |

(1) For years prior to 1993-94, the effects of transfer and classification (including ESA95) changes have been imputed.

(2) Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. Includes loans to students less repayments.

(3) The outturns for Defence for 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict. Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(4) Includes expenditure financed by the National Lottery.

(5) Includes net payments to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

(6) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other adjustments" in Tables 4.5 and 4.6 which do not include net public service pensions.

(7) See paragraph A.6 of Appendix A

Table 4.3 Total Managed Expenditure by function in real terms, 1983-84 to 1998-99⁽¹⁾

| | £ billion | | | | | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Education ⁽²⁾ | 29.1 | 28.7 | 28.2 | 30.1 | 31.2 | 31.6 | 32.8 | 32.9 | 34.2 | 35.8 | 36.7 | 37.9 | 37.9 | 37.3 | 37.9 | 37.9 |
| Health and personal social services | 33.4 | 34.0 | 34.2 | 35.6 | 37.2 | 38.5 | 39.2 | 40.8 | 43.4 | 46.1 | 47.2 | 50.0 | 51.3 | 52.0 | 53.1 | 54.9 |
| of which: Health | 28.3 | 28.9 | 29.1 | 30.2 | 31.4 | 32.5 | 32.8 | 34.1 | 36.5 | 38.9 | 39.3 | 40.7 | 41.4 | 41.6 | 42.4 | 43.9 |
| Transport | 9.8 | 9.8 | 9.5 | 9.0 | 8.6 | 8.3 | 8.9 | 10.1 | 10.6 | 11.9 | 10.8 | 11.0 | 9.2 | 8.9 | 8.8 | 8.4 |
| Housing | 8.2 | 7.8 | 6.8 | 6.4 | 6.3 | 4.6 | 6.8 | 6.0 | 6.7 | 7.1 | 5.8 | 5.7 | 5.3 | 4.7 | 3.7 | 3.6 |
| Other environmental services | 8.4 | 7.6 | 7.5 | 8.5 | 8.4 | 8.1 | 9.0 | 9.3 | 9.7 | 10.0 | 9.5 | 10.1 | 10.2 | 9.6 | 9.8 | 9.6 |
| Law, order and protective services | 10.5 | 11.2 | 11.0 | 11.6 | 12.4 | 12.9 | 13.7 | 14.3 | 15.2 | 16.1 | 16.3 | 16.7 | 16.6 | 16.6 | 16.9 | 17.0 |
| Defence ⁽³⁾ | 29.0 | 30.5 | 30.4 | 29.8 | 29.0 | 27.6 | 27.8 | 27.0 | 26.8 | 25.9 | 25.1 | 24.5 | 22.7 | 21.9 | 20.9 | 22.0 |
| International development assistance and other international services | 3.0 | 2.9 | 3.1 | 3.1 | 3.0 | 3.2 | 3.2 | 3.2 | 3.5 | 3.7 | 3.7 | 3.8 | 3.7 | 3.2 | 3.2 | 3.4 |
| Trade, industry, energy, employment and training | 13.7 | 14.7 | 14.2 | 13.8 | 10.9 | 12.4 | 11.0 | 11.8 | 11.7 | 11.9 | 12.0 | 11.2 | 10.2 | 9.3 | 8.1 | 8.3 |
| Agriculture, fisheries, food and forestry | 4.5 | 4.3 | 4.8 | 3.6 | 3.7 | 3.2 | 2.9 | 3.6 | 3.6 | 3.6 | 4.5 | 4.0 | 4.4 | 6.1 | 5.0 | 4.9 |
| Culture, Media and Sport ⁽⁴⁾ | 2.4 | 2.5 | 2.5 | 2.6 | 2.8 | 2.9 | 3.1 | 3.1 | 3.1 | 3.1 | 3.0 | 3.1 | 3.2 | 3.3 | 4.1 | 4.2 |
| Social Security | 67.6 | 69.6 | 72.0 | 75.1 | 74.4 | 71.4 | 70.7 | 73.4 | 82.1 | 90.0 | 95.7 | 96.9 | 98.4 | 99.3 | 97.8 | 97.8 |
| Central administration and associated expenditure ⁽⁵⁾ | 5.9 | 6.5 | 6.0 | 6.6 | 7.7 | 6.7 | 8.6 | 8.1 | 5.4 | 7.2 | 7.1 | 6.2 | 8.6 | 6.6 | 6.4 | 8.2 |
| Total expenditure on services | 225.6 | 230.1 | 230.0 | 235.8 | 235.7 | 231.3 | 237.9 | 243.6 | 256.0 | 272.4 | 277.5 | 281.1 | 281.8 | 278.9 | 275.7 | 280.2 |
| General government debt interest | 28.1 | 29.6 | 31.0 | 30.0 | 29.8 | 28.9 | 28.2 | 25.6 | 21.6 | 21.6 | 22.9 | 25.7 | 28.7 | 29.0 | 30.1 | 29.2 |
| Other accounting adjustments ⁽⁶⁾ | 19.5 | 17.6 | 13.2 | 9.7 | 11.3 | 9.5 | 11.0 | 8.3 | 14.8 | 12.9 | 12.2 | 15.8 | 16.1 | 16.3 | 16.3 | 15.5 |
| Allowance for shortfall ⁽⁷⁾ | | | | | | | | | | | | | | | | -1.6 |
| Total Managed Expenditure | 273.2 | 277.3 | 274.2 | 275.5 | 276.8 | 269.6 | 277.1 | 277.4 | 292.5 | 306.9 | 312.6 | 322.6 | 326.6 | 324.2 | 322.1 | 323.4 |

(1) For years prior to 1993-94, the effects of transfer and classification (including ESA95) changes have been imputed.

(2) Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. Includes loans to students less repayments.

(3) The outturns for Defence for 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict. Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(4) Includes expenditure financed by the National Lottery.

(5) Includes net payments to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

(6) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other adjustments" in Tables 4.5 and 4.6 which do not include net public service pensions.

(7) See paragraph A.6 of Appendix A

Table 4.4 Total Managed Expenditure by function as a percentage of GDP, 1983-84 to 1998-99⁽¹⁾

| | £ billion | | | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Education ⁽²⁾ | 5.2 | 5.0 | 4.7 | 4.8 | 4.7 | 4.6 | 4.7 | 4.7 | 5.0 | 5.2 | 5.1 | 5.1 | 5.0 | 4.8 | 4.7 | 4.6 |
| Health and personal social services | 5.9 | 5.9 | 5.7 | 5.7 | 5.7 | 5.6 | 5.6 | 5.8 | 6.3 | 6.6 | 6.6 | 6.7 | 6.7 | 6.6 | 6.5 | 6.6 |
| of which: Health ⁽³⁾ | 5.0 | 5.0 | 4.8 | 4.8 | 4.8 | 4.7 | 4.7 | 4.9 | 5.3 | 5.6 | 5.5 | 5.5 | 5.4 | 5.3 | 5.2 | 5.3 |
| Transport | 1.7 | 1.7 | 1.6 | 1.4 | 1.3 | 1.2 | 1.3 | 1.4 | 1.5 | 1.7 | 1.5 | 1.5 | 1.2 | 1.1 | 1.1 | 1.0 |
| Housing | 1.4 | 1.4 | 1.1 | 1.0 | 1.0 | 0.7 | 1.0 | 0.9 | 1.0 | 1.0 | 0.8 | 0.8 | 0.7 | 0.6 | 0.5 | 0.4 |
| Other environmental services | 1.5 | 1.3 | 1.2 | 1.4 | 1.3 | 1.2 | 1.3 | 1.3 | 1.4 | 1.4 | 1.3 | 1.4 | 1.3 | 1.2 | 1.2 | 1.2 |
| Law, order and protective services | 1.9 | 1.9 | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.2 | 2.3 | 2.3 | 2.2 | 2.2 | 2.1 | 2.1 | 2.1 |
| Defence ⁽³⁾ | 5.1 | 5.3 | 5.0 | 4.7 | 4.4 | 4.0 | 4.0 | 3.9 | 3.9 | 3.7 | 3.5 | 3.3 | 3.0 | 2.8 | 2.6 | 2.7 |
| International development assistance and other international services | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| Trade, industry, energy, employment and training | 2.4 | 2.6 | 2.4 | 2.2 | 1.7 | 1.8 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 1.5 | 1.3 | 1.2 | 1.0 | 1.0 |
| Agriculture, fisheries, food and forestry | 0.8 | 0.7 | 0.8 | 0.6 | 0.6 | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 | 0.5 | 0.6 | 0.8 | 0.6 | 0.6 |
| Culture, Media and Sport ⁽⁴⁾ | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| Social Security | 12.0 | 12.1 | 12.0 | 12.0 | 11.3 | 10.4 | 10.1 | 10.5 | 11.9 | 13.0 | 13.4 | 13.0 | 12.9 | 12.7 | 12.0 | 11.8 |
| Central administration and associated expenditure ⁽⁵⁾ | 1.0 | 1.1 | 1.0 | 1.1 | 1.2 | 1.0 | 1.2 | 1.2 | 0.8 | 1.0 | 1.0 | 0.8 | 1.1 | 0.8 | 0.8 | 1.0 |
| Total expenditure on services | 39.9 | 39.8 | 38.2 | 37.6 | 35.8 | 33.6 | 34.0 | 34.8 | 37.1 | 39.3 | 38.9 | 37.7 | 36.9 | 35.6 | 34.0 | 33.9 |
| General government debt interest | 5.0 | 5.1 | 5.2 | 4.8 | 4.5 | 4.2 | 4.0 | 3.7 | 3.1 | 3.1 | 3.2 | 3.4 | 3.8 | 3.7 | 3.7 | 3.5 |
| Other accounting adjustments ⁽⁶⁾ | 3.5 | 3.1 | 2.2 | 1.5 | 1.7 | 1.4 | 1.6 | 1.2 | 2.2 | 1.9 | 1.7 | 2.1 | 2.1 | 2.1 | 2.0 | 1.9 |
| Allowance for shortfall ⁽⁷⁾ | | | | | | | | | | | | | | | | -0.2 |
| Total Managed Expenditure | 48.3 | 48.0 | 45.6 | 43.9 | 42.1 | 39.2 | 39.6 | 39.7 | 42.4 | 44.2 | 43.8 | 43.3 | 42.8 | 41.4 | 39.7 | 39.1 |

(1) For years prior to 1993-94, the effects of transfer and classification (including ESA95) changes have been imputed.

(2) Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. Includes loans to students less repayments.

(3) The outturns for Defence for 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict. Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 4.7.

(4) Includes expenditure financed by the National Lottery.

(5) Includes net payments to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

(6) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other adjustments" in Tables 4.5 and 4.6 which do not include net public service pensions.

(7) See paragraph A.6 of Appendix A

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

| Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|
| | £ million | | | | | |
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Education | | | | | | |
| Under fives | 1,313 | 1,408 | 1,468 | 1,549 | 1,735 | 1,832 |
| Schools ⁽¹⁾ | 18,543 | 19,396 | 19,954 | 20,505 | 21,720 | 22,445 |
| Further Education ⁽²⁾ | 4,541 | 4,660 | 4,875 | 4,940 | 4,850 | 4,931 |
| Higher Education | 3,746 | 4,445 | 4,785 | 4,661 | 4,722 | 4,754 |
| Student support (inc mandatory awards & access fund) | 3,423 | 3,224 | 3,050 | 2,985 | 3,035 | 3,024 |
| Miscellaneous educational services, research and administration | 1,686 | 1,745 | 1,752 | 1,764 | 1,878 | 1,902 |
| Total education⁽³⁾ | 33,252 | 34,878 | 35,884 | 36,404 | 37,940 | 38,888 |
| Health and personal social services | | | | | | |
| Health | | | | | | |
| National Health Service hospitals, community health, family health and related services | 34,391 | 36,005 | 37,812 | 39,466 | 41,448 | 44,188 |
| Central health and other services | 1,202 | 1,459 | 1,359 | 1,138 | 958 | 860 |
| Total health | 35,593 | 37,464 | 39,171 | 40,604 | 42,406 | 45,048 |
| Personal social services | 7,248 | 8,496 | 9,428 | 10,080 | 10,678 | 11,256 |
| Total health and personal social services | 42,841 | 45,961 | 48,599 | 50,683 | 53,084 | 56,304 |
| Transport | | | | | | |
| National roads | 2,729 | 2,721 | 2,414 | 2,162 | 1,987 | 1,846 |
| Local roads | 3,541 | 3,711 | 3,602 | 3,306 | 3,220 | 3,349 |
| Local transport | 2,715 | 1,262 | 1,110 | 1,887 | 1,628 | 1,511 |
| Ports | 4 | 3 | 5 | 2 | 2 | 2 |
| Marine, coastguard, shipping and civil aviation services | 58 | 33 | 21 | 19 | 28 | 49 |
| Driver and vehicle licensing | 122 | 141 | 141 | 148 | 151 | 98 |
| National rail services | 398 | 1,991 | 2,005 | 1,876 | 1,468 | 1,346 |
| UK Maritime Agency | 77 | 79 | 83 | 89 | 83 | 85 |
| Other transport services | 165 | 166 | -627 | -821 | 188 | 297 |
| Total transport⁽⁴⁾ | 9,809 | 10,105 | 8,753 | 8,668 | 8,755 | 8,585 |
| Housing | | | | | | |
| Central government subsidies to local authority housing | 1,198 | 1,219 | 1,163 | 1,038 | 976 | 875 |
| Other central government subsidies | 147 | 202 | 200 | 219 | 209 | 174 |
| Other housing and central government administration | 1,791 | 1,997 | 2,185 | 2,026 | 1,618 | 1,570 |
| Support for Social Housing | 337 | 340 | 299 | 279 | 315 | 337 |
| Housing Corporations | 1,762 | 1,463 | 1,131 | 1,017 | 619 | 716 |
| Capital Receipts Initiative | | | | | 4 | 13 |
| Total housing | 5,235 | 5,221 | 4,978 | 4,579 | 3,741 | 3,685 |

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 (continued)

| | £ million | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
| | 1993-94 outturn | 1994-95 outturn | 1995-96 outturn | 1996-97 outturn | 1997-98 outturn | 1998-99 estimated outturn |
| Other environmental services | | | | | | |
| Environmental protection | 2,805 | 2,933 | 3,225 | 3,329 | 3,499 | 3,578 |
| Countryside and water | 964 | 992 | 993 | 687 | 687 | 714 |
| Urban | 1,690 | 1,577 | 1,412 | 1,616 | 1,591 | 1,390 |
| Other | 3,159 | 3,819 | 3,992 | 3,775 | 3,997 | 4,109 |
| Total other environmental services | 8,618 | 9,320 | 9,622 | 9,408 | 9,775 | 9,790 |
| Total law, order and protective services | | | | | | |
| Administration of justice | 2,841 | 2,974 | 3,069 | 3,128 | 3,140 | 3,231 |
| Prisons and offender programmes | 2,214 | 2,322 | 2,379 | 2,393 | 2,544 | 2,673 |
| Police | 7,399 | 7,672 | 7,926 | 8,284 | 8,716 | 8,968 |
| Immigration and citizenship | 197 | 193 | 208 | 219 | 248 | 223 |
| Fire | 1,507 | 1,546 | 1,588 | 1,628 | 1,693 | 1,766 |
| Civil defence | 48 | 46 | 43 | 47 | 47 | 45 |
| Constitutional and community services | 34 | 82 | 33 | 33 | 34 | 34 |
| Central and miscellaneous services | 524 | 524 | 498 | 483 | 483 | 508 |
| Total law, order and protective services | 14,764 | 15,359 | 15,745 | 16,216 | 16,904 | 17,447 |
| Defence | | | | | | |
| Defence budget | 22,767 | 22,573 | 21,528 | 22,361 | 21,619 | 22,549 |
| Receipts for sale of married quarters | | | | -962 | -700 | |
| Total defence | 22,767 | 22,573 | 21,528 | 21,399 | 20,919 | 22,549 |
| International development assistance and other international services | | | | | | |
| International development assistance ⁽⁵⁾ | 2,127 | 2,239 | 2,216 | 2,066 | 2,095 | 2,327 |
| Other international services | 1,244 | 1,257 | 1,333 | 1,053 | 1,078 | 1,121 |
| Total international development assistance and other services | 3,370 | 3,497 | 3,549 | 3,118 | 3,172 | 3,447 |
| Trade industry, energy, employment and training | | | | | | |
| Regional and other industrial support | 3,703 | 3,016 | 2,202 | 1,768 | 1,231 | 1,246 |
| Trade, scientific and technological support | 2,119 | 2,037 | 2,188 | 2,261 | 2,282 | 2,156 |
| Support for aerospace, shipbuilding, coal, steel and vehicle manufacture | 169 | 122 | 386 | 204 | 42 | -10 |
| Employment | 2,740 | 2,916 | 2,880 | 2,697 | 2,476 | 3,092 |
| Training | 1,717 | 1,723 | 1,535 | 1,670 | 1,605 | 1,571 |
| Departmental administration and other services | 440 | 457 | 489 | 474 | 451 | 483 |
| Total trade, industry, energy, employment and training | 10,889 | 10,271 | 9,680 | 9,074 | 8,088 | 8,538 |

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

| Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 (continued) | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|-------------------|
| | £ million | | | | | |
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Agriculture, fisheries, food and forestry | | | | | | |
| Market support under CAP | 2,430 | 2,002 | 2,349 | 2,396 | 2,197 | 2,485 |
| Other agriculture, fisheries and food | 1,582 | 1,559 | 1,709 | 2,033 | 1,809 | 1,898 |
| Forestry | 100 | 94 | 60 | 53 | 53 | 55 |
| BSE | | | | 1,496 | 954 | 579 |
| Total agriculture, fisheries, food and forestry | 4,112 | 3,655 | 4,119 | 5,979 | 5,012 | 5,017 |
| Culture, Media and Sport | | | | | | |
| Museums and galleries | 459 | 472 | 491 | 491 | 522 | 487 |
| Other arts and heritage | 478 | 487 | 500 | 483 | 496 | 465 |
| Libraries | 896 | 938 | 984 | 911 | 1,039 | 1,015 |
| Films | 24 | 26 | 26 | 24 | 23 | 22 |
| Tourism | 71 | 71 | 74 | 71 | 73 | 72 |
| Sport and recreation | 696 | 746 | 741 | 783 | 838 | 803 |
| Broadcasting | 61 | 67 | 71 | 74 | 19 | 76 |
| National Lottery | | | 126 | 364 | 1,088 | 1,351 |
| Administration | 23 | 22 | 27 | 38 | 30 | 32 |
| Total Culture, Media and Sport | 2,707 | 2,829 | 3,041 | 3,238 | 4,129 | 4,324 |
| Social Security | | | | | | |
| Pension benefits (contributory) | 28,937 | 29,503 | 30,750 | 32,834 | 34,434 | 36,498 |
| Widows' benefits | 1,076 | 1,057 | 1,051 | 1,017 | 1,021 | 1,002 |
| Unemployment (cyclical) | 339 | 357 | 378 | 375 | 364 | 360 |
| Unemployment, incapacity and other benefits (non-cyclical) | 9,764 | 9,430 | 9,045 | 8,348 | 7,439 | 7,273 |
| Industrial injury benefits | 707 | 728 | 753 | 765 | 768 | 790 |
| Family benefits (contributory) | 467 | 525 | 572 | 393 | 557 | 603 |
| Pension benefits (non-contributory) | 54 | 51 | 54 | 49 | 48 | 48 |
| War pensions | 1,286 | 1,147 | 1,258 | 1,351 | 1,288 | 1,272 |
| Disability benefits | 6,127 | 6,888 | 8,019 | 9,214 | 9,942 | 10,567 |
| Income support (cyclical) | 12,648 | 12,923 | 13,327 | 13,336 | 12,604 | 12,294 |
| Income support (non-cyclical) | 4,086 | 4,114 | 4,032 | 3,959 | 3,925 | 3,805 |
| Social Fund | 234 | 217 | 266 | 239 | 186 | 202 |
| Family benefits (non-contributory) | 7,826 | 8,138 | 8,691 | 9,361 | 9,465 | 9,850 |
| Housing benefits | 9,867 | 10,790 | 11,605 | 12,128 | 12,307 | 12,310 |
| Administration and miscellaneous services | 3,395 | 3,262 | 3,334 | 3,462 | 3,459 | 3,334 |
| Total social security | 86,813 | 89,130 | 93,135 | 96,831 | 97,807 | 100,208 |

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.5 Total Managed Expenditure by function, 1993-94 to 1998-99 (continued)

| | £ million | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Central administration and associated expenditure⁽⁶⁾ | | | | | | |
| Other public services | 4,555 | 4,373 | 4,432 | 4,350 | 4,310 | 4,547 |
| Common services | -42 | 49 | 278 | 205 | -49 | 307 |
| EC Net Payments | 1,877 | 1,268 | 3,370 | 1,817 | 2,049 | 3,466 |
| Finance for public corporations | -27 | -47 | -52 | -3 | -17 | 8 |
| Northern Ireland Regional Rates (Payments) | 175 | 197 | 205 | 216 | 238 | 247 |
| Northern Ireland Regional Rates (Receipts) | -117 | -122 | -124 | -124 | -141 | -150 |
| Total central administration and associated expenditure⁽⁷⁾ | 6,421 | 5,718 | 8,110 | 6,460 | 6,390 | 8,425 |
| Total expenditure on services | 251,600 | 258,517 | 266,744 | 272,058 | 275,718 | 287,200 |
| General government debt interest | 20,772 | 23,603 | 27,121 | 28,308 | 30,096 | 29,957 |
| Net Public Service pensions | 3,829 | 3,816 | 4,200 | 5,000 | 5,449 | 6,151 |
| Allowance for shortfall ⁽⁷⁾ | | | | | | -1,600 |
| Other adjustments ⁽⁸⁾ | 7,244 | 10,718 | 11,035 | 10,928 | 10,800 | 10,800 |
| Total Managed Expenditure | 283,445 | 296,654 | 309,100 | 316,294 | 322,063 | 331,400 |

(1) Includes a small amount of expenditure on the under-fives in Wales that cannot be reliably distinguished.

(2) Includes a small amount of higher education expenditure in Wales that cannot be reliably distinguished.

(3) Includes receipts from the sale of the student loans portfolio in 1997-98 and 1998-99.

(4) Figures in 1995-96 and 1996-97 include receipts from the sale of ROSCOs. See Table 4.7 for further details.

(5) In addition to development assistance to developing countries this includes assistance to Eastern Europe and the former Soviet Union, and global environmental assistance. The figures include the UK contributions to the European Community aid budget and the UK share of European Community assistance to Eastern Europe and the former Soviet Union.

(6) As well as contributions to the European Communities, "Central administration and associated expenditure" includes the activities required for the general maintenance of government, such as tax collection, and the registration of the population.

(7) See para A.6 of Appendix A.

(8) These adjustments differ from the "Accounting and other adjustments" (in Tables 1.3, 1.7 and 2.2) defined in Annex B, principally due to the exclusion from "Total expenditure on services" of public corporations market and overseas borrowing; bus fuel duty rebate and expenditure under non-fossil fuel obligation; the inclusion of the Valuation Office; and the different treatment in this aggregate of student loans and certain receipts compared with the treatment in DEL. These adjustments do not include net public service pensions and so differ from the "Other accounting adjustments" in Tables 4.2, 4.3 and 4.4.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.6 Total Managed Expenditure by economic category, 1993-94 to 1998-99

| | £ million | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Pay ⁽¹⁾ | 65,890 | 60,061 | 60,354 | 60,669 | 61,323 | 64,236 |
| Other current expenditure on goods and services ⁽¹⁾ | 55,554 | 66,070 | 69,549 | 73,648 | 76,038 | 80,734 |
| Subsidies | 6,763 | 7,837 | 7,394 | 8,580 | 7,404 | 6,859 |
| Current grants to the private sector | 96,461 | 99,509 | 103,622 | 108,238 | 110,396 | 113,340 |
| Current transfers abroad | 5,480 | 5,179 | 7,240 | 5,594 | 5,661 | 7,338 |
| Net capital expenditure on assets | 11,605 | 11,680 | 11,773 | 8,917 | 8,833 | 8,869 |
| Capital grants | 7,560 | 7,289 | 6,935 | 6,588 | 4,997 | 4,912 |
| Lending and other financial transactions | 2,287 | 892 | -123 | -176 | 1,066 | 920 |
| Total expenditure on services | 251,600 | 258,517 | 266,744 | 272,058 | 275,718 | 287,200 |
| General government debt interest | 20,772 | 23,603 | 27,121 | 28,308 | 30,096 | 29,957 |
| Net public service pensions | 3,829 | 3,816 | 4,200 | 5,000 | 5,449 | 5,090 |
| Allowance for shortfall ⁽²⁾ | | | | | | -1,600 |
| Other adjustments ⁽³⁾ | 7,244 | 10,718 | 11,035 | 10,928 | 10,800 | 10,800 |
| Total Managed Expenditure | 283,445 | 296,654 | 309,100 | 316,294 | 322,063 | 331,400 |

(1) Pay figures are direct expenditure on the pay of central government and local authority employees. Other current expenditure on goods and services figures include a large component of procurement from public corporations (including NHS trusts), part of which will be spent on the pay of public corporations' employees.

(2) See para A.6 of Appendix A.

(3) These adjustments differ from the "Accounting and other adjustments" in Tables 1.3, 1.7 and 2.2; and from the "Other accounting adjustments" in Tables 4.2, 4.3 and 4.4. See footnote (8) to Table 4.5 for further details.

4. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 4.7 General government receipts from sales of assets, 1993–94 to 2001–02

| | £ million | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Sales of fixed assets | | | | | | | | | |
| Department of Social Security: | | | | | | | | | |
| PRIME and Newcastle estate | — | — | — | 71 | 350 | — | — | — | — |
| Ministry of Defence: sale of | | | | | | | | | |
| married quarters | — | — | — | 962 | 700 | — | — | — | — |
| Other central government | 578 | 645 | 795 | 848 | 797 | 1,258 | 1,000 | 1,000 | 1,000 |
| Local authorities | 3,600 | 2,826 | 2,430 | 2,536 | 2,483 | 2,221 | 2,750 | 2,750 | 2,750 |
| Total sales of fixed assets | 4,178 | 3,471 | 3,225 | 4,346 | 4,501 | 3,829 | 3,750 | 3,750 | 3,750 |
| <i>of which:</i> | | | | | | | | | |
| <i>receipts from sales</i> | | | | | | | | | |
| <i>of land and existing buildings</i> | | | | | | | | | |
| Central government | 376 | 380 | 527 | 1,659 | 1,393 | 1,213 | — | — | — |
| Local authorities | 3,578 | 2,811 | 2,415 | 2,518 | 2,463 | 2,199 | — | — | — |
| Debt Sales, etc.⁽¹⁾ | | | | | | | | | |
| Department for Education and | | | | | | | | | |
| Employment: sale of | | | | | | | | | |
| students loans portfolio | — | — | — | — | 855 | 855 | 1,796 | — | — |
| DETR – Main Programmes: | | | | | | | | | |
| sale of ROSCOs | — | — | 787 | 1,002 | — | — | — | — | — |
| sale of Housing Corporation | | | | | | | | | |
| loan portfolio | — | — | — | 500 | 654 | — | — | — | — |
| Scotland: sale of student loans | | | | | | | | | |
| Wales: sale of Housing for Wales | | | | | | | | | |
| loan portfolio | — | — | — | 73 | — | — | — | — | — |
| portfolio | — | — | — | — | 110 | 110 | 231 | — | — |
| Northern Ireland: sale of students | | | | | | | | | |
| loans portfolio | — | — | — | — | 35 | 35 | 74 | — | — |
| Total Debt Sales, etc. | 0 | 0 | 787 | 1,575 | 1,654 | 1,000 | 2,100 | 0 | 0 |
| Total receipts from sales of | | | | | | | | | |
| assets including debt sales | 4,178 | 3,471 | 4,012 | 5,921 | 6,155 | 4,829 | 5,850 | 3,750 | 3,750 |
| <i>(1) Loan repayments: loan book sales, ROSCO sales. Excludes privatisation proceeds.</i> | | | | | | | | | |
| <i>Memo item:</i> | | | | | | | | | |
| <i>Privatisation proceeds</i> | | | | | | | | | |
| to 1997–98 | 5,453 | 6,429 | 2,439 | 4,404 | 1,876 | — | — | — | — |

5. CENTRAL GOVERNMENT EXPENDITURE

INTRODUCTION

5.1 This section provides summary analyses of central government own expenditure, ie. the expenditure of government departments on their own activities and their funding of other non-trading central government bodies[, plus subsidies to a small number of trading bodies]. It excludes expenditure by central government bodies which goes to support the spending of local authorities and public corporations. Central government own expenditure accounts for about 70 per cent of Departmental Expenditure Limits and about 90 per cent of Main Departmental Programmes in AME.

CENTRAL GOVERNMENT OWN EXPENDITURE

5.2 Table 5.1 gives a departmental breakdown of central government own expenditure, actual and planned, for the period 1993-94 to 2001-02. Expenditure falling in DEL is shown separately from expenditure falling in AME. In a number of areas, for example education, transport, law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government - some of which will be recorded under Scotland, Wales or Northern Ireland. Partly as a result, social security, health and defence together account for [some two thirds] of total central government own spending.

5.3 Table 5.2 shows central government own expenditure by function. This allocates to the appropriate function the expenditure for which the respective Secretaries of State are responsible in Scotland, Wales and Northern Ireland. As with the similar analyses of total public spending in Chapter 4, the key concept in this and the next (analysis by economic category) table is total expenditure on services (see para 4.3). Because expenditure by local authorities is excluded, it is possible to include figures for the plans years here as well as data for the past.

5.4 Table 5.3 shows central government departmental expenditure by economic category (for an explanation of these categories, see para 4.6). The largest elements are spending on pay (mainly the Armed Forces and the National Health Service) and other current expenditure on goods and services. The creation of NHS Trusts and the NHS internal market on 1 April 1991 means that some expenditure previously classified as pay or as capital expenditure is now classified as other current expenditure on goods and services. This reflects health authorities' purchase of health care from providers - mostly from NHS Trusts but also from hospitals managed by health authorities - under contracts. In the case of contracts with NHS Trusts, which are public corporations, it is the payments for the goods and services provided rather than the trusts' actual expenditure which is recorded in central government own expenditure.

5.5 Table 5.4 shows, for 1993-94 through to 2001-02, central government departmental expenditure, actual and planned, for each department, broken down between capital, current and financial transactions, following national accounts definitions. The financial transactions shown in this table are those which score in DEL (generally in capital budgets, but in the case of the subsidy element of student loans in the current budget) and in AME Main Departmental Programmes. These financial transactions do not score in TME, which is current and capital spending only; they are removed by accounting adjustments in 'Other AME'.

RUNNING COSTS

5.6 Running costs plans for 1999-2000 were established for each department following the results of the Comprehensive Spending Review in July 1998 (Cm 4011). These plans have been amended by various reclassifications, transfers between and within departments and by changes in anticipated workloads and receipts. Successful departments have also received additional running costs funding following the first round of the Invest to Save programme. Plans for each department and agency appear in the series of published departmental reports, as do plans for expenditure on the administration costs of the larger executive NDPBs.

5.7 Table 5.5 shows departmental plans for gross administrative expenditure (whether controlled gross or net) after eliminating double-counting. It compares plans for 1999-2000 with the outturn for past years and the estimated outturn for 1998-99. Although the figures in this table form a basis for the running costs limits set out in Table 3.2 and Table 3.3, they do not correspond directly.

5.8 The settlements reached with departments during the CSR held running costs broadly level in real terms for the three years of the CSR period, compared with 1998-99 gross provision.

5.9 Table 5.7 also shows the gross operating costs of the Ministry of Defence (MOD). This expenditure falls outside the running costs regime and covers all MOD costs (including service and civilian pay) other than the purchase of new equipment and associated research.

5.10 From 1 April 1998 capital charges have replaced rents paid by departments on freehold and historic leasehold properties on the Civil Estate.

5.11 Departments' paybill outturns are published in the departmental reports, together with the related staff numbers. Since 1 April 1996, all departments and agencies have had responsibility for negotiating pay and grading arrangements appropriate for their own staff.

CIVIL SERVICE STAFFING

5.12 Table 5.6 provides a summary of Civil Service staffing from 1993-94 to 2001-02, with an estimated outturn for 1998-99 and plans for 1999-2000 to 2001-02. The figures comprise all permanent staff and exclude temporary and casual staff. The figures are measured as "full time equivalent" staff, with part-time staff recorded according to the proportion of a full week for which they are contracted to work.

5.13 There was a fall in the level of Home Civil Service staffing between 1997-98 and the estimated outturn for 1998-99 of 7,100 (1.5 per cent) to 461,400. The largest falls were in the Department of Social Security and the Ministry of Defence. Departments' plans imply further reductions to 450,800.

5.14 Historically, outturn has been slightly lower than plans. The estimated outturn for 1998-99 is around 1 per cent lower than the plans for the same year shown in PESA 1998-99. The 1997-98 outturn was also 1 per cent lower than plans at the start of the year.

5.15 Plans for the devolved bodies are indicative only as future staff numbers will depend upon the decisions of the devolved executives.

5.16 Figures on public sector staffing will also be published in the June 1999 edition of Economic Trends.

5. CENTRAL GOVERNMENT EXPENDITURE

**Table 5.1 Central government own expenditure by department,⁽¹⁾
1993-94 to 2001-02⁽²⁾**

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Central government own expenditure by department⁽²⁾ | | | | | | | | | |
| Within DEL | | | | | | | | | |
| Education and Employment | 9,430 | 10,454 | 10,855 | 11,013 | 11,546 | 11,496 | 12,895 | 14,456 | 15,436 |
| Health | 28,668 | 30,031 | 31,615 | 32,944 | 34,611 | 36,826 | 39,569 | 42,375 | 45,139 |
| DETR – Main Programmes | 5,915 | 7,445 | 6,613 | 6,551 | 5,642 | 5,474 | 6,302 | 6,616 | 7,016 |
| DETR – Local Government and Regional Policy ⁽⁴⁾ | 232 | 240 | 228 | 216 | 222 | 214 | 238 | 235 | 234 |
| Home Office | 2,354 | 2,476 | 2,493 | 2,484 | 2,685 | 2,745 | 3,490 | 3,497 | 3,506 |
| Legal Departments | 2,105 | 2,257 | 2,327 | 2,349 | 2,376 | 2,420 | 2,462 | 2,494 | 2,404 |
| Defence ⁽³⁾ | 22,622 | 22,476 | 21,500 | 21,337 | 20,951 | 22,594 | 22,297 | 22,832 | 22,982 |
| Foreign and Commonwealth Office | 1,244 | 1,257 | 1,333 | 1,053 | 1,078 | 1,121 | 1,116 | 1,135 | 1,154 |
| International Development | 2,078 | 2,234 | 2,197 | 2,073 | 2,105 | 2,327 | 2,299 | 2,763 | 3,072 |
| Trade and Industry | 2,579 | 2,653 | 3,177 | 3,010 | 2,967 | 3,057 | 3,237 | 3,591 | 3,569 |
| Agriculture, Fisheries and Food | 1,017 | 933 | 994 | 2,254 | 1,791 | 1,493 | 1,428 | 1,368 | 1,405 |
| Culture, Media and Sport | 908 | 914 | 957 | 879 | 865 | 819 | 893 | 901 | 940 |
| Social Security | 3,261 | 3,129 | 3,199 | 3,318 | 3,121 | 2,949 | 3,135 | 3,200 | 3,250 |
| Scotland | 6,565 | 6,931 | 7,045 | 7,272 | 7,563 | 7,916 | 8,339 | 8,786 | 9,225 |
| Wales | 3,135 | 3,267 | 3,356 | 3,413 | 3,476 | 3,644 | 3,867 | 4,190 | 4,456 |
| Northern Ireland | 4,706 | 4,870 | 4,958 | 5,065 | 5,178 | 5,439 | 5,567 | 5,831 | 5,920 |
| Chancellor's Departments | 2,939 | 2,862 | 2,923 | 2,886 | 2,887 | 2,989 | 3,197 | 3,045 | 3,279 |
| Cabinet Office | 1,057 | 969 | 1,242 | 1,158 | 933 | 1,353 | 1,425 | 1,361 | 1,313 |
| Welfare to Work | | | | | 52 | 417 | 1,201 | 1,025 | 986 |
| Total within DEL⁽³⁾ | 100,813 | 105,401 | 107,013 | 109,275 | 110,048 | 115,300 | 123,000 | 129,700 | 135,300 |
| Within AME Main Programmes | | | | | | | | | |
| Education and Employment | 1,005 | 1,066 | 1,186 | 1,444 | 1,812 | 1,959 | 1,772 | 1,920 | 2,128 |
| Health | 619 | 681 | 780 | 797 | 792 | 729 | 1,021 | 882 | 570 |
| DETR – Main Programmes | 827 | 777 | 644 | 666 | 657 | 555 | 550 | 505 | 483 |
| Home Office | 3 | 4 | 1 | 3 | 2 | 6 | 2 | 1 | 1 |
| Defence ⁽³⁾ | 844 | 887 | 828 | 1,076 | 1,109 | 1,191 | 1,270 | 1,322 | 1,402 |
| International Development | 144 | 140 | 135 | 141 | 179 | 133 | 130 | 127 | 125 |
| Trade and Industry | 395 | 218 | 205 | 412 | 259 | 47 | 711 | 1,083 | 1,109 |
| Agriculture, Fisheries and Food | 2,081 | 1,643 | 1,958 | 2,084 | 1,845 | 2,071 | 1,781 | 1,939 | 2,071 |
| Culture, Media and Sport | | | 126 | 364 | 1,088 | 1,351 | 2,616 | 2,666 | 2,800 |
| Social Security | 71,365 | 72,741 | 75,701 | 78,570 | 79,800 | 82,166 | 86,344 | 87,650 | 91,400 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.1 Central government own expenditure by department,⁽¹⁾ 1993-94 to 2001-02⁽²⁾ (continued)

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated | plans | plans | plans |
| | | | | | | outturn | | | |
| Scotland | 448 | 506 | 642 | 671 | 627 | 716 | 628 | 674 | 737 |
| Wales | 163 | 163 | 186 | 221 | 153 | 177 | 159 | 197 | 219 |
| Northern Ireland | 2,608 | 2,789 | 2,988 | 3,179 | 3,215 | 3,416 | 3,586 | 3,743 | 3,962 |
| Chancellor's departments | -11 | 93 | 63 | 42 | 31 | 40 | 40 | 40 | 40 |
| Cabinet Office | 995 | 936 | 1,088 | 1,196 | 1,247 | 1,149 | 1,465 | 1,420 | 1,480 |
| Balancing item | -46 | -230 | -235 | -112 | -80 | -500 | 100 | 0 | 100 |
| Total within AME Main | | | | | | | | | |
| Programmes⁽⁴⁾ | 81,440 | 82,415 | 86,295 | 90,754 | 92,735 | 95,200 | 102,100 | 104,100 | 108,600 |
| Within Locally Financed | | | | | | | | | |
| Expenditure | | | | | | | | | |
| Northern Ireland | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 124 |
| Total within Locally | | | | | | | | | |
| Financed Expenditure | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 124 |
| Total central government's | | | | | | | | | |
| own expenditure⁽⁴⁾⁽¹⁾ | 182,311 | 187,891 | 193,389 | 200,120 | 202,880 | 210,600 | 224,200 | 231,900 | 241,000 |

(1) A full list of the departments included in each departmental grouping is given in Appendix C.

(2) Excludes support for local authorities and public corporations. See Table 1.1.1.

(3) Excludes allowance for shortfall, DEL Reserve and unallocated ISB and CMF.

(4) Excludes AME Margin.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Education | | | | | | | | | |
| Under fives | 1 | 1 | 1 | 10 | 637 | 139 | 216 | 320 | 195 |
| Schools | 922 | 998 | 1,072 | 1,156 | 1,351 | 1,365 | 1,439 | 1,509 | 1,514 |
| Further Education | 3,035 | 3,204 | 3,404 | 3,581 | 3,595 | 3,648 | 3,942 | 4,184 | 4,625 |
| Higher Education | 3,730 | 4,433 | 4,773 | 4,650 | 4,704 | 4,735 | 5,283 | 5,492 | 5,827 |
| Student support (inc mandatory awards & access fund) | 472 | 634 | 828 | 879 | 963 | 1,114 | 1,678 | 2,198 | 2,401 |
| Miscellaneous educational services, research and administration | 634 | 697 | 716 | 730 | 783 | 779 | 1,009 | 1,266 | 1,392 |
| Total education⁽²⁾⁽³⁾ | 8,794 | 9,965 | 10,794 | 11,007 | 12,034 | 11,781 | 13,566 | 14,969 | 15,954 |
| Health and personal social services | | | | | | | | | |
| Health | | | | | | | | | |
| National Health Service hospitals, community health, family health and related services | 32,046 | 33,736 | 35,559 | 37,439 | 39,493 | 42,274 | 45,229 | 48,179 | 51,023 |
| Central health and other services | 3,174 | 3,113 | 3,118 | 2,911 | 2,812 | 2,728 | 2,943 | 3,363 | 3,877 |
| Total health | 35,220 | 36,848 | 38,677 | 40,349 | 42,305 | 45,002 | 48,172 | 51,542 | 54,900 |
| Personal social services | 295 | 350 | 396 | 403 | 443 | 465 | 523 | 576 | 600 |
| Total health and personal social services | 35,515 | 37,198 | 39,073 | 40,752 | 42,748 | 45,467 | 48,695 | 52,118 | 55,499 |
| Transport | | | | | | | | | |
| National roads | 2,722 | 2,713 | 2,406 | 2,154 | 1,978 | 1,837 | 1,895 | 2,063 | 2,140 |
| Local roads | -3 | -2 | -3 | 2 | 1 | 1 | 1 | 1 | 1 |
| Local transport | 11 | 11 | 13 | 13 | 14 | 29 | 22 | 20 | 29 |
| Ports | 2 | 1 | 3 | 2 | 2 | 2 | -68 | 2 | 2 |
| Marine, coastguard, shipping and civil aviation services | 34 | 10 | -7 | -2 | 1 | 20 | 13 | 14 | 14 |
| Driver and vehicle licensing | 122 | 141 | 141 | 148 | 151 | 98 | 90 | 93 | 92 |
| National rail services | 16 | 1,825 | 1,726 | 1,866 | 1,458 | 1,264 | 1,152 | 1,098 | 1,038 |
| UK Maritime Agency | 77 | 79 | 83 | 89 | 83 | 85 | 92 | 96 | 97 |
| Other transport services | 155 | 154 | 151 | 178 | 189 | 303 | 270 | 282 | 493 |
| Total transport | 3,137 | 4,933 | 4,514 | 4,450 | 3,877 | 3,639 | 3,468 | 3,669 | 3,906 |
| Housing | | | | | | | | | |
| Central government subsidies to local authority housing | 82 | 70 | 72 | 66 | 72 | 89 | 99 | 96 | 99 |
| Other central government subsidies | 973 | 979 | 843 | 885 | 866 | 745 | 742 | 690 | 667 |
| Other housing and central government administration | 304 | 330 | 345 | 330 | 296 | 291 | 300 | 353 | 409 |
| Support for Social Housing Corporations | 1,762 | 1,463 | 1,131 | 1,017 | 722 | 734 | 792 | 758 | 687 |
| Capital Receipts Initiative | | | | | | | | | |
| Total housing | 3,121 | 2,841 | 2,392 | 2,297 | 1,956 | 1,860 | 1,933 | 1,896 | 1,861 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Other environmental services | | | | | | | | | |
| Environmental protection | 262 | 255 | 253 | 342 | 343 | 337 | 1,043 | 1,132 | 1,185 |
| Countryside and water | 63 | 52 | 57 | -8 | -23 | 8 | -39 | -48 | -61 |
| Urban | 306 | 238 | 159 | 133 | 109 | 139 | 121 | 203 | 311 |
| Other | 784 | 826 | 810 | 843 | 780 | 800 | 973 | 971 | 993 |
| Total other environmental services | 1,415 | 1,371 | 1,280 | 1,311 | 1,210 | 1,284 | 2,098 | 2,258 | 2,428 |
| Total law, order and protective services | | | | | | | | | |
| Administration of justice | 2,446 | 2,563 | 2,652 | 2,735 | 2,756 | 2,835 | 3,056 | 3,196 | 3,121 |
| Prisons and offender programmes | 1,821 | 1,916 | 1,963 | 1,925 | 2,056 | 2,166 | 2,235 | 2,329 | 2,296 |
| Police | 806 | 819 | 821 | 832 | 908 | 879 | 864 | 843 | 837 |
| Immigration and citizenship | 197 | 193 | 208 | 219 | 248 | 223 | 611 | 566 | 509 |
| Fire | 50 | 51 | 55 | 56 | 56 | 61 | 64 | 70 | 72 |
| Civil defence | 1 | 2 | 2 | 3 | 2 | 3 | 2 | 2 | 2 |
| Constitutional and community services | 34 | 82 | 33 | 33 | 34 | 34 | 146 | 40 | 39 |
| Central and miscellaneous services | 486 | 484 | 457 | 441 | 439 | 462 | 483 | 446 | 461 |
| Total law, order and protective services | 5,841 | 6,111 | 6,190 | 6,243 | 6,499 | 6,662 | 7,463 | 7,492 | 7,337 |
| Defence | | | | | | | | | |
| Defence budget | 22,632 | 22,487 | 21,511 | 22,315 | 21,660 | 22,594 | 22,297 | 22,832 | 22,982 |
| Receipts for sale of married quarters | | | | -962 | -700 | | | | |
| Total defence | 22,632 | 22,487 | 21,511 | 21,353 | 20,960 | 22,594 | 22,297 | 22,832 | 22,982 |
| International development assistance and other international services | | | | | | | | | |
| International development assistance | 2,078 | 2,234 | 2,197 | 2,073 | 2,105 | 2,327 | 2,299 | 2,763 | 3,072 |
| Other international services | 1,244 | 1,257 | 1,333 | 1,053 | 1,078 | 1,121 | 1,116 | 1,135 | 1,154 |
| Total international development assistance and other services | 3,322 | 3,491 | 3,530 | 3,126 | 3,182 | 3,447 | 3,415 | 3,898 | 4,226 |
| Trade industry, energy, employment and training | | | | | | | | | |
| Regional and other industrial support | 806 | 840 | 810 | 821 | 928 | 1,004 | 1,083 | 1,171 | 1,237 |
| Trade, scientific and technological support | 1,961 | 1,873 | 2,022 | 2,093 | 2,113 | 1,986 | 2,620 | 3,074 | 3,151 |
| Support for aerospace, shipbuilding, coal, steel and vehicle manufacture | 75 | 72 | 349 | 213 | 68 | 26 | 105 | 238 | 191 |
| Employment | 2,252 | 2,402 | 2,430 | 2,295 | 2,087 | 2,716 | 3,386 | 3,731 | 3,812 |
| Training | 1,717 | 1,723 | 1,535 | 1,670 | 1,605 | 1,571 | 1,747 | 1,867 | 1,956 |
| Departmental administration and other services | 454 | 471 | 496 | 473 | 452 | 488 | 524 | 615 | 640 |
| Total trade, industry, energy, employment and training | 7,266 | 7,382 | 7,641 | 7,566 | 7,252 | 7,791 | 9,465 | 10,695 | 10,987 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Agriculture, fisheries, food and forestry | | | | | | | | | |
| Market support under CAP | 2,399 | 1,986 | 2,335 | 2,385 | 2,190 | 2,479 | 2,336 | 2,559 | 2,722 |
| Other agriculture, fisheries and food | 1,598 | 1,582 | 1,677 | 1,711 | 1,570 | 1,671 | 1,413 | 1,480 | 1,521 |
| Forestry | 100 | 94 | 60 | 53 | 53 | 55 | 86 | 81 | 90 |
| BSE | | | | 1,496 | 954 | 579 | 498 | 467 | 460 |
| Total agriculture, fisheries, food and forestry | 4,097 | 3,662 | 4,072 | 5,645 | 4,767 | 4,784 | 4,333 | 4,547 | 4,793 |
| Culture, Media and Sport | | | | | | | | | |
| Museums and galleries | 268 | 277 | 278 | 274 | 271 | 264 | 285 | 293 | 318 |
| Other arts and heritage | 478 | 487 | 506 | 499 | 502 | 471 | 509 | 516 | 532 |
| Libraries | 159 | 186 | 216 | 150 | 141 | 126 | 128 | 131 | 134 |
| Films | 24 | 26 | 26 | 24 | 23 | 22 | 25 | 25 | 24 |
| Tourism | 59 | 62 | 62 | 64 | 64 | 64 | 67 | 67 | 66 |
| Sport and recreation | 54 | 53 | 54 | 52 | 50 | 49 | 52 | 52 | 52 |
| Broadcasting | 3 | 3 | 3 | 1 | 1 | 1 | 4 | 4 | 4 |
| Administration | 23 | 22 | 147 | 386 | 1,112 | 1,377 | 2,646 | 2,694 | 2,828 |
| Total Culture, Media and Sport | 1,069 | 1,116 | 1,292 | 1,451 | 2,166 | 2,374 | 3,716 | 3,781 | 3,958 |
| Social Security | | | | | | | | | |
| Pension benefits (contributory) | 28,937 | 29,503 | 30,750 | 32,834 | 34,434 | 36,498 | 38,347 | 39,400 | 41,300 |
| Widows' benefits | 1,076 | 1,057 | 1,051 | 1,017 | 1,021 | 1,002 | 1,019 | 1,000 | 1,000 |
| Unemployment, incapacity and other benefits | 10,103 | 9,787 | 9,423 | 8,723 | 7,803 | 7,633 | 7,489 | 7,500 | 7,800 |
| Industrial injury benefits | 707 | 728 | 753 | 765 | 768 | 790 | 826 | 850 | 900 |
| Family benefits (contributory) | 467 | 525 | 572 | 393 | 557 | 603 | 626 | 700 | 700 |
| Pension benefits (non-contributory) | 54 | 51 | 54 | 49 | 48 | 48 | 47 | 50 | 50 |
| War pensions | 1,286 | 1,147 | 1,258 | 1,351 | 1,288 | 1,272 | 1,232 | 1,150 | 1,150 |
| Disability benefits | 6,127 | 6,888 | 8,019 | 9,214 | 9,942 | 10,567 | 11,298 | 11,950 | 13,000 |
| Income support | 16,735 | 17,037 | 17,359 | 15,129 | 12,636 | 12,568 | 13,012 | 13,750 | 13,950 |
| Social Fund | 234 | 217 | 266 | 239 | 186 | 202 | 203 | 250 | 250 |
| Jobseeker's Allowance | | | | 2,166 | 3,893 | 3,531 | 4,017 | 4,600 | 4,850 |
| Family benefits (non-contributory) | 7,826 | 8,138 | 8,691 | 9,361 | 9,465 | 9,850 | 10,420 | 8,750 | 9,050 |
| Housing benefits | 286 | 290 | 308 | 310 | 618 | 603 | 424 | 450 | 400 |
| Administration and miscellaneous services | 3,395 | 3,262 | 3,334 | 3,462 | 3,459 | 3,334 | 4,076 | 4,150 | 4,200 |
| Total social security | 77,233 | 78,630 | 81,837 | 85,013 | 86,119 | 88,502 | 93,034 | 94,550 | 98,550 |
| Central administration and associated expenditure | | | | | | | | | |
| Other public services | 4,554 | 4,426 | 4,431 | 4,348 | 4,308 | 4,529 | 4,962 | 4,821 | 5,008 |
| Common services | -42 | 49 | 278 | 200 | -49 | 307 | 286 | 264 | 238 |
| EC Net Payments | 1,877 | 1,268 | 3,370 | 1,817 | 2,049 | 3,466 | 2,715 | 2,553 | 2,872 |
| Northern Ireland Regional Rates | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 124 |
| Total Central administration and associated expenditure | 6,447 | 5,818 | 8,160 | 6,456 | 6,405 | 8,399 | 8,068 | 7,752 | 8,241 |
| Total central government own expenditure on services | 179,886 | 185,004 | 192,287 | 196,672 | 199,174 | 208,585 | 221,551 | 230,450 | 240,750 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.2 Central government own expenditure by function, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Net Public Service pensions | 3,829 | 3,816 | 4,200 | 5,000 | 5,449 | 5,090 | 6,151 | 6,072 | 6,157 |
| less EC Net Payments | 1,877 | 1,268 | 3,370 | 1,817 | 2,049 | 3,466 | 2,715 | 2,553 | 2,872 |
| Welfare to Work (unallocated) | | | | | | | | 134 | 23 |
| Other adjustments | 473 | 339 | 272 | 265 | 306 | 341 | 209 | -157 | -44 |
| Total central government own expenditure in DEL, Main Departmental Programmes in AME and Locally Financed expenditure | 182,311 | 187,891 | 193,389 | 200,120 | 202,880 | 210,600 | 225,200 | 233,900 | 244,000 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.3 Central Government own expenditure⁽¹⁾ by Economic Category, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within DEL | | | | | | | | | |
| Pay | 31,615 | 24,682 | 23,766 | 23,052 | 22,346 | 22,967 | 23,415 | 23,785 | 24,047 |
| Other current expenditure on goods and services | | | | | | | | | |
| services | 44,695 | 54,060 | 56,997 | 60,188 | 62,389 | 66,993 | 72,496 | 76,916 | 80,630 |
| Subsidies | 1,036 | 2,813 | 2,704 | 3,822 | 3,117 | 2,573 | 2,317 | 2,355 | 2,329 |
| Current grants to the private sector | 10,766 | 11,743 | 12,411 | 13,779 | 14,442 | 14,947 | 16,221 | 17,630 | 18,318 |
| Current transfers abroad | 2,507 | 2,726 | 2,750 | 2,523 | 2,564 | 2,727 | 2,685 | 3,101 | 3,338 |
| Net capital expenditure on assets | 6,904 | 6,405 | 5,943 | 4,328 | 3,933 | 3,815 | 4,505 | 4,628 | 5,117 |
| Capital grants | 3,563 | 3,334 | 2,887 | 2,198 | 1,969 | 2,010 | 2,688 | 3,093 | 3,423 |
| Lending and other financial transactions | 193 | 343 | 273 | 183 | 238 | 194 | 252 | 314 | 382 |
| Other ⁽²⁾ | -464 | -705 | -717 | -798 | -912 | -900 | -1,621 | -2,120 | -2,296 |
| Total within DEL | 100,813 | 105,401 | 107,013 | 109,275 | 110,048 | 115,300 | 123,000 | 129,700 | 135,300 |
| Within AME Main Programmes | | | | | | | | | |
| Pay | | | | | | | | | |
| Other current expenditure on goods and services | | | | | | | | | |
| services ⁽¹⁾ | 95 | 174 | 114 | 151 | 131 | 158 | 105 | 181 | 190 |
| Subsidies | 3,213 | 3,131 | 3,359 | 3,516 | 3,081 | 3,179 | 2,848 | 3,124 | 3,298 |
| Current grants to the private sector | 77,159 | 78,746 | 82,217 | 85,733 | 87,830 | 90,538 | 95,601 | 96,967 | 101,025 |
| Current transfers abroad | 769 | 775 | 804 | 1,002 | 708 | 740 | 749 | 775 | 801 |
| Net capital expenditure on assets | 83 | -202 | -51 | 163 | 347 | 469 | 695 | 691 | 724 |
| Capital grants | | | 89 | 210 | 632 | 808 | 1,565 | 1,594 | 1,675 |
| Lending and other financial transactions | 166 | 21 | -3 | 91 | 86 | -186 | 513 | 834 | 835 |
| Other ⁽²⁾ | -46 | -230 | -235 | -112 | -80 | -546 | 0 | 0 | 200 |
| Total within AME Main Programmes | 81,440 | 82,415 | 86,295 | 90,754 | 92,735 | 95,200 | 102,100 | 104,100 | 108,600 |
| Within Locally Financed Expenditure | | | | | | | | | |
| Pay ⁽¹⁾ | | | | | | | | | |
| Other current expenditure on goods and services | | | | | | | | | |
| services ⁽¹⁾ | -117 | -122 | -124 | -124 | -141 | -150 | -165 | -178 | -192 |
| Subsidies | | | | | | | | | |
| Current grants to the private sector | | | | | | | | | |
| Current transfers abroad | | | | | | | | | |
| Net capital expenditure on assets | | | | | | | | | |
| Capital grants | | | | | | | | | |
| Lending and other financial transactions | | | | | | | | | |
| Other | 175 | 197 | 205 | 216 | 238 | 247 | 270 | 292 | 316 |
| Total within Locally Financed Expenditure | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 124 |
| Total Central Government's Own Expenditure | 182,311 | 187,891 | 193,389 | 200,120 | 202,880 | 210,600 | 225,200 | 233,900 | 244,000 |

(1) Excluding support for local authorities and public corporations. Excludes DEL Reserve and AME Margin and unallocated ISB and CMF.

(2) Including balancing item.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.4 Central government own departmental⁽¹⁾ current and capital expenditure,⁽²⁾ 1993-94 to 2001-02

| | £ million | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|-------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Central government own current expenditure⁽³⁾ | | | | | | | | | |
| Within DEL | | | | | | | | | |
| Education and Employment | 8,741 | 9,673 | 9,960 | 10,594 | 11,135 | 11,049 | 11,855 | 13,006 | 13,695 |
| Health | 28,092 | 29,832 | 31,334 | 32,791 | 34,550 | 36,948 | 39,331 | 42,132 | 44,842 |
| DETR - Main Programmes | 2,005 | 3,797 | 3,584 | 3,790 | 3,404 | 3,379 | 3,772 | 3,843 | 3,878 |
| DETR - Local Government and Regional Policy | 231 | 240 | 228 | 216 | 222 | 213 | 233 | 231 | 230 |
| Home Office | 2,007 | 2,108 | 2,110 | 2,208 | 2,346 | 2,488 | 3,287 | 3,260 | 3,252 |
| Legal Departments | 1,935 | 2,105 | 2,182 | 2,270 | 2,320 | 2,373 | 2,421 | 2,452 | 2,362 |
| Defence | 2,1210 | 20,987 | 19,921 | 20,665 | 20,059 | 20,948 | 20,779 | 21,302 | 21,434 |
| Foreign and Commonwealth Office | 1,129 | 1,169 | 1,200 | 980 | 987 | 1,034 | 1,029 | 1,051 | 1,069 |
| International Development | 1,794 | 1,880 | 1,925 | 1,859 | 1,872 | 2,099 | 2,039 | 2,462 | 2,712 |
| Trade and Industry | 2,268 | 2,265 | 2,821 | 2,728 | 2,612 | 2,707 | 2,852 | 3,154 | 3,098 |
| Agriculture, Fisheries and Food | 881 | 803 | 836 | 1,964 | 1,548 | 1,385 | 1,255 | 1,240 | 1,219 |
| Culture, Media and Sport | 778 | 749 | 775 | 789 | 791 | 764 | 837 | 847 | 886 |
| Social Security | 2,936 | 2,889 | 3,045 | 3,198 | 3,121 | 3,248 | 3,085 | 3,148 | 3,199 |
| Scotland | 5,856 | 6,301 | 6,548 | 6,781 | 7,080 | 7,457 | 7,781 | 8,159 | 8,576 |
| Wales | 2,598 | 2,796 | 2,962 | 3,090 | 3,213 | 3,390 | 3,609 | 3,894 | 4,159 |
| Northern Ireland | 4,131 | 4,274 | 4,410 | 4,578 | 4,678 | 4,931 | 5,051 | 5,168 | 5,211 |
| Chancellor's Departments | 2,658 | 2,669 | 2,710 | 2,683 | 2,728 | 2,851 | 3,036 | 3,093 | 3,133 |
| Cabinet Office | 773 | 646 | 1,054 | 994 | 777 | 1,155 | 1,160 | 1,147 | 1,135 |
| Welfare to Work | | | | | 44 | 383 | 1,195 | 1,018 | 905 |
| Total current within DEL | 90,024 | 95,086 | 97,605 | 102,180 | 103,486 | 108,800 | 114,600 | 120,600 | 125,100 |
| Within AME Main Programmes | | | | | | | | | |
| Education and Employment | 1,005 | 1,066 | 1,186 | 1,444 | 1,812 | 1,959 | 1,772 | 1,920 | 2,128 |
| Health | 619 | 681 | 780 | 797 | 792 | 729 | 1,021 | 882 | 570 |
| DETR - Main Programmes | 827 | 777 | 644 | 666 | 657 | 555 | 550 | 505 | 483 |
| Home Office | 3 | 4 | 1 | 3 | 2 | 6 | 2 | 1 | 1 |
| Defence | 844 | 887 | 828 | 1,076 | 1,109 | 1,191 | 1,270 | 1,322 | 1,402 |
| International Development | 144 | 140 | 135 | 141 | 179 | 133 | 130 | 127 | 125 |
| Trade and Industry | 271 | 237 | 249 | 359 | 204 | 274 | 238 | 290 | 315 |
| Agriculture, Fisheries and Food | 1,997 | 1,845 | 2,036 | 2,023 | 1,820 | 1,943 | 1,746 | 1,921 | 2,053 |
| Culture, Media and Sport | | | 9 | 52 | 136 | 203 | 392 | 400 | 420 |
| Social Security | 71,322 | 72,701 | 75,659 | 78,532 | 79,767 | 82,125 | 86,304 | 87,605 | 91,379 |
| Scotland | 448 | 506 | 642 | 671 | 627 | 716 | 628 | 674 | 737 |
| Wales | 163 | 163 | 186 | 221 | 153 | 177 | 159 | 197 | 219 |
| Northern Ireland | 2,608 | 2,789 | 2,988 | 3,179 | 3,214 | 3,415 | 3,585 | 3,742 | 3,961 |
| Chancellor's Departments | -11 | 93 | 63 | 42 | 31 | 40 | 40 | 40 | 40 |
| Cabinet Office | 995 | 936 | 1,088 | 1,196 | 1,247 | 1,149 | 1,465 | 1,420 | 1,480 |
| Total current within AME Main Programmes | 81,236 | 82,826 | 86,494 | 90,402 | 91,750 | 94,600 | 99,300 | 101,000 | 105,300 |
| Within locally financed expenditure | | | | | | | | | |
| Northern Ireland | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 124 |
| Total current within locally financed expenditure | 58 | 75 | 81 | 91 | 97 | 97 | 105 | 114 | 124 |
| Total central government own current expenditure | 171,319 | 177,987 | 184,180 | 192,673 | 195,334 | 203,500 | 214,000 | 221,800 | 230,500 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.4 Central government own departmental⁽¹⁾ current and capital expenditure,⁽²⁾ 1993-94 to 2001-02 (continued)

| | £ million | | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|-------------------|--------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Central government own capital expenditure⁽³⁾ | | | | | | | | | |
| Within DEL | | | | | | | | | |
| Education and Employment | 581 | 583 | 636 | 89 | 53 | 57 | 287 | 527 | 695 |
| Health | 576 | 299 | 281 | 153 | 61 | -122 | 238 | 243 | 296 |
| DETR - Main Programmes | 3,970 | 3,673 | 3,038 | 2,784 | 2,266 | 2,123 | 2,546 | 2,774 | 3,140 |
| DETR - Local Government and Regional Policy | | | | | | 2 | 4 | 5 | 4 |
| Home Office | 347 | 368 | 383 | 276 | 339 | 257 | 203 | 237 | 255 |
| Legal Departments | 170 | 152 | 145 | 78 | 56 | 46 | 42 | 42 | 42 |
| Defence | 1,413 | 1,489 | 1,578 | 672 | 892 | 1,646 | 1,518 | 1,529 | 1,549 |
| Foreign and Commonwealth Office | 115 | 90 | 134 | 73 | 91 | 87 | 87 | 84 | 86 |
| International Development | 2 | 3 | 3 | 7 | 4 | 4 | 2 | 2 | 2 |
| Trade and Industry | 365 | 432 | 390 | 331 | 351 | 398 | 442 | 473 | 499 |
| Agriculture, Fisheries and Food | 136 | 131 | 158 | 290 | 244 | 108 | 173 | 128 | 186 |
| Culture, Media and Sport | 130 | 164 | 182 | 91 | 74 | 55 | 56 | 54 | 54 |
| Social Security | 324 | 240 | 155 | 119 | | -300 | 50 | 51 | 53 |
| Scotland | 693 | 602 | 463 | 449 | 435 | 398 | 466 | 511 | 523 |
| Wales | 550 | 476 | 396 | 324 | 264 | 266 | 269 | 307 | 307 |
| Northern Ireland | 528 | 521 | 486 | 424 | 450 | 431 | 410 | 563 | 599 |
| Chancellor's Departments | 281 | 193 | 213 | 203 | 159 | 138 | 161 | -48 | 146 |
| Cabinet Office | 284 | 323 | 188 | 164 | 155 | 199 | 265 | 214 | 178 |
| Welfare to Work | | | | | 8 | 34 | 6 | 6 | 6 |
| Total capital within DEL | 10,467 | 9,738 | 8,830 | 6,526 | 5,902 | 5,800 | 7,200 | 7,700 | 8,600 |
| Within AME Main Programmes | | | | | | | | | |
| Agriculture, Fisheries and Food | 83 | -202 | -79 | 61 | 26 | 128 | 35 | 18 | 18 |
| Culture, Media and Sport | | | 117 | 312 | 952 | 1,148 | 2,224 | 2,266 | 2,380 |
| Northern Ireland | | | | | 1 | 1 | 1 | 1 | 1 |
| Total capital within AME Main Programmes | 83 | -202 | 38 | 373 | 978 | 1,300 | 2,300 | 2,300 | 2,400 |
| Total central government own capital expenditure⁽³⁾ | 10,550 | 9,536 | 8,868 | 6,899 | 6,880 | 7,100 | 9,500 | 10,000 | 11,000 |
| Central government own financial transactions expenditure⁽³⁾ | | | | | | | | | |
| Within DEL | | | | | | | | | |
| Education and Employment | 108 | 199 | 259 | 329 | 358 | 390 | 754 | 923 | 1,046 |
| DETR - Main Programmes | -61 | -25 | -8 | -24 | -28 | -28 | -15 | -1 | -1 |
| Foreign and Commonwealth Office | -1 | -1 | -1 | | | | | | |
| International Development | 282 | 351 | 269 | 207 | 229 | 223 | 258 | 299 | 357 |
| Trade and Industry | -54 | -44 | -35 | -49 | 4 | -48 | -57 | -35 | -28 |
| Agriculture, Fisheries and Food | | -1 | | | | | | | |
| Scotland | 16 | 28 | 34 | 43 | 48 | 61 | 93 | 117 | 126 |
| Wales | -13 | -5 | -1 | -1 | | -11 | -10 | -10 | -10 |
| Northern Ireland | 47 | 75 | 62 | 63 | 49 | 77 | 107 | 101 | 109 |
| Total financial transactions within DEL | 322 | 577 | 578 | 568 | 660 | 700 | 1,100 | 1,300 | 1,600 |

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.4 Central government own departmental⁽¹⁾ current and capital expenditure,⁽²⁾ 1993-94 to 2001-02 (continued)

| | £ million | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Within AME Main Programmes | | | | | | | | | |
| Trade and Industry | 124 | -19 | -45 | 53 | 54 | -226 | 473 | 793 | 794 |
| Social Security | 42 | 40 | 42 | 38 | 32 | 40 | 40 | 40 | 40 |
| Total financial transactions within AME Main Programmes | 166 | 21 | -3 | 91 | 86 | -200 | 500 | 800 | 800 |
| Total central government own financial transactions expenditure⁽²⁾ | 489 | 598 | 575 | 659 | 746 | 477 | 1,642 | 2,226 | 2,433 |
| Balancing item | -46 | -230 | -235 | -112 | -80 | -500 | 100 | 0 | 100 |
| Total central government own expenditure⁽²⁾ | 182,311 | 187,891 | 193,389 | 200,120 | 202,880 | 210,600 | 225,200 | 233,900 | 244,000 |

This table does not include any allocation from the Reserve for the plan years.

(1) A full list of the departments included in each departmental grouping is given in Appendix C.

(2) Excludes support for local authorities and public corporations. Excludes DEL Reserve, AME Margin and unallocated ISB and CMF.

(3) National accounts definitions.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.5 Gross administrative expenditure by department, 1993-94 to 2001-02⁽¹⁾⁽²⁾

| | £ million | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Department for Education and Employment | 1,382 | 1,401 | 1,307 | 1,232 | 1,121 | 1,217 | 1,273 | 1,223 | 1,225 |
| <i>of which: funded by the Windfall Tax</i> | | | | | 31 | 126 | 178 | 143 | 149 |
| Department of Health | 300 | 293 | 289 | 278 | 264 | 276 | 282 | 282 | 284 |
| Department of the Environment, Transport and the Regions | 983 | 977 | 943 | 922 | 850 | 894 | 882 | 923 | 937 |
| Home Office | 1,665 | 1,724 | 1,772 | 1,878 | 1,977 | 2,141 | 2,306 | 2,384 | 2,437 |
| <i>of which: funded by the Windfall Tax</i> | | | | | | 1 | | | |
| Lord Chancellor's and Law Officers' Departments | 676 | 694 | 722 | 706 | 718 | 768 | 814 | 843 | 821 |
| Foreign & Commonwealth Office | 468 | 477 | 495 | 496 | 509 | 511 | 536 | 557 | 568 |
| Department for International Development | 73 | 71 | 72 | 57 | 56 | 66 | 66 | 67 | 68 |
| Trade and Industry ⁽³⁾ | 500 | 487 | 478 | 457 | 443 | 482 | 488 | 498 | 509 |
| Ministry of Agriculture, Fisheries and Food | 444 | 451 | 482 | 522 | 480 | 544 | 533 | 532 | 522 |
| Department for Culture, Media and Sport | 24 | 26 | 28 | 29 | 30 | 32 | 34 | 34 | 34 |
| Department of Social Security | 2,881 | 2,983 | 3,129 | 3,216 | 3,149 | 3,310 | 2,930 | 3,018 | 3,062 |
| <i>of which: funded by the Windfall Tax</i> | | | | | 4 | 29 | 7 | 34 | 27 |
| Office Secretary of State for Scotland and Advocate General | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 |
| Office of Secretary of State for Wales | | | | | | | 2 | 2 | 2 |
| Northern Ireland Office | 177 | 174 | 169 | 169 | 169 | 190 | 194 | 225 | 135 |
| Chancellor of the Exchequer's departments: | | | | | | | | | |
| Inland Revenue | 1,816 | 1,824 | 1,857 | 1,879 | 1,902 | 2,020 | 2,347 | 2,416 | 2,402 |
| Customs and Excise | 745 | 756 | 757 | 746 | 759 | 783 | 798 | 808 | 798 |
| Others | 441 | 427 | 421 | 383 | 355 | 374 | 363 | 382 | 442 |
| Cabinet Office | 530 | 547 | 515 | 513 | 460 | 503 | 500 | 503 | 508 |
| Total gross expenditure on civil departments' | | | | | | | | | |
| running costs | 13,108 | 13,312 | 13,438 | 13,484 | 13,246 | 14,113 | 14,350 | 14,698 | 14,756 |
| <i>of which:</i> | | | | | | | | | |
| <i>funded by the Windfall Tax</i> | | | | | 35 | 156 | 185 | 178 | 176 |
| <i>Running Costs Paybill⁽⁴⁾</i> | 8,371 | 8,252 | 8,056 | 8,030 | 7,822 | 8,174 | 8,238 | 8,387 | 8,313 |
| Other related receipts ⁽⁵⁾ | -2,757 | -2,478 | -2,317 | -2,312 | -2,234 | -2,466 | -2,076 | -2,099 | -2,109 |
| Northern Ireland Departments ⁽⁶⁾ | 567 | 570 | 573 | 577 | 575 | 616 | 599 | 616 | 630 |
| <i>of which: funded by the Windfall Tax</i> | | | | | 1 | 7 | 10 | 7 | 5 |

(1) Excludes intra and inter-departmental receipts paid from running costs.

(2) Excludes Administration costs of devolved bodies.

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

(4) This covers the pay costs of civil servants and others (including casual staff) covered by running costs, and includes superannuation charges and national insurance contributions. It excludes all civil servants, armed forces and other employees of the Ministry of Defence and the devolved bodies.

(5) Includes all running costs related receipts not netted off the figures above including refundable VAT on contracted out services (see footnote 1).

(6) The Department of Finance and Personnel control the running costs of the Northern Ireland Departments. The figures shown here are the plans which will apply until the Northern Ireland Assembly assumes responsibility for public expenditure.

5. CENTRAL GOVERNMENT EXPENDITURE

Table 5.6 Staff of central government departments and devolved bodies, 1993-94 to 2001-02 ⁽¹⁾

| | Thousands (full-time equivalents) | | | | | | | | |
|---|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|
| | 1993-94 outturn | 1994-95 outturn | 1995-96 outturn | 1996-97 outturn | 1997-98 outturn | 1998-99 outturn | 1999-00 plans | 2000-01 plans | 2001-02 plans |
| Department for Education and Employment (including OFSTED) ⁽²⁾ | 53.6 | 50.0 | 44.3 | 37.4 | 33.7 | 34.0 | 33.0 | 33.9 | 33.8 |
| Department of Health | 4.5 | 4.4 | 3.9 | 4.4 | 4.2 | 4.3 | 4.5 | 4.4 | 4.3 |
| Department of the Environment, Transport and the Regions (including OPRAF, ORR, PSA Services, HSE, OFWAT and Ordnance Survey) | 27.6 | 23.2 | 20.6 | 19.0 | 17.4 | 16.9 | 17.8 | 17.8 | 17.7 |
| Home Office (including Charity Commission) | 51.4 | 50.7 | 51.0 | 50.5 | 50.6 | 50.7 | 50.6 | 50.6 | 50.6 |
| Lord Chancellor's and Law Officers' Departments | 20.3 | 20.0 | 19.5 | 18.7 | 17.6 | 17.0 | 17.6 | 17.7 | 17.6 |
| Ministry of Defence | 113.9 | 109.1 | 101.8 | 94.9 | 92.6 | 86.7 | 88.3 | 86.2 | 84.7 |
| Foreign and Commonwealth Office | 6.4 | 6.2 | 5.9 | 5.7 | 5.5 | 5.5 | 5.6 | 5.6 | 5.6 |
| Department for International Development | 1.6 | 1.5 | 1.4 | 1.0 | 1.0 | 1.1 | 1.3 | 1.3 | 1.3 |
| Trade and Industry (including ACAS, OFT, OFTEL, OFGAS and OFFER) | 11.9 | 11.0 | 9.8 | 8.5 | 8.3 | 6.4 | 6.6 | 8.8 | 8.9 |
| Export Credits Guarantee Department | 0.5 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Ministry of Agriculture, Fisheries and Food | 10.3 | 10.0 | 10.3 | 10.1 | 9.3 | 10.3 | 10.4 | 10.4 | 10.5 |
| Intervention Board | 0.9 | 0.9 | 0.9 | 0.9 | 1.1 | 1.1 | 1.3 | 1.3 | 1.3 |
| Department for Culture, Media and Sport (including OFLOT) ⁽³⁾ | 1.0 | 1.1 | 1.0 | 1.0 | 0.6 | 0.6 | 0.7 | 0.6 | 0.6 |
| Department of Social Security ⁽⁴⁾ | 89.0 | 89.8 | 90.2 | 93.6 | 91.0 | 86.4 | 79.4 | 80.0 | 80.2 |
| Scotland ⁽⁵⁾⁽⁶⁾ | 14.6 | 13.8 | 13.1 | 11.8 | 12.0 | 12.2 | 12.2 | 12.2 | 12.2 |
| Wales ⁽⁵⁾ | 2.4 | 2.3 | 2.2 | 2.1 | 2.1 | 2.2 | 2.6 | 2.6 | 2.6 |
| Northern Ireland ⁽⁵⁾ | 28.4 | 26.4 | 25.7 | 24.8 | 24.2 | 24.0 | 23.8 | 23.0 | 22.5 |
| HM Customs and Excise | 25.3 | 24.8 | 23.5 | 22.9 | 23.3 | 23.1 | 22.7 | 22.3 | 21.9 |
| Inland Revenue | 65.9 | 62.0 | 57.6 | 55.4 | 53.8 | 53.6 | 62.4 | 61.4 | 60.5 |
| Chancellor's other departments Cabinet Office, OPS, COI and PCO | 12.3 | 11.2 | 10.3 | 9.3 | 8.3 | 8.3 | 4.3 | 4.2 | 4.2 |
| Security and Intelligence Services | 10.6 | 10.4 | 9.4 | 8.6 | 8.3 | 8.1 | 8.1 | 8.1 | 8.1 |
| Trading funds and DSA | 30.0 | 29.5 | 29.8 | 32.0 | 28.7 | 30.1 | 27.8 | 26.9 | 26.1 |
| Total⁽¹⁾ | 586.0 | 562.1 | 535.2 | 516.1 | 496.9 | 489.5 | 485.8 | 481.8 | 477.6 |
| <i>of which: Home Civil Service</i> | <i>552.8</i> | <i>530.8</i> | <i>505.3</i> | <i>487.3</i> | <i>469.0</i> | <i>462.0</i> | <i>458.4</i> | <i>455.1</i> | <i>451.4</i> |

(1) Unless otherwise indicated all figures are financial year averages for permanent staff in central government departments. This includes the staff of the Home Civil Service, the Northern Ireland Civil Service and the Security and Intelligence Services.

(2) The Office of Her Majesty's Chief Inspector of Schools in England conducts business under the name of Office for Standards in Education (OFSTED).

(3) The Office of the National Lottery (OFLOT) will become the Lottery Commission on 1 April 1999 and will move out of the Civil Service.

(4) From 1996-97 figures include transfers in from the Employment Service due to the introduction of the Job Seekers' Allowance.

(5) Plans for the devolved bodies are indicative only as future staff numbers will depend upon the decisions of the devolved executives.

(6) Includes Crown Office.

6. LOCAL AUTHORITY EXPENDITURE

INTRODUCTION

6.1 This chapter describes central government support for local authorities from 1993-94 to 2001-02, 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 (see the departmental report for Northern Ireland – Cm4217). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

6.2 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.

6.3 Single tier local government was introduced in Scotland and Wales (in April 1996). It is also being introduced in some shire areas of England.

6.4 Total Local Authority Expenditure in this chapter is defined as central government support for local authorities within DEL and AME Main Departmental Programmes, plus locally financed expenditure in AME. **Table 6.1** sets out details of the financing of local authority expenditure defined on this basis, and also provides information on other local authority transactions relevant to TME.

6.5 Local authority expenditure accounts for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities within TME in 1997-98 and 1998-99 is estimated to be £76.6 billion and £79.1 billion respectively. Final outturn information for 1997-98 local authority expenditure will not become available until later this year. Outturn figures and projections for the later years are set out in **Table 6.1**. **Table 6.2** sets out total local authority expenditure by department for 1993-94 to 1998-99. **Table 6.3** shows total local authority expenditure for the outturn years, broken down by country and economic category.

6.6 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, eg Revenue Support Grant, or related to specific services, eg police grant.

6.7 **Table 6.4** gives a departmental breakdown of central government support for current and capital expenditure by local authorities.

6.8 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

6.9 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.

6.10 In the Local Government settlement, the Government sets the level of Total Standard Spending (TSS) which represents the amount of spending by local government as a whole which the government is prepared to support grants. For 1999-2000, TSS in England will be £50.6 billion, and in Wales £3.0 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure, will be £6.5 billion. The Government has also provided service breakdowns of TSS in England and GSE in Scotland, giving an indication of the level of spending on each main service which would be consistent with the overall figure. The actual allocation of spending between services is a matter for determination by local authorities. **Table 6.5** sets out Total Standard Spending and Government Supported Expenditure for 1999-2000.

6.11 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.

6.12 **Table 6.6** shows AEF in Great Britain by country and grant. All AEF falls within DEL, with the exception of Scottish NNDR payments which are in Main Departmental Programmes in AME.

OTHER SPENDING

6.13 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 mandatory student awards. **Table 6.7** shows current specific grants outside AEF by country, for the years 1993-94 to 2001-2002. Grants outside of AEF are a mixture of support falling in DEL and Main Departmental Programmes in AME.

CAPITAL EXPENDITURE

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

- central government support (see paragraph 6.6);
- own resources: capital receipts, and revenue.

Local authorities in England, Wales and (from 1996-97) Scotland must set aside part of their housing capital receipts to repay debt but they are free to spend the remainder on capital programmes at anytime. The requirement to set aside part of their other receipts was lifted in September 1998.

6.15 Gross capital expenditure, split by country and service from 1993-94 to 1998-99, is shown in **Table 6.8**. Local authority gross capital spending in the United Kingdom in 1997-98 totalled £7.9 billion with offsetting receipts of £2.5 billion. In 1998-99 gross capital spending is expected to rise to £8.1 billion with offsetting receipts of £2.7 billion, giving net capital spending of around £5.4 billion. 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 service. **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

6.16 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 6.10 shows the component of this government support within the United Kingdom by country and by service. Table 6.10 includes financial transactions which score in the DEL capital budget.

6.17 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.

6.18 The Government announced as part of the Comprehensive Spending Review that it is willing to support up to £800 million of Private Finance Initiative (PFI) investment in the local authority sector for each of the next three years. This is in addition to the £750 million PFI investment supported in 1997-98 and 1998-99. Nearly 90 Local Authority PFI schemes have been approved for Government support and over 20 of these schemes have already been signed. The approved schemes cover a wide variety of services including schools, transport, old people's centres, police stations and head quarters, and magistrates courts. Whereas the actual investment is outside TME, and thus will not appear in the figures in this section, the payments to the private sector (supported through the revenue support grant) for the services associated with these projects are included in the figures presented throughout this chapter.

NEW DEAL FOR SCHOOLS

6.19 Part of the expenditure package financed by the windfall tax has been directed towards the New Deal for Schools, repairing and improving the infrastructure of schools and school buildings across the UK, with £100 million of funding in 1997-98 and a further £300 million over each of the following four years.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Expenditure within DEL | | | | | | | | | |
| Current | | | | | | | | | |
| Aggregate External Finance within DEL⁽¹⁾ | | | | | | | | | |
| England | | | | | | | | | |
| Revenue support grant | 17,052 | 18,497 | 18,314 | 18,024 | 18,675 | 19,506 | 19,902 | } 35,107 | 36,634 |
| Non-domestic rate payments | 11,559 | 10,685 | 11,354 | 12,736 | 12,027 | 12,524 | 13,612 | | |
| Specific and special grants | 4,643 | 5,169 | 5,035 | 5,000 | 5,259 | 5,682 | 5,901 | 6,172 | 6,746 |
| Total England | 33,254 | 34,351 | 34,703 | 35,760 | 35,961 | 37,712 | 39,414 | 41,279 | 43,379 |
| Scotland | | | | | | | | | |
| Revenue support grant | 3,624 | 3,773 | 3,782 | 3,665 | 3,520 | 3,487 | 3,529 | 3,630 | 3,702 |
| Specific and special grants | 404 | 412 | 395 | 409 | 427 | 435 | 543 | 569 | 612 |
| Total Scotland | 4,028 | 4,186 | 4,177 | 4,073 | 3,947 | 3,921 | 4,072 | 4,199 | 4,314 |
| Wales | | | | | | | | | |
| Revenue support grant | 1,658 | 1,741 | 1,719 | 1,792 | 1,734 | 1,800 | 1,891 | } 2,648 | 2,755 |
| Non-domestic rate payments | 470 | 464 | 520 | 459 | 584 | 612 | 656 | | |
| Specific and special grants | 211 | 211 | 227 | 265 | 260 | 291 | 280 | 300 | 314 |
| Total Wales | 2,338 | 2,416 | 2,466 | 2,516 | 2,577 | 2,703 | 2,827 | 2,948 | 3,069 |
| Great Britain | | | | | | | | | |
| Revenue support grant | 22,333 | 24,011 | 23,815 | 23,482 | 23,929 | 24,792 | 25,322 | } 41,385 | 43,091 |
| Non-domestic rate payments | 12,029 | 11,149 | 11,874 | 13,195 | 12,611 | 13,136 | 14,268 | | |
| Specific and special grants | 5,258 | 5,793 | 5,658 | 5,673 | 5,945 | 6,408 | 6,724 | 7,041 | 7,671 |
| Total Aggregate External Finance within DEL | 39,620 | 40,952 | 41,347 | 42,350 | 42,485 | 44,336 | 46,314 | 48,426 | 50,762 |
| Other current grants ⁽²⁾ | 3,400 | 3,023 | 2,684 | 2,466 | 2,431 | 2,452 | 1,532 | 1,299 | 1,291 |
| Total current grants within DEL | 43,021 | 43,976 | 44,030 | 44,816 | 44,917 | 46,786 | 47,845 | 49,725 | 52,053 |
| Capital | | | | | | | | | |
| Capital grants | 1,920 | 1,558 | 1,852 | 1,726 | 1,658 | 1,742 | 1,592 | 1,733 | 1,868 |
| Credit approvals | 4,148 | 3,996 | 3,638 | 3,112 | 2,982 | 3,318 | 3,482 | 4,308 | 5,270 |
| Total capital support within DEL | 6,069 | 5,554 | 5,490 | 4,838 | 4,640 | 5,060 | 5,074 | 6,041 | 7,138 |
| Total central government support to local authorities within DEL | 49,089 | 49,530 | 49,520 | 49,654 | 49,557 | 51,846 | 52,919 | 55,766 | 59,191 |
| Central Government support to local authorities within AME | | | | | | | | | |
| Main Programmes⁽³⁾ | 9,664 | 10,702 | 11,164 | 11,715 | 11,476 | 11,251 | 12,561 | 13,565 | 14,482 |
| Locally financed expenditure | | | | | | | | | |
| Local Authority Self Financed Expenditure | | | | | | | | | |
| Expenditure | 8,046 | 10,761 | 13,150 | 12,985 | 14,275 | 14,600 | 15,500 | 16,700 | 18,100 |
| Locally financed support in Scotland | 1,186 | 1,109 | 1,193 | 1,313 | 1,326 | 1,395 | 1,441 | 1,473 | 1,510 |
| Total Locally financed expenditure | 9,232 | 11,811 | 14,343 | 14,298 | 15,601 | 16,000 | 16,900 | 18,200 | 19,600 |
| Total Local Authority expenditure⁽⁴⁾ | 67,985 | 72,102 | 75,027 | 75,667 | 76,634 | 79,100 | 82,400 | 87,500 | 93,300 |

(1) Aggregate External Finance (AEF) is described in para 6.11 above.

(2) See paragraph 6.13 above.

(3) Central Government Support Outside DEL is current grants.

(4) Defined as expenditure within DEL, AME Main Programmes and Locally Financed Expenditure

6. LOCAL AUTHORITY EXPENDITURE

Table 6.2 Local authority current and capital expenditure in the United Kingdom by department, 1993-94 to 1998-99

| | £ million | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|-------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Current⁽¹⁾ | | | | | | |
| Education and Employment ⁽²⁾ | 19,999 | 20,193 | 20,118 | 20,494 | 20,920 | 21,927 |
| Health ⁽²⁾ | 5,665 | 6,622 | 7,331 | 7,947 | 8,461 | 8,940 |
| DETR – Main Programmes | 7,037 | 7,386 | 7,623 | 7,888 | 8,084 | 8,257 |
| Home Office | 7,519 | 7,819 | 8,058 | 8,516 | 8,901 | 9,258 |
| Legal Departments | 305 | 321 | 322 | 326 | 326 | 330 |
| Trade and Industry | 156 | 162 | 166 | 168 | 169 | 169 |
| Agriculture, Fisheries and Food | 57 | 44 | 46 | 42 | 44 | 46 |
| Culture, Media and Sport | 1,234 | 1,254 | 1,270 | 1,277 | 1,444 | 1,466 |
| Social Security ⁽²⁾ | 9,581 | 10,500 | 11,297 | 11,818 | 11,689 | 11,706 |
| Scotland ⁽²⁾ | 5,134 | 5,495 | 5,687 | 5,756 | 5,795 | 5,883 |
| Wales ⁽²⁾ | 2,053 | 2,163 | 2,266 | 2,328 | 2,356 | 2,470 |
| Northern Ireland | 160 | 165 | 171 | 199 | 207 | 212 |
| Total current | 58,902 | 62,123 | 64,355 | 66,759 | 68,396 | 70,700 |
| Capital⁽³⁾ | | | | | | |
| Education and Employment ⁽²⁾ | 745 | 948 | 942 | 934 | 988 | 1,007 |
| Health ⁽²⁾ | 118 | 156 | 160 | 136 | 120 | 133 |
| DETR – Main Programmes | 2,574 | 3,247 | 3,467 | 2,891 | 2,614 | 2,611 |
| Home Office | 291 | 288 | 302 | 238 | 243 | 247 |
| Legal Departments | 55 | 55 | 56 | 29 | 17 | 23 |
| Trade and Industry | 3 | 3 | | | 1 | 2 |
| Agriculture, Fisheries and Food | -23 | -44 | 12 | 1 | -10 | -10 |
| Culture, Media and Sport | 180 | 225 | 234 | 264 | 332 | 238 |
| Scotland ⁽²⁾ | 1,101 | 1,066 | 1,194 | 514 | 656 | 711 |
| Wales ⁽²⁾ | 506 | 634 | 627 | 563 | 516 | 540 |
| Northern Ireland | 46 | 50 | 50 | 53 | 53 | 55 |
| Total capital | 5,596 | 6,627 | 7,045 | 5,623 | 5,531 | 5,600 |
| Debt interest | 4,403 | 4,269 | 4,327 | 4,265 | 4,495 | 4,408 |
| Allowance for shortfall ⁽⁴⁾ | | | | | -1,120 | -881 |
| Balancing item | -915 | -917 | -700 | -979 | -668 | -700 |
| Total Local Authority expenditure⁽⁵⁾ | 67,985 | 72,012 | 75,027 | 75,667 | 76,634 | 79,100 |

(1) Excluding debt interest.

(2) See footnote (4) to table 1.13.

(3) Includes financial transactions.

(4) See paragraph 6 of Appendix A.

(5) From Table 6.1.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1993-94 to 1998-99

| | £ million | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England⁽¹⁾ | | | | | | |
| Pay | 28,817 | 29,670 | 30,586 | 31,512 | 32,731 | 34,829 |
| Other current expenditure on goods and services | 9,417 | 10,637 | 11,298 | 12,196 | 12,670 | 12,753 |
| Subsidies | 461 | 598 | 514 | 520 | 519 | 523 |
| Current grants to persons | 11,051 | 11,520 | 11,860 | 12,167 | 11,941 | 11,814 |
| Net capital expenditure on assets | 3,208 | 3,996 | 4,285 | 3,533 | 3,538 | 3,507 |
| Capital grants | 1,101 | 1,031 | 1,014 | 1,098 | 869 | 905 |
| Lending and other financial transactions | -387 | -163 | -140 | -153 | -117 | -179 |
| Total England | 53,668 | 57,289 | 59,417 | 60,873 | 62,150 | 64,152 |
| Scotland⁽¹⁾ | | | | | | |
| Pay | 3,532 | 3,713 | 3,900 | 3,913 | 3,999 | 4,067 |
| Other current expenditure on goods and services | 1,492 | 1,662 | 1,668 | 1,709 | 1,682 | 1,700 |
| Subsidies | 83 | 88 | 91 | 104 | 85 | 84 |
| Current grants to persons | 818 | 881 | 928 | 1,007 | 1,076 | 1,067 |
| Net capital expenditure on assets | 993 | 949 | 1,090 | 438 | 599 | 664 |
| Capital grants | 109 | 119 | 112 | 74 | 62 | 51 |
| Lending and other financial transactions | 2 | -3 | -8 | 2 | -5 | -3 |
| Total Scotland | 7,030 | 7,410 | 7,780 | 7,246 | 7,498 | 7,630 |
| Wales⁽¹⁾ | | | | | | |
| Pay | 1,772 | 1,843 | 1,945 | 1,994 | 2,041 | 2,150 |
| Other current expenditure on goods and services | 675 | 699 | 728 | 760 | 776 | 793 |
| Subsidies | | | | | | |
| Current grants to persons | 623 | 646 | 665 | 678 | 670 | 673 |
| Net capital expenditure on assets | 373 | 487 | 461 | 403 | 365 | 360 |
| Capital grants | 174 | 173 | 190 | 185 | 175 | 204 |
| Lending and other financial transactions | -24 | -12 | -8 | -10 | -8 | -6 |
| Total Wales | 3,593 | 3,837 | 3,981 | 4,010 | 4,018 | 4,174 |
| Great Britain⁽¹⁾ | | | | | | |
| Pay | 34,122 | 35,226 | 36,431 | 37,418 | 38,770 | 41,046 |
| Other current expenditure on goods and services | 11,585 | 12,998 | 13,694 | 14,664 | 15,128 | 15,245 |
| Subsidies | 543 | 686 | 605 | 624 | 604 | 608 |
| Current grants to persons | 12,491 | 13,047 | 13,453 | 13,852 | 13,687 | 13,554 |
| Net capital expenditure on assets | 4,575 | 5,432 | 5,835 | 4,375 | 4,502 | 4,531 |
| Capital grants | 1,384 | 1,324 | 1,316 | 1,357 | 1,106 | 1,160 |
| Lending and other financial transactions | -408 | -178 | -157 | -162 | -131 | -188 |
| Total Great Britain | 64,291 | 68,535 | 71,179 | 72,129 | 73,666 | 75,955 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.3 Local authority expenditure in the United Kingdom by country and economic category, 1993-94 to 1998-99 (continued)

| | £ million | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Northern Ireland⁽¹⁾ | | | | | | |
| Pay | 159 | 163 | 170 | 198 | 211 | 222 |
| Other current expenditure on goods and services | 2 | 3 | 1 | 1 | -3 | -10 |
| Subsidies | | | | | | |
| Current grants to persons | | | | | | |
| Net capital expenditure on assets | 44 | 48 | 49 | 52 | 52 | 54 |
| Capital grants | 1 | 1 | 1 | 2 | 2 | 2 |
| Lending and other financial transactions | | | | | | |
| Total Northern Ireland | 206 | 215 | 221 | 253 | 261 | 267 |
| United Kingdom | | | | | | |
| Pay | 34,281 | 35,389 | 36,601 | 37,616 | 38,981 | 41,268 |
| Other current expenditure on goods and services | 11,587 | 13,001 | 13,696 | 14,666 | 15,124 | 15,235 |
| Subsidies | 543 | 686 | 605 | 624 | 604 | 608 |
| Current grants to persons | 12,491 | 13,047 | 13,453 | 13,852 | 13,687 | 13,554 |
| Net capital expenditure on assets | 4,619 | 5,480 | 5,884 | 4,427 | 4,554 | 4,584 |
| Capital grants | 1,385 | 1,325 | 1,317 | 1,358 | 1,108 | 1,162 |
| Lending and other financial transactions | -408 | -178 | -157 | -162 | -131 | -188 |
| Local authority debt interest | 4,403 | 4,269 | 4,327 | 4,265 | 4,495 | 4,408 |
| Allowance for shortfall | | | | | -1,120 | -881 |
| Balancing item | -915 | -917 | -700 | -979 | -668 | -700 |
| Total United Kingdom⁽²⁾ | 67,985 | 72,012 | 75,027 | 75,667 | 76,634 | 79,100 |
| of which: | | | | | | |
| Expenditure excluding debt interest | 63,582 | 67,743 | 70,700 | 71,402 | 72,139 | 74,700 |

(1) Excluding debt interest.

(2) Local authority expenditure (see Table 6.1).

6. LOCAL AUTHORITY EXPENDITURE

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Current | | | | | | | | | |
| Within DEL | | | | | | | | | |
| Education and Employment ⁽¹⁾⁽²⁾ | 3,340 | 2,934 | 2,518 | 2,350 | 2,353 | 2,325 | 1,858 | 1,803 | 1,972 |
| Health ⁽¹⁾ | 652 | 827 | 752 | 611 | 519 | 688 | 547 | 614 | 706 |
| DETR—Main Programmes | 243 | 367 | 285 | 275 | 554 | 602 | 482 | 577 | 734 |
| DETR—Local Government and Regional Policy ⁽¹⁾⁽²⁾ | 29,094 | 29,619 | 30,000 | 30,998 | 30,845 | 32,167 | 33,692 | 35,123 | 36,649 |
| Home Office | 3,217 | 3,401 | 3,591 | 3,706 | 3,823 | 4,083 | 4,093 | 4,195 | 4,368 |
| Legal Departments | 246 | 261 | 252 | 260 | 257 | 259 | 265 | 278 | 280 |
| Trade and Industry | 5 | 8 | 7 | 12 | 17 | 27 | 8 | 13 | 14 |
| Agriculture, Fisheries and Food | -215 | -178 | -185 | -186 | -186 | -192 | -205 | -209 | -214 |
| Social Security ⁽¹⁾ | 149 | 170 | 189 | 196 | 233 | 247 | 243 | 250 | 250 |
| Scotland ⁽¹⁾ | 4,062 | 4,276 | 4,279 | 4,218 | 4,073 | 4,012 | 4,157 | 4,284 | 4,393 |
| Wales ⁽¹⁾ | 2,174 | 2,238 | 2,285 | 2,326 | 2,363 | 2,487 | 2,612 | 2,723 | 2,832 |
| Northern Ireland | 56 | 53 | 57 | 60 | 66 | 80 | 92 | 77 | 71 |
| Total within DEL | 43,021 | 43,976 | 44,030 | 44,816 | 44,917 | 46,786 | 47,845 | 49,725 | 52,053 |
| Within AME Main Programmes | | | | | | | | | |
| DETR—Main Programmes | 3,299 | 3,365 | 3,380 | 3,309 | 3,125 | 2,920 | 2,969 | 3,006 | 2,995 |
| Agriculture, Fisheries and Food | 31 | 16 | 15 | 12 | 9 | 9 | 9 | 9 | 9 |
| Social Security ⁽¹⁾ | 6,139 | 7,134 | 7,579 | 8,204 | 8,161 | 8,150 | 9,399 | 10,353 | 11,265 |
| Wales ⁽¹⁾ | 195 | 187 | 190 | 189 | 181 | 173 | 185 | 198 | 213 |
| Total within AME Main Programmes | 9,664 | 10,702 | 11,164 | 11,715 | 11,476 | 11,251 | 12,561 | 13,365 | 14,482 |
| Within Locally Financed Expenditure | | | | | | | | | |
| Scotland ⁽¹⁾ | 1,186 | 1,109 | 1,193 | 1,313 | 1,326 | 1,395 | 1,441 | 1,473 | 1,510 |
| Total within Locally Financed Expenditure | 1,186 | 1,109 | 1,193 | 1,313 | 1,326 | 1,395 | 1,441 | 1,473 | 1,510 |
| Total Current | 53,871 | 55,786 | 56,388 | 57,844 | 57,719 | 59,433 | 61,847 | 64,763 | 68,044 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.4 Central government support for local authorities in the United Kingdom by department, 1993-94 to 2001-02 (continued)

| | £ million | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Capital⁽³⁾ | | | | | | | | | |
| Within DEL⁽⁴⁾ | | | | | | | | | |
| Education and Employment ⁽¹⁾ | 519 | 508 | 514 | 552 | 607 | 852 | 1,105 | 1,434 | 1,664 |
| Health ⁽¹⁾ | 134 | 145 | 166 | 132 | 82 | 63 | 62 | 62 | 62 |
| DETR–Main Programmes | 3,527 | 3,002 | 2,478 | 2,489 | 2,297 | 2,348 | 2,288 | 3,050 | 3,863 |
| DETR– Local Government and Regional Policy ⁽¹⁾ | 49 | 50 | 68 | 113 | 307 | 380 | 278 | 79 | 10 |
| Home Office | 289 | 282 | 295 | 244 | 217 | 193 | 194 | 194 | 198 |
| Legal Departments | 55 | 58 | 67 | 33 | 22 | 28 | 29 | 29 | 29 |
| Agriculture, Fisheries and Food | 34 | 36 | 46 | 53 | 39 | 39 | 45 | 48 | 48 |
| Culture, Media and Sport | 10 | | | 8 | 28 | 25 | 25 | 25 | 25 |
| Scotland ⁽¹⁾ | 951 | 945 | 1,027 | 655 | 574 | 667 | 629 | 707 | 816 |
| Wales ⁽¹⁾ | 491 | 523 | 556 | 557 | 465 | 460 | 417 | 410 | 421 |
| Northern Ireland | 8 | 4 | 2 | 2 | 1 | 3 | 1 | 1 | 1 |
| Total capital | 6,069 | 5,554 | 5,489 | 4,838 | 4,640 | 5,059 | 5,073 | 6,041 | 7,138 |
| Total | 59,940 | 61,340 | 61,877 | 62,682 | 62,359 | 64,492 | 66,920 | 70,804 | 75,182 |

(1) See footnote (4) to table 1.13

(2) See footnote (6) to table 1.13

(3) Includes financial transactions

(4) All Capital support falls within DEL.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.5 Total Standard Spending for 1999-2000 by main service block

| | £ million |
|---|---------------|
| Total Standard Spending | |
| England | |
| Education | 21,201 |
| Personal Social Services | 8,792 |
| Police | 6,784 |
| Fire and civil defence | 1,346 |
| Highway maintenance | 1,813 |
| Environmental, protective and cultural services | 9,099 |
| Capital financing | 1,604 |
| Total England | 50,639 |
| Total Wales⁽¹⁾ | 2,987 |
| Total Government Supported Expenditure | |
| Scotland | |
| Education, Libraries and Museums | 2,893 |
| Health and personal social services | 1,101 |
| Law, order and protective services | 909 |
| Roads and Transport | 323 |
| Environmental services | 492 |
| Miscellaneous | 14 |
| Other services | 50 |
| Loans and Leasing Charges | 765 |
| Total Scotland | 6,547 |

(1) No service split for Wales is published.

6. LOCAL AUTHORITY EXPENDITURE

**Table 6.6 Aggregate External Finance in Great Britain by country and grant
1993-94 to 2001-02**

| | £ million | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| England | | | | | | | | | |
| Revenue support grant | 17,052 | 18,497 | 18,314 | 18,024 | 18,675 | 19,506 | 19,902 | } 35,107 | 36,634 |
| Non-domestic rate payments | 11,559 | 10,685 | 11,354 | 12,736 | 12,027 | 12,524 | 13,612 | | |
| Community charge grant | 84 | 36 | 42 | -2 | | | | | |
| Magistrates courts | 233 | 247 | 238 | 246 | 243 | 245 | 250 | 263 | 265 |
| Community services | 69 | 60 | | | | 78 | 25 | | |
| Probation and after care | 274 | 290 | 302 | 313 | 310 | 312 | 328 | 352 | 376 |
| Police | 2,771 | 2,908 | 3,036 | 3,183 | 3,302 | 3,470 | 3,517 | 3,607 | 3,747 |
| Grants for education support and training | 219 | 214 | 185 | 198 | 269 | 267 | 433 | 579 | 720 |
| Administration of housing benefit | 127 | 133 | 141 | 130 | 135 | 135 | 135 | 138 | 138 |
| Community Care special grant | 565 | 736 | 648 | 482 | 325 | 355 | 115 | 200 | 300 |
| Health and Social Services | 87 | 91 | 104 | 128 | 194 | 333 | 432 | 414 | 406 |
| Sheltered Employment | 18 | 24 | 25 | 26 | 25 | 26 | 26 | 26 | 26 |
| National Parks | 17 | 18 | 18 | 17 | 18 | 17 | 19 | 20 | 21 |
| Other grants | 179 | 412 | 296 | 277 | 437 | 445 | 620 | 574 | 748 |
| Total England | 33,254 | 34,351 | 34,703 | 35,760 | 35,961 | 37,712 | 39,414 | 41,279 | 43,379 |
| Scotland | | | | | | | | | |
| Revenue support grant | 3,624 | 3,773 | 3,782 | 3,665 | 3,520 | 3,487 | 3,529 | } 5,103 | 5,212 |
| Non-domestic rate payments ⁽¹⁾ | 1,186 | 1,109 | 1,193 | 1,313 | 1,326 | 1,395 | 1,441 | | |
| Community charge grant | 9 | 7 | 4 | | | | | | |
| Urban Programme | 48 | 55 | 52 | 56 | 45 | 43 | 43 | 43 | 43 |
| Police | 270 | 273 | 287 | 296 | 329 | 338 | 352 | 366 | 377 |
| Administration of housing benefit | 13 | 15 | 16 | 15 | 15 | 15 | 16 | 16 | 16 |
| Other grants | 64 | 63 | 37 | 42 | 38 | 39 | 131 | 144 | 175 |
| Total Scotland | 5,214 | 5,295 | 5,370 | 5,386 | 5,274 | 5,317 | 5,512 | 5,672 | 5,823 |
| Wales | | | | | | | | | |
| Revenue support grant | 1,658 | 1,741 | 1,719 | 1,792 | 1,734 | 1,800 | 1,891 | } 2,648 | 2,755 |
| Non-domestic rate payments | 470 | 464 | 520 | 459 | 584 | 612 | 656 | | |
| Community charge grant | 7 | 2 | 2 | | | | | | |
| Police | 136 | 140 | 156 | 166 | 171 | 180 | 181 | 192 | 200 |
| Other grants | 67 | 69 | 69 | 99 | 89 | 110 | 97 | 107 | 114 |
| Total Wales | 2,338 | 2,416 | 2,466 | 2,516 | 2,577 | 2,701 | 2,827 | 2,947 | 3,069 |
| Total Great Britain | 40,806 | 42,061 | 42,540 | 43,663 | 43,812 | 45,730 | 47,754 | 49,899 | 52,271 |
| <i>Of which: AEF grants within DEL</i> | <i>39,620</i> | <i>40,952</i> | <i>41,347</i> | <i>42,350</i> | <i>42,485</i> | <i>44,334</i> | <i>46,313</i> | <i>48,426</i> | <i>50,762</i> |

(1) Scottish rate payments are locally financed expenditure in AME.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.7 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|---------------|---------------|---------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| England | | | | | | | | | |
| Skills and competence for work | 157 | 36 | 55 | 42 | 30 | 60 | 28 | 28 | 28 |
| Careers service | 20 | 117 | 67 | 9 | | | | | |
| Technical and vocational education initiative | 119 | 83 | 52 | 22 | 4 | | | | |
| Mandatory student awards | 2,584 | 2,298 | 1,981 | 1,887 | 1,856 | 1,862 | 1,097 | 774 | 657 |
| Rent rebates ⁽¹⁾ | 3,406 | 3,453 | 3,457 | 3,397 | 3,179 | 3,008 | 3,051 | 3,095 | 3,086 |
| Rent allowances ⁽¹⁾ | 3,443 | 4,217 | 4,497 | 4,904 | 4,789 | 4,670 | 5,526 | 6,136 | 6,766 |
| Community charge rebates/ Council tax benefit ⁽²⁾ | 1,525 | 1,663 | 1,749 | 1,825 | 1,864 | 1,885 | 2,178 | 2,359 | 2,507 |
| Community charge transitional relief | -1 | | | | | | | | |
| Community charge reduction scheme | -19 | -6 | | | | | | | |
| Council tax preparation costs | 29 | | | | | | | | |
| Council tax transitional reduction grant | 358 | 121 | 22 | -1 | | | | | |
| Other grants ⁽²⁾ | -132 | 81 | 194 | 150 | 197 | 286 | 121 | 242 | 373 |
| Total England | 11,490 | 12,062 | 12,073 | 12,235 | 11,919 | 11,772 | 12,003 | 12,633 | 13,417 |
| Scotland | | | | | | | | | |
| Rent rebates ⁽¹⁾ | 503 | 505 | 528 | 565 | 611 | 628 | 599 | 665 | 692 |
| Rent allowances ⁽¹⁾ | 189 | 222 | 252 | 290 | 291 | 306 | 373 | 411 | 457 |
| Community charge rebates/ Council tax benefit ⁽²⁾ | 162 | 194 | 207 | 230 | 260 | 243 | 277 | 302 | 324 |
| Community charge reduction scheme | 3 | | | | | | | | |
| Council Tax reduction scheme | 17 | 3 | | | | 2 | 1 | 1 | 1 |
| Other grants ⁽²⁾ | 48 | 104 | 118 | 165 | 148 | 113 | 111 | 109 | 105 |
| Total Scotland | 923 | 1,028 | 1,105 | 1,251 | 1,310 | 1,292 | 1,360 | 1,489 | 1,579 |
| Wales | | | | | | | | | |
| Mandatory student awards | 165 | 139 | 126 | 121 | 126 | 34 | 71 | 51 | 44 |
| Rent rebates ⁽¹⁾ | 197 | 187 | 190 | 189 | 182 | 173 | 186 | 199 | 214 |
| Rent allowances ⁽¹⁾ | 160 | 191 | 209 | 222 | 213 | 207 | 253 | 270 | 293 |
| Community charge rebates/ Council tax benefit ⁽²⁾ | 53 | 58 | 67 | 81 | 87 | 124 | 111 | 124 | 138 |
| Other grants ⁽²⁾⁽³⁾ | 22 | 7 | 21 | 23 | 5 | 16 | 17 | 21 | 17 |
| Total Wales | 596 | 583 | 613 | 636 | 612 | 556 | 638 | 665 | 705 |
| Northern Ireland Current | | | | | | | | | |
| Specific Grants | 56 | 53 | 57 | 60 | 66 | 80 | 92 | 77 | 71 |
| Total United Kingdom | 13,065 | 13,725 | 13,848 | 14,181 | 13,907 | 13,699 | 14,093 | 14,864 | 15,773 |
| <i>Memo: Of which within DEL:</i> | | | | | | | | | |
| England | 3,089 | 2,716 | 2,358 | 2,099 | 2,086 | 2,207 | 1,241 | 1,040 | 1,055 |
| Scotland | 70 | 109 | 123 | 164 | 148 | 114 | 110 | 110 | 105 |
| Wales | 186 | 145 | 146 | 143 | 131 | 51 | 89 | 72 | 61 |
| Northern Ireland | 56 | 53 | 57 | 60 | 66 | 80 | 92 | 77 | 71 |
| Total within DEL | 3,400 | 3,023 | 2,684 | 2,466 | 2,431 | 2,452 | 1,532 | 1,299 | 1,291 |

(1) Rent rebate and rent allowance expenditure all lies within Main Departmental programmes in AME.

(2) Community charge rebates/Council tax benefit and Other Grants contain elements of expenditure in both DEL and Main Departmental programmes in AME.

(3) Includes community charge transitional relief & reduction scheme.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.8 Local authority gross capital expenditure in the United Kingdom by country and service, 1993-94 to 1998-99

| | £ million | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|-------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England | | | | | | |
| Housing | 2,274 | 2,039 | 1,999 | 1,746 | 1,563 | 1,810 |
| Transport | 1,426 | 1,436 | 1,374 | 1,176 | 1,081 | 1,258 |
| Education | 941 | 1,061 | 1,011 | 1,047 | 1,107 | 1,125 |
| Personal social services | 179 | 195 | 198 | 191 | 161 | 192 |
| Fire services | 66 | 72 | 63 | 49 | 44 | 54 |
| Agriculture, Fisheries and Food ⁽¹⁾ | 34 | 33 | 53 | 55 | 29 | 53 |
| Sport and recreation | 140 | 175 | 192 | 201 | 231 | 194 |
| Protective services ⁽²⁾ | 316 | 314 | 341 | 290 | 282 | 292 |
| Urban and regeneration programmes | 743 | 653 | 564 | 725 | 664 | 552 |
| Single Regeneration Budget-DETR | 673 | 600 | 529 | 683 | 627 | 519 |
| Single Regeneration Budget-Other departments | 58 | 44 | 34 | 42 | 37 | 33 |
| Other-DETR | 12 | 9 | 1 | | | |
| Other services ⁽³⁾ | | | | | | |
| DETR | 771 | 880 | 898 | 730 | 907 | 870 |
| Other departments | 69 | 69 | 61 | 65 | 97 | 63 |
| Housing Association Grant | 374 | 331 | 364 | 338 | 260 | 310 |
| Total England | 7,332 | 7,257 | 7,119 | 6,612 | 6,347 | 6,523 |
| Scotland | | | | | | |
| Scottish Office | | | | | | |
| Non Housing | 981 | 988 | 1,043 | 559 | 577 | 672 |
| Housing | 563 | 587 | 656 | 429 | 303 | 287 |
| Total Scotland | 1,544 | 1,575 | 1,699 | 988 | 879 | 959 |
| Wales | | | | | | |
| Welsh Office | 654 | 723 | 737 | 641 | 559 | 550 |
| Other departments ⁽⁴⁾ | 23 | 20 | 19 | 19 | 20 | 23 |
| Total Wales | 677 | 743 | 756 | 660 | 579 | 573 |
| Total Great Britain | 9,552 | 9,575 | 9,574 | 8,260 | 7,884 | 8,306 |
| Total Northern Ireland | 52 | 56 | 58 | 61 | 65 | 70 |
| Total United Kingdom | 9,604 | 9,631 | 9,632 | 8,320 | 7,949 | 8,376 |

(1) Includes expenditure by internal drainage boards but excludes expenditure on smallholdings.

(2) Includes police, probation and aftercare, civil defence and magistrates' courts.

(3) Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.

(4) Includes expenditure on services which are related to programmes of the Home Office, Lord Chancellor's Department, Department of Education and Employment and DETR and which are outside the responsibilities of the Secretary of State for Wales.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.9 Local authority capital receipts in the United Kingdom by country and service, 1993-94 to 1998-99

| | £ million | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|-------------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England | | | | | | |
| Housing | 1,612 | 1,391 | 1,203 | 1,049 | 1,296 | 1,440 |
| Transport | 53 | 47 | 14 | 49 | 14 | 30 |
| Education | 221 | 128 | 75 | 120 | 121 | 124 |
| Personal social services | 69 | 45 | 40 | 57 | 41 | 61 |
| Fire services | 6 | 3 | 3 | 5 | 8 | 5 |
| Agriculture, Fisheries and Food ⁽¹⁾ | 12 | 16 | 9 | 12 | 9 | 14 |
| Sport and recreation | 28 | 13 | 15 | 9 | 9 | 15 |
| Protective services ⁽²⁾ | 47 | 56 | 58 | 82 | 73 | 88 |
| Other services ⁽³⁾ | | | | | | |
| DETR | 920 | 463 | 359 | 545 | 584 | 522 |
| Other Departments | 54 | 69 | 44 | 52 | 38 | 62 |
| Total England | 3,023 | 2,230 | 1,821 | 1,980 | 2,193 | 2,361 |
| Scotland | | | | | | |
| Scottish Office | | | | | | |
| Non Housing | 164 | 225 | 254 | 317 | 163 | 214 |
| Housing | 278 | 281 | 243 | 159 | 68 | 60 |
| Total Scotland | 442 | 507 | 497 | 476 | 230 | 274 |
| Wales | | | | | | |
| Welsh Office | 124 | 77 | 101 | 68 | 44 | 38 |
| Other departments ⁽⁴⁾ | 6 | 5 | 4 | 4 | 4 | 5 |
| Total Wales | 130 | 82 | 105 | 72 | 48 | 43 |
| Total Great Britain | 3,594 | 2,819 | 2,422 | 2,528 | 2,472 | 2,677 |
| Total Northern Ireland | 6 | 7 | 8 | 7 | 11 | 15 |
| Total United Kingdom | 3,600 | 2,826 | 2,430 | 2,536 | 2,483 | 2,693 |

(1) Excludes receipts from smallholdings.

(2) Includes police, probation and aftercare.

(3) Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries

(4) Includes receipts associated with Home Office services in Wales.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1993–94 to 2001–2002

| | £ million | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| England ⁽¹⁾ | | | | | | | | | |
| Credit approvals | | | | | | | | | |
| Housing | 1,120 | 872 | 820 | 751 | 666 | 986 | 1,022 | 1,820 | 2,305 |
| Transport | 613 | 607 | 606 | 469 | 443 | 368 | 469 | 533 | 755 |
| Education | 383 | 379 | 397 | 435 | 404 | 384 | 546 | 570 | 776 |
| Personal social services | 132 | 140 | 145 | 105 | 69 | 54 | 56 | 56 | 56 |
| Fire services | 54 | 58 | 51 | 31 | 29 | 28 | 30 | 33 | 37 |
| Agriculture, Fisheries and Food ⁽²⁾ | 13 | 10 | 14 | 16 | 12 | 17 | 18 | 19 | 19 |
| Sport and recreation ⁽³⁾ | 10 | | | 7 | 28 | 25 | 25 | 25 | 25 |
| Protective services | 96 | 94 | 95 | 78 | 69 | 59 | 58 | 58 | 58 |
| Urban and regeneration programmes | 406 | 388 | 2 | | | | | | |
| <i>Single Regeneration Budget–Environment</i> | 402 | 386 | 2 | | | | | | |
| <i>Other–Environment</i> | 4 | 2 | | | | | | | |
| Other services ⁽⁴⁾ | 190 | 196 | 125 | 148 | 153 | 194 | 184 | 173 | 169 |
| DETR–local government ⁽⁵⁾ | 32 | 37 | 66 | 110 | 305 | 380 | 278 | 79 | 10 |
| Total credit approvals | 3,049 | 2,782 | 2,322 | 2,150 | 2,179 | 2,495 | 2,686 | 3,365 | 4,210 |
| Capital grants | | | | | | | | | |
| Housing | 415 | 343 | 338 | 331 | 309 | 251 | 236 | 72 | 75 |
| Transport | 446 | 348 | 292 | 256 | 211 | 159 | 170 | 160 | 230 |
| Education | 130 | 125 | 113 | 114 | 198 | 464 | 555 | 861 | 884 |
| Employment | 5 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Personal social services | 2 | 5 | 21 | 27 | 13 | 8 | 6 | 6 | 6 |
| Agriculture, Fisheries and Food ⁽²⁾ | 21 | 26 | 33 | 37 | 27 | 23 | 28 | 30 | 30 |
| Protective services | 175 | 171 | 196 | 150 | 129 | 124 | 123 | 119 | 119 |
| Urban and regeneration programmes | 351 | 257 | 564 | 536 | 517 | 389 | 206 | 293 | 328 |
| <i>Single Regeneration Budget–Environment</i> | 340 | 249 | 563 | 536 | 517 | 389 | 166 | 193 | 148 |
| <i>Other–Environment</i> | 11 | 7 | 1 | | | | 40 | 100 | 180 |
| Other services ⁽⁴⁾ | 3 | 5 | 1 | 2 | | 1 | 1 | 1 | 1 |
| Total capital grants | 1,549 | 1,282 | 1,561 | 1,455 | 1,407 | 1,422 | 1,327 | 1,544 | 1,676 |
| England – Total | 4,597 | 4,064 | 3,883 | 3,605 | 3,586 | 3,917 | 4,013 | 4,909 | 5,886 |
| Scotland | | | | | | | | | |
| Scottish Office: | | | | | | | | | |
| HRA Housing | | | | | | | | | |
| Net capital allocations ⁽⁶⁾ | 170 | 182 | 290 | 161 | 183 | 207 | 215 | 278 | 347 |
| Capital grants | 1 | 2 | 1 | 1 | | 3 | 3 | 3 | 3 |
| Scottish Office: Other | | | | | | | | | |
| Net capital allocations ⁽⁶⁾ | 630 | 703 | 679 | 443 | 332 | 338 | 338 | 349 | 385 |
| Capital grants | 151 | 57 | 56 | 51 | 59 | 120 | 74 | 77 | 80 |
| Other departments ⁽⁷⁾ | | | | | | | | | |
| Capital consent allocations | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total net capital allocations ⁽⁶⁾ | 800 | 886 | 970 | 604 | 515 | 545 | 554 | 628 | 733 |
| Total capital grants | 152 | 59 | 57 | 51 | 59 | 122 | 76 | 80 | 83 |
| Scotland – Total | 952 | 946 | 1,028 | 656 | 575 | 667 | 630 | 708 | 816 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.10 Central government capital support for local authorities in the United Kingdom by country and service, 1993–94 to 2001–2002 (continued)

| | £ million | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated | plans | plans | plans |
| | outturn | | | | | | | | |
| Wales | | | | | | | | | |
| Credit approvals | | | | | | | | | |
| Welsh Office | 289 | 320 | 336 | 347 | 281 | 272 | 236 | 309 | 320 |
| Other departments ⁽⁹⁾ | 10 | 8 | 10 | 11 | 7 | 5 | 6 | 6 | 6 |
| Total credit approvals | 299 | 328 | 346 | 358 | 288 | 278 | 242 | 315 | 326 |
| Capital grants | | | | | | | | | |
| Welsh Office | 203 | 203 | 220 | 210 | 184 | 188 | 181 | 101 | 102 |
| Other departments ⁽⁹⁾ | 10 | 9 | 11 | 8 | 6 | 6 | 7 | 6 | 6 |
| Total capital grants | 212 | 212 | 231 | 218 | 190 | 194 | 187 | 107 | 108 |
| Wales – Total | 512 | 541 | 577 | 576 | 478 | 472 | 429 | 423 | 434 |
| Northern Ireland capital grants | | | | | | | | | |
| | 8 | 4 | 2 | 2 | 1 | 3 | 1 | 1 | 1 |
| Total United Kingdom⁽¹⁰⁾ | 6,069 | 5,554 | 5,490 | 4,838 | 4,640 | 5,060 | 5,074 | 6,041 | 7,138 |
| of which: | | | | | | | | | |
| <i>Credit approvals⁽¹¹⁾</i> | 4,148 | 3,996 | 3,638 | 3,112 | 2,982 | 3,318 | 3,482 | 4,308 | 5,270 |
| <i>Capital grants</i> | 1,920 | 1,558 | 1,852 | 1,726 | 1,658 | 1,742 | 1,592 | 1,733 | 1,868 |

(1) All the credit approvals in England are contained in the non-voted cash limits. All the capital grants are cash limited on the relevant departments' Votes; except for housing capital grants which are included in the non-voted cash limit DETR/LACAP(E).

(2) Support for expenditure on flood and coast protection including internal drainage boards, harbour improvements and fishing industry.

(3) Includes from 1996–97 credit approvals for projects (also including museums, galleries and libraries) attracting grants from the ERDF.

(4) Includes support for expenditure on environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.

(5) Credit approvals for council tax preparation costs, commutation losses, Housing Revenue Account subsidy abatements for deemed debt, restructuring costs and local government residuary body borrowing powers.

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

(7) Includes Training Agency projects. Also includes provision for ports and airports projects which are not the responsibility of the Secretary of State for Scotland.

(8) Including capital consent allocations for other departments in Scotland.

(9) Includes Home Office, Lord Chancellors' and Law Officers' Departments, Department of Transport and Department of Education and Employment.

(10) All Capital support for Local Authorities is within DEL.

(11) Including net capital allocations in Scotland.

7. PUBLIC CORPORATIONS

7.1 This section sets out what public corporations are, recent developments, how public corporations are controlled and how they are scored in public expenditure. Tables give the public expenditure statistics.

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

7.2 Public Corporation is a term from national accounts – the European System of Accounts (ESA95). So it is the Office for National Statistics 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;
- 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 separate institutional units from their parent departments.

SELF-FINANCING PUBLIC CORPORATIONS, NATIONALISED INDUSTRIES AND TRADING FUNDS

7.3 The Treasury has three specific designations which apply to some public corporations:

- **Self-Financing Public Corporations (SFPCs).** A number of bodies that are not normally dependent on government subsidy or grant and that trade profitably with the private sector on normal commercial terms have been designated SFPCs. These bodies normally score as Main Departmental Programmes in AME rather than in DEL – although any grants or subsidies paid to them would normally score in DEL as well as in AME. They also have greater and more individually tailored financial flexibilities. Some of the SFPCs are nationalised industries or trading funds.
- **Nationalised Industries.** Some public corporations are designated nationalised industries. These have typically been the larger corporations that have undertaken functions more directly analogous to those of private sector corporations. The external finance of nationalised industries is identified separately in cash plans tables in departmental reports and in Supply Estimates.
- **Trading Funds.** Operations of a government department which generate income from the supply of goods and services may be designated trading funds. At present, all trading funds are public corporations in national accounts. Trading funds are not subject to central government running costs controls. Instead, their expenditure is controlled using the external finance system which applies to most public corporations.

7.4 Self-financing public corporations, nationalised industries and trading funds are identified by footnote in the tables below.

THE GENERAL APPROACH TO PUBLIC CORPORATIONS

7.5 An important aim for public corporations is to ensure their effectiveness and efficiency in line with the Government's objectives for the economy as a whole. Often, it is a primary aim that, as far as practicable, their activities should be financed by the consumers of their goods or services, rather than by the taxpayer. For some services, however, public subsidy is appropriate. Where public corporations have social objectives these should be pursued in line with Government policy as set out in Public Service Agreements.

7.6 The Government wishes to promote the development of partnerships between public corporations and the private sector. By bringing in private sector management, finance and ownership, Public Private Partnerships (PPPs) will help to improve the efficiency and quality of public services and deliver the best return for the economy as a whole from assets and enterprises currently in the public sector. The overarching objective for PPPs is to ensure that there are genuine economic benefits being created for all involved – taxpayers, customers, investors and employees.

RECENT DEVELOPMENTS

7.7 The Government is taking forward options for PPPs for many of the remaining commercial organisations in the public sector:

- for **London Underground** the Deputy Prime Minister announced last year that a new PPP for the Underground will be established. The delivery of services will stay in the public sector, with the private sector brought in to deliver a £7 billion investment programme in the infrastructure. Three private sector contracts will be awarded to maintain and modernise the infrastructure and rolling stock – including refurbishing stations, replacing tracks, upgrading signalling and refurbishing or replacing trains;
- In June 1998, the Government announced a new PPP for **National Air Traffic Services Limited** (NATS). 51% of NATS will be sold to the private sector via flotation or trade sale, with the Government retaining 49% and a golden share. DETR released a Consultation Paper in October 1998 inviting views on taking the PPP forward. Safety will be the key priority;
- the **Commonwealth Development Corporation** (CDC) is the main instrument within the overseas aid programme for encouraging productive investment in the private sector of developing countries. In October 1997, the Prime Minister announced the intention to create a PPP for CDC. The PPP will involve introducing private sector capital into CDC via the sale of a majority stake in the company. The Government will retain a substantial minority shareholding and an indefinite Special Share. This PPP will be a long-term partnership in which the Government can ensure that CDC continues to meet its obligations to invest in the poorest countries while having a long term stake in the success of CDC and a share in the benefits. Proceeds of the sale will be recycled back to DFID's aid programme; and
- the Deputy Prime Minister announced in February a package of measures for **British Waterways**, including opportunities to develop partnership schemes with the public and private sectors. This will enable British Waterways to protect and develop the nation's network of historic inland waterways into the next millennium.

7.8 The Government announced in December 1998 a reform package for the **Post Office**. There will be a new independent regulator to protect consumer interests and to promote competition; and the Post Office will be given greater freedoms to enter into new markets. The Post Office will remain in the public sector, although options such as a minority share sale or share exchange will be kept under review. The Government will be publishing a White Paper setting out its plans in detail.

THE CORPORATE CONTROL FRAMEWORK

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

- **Strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments.
- **External financing limits (EFLs)** are the main in-year public expenditure control for most public corporations (see Section 3).
- **Financial targets and performance aims.** Financial targets should be set, often for three year periods. 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 years ahead, which may relate to costs and, where appropriate, standards of service.
- **Investment appraisal and pricing principles.** In general, public corporations are required to aim at a rate of return on their new investment programmes of 8 per cent in real terms (before payment of interest and tax). This requirement is intended to ensure that there is a proper return on investment and, at the same time, that the resources invested are not diverted away from areas where they could be used more effectively.
- **Monitoring** plays an important role in controlling public corporations' performance in the interests of the taxpayer and the consumer. Sponsor Ministers and departments continuously monitor bodies' performance against all aspects of the controls described. In addition the Monopolies and Mergers Commission has the power under the 1980 Competition Act to undertake independent efficiency scrutinies of some public corporations.

PUBLIC EXPENDITURE MEASUREMENT AND CONTROL

7.10 All public corporations accountable to Ministers may affect either DEL or Main Departmental Programmes in AME or both.

7.11 The external finance system of public expenditure measurement applies to all SFPCs, nationalised industries, trading funds and almost all other public corporations accountable to central government. A public corporation's requirement for external finance represents the financing of the difference between what it will spend and the receipts it can generate from business activities. Apart from finance leases, external finance is on a cash basis. The components of external finance are:

- subsidies from government;
- investment grants from government;
- loans from government;
- borrowing from the market and overseas (including finance leases); and
- movements in deposits.

7.12 External financing requirements (EFRs) are controlled in-year by setting an external finance limit (EFL) at the start of a financial year.

7.13 For SFPCs, EFRs score in Main Departmental Programmes in AME. In addition, any grants or subsidies paid to SFPCs score in DEL (apart from the routine subsidy to the Crown Estate Commissioners). All remaining public corporations accountable to Ministers score in DEL.

7.14 In the past, there have been different scoring arrangements for various public corporations, and now there are still two corporations accountable to Ministers that are not measured on an external finance basis:

- DEL includes subsidies to, and the capital expenditure of, the Commission for New Towns; and
- DEL would score any subsidies, grants and loans paid by Government to the BBC (other than the BBC Monitoring service, which is measured on an external finance basis).

7.15 TME is a consolidated measure of the current and capital expenditure of the public sector as a whole, and so it measures public corporations differently. TME includes:

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

7.16 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.

7.17 The adjustments needed to go from the EFRs included in DEL and AME Main Departmental Programmes to public corporations' current and capital expenditure which scores in TME are included in the Accounting and Other Adjustments line in Table 1.3 (see Appendix B1 for a reconciliation).

THE TABLES

7.18 The tables below show:

- **Table 7.1:** the impact of public corporations accountable to Ministers on DEL and Main Departmental Programmes in AME (mostly external finance) – by department;
- **Table 7.2:** external finance by economic category. Note that this table gives an economic category split of the financing of EFR-controlled public corporations, not of their expenditure;
- **Table 7.3:** capital expenditure of public corporations, net of sales.

FURTHER INFORMATION

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

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department

| | £ million | | | | | | | | |
|--|--------------|------------|------------|------------|--------------|----------------------|------------|------------|------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Education and Employment | | | | | | | | | |
| Remploy Ltd | 89 | 92 | 94 | 94 | 94 | 94 | 94 | 94 | 94 |
| Total DEL | 89 | 92 | 94 | 94 | 94 | 94 | 94 | 94 | 94 |
| Health | | | | | | | | | |
| Medicines Control Agency ^(T) | 5 | | | | | 8 | 1 | 1 | 1 |
| National Health Service Trusts (England) | 303 | 590 | 401 | 83 | 85 | 59 | 167 | 220 | 264 |
| Total DEL | 308 | 590 | 401 | 83 | 85 | 66 | 167 | 220 | 265 |
| DETR – Main Programmes | | | | | | | | | |
| Air Travel Trust Fund | | | | 4 | | 1 | 4 | 4 | 4 |
| British Waterways Board | 49 | 48 | 50 | 51 | 52 | 53 | 59 | 59 | 59 |
| Civil Aviation Authority (excluding National Air Traffic Services ^(N)) | | | | | –5 | –7 | –2 | –2 | –2 |
| Docklands Light Railway | 28 | 29 | 37 | 21 | 32 | 52 | 21 | 20 | 17 |
| Driving Standards Agency ^(T) | | | | | | | | | |
| English Industrial Estates Corporation | 13 | | | | | | | | |
| European Passenger Services ^(N) | 392 | 178 | 288 | 15 | | | | | |
| Housing Action Trusts | 78 | 92 | 93 | 90 | 88 | 94 | 86 | 88 | 88 |
| Letchworth Garden City | –2 | 1 | | | | | | | |
| London Transport ^(N) | 693 | 783 | 903 | 942 | 629 | 391 | 399 | 91 | 116 |
| National Air Traffic Services – EFR ^{(N) (S)} | 91 | 46 | 34 | –13 | –26 | –36 | –37 | | |
| National Railways ^(N) | 1,033 | –657 | –1,663 | –1,067 | 17 | 152 | 93 | 89 | 91 |
| New Town Development Corporations and the Commission for New Towns | –188 | –136 | –127 | –115 | –112 | –116 | –112 | –124 | –124 |
| Queen Elizabeth II Conference Centre ^(T) | | | | | | | | | |
| Union Railways ^(N) | 36 | 46 | 30 | 12 | | | | | |
| Urban Development Corporations | 343 | 258 | 217 | 190 | 169 | | | | |
| Urban Regeneration Agency (English Partnerships) | 24 | 118 | 156 | 211 | 251 | 296 | 76 | 28 | 53 |
| Vehicle Inspectorate ^(T) | | | | | | | | | |
| Total DEL | 2,498 | 760 | –17 | 353 | 1,121 | 917 | 625 | 254 | 302 |
| Total Main Departmental Programmes in AME | 91 | 46 | 34 | –13 | –26 | –36 | –37 | | |
| Home Office | | | | | | | | | |
| Fire Service College ^(T) | 2 | 1 | 2 | 2 | 4 | –1 | –3 | –2 | –2 |
| Forensic Science Service ^(T) | | | | | | | | | |
| The Tote – EFR ^(S) | –3 | –4 | 6 | –2 | 36 | –2 | –7 | –8 | –8 |
| Total DEL | 2 | 1 | 2 | 2 | 4 | –1 | –3 | –2 | –2 |
| Total Main Departmental Programmes in AME | –3 | –4 | 6 | –2 | 36 | –2 | –7 | –8 | –8 |

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department (continued)

| | £ million | | | | | | | | |
|---|--------------|--------------|-------------|------------|-------------|-------------------|------------|-------------|-------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Legal Departments | | | | | | | | | |
| Land Registry ^(T) | -36 | -34 | -7 | -15 | -13 | -6 | | | |
| Total DEL | -36 | -34 | -7 | -15 | -13 | -6 | | | |
| Defence | | | | | | | | | |
| Defence Evaluation and Research Agency ^(T) | 135 | 87 | 17 | 16 | -32 | -29 | -8 | -7 | -7 |
| Hydrographic Office ^(T) | | | | 3 | -3 | | | | |
| Meteorological Office ^(T) | | | | 27 | -6 | -16 | -9 | -9 | -3 |
| Total DEL | 135 | 87 | 17 | 46 | -40 | -45 | -16 | -17 | -10 |
| Foreign and Commonwealth Office | | | | | | | | | |
| BBC Monitoring Service | | | | | -1 | -1 | -1 | -1 | -1 |
| Total DEL | | | | | -1 | -1 | -1 | -1 | -1 |
| International Development | | | | | | | | | |
| Commonwealth Development Corporation – EFR ^(S) | 34 | 30 | 27 | 14 | -22 | -15 | | | |
| The Crown Agents | 3 | 3 | | 7 | | | | | |
| Crown Agents Holding and Realisation Board | | | | 15 | | | | | |
| Total DEL | 3 | 3 | | 22 | | | | | |
| Total Main Departmental Programmes in AME | 34 | 30 | 27 | 14 | -22 | -15 | | | |
| Trade and Industry | | | | | | | | | |
| British Coal ^{(N) (1)} | 1,400 | 742 | 48 | 41 | 51 | 12 | 7 | 3 | |
| British Energy ^{(N) (2)} | | | | -478 | | | | | |
| British Nuclear Fuels – grant ^{(N) (5)} | | | | 768 | 100 | 15 | | | |
| British Nuclear Fuels – EFR ^{(N) (5)} | -653 | -422 | -13 | 329 | 88 | 63 | 25 | -75 | -150 |
| British Shipbuilders ^(N) | -9 | 10 | -1 | -1 | -28 | | | | |
| Companies House ^(T) | -3 | -3 | -7 | -3 | | 1 | 2 | | -1 |
| Nuclear Electric ^(N) | 726 | 483 | 235 | | | | | | |
| The Patent Office ^(T) | -12 | -10 | -15 | -19 | -23 | -8 | -6 | -5 | -4 |
| Post Office – EFR ^{(N) (5)} | -182 | -235 | -245 | -285 | -338 | -214 | -97 | -127 | -170 |
| United Kingdom Atomic Energy Authority | -3 | 12 | -13 | | | | | | |
| Total DEL | 2,100 | 1,233 | 249 | 308 | 100 | 21 | 4 | -2 | -5 |
| Total Main Departmental Programmes in AME | -835 | -657 | -258 | 44 | -250 | -151 | -72 | -202 | -320 |
| Culture, Media and Sport | | | | | | | | | |
| Channel Four Television – EFR ^(S) | -23 | -44 | -58 | 4 | -17 | 8 | 76 | -1 | -2 |
| The Welsh Fourth Channel Authority | 58 | 64 | 69 | 72 | 18 | 75 | 75 | 75 | 77 |
| Total DEL | 58 | 64 | 69 | 72 | 18 | 75 | 75 | 75 | 77 |
| Total Main Departmental Programmes in AME | -23 | -44 | -58 | 4 | -17 | 8 | 76 | -1 | -2 |

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department (continued)

| | £ million | | | | | | | | |
|---|------------|------------|------------|------------|------------|----------------------|------------|------------|------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| Scotland | | | | | | | | | |
| Caledonian MacBrayne ^(N) | 12 | 11 | 11 | 10 | 18 | 21 | 24 | 18 | 18 |
| Highlands & Islands Airports ^(N) | 6 | 8 | 11 | 7 | 7 | 6 | 16 | 11 | 12 |
| Highlands and Islands Enterprise | 48 | 45 | 46 | 45 | 49 | 48 | 50 | 50 | 50 |
| National Health Service Trusts (Scotland) | | –18 | 21 | 17 | –79 | –66 | –23 | –23 | –23 |
| New Town Development Corporations and the Commission for New Towns Registers of Scotland ^(T) | 3 | –4 | –146 | –151 | | | | | |
| Scottish Enterprise | 195 | 239 | 239 | 247 | 234 | 226 | 216 | 228 | 264 |
| Scottish Homes | 316 | 323 | 293 | 279 | 212 | 319 | 276 | 323 | 272 |
| Scottish Nuclear ^(N) | –28 | –46 | –43 | | | | | | |
| Scottish Transport Group ^(N) | 44 | | | | | | | | |
| Scottish Water Authorities | | | | 304 | 228 | 211 | 220 | 224 | 223 |
| Total DEL | 595 | 557 | 433 | 760 | 670 | 766 | 779 | 831 | 817 |
| Wales | | | | | | | | | |
| National Health Service Trust (Wales) | 11 | 47 | 44 | 51 | 41 | 50 | 11 | –16 | –15 |
| Urban Development Corporations (Wales) | 47 | 52 | 58 | 59 | 48 | 37 | 35 | 24 | 24 |
| Welsh Development Agency | 88 | 80 | 48 | 68 | 109 | 140 | 134 | 137 | 137 |
| Total DEL | 146 | 180 | 149 | 178 | 198 | 227 | 180 | 145 | 146 |
| Northern Ireland | | | | | | | | | |
| Driver Vehicle Testing Agency ^(T) | | | | | | | | | |
| Laganside | 5 | 6 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| National Health Service Trusts (Northern Ireland) | –1 | –6 | –11 | –7 | 1 | 19 | 10 | 11 | 2 |
| Northern Ireland Housing Executive | 208 | 195 | 208 | 207 | 188 | 142 | 151 | 143 | 140 |
| Northern Ireland Transport Holding Company | 24 | 21 | 24 | 22 | 19 | 20 | 23 | 26 | 34 |
| Total DEL | 235 | 216 | 229 | 230 | 216 | 188 | 191 | 188 | 183 |
| Chancellor's Departments | | | | | | | | | |
| Crown Estate Office – EFR ^(S) | 14 | –45 | 6 | 13 | –15 | 2 | 2 | 2 | 2 |
| Total Main Departmental Programmes in AME | 14 | –45 | 6 | 13 | –15 | 2 | 2 | 2 | 2 |

7. PUBLIC CORPORATIONS

Table 7.1 The impact of public corporations on DEL and Main Departmental Programmes in AME (mostly external finance) – by department (continued)

| | £ million | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated | plans | plans | plans |
| | outturn | | | | | | | | |
| Cabinet Office | | | | | | | | | |
| The Buying Agency ^(T) | | | | | | | | | |
| Central Office of Information ^(T) | | | | 5 | | | | | |
| Chessington Computer Centre ^{(T)(3)} | 1 | | –1 | | | | | | |
| Her Majesty's Stationery Office ^{(T)(3)} | –3 | –3 | 7 | –7 | | | | | |
| Total DEL | –2 | –3 | 6 | –2 | | | | | |
| Grand Total: DEL | 6,131 | 3,746 | 1,625 | 2,131 | 2,453 | 2,301 | 2,093 | 1,786 | 1,867 |
| Grand Total: | | | | | | | | | |
| Main Departmental Programmes in AME | –722 | –673 | –243 | 60 | –294 | –194 | –38 | –209 | –328 |

(N) Nationalised Industry.

(S) Self-financing Public Corporation.

(T) Trading Fund.

(1) Figures for 1995–96 onwards largely reflect departmental costs of meeting coal related liabilities.

(2) British Nuclear Fuels and Magnox Electric merged on 30 January 1998.

(3) Chessington Computer Centre and HMSO were privatised during 1996–97.

Table 7.2 External Finance by Economic Category, 1993-94 to 2001-02

| | £ million | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–2000 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated | plans | plans | plans |
| | outturn | | | | | | | | |
| Subsidies | 2,140 | 1,389 | 920 | 831 | 829 | 783 | 747 | 812 | 800 |
| Investment grants | 3,033 | 3,154 | 3,085 | 3,198 | 1,756 | 1,661 | 1,129 | 742 | 795 |
| Government loans | 2,015 | 221 | –926 | –1,042 | 45 | 137 | 303 | 370 | 409 |
| Market and overseas borrowing and deposits | –1,571 | –1,507 | –1,366 | –1,301 | –442 | –274 | –197 | –256 | –337 |
| Total External Finance | 5,617 | 3,256 | 1,713 | 1,686 | 2,188 | 2,308 | 1,982 | 1,668 | 1,666 |

7. PUBLIC CORPORATIONS

Table 7.3 Capital Expenditure of Public Corporations⁽¹⁾, 1993-94 to 2001-02

| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-2000 | 2000-01 | 2001-02 |
|--|--------------|--------------|--------------|--------------|------------|-------------------|--------------|--------------|--------------|
| | outturn | outturn | outturn | outturn | outturn | estimated outturn | plans | plans | plans |
| | £ million | | | | | | | | |
| Education and Employment | | | | | | | | | |
| Remploy Ltd | 12 | 10 | 9 | 8 | 10 | 13 | 13 | 13 | 13 |
| Total Education and Employment | 12 | 10 | 9 | 8 | 10 | 13 | 13 | 13 | 13 |
| Health | | | | | | | | | |
| Medicines Control Agency ^(T) | 4 | 3 | 1 | 1 | 1 | 4 | 3 | 2 | 2 |
| National Health Service Trusts (England) | 927 | 1,429 | 1,490 | 1,123 | 968 | 1,066 | 1,186 | 1,486 | 1,723 |
| Total Health | 931 | 1,432 | 1,491 | 1,124 | 969 | 1,070 | 1,190 | 1,489 | 1,725 |
| DETR – Main Programmes | | | | | | | | | |
| Audit Commission | 1 | 1 | 1 | 1 | 1 | 1 | | | |
| British Waterways Board | | 4 | 7 | 4 | 4 | 4 | 4 | 4 | 4 |
| Civil Aviation Authority (excluding National Air Traffic Services ^(N)) | 144 | 114 | 72 | 47 | 43 | 36 | -2 | -2 | -2 |
| Docklands Light Railway | 19 | 27 | 21 | 13 | 3 | 44 | 10 | 8 | 8 |
| Driving Standards Agency ^(T) | | | | | 3 | 6 | 4 | 2 | 1 |
| English Industrial Estates Corporation | 12 | | | | | | | | |
| Housing Action Trusts | 59 | 63 | 63 | 50 | 37 | 37 | 37 | 37 | 37 |
| Local Authority Airports | 71 | 88 | 85 | 98 | 170 | 143 | 139 | 107 | 119 |
| London Transport ^(N) | 689 | 949 | 1,018 | 827 | 610 | 408 | 335 | 100 | 142 |
| National Air Traffic Services – (N) (S) | | | | | | | 56 | 80 | 97 |
| National Railways ^(N) | 1,059 | 805 | 832 | 15 | 7 | 3 | 4 | 4 | 4 |
| New Town Development Corporations and the Commission for New Towns | -197 | -136 | -127 | -115 | -112 | -116 | -112 | -124 | -124 |
| Queen Elizabeth II Conference Centre ^(T) | | | | | | 1 | | | |
| Union Railways ^(N) | 36 | 40 | | | | | | | |
| Urban Development Corporations | 251 | 98 | 128 | 90 | 76 | | | | |
| Urban Regeneration Agency (English Partnerships) | 15 | 37 | 65 | 79 | 57 | 74 | 92 | 92 | 92 |
| Vehicle Inspectorate ^(T) | 3 | 4 | 3 | 12 | 6 | 2 | 2 | 5 | 2 |
| Total DETR – Main Programmes | 2,163 | 2,092 | 2,170 | 1,122 | 905 | 641 | 570 | 314 | 380 |
| Home Office | | | | | | | | | |
| Fire Service College ^(T) | 2 | 1 | | | | | | | |
| The Tote ^(S) | 6 | 5 | 11 | 5 | 52 | 10 | 6 | 6 | 6 |
| Total Home Office | 8 | 6 | 11 | 6 | 53 | 11 | 6 | 6 | 6 |
| Legal Departments | | | | | | | | | |
| Land Registry ^(T) | 8 | 14 | 17 | 23 | 22 | 22 | 22 | 16 | 16 |
| Total Legal Departments | 8 | 14 | 17 | 23 | 22 | 22 | 22 | 16 | 16 |
| Defence | | | | | | | | | |
| Defence Evaluation and Research Agency ^(T) | | 48 | 249 | 92 | 111 | 87 | 85 | 77 | |
| Hydrographic Office ^(T) | | | | 1 | 2 | 4 | 6 | 4 | 2 |
| Meteorological Office ^(T) | | | | 14 | 27 | 22 | 32 | 18 | 14 |
| Total Defence | | 48 | 249 | 106 | 140 | 113 | 123 | 98 | 17 |
| Foreign and Commonwealth Office | | | | | | | | | |
| BBC World Service | 25 | 27 | 30 | 22 | 18 | 21 | | | |
| Total Foreign and Commonwealth Office | 25 | 27 | 30 | 22 | 18 | 21 | | | |
| International Development | | | | | | | | | |
| Commonwealth Development Corporation ^(S) | | 2 | 1 | 1 | 2 | 3 | 1 | 1 | |
| The Crown Agents | 2 | 2 | 1 | 1 | | | | | |
| Total International Development | 2 | 4 | 3 | 2 | 2 | 3 | 1 | 1 | |

7. PUBLIC CORPORATIONS

Table 7.3 Capital Expenditure of Public Corporations⁽¹⁾

| | | | | | | | | | |
|--|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Trade and Industry | | | | | | | | | |
| British Coal ^{(N) (2)} | 175 | 6 | | | | | | | |
| British Nuclear Fuels ^{(N) (5) (3)} | 343 | 333 | 373 | 389 | 432 | 458 | 455 | 315 | 220 |
| British Shipbuilders ^(N) | -6 | 11 | 1 | 1 | | | | | |
| Companies House ^(T) | 1 | 4 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Nuclear Electric ^(N) | 402 | 239 | 125 | | | | | | |
| The Patent Office ^(T) | 2 | 4 | 2 | 6 | 1 | 1 | 2 | 2 | 2 |
| Post Office ^{(N) (5)} | 249 | 271 | 311 | 255 | 353 | 406 | 447 | 553 | 584 |
| United Kingdom Atomic Energy Authority | 15 | 14 | 16 | | | | | | |
| Total Trade and Industry | 1,180 | 883 | 829 | 653 | 788 | 867 | 905 | 871 | 807 |
| Culture, Media and Sport | | | | | | | | | |
| British Broadcasting Corporation | 92 | 124 | 129 | 92 | 145 | 143 | | | |
| Channel Four Television ⁽⁵⁾ | 23 | 13 | 15 | 44 | 27 | 12 | | | |
| The Welsh Fourth Channel Authority | | 1 | 1 | 2 | 2 | 2 | | | |
| Total Culture, Media and Sport | 115 | 138 | 144 | 138 | 174 | 157 | | | |
| Scotland | | | | | | | | | |
| Caledonian MacBrayne ^(N) | 12 | 9 | 7 | 4 | 11 | 12 | 14 | 7 | 4 |
| Highlands & Islands Airports ^(N) | | | 3 | 4 | 2 | 4 | 7 | 6 | 7 |
| Highlands and Islands Enterprise | 6 | 7 | 10 | 7 | 14 | 10 | 12 | 12 | 12 |
| National Health Service Trusts (Scotland) | 76 | 144 | 193 | 145 | 103 | 119 | 135 | 135 | 135 |
| New Town Development Corporations and the Commission for New Towns | -37 | -44 | -180 | -162 | | | | | |
| Scottish Enterprise | 26 | 39 | 27 | 36 | 22 | 11 | 21 | 21 | 21 |
| Scottish Homes | -18 | -22 | -51 | -80 | -63 | -40 | -39 | -38 | -1 |
| Scottish Nuclear ^(N) | 72 | -44 | -41 | | | | | | |
| Scottish Transport Group ^(N) | 44 | | | | | | | | |
| Scottish Water Authorities ^(T) | | | | 217 | 250 | 276 | 328 | 340 | 337 |
| Total Scotland | 182 | 89 | -31 | 171 | 340 | 392 | 476 | 483 | 514 |
| Wales | | | | | | | | | |
| National Health Service Trust (Wales) | 42 | 84 | 97 | 108 | 122 | 111 | 79 | 52 | 53 |
| Urban Development Corporations (Wales) | 37 | 44 | 49 | 47 | 40 | 32 | 24 | | |
| Welsh Development Agency | -8 | -32 | -48 | 15 | -9 | 50 | | | |
| Total Wales | 72 | 95 | 98 | 169 | 153 | 192 | 102 | 52 | 53 |
| Northern Ireland | | | | | | | | | |
| Laganside | 11 | 2 | 2 | 1 | 2 | 2 | 2 | 2 | 2 |
| National Health Service Trusts (Northern Ireland) | 18 | 27 | 26 | 41 | 43 | 47 | 52 | 53 | 44 |
| Northern Ireland Housing Executive | 82 | 70 | 78 | 57 | 47 | 40 | 40 | 40 | 40 |
| Northern Ireland Public Trust Port Authorities | 48 | 25 | 11 | 11 | 7 | 10 | 10 | 10 | 10 |
| Northern Ireland Transport Holding Company | 1 | 2 | 2 | 1 | 1 | | | | |
| Total Northern Ireland | 160 | 126 | 120 | 111 | 100 | 99 | 104 | 105 | 96 |

7. PUBLIC CORPORATIONS

Table 7.3 Capital Expenditure of Public Corporations⁽¹⁾

| | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Chancellor's Departments | | | | | | | | | |
| Royal Mint ^{(S)(T)} | 2 | 7 | 4 | 4 | 4 | 4 | | | |
| Total Chancellor's Departments | 2 | 7 | 4 | 4 | 4 | 4 | | | |
| Cabinet Office | | | | | | | | | |
| The Buying Agency ^(T) | | | | | | | | | |
| Central Office of Information ^(T) | | 1 | 1 | | 1 | 1 | 1 | 1 | 1 |
| Chessington Computer Centre ^{(T)(4)} | | 1 | 1 | 1 | | | | | |
| Her Majesty's Stationery Office ^{(T)(4)} | 11 | 8 | 17 | 18 | | | | | |
| Total Cabinet Office | 11 | 10 | 19 | 20 | 1 | 1 | 1 | 1 | 1 |
| Total Capital Expenditure of Public Corporations⁽⁵⁾ | | | | | | | | | |
| | 4,872 | 4,980 | 5,164 | 3,678 | 3,680 | 3,607 | 3,514 | 3,450 | 3,628 |
| Depreciation | 4,065 | 4,469 | 4,754 | 4,362 | 4,392 | 4,403 | 4,350 | 4,476 | 4,609 |
| Public Corporations | | | | | | | | | |
| Net Investment | 8,937 | 9,449 | 9,918 | 8,040 | 8,072 | 8,010 | 7,864 | 7,926 | 8,237 |

(N) Nationalised Industry.

(S) Self-financing Public Corporation.

(T) Trading Fund.

(1) Capital expenditure includes expenditure net of sales on tangible and intangible fixed assets, and changes in stocks; does not include capital grants.

(2) Figures for 1995–96 onwards largely reflect departmental costs of meeting coal related liabilities.

(3) British Nuclear Fuels and Magnox Electric merged on 30 January 1998.

(4) Chessington Computer Centre and HMSO were privatised during 1996–97.

(5) On a national accounts basis.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

INTRODUCTION

8.1 This section presents analyses of public expenditure outturn by country and region. For these purposes expenditure is allocated to specific countries where it can be recognized as having been incurred for the benefit of the relevant population.

8.2 It is important to recognise the limitations of this approach. In addition to practical difficulties which limit the extent of disaggregation possible, there are also significant definitional problems associated with allocating expenditure to particular areas on the basis of “who benefits”. For example, hospitals and health facilities 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.

ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY

8.3 Public expenditure is planned and controlled on a departmental basis. This means that in several areas expenditure is planned on a national basis rather than by country. For example, the Department of Social Security is responsible for the operation of the social security benefit system throughout Great Britain. In order to provide more information on the geographic division of expenditure than is available from departmental spending data, an annual exercise is carried out to collect data on expenditure by country, covering outturn years only. In this exercise departments are asked to allocate, where possible, expenditure to England, Scotland, Wales or Northern Ireland. The figures therefore include a wider coverage of expenditure than that for which the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

8.4 As in previous years, this year’s exercise again focuses on general government expenditure (GGE) on services. However, due to differences in rounding and coverage, figures from this year’s exercise are not directly comparable with those published in previous years. GGE on services is divided into identifiable and non-identifiable expenditure. Identifiable expenditure is that which can be recognized as having been incurred on behalf of a particular population. Non-identifiable expenditure is that which is deemed to be incurred on behalf of the United Kingdom as a whole (eg defence expenditure and overseas aid). Wherever possible, expenditure which is in theory identifiable has been allocated by some means or other. Where precise accounting information on identifiable expenditure is not available, allocation is based on other available indicators; for example, allocation of administration costs in the same proportions as the corresponding programme expenditure.

8.5 The data presented in this section was collected in the autumn of 1998 and is therefore not entirely consistent with other figures in this publication and individual departmental reports. It does, however, provide an indication of the distribution by country of expenditure on each main function. **Table 8.1** summarises general government expenditure for the years 1993-94 to 1997-98. Fuller details of each of the five years covered in the 1998 analysis are given in **Tables 8.2 to 8.6**. **Table 8.7** gives a further breakdown of 1997-98 identifiable expenditure and also shows the non-identifiable elements by function.

NON-IDENTIFIED EXPENDITURE

8.6 Table 8.8 provides a breakdown by programme of the non identified expenditure that has not been apportioned on a “who benefits” basis. Just over 0.1 per cent of the non-identified expenditure in 1997-98 can be recognised as having been incurred for the benefit of England and Wales, but is not separable between the countries. Similarly, just under 5 per cent is for the benefit of Great Britain, but cannot be further apportioned between England, Scotland, and Wales. The remaining 95 per cent is classified as having been for the benefit of the UK as a whole.

8.7 Were it possible to attribute to England and Wales that small proportion of non-identified expenditure recognised as benefiting both countries, the effect would be marginally to narrow the spending per head differential between these countries and Scotland and Northern Ireland set out in the relevant tables in this chapter. Similarly were it possible to attribute to England, Scotland and Wales the non-identified expenditure recognised as benefiting Great Britain, the effect would be to narrow the spending per head differential between Northern Ireland and these countries set out in the same tables. Consequently, conclusions based on absolute comparisons of expenditure measures in England, Scotland, Wales, and Northern Ireland should take these effects into account.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.1 Identifiable general government expenditure⁽¹⁾ by country, 1993-94 to 1997-98

| | £ million | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 |
| England | 170,116 | 178,402 | 184,794 | 189,503 | 192,038 |
| Scotland | 22,229 | 23,275 | 24,170 | 24,386 | 24,445 |
| Wales | 11,982 | 12,549 | 13,038 | 13,301 | 13,423 |
| Northern Ireland | 8,023 | 8,315 | 8,644 | 8,995 | 9,129 |
| Total identifiable expenditure | 212,351 | 222,541 | 230,646 | 236,186 | 239,035 |
| Non-identifiable expenditure | 39,541 | 36,187 | 36,035 | 34,940 | 34,656 |
| Total expenditure on services | 251,892 | 258,728 | 266,681 | 271,126 | 273,691 |
| | £ per head | | | | |
| England | 3,505 | 3,663 | 3,779 | 3,860 | 3,897 |
| Scotland | 4,341 | 4,535 | 4,705 | 4,756 | 4,772 |
| Wales | 4,122 | 4,308 | 4,470 | 4,553 | 4,586 |
| Northern Ireland | 4,917 | 5,065 | 5,242 | 5,408 | 5,450 |
| Total identifiable expenditure | 3,649 | 3,811 | 3,936 | 4,017 | 4,048 |
| Non-identifiable expenditure | 680 | 620 | 615 | 594 | 587 |
| Total expenditure on services | 4,329 | 4,431 | 4,550 | 4,611 | 4,636 |

(1) Figures contained in tables in this chapter will differ from those presented in other chapters in this publication and individual departmental reports due to timing differences in the collection of the data.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.2a Identifiable general government expenditure, 1993-94

| | £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------|---------------|---------------|--------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 2,748 | 604 | 296 | 375 | 4,023 | 68 | 15 | 7 | 9 |
| Trade, industry, energy and employment | 4,788 | 834 | 414 | 501 | 6,537 | 73 | 13 | 6 | 8 |
| Roads and transport | 6,731 | 905 | 503 | 193 | 8,331 | 81 | 11 | 6 | 2 |
| Housing | 3,905 | 646 | 388 | 237 | 5,177 | 75 | 12 | 8 | 5 |
| Other environmental services | 6,743 | 1,085 | 628 | 279 | 8,736 | 77 | 12 | 7 | 3 |
| Law, order and protective services | 11,892 | 1,221 | 617 | 1,039 | 14,769 | 81 | 8 | 4 | 7 |
| Education | 26,279 | 3,810 | 1,677 | 1,282 | 33,048 | 80 | 12 | 5 | 4 |
| Culture, media and sport | 2,210 | 284 | 93 | 36 | 2,623 | 84 | 11 | 4 | 1 |
| Health and personal social services | 34,434 | 4,631 | 2,368 | 1,342 | 42,775 | 81 | 11 | 6 | 3 |
| Social security | 70,387 | 8,045 | 4,926 | 2,675 | 86,034 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | | 162 | 73 | 63 | 298 | | 54 | 24 | 21 |
| Total | 170,116 | 22,229 | 11,982 | 8,023 | 212,351 | 80 | 10 | 6 | 4 |

Table 8.2b Identifiable general government expenditure, per head, 1993-94

| | £ per head | | | | | Index (United Kingdom identifiable expenditure = 100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 57 | 118 | 102 | 230 | 69 | 82 | 171 | 147 | 333 |
| Trade, industry, energy and employment | 99 | 163 | 142 | 307 | 112 | 88 | 145 | 127 | 273 |
| Roads and transport | 139 | 177 | 173 | 118 | 143 | 97 | 123 | 121 | 82 |
| Housing | 80 | 126 | 134 | 146 | 89 | 90 | 142 | 150 | 164 |
| Other environmental services | 139 | 212 | 216 | 171 | 150 | 93 | 141 | 144 | 114 |
| Law, order and protective services | 245 | 239 | 212 | 637 | 254 | 97 | 94 | 84 | 251 |
| Education | 541 | 744 | 577 | 786 | 568 | 95 | 131 | 102 | 138 |
| Culture, media and sport | 46 | 56 | 32 | 22 | 45 | 101 | 123 | 71 | 50 |
| Health and personal social services | 710 | 904 | 815 | 822 | 735 | 97 | 123 | 111 | 112 |
| Social security | 1,450 | 1,571 | 1,695 | 1,639 | 1,478 | 98 | 106 | 115 | 111 |
| Miscellaneous expenditure ⁽¹⁾ | | 32 | 25 | 39 | 5 | | | | |
| Total | 3,505 | 4,341 | 4,122 | 4,917 | 3,649 | 96 | 119 | 113 | 135 |

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.3a Identifiable general government expenditure, 1994-95

| | £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------|---------------|---------------|--------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 2,384 | 556 | 271 | 355 | 3,566 | 67 | 16 | 8 | 10 |
| Trade, industry, energy and employment | 4,875 | 912 | 395 | 501 | 6,683 | 73 | 14 | 6 | 8 |
| Roads and transport | 8,574 | 1,184 | 608 | 196 | 10,562 | 81 | 11 | 6 | 2 |
| Housing | 3,890 | 664 | 383 | 226 | 5,164 | 75 | 13 | 7 | 4 |
| Other environmental services | 7,200 | 1,158 | 734 | 286 | 9,378 | 77 | 12 | 8 | 3 |
| Law, order and protective services | 12,458 | 1,239 | 615 | 1,059 | 15,372 | 81 | 8 | 4 | 7 |
| Education | 27,547 | 3,909 | 1,750 | 1,334 | 34,540 | 80 | 11 | 5 | 4 |
| Culture, media and sport | 2,288 | 304 | 109 | 37 | 2,738 | 84 | 11 | 4 | 1 |
| Health and personal social services | 36,988 | 4,932 | 2,526 | 1,425 | 45,872 | 81 | 11 | 6 | 3 |
| Social security | 72,198 | 8,250 | 5,072 | 2,820 | 88,340 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | | 167 | 85 | 74 | 325 | | 51 | 26 | 23 |
| Total | 178,402 | 23,275 | 12,549 | 8,315 | 222,541 | 80 | 10 | 6 | 4 |

Table 8.3b Identifiable general government expenditure, per head, 1994-95

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 49 | 108 | 93 | 216 | 61 | 80 | 177 | 153 | 354 |
| Trade, industry, energy and employment | 100 | 178 | 136 | 305 | 114 | 87 | 155 | 119 | 267 |
| Roads and transport | 176 | 231 | 209 | 119 | 181 | 97 | 128 | 115 | 66 |
| Housing | 80 | 129 | 132 | 138 | 88 | 90 | 146 | 149 | 156 |
| Other environmental services | 148 | 226 | 252 | 174 | 161 | 92 | 140 | 157 | 109 |
| Law, order and protective services | 256 | 241 | 211 | 645 | 263 | 97 | 92 | 80 | 245 |
| Education | 566 | 762 | 601 | 812 | 591 | 96 | 129 | 102 | 137 |
| Culture, media and sport | 47 | 59 | 37 | 22 | 47 | 100 | 126 | 80 | 48 |
| Health and personal social services | 759 | 961 | 867 | 868 | 786 | 97 | 122 | 110 | 111 |
| Social security | 1,482 | 1,607 | 1,741 | 1,718 | 1,513 | 98 | 106 | 115 | 114 |
| Miscellaneous expenditure ⁽¹⁾ | | 32 | 29 | 45 | 6 | | | | |
| Total | 3,663 | 4,535 | 4,308 | 5,065 | 3,811 | 96 | 119 | 113 | 133 |

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.4a Identifiable general government expenditure, 1995-96

| | £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------|---------------|---------------|--------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 2,804 | 626 | 290 | 342 | 4,061 | 69 | 15 | 7 | 8 |
| Trade, industry, energy and employment | 4,907 | 950 | 395 | 497 | 6,750 | 73 | 14 | 6 | 7 |
| Roads and transport | 8,278 | 1,063 | 568 | 196 | 10,104 | 82 | 11 | 6 | 2 |
| Housing | 3,551 | 738 | 393 | 246 | 4,928 | 72 | 15 | 8 | 5 |
| Other environmental services | 7,476 | 1,136 | 759 | 299 | 9,670 | 77 | 12 | 8 | 3 |
| Law, order and protective services | 12,762 | 1,295 | 650 | 1,042 | 15,749 | 81 | 8 | 4 | 7 |
| Education | 28,100 | 4,101 | 1,799 | 1,392 | 35,392 | 79 | 12 | 5 | 4 |
| Culture, media and sport | 2,403 | 293 | 100 | 39 | 2,835 | 85 | 10 | 4 | 1 |
| Health and personal social services | 39,088 | 5,191 | 2,674 | 1,526 | 48,479 | 81 | 11 | 6 | 3 |
| Social security | 75,425 | 8,606 | 5,327 | 3,003 | 92,360 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | | 172 | 83 | 62 | 317 | | 54 | 26 | 19 |
| Total | 184,794 | 24,170 | 13,038 | 8,644 | 230,646 | 80 | 10 | 6 | 4 |

Table 8.4b Identifiable general government expenditure, per head, 1995-96

| | £ per head | | | | | Index (United Kingdom identifiable expenditure = 100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 57 | 122 | 99 | 207 | 69 | 83 | 176 | 143 | 299 |
| Trade, industry, energy and employment | 100 | 185 | 136 | 302 | 115 | 87 | 161 | 118 | 262 |
| Roads and transport | 169 | 207 | 195 | 119 | 172 | 98 | 120 | 113 | 69 |
| Housing | 73 | 144 | 135 | 149 | 84 | 86 | 171 | 160 | 177 |
| Other environmental services | 153 | 221 | 260 | 182 | 165 | 93 | 134 | 158 | 110 |
| Law, order and protective services | 261 | 252 | 223 | 632 | 269 | 97 | 94 | 83 | 235 |
| Education | 575 | 798 | 617 | 844 | 604 | 95 | 132 | 102 | 140 |
| Culture, media and sport | 49 | 57 | 34 | 24 | 48 | 102 | 118 | 71 | 49 |
| Health and personal social services | 799 | 1,011 | 917 | 925 | 827 | 97 | 122 | 111 | 112 |
| Social security | 1,542 | 1,675 | 1,826 | 1,821 | 1,576 | 98 | 106 | 116 | 116 |
| Miscellaneous expenditure ⁽¹⁾ | | 34 | 29 | 37 | 5 | | | | |
| Total | 3,779 | 4,705 | 4,470 | 5,242 | 3,936 | 96 | 120 | 114 | 133 |

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.5a Identifiable general government expenditure, 1996-97

| | £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------|---------------|---------------|--------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 3,024 | 1,015 | 336 | 417 | 4,792 | 63 | 21 | 7 | 9 |
| Trade, industry, energy and employment | 4,737 | 918 | 406 | 503 | 6,565 | 72 | 14 | 6 | 8 |
| Roads and transport | 8,023 | 1,034 | 548 | 193 | 9,799 | 82 | 11 | 6 | 2 |
| Housing | 2,981 | 613 | 281 | 244 | 4,119 | 72 | 15 | 7 | 6 |
| Other environmental services | 7,511 | 794 | 730 | 295 | 9,331 | 81 | 9 | 8 | 3 |
| Law, order and protective services | 13,097 | 1,360 | 671 | 1,052 | 16,180 | 81 | 8 | 4 | 6 |
| Education | 28,759 | 3,998 | 1,818 | 1,442 | 36,018 | 80 | 11 | 5 | 4 |
| Culture, media and sport | 2,392 | 292 | 96 | 38 | 2,819 | 85 | 10 | 3 | 1 |
| Health and personal social services | 40,801 | 5,368 | 2,829 | 1,569 | 50,567 | 81 | 11 | 6 | 3 |
| Social security | 78,178 | 8,817 | 5,505 | 3,171 | 95,671 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | | 176 | 80 | 70 | 327 | | 54 | 25 | 21 |
| Total | 189,503 | 24,386 | 13,301 | 8,995 | 236,186 | 80 | 10 | 6 | 4 |

Table 8.5b Identifiable general government expenditure, per head, 1996-97

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 62 | 198 | 115 | 251 | 81 | 76 | 243 | 141 | 308 |
| Trade, industry, energy and employment | 96 | 179 | 139 | 302 | 112 | 86 | 160 | 125 | 271 |
| Roads and transport | 163 | 202 | 188 | 116 | 167 | 98 | 121 | 113 | 70 |
| Housing | 61 | 120 | 96 | 147 | 70 | 87 | 171 | 137 | 210 |
| Other environmental services | 153 | 155 | 250 | 177 | 159 | 96 | 98 | 158 | 112 |
| Law, order and protective services | 267 | 265 | 230 | 632 | 275 | 97 | 96 | 83 | 230 |
| Education | 586 | 780 | 622 | 867 | 613 | 96 | 127 | 102 | 142 |
| Culture, media and sport | 49 | 57 | 33 | 23 | 48 | 102 | 119 | 69 | 48 |
| Health and personal social services | 831 | 1,047 | 968 | 944 | 860 | 97 | 122 | 113 | 110 |
| Social security | 1,593 | 1,719 | 1,885 | 1,907 | 1,627 | 98 | 106 | 116 | 117 |
| Miscellaneous expenditure ⁽¹⁾ | | 34 | 28 | 42 | 6 | | | | |
| Total | 3,860 | 4,756 | 4,553 | 5,408 | 4,017 | 96 | 118 | 113 | 135 |

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.6a Identifiable general government expenditure, 1997-98

| | £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|----------------|---------------|---------------|--------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 2,561 | 841 | 262 | 390 | 4,054 | 63 | 21 | 6 | 10 |
| Trade, industry, energy and employment | 4,442 | 914 | 437 | 488 | 6,282 | 71 | 15 | 7 | 8 |
| Roads and transport ⁽¹⁾ | 7,321 | 882 | 442 | 188 | 8,832 | 83 | 10 | 5 | 2 |
| Housing | 2,612 | 486 | 310 | 235 | 3,642 | 72 | 13 | 9 | 6 |
| Other environmental services | 7,836 | 889 | 701 | 275 | 9,701 | 81 | 9 | 7 | 3 |
| Law, order and protective services | 13,615 | 1,415 | 758 | 1,062 | 16,850 | 81 | 8 | 4 | 6 |
| Education | 29,509 | 3,980 | 1,837 | 1,444 | 36,771 | 80 | 11 | 5 | 4 |
| Culture, media and sport | 2,305 | 288 | 95 | 38 | 2,727 | 85 | 11 | 4 | 1 |
| Health and personal social services | 42,807 | 5,545 | 2,909 | 1,664 | 52,926 | 81 | 10 | 5 | 3 |
| Social security | 79,030 | 9,049 | 5,583 | 3,286 | 96,948 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | | 155 | 89 | 58 | 302 | | 51 | 29 | 19 |
| Total | 192,038 | 24,445 | 13,423 | 9,129 | 239,035 | 80 | 10 | 6 | 4 |

Table 8.6b Identifiable general government expenditure, per head, 1997-98

| | £ per head | | | | | Index (United Kingdom identifiable expenditure = 100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Agriculture, fisheries, food and forestry | 52 | 164 | 89 | 233 | 69 | 76 | 239 | 130 | 339 |
| Trade, industry, energy and employment | 90 | 178 | 149 | 292 | 106 | 85 | 168 | 140 | 274 |
| Roads and transport | 149 | 172 | 151 | 112 | 150 | 99 | 115 | 101 | 75 |
| Housing | 53 | 95 | 106 | 140 | 62 | 85 | 153 | 171 | 225 |
| Other environmental services | 159 | 174 | 240 | 164 | 164 | 97 | 106 | 146 | 100 |
| Law, order and protective services | 276 | 276 | 259 | 634 | 286 | 97 | 97 | 91 | 222 |
| Education | 599 | 777 | 628 | 862 | 623 | 96 | 125 | 101 | 138 |
| Culture, media and sport | 47 | 56 | 33 | 23 | 46 | 101 | 122 | 71 | 49 |
| Health and personal social services | 869 | 1,083 | 994 | 993 | 897 | 97 | 121 | 111 | 111 |
| Social security | 1,604 | 1,766 | 1,908 | 1,962 | 1,643 | 98 | 108 | 116 | 119 |
| Miscellaneous expenditure ⁽¹⁾ | | 30 | 30 | 35 | 5 | | | | |
| Total | 3,897 | 4,772 | 4,586 | 5,450 | 4,051 | 96 | 118 | 113 | 135 |

(1) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

Table 8.7 General government expenditure⁽¹⁾: Total expenditure on services⁽²⁾ analysed by country and function, 1997–98

| | Identifiable expenditure | | | | | | | | | | | £ million | | | |
|---|--------------------------|----------------------|---------------|--------------|---------------|--------------|--------------|------------------------------|----------------------|------------------|----------------|-----------|---------------|---------------------------------|----------------|
| | England | | | Scotland | | | Wales | | | Northern Ireland | | | Total | Non Identifiable ⁽⁴⁾ | United Kingdom |
| | Total | Scottish Departments | Other | Total | Welsh Office | Other | Total | Northern Ireland Departments | Other ⁽³⁾ | | | | | | |
| Defence | | | | | | | | | | | | | 20,854 | | 20,854 |
| Overseas services | | | | | | | | | | | | | 3,318 | | 3,318 |
| Agriculture, fisheries, food and forestry | 2,561 | 841 | 742 | 99 | 262 | 212 | 49 | 390 | 328 | 62 | 4,054 | | 907 | | 4,960 |
| Trade, industry, energy and employment | 4,442 | 914 | 634 | 280 | 437 | 320 | 116 | 488 | 476 | 12 | 6,282 | | 1,660 | | 7,941 |
| Roads and transport | 7,321 | 882 | 705 | 177 | 442 | 357 | 85 | 188 | 186 | 2 | 8,832 | | 163 | | 8,995 |
| Housing | 2,612 | 487 | 477 | 9 | 310 | 304 | 6 | 235 | 234 | 1 | 3,642 | | | | 3,642 |
| Other environmental services | 7,836 | 889 | 871 | 18 | 701 | 683 | 18 | 275 | 274 | 1 | 9,701 | | 153 | | 9,855 |
| Law, order and protective services | 13,615 | 1,415 | 1,345 | 70 | 758 | | 758 | 1,062 | 996 | 65 | 16,850 | | 5 | | 16,855 |
| Education | 29,509 | 3,980 | 3,980 | | 1,837 | 1,707 | 130 | 1,444 | 1,444 | | 36,771 | | 107 | | 36,878 |
| Culture, media and sport | 2,305 | 288 | 268 | 20 | 95 | 85 | 11 | 38 | 36 | 2 | 2,727 | | | | 2,727 |
| Health and personal social services | 42,807 | 5,545 | 5,545 | | 2,909 | 2,909 | | 1,664 | 1,664 | | 52,926 | | 163 | | 53,088 |
| Social security | 79,030 | 9,049 | | 9,049 | 5,583 | | 5,583 | 3,286 | 3,220 | 67 | 96,948 | | 1,106 | | 98,054 |
| Miscellaneous expenditure ⁽⁵⁾ | 155 | 155 | | | 89 | 89 | | 58 | 58 | | 302 | | 6,220 | | 6,522 |
| Total | 192,038 | 24,445 | 14,723 | 9,721 | 13,423 | 6,667 | 6,756 | 9,129 | 8,917 | 212 | 239,035 | | 34,656 | | 273,691 |

(1) Figures contained in tables in this chapter will differ from those presented in other chapters in this publication and individual departmental reports due to timing differences in the collection of the data.

(2) Excluding privatisation proceeds, general government debt interest and accounting adjustments which are not allocated to territories.

(3) Responsibility for most expenditure in Northern Ireland lies with the Northern Ireland Office and Departments; this column includes certain expenditure in support of the agriculture and fishing industries, the NI Court Service, and smaller programmes.

(4) In 1997–98, around £38 million of non-identifiable expenditure was for the benefit of England and Wales, £1,726 million for GB, and the remaining £32,892 million for the UK as a whole.

(5) Included in the "Non-identifiable" cell are net payments to EC institutions and expenditure associated with general maintenance of government, such as tax collection and population registration. See table 8.8.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.8 Non-identifiable general government expenditure by programme, 1997–98

| Programme | Non-identifiable Expenditure |
|---|-------------------------------------|
| Defence and overseas services | 24,172 |
| BSE related expenditure | 841 |
| Forestry | 47 |
| Science and technology | 1,466 |
| Export finance | 48 |
| British Nuclear Fuels Ltd | 51 |
| British Coal Corporation | 100 |
| Driver and vehicle licensing | 148 |
| Water and conservation services | 52 |
| Health and Safety Executive | 96 |
| Major Employment Programmes | 84 |
| Net medical payments to European Economic Area countries ⁽¹⁾ | 163 |
| Records, registrations and surveys | 49 |
| War pensions and pensions paid to UK nationals abroad | 1,081 |
| Net payments to EC Institutions | 2,060 |
| Cabinet Office | 52 |
| Parliament and associated expenditure | 338 |
| Office for National Statistics | 94 |
| Tax collection and funding for Bank of England | 2,996 |
| Civil service superannuation | 91 |
| Security and intelligence services | 703 |
| Property Advisors to the Civil Estate ⁽²⁾ | -275 |
| Smaller programmes | 198 |
| Total | 34,656 |

(1) Mainly fees for the treatment of UK nationals abroad.

(2) Negative expenditure generated from opportunity cost rents levied on freehold and leasehold properties.

ANALYSIS OF PUBLIC EXPENDITURE BY ENGLISH REGION

8.8 An analysis of spending by region was undertaken during the autumn and winter of 1998. Identifiable expenditure is again defined as expenditure which can be recognized from available information as having been spent for the benefit of the relevant population. The results are set out in **Tables 8.9** and **8.10**. In accordance with other government publications of regional statistics, expenditure has been apportioned to Government Office Regions.

8.9 **Table 8.9** sets out figures for expenditure by region in 1996-97. In addition to the regional expenditure figures the tables also give the corresponding English totals from **Tables 8.5A** and **8.5B**. They show that 91 per cent of expenditure identifiable to England in 1996-97 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1996-97 around 95 per cent of the expenditure on health and personal social services, and social security expenditure has been split by region. However, in a number of other areas, such as trade, industry, energy, employment and training, there is an appreciable core of expenditure which cannot be readily disaggregated by region.

8.10 **Table 8.10** presents the expenditure on a per capita basis. Spending in 1996-97 allocated by region varies from £3,050 per head in the Eastern region to £3,875 per head in the North East and £4,249 in London. These figures should be treated with caution. Because identified spending in England cannot be fully apportioned between the English regions, it is not possible to directly compare spending in the English regions with spending in England as a whole, or with Scotland, Wales, and Northern Ireland.

8.11 Identifiable expenditure which cannot be allocated by region averages £356 per head in England as a whole. However, it is in practice unlikely that this unallocated expenditure is distributed evenly over the regions. If it is not, the relative levels of regional per capita spending will differ from those set out in **Table 8.10**.

8.12 Identifiable spending allocated by English region in the analyses set out in **Tables 8.9** and **8.10** includes:

- (i) the spending of local authorities by region of authority;
- (ii) estimated spending by regional health authorities and family health service authorities located within the region (boundaries of which do not align exactly with those of the Government Office Regions, however);
- (iii) payments of certain social security benefits to residents of each region;
- (iv) spending on motorways and trunk roads in each region;
- (v) expenditure on regional preferential assistance by the region in which the recipient industries were located;
- (vi) grants to Urban Development Corporations;
- (vii) housing expenditure and subsidies;
- (viii) support for London Transport;
- (ix) central government's own expenditure on higher and further education;
- (x) MAFF and the Intervention Board central government direct expenditure;
- (xi) Employment Service programmes (boundaries of the Employment Service districts do not align exactly with those of the Government Office Regions, however);
- (xii) Single Regeneration Budget and other development and conservation programmes;
- (xiii) Legal Aid (again, the boundaries for the different components of Legal Aid do not align with those of the Government Offices);
- (xiv) Careers Service and Training For Work programmes.

Table 8.9 Identifiable general government expenditure, by region and function, 1996-97

| | Allocation of expenditure by region | | | | | | | | | | Total of all Regions | England |
|--|-------------------------------------|---------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------------|----------------------|----------------|
| | £ million | | | | | | | | | | | |
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Unallocated ⁽¹⁾ | | |
| Agriculture, fisheries and food | 73 | 184 | 138 | 107 | 133 | 126 | 130 | 173 | 238 | 1,301 | 1,723 | 3,024 |
| Trade, industry, energy and employment | 188 | 386 | 247 | 189 | 269 | 207 | 204 | 342 | 259 | 2,291 | 2,446 | 4,737 |
| Roads and transport | 227 | 896 | 504 | 386 | 601 | 470 | 460 | 1,734 | 842 | 6,121 | 1,902 | 8,023 |
| Housing | 129 | 453 | 276 | 187 | 157 | 202 | 107 | 1,108 | 313 | 2,931 | 50 | 2,981 |
| Other environmental services | 535 | 1,061 | 694 | 555 | 777 | 567 | 539 | 1,424 | 977 | 7,129 | 382 | 7,511 |
| Law, order and protective services | 555 | 1,363 | 935 | 687 | 972 | 805 | 811 | 2,596 | 1,243 | 9,967 | 3,130 | 13,097 |
| Education | 1,484 | 3,891 | 2,830 | 2,200 | 3,016 | 2,442 | 2,800 | 4,794 | 4,051 | 27,508 | 1,251 | 28,759 |
| Culture, media and sport | 109 | 227 | 169 | 123 | 154 | 152 | 152 | 274 | 256 | 1,616 | 776 | 2,392 |
| Health and personal social services | 2,153 | 5,576 | 4,026 | 2,973 | 4,051 | 3,707 | 3,673 | 6,889 | 5,731 | 38,779 | 2,022 | 40,801 |
| Social security | 4,624 | 11,857 | 7,747 | 5,914 | 8,053 | 7,257 | 7,267 | 10,668 | 10,801 | 74,187 | 3,991 | 78,178 |
| Total | 10,077 | 25,894 | 17,566 | 13,321 | 18,182 | 15,934 | 16,145 | 30,001 | 24,710 | 171,830 | 17,673 | 189,503 |

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure which could be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury's latest territorial analysis (presented in following column). The unallocated figures include a data discrepancy resulting from differences in timing of the regional and territorial exercises, and also small differences of treatment and coverage.

Table 8.10 Identifiable general government expenditure per head, by region and function, 1996-97

| | Allocation of expenditure by region | | | | | | | | | | Total of all Regions | England |
|--|-------------------------------------|--------------|--------------------------|---------------|---------------|--------------|--------------|--------------|--------------|----------------------------|----------------------|--------------|
| | £ per head | | | | | | | | | | | |
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Unallocated ⁽¹⁾ | | |
| Agriculture, fisheries and food | 28 | 27 | 27 | 26 | 25 | 26 | 25 | 24 | 30 | 27 | 35 | 62 |
| Trade, industry, energy and employment | 72 | 56 | 49 | 46 | 51 | 43 | 39 | 48 | 33 | 47 | 50 | 96 |
| Roads and transport | 87 | 130 | 100 | 93 | 113 | 97 | 87 | 245 | 107 | 125 | 39 | 163 |
| Housing | 49 | 66 | 55 | 45 | 29 | 42 | 20 | 157 | 40 | 60 | 1 | 61 |
| Other environmental services | 206 | 154 | 138 | 134 | 146 | 117 | 102 | 201 | 124 | 145 | 8 | 153 |
| Law, order and protective services | 214 | 198 | 186 | 166 | 183 | 166 | 153 | 367 | 157 | 203 | 64 | 267 |
| Education | 571 | 565 | 562 | 531 | 567 | 504 | 529 | 678 | 513 | 560 | 25 | 586 |
| Culture, media and sport | 42 | 33 | 34 | 30 | 29 | 31 | 29 | 39 | 32 | 33 | 16 | 49 |
| Health and personal social services | 828 | 809 | 800 | 718 | 762 | 766 | 694 | 974 | 726 | 790 | 41 | 831 |
| Social security | 1,778 | 1,721 | 1,538 | 1,428 | 1,515 | 1,499 | 1,373 | 1,508 | 1,368 | 1,511 | 81 | 1,593 |
| Total | 3,875 | 3,757 | 3,488 | 3,217 | 3,420 | 3,291 | 3,050 | 4,241 | 3,130 | 3,500 | 360 | 3,860 |

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure which could be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury's latest territorial analysis (presented in following column). The unallocated figures include a data discrepancy resulting from differences in timing of the regional and territorial exercises, and also small differences of treatment and coverage.

APPENDIX 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, with the following exceptions:

- (i) figures for the main spending aggregates, including DEL, AME, TME, GGE, and the Control Total, are rounded to the nearest £100 million from 1998-99 onwards;
- (ii) the DEL Reserve, the AME Margin and allowances for shortfall are rounded to the nearest £100 million from 1998-99 onwards;
- (iii) figures for locally financed expenditure, and within that local authorities' self-financed expenditure, and for accounting and other adjustments in AME, are rounded to the nearest £100 million from 1998-99;
- (iv) figures in the tables covering years before 1993-94 are rounded to the nearest £100 million; and
- (v) figures for control limits in Chapter 3 are rounded to the nearest £1 thousand.

RECEIPTS

A.3 Departmental Expenditure Limits and the Control Total are both measured net of certain receipts. Most government receipts, eg taxes, national insurance contributions, interest, dividends and trading surpluses are treated as revenue. However receipts from the sales of fixed assets, the repayment of loans and certain fees and charges are treated as negative expenditure rather than revenue. The treatment of certain receipts in DEL and the Control Total is set out in more detail in Appendices B1 and B2 respectively.

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 1997-98 prices.

PLANS FIGURES

A.5 Projections for 1999-2000 to 2001-02 are consistent with the Financial Statement and Budget Report (FSBR) March 1999 (HC 298), except that the projections for Housing Revenue Account subsidies in AME Main Departmental Programmes have been corrected for an error in the FSBR numbers. Correcting this error also raises Annually Managed Expenditure and Total Managed Expenditure, by between £200 and £300 million a year.

CURRENT YEAR OUTTURN

A.6 The estimated outturns for individual departments in the current year are based on the latest information available from departments. The estimated outturns for the Control Total and for DEL for the current year include an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment. Similarly, as the outturns for local authorities' expenditure in

the last completed financial year is not yet available, the estimated outturn for local authority expenditure in 1997-98 and 1998-99 also include an allowance for shortfall representing the difference between the total budgeted for by local authorities and the Treasury's latest estimate.

HISTORICAL DATA

A.7 Most of the analyses in this publication show plans or projections for 1999-2000 to 2001-02 alongside the estimated outturn for 1998-99 and outturn for the five previous years. 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:

- (a) Income-related social security benefits are uprated annually in April in line with the percentage change in the Rossi index (a modified measure of inflation based on the Retail Prices Index and excluding most housing costs) in the year up to the previous September. Other non income-related benefits are also uprated 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, for the Rossi index, 2 per cent in each year from 1999-2000 to 2001-02; and, for the RPI, 1¹/₄ per cent for 1999-2000, 3 per cent for 2000-01 and 2³/₄ per cent for 2001-02.
- (b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to rise. For Northern Ireland, the number of wholly unemployed adults is assumed to rise. This is based on the planning assumption that, when the claimant count is projected to rise by forecasters outside the Treasury, the average of outside forecasts will be used for projections of public expenditure. (The Treasury does not publish forecasts of unemployment.) This planning assumption has been audited by the National Audit Office (NAO). See the NAO Report: Audit of the Unemployment Assumption for the March 1999 Budget Projections, published as HC 294; and
- (c) Apart from unemployment, other assumptions and conventions are unchanged from those previously audited by the NAO. Further details can be found in the March 1999 Financial Statement and Budget Report, (HC 298), para B9.

ECONOMIC GROWTH AND INFLATION


A.9 General inflation as measured by the GDP deflator is forecast to be 2¹/₂ per cent in 1998-99, and the same for each year from 1999-2000 to 2001-02.

A.10 GDP at market prices (money GDP) is projected as £848 billion in 1998-99, £880 billion in 1999-2000, £925 billion in 2000-01 and £975 billion in 2001-02.

APPENDIX B1 COVERAGE OF THE ACCOUNTING AND OTHER ADJUSTMENTS IN AME

1. The national accounts follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. The measures of public expenditure should be readily related to this framework. Total Managed Expenditure (TME) is drawn from national accounts. TME is produced by the Office for National Statistics (ONS).
2. However, there are certain aspects of the national accounts measures which cannot sensibly be read across to the control regimes defined for the management of public expenditure. And sometimes other factors lead to an alternative approach – for example issues of data availability and incentive frameworks.
3. So a number of adjustments are needed to relate DEL and various identified programme lines in AME (see Appendix E) to TME.

ACCOUNTING AND OTHER ADJUSTMENTS IN AME

4. The main items of the Accounting and Other Adjustments line in AME are shown in Table 1.7.
5. The components of the Accounting and Other Adjustments are described below. Some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the period covered by the table above. Those of the adjustments that are treated as Main Departmental Programmes in AME are marked ‘’.

Non-Trading Capital Consumption

- (i) Add the value of general government non-trading capital consumption (ie. depreciation).

VAT Refunds

- (ii) Remove the deduction of VAT refunded to central government departments in respect of contracted-out services for non-business purposes and VAT refunds to local authorities in respect of non-business activities. DEL and local authority self-financed expenditure (LASFE) are measured net of these VAT refunds, but for TME this expenditure is recorded including the VAT paid.
- (iii) Add VAT refunds paid to NHS Trusts in respect of contracted-out services in connection with activities that are non-business for VAT purposes. TME records these refunds as subsidies to NHS Trusts.
- (iv) Add VAT refunds paid to the BBC and ITN in respect of non-business activities which are treated as subsidies in TME.
- (v) Add VAT refunds paid to DIY housebuilders which are treated as grants.

Note: The ONS UK National Accounts Blue Book 1998 announced in Table SUP6 that all these VAT refunds would no longer form part of public expenditure in national accounts once the ONS's revisions policy allowed the change to be made.

EC Contributions




- (vi) Deduct the Customs duties, agricultural and sugar levies and VAT contributions to the European Communities which are included in the Net Payments to EC Institutions line in AME and which do not form part of TME.

Tax Credits

- (vii) Add payments of certain tax credits which score as government expenditure in national accounts. This includes Mortgage Interest Relief, Life Assurance Premium Relief, Private Medical Insurance Premium Relief, Vocational Training Relief (part up to 1998-99; all from 1999-2000), Working Families Tax Credit and Disabled Persons Tax Credit (from 1999-2000), and Research and Development Tax Credit (from 2001-02).

Note: The definition of tax credits in the Accounting and Other Adjustments differs from the definition of tax credits used in the calculation of Net Taxes and Social Security Contributions (for example in Table B9 of the 1999 Financial Statement and Budget Report) because the latter includes the whole of Vocational Training Relief for years before 1999-2000, and Children's Tax Credit (from April 2000).

Other Programme Spending in AME

- (viii)  Add expenditure by the Valuation Office on payment of rates for premises occupied by diplomatic missions & c the “beneficial portion payments”.
- (ix)  Add expenditure by DTI under the Redundancy Payments Scheme.
- (x)  Add expenditure by DfEE under the Older Workers Employment Credit scheme.
- (xi) Add expenditure by the Financial Services Authority.
- (xii) Show the effects of British Council transactions that affect the reserves of the British Council.

Adjustments for Public Corporations

- (xiii) Deduct capital grants paid by general government to public corporations and included in DEL or AME.
- (xiv) Deduct grants and subsidies paid to Self-Financing Public Corporations (SFPCs) as part of their external finance (other than the subsidy to pay for the office of the Crown Estate Commissioners). Such grants and subsidies to SFPCs score both in DEL and in AME, so this adjustment removes double-counting.
- (xv) Add fixed capital formation by public corporations (other than New Town Corporations, the Commission for the New Towns and Passenger Transport Executives, whose capital formation is already included in DEL & AME).
- (xvi) Add changes in stocks of public corporations.
- (xvii) Add capital grants paid by public corporations to institutional units outside general government.
- (xviii) Add current grants and subsidies paid by public corporations to institutional units outside general government and financed from their own resources.
- (xix) Add payments of debt interest and dividends paid by public corporations to the private sector and overseas.

Intra Public Sector Debt Interest

- (xx) Local authority expenditure in the relevant lines in DEL and AME includes most local authority debt interest (LADI), including most of that paid to central government and public corporations; TME includes all, and only, LADI paid to sectors other than the public sector. In the adjustments it is therefore necessary to:
 - Subtract Local Authority debt interest (LADI) paid to central government and public corporations (other than LADI ultimately funded by central government Housing Subsidy (Housing Element) (HS)) and add LADI ultimately funded by HS and paid to sectors outside the public sector.
- (xxi) Deduct central government debt interest paid to public corporations and local authorities.
- (xxii) Reverse the deduction of the receipts of interest and dividends from public corporations that are netted off DEL.

Financial Transactions in DEL and AME

- (xxiii) Deduct net lending to public corporations, the private sector and overseas that scores in DEL.
- (xxiv) Deduct transactions in private sector company securities that score in DEL.
- (xxv) Deduct the measure of the subsidy and bad debt element of student loans that scores in DEL.
- (xxvi) Deduct financial transactions with public corporations, the private sector and overseas that score in AME.
- (xxvii) Deduct the market and overseas borrowing of public corporations which have external finance treatment in DEL & AME (including the capital value of certain leasing transactions).

Other Accounting Adjustments

(I) Receipts-related Adjustments

- (xxviii) Remove the deduction of receipts of certain taxes imposed by departments (including licences imposed by the utility regulators (eg OFFER, OFGAS)) which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxix) Remove the deduction of certain fines imposed by departments which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxx) Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative expenditure in LASFE and as revenue in national accounts.
- (xxxi) Remove the deduction of current donations which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxii) Remove the deduction of receipts of current compensation which are treated as negative expenditure in DEL and as revenue in national accounts.

- (xxxiii) Remove the deduction of receipts of rent of land which are treated as negative expenditure in DEL and as revenue in national accounts.
- (xxxiv) Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in LASFE and as revenue in the national accounts.
- (xxxv) Remove the deduction of dividends received by central government departments from the private sector and treated as negative expenditure in DEL, which are treated as revenue in national accounts.

(2) Expenditure Related Adjustments

(xxxvi) Finance leases:

- add the capital value of assets and deduct the principal element of repayments on finance leases taken out by central government before 1 April 1996; and
- do the same for any central government finance lease or transaction that is in substance borrowing taken out after 1 April 1996 and exceptionally excluded from DEL.

(xxxvii) Deduct the expenditure on Bus Fuel Duty Rebate (BFDR) which is in DEL but not in TME.

Note: The ONS UK National Accounts Blue Book 1998 announced in Table SUP6 that payments of BFDR would form part of public expenditure in national accounts once the ONS's revisions policy allowed the change to be made.

- (xxxviii) Add current and capital expenditure on privatisations which is borne on the privatisation programme and so is not in DEL.
- (xxxix) Add payments of transitional relief to charities formerly entitled to receive tax credits on dividends.

(3) Other Adjustments

- (xl) Deduct grants paid to local authorities by non-departmental public bodies classified to the central government sector. This adjustment removes an element of double-counting.
- (xli) Deduct current grants to local authorities by public corporations financed by subsidies from general government.
- (xlii) Add adjustments to put certain central government expenditure on an accruals basis.
- (xlili) Add, for outturn years, the residual difference between TME as measured by ONS for national accounts and Treasury sources.

TREATMENT OF CLASSIFICATION AND TRANSFER CHANGES

6. The national accounts and DEL/AME are generally consistent in their treatment of changes, although there are occasionally timing lags.
7. Changes which stem from amending past recording practice or movements in the way expenditure is measured are termed classification changes and are normally applied to all years.
8. Transfer changes reflect substantive changes in the way in which expenditure is financed. These too are often applied to all years in Treasury public expenditure statistics. The national accounts treatment of transfer changes varies.

9. Substantive changes in the level of expenditure are termed policy or estimating changes and are not applied to figures before the date when they occurred.

10. One major difference in this area between the national accounts and DEL/ AME is that the national accounts regard switches of function between government departments as policy changes whereas, to avoid unhelpful discontinuities in the figures, they are treated as classification changes in DEL and AME.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

11. This passage explains some of the aspects on the calculation of TME as a consolidation of the public sector's expenditure.

12. 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.

13. 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.)

14. Capital grants from general government to public corporations are consolidated out, as is the capital expenditure by public corporations which scores in TME.

15. Where public corporations give grants and subsidies, they are held to act as agents of central government. So grants from public corporations to general government are consolidated out.

NOTE ON THE TREATMENT OF DEPRECIATION

16. Depreciation on non-trading services ("Non-Trading Capital Consumption") is part of final consumption – in effect part of the price that government has to pay for buying services from itself. Depreciation does not score in DEL. So, to arrive at public sector current expenditure one needs to add depreciation on non-trading capital.

17. In addition, depreciation on all capital – trading and non-trading – is a current cost that is paid by the owner of capital. To arrive at public sector net investment (PSNI), depreciation on all capital – trading and non-trading – is deducted from gross investment net of sales.

18. TME may be defined as public sector current expenditure (PSCE) plus public sector capital expenditure (gross of depreciation, net of sales). TME may also be expressed as PSCE + PSNI + Public Sector Depreciation.

MOVING FROM TOTAL MANAGED EXPENDITURE TO GENERAL GOVERNMENT EXPENDITURE

19. General government expenditure (GGE) was the total spending aggregate normally focussed on under the old control regime. Like TME, GGE is an aggregate drawn from national accounts. ONS produces the GGE number. The main differences between TME and GGE are:

- GGE covers only general government, ie central and local government; whereas TME covers the public sector as a whole, ie general government and public corporations; and
- TME is the sum of current and capital expenditure, whereas GGE is the sum of current and capital expenditure and two financial transactions (namely, net lending and transactions in company securities (net)).

20. The main items of the National Accounts Adjustments to move from TME to GGE are shown in Table B1.1.

| Table B1.1 Moving from Total Managed Expenditure to general government expenditure | | | | | | | | | |
|---|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | £ million | | | | | | | | |
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 | 2001-02 |
| TME | 283,445 | 296,654 | 309,100 | 316,294 | 322,063 | 331,400 | 349,400 | 369,100 | 387,700 |
| Public corporations | -2,096 | -377 | -2,887 | -1,894 | -2,805 | -3,100 | -3,300 | -3,700 | -3,800 |
| Debt interest | 66 | 81 | 429 | 334 | 520 | 400 | 300 | 400 | 400 |
| Financial GGE | -3,657 | -6,989 | -2,354 | -5,518 | -2,133 | 800 | 900 | 3,300 | 3,600 |
| GGE | 277,758 | 289,369 | 304,288 | 309,216 | 317,645 | 329,500 | 347,300 | 369,100 | 387,900 |

21. The steps in moving from TME to GGE are:

Public Corporations Adjustments

- (i) Deduct the expenditure of public corporations on fixed assets and increases in capital stocks.
- (ii) Add general government capital grants to public corporations.
- (iii) Deduct capital grants given by public corporations to general government and financed by capital grants from general government.

Interest Adjustments

- (iv) Add general government debt interest paid to public corporations.
- (v) Deduct public corporations' payments of interest and dividends to the private sector and abroad.

Financial Transactions Adjustments

- (vi) Add general government net lending to public corporations, the private sector and abroad.
- (vii) Add general government purchases of company securities (net) – in the main, this item is the deduction of privatisation proceeds.
- (viii) Deduct the proceeds of loan book sales (in the case of the sale of student loan books, the part of the proceeds that is treated as negative net lending in GGE).
- (ix) Add Bank of England Issue Department net equity injections.

APPENDIX B2 DIFFERENCES BETWEEN THE CONTROL TOTAL AND GENERAL GOVERNMENT EXPENDITURE

1. This appendix sets out the adjustments needed to relate the Control Total to general government expenditure (GGE). GGE is drawn from national accounts and B is produced by the Office for National Statistics (ONS).

2. The relationship between the Control Total and GGE is shown in Table B2.1.

| | £ million | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
| Control Total | 239,819 | 246,795 | 254,819 | 259,813 | 262,900 | 273,200 |
| Welfare to Work | | | | | 143 | 700 |
| Local Authority spending under the Capital Receipts Initiative | | | | | 200 | 700 |
| Cyclical social security | 14,338 | 14,254 | 14,460 | 13,973 | 12,777 | 12,300 |
| Central government debt interest | 20,336 | 23,083 | 26,452 | 27,858 | 29,692 | 29,500 |
| Privatisation proceeds | -5,430 | -6,433 | -2,435 | -4,434 | -1,770 | -100 |
| National accounts adjustments | 8,695 | 11,670 | 10,992 | 12,006 | 13,703 | 13,200 |
| <i>of which:</i> | | | | | | |
| <i>Capital consumption</i> | 5,242 | 5,408 | 5,996 | 6,430 | 6,738 | 7,100 |
| <i>VAT refunded</i> | 3,528 | 4,718 | 4,931 | 4,914 | 5,038 | 5,200 |
| <i>EC contributions</i> | -6,507 | -5,520 | -7,446 | -6,988 | -5,863 | -6,200 |
| <i>Tax credits</i> | 3,925 | 3,321 | 2,649 | 2,394 | 2,689 | 1,900 |
| <i>National Lottery</i> | 0 | 0 | 126 | 364 | 1,087 | 1,400 |
| <i>Net pension payments</i> | 3,710 | 3,675 | 4,064 | 4,859 | 5,270 | 5,000 |
| <i>Adjustments for public corporations</i> | 1,737 | 1,745 | 1,132 | 1,482 | 486 | 200 |
| <i>Trust debt remuneration</i> | 755 | 1,050 | 1,162 | 1,318 | 1,498 | 1,500 |
| <i>Local authority debt interest to central government</i> | -3,088 | -2,928 | -2,975 | -3,116 | -3,413 | -3,300 |
| <i>Other</i> | -606 | 200 | 1,352 | 349 | 173 | 400 |
| General Government Expenditure | 277,758 | 289,369 | 304,288 | 309,216 | 317,645 | 329,500 |

RECENT CHANGES

3. As usual, there have been a number of changes in the definition of the Control Total since the April 1998 PESA. This year, the changes fall into two main groups:

- the introduction of the new European System of Accounts (ESA95) led to changes in the definition of GGE and hence in the Control Total or the national accounts adjustments; and
- as usual, there have been a number of other changes in the definitions.

4. **ESA95 Changes to the Control Total.** Under ESA95:

- the Bank of England Issue Department was reclassified from the central government sector into a new Central Bank Sector. As a result, the Control Total and GGE no longer show the administration costs of the Issue Department; and
- the activities of GEFCO are now treated as agency transactions of ECGD. So GEFCO's net lending and administration expenditure now form part of the Control Total and GGE, while interest paid on GEFCO bonds forms part of GGE.

5. **ESA95 Changes to the Accounting Adjustments.** The main changes to the adjustments resulting from the ESA95 introduction have been:

- expenditure on unfunded pensions in payment now scores directly in GGE, so the adjustments for pensions have had to be reformulated;
 - licences with a significant degree of service to the individual applicant are now negative public expenditure in GGE, so no adjustment is needed;
 - receipts of capital donations and other capital transfers are now negative public expenditure in GGE, so only the deduction of receipts of current donations in the Control Total needs to be reversed in the adjustments;
 - the traditional own resources of the European Community (Customs duties, tariffs and agricultural and sugar levies) and the VAT contribution are no longer treated as part of GGE, although they continue to form part of the Net Payments to EC Institutions line;
 - the non-Voted parts of certain income tax credits - Mortgage Interest Relief, Life Assurance Premium Relief and Private Medical Insurance Relief - now score in GGE, as well as the Voted part which is in the Control Total;
 - grants and subsidies paid by public corporations to institutional units outside general government are now treated as part of GGE, while grants paid by public corporations to local authorities are treated as intra general government transfers; and
 - following the reclassification of the Bank of England Issue Department to the Central Bank Sector, profits of issue or payments discharging Treasury liability resulting from quarterly revaluations of the Issue Department's assets are now treated as equity withdrawals/ equity injections - a financial transaction of general government.
- 6. Other Changes in the Definition.** The main other changes have been:
- the utility regulators licence fee amendment has been extended to cover OFREG, the Northern Irish regulator;
 - a new adjustment adds capitalised values of assets and deducts the element of principal repayment in leasing charges for post 1 April 1996 finance leases and transactions that are in substance borrowing that are exceptionally not capitalised in the Control Total; and
 - current compensation receipts are now treated as negative public expenditure in the Control Total. A new adjustment reverses the deduction.
- 7. Accounting Changes.** There have also been other changes in the accounting adjustments:
- MoD receipts of rent of land have now been recorded separately and are no longer treated as reducing the Control Total, so no adjustment is needed;
 - transactions leading to the movement in British Council reserves are now recorded in the adjustments; and
 - Forest Enterprise has been re-classified to the public corporations sector and the former accounting adjustment has been dropped.

CONTROL TOTAL TO GGE

8. The stages in moving from the Control Total to GGE in Table B2.1 are as follows (some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the period covered by the table above):

Adjustments Primarily to do with Expenditure Programmes

- (i) Add cyclical social security payments.
- (ii) Add expenditure by general government under the Welfare to Work scheme.

- (iii) Add expenditure by general government under the Capital Receipts Initiative (CRI).
- (iv) Add expenditure financed by the proceeds of the National Lottery.
- (v) Add central government gross debt interest (CGDI) to public corporations, the private sector and overseas (ie gross CGDI net of payments to local authorities).
- (vi) Add the value of non-trading capital consumption (ie. depreciation).
- (vii) Add the pensions paid to members of the teachers', National Health Service, Principal Civil Service, armed forces' and security and intelligence services' superannuation schemes, and some other pension schemes; and deduct the schemes' receipts of contributions, accruing superannuation liability charges and transfer receipts.
- (viii) Add the value of grants to NDPBs in the central government sector made to finance pensions bulk transfer payments.
- (ix) Add the element of NHS Trusts' charges to health authorities which Trusts use to remunerate their debt to central government.
- (x) Add the distribution of fossil fuel levy receipts to the renewables generators.
- (xi) Add local authorities' net cash expenditure on company securities.
- (xii) Finance leases:
 - add the capital value of assets and deduct the principal element of repayments on finance leases taken out by central government before 1 April 1996;
 - do the same for any finance leases or transactions that are in substance borrowing taken out after 1 April 1996 and exceptionally excluded from the Control Total.
- (xiii) Deduct the Customs duties, agricultural and sugar levies and VAT contributions to the European Community.
- (xiv) Add non-Voted payments of certain tax credits: Mortgage Interest Relief, Life Assurance Premium Relief and Private Medical Insurance Relief.
- (xv) Add expenditure by the Financial Services Authority.
- (xvi) Add net equity injections to the Bank of England Issue Department.
- (xvii) Deduct grants paid to local authorities by non-departmental public bodies classified to the central government sector and by public corporations.
- (xviii) Add grants and subsidies paid by public corporations to institutional units outside general government and financed from their own resources.
- (xix) Add VAT refunds paid to NHS trusts in respect of contracted out services in connection with activities that are non-business for VAT purposes. GGE records these refunds as grants to NHS trusts.
- (xx) Add VAT refunds paid to the BBC and ITN in respect of non-business activities and to DIY housebuilders which are treated as subsidies and grants in GGE.
- (xxi) The Control Total includes most local authority debt interest (LADI) including most of that paid to central government; GGE includes all, and only, LADI paid to sectors other than general government. In the adjustments it is therefore necessary to:
 - subtract LADI paid to central government (other than LADI ultimately funded by central government Housing Subsidy (Housing Element) (HS), and LADI associated with the CRI) and add LADI ultimately

funded by HS or associated with the CRI and paid to sectors outside general government; and

- (xxii) add adjustments to put certain central government expenditure on an accruals basis.

Adjustments Primarily to do with Receipts

- (xxiii) Remove the deduction of current donations which are treated as negative public expenditure in the Control Total and as revenue in national accounts.
- (xxiv) Remove the deduction of receipts of current compensation which are treated as negative public expenditure in the Control Total and as revenue in national accounts.
- (xxv) Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative public expenditure in the Control Total and as revenue in national accounts.
- (xxvi) Remove the deduction of VAT refunded to central government departments in respect of contracted-out services for non-business purposes and VAT refunds to local authorities in respect of non-business activities. The Control Total is measured net of these VAT refunds, but for GGE this expenditure is recorded including the VAT paid.
- (xxvii) Deduct privatisation proceeds (net of certain privatisation expenses) which reduce GGE, but not the Control Total.
- (xxviii) Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in the Control Total but as revenue in the national accounts.
- (xxix) Remove the deduction of receipts from licences imposed by the utility regulators (eg OFFER, OFGAS) and used to finance their regulatory activity, which are treated as negative expenditure in the Control Total, and as revenue in national accounts.
- (xxx) Remove the deduction of the element of the receipt from the sale of the student loan portfolio that is not treated as negative net lending in GGE (the Control Total follows the PSNCR scoring of the receipt).
- (xxxi) Show the effects of British Council transactions that affect the reserves of the British Council.

Adjustments Primarily concerned with Public Corporations

- (xxxii) Deduct the capital expenditure of New Town Corporations and the Commission for the New Towns (CNT); add the grants and loans made to New Towns and the CNT by central government.
- (xxxiii) Deduct the capital expenditure of Passenger Transport Executives; add capital grants and loans made to Passenger Transport Executives.
- (xxxiv) Deduct the market and overseas borrowing of nationalised industries and other public corporations which have external finance treatment in the Control Total (including the capital value of certain leasing transactions). General government expenditure only covers central and local government transactions.

General Adjustment

- (xxxv) Add, for outturn years, the residual difference between GGE as measured by ONS for national accounts and Treasury sources.

APPENDIX C DEPARTMENTAL GROUPINGS

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 Employment | Department for Education and Employment Office for Standards in Education |
| Health | Department of Health |
| DETR - Main programmes | Department of the Environment, Transport and the Regions (except local government and regional policy) Office of Passenger Rail Franchising Office of the Rail Regulator Office of Water Services Ordnance Survey PSA Services Health and Safety Executive |
| DETR – Local Government and Regional Policy | Department of the Environment, Transport and the Regions – mainly block and transitional grants to English local authorities; also includes preparation costs for the Greater London Authority and for Regional Development Agencies |
| Home Office | Home Office Charity Commission |
| Legal Departments | Lord Chancellor's Departments Crown Prosecution Service Northern Ireland Court Service Public Records Office Serious Fraud Office Treasury's Solicitor's Departments HM Land Registry |
| 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 Office of Electricity Regulation Office of Fair Trading Office of Gas supply Office of Telecommunications Export Credits Guarantee Department (capital expenditure only) |

| Title | Departments included |
|---------------------------------|--|
| Agriculture, Fisheries and Food | Ministry of Agriculture, Fisheries and Food The Intervention Board |
| Culture, Media and Sport | Department for Culture, Media and Sport Office of the National Lottery |
| Social Security | Department of Social Security |
| Scotland | Scottish Office Forestry Commission General Register Office (Scotland) Scottish Courts Administration Scottish Records Office Registers of Scotland Crown Office, Scotland and Lord Advocate's Department |
| Wales | Welsh Office Office of Her Majesty's Chief Inspector of Schools in Wales |
| Northern Ireland | Northern Ireland Office and departments |
| Chancellor's Departments | HM Treasury Office for National Statistics Crown Estate Office National Savings Governments Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Paymaster General's Office Registry of Friendly Societies Royal Mint |
| Cabinet Office | Office of Public Services Central Office of Information Cabinet Office House of Commons House of Lords National Audit Office The Office of the Parliamentary Commissioner for Administration and Health Service Commissioners Privy Council Office Property Advisors to the Civil Estate Security and Intelligence Services |
| Welfare to Work | Expenditure financed by the windfall tax, mainly New Deal programmes |

APPENDIX D EXECUTIVE AGENCIES

I. This appendix groups the current Executive Agencies, according to the Minister responsible for the Agency. Agencies marked with an asterisk are government departments; the other agencies are all parts of departments.

Responsible Minister

Secretary of State for Defence

Agency

Army Base Repair Organisation
Army Base Storage and Distribution Agency
Armed Forces Personnel Administration Agency
Army Personnel Centre
Army Technical Support Agency
Army Training and Recruiting Agency
Defence Analytical Services Agency
Defence Animal Centre
Defence Bills Agency
Defence Clothing and Textiles Agency
Defence Codification Agency
Defence Communication Services Agency
Defence Dental Agency
Defence Estates Organisation
Defence Evaluation and Research Agency
Defence Intelligence and Security Centre
Defence Postal and Courier Service Agency
Defence Secondary Care Agency
Defence Transport and Movements Executive
Defence Vetting Agency
Disposal Sales Agency
Duke of York's Royal Military School
Hydrographic Office
Joint Air Reconnaissance Intelligence Centre
Logistics Information Systems Agency
Medical Supplies Agency
Defence Medical Training Organisation
Meteorological Office
Military Survey
Ministry of Defence Police
Naval Aircraft Repair Organisation
Naval Bases and Supply Agency
Naval Manning Agency
Naval Recruiting and Training Agency
Pay and Personnel Agency
Queen Victoria School
RAF Logistic Support Services
RAF Maintenance Defence Agency
RAF Personnel Management Agency
RAF Signals Engineering Establishment
RAF Training Group Defence Agency
Ships Support Agency
Service Children's Education
Special Procurement Services

APPENDIX D EXECUTIVE AGENCIES

| Responsible Minister | Agency |
|---|---|
| Secretary of State for Foreign and Commonwealth Affairs | Wilton Park Conference Centre |
| Minister of Agriculture, Fisheries and Food | Centre for Environment, Fisheries and Aquaculture Science Central Science Laboratory Farming and Rural Conservation Agency Intervention Board Meat Hygiene Service Pesticides Safety Directorate Veterinary Laboratories Agency Veterinary Medicines Directorate |
| President of the Board of Trade | Companies House Employment Tribunals Service Insolvency Service National Weights and Measures Laboratory Patent Office Radiocommunications Agency |
| Secretary of State for the Environment, Transport and the Regions | Driver and Vehicle Licensing Agency Driving Standards Agency Highways Agency Maritime Coastguard Agency Vehicle Certification Agency Vehicle Inspectorate Ordnance Survey Planning Inspectorate Queen Elizabeth II Conference Centre |
| Secretary of State for the Home Department | Fire Service College Forensic Science Service HM Prison Service UK Passport Agency |
| Lord Chancellor | Court Service HM Land Registry Public Record Office Public Trust Office |
| Attorney General | Crown Prosecution Service Government Property Lawyers Serious Fraud Office Treasury Solicitor's Department |
| Secretary of State for Education and Employment | Employment Service |
| Secretary of State for Culture, Media and Sport | Royal Parks Agency |
| Secretary of State for Health | Medicines Control Agency Medical Devices Agency NHS Estates NHS Pensions Agency |

| Responsible Minister | Agency | |
|---|---|-----------------------------|
| Secretary of State for Social Security | Social Security Child Support Agency | |
| | Social Security Benefits Agency | |
| | Social Security Contributions Agency | |
| | Social Security Information | |
| | Technology Services Agency | |
| | Social Security War Pensions Agency | |
| | Secretary of State for Scotland | Fisheries Research Services |
| | | Forestry Research Agency |
| | | Forest Enterprises |
| | | Historic Scotland |
| Registers of Scotland | | |
| Scottish Agriculture Science Agency | | |
| Scottish Court Service | | |
| Scottish Fisheries Protection Service | | |
| Scottish Office Pensions Agency | | |
| Scottish Prison Service | | |
| Scottish Record Officer | | |
| Secretary of State for Wales | Student Awards Agency for Scotland | |
| | CADW (Welsh Historic Monuments) | |
| Secretary of State for Northern Ireland | Business Development Service | |
| | Compensation Agency | |
| | Construction Service | |
| | Driver and Vehicle Licensing (NI) | |
| | Driver and Vehicle Testing Agency | |
| | Environment and Heritage Service | |
| | Forensic Science Agency of Northern Ireland | |
| | Forest Service of Northern Ireland | |
| | Government Purchasing Agency | |
| | Health Estates | |
| | Industrial Research and Technology Unit | |
| | Land Registers of Northern Ireland | |
| | Northern Ireland Child Support Agency | |
| | Northern Ireland Statistics and | |
| | Research Agency | |
| | Ordnance Survey of Northern Ireland | |
| | Planning Service | |
| | Prison Service (NI) | |
| | Public Record Office (NI) | |
| | Rate Collection Agency | |
| | Rivers Agency | |
| | Roads Service | |
| | Social Security Agency (NI) | |
| | Training and Employment Agency (NI) | |
| | Valuation and Lands Agency | |
| | Water Service | |
| | Chancellor of the Exchequer | HM Customs and Excise |
| | | Inland Revenue |
| | | National Savings |
| | | Royal Mint |
| Valuation Office | | |
| Office for National Statistics | | |
| Debt Management Office | | |

APPENDIX D EXECUTIVE AGENCIES

Responsible Minister

Chancellor of the Duchy of Lancaster

Agency

CCTA

Central Office of Information

Civil Service College

Government Car and Despatch Agency

Securities Facilities Executive

The Buying Agency

Property Advisors to the Civil Estate

APPENDIX E NEW PUBLIC EXPENDITURE BUDGETING AND CONTROL AGGREGATES: DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

1. This Appendix describes what is in the two main budgeting and control aggregates: Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). It also shows how they relate to the national accounts aggregate Total Managed Expenditure (TME).

DEPARTMENTAL EXPENDITURE LIMITS

2. About half of public expenditure by value is in DEL and half in AME. But because AME includes a small number of large programmes, most public expenditure programmes are in DEL. The programmes that are in AME are set out later in this section.

3. DEL includes all running costs expenditure of Government departments and most of their other purchases of services. It includes grants and subsidies paid to the private sector. For the Foreign and Commonwealth Office and the Department for International Development it includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

4. DEL generally includes loans on the basis of new loans issued less repayments of loan principal, but the cost of student loans is included in DEL on the basis of an assessment of the subsidy implied in lending and the bad debt provision that is needed.

5. DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest from NHS Trusts and rent of land; and also certain taxes and fines where the Chief Secretary to the Treasury has given specific agreement.

6. DEL includes a Reserve to meet unexpected needs. And the unallocated provisions for the two challenge funds - the Capital Modernisation Fund and the Invest to Save Budget - are in DEL. When sums are allocated, individual departments' DELs are increased.

7. Most of DEL is assigned to departments when it is spent. However, expenditure on Welfare to Work measures funded by the Windfall Tax is separate from Departmental DEL and planned and controlled centrally.

8. **Non-departmental public bodies (NDPBs).** DEL includes the net expenditure of most non-departmental public bodies classified to the central government sector.

9. **Central government support for local authorities.** DEL scores current and capital grants to local authorities, and credit approvals (capital allocations in Scotland). More information on local authorities is contained in Chapter 6.

10. **Public corporations.** For most public corporations, DEL scores their external finance. A public corporation's external financing requirement is a measure of the amount of money it needs to support its capital requirements in addition to the resources it can generate internally from operations. The components of external finance are:

- subsidies and investment grants;
- changes in borrowing (including finance leases); and
- movements in deposits.

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

ANNUALLY MANAGED EXPENDITURE

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

- Main Departmental Programmes in AME;
- Locally financed expenditure; and
- Other AME.

Main Departmental Programmes in Annually Managed Expenditure

13. Main Departmental Programmes in AME are set out in departmental reports, and are identified under this heading in Estimates. They are the expenditures set out under most of the specific lines in the AME table, namely:

- Social security benefits
- Housing Revenue Account subsidies
- Common Agricultural Policy
- Export Credits Guarantee Department
- Self-financing Public Corporations
- Net public service pensions
- National Lottery

14. In addition, some of the programmes shown in the Accounting and Other Adjustments are treated as Main Departmental Programmes in AME, namely:

- Valuation Office - Beneficial Portion Payments;
- purchases of assets under finance leases since 1 April 1996;
- Redundancy Payments Scheme; and
- Older Workers Employment Credit.

15. Social security benefits. Includes payments of social security and National Insurance benefits by the Department for Social Security and the DSS (Northern Ireland). It includes central government support for certain social security benefits paid by local authorities, eg Housing Benefit. It also includes central government support for local authorities' payments of Council Tax Benefit.

16. Housing Revenue Account subsidies. Includes in England and Wales Housing Element subsidy paid to local authority council housing and central government support for local authorities' payments of Rent Rebates. In Scotland it includes Housing Support Grant.

17. Common Agricultural Policy. Includes non-BSE programme expenditure on the CAP.

18. Export Credits Guarantee Department. Includes Fixed-Rate Export Finance and other programmes treated as outside ECGD's trading account. Includes refinancing of export finance by Guaranteed Export Finance Corporation.

19. Self-financing Public Corporations. This line comprises the external financing requirements of the Self-financing Public Corporations, which are:

- British Nuclear Fuels Ltd
- Channel 4 TV
- Commonwealth Development Corporation
- Crown Estate Office
- National Air Traffic Services subsidiary of Civil Aviation Authority
- Post Office
- Royal Mint
- Tote

20. Net Public Service Pensions. This line comprises pensions expenditure less relevant receipts for the main central government pension schemes.

APPENDIX E NEW PUBLIC EXPENDITURE BUDGETING AND CONTROL AGGREGATES: DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

21. Pensions expenditure includes members' contributory pensions (including annual compensation payments), lump sums, spouses' benefits and similar payments, and bulk and individual transfers out.

22. 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.

23. The pension schemes that are represented here are:

| Department | Scheme |
|---------------------------|--|
| Cabinet Office | Principal Civil Service Pension Scheme (PCSPS) Security and Intelligence Services |
| Defence | Armed Forces |
| Education & Employment | Teachers (E&W) |
| Health | NHS (E&W) |
| Home Office | Police & Fire Superannuation for seconded staff, borne on Home Office Vote |
| International Development | Overseas Superannuation |
| Northern Ireland | NHS(NI) Teachers (NI) PCSPS (NI) Royal Ulster Constabulary |
| Scottish Office | NHS (S) Teachers (S) |
| Trade & Industry | UK Atomic Energy Authority |

24. 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.

25. Note that this line does not cover:

- pensions with a real pensions fund, eg local authority and most public corporations' pensions;
- the main police and fire pensions; and
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pension schemes.

26. **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. This line also includes expenditure funded by the National Endowment for Science, Technology and the Arts, which had been set up by a grant from the National Lottery Distribution Board.

Locally Financed Expenditure

27. 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
- expenditure financed from the product of Northern Ireland Regional Rates (NIRR).

28. 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 whole 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 element of NIRR that represents receipts of water charges.

29. LASFE is that part of total local authority expenditure not met by central government support. Its largest single component is the product of the Council Tax.

Other Annually Managed Expenditure

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

- Payment of EC common external tariffs
- plus* Agricultural & sugar levies
- plus* VAT contribution
- plus* GNP-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, which are in DEL

31. **Central government debt interest** is shown gross. Interest paid within central government is excluded, but interest paid to other parts of the public sector is included. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts on gilts at issue.

32. **Accounting and Other Adjustments.** The contents of this line are described in Appendix B1. A few of the adjustments are in Main Departmental Programmes in AME.

30. **AME Margin.** The AME Margin is an allowance for estimating changes.

TOTAL MANAGED EXPENDITURE

34. TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector. So it includes expenditure of central and local government and also of public corporations. TME does not include financial transactions. So TME is the expenditure side of Public Sector Net Borrowing, the Government's preferred measure of the fiscal stance.

35. DEL and AME have been defined to sum to TME.

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

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

APPENDIX F RELATIONSHIP OF THE CONTROL TOTAL WITH DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

1. This appendix describes the main elements of how to relate the Control Total with the new expenditure planning and control aggregates, Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). The table at the end gives an alternative presentation.

EXPENDITURE THAT HAD BEEN IN THE CONTROL TOTAL

2. Most programmes that were in the Control Total are now in DEL. But some programmes were not thought suitable for control by three-year firm DEL limits, or required special treatment for other reasons. These are set out below:

3. **Main Departmental Programmes in AME.** The following programmes are now recorded as Main Departmental Programmes in AME:

- non-cyclical social security benefits (cyclical social security benefits were not in the Control Total);
- DTI expenditure under the Redundancy Payments Scheme;
- Housing Revenue Account (HRA) subsidies (non-Capital Receipts Initiative);
- Non-BSE Common Agricultural Policy (CAP) programme payments;
- Fixed Rate Export Finance programmes of ECGD and loan refinancing by GEFCO;
- Valuation Office – beneficial portion payments; and
- External Financing Requirements (EFRs) of Self-financing Public Corporations (SFPCs) (grants and subsidies to SFPCs (other than Crown Estate Office (CEO)) also score in DEL).

4. **Locally financed expenditure in AME.** The following programmes are now recorded as locally financed expenditure:

- local authority self-financed expenditure in the UK;
- Scottish payments to local authorities of the product of non-domestic rates (NDR); and
- the product of Northern Ireland Regional Rates (NIRR).

5. **Other AME.** The following programmes are now recorded as Other AME:

- Net Payments to EC Institutions; and
- Voted elements of Life Assurance Premium Relief, Mortgage Interest Relief, Private Medical Insurance Relief, Vocational Training Relief and other negative income taxes classed as public expenditure in national accounts.

6. **Not in DEL or AME.** While most financial transactions that were in the Control Total are in DEL (and offset in AME since financial transactions do not score in TME), some are now recorded outside DEL (and hence outside AME). DEL has improved control arrangements for

student loans (see below), and loan book sales are now treated like privatisation proceeds outside the departmental programme. The following programmes are therefore outside DEL and AME:

- the principal element of student loans;
- receipts from loan book sales; and
- payments to purchasing banks in respect of student loans they have bought (the interest element does score in the central government debt interest line in Other AME).

EXPENDITURE THAT HAD BEEN OUTSIDE THE CONTROL TOTAL

7. Some of the expenditure and receipts that were outside the Control Total are now in DEL (where they could be made subject to three-year firm deals) or AME.

8. DEL. The following programmes are now in DEL:

- subsidy/ bad debt element of student loans (see below);
- expenditure financed by the non-fossil fuel obligation (NFFO);
- bus fuel duty rebate (BFDR, also known as bus fuel grant);
- the element of NHS Trusts' charges to health authorities that covers payments of NHS trust debt remuneration (TDR);
- credit approvals and capital grants under the Capital Receipts Initiative (CRI), as well as revenue support grant relevant to the CRI;
- the following receipts are to be treated as negative DEL:
 - rent of land;
 - dividends (apart from dividends from SFPCs and other dividends treated as revenue);
 - interest paid by NHS Trusts as part of trust debt remuneration;
 - fines that the Treasury agree meet certain criteria; and
 - taxes that the Treasury agree meet certain criteria; and
- Expenditure funded by the Windfall Tax, mainly New Deal programmes including Welfare to Work (note that Welfare to Work DEL is separate from departmental DEL).

9. **Main Departmental Programmes in AME.** The following have become Main Departmental Programmes in AME:

- cyclical social security benefits;
- Housing Revenue Account subsidies relevant to the CRI;
- National Lottery-financed expenditure.

10. **Other AME.** Other AME includes:

- central government debt interest (CGDI);
- accounting and other adjustments (other than those treated as Main Departmental Programmes in AME); and
- AME Margin.

THE TREATMENT OF STUDENT LOANS

- II. This passage brings together the changes in the treatment of student loans.
- 12. Student loans are subsidised as borrowers are charged interest at a low rate and because they do not have to make repayments if they have low incomes. In addition, loans may be written off in certain circumstances. A sum has been calculated using Resource Accounting principles that reflects the value of the subsidy/ bad debt provision in respect of newly made loans. This sum scores in DEL as a non-Voted, non-cash element of departmental spending provision.
- 13. In the light of actual experience, and when student loans are sold, that sum may be amended up or down. Such changes would also affect the amount charged to DEL.
- 14. Separately, the full cash sum needed to finance new lending net of repayments of loans and of interest receipts will be made available in Estimates. This provision will be expenditure outside DEL, Main Departmental Programmes in AME and Total Managed Expenditure. Net lending scores in general government expenditure.

REPRESENTATION OF CHANGES

- 15. Table F.1 below shows how various programmes scored in the old and new control systems.

Table F.1

| Programme Name | Old system | | New System | | | | |
|-------------------------------------|------------------|----------------------|------------|-------------------------------------|------------------------------------|-----------|-------------------|
| | In Control Total | Not in Control Total | DEL | Main Departmental Programmes in AME | Locally Financed Expenditure (AME) | Other AME | Not in DEL or AME |
| Most programmes | ✓ | | ✓ | | | | |
| Non-cyclical social security | ✓ | | | ✓ | | | |
| Cyclical social security | | ✓ | | ✓ | | | |
| Redundancy Payments Scheme | ✓ | | | ✓ | | | |
| Welfare to Work | | ✓ | ✓ | | | | |
| HRA subsidies (non-CRI) | ✓ | | | ✓ | | | |
| HRA subsidies (CRI) | | ✓ | | ✓ | | | |
| CAP | ✓ | | | ✓ | | | |
| ECGD | ✓ | | | ✓ | | | |
| Valuation Office | ✓ | | | ✓ | | | |
| NFFO | | ✓ | ✓ | | | | |
| BFDR | | ✓ | ✓ | | | | |
| TDR | | ✓ | ✓ | | | | |
| CRI | | ✓ | ✓ | | | | |
| National Lottery | | ✓ | | ✓ | | | |
| SFPCs' grants/ subsidies (excl CEO) | ✓ | | ✓ | | | | |
| SFPCs – EFRs (excluding Tote) | ✓ | | | ✓ | | | |
| Scottish NDR | ✓ | | | | ✓ | | |
| NIRR | ✓ | | | | ✓ | | |

APPENDIX F RELATIONSHIP OF THE CONTROL TOTAL WITH DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE

| Programme Name | Old system | | New System | | | | |
|---|------------------|----------------------|------------|-------------------------------------|------------------------------------|-----------|-------------------|
| | In Control Total | Not in Control Total | DEL | Main Departmental Programmes in AME | Locally Financed Expenditure (AME) | Other AME | Not in DEL or AME |
| LASFE | ✓ | | | | ✓ | | |
| Payments to EC Institutions | ✓ | | | | | ✓ | |
| Tax credits (voted) | ✓ | | | | | ✓ | |
| Student loans net lending | ✓ | | | | | | ✓ |
| Student loans subsidy element | | ✓ | ✓ | | | | |
| Loan book sales receipts | ✓ | | | | | | ✓ |
| Payments to purchasers of student loans | ✓ | | | | | ✓ | ✓ |
| Rent of land (receipts) | | ✓ | ✓ | | | | |
| Certain dividends | | ✓ | ✓ | | | | |
| TDR receipts | | ✓ | ✓ | | | | |
| Certain fines | | ✓ | ✓ | | | | |
| Certain taxes | | ✓ | ✓ | | | | |
| CGDI | | ✓ | | | | ✓ | |