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## 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

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**3.1** 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.

**3.2** Data in this chapter are a mix of cash and resources. All outturn data up until 1999–00 is on a cash basis. Outturn for 2000–01 and 2001–02 are on a resource basis, as is estimated outturn for 2002–03 and are as plans data, where shown, for 2003–04, 2004–05 and 2005–06. All outturn data (to 2001–02) in the tables in this chapter are National Statistics. The box below discusses the implications of resource accounting and budgeting and the switch from cash to accruals measurement for the presentations in this chapter.

### **Cash versus resources**

**Under resource accounting and budgeting, public spending is measured in resource (accruals) terms, rather than in cash. Data for central government expenditure from 2001–02 onwards is only available on a resource basis. Data for 1998–99 through to 2000–01 is available on both a cash and a resource basis. Data for 1997–98 and earlier years is only available on a cash basis.**

**As a consequence, most of the tables in this chapter contain a break in series, with cash data being used up to 1999–2000 and resource data from 2000–01 onwards. The choice of break point reflects a judgement as to the relative quality of the two data sets over the overlap period. Table headings indicate where the break between cash and resources comes. The exception to this general rule is [Table 3.1](#), where the practice adopted for national accounts has been followed; cash data is used up to and including 2001–02, and resources for the years thereafter (which at this stage are all Treasury projections).**

**In practice, it should make very little difference to the numbers in these tables, in the vast majority of cases, as to whether they are measured on a cash or on a resource basis. Non-cash items, such as capital charges, depreciation, changes in provisions, are excluded from the definition of “expenditure on services” that drives most of the tables in this chapter. This leaves the main differences between resources and cash as timing differences from measuring payments on an accruals as opposed to a cash basis.**

### **PUBLIC EXPENDITURE AGGREGATES**

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**3.3** [Table 3.1](#) shows trends in public expenditure over the years 1965–66 to 2005–06 in cash and in real terms and as a percentage of gross domestic product (GDP). The table shows three spending aggregates in this detail: public sector current expenditure, public sector net investment and total managed expenditure (TME). Data for a fourth aggregate, public sector depreciation, are shown in cash only. Data for all these aggregates for the years up to 2001–02 are taken from the national accounts compiled by the Office for National Statistics (ONS). Public sector current expenditure plus public sector net investment plus public sector depreciation is equal to TME – which is total public sector spending in national accounts. Figures for 2002–03 onwards are projections produced by the Treasury.

## TOTAL MANAGED EXPENDITURE BY FUNCTION

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**3.4** **Table 3.5** gives a detailed analysis of TME by function for the years 1997–98 to 2002–03, allocating expenditure for which the devolved administrations in Scotland, Wales and Northern Ireland are responsible and expenditure by local authorities to the appropriate function. The key concept in this and subsequent tables in this chapter is “expenditure on services”, which is the spending aggregate allocated by function. This covers most expenditure by the public sector that is included in TME – central government’s own current and capital expenditure, local authorities’ current and capital expenditure, public corporations’ capital expenditure. But it excludes net public service pension payments in AME, debt interest payments and most of the accounting adjustments in **Table 1.13**. The definition is fully detailed in Appendix G.

**3.5** However, the definition of expenditure on services has some particular implications for measurement of expenditure on health services. Under the present institutional arrangements, public health services are mostly provided by NHS trusts, classified as public corporations, who receive payment for services provided from the health authorities (in central government). TME includes both spending by the health authorities on the purchase of health services from trusts (part of central government current expenditure) and the capital spending net investment plus depreciation and interest and dividend payments of the trusts (part of public corporations’ expenditure). But the central government payments to the trusts’ for the procurement of their services includes elements in respect of i) the trusts’ debt interest costs (trust debt remuneration) and ii) depreciation on trusts’ capital assets (since these form part of trusts’ net operating costs.) So there are these elements of double-counting in TME. This year, this double-counting has been consistently removed in the measures of health spending, health and personal social services spending, and in total expenditure on services presented in **Tables 3.2** through to **3.5**, and in **Table 3.7**, and in equivalent figures in Chapter 8. These elements are then added back within the total national accounts adjustments, where these are shown in those tables that show total TME.

**3.6** This treatment of these double-counted elements is slightly different to what was done last year in Public Expenditure Statistical Analyses 2003–03; the change in treatment is detailed further in the box below, which also discusses the different measures of public spending on health.

**3.7** **Table 3.2** shows a longer time series, from 1985–86 to 2002–03, for TME by function, at a higher level of aggregation. **Tables 3.3** and **3.4** present the material in **Table 3.2** in real terms and as a percentage of GDP. These tables cover outturn years and give estimated outturns for 2002–03.

**Measures of Health Spending**

Public spending on Health can be measured in a number of different ways. The Department of Health’s annual report 2003 shows gross NHS expenditure, which is a measure of public spending on Health gross of charges and other income. Part of gross NHS spending is funded by income from prescription and other charges, such as dental charges, and from asset sales; gross spending also includes the element of NHS trust’ charges which goes to fund interest and dividend payments to Government (“trust debt remuneration”).

Net public spending on health differs from gross spending, in that it is net of all income from charges, and net of asset sales.

The Department of Health measure of net NHS spending is based on net NHS spending included within Department of Health DEL. Under Stage I resource accounting and budgeting, as implemented in the 2000 spending review, this includes trust debt remuneration, and the profit and loss of Health trusts. The scoring of Health trusts in DELs within the 2000 (and 2002) spending review figures is explained further in para 7.6 in Chapter 7.

The table below reconciles the Department of Health’s measure of net NHS expenditure in England on a Stage I DEL basis with the measure included within the UK figures for net Health spending within expenditure on services in this publication (in the tables in this chapter, and chapter 8). The expenditure on services measure of net Health spending excludes trust debt remuneration for the reasons explained in para 3.5 above, and it excludes profit and loss of Health trusts because these are not included in TME.

	£ million	
	2000–01	2001–02
Net NHS expenditure (Department of Health Stage I DELs)	44.0	49.3
less trust debt remuneration	–1.3	–1.2
less profit/loss of NHS trusts	1.3	1.2
<b>Net health spending within expenditure on services</b>	<b>44.0</b>	<b>49.2</b>

The treatment of net health spending in expenditure on services has changed in the tables in this chapter, compared with the treatment in last year’s publication, in that:

- i) net spending on health and expenditure on services in Table 3.2 no longer excludes the capital spending of health trusts financed from their operating surpluses;
- ii) the deduction of trust debt remuneration from net health spending has been carried through to total expenditure on services in all tables (see para 3.5 above).

**TOTAL MANAGED EXPENDITURE BY ECONOMIC CATEGORY**

**3.8** The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 3.6 breaks down total expenditure on services into its components economic categories.

#### **TOTAL MANAGED EXPENDITURE SPLIT BY SPENDING SECTOR AND CURRENT AND CAPITAL SPENDING**

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**3.9** Table 3.7 and 3.8 give a functional breakdown of the capital and current expenditure of central and local government and public corporations for outturn years (1997–98 to 2002–03), and for central government and public corporation spending, for the plans years (2002–03, 2004–05, 2003–04 and 2005–06). The figures for central government and public corporations capital spending for 2003–04 onwards reflect departments’ budgets and detailed decisions on the allocation of expenditure. A functional split of local authority spending is not available for future years as the allocation of spending between services is a matter for determination by individual local authorities, and there are no plans at this level of detail.

#### **ASSET SALES**

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**3.10** Table 3.9 shows public sector receipts from asset sales from 1998–99 through to 2002–03. Figures are shown separately for each spending sector, distinguishing between receipts for sale of land and buildings and other receipts.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table fall within the scope of National Statistics

**Table 3.1 Public Expenditure Aggregates, 1965–66 to 2005–06**

	Public Sector Current Expenditure			Depreciation		Public Sector Net Investment			Total Managed Expenditure		
	Cash £ billion	Real terms <sup>(1)</sup> £ billion	Percentage of GDP	Cash £ billion	Cash £ billion	Cash £ billion	Real terms <sup>(1)</sup> £ billion	Percentage of GDP	Cash £ billion	Real terms <sup>(1)</sup> £ billion	Percentage of GDP
1965–66	11.3	135.5	30.9	1.3	1.8	22.0	14.4	5.0	173.2	39.5	
1966–67	12.2	141.6	31.7	1.4	2.3	26.3	15.9	5.9	184.1	41.3	
1967–68	13.7	154.4	33.6	1.5	2.9	32.8	18.2	7.1	204.2	44.5	
1968–69	14.7	157.7	33.2	1.7	2.8	30.2	19.2	6.4	205.7	43.3	
1969–70	15.6	158.4	32.7	1.8	2.8	28.2	20.2	5.8	205.1	42.4	
1970–71	17.3	161.9	32.6	2.1	3.2	30.4	22.6	6.1	211.7	42.7	
1971–72	19.7	169.3	33.3	2.3	3.1	26.8	25.1	5.3	215.9	42.5	
1972–73	22.2	176.9	33.1	2.6	3.2	25.8	28.1	4.8	223.5	41.8	
1973–74	26.2	194.4	35.0	3.1	3.9	28.9	33.2	5.2	246.6	44.4	
1974–75	34.6	214.8	38.8	4.0	4.9	30.6	43.6	5.5	270.3	48.8	
1975–76	44.3	219.6	39.9	5.1	6.1	30.0	55.5	5.5	274.8	49.9	
1976–77	51.8	225.8	39.9	6.0	5.6	24.5	63.3	4.3	276.4	48.8	
1977–78	58.0	222.6	38.4	6.8	4.3	16.6	69.1	2.9	265.3	45.8	
1978–79	66.3	229.2	38.4	7.7	4.2	14.5	78.2	2.4	270.3	45.2	
1979–80	79.4	235.1	38.2	9.1	4.5	13.4	93.1	2.2	275.5	44.8	
1980–81	96.6	241.9	40.8	10.9	4.3	10.8	111.8	1.8	280.0	47.3	
1981–82	110.6	252.8	42.6	11.9	2.4	5.5	124.9	0.9	285.5	48.1	
1982–83	120.9	258.5	42.7	12.3	4.2	9.1	137.5	1.5	293.9	48.5	
1983–84	130.4	266.8	42.3	12.8	5.5	11.2	148.7	1.8	304.3	48.3	
1984–85	141.0	274.1	42.6	12.8	5.1	9.9	158.9	1.5	308.9	48.1	
1985–86	148.7	274.0	41.0	12.1	4.5	8.3	165.3	1.2	304.6	45.5	
1986–87	155.8	278.1	40.1	12.6	2.8	5.0	171.2	0.7	305.6	44.1	
1987–88	166.4	281.7	38.6	12.3	2.8	4.8	181.5	0.7	307.4	42.1	
1988–89	173.7	275.3	36.2	13.6	1.7	2.7	189.0	0.4	299.6	39.4	
1989–90	187.4	277.3	35.7	14.7	6.3	9.3	208.4	1.2	308.3	39.7	
1990–91	203.3	279.0	36.1	13.8	8.2	11.2	225.3	1.4	309.1	40.0	
1991–92	228.6	295.7	38.4	12.3	11.0	14.2	251.9	1.8	325.9	42.3	
1992–93	247.8	310.5	40.3	11.9	12.4	15.5	272.1	2.0	340.9	44.2	
1993–94	262.3	320.7	40.1	12.0	10.4	12.7	284.6	1.6	348.0	43.6	
1994–95	275.2	332.1	39.9	12.5	10.4	12.5	298.1	1.5	359.7	43.2	
1995–96	287.3	337.1	39.4	13.0	10.3	12.0	310.5	1.4	364.3	42.6	
1996–97	299.4	340.5	38.7	12.5	5.3	6.0	317.2	0.7	360.7	41.0	
1997–98	306.3	337.8	37.2	12.4	4.9	5.4	323.6	0.6	356.9	39.3	
1998–99	314.7	337.8	36.2	12.6	6.0	6.5	333.3	0.7	357.8	38.4	
1999–00	326.6	342.4	35.6	12.6	4.4	4.6	343.6	0.5	360.2	37.4	
2000–01	348.6	357.3	36.2	13.0	5.2	5.3	366.8	0.5	376.0	38.1	
2001–02	366.6	366.6	36.5	13.4	9.6	9.6	389.6	1.0	389.6	38.8	
2002–03	395.0	383.4	37.4	13.8	12.2	11.9	421.0	1.2	408.6	39.9	
2003–04	422.3	399.1	38.1	14.4	18.9	17.9	455.7	1.7	430.7	41.1	
2004–05	446.5	411.4	38.1	15.2	23.0	21.2	484.7	2.0	446.6	41.3	
2005–06	475.2	427.1	38.4	15.9	25.4	22.8	516.5	2.1	464.3	41.7	

(1) Real terms figures are the cash figures adjusted to 2000–01 price levels.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

**Table 3.2 Total Managed Expenditure by function, 1985–86 to 2002–03<sup>(1)</sup>**

Outturn data in this table fall within the scope of National Statistics

	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		1999–00		2000–01		2001–02		2002–03					
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn			
Education	16.8	18.5	20.3	21.9	24.4	26.3	29.1	31.4	33.1	34.7	35.6	36.4	37.4	39.0	40.9	44.2	49.4	53.6																						
Health and PSS <sup>(2)</sup>	21.0	22.6	24.9	27.5	30.0	33.6	38.0	41.7	43.9	47.1	49.8	51.9	54.1	57.3	62.3	66.9	73.8	82.0																						
of which: Health <sup>(2)</sup>	18.1	19.4	21.3	23.4	25.4	28.4	32.4	35.6	37.0	38.9	40.7	42.1	43.8	46.4	50.2	54.0	59.9	66.3																						
Transport	6.8	6.7	6.7	7.0	8.0	9.7	10.9	12.6	11.8	12.1	11.5	10.1	9.2	8.7	8.6	9.1	11.4	13.0																						
Housing	4.2	4.1	4.2	3.2	5.2	4.9	5.8	6.3	5.3	5.3	5.0	4.6	3.7	3.7	2.9	3.1	4.6	4.7																						
Environment	4.0	4.6	4.8	4.9	5.9	6.6	7.3	7.9	7.6	8.3	8.7	8.4	8.6	8.5	9.5	10.6	11.5	13.0																						
Law, order and protection	6.6	7.2	8.1	9.0	10.2	11.5	13.0	14.2	14.8	15.3	15.7	16.2	17.0	17.5	18.8	20.3	22.8	24.9																						
Defence <sup>(3)</sup>	18.0	18.2	18.7	19.0	20.6	21.5	22.7	22.7	22.6	22.4	21.6	21.3	20.9	22.6	22.7	24.9	24.1	25.0																						
International	1.6	1.7	1.7	2.0	2.2	2.4	2.7	3.0	3.1	3.2	3.3	3.0	2.9	3.2	3.4	4.1	5.1	6.5																						
Trade, employment etc	8.0	8.1	6.7	8.1	7.8	9.0	9.4	10.0	10.3	9.8	9.5	8.9	8.8	9.1	9.5	10.6	11.7	12.4																						
Agriculture	2.9	2.2	2.4	2.2	2.2	2.9	3.1	3.1	4.0	3.6	4.0	5.8	4.9	4.8	4.6	5.1	6.8	5.4																						
Culture, Media and Sport <sup>(4)</sup>	1.7	1.8	2.0	2.2	2.6	2.8	2.9	3.0	3.0	3.3	3.5	3.7	4.2	5.0	5.0	5.2	5.5	6.1																						
Social protection <sup>(5)</sup>	43.1	46.3	48.4	49.6	52.6	58.9	69.9	79.2	86.4	88.7	92.8	96.4	97.4	99.4	104.1	109.1	115.8	123.1																						
Central Administration etc <sup>(6)</sup>	4.6	5.2	6.4	6.0	8.1	8.3	5.8	7.9	8.1	7.1	9.5	7.8	7.9	10.2	10.2	11.5	9.9	13.2																						
<b>Total expenditure on services</b>	<b>139.4</b>	<b>147.3</b>	<b>155.3</b>	<b>162.6</b>	<b>179.8</b>	<b>198.3</b>	<b>220.7</b>	<b>243.0</b>	<b>254.0</b>	<b>260.8</b>	<b>270.5</b>	<b>274.5</b>	<b>277.1</b>	<b>288.9</b>	<b>302.4</b>	<b>324.8</b>	<b>352.4</b>	<b>382.9</b>																						
Public sector																																								
debt interest	19.3	19.0	19.7	20.2	20.9	20.5	18.3	19.0	20.8	23.5	26.8	28.1	29.7	29.4	25.3	26.4	22.5	21.3																						
Other accounting adjustments <sup>(7)</sup>	6.6	4.8	6.4	6.2	7.7	6.5	13.0	10.1	9.9	13.8	13.3	14.6	16.8	15.0	15.9	15.6	14.7	18.9																						
Allowance for shortfall and unallocated special reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0																						
<b>Total Managed Expenditure</b>	<b>165.3</b>	<b>171.2</b>	<b>181.5</b>	<b>189.0</b>	<b>208.4</b>	<b>225.3</b>	<b>251.9</b>	<b>272.1</b>	<b>284.6</b>	<b>298.1</b>	<b>310.5</b>	<b>317.2</b>	<b>323.6</b>	<b>333.3</b>	<b>343.6</b>	<b>366.8</b>	<b>389.6</b>	<b>421.0</b>																						

(1) For years prior to 1995–96, the effects of transfer and classification changes have been imputed.

(2) Excludes trust debt remuneration.

(3) The outturns for Defence for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters.

(4) Includes expenditure financed from the National Lottery.

(5) Includes tax credit payments in excess of an individual's tax liability.

(6) Includes net payments to the European Communities and activities such as tax collection and the registration of the population.

(7) Includes net public service pensions.

**Table 3.3 Total Managed Expenditure by function in real terms, 1985–86 to 2002–03<sup>(1)</sup>**

	Outturn data in this table fall within the scope of National Statistics																	
	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	1999–00	2000–01	2001–02	2002–03
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated
Education	31.0	33.0	34.3	34.7	36.0	36.1	37.7	39.4	40.5	41.9	41.7	41.4	41.3	41.9	42.9	45.3	49.4	52.0
Health and personal social services <sup>(2)</sup>	38.7	40.4	42.1	43.5	44.4	46.1	49.2	52.2	53.6	56.9	58.5	59.0	59.7	61.6	65.3	68.6	73.8	79.5
of which: Health <sup>(2)</sup>	33.4	34.6	36.0	37.2	37.6	39.0	41.9	44.6	45.2	47.0	47.8	47.9	48.3	49.8	52.7	55.3	59.9	64.4
Transport	12.6	12.0	11.4	11.0	11.9	13.3	14.1	15.8	14.4	14.6	13.5	11.5	10.2	9.3	9.0	9.3	11.4	12.7
Housing	7.7	7.2	7.0	5.1	7.7	6.7	7.5	7.9	6.4	6.4	5.9	5.2	4.1	3.9	3.1	3.2	4.6	4.6
Other environmental services	7.3	8.3	8.2	7.8	8.7	9.1	9.5	9.8	9.3	10.0	10.2	9.5	9.4	9.2	9.9	10.8	11.5	12.6
Law, order and protective services	12.1	12.8	13.7	14.2	15.0	15.7	16.8	17.7	18.0	18.5	18.5	18.4	18.8	18.8	19.7	20.8	22.8	24.2
Defence <sup>(3)</sup>	33.2	32.6	31.7	30.2	30.5	29.5	29.4	28.4	27.6	27.0	25.4	24.2	23.1	24.3	23.8	25.5	24.1	24.3
International development assistance and other international services	3.0	3.1	2.9	3.2	3.2	3.2	3.5	3.8	3.8	3.8	3.9	3.4	3.2	3.4	3.6	4.2	5.1	6.3
Trade, industry, energy and employment	14.8	14.4	11.3	12.9	11.5	12.3	12.2	12.5	12.6	11.8	11.1	10.1	9.7	9.8	9.9	10.9	11.7	12.0
Agriculture, fisheries, food and forestry	5.3	3.9	4.0	3.5	3.2	3.9	4.0	3.9	4.9	4.3	4.7	6.6	5.5	5.2	4.8	5.3	6.8	5.3
Culture, Media and Sport <sup>(4)</sup>	3.1	3.2	3.4	3.6	3.8	3.9	3.8	3.8	3.7	4.0	4.1	4.2	4.6	5.3	5.2	5.4	5.5	5.9
Social protection <sup>(5)</sup>	79.5	82.7	82.0	78.6	77.8	80.8	90.4	99.2	105.7	107.1	108.8	109.7	107.4	106.7	109.2	111.9	115.8	119.4
Central administration and associated expenditure <sup>(6)</sup>	8.5	9.3	10.8	9.4	12.0	11.3	7.5	10.0	9.9	8.6	11.1	8.9	8.7	10.9	10.7	11.8	9.9	12.8
<b>Total expenditure on services</b>	<b>256.9</b>	<b>263.0</b>	<b>263.0</b>	<b>257.7</b>	<b>265.9</b>	<b>272.1</b>	<b>285.4</b>	<b>304.4</b>	<b>310.5</b>	<b>314.7</b>	<b>317.3</b>	<b>312.1</b>	<b>305.7</b>	<b>310.2</b>	<b>317.0</b>	<b>332.9</b>	<b>352.4</b>	<b>371.6</b>
Public sector debt interest	35.6	34.0	33.4	32.0	31.0	28.1	23.7	23.9	25.4	28.3	31.4	32.0	32.8	31.5	26.5	27.1	22.5	20.6
Other accounting adjustments <sup>(7)</sup>	12.1	8.7	10.9	9.9	11.4	8.9	16.8	12.6	12.1	16.6	15.6	16.6	18.5	16.1	16.7	16.0	14.7	18.3
Allowance for shortfall and unallocated special reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.9
<b>Total Managed Expenditure</b>	<b>304.6</b>	<b>305.6</b>	<b>307.4</b>	<b>299.6</b>	<b>308.3</b>	<b>309.1</b>	<b>325.9</b>	<b>340.9</b>	<b>348.0</b>	<b>359.7</b>	<b>364.3</b>	<b>360.7</b>	<b>356.9</b>	<b>357.8</b>	<b>360.2</b>	<b>376.0</b>	<b>389.6</b>	<b>408.6</b>

(1) For years prior to 1995–96, the effects of transfer and classification changes have been imputed.

(2) Excludes trust debt remuneration.

(3) The outturns for Defence for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters.

(4) Includes expenditure financed from the National Lottery.

(5) Includes tax credit payments in excess of an individual's tax liability.

(6) Includes net payments to the European Communities and activities such as tax collection and the registration of the population.

(7) Includes net public service pensions.

Table 3.4 Total Managed Expenditure as a percentage of GDP, 1985–86 to 2002–03<sup>(1)</sup>

	cash, £ billion											resources, £ billion						
	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	1999–00	2000–01	2001–02	2002–03
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated
Education	4.6	4.8	4.7	4.6	4.6	4.7	4.9	5.1	5.1	5.0	4.9	4.7	4.5	4.5	4.5	4.6	4.9	5.1
Health and personal social services <sup>(2)</sup>	5.8	5.8	5.8	5.7	5.7	6.0	6.4	6.8	6.7	6.8	6.8	6.7	6.6	6.6	6.8	6.9	7.3	7.8
of which: Health <sup>(2)</sup>	5.0	5.0	4.9	4.9	4.8	5.0	5.4	5.8	5.7	5.6	5.6	5.5	5.3	5.5	5.5	5.6	6.0	6.3
Transport	1.9	1.7	1.6	1.4	1.5	1.7	1.8	2.0	1.8	1.8	1.6	1.3	1.1	1.0	0.9	0.9	1.1	1.2
Housing	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	0.3	0.3	0.5	0.4
Other environmental services	1.1	1.2	1.1	1.0	1.1	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.0	1.0	1.1	1.1	1.1	1.2
Law, order and protective services	1.8	1.8	1.9	1.9	1.9	2.0	2.2	2.3	2.3	2.2	2.2	2.1	2.1	2.0	2.0	2.1	2.3	2.4
Defence <sup>(3)</sup>	5.0	4.7	4.3	4.0	3.9	3.8	3.8	3.7	3.5	3.2	3.0	2.8	2.5	2.6	2.5	2.6	2.4	2.4
International development assistance and other international services	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.4	0.4	0.4	0.5	0.6
Trade, industry, energy and employment	2.2	2.1	1.6	1.7	1.5	1.6	1.6	1.6	1.6	1.4	1.3	1.2	1.1	1.0	1.0	1.1	1.2	1.2
Agriculture, fisheries, food and forestry	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	0.5	0.5	0.7	0.5	0.6
Culture, Media and Sport <sup>(4)</sup>	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5	0.6
Social protection <sup>(5)</sup>	11.9	11.9	11.2	10.3	10.0	10.4	11.7	12.9	13.2	12.9	12.7	12.5	11.8	11.4	11.3	11.3	11.5	11.7
Central administration and associated expenditure <sup>(6)</sup>	1.3	1.3	1.5	1.2	1.5	1.5	1.0	1.3	1.2	1.0	1.3	1.0	1.0	1.2	1.1	1.2	1.0	1.3
<b>Total expenditure on services</b>	<b>38.4</b>	<b>38.0</b>	<b>36.0</b>	<b>33.9</b>	<b>34.2</b>	<b>35.2</b>	<b>37.1</b>	<b>39.5</b>	<b>38.9</b>	<b>37.8</b>	<b>37.1</b>	<b>35.5</b>	<b>33.6</b>	<b>33.3</b>	<b>32.9</b>	<b>33.7</b>	<b>35.1</b>	<b>36.3</b>
Public sector debt interest	5.3	4.9	4.6	4.2	4.0	3.6	3.1	3.1	3.2	3.4	3.7	3.6	3.6	3.4	2.8	2.7	2.2	2.0
Other accounting adjustments <sup>(7)</sup>	1.8	1.2	1.5	1.3	1.5	1.2	2.2	1.6	1.5	2.0	1.8	1.9	2.0	1.7	1.7	1.6	1.5	1.8
Allowance for shortfall and unallocated special reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2
<b>Total Managed Expenditure</b>	<b>45.5</b>	<b>44.1</b>	<b>42.1</b>	<b>39.4</b>	<b>39.7</b>	<b>40.0</b>	<b>42.3</b>	<b>44.2</b>	<b>43.6</b>	<b>43.2</b>	<b>42.6</b>	<b>41.0</b>	<b>39.3</b>	<b>38.4</b>	<b>37.4</b>	<b>38.1</b>	<b>38.8</b>	<b>39.9</b>

(1) For years prior to 1995–96, the effects of transfer and classification changes have been imputed.

(2) Excludes trust debt remuneration.

(3) The outturns for Defence for 1996–97 and 1997–98 include receipts from the sale of Ministry of Defence married quarters.

(4) Includes expenditure financed from the National Lottery.

(5) Includes tax credit payments in excess of an individual's tax liability.

(6) Includes net payments to the European Communities and activities such as tax collection and the registration of the population.

(7) Includes net public service pensions.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table fall within the scope of National Statistics

**Table 3.5 Total Managed Expenditure by function, 1997–98 to 2002–03**

	cash, £ million			resources, £ million		
	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 estimated outturn
<b>Education</b>						
Under fives	1,686	1,900	2,136	2,302	2,844	3,106
Schools	21,482	22,699	23,777	26,405	29,055	30,982
Further Education	4,949	5,108	5,263	5,425	7,266	7,965
Higher Education	4,737	4,757	5,329	6,025	5,969	6,277
Student support (inc mandatory, awards & access fund)	2,614	2,506	1,972	1,796	1,502	1,861
Miscellaneous educational services, research and administration	1,945	2,011	2,418	2,223	2,718	3,381
<b>Total education</b>	<b>37,413</b>	<b>38,981</b>	<b>40,895</b>	<b>44,176</b>	<b>49,354</b>	<b>53,572</b>
<b>Health and personal social services</b>						
<b>Health</b>						
National Health Service Hospitals, community health, family health and related services (net) <sup>(1)</sup>	42,861	45,444	49,201	52,930	58,687	65,094
Central health, and other services	952	921	1,034	1,037	1,165	1,237
<b>Total health (net)<sup>(1)</sup></b>	<b>43,813</b>	<b>46,365</b>	<b>50,235</b>	<b>53,967</b>	<b>59,852</b>	<b>66,331</b>
Personal social services	10,334	10,979	12,102	12,919	13,910	15,623
<b>Total health and personal social services<sup>(1)</sup></b>	<b>54,147</b>	<b>57,344</b>	<b>62,337</b>	<b>66,886</b>	<b>73,762</b>	<b>81,955</b>
<b>Transport</b>						
National roads	2,000	1,851	1,892	1,967	2,173	2,314
Local roads	3,008	2,921	2,864	2,242	2,462	2,637
Local transport	2,087	1,986	1,935	3,127	4,093	4,665
Ports	19	18	21	18	42	53
Marine, coastguard, shipping and civil aviation services	88	100	132	173	247	172
Driver and vehicle licensing and testing	175	102	126	138	157	223
National and international rail services	1,550	1,478	1,215	1,045	1,796	2,388
UK Maritime Agency	83	84	90	95	99	112
Other transport services	215	150	276	307	353	478
<b>Total transport</b>	<b>9,225</b>	<b>8,690</b>	<b>8,551</b>	<b>9,112</b>	<b>11,422</b>	<b>13,042</b>
<b>Housing</b>						
Local authority housing	1,501	1,645	840	925	1,442	1,838
Other social housing	917	1,118	1,229	1,407	1,871	1,617
Other	1,300	916	847	808	1,296	1,238
<b>Total housing</b>	<b>3,718</b>	<b>3,679</b>	<b>2,916</b>	<b>3,140</b>	<b>4,609</b>	<b>4,693</b>
<b>Other environmental services</b>						
Environmental protection	3,846	4,100	4,715	4,059	4,313	5,017
Countryside and water	-51	-51	310	1,201	1,584	1,524
Urban	2,074	1,902	1,179	1,300	1,254	1,562
Other	2,685	2,583	3,246	4,025	4,392	4,889
<b>Total other environmental services</b>	<b>8,554</b>	<b>8,534</b>	<b>9,450</b>	<b>10,585</b>	<b>11,543</b>	<b>12,992</b>

(1) Excludes trust debt remuneration.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

**Table 3.5 Total Managed Expenditure by function, 1997–98 to 2002–03  
(continued)**

	cash, £ million			resources, £ million		
	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 estimated outturn
<b>Law, order and protective services</b>						
Administration of justice	3,242	3,281	3,393	3,923	4,159	4,614
Prisons and offender programmes	2,535	2,730	2,746	2,649	2,898	3,258
Police	8,677	8,862	9,189	9,692	11,158	12,130
Immigration and citizenship	256	217	797	1,398	1,729	1,801
Fire	1,720	1,799	1,879	1,943	2,086	2,334
Civil defence	28	6	6	6	6	6
Constitutional and community services	114	114	243	90	82	99
Central and miscellaneous services	435	466	513	606	682	707
<b>Total law, order and protective services</b>	<b>17,007</b>	<b>17,475</b>	<b>18,766</b>	<b>20,307</b>	<b>22,800</b>	<b>24,949</b>
<b>Defence</b>						
Defence budget	21,646	22,634	22,717	24,899	24,098	24,990
Receipts from sale of married quarters	–700					
<b>Total defence</b>	<b>20,946</b>	<b>22,634</b>	<b>22,717</b>	<b>24,899</b>	<b>24,098</b>	<b>24,990</b>
<b>International development assistance and other international services</b>						
International development assistance	1,772	2,042	2,276	2,747	3,198	3,368
Other international services	1,097	1,123	1,154	1,308	1,929	3,164
<b>Total international development assistance and other international services</b>	<b>2,869</b>	<b>3,165</b>	<b>3,430</b>	<b>4,055</b>	<b>5,127</b>	<b>6,532</b>
<b>Trade, industry, energy, employment and training</b>						
Regional and other industrial support	1,754	1,882	1,688	2,074	2,061	2,575
Trade, scientific and technological support	2,285	2,481	2,400	2,596	2,855	3,337
Support for aerospace, shipbuilding, coal, steel	594	493	689	759	983	1,188
Employment	2,191	2,460	2,768	3,348	4,080	3,092
Training	1,691	1,512	1,626	1,478	1,248	1,615
Department administration and other services	284	273	296	366	485	608
<b>Total trade, industry, energy, employment and training</b>	<b>8,799</b>	<b>9,101</b>	<b>9,467</b>	<b>10,621</b>	<b>11,712</b>	<b>12,415</b>
<b>Agriculture, fisheries, food and forestry</b>						
Market support under CAP	2,567	2,842	2,582	3,000	2,891	3,051
Other agriculture, fisheries and food <sup>(2)</sup>	2,328	1,927	1,867	2,026	3,781	2,221
Forestry	54	56	113	123	134	149
<b>Total agriculture, fisheries, food and forestry</b>	<b>4,949</b>	<b>4,825</b>	<b>4,562</b>	<b>5,149</b>	<b>6,806</b>	<b>5,421</b>

(2) Includes spending on BSE and foot-and-mouth disease.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

**Table 3.5 Total Managed Expenditure by function, 1997–98 to 2002–03  
(continued)**

	cash, £ million			resources, £ million		
	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 estimated outturn
<b>Culture, Media and Sport</b>						
Museums and galleries	470	458	520	531	631	705
Other arts and heritage	722	745	777	803	904	989
Libraries	859	867	915	906	1,000	1,015
Films	23	22	25	24	24	27
Tourism	153	150	176	204	291	288
Sport and recreation	896	911	629	969	1,084	1,214
Broadcasting	203	259	278	224	191	203
Administration	47	50	49	53	54	44
Lottery	803	1,488	1,618	1,514	1,313	1,593
<b>Total culture, media and sport</b>	<b>4,176</b>	<b>4,950</b>	<b>4,987</b>	<b>5,228</b>	<b>5,492</b>	<b>6,078</b>
<b>Social protection<sup>(4)</sup></b>						
Pension benefits	34,483	36,552	38,731	40,187	43,635	46,057
Widows' benefits	1,021	1,008	1,023	1,019	982	1,124
Unemployment, incapacity and other benefits	7,804	7,636	7,304	7,052	7,822	9,071
Industrial injury benefits	768	783	785	779	800	791
Family benefits	10,022	10,430	11,937	13,419	14,173	15,816
War pensions	1,288	1,264	1,256	1,411	1,238	1,187
Disability benefits	9,942	10,547	11,148	11,688	12,567	13,358
Income support	16,720	16,215	16,765	18,185	19,116	18,923
Social Fund	117	116	117	120	187	228
Housing benefits	12,054	11,948	11,914	11,902	12,309	12,928
Administration and miscellaneous services	3,141	2,897	3,164	3,376	2,950	3,571
<b>Total social security protection<sup>(4)</sup></b>	<b>97,360</b>	<b>99,396</b>	<b>104,144</b>	<b>109,138</b>	<b>115,779</b>	<b>123,054</b>
<b>Central administration and associated expenditure</b>						
Public and common services	5,771	6,582	7,382	7,738	9,020	10,809
EC Net Payments	2,153	3,590	2,806	3,781	884	2,398
<b>Total central administration and associated expenditure</b>	<b>7,924</b>	<b>10,172</b>	<b>10,188</b>	<b>11,519</b>	<b>9,904</b>	<b>13,207</b>
<b>Total expenditure on services<sup>(5)</sup></b>	<b>277,087</b>	<b>288,946</b>	<b>302,410</b>	<b>324,815</b>	<b>352,408</b>	<b>382,900</b>
Public sector debt interest	29,722	29,355	25,283	26,404	22,493	21,175
Net Public Service pensions	5,352	4,681	5,223	7,327	7,749	7,624
Allowance for shortfall and unallocated special reserve						-2,000
Other Accounting adjustments	11,404	10,315	10,716	8,271	6,929	11,327
<b>Total Managed Expenditure</b>	<b>323,565</b>	<b>333,297</b>	<b>343,632</b>	<b>366,816</b>	<b>389,579</b>	<b>421,025</b>

(4) Includes tax credit payments in excess of an individual's tax liability.

(5) For definition, see Appendix F.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

**Table 3.6 Total Managed Expenditure by economic category, 1998-99 to 2002-03**

Outturn data in this table fall within the scope of National Statistics					
	resources, £ million				
	1998-99	1999-00	2000-01	2001-02	2002-03
	outturn	outturn	outturn	outturn	estimated outturn
<b>Public sector current expenditure</b>					
Pay <sup>(1)</sup>	61,365	66,017	70,209	75,829	81,785
Procurement of goods and services <sup>(1)</sup>	85,939	92,251	100,401	109,785	122,024
Subsidies	7,824	7,645	7,954	9,449	9,289
Social benefits and other grants to private sector	118,145	126,600	132,497	141,471	148,579
Current transfers abroad	1,639	1,768	2,290	161	4,025
Public sector debt interest	29,355	25,283	26,404	22,493	21,259
Accounting adjustments <sup>(3)</sup>	10,400	7,037	8,821	7,396	8,075
<b>Total public sector current expenditure</b>	<b>314,667</b>	<b>326,601</b>	<b>348,575</b>	<b>366,584</b>	<b>395,036</b>
<b>Public sector capital expenditure</b>					
Capital expenditure on assets <sup>(2)</sup>	14,347	12,908	11,897	14,810	17,928
Stock building	269	158	138	23	61
Capital grants	4,431	4,380	4,780	6,775	7,378
Accounting adjustments <sup>(3)</sup>	-417	-415	1,427	1,387	622
<b>Total public sector capital expenditure</b>	<b>18,630</b>	<b>17,031</b>	<b>18,241</b>	<b>22,995</b>	<b>25,989</b>
<b>Total managed expenditure</b>	<b>333,297</b>	<b>343,632</b>	<b>366,816</b>	<b>389,579</b>	<b>421,025</b>

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

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

(3) Includes allowance for shortfall and special reserve in 2002-03.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table fall within the scope of National Statistics

**Table 3.7 Public sector gross investment by spending sector and function<sup>(1)</sup>, 1997–98 to 2005–06**

	cash, £ million					resources, £ million				
	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 estimated outturn	2003–04 plans	2004–05 plans	2005–06 plans	
<b>Central government own</b>										
Education	179	151	283	599	908	1,065	1,235	1,459	1,676	
Health and PSS	79	-95	-16	-36	680	1,285	1,685	2,283	3,339	
Transport	1,626	1,304	1,214	1,145	2,220	2,735	4,222	4,182	4,643	
Housing	795	797	877	1,230	1,165	1,031	1,512	1,800	1,978	
Environment	326	313	587	344	483	689	679	723	749	
Law, order and protection	503	524	392	455	804	993	1,157	1,157	1,148	
Defence	892	1,647	1,232	984	1,021	921	1,088	1,192	965	
International	95	96	90	121	156	107	91	115	128	
Trade, employment etc	713	720	588	906	1,723	1,398	1,691	1,769	1,811	
Agriculture	341	279	107	169	251	328	312	317	309	
Culture, Media and Sport	777	1,063	1,472	832	542	990	1,368	1,202	1,007	
Social protection	3	-307	43	34	129	190	19	165	88	
Central Administration etc	348	351	356	142	632	1,083	2,036	1,958	1,948	
<b>Total central government own capital expenditure on services<sup>(1)</sup></b>	<b>6,677</b>	<b>6,843</b>	<b>7,225</b>	<b>6,925</b>	<b>10,714</b>	<b>12,815</b>	<b>17,095</b>	<b>18,322</b>	<b>19,789</b>	
Allowance for shortfall						-900				
Accounting classification and other adjustments	584	909	-53	737	-312	-43	300	1,400	2,500	
<b>Total central government own capital expenditure</b>	<b>7,261</b>	<b>7,752</b>	<b>7,172</b>	<b>7,662</b>	<b>10,402</b>	<b>11,872</b>	<b>17,400</b>	<b>19,700</b>	<b>22,200</b>	
<b>Local authorities</b>										
Education	1,186	1,369	1,510	1,810	2,151	2,397				
Health and PSS	133	114	112	116	120	193				
Transport	1,308	1,239	1,180	1,550	2,178	2,502				
Housing	1,145	1,261	471	544	1,026	1,356				
Environment	1,037	878	905	925	986	1,276				
Law, order and protection	297	311	292	289	394	489				
Trade, employment etc	12	10	12	15	17	19				
Agriculture	-47	-34	-30	-31	-33	-48				
Culture, Media and Sport	327	370	436	461	563	652				
Central Administration etc	102	124	96	57	34	110				
<b>Total local authorities capital expenditure on services<sup>(1)</sup></b>	<b>5,500</b>	<b>5,642</b>	<b>4,984</b>	<b>5,736</b>	<b>7,436</b>	<b>8,946</b>				
Accounting adjustments	329	700	718	147	669	474				
<b>Total local authorities capital expenditure</b>	<b>5,829</b>	<b>6,342</b>	<b>5,702</b>	<b>5,883</b>	<b>8,105</b>	<b>9,420</b>				
<b>Public corporations</b>										
Health and PSS	1,232	1,304	1,252	1,573	1,384	1,343	1,695	1,630	1,640	
Transport	863	635	584	415	542	738	75	75	75	
Housing	224	220	235	39	-2	-40	57	57	57	
Environment	473	390	207	799	550	340	420	350	290	
Law, order and protection			5	1	15	12	11	11	11	
Defence	140	113	123	66	105	143	99	123	107	
International	20	24	1	25	17	30	31	31	31	
Trade, employment etc	935	1,024	1,003	1,128	805	966	1,001	641	641	
Agriculture	218	245	338	33	6	23	7	4	4	
Culture, Media and Sport	225	186	197	156	116	129	123	108	93	
Central Administration etc	21	28	24	50	53	55	70	54	47	
<b>Total public corporations capital expenditure on services<sup>(1)</sup></b>	<b>4,351</b>	<b>4,169</b>	<b>3,969</b>	<b>4,285</b>	<b>3,591</b>	<b>3,739</b>	<b>3,589</b>	<b>3,084</b>	<b>2,996</b>	
Accounting adjustments	-143	367	338	561	1,047	1,108	1,300	1,800	1,900	
<b>Total public corporations capital expenditure</b>	<b>4,208</b>	<b>4,536</b>	<b>4,307</b>	<b>4,846</b>	<b>4,638</b>	<b>4,847</b>	<b>4,800</b>	<b>4,900</b>	<b>4,900</b>	

(1) The sectoral spending figures shown above exclude the £2.0 billion special reserve in 2002–03 (see footnote 4 to table 1.2), and for 2003–04, 2004–05 and 2005–06 also exclude the DEL reserve, unallocated amounts for the Invest to Save Budget, and the AME margin. Amounts for these totals, are shown in Tables 1.1 and 1.2. These items are included within the other accounting adjustments figures in Table 3.7 above, reflecting notional forecast allocations.

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table fall within the scope of National Statistics

**Table 3.8 Public sector current expenditure by spending sector and function, 1997–98 to 2005–06**

	cash, £ million						resources, £ million		
	1997–98 outturn	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 estimated outturn	2003–04 plans	2004–05 plans	2005–06 plans
<b>Central government own</b>									
Education <sup>(1)</sup>	11,686	11,360	12,894	13,770	15,497	17,395	18,849	20,339	21,743
Health and PSS <sup>(1)</sup>	42,611	45,250	49,125	52,513	58,046	64,208	71,224	77,444	84,106
Transport	2,571	2,576	2,653	2,711	2,803	3,178	3,038	3,447	3,707
Housing	996	803	753	788	1,840	1,548	1,285	1,150	1,191
Environment	984	1,041	1,139	1,720	2,242	2,530	2,858	2,900	3,009
Law, order and protection	6,152	6,302	7,252	8,373	10,079	11,450	11,581	11,875	12,735
Defence	19,914	20,874	21,362	23,848	22,971	23,925	24,801	25,413	26,545
International	2,753	3,045	3,339	3,909	4,953	6,395	5,054	4,988	5,813
Trade, employment etc	6,530	6,770	7,345	8,249	8,792	9,691	9,631	9,906	10,915
Agriculture	4,339	4,267	4,112	4,910	6,504	5,048	4,780	4,856	4,901
Culture, Media and Sport	1,182	1,561	1,355	1,823	2,204	2,214	2,083	2,051	2,011
Social protection	85,895	88,328	92,587	97,460	103,599	110,197	116,527	121,559	126,263
Central Administration etc	6,343	8,256	7,979	9,508	7,245	9,960	9,863	10,854	11,920
<b>Total central government current own expenditure on services<sup>(2)</sup></b>	<b>191,956</b>	<b>200,433</b>	<b>211,895</b>	<b>229,582</b>	<b>246,775</b>	<b>267,739</b>	<b>281,574</b>	<b>296,782</b>	<b>314,859</b>
Central government debt interest	29,307	28,760	24,927	25,945	22,051	20,846	21,833	23,216	24,364
Net public service pensions <sup>(3)</sup>	5,352	4,681	5,223	7,327	7,749	7,624	2,766	2,785	3,128
Allowance for shortfall						-3,100			
Other accounting adjustments	6,522	4,362	2,629	-409	-1,166	4,639	7,000	9,800	11,000
<b>Total central government own current expenditure</b>	<b>233,137</b>	<b>238,236</b>	<b>244,674</b>	<b>262,444</b>	<b>275,409</b>	<b>297,748</b>	<b>313,200</b>	<b>332,600</b>	<b>353,300</b>
<b>Local authorities</b>									
Education	24,360	26,102	26,207	27,997	30,799	32,715			
Health and PSS	10,092	10,770	11,863	12,646	13,532	14,923			
Transport	2,789	2,810	2,793	3,166	3,589	3,771			
Housing	356	387	519	536	569	637			
Environment	5,614	5,852	6,552	6,741	7,215	8,092			
Law, order and protection	10,038	10,337	10,824	11,188	11,508	12,007			
Trade, employment etc	250	250	235	224	232	255			
Agriculture	12	12	5	4	2	-5			
Culture, Media and Sport	1,646	1,693	1,453	1,882	1,988	2,012			
Social protection	11,462	11,375	11,511	11,644	12,053	12,666			
Central Administration etc	1,109	1,271	1,388	1,761	1,938	1,997			
<b>Total local authorities current expenditure on services</b>	<b>67,728</b>	<b>70,859</b>	<b>73,350</b>	<b>77,789</b>	<b>83,425</b>	<b>89,070</b>			
Local authority debt interest	357	541	313	385	350	330			
Other accounting adjustments	4,119	4,119	7,434	7,235	6,694	7,066			
<b>Total local authorities current expenditure</b>	<b>72,204</b>	<b>75,519</b>	<b>81,097</b>	<b>85,409</b>	<b>90,469</b>	<b>96,466</b>			
<b>Total public corporations current expenditure on services</b>	<b>868</b>	<b>858</b>	<b>787</b>	<b>648</b>	<b>614</b>	<b>740</b>	<b>2,200</b>	<b>2,300</b>	<b>2,400</b>
Public corporations debt interest	58	54	43	74	92	83	129	184	236
<b>Total public corporations current expenditure</b>	<b>926</b>	<b>912</b>	<b>830</b>	<b>722</b>	<b>706</b>	<b>823</b>	<b>2,400</b>	<b>2,500</b>	<b>2,700</b>

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

(2) See footnote (1) to table 3.7.

(3) Lower figures from 2003-04 onwards reflect the offset to the employers contributions for costs of pensions increases – see footnote (1).

### 3. TRENDS IN PUBLIC SECTOR EXPENDITURE

**Table 3.9 Public Sector receipts from sales of assets<sup>(1)</sup>, 1998–99 to 2002–03**

Outturn data in this table fall within the scope of National Statistics					
	resources, £ million				
	1998–99 outturn	1999–00 outturn	2000–01 outturn	2001–02 outturn	2002–03 estimated outturn
<b>Central government</b>					
Receipts from sale of land and existing buildings	261	–1,055	785	679	867
Other	200	382	197	216	203
<b>Central government</b>	<b>461</b>	<b>–672</b>	<b>982</b>	<b>894</b>	<b>1,070</b>
<b>Local authorities</b>					
Receipts from sale of land and existing buildings	2,846	3,426	3,519	3,471	3,575
Other	28	18	20	14	11
<b>Local authorities</b>	<b>2,874</b>	<b>3,444</b>	<b>3,539</b>	<b>3,485</b>	<b>3,586</b>
<b>Total general government</b>	<b>3,335</b>	<b>2,772</b>	<b>4,521</b>	<b>4,380</b>	<b>4,656</b>
<b>Public corporations</b>					
Receipts from sale of land and existing buildings	47	189	145	203	236
Other	10	389	233	39	31
<b>Public corporations</b>	<b>57</b>	<b>578</b>	<b>378</b>	<b>242</b>	<b>267</b>
<b>Total public sector</b>	<b>3,392</b>	<b>3,350</b>	<b>4,899</b>	<b>4,622</b>	<b>4,923</b>

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

### **3. TRENDS IN PUBLIC SECTOR EXPENDITURE**

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