



PUBLIC EXPENDITURE

Statistical Analyses 2002–03

*Presented to Parliament by the Chancellor of the Exchequer by
Command of Her Majesty May 2002*

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INTRODUCTION AND OVERVIEW

Public Expenditure Statistical Analyses (PESA) is a compendium that brings together recent outturn data, estimated outturns for the latest year and budgetary plans over the whole range of UK public expenditure. It is published annually as a Command Paper, alongside the Main Supply Estimates (HC 795) and Supplementary Budgetary Information (Cm 5510). Further information on each government department's spending will be available in the individual Departmental Reports (Cm 5401 to 5434), which will be published during the weeks after publication of PESA. PESA includes analyses of public spending by function and by economic category of expenditure, and by country and region, as well as full details of spending by department and grouped by budgetary control aggregates.

RESOURCE ACCOUNTING AND BUDGETING

Following the 2000 Spending Review, the government's spending plans are now set on a resource basis. Resource and capital spending are measured when the resources are consumed, rather than when they are paid for. Expenditure up until 2000–01 was controlled and accounted for on a cash basis.

PERIOD COVERED BY PESA TABLES

All data series in PESA are annual, and for financial years. Tables in PESA this year should normally cover a span of eight years – five years outturns, estimated outturn for the latest year and two years spending plans, where detailed plans are available. (In certain areas, eg local authority expenditure, detailed plans for future years are not available.) However, the introduction of resource accounting and budgeting for the planning and control of public spending from 2001-02 onwards means that data spans for many of the tables in PESA 2002–03 are shorter than usual, as resource accounting data is not available for years prior to 1998-99. Analyses of spending plans and outturn on a resource basis in this publication generally cover the six years 1998-99 to 2003-04. Final outturn data for 2000–01 is also shown on a cash (1998 CSR) basis in [Tables 1.15](#) and [1.16](#), with data going back to 1996–97. Where possible, some analyses are given on a comparable basis, covering all eight years. This usually involves a break in series, with years up until 1999–2000 using cash data and years from 2001–02 using resource data. (See box in [Chapter 3](#) for a fuller explanation of this.) Some key series are presented over a longer historical period.

CONSISTENCY WITH 2002 FSBR AND 2002-03 SUPPLY ESTIMATES

Information in PESA 2002–03 is consistent with the fiscal projections and public spending plans set out in Annex C of the 2002 Financial Statement and Budget Report (Budget 2002, April 2002, HC 592), except in a few areas where later information is available and has been incorporated. Information in PESA is fully consistent with the 2002–03 Supply Estimates, both Main Estimates and Supplementary Budgetary Information.

NATIONAL STATISTICS IN PESA

Most of the outturn data (to 2000–01) in PESA 2002–03 fall within the scope of National Statistics. National Statistics are those outputs which Ministers have decided should come within the scope of the new arrangements, which have been produced to high professional standards to be set out in a Code of Practice, and have been put together free from political interference.

For more information about National Statistics visit the National Statistics web site at www.statistics.gov.uk.

Estimated outturns for 2001–02 and spending plans for future years are outside the scope of National Statistics. So are certain outturn data relating to administrative spending controls where definitions and/or measurement depend on those controls. The scope of National Statistics in the tables for each Chapter of PESA is indicated in the text for that Chapter.

NEW TABLES IN PESA 2002-03

There are two main changes in content as compared with PESA 2001–02. **Chapter 3** includes a new table showing some long time series for public investment, adjusted for public sector boundary changes and other discontinuities. (These new series are still regarded as provisional, and are not as yet classified as National Statistics.)

Chapter 8 includes two new presentations of long back runs of data for identifiable spending by country and by English region. The past data have all been published in earlier editions of PESA and its predecessors, but changes, eg in the coverage of identifiable expenditure have made comparisons of series from different vintages of PESA difficult. The past data have now been adjusted so as to put numbers on a consistent basis as regards the coverage and definitions of the spending aggregates allocated in these tables.

CONTENT OF THIS PUBLICATION

1.19 The organisation and content of this publication are reviewed annually. Any comments on the coverage or presentation should be sent to Philippa Todd at the following address:

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I. PUBLIC EXPENDITURE OVERVIEW

I.1 This chapter brings together information on public expenditure within the current budgeting and control framework. It also includes analyses of spending allocations from the central funds, information on Voted and non-Voted components of total public spending, and a breakdown of public expenditure by spending sector.

I.2 Outturn data on the budgeting and control aggregates in **Tables 1.1 to 1.9** and **1.15** and **1.16** fall within the scope of National Statistics, as do outturn data in **Table 1.14** (spending sectors). Data in **Tables 1.10 to 1.13** are not National Statistics.

THE BUDGETING AND CONTROL FRAMEWORK: DEL, AME AND TME

I.3 **Table 1.1** summarises public expenditure within the DEL/AME budgeting and control framework, which was first set out in the Economic and Fiscal Strategy Report of June 1988.

I.4 Departments are given firm three year spending limits called Departmental Expenditure Limits (DELs) within which they prioritise resources and plan ahead. In accordance with the fiscal rules, a clear distinction is made between current and capital spending, with departments' budgets and DELs separated between resource and capital.

I.5 Spending that cannot reasonably be subject to firm multi-year limits is included in Annually Managed Expenditure (AME). **Table 1.1** sets out the main elements of AME. **Table 1.1** is in resource terms, as are all the other tables in this chapter, except for **1.15** and **1.16**. Departmental AME (which is contained in departments' budgets) includes social security spending, payments under the Common Agricultural Policy, and the various other items of departmental expenditure set out in **Table 1.1**. For the spending plans set in the 2000 Spending Review, each department's AME also contains non-cash items such as depreciation and capital charges (see paragraph 1.11 below). These will be brought into DEL for the 2002 Review. Outside departments' budgets, other AME consists of net payments to the EC, locally financed expenditure, debt interest, and accounting and other adjustments. All AME projections for future years are estimates which are updated twice yearly in the Budget and Pre-Budget Reports.

I.6 **Table 1.12** presents a breakdown of the accounting and other adjustments line in **Table 1.1**. Appendix B gives further details of these accounting and other adjustments.

I.7 DEL and AME together make up Total Managed Expenditure (TME), an aggregate which is drawn from the national accounts and is defined in national accounts terms as public sector current expenditure plus net investment plus depreciation. (See Appendix E).

I.8 **Table 1.2** shows DEL by departmental group. Departmental groups reflect departmental boundaries and names following the machinery of Government changes announced in June 2001. Full details of departmental groups are set out in Appendix C. **Table 1.2** also shows separately, for the years up to 2000-01, Welfare to Work DEL for spending financed by the windfall tax. From 2001-02 onwards, funding for the equivalent programme – which was last year shown separately as Employment Opportunities Fund DEL – is included in the relevant departmental DELs, principally that for Work and Pensions. The rest of the table shows unallocated amounts remaining in the central funds – the Invest to Save Budget (ISB), the Capital Modernisation Fund (CMF) and the Policy Innovation Fund – and in the DEL Reserve. Details of allocations from the ISB and CMF are shown in **Table 1.10** and **1.11**, discussed further below.

I.9 [Table 1.3 and 1.4](#) present the same information as in [Tables 1.1 and 1.2](#) in real terms.

RESOURCE BUDGETS AND CAPITAL BUDGETS

I.10 Under resource budgeting, departmental spending is separated into Resource Budgets and Capital Budgets, each containing DEL and AME. These are shown in [Table 1.5](#) and [1.6](#), reconciled (using the accounting adjustments from [Table 1.1](#)) to the national accounts measures of total current and capital spending.

I.11 Resource Budgets, shown in [Table 1.5](#), include the resource costs of the capital assets used to deliver public services. These costs consist of capital consumed in each year (depreciation), and the opportunity cost of tying up resources in these assets (capital charge). [Table 1.7](#) shows the Resource Budget for each main department. [Table 1.8](#) shows the non-cash costs for each main department that are included in their Resource Budgets. These include a cost of capital charge in respect of the department's public corporations. (These public corporations are shown by department in [Chapter 7](#).)

I.12 Capital Budgets, shown in [Table 1.6](#), include all the capital spending of the public sector, including public corporations, NHS trusts, and non-departmental public bodies. [Table 1.9](#) shows the Capital Budget for each main department.

ALLOCATIONS FROM CENTRAL FUNDS: ISB, CMF

I.13 [Tables 1.10](#) and [1.11](#) give details of the respective allocations by department of the Invest to Save Budget, and the Capital Modernisation Fund. For both ISB and CMF, outturn spending and allocations to departments for rounds 1 to 3, and some round 4 allocations, are included in individual departmental limits in [Tables 1.2](#), [1.4](#), [1.7](#) and [1.8](#). The unallocated amounts remaining in the ISB and CMF, together with those round 4 allocations not included in individual departmental limits, are shown in a separate line in [Tables 1.2](#) and [1.4](#). Full details of individual departments' spending under both programmes are given in departmental reports.

SUPPLY EXPENDITURE

I.14 [Table 1.13](#) shows the split of DEL and AME between money voted in Estimates, which accounts for about two-thirds, and other expenditure. The relationship between the budgetary aggregates (DEL and AME) and Supply Expenditure is explained in more detail in section 2 of the Supply Estimates 2002-03: Supplementary Budgetary Information (Cm 5510).

PUBLIC EXPENDITURE BY EACH SPENDING SECTOR

I.15 [Table 1.14](#) shows a breakdown of TME, and within it DEL and AME, as between the national accounts spending sectors which are used in many of the analyses in this publication. Central government own expenditure excludes central government spending in support of the spending of other parts of the public sector – local authorities and public corporations – but includes non-departmental public bodies classified to central government, as well as central government departments' own spending. It includes the spending of the devolved administrations in Scotland, Wales and Northern Ireland, which are classified to central government. Central government own expenditure is split into DEL, departmental AME, and the other AME elements, including locally financed expenditure. This latter category is in respect of spending of the devolved administrations which is financed locally rather than from Westminster; at present it only includes expenditure of the

Northern Ireland departments financed from regional rates. Further analyses of central government own expenditure are presented in [Chapter 4](#).

I.16 Local authority expenditure is split into central government support (which can be in either DEL or AME), locally financed support in Scotland (the proceeds of non-domestic rates in Scotland which are collected and distributed to local authorities by the devolved administration) and self-financed expenditure. Further analyses of local authority expenditure are presented in [Chapter 6](#).

I.17 Public corporations expenditure is also split into DEL and AME, and all these DEL and AME components are included in departments' budgets. Departments' DELs include the profit or loss and capital expenditure of most public corporations, except for self-financing public corporations, whose profit or loss and capital expenditure are contained in departmental AME. The non-cash costs in AME in departments' Resource Budgets also include the cost of capital charge in respect of public corporations. Further analyses for public corporations are presented in [Chapter 7](#).

TME OUTTURN UNDER CASH BUDGETING

I.18 [Table 1.15](#) is the cash budgeting equivalent of [Table 1.1](#) and shows outturns from 1995-96 to 2000-01 for Total DEL, AME and its main components, and TME in cash terms, under the budgeting rules that operated for 1999-2000 and 2000-01. [Table 1.16](#) shows outturns for Current and Capital DEL by department over the same period on the same basis.

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.1 Total Managed Expenditure 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Departmental Expenditure Limits | | | | | | |
| Resource Budget | 153,163 | 159,338 | 171,761 | 187,690 | 201,200 | 214,000 |
| Capital Budget | 17,667 | 18,946 | 20,633 | 24,128 | 28,300 | 33,500 |
| Budget 2002 Addition | | | | | | 1,600 |
| Total Departmental Expenditure Limits | 170,829 | 178,284 | 192,394 | 211,818 | 229,500 | 249,000 |
| <i>Annually Managed Expenditure</i> | | | | | | |
| Social security benefits | 91,988 | 96,983 | 99,129 | 105,218 | 109,170 | 114,177 |
| Housing Revenue Account subsidies | 3,486 | 3,285 | 3,096 | 4,549 | 4,530 | 4,422 |
| Common Agricultural Policy | 3,239 | 2,747 | 2,594 | 2,667 | 2,598 | 2,640 |
| Export Credits Guarantee Department | -154 | 925 | 1,315 | 249 | 352 | -207 |
| Self-financing Public Corporations | 709 | 1,387 | 1,374 | 1,119 | 1,198 | 1,210 |
| Net public service pensions | 4,981 | 4,991 | 5,016 | 5,125 | 5,020 | 5,411 |
| National Lottery | 1,831 | 1,908 | 1,855 | 1,700 | 2,300 | 2,300 |
| Other programme spending | 263 | 1,191 | 299 | 2,174 | 145 | -33 |
| <i>Non-cash items:</i> | | | | | | |
| Depreciation | 7,345 | 7,619 | 9,647 | 9,696 | 9,986 | 10,722 |
| Cost of capital charges | 11,947 | 12,401 | 13,488 | 14,323 | 14,689 | 15,531 |
| Provisions and other charges | 593 | 2,389 | 6,275 | -643 | 1,490 | 1,744 |
| Total departmental AME | 126,228 | 135,827 | 144,089 | 146,177 | 151,478 | 157,917 |
| <i>Other AME</i> | | | | | | |
| Net payments to EC institutions | 3,590 | 2,807 | 3,696 | 776 | 2,163 | 2,364 |
| Locally financed expenditure ⁽¹⁾ | 16,865 | 18,611 | 18,444 | 19,354 | 20,656 | 21,919 |
| Central Government gross debt interest | 29,512 | 24,927 | 25,945 | 22,160 | 21,132 | 23,192 |
| Accounting and other adjustments | -13,773 | -16,113 | -17,413 | -8,156 | -7,527 | -1,854 |
| Total Other AME | 36,194 | 30,231 | 30,673 | 34,134 | 36,423 | 45,621 |
| AME Margin | | | | | 1,000 | 2,000 |
| Total Annually Managed Expenditure | 162,423 | 166,059 | 174,762 | 180,312 | 188,901 | 205,538 |
| Total Managed Expenditure | 333,252 | 344,343 | 367,156 | 392,130 | 418,400 | 454,600 |
| <i>of which:</i> | | | | | | |
| Current expenditure | 314,724 | 326,883 | 348,751 | 367,373 | 389,900 | 420,300 |
| Net investment | 5,861 | 4,615 | 5,705 | 11,955 | 14,400 | 19,700 |
| Depreciation | 12,667 | 12,845 | 12,699 | 12,802 | 14,000 | 14,600 |

(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:

£3.3bn in 1998-99, £3.3bn in 1999-2000, £4.3bn in 2000-01, £1.5bn in 2001-02, £3bn in 2002-03 and £3.2bn in 2003-04.

Figures from 2002-03 are trend estimates.

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.2 Departmental Expenditure Limits, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Education and Skills | 12,554 | 13,285 | 15,810 | 19,471 | 23,343 | 25,584 |
| Health | 39,002 | 40,908 | 44,971 | 50,704 | 55,874 | 61,462 |
| <i>of which: NHS</i> | 37,935 | 40,115 | 44,065 | 49,301 | 53,498 | 58,942 |
| Transport and Regions | 8,446 | 9,068 | 9,642 | 10,941 | 13,562 | 15,537 |
| Local Government | 32,734 | 34,194 | 35,326 | 37,010 | 37,650 | 40,394 |
| Home Office | 7,287 | 7,521 | 8,923 | 10,454 | 10,367 | 10,470 |
| Lord Chancellor's Departments | 2,777 | 2,138 | 2,617 | 2,919 | 2,833 | 2,884 |
| Attorney General's Departments | 338 | 335 | 376 | 443 | 442 | 455 |
| Defence | 23,719 | 24,128 | 24,979 | 24,550 | 24,597 | 24,879 |
| Foreign and Commonwealth Office | 1,055 | 1,128 | 1,311 | 1,411 | 1,464 | 1,321 |
| International Development | 2,238 | 2,547 | 2,663 | 3,119 | 3,340 | 3,560 |
| Trade and Industry | 2,992 | 3,042 | 3,376 | 4,590 | 4,503 | 4,403 |
| Environment, Food and Rural Affairs | 1,497 | 1,748 | 1,849 | 2,849 | 2,197 | 2,294 |
| Culture, Media and Sport | 970 | 1,003 | 993 | 1,100 | 1,264 | 1,255 |
| Work and Pensions | 4,855 | 5,143 | 5,306 | 6,528 | 7,024 | 7,562 |
| Scotland ⁽³⁾ | 13,030 | 13,812 | 14,568 | 16,497 | 17,775 | 18,939 |
| Wales ⁽³⁾ | 6,820 | 6,914 | 7,583 | 8,543 | 9,287 | 10,005 |
| Northern Ireland Executive ⁽³⁾ | 4,426 | 4,646 | 4,978 | 5,737 | 6,131 | 6,472 |
| Northern Ireland Office | 986 | 982 | 952 | 1,125 | 1,152 | 1,031 |
| Chancellor's Departments | 3,280 | 3,472 | 3,377 | 4,160 | 4,279 | 4,292 |
| Cabinet Office | 1,289 | 1,494 | 1,422 | 1,680 | 1,593 | 1,666 |
| Welfare to Work ⁽¹⁾ | 533 | 775 | 1,371 | | | |
| Invest to Save Budget | | | | | 30 | 44 |
| Capital Modernisation Fund | | | | | 338 | 778 |
| Policy Innovation Fund | | | | | 40 | 40 |
| Reserve | | | | | 400 | 2,100 |
| Allowance for Shortfall | | | | -2,013 | | |
| Budget 2002 Addition | | | | | | 1,600 |
| Departmental Expenditure Limits | 170,829 | 178,284 | 192,394 | 211,818 | 229,500 | 249,000 |
| <i>Total education spending⁽²⁾</i> | <i>39.0</i> | <i>40.9</i> | <i>44.1</i> | <i>50.7</i> | <i>53.7</i> | <i>58.1</i> |

(1) Spending financed by Windfall Tax.

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

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

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.3 Total Managed Expenditure in real terms, 1998-99 to 2003-04⁽¹⁾

| | resources, £ million | | | | | |
|--|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| <i>Departmental Expenditure Limits</i> | | | | | | |
| Resource Budget | 159,711 | 162,259 | 171,761 | 182,578 | 191,000 | 198,100 |
| Capital Budget | 18,422 | 19,293 | 20,633 | 23,471 | 26,800 | 31,000 |
| <i>Budget 2002 addition</i> | | | | | | 1,500 |
| Total Departmental Expenditure Limits | 178,132 | 181,552 | 192,394 | 206,049 | 218,000 | 230,600 |
| <i>Annually Managed Expenditure</i> | | | | | | |
| Social security benefits | 95,921 | 98,761 | 99,129 | 102,352 | 103,675 | 105,719 |
| Housing Revenue Account subsidies | 3,635 | 3,345 | 3,096 | 4,425 | 4,302 | 4,094 |
| Common Agricultural Policy | 3,377 | 2,797 | 2,594 | 2,594 | 2,467 | 2,444 |
| Export Credits Guarantee Department | -161 | 942 | 1,315 | 242 | 334 | -192 |
| Self-financing Public Corporations | 739 | 1,412 | 1,374 | 1,089 | 1,138 | 1,120 |
| Net public service pensions | 5,194 | 5,082 | 5,016 | 4,985 | 4,767 | 5,010 |
| National Lottery | 1,909 | 1,943 | 1,855 | 1,654 | 2,184 | 2,130 |
| Other programme spending | 274 | 1,213 | 299 | 2,115 | 138 | -31 |
| <i>Non-cash items:</i> | | | | | | |
| Depreciation | 7,659 | 7,759 | 9,647 | 9,432 | 9,483 | 9,928 |
| Cost of capital charges | 12,458 | 12,628 | 13,488 | 13,933 | 13,950 | 14,381 |
| Provisions and other charges | 618 | 2,433 | 6,275 | -625 | 1,415 | 1,615 |
| Total departmental AME | 131,625 | 138,317 | 144,089 | 142,196 | 143,854 | 146,219 |
| <i>Other AME</i> | | | | | | |
| Net payments to EC institutions ⁽²⁾ | 3,743 | 2,858 | 3,696 | 755 | 2,054 | 2,189 |
| Locally financed expenditure | 17,586 | 18,952 | 18,444 | 18,827 | 19,616 | 20,295 |
| Central Government gross debt interest | 30,774 | 25,384 | 25,945 | 21,556 | 20,068 | 21,474 |
| Accounting and other adjustments | -14,362 | -16,408 | -17,413 | -7,934 | -7,148 | -1,717 |
| Total Other AME | 37,741 | 30,785 | 30,673 | 33,204 | 34,590 | 42,242 |
| AME Margin | | | | | 950 | 1,852 |
| Total Annually Managed Expenditure | 169,367 | 169,103 | 174,762 | 175,401 | 179,393 | 190,313 |
| Total Managed Expenditure | 347,499 | 350,655 | 367,156 | 381,449 | 397,300 | 420,900 |
| <i>of which:</i> | | | | | | |
| Current expenditure | 328,179 | 332,875 | 348,751 | 357,367 | 370,300 | 389,100 |
| Net investment | 6,112 | 4,700 | 5,705 | 11,629 | 13,700 | 18,300 |
| Depreciation | 13,209 | 13,080 | 12,699 | 12,453 | 13,300 | 13,500 |

(1) At 2000-2001 prices, using GDP deflators consistent with the March 2002 Financial Statement and Budget Report.

(2) 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 real terms estimates for which are:

£3.4bn in 1998-99, £3.4bn in 1999-2000, £4.3bn in 2000-01, £1.5bn in 2001-02, £2.8bn in 2002-03 and £3.0bn in 2003-04.

Figures from 2002-03 are trend estimates.

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Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.4 Departmental Expenditure Limits in real terms⁽¹⁾, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998-99 outturn | 1990-00 outturn | 2000-01 outturn | 2001-02 estimated outturn | 2002-03 plans | 2003-04 plans |
| Education and Skills | 13,091 | 13,529 | 15,810 | 18,941 | 22,168 | 23,689 |
| Health | 40,669 | 41,658 | 44,971 | 49,323 | 53,062 | 56,909 |
| of which: NHS | 39,557 | 40,850 | 44,065 | 47,958 | 50,805 | 54,576 |
| Transport and Regions | 8,807 | 9,234 | 9,642 | 10,643 | 12,879 | 14,386 |
| Local Government | 34,133 | 34,821 | 35,326 | 36,002 | 35,755 | 37,402 |
| Home Office | 7,599 | 7,659 | 8,923 | 10,169 | 9,845 | 9,694 |
| Lord Chancellor's Departments | 2,896 | 2,177 | 2,617 | 2,839 | 2,690 | 2,670 |
| Attorney General's Departments | 352 | 341 | 376 | 431 | 420 | 421 |
| Defence | 24,733 | 24,570 | 24,979 | 23,881 | 23,359 | 23,036 |
| Foreign and Commonwealth Office | 1,100 | 1,149 | 1,311 | 1,373 | 1,390 | 1,223 |
| International Development | 2,334 | 2,594 | 2,663 | 3,034 | 3,172 | 3,296 |
| Trade and Industry | 3,120 | 3,098 | 3,376 | 4,465 | 4,276 | 4,077 |
| Environment, Food and Rural Affairs | 1,561 | 1,780 | 1,849 | 2,771 | 2,086 | 2,124 |
| Culture, Media and Sport | 1,011 | 1,021 | 993 | 1,070 | 1,200 | 1,162 |
| Work and Pensions | 5,063 | 5,237 | 5,306 | 6,350 | 6,670 | 7,002 |
| Scotland | 13,587 | 14,065 | 14,568 | 16,048 | 16,880 | 17,536 |
| Wales | 7,112 | 7,041 | 7,583 | 8,310 | 8,820 | 9,264 |
| Northern Ireland Executive | 4,615 | 4,731 | 4,978 | 5,581 | 5,822 | 5,993 |
| Northern Ireland Office | 1,028 | 1,000 | 952 | 1,094 | 1,094 | 955 |
| Chancellor's Departments | 3,420 | 3,536 | 3,377 | 4,047 | 4,064 | 3,974 |
| Cabinet Office | 1,344 | 1,521 | 1,422 | 1,634 | 1,513 | 1,543 |
| Welfare to Work ⁽²⁾ | 556 | 789 | 1,371 | | | |
| Invest to Save Budget | | | | | 28 | 41 |
| Capital Modernisation Fund | | | | | 321 | 720 |
| Policy Innovation Fund | | | | | 38 | 37 |
| Reserve | | | | | 400 | 2,000 |
| Allowance for shortfall | | | | -1,958 | | |
| Budget 2002 Addition | | | | | | 1,500 |
| Departmental Expenditure Limits | 178,132 | 181,552 | 192,394 | 206,049 | 218,000 | 230,600 |
| Total education spending ⁽³⁾ | 40.7 | 41.7 | 44.1 | 49.4 | 51.0 | 53.8 |

(1) At 2000–2001 prices, using GDP deflators consistent with those used in the April 2002 Financial Statement and Budget Report.

(2) Spending funded by the Windfall Tax.

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

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.5 Public Sector Current Expenditure, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|--------------------|------------------|------------------|
| | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 outturn | 2002-03 plans | 2003-04 plans |
| Resource Budget DEL | 153,163 | 159,338 | 171,761 | 187,690 | 201,200 | 214,000 |
| Resource Budget AME | 124,428 | 131,854 | 140,366 | 144,013 | 148,300 | 154,100 |
| Total Resource Budget | 277,591 | 291,192 | 312,126 | 331,703 | 349,566 | 369,039 |
| Other current spending in AME: | | | | | | |
| Net payments to EC institutions ⁽¹⁾ | 3,590 | 2,807 | 3,696 | 776 | 2,163 | 2,364 |
| Locally financed current expenditure | 15,423 | 17,576 | 18,521 | 17,526 | 18,775 | 20,091 |
| Central Government debt interest | 29,512 | 24,927 | 25,945 | 22,160 | 21,132 | 23,192 |
| AME margin (current) | | | | | 1,000 | 2,000 |
| Accounting and other adjustments | -15,182 | -13,561 | -16,370 | -9,710 | -8,548 | -2,514 |
| Classification changes to national accounts | 3,790 | 3,943 | 4,833 | 4,917 | 5,853 | 6,082 |
| Public Sector Current Expenditure | 314,724 | 326,883 | 348,752 | 367,373 | 389,900 | 420,300 |

(1) See footnote 1 to Table I.1

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.6 Public Sector Net Investment, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 estimated outturn | 2002-03 plans | 2003-04 plans |
| <i>Capital Budget:</i> | | | | | | |
| Capital Budget DEL | 17,667 | 18,946 | 20,633 | 24,128 | 28,300 | 33,500 |
| Capital Budget AME | 1,800 | 3,973 | 3,723 | 2,164 | 3,136 | 2,852 |
| Total Capital Budget | 19,467 | 22,920 | 24,356 | 26,292 | 31,400 | 36,300 |
| <i>Other capital spending in AME:</i> | | | | | | |
| Locally financed capital expenditure | 1,442 | 1,035 | -77 | 1,827 | 1,881 | 1,828 |
| Accounting and other adjustments | 1,409 | -2,552 | -1,043 | 1,555 | 1,000 | 2,300 |
| Classification changes to national accounts | -3,790 | -3,943 | -4,833 | -4,917 | -5,853 | -6,082 |
| Public sector gross investment | 18,528 | 17,460 | 18,404 | 24,757 | 28,400 | 34,300 |
| Less Depreciation (national accounts) | 12,667 | 12,845 | 12,699 | 12,802 | 14,000 | 14,600 |
| Public sector net investment | 5,861 | 4,615 | 5,705 | 11,955 | 14,400 | 19,700 |

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.7 Resource Budgets, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 estimated outturn | 2002-03 plans | 2003-04 plans |
| Within DEL | | | | | | |
| Education and Skills | 11,667 | 12,191 | 14,228 | 16,984 | 20,179 | 21,497 |
| Health | 38,242 | 39,939 | 43,587 | 48,846 | 53,375 | 58,467 |
| <i>of which: NHS</i> | 37,235 | 39,207 | 42,746 | 47,556 | 51,097 | 56,044 |
| Transport and Regions | 3,288 | 3,441 | 3,686 | 4,151 | 5,103 | 5,127 |
| Local Government | 32,375 | 33,922 | 35,270 | 36,940 | 37,376 | 40,071 |
| Home Office | 6,813 | 7,063 | 8,420 | 9,579 | 9,411 | 9,633 |
| Lord Chancellor's Departments | 2,680 | 2,081 | 2,541 | 2,799 | 2,730 | 2,773 |
| Attorney General's Departments | 334 | 332 | 362 | 421 | 427 | 440 |
| Defence | 17,729 | 18,152 | 19,239 | 18,905 | 18,865 | 18,929 |
| Foreign and Commonwealth Office | 954 | 1,026 | 1,180 | 1,277 | 1,319 | 1,158 |
| International Development | 2,012 | 2,276 | 2,425 | 2,791 | 2,948 | 3,161 |
| Trade and Industry | 2,745 | 2,852 | 3,038 | 3,941 | 3,676 | 3,333 |
| Environment, Food and Rural Affairs | 1,213 | 1,406 | 1,506 | 2,377 | 1,650 | 1,739 |
| Culture, Media and Sport | 854 | 926 | 947 | 1,032 | 1,160 | 1,167 |
| Work and Pensions | 5,150 | 5,088 | 5,253 | 6,297 | 6,893 | 7,509 |
| Scotland | 11,679 | 12,108 | 12,570 | 14,231 | 15,374 | 16,534 |
| Wales | 6,029 | 6,297 | 6,800 | 7,659 | 8,237 | 8,943 |
| Northern Ireland Executive | 3,937 | 4,170 | 4,420 | 5,066 | 5,515 | 5,553 |
| Northern Ireland Office | 964 | 956 | 916 | 1,057 | 1,092 | 984 |
| Chancellor's Departments | 3,172 | 3,331 | 3,528 | 3,909 | 4,036 | 4,045 |
| Cabinet Office | 1,056 | 1,290 | 1,209 | 1,441 | 1,422 | 1,476 |
| Welfare to Work ⁽¹⁾ | 269 | 492 | 635 | | | |
| Invest to Save Budget | | | | | 22 | 34 |
| Policy Innovation Fund | | | | | 30 | 30 |
| Reserve | | | | | 400 | 1,400 |
| Allowance for shortfall | | | | -2,013 | | |
| Total Resource Budget DEL⁽²⁾ | 153,163 | 159,338 | 171,761 | 187,690 | 201,200 | 214,000 |

(1) Spending financed by the Windfall Tax.

(2) 2003-04 excludes £1.6 billion Budget 2002 Addition.

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in both tables fall within the scope of NATIONAL STATISTICS

Table I.7 Resource Budgets, 1998–99 to 2003–04 (continued)

| | resources, £ million | | | | | |
|-------------------------------------|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Within Departmental AME | | | | | | |
| Education and Skills | 1,595 | 1,656 | 1,660 | 1,756 | 1,861 | 2,118 |
| Health | 2,886 | 2,460 | 2,045 | 2,814 | 2,569 | 2,646 |
| of which: NHS | 2,263 | 2,005 | 1,522 | 2,638 | 2,606 | 2,683 |
| Transport and Regions | 6,985 | 7,018 | 6,390 | 7,971 | 8,061 | 8,154 |
| Local Government | 0 | 0 | 1 | 1 | | |
| Home Office | 777 | 722 | 437 | 509 | 548 | 566 |
| Lord Chancellor's Departments | 9 | 210 | 104 | 87 | 107 | 99 |
| Attorney General's Departments | 4 | 6 | 7 | 17 | 16 | 18 |
| Defence | 13,409 | 13,816 | 16,657 | 15,395 | 15,393 | 15,874 |
| Foreign and Commonwealth Office | 140 | 118 | 320 | 174 | 184 | 196 |
| International Development | 317 | 592 | 713 | 518 | 548 | 661 |
| Trade and Industry | 111 | 2,048 | 3,412 | 345 | 440 | 558 |
| Environment, Food and Rural Affairs | 2,804 | 2,586 | 4,243 | 2,645 | 2,386 | 2,417 |
| Culture, Media and Sport | 659 | 384 | 918 | 1,092 | 1,047 | 903 |
| Work and Pensions | 87,600 | 92,495 | 94,418 | 100,391 | 104,328 | 109,190 |
| Scotland | 1,559 | 1,546 | 1,764 | 1,864 | 1,961 | 2,080 |
| Wales | 677 | 689 | 649 | 1,098 | 1,139 | 1,152 |
| Northern Ireland Executive | 3,489 | 3,590 | 5,069 | 5,507 | 5,717 | 6,196 |
| Northern Ireland Office | –34 | 87 | –57 | 100 | 86 | 117 |
| Chancellor's Departments | 180 | 310 | 314 | 475 | 431 | 517 |
| Cabinet Office | 1,260 | 1,519 | 1,303 | 1,252 | 1,518 | 1,601 |
| Total Resource Budget | | | | | | |
| Departmental AME | 124,428 | 131,854 | 140,365 | 144,012 | 148,340 | 155,064 |
| Total Resource Budget | 277,591 | 291,192 | 312,126 | 331,703 | 349,600 | 369,000 |

Table I.8 Non-cash Resource Departmental AME, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Education and Skills | 23 | 2 | –1 | 16 | 12 | 48 |
| Health | 2,263 | 2,005 | 1,523 | 2,642 | 2,619 | 2,697 |
| Transport and Regions | 3,736 | 3,967 | 3,530 | 3,679 | 3,739 | 3,937 |
| Local Government | 0 | 0 | 1 | 1 | | |
| Home Office | 777 | 410 | 436 | 518 | 562 | 581 |
| Lord Chancellor's Departments | 9 | 210 | 104 | 87 | 107 | 99 |
| Attorney General's Departments | 4 | 6 | 7 | 17 | 16 | 18 |
| Defence | 10,981 | 11,353 | 14,014 | 12,738 | 12,828 | 13,308 |
| Foreign and Commonwealth Office | 140 | 119 | 320 | 175 | 184 | 197 |
| International Development | 186 | 462 | 589 | 397 | 430 | 545 |
| Trade and Industry | –83 | 1,257 | 3,109 | 125 | 432 | 789 |
| Environment, Food and Rural Affairs | 234 | 408 | 2,244 | –1,503 | 391 | 395 |
| Culture, Media and Sport | 127 | 125 | 144 | 173 | 187 | 213 |
| Work and Pensions | 42 | 80 | 48 | 63 | 122 | 124 |
| Scotland ⁽¹⁾ | 826 | 1,002 | 1,127 | 1,214 | 1,378 | 1,402 |
| Wales ⁽¹⁾ | 319 | 341 | 303 | 718 | 778 | 792 |
| Northern Ireland Executive ⁽¹⁾ | 74 | 85 | 1,466 | 1,588 | 1,666 | 1,964 |
| Northern Ireland Office | 54 | 179 | –60 | 52 | 51 | 66 |
| Chancellor's Departments | 140 | 277 | 291 | 410 | 399 | 475 |
| Cabinet Office | 33 | 122 | 214 | 267 | 264 | 346 |
| Total Non-cash Departmental AME | 19,885 | 22,409 | 29,410 | 23,376 | 26,165 | 27,997 |

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

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.9 Capital Budgets, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|---------------|---------------|----------------------|---------------|---------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Within DEL | | | | | | |
| Education and Skills | 888 | 1,094 | 1,582 | 2,487 | 3,164 | 4,087 |
| Health | 760 | 969 | 1,384 | 1,858 | 2,499 | 2,996 |
| <i>of which: NHS</i> | 700 | 908 | 1,318 | 1,745 | 2,401 | 2,898 |
| Transport and Regions | 5,158 | 5,627 | 5,956 | 6,790 | 8,459 | 10,411 |
| Local Government | 360 | 272 | 56 | 70 | 274 | 324 |
| Home Office | 473 | 458 | 503 | 875 | 956 | 836 |
| Lord Chancellor's Departments | 96 | 57 | 76 | 120 | 103 | 111 |
| Attorney General's Departments | 5 | 4 | 14 | 22 | 16 | 15 |
| Defence | 5,989 | 5,976 | 5,740 | 5,646 | 5,732 | 5,950 |
| Foreign and Commonwealth Office | 101 | 102 | 130 | 134 | 145 | 163 |
| International Development | 226 | 271 | 238 | 328 | 391 | 399 |
| Trade and Industry | 247 | 191 | 338 | 649 | 827 | 1,069 |
| Environment, Food and Rural Affairs | 284 | 342 | 343 | 472 | 546 | 555 |
| Culture, Media and Sport | 115 | 76 | 45 | 68 | 104 | 89 |
| Work and Pensions | -295 | 55 | 53 | 231 | 131 | 53 |
| Scotland | 1,352 | 1,704 | 1,998 | 2,266 | 2,401 | 2,405 |
| Wales | 791 | 617 | 783 | 884 | 1,050 | 1,062 |
| Northern Ireland Executive | 489 | 476 | 558 | 670 | 616 | 919 |
| Northern Ireland Office | 23 | 26 | 36 | 68 | 60 | 46 |
| Chancellor's Departments | 108 | 141 | -151 | 252 | 243 | 247 |
| Cabinet Office | 232 | 204 | 213 | 239 | 171 | 190 |
| Welfare to Work ⁽¹⁾ | 265 | 284 | 736 | | | |
| Invest to Save Budget | | | | | 8 | 9 |
| Capital Modernisation Fund | | | | | 338 | 778 |
| Policy Innovation Fund | | | | | 10 | 10 |
| Reserve | | | | | 0 | 700 |
| Total Capital Budget DEL⁽²⁾ | 17,667 | 18,946 | 20,633 | 24,128 | 28,300 | 33,500 |
| Within Departmental AME | | | | | | |
| Education and Skills | 1 | 3 | 1 | 1 | 1 | 1 |
| Local Government | | | | 50 | 125 | 175 |
| Foreign and Commonwealth Office | | | | 5 | 5 | 5 |
| Trade and Industry | -226 | 919 | 1,260 | 136 | 300 | -216 |
| Environment, Food and Rural Affairs | 9 | 2 | 1 | 1 | 1 | 1 |
| Culture, Media and Sport | 1,306 | 1,632 | 1,063 | 775 | 1,421 | 1,581 |
| Work and Pensions | | 29 | 22 | 75 | 76 | 83 |
| Wales | | | | | 7 | 10 |
| Northern Ireland Executive | 1 | 1 | 1 | 1 | 1 | 1 |
| Chancellor's Departments | | -0 | -0 | | | |
| Self-financing Public Corporations' capital expenditure | 709 | 1,387 | 1,374 | 1,119 | 1,198 | 1,210 |
| Total Capital Budget Departmental AME | 1,800 | 3,973 | 3,723 | 2,164 | 3,136 | 2,852 |
| Total Capital Budget | 19,467 | 22,920 | 24,356 | 26,292 | 31,400 | 36,300 |

(1) Spending funded by Windfall Tax.

(2) 2003-04 excludes £1.6 billion Budget 2002 Addition.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.10 Invest to Save Budget⁽¹⁾, 1999–2000 to 2003–04

| | resources, £ million | | | | |
|-------------------------------------|----------------------|--------------------|---------------------------------|------------------|------------------|
| | 1999-2000 outturn | 2000-01 outturn | 2001-02 estimated outturn | 2002-03 Plans | 2003-04 plans |
| Education and Skills | 2.0 | 0.1 | 1.6 | 4.8 | 5.3 |
| Health | 0.2 | 6.6 | 6.5 | 2.3 | 1.4 |
| Transport and Regions | 0.5 | 0.2 | -0.8 | 4.2 | 1.5 |
| Local Government | 0.0 | 4.1 | 12.6 | 25.3 | 16.3 |
| Home Office | 0.5 | 4.7 | 7.8 | 13.3 | 6.3 |
| Lord Chancellor's Departments | 0.6 | 2.4 | 1.1 | 0.0 | 1.0 |
| Attorney General's Departments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Defence | 0.0 | 0.1 | 2.0 | 1.5 | 0.3 |
| Trade and Industry | 0.0 | 1.2 | 7.1 | 4.2 | 0.4 |
| Environment, Food and Rural Affairs | 0.0 | 0.5 | 1.4 | 3.6 | 2.4 |
| Culture, Media and Sport | 0.0 | 0.0 | 0.3 | 3.2 | 1.8 |
| Work and Pensions | 30.4 | 16.1 | 23.8 | 4.0 | 2.8 |
| Scotland | 0.0 | 0.5 | 0.0 | 3.4 | 2.4 |
| Wales | 0.4 | 1.7 | 6.4 | 2.3 | 1.0 |
| Northern Ireland Executive | 1.2 | 0.5 | 1.1 | 1.0 | 1.0 |
| Northern Ireland Office | 0.1 | 0.1 | 0.7 | 0.0 | 0.0 |
| Chancellor's Departments | 1.8 | 3.0 | 3.2 | 1.9 | 0.0 |
| Cabinet Office | 0.0 | 0.8 | 0.1 | 0.0 | 1.1 |
| Unallocated | 0.0 | 0.0 | 0.0 | 15.0 | 30.0 |
| Total Invest to Save Budget | 38.0 | 42.6 | 74.9 | 90.0 | 74.1 |

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

I. PUBLIC EXPENDITURE OVERVIEW

Table I.11 Capital Modernisation Fund, 1999–2000 to 2003–04

| | resources, £ million | | | | | Total |
|---|----------------------|----------------|-------------------|--------------|--------------|----------------|
| | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | |
| | outturn | outturn | estimated outturn | plans | plans | |
| Total Size of Fund | 250 | 1200 | 1332 | 900 | 1200 | 4882 |
| Department | | | | | | |
| Round 1 Allocations | | | | | | |
| Education and Skills | 50 | 150 | 200 | 0 | 0 | 400 |
| Health | 114 | 122 | 158 | 0 | 0 | 394 |
| Home Office | 20.4 | 130.6 | 77 | 0 | 0 | 228 |
| Home Office/Lord Chancellor's Department/Crown Prosecution Service | 0 | 20 | 10 | 0 | 0 | 30 |
| Transport, Local Government & the Regions | 10 | 153.2 | 0 | 0 | 0 | 163.2 |
| Trade and Industry | 0 | 33 | 14 | 0 | 0 | 47 |
| Customs and Excise | 0 | 1 | 22 | 0 | 0 | 23 |
| Works & Pensions | 10 | 88 | 130 | 0 | 0 | 228 |
| Foreign & Commonwealth Office | 0 | 5.6 | 7 | 0 | 0 | 12.6 |
| Ministry of Defence | 0 | 1 | 1 | 0 | 0 | 2 |
| HM Treasury | 1.3 | 31 | 3 | 0 | 0 | 35.3 |
| Office of Government Commerce | 0 | 0.8 | 0.3 | 0 | 0 | 1.1 |
| Round 2 Allocations | | | | | | |
| Health | 0 | 50 | 70 | 0 | 0 | 120 |
| Culture, Media & Sport/Education & Skills | 0 | 15 | 60 | 0 | 0 | 75 |
| Education and Skills | 0 | 38 | 32 | 0 | 0 | 70 |
| Department of Transport and Local Regions | 0 | 10.6 | 22.4 | 0 | 0 | 33 |
| Home Office | 0 | 87.2 | 66.6 | 0 | 0 | 153.8 |
| Lord Chancellor's Department | 0 | 10.0 | 13.3 | 0 | 0 | 23.3 |
| Crown Prosecution Service | 0 | 3.8 | 1.3 | 0 | 0 | 5 |
| Criminal Justice Service | 0 | 1.5 | 0 | 0 | 0 | 1.5 |
| Metropolitan Police | 0 | 1 | 0 | 0 | 0 | 1 |
| Trade & Industry | 0 | 25.3 | 5.2 | 0 | 0 | 30.5 |
| Inland Revenue | 0 | 30 | 0 | 0 | 0 | 30 |
| Cabinet Office | 0 | 25 | 5 | 0 | 0 | 30 |
| Trade & Industry/HM Treasury | 0 | 15 | 35 | 0 | 0 | 50 |
| Environment, Food & Rural Affairs | 0 | 4.3 | 11.8 | 0 | 0 | 16.2 |
| Forestry Commission | 0 | 4.7 | 4.7 | 0 | 0 | 9.4 |
| Department for Works & Pensions | 0 | 8 | 0 | 0 | 0 | 8 |
| Ministry of Defence | 0 | 6.1 | 8.9 | 0 | 0 | 15 |
| Education and Skills/HM Treasury | 0 | 5 | 5 | 0 | 0 | 10 |
| Round 3 Allocations | | | | | | |
| Health | 0 | 0 | 50 | 110 | 10 | 170 |
| Transport and Local Regions | 0 | 0 | 37.7 | 32.8 | 35.8 | 106.3 |
| Trade & Industry | 0 | 0 | 6.7 | 61.9 | 67.7 | 136.3 |
| Education & Skills | 0 | 0 | 14 | 115.4 | 105.5 | 234.9 |
| Works and Pensions | 0 | 0 | 2 | 4.2 | 1 | 7.2 |
| Home Office | 0 | 0 | 8.3 | 42.9 | 26.2 | 77.4 |
| Lord Chancellor's Department | 0 | 0 | 0.9 | 7 | 10 | 17.9 |
| Crown Prosecution Service | 0 | 0 | 0.3 | 6 | 6.8 | 13.1 |
| Criminal Justice Service | 0 | 0 | 2.7 | 11.4 | 7.6 | 21.7 |
| Foreign & Commonwealth Office | 0 | 0 | 1.2 | 3 | 3 | 7.2 |
| Environment, Food & Rural Affairs | 0 | 0 | 1.1 | 30.1 | 36.9 | 68.1 |
| Culture, Media & Sport | 0 | 0 | 35.7 | 45.7 | 10.4 | 91.8 |
| Custom & Excise | 0 | 0 | 2 | 2.1 | 0.5 | 4.6 |
| Forestry Commission | 0 | 0 | 0 | 7 | 3 | 10 |
| Office Of National Statistics | 0 | 0 | 6.1 | 11.5 | 10.6 | 28.2 |
| Northern Ireland Office | 0 | 0 | 0.5 | 0.5 | 0.5 | 1.5 |
| Cabinet Office | 0 | 0 | 15.7 | 21.5 | 21 | 58.2 |
| Round 4 announced allocations to date | | | | | | |
| Education & Training | 0 | 0 | 0 | 115 | 15 | 130 |
| Culture, Media & Sport | 0 | 0 | 0 | 0 | 20 | 20 |
| Subtotals | 205.7 | 1,076.6 | 1,148.5 | 628 | 391.5 | 3,450.2 |
| Devolved Administrators | | | | | | |
| Scotland | 19.6 | 79.0 | 91.3 | 42.5 | 56.7 | 289.1 |
| Wales | 10 | 35.4 | 45.9 | 28.4 | 33.1 | 152.8 |
| Northern Ireland | 6.3 | 25.7 | 30.2 | 12.4 | 16.5 | 91.1 |
| Total commitments implied | 241.6 | 1216.7 | 1,315.9 | 711.3 | 497.8 | 3,983.2 |
| Total remaining for future CMF allocations | | | 0 ⁽¹⁾ | 188.7 | 702.3 | 898.8 |

(1) Funds not allocated in previous years have not been carried forward to 2002/03 total remaining for allocation.

I. PUBLIC EXPENDITURE OVERVIEW

Table I.12 Accounting and other adjustments 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Non-trading capital consumption | 7,796 | 7,796 | 7,737 | 7,784 | 8,502 | 8,896 |
| VAT refunds | 5,872 | 5,872 | 6,664 | 7,510 | 8,240 | 9,007 |
| European Community contributions | -5,576 | -5,576 | -6,314 | -6,118 | -5,434 | -4,864 |
| Tax credits | 3,060 | 3,060 | 5,066 | 6,017 | 6,849 | 10,653 |
| Financial transactions in departmental budgets | -1,430 | -1,430 | -2,038 | -1,150 | -1,312 | -1,258 |
| Adjustments for public corporations | 3,114 | 3,114 | 4,094 | 4,211 | 4,606 | 5,068 |
| Intra general government debt interest | -3,388 | -3,388 | -3,039 | -3,020 | -3,017 | -3,001 |
| Adjustments for expenditure financed by receipts | 86 | 86 | 213 | 174 | 207 | 240 |
| Other accounting adjustments | -543 | -2,883 | -16 | 150 | 363 | 1,621 |
| Removal of non-cash items in budgets | -22,764 | -22,764 | -29,781 | -23,713 | -26,531 | -28,215 |
| Total accounting and other adjustments | -13,773 | -16,113 | -17,413 | -8,156 | -7,527 | -1,854 |

I. PUBLIC EXPENDITURE OVERVIEW

Table I.13 Voted and non-voted expenditure in TME, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | 1998–99 | 1999–2000 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Voted expenditure in TME: | | | | | | |
| DEL | | | | | | |
| Central Government spending | 88,074 | 92,600 | 97,984 | 107,481 | 110,500 | 118,300 |
| Central Government support for local authorities | 42,321 | 42,534 | 45,967 | 49,238 | 51,800 | 56,100 |
| Central Government support for public corporations: subsidies | 262 | 348 | 353 | 232 | 300 | 300 |
| Departmental AME | | | | | | |
| Central Government own spending (including non-cash costs) | 61,019 | 65,854 | 71,326 | 70,433 | 69,666 | 72,372 |
| Central Government support for local authorities | 10,904 | 10,812 | 10,979 | 12,356 | 13,002 | 13,678 |
| Central Government support for public corporations: cost of capital charge | 6 | 12 | 7 | 9 | 8 | 10 |
| Other AME | | | | | | |
| Central Government spending (EU receipts) | -3,685 | -3,291 | -3,130 | -2,750 | -3,498 | -3,238 |
| Total voted expenditure in TME | 198,902 | 208,869 | 223,486 | 237,000 | 241,790 | 257,460 |
| Non-Voted expenditure in TME: | | | | | | |
| DEL | | | | | | |
| Central Government spending (including spending by Devolved Executives and Non-Departmental Public Bodies) | 29,679 | 32,169 | 36,248 | 42,173 | 50,000 | 53,700 |
| Central Government support for local authorities: credit approvals | 9,834 | 10,158 | 11,111 | 11,573 | 14,200 | 15,200 |
| Public Corporations | 659 | 475 | 730 | 1,121 | 1,800 | 1,000 |
| DEL not allocated by spending sector ⁽¹⁾ | | | | | 800 | 4,600 |
| AME | | | | | | |
| Central Government spending (including spending by Devolved Executives and Non-Departmental Public Bodies) | 51,460 | 54,808 | 57,858 | 60,247 | 65,596 | 68,725 |
| Central Government support for local authorities: credit approvals | 510 | 502 | 514 | 649 | 708 | 690 |
| Public Corporations (including non-voted cost of capital charge) | 2,329 | 3,839 | 3,405 | 2,483 | 2,497 | 2,443 |
| Other AME and AME margin | | | | | | |
| Central Government debt interest, AME margin, locally financed expenditure, non-voted net payments to EU, and accounting and other adjustments | 39,879 | 33,522 | 33,803 | 36,884 | 40,921 | 50,857 |
| Total non-voted expenditure in TME | 134,350 | 135,474 | 143,670 | 155,131 | 176,600 | 194,100 |
| Total Managed Expenditure | 333,252 | 344,343 | 367,156 | 392,130 | 418,400 | 454,600 |

Memorandum:

Voted expenditure not in TME (included within "Other spending outside DEL" in Estimates):

| | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Grants to NDPBs to finance their expenditure | 10,713 | 12,565 | 13,850 | 18,768 | 21,883 | 24,139 |
| Grants to Devolved Executives to finance their expenditure | 1,618 | 21,965 | 26,998 | 32,302 | 33,620 | 16,956 |
| Other non-public expenditure | 305 | 1,783 | 3,822 | 3,277 | 4,891 | 3,192 |
| Total voted expenditure not in TME | 12,637 | 36,312 | 44,671 | 54,348 | 60,394 | 44,287 |
| Total voted expenditure | 211,538 | 245,181 | 268,157 | 291,347 | 302,182 | 301,748 |

(1) Includes £1.6 billion Budget 2002 Additions in 2003–04.

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.14 Total Managed Expenditure by Spending Sector, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Central Government own expenditure: | | | | | | |
| DEL ⁽¹⁾ | 117,753 | 124,769 | 134,232 | 149,654 | 160,600 | 171,900 |
| Departmental AME | 112,479 | 120,662 | 129,184 | 130,680 | 135,262 | 140,097 |
| Locally financed support in | | | | | | |
| Northern Ireland | 97 | 111 | 129 | 137 | 141 | 146 |
| Net payments to EC institutions | 3,590 | 2,807 | 3,696 | 776 | 2,163 | 2,364 |
| Central Government debt interest | 29,512 | 24,927 | 25,945 | 22,160 | 21,132 | 23,192 |
| Accounting and other adjustments ⁽¹⁾ | -16,626 | -19,570 | -22,124 | -14,969 | -12,800 | -4,800 |
| Total Central Government own expenditure | 246,805 | 253,706 | 271,062 | 288,439 | 306,500 | 333,900 |
| Local Authority expenditure: | | | | | | |
| Central Government support in DEL ⁽¹⁾ | 52,155 | 52,692 | 57,078 | 60,811 | 66,000 | 71,200 |
| Central Government support in departmental AME | 11,414 | 11,314 | 11,493 | 13,006 | 13,710 | 14,368 |
| Locally financed support in | | | | | | |
| Scotland | 1,395 | 1,441 | 1,663 | 1,554 | 1,718 | 1,646 |
| Local authority self-financed expenditure | 15,373 | 17,059 | 16,653 | 17,662 | 18,797 | 20,127 |
| Accounting and other adjustments ⁽¹⁾ | 1,537 | 3,552 | 4,332 | 5,779 | 5,300 | 7,400 |
| Total Local Authority expenditure | 81,875 | 86,058 | 91,219 | 98,812 | 105,500 | 114,700 |
| Public Corporation expenditure: | | | | | | |
| DEL ⁽¹⁾ | 921 | 823 | 1,084 | 1,353 | 2,100 | 1,300 |
| Departmental AME | 2,335 | 3,851 | 3,412 | 2,492 | 2,506 | 2,453 |
| Accounting and other adjustments ⁽¹⁾ | 1,316 | -95 | 379 | 1,034 | 1,800 | 2,200 |
| Total Public Corporation expenditure | 4,572 | 4,579 | 4,875 | 4,879 | 6,400 | 5,900 |
| Total Managed Expenditure | 333,252 | 344,343 | 367,156 | 392,130 | 418,400 | 454,600 |

(1) The sectoral DEL figures shown above exclude the £1.6 billion Budget 2002 Addition in 2003–04, and, for 2002–03 and 2003–04, also exclude the DEL reserve, and unallocated amounts for the Invest to Save Budget, Capital Modernisation Fund and Policy Innovation Fund. AME figures for 2002–03 and 2003–04 exclude the AME margin. Amounts for each of these items are shown in Tables 1.1 and 1.2. These items are included within the accounting and other adjustments figures in Table 1.14 above, reflecting notional forecast allocations. The accounting and other adjustments in this table differ from those shown in Tables 1.1 and 1.13, by these amounts.

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.15 Total Managed Expenditure, 1996–97 to 2000–01 (cash basis)

| | cash, £ million | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 |
| | outturn | outturn | outturn | outturn | outturn |
| Departmental Expenditure Limits | 161,334 | 162,196 | 167,401 | 176,585 | 191,381 |
| Annually Managed Expenditure | | | | | |
| Social security benefits | 89,750 | 91,007 | 93,358 | 96,846 | 99,038 |
| Housing Revenue Account subsidies | 4,164 | 3,965 | 3,508 | 3,218 | 3,059 |
| Common Agricultural Policy | 2,870 | 2,495 | 2,773 | 2,514 | 2,792 |
| Export Credits Guarantee Department | 71 | 94 | 707 | 868 | 1,361 |
| Self-financing Public Corporations | 60 | -294 | -304 | 236 | 543 |
| Net public service pensions | 4,979 | 5,353 | 4,681 | 5,194 | 4,775 |
| National Lottery | 520 | 1,090 | 1,830 | 1,949 | 2,004 |
| Net payments to EC institutions ⁽¹⁾ | 1,802 | 2,153 | 3,590 | 2,807 | 3,697 |
| Locally financed expenditure | 14,337 | 15,624 | 17,059 | 18,543 | 17,968 |
| Central Government gross debt interest | 27,987 | 29,968 | 29,512 | 25,297 | 26,560 |
| Accounting and other adjustments | 9,300 | 9,941 | 9,137 | 10,287 | 13,976 |
| Total Annually Managed Expenditure | 155,840 | 161,396 | 165,851 | 167,759 | 175,774 |
| Total Managed Expenditure | 317,173 | 323,592 | 333,252 | 344,343 | 367,155 |
| <i>of which:</i> | | | | | |
| Current expenditure | 299,402 | 306,267 | 314,724 | 326,883 | 348,751 |
| Depreciation | 12,499 | 12,409 | 12,667 | 12,845 | 12,699 |
| Net investment | 5,272 | 4,916 | 5,861 | 4,615 | 5,705 |

(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 Budget.

I. PUBLIC EXPENDITURE OVERVIEW

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table I.16 Departmental Expenditure Limits – Current and Capital Budgets, 1996–97 to 2000–01 (cash basis)

| | cash, £ million | | | | |
|--|-----------------|----------------|----------------|----------------|-------------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 |
| | outturn | outturn | outturn | outturn | estimated outturn |
| Current Budget | | | | | |
| Education and skills | 11,481 | 12,316 | 11,818 | 12,293 | 14,341 |
| Health | 33,396 | 35,068 | 37,470 | 40,575 | 44,417 |
| <i>of which: NHS</i> | 32,761 | 34,518 | 36,767 | 39,937 | 43,694 |
| Transport and Regions | 3,715 | 3,648 | 3,609 | 3,812 | 4,187 |
| Local Government | 31,204 | 31,065 | 32,375 | 33,922 | 35,269 |
| Home Office | 5,921 | 6,189 | 6,495 | 7,051 | 8,159 |
| Lord Chancellor's Departments | 2,214 | 2,258 | 2,285 | 2,301 | 2,502 |
| Attorney General's Departments | 317 | 319 | 320 | 329 | 355 |
| Defence | 20,701 | 20,093 | 20,873 | 21,360 | 22,266 |
| Foreign and Commonwealth Office | 980 | 987 | 1,003 | 1,066 | 1,155 |
| International Development | 1,859 | 1,766 | 2,035 | 2,269 | 2,415 |
| Trade and Industry | 2,793 | 2,702 | 2,678 | 2,834 | 2,989 |
| Environment, Food and Rural Affairs ⁽¹⁾ | 2,234 | 1,800 | 1,616 | 1,577 | 1,726 |
| Culture, Media and Sport | 857 | 799 | 842 | 915 | 937 |
| Work and Pensions | 5,199 | 4,911 | 4,974 | 5,015 | 5,185 |
| Scotland ⁽¹⁾ | 11,265 | 11,326 | 11,553 | 12,227 | 12,925 |
| Wales ⁽¹⁾ | 5,443 | 5,605 | 5,858 | 6,336 | 6,947 |
| Northern Ireland Executive ⁽¹⁾ | 3,926 | 4,022 | 4,148 | 4,387 | 4,826 |
| Northern Ireland Office | 891 | 908 | 945 | 961 | 1,061 |
| Chancellor's Departments | 2,567 | 2,625 | 3,063 | 3,409 | 3,620 |
| Cabinet Office | 1,296 | 1,067 | 1,087 | 1,165 | 1,222 |
| Welfare to Work ⁽²⁾ | | 44 | 258 | 482 | 560 |
| Total Current Budget | 148,256 | 149,518 | 155,304 | 164,286 | 177,065 |
| Capital Budget | | | | | |
| Education and Skills | 696 | 682 | 724 | 990 | 1,461 |
| Health ⁽⁴⁾ | 367 | 228 | -98 | 4 | 353 |
| <i>of which: NHS⁽³⁾</i> | 235 | 146 | -159 | -57 | 289 |
| Transport and Regions | 5,353 | 5,368 | 4,819 | 5,424 | 5,845 |
| Local Government | 111 | 305 | 360 | 272 | 56 |
| Home Office | 520 | 546 | 581 | 462 | 504 |
| Lord Chancellor's Departments | 91 | 59 | 65 | 15 | 41 |
| Attorney General's Departments | 5 | 5 | 11 | 5 | 16 |
| Defence | 719 | 852 | 1,609 | 1,212 | 1,286 |
| Foreign and Commonwealth Office | 73 | 90 | 90 | 83 | 105 |
| International Development | 237 | 233 | 226 | 25 | -14 |
| Trade and Industry | 560 | 407 | 297 | 184 | 320 |
| Environment, Food and Rural Affairs | 467 | 408 | 244 | 197 | 364 |
| Culture, Media and Sport | 98 | 104 | 74 | 78 | 68 |
| Work and Pensions | 210 | 51 | -289 | 87 | 51 |
| Scotland ⁽¹⁾ | 1,639 | 1,500 | 1,471 | 1,477 | 1,779 |
| Wales ⁽¹⁾ | 1,031 | 893 | 817 | 741 | 631 |
| Northern Ireland Executive ⁽¹⁾ | 488 | 476 | 471 | 445 | 548 |
| Northern Ireland Office | 52 | 56 | 30 | 30 | 34 |
| Chancellor's Departments | 183 | 125 | 78 | 82 | -134 |
| Cabinet Office | 178 | 190 | 238 | 221 | 243 |
| Welfare to Work ⁽²⁾ | | 99 | 278 | 265 | 758 |
| Total Capital Budget | 13,077 | 12,678 | 12,096 | 12,299 | 14,316 |
| Departmental Expenditure Limits | 161,334 | 162,196 | 167,401 | 176,585 | 191,381 |

(1) For Scotland, Wales and Northern Ireland the split between resource and capital budgets is decided by the respective Executives.

(2) Expenditure financed by the Windfall Tax.

(3) Covers the capital budget of Department of Health only and excludes NHS Trusts.

2. DIFFERENCES FROM PREVIOUS PLANS

INTRODUCTION

2.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 5101) which were consistent with Budget 2001. The comparisons are presented in two different ways (cash or resource) depending on the year. The tables in this chapter do not fall within the scope of National Statistics.

TYPES OF CHANGES

- 2.2** The comparisons distinguish between:
- (i) Transfers of financing responsibility between departments and spending sectors; and classification changes, ie. changes in the way public expenditure is scored or re-allocation of functions between departments as happened with the machinery of Government changes following the 2001 general election; and
 - (ii) other changes, which are due to policy decisions or changes in forecasts of expenditure outside DEL.

THE TABLES

2.3 **Tables 2.1, 2.2, 2.3, 2.4 and 2.5** give data for 2000–01. This was the last year for which budgets and spending plans were set in cash terms.

2.4 **Tables 2.1 and 2.2** show actual outturn against estimated outturn on a cash basis (shows the figures as they would be without the impact of resource budgeting) for current and capital expenditure, for each departmental group. Tables start with the estimated outturn in last year's PESA for each department and show the effect of classification and transfer changes (see definition below) in one column, and other changes in the next column, to arrive at actual outturn.

2.5 **Tables 2.3** show actual outturn against estimated outturn on a resource basis, for resource and capital budgets. The estimated outturn figures in last year's PESA have been adjusted to take account of machinery of government changes. These changes have no impact on total DEL. **Table 2.4** takes the sum of resource and capital DEL and compares with the provisional outturn figures published by Treasury in July 2001 in *Public Expenditure 2000–01 Provisional Outturn (PEOWP)*. **Table 2.5** shows TME for 2000–01.

2.6 **Tables 2.6 and 2.7** show changes since last PESA in DEL plans, on a resource basis, for each departmental group, for the years 2001–02 to 2003–04. **Table 2.8** shows changes to estimates of TME since last PESA.

COMPREHENSIVE SPENDING REVIEW ANALYSIS OF OUTTURN AGAINST PLANS

2001–02 was the final year of the three year plans for DEL set in the Comprehensive Spending Review of 1998. The following table compares spending plans for total DEL set then, with the latest information on outturn expenditure in those years. The table adjusts the original plans for changes to DEL as a result of policy announcements, transfer changes, and classification changes, so that actual outturn can be compared against the final plans. But in making those comparisons, the final DELs are not adjusted for carry forwards of under-spending since such carry forwards are a response to under-spending rather than a determinant of it.

The first panel in the table below shows, in line 4, final plans for total DEL before any carry forward of underspending.

The next panel shows the picture after allowing for carry forward announcements. But, in contrast to the usual presentation, underspend carried forward is also deducted from total plans for the year origin, as well as being added to total plans for the year(s) carried forward into.

The final panel shows the latest outturns (estimated outturns for 2001–02) for total DEL in each year, and below that, underspends (overspends) against final plans:

- (a) before adjusting for carry forward, and
- (b) after adjusting for carry forward.

The total underspend in DEL, before carry forward, over the three year period is £5.1 billion (0.9 per cent of total plans). After adjusting for carry forward, the total underspend is a bit higher, at £5.8 billion (1.0 per cent of total plans), reflecting carry forward from 1998-99.

| | 1999-2000 | 2000-01 | £ billion 2001-02 |
|---|-----------|---------|----------------------|
| Original plans in CSR | 179.2 | 190.1 | 200.2 |
| Changes from introduction of RAB | n-a | n-a | 1.0 |
| Additional allocations and classification changes | 0.3 | 4.2 | 9.6 |
| Final plans (before carry forward adjustments)* | 179.5 | 194.4 | 210.8 |
| Carry forward of underspend | -1.8 | 0.7 | 1.7 |
| Adjusted final plans (after carry forward)* | 177.7 | 195.1 | 212.5 |
| Outturn* | 176.3 | 191.4 | 211.8 |
| Underspends before carry forward adjustments (-) | -3.2 | -2.9 | 1.1 |
| Underspends after carry forward adjustments (-) | -1.4 | -3.7 | -0.7 |

* Final plans and outturns are measured on the basis that spending was planned and controlled for that year. So 1999-2000 and 2000-01 are on a cash basis, and 2001-02 is on a resource basis.

MAIN CLASSIFICATION AND TRANSFER CHANGES AFFECTING PLANS

2.7 Some expenditure by the Cabinet Office on civil service early retirements was reclassified from DEL to AME. It amounts to £57 million in 2001-02, and smaller amounts in subsequent years.

2.8 Expenditure by a number of departments on regional issues was transferred from those departments to the Regional Coordinators’ Office in the Cabinet Office. This mainly

2. DIFFERENCES FROM PREVIOUS PLANS

affects the Department for Trade and Industry (DTI), the Department for Education and Skills (DfES), and the Department for Transport, Local government and the Regions (DTLR).

2.9 In 2002–03 and 2003–04, expenditure by DfES rises by around £1.4 billion, and spending by DTLR to support local government falls by same amount, because of a transfer of responsibility for supporting sixth forms in schools.

2.10 The Employment Opportunities Fund has been wound up. Amounts recorded against EOF in last year's PESA have been allocated to departments – mostly DWP which shows increases of around £800 million in each year in 2002–03 and 2003–04. Some of the switch is shown as a policy change in 2003–04.

2.11 In 2001–02, for the Department of Health (DH), there is switch was a switch of around £300m from capital DEL to resource DEL reflecting local virement flexibility; use of certain capital receipts for resource expenditure; and PFI development costs.

2.12 In 2003–04 there is a switch of over £100 million from Ministry of Defence (MoD) capital DEL to resource DEL. This reflects an agreement to vire certain funds from capital to resource to reflect the underlying nature of the defence programme, and the impact of the creation of QinetiQ and other public corporations in support of defence logistics.

POLICY AND ESTIMATING CHANGES

2.13 The Home Office (HO) Criminal Justice System (CJS) reserve for 2002–03 and 2003–04 was initially set up on the assumption of a 50:50 split between capital and resource. This was reflected in the PESA2001 figures. Since then Treasury agreed that 20 per cent could be switched from capital to resource to line up better with types of activity HO wished to fund from the CJS.

2.14 DfES had initially recorded its Service Development Fund as resource DEL. When assigned to particular education projects some £50 million was allocated to capital DEL.

2.15 In 2001–2002 there were substantial increases in planned expenditure by DfES, DH, DTLR, MoD, HO and Department for Environment Food and Rural Affairs (DEFRA) as a result of policy announcements since the 2001 Budget, and to meet extra unexpected pressures funded through DEL reserve claims.

2.16 Expenditure by the Ministry of Defence (MoD) in 2000–01, on a resource basis, shows a £1.6 billion increase since the publication of *Public Expenditure 2000–01 Provisional Outturn (PEOWP)* in July 2001. This is because improvements in the application of resource accounting within the MoD led to a one-off upward revision of the consumption of resources in that year.

Table 2.1 Departmental Expenditure Limits, 2000-01, cash basis, changes since PESA 2001-02

| | £ million, cash basis, after 2001 machinery of government changes | | | | | | | | | | | |
|------------------------------------|--|--|------------------|----------------|--|--|------------------|---------------|--|--|------------------|----------------|
| | Current expenditure | | | | Capital expenditure | | | | Total expenditure | | | |
| | 2000-01 | | | | 2000-01 | | | | 2000-01 | | | |
| | Estimated outturn in PESA 2001-02 after MOG changes | Transfers and classification changes | Other changes | Outturn | Estimated outturn in PESA 2001-02 after MOG changes | Transfers and classification changes | Other changes | Outturn | Estimated outturn in PESA 2001-02 after MOG changes | Transfers and classification changes | Other changes | Outturn |
| Education and Skills | 15,194 | -1 | -852 | 14,341 | 1,468 | 1 | -8 | 1,461 | 16,661 | | -859 | 15,802 |
| Health | 44,723 | | -306 | 44,417 | 616 | | -262 | 353 | 45,339 | | -569 | 44,770 |
| Transport and the Regions | 4,504 | 0 | -317 | 4,187 | 6,033 | 0 | -187 | 5,845 | 10,537 | 0 | -504 | 10,033 |
| Local Government | 35,309 | -3 | -38 | 35,269 | 51 | -0 | 5 | 56 | 35,360 | -3 | -33 | 35,324 |
| Home Office | 8,181 | | -22 | 8,159 | 770 | | -267 | 504 | 8,951 | | -289 | 8,662 |
| Lord Chancellor's Departments | 2,595 | | -93 | 2,502 | 46 | | -5 | 41 | 2,642 | | -98 | 2,544 |
| Attorney General's Departments | 359 | | -4 | 355 | 17 | | -2 | 16 | 377 | | -6 | 371 |
| Defence | 21,961 | | 305 | 22,266 | 1,510 | | -225 | 1,286 | 23,471 | | 81 | 23,552 |
| Foreign and Commonwealth Office | 1,157 | | -2 | 1,155 | 101 | | 4 | 105 | 1,258 | | 3 | 1,260 |
| International Development | 2,493 | | -77 | 2,415 | 55 | | -69 | -14 | 2,548 | | -147 | 2,402 |
| Trade and Industry | 3,538 | | -549 | 2,989 | 437 | -15 | -101 | 320 | 3,974 | -15 | -650 | 3,309 |
| Environment Food and Rural Affairs | 1,802 | -0 | -76 | 1,726 | 377 | | -12 | 364 | 2,179 | -0 | -88 | 2,091 |
| Culture Media and Sport | 939 | | -2 | 937 | 68 | | | 68 | 1,006 | | -2 | 1,005 |
| Work and Pensions | 5,326 | | -140 | 5,185 | 142 | | -91 | 51 | 5,468 | | -231 | 5,237 |
| Scotland | 13,356 | | -430 | 12,925 | 1,999 | | -220 | 1,779 | 15,355 | | -650 | 14,704 |
| Wales | 6,880 | -3 | 70 | 6,947 | 812 | 3 | -185 | 631 | 7,693 | | -115 | 7,578 |
| Northern Ireland Executive | 4,826 | | | 4,826 | 548 | | | 548 | 5,374 | | | 5,374 |
| Northern Ireland Office | 1,098 | | -38 | 1,061 | 40 | | -6 | 34 | 1,138 | | -44 | 1,094 |
| Chancellor's Departments | 3,785 | | -165 | 3,620 | -46 | | -88 | -134 | 3,740 | | -254 | 3,486 |
| Cabinet Office | 1,239 | | -17 | 1,222 | 268 | | -25 | 243 | 1,507 | | -43 | 1,465 |
| Welfare to Work | 729 | | -169 | 560 | 774 | | -16 | 758 | 1,503 | | -185 | 1,318 |
| Invest to Save Budget | | | | | | | | | | | | |
| Capital Modernisation Fund | | | | | | | | | | | | |
| Allowance for Shortfall | -2,627 | | 2,627 | | | | | | -2,627 | | 2,627 | |
| Total | 177,367 | -7 | -296 | 177,065 | 16,087 | -11 | -1,760 | 14,316 | 193,454 | -17 | -2,056 | 191,381 |

Table 2.2 Total Managed Expenditure, 2000-01, cash basis, changes since PESA 2001-02

| | 2000-01 | | | | £ million, cash basis |
|---|---|--|------------------|----------------|-----------------------|
| | Estimated outturn in PESA 2001-02 | Transfers and classification changes | Other changes | Outturn | |
| Departmental Expenditure Limits | 193,453 | -17 | -2,056 | 191,381 | |
| Departmental AME | | | | | |
| Social Security Benefits | 99,030 | 122 | -113 | 99,038 | |
| Housing Revenue Account Subsidies | 3,287 | -22 | -206 | 3,059 | |
| Common Agricultural Policy | 2,444 | 78 | 270 | 2,792 | |
| Exports Credits Guarantee Department | 1,361 | | | 1,361 | |
| Self-financed Public Corporations | 197 | | 346 | 543 | |
| Net Public Service Pensions | 5,906 | -15 | -1,115 | 4,775 | |
| National Lottery | 2,004 | | | 2,004 | |
| Other AME | | | | | |
| Net Payments to EC Institutions | 3,520 | | 177 | 3,697 | |
| Locally Financed Expenditure | 17,779 | | 190 | 17,968 | |
| Central Government Debt Interest | 26,560 | | | 26,560 | |
| Accounting and other adjustments | 12,717 | | 1,259 | 13,976 | |
| Total Annually Managed Expenditure | 174,804 | 163 | 808 | 175,774 | |
| Total Managed Expenditure | 368,257 | 146 | -1,248 | 367,155 | |

Table 2.3 Resource and capital DELS, 2000-01, resource accounting basis, changes since PESA 2001-02

| | £ million, resource accounting basis | | | | | | | |
|------------------------------------|--|--|------------------|----------------|--|--|------------------|---------------|
| | Resource DELs 2000-01 | | | | Capital DELs 2000-01 | | | |
| | Estimated outturn in PESA 2001-02 adjusted for MOG changes | Transfers and classification changes | Other changes | Outturn | Estimated outturn in PESA 2001-02 adjusted for MOG changes | Transfers and classification changes | Other changes | Outturn |
| Education and Skills | 15,150 | | -922 | 14,228 | 1,479 | | 103 | 1,582 |
| Health | 43,949 | | -362 | 43,587 | 1,451 | | -67 | 1,384 |
| Transport and the Regions | 4,099 | 1 | -413 | 3,686 | 6,096 | 1 | -141 | 5,956 |
| Local Government | 35,311 | -3 | -39 | 35,270 | 52 | -0 | 5 | 56 |
| Home Office | 8,205 | | 216 | 8,420 | 694 | | -191 | 503 |
| Lord Chancellor's Departments | 2,672 | | -131 | 2,541 | 84 | | -8 | 76 |
| Attorney General's Departments | 364 | | -2 | 362 | 17 | | -3 | 14 |
| Defence | 18,103 | | 1,136 | 19,239 | 5,235 | | 505 | 5,740 |
| Foreign and Commonwealth Office | 1,137 | | 44 | 1,180 | 127 | | 3 | 130 |
| International Development | 2,490 | | -65 | 2,425 | 307 | | -69 | 238 |
| Trade and Industry | 3,331 | | -293 | 3,038 | 453 | 1 | -116 | 338 |
| Environment Food and Rural Affairs | 1,540 | 1 | -35 | 1,506 | 383 | 0 | -39 | 343 |
| Culture Media and Sport | 954 | -2 | -5 | 947 | 44 | 4 | -4 | 45 |
| Work and Pensions | 5,382 | | -130 | 5,253 | 143 | | -90 | 53 |
| Scotland | 12,792 | | -222 | 12,570 | 2,361 | -156 | -207 | 1,998 |
| Wales | 6,912 | 1 | -113 | 6,800 | 890 | -1 | -106 | 783 |
| Northern Ireland Executive | 4,784 | | -364 | 4,420 | 693 | | -134 | 558 |
| Northern Ireland Office | 1,214 | | -298 | 916 | 43 | | -7 | 36 |
| Chancellor's Departments | 3,761 | | -233 | 3,528 | 68 | | -219 | -151 |
| Cabinet Office | 1,321 | -70 | -43 | 1,209 | 257 | 0 | -44 | 213 |
| Employment Opportunities Fund | 733 | | -97 | 635 | 760 | -1 | -23 | 736 |
| Invest to Save Budget | | | | | | | | |
| Policy Innovation Fund | | | | | | | | |
| Reserve | | | | | | | | |
| Allowance for Shortfall | -1,604 | | 1,604 | | | | | |
| Total | 172,600 | -73 | -767 | 171,761 | 21,639 | -151 | -854 | 20,633 |

Table 2.4 Total DELs, 2000-01, resource accounting basis, changes since PESA 2001-02 and PEOWP 2001

| | £ million, resource accounting basis | | | | | |
|------------------------------------|--|---|---|---|------------------------------------|----------------|
| | Total (resource plus capital) DELs | | | | | |
| | Estimated outturn in PESA 2001-02 adjusted for MOG | Final provision in PEOWP 2001-02 adjusted for MOG | Provisional outturn in PEOWP 2001-02 adjusted for MOG | Transfers and classification changes since PEOWP | Other changes since PEOWP | Outturn |
| Education and Skills | 16,629 | 17,101 | 15,631 | 0 | 179 | 15,810 |
| Health | 45,400 | 45,539 | 44,833 | 0 | 138 | 44,971 |
| Transport and the Regions | 10,194 | 10,405 | 9,430 | 2 | 210 | 9,642 |
| Local Government | 35,363 | 35,379 | 35,327 | -3 | 2 | 35,326 |
| Home Office | 8,899 | 8,898 | 8,673 | 0 | 250 | 8,923 |
| Lord Chancellor's Departments | 2,756 | 2,779 | 2,670 | 0 | -53 | 2,617 |
| Attorney General's Departments | 381 | 348 | 340 | 0 | 36 | 376 |
| Defence | 23,338 | 23,492 | 23,338 | 0 | 1,641 | 24,979 |
| Foreign and Commonwealth Office | 1,264 | 1,264 | 1,260 | 0 | 50 | 1,310 |
| International Development | 2,797 | 2,798 | 2,721 | 0 | -58 | 2,663 |
| Trade and Industry | 3,784 | 4,005 | 3,340 | 1 | 35 | 3,376 |
| Environment Food and Rural Affairs | 1,923 | 1,923 | 1,822 | 1 | 26 | 1,849 |
| Culture Media and Sport | 998 | 1,022 | 1,012 | 2 | -22 | 992 |
| Work and Pensions | 5,525 | 5,525 | 5,241 | 0 | 65 | 5,306 |
| Scotland | 15,153 | 15,378 | 14,661 | -156 | 63 | 14,568 |
| Wales | 7,802 | 7,881 | 7,588 | 0 | -5 | 7,583 |
| Northern Ireland Executive | 5,477 | 5,477 | 5,245 | 0 | -267 | 4,978 |
| Northern Ireland Office | 1,257 | 1,258 | 1,193 | 0 | -241 | 952 |
| Chancellor's Departments | 3,829 | 3,757 | 3,398 | 0 | -21 | 3,377 |
| Cabinet Office | 1,578 | 1,582 | 1,529 | -70 | -37 | 1,422 |
| Welfare to Work | 1,493 | 1,570 | 1,242 | -1 | 130 | 1,371 |
| Invest to Save Budget | 0 | 0 | 0 | 0 | 0 | 0 |
| Policy Innovation Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Allowance for Shortfall | -1,604 | 0 | 0 | 0 | 0 | 0 |
| Total | 194,240 | 197,381 | 190,494 | -224 | 2,121 | 192,394 |

Table 2.5 Total Managed Expenditure, 2000-01, resource accounting basis, changes since PESA 2001-02 and PEOWP 2001

| | £ million, resource accounting basis | | | | |
|---|--|---|--|------------------------------------|----------------|
| | Estimated outturn in PESA 2001-02 | Provisional outturn in PEOWP 2001-02 | 2000-01 Transfers and classification changes since PEOWP | Other changes since PEOWP | Outturn |
| Total DELs | 194,245 | 190,494 | -230 | 2,130 | 192,394 |
| Departmental AME | | | | | |
| Social Security Benefits | 99,093 | 99,169 | 41 | -81 | 99,129 |
| Housing Revenue Account Subsidies | 3,175 | 3,099 | 9 | -12 | 3,096 |
| Common Agricultural Policy | 2,726 | 2,702 | 422 | -530 | 2,594 |
| Exports Credits Guarantee Department | 1,128 | 1,128 | 169 | 18 | 1,315 |
| Self-financed Public Corporations | 1,429 | 1,197 | -70 | 247 | 1,374 |
| Net Public Service Pensions | 5,448 | 4,953 | 2 | 61 | 5,016 |
| National Lottery | 2,004 | 1,855 | 0 | 0 | 1,855 |
| Other programme expenditure | -112 | 102 | 26 | 171 | 299 |
| Non-cash items | 23,477 | 23,597 | -13 | 5,826 | 29,410 |
| Other AME | | | | | |
| Net Payments to EC Institutions | 3,520 | 3,697 | 0 | -1 | 3,696 |
| Locally Financed Expenditure | 17,779 | 18,084 | 0 | 360 | 18,444 |
| Central Government Debt Interest | 26,560 | 26,759 | 0 | -814 | 25,945 |
| Accounting and other adjustments | -12,214 | -13,109 | 0 | -4,304 | -17,413 |
| Total Annually Managed Expenditure | 174,012 | 173,233 | 586 | 941 | 174,762 |
| Total Managed Expenditure | 368,257 | 363,727 | 356 | 3,071 | 367,155 |

Table 2.6 Resource DELs, 2001-02, 2002-03, 2003-04, changes since PESA 2001-02

| | £ million, resource accounting basis | | | | | | | | | | | | | |
|------------------------------------|--|--------------------------------------|---|-----------------|---|-------------------|--|--------------------------------------|----------------------------------|----------------|--|--------------------------------------|----------------------------------|----------------|
| | 2001-02 | | | | | | 2002-03 | | | | 2003-04 | | | |
| | Plans in PESA 2001-02 adjusted for MOG changes | Transfers and classification changes | Reserve allocation and other policy changes | Final provision | Expected underspend/overspend against final provision | Estimated outturn | Plans in PESA 2001-02 adjusted for MOG | Transfers and classification changes | Reserve and other policy changes | New plans | Plans in PESA 2001-02 adjusted for MOG changes | Transfers and classification changes | Reserve and other policy changes | New plans |
| Education and Skills | 16,964 | -38 | 464 | 17,391 | -407 | 16,984 | 18,786 | 1,344 | 48 | 20,179 | 20,114 | 1,358 | 25 | 21,497 |
| Health | 47,820 | 416 | 760 | 48,996 | -150 | 48,846 | 52,424 | 114 | 837 | 53,375 | 56,605 | 111 | 1,751 | 58,467 |
| Transport and the Regions | 4,541 | 100 | 322 | 4,963 | -812 | 4,151 | 5,053 | 162 | -111 | 5,103 | 5,030 | 212 | -116 | 5,127 |
| Local Government | 36,953 | -3 | 46 | 36,996 | -56 | 36,940 | 39,001 | -1,625 | 0 | 37,376 | 41,583 | -1,512 | 0 | 40,071 |
| Home Office | 8,683 | -53 | 1,063 | 9,692 | -113 | 9,579 | 9,155 | -20 | 276 | 9,411 | 9,617 | -262 | 278 | 9,633 |
| Lord Chancellor's Departments | 2,765 | 9 | 32 | 2,807 | -8 | 2,799 | 2,757 | 2 | -29 | 2,730 | 2,764 | 2 | 7 | 2,773 |
| Attorney General's Departments | 407 | 30 | -1 | 436 | -15 | 421 | 426 | 1 | 0 | 427 | 439 | 0 | 0 | 440 |
| Defence | 18,300 | 12 | 722 | 19,034 | -130 | 18,905 | 18,507 | 488 | -130 | 18,865 | 18,752 | 273 | -96 | 18,929 |
| Foreign and Commonwealth Office | 1,239 | 0 | 38 | 1,277 | | 1,277 | 1,107 | -4 | 215 | 1,319 | 1,146 | 3 | 9 | 1,158 |
| International Development | 2,715 | 0 | 126 | 2,841 | -50 | 2,791 | 2,955 | 3 | -10 | 2,948 | 3,161 | -0 | 0 | 3,161 |
| Trade and Industry | 3,974 | 74 | 115 | 4,163 | -222 | 3,941 | 3,657 | 22 | -3 | 3,676 | 3,343 | 2 | -12 | 3,333 |
| Environment Food and Rural Affairs | 1,533 | -13 | 986 | 2,507 | -130 | 2,377 | 1,665 | -29 | 14 | 1,650 | 1,747 | -21 | 13 | 1,739 |
| Culture Media and Sport | 1,011 | 5 | 25 | 1,040 | -8 | 1,032 | 1,109 | 17 | 34 | 1,160 | 1,163 | 2 | 2 | 1,167 |
| Work and Pensions | 5,776 | 980 | 355 | 7,111 | -813 | 6,297 | 6,089 | 780 | 24 | 6,893 | 6,115 | 738 | 657 | 7,509 |
| Scotland | 14,040 | 7 | 436 | 14,483 | -252 | 14,231 | 15,303 | 22 | 49 | 15,374 | 16,251 | 22 | 261 | 16,534 |
| Wales | 7,541 | 11 | 65 | 7,617 | 42 | 7,659 | 8,155 | 17 | 65 | 8,237 | 8,799 | 6 | 137 | 8,943 |
| Northern Ireland Executive | 4,987 | -1 | 80 | 5,066 | | 5,066 | 5,290 | 2 | 223 | 5,515 | 5,648 | 3 | -98 | 5,553 |
| Northern Ireland Office | 1,035 | -3 | 26 | 1,057 | | 1,057 | 1,078 | -6 | 21 | 1,092 | 982 | -5 | 7 | 984 |
| Chancellor's Departments | 3,916 | 4 | 110 | 4,030 | -122 | 3,909 | 4,025 | 17 | -6 | 4,036 | 4,041 | 4 | -0 | 4,045 |
| Cabinet Office | 1,406 | -22 | 76 | 1,460 | -18 | 1,441 | 1,377 | 6 | 39 | 1,422 | 1,418 | 12 | 45 | 1,476 |
| Employment Opportunities fund | 873 | -1014 | 141 | | | | 854 | -829 | -25 | | 1,371 | -810 | -562 | |
| Invest to Save Budget | 16 | | -16 | | | | 30 | | -8 | 22 | 53 | | -19 | 34 |
| Policy Innovation Fund | 40 | | -40 | | | | 40 | | -10 | 30 | 40 | | -10 | 30 |
| Reserve | 759 | | -759 | | | | 1,300 | | -900 | 400 | 1,700 | | -300 | 1,400 |
| EYF draw down | | | -3,900 | -3,900 | 3,900 | | | | | | | | | |
| Allowance for Shortfall | | | | | -2,013 | -2,013 | | | | | | | | |
| Total | 187,295 | 501 | 1271 | 189,067 | -1,377 | 187,690 | 200,200 | 500 | 600 | 201,200 | 211,900 | 100 | 2,000 | 214,000 |

Table 2.7 Capital DELS, 2001-02, 2002-03, 2003-04, changes since PESA 2001-02

| | £ million, resource accounting basis | | | | | | | | | | | | | |
|------------------------------------|--|--------------------------------------|---|-----------------|---|-------------------|--|--------------------------------------|----------------------------------|---------------|--|--------------------------------------|----------------------------------|---------------|
| | 2001-02 | | | | | | 2002-03 | | | | 2003-04 | | | |
| | Plans in PESA 2001-02 adjusted for MOG | Transfers and classification changes | Reserve Allocation and other policy changes | Final provision | Expected underspend/overspend against final provision | Estimated outturn | Plans in PESA 2001-02 adjusted for MOG | Transfers and classification changes | Reserve and other policy changes | New Plans | Plans in PESA 2001-02 adjusted for MOG | Transfers and classification changes | Reserve and other policy changes | New plans |
| Education and Skills | 2,619 | 32 | 263 | 2,913 | -426 | 2,487 | 3,010 | -19 | 172 | 3,164 | 3,858 | 44 | 185 | 4,087 |
| Health | 2,089 | -309 | 153 | 1,933 | -75 | 1,858 | 2,375 | 2 | 122 | 2,499 | 2,712 | 1 | 282 | 2,996 |
| Transport and the Regions | 6,267 | -80 | 1,138 | 7,324 | -534 | 6,790 | 8,093 | -97 | 464 | 8,459 | 10,499 | -121 | 32 | 10,411 |
| Local Government | 57 | -0 | 33 | 90 | -20 | 70 | 274 | -0 | 0 | 274 | 324 | -0 | 0 | 324 |
| Home Office | 875 | -27 | 220 | 1,068 | -193 | 875 | 934 | 60 | -38 | 956 | 825 | 40 | -29 | 836 |
| Lord Chancellor's Departments | 97 | 4 | 21 | 122 | -2 | 120 | 92 | 3 | 8 | 103 | 90 | 4 | 18 | 111 |
| Attorney General's Departments | 19 | 0 | 5 | 24 | -2 | 22 | 6 | 0 | 9 | 16 | 6 | 0 | 9 | 15 |
| Defence | 5,505 | 0 | 151 | 5,656 | -10 | 5,646 | 5,714 | 55 | -37 | 5,732 | 6,247 | -148 | -149 | 5,950 |
| Foreign and Commonwealth Office | 127 | -19 | 26 | 134 | | 134 | 152 | -4 | -3 | 145 | 163 | 0 | -0 | 163 |
| International Development | 400 | | -72 | 328 | | 328 | 391 | | 0 | 391 | 399 | | 0 | 399 |
| Trade and Industry | 712 | -2 | 103 | 812 | -163 | 649 | 768 | -3 | 63 | 827 | 1,026 | -11 | 55 | 1,069 |
| Environment Food and Rural Affairs | 413 | -1 | 115 | 527 | -55 | 472 | 509 | -1 | 39 | 547 | 516 | -1 | 41 | 556 |
| Culture Media and Sport | 121 | 0 | 22 | 143 | -75 | 68 | 72 | 1 | 32 | 104 | 80 | 0 | 8 | 89 |
| Work and Pensions | 123 | 9 | 99 | 231 | | 231 | 128 | 1 | 2 | 131 | 54 | 0 | -1 | 53 |
| Scotland | 2,382 | -3 | 237 | 2,616 | -350 | 2,266 | 2,298 | -0 | 104 | 2,401 | 2,425 | -0 | -20 | 2,405 |
| Wales | 949 | 1 | 48 | 998 | -114 | 884 | 1,051 | -1 | -0 | 1,050 | 1,063 | -1 | -0 | 1,062 |
| Northern Ireland Executive | 757 | -0 | -87 | 670 | | 670 | 776 | 0 | -160 | 616 | 743 | 0 | 176 | 919 |
| Northern Ireland Office | 58 | -0 | 10 | 68 | | 68 | 57 | 1 | 2 | 60 | 48 | -2 | 0 | 46 |
| Chancellor's Departments | 181 | -21 | 120 | 280 | -29 | 252 | 226 | -2 | 20 | 243 | 238 | -2 | 11 | 247 |
| Cabinet Office | 179 | 3 | 77 | 260 | -21 | 239 | 159 | 0 | 13 | 171 | 169 | 0 | 21 | 190 |
| Employment Opportunities Fund | 1 | -7 | 6 | | | | | | | | | | | |
| Invest to Save Budget | 5 | | -5 | | | | 12 | | -4 | 8 | 15 | | -5 | 9 |
| Capital Modernisation fund | 455 | | -455 | | | | 880 | | -542 | 338 | 1,175 | | -397 | 778 |
| Policy innovation fund | 10 | | -10 | | | | 10 | | | 10 | 10 | | | 10 |
| EYF draw down | 591 | | -591 | | | | 373 | | -366 | 7 | 538 | | 206 | 744 |
| Reserve | | | -500 | -500 | 500 | | | | | | | | | |
| Total | 24,993 | -420 | 1,125 | 25,698 | -1,570 | 24,128 | 28,400 | 0 | -100 | 28,200 | 33,200 | -200 | 400 | 33,500 |

Table 2.8 Total Managed Expenditure, 2001-2002, 2002-03, to 2003-04, changes since PESA 2001-02

| | £ million, resource accounting basis | | | | | | | | | | | |
|---|--------------------------------------|--------------------------------------|---------------|-------------------|-----------------------|--------------------------------------|---------------|----------------|-----------------------|--------------------------------------|---------------|----------------|
| | 2001-02 | | | | 2002-03 | | | | 2003-04 | | | |
| | Plans in PESA 2001-02 | Transfers and classification changes | Other changes | Estimated Outturn | Plans in PESA 2001-02 | Estimated and classification changes | Other changes | New plans | Plans in PESA 2001-02 | Transfers and classification changes | Other changes | New plans |
| resource DEL | 187,295 | 501 | -106 | 187,690 | 200,200 | 487 | 568 | 202,000 | 211,900 | 136 | 1,975 | 214,000 |
| capital DEL | 24,996 | -422 | -445 | 24,128 | 28,400 | -8 | -102 | 28,300 | 33,200 | -198 | 443 | 33,500 |
| Departmental AME | | | | | | | | | | | | |
| Social Security Benefits | 104,933 | 124 | 161 | 105,218 | 108,611 | 206 | 353 | 109,170 | 113,496 | 198 | 484 | 114,177 |
| Housing Revenue Account Subsidies. | 4,555 | 10 | -16 | 4,549 | 4,326 | 10 | 194 | 4,530 | 4,105 | 10 | 307 | 4,422 |
| Common Agricultural Policy | 2,643 | 21 | 2 | 2,667 | 2,650 | 0 | -52 | 2,598 | 2,683 | 0 | -42 | 2,640 |
| Exports Credits Guarantee Department | 797 | -628 | 80 | 249 | 441 | -132 | 43 | 352 | 426 | -633 | | -207 |
| Self-financed Public Corporations | 1,128 | 3 | -12 | 1,119 | 1,229 | -25 | -6 | 1,198 | 1,012 | 26 | 172 | 1,210 |
| Net Public Service Pensions | 5,588 | 1 | -464 | 5,125 | 5,570 | -102 | -448 | 5,020 | 5,919 | -98 | -410 | 5,411 |
| National Lottery | 2,337 | | -637 | 1,700 | 2,223 | | 77 | 2,300 | 1,823 | | 477 | 2,300 |
| Other programme expenditure | 60 | 13 | 2,101 | 2,174 | -107 | -33 | 285 | 145 | -326 | -61 | 353 | -33 |
| Non-cash items | 22,086 | -73 | 1,363 | 23,376 | 24,261 | -109 | 2,013 | 26,165 | 25,851 | -977 | 3,123 | 27,997 |
| Other AME | | | | | | | | | | | | |
| Net Payments to EC Institutions | 2,688 | | -1,912 | 776 | 2,596 | | -434 | 2,163 | 2,912 | | -548 | 2,364 |
| Locally Financed Expenditure | 19,134 | | 219 | 19,354 | 20,066 | | 590 | 20,656 | 21,066 | | 853 | 21,919 |
| Central Government Debt Interest | 23,144 | | -984 | 22,160 | 24,173 | | -3,041 | 21,132 | 23,997 | | -805 | 23,192 |
| Accounting and other adjustments | -8,678 | | 522 | -8,156 | -8,811 | | 1,248 | -7,527 | -8,463 | | 8,208 | -255 |
| AME margin | 1,000 | | -1,000 | | 2,000 | | -1,000 | 1,000 | 3,000 | | -1,000 | 2,000 |
| Total Annually Managed Expenditure | 181,415 | -528 | -576 | 180,312 | 189,200 | -185 | -142 | 188,900 | 197,500 | -1,535 | 11,172 | 207,100 |
| Total Managed Expenditure | 393,707 | -450 | -1,127 | 392,130 | 417,800 | 294 | 324 | 418,400 | 442,600 | -1,597 | 13,590 | 454,600 |

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

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 1999–2000 are on a cash basis. Outturn for 2000–01 and estimated outturn for 2001–02 are on a resource basis, as are plans data, where shown, for 2002–03 and 2002–04. All outturn data (to 2000–01) in the tables in this chapter are National Statistics, except for Tables 3.2a and 3.2b which set out new series for public sector investment that are provisional data at this stage. The box below discusses the implications for resource accounting and budgeting and the switch from cash to accruals measurement for the presentations in this chapter.

Cash versus resources

Under resources 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](#), which is on a national accounts basis.

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 (i) timing differences from measuring payments on an accruals as opposed to a cash basis and (ii) the inclusion of net consumption out of stocks in current expenditure measured on a resource basis (“consumption of resources”).

PUBLIC EXPENDITURE AGGREGATES

3.3 [Table 3.1](#) shows trends in public expenditure over the years 1963-64 to 2003-04 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 2000–01 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 2001-02 onwards are projections produced by the Treasury.

3.4 The data series in [Table 3.1](#), and other series in national accounts, show, for any given year, the spending of the public sector measured on the basis of its boundaries at that time. Thus public sector net investment includes the capital spending of the now-privatised former nationalised industries up until the point of their privatisation. This needs to be borne in mind when interpreting the time series for these aggregates, especially for the investment series.

3.5 [Table 3.2a and 3.2b](#) present some provisional time series for public sector investment on a constant boundaries basis. These are mainly based around present day boundaries of the public sector and its sub-sectors, so investment, by now privatised companies, formerly classified as private corporations, has been removed. There are some exceptions to the present day boundaries rule – for example, NHS trusts, classified as public corporations since their creation in the early 1990s, have been moved to the central government sector so that all health investment spending is consistently classified to central government. And local authority capital spending has been adjusted so as to remove the impact on the numbers of council house sales since the end of the 1970s. The adjustment involves both adding receipts from housing sales back into the gross and net investment series, and also adjusting depreciation so as to include depreciation of the stock of housing disposed of. In effect the adjusted LA investment series shows local authority capital spending measured on the basis of a housing stock maintained at 1970s levels.

3.6 [Table 3.2a](#) shows gross investment by the public sector, measured on constant boundaries, both in aggregate and by sub-sector (central government, local authorities, public corporation). Gross investment measures investment gross of (before) depreciation, but net of asset sales. The table also includes for comparison the equivalent national accounts series for general government and total public sector, before making the boundary and other adjustments discussed above. The adjusted series shows smaller falls in public sector investment in the second half of the 1990s, reflecting the removal of investments by privatised companies from the published series'. However the level of public sector investment gross or net, is higher throughout in the adjusted series, reflecting the measurement of LA investment on a 'no-housing-sales' basis.

3.7 [Table 3.2b](#) shows some further investment series on a constant boundaries basis. The first column shows adjusted public sector net investment (gross investment less depreciation). The second column shows gross domestic fixed capital formation (GDFCF) alone (gross investment also includes capital grants and small amounts of stockbuilding/destocking). Equivalent national accounts series are given for comparison. The last two series in this table are for asset sales (gross investment is net of asset sales) and for publicly-financed private sector investment under the Private Finance Initiative (PFI). Neither is on a directly comparable basis with the gross and net investment series, so caution needs to be exercised in using the series in conjunction with the earlier series in these tables, eg to compile new aggregates. Asset sales is general government only. The PFI series is for signed deals under PFI in that year, where the resulting capital spending is classified to the private sector. Thus the series measures new commitments for private sector capital spending under PFI, and not net capital expenditure; the consequential capital spending could be spread over several years. This series is not therefore a measure of publicly-financed capital spending under PFI in that year.

TOTAL MANAGED EXPENDITURE BY FUNCTION

3.8 Table 3.6 gives a detailed analysis of TME by function for the years 1996-97 to 2001-02, 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 1.12. The definition is fully detailed in Appendix F.

3.9 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, and expenditure on services, 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 and interest and dividend payments of the trusts (part of public corporations expenditure). But part of trusts capital spending is funded out of their gross operating surpluses (the rest is financed by public dividend capital and loans), and thus in effect from trusts revenues from charges for services. So there is an element of double counting of health expenditure in TME. This double counting has been removed in the measures of health spending presented in Tables 3.3 through to 3.6, though it remains in total expenditure of services (except for Tables 3.3, 3.4 and 3.5) and in the figures for spending on health and personal social services by country and region presented in Chapter 8.

3.10 The different measures of public spending on health are discussed in more detail in a box in this chapter.

3.11 Table 3.3 shows a longer time series, from 1984- 85 to 2001-02, for TME by function, at a higher level of aggregation. Tables 3.4 and 3.5 present the material in Table 3.3 in real terms and as a percentage of GDP. These tables cover outturn years and give estimated outturns for 2001-02.

Measures of Health Spending

Public spending on health services can be measured in a number of different ways. The Department of Health’s annual report 2002, Annex A4 shows gross NHS expenditure in the UK, 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 their interest and dividend payments to Government (“trust debt remuneration”).

The measure of public spending on health shown in Table 3.6 is net of all income from charges, asset sales and trust debt remuneration. It is in effect a measure of public spending on health funded out of taxation and borrowing.

TME is a measure of total public sector spending. As well as Government’s direct expenditure on health services, net of income, it also includes NHS trust’ capital expenditure (trusts are classified as public corporations) and trust’ interest and dividend payments. So as compared with the net health expenditure measure in Table 3.6, TME includes trust debt remuneration (see above) and capital spending financed out of trust’ gross operating surpluses (rather than by public dividend capital and loans). These two items are shown in Table 3.6 as “adjustments to TME”. The “total health and personal social services” line in Table 3.6 is on a TME basis.

The table below compares the key measures of public spending on health for 2000–2001 and 2001–02 in.

| | 2000–2001 | 2001–02 |
|-------------------------------------|---------------|---------------|
| | | £ million |
| Gross NHS expenditure (DH) | * | * |
| Total health spending (net) – PESA | 52,649 | 58,098 |
| Adjustments to TME | 2,645 | 3,477 |
| Of which: Trust debt remuneration | 1,529 | 1,417 |
| Total health spending in TME | 55,294 | 61,575 |

*(Please see DH departmental report Annex A4)

TOTAL MANAGED EXPENDITURE BY ECONOMIC CATEGORY

3.12 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 3.7 breaks down 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 Union 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;
- (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 3.3 to 3.6, debt interest payments, net public service pensions in AME and most accounting adjustments are not allocated by economic category and are shown separately.

CAPITAL SPENDING

3.13 Capital expenditure is undertaken by all levels of the public sector: ie. central and local government, and public corporations, including nationalised industries. **Table 3.8** gives a functional breakdown of the capital expenditure of central and local government and public corporations for outturn years (1996-97 to 2001-02), and for central government and public corporation spending for the plans years (2002-03 and 2003-04). The figures for central government and public corporations capital spending for 2002-03 onwards reflect departments’ capital budgets and detailed decisions on the allocation of expenditure. A functional split of local authority capital 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.

3.14 Capital spending in **Table 3.8** follows the national accounts definition of which the main components are:-

- (i) gross domestic fixed capital formation, net of receipts for disposals; and
- (ii) grants in support of capital spending by the private sector.

ASSET SALES

3.15 **Table 3.9** shows actual and planned general government receipts from asset sales from 1996-97 through to 2003-04. Significant one-off items that are included in department spending totals are identified separately. These need to be taken into account in looking at trends in departmental spending.

Outturn data in this table fall within the scope of NATIONAL STATISTICS

Table 3.1 Public Expenditure Aggregates, 1963–64 to 2003–04

| | Public Sector Current Expenditure | | | Depreciation | Public Sector Net Investment | | | Total Managed Expenditure | | |
|---------|-----------------------------------|----------------------------|----------------------|--------------|------------------------------|-------------------|----------------------------|---------------------------|-------------------|----------------------------|
| | Cash £ billion | Real terms(1) £ billion | Percentage of GDP | | Cash £ billion | Cash £ billion | Real terms(1) £ billion | Percentage of GDP | Cash £ billion | Real terms(1) £ billion |
| 1963–64 | 9.6 | 123.4 | 30.8 | 1.1 | 1.4 | 17.9 | 4.5 | 12.1 | 155.5 | 38.9 |
| 1964–65 | 10.1 | 124.0 | 29.7 | 1.2 | 1.7 | 20.9 | 5.0 | 13.0 | 159.6 | 38.3 |
| 1965–66 | 11.3 | 132.2 | 31.0 | 1.3 | 1.8 | 21.3 | 5.0 | 14.3 | 167.4 | 39.3 |
| 1966–67 | 12.2 | 136.8 | 31.6 | 1.4 | 2.3 | 25.5 | 5.9 | 15.9 | 178.1 | 41.1 |
| 1967–68 | 13.7 | 149.0 | 33.4 | 1.5 | 2.9 | 31.8 | 7.1 | 18.2 | 198.6 | 44.5 |
| 1968–69 | 14.7 | 152.9 | 33.1 | 1.7 | 2.8 | 29.3 | 6.4 | 19.2 | 199.7 | 43.3 |
| 1969–70 | 15.5 | 154.1 | 32.8 | 1.8 | 2.8 | 27.4 | 5.8 | 20.2 | 199.5 | 42.5 |
| 1970–71 | 17.3 | 157.7 | 32.7 | 2.1 | 3.2 | 29.5 | 6.1 | 22.6 | 206.0 | 42.7 |
| 1971–72 | 19.7 | 164.5 | 33.3 | 2.3 | 3.1 | 26.0 | 5.3 | 25.1 | 209.6 | 42.4 |
| 1972–73 | 22.2 | 171.6 | 33.1 | 2.6 | 3.2 | 25.0 | 4.8 | 28.1 | 217.2 | 41.8 |
| 1973–74 | 26.2 | 189.0 | 35.1 | 3.1 | 3.9 | 28.1 | 5.2 | 33.2 | 239.2 | 44.4 |
| 1974–75 | 34.6 | 208.5 | 38.8 | 4.0 | 4.9 | 29.7 | 5.5 | 43.6 | 262.7 | 48.9 |
| 1975–76 | 44.3 | 213.2 | 39.9 | 5.1 | 6.1 | 29.2 | 5.5 | 55.5 | 267.2 | 49.9 |
| 1976–77 | 51.8 | 219.5 | 39.9 | 6.0 | 5.6 | 23.8 | 4.3 | 63.3 | 268.3 | 48.8 |
| 1977–78 | 58.0 | 216.3 | 38.4 | 6.8 | 4.3 | 16.2 | 2.9 | 69.1 | 257.6 | 45.7 |
| 1978–79 | 66.3 | 222.7 | 38.4 | 7.7 | 4.2 | 14.1 | 2.4 | 78.2 | 262.7 | 45.3 |
| 1979–80 | 79.4 | 228.4 | 38.3 | 9.1 | 4.5 | 13.1 | 2.2 | 93.1 | 267.7 | 44.8 |
| 1980–81 | 96.6 | 235.0 | 40.8 | 10.9 | 4.3 | 10.5 | 1.8 | 111.8 | 271.9 | 47.3 |
| 1981–82 | 110.6 | 245.6 | 42.6 | 11.9 | 2.4 | 5.4 | 0.9 | 124.9 | 277.4 | 48.1 |
| 1982–83 | 120.9 | 251.1 | 42.7 | 12.3 | 4.2 | 8.8 | 1.5 | 137.5 | 285.5 | 48.5 |
| 1983–84 | 130.4 | 259.3 | 42.3 | 12.8 | 5.5 | 10.9 | 1.8 | 148.7 | 295.5 | 48.3 |
| 1984–85 | 141.0 | 266.0 | 42.6 | 12.8 | 5.1 | 9.6 | 1.5 | 158.9 | 300.0 | 48.1 |
| 1985–86 | 148.7 | 266.2 | 41.0 | 12.1 | 4.5 | 8.1 | 1.2 | 165.3 | 295.9 | 45.6 |
| 1986–87 | 155.8 | 270.1 | 40.1 | 12.6 | 2.8 | 4.8 | 0.7 | 171.2 | 296.8 | 44.1 |
| 1987–88 | 166.4 | 273.7 | 38.6 | 12.3 | 2.8 | 4.7 | 0.7 | 181.5 | 298.5 | 42.1 |
| 1988–89 | 173.7 | 267.5 | 36.2 | 13.6 | 1.7 | 2.6 | 0.4 | 189.0 | 291.0 | 39.4 |
| 1989–90 | 187.4 | 269.3 | 35.7 | 14.7 | 6.3 | 9.0 | 1.2 | 208.4 | 299.5 | 39.6 |
| 1990–91 | 203.3 | 271.0 | 36.1 | 13.8 | 8.2 | 10.9 | 1.4 | 225.3 | 300.3 | 40.0 |
| 1991–92 | 228.6 | 287.2 | 38.4 | 12.3 | 11.0 | 13.8 | 1.8 | 251.9 | 316.5 | 42.3 |
| 1992–93 | 247.8 | 301.6 | 40.3 | 11.9 | 12.4 | 15.0 | 2.0 | 272.1 | 331.2 | 44.2 |
| 1993–94 | 262.3 | 311.5 | 40.1 | 12.0 | 10.4 | 12.3 | 1.6 | 284.7 | 338.1 | 43.6 |
| 1994–95 | 275.2 | 322.6 | 39.9 | 12.5 | 10.4 | 12.2 | 1.5 | 298.1 | 349.4 | 43.2 |
| 1995–96 | 287.3 | 327.4 | 39.4 | 13.0 | 10.3 | 11.7 | 1.4 | 310.5 | 353.9 | 42.6 |
| 1996–97 | 299.4 | 330.8 | 38.7 | 12.5 | 5.3 | 5.8 | 0.7 | 317.2 | 350.4 | 41.0 |
| 1997–98 | 306.3 | 328.3 | 37.2 | 12.4 | 4.9 | 5.2 | 0.6 | 323.6 | 346.8 | 39.3 |
| 1998–99 | 314.7 | 328.1 | 36.2 | 12.7 | 5.9 | 6.1 | 0.7 | 333.3 | 347.5 | 38.4 |
| 1999–00 | 326.9 | 332.9 | 35.7 | 12.8 | 4.7 | 4.8 | 0.5 | 344.4 | 350.7 | 37.7 |
| 2000–01 | 348.8 | 348.8 | 36.5 | 12.7 | 5.7 | 5.7 | 0.6 | 367.2 | 367.2 | 38.4 |
| 2001–02 | 367.4 | 357.6 | 36.7 | 12.8 | 12.0 | 11.7 | 1.2 | 392.1 | 381.6 | 39.2 |
| 2002–03 | 389.9 | 370.2 | 37.1 | 14.0 | 14.4 | 13.7 | 1.4 | 418.4 | 397.3 | 39.8 |
| 2003–04 | 420.3 | 389.3 | 37.9 | 14.6 | 19.7 | 18.2 | 1.8 | 454.6 | 421.1 | 41.0 |

(1) Real terms figures are the cash figures adjusted to 2000 - 2001 price levels.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.2a Public sector gross investment on current sectoral boundaries

| | On consistent sectoral boundaries | | | | | | National Accounts series ⁽²⁾ | | £ billion |
|---------|-----------------------------------|------------------|--------------------|---------------------|---------------|--------------------|---|------|-----------|
| | Central government | Local government | General government | Public corporations | Public sector | General government | Public sector | | |
| | 1978-79 | 3.7 | 3.7 | 7.4 | 1.7 | 9.1 | 7.1 | 11.9 | |
| 1979-80 | 4.1 | 4.2 | 8.3 | 2.0 | 10.4 | 7.8 | 13.7 | | |
| 1980-81 | 4.8 | 4.5 | 9.4 | 2.1 | 11.4 | 8.7 | 15.2 | | |
| 1981-82 | 5.2 | 3.7 | 8.8 | 2.0 | 10.8 | 7.6 | 14.3 | | |
| 1982-83 | 6.2 | 5.0 | 11.1 | 2.2 | 13.3 | 9.2 | 16.6 | | |
| 1983-84 | 6.3 | 5.9 | 12.2 | 2.1 | 14.3 | 10.8 | 18.3 | | |
| 1984-85 | 7.4 | 5.5 | 12.9 | 1.5 | 14.4 | 11.6 | 17.9 | | |
| 1985-86 | 7.6 | 5.2 | 12.9 | 1.1 | 13.9 | 11.6 | 16.6 | | |
| 1986-87 | 7.2 | 5.1 | 12.3 | 1.1 | 13.5 | 10.9 | 15.4 | | |
| 1987-88 | 7.7 | 5.7 | 13.4 | 0.6 | 14.0 | 11.4 | 15.1 | | |
| 1988-89 | 8.8 | 5.5 | 14.3 | 0.5 | 14.8 | 11.3 | 15.3 | | |
| 1989-90 | 15.2 | 7.6 | 22.9 | -2.8 | 20.1 | 19.8 | 20.9 | | |
| 1990-91 | 17.8 | 6.1 | 23.8 | -2.8 | 21.0 | 21.5 | 21.9 | | |
| 1991-92 | 17.6 | 5.8 | 23.4 | -0.6 | 22.8 | 21.6 | 23.3 | | |
| 1992-93 | 18.4 | 5.7 | 24.1 | -0.7 | 23.4 | 22.2 | 24.3 | | |
| 1993-94 | 17.8 | 5.3 | 23.1 | -0.7 | 22.4 | 20.2 | 22.3 | | |
| 1994-95 | 17.9 | 6.3 | 24.2 | -0.5 | 23.8 | 20.8 | 22.9 | | |
| 1995-96 | 18.0 | 6.0 | 24.1 | 0.8 | 24.8 | 20.2 | 23.2 | | |
| 1996-97 | 14.8 | 4.3 | 19.1 | 0.4 | 19.5 | 15.6 | 17.8 | | |
| 1997-98 | 13.2 | 5.2 | 18.4 | 1.0 | 19.4 | 14.7 | 17.3 | | |
| 1998-99 | 13.1 | 6.0 | 19.0 | 1.9 | 20.9 | 15.1 | 18.5 | | |
| 1999-00 | 13.3 | 5.8 | 19.1 | 1.5 | 20.6 | 14.3 | 17.5 | | |
| 2000-01 | 14.5 | 5.3 | 19.8 | 1.4 | 21.1 | 14.9 | 18.1 | | |

Table 3.2b Other public sector investment series, 1978-79 to 2000-01

| | Consistent sectoral boundaries | | National Accounts series ⁽²⁾ | | Other investment | | £ billion |
|---------|--------------------------------|-------|---|-------|----------------------------|--------------------|-----------|
| | Net investment | GDFCF | Net investment | GDFCF | Asset sales ⁽³⁾ | PFI ⁽⁴⁾ | |
| | 1978-79 | 4.1 | 7.6 | 4.2 | 10.4 | 0.6 | 0.0 |
| 1979-80 | 4.3 | 8.7 | 4.5 | 12.1 | 0.8 | 0.0 | |
| 1980-81 | 4.2 | 9.4 | 4.3 | 13.3 | 1.2 | 0.0 | |
| 1981-82 | 3.0 | 8.7 | 2.4 | 12.2 | 1.9 | 0.0 | |
| 1982-83 | 5.3 | 10.3 | 4.2 | 13.6 | 2.6 | 0.0 | |
| 1983-84 | 6.0 | 11.1 | 5.5 | 15.1 | 2.2 | 0.0 | |
| 1984-85 | 5.9 | 11.3 | 5.1 | 14.8 | 2.2 | 0.0 | |
| 1985-86 | 5.2 | 11.4 | 4.5 | 14.1 | 2.3 | 0.0 | |
| 1986-87 | 4.1 | 12.0 | 2.8 | 13.9 | 2.9 | 0.0 | |
| 1987-88 | 4.7 | 12.4 | 2.8 | 13.5 | 4.1 | 0.2 | |
| 1988-89 | 4.3 | 11.9 | 1.7 | 12.4 | 6.2 | 0.0 | |
| 1989-90 | 8.6 | 17.3 | 6.3 | 18.1 | 5.9 | 0.0 | |
| 1990-91 | 9.6 | 17.2 | 8.2 | 18.1 | 4.0 | 0.3 | |
| 1991-92 | 11.1 | 17.9 | 11.0 | 18.4 | 2.9 | 0.0 | |
| 1992-93 | 12.0 | 18.5 | 12.4 | 19.3 | 2.9 | 0.5 | |
| 1993-94 | 10.9 | 18.0 | 10.4 | 17.9 | 4.1 | 0.0 | |
| 1994-95 | 11.5 | 20.0 | 10.4 | 19.1 | 3.4 | 0.0 | |
| 1995-96 | 11.8 | 20.7 | 10.3 | 19.1 | 3.3 | 0.9 | |
| 1996-97 | 6.4 | 16.0 | 5.3 | 14.3 | 4.4 | 5.7 | |
| 1997-98 | 6.2 | 15.6 | 4.9 | 13.5 | 4.1 | 1.5 | |
| 1998-99 | 7.4 | 16.3 | 5.9 | 13.9 | 4.2 | 3.5 | |
| 1999-00 | 6.7 | 16.9 | 4.6 | 13.7 | 4.6 | 2.7 | |
| 2000-01 | 7.3 | 18.2 | 5.4 | 15.2 | 4.9 | 3.2 | |

(1) Consistent Government sectoral boundaries means the series have been adjusted to remove the effect of major classification changes over the time period of the series. These include: NHS trusts being classified as central government, removing the effect of council house sales, and privatised utilities are treated as private throughout the series.

(2) The National Accounts series exclude certain debt write offs that are usually included.

(3) Asset sales of central and local government only.

(4) Private sector capital spending under PFI is based on the year the deal is signed, the consequential capital spending can be spread over several years.

Table 3.3 Total Managed Expenditure by function, 1984–85 to 2001–02⁽¹⁾

| | 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 | 1999–00 | 2000–01 | 2001–02 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| | £ billion | | | | | | | | | | | | | | | | | |
| Education | 16.3 | 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 | 44.1 | 50.7 |
| Health and personal social services | 19.5 | 20.6 | 22.2 | 24.4 | 26.9 | 29.4 | 32.9 | 37.2 | 40.9 | 43.0 | 46.2 | 48.8 | 50.9 | 53.2 | 56.1 | 61.2 | 66.0 | 72.2 |
| of which: Health | 16.6 | 17.6 | 18.8 | 20.6 | 22.7 | 24.6 | 27.5 | 31.4 | 34.5 | 35.8 | 37.7 | 39.4 | 40.8 | 42.5 | 44.7 | 48.7 | 52.6 | 58.1 |
| Transport | 6.7 | 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 | 8.7 | 10.1 |
| Housing | 4.6 | 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 | 2.8 | 3.2 | 5.1 |
| Other environmental services | 3.8 | 3.9 | 4.6 | 4.8 | 4.9 | 5.9 | 6.6 | 7.3 | 7.8 | 7.5 | 8.1 | 8.5 | 8.2 | 8.4 | 8.4 | 8.5 | 10.2 | 10.8 |
| Law, order and protective services | 6.4 | 6.6 | 7.2 | 8.1 | 9.0 | 10.2 | 11.5 | 13.0 | 14.2 | 14.8 | 15.3 | 15.7 | 16.2 | 16.9 | 17.3 | 18.8 | 20.1 | 23.0 |
| Defence ⁽²⁾ | 17.2 | 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 |
| International development assistance and other international services | 1.5 | 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 | 3.7 | 4.7 |
| Trade, industry, energy and employment | 7.8 | 8.0 | 8.0 | 6.6 | 8.0 | 7.6 | 8.8 | 9.2 | 9.7 | 10.1 | 9.5 | 9.2 | 8.6 | 8.4 | 8.6 | 9.1 | 10.0 | 11.9 |
| Agriculture, fisheries, food and forestry | 2.4 | 2.9 | 2.2 | 2.4 | 2.2 | 2.2 | 2.9 | 3.1 | 3.2 | 4.1 | 3.7 | 4.2 | 6.0 | 5.2 | 5.1 | 4.8 | 5.1 | 7.9 |
| Culture, Media and Sport ⁽³⁾ | 1.6 | 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 | 4.9 | 5.6 | 5.5 | 5.8 |
| Social security | 39.5 | 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 | 103.2 | 105.4 | 111.8 |
| Central administration and associated expenditure ⁽⁴⁾ | 4.8 | 4.7 | 5.3 | 6.5 | 6.1 | 8.3 | 8.4 | 6.0 | 8.2 | 8.3 | 7.4 | 9.8 | 8.2 | 8.4 | 10.5 | 10.5 | 12.1 | 10.6 |
| Total expenditure on services⁽⁵⁾ | 132.1 | 139.0 | 146.9 | 154.8 | 162.0 | 179.1 | 197.6 | 219.9 | 242.2 | 253.1 | 259.9 | 269.5 | 273.4 | 276.1 | 287.4 | 300.1 | 319.2 | 348.6 |
| Public sector debt interest | 17.4 | 19.2 | 19.1 | 20.0 | 20.4 | 21.0 | 20.5 | 18.5 | 19.1 | 20.8 | 23.6 | 26.8 | 28.4 | 30.4 | 29.9 | 25.6 | 25.9 | 22.2 |
| Other accounting adjustments ⁽⁶⁾ | 9.4 | 7.3 | 5.4 | 6.5 | 6.1 | 7.7 | 6.3 | 12.6 | 10.7 | 10.4 | 13.9 | 13.4 | 15.2 | 17.1 | 16.0 | 18.8 | 22.1 | 23.3 |
| Allowance for shortfall | | | | | | | | | | | | | 0 | 0 | 0 | -0.1 | 0 | -2.0 |
| Total Managed Expenditure | 158.8 | 165.4 | 171.3 | 181.3 | 188.6 | 207.8 | 224.5 | 250.9 | 271.7 | 285.1 | 298.7 | 310.6 | 317.2 | 323.6 | 333.3 | 344.4 | 367.2 | 392.1 |

(1) For years prior to 1996–97, the effects of transfer and classification changes have been imputed.

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

(3) Includes expenditure financed from the National Lottery.

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

(5) The definition of expenditure on services in this table differs from that in Table 3.6.

(6) Includes net public service provisions.

Outturn data in this table fall within the scope of NATIONAL STATISTICS

Table 3.4 Total Managed Expenditure by function in real terms, 1984–85 to 2001–02⁽¹⁾

| | £ billion | | | | | | | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 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 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | estimated |
| | | | | | | | | | | | | | | | | | | outturn |
| Education | 30.2 | 29.5 | 31.5 | 32.8 | 33.2 | 34.4 | 34.6 | 36.0 | 37.6 | 38.6 | 39.9 | 39.8 | 40.2 | 40.1 | 40.7 | 41.7 | 44.1 | 49.4 |
| Health and personal | | | | | | | | | | | | | | | | | | |
| social services | 36.1 | 36.2 | 37.8 | 39.5 | 40.8 | 41.6 | 43.2 | 46.0 | 48.9 | 50.1 | 53.1 | 54.6 | 56.2 | 57.1 | 58.4 | 62.3 | 66.0 | 70.4 |
| of which: Health | 30.7 | 30.9 | 32.0 | 33.3 | 34.4 | 34.8 | 36.1 | 38.7 | 41.2 | 41.7 | 43.3 | 44.0 | 45.0 | 45.6 | 46.6 | 49.6 | 52.6 | 56.7 |
| Transport | 12.4 | 12.0 | 11.5 | 10.9 | 10.5 | 11.4 | 12.7 | 13.5 | 15.1 | 13.7 | 13.9 | 12.9 | 11.1 | 9.9 | 9.1 | 8.8 | 8.7 | 9.8 |
| Housing | 8.4 | 7.3 | 6.9 | 6.7 | 4.9 | 7.3 | 6.4 | 7.1 | 7.5 | 6.1 | 6.1 | 5.6 | 5.1 | 4.0 | 3.8 | 2.9 | 3.2 | 4.9 |
| Other environmental services | 7.1 | 6.9 | 7.9 | 7.8 | 7.4 | 8.3 | 8.6 | 9.0 | 9.3 | 8.8 | 9.4 | 9.5 | 9.0 | 9.0 | 8.7 | 8.6 | 10.2 | 10.5 |
| Law, order and protective | | | | | | | | | | | | | | | | | | |
| services | 11.8 | 11.6 | 12.2 | 13.1 | 13.6 | 14.4 | 15.0 | 16.0 | 16.9 | 17.2 | 17.6 | 17.6 | 17.9 | 18.1 | 18.1 | 19.1 | 20.1 | 22.5 |
| Defence ⁽²⁾ | 31.9 | 31.7 | 31.1 | 30.3 | 28.9 | 29.2 | 28.2 | 28.1 | 27.2 | 26.3 | 25.8 | 24.2 | 23.5 | 22.4 | 23.6 | 23.1 | 24.9 | 23.6 |
| International development | | | | | | | | | | | | | | | | | | |
| assistance and other | | | | | | | | | | | | | | | | | | |
| international services | 2.7 | 2.9 | 2.9 | 2.8 | 3.0 | 3.1 | 3.1 | 3.4 | 3.6 | 3.6 | 3.7 | 3.7 | 3.3 | 3.1 | 3.3 | 3.5 | 3.7 | 4.6 |
| Trade, industry, energy and | | | | | | | | | | | | | | | | | | |
| employment | 14.4 | 14.0 | 13.6 | 10.6 | 12.1 | 10.7 | 11.5 | 11.4 | 11.6 | 11.8 | 11.0 | 10.2 | 9.5 | 9.0 | 9.0 | 9.2 | 10.0 | 11.6 |
| Agriculture, fisheries, food | | | | | | | | | | | | | | | | | | |
| and forestry | 4.5 | 5.1 | 3.8 | 3.9 | 3.3 | 3.1 | 3.8 | 3.8 | 3.8 | 4.8 | 4.3 | 4.7 | 6.7 | 5.5 | 5.3 | 4.9 | 5.1 | 7.7 |
| Culture, Media and Sport ⁽³⁾ | 2.9 | 3.0 | 3.1 | 3.3 | 3.4 | 3.7 | 3.7 | 3.6 | 3.6 | 3.5 | 3.8 | 3.9 | 4.1 | 4.5 | 5.2 | 5.7 | 5.5 | 5.6 |
| Social security | 73.2 | 75.8 | 79.0 | 78.3 | 75.2 | 74.4 | 77.2 | 86.4 | 94.8 | 100.8 | 102.0 | 103.6 | 106.5 | 104.4 | 103.6 | 105.1 | 105.4 | 109.1 |
| Central administration and | | | | | | | | | | | | | | | | | | |
| associated expenditure ⁽⁴⁾ | 8.9 | 8.2 | 9.1 | 10.5 | 9.3 | 11.8 | 11.1 | 7.4 | 9.8 | 9.7 | 8.5 | 11.0 | 9.0 | 9.0 | 10.9 | 10.7 | 12.1 | 10.4 |
| Total expenditure on | | | | | | | | | | | | | | | | | | |
| services⁽⁵⁾ | 244.6 | 244.3 | 250.4 | 250.6 | 245.6 | 253.3 | 259.2 | 271.7 | 289.8 | 295.0 | 298.7 | 301.1 | 302.1 | 295.9 | 299.7 | 305.6 | 319.2 | 340.1 |
| Public sector | | | | | | | | | | | | | | | | | | |
| debt interest | 32.2 | 33.8 | 32.6 | 32.4 | 30.9 | 29.7 | 26.9 | 22.9 | 22.9 | 24.3 | 27.2 | 30.0 | 31.4 | 32.6 | 31.2 | 26.1 | 25.9 | 21.6 |
| Other accounting | | | | | | | | | | | | | | | | | | |
| adjustments ⁽⁶⁾ | 17.3 | 12.8 | 9.2 | 10.5 | 9.3 | 10.9 | 8.2 | 15.6 | 12.8 | 12.2 | 16.0 | 15.0 | 16.9 | 18.3 | 16.7 | 19.1 | 22.1 | 22.7 |
| Allowance for shortfall | | | | | | | | | | | | | 0.0 | 0.0 | -0.1 | -0.1 | 0.0 | -2.0 |
| Total Managed | | | | | | | | | | | | | | | | | | |
| Expenditure | 294.2 | 290.8 | 292.2 | 293.5 | 285.9 | 293.9 | 294.3 | 310.2 | 325.4 | 331.5 | 341.9 | 346.2 | 350.4 | 346.8 | 347.5 | 350.7 | 367.2 | 382.5 |

(1) For years prior to 1996–97, the effects of transfer and classification changes have been imputed.

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

(3) Includes expenditure financed from the National Lottery.

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

(5) The definition of expenditure on services in this table differs from that in Table 3.6.

(6) Includes net public service pensions

Outturn data in this table fall within the scope of NATIONAL STATISTICS

Table 3.5 Total Managed Expenditure as a percentage of GDP, 1984-85 to 2001-02⁽¹⁾

| | % of GDP | | | | | | | | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------|--|
| | 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 | 1999-00 | 2000-01 | 2001-02 | | |
| | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | outturn | estimated | outturn | |
| Education | 4.9 | 4.6 | 4.8 | 4.7 | 4.6 | 4.7 | 4.7 | 4.9 | 5.1 | 5.1 | 5.0 | 4.9 | 4.7 | 4.5 | 4.5 | 4.5 | 4.6 | 5.1 | | |
| Health and personal | | | | | | | | | | | | | | | | | | | | |
| social services | 5.9 | 5.7 | 5.7 | 5.7 | 5.6 | 5.6 | 5.9 | 6.3 | 6.6 | 6.6 | 6.7 | 6.8 | 6.6 | 6.5 | 6.5 | 6.7 | 6.9 | 7.2 | | |
| of which: Health | 5.0 | 4.9 | 4.8 | 4.8 | 4.7 | 4.7 | 4.9 | 5.3 | 5.6 | 5.5 | 5.5 | 5.5 | 5.3 | 5.2 | 5.1 | 5.3 | 5.5 | 5.8 | | |
| Transport | 2.0 | 1.9 | 1.7 | 1.6 | 1.5 | 1.5 | 1.7 | 1.8 | 2.0 | 1.8 | 1.8 | 1.6 | 1.3 | 1.1 | 1.0 | 0.9 | 0.9 | 1.0 | | |
| Housing | 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 | 0.3 | 0.3 | 0.5 | | |
| Other environmental services | 1.2 | 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 | 0.9 | 1.1 | 1.1 | | |
| Law, order and protective | | | | | | | | | | | | | | | | | | | | |
| services | 1.9 | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 | 2.0 | 2.2 | 2.3 | 2.3 | 2.2 | 2.2 | 2.1 | 2.0 | 2.0 | 2.1 | 2.1 | 2.3 | | |
| Defence ⁽²⁾ | 5.2 | 5.0 | 4.7 | 4.4 | 4.0 | 3.9 | 3.8 | 3.8 | 3.7 | 3.5 | 3.3 | 3.0 | 2.8 | 2.5 | 2.6 | 2.5 | 2.6 | 2.4 | | |
| International development | | | | | | | | | | | | | | | | | | | | |
| assistance and other | | | | | | | | | | | | | | | | | | | | |
| international services | 0.4 | 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 | | |
| Trade, industry, energy and | | | | | | | | | | | | | | | | | | | | |
| employment | 2.3 | 2.2 | 2.0 | 1.5 | 1.7 | 1.4 | 1.6 | 1.6 | 1.6 | 1.6 | 1.4 | 1.3 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.2 | | |
| Agriculture, fisheries, food | | | | | | | | | | | | | | | | | | | | |
| and forestry | 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 | 0.5 | 0.5 | 0.8 | | |
| Culture, Media and Sport ⁽³⁾ | 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 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | | |
| Social Security | 11.9 | 11.9 | 11.9 | 11.2 | 10.3 | 10.0 | 10.5 | 11.8 | 12.9 | 13.3 | 12.9 | 12.8 | 12.5 | 11.8 | 11.4 | 11.3 | 11.0 | 11.2 | | |
| Central administration and | | | | | | | | | | | | | | | | | | | | |
| associated expenditure ⁽⁴⁾ | 1.5 | 1.3 | 1.4 | 1.5 | 1.3 | 1.6 | 1.5 | 1.0 | 1.3 | 1.3 | 1.1 | 1.4 | 1.1 | 1.0 | 1.2 | 1.1 | 1.3 | 1.1 | | |
| Total expenditure on | | | | | | | | | | | | | | | | | | | | |
| services⁽⁵⁾ | 39.9 | 38.4 | 37.8 | 35.9 | 33.8 | 34.2 | 35.1 | 37.1 | 39.4 | 39.0 | 37.8 | 37.3 | 35.4 | 33.5 | 33.1 | 32.8 | 33.4 | 34.8 | | |
| Public sector | | | | | | | | | | | | | | | | | | | | |
| debt interest | 5.3 | 5.3 | 4.9 | 4.6 | 4.3 | 4.0 | 3.6 | 3.1 | 3.1 | 3.2 | 3.4 | 3.7 | 3.7 | 3.7 | 3.4 | 2.8 | 2.7 | 2.2 | | |
| Other accounting | | | | | | | | | | | | | | | | | | | | |
| adjustments ⁽⁶⁾ | 2.8 | 2.0 | 1.4 | 1.5 | 1.3 | 1.5 | 1.1 | 2.1 | 1.7 | 1.6 | 2.0 | 1.9 | 2.0 | 2.1 | 1.8 | 2.1 | 2.3 | 2.3 | | |
| Allowance for shortfall | | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.2 | | |
| Total Managed | | | | | | | | | | | | | | | | | | | | |
| Expenditure | 48.0 | 45.7 | 44.1 | 42.1 | 39.3 | 39.7 | 39.9 | 42.4 | 44.2 | 43.9 | 43.2 | 42.9 | 41.0 | 39.3 | 38.4 | 37.7 | 38.4 | 39.2 | | |

(1) For years prior to 1996-97, the effects of transfer and classification changes have been imputed.

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

(3) Includes expenditure financed from the National Lottery.

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

(5) The definition of expenditure on services in this table differs from that in Table 3.6.

(6) Includes net public service pensions.

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table 3.6 Total Managed Expenditure by function, 1996–97 to 2001–02

| | | | | cash, £million | | resources, £ million | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|--|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | |
| Education | | | | | | | |
| Under fives | 1,549 | 1,686 | 1,900 | 2,136 | 2,293 | 2,600 | |
| Schools | 20,613 | 21,482 | 22,699 | 24,527 | 26,833 | 29,579 | |
| Further Education | 4,936 | 4,949 | 5,108 | 5,263 | 5,668 | 8,080 | |
| Higher Education | 4,670 | 4,737 | 4,757 | 5,329 | 6,022 | 6,575 | |
| Student support (inc mandatory, awards & access fund) | 2,630 | 2,614 | 2,506 | 1,972 | 1,796 | 1,830 | |
| Miscellaneous educational services, research and administration | 2,002 | 1,945 | 2,035 | 1,694 | 1,497 | 1,987 | |
| Total education | 36,400 | 37,413 | 39,005 | 40,921 | 44,110 | 50,651 | |
| Health and personal social services | | | | | | | |
| Health | | | | | | | |
| National Health Service Hospitals, community health, family health and related services (net) | 39,794 | 41,593 | 43,779 | 47,632 | 51,586 | 56,840 | |
| Central health, and other services | 977 | 948 | 921 | 1,034 | 1,063 | 1,258 | |
| Total health (net) | 40,771 | 42,541 | 44,700 | 48,666 | 52,649 | 58,098 | |
| Personal social services | 10,110 | 10,691 | 11,352 | 12,505 | 13,337 | 14,064 | |
| Adjustments to TME | 2,316 | 2,488 | 2,895 | 2,772 | 2,645 | 3,477 | |
| Total health and personal social services | 53,197 | 55,720 | 58,947 | 63,943 | 68,625 | 75,639 | |
| Transport | | | | | | | |
| National roads | 2,169 | 1,994 | 1,847 | 1,902 | 1,967 | 2,183 | |
| Local roads | 3,227 | 3,007 | 2,920 | 2,864 | 3,313 | 3,657 | |
| Local transport | 2,222 | 2,107 | 2,004 | 2,038 | 1,881 | 1,905 | |
| Ports | 29 | 19 | 18 | 21 | 13 | 24 | |
| Marine, coastguard, shipping and civil aviation services | 84 | 87 | 100 | 76 | 94 | 165 | |
| Driver and vehicle licensing and testing | 164 | 161 | 85 | 126 | 138 | 153 | |
| National and international rail services | 1,954 | 1,550 | 1,478 | 1,215 | 1,045 | 1,671 | |
| UK Maritime Agency | 89 | 83 | 84 | 90 | 95 | 99 | |
| Other transport services | 139 | 223 | 159 | 276 | 178 | 238 | |
| Total transport | 10,076 | 9,231 | 8,695 | 8,608 | 8,724 | 10,095 | |
| Housing | | | | | | | |
| Local authority housing | 1,905 | 1,501 | 1,645 | 745 | 1,045 | 1,936 | |
| Other social housing | 1,298 | 917 | 941 | 1,041 | 1,150 | 1,641 | |
| Other | 1,376 | 1,307 | 1,101 | 1,035 | 1,031 | 1,483 | |
| Total housing | 4,579 | 3,725 | 3,687 | 2,821 | 3,226 | 5,060 | |
| Other environmental services | | | | | | | |
| Environmental protection | 3,169 | 3,525 | 3,742 | 3,731 | 3,889 | 4,066 | |
| Countryside and water | -7 | -16 | -14 | 310 | 1,013 | 1,262 | |
| Urban | 2,173 | 2,074 | 1,902 | 1,456 | 1,541 | 1,454 | |
| Other | 2,828 | 2,832 | 2,728 | 2,969 | 3,745 | 4,012 | |
| Total other environmental services | 8,162 | 8,415 | 8,357 | 8,466 | 10,184 | 10,794 | |

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outrun data in this table falls within the scope of NATIONAL STATISTICS

**Table 3.6 Total Managed Expenditure by function, 1996–97 to 2001–02
(continued)**

| | | | | cash, £million | | resources, £ million |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn |
| Administration of justice | 3,088 | 3,105 | 3,132 | 3,399 | 3,790 | 4,378 |
| Prisons and offender programmes | 2,392 | 2,535 | 2,730 | 2,746 | 2,658 | 2,964 |
| Police | 8,302 | 8,677 | 8,862 | 9,202 | 9,714 | 11,229 |
| Immigration and citizenship | 223 | 252 | 212 | 797 | 1,398 | 1,631 |
| Fire | 1,628 | 1,720 | 1,799 | 1,879 | 1,884 | 2,037 |
| Civil defence | 49 | 47 | 43 | 6 | 8 | 5 |
| Constitutional and community services | 93 | 95 | 101 | 243 | 92 | 110 |
| Central and miscellaneous services | 432 | 429 | 460 | 507 | 606 | 703 |
| Total law, order and protective services | 16,207 | 16,861 | 17,340 | 18,779 | 20,150 | 23,057 |
| Defence | | | | | | |
| Defence budget | 22,249 | 21,611 | 22,606 | 22,717 | 24,891 | 24,145 |
| Receipts from sale of married quarters | -962 | -700 | 0 | 0 | 0 | 0 |
| Total defence | 21,287 | 20,911 | 22,606 | 22,717 | 24,891 | 24,145 |
| International development assistance and other international services | | | | | | |
| International development assistance | 1,868 | 1,772 | 2,042 | 2,276 | 2,441 | 2,806 |
| Other international services | 1,084 | 1,097 | 1,123 | 1,154 | 1,308 | 1,936 |
| Total international development assistance and other international services | 2,952 | 2,869 | 3,165 | 3,430 | 3,749 | 4,742 |
| Trade, industry, energy, employment and training | | | | | | |
| Regional and other industrial support | 1,233 | 1,361 | 1,440 | 1,241 | 1,412 | 1,974 |
| Trade, scientific and technological support | 2,205 | 2,263 | 2,462 | 2,400 | 2,608 | 3,121 |
| Support for aerospace, shipbuilding, coal, steel | 720 | 594 | 493 | 744 | 819 | 1,129 |
| Employment | 2,353 | 2,187 | 2,452 | 2,763 | 3,064 | 3,904 |
| Training | 1,774 | 1,691 | 1,512 | 1,626 | 1,765 | 1,181 |
| Department administration and other services | 274 | 284 | 273 | 296 | 363 | 552 |
| Total trade, industry, energy, employment and training | 8,559 | 8,380 | 8,632 | 9,070 | 10,031 | 11,861 |
| Agriculture, fisheries, food and forestry | | | | | | |
| Market support under CAP | 2,996 | 2,540 | 2,810 | 2,590 | 2,535 | 3,128 |
| Other agriculture, fisheries and food | 1,849 | 1,724 | 1,747 | 1,756 | 2,097 | 4,240 |
| Forestry | 55 | 55 | 58 | 113 | 107 | 126 |
| BSE | 1,144 | 849 | 447 | 332 | 325 | 377 |
| Total agriculture, fisheries, food and forestry | 6,044 | 5,168 | 5,062 | 4,791 | 5,064 | 7,871 |

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table 3.6 Total Managed Expenditure by function, 1996–96 to 2001–02 (continued)

| | | | | cash, £million | | resources, £ million | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|--|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | |
| Culture, Media and Sport | | | | | | | |
| Museums and galleries | 473 | 470 | 458 | 520 | 553 | 650 | |
| Other arts and heritage | 651 | 733 | 744 | 791 | 788 | 861 | |
| Libraries | 872 | 859 | 867 | 915 | 912 | 979 | |
| Films | 24 | 23 | 22 | 25 | 24 | 24 | |
| Tourism | 143 | 153 | 150 | 161 | 192 | 267 | |
| Sports and recreation | 870 | 896 | 911 | 1,233 | 1,286 | 1,383 | |
| Broadcasting | 220 | 203 | 259 | 278 | 224 | 260 | |
| Administration | 36 | 47 | 50 | 49 | 31 | 39 | |
| Lottery | 388 | 803 | 1,488 | 1,618 | 1,514 | 1,303 | |
| Total culture, media and sport | 3,677 | 4,187 | 4,949 | 5,590 | 5,486 | 5,766 | |
| Social Security | | | | | | | |
| Pension benefits | 32,883 | 34,483 | 36,552 | 38,731 | 40,187 | 43,621 | |
| Widows' benefits | 1,017 | 1,021 | 1,008 | 1,023 | 1,019 | 1,142 | |
| Unemployment, incapacity and other benefits | 8,723 | 7,804 | 7,636 | 7,304 | 7,032 | 7,193 | |
| Industrial injury benefit | 765 | 768 | 783 | 785 | 779 | 797 | |
| Family benefits | 9,754 | 10,022 | 10,430 | 11,013 | 9,619 | 9,822 | |
| War pensions | 1,351 | 1,288 | 1,264 | 1,256 | 1,411 | 1,240 | |
| Disability benefits | 9,214 | 9,942 | 10,547 | 11,148 | 11,688 | 12,597 | |
| Income support | 17,295 | 16,720 | 16,215 | 16,765 | 18,194 | 19,159 | |
| Social fund | 159 | 117 | 116 | 117 | 120 | 174 | |
| Housing benefits | 11,921 | 12,054 | 11,948 | 11,914 | 12,000 | 12,269 | |
| Administration and miscellaneous services | 3,354 | 3,145 | 2,905 | 3,168 | 3,390 | 3,784 | |
| Total social security | 96,436 | 97,364 | 99,404 | 103,224 | 105,439 | 111,798 | |
| Central administration and associated expenditure | | | | | | | |
| Public and common services | 6,382 | 6,202 | 6,897 | 7,656 | 8,368 | 9,734 | |
| EC Net Payments | 1,802 | 2,153 | 3,590 | 2,806 | 3,753 | 904 | |
| Total central administration and associated expenditure | 8184 | 8,355 | 10,487 | 10,462 | 12,121 | 10,638 | |
| Total expenditure on services⁽¹⁾ | 275,760 | 278,580 | 290,299 | 302,823 | 321,801 | 352,117 | |
| Public sector debt interest | 28,434 | 30,406 | 29,949 | 25,649 | 25,945 | 22,160 | |
| Net Public Service pensions | 4,978 | 5,352 | 4,681 | 5,223 | 3,188 | 3,473 | |
| Allowance for shortfall | 0,0 | 0,0 | 0,0 | -100 | 0 | -2,000 | |
| Other Accounting adjustments | 8,001 | 9,227 | 8,329 | 10,465 | 15,860 | 15,992 | |
| Total Managed Expenditure | 317,173 | 323,565 | 333,258 | 344,424 | 367,155 | 392,130 | |

(1) For definition, see Appendix F

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table 3.7 Total Managed Expenditure by economic category, 1996-97 to 2001-02

| | cash, £million | | | | resources, £ million | |
|---|--------------------|--------------------|--------------------|--------------------|----------------------|---------------------------------|
| | 1996-97 outturn | 1997-98 outturn | 1998-99 outturn | 1999-00 outturn | 2000-01 outturn | 2001-02 estimated outturn |
| Pay | 60,837 | 60,726 | 63,344 | 66,173 | 69,685 | 75,452 |
| Other current expenditure | | | | | | |
| on goods and services | 75,040 | 77,439 | 82,690 | 89,829 | 98,899 | 109,756 |
| Subsidies | 9,175 | 8,269 | 7,871 | 7,472 | 8,906 | 10,641 |
| Current grants to the private sector | 108,154 | 110,307 | 112,280 | 116,223 | 119,380 | 130,080 |
| Current transfers abroad | 5,326 | 5,318 | 7,495 | 7,084 | 8,286 | 6,110 |
| Net capital expenditure on assets | 12,860 | 12,421 | 12,435 | 11,719 | 12,025 | 14,325 |
| Capital grants | 4,369 | 4,119 | 4,220 | 4,323 | 4,620 | 5,754 |
| Total expenditure on services ⁽¹⁾ | 275,761 | 278,599 | 290,335 | 302,823 | 321,801 | 352,117 |
| Public Sector debt interest | 28,434 | 30,406 | 29,949 | 25,649 | 25,945 | 22,160 |
| Net public service pensions | 4,978 | 5,352 | 4,681 | 5,223 | 3,188 | 3,473 |
| Allowance for shortfall | 0 | 0 | 0 | -100 | 0 | -2,000 |
| Other accounting adjustments | 8,000 | 9,235 | 8,287 | 10,748 | 16,146 | 16,380 |
| Total managed expenditure | 317,173 | 323,592 | 333,252 | 344,343 | 367,080 | 392,130 |

(1) For definition see appendix F

3. TRENDS IN PUBLIC SECTOR EXPENDITURE

Table 3.8 Public sector capital expenditure by spending sector and function⁽¹⁾, 1996–97 to 2003–04

| | cash, £million | | | | resources, £ million | | | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Central government own | | | | | | | | |
| Education | 172 | 165 | 142 | 284 | 598 | 825 | 1,081 | 1,293 |
| Health and personal social services | 152 | 79 | -95 | -12 | 75 | 510 | 307 | 1,453 |
| Transport | 1,809 | 1,602 | 1,279 | 1,215 | 1,438 | 2,542 | 2,812 | 3,684 |
| Housing | 1,157 | 835 | 848 | 932 | 1,225 | 1,186 | 1,232 | 1,528 |
| Other environmental services | 352 | 314 | 313 | 544 | 333 | 384 | 669 | 604 |
| Law, order and protective services | 454 | 496 | 508 | 392 | 489 | 936 | 834 | 763 |
| Defence | 672 | 892 | 1,646 | 1,232 | 985 | 856 | 626 | 676 |
| International development assistance and other international services | 287 | 324 | 317 | 109 | 343 | 450 | 520 | 537 |
| Trade, industry, energy, employment and training | 721 | 780 | 1,283 | 1,355 | 2,064 | 1,371 | 1,528 | 1,274 |
| Agriculture, fisheries, food and forestry | 420 | 347 | 262 | 137 | 203 | 347 | 382 | 440 |
| Culture, Media and Sport | 465 | 788 | 1,063 | 1,485 | 809 | 545 | 1,241 | 1,428 |
| Social Security | 201 | 72 | -224 | 112 | 56 | 337 | 207 | 134 |
| Central administration and associated expenditure | 424 | 357 | 368 | 375 | 233 | 685 | 671 | 520 |
| Accounting classification and other adjustments | 591 | 210 | -43 | -888 | -865 | 581 | -1,175 | 1,403 |
| Total central government own | 7,879 | 7,261 | 7,668 | 7,272 | 7,986 | 11,555 | 10,935 | 15,737 |
| Local authorities | | | | | | | | |
| Education | 1,114 | 1,186 | 1,369 | 1,510 | 1,827 | 1,852 | | |
| Health and personal social services | 162 | 133 | 114 | 112 | 121 | 145 | | |
| Transport | 1,308 | 1,307 | 1,218 | 1,183 | 1,551 | 1,773 | | |
| Housing | 1,411 | 985 | 1,087 | 247 | 576 | 1,265 | | |
| Other environmental services | 899 | 1,073 | 884 | 829 | 971 | 868 | | |
| Law, order and protective services | 307 | 297 | 311 | 292 | 284 | 412 | | |
| Defence | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Trade, industry, energy, employment and training | 10 | 12 | 10 | 12 | 15 | 15 | | |
| Agriculture, fisheries, food and forestry | 10 | -2 | 13 | 11 | 5 | -12 | | |
| Culture, Media and Sport | 279 | 327 | 370 | 438 | 464 | 598 | | |
| Social Security | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Central administration and associated expenditure | 123 | 102 | 124 | 96 | 89 | -17 | | |
| Accounting adjustments | -361 | 435 | 852 | 966 | -21 | 1,524 | | |
| Total local authorities | 5,262 | 5,856 | 6,354 | 5,696 | 5,882 | 8,423 | | |
| Public corporations | | | | | | | | |
| Education | | | | | | | | |
| Health and personal social services | 1,418 | 1,232 | 1,304 | 1,252 | 1,527 | 1,942 | 2,730 | 2,097 |
| Transport | 1,032 | 863 | 635 | 528 | 24 | 32 | 21 | 27 |
| Housing | 306 | 224 | 220 | 235 | -20 | -68 | -67 | -64 |
| Other environmental services | 453 | 475 | 392 | 207 | 826 | 559 | 656 | 626 |
| Law, order and protective services | 0 | 0 | 0 | 5 | 1 | 13 | 11 | 12 |
| Defence | 106 | 140 | 113 | 123 | 66 | 93 | 143 | 99 |
| International development assistance and other international services | 24 | 20 | 24 | 1 | 25 | 18 | 30 | 31 |
| Trade, industry, energy, employment and training | 530 | 582 | 618 | 612 | 598 | 616 | 518 | 641 |
| Agriculture, fisheries, food and forestry | 185 | 216 | 243 | 338 | 471 | 467 | 522 | 525 |
| Culture, Media and Sport | 143 | 225 | 186 | 197 | 157 | 192 | 154 | 157 |
| Social security | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Central administration and associated expenditure | 310 | 374 | 434 | 448 | 657 | 277 | 489 | 398 |
| Accounting adjustments | 124 | -144 | 337 | 546 | 129 | 638 | 1,104 | 1,233 |
| Total public corporations | 4,630 | 4,208 | 4,506 | 4,492 | 4,461 | 4,779 | 6,311 | 5,782 |

(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

Table 3.9 General Government receipts from sales of assets⁽¹⁾, 1996–97 to 2003–04

| | cash, £million | | | | resources, £ million | | | |
|--|--------------------|--------------------|--------------------|--------------------|----------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 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 | 893 | 837 | 986 | 1,052 | 1,370 | 773 | 1,000 | 1,000 |
| Local Authorities | 2,536 | 2,507 | 2,822 | 3,652 | 3,589 | 4,324 | 2,750 | 2,750 |
| Total sales of fixed assets | 4,390 | 4,115 | 4,158 | 4,704 | 4,959 | 5,097 | 3,750 | 3,750 |
| <i>of which:</i> | | | | | | | | |
| <i>receipts from sales of land and existing buildings</i> | | | | | | | | |
| Central Government | 1,639 | 1,372 | 1,061 | 795 | 1,159 | 648 | - | - |
| Local Authorities | 2,518 | 2,489 | 2,802 | 3,642 | 3,578 | 4,323 | - | - |
| <i>Memo Line:</i> | | | | | | | | |
| <i>Receipts from the sales of equity and debt in privatised companies (net of costs)</i> | | | | | | | | |
| | 2,954 | 799 | 90 | 439 | 1 | -7 | | |

(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 sales of which will be included in the capital budget under resource budgeting

4. CENTRAL GOVERNMENT OWN EXPENDITURE

INTRODUCTION

4.1 This section provides summary analyses of central government's own expenditure, i.e. the expenditure of government departments on their own activities and their funding of other non-trading central government bodies. It excludes expenditure by central government bodies that goes to support the spending of local authorities and public corporations. Central government's own expenditure accounts for about 70 per cent of Departmental Expenditure Limits and about 90 per cent of Departmental AME.

4.2 All the analyses of central government's own expenditure in this section offer further breakdowns of the figures given for central government's own expenditure in the sectoral spending [Table 1.14](#).

4.3 Data in Tables 4.1 to 4.4 are on a resource basis. Outturn in [Table 4.5](#) is part cash and part resources. Outturn from 1996–97 to 1999–2000 is cash; outturn for 2000–01, estimated outturn for 2001–02 and plans for 2002–03 and 2003–04 are resources. For a discussion of the implications of this data approach, see the box in [Chapter 3](#), “Cash and Resources”. All outturn data (to 2000-01) in this chapter are National Statistics.

CENTRAL GOVERNMENT OWN EXPENDITURE BY DEPARTMENT

4.4 [Table 4.1](#) gives a departmental breakdown of central government's own expenditure, actual and planned, for the period 1998-99 to 2003-04. Expenditure falling in DEL is shown separately from expenditure falling in Departmental AME. In a number of areas, for example education, transport, and law and order, a relatively large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government – some of which will be recorded under Scotland, Wales or Northern Ireland. Partly as a result, social security, health and defence together account for some two thirds of total central government own spending. Other AME includes locally financed expenditure which is classified as central government spending (see para 1.15).

CENTRAL GOVERNMENT OWN CURRENT AND CAPITAL EXPENDITURE BY DEPARTMENT

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

CENTRAL GOVERNMENT EXPENDITURE BY ECONOMIC CATEGORY

4.6 [Table 4.4](#) shows central government departmental expenditure by economic category. (For an explanation of these categories, see para 3.12). As compared to [Table 3.7](#), which is on a national accounts basis, this table breaks down spending by budgets, as well as

4. CENTRAL GOVERNMENT OWN EXPENDITURE

by economic category, and as a consequence shows non-cash items – depreciation, cost of capital charges, provisions – in Resource AME. The items are not included in total central government expenditure and are subsequently removed in the accounting adjustments in this table.

4.7 The largest elements in DEL are spending on pay (mainly the Armed Forces and the National Health Service) and other current expenditure on goods and services. Most NHS employees are employed by NHS trusts, which are public corporations, and their pay is not included in the pay totals here. Health authorities' purchase of health care from providers (mostly from NHS Trusts but also from hospitals managed by health authorities under contracts) is classified as other current expenditure on goods and services. In the case of contracts with NHS Trusts, it is the payments for the goods and services provided, rather than the trusts' actual expenditure, that is recorded in central government's own expenditure.

CENTRAL GOVERNMENT OWN EXPENDITURE BY FUNCTION

4.8 **Table 4.5** shows central government own expenditure by function. This allocates to the appropriate function the expenditure for which the devolved administrations in Scotland, Wales and Northern Ireland are responsible. As with the similar analyses of total public spending in **Chapter 3**, the key concept in this table is total expenditure on services (see para 3.8 and **Appendix F**). Because expenditure by local authorities is excluded, it is possible to include figures for the future plans years here as well as data for the past.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.1 Central government own expenditure by department, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Within DEL⁽¹⁾ | | | | | | |
| Education and Skills | 9,567 | 10,960 | 12,211 | 14,254 | 16,240 | 17,604 |
| Health | 37,950 | 39,960 | 43,921 | 49,009 | 52,603 | 58,831 |
| Transport and Regions | 5,285 | 6,354 | 5,759 | 7,189 | 8,674 | 9,894 |
| Local Government | 211 | 240 | 234 | 265 | 242 | 240 |
| Home Office | 3,059 | 3,264 | 4,454 | 6,185 | 6,001 | 5,892 |
| Lord Chancellor's Departments | 2,439 | 1,905 | 2,331 | 2,605 | 2,531 | 2,549 |
| Attorney General's Departments | 338 | 335 | 376 | 443 | 442 | 455 |
| Defence | 23,719 | 24,074 | 24,830 | 24,533 | 24,543 | 24,837 |
| Foreign and Commonwealth Office | 1,040 | 1,116 | 1,287 | 1,395 | 1,435 | 1,292 |
| International Development | 2,238 | 2,547 | 2,663 | 3,119 | 3,340 | 3,560 |
| Trade and Industry | 2,971 | 3,028 | 3,376 | 4,552 | 4,453 | 4,359 |
| Environment, Food and Rural Affairs | 1,545 | 1,816 | 1,872 | 2,898 | 2,165 | 2,233 |
| Culture, Media and Sport | 880 | 917 | 889 | 992 | 1,143 | 1,146 |
| Work and Pensions | 4,390 | 4,719 | 4,889 | 6,091 | 6,540 | 7,074 |
| Scotland | 8,490 | 8,847 | 9,661 | 10,824 | 11,735 | 12,551 |
| Wales | 3,580 | 3,798 | 4,305 | 4,856 | 5,576 | 6,142 |
| Northern Ireland Executive | 4,233 | 4,441 | 4,792 | 5,514 | 5,894 | 6,226 |
| Northern Ireland Office | 986 | 982 | 952 | 1,125 | 1,152 | 1,031 |
| Chancellor's Departments | 3,280 | 3,472 | 3,376 | 4,160 | 4,280 | 4,292 |
| Cabinet Office | 1,277 | 1,481 | 1,411 | 1,661 | 1,579 | 1,651 |
| Welfare to Work | 275 | 513 | 641 | | | |
| Allowance for shortfall | | | | -2,013 | | |
| Total central government own expenditure within DEL⁽¹⁾ | 117,753 | 124,769 | 134,232 | 149,654 | 160,568 | 171,949 |
| Within Departmental AME | | | | | | |
| Education and Skills | 1,596 | 1,659 | 1,661 | 1,757 | 1,863 | 2,119 |
| Health | 1,693 | 1,153 | 752 | 1,533 | 1,155 | 1,074 |
| Transport and Regions | 3,668 | 3,827 | 3,355 | 4,619 | 4,674 | 4,880 |
| Home Office | 777 | 722 | 437 | 506 | 544 | 562 |
| Lord Chancellor's Departments | -3 | 196 | 88 | 71 | 89 | 82 |
| Attorney General's Departments | 4 | 6 | 7 | 17 | 16 | 18 |
| Defence | 13,409 | 13,763 | 16,602 | 15,358 | 15,352 | 15,854 |
| Foreign and Commonwealth Office | 140 | 118 | 320 | 173 | 181 | 193 |
| International Development | 317 | 592 | 713 | 518 | 548 | 661 |
| Trade and Industry | -30 | 2,416 | 4,566 | 467 | 950 | 748 |
| Environment, Food and Rural Affairs | 2,789 | 2,578 | 4,219 | 2,622 | 2,343 | 2,374 |
| Culture, Media and Sport | 1,641 | 1,718 | 1,668 | 1,486 | 2,119 | 2,213 |
| Work and Pensions | 79,525 | 84,355 | 85,934 | 91,466 | 94,783 | 98,862 |
| Scotland | 1,559 | 1,546 | 1,764 | 1,864 | 1,961 | 2,080 |
| Wales | 509 | 518 | 475 | 896 | 941 | 957 |
| Northern Ireland Executive | 3,490 | 3,591 | 5,070 | 5,508 | 5,718 | 6,197 |
| Northern Ireland Office | -34 | 87 | -57 | 100 | 86 | 117 |
| Chancellor's Departments | 168 | 297 | 307 | 464 | 419 | 501 |
| Cabinet Office | 1,260 | 1,519 | 1,303 | 1,252 | 1,518 | 1,602 |
| Total central government own expenditure within Departmental AME | 112,479 | 120,662 | 129,184 | 130,680 | 135,262 | 141,097 |
| Locally financed support in Northern Ireland | 97 | 111 | 129 | 137 | 141 | 146 |
| Net payments to EC institutions | 3,590 | 2,807 | 3,696 | 776 | 2,163 | 2,364 |
| Central government debt interest | 29,512 | 24,927 | 25,945 | 22,160 | 21,132 | 23,192 |
| Accounting and other adjustments ⁽¹⁾ | -16,626 | -19,570 | -22,124 | -14,969 | -12,800 | -4,800 |
| Total central government own expenditure⁽¹⁾ | 246,805 | 253,706 | 271,062 | 288,439 | 306,500 | 333,900 |

(1) See footnote 1 to Table 1.14.

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.2 Central government own current expenditure by department, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Within Resource Budget DEL | | | | | | |
| Education and Skills | 9,380 | 10,717 | 11,819 | 13,692 | 15,378 | 16,521 |
| Health | 38,293 | 40,028 | 43,848 | 48,577 | 52,379 | 57,489 |
| Transport and Regions | 3,001 | 3,262 | 3,253 | 3,431 | 4,195 | 4,060 |
| Local Government | 210 | 239 | 234 | 264 | 242 | 240 |
| Home Office | 2,747 | 2,967 | 4,112 | 5,487 | 5,340 | 5,296 |
| Lord Chancellor's Departments | 2,396 | 1,894 | 2,303 | 2,553 | 2,506 | 2,517 |
| Attorney General's Departments | 334 | 332 | 362 | 421 | 427 | 440 |
| Defence | 17,729 | 18,201 | 19,156 | 18,940 | 18,888 | 18,945 |
| Foreign and Commonwealth Office | 954 | 1,028 | 1,182 | 1,278 | 1,320 | 1,159 |
| International Development | 2,012 | 2,276 | 2,425 | 2,791 | 2,948 | 3,161 |
| Trade and Industry | 2,724 | 2,841 | 3,040 | 3,911 | 3,634 | 3,298 |
| Environment, Food and Rural Affairs | 1,319 | 1,529 | 1,621 | 2,506 | 1,728 | 1,808 |
| Culture, Media and Sport | 777 | 848 | 874 | 950 | 1,065 | 1,083 |
| Work and Pensions | 4,695 | 4,673 | 4,840 | 5,871 | 6,421 | 7,031 |
| Scotland | 7,777 | 8,173 | 8,621 | 9,920 | 10,721 | 11,633 |
| Wales | 3,392 | 3,706 | 4,018 | 4,644 | 5,272 | 5,791 |
| Northern Ireland Executive | 3,816 | 4,042 | 4,304 | 4,916 | 5,330 | 5,375 |
| Northern Ireland Office | 964 | 956 | 916 | 1,057 | 1,092 | 984 |
| Chancellor's Departments | 3,172 | 3,331 | 3,528 | 3,908 | 4,037 | 4,045 |
| Cabinet Office | 1,045 | 1,277 | 1,198 | 1,422 | 1,408 | 1,462 |
| Welfare for Work | 268 | 492 | 635 | | | |
| Allowance for shortfall | | | | -2,013 | | |
| Total within Resource Budget DEL | 107,005 | 112,811 | 122,488 | 134,527 | 144,329 | 152,338 |
| Within Resource Departmental AME | | | | | | |
| Education and Skills | 1,595 | 1,656 | 1,660 | 1,756 | 1,861 | 2,118 |
| Health | 1,693 | 1,153 | 752 | 1,533 | 1,155 | 1,074 |
| Transport and Regions | 3,668 | 3,827 | 3,355 | 4,619 | 4,674 | 4,880 |
| Home Office | 777 | 722 | 437 | 506 | 544 | 562 |
| Lord Chancellor's Departments | -3 | 196 | 88 | 71 | 89 | 82 |
| Attorney General's Departments | 4 | 6 | 7 | 17 | 16 | 18 |
| Defence | 13,409 | 13,763 | 16,602 | 15,358 | 15,352 | 15,854 |
| Foreign and Commonwealth Office | 140 | 118 | 320 | 167 | 175 | 188 |
| International Development | 317 | 592 | 713 | 518 | 548 | 661 |
| Trade and Industry | 196 | 1,497 | 3,306 | 331 | 650 | 964 |
| Environment, Food and Rural Affairs | 2,780 | 2,576 | 4,217 | 2,620 | 2,341 | 2,373 |
| Culture, Media and Sport | 677 | 378 | 905 | 1,061 | 1,032 | 906 |
| Work and Pensions | 79,525 | 84,325 | 85,912 | 91,391 | 94,707 | 99,780 |
| Scotland | 1,559 | 1,546 | 1,764 | 1,864 | 1,961 | 2,080 |
| Wales | 509 | 518 | 475 | 896 | 941 | 957 |
| Northern Ireland Executive | 3,489 | 3,590 | 5,069 | 5,507 | 5,717 | 6,196 |
| Northern Ireland Office | -34 | 87 | -57 | 100 | 86 | 117 |
| Chancellor's Departments | 168 | 298 | 307 | 464 | 419 | 501 |
| Cabinet Office | 1,260 | 1,519 | 1,303 | 1,252 | 1,518 | 1,602 |
| Total within Resource Departmental AME | 111,730 | 118,368 | 127,135 | 130,036 | 133,790 | 139,914 |
| Total central government own current expenditure within Resource Budgets | 218,735 | 231,179 | 249,624 | 264,563 | 278,119 | 292,252 |
| Locally financed support in Northern Ireland | 97 | 111 | 129 | 137 | 141 | 146 |
| Net payments to EC institutions | 3,590 | 2,807 | 3,696 | 776 | 2,163 | 2,364 |
| Central government debt interest | 29,512 | 24,927 | 25,945 | 22,160 | 21,132 | 23,192 |
| Accounting and other adjustments | -16,587 | -16,533 | -20,926 | -15,670 | -11,900 | -5,800 |
| Classification changes to national accounts | 3,790 | 3,943 | 4,833 | 4,917 | 5,853 | 6,082 |
| Total central government own current expenditure | 239,137 | 246,435 | 263,301 | 276,884 | 295,500 | 318,200 |

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.3 Central government own capital expenditure by department, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Within Capital Budget DEL⁽¹⁾ | | | | | | |
| Education and Skills | 187 | 243 | 392 | 562 | 862 | 1,083 |
| Health | -343 | -68 | 73 | 431 | 224 | 1,343 |
| Transport and Regions | 2,284 | 3,092 | 2,507 | 3,758 | 4,479 | 5,924 |
| Local Government | 1 | 0 | 0 | 0 | 1 | 1 |
| Home Office | 312 | 297 | 342 | 698 | 662 | 596 |
| Lord Chancellor's Departments | 43 | 11 | 28 | 53 | 25 | 32 |
| Attorney General's Departments | 5 | 4 | 14 | 22 | 16 | 15 |
| Defence | 5,989 | 5,873 | 5,674 | 5,592 | 5,655 | 5,892 |
| Foreign and Commonwealth Office | 86 | 88 | 105 | 117 | 115 | 132 |
| International Development | 226 | 271 | 238 | 328 | 391 | 399 |
| Trade and Industry | 247 | 187 | 337 | 641 | 819 | 1,061 |
| Environment, Food and Rural Affairs | 226 | 287 | 251 | 391 | 437 | 425 |
| Culture, Media and Sport | 103 | 69 | 15 | 42 | 78 | 63 |
| Work and Pensions | -305 | 45 | 49 | 220 | 120 | 43 |
| Scotland | 713 | 674 | 840 | 904 | 1,014 | 918 |
| Wales | 188 | 93 | 287 | 212 | 305 | 351 |
| Northern Ireland Executive | 418 | 400 | 488 | 598 | 564 | 851 |
| Northern Ireland Office | 23 | 26 | 36 | 68 | 60 | 46 |
| Chancellor's Departments | 108 | 141 | -152 | 251 | 243 | 247 |
| Cabinet Office | 232 | 204 | 213 | 239 | 171 | 190 |
| Welfare to Work | 7 | 21 | 6 | | | |
| Total within Capital Budget DEL | 10,748 | 11,958 | 11,743 | 15,127 | 16,240 | 19,611 |
| Within Capital Departmental AME | | | | | | |
| Education and Skills | 1 | 3 | 1 | 1 | 1 | 1 |
| Foreign and Commonwealth Office | | | | 5 | 5 | 5 |
| Trade and Industry | -226 | 919 | 1,260 | 136 | 300 | -216 |
| Environment, Food and Rural Affairs | 9 | 2 | 1 | 1 | 1 | 1 |
| Culture, Media and Sport | 964 | 1,339 | 763 | 425 | 1,087 | 1,307 |
| Work and Pensions | | 29 | 22 | 75 | 76 | 83 |
| Northern Ireland Executive | 1 | 1 | 1 | 1 | 1 | 1 |
| Chancellor's Departments | | 0 | 0 | | | |
| Total within Capital Departmental AME | 749 | 2,294 | 2,049 | 644 | 1,472 | 1,183 |
| Total central government own capital expenditure within Capital Budgets | 11,497 | 14,252 | 13,792 | 15,771 | 17,712 | 20,794 |
| Accounting and other adjustments | -39 | -3,037 | -1,198 | 701 | -900 | 1,000 |
| Classification changes to national accounts | -3,790 | -3,943 | -4,833 | -4,917 | -5,853 | -6,082 |
| Total central government own capital expenditure | 7,668 | 7,272 | 7,761 | 11,555 | 10,900 | 15,700 |

4. CENTRAL GOVERNMENT OWN EXPENDITURE

**Table 4.4 Central Government own expenditure by economic category
1998–99 to 2003–04**

| | resources, £ million | | | | | |
|---|----------------------|----------------|----------------|----------------------|----------------|----------------|
| | 1998–99 | 1999–2000 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Within Resource Budget DEL⁽¹⁾: | | | | | | |
| Pay | 20,703 | 23,253 | 24,178 | 26,305 | 27,390 | 27,496 |
| Other current expenditure on goods and services | 67,520 | 67,895 | 74,424 | 82,065 | 85,810 | 91,680 |
| Subsidies | 2,827 | 2,920 | 3,171 | 3,797 | 3,815 | 3,738 |
| Current grants to the private sector | 14,045 | 15,994 | 17,895 | 20,765 | 22,282 | 23,394 |
| Current transfers abroad | 2,422 | 2,921 | 3,166 | 3,832 | 3,915 | 3,880 |
| Other current expenditure | -510 | -172 | -345 | -223 | 1,116 | 2,149 |
| Allowance for Shortfall | | | | -2,013 | | |
| Total within Resource Budget DEL⁽¹⁾ | 107,005 | 112,811 | 122,489 | 134,527 | 144,329 | 152,338 |
| Within Resource Departmental AME: | | | | | | |
| Pay | 163 | 161 | 152 | 414 | 114 | 103 |
| Other current expenditure on goods and services | 451 | 451 | -33 | 140 | 42 | 112 |
| Subsidies | 4,900 | 4,606 | 4,193 | 5,439 | 3,667 | 3,612 |
| Current grants to the private sector | 83,149 | 87,632 | 89,980 | 95,596 | 98,822 | 102,817 |
| Current transfers abroad | 1,208 | 1,332 | 1,423 | 1,502 | 1,588 | 1,662 |
| Depreciation | 7,345 | 7,619 | 9,647 | 9,696 | 9,986 | 10,722 |
| Cost of capital charges | 10,126 | 10,379 | 11,296 | 12,644 | 12,932 | 13,602 |
| Provisions and other charges | 815 | 2,604 | 6,397 | -519 | 1,618 | 1,875 |
| Other current expenditure | 3,573 | 3,586 | 4,080 | 5,125 | 5,020 | 5,411 |
| Total within Resource Departmental AME | 111,730 | 118,368 | 127,135 | 130,036 | 133,790 | 139,914 |
| Total within Resource Budgets | 218,735 | 231,179 | 249,624 | 264,563 | 278,119 | 292,252 |
| Current grants to the private sector | 97 | 111 | 129 | 137 | 141 | 146 |
| Current transfers abroad | 3,590 | 2,807 | 3,696 | 776 | 2,162 | 2,364 |
| Interest payments | 29,512 | 24,927 | 25,945 | 22,160 | 21,132 | 23,192 |
| Accounting and other adjustments ⁽¹⁾ | -16,587 | -16,533 | -20,926 | -15,670 | -11,876 | -5,827 |
| Classification changes to national accounts | 3,790 | 3,943 | 4,833 | 4,917 | 5,853 | 6,082 |
| Total Central Government own current expenditure | 239,137 | 246,435 | 263,301 | 276,884 | 295,531 | 318,209 |
| Within Capital Budget DEL⁽¹⁾: | | | | | | |
| Net capital expenditure on assets | 7,795 | 8,165 | 7,929 | 9,586 | 9,955 | 10,485 |
| Capital grants | 2,830 | 3,259 | 3,280 | 4,554 | 4,965 | 7,106 |
| Net lending and other financial transactions | 123 | 163 | 159 | 397 | 427 | 542 |
| Other Capital expenditure | | 372 | 376 | 589 | 893 | 1,478 |
| Total within Capital Budget DEL⁽¹⁾ | 10,748 | 11,958 | 11,743 | 15,127 | 16,240 | 19,611 |
| Within Capital Departmental AME: | | | | | | |
| Net capital expenditure on assets | 377 | 468 | 164 | 18 | 18 | 18 |
| Capital grants | 599 | 878 | 602 | 416 | 1,078 | 1,298 |
| Net lending and other financial transactions | -226 | 949 | 1,283 | 211 | 376 | -134 |
| Total within Capital Departmental AME | 749 | 2,294 | 2,049 | 644 | 1,472 | 1,183 |
| Total within Capital Budgets | 11,497 | 14,252 | 13,792 | 15,771 | 17,712 | 20,794 |
| Accounting and other adjustments ⁽¹⁾ | -39 | -3,037 | -1,198 | 701 | -900 | 1,000 |
| Classification changes to national accounts | -3,790 | -3,943 | -4,833 | -4,917 | -5,853 | -6,082 |
| Total Central Government own capital expenditure | 7,668 | 7,272 | 7,761 | 11,555 | 10,935 | 15,736 |
| Total Central Government own expenditure | 246,805 | 253,706 | 271,062 | 288,439 | 306,500 | 334,000 |

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

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1996–97 to 2003–04

| | cash £million | | | | | resources £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Education | | | | | | | | |
| Under fives | 10 | 637 | 135 | 127 | 59 | 126 | 487 | 542 |
| Schools | 1,161 | 1,368 | 1,383 | 1,445 | 1,568 | 1,777 | 1,851 | 1,885 |
| Further Education | 3,577 | 3,587 | 3,661 | 4,030 | 4,358 | 6,654 | 7,158 | 8,728 |
| Higher Education | 4,659 | 4,726 | 4,746 | 5,318 | 6,011 | 6,564 | 6,976 | 7,270 |
| Student support (including mandatory awards & access fund) | 524 | 557 | 629 | 1,176 | 1,478 | 1,692 | 1,854 | 1,937 |
| Miscellaneous educational services, research and administration | 968 | 991 | 980 | 1,108 | 900 | 1,393 | 1,681 | 1,735 |
| Total education | 10,899 | 11,866 | 11,534 | 13,204 | 14,374 | 18,206 | 20,007 | 21,197 |
| Health and personal social services | | | | | | | | |
| National Health Service | 39,459 | 41,395 | 43,897 | 47,612 | 51,177 | 57,091 | 61,119 | 68,044 |
| Central health and other services | 935 | 903 | 858 | 968 | 987 | 1,130 | 1,087 | 1,147 |
| Total health | 40,394 | 42,298 | 44,755 | 48,580 | 52,164 | 58,221 | 62,206 | 69,191 |
| Personal social services | 433 | 466 | 467 | 529 | 604 | 793 | 927 | 1,013 |
| Adjustments to TME | 1,276 | 1,498 | 1,536 | 1,606 | 1,529 | 1,417 | 1,550 | 1,707 |
| Total health and personal social services | 42,103 | 44,263 | 46,758 | 50,715 | 54,297 | 60,431 | 64,683 | 71,911 |
| Transport | | | | | | | | |
| National roads | 2,161 | 1,986 | 1,837 | 1,892 | 1,956 | 2,171 | 2,242 | 2,337 |
| Local roads | 0 | 0 | 0 | 1 | 13 | 13 | 7 | 7 |
| Local transport | 224 | 222 | 307 | 332 | 332 | 322 | 346 | 357 |
| Ports | 11 | 5 | 1 | 1 | 1 | 12 | 10 | 4 |
| Marine, coastguard, shipping and civil aviation services | -2 | 1 | 28 | 31 | 55 | 112 | 22 | 23 |
| Driver and vehicle licensing and testing | 152 | 151 | 75 | 115 | 128 | 134 | 157 | 163 |
| National and International rail services | 1,929 | 1,532 | 1,393 | 1,141 | 978 | 1,671 | 2,723 | 3,546 |
| UK Maritime Agency | 89 | 83 | 84 | 90 | 95 | 99 | 106 | 106 |
| Other transport services | 139 | 223 | 159 | 276 | 178 | 238 | 328 | 388 |
| Total transport | 4,703 | 4,203 | 3,884 | 3,879 | 3,736 | 4,772 | 5,941 | 6,931 |
| Housing | | | | | | | | |
| Social housing | 1,045 | 729 | 745 | 831 | 1,153 | 1,636 | 1,412 | 1,802 |
| Other | 1,119 | 1,062 | 855 | 799 | 864 | 1,401 | 1,470 | 1,427 |
| Total housing | 2,164 | 1,791 | 1,600 | 1,630 | 2,017 | 3,037 | 2,882 | 3,229 |
| Other environmental services | | | | | | | | |
| Environmental protection | 382 | 382 | 376 | 365 | 890 | 862 | 951 | 987 |
| Countryside and water | -62 | -71 | -72 | 278 | 480 | 780 | 948 | 1,076 |
| Urban | 122 | 103 | 93 | 61 | 21 | 105 | 378 | 415 |
| Other | 860 | 787 | 823 | 703 | 898 | 1,047 | 1,308 | 1,384 |
| Total other environmental services | 1,301 | 1,201 | 1,220 | 1,407 | 2,289 | 2,794 | 3,585 | 3,862 |
| Law, order and protective services | | | | | | | | |
| Administration of justice | 2,695 | 2,717 | 2,731 | 2,989 | 3,377 | 3,937 | 3,993 | 3,951 |
| Prisons and offender programmes | 1,925 | 2,055 | 2,249 | 2,244 | 2,146 | 2,968 | 3,030 | 3,223 |
| Police | 849 | 925 | 895 | 849 | 1,044 | 1,799 | 2,063 | 1,657 |
| Immigration and citizenship | 223 | 252 | 212 | 797 | 1,398 | 1,631 | 1,001 | 1,050 |
| Fire | 56 | 55 | 58 | 62 | 23 | 35 | 35 | 36 |
| Civil defence | 28 | 27 | 24 | 3 | 4 | 5 | 5 | 5 |
| Constitutional and community services | 50 | 52 | 56 | 187 | 75 | 99 | 102 | 124 |
| Central and miscellaneous services | 432 | 429 | 460 | 507 | 606 | 703 | 666 | 673 |
| Total law, order and protective services | 6,258 | 6,512 | 6,685 | 7,638 | 8,673 | 11,177 | 10,895 | 10,719 |

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1996–97 to 2004–05 (continued)

| | cash £ million | | | | | resources £ million | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Defence | | | | | | | | |
| Defence budget | 22,143 | 21,471 | 22,493 | 22,594 | 24,825 | 24,053 | 24,137 | 24,832 |
| Receipts for sale of married quarters | -962 | -700 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total defence | 21,181 | 20,771 | 22,493 | 22,594 | 24,825 | 24,053 | 24,137 | 24,832 |
| International development assistance and other international services | | | | | | | | |
| International development assistance | 1,866 | 1,770 | 2,039 | 2,275 | 2,441 | 2,806 | 2,928 | 3,132 |
| Other international services | 1,063 | 1,078 | 1,102 | 1,154 | 1,283 | 1,918 | 1,900 | 1,368 |
| Total international development assistance and other services | 2,929 | 2,848 | 3,141 | 3,429 | 3,724 | 4,724 | 4,828 | 4,500 |
| Trade industry, energy, employment and training | | | | | | | | |
| Regional and other industrial support | 1,103 | 1,199 | 1,254 | 1,136 | 1,391 | 1,952 | 1,937 | 1,909 |
| Trade, scientific and technological support | 2,029 | 2,090 | 2,298 | 2,233 | 2,441 | 2,945 | 3,100 | 3,296 |
| Support for aerospace, shipbuilding, coal, steel | 290 | 111 | 21 | 211 | 224 | 516 | 178 | -244 |
| Employment | 1,966 | 1,803 | 2,068 | 2,426 | 2,899 | 3,741 | 3,478 | 3,900 |
| Training | 1,774 | 1,691 | 1,512 | 1,626 | 1,765 | 381 | 394 | 340 |
| Departmental administration and other services | 273 | 282 | 266 | 296 | 363 | 552 | 463 | 460 |
| Total trade, industry, energy, employment and training | 7,435 | 7,175 | 7,419 | 7,928 | 9,083 | 10,087 | 9,550 | 9,661 |
| Agriculture, fisheries, food and forestry | | | | | | | | |
| Market support under CAP | 2,984 | 2,531 | 2,802 | 2,582 | 2,528 | 3,122 | 2,459 | 2,525 |
| Other agriculture, fisheries and food | 1,500 | 1,381 | 1,390 | 1,346 | 1,542 | 3,711 | 1,842 | 1,931 |
| Forestry | 87 | 90 | 91 | 104 | 88 | 111 | 126 | 139 |
| BSE | 1,144 | 849 | 447 | 332 | 325 | 377 | 377 | 370 |
| Total agriculture, fisheries, food and forestry | 5,716 | 4,851 | 4,730 | 4,364 | 4,483 | 7,321 | 4,804 | 4,965 |
| Culture, Media and Sport | | | | | | | | |
| Museums and galleries | 274 | 272 | 268 | 290 | 287 | 354 | 379 | 387 |
| Other arts and heritage | 483 | 493 | 482 | 516 | 478 | 546 | 633 | 643 |
| Libraries | 150 | 141 | 124 | 136 | 115 | 149 | 149 | 152 |
| Films | 24 | 23 | 22 | 25 | 24 | 24 | 27 | 27 |
| Tourism | 64 | 64 | 65 | 67 | 91 | 165 | 141 | 123 |
| Sport and recreation | 118 | 115 | 116 | 128 | 72 | 107 | 136 | 147 |
| Broadcasting | 10 | 12 | 8 | 12 | 12 | 13 | 13 | 13 |
| Administration | 36 | 47 | 50 | 49 | 31 | 39 | 43 | 37 |
| Lottery | 388 | 803 | 1,488 | 1,618 | 1,514 | 1,303 | 1,922 | 1,990 |
| Total Culture, Media and Sport | 1,547 | 1,970 | 2,623 | 2,841 | 2,624 | 2,700 | 3,443 | 3,519 |

4. CENTRAL GOVERNMENT OWN EXPENDITURE

Table 4.5 Central government own expenditure by function, 1996–97 to 2004–05 (continued)

| | cash £ million | | | | | resources £ million | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Social Security | | | | | | | | |
| Pension benefits | 32,883 | 34,483 | 36,552 | 38,731 | 40,187 | 43,621 | 45,893 | 48,048 |
| Widows' benefits | 1,017 | 1,021 | 1,008 | 1,023 | 1,019 | 1,142 | 1,183 | 1,101 |
| Unemployment, incapacity and other benefits | 8,723 | 7,804 | 7,636 | 7,304 | 7,032 | 7,193 | 8,869 | 8,867 |
| Industrial injury benefits | 765 | 768 | 783 | 785 | 779 | 797 | 759 | 695 |
| Family benefits | 9,754 | 10,022 | 10,430 | 11,013 | 9,619 | 9,822 | 10,001 | 10,464 |
| War pensions | 1,351 | 1,288 | 1,264 | 1,256 | 1,411 | 1,240 | 1,187 | 1,148 |
| Disability benefits | 9,214 | 9,942 | 10,547 | 11,148 | 11,688 | 12,597 | 13,237 | 13,911 |
| Income support | 17,295 | 16,720 | 16,215 | 16,765 | 18,194 | 19,159 | 19,305 | 20,308 |
| Social Fund | 159 | 117 | 116 | 117 | 120 | 174 | 228 | 241 |
| Housing benefits | 309 | 618 | 602 | 449 | 406 | 393 | 382 | 378 |
| Administration and miscellaneous services | 3,307 | 3,102 | 2,866 | 3,121 | 3,335 | 3,726 | 3,663 | 3,708 |
| Total social security | 84,777 | 85,885 | 88,019 | 91,712 | 93,790 | 99,864 | 104,707 | 108,869 |
| Central administration and associated expenditure | | | | | | | | |
| Public and common services | 4,907 | 4,633 | 5,082 | 5,546 | 5,690 | 7,456 | 7,855 | 8,168 |
| EC Net Payments | 1,802 | 2,153 | 3,590 | 2,806 | 3,753 | 904 | 2,162 | 2,364 |
| Total Central administration and associated expenditure | 6,709 | 6,786 | 8,672 | 8,352 | 9,443 | 8,360 | 10,017 | 10,532 |
| Total expenditure on services⁽¹⁾ | 197,721 | 200,121 | 208,778 | 219,693 | 233,358 | 258,326 | 270,379 | 285,627 |
| Central government debt interest | 27,987 | 29,968 | 29,512 | 25,297 | 25,945 | 22,160 | 21,132 | 23,192 |
| Net Public Service pensions | 4,978 | 5,352 | 4,681 | 5,223 | 5,016 | 5,125 | 5,020 | 5,411 |
| Other adjustments | 5,199 | 5,824 | 3,834 | 3,493 | 6,743 | 2,827 | 9,900 | 19,700 |
| Total Central Government own expenditure | 235,885 | 241,265 | 246,805 | 253,706 | 271,062 | 288,439 | 306,500 | 333,900 |

(1) Central government own expenditure on services. For definition of expenditure on services, see Appendix F.

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

INTRODUCTION

5.1 This chapter sets out some details of expenditure by central government departments subject to Treasury controls on administration costs, and on civil service staffing levels in all central government departments and the devolved administrations. The data on administration costs is on a resource basis and starts in 1998-99, with plans going through to 2003-04. The data on staffing levels covers a period of eight years, starting in 1996-97, with projections going through to 2003-04.

5.2 Outturn data on gross administrative expenditure and civil service staffing in this chapter do not fall within the scope of National Statistics.

GROSS ADMINISTRATIVE EXPENDITURE

5.3 The primary aim of administration costs control is to promote economical and efficient administration and service delivery in central government. Administration costs cover departments' current expenditure on staff, accommodation and other services used in the administration of central government. It also covers the direct delivery of services by departments and their agencies where these are carried out by civil servants; for example, prison officers, HM Coastguards and personal advisers helping people into work all fall within administration costs. Expenditure is controlled during the year through accruals-based administration costs limits, which are notified to Parliament in the Supply Estimates. These limits are largely set on a gross basis, though for certain executive agencies, operating in areas where expenditure and receipts vary in line with demand, net control limits may be set. Administration costs control limits for 2002-03 will be announced in the 2002-03 Supplementary Budgetary Information (Cm5510).

5.4 **Table 5.1** shows gross administrative expenditure from 1998-99 to 2003-04 for all central government departments for which administration cost controls are operated. There are no numbers for the Ministry of Defence, which is not subject to the administration cost controls operated on civil departments, nor for the devolved administrations, which operate their own controls. Administrative expenditure is measured after eliminating double counting and offsetting VAT refunds on eligible contracted out services. The table compares plans for 2002-03 and 2003-04 with outturn for 1998-99 through to 2000-01, and with the estimated outturn for 2001-02. Recent years' outturn have, on average, been overestimated by about 2.5 per cent. On this basis, outturn in 2001-02 will be over £400 million below the published number.

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

CIVIL SERVICE STAFFING

5.6 **Table 5.2** provides a summary of Civil Service staffing by department, starting in 1996-97, with estimates for 2001-02 and plans for 2002-03 through to 2003-04. The figures comprise all permanent staff and exclude temporary and casual staff. Numbers are measured in terms of "full-time equivalent" staff, with part-time staff recorded according to the proportion of a full week for which they are contracted to work.

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

5.7 Plans for the devolved administrations are indicative only as staff numbers will depend on the decisions of the devolved executives.

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

Table 5.1 Gross administrative expenditure^{1,2,3} by department, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|---------------|----------------------|---------------|---------------|---------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | estimated outturn | plans | plans | plans |
| Departmental Expenditure Limits | | | | | | |
| Education | 237 | 244 | 224 | 253 | 247 | 247 |
| Health ⁽⁴⁾ | 287 | 289 | 396 | 424 | 423 | 431 |
| Transport and Regions | 799 | 857 | 920 | 920 | 962 | 983 |
| Home office | 2,211 | 2,138 | 2,506 | 2,858 | 2,904 | 3,045 |
| Lord Chancellor's Departments | 526 | 535 | 635 | 713 | 696 | 709 |
| Attorney General's Department | 256 | 249 | 280 | 334 | 317 | 327 |
| Foreign and Commonwealth Office | 580 | 559 | 630 | 679 | 678 | 689 |
| International Development | 59 | 70 | 72 | 77 | 77 | 80 |
| Trade and Industry ⁽⁵⁾ | 427 | 503 | 565 | 559 | 569 | 546 |
| Environment, Food and Rural Affairs | 524 | 489 | 498 | 742 | 492 | 552 |
| Culture, Media and Sport | 30 | 34 | 31 | 35 | 35 | 34 |
| Work and Pensions | 3,735 | 3,906 | 4,234 | 4,898 | 5,020 | 5,584 |
| <i>Of which: funded by the Welfare Modernisation Fund</i> | | | | | 554 | 655 |
| Scotland | 3 | 3 | 6 | 8 | 7 | 7 |
| Wales | | 1 | 3 | 3 | 2 | 2 |
| Northern Ireland Office | 160 | 170 | 145 | 159 | 152 | 154 |
| Chancellor's Departments: | 3,202 | 3,375 | 3,653 | 3,945 | 4,104 | 4,096 |
| <i>Of which</i> | | | | | | |
| <i>Inland Revenue</i> | 2,058 | 2,221 | 2,405 | 2,488 | 2,731 | 2,722 |
| <i>Customs and Excise</i> | 790 | 790 | 837 | 951 | 956 | 963 |
| <i>Others</i> | 354 | 364 | 411 | 507 | 417 | 410 |
| Cabinet Office | 571 | 705 | 633 | 716 | 696 | 727 |
| Departmental totals | 13,610 | 14,128 | 15,429 | 17,324 | 17,381 | 18,212 |
| <i>Of which estimated IT PFI capital⁽⁶⁾</i> | 66 | 107 | 131 | 206 | 335 | 440 |
| Total gross expenditure on civil departments' administration costs | 13,544 | 14,021 | 15,298 | 17,118 | 17,046 | 17,772 |
| <i>Of which administration costs paybill⁽⁷⁾</i> | 7,742 | 8,230 | 8,617 | 9,354 | 9,138 | 9,243 |
| Ministry of Defence civilian paybill | 2,267 | 2,241 | 2,263 | 2,277 | 2,291 | 2,294 |
| Total expenditure on civil department' administration costs in AME⁽⁸⁾ | 1,211 | 1,224 | 1,145 | 1,391 | 1,547 | 1,636 |

(1) Administration costs include the costs of service delivery where this is carried out by central government staff and equipment.

(2) Excludes intra- and inter-departmental receipts paid from administration costs.

(3) Excludes administration costs of devolved bodies.

(4) From April 2000, Department of Health includes the Food Standards Agency. Total administration costs for the Food Standards Agency are £100 million (2000-01 estimated outturn), £102 million (2001-02 plans), £104 million (2002-03 plans) and £104 million (2003-04 plans).

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

(6) These are charges that previously would have scored as capital but under PFI contracts are now funded from administration costs.

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

(8) Depreciation and cost of capital charges on assets related to administration costs and not within the Civil Estate currently fall within administration costs in Annually Managed Expenditure. As part of the full implementation of resource budgeting, these non-cash costs will move from AME into resource DEL (and hence into administration).

5. CENTRAL GOVERNMENT ADMINISTRATION AND STAFFING

Table 5.2 Staff of Home Civil Service Central Government Departments and Devolved Bodies⁽¹⁾, 1996–97 to 2003–04

| | thousands (full-time equivalents) | | | | | | | |
|--|-----------------------------------|-------------------|-------------------|-------------------|-------------------|----------------------|------------------|------------------|
| | 1996–97 actual | 1997–98 actual | 1998–99 actual | 1999–00 actual | 2000–01 actual | 2001–02 estimated | 2002–03 plans | 2003–04 plans |
| Department for Education and Skills (including OFSTED) ⁽²⁾ | 37.4 | 33.7 | 34.0 | 33.0 | 36.4 | 6.3 | 6.1 | 6.3 |
| Department of Health | 4.4 | 4.2 | 4.3 | 4.5 | 4.8 | 5.1 | 4.4 | 4.4 |
| Food Standards Agency | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 | 2.0 | 2.1 | 2.1 |
| Department of Transport Local Government and the Regions (including, ORR, PSA Services, HSE, OFWAT and Ordnance Survey) | 18.9 | 17.6 | 17.6 | 19.6 | 21.0 | 19.0 | 19.3 | 19.4 |
| Home Office (including Charity Commission) | 50.4 | 50.7 | 50.7 | 50.4 | 56.2 | 60.3 | 64.0 | 64.3 |
| Lord Chancellor's and Attorney General's Officers' Departments | 18.7 | 17.6 | 17.0 | 17.6 | 18.0 | 19.0 | 19.8 | 19.9 |
| Ministry of Defence | 94.2 | 89.7 | 86.8 | 86.1 | 84.4 | 81.1 | 80.8 | 80.1 |
| Foreign and Commonwealth Office | 5.7 | 5.5 | 5.5 | 5.6 | 5.5 | 5.5 | 5.8 | 5.8 |
| Department for International Development | 1.0 | 1.0 | 1.1 | 1.3 | 1.2 | 1.4 | 1.3 | 1.3 |
| Department for Trade and Industry (including ACAS, OFT, OFTEL, OFGEM & the Postal Services Commission) | 8.5 | 8.3 | 8.4 | 9.0 | 10.0 | 9.5 | 9.8 | 9.8 |
| Export Credits Guarantee Department | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Department for Environment, food and Rural affairs | 10.1 | 9.3 | 10.2 | 10.4 | 9.4 | 9.8 | 10.0 | 9.9 |
| Intervention Board | 0.9 | 1.1 | 1.1 | 1.3 | 1.2 | 1.1 | 0.0 | 0.0 |
| Department for Culture, Media and Sport ⁽³⁾ | 1.0 | 0.6 | 0.6 | 0.7 | 0.6 | 0.6 | 0.7 | 0.7 |
| Department for Work and Pensions ⁽⁵⁾ | 93.6 | 91.4 | 88.6 | 84.7 | 83.8 | 116.6 | 118.6 | 111.7 |
| The Scotland Office | | | | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Scotland ⁽⁵⁾⁽⁶⁾ | 11.8 | 12.0 | 12.2 | 12.2 | 13.8 | 12.7 | 12.9 | 12.9 |
| Wales ⁽⁵⁾⁽⁷⁾ | 2.1 | 2.1 | 2.2 | 2.6 | 3.1 | 3.1 | 3.7 | 3.7 |
| The Wales Office | 0.0 | 0.0 | 0.0 | 0.03 | 0.04 | 0.04 | 0.04 | 0.04 |
| Northern Ireland Office | 4.5 | 4.4 | 4.2 | 3.9 | 3.4 | 3.3 | 3.3 | 3.3 |
| Northern Ireland ⁽⁵⁾ | 20.1 | 19.6 | 19.6 | 19.7 | 21.8 | 23.7 | 23.7 | 23.7 |
| HM Customs and Excise | 22.9 | 23.3 | 23.1 | 22.4 | 21.8 | 21.9 | 21.9 | 21.3 |
| Inland Revenue | 55.4 | 53.8 | 53.6 | 62.4 | 66.7 | 66.9 | 71.3 | 71.5 |
| Chancellor's other departments ⁽⁸⁾ | 9.8 | 8.9 | 8.8 | 4.7 | 4.9 | 4.7 | 5.0 | 4.9 |
| Cabinet Office, OPS, COI, and PCO | 2.9 | 2.5 | 2.5 | 2.5 | 2.4 | 2.3 | 2.6 | 2.6 |
| Security and Intelligence Services | 8.6 | 8.3 | 8.1 | 8.1 | 7.7 | 8.0 | 8.3 | 8.4 |
| Trading funds and DSA | 33.0 | 30.7 | 27.1 | 27.3 | 27.1 | 19.3 | 19.2 | 18.9 |
| TOTAL⁽¹⁾ | 516.5 | 469.9 | 487.4 | 490.4 | 507.3 | 503.5 | 515.1 | 507.3 |
| <i>of which: Home Civil Service</i> | <i>487.5</i> | <i>468.5</i> | <i>459.4</i> | <i>462.3</i> | <i>478.0</i> | <i>472.2</i> | <i>483.7</i> | <i>476.0</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 devolved administrations 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) Figures include The Office of the National Lottery (OFLOT) until 31/03/99. From 01/04/99 OFLOT became the National Lottery Commission and moved out of the Civil Service.

(4) From 2001-02 due to change in Machinery of Government staffing data has been changed for DWP, DTLR and DEFRA.

(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.

(7) Figures for 99-00 have been calculated on a pro rata basis because the Wales Office was only in existence from July 1999.

(8) Figures from 1999-00 reflect transfer of National Savings operational locations to a Private Sector Partner.

6. LOCAL AUTHORITY EXPENDITURE

INTRODUCTION

6.1 This chapter describes central government support for local authorities from 1996–97 to 2003–04 and local authority expenditure for outturn years. It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in certain tables in this section.

6.2 In this chapter all outturn data up to 2000-01 for central government support are on a cash basis. Estimated outturn and plans for central government support are on a resource basis. All outturn data (to 2000-2001) fall under the umbrella of National Statistics.

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

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

6.5 Local authority expenditure accounts for around one quarter of TME. Data for all years up to 1999-2000 are final outturn figures; 2000-01 are provisional outturn and might be subject to revision; 2001-02 are estimates based on local authority budget plans; 2002-03 and 2003-04 are based on the spending plans by central government departments that support local authorities and forecasts of local authority expenditure financed locally.

6.6 Total current and capital spending by local authorities within TME (excludes payments to other parts of the public sector) in 2000-2001 and 2001-02 is estimated to be £91.2 billion and £98.8 billion, respectively. Outturn figures and projections for the later years are set out in **Table 6.1**. **Table 6.6** presents total local authority expenditure by department for the outturn and estimated outturn years: 1996-97 to 2001-02. **Table 6.9** shows total local authority expenditure for those years, broken down by country and economic category.

6.7 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, for example Revenue Support Grant, or related to specific services, such as police grant.

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

6.9 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

6.10 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.

6.11 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 in proportion to population;
- specific and special grants, which fund part of the current expenditure on a specific service or activity.

6.12 **Table 6.4** shows AEF in Great Britain by country and grant. All AEF falls within DEL, with the exception of Scottish NNDR payments which are in locally financed expenditure in Other 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 rebates, and council tax benefit. **Table 6.5** shows current specific grants outside AEF by country, for the years 1996–97 to 2003–04. Grants outside of AEF are a mixture of support falling in DEL and Departmental AME.

CAPITAL EXPENDITURE

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

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

6.15 Local authorities in England, Wales and 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 any time. The requirement to set aside part of their other receipts was lifted in September 1998.

6.16 Gross capital expenditure, split by country and service from 1996-97 to 2001-02, is shown in **Table 6.7**. Gross means that it is before sales of capital assets and depreciation. Local authority gross capital spending in the United Kingdom in 2000-01 totalled £9.6 billion with offsetting receipts of £3.6 billion. In 2001-02 gross capital spending rises to £11.4 billion with offsetting receipts of £4.3 billion, giving net capital spending of around £7.1 billion. These estimates take account of the returns from local authorities on capital expenditure. **Table 6.8** shows local authority receipts within the United Kingdom, again by country and service. **Tables 6.7** and **6.8** use a definition of capital expenditure that is consistent with the national accounts, i.e. excludes financial transactions.

SUPPORT FOR LOCAL AUTHORITY CAPITAL PROGRAMMES

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

6.18 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.

CHANGES SINCE LAST PESA

6.19 From 2002–03, the National Crime Squad and the National Criminal Intelligence Service are Non-Departmental Public Bodies directly funded by central Government. Previously they were funded principally by a levy on police authorities. From 2002-03, support for sixth forms in schools is paid through the Learning and Skills Council; previously it was funded through Revenue Support Grant (RSG).

6. LOCAL AUTHORITY EXPENDITURE

Table 6.1 Financing of local authority expenditure in the United Kingdom, 1996–97 to 2003–04

| | cash, £ million | | | | | resource, £ million | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Expenditure within DEL | | | | | | | | |
| Current | | | | | | | | |
| Aggregate External Finance within DEL | | | | | | | | |
| England | | | | | | | | |
| Revenue support grant | 18,024 | 18,675 | 19,506 | 19,902 | 19,470 | 21,122 | 19,931 | } 39,247 |
| Non-domestic rate payments | 12,736 | 12,027 | 12,524 | 13,612 | 15,400 | 15,137 | 16,626 | |
| Specific and special grants | 5,082 | 5,354 | 5,723 | 5,924 | 7,245 | 9,286 | 11,557 | 12,116 |
| Total England | 35,842 | 36,050 | 37,753 | 39,438 | 42,115 | 45,545 | 48,114 | 51,363 |
| Scotland | | | | | | | | |
| Revenue support grant | 3,665 | 3,520 | 3,487 | 3,537 | 3,593 | 3,853 | 4,227 | 4,480 |
| Specific and special grants | 409 | 427 | 439 | 568 | 611 | 620 | 630 | 636 |
| Total Scotland | 4,074 | 3,947 | 3,926 | 4,105 | 4,204 | 4,473 | 4,857 | 5,116 |
| Wales | | | | | | | | |
| Revenue support grant | 1,792 | 1,734 | 1,806 | 1,892 | 2,033 | 2,181 | } 2,996 | 3,105 |
| Non-domestic rate payments | 459 | 584 | 606 | 656 | 657 | 702 | | |
| Specific and special grants | 265 | 260 | 286 | 274 | 281 | 271 | 294 | 306 |
| Total Wales | 2,516 | 2,578 | 2,698 | 2,822 | 2,971 | 3,154 | 3,290 | 3,411 |
| Great Britain | | | | | | | | |
| Revenue support grant | 23,482 | 23,929 | 24,798 | 25,331 | 25,096 | 27,156 | 27,154 | } 46,832 |
| Non-domestic rate payments | 13,195 | 12,611 | 13,130 | 14,268 | 16,057 | 15,839 | 16,626 | |
| Specific and special grants | 5,756 | 6,041 | 6,448 | 6,766 | 8,137 | 10,177 | 12,481 | 13,058 |
| Total AEF Great Britain | 42,433 | 42,581 | 44,376 | 46,365 | 49,290 | 53,172 | 56,261 | 59,890 |
| Other current grants | 2,473 | 2,444 | 2,334 | 1,090 | 1,161 | 1,172 | 1,581 | 1,858 |
| Total current grants within DEL | 44,906 | 45,025 | 46,710 | 47,455 | 50,451 | 54,344 | 57,842 | 61,748 |
| Capital | | | | | | | | |
| Capital grants | 1,869 | 1,807 | 1,742 | 1,519 | 2,307 | 2,865 | 3,831 | 4,657 |
| Credit approvals | 3,191 | 2,968 | 3,193 | 3,282 | 4,131 | 3,602 | 4,322 | 4,841 |
| Total capital support within DEL | 5,060 | 4,775 | 4,935 | 4,801 | 6,438 | 6,467 | 8,153 | 9,498 |
| Total central government support in DEL | 49,966 | 49,800 | 51,645 | 52,256 | 56,889 | 60,811 | 65,955 | 71,246 |
| Central Government support in departmental AME* | 11,847 | 11,763 | 11,472 | 11,245 | 11,379 | 13,007 | 13,710 | 14,368 |
| Locally financed expenditure | | | | | | | | |
| Local authority self financed expenditure | 12,177 | 13,803 | 15,373 | 17,059 | 16,653 | 17,662 | 18,797 | 20,127 |
| Locally financed support in Scotland | 1,313 | 1,326 | 1,395 | 1,441 | 1,663 | 1,554 | 1,718 | 1,646 |
| Total Locally financed expenditure | 13,490 | 15,129 | 16,768 | 18,500 | 18,316 | 19,216 | 20,515 | 21,773 |
| Accounting and other adjustments | 1,205 | 1,369 | 1,990 | 4,058 | 4,634 | 5,779 | 5,300 | 7,400 |
| Total Local Authority expenditure | 76,508 | 78,061 | 81,875 | 86,058 | 91,219 | 98,812 | 105,500 | 114,700 |

*Includes expenditure financed from the Lottery

6. LOCAL AUTHORITY EXPENDITURE

Table 6.2 Central government support for local authorities in the United Kingdom by department, 1996–97 to 2003–04

| | cash, £ million | | | | | resources, £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Current within DEL | | | | | | | | |
| Education and Skills | 2,353 | 2,382 | 2,260 | 1,375 | 2,170 | 3,292 | 4,801 | 4,976 |
| Health | 611 | 519 | 668 | 603 | 612 | 1,443 | 2,310 | 2,450 |
| DTLR – Main programmes | 256 | 536 | 558 | 373 | 827 | 712 | 884 | 1,056 |
| DTLR – Local Government and Regional Policy | 30,990 | 30,846 | 32,165 | 33,677 | 35,020 | 36,653 | 37,112 | 39,809 |
| Home Office | 3,706 | 3,823 | 4,067 | 4,096 | 4,279 | 4,098 | 4,079 | 4,347 |
| Legal Departments | 260 | 257 | 257 | 261 | 271 | 302 | 243 | 273 |
| Trade and Industry | 12 | 17 | 15 | 10 | 15 | 29 | 40 | 31 |
| Environment, Food and Rural Affairs | –169 | –168 | –175 | –185 | –196 | –189 | –170 | –143 |
| Work and Pensions | 276 | 299 | 302 | 329 | 299 | 329 | 375 | 381 |
| Culture, Media and Sports | | 8 | 6 | 6 | | 2 | 12 | |
| Cabinet Office | 2 | 2 | 14 | 14 | 14 | 19 | 14 | 14 |
| Scotland ⁽¹⁾ | 4,224 | 4,077 | 4,016 | 4,193 | 4,275 | 4,554 | 4,952 | 5,198 |
| Wales ⁽¹⁾ | 2,326 | 2,363 | 2,485 | 2,616 | 2,789 | 3,021 | 3,108 | 3,275 |
| Northern Ireland ⁽¹⁾ | | | | | | 81 | 84 | 83 |
| Total within DEL | 44,907 | 45,028 | 46,710 | 47,457 | 50,452 | 54,346 | 57,844 | 61,749 |
| Current within departmental AME | | | | | | | | |
| DTLR – Main programmes | 3,309 | 3,125 | 2,825 | 2,580 | 2,447 | 3,355 | 3,379 | 3,265 |
| Environment, food and Rural affairs | | | | | | 6 | 6 | 6 |
| Culture, Media and Sport | 8,204 | 8,161 | 8,129 | 8,194 | 8,450 | 8,996 | 9,719 | 10,703 |
| Work and pensions | | | | | | | | |
| Wales | 189 | 181 | 168 | 171 | 174 | 202 | 198 | 195 |
| Total current within departmental AME | 11,702 | 11,467 | 11,122 | 10,945 | 11,071 | 12,559 | 13,303 | 14,170 |
| Locally Financed Expenditure in Scotland | 1,313 | 1,326 | 1,395 | 1,441 | 1,473 | 1,553 | 1,570 | 1,590 |
| Total Current | 57,922 | 57,821 | 59,227 | 59,843 | 63,186 | 68,505 | 72,806 | 77,303 |
| Capital within DEL | | | | | | | | |
| Education and Skills | 692 | 751 | 930 | 1,058 | 1,902 | 1,927 | 2,302 | 3,005 |
| Health | 132 | 82 | 60 | 61 | 57 | 63 | 97 | 97 |
| DTLR – Main programmes | 2,467 | 2,279 | 2,275 | 2,174 | 3,109 | 2,949 | 3,829 | 4,373 |
| DTLR – Local Government and Regional Policy | 111 | 305 | 358 | 272 | 55 | 69 | 273 | 323 |
| Home Office | 244 | 217 | 194 | 194 | 197 | 168 | 285 | 230 |
| Legal Departments | 33 | 22 | 28 | 29 | 23 | 42 | 56 | 49 |
| Trade and Industry | | | | | | 7 | 1 | 1 |
| Environment, Food and Rural Affairs | 77 | 59 | 59 | 55 | 46 | 74 | 98 | 123 |
| Work and Pensions | 4 | 5 | 5 | 5 | 3 | 5 | 6 | 5 |
| Culture, Media and Sport | 8 | 14 | 7 | 4 | 25 | 25 | 25 | 25 |
| Scotland | 734 | 574 | 590 | 521 | 579 | 682 | 668 | 760 |
| Wales | 557 | 465 | 425 | 425 | 439 | 455 | 512 | 506 |
| Northern Ireland | 2 | 1 | 1 | 1 | | | | |
| Total Capital within DEL | 5,061 | 4,774 | 4,932 | 4,799 | 6,435 | 6,466 | 8,152 | 9,497 |
| Capital within AME | | | | | | | | |
| Financing from the National Lottery Departmental AME | 132 | 287 | 342 | 292 | 301 | 351 | 333 | 273 |
| | | | | | | 50 | 132 | 185 |
| Total Capital within AME Main programmes | 132 | 287 | 342 | 292 | 301 | 401 | 465 | 458 |
| Total Capital | 5,193 | 5,061 | 5,274 | 5,091 | 6,736 | 6,867 | 8,617 | 9,955 |
| Total | 63,115 | 62,882 | 64,501 | 64,934 | 69,922 | 75,572 | 81,423 | 87,258 |

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

(2) Includes financial transactions.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.3 Central government capital support for local authorities in the United Kingdom by country and service, 1996–97 to 2003–04

| | cash, £ million | | | | | resources, £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| England | | | | | | | | |
| Credit approvals | | | | | | | | |
| Housing | 751 | 666 | 987 | 1,024 | 1,810 | 684 | 953 | 1,142 |
| Transport | 469 | 443 | 368 | 470 | 766 | 1,187 | 1,367 | 1,391 |
| Education | 435 | 404 | 383 | 456 | 546 | 565 | 806 | 1,041 |
| Personal social services | 105 | 69 | 54 | 57 | 55 | 56 | 56 | 56 |
| Fire services | 31 | 29 | 28 | 30 | 33 | 57 | 57 | 59 |
| Environment, Food and Rural Affairs | 40 | 33 | 33 | 28 | 31 | 34 | 42 | 42 |
| Recreation and Sport | 7 | 14 | 7 | 4 | 25 | 25 | 25 | 25 |
| Law and Order | 78 | 69 | 58 | 58 | 58 | 71 | 98 | 79 |
| Other services | 235 | 438 | 500 | 432 | 55 | 43 | 8 | 8 |
| Total Credit Approvals | 2,151 | 2,165 | 2,418 | 2,559 | 3,379 | 2,722 | 3,412 | 3,843 |
| Capital grants | | | | | | | | |
| Housing | 331 | 309 | 239 | 226 | 84 | 117 | 228 | 249 |
| GLA Transport grants | | | | | 53 | 109 | 178 | 299 |
| Transport | 256 | 211 | 159 | 159 | 34 | 513 | 763 | 949 |
| Education | 257 | 347 | 548 | 603 | 1,356 | 1,362 | 1,495 | 1,963 |
| Personal social services | 30 | 17 | 8 | 6 | 4 | 11 | 46 | 45 |
| Environment, food and Rural affairs | 37 | 27 | 26 | 27 | 15 | 40 | 55 | 80 |
| Law and Order | 151 | 129 | 126 | 124 | 117 | 130 | 226 | 186 |
| Urban and regeneration programmes | 536 | 517 | 383 | 136 | 75 | 49 | 27 | 19 |
| Other services | 1 | 0 | 0 | 1 | 287 | 298 | 512 | 581 |
| Total Capital grants | 1,599 | 1,557 | 1,489 | 1,282 | 2,025 | 2,594 | 3,541 | 4,371 |
| Total England | 3,750 | 3,722 | 3,907 | 3,841 | 5,404 | 5,316 | 6,953 | 8,214 |
| Scotland ⁽¹⁾ | | | | | | | | |
| Scotland Executive HRA housing | | | | | | | | |
| Net capital allocations ⁽²⁾ | 240 | 183 | 195 | 158 | 161 | 176 | 176 | 176 |
| Capital grants | 1 | 0 | 0 | 0 | 0 | 4 | 4 | 4 |
| Scottish Executive: Other | | | | | | | | |
| Net capital allocations ⁽²⁾ | 443 | 332 | 326 | 298 | 350 | 450 | 459 | 539 |
| Capital grants | 51 | 59 | 69 | 65 | 68 | 52 | 28 | 41 |
| Capital Consent allocations ⁽²⁾ | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Net capital allocations | 683 | 515 | 521 | 456 | 511 | 626 | 635 | 715 |
| Total Capital grants | 52 | 59 | 69 | 65 | 68 | 56 | 32 | 45 |
| Total Scotland | 735 | 574 | 590 | 521 | 579 | 682 | 667 | 760 |
| Wales ⁽¹⁾ | | | | | | | | |
| Credit approvals | | | | | | | | |
| National Assembly for Wales | 347 | 281 | 248 | 259 | 233 | 247 | 264 | 274 |
| Other departments ⁽⁴⁾ | 11 | 7 | 5 | 6 | 6 | 7 | 8 | 7 |
| Total Credit approvals | 358 | 288 | 253 | 265 | 239 | 254 | 272 | 281 |
| Capital grants | | | | | | | | |
| National Assembly for Wales | 210 | 184 | 177 | 166 | 206 | 208 | 248 | 232 |
| Other departments ⁽⁴⁾ | 7 | 6 | 5 | 6 | 6 | 6 | 12 | 10 |
| Total Capital grants | 217 | 190 | 182 | 172 | 212 | 214 | 260 | 242 |
| Total Wales | 575 | 478 | 435 | 437 | 451 | 468 | 532 | 523 |
| Northern Ireland capital grants ⁽¹⁾ | 2 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Capital grants from the lottery | 132 | 287 | 342 | 292 | 301 | 351 | 333 | 273 |
| United Kingdom Total | 5,062 | 4,775 | 4,933 | 4,800 | 6,434 | 6,466 | 8,152 | 9,497 |
| <i>of which:</i> | | | | | | | | |
| <i>Credit approvals</i> | 3,192 | 2,968 | 3,192 | 3,280 | 4,129 | 3,602 | 4,319 | 4,839 |
| <i>Capital grants</i> | 1,870 | 1,807 | 1,741 | 1,520 | 2,305 | 2,864 | 3,833 | 4,658 |

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

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

(3) Includes Training agency projects. Also includes provision for ports and airports projects which are not the responsibility of the Scottish Executive.

(4) Includes Home Office, Lord Chancellor's Department, DTLR, Department for Education and Skills and Department for Work and Pensions.

6. LOCAL AUTHORITY EXPENDITURE

**Table 6.4 Aggregate External Finance in Great Britain by country and grant
1996–97 to 2003–04**

| | cash, £ million | | | | | resources, £ million | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|--------------------|--------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 outturn | 2003–04 outturn |
| England | | | | | | | | |
| Revenue Support Grant | 18,024 | 18,675 | 19,506 | 19,902 | 19,470 | 21,122 | 19,931 | } 39,247 |
| NNDR | 12,743 | 12,027 | 12,524 | 13,612 | 15,400 | 15,137 | 16,626 | |
| Police | 3,183 | 3,302 | 3,470 | 3,518 | 3,637 | 3,795 | 3,788 | 4,092 |
| Health | 611 | 519 | 668 | 603 | 612 | 1,316 | 2,044 | 2,303 |
| Education | 314 | 397 | 389 | 602 | 1,834 | 3,272 | 4,875 | 5,061 |
| Offenders programme | 313 | 310 | 310 | 329 | 353 | | | |
| Other | 257 | 423 | 476 | 459 | 374 | 443 | 402 | 222 |
| Magistrates Courts | 246 | 243 | 244 | 248 | 256 | 286 | 270 | 256 |
| Social Security | 157 | 161 | 165 | 166 | 178 | 174 | 178 | 182 |
| Total England | 35,841 | 36,057 | 37,752 | 39,439 | 42,114 | 45,545 | 48,114 | 51,363 |
| Scotland ⁽¹⁾ | | | | | | | | |
| Revenue Support Grants | 3,665 | 3,520 | 3,487 | 3,537 | 3,593 | 3,853 | 4,227 | 4,480 |
| NNDR ⁽²⁾ | 1,313 | 1,326 | 1,395 | 1,441 | 1,663 | 1,554 | 1,718 | 1,646 |
| Police | 296 | 329 | 337 | 357 | 373 | 387 | 404 | 416 |
| Other | 113 | 98 | 101 | 211 | 238 | 233 | 226 | 219 |
| Total Scotland | 5,387 | 5,273 | 5,320 | 5,546 | 5,867 | 6,027 | 6,575 | 6,761 |
| Wales ⁽¹⁾ | | | | | | | | |
| Revenue Support Grants | 1,792 | 1,734 | 1,804 | 1,891 | 2,032 | 2,181 | 2,996 | 3,105 |
| NNDR | 459 | 584 | 606 | 656 | 657 | 702 | | |
| Police | 166 | 171 | 180 | 181 | 186 | 200 | 217 | 226 |
| Other | 99 | 89 | 108 | 95 | 96 | 71 | 77 | 80 |
| Total Wales | 2,516 | 2,578 | 2,698 | 2,823 | 2,971 | 3,154 | 3,290 | 3,411 |
| Total Great Britain | 43,744 | 43,908 | 45,770 | 47,808 | 50,952 | 54,726 | 57,979 | 61,535 |
| <i>Of which: AEF grants within DEL</i> | <i>42,432</i> | <i>42,581</i> | <i>44,376</i> | <i>46,366</i> | <i>49,293</i> | <i>53,172</i> | <i>56,261</i> | <i>59,890</i> |

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

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

6. LOCAL AUTHORITY EXPENDITURE

Table 6.5 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1996–97 to 2003–04

| | cash, £million | | | | | resources, £ million | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|--------------------|--------------------|
| | 1996–97 outturn | 1997–98 outturn | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 outturn | 2003–04 outturn |
| England | | | | | | | | |
| Mandatory student awards | 1,887 | 1,856 | 1,837 | 727 | 312 | 132 | 57 | 52 |
| Rent rebates | 3,397 | 3,179 | 2,910 | 2,657 | 2,558 | 3,477 | 3,516 | 3,413 |
| Rent allowances | 4,904 | 4,789 | 4,642 | 4,704 | 4,855 | 5,113 | 5,376 | 5,836 |
| Community charge rebates/ Council tax benefits | 1,824 | 1,863 | 1,893 | 1,889 | 1,887 | 2,109 | 2,337 | 2,540 |
| Others | 223 | 240 | 271 | 104 | 350 | 595 | 1,023 | 1,217 |
| GLA transport grant | | | | | 263 | 216 | 296 | 334 |
| Total England | 12,235 | 11,927 | 11,553 | 10,081 | 10,225 | 11,642 | 12,605 | 13,392 |
| Scotland | | | | | | | | |
| Rent rebates | 565 | 611 | 628 | 622 | 634 | 622 | 592 | 568 |
| Rent allowances | 290 | 291 | 305 | 300 | 349 | 365 | 458 | 530 |
| Community charge rebates/ Council tax benefits | 231 | 260 | 277 | 280 | 278 | 295 | 323 | 353 |
| Others | 171 | 152 | 114 | 112 | 92 | 109 | 121 | 108 |
| Total Scotland | 1,257 | 1,314 | 1,324 | 1,314 | 1,353 | 1,391 | 1,494 | 1,559 |
| Wales | | | | | | | | |
| Mandatory student awards | 121 | 126 | 34 | 43 | 19 | 7 | 3 | 3 |
| Rent allowances | 222 | 213 | 207 | 222 | 229 | 235 | 245 | 273 |
| Community charge rebates/ Council tax benefits | 81 | 87 | 91 | 101 | 108 | 118 | 128 | 139 |
| Others | 212 | 187 | 183 | 193 | 228 | 303 | 266 | 317 |
| Total Wales | 636 | 613 | 515 | 559 | 584 | 663 | 642 | 732 |
| Total Northern Ireland | | | | | | 81 | 84 | 83 |
| Northern Ireland current specific grants | 60 | 67 | 72 | 89 | 77 | 81 | 84 | 83 |
| Total United Kingdom | 14,188 | 13,921 | 13,464 | 12,043 | 12,239 | 13,777 | 14,825 | 15,766 |
| <i>Memo: Of which within DEL:</i> | | | | | | | | |
| England | 2,099 | 2,094 | 2,101 | 827 | 919 | 876 | 1,307 | 1,543 |
| Scotland | 170 | 151 | 113 | 111 | 91 | 108 | 120 | 108 |
| Wales | 143 | 131 | 48 | 64 | 73 | 106 | 70 | 124 |
| Northern Ireland | 60 | 67 | 72 | 89 | 77 | 81 | 84 | 83 |
| <i>Total within DEL</i> | 2,472 | 2,443 | 2,334 | 1,091 | 1,160 | 1,171 | 1,581 | 1,858 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.6 Local authority current and capital expenditure by department, 1996–97 to 2001–02

| | £ million | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|-------------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| Current | | | | | | |
| Education and Skills | 20,540 | 20,472 | 21,946 | 22,136 | 23,637 | 25,994 |
| Health | 7,947 | 8,458 | 9,059 | 10,050 | 10,699 | 11,076 |
| DTLR – Main Programmes | 6,671 | 6,705 | 7,060 | 7,353 | 8,141 | 8,659 |
| Home Office | 7,170 | 7,435 | 7,637 | 8,023 | 8,271 | 8,384 |
| Legal Departments | 326 | 331 | 331 | 334 | 344 | 346 |
| Trade and Industry | 168 | 168 | 161 | 163 | 166 | 174 |
| Environment, Food and Rural Affairs | 2,387 | 2,557 | 2,701 | 2,891 | 3,049 | 3,216 |
| Culture, Media and Sport | 1,477 | 1,490 | 1,517 | 1,618 | 1,737 | 1,758 |
| Work and Pensions | 11,875 | 11,700 | 11,622 | 11,809 | 11,916 | 12,213 |
| Cabinet Office | 18 | 17 | 16 | 22 | 26 | 26 |
| Scotland | 5,756 | 5,795 | 5,972 | 6,908 | 7,088 | 7,510 |
| Wales | 2,328 | 2,394 | 2,626 | 2,704 | 2,845 | 3,116 |
| Northern Ireland | 199 | 207 | 212 | 229 | 242 | 257 |
| Total current | 66,862 | 67,729 | 70,860 | 74,240 | 78,161 | 84,729 |
| Capital | | | | | | |
| Education and Skills | 931 | 983 | 1,169 | 1,289 | 1,600 | 1,596 |
| Health | 136 | 107 | 83 | 83 | 93 | 106 |
| DTLR – Main programmes | 2,891 | 2,517 | 2,315 | 1,644 | 2,298 | 3,058 |
| Home Office | 192 | 197 | 189 | 183 | 199 | 261 |
| Legal Departments | 29 | 19 | 28 | 28 | 19 | 44 |
| Trade and Industry | | 2 | | 1 | 1 | 1 |
| Environment, Food and Rural Affairs | 47 | 76 | 70 | 137 | 133 | 148 |
| Culture, Media and Sport | 264 | 320 | 369 | 426 | 455 | 584 |
| Work and Pensions | 3 | 2 | 2 | 3 | 5 | 5 |
| Scotland | 513 | 656 | 714 | 627 | 747 | 750 |
| Wales | 563 | 489 | 510 | 396 | 431 | 548 |
| Northern Ireland | 53 | 53 | 47 | 51 | 54 | 59 |
| Total capital | 5,622 | 5,421 | 5,496 | 4,868 | 6,035 | 7,160 |
| Debt Interest ⁽¹⁾ | 3,568 | 3,935 | 3,716 | 3,740 | 3,246 | 3,074 |
| Accounting and other adjustments | 456 | 976 | 1,803 | 3,211 | 3,800 | 5,900 |
| Total Local Authority Expenditure | 76,508 | 78,061 | 81,875 | 86,059 | 91,200 | 98,800 |

(1) Excludes debt interest funded by housing subsidy.

6. LOCAL AUTHORITY EXPENDITURE

Table 6.7 Local authority gross¹ capital expenditure by country and service, 1996–97 to 2001–02

| | £ million | | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England | | | | | | |
| Housing | 2,084 | 1,992 | 2,245 | 2,155 | 2,482 | 3,241 |
| Transport | 1,176 | 1,097 | 1,037 | 1,028 | 1,356 | 1,506 |
| Education | 1,047 | 1,114 | 1,249 | 1,389 | 1,716 | 1,760 |
| Personal Social Services | 191 | 148 | 135 | 128 | 150 | 195 |
| Fire services | 49 | 50 | 56 | 50 | 37 | 60 |
| Environment, Food and Rural Affairs | 180 | 164 | 174 | 198 | 194 | 276 |
| Sports and Recreation | 201 | 194 | 217 | 226 | 273 | 331 |
| Law and Order ⁽²⁾ | 290 | 272 | 284 | 314 | 314 | 453 |
| Other Services | 670 | 834 | 890 | 1,085 | 1,104 | 1,437 |
| Urban and Regeneration | 725 | 604 | 527 | 299 | 341 | 418 |
| Total England | 6,613 | 6,469 | 6,814 | 6,872 | 7,967 | 9,677 |
| Scotland | | | | | | |
| Housing | 429 | 315 | 319 | 398 | 392 | 323 |
| Non Housing | 559 | 577 | 671 | 624 | 604 | 726 |
| Total Scotland | 988 | 892 | 990 | 1,022 | 996 | 1,049 |
| Wales | | | | | | |
| National Assembly for Wales | 641 | 579 | 590 | 492 | 506 | 596 |
| Other Departments ⁽³⁾ | 19 | 21 | 17 | 23 | 20 | 34 |
| Total Wales | 660 | 600 | 607 | 515 | 526 | 630 |
| Total Great Britain | 8,261 | 7,961 | 8,411 | 8,409 | 9,489 | 11,356 |
| Total Northern Ireland | 61 | 65 | 70 | 76 | 81 | 85 |
| Total United Kingdom | 8,322 | 8,026 | 8,481 | 8,485 | 9,570 | 11,441 |

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

(2) Magistrates and Coroners courts, Offenders Programmes and Police.

(3) Includes expenditure on services related to DTLR, Home Office and Lord's Chancellors' Department, outside the responsibility of the devolved administration

6. LOCAL AUTHORITY EXPENDITURE

Table 6.8 Local authority capital receipts by country and service, 1996–97 to 2001–2002

| | £ million | | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England | | | | | | |
| Housing | 1,049 | 1,289 | 1,462 | 2,134 | 2,320 | 2,355 |
| Transport | 49 | 13 | 24 | 103 | 89 | 96 |
| Education | 120 | 133 | 82 | 102 | 119 | 168 |
| Personal social services | 57 | 43 | 53 | 50 | 63 | 94 |
| Fire services | 5 | 9 | 3 | 5 | 8 | 7 |
| Environment, Food and Rural Affairs | 133 | 88 | 105 | 63 | 64 | 130 |
| Sport and recreation | 9 | 13 | 10 | 8 | 12 | 15 |
| Law and Order | 82 | 71 | 77 | 120 | 108 | 176 |
| Other services | 476 | 522 | 639 | 643 | 550 | 1,026 |
| Total England | 1,980 | 2,181 | 2,455 | 3,228 | 3,333 | 4,067 |
| Scotland | | | | | | |
| Scottish Executive | | | | | | |
| Non Housing | 318 | 163 | 212 | 84 | 82 | 110 |
| Housing | 159 | 68 | 60 | 219 | 68 | 67 |
| Total Scotland | 477 | 231 | 272 | 303 | 150 | 177 |
| Wales | | | | | | |
| National Assembly for Wales | | | | | | |
| Welsh Office | 68 | 81 | 75 | 100 | 84 | 61 |
| Other departments | 4 | 4 | 5 | 4 | 5 | 2 |
| Total Wales | 72 | 85 | 80 | 104 | 89 | 63 |
| Total Great Britain | 2,529 | 2,497 | 2,807 | 3,635 | 3,572 | 4,307 |
| Total Northern Ireland | 7 | 11 | 23 | 25 | 27 | 27 |
| Total United Kingdom | 2,536 | 2,508 | 2,830 | 3,660 | 3,599 | 4,334 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.9 Local authority expenditure by country and economic category, 1996–97 to 2001–02

| | £ million | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| England | | | | | | |
| Pay | 31,602 | 32,028 | 33,968 | 36,137 | 38,417 | 41,323 |
| Other current expenditure on goods and services | 12,208 | 12,615 | 13,692 | 14,674 | 15,955 | 16,602 |
| Subsidies | 520 | 632 | 623 | 582 | 838 | 849 |
| Current grants to persons | 12,169 | 11,897 | 11,629 | 10,796 | 10,514 | 10,777 |
| Net capital expenditure on assets | 3,533 | 3,362 | 3,421 | 2,879 | 3,738 | 4,510 |
| Capital grants | 1,098 | 927 | 939 | 767 | 897 | 1,100 |
| Lending and other financial transactions | -153 | -83 | -148 | 127 | 152 | 160 |
| Total England | 60,977 | 61,378 | 64,124 | 65,962 | 70,511 | 75,321 |
| Scotland | | | | | | |
| Pay | 3,913 | 3,991 | 4,117 | 4,349 | 4,497 | 4,789 |
| Other current expenditure on goods and services | 1,709 | 1,677 | 1,730 | 2,572 | 2,611 | 2,738 |
| Subsidies | 104 | 85 | 87 | 56 | 59 | 64 |
| Current grants to persons | 1,006 | 1,072 | 1,106 | 1,035 | 1,060 | 1,075 |
| Net capital expenditure on assets | 438 | 599 | 662 | 656 | 786 | 807 |
| Capital grants | 74 | 62 | 56 | 63 | 61 | 64 |
| Lending and other financial transactions | 2 | -5 | -4 | -92 | -100 | -121 |
| Total Scotland | 7,246 | 7,481 | 7,754 | 8,639 | 8,974 | 9,416 |
| Wales | | | | | | |
| Pay | 1,994 | 2,097 | 2,256 | 2,076 | 2,195 | 2,355 |
| Other current expenditure on goods and services | 760 | 762 | 838 | 1,182 | 1,240 | 1,359 |
| Subsidies | | | | | | |
| Current grants to persons | 678 | 666 | 602 | 552 | 539 | 543 |
| Net capital expenditure on assets | 403 | 339 | 326 | 283 | 341 | 453 |
| Capital grants | 185 | 175 | 202 | 128 | 97 | 114 |
| Lending and other financial transactions | -10 | -8 | -6 | 4 | 9 | 13 |
| Total Wales | 4,010 | 4,031 | 4,218 | 4,225 | 4,414 | 4,833 |
| Great Britain | | | | | | |
| Pay | 37,509 | 38,116 | 40,341 | 42,562 | 45,102 | 48,463 |
| Other current expenditure on goods and services | 14,677 | 15,054 | 16,260 | 18,428 | 19,806 | 20,699 |
| Subsidies | 624 | 717 | 710 | 638 | 897 | 913 |
| Current grants to persons | 13,853 | 13,635 | 13,337 | 12,383 | 12,113 | 12,395 |
| Net capital expenditure on assets | 4,374 | 4,300 | 4,409 | 3,818 | 4,865 | 5,770 |
| Capital grants | 1,357 | 1,164 | 1,197 | 958 | 1,055 | 1,278 |
| Lending and other financial transactions | -161 | -96 | -158 | 39 | 61 | 52 |
| Total Great Britain | 72,233 | 72,890 | 76,096 | 78,826 | 83,899 | 89,570 |
| Northern Ireland | | | | | | |
| Pay | 198 | 211 | 222 | 240 | 254 | 269 |
| Other current expenditure on goods and services | 1 | -3 | -10 | -11 | -12 | -13 |
| Net capital expenditure on assets | 52 | 52 | 45 | 49 | 52 | 56 |
| Capital grants | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Northern Ireland | 253 | 262 | 259 | 280 | 296 | 314 |

6. LOCAL AUTHORITY EXPENDITURE

Table 6.9 Local authority expenditure by country and economic category, 1996–97 to 2001–02 (continued)

| | £ million | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|
| | 1996–97 | 1997–98 | 1998–99 | 1999–00 | 2000–01 | 2001–02 |
| | outturn | outturn | outturn | outturn | outturn | estimated outturn |
| United Kingdom | | | | | | |
| Pay | 37,707 | 38,327 | 40,563 | 42,802 | 45,366 | 48,732 |
| Other current expenditure on goods and services | 14,678 | 15,051 | 16,250 | 18,417 | 19,794 | 20,686 |
| Subsidies | 624 | 717 | 710 | 638 | 897 | 913 |
| Current grants to persons | 13,858 | 13,635 | 13,337 | 12,383 | 12,113 | 12,395 |
| Net capital expenditure on assets | 4,426 | 4,352 | 4,454 | 3,867 | 4,917 | 5,826 |
| Capital grants | 1,359 | 1,166 | 1,199 | 960 | 1,057 | 1,280 |
| Lending and other financial transactions | 161 | -96 | -158 | 39 | 61 | 52 |
| Local Authority debt interest | 3,568 | 3,935 | 3,716 | 3,740 | 3,246 | 3,074 |
| Accounting and other adjustments | 454 | 974 | 1,804 | 3,213 | 3,789 | 5,855 |
| Total United Kingdom | 76,508 | 78,061 | 81,875 | 86,059 | 91,239 | 98,813 |
| <i>Of which: Expenditure not allocated to countries</i> | <i>4,022</i> | <i>4,909</i> | <i>5,520</i> | <i>6,953</i> | <i>7,044</i> | <i>8,924</i> |

7. PUBLIC CORPORATIONS

7.1 This Chapter sets out what public corporations are, recent developments, how public corporations are controlled, and how they are scored in public expenditure. A list of publications is in appendix D.

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

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

7.3 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, AND TRADING FUNDS

7.4 The Treasury has two 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 Departmental AME rather than in DEL. They also have greater and more individually tailored financial flexibilities. Some of the SFPCs are trading funds. To be classified as an SFPC, the PC must trade mainly with non-government customers and not perform regulatory functions (in other words its income must be from selling goods and services into a competitive market rather than through regulatory fees); and it must not require subsidies or other financial support from its parent department. SFPCs include PCs that are in the process of being privatised or established as public private partnerships (PPPs). The full list of SFPCs is: Consignia (formerly the Post Office), British Nuclear Fuels Limited, Channel Four, Royal Mint, Commonwealth Development Corporation, Crown Estates, the Tote, and QinetiQ (formerly part of the Defence Evaluation and Research Agency). For budgeting purposes the BBC is treated as a self-financing public corporation.
- **Trading Funds.** Operations of a government department which generate income from the supply of goods and services may be designated trading funds. This is a financial control regime that allows such bodies to keep funds from one year to the next without having to surrender surpluses to the Exchequer at the end of each year. At present, all trading funds are classified as public corporations in national accounts. Trading funds are not subject to central government running costs controls. Instead, their expenditure is controlled using the same process as for other public corporations.

7.5 Self-financing public corporations, and trading funds are identified by footnotes in the tables.

RECENT DEVELOPMENTS

7.6 National Air Traffic Services (NATS) became a Public Private Partnership (PPP) during 2001 and is now classified as a private company in national accounts. The controlling private sector partner has 46 per cent of the shares, government holds 49 per cent and employees 5 per cent. It is intended to set up PPPs in the private sector for the Commonwealth Development Corporation and QinetiQ – formerly part of the Defence Evaluation and Research Agency.

7.7 In 2002 London Underground Limited is expected to move from being a public corporation sponsored by a central government department (DTLR) to a public corporation that will be controlled by Transport for London (TfL)- a local authority, part of the Greater London Authority. Other parts of London Transport are already reporting to TfL.

THE CORPORATE CONTROL FRAMEWORK

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

- **Strategic objectives** are agreed with each individual corporation and provide the framework within which the financial controls and the body's control procedures are set. Corporations' corporate plans are discussed with sponsor departments.
- **Financial targets and performance aims.** Financial targets should be set, often for 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.

PUBLIC EXPENDITURE MEASUREMENT AND CONTROL

7.9 The following transactions of PCs are included in departmental budgets:

- Subsidy paid to the PC by the Department (in resource DEL, except for the subsidy paid to Crown Estates which is in AME);
- Capital charge on the net assets of the PC (in resource AME during stage 1 of resource budgeting)

- The PC's profit/loss. A loss adds to expenditure within the department's resource budget; a profit reduces it.
- The PC's capital expenditure. This includes spending on fixed capital assets and financial assets, net of sales, and net of any capital grants received from outside the public sector.

The last three items are in AME if it is an SFPC, subsidies are in DEL.

7.10 The tables do not give details of public corporations controlled by local authorities since they are not within DEL or departmental AME. These PCs include for example the businesses reporting to Transport for London (TfL) and local authority airports such as Manchester. However they are included in the bottom lines of [table 7.1](#) which shows the total contribution of all public corporations to Total Managed Expenditure (TME). The contribution of local authority PCs are in the accounting adjustments line. There is a special budgeting treatment for London Underground Limited (LUL). Rather than recording its capital expenditure in DTLR capital DEL, the grant given to TfL for LUL is recorded in DEL within grants to local authorities. This is why it does not appear in [table 7.3](#). Small amounts in DEL relating to the former London Regional Transport body and British Rail are included in "other transport".

PUBLIC CORPORATIONS IN NATIONAL ACCOUNTS

7.11 Total Managed Expenditure (TME) is a consolidated measure of the current and capital expenditure of the public sector as a whole. It is from national accounts compiled by the Office for National Statistics (ONS). TME includes:

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

7.12 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.

7.13 Note that the impact of public corporations on departmental budgets differs from their impact on TME. The adjustments needed to go from DEL plus Departmental AME to TME, in respect of PCs, are included in the Accounting and Other Adjustments line ([see Table 7.1](#) in this Chapter and Appendix B for an explanation of the accounting adjustments).

TABLES

7.14 [Table 7.1](#) shows the impact of public corporations on departmental budgets – DEL and Departmental AME. It also shows a reconciliation to the impact of public corporations on Total Managed Expenditure (TME). TME is a consolidated measure so transfers from PCs to other parts of the public sector are not included in PCs' contributions to TME.

7. PUBLIC CORPORATIONS

7.15 Table 7.2 shows the contributions of PCs to resource budget DELs, by department. This is made up of subsidies paid by the department to PCs, and the profit/loss of PCs sponsored by the department (excluding SFPCs because they score in AME).

7.16 Table 7.3 shows the contributions of PCs to capital budget DELs; and gives figures for each department and each PC. In the main, this contribution is the capital expenditure of PCs that are not SFPCs. Capital expenditure is recorded net of any asset sales and includes any capital grants paid by a PC net of any received from the private sector or abroad. The table also shows the aggregate impact of SFPCs on departmental AME (ie their capital expenditure), by department and PC for outturn years up to 2000-01 and in aggregate only for 2001-02 onwards.

Table 7.1 Public Corporations' contribution to Budgets and TME 1998-99 to 2003-04

| | resources, £ million | | | | | |
|---|----------------------|---------------|---------------|---------------|---------------|---------------|
| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 |
| | outturn | outturn | outturn | estimated | plans | plans |
| | | | | outturn | | |
| Within Resource Budget: | | | | | | |
| <i>Resource Budget DELs:⁽¹⁾</i> | | | | | | |
| CG subsidies to PCs | 505 | 595 | 643 | 490 | 419 | 416 |
| Profit(-)/Losses(+) of PCs after subsidies | -1,574 | -1,996 | -2,051 | -1,672 | -1,800 | -1,964 |
| Total Resource Budget DEL⁽¹⁾ | -1,070 | -1,401 | -1,409 | -1,182 | -1,382 | -1,549 |
| <i>Resource Budget AME:</i> | | | | | | |
| Cost of Capital Charge for all PCs | 1,821 | 2,022 | 2,192 | 1,679 | 1,756 | 1,929 |
| Profit/Loss of Self-Financing PCs | -195 | 442 | -155 | -306 | -448 | -687 |
| Total Resource Budget AME | 1,626 | 2,464 | 2,038 | 1,373 | 1,308 | 1,243 |
| Total Public Corporations' Contribution to Resource Budget | 556 | 1,062 | 629 | 191 | -74 | -306 |
| Within Capital Budget: | | | | | | |
| <i>Capital Budget DELs:⁽¹⁾</i> | | | | | | |
| Capital expenditure of PCs | 1,991 | 2,224 | 2,492 | 2,535 | 3,496 | 2,819 |
| Total Capital Budget DEL⁽¹⁾ | 1,991 | 2,224 | 2,492 | 2,535 | 3,496 | 2,819 |
| <i>Capital Budget AME:</i> | | | | | | |
| Capital expenditure of Self-Financing PCs | 709 | 1,387 | 1,374 | 1,119 | 1,198 | 1,210 |
| Total Capital Budget AME | 709 | 1,387 | 1,374 | 1,119 | 1,198 | 1,210 |
| Total Public Corporations' Contribution to Capital Budget | 2,700 | 3,611 | 3,867 | 3,654 | 4,694 | 4,029 |
| Accounting adjustments ⁽¹⁾ | 1,316 | -95 | 379 | 1,034 | 1,800 | 2,200 |
| Total Public Corporations' Contribution to Total Managed Expenditure | 4,572 | 4,579 | 4,875 | 4,879 | 6,400 | 5,900 |

(1) See footnote (1) to table 1.14

7. PUBLIC CORPORATIONS

Table 7.2 Public Corporations' contribution to Resource DEL, 1998–99 to 2003–04

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Public Corporations' current expenditure in Resource Budget DEL⁽¹⁾ | | | | | | |
| Health | -1,104 | -1,090 | -1,209 | -1,176 | -1,313 | -1,472 |
| Transport and the Regions | -269 | -209 | -252 | 8 | 24 | 10 |
| Local Government | | 5 | 16 | 22 | 22 | 22 |
| Home Office | | | 0 | -5 | -8 | -10 |
| Lord Chancellor's Departments | -10 | -42 | -30 | -56 | -18 | -17 |
| Defence | | -49 | 83 | -36 | -22 | -16 |
| Foreign and Commonwealth Office | | -1 | -1 | -1 | -1 | -1 |
| Trade and Industry | 6 | 1 | -17 | 1 | 2 | 4 |
| Culture, Media and Sport | 71 | 73 | 73 | 80 | 83 | 84 |
| Scotland | -114 | -255 | -284 | -242 | -298 | -296 |
| Wales | 145 | -33 | -7 | -5 | -142 | -122 |
| Northern Ireland Executive | 58 | 48 | 30 | 70 | 102 | 94 |
| Chancellor's Departments | | | 0 | 0 | -1 | -1 |
| Cabinet Office | -2 | -1 | -1 | | | |
| Total Public Corporations' current expenditure in to Resource Budget DEL | -1,070 | -1,401 | -1,409 | -1,182 | -1,382 | -1,549 |

(1) The profit of a public corporation reduces expenditure within DEL, and a loss adds to DEL.

7. PUBLIC CORPORATIONS

Table 7.3 Public Corporations' Capital Expenditure 1998–99 to 2003–04

| | resources, £ million | | | | | |
|---|----------------------|------------|--------------|----------------------|--------------|--------------|
| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | 2003–04 |
| | outturn | outturn | outturn | estimated outturn | plans | plans |
| Public Corporations' Capital Expenditure in Capital Budget DEL | | | | | | |
| Health | | | | | | |
| Estates Directorate | | 0 | 0 | 0 | 0 | 0 |
| Medicines Control Agency | | 6 | 7 | 4 | 8 | 5 |
| National Health Service Trusts (England) | 1,043 | 970 | 1,247 | 1,359 | 2,170 | 1,551 |
| Total Health | 1,043 | 976 | 1,254 | 1,363 | 2,178 | 1,556 |
| Transport and Regions | | | | | | |
| Civil Aviation Authority (excluding National Air Traffic Services) | | 1 | 1 | 1 | 1 | 1 |
| Driving Standards Agency | 8 | 2 | 2 | 4 | 2 | 2 |
| Fire Service College | 0 | 1 | 1 | 4 | 2 | 2 |
| Queen Elizabeth II Conference Centre | 0 | 0 | 1 | 1 | 1 | 1 |
| Vehicle Inspectorate | 7 | 7 | 8 | 15 | 15 | 15 |
| Other | 549 | 361 | 308 | 59 | 131 | 93 |
| Total Transport and Regions | 565 | 371 | 320 | 83 | 152 | 114 |
| Local Government | | | | | | |
| Audit Commission | | | 1 | 1 | | |
| Total Local Government | | | 1 | 1 | | |
| Home Office | | | | | | |
| Forensic Science Service | | | | 9 | 9 | 10 |
| Total Home Office | | | | 9 | 9 | 10 |
| Lord Chancellor's Departments | | | | | | |
| Land Registry | 21 | 20 | 26 | 26 | 22 | 30 |
| Total Lord Chancellor's Departments | 21 | 20 | 26 | 26 | 22 | 30 |
| Defence | | | | | | |
| Defence Aviation Repair Agency | | | | 7 | 8 | 8 |
| Defence Evaluation and Research Agency | | 73 | 50 | 15 | | |
| Defence, Scientific and Technology Laboratories | | | | | 28 | 9 |
| Hydrographic Office | | 5 | 2 | 9 | 8 | 7 |
| Meteorological Office | | 25 | 14 | 15 | 29 | 31 |
| NAAFI | | | | 8 | 3 | 3 |
| Total Defence | | 103 | 66 | 54 | 76 | 58 |
| Foreign and Commonwealth Office | | | | | | |
| BBC World Service | 15 | 14 | 25 | 18 | 30 | 31 |
| Total Foreign and Commonwealth Office | 15 | 14 | 25 | 18 | 30 | 31 |

7. PUBLIC CORPORATIONS

Table 7.3 Public Corporations' Capital Expenditure 1998–99 to 2003–04 (continued)

| | resources, £ million | | | | | |
|---|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Public Corporations' Capital Expenditure in Capital Budget DEL | | | | | | |
| Trade and Industry | | | | | | |
| Companies House | | 4 | 1 | 1 | 6 | 6 |
| The Patent Office | | 0 | 0 | 0 | 1 | 1 |
| Total Trade and Industry | | 4 | 1 | 1 | 7 | 7 |
| Environment, Food and Regional Affairs | | | | | | |
| British Waterways Board | -1 | 6 | 39 | 1 | 5 | 5 |
| Covent Garden Market Authority | | 0 | 0 | 0 | 0 | 0 |
| Forestry Enterprises | | -7 | 4 | 5 | 6 | 2 |
| Total Environment, Food and Regional Affairs | -1 | -1 | 43 | 6 | 11 | 7 |
| Culture, Media and Sport | | | | | | |
| Historic Royal Palaces Agency | 4 | 2 | 4 | 0 | 1 | |
| The Welsh Fourth Channel Authority | 1 | 1 | 1 | 1 | 0 | 0 |
| Total Culture, Media and Sport | 5 | 2 | 5 | 1 | 1 | 0 |
| Work and Pensions | | | | | | |
| Remploy Ltd | 6 | 5 | 1 | 5 | 5 | 5 |
| Total Work and Pensions | 6 | 5 | 1 | 5 | 5 | 5 |
| Scotland⁽¹⁾ | | | | | | |
| National Health Service Trusts (Scotland) | 64 | 152 | 135 | 205 | 205 | 205 |
| Scottish Homes | -2 | | | | | |
| Scottish Water Authority | | 371 | 465 | 462 | 512 | 520 |
| Scottish transport corporations | 13 | 13 | 11 | 13 | 3 | 3 |
| Total Scotland | 76 | 536 | 610 | 679 | 720 | 727 |
| Wales⁽¹⁾ | | | | | | |
| National Health Service Trusts (Wales) | 102 | 118 | 69 | 247 | 238 | 221 |
| Welsh Development Agency | 88 | | | | | |
| Other | | | | -29 | -5 | -16 |
| Total Wales | 191 | 118 | 69 | 217 | 233 | 205 |
| Northern Ireland Executive | | | | | | |
| Laganside | 1 | 2 | 0 | 12 | 10 | 11 |
| National Health Service Trusts (Northern Ireland) | 59 | 63 | 69 | 127 | 108 | 115 |
| Northern Ireland Housing Executive | | | | -68 | -67 | -64 |
| Northern Ireland Public Trust Port Authorities | 10 | 10 | | | | |
| Northern Ireland Transport Holding Company | | | | | 0 | 6 |
| Total Northern Ireland Executive | 70 | 75 | 69 | 72 | 51 | 68 |
| Chancellor's Departments | | | | | | |
| Office of Government Commerce | | | 0 | 0 | 0 | 0 |
| Total Chancellor's Departments | | | 0 | 0 | 0 | 0 |
| Total Public Corporations Capital Expenditure in Capital Budget DELs | 1,991 | 2,224 | 2,492 | 2,535 | 3,496 | 2,819 |

7. PUBLIC CORPORATIONS

Table 7.3 Public Corporations' Capital Expenditure 1998–99 to 2003–04 (continued)

| | resources, £ million | | | | | |
|--|----------------------|--------------------|--------------------|---------------------------------|------------------|------------------|
| | 1998–99 outturn | 1999–00 outturn | 2000–01 outturn | 2001–02 estimated outturn | 2002–03 plans | 2003–04 plans |
| Self-Financing Public Corporations' Capital Expenditure in Capital Budget AME⁽²⁾ | | | | | | |
| Home Office | | | | | | |
| The Tote | 8 | 32 | 16 | | | |
| Total Home Office | 8 | 32 | 16 | | | |
| Trade and Industry | | | | | | |
| British Nuclear Fuels | 466 | 492 | 518 | | | |
| Consignia | | 708 | 607 | | | |
| Total Trade and Industry | 466 | 1,200 | 1,125 | | | |
| Culture, Media and Sport | | | | | | |
| British Broadcasting Corporation | 163 | 114 | 124 | | | |
| Channel Four Television | 7 | 11 | 11 | | | |
| Total Culture, Media and Sport | 171 | 126 | 135 | | | |
| Chancellor's Departments | | | | | | |
| Crown Estate | | -23 | 18 | | | |
| Royal Mint | 13 | 6 | 4 | | | |
| Total Chancellor's Departments | 13 | -17 | 21 | | | |
| Transport and Regions | | | | | | |
| National Air Traffic Services | 52 | 46 | 77 | | | |
| Total Transport and Regions | 52 | 46 | 77 | | | |
| Total Public Corporations Capital Expenditure in Capital Budget AME | | | | | | |
| | 709 | 1,387 | 1,374 | 1,119 | 1,198 | 1,210 |
| Accounting adjustments | 1,806 | 881 | 894 | 1,125 | 1,600 | 1,800 |
| Total Public Corporations, Capital Expenditure in Total Managed Expenditure | 4,506 | 4,492 | 4,761 | 4,779 | 6,300 | 5,800 |

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

(2) Figures for capital expenditure by individual SFPCs are not shown, except in outturn. Qinetiq is Iso an SFPC, within Defence Capital Budget AME, but Qinetiq did not exist within the period shown in this table for individual SFPCs.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

INTRODUCTION

8.1 This section presents analyses of public expenditure outturn¹ by country and region. For these purposes expenditure is allocated to a specific country or region to reflect the relative benefits incurred by the respective populations.

8.2 It is important to recognise the limitations of this approach. In addition to practical difficulties that 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.

PUBLIC EXPENDITURE BY COUNTRY

8.3 Public expenditure is planned and controlled on a departmental basis, except where devolved responsibility lies with the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly. 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 the analysis focuses on expenditure on services (see Appendix F for a definition). Expenditure 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 (e.g. defence expenditure and overseas aid). Wherever possible, expenditure that 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 2001 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. All data is on a cash basis.

THE TABLES

8.6 Table 8.1 shows identifiable expenditure on services by country for a 16 year period from 1985-86 to 2000-01. This represents the full run of years for which data have been collected and published in PESA and its predecessor publications. Past data have been

¹ Regional analysis of public expenditure includes some estimated outturn data for local authorities where final outturn was not available.

adjusted so as to put the numbers on a consistent basis with the latest data in this publication as regards the coverage of identifiable expenditure and the definition of expenditure on services. However, some of the adjustments made to previous published data are very approximate; this needs to be borne in mind when using the data series to study trends over a long time period, and in particular in looking at year-on-year movements in earlier years.

8.7 Tables 8.2 through to 8.6 give fuller details of identifiable spending by country, broken down by broad function, for each of the five years for which data were collected in the latest exercise. The five years are 1996-97 through to 2000-01. Table 8.7 has a further breakdown of identifiable expenditure for 2000-01 only, showing, for Scotland, Wales and Northern Ireland, the relative contributions of the devolved administrations and of UK departments to spending under each functional head. This table also includes a functional breakdown of non-identifiable expenditure.

8.8 Table 8.8 provides, for 2000-01, a breakdown by programme of non-identifiable expenditure on services that has not been allocated to a specific country.

REGIONAL ANALYSIS OF PUBLIC EXPENDITURE

8.9 An analysis of spending by English region was undertaken during the winter of 2001. The exercise covers the three years 1998-99, 1999-00 and 2000-01 (last year's exercise focused on two years only). The data presented here is consistent with that in Tables 8.1 to 8.7, (i.e. expenditure on services that can be identified as being incurred for the benefit of the relevant population).

8.10 The regional analysis exercise further apportions the England totals from the country tables between the composite regions. In accordance with other government publications of regional statistics, expenditure has been apportioned to Government Office Regions.

THE TABLES

8.11 Table 8.9 shows identifiable expenditure on services by English region for a 14 year period from 1987-88 to 2000-01. As for the equivalent table for spending by country (Table 8.1), this represents the full run of years for which data have been collected and published in PESA and its predecessor publications. Because of a change in regional boundaries used in these data collection exercises in the mid-1990s, it is not possible to present long run data series at the full disaggregation of the nine Government Office Regions. Instead, a six region breakdown is used, with the current North East and North West regions being combined in a single "North and North West" region, and the current Eastern, London and South East regions being combined into a single "South East and East Anglia" region.

8.12 All past data in this table have been adjusted so as to put the numbers on a consistent basis with the latest data in this publication as regards the coverage of identifiable expenditure and the definition of expenditure on services. As with the equivalent table for spending by country (Table 8.1), some of the adjustments to previous data are very approximate. Indeed, because of the narrower coverage of identifiable expenditure for regional spending analyses up until two years ago, the adjustments that need to be made to past regional spending data are on the whole larger than those that need to be made to past data on identifiable spending by country. The need for caution when using and interpreting the time series is correspondingly greater than for the equivalent series by country.

8.13 Tables 8.10 through to 8.12 present fuller details of identifiable expenditure by region, broken down by function, for the three years for which data were collected in the latest exercise (1998-99, 1999-2000 and 2000-01).

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

8.14 This follows the practice of last year. The coverage of this year's exercise has been set to ensure all identifiable England expenditure can be allocated to a region. The main benefit of this approach is to allow direct comparisons between expenditure per head in the regions of England and that in the countries of the UK. Exercises in earlier years had shown separately an amount of identifiable expenditure that was unallocated between regions – that is, expenditure identified from the country analysis as being incurred for the benefit of the English population, but not further allocated to a specific region.

Table 8.1 Total identifiable expenditure by country 1985-86 to 2000-01⁽¹⁾

| | cash, £ million | | | | | | | | | | | | | | | |
|---------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-1990 | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 |
| England | 95,259 | 100,981 | 105,069 | 107,829 | 120,086 | 136,859 | 151,981 | 167,349 | 175,723 | 182,657 | 189,320 | 193,280 | 196,336 | 202,288 | 213,044 | 226,446 |
| Scotland | 13,160 | 13,956 | 14,395 | 14,769 | 15,942 | 17,927 | 18,931 | 21,729 | 22,962 | 23,366 | 24,224 | 24,680 | 25,029 | 25,830 | 26,970 | 28,428 |
| Wales | 6,269 | 6,898 | 7,185 | 7,509 | 8,142 | 9,338 | 9,915 | 11,930 | 12,377 | 12,756 | 13,334 | 13,678 | 13,838 | 14,410 | 14,877 | 15,622 |
| Northern Ireland | 4,864 | 5,147 | 5,323 | 5,948 | 6,289 | 6,713 | 7,118 | 7,798 | 8,287 | 8,277 | 8,692 | 9,081 | 9,261 | 9,627 | 10,033 | 10,906 |
| Total identifiable expenditure | 119,553 | 126,982 | 131,973 | 136,055 | 150,459 | 170,838 | 187,945 | 208,806 | 219,348 | 227,056 | 235,570 | 240,719 | 244,464 | 252,155 | 264,924 | 281,402 |
| Non-identifiable expenditure | 23,577 | 24,496 | 25,141 | 28,390 | 30,906 | 29,301 | 35,244 | 36,408 | 36,706 | 34,697 | 36,551 | 34,986 | 34,144 | 38,202 | 38,203 | 40,436 |
| Total expenditure on services | 143,130 | 151,478 | 157,113 | 164,445 | 181,366 | 200,139 | 223,189 | 245,214 | 256,054 | 261,753 | 272,121 | 275,705 | 278,608 | 290,357 | 303,127 | 321,838 |

| | £ per head | | | | | | | | | | | | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-1990 | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | 1999-00 | 2000-01 |
| England | 2,019 | 2,133 | 2,213 | 2,264 | 2,512 | 2,852 | 3,153 | 3,459 | 3,621 | 3,750 | 3,871 | 3,937 | 3,984 | 4,087 | 4,282 | 4,529 |
| Scotland | 2,562 | 2,724 | 2,816 | 2,900 | 3,128 | 3,514 | 3,707 | 4,251 | 4,485 | 4,553 | 4,716 | 4,813 | 4,886 | 5,045 | 5,268 | 5,558 |
| Wales | 2,231 | 2,446 | 2,536 | 2,631 | 2,837 | 3,245 | 3,429 | 4,116 | 4,258 | 4,379 | 4,571 | 4,683 | 4,728 | 4,913 | 5,065 | 5,302 |
| Northern Ireland | 3,108 | 3,271 | 3,365 | 3,751 | 3,955 | 4,207 | 4,429 | 4,800 | 5,059 | 5,023 | 5,252 | 5,441 | 5,512 | 5,701 | 5,930 | 6,424 |
| Total identifiable expenditure | 2,109 | 2,233 | 2,315 | 2,380 | 2,623 | 2,968 | 3,251 | 3,599 | 3,769 | 3,888 | 4,019 | 4,093 | 4,142 | 4,257 | 4,452 | 4,709 |
| Non-identifiable expenditure | 416 | 431 | 441 | 497 | 539 | 509 | 610 | 628 | 631 | 594 | 624 | 595 | 579 | 645 | 642 | 677 |
| Total expenditure on services | 2,525 | 2,664 | 2,756 | 2,877 | 3,162 | 3,477 | 3,860 | 4,227 | 4,400 | 4,482 | 4,643 | 4,688 | 4,721 | 4,902 | 5,094 | 5,386 |

(1) Data for years previous to 1996-97 have been adjusted so as to put the numbers on a consistent basis as regards the coverage of identifiable expenditure and the definition of expenditure on services.

8. ANALYSIS OF PUBLIC EXPENDITURE BY COUNTRY AND REGION

Table 8.2a Identifiable expenditure by country, 1996-97

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|------------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 28,943 | 3,943 | 1,821 | 1,428 | 36,135 | 80 | 11 | 5 | 4 |
| Health and personal social services | 42,733 | 5,610 | 2,957 | 1,661 | 52,961 | 81 | 11 | 6 | 3 |
| Roads and transport | 8,197 | 1,122 | 561 | 206 | 10,087 | 81 | 11 | 6 | 2 |
| Housing | 3,396 | 582 | 359 | 241 | 4,579 | 74 | 13 | 8 | 5 |
| Other environmental services | 6,410 | 721 | 718 | 250 | 8,099 | 79 | 9 | 9 | 3 |
| Law, order and protective services | 13,141 | 1,511 | 675 | 1,046 | 16,373 | 80 | 9 | 4 | 6 |
| Trade, industry, energy and employment | 4,719 | 949 | 427 | 490 | 6,585 | 72 | 14 | 6 | 7 |
| Agriculture, fisheries, food and forestry | 2,971 | 1,091 | 344 | 434 | 4,841 | 61 | 23 | 7 | 9 |
| Culture, media and sport | 2,975 | 321 | 320 | 64 | 3,679 | 81 | 9 | 9 | 2 |
| Social security | 78,145 | 8,779 | 5,394 | 3,116 | 95,434 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,650 | 51 | 102 | 144 | 1,947 | 85 | 3 | 5 | 7 |
| Total | 193,280 | 24,680 | 13,678 | 9,081 | 240,719 | 80 | 10 | 6 | 4 |

Table 8.2b Identifiable expenditure by country, per head, 1996-97

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 590 | 769 | 623 | 855 | 614 | 96 | 125 | 101 | 139 |
| Health and personal social services | 871 | 1,094 | 1,012 | 995 | 901 | 97 | 121 | 112 | 111 |
| Roads and transport | 167 | 219 | 192 | 124 | 172 | 97 | 128 | 112 | 72 |
| Housing | 69 | 114 | 123 | 144 | 78 | 89 | 146 | 158 | 186 |
| Other environmental services | 131 | 141 | 246 | 149 | 138 | 95 | 102 | 179 | 109 |
| Law, order and protective services | 268 | 295 | 231 | 627 | 278 | 96 | 106 | 83 | 225 |
| Trade, industry, energy and employment | 96 | 185 | 146 | 294 | 112 | 86 | 165 | 131 | 262 |
| Agriculture, fisheries, food and forestry | 61 | 213 | 118 | 260 | 82 | 74 | 258 | 143 | 316 |
| Culture, media and sport | 61 | 63 | 109 | 38 | 63 | 97 | 100 | 175 | 61 |
| Social security | 1,592 | 1,712 | 1,846 | 1,867 | 1,623 | 98 | 105 | 114 | 115 |
| Miscellaneous expenditure ⁽¹⁾ | 34 | 10 | 35 | 86 | 33 | | | | |
| Total | 3,937 | 4,813 | 4,683 | 5,441 | 4,093 | 96 | 118 | 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 8.3a Identifiable expenditure by country, 1997-98

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|--------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 29,766 | 4,058 | 1,887 | 1,462 | 37,173 | 80 | 11 | 5 | 4 |
| Health and personal social services | 44,894 | 5,751 | 3,077 | 1,760 | 55,482 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,596 | 984 | 459 | 201 | 9,240 | 82 | 11 | 5 | 2 |
| Housing | 2,708 | 475 | 297 | 238 | 3,718 | 73 | 13 | 8 | 6 |
| Other environmental services | 6,463 | 960 | 695 | 234 | 8,352 | 77 | 11 | 8 | 3 |
| Law, order and protective services | 13,614 | 1,550 | 772 | 1,069 | 17,005 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 4,404 | 922 | 449 | 493 | 6,268 | 70 | 15 | 7 | 8 |
| Agriculture, fisheries, food and forestry | 2,677 | 989 | 271 | 404 | 4,341 | 62 | 23 | 6 | 9 |
| Culture, media and sport | 3,429 | 347 | 324 | 88 | 4,188 | 82 | 8 | 8 | 2 |
| Social security | 79,021 | 8,937 | 5,512 | 3,186 | 96,656 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,763 | 56 | 95 | 125 | 2,039 | 86 | 3 | 5 | 6 |
| Total | 196,336 | 25,029 | 13,838 | 9,261 | 244,464 | 80 | 10 | 6 | 4 |

Table 8.3b Identifiable expenditure by country, 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 | | | | |
| Education | 604 | 792 | 645 | 870 | 630 | 96 | 126 | 102 | 138 |
| Health and personal social services | 911 | 1,123 | 1,051 | 1,048 | 940 | 97 | 119 | 112 | 111 |
| Roads and transport | 154 | 192 | 157 | 119 | 157 | 98 | 123 | 100 | 76 |
| Housing | 55 | 93 | 101 | 142 | 63 | 87 | 147 | 161 | 225 |
| Other environmental services | 131 | 187 | 237 | 139 | 142 | 93 | 132 | 168 | 99 |
| Law, order and protective services | 276 | 303 | 264 | 636 | 288 | 96 | 105 | 92 | 221 |
| Trade, industry, energy and employment | 89 | 180 | 153 | 293 | 106 | 84 | 169 | 144 | 276 |
| Agriculture, fisheries, food and forestry | 54 | 193 | 93 | 240 | 74 | 74 | 262 | 126 | 327 |
| Culture, media and sport | 70 | 68 | 111 | 53 | 71 | 98 | 96 | 156 | 74 |
| Social security | 1,603 | 1,745 | 1,883 | 1,896 | 1,638 | 98 | 107 | 115 | 116 |
| Miscellaneous expenditure ⁽¹⁾ | 36 | 11 | 32 | 75 | 35 | | | | |
| Total | 3,984 | 4,886 | 4,728 | 5,512 | 4,142 | 96 | 118 | 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 8.4a Identifiable expenditure by country, 1998-99

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|------------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 31,152 | 4,159 | 1,938 | 1,509 | 38,757 | 80 | 11 | 5 | 4 |
| Health and personal social services | 47,634 | 6,017 | 3,245 | 1,856 | 58,753 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,103 | 937 | 453 | 202 | 8,695 | 82 | 11 | 5 | 2 |
| Housing | 2,612 | 508 | 321 | 238 | 3,679 | 71 | 14 | 9 | 6 |
| Other environmental services | 6,381 | 989 | 693 | 240 | 8,303 | 77 | 12 | 8 | 3 |
| Law, order and protective services | 14,030 | 1,576 | 809 | 1,073 | 17,487 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 4,530 | 932 | 472 | 504 | 6,438 | 70 | 14 | 7 | 8 |
| Agriculture, fisheries, food and forestry | 2,810 | 1,075 | 334 | 427 | 4,646 | 60 | 23 | 7 | 9 |
| Culture, media and sport | 4,006 | 400 | 417 | 128 | 4,950 | 81 | 8 | 8 | 3 |
| Social security | 80,050 | 9,177 | 5,614 | 3,312 | 98,153 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 1,981 | 60 | 114 | 138 | 2,293 | 86 | 3 | 5 | 6 |
| Total | 202,288 | 25,830 | 14,410 | 9,627 | 252,155 | 80 | 10 | 6 | 4 |

Table 8.4b Identifiable expenditure by country, per head, 1998-99

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 629 | 812 | 661 | 893 | 654 | 96 | 124 | 101 | 137 |
| Health and personal social services | 962 | 1,175 | 1,106 | 1,099 | 992 | 97 | 118 | 112 | 111 |
| Roads and transport | 144 | 183 | 155 | 120 | 147 | 98 | 125 | 105 | 82 |
| Housing | 53 | 99 | 109 | 141 | 62 | 85 | 160 | 176 | 227 |
| Other environmental services | 129 | 193 | 236 | 142 | 140 | 92 | 138 | 169 | 102 |
| Law, order and protective services | 283 | 308 | 276 | 636 | 295 | 96 | 104 | 93 | 215 |
| Trade, industry, energy and employment | 92 | 182 | 161 | 299 | 109 | 84 | 168 | 148 | 275 |
| Agriculture, fisheries, food and forestry | 57 | 210 | 114 | 253 | 78 | 72 | 268 | 145 | 323 |
| Culture, media and sport | 81 | 78 | 142 | 76 | 84 | 97 | 93 | 170 | 91 |
| Social security | 1,617 | 1,792 | 1,914 | 1,961 | 1,657 | 98 | 108 | 116 | 118 |
| Miscellaneous expenditure ⁽¹⁾ | 40 | 12 | 39 | 82 | 39 | | | | |
| Total | 4,087 | 5,045 | 4,913 | 5,701 | 4,257 | 96 | 119 | 115 | 134 |

(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 expenditure by country, 1999-2000

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|---------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 32,760 | 4,592 | 2,072 | 1,593 | 41,017 | 80 | 11 | 5 | 4 |
| Health and personal social services | 51,804 | 6,473 | 3,477 | 2,018 | 63,771 | 81 | 10 | 5 | 3 |
| Roads and transport | 7,133 | 858 | 425 | 208 | 8,625 | 83 | 10 | 5 | 2 |
| Housing | 2,062 | 469 | 221 | 236 | 2,988 | 69 | 16 | 7 | 8 |
| Other environmental services | 6,752 | 897 | 722 | 258 | 8,628 | 78 | 10 | 8 | 3 |
| Law, order and protective services | 15,102 | 1,699 | 881 | 1,100 | 18,781 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 5,057 | 862 | 382 | 487 | 6,787 | 74 | 13 | 6 | 7 |
| Agriculture, fisheries, food and forestry | 2,746 | 1,072 | 313 | 369 | 4,500 | 61 | 24 | 7 | 8 |
| Culture, media and sport | 4,366 | 434 | 450 | 140 | 5,389 | 81 | 8 | 8 | 3 |
| Social security | 83,103 | 9,503 | 5,786 | 3,466 | 101,859 | 82 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 2,157 | 111 | 150 | 159 | 2,578 | 84 | 4 | 6 | 6 |
| Total | 213,044 | 26,970 | 14,877 | 10,033 | 264,924 | 80 | 10 | 6 | 4 |

Table 8.5b Identifiable expenditure by country, per head, 1999-2000

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|--------------|--------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern | United | England | Scotland | Wales | N Ireland |
| | | | | Ireland | Kingdom | | | | |
| Education | 658 | 897 | 705 | 941 | 689 | 96 | 130 | 102 | 137 |
| Health and personal social services | 1,041 | 1,264 | 1,184 | 1,193 | 1,072 | 97 | 118 | 110 | 111 |
| Roads and transport | 143 | 168 | 145 | 123 | 145 | 99 | 116 | 100 | 85 |
| Housing | 41 | 92 | 75 | 139 | 50 | 83 | 182 | 150 | 278 |
| Other environmental services | 136 | 175 | 246 | 153 | 145 | 94 | 121 | 169 | 105 |
| Law, order and protective services | 304 | 332 | 300 | 650 | 316 | 96 | 105 | 95 | 206 |
| Trade, industry, energy and employment | 102 | 168 | 130 | 288 | 114 | 89 | 148 | 114 | 252 |
| Agriculture, fisheries, food and forestry | 55 | 209 | 107 | 218 | 76 | 73 | 277 | 141 | 288 |
| Culture, media and sport | 88 | 85 | 153 | 83 | 91 | 97 | 94 | 169 | 91 |
| Social security | 1,670 | 1,856 | 1,970 | 2,049 | 1,712 | 98 | 108 | 115 | 120 |
| Miscellaneous expenditure ⁽¹⁾ | 43 | 22 | 51 | 94 | 43 | | | | |
| Total | 4,282 | 5,268 | 5,065 | 5,930 | 4,452 | 96 | 118 | 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 8.6a Identifiable expenditure by country, 2000-01

| | cash, £ million | | | | | As a percentage of United Kingdom identifiable expenditure | | | |
|---|-----------------|---------------|---------------|------------------|----------------|--|-----------|----------|-----------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 35,966 | 4,747 | 2,161 | 1,754 | 44,628 | 81 | 11 | 5 | 4 |
| Health and personal social services | 56,583 | 6,888 | 3,839 | 2,178 | 69,489 | 81 | 10 | 6 | 3 |
| Roads and transport | 7,380 | 947 | 446 | 230 | 9,002 | 82 | 11 | 5 | 3 |
| Housing | 2,413 | 469 | 234 | 231 | 3,347 | 72 | 14 | 7 | 7 |
| Other environmental services | 7,563 | 1,023 | 761 | 281 | 9,628 | 79 | 11 | 8 | 3 |
| Law, order and protective services | 16,281 | 1,806 | 926 | 1,227 | 20,239 | 80 | 9 | 5 | 6 |
| Trade, industry, energy and employment | 5,491 | 1,000 | 403 | 677 | 7,571 | 73 | 13 | 5 | 9 |
| Agriculture, fisheries, food and forestry | 3,310 | 1,105 | 303 | 423 | 5,141 | 64 | 21 | 6 | 8 |
| Culture, media and sport | 4,514 | 429 | 443 | 143 | 5,529 | 82 | 8 | 8 | 3 |
| Social security | 84,577 | 9,819 | 5,932 | 3,526 | 103,853 | 81 | 9 | 6 | 3 |
| Miscellaneous expenditure ⁽¹⁾ | 2,368 | 196 | 174 | 235 | 2,974 | 80 | 7 | 6 | 8 |
| Total | 226,446 | 28,428 | 15,622 | 10,906 | 281,402 | 80 | 10 | 6 | 4 |

Table 8.6b Identifiable expenditure by country, per head, 2000-01

| | £ per head | | | | | Index (United Kingdom identifiable expenditure=100) ⁽²⁾ | | | |
|---|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------|
| | England | Scotland | Wales | Northern Ireland | United Kingdom | England | Scotland | Wales | N Ireland |
| Education | 719 | 928 | 733 | 1,033 | 747 | 96 | 124 | 98 | 138 |
| Health and personal social services | 1,132 | 1,347 | 1,303 | 1,283 | 1,163 | 97 | 116 | 112 | 110 |
| Roads and transport | 148 | 185 | 151 | 135 | 151 | 98 | 123 | 100 | 90 |
| Housing | 48 | 92 | 79 | 136 | 56 | 86 | 164 | 142 | 243 |
| Other environmental services | 151 | 200 | 258 | 165 | 161 | 94 | 124 | 160 | 103 |
| Law, order and protective services | 326 | 353 | 314 | 723 | 339 | 96 | 104 | 93 | 213 |
| Trade, industry, energy and employment | 110 | 196 | 137 | 399 | 127 | 87 | 154 | 108 | 315 |
| Agriculture, fisheries, food and forestry | 66 | 216 | 103 | 249 | 86 | 77 | 251 | 120 | 290 |
| Culture, media and sport | 90 | 84 | 150 | 84 | 93 | 98 | 91 | 162 | 91 |
| Social security | 1,692 | 1,920 | 2,013 | 2,077 | 1,738 | 97 | 110 | 116 | 120 |
| Miscellaneous expenditure ⁽¹⁾ | 47 | 38 | 59 | 139 | 50 | | | | |
| Total | 4,529 | 5,558 | 5,302 | 6,424 | 4,709 | 96 | 118 | 113 | 136 |

(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 Identifiable expenditure⁽¹⁾: Total expenditure on services⁽²⁾ analysed by country and function, 2000-01

| | Identifiable expenditure | | | | | | | | | | | cash £ million | | |
|---|--------------------------|---------------|-----------------------------------|---------------|---------------|--|--------------|------------------|-------------------------|----------------------------|------------|---------------------------------|----------------|----------------------|
| | England | | Scotland | | Wales | | | Northern Ireland | | | Total | Non Identifiable ⁽⁵⁾ | United Kingdom | |
| | England | Total | Scottish Executive ⁽³⁾ | Other | Total | National Assembly for Wales ⁽⁴⁾ | Other | Total | Northern Ireland Office | Northern Ireland Executive | | | | Other ⁽³⁾ |
| Education | 35,966 | 4,747 | 4,747 | | 2,161 | 2,071 | 90 | 1,754 | | 1,754 | | 44,628 | 9 | 44,637 |
| Health and personal social services | 56,583 | 6,888 | 6,888 | | 3,839 | 3,839 | | 2,178 | | 2,178 | | 69,489 | 173 | 69,662 |
| Roads and transport | 7,380 | 947 | 813 | 134 | 446 | 373 | 72 | 230 | | 221 | 9 | 9,002 | -1 | 9,000 |
| Housing | 2,413 | 469 | 469 | | 234 | 234 | | 231 | | 231 | | 3,347 | | 3,347 |
| Other environmental services | 7,563 | 1,023 | 978 | 45 | 761 | 747 | 14 | 281 | | 387 | -106 | 9,628 | 8 | 9,636 |
| Law, order and protective services | 16,281 | 1,806 | 1,680 | 126 | 926 | 0 | 925 | 1,227 | 1,075 | 52 | 100 | 20,239 | 1 | 20,241 |
| Defence | | | | | | | | | | | | | 23,690 | 23,690 |
| Overseas services | | | | | | | | | | | | | 3,697 | 3,697 |
| Trade, industry, energy and employment | 5,491 | 1,000 | 638 | 362 | 403 | 243 | 160 | 677 | | 665 | 12 | 7,571 | 2,580 | 10,151 |
| Agriculture, fisheries, food and forestry | 3,310 | 1,105 | 935 | 169 | 303 | 228 | 75 | 423 | | 364 | 59 | 5,141 | 359 | 5,501 |
| Culture, Media and Sport | 4,514 | 429 | 282 | 147 | 443 | 105 | 338 | 143 | | 40 | 103 | 5,529 | 0 | 5,529 |
| Social security | 84,577 | 9,819 | | 9,819 | 5,932 | | 5,932 | 3,526 | | 3,526 | | 103,853 | 1,424 | 105,278 |
| Miscellaneous expenditure ⁽⁶⁾ | 2,368 | 196 | 127 | 69 | 174 | 140 | 35 | 235 | 19 | 203 | 13 | 2,974 | 8,495 | 11,469 |
| Total | 226,446 | 28,428 | 17,557 | 10,871 | 15,622 | 7,980 | 7,642 | 10,906 | 1,094 | 9,621 | 190 | 281,402 | 40,436 | 321,838 |

(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) Includes the Scotland Office.

(4) Includes the Wales Office.

(5) In 2000-01 around £31 million of non-identifiable expenditure was for the benefit of England and Wales, £1,842 million for GB, and the remaining £38,544 million for the UK as a whole.

(6) 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 expenditure by programme, 2000-01

| Programme | £ million |
|---|---------------|
| Defence and overseas services | 27,384 |
| BSE related expenditure | 358 |
| Science and technology | 2,080 |
| BNFL | 402 |
| Net medical payments to European Economic Area countries ⁽¹⁾ | 173 |
| Records, registrations and surveys | 43 |
| War pensions and pensions paid to UK nationals abroad | 1,403 |
| Net payments to EC institutions | 3,520 |
| Cabinet Office | 188 |
| Parliament and associated expenditure | 191 |
| Office for National Statistics | 142 |
| Tax collection and funding for Bank of England | 3,430 |
| Civil service superannuation | 68 |
| Security and intelligence services | 771 |
| Smaller programmes | 283 |
| Total | 40,436 |

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

Table 8.9 Identifiable expenditure by region, 1987-88 to 2000-01⁽¹⁾

| | cash, £ million | | | | | | | | | | | | | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 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 |
| Region | | | | | | | | | | | | | | |
| North and North West ⁽²⁾ | 22,820 | 23,325 | 25,081 | 28,353 | 31,679 | 34,904 | 36,571 | 37,447 | 39,338 | 40,173 | 41,117 | 41,719 | 44,249 | 46,968 |
| Yorkshire | 11,060 | 11,443 | 12,301 | 14,038 | 15,561 | 17,247 | 17,997 | 18,700 | 19,157 | 19,765 | 20,058 | 20,471 | 21,155 | 23,618 |
| East Midlands | 8,086 | 8,257 | 9,144 | 10,488 | 11,719 | 12,868 | 13,637 | 14,146 | 14,767 | 15,107 | 15,459 | 16,028 | 16,912 | 18,010 |
| West Midlands | 11,384 | 11,597 | 12,816 | 14,551 | 16,296 | 17,775 | 18,498 | 19,410 | 19,971 | 20,497 | 21,126 | 21,498 | 22,493 | 23,959 |
| SouthWest | 9,489 | 9,669 | 10,898 | 12,483 | 13,802 | 15,361 | 16,099 | 17,109 | 17,502 | 18,029 | 18,213 | 18,890 | 20,162 | 21,454 |
| South East and East Anglia ⁽²⁾ | 42,231 | 43,539 | 49,847 | 56,947 | 62,924 | 69,194 | 72,921 | 75,845 | 78,585 | 79,708 | 80,363 | 83,683 | 88,073 | 92,438 |
| Total | 105,069 | 107,829 | 120,086 | 136,859 | 151,981 | 167,349 | 175,723 | 182,657 | 189,320 | 193,280 | 196,336 | 202,288 | 213,044 | 226,446 |

| | £ per head | | | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 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 |
| Region | | | | | | | | | | | | | | |
| North and North West ⁽²⁾ | 2,417 | 2,473 | 2,654 | 2,996 | 3,339 | 3,675 | 3,844 | 3,937 | 4,139 | 4,236 | 4,339 | 4,401 | 4,677 | 4,959 |
| Yorkshire | 2,254 | 2,326 | 2,486 | 2,829 | 3,123 | 3,448 | 3,589 | 3,721 | 3,809 | 3,929 | 3,983 | 4,059 | 4,192 | 4,669 |
| East Midlands | 2,053 | 2,082 | 2,289 | 2,613 | 2,904 | 3,168 | 3,340 | 3,448 | 3,581 | 3,651 | 3,720 | 3,844 | 4,035 | 4,280 |
| West Midlands | 2,183 | 2,218 | 2,445 | 2,772 | 3,095 | 3,368 | 3,497 | 3,666 | 3,763 | 3,859 | 3,971 | 4,031 | 4,216 | 4,491 |
| SouthWest | 2,060 | 2,077 | 2,331 | 2,660 | 2,926 | 3,237 | 3,376 | 3,566 | 3,626 | 3,727 | 3,736 | 3,854 | 4,085 | 4,312 |
| South East and East Anglia ⁽²⁾ | 2,179 | 2,241 | 2,557 | 2,904 | 3,191 | 3,496 | 3,671 | 3,797 | 3,907 | 3,937 | 3,937 | 4,069 | 4,238 | 4,412 |
| Total | 2,213 | 2,264 | 2,512 | 2,852 | 3,153 | 3,459 | 3,621 | 3,750 | 3,871 | 3,937 | 3,984 | 4,087 | 4,282 | 4,529 |

(1) Data for years previous to 1996-97 have been adjusted so as to put the numbers on a consistent basis as regards the coverage of identifiable expenditure and the definition of expenditure on services.

(2) Some Government Office Regions (GOR) have been aggregated, to take account changes in GOR, see paragraph 8.11.

Outturn data in both tables fall within the scope of NATIONAL STATISTICS

Table 8.10a Identifiable expenditure, by region and function, 1998–99

| | Allocation of expenditure by region | | | | | | | | | £ million |
|---|-------------------------------------|---------------|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 1,679 | 4,503 | 3,133 | 2,528 | 3,497 | 2,884 | 3,190 | 5,088 | 4,650 | 31,152 |
| Health and personal social services | 2,614 | 6,787 | 4,951 | 3,753 | 4,968 | 4,396 | 4,680 | 8,441 | 7,045 | 47,634 |
| Roads and transport | 354 | 824 | 541 | 553 | 652 | 701 | 857 | 1,436 | 1,185 | 7,103 |
| Housing | 142 | 432 | 264 | 122 | 160 | 20 | 169 | 1,047 | 258 | 2,612 |
| Other environmental services | 415 | 857 | 589 | 494 | 705 | 593 | 615 | 1,097 | 1,015 | 6,381 |
| Law, order and protective services | 756 | 2,004 | 1,363 | 1,028 | 1,425 | 1,233 | 1,269 | 3,009 | 1,943 | 14,030 |
| Trade, industry, energy and employment | 217 | 606 | 426 | 373 | 480 | 447 | 506 | 714 | 759 | 4,530 |
| Agriculture, fisheries, food and forestry | 117 | 324 | 352 | 297 | 319 | 263 | 423 | 267 | 448 | 2,810 |
| Culture, Media and Sport | 253 | 618 | 359 | 282 | 393 | 325 | 373 | 826 | 578 | 4,006 |
| Social security | 5,073 | 12,723 | 8,350 | 6,449 | 8,721 | 7,865 | 7,763 | 11,716 | 11,389 | 80,050 |
| Central administration and miscellaneous | 108 | 315 | 142 | 146 | 178 | 163 | 210 | 414 | 305 | 1,981 |
| Total | 11,727 | 29,992 | 20,471 | 16,028 | 21,498 | 18,890 | 20,053 | 34,055 | 29,575 | 202,288 |

Table 8.10b Identifiable expenditure per head, by region and function, 1998–99

| | Allocation of expenditure by region | | | | | | | | | £ per head |
|---|-------------------------------------|--------------|--------------------------|---------------|---------------|--------------|--------------|--------------|--------------|---------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | Total England |
| Education | 648 | 654 | 621 | 606 | 656 | 588 | 593 | 708 | 581 | 629 |
| Health and personal social services | 1,009 | 985 | 982 | 900 | 932 | 897 | 870 | 1,174 | 880 | 962 |
| Roads and transport | 137 | 120 | 107 | 133 | 122 | 143 | 159 | 200 | 148 | 144 |
| Housing | 55 | 63 | 52 | 29 | 30 | 4 | 31 | 146 | 32 | 53 |
| Other environmental services | 160 | 124 | 117 | 118 | 132 | 121 | 114 | 153 | 127 | 129 |
| Law, order and protective services | 292 | 291 | 270 | 247 | 267 | 251 | 236 | 419 | 243 | 283 |
| Trade, industry, energy and employment | 84 | 88 | 85 | 90 | 90 | 91 | 94 | 99 | 95 | 92 |
| Agriculture, fisheries, food and forestry | 45 | 47 | 70 | 71 | 60 | 54 | 79 | 37 | 56 | 57 |
| Culture, Media and Sport | 98 | 90 | 71 | 68 | 74 | 66 | 69 | 115 | 72 | 81 |
| Social security | 1,959 | 1,846 | 1,656 | 1,547 | 1,636 | 1,605 | 1,444 | 1,630 | 1,423 | 1,617 |
| Central administration and miscellaneous | 42 | 46 | 28 | 35 | 33 | 33 | 39 | 58 | 38 | 40 |
| Total | 4,529 | 4,352 | 4,059 | 3,844 | 4,031 | 3,854 | 3,729 | 4,738 | 3,695 | 4,087 |

Table 8.11a Identifiable expenditure, by region and function, 1999–2000

| | Allocation of expenditure by region | | | | | | | | | Total England |
|---|-------------------------------------|---------------|-----------------------------|------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | |
| | cash, £ million | | | | | | | | | |
| Education | 1,768 | 4,755 | 3,331 | 2,666 | 3,680 | 3,080 | 3,540 | 5,365 | 4,576 | 32,760 |
| Health and personal social services | 2,860 | 7,468 | 5,360 | 3,986 | 5,324 | 4,738 | 5,061 | 9,327 | 7,680 | 51,804 |
| Roads and transport | 388 | 874 | 494 | 563 | 652 | 752 | 876 | 1,366 | 1,168 | 7,133 |
| Housing | 92 | 342 | 227 | 32 | 73 | 85 | –30 | 1,165 | 77 | 2,062 |
| Other environmental services | 464 | 1,112 | 183 | 579 | 731 | 531 | 554 | 1,448 | 1,150 | 6,752 |
| Law, order and protective services | 819 | 2,155 | 1,459 | 1,107 | 1,536 | 1,322 | 1,374 | 3,224 | 2,106 | 15,102 |
| Trade, industry, energy and employment | 266 | 681 | 536 | 447 | 543 | 481 | 537 | 753 | 812 | 5,057 |
| Agriculture, fisheries, food and forestry | 135 | 358 | 360 | 243 | 277 | 317 | 405 | 231 | 421 | 2,746 |
| Culture, Media and Sport | 315 | 592 | 413 | 334 | 409 | 366 | 391 | 922 | 623 | 4,366 |
| Social security | 5,259 | 13,146 | 8,639 | 6,788 | 9,063 | 8,292 | 8,118 | 12,111 | 11,688 | 83,103 |
| Central administration and miscellaneous | 127 | 274 | 153 | 168 | 206 | 197 | 235 | 462 | 335 | 2,157 |
| Total | 12,493 | 31,756 | 21,155 | 16,912 | 22,493 | 20,162 | 21,062 | 36,375 | 30,636 | 213,044 |

Table 8.11b Identifiable expenditure per head, by region and function, 1999–2000

| | Allocation of expenditure by region | | | | | | | | | Total England |
|---|-------------------------------------|--------------|-----------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | |
| | £ per head | | | | | | | | | |
| Education | 685 | 691 | 660 | 636 | 690 | 624 | 653 | 736 | 567 | 658 |
| Health and personal social services | 1,108 | 1,085 | 1,062 | 951 | 998 | 960 | 934 | 1,280 | 951 | 1,041 |
| Roads and transport | 150 | 127 | 98 | 134 | 122 | 152 | 162 | 188 | 145 | 143 |
| Housing | 36 | 50 | 45 | 8 | 14 | 17 | –6 | 160 | 10 | 41 |
| Other environmental services | 180 | 162 | 36 | 138 | 137 | 108 | 102 | 199 | 142 | 136 |
| Law, order and protective services | 317 | 313 | 289 | 264 | 288 | 268 | 254 | 443 | 261 | 304 |
| Trade, industry, energy and employment | 103 | 99 | 106 | 107 | 102 | 97 | 99 | 103 | 101 | 102 |
| Agriculture, fisheries, food and forestry | 52 | 52 | 71 | 58 | 52 | 64 | 75 | 32 | 52 | 55 |
| Culture, Media and Sport | 122 | 86 | 82 | 80 | 77 | 74 | 72 | 127 | 77 | 88 |
| Social security | 2,037 | 1,911 | 1,712 | 1,619 | 1,699 | 1,680 | 1,498 | 1,663 | 1,447 | 1,670 |
| Central administration and miscellaneous | 49 | 40 | 30 | 40 | 39 | 40 | 43 | 63 | 41 | 43 |
| Total | 4,840 | 4,615 | 4,192 | 4,035 | 4,216 | 4,085 | 3,887 | 4,993 | 3,793 | 4,282 |

Outturn data in this table falls within the scope of NATIONAL STATISTICS

Table 8.12a Identifiable expenditure, by region and function, 2000-01

| | Allocation of expenditure by region | | | | | | | | | Total England |
|---|-------------------------------------|---------------|-----------------------------|------------------|------------------|---------------|---------------|---------------|---------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | |
| Education | 1,922 | 5,152 | 3,752 | 2,944 | 3,968 | 3,355 | 3,802 | 5,653 | 5,418 | 35,966 |
| Health and personal social services | 3,083 | 8,200 | 5,759 | 4,309 | 5,747 | 5,376 | 5,536 | 10,206 | 8,367 | 56,583 |
| Roads and transport | 444 | 882 | 597 | 594 | 677 | 740 | 866 | 1,396 | 1,183 | 7,380 |
| Housing | 130 | 467 | 244 | 108 | 113 | 103 | 60 | 1,140 | 49 | 2,413 |
| Other environmental services | 512 | 1,258 | 781 | 595 | 768 | 679 | 650 | 1,262 | 1,058 | 7,563 |
| Law, order and protective services | 852 | 2,329 | 1,588 | 1,197 | 1,631 | 1,456 | 1,553 | 3,351 | 2,324 | 16,281 |
| Trade, industry, energy and employment | 291 | 730 | 607 | 457 | 595 | 516 | 593 | 820 | 882 | 5,491 |
| Agriculture, fisheries, food and forestry | 114 | 334 | 437 | 383 | 385 | 356 | 591 | 241 | 469 | 3,310 |
| Culture, Media and Sport | 282 | 524 | 733 | 302 | 497 | 418 | 417 | 755 | 585 | 4,514 |
| Social security | 5,480 | 13,510 | 8,923 | 6,934 | 9,361 | 8,246 | 8,286 | 12,067 | 11,769 | 84,577 |
| Central administration and miscellaneous | 158 | 315 | 196 | 186 | 217 | 208 | 258 | 476 | 353 | 2,368 |
| Total | 13,268 | 33,700 | 23,618 | 18,010 | 23,959 | 21,454 | 22,613 | 37,368 | 32,458 | 226,446 |

Table 8.12b Identifiable expenditure per head, by region and function, 2000-01

| | Allocation of expenditure by region | | | | | | | | | Total England |
|---|-------------------------------------|--------------|-----------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------------|
| | North East | North West | Yorkshire and Humberside | East Midlands | West Midlands | South West | Eastern | London | South East | |
| Education | 746 | 747 | 742 | 700 | 744 | 674 | 696 | 767 | 668 | 719 |
| Health and personal social services | 1,196 | 1,190 | 1,139 | 1,024 | 1,077 | 1,081 | 1,014 | 1,384 | 1,031 | 1,132 |
| Roads and transport | 172 | 128 | 118 | 141 | 127 | 149 | 159 | 189 | 146 | 148 |
| Housing | 51 | 68 | 48 | 26 | 21 | 21 | 11 | 155 | 6 | 48 |
| Other environmental services | 199 | 182 | 154 | 141 | 144 | 136 | 119 | 171 | 130 | 151 |
| Law, order and protective services | 331 | 338 | 314 | 285 | 306 | 293 | 285 | 454 | 286 | 326 |
| Trade, industry, energy and employment | 113 | 106 | 120 | 109 | 111 | 104 | 109 | 111 | 109 | 110 |
| Agriculture, fisheries, food and forestry | 44 | 48 | 86 | 91 | 72 | 72 | 108 | 33 | 58 | 66 |
| Culture, Media and Sport | 109 | 76 | 145 | 72 | 93 | 84 | 76 | 102 | 72 | 90 |
| Social security | 2,126 | 1,960 | 1,764 | 1,648 | 1,755 | 1,658 | 1,518 | 1,636 | 1,450 | 1,692 |
| Central administration and miscellaneous | 61 | 46 | 39 | 44 | 41 | 42 | 47 | 65 | 44 | 47 |
| Total | 5,148 | 4,888 | 4,669 | 4,280 | 4,491 | 4,312 | 4,142 | 5,067 | 4,000 | 4,529 |

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, except figures for total DEL and the DEL reserve, and aggregates that include DEL such as TME, are rounded to the nearest £100 million from 2002-2003 onwards.

REAL TERMS

A.3 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 2000-2001 prices.

2001-2002 ESTIMATED OUTTURN

A.4 The estimated outturns for individual departments for 2001-2002 are based on the latest information available from departments. The estimated outturn for resource DEL for 2001-2002 includes an allowance for shortfall of [£2] billion reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

DATA IN TABLES

A.5 This edition of PESA reports budget outturns (for 2000-01) on a cash basis for the last time, in [Tables 1.15 and 1.16](#), and in [Tables 2.1 and 2.2](#). Otherwise budgeting data, including all spending plans for 2002-03 and 2003-04, and estimated outturns for 2001-02, are presented in resource terms. Consistent data on a resource basis are only available back to 1998-99. As a result most of the tables that show plans or projections to 2003-04 cover a period of six years, from 1998-99 to 2003-04.

A.6 For most of the tables that do not show plans years, for example most of the public sector spending tables in [Chapter 3](#), tables for this edition of PESA are in line with previous practice and cover a period of six years, from 1996-97 to 2001-02. In these tables the first four years, to 1999-2000, use cash data, and the last two years, 2000-01 and 2001-02, use resource data, with a break in series between the cash and resource years. In a few cases, for example [Table 4.5](#) showing central government own expenditure by function, data is shown over eight years, from 1996-97 to 2003-04, with the first four years on a cash basis and the last four years on a resource basis. All tables indicate whether the data are £ million resources or £ million cash.

A.7 There are a couple of exceptions to the foregoing general rules as regards use of cash and resource data. Central Government support to local authorities is presented in [Chapter 6](#) on a cash basis up to 2000-01, and thereafter on a resource basis. And all data in [Chapter 8](#) on public spending by country and region is on a cash basis; these data are outturn, up to 2000-01, only.

A.8 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.9 The following economic assumptions underlie the figures in this publication.

- (a) Income related social security benefits are updated annually in April in line with the change in the Rossi (a modified measure of inflation based on the Retail Prices Index) in the year up to the previous September. Other non income-related benefits are also updated in April, but in line with the change in the Retail Prices Index over the same period. The uprating factors used for the projections in this publication were, for Rossi, $1\frac{3}{4}$ per cent in 2001-02, $1\frac{3}{4}$ per cent in 2002-03, and $2\frac{1}{4}$ per cent in 2003-04; for the RPI, $1\frac{3}{4}$ per cent for 2001-02, 2 per cent for 2002-03 and $3\frac{1}{2}$ per cent for 2003-04.
- (b) UK claimant unemployment is assumed to grow from recent levels of 0.95 million to 1.00 million in 2003-04, consistent with the average of independent forecasts. This planning assumption has been audited by the National Audit Office. (See the NAO Report: Audit of Assumptions for the 2002 Budget, published as HC760).
- (c) Further details on economic assumptions can be found in the April 2002 Financial Statement and Budget Report, (HC 592), paragraphs C22 to C23.

ECONOMIC GROWTH AND INFLATION

A.10 General inflation as measured by the GDP deflator is forecast to be $1\frac{3}{4}$ per cent in 2000-01, and $2\frac{1}{2}$ per cent for each year from 2001-02 to 2003-04.

A.11 GDP at market prices (money GDP) is projected to rise $2\frac{1}{2}$ per cent in 2002-03 and 2003-04.

APPENDIX B COVERAGE OF THE ACCOUNTING AND OTHER ADJUSTMENTS IN AME

NEED FOR ACCOUNTING ADJUSTMENTS

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

B.2 From 2001-02 onwards, Government departments have been accounting for, and budgeting for, their spending in resource terms. Resource accounting is based on generally accepted accounting practice (GAAP). This differs in several ways to national accounts. Also the requirements of national accounts and the control regimes defined for the management of public expenditure (DEL and AME) are different; and sometimes other factors lead to an alternative approach – for example issues of data availability and incentive frameworks.

B.3 So a number of adjustments are needed to relate DEL and various identified programme lines in AME (see Appendix E) to TME. These adjustments are shown in [table 1.12](#). They are listed below and grouped according to the main categories in that table. The operator (ie “add” or “subtract”) describes the adjustment needed to derive TME from DEL plus programme AME.

CHANGES SINCE PESA 2001-02

B.4 The central government debt interest recorded in AME now excludes interest paid to public corporations. It is therefore no longer necessary to have an accounting adjustment for this to consolidate the public sector for the purpose of calculating TME.

B.5 National accounts now records the income of levy funded bodies as tax, and TME is recorded gross of the receipts. This is in line with the treatment of the expenditure in departmental AME, and so the accounting adjustment for this is no longer needed.

B.6 There used to be an adjustment to add the expenditure of the Financial Services Authority that is financed by levies classified as taxes. The FSA has now been reclassified as a public corporation so now only its capital expenditure and interest paid to the private sector is within TME, and this is accounted for within the accounting adjustments.

B.7 Subscriptions by the Department for International Development (DfID) to the International Development Association (IDA) used to be classified as financial transactions by the ONS for national accounts. The subscriptions are in DfID’s capital DEL, and so there was an accounting adjustment to remove them in calculating TME. Since Blue Book 2001, ONS have classified these as current grants on the assumption that this type of foreign aid was unlikely ever to be repaid to the UK. The accounting adjustment now removes the subscriptions from capital and adds them to current expenditure.

B.8 The Highways Agency recorded some road maintenance expenditure in their capital DEL but which NAO subsequently judged to be current expenditure. ONS now record this as current expenditure but it remains in capital DEL. So an accounting adjustment is needed to move the expenditure from capital to current.

B.9 Fines from motoring offences identified through speed and traffic light cameras can be netted-off expenditure on the camera systems. The receipts reduce the expenditure recorded in DEL as central government grants to local authorities because the fines are routed

through central government. Local authorities expenditure in national accounts is recorded gross of the receipts so an accounting adjustment is needed to add the receipts to calculate TME measured from DEL plus AME.

B.10 DEL and departmental AME exclude certain certain grants to local authorities to replace current grants to finance borrowing - since the initial borrowing would have required a credit approval that was scored in DEL. The expenditure financed by these grants helps finance local authority expenditure but that expenditure is not part of LASFE. An accounting adjustment is therefore needed to add in the grants when calculating TME from DEL and AME.

LIST OF THE ACCOUNTING ADJUSTMENTS

Non-trading capital consumption

- (i) Add the value of general government non-trading capital consumption (i.e. depreciation) as measured by ONS for national accounts. This applies to central and local government. In the category below for non-cash items in RAB, the depreciation included in central government departmental resource budgets, as measured by departments, is deducted. ONS expect to start using the depreciation figures produced by departments in national accounts in Blue Book 2003.

VAT Refunds

- (ii) Add 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 all non-business activities. DEL and Local Authority Self-Financed Expenditure (LASFE) are measured net of these VAT refunds, but in TME the 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 other current grants to NHS trusts but, like subsidies, they are not consolidated in calculating TME and so add to TME.
- (iv) Add VAT refunds paid to the BBC, ITN, and to free public museums, in respect of non-business activities. These are treated as subsidies in TME.
- (v) Add VAT refunds paid to DIY house builders. These are treated as capital grants in TME.

EC Contributions

- (vi) Deduct the customs duties, agricultural and sugar levies, and part of VAT paid to the institutions of the European Communities. National accounts treats these payments as payments direct from UK citizens and businesses to the EC; so they are excluded from government income and expenditure in national accounts. Similarly, receipts from the EU in respect of agricultural subsidies, research grants, investment grants, European social fund grants, and other EC schemes, are treated as payments direct from the EC to UK citizens and institutions, and so are not recorded as government expenditure in national accounts. In practice these payments are routed through government

departments. So DELs, and the AME line for expenditure under the Common Agricultural Policy (CAP), include EC expenditure in the UK. Other programme expenditure in AME also includes a line for the net UK contribution to the EC. This equals payments to the EC (duties, levies and VAT, and the GNP-based contribution), less receipts from the EC in respect of the schemes just described. The line therefore removes the spending in DEL and under the CAP. To arrive at TME it is necessary to make a further adjustment by removing the duties levies and VAT recorded in the net contribution line, which is what this adjustment does.

Tax Credits

- (vii) Add payments of certain tax credits which score as government expenditure in national accounts. 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), Research and Development Tax Credit (from 2001-02), payments of transitional relief to charities formerly entitled to receive tax credits on dividends, and the new scheme for tax relief on clearing contaminated land. National accounts treat such tax credits as public expenditure rather than as adjustments to tax receipts. Note that this adjustment also includes the voted "public expenditure" income tax tax credits paid to non-taxpayers, since these are not within DEL.
- (viii) The national accounts treatment of the new tax credits (Working Tax Credit and the Child Tax Credit) will differ from the treatment for the existing ones. Amounts given to a household that are below its total tax liability will be netted-off tax, amounts given in excess of a household's tax liability will be treated as public expenditure. This new treatment has been anticipated in the figures for 2003/04 when the new tax credits begin.

Adjustments for local authorities

- (ix) Deduct license fees that are treated as revenue in the calculation of LASFE, but are netted-off expenditure in national accounts.
- (x) Add subsidies paid to LA trading bodies. These are deducted from the figure for the operating surplus of LA trading bodies, one of the revenue items in the calculation of LASFE, but are included as LA expenditure in national accounts.

Adjustments for Public Corporations

Under resource budgeting, a department's budget includes certain items in respect of each of its public corporations. These items are:

- (a) Subsidies paid by the department to the public corporation;
- (b) the net capital expenditure of the public corporation on fixed capital assets and stocks;
- (c) capital grants received by the public corporation from outside the department (this reduces expenditure scored against a department's budget);

- (d) net acquisitions of certain types of financial assets (loans and shares) by the public corporation;
- (e) the profit/loss of the public corporation after depreciation and before interest and dividend payments and receipts (a profit is deducted from the spending within a department's budget, a loss adds to it);
- (f) a capital charge on the net assets of the public corporation.

TME includes the first three items only. So the last three items have to be deducted in the accounting adjustments. The fourth item is included within the category of adjustments for financial transactions (see below), and the sixth appears in the category of non-cash adjustments.

The adjustment for profit/loss is needed because in national accounts the operating surplus of public corporations is recorded as revenue and not included in TME. A large component of the public corporations' profit within DEL relates to NHS trusts. Health budgets record this profit rather than the trust debt remuneration actually received.

So the adjustments needed are

- (xi) Add of the profits made by public corporations sponsored by central government departments (or the deduction of losses in cases where losses are made).
- (xii) Add interest paid by public corporations to the private sector and abroad – because property income paid by the public sector to the rest of the economy is in TME, but not in departmental budgets.
- (xiii) Deduct from capital expenditure the net acquisitions of financial assets by public corporations that are included within the capital expenditure of public corporations in departmental budgets. These are financial transactions outside TME.
- (xiv) Add to current expenditure the capital expenditure of NHS trusts that is funded from retained operating income. This operating income is mainly from charges paid by health authorities buying the services of NHS trusts, and is in the current DEL of health departments. The NHS trusts' capital expenditure is in capital DEL of health departments. So the capital expenditure funded by current income is in a sense counted twice in DEL. An adjustment is made to current DEL to remove this double counting. (Note that the profit/loss in DEL is recorded after depreciation). The amount is added to the accounting adjustments to undue the adjustment made to DEL.
- (xv) Add the capital expenditure of local authority public corporations that is not funded by grants from local authorities, nor from borrowing supported by credit approvals. Typically this will be the capital expenditure of local authority airports since such borrowing does not require credit approvals and does not score in DETR's DEL.
- (xvi) Some public corporation capital expenditure is not recorded in departmental budgets. This has to be added in the accounting adjustments. For example the creation of artistic originals by the BBC and C4 is recorded as public corporations capital expenditure for national accounts, but in budgets is an operating cost affecting profit rather than capital. The capital expenditure of the Financial Service Authority is added since it is not recorded in DEL nor in departmental AME.

Intra General Government Sector Debt Interest

- (xvii) Deduct central government debt interest paid to local authorities.

TME is consolidated public sector expenditure; so it records only those distributive transactions that are paid outside the public sector. Payments of grants and interest that are within the public sector do not score in TME. So it is necessary to deduct any interest payments to the public sector included in DEL the debt interest figures in AME, and add back any interest receipts from the private sector netted-off in departmental budgets.

Local authority expenditure in the relevant lines in DEL (central government grants to local government) and AME (locally financed expenditure) 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 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.

Note that central government interest paid to public corporations is netted-off in the main CG debt interest line.

Financial Transactions in DEL and AME

TME measures the current and capital expenditure of the public sector, as defined by national accounts. This excludes expenditure on the acquisition of financial assets since in national accounts these are classified as financial transactions, not capital expenditure. Departmental budgets include the net acquisition of certain types of financial assets. These are assets acquired for policy purposes rather than liquidity management – sometimes called “net lending” or “policy lending”. Typically it refers to transactions in shares and lending to businesses and individuals. The specific adjustments are described below.

- (xviii) Deduct loans, net of repayments of loans, to public corporations, the private sector and overseas that score in DEL and departmental AME.
- (xix) Deduct the net acquisition of private sector company securities that score in DEL and departmental AME.
- (xx) Deduct the measure of the subsidy and bad debt element of student loans that scores in DEL - because national accounts treat all lending to students as a financial transaction outside TME, but departmental budgets regards part of the lending as grants to reflect the low interest charged and likelihood of bad debts.

Adjustments for expenditure financed by receipts

- (xxi) Add receipts of certain taxes imposed by departments, including licenses imposed by the utility regulators such as OFGEM and OFTEL, which are netted-off in DEL but not in TME because all taxes and tax-like licenses are treated as revenue in national accounts.
- (xxii) Add certain fines imposed by departments which are netted-off in DEL but not in TME because all fines are treated as revenue in national accounts.

- (xxiii) Add penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are netted-off in LASFE but not in TME because all penalties are treated as revenue in national accounts.
- (xxiv) Add those receipts of current donations which are netted-off in DEL but not in TME because all current donations are treated as revenue in national accounts.
- (xxv) Add those receipts of current compensation which are netted-off in DEL but not in TME because all current compensation is treated as revenue in national accounts.
- (xxvi) Add receipts of rent of land since these are netted-off in DEL but not in TME because rent of land, along with other property income, is treated as revenue in national accounts.
- (xxvii) Add receipts of dividends netted-off in DEL but not in TME because dividends, along with other property income, are treated as revenue in national accounts.

Non-cash items in RAB

- (xxviii) Deduct depreciation recorded in departmental budgets (see non-trading capital consumption above).
- (xxix) Deduct the cost of capital charge, movements in provisions, notional audit fee, and other non-cash items recorded in departmental budgets but not in national accounts.

Accruals recording in RAB

- (xxx) Subtract a figure equal to accruals minus cash as recorded under RAB in departmental budgets, and to add a figure equal to accruals minus cash as recorded in national accounts. Both national accounts and RAB record expenditure on an accruals basis. Before 2001 the national accounts accruals were estimated using a variety of methods depending on the type of transaction. This is because, in many cases, there was no actual sources of accrued data. Under RAB accrued data have become available for central government expenditure. ONS started using the RAB accruals data from the summer of 2001.
- (xxxi) Add the purchase of stocks, and subtract the sales of stocks National accounts treats purchases and sales of stocks as capital expenditure. Under RAB purchases and sales of stocks are cash adjustments. RAB records as expenditure and income only the consumption of stocks or the production of goods for stocks.

Other accounting adjustments

- (xxxii) **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 which is exceptionally treated in DEL as though it was an operating lease.

- (xxxiii) **Privatisation programme** (applies to outturn years only): add current and capital expenditure on privatisations which is borne outside DEL.
- (xxxiv) **DfiD loan write-offs**: Deduct the costs of interest forgone by the Department for International Development in respect of debts forgiven under Retrospective Terms Adjustments arrangements which forms part of DfiD's DEL but is not in TME.
- (xxxv) **PC grants to LAs**: deduct current grants to local authorities by public corporations financed by subsidies from general government. In national accounts this is treated as a central government grant to local government and so does not add to TME.
- (xxxvi) **Reconciliation with ONS**: add, for outturn years, the residual difference between TME as measured by ONS for national accounts and Treasury sources. Differences can arise because of differences in the timing and sources of data.

ADJUSTMENTS AFFECTING THE SPLIT BETWEEN CURRENT AND CAPITAL EXPENDITURE

B.11 These adjustments have no impact on the sum of current and capital expenditure, and so are not shown in [tables 1.12](#). They do however affect the split of total TME into current and capital expenditure.

- (a) Expenditure on military equipment that only has a military purpose, and is capital in nature, is recorded as capital expenditure in departmental budgets but treated as current expenditure in national accounts.
- (b) Departmental budgets record all expenditure on capital grants as capital expenditure including that which is funded by the EC. This expenditure has to be deducted in moving to TME since it is regarded in national accounts as the EC's own expenditure, not UK Government's. It is deducted through the net EU contribution line in AME, but this is all treated as current expenditure. So to record government's own capital expenditure correctly it is necessary to have an adjustment that subtracts EC funded capital expenditure from total capital expenditure, and adds that amount to current expenditure.
- (c) The Department for International Development (DfiD) writes-off certain debts owed to it. This is recorded in DfiD's resource budget DEL since bad debts are recorded in the operating statement in resource accounts. In national accounts, writing off a debt is treated as a capital transfer. So it is necessary to have an adjustment to add DfiD write-offs to capital expenditure, and remove from current expenditure, for the TME split.

NOTE ON CONSOLIDATION IN TOTAL MANAGED EXPENDITURE

B.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. The same is also true of other transfer payments such as current grants and capital grants, and rent.

B.13 The same is not true for transactions in goods and services and subsidies: these are not consolidated. 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 forms part of their Gross Trading Surplus which is on the revenue side of the public accounts.

CASH AND RESOURCES

B.14 The accruals adjustments differ depending on whether budgets (DEL and AME) are expressed in cash or resource terms. So, for example, the accruals adjustments in [table 1.1](#) (resource basis) are not the same as those in [table 1.15](#) (cash basis). The non-cash items in RAB (see paragraph xxix) explain most of the difference.

APPENDIX C DEPARTMENTAL GROUPINGS

C.1 A number of tables in this publication present analyses by department. It is not possible to show figures for all individual government departments separately and so departments are grouped together in these analyses, broadly on the basis of Ministerial responsibilities. These groupings are set out below.

| Title | Departments included |
|------------------------------------|---|
| Education and Skills | Department for Education and Skills Office for Standards in Education |
| Health | Department of Health Food Standards Agency |
| Transport and Regions | Department of Transport, Local Government and the Regions (part) Strategic Rail Authority Office of the Rail Regulator Office of Water Services |
| Local Government | Department of Transport, Local Government and the Regions (part) – mainly block and transitional grants to English local authorities and the Greater London Authority |
| Home Office | Home Office Charity Commission |
| Lord Chancellor's Departments | Lord Chancellor's Department Public Records Office Northern Ireland Court Service Land Registry |
| Attorney General's Departments | Crown Prosecution Service Serious Fraud Office Treasury Solicitor's Department |
| Defence | Ministry of Defence |
| Foreign and Commonwealth Office | Foreign and Commonwealth Office |
| International Development | Department for International Development |
| Trade and Industry | Department of Trade and Industry British Trade International Office of Fair Trading Office of Gas and Electricity Markets Office of Telecommunications Postal Services Commission Export Credits Guarantee Department |
| Environment Food and Rural Affairs | Department of Environment Food and Rural Affairs Intervention Board Forestry Commission |

| Title | Departments included |
|----------------------------|--|
| Culture, Media and Sport | Department for Culture, Media and Sport |
| Work and Pensions | Department of Work and Pensions |
| Scotland | Scotland Office Scottish Executive and its Departments Crown Office General Register Office for Scotland Registers of Scotland National Archives of Scotland |
| Wales | Wales Office National Assembly for Wales |
| Northern Ireland | Northern Ireland Office |
| Northern Ireland Executive | Northern Ireland Departments |
| Chancellor's Departments | HM Treasury Office for National Statistics National Savings Governments Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Registry of Friendly Societies Office of Government Commerce |
| Cabinet Office | Cabinet Office Central Office of Information House of Commons House of Lords National Audit Office Electoral Commission Privy Council Office Security and Intelligence Services Office of the Parliamentary Commissioner for Administration and Health Service Commissioners for England |

MACHINERY OF GOVERNMENT CHANGES

Departmental groupings are on the basis of current departmental boundaries and names. There were a substantial number of machinery of Government changes announced in June 2001, following the 2001 General Election. As a result of these changes, there are a number of differences between the departmental groupings used here and those used in PESA 2001-02. Full details of the machinery of Government changes - changes to departmental names and main responsibilities that transferred - are set out in the following table.

The changes do not change total DEL over all departments. In all the tables in PESA the changes have been taken back in time to show what the spending of each department would have been had the new allocation of functions existed then.

| Department | Gains | Losses |
|-------------------------------|---|--|
| MOD | From Cabinet Office Some Security Services From DSS War Pensions Agency | |
| HO | From CO Anti Drugs Coordination Unit From DfEE Work permits | To LCD Freedom of Information Data Protection Human Rights Constitutional issues To DCMS Censorship and video classification Liquor licensing Queens Golden Jubilee Gambling Horse Race Betting Levy Board Tote To DTLR Fire Service College Electoral Law Electoral Commission To DEFRA Animal Welfare and Hunting To DTI Sunday Trading Summertime |
| DCMS | From HO Censorship and video classification Liquor licensing Queens Golden Jubilee Gambling Horse Race Betting Levy Board Tote | |
| DFEE Now DFES | | To HO Work Permits To DWP Employment, Disability Employment Opportunities Fund New Deal |
| MAFF Now DEFRA | From DETR Rural Development Countryside & Wildlife Sustainable Development Environment Agency Countryside Agency English Nature | |

APPENDIX C DEPARTMENTAL GROUPINGS

| | | |
|------------------------------|--|---|
| From HO | Animal Welfare and Hunting | |
| DTI | From DETR Construction Industry Regional Development Agencies From HO Sunday Trading Summertime | |
| CO | From DETR Regional Coordinator and Government Offices for the Regions | To MoD Some Security Services To HO Anti Drugs Coordination Unit |
| DSS Now DWP | From DfEE Employment Disability Employment Opportunities Fund New Deal | To MOD War Pensions Agency |
| LCD | From HO Freedom of Information Data Protection Human Rights Constitutional issues | |
| DETR Now DTLR | From HO Fire Service College Electoral Law Electoral Commission | To DEFRA Rural Development, Countryside & Wildlife Sustainable Development Environment Agency Countryside Agency English Nature To DTI Regional Development Agencies Construction Industry To Cabinet Office Regional Coordinator and Government Offices for the Regions |

The net impact (£ million) of the changes in an example year (2001-02) are shown below

| Department | Change in DEL |
|-------------------------|---------------|
| DfES | -2000 |
| DTLR – main programmes | -756 |
| DTLR - Local Government | +50 |
| Home Office | -178 |
| LCD | +9 |
| Defence | +36 |
| DTI | +78 |
| DEFRA | +690 |
| DCMS | +8 |
| DWP | +1941 |
| Cabinet Office | +119 |

APPENDIX D PUBLIC CORPORATIONS

D.1 This appendix groups current public corporations according to the departmental groups used in the statistical tables. Public corporations marked with an “s” are self financing public corporations; those marked with an “t” are trading funds; those with an “n” are NDPBs.

| Departmental Group | Agency |
|--------------------------------------|--|
| Education and Skills | Remploy |
| Health | Medicines Control Agency (T) NHS Trusts (England) Estates Directorate |
| Transport and the Regions | London Underground Limited ⁽¹⁾ Driving Standards Agency (T) Civil Aviation Authority Vehicle Inspectorate Ordnance Survey Queen Elizabeth II Conference Centre (T) |
| Local Government | Audit Commission Fire Service College |
| Home Office | The Tote (S) Forensic Science Service |
| Lord Chancellor's Departments | HM Land Registry (T) |
| Defence | Defence Science and Technology Laboratory ⁽²⁾ Hydrographic Office (T) Meteorological Office (T) QinetiQ (S) ⁽²⁾ NAAFI |
| Foreign and Commonwealth Office | BBC World Service |
| International Development | Commonwealth Development Corporation (S) |
| Trade and Industry | Companies House (T) Patent Office (T) British Nuclear Fuels Limited (S) Consignia (S) |
| Environment, Food, and Rural Affairs | Covent Garden Market Authority Forestry Enterprise British Waterways Board |
| Culture, Media and Sport | British Broadcasting Corporation (S) Channel 4 (S) Welsh Channel 4 |
| Scotland | Caledonian MacBrayne Highlands and Islands Airports NHS Trusts Scotland Scottish Water Authority |

| Departmental Group | Agency |
|---------------------------|---|
| Wales | Welsh Development Agency NHS Trusts Wales |
| Northern Ireland (Office) | Laganside HSS Trusts NI Housing Executive NI Public Trust Port Authorities NI Transport Holding Company |
| Chancellor's Departments | Royal Mint (S) Crown Estate (S) |

- (1) London Underground Limited is due to transfer to Transport for London (part of the GLA) during 2002.
- (2) The Defence Science and Technology Laboratory and Qinetiq are new PCs that were previously part of the Defence Evaluation and Research Agency (DERA)

Former public corporations reporting to central government departments:

Docklands Light Railway is now a public corporation reporting to Transport for London – a local authority.

The National Air Traffic Services is now a public private partnership classified to the private sector.

Former PCs that are now part of central government include: Commission for New Towns, Housing Action Trusts, English Partnerships, Welsh Development Agency, Scottish Enterprise, Highlands and Islands Enterprise, Scottish Homes.

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

E.1 This Appendix describes the two main budgeting and control aggregates: Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). It shows how they relate to Total Managed Expenditure (TME), an aggregate drawn from national accounts.

RESOURCE ACCOUNTING AND BUDGETING

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

Resource Budget

E.3 Under resource budgeting, current expenditure in DEL is called resource DEL – a title that reflects the fact that it now measures total resources consumed by a department. Resource DEL and Resource departmental AME is known as a department's resource budget.

E.4 Resource accounts measure expenditure when it accrues rather than when the cash is spent. Resource budgets include non-cash costs such as provisions and charges for bad debts in accordance with Generally Accepted Accounting Practice (GAAP).

E.5 The annual cost to departments of the assets it uses to deliver services is included in resource budgets. This cost is in the form of charges for capital consumed in that year (depreciation) and the opportunity cost of tying up resources in these assets (the cost of capital charge). The cost of capital charge is 6 per cent of the net assets (fixed capital and financial assets net of financial liabilities and provisions) employed by each department.

E.6 Resource budgets include the accruing profit/loss of the public corporations sponsored by the department, and grants to local authorities.

E.7 The resource budget is split into DEL and AME. The sum of departmental resource budgets is reconciled to public sector current expenditure (part of TME from national accounts) in [Table 1.5](#).

Capital Budget

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

Two stage approach

E.9 Resource budgeting is being introduced in two stages. In stage 1, applied during the Spending Review in 2000 (SR2000), most of the non-cash items of resource budgets – depreciation, cost of capital charges and provisions – were included in AME rather than DEL.

Most of these non-cash items have been moved into DEL for SR2002, and there will be some other changes to the budgeting regime. Two non-cash costs scored in DEL under SR2000 rules; capital charges on the civil estate (mostly central government offices) and notional audit fees.

Resource budgeting: some points to note

E.10 Both resource and capital budgets, and both DEL and AME, include costs as they are incurred – they measure accruals. They do not include prepayments for goods and services not consumed in that year but will include resources consumed but paid for later. Stock consumption scores in the resource budget while spending on adding to stocks does not.

E.11 Defence fighting equipment is treated as capital expenditure, but national accounts treat it as current.

E.12 The resource expenditure of the Department for Health is adjusted to avoid counting twice the capital expenditure of NHS trusts that is financed by charges for services paid by the department.

E.13 The whole expenditure of non-departmental public bodies (NDPBs) is recorded as if it were the department's own expenditure, rather than recording just the grant paid to the NDPB.

DEPARTMENTAL EXPENDITURE LIMITS

E.14 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.

E.15 DELs are set for three years during a Spending Review. They represent firm plans for departmental spending that can only be increased in exceptional circumstances with Treasury's agreement through a claim on the DEL reserve. Departments can carry forward unspent DEL from one year to the next within the three year period. SR 2000 set firm spending plans for the period 2001-2002 to 2003-04. SR2002 now underway will set plans for 2003/4 to 2005/06.

E.16 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 FCO and DFID it includes an attributed share of the EC's expenditure on overseas aid and the Common Foreign and Security Policy.

E.17 Capital DEL includes expenditure on fixed capital assets, capital grants and the acquisition of certain financial assets acquired or sold for policy reasons. Capital DEL is net of the cash receipts from the sale of capital assets, including any profit/loss on sale relative to book value. In SR2002 the profit/loss on asset sales will be moved to resource DEL so that it aligns with the recording in the operating cost statement in resource accounts, and capital grants will also be in the resource budget in line with GAAP.

E.18 Capital DEL generally includes loans on the basis of new loans issued less repayments of loan principal, but part of public lending to students is treated as a grant in resource DEL on the basis of an assessment of the subsidy implied in the low interest rate charged and the bad debt provision that is needed. Actual lending to students is outside budgets.

E.19 DEL is net of certain receipts, mainly payments for services, asset sales, dividends, interest from NHS trusts and rent of land, and also certain levies and fines where the Chief Secretary to the Treasury has given specific agreement.

E.20 DEL includes a Reserve to meet unexpected needs, and the unallocated provisions for the three challenge funds – the Capital Modernisation Fund, the Invest to Save Budget and the Policy Innovation Fund. When sums are allocated, individual departments' DELs are increased.

E.21 Most of DEL is assigned to departments when it is spent. However, expenditure funded by the Windfall Tax was separate from Departmental DEL and controlled centrally as the Welfare to Work budget and then the Employment Opportunities Fund. It is no longer managed and recorded separately.

E.22 Non-Departmental Public bodies. DEL includes the expenditure of most non-departmental public bodies classified to the central government sector. The actual expenditure of NDPBs is recorded, rather than just the grant-in-aid from the parent department.

E.23 Central Government Support for Local Authorities. DEL scores current and capital grants to local authorities. Capital DEL includes supported credit approvals (capital allocations in Scotland) given to local authorities by central government departments; they give the local authority permission to borrow to fund capital expenditure. More information on local authorities is in [Chapter 6](#).

E.24 Public Corporations. For most public corporations, DEL scores:

- subsidies paid to the public corporation by the department (resource DEL)
- profit/loss of the public corporation (resource DEL)
- capital expenditure of the public corporation (capital DEL)
- a capital charge in respect of the net assets of the corporation.

E.25 For self-financing public corporations the profit/loss and capital expenditure are included in AME.

E.26 More information on the scoring of public corporations is given in [Chapter 7](#).

ANNUALLY MANAGED EXPENDITURE

E.27 This part describes the components of AME, which may be divided into:

- Departmental AME, including non-cash items;
- Locally Financed Expenditure;
- Central Government debt interest
- Net payments to European Communities institutions
- Accounting adjustments

Departmental Annually Managed Expenditure

E.28 Departmental AME programmes are set out in departmental reports, and are identified under this heading in Estimates. A programme is included in AME if it cannot reasonably be subject to firm three-year limits – as for DEL. Typically this is where the

programme expenditure is demand-led, volatile, and is large in relation to the size of the department. But those are neither necessary nor sufficient conditions for inclusion in AME. Discretionary new spending programmes are always in DEL except where a special case can be made to demonstrate that treatment as AME is likely to deliver better control of expenditure.

E.29 The main programmes in departmental AME are:

- Social Security Benefits
- Housing Revenue Account Subsidies
- EU funding of Common Agricultural Policy
- Export Credits Guarantee Department (part – see below)
- Self-Financing Public Corporations' capital expenditure
- Net Public Service Pensions
- National Lottery

E.30 Other departmental expenditure in AME includes:

- Valuation Office – Beneficial Portion Payments;
- Purchases of assets under finance leases since 1 April 1996;
- Redundancy Payments Scheme;
- Older Workers Employment Credit;
- Expenditure of certain levy-funded bodies;
- Acceptances of artworks in lieu of Inheritance Tax;
- Profit/loss of self-financing public corporations;

E.31 In addition, for every spending programme, AME records the new non-cash items included under resource budgeting. These are:

- Depreciation
- Cost of capital charge (6 per cent) on the department's net assets
- Movement in provisions, charges for impairments and bad debts

E.32 Most of these non-cash costs will be included in DEL for SR2002.

E.33 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.

E.34 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 includes Housing Support Grant.

E.35 Common Agricultural Policy. Includes expenditure on the CAP in UK funded by the EU.

E.36 Export Credits Guarantee Department. Includes Fixed Rate Export Finance and other programmes treated as outside ECGD's trading account. It includes refinancing of export finance by Guaranteed Export Finance Corporation.

E.37 Self-Financing Public Corporations. This line comprises the capital expenditure of self-financing public corporations.

E.38 Net Public Service Pensions. This line comprises payments in respect of public sector occupational pensions schemes less relevant receipts. The main examples are the schemes for the civil service, armed forces, teachers and NHS staff.

E.39 Pensions expenditure includes members' continuing pensions (including annual compensation payments), lump sums, spouses' benefits and similar payments, and bulk and individual transfers out.

E.40 Relevant receipts include employers' contributions (including accruing superannuation liability charges paid by departments to the Principal Civil Service Pension Scheme), employees' contributions for ordinary pensions (including widows'/widowers' pensions) and for added years and receipts of bulk and individual transfers in.

E.41 In addition, grants outside DEL to enable NDPBs in the central government sector with their own pay as you go pension schemes to make bulk transfer payments are recorded in this AME line.

E.42 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, which are run by local authorities; and
- pensions of some NDPBs and other offices in the central government sector which operate their own pay-as-you-go pensions schemes – although the intention is that these will eventually be recorded in the same way as the main schemes.

E.43 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.

E.44 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.

Other AME

E.45 Locally Financed Expenditure. This line comprises the following items:

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

E.46 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.

E.47 LASFE is that part of total local authority expenditure not met by central government support. Its largest single financing component is the product of the Council Tax. Other components include the surplus in trading activities, interest receipts, investment grants from the EU, use of reserves and borrowing.

E.48 **Net Payments to European Community Institutions.** This line is mainly made up of the following components:

- Import duties
- plus* Agricultural & sugar levies
- plus* VAT contribution
- plus* 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

E.49 **Central Government Debt interest.** Interest paid within central government is excluded. Interest paid to other parts of the public sector is now excluded from this line – a change from last year's PESA so the corresponding accounting adjustment is no longer needed. The capital uplift on index-linked gilts is scored as interest at the time it accrues. This line includes the amortisation of discounts/premia on gilts at issue.

E.50 **Accounting and Other Adjustments.** The contents of this line are described in Appendix B.

E.51 **AME Margin.** The AME Margin is an allowance for estimating changes.

TOTAL MANAGED EXPENDITURE

E.52 TME is an aggregate drawn from national accounts. It covers the current and capital expenditure of the public sector, net of some receipts. So it includes expenditure of central and local government and also of public corporations. TME excludes grants and interest payments between parts of the public sector – it is a consolidated measure. TME does not include financial transactions. So TME is the expenditure side of the equation that gives Public Sector Net Borrowing, the government's preferred measure of the fiscal stance.

E.53 DEL and AME have been defined to sum to TME.

E.54 In addition, TME may be expressed as the sum of:

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

APPENDIX F EXPENDITURE ON SERVICES

F.1 The tables in **Chapters 3 and 4** which show public expenditure disaggregated by function and by economic category and the tables in **Chapter 8** which show public expenditure by country and by region all focus on total **expenditure on services**. The definition of expenditure on services can be described as public sector expenditure on services, and as such is consistent with the use of TME – a total public sector aggregate – as the main measure of total public spending in this volume.

F.2 Expenditure on services differs from TME in that it excludes debt interest payments, the net public sector pensions line in the standard AME table (**see eg Table 1.3**) and most of the accounting adjustments in Other AME. Alternatively, building up from the components of TME, expenditure of services is equal to DEL plus Departmental programmes in AME (but not non-cash items), (**see Appendix E**), except for Net Public Service Pensions, plus Net Payments to EC Institutions, plus Locally Financed Expenditure plus certain accounting adjustments in Other AME.

F.3 In more detail, **Expenditure in Services** is defined as:

- spending in Departmental Expenditure Limits
- + spending in Departmental in AME (except non-cash items)
- net public service pensions
- + net payments to EC Institutions
- + locally financed expenditure
- + accounting adjustments to remove all debt interest flows from DEL and AME
- + accounting adjustments to deduct financial transactions from DEL and AME, except for the subsidy and bad debt element of student loans
- + accounting adjustments to remove the profit/loss of public corporations recorded in DEL and AME
- + accounting adjustments to remove non-cash items recorded in DEL and AME. Such items arise from the introduction of accruals recording.

F.4 Alternatively, expenditure on services can be defined in terms of the current and capital expenditure of spending sectors as:

- Central government own current expenditure in DEL, other than debt interest
 - + Central government own current expenditure in Departmental AME, other than debt interest and public service pensions (net of receipts) and non-cash items
 - + Central government subsidies to public corporations
 - + Subsidy and bad debt element of student loans
 - + Local authorities current expenditure, other than debt interest
 - + Central government gross capital expenditure (net of asset sales)
- + Local authorities gross capital expenditure (net of asset sales)
- + Public corporations gross capital expenditure (net of asset sales).

GLOSSARY OF TERMS

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

Accounting adjustments are certain items of expenditure within AME that account for the difference between TME and the sum of DEL, the specific categories of **departmental AME** shown in table, and other identified programme lines in AME shown in table such as debt interest and lottery expenditure. TME is drawn from **national accounts**. However there are certain components in national accounts which are not included in the control regimes for the management of public expenditure; and there are some items in the control regimes that are not part of TME. These items form the accounting adjustments and include the non-cash items in resource accounts, certain **VAT refunds** to public bodies; net contributions to the EC; tax credits; and adjustments for **public corporations**, interest, **financial transactions** and some types of receipts (appendix B has full details).

Accruing Superannuation Liability Charges (ASLCs) are payments made by all government departments to departments paying public sector occupational pensions. The payments represent an actuarial assessment of the accruing discounted future cost of public expenditure on pensions, arising from the current employment of staff. They are included in DEL.

Administration costs – the gross costs of a department's administration. It includes the pay of civil servants and members of the Armed forces engaged in support activities, and all associated expenditure such as accommodation, travel, and training. It excludes programme expenditure, which is procurement of goods and services delivered directly to the public (such as the purchase of services from NHS trusts), and of transfer payments such as social security and subsidies.

Aggregate External Finance (AEF) is central government support for expenditure on local authority main services. It comprises **Revenue Support Grant (RSG)**; distribution of **national non-domestic rate (NNDR)** receipts; and various specific and special grants which fund part of the current expenditure on a specific service or activity. AEF does not include central government support for rent allowances or mandatory student awards; nor does it include the cost of VAT refunded to local authorities on their non-business operations.

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

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

Appropriation accounts report outturn expenditure on a cash basis in the previous financial year for each **Vote**. Under resource accounting, from 2000-01 they were replaced by **Resource Accounts**.

Appropriations in aid are departmental receipts that are retained by departments and used to offset related expenditure. Typically they are receipts arising from the sale of goods and services.

Assets can be either financial or non-financial.

Financial assets include monetary gold, bank deposits, IMF Special Drawing Rights, loans granted, bonds, shares, accounts receivable, and the value of the government's stake in public corporations.

Non-financial assets consist of fixed capital (such as buildings and vehicles); stocks; land and valuables.

Basic Credit Approvals (BCAs) are given by central government to local authorities and represent the amounts that each local authority is allowed to borrow to finance capital expenditure. BCAs are not linked to any specific service.

Billion – a thousand million.

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

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

Capital Budget is that part of DEL that covers **capital expenditure**. It includes gross capital formation, net acquisition of land and the net acquisition of **financial assets** acquired for policy purposes (net lending). The capital budget includes capital grants (treated as resource expenditure in accounts and **Estimates**) and military capital equipment treated as current in **national accounts**.

Capital expenditure can be understood in several ways.

In **national accounts** capital expenditure is usually understood to mean capital formation, the net acquisition of land, and expenditure on capital grants.

Capital formation is expenditure, net of sales, on fixed assets (such as buildings, vehicles and machinery) and net stock building, and can be measured gross or net of **depreciation**. Fixed assets are assets that can be used repeatedly to produce goods and services and generally last more than one year. Sometimes a minimum cost threshold (say £1,000) is applied to further define capital assets. There are some borderline cases: for example in national accounts all assets with a purely military use are defined as current; but assets that can be used for civil and military purposes count as capital. Certain types of significant computer software development are treated as capital expenditure.

Net investment is public sector capital expenditure, as defined above, net of depreciation.

Under **resource accounting**, and in various presentations of local authority finances, capital expenditure also includes loans that are given and the net acquisition of shares. In other words it includes the net acquisition of financial assets that are acquired for policy reasons rather than managing the government's funds. Such policy lending also generally scores in **DEL**, in the capital budget, but is removed in **TME** in the accounting adjustments.

Some presentations of the capital expenditure of central government, and capital DELs, include **credit approvals** given to local authorities.

Capital expenditure includes the value of assets acquired under finance leases.

In-house development of assets such as computer software and databases can be capitalised in government accounting provided certain conditions are met. It is sometimes called “own account capital formation”

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

The **Capital Modernisation Fund (CMF)** is a challenge fund from which departments can bid for provision to support capital projects aimed at improving the quality of public service delivery (see also **Invest to Save Budget**). The CMF is not allocated to any specific department when public expenditure is being planned. It is allocated to departments that propose innovative capital projects.

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

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

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

The **Comprehensive Spending Review (CSR)**, which reported in July 1998 and set spending plans for the three years 1999-2000 to 2001-02, was the first new style Spending Review and replaced the system of annual Public Expenditure Surveys.

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

Consolidated Fund Extra Receipt (CFER) is a receipt by a government department that it has to pay into the **Consolidated Fund** rather than keep to help finance its own expenditure. For example, most fines levied by Crown Courts are treated this way.

The **Control Total** was the principal aggregate measure for public expenditure budgeting and control used over the period from 1993 to 1999. It covered around 85% of public spending. It was replaced as a budgeting and control measure by **DEL** and **AME** from 1999-2000.

Cost of capital charge is an annual non-cash charge applied to each department’s budget. It is 6% of the net assets of the department and is used to make departments aware of the full cost of holding assets.

Credit approvals are given by central government to local authorities and represent the amounts that each local authority is allowed to borrow to finance capital expenditure. There are two types Basic Credit Approvals (BCAs) – for any sort of capital expenditure) – and Supplementary Credit Approvals (SCAs) – for particular projects or services. Supported credit approvals are those where current grants to LAs are increased to finance the borrowing. Unsupported credit approvals carry no promise of future government support and score in AME.

Criminal Justice System – the work of the legal departments

Cross departmental reviews were established in SR2000. They concern policies that cannot be delivered by a single government department or agency.

Current Budget is current expenditure included in DEL under cash budgeting.

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

Departmental AME – is spending that is outside of DEL, but included in departmental budgets. Main categories include social security benefits, housing subsidies, common agricultural policy spending and self-financing public corporations. At present, under the rules for transitional resource budgeting, departmental AME also includes non-cash items such as depreciation, cost of capital charges, and provisions.

Departmental Expenditure Limits (DELs) are firm plans for three years for a specific part of a department's expenditure. In general the DEL will cover all running costs and all programme expenditure except in certain cases spending is included in departmental AME because it cannot reasonably be subject to close control over a three year period. DELs are divided into current and capital budgets.

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

Departmental running costs are now called administration costs and the gross costs of a department's administration. It includes the pay of civil servants and members of the Armed forces engaged in support activities, and all associated expenditure such as accommodation, travel, and training. It excludes programme expenditure, which is procurement of goods and services delivered directly to the public (such as the purchase of services from NHS trusts), and of transfer payments such as social security and subsidies.

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

Depreciation is also termed **capital consumption**. TME includes public sector capital expenditure gross of the depreciation of capital assets used to produce non-market services. Public sector net investment deducts an aggregate charge for all depreciation (market and non-market) from gross capital spending.

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

Economic Categories. These represent classifications in national accounts and are one of the categories used to collect data from government departments on their expenditure. The main categories are:

- Pay
- Other current expenditure on goods and services
- Subsidies
- Current grants to the private sector
- Current transfers abroad
- Current grants to local authorities, includes distribution of Non-domestic rates
- Net capital expenditure on assets
- Capital grants to local authorities
- Other capital grants
- Credit approvals
- Lending and other financial transactions

Employment Opportunities Fund (EOF) used to include most Welfare to Work spending financed out of the windfall tax and included in the 'Welfare to Work' DEL. The EOF is no longer part of the budgeting regime.

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

Estimates – see **Supply Expenditure**

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

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

External Finance limits (EFLs) were limits imposed by government on a public corporation's EFR under cash accounting. EFLs are no longer used and have been replaced by the including a public corporations' capital expenditure, profit/loss, payments of subsidies and a capital charge on its assets.

The **External Finance Requirement (EFR)** of a public corporation was measured as the lending, specific subsidies and capital grants given to it by government; plus the corporation's borrowing from commercial sources and its run-down of financial assets such as bank deposits. Subsidies and capital grants that were generally available to all businesses (such as under the welfare to work programme or regional selective assistance) were not included as external finance but regarded as part of the corporation's internal resources. EFRs are no longer used for budgeting.

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

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

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

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

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

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

General Government Expenditure (GGE) is the consolidated sum of the current and capital expenditure, and net lending, of central and local government. It has now been superseded by **TME** as the Government's preferred measure of aggregate public expenditure.

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

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

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

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

The **Guaranteed Export Finance Corporation (GEFCO)** is a body that refinances Export Credit Guarantee Department (ECGD) loans to exporters. Its borrowing and lending count as part of central government's in national accounts.

The **Housing Revenue Account (HRA)** is the aggregation of the current income and expenditure of local authority social housing provision. The surplus of income (including rent rebates and subsidies paid by other parts of government) over expenditure is treated as a trading surplus on the revenue side of the aggregate local government account. This means

that the current expenditure of local authority housing departments is not included in TME. The cost of rent rebates and subsidies are included in TME; they are within the AME lines for social security benefits and HRA subsidies.

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

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

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

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

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

National Health Service (NHS) Trusts are public corporations that sell health services to regional health authorities, GP fund holders and other health service procurement bodies.

National Non-domestic rates (NNDR) is a tax that contributions towards the cost of local government services paid by the occupiers of non-domestic property, principally businesses. The bill for a property depends on its rateable value and the poundage. The poundage is set by central government at a common rate over Great Britain – sometimes called the Uniform Business rate (UBR). Most NNDR is collected from businesses by local authorities and then paid into a central government pool. Some large businesses with national activity (such as utility companies) pay directly into the pool (the Central List); government departments (the Crown List) also pay directly into the pool through what are called Contributions in Lieu of Rates (CILOR). The pool is distributed back to local authorities in proportion to their population and is scored in expenditure as a central government grant to local authorities. This grant is in DEL for England and Wales, but in the AME line for Locally Financed Expenditure in Scotland.

NHS Trust Debt Remuneration is the interest paid to central government by NHS trusts in respect of the debt assumed by Trusts when first established and taking ownership of their capital assets.

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

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

Nationalised industries used to be a subset of public corporations which included the Post Office, London Transport and privatised utilities. The term is no longer used.

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

Net lending has two meanings.

In national accounts it is the balance of the capital and financial accounts and is often quoted with sign reversed as “net borrowing” – which is sometimes called the government deficit.

In this publication net lending is more likely to mean lending by government net of any repayments of previous lending. It includes transactions in shares – so for example privatisation receipts count as negative net lending. Government lends to students, some industries such as aerospace, public corporations, local authorities, to some overseas governments and to some international bodies that supply foreign aid.

New tax credits are the Working Tax Credit and Child Tax Credit. They will replace existing personal tax credits in 2003/04.

Non-cash items in AME include various notional transactions that appear in the **operating cost statement** under RAB and which are recorded in AME for the period of Spending Review 2000, rather than in DEL.

Operating Cost Statement

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

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

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

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

Pay includes salaries, employers’ National Insurance Contributions, and accruing pension costs (actual or imputed).

The **Private Finance Initiative (PFI)** is a system for providing capital assets for the provision of public services whereby, typically, the private sector designs, finances, builds, and maintains infrastructure, and other fixed capital assets, and then operates those assets to sell services to the public sector. In most cases the capital assets are accounted for on the balance sheet of the private sector operator.

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

Public corporations are publicly controlled trading bodies with substantial financial independence from central and local government, including the powers to borrow and to maintain reserves. To be classed as trading they must receive the majority of their income from sales into a market, rather than grant funding from government. They included nationalised industries such as London Underground and Consignia; National Health Service Trusts; central government trading funds such as the Meteorological Office and Companies House; and broadcasters such as BBC and Channel Four.

Public Dividend Capital (PDC) is a form of long-term government finance for some **public corporations**. The government receives a return in the form of dividends rather than fixed interest payments. It suits corporations that are profitable but whose profits vary from year to year depending on trading conditions.

Public expenditure is spending by public bodies. The definition of aggregate public expenditure most frequently used in this publication is **Total Managed Expenditure (TME)**. There are alternative definitions of total public expenditure such as **General Government Expenditure (GGE)** and General Government total outlays as used by the European Statistical Office (Eurostat). These three measures are all shown in ONS's **Blue Book**.

Public Expenditure Survey (PES) was the annual review of public expenditure plans conducted each autumn up until 1996, and which reported in the autumn statement (up to 1992) and then in the Budget from 1993 to 1996. They have now been replaced by the less frequent **Spending Reviews** which set firm plans for three years ahead. The most recent Spending Review reported in July 2000 and set spending plans for the years 2001 to 2004.

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

The **Public Sector** comprises general government and public corporations.

Public sector current expenditure:

is the sum of the current expenditure of general government and some property income (interest and rent) paid by public corporations to the private sector and abroad;

does not include expenditure incurred in producing goods and services for sale. (The surplus of sale receipts over operating costs for **public corporations**, and for general government bodies that produce goods and services for sale, is scored as a public sector receipt and does not affect the expenditure measure);

is net of certain receipts such as: grants within the public sector; interest flows within the public sector; receipts of contributions to public sector occupational pension schemes; receipts of grants from abroad including the EU abatement;

includes non-trading capital consumption. This is the **depreciation** of the fixed assets of public bodies that mostly produce goods and services that are not sold (so it excludes those assets used to produce goods and services for sale: this applies to the all assets of **public corporations** and some general government assets notably local authority housing).

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

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

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

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

Public Service Agreements (PSA) were first published in 1998 following the **Comprehensive Spending Review**, and set, for each department, explicit aims, objectives and targets to be achieved with the funding provided.

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

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

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

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

Receipts taken into account (RTIA) are local authority receipts from asset sales that are used in the calculation of the credit approval given to the authority

Request for Resources replaced votes in the Estimates presented to Parliament that ask for permission for departments to spend. They show the resources required by each department based on **RAB**, rather than cash, concepts.

The **Reserve** is an amount within **DEL**, not allocated to departmental programmes, which provides a margin to cover policy changes, new initiatives, unexpected events, and revisions to some demand led programmes. The **AME margin** is a similar concept within **AME**.

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

Resource budget is the sum of a department's resource **DEL** and resource **AME**. It is the budget for current expenditure on an accruals basis.

Resource budgeting is the budgeting regime adopted for the spending plans set in the 2000 Spending Review. It is derived from resource accounting rules, but there are several differences in treatment between resource accounts and resource budgets.

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

Revenue Support Grant (RSG) was called the **rate support grant** up to 1990. It is an unhypothecated current grant from central government to local authorities.

Running cost receipts are departmental receipts arising from charging other departments or outside bodies for activities whose cost fall within the ambit of departmental administration costs.

Self-financing public corporations are a group of public corporations that are usually profitable, trading largely with the private sector, and not essentially regulatory in nature. Their external finance scores in the sponsoring department's **departmental AME**, rather than in their **DEL**. They include British Nuclear Fuels Limited, The Tote, Commonwealth Development Corporation, Consignia, QinetiQ, Channel Four Television, Crown Estates and Royal Mint. For budgeting purposes the BBC is treated as a self-financing public corporation.

Service Delivery Agreements (SDA) are published by departments and set out in detail how **PSAs** will be delivered, including operational plans and modernisation commitments.

Spending sectors are from a recording a system that identifies which sector is making the expenditure and how it scores in public expenditure aggregates.

Spending Reviews set **DELs** and plans for **AME** for the following three years. They have replaced the annual **PES**, and are held at less frequent intervals. The first was the **CSR** in 1998. The most recent was **SR2000** which reported in July 2000 and set spending plans for the years 2001 to 2004. The next, **SR2002**, will report in the summer of 2002.

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

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

Subsidies are payments by government and the EU to trading businesses to help pay for current costs. For example: payments to farmers under the EU's Common Agricultural Policy; payments to train operating companies to run less profitable services; and payments to banks to help them fund export finance.

Supplementary Credit Approvals are given by central government to local authorities and represent the amounts that each local authority is allowed to borrow to finance specific capital expenditure projects

Supply expenditure is expenditure financed by money voted by Parliament in the annual **Supply Estimates**: also termed **Voted in Estimates**.

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

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

Trading bodies are publicly owned trading businesses.

Public corporations are trading bodies.

There are also some trading bodies which are closely integrated within **general government** and do not have enough independence to be classified as a **public corporation**. They are not able to hold reserves, as distinct from working balances, and they are required to account for their expenditure annually. Their **capital expenditure** is included in public expenditure measures, but their current expenditure and current receipts are including as a revenue item called gross trading surplus. In national accounts they are the market activity of non-market units. ECGD is the only Central Government example. In the local government sector, examples are housing, theatres and sports facilities.

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

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

A **Vote** was an individual Supply Estimate. Under RAB, from 2001, votes have been replaced by **Requests for Resources**.

Welfare to Work is a spending programme covering current and capital expenditure on a wide range of social initiatives that is funded from receipts from the **windfall tax**.

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

The **Windfall Tax** was levied on privatised utilities in December 1997 and 1998 raising £5.2 billion.

The **Working Families Tax Credit (WFTC)** and the **Disabled Persons Tax Credit (DPTC)** are adjustments to employee pay packets to give more pay to low earners. The payments are recorded as social benefit expenditure in **national accounts**, with the income tax being recorded gross. In cash based presentations of public finances they are netted-off gross income tax. See also new tax credits.

