

2.1 This chapter compares the latest plans for DEL and AME with the plans set out in PESA last year (Cm 6521), which were consistent with Budget 2005. The tables in this chapter do not fall within the scope of National Statistics.

Types of changes

2.2 The comparisons distinguish between:

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

The tables

2.3 Data in the tables taken from last year's PESA are adjusted for the effects of machinery of government changes.

2.4 Tables 2.1, 2.2 and 2.3 are for 2004-05, and compare the latest outturns with the estimated outturns in last year's PESA, and with the provisional outturns published in July in the Public Expenditure Outturn White Paper (PEOWP). The DEL tables also show final provision as at the end of the year (PEOWP).

2.5 Tables 2.4, 2.5 and 2.6 are for 2005-06, and compare the current estimated outturns with the plans in last year's PESA. The DEL tables also show final provision following updates provided by departments as part of the Spring Supplementary Estimates.

2.6 Tables 2.7, 2.8 and 2.9 are for 2006-07 and 2007-08 and compare the current plans (consistent with the Budget and as presented elsewhere in PESA) with the plans in last year's PESA.

Main classification and transfer changes affecting plans

2.7 PBR 2005 announced a number of changes to the budgeting framework to more closely align that framework with the objectives of the fiscal framework. These, and some additional changes, have been effected as classification changes, that is current and future years budgets have been restated so as to leave departments no better or worse off, and outturns adjusted so that numbers are presented on a consistent basis. The first year of the new regime for control purposes is 2006-07.

2.8 The following major changes have been made to the framework:

1. Capital grants to the private sector have moved from the resource into the capital budget. Grants to the private sector for the acquisition of capital assets form part of the aggregate Public Sector Net Investment (PSNI), which is now mostly budgeted for in capital budgets.

2. Similarly, capital grants to public corporations that were in the resource budget have moved to the capital budget as they finance capital expenditure which forms part of PSNI.
3. Departmental receipts from the European Union (EU) for structural fund and general programmes now score in DEL, thereby offsetting the expenditure that they finance. Previously these receipts scored outside budgets as part of the *Net payments to EU institutions* line. Note that due to this change there has been a subsequent change in the definition, and name, of the EU payments line, which is now called *Net expenditure transfers to EU institutions*, and is defined as the GNI based contribution less the UK abatement. This definition mirrors the impact on Total Managed Expenditure as measured by the national accounts. A table with descriptions of the different lines for transactions with the EU is given in Appendix D.
4. Previously the spending by DEFRA and the Devolved Administrations on the Common Agricultural Policy (CAP), which is financed by receipts from the EU, was shown as a separate line of expenditure in departmental AME. The receipts that financed that spending scored in non-departmental AME, in common with other EU receipts, in the *Net payments to EU institutions* line. Both the expenditure and the receipts now form part of the DELs of DEFRA and the Devolved Administrations, which are therefore unaffected save for small changes due to timing of payments and provisions for disallowances. The CAP line is removed as redundant.
5. Movements in certain large prepayments and debtors have moved into capital budgets. Previously these movements in working capital were not included in budgets. Large prepayments and debtors for this purpose are those that are long term, which is defined as those outstanding for over 12 months, and with a value of over £20 million. This change is to budgetise the costs of what is in effect lending to the private sector, and aligns with the treatment of policy lending which forms part of the capital budget. Although a significant change in terms of the control framework the number of departments and the overall amount of expenditure captured by this change are small.
6. Net lending to students transactions in principal have moved from non-budget into the Capital Budget: Departmental AME and are shown in a separate line in Table 1.1. In PESA 2006 that change has been effected only for England and Wales. There has been no change to the budgeting treatment of the current year consequences of providing loans to students.
7. The payments that Department for Health makes to NHS trusts for them to provide health services include an amount that finances NHS Trust depreciation. Previously this was classified as outside budgets. It has now been reclassified into DH DEL. This better aligns the budgeting treatment in respect of NHS trust depreciation with the treatment of depreciation of other central government bodies.

There have been a number of smaller changes, which are either a consequence of the changes described above, or are designed to further improve the budgeting system. These changes are as follows:

Other changes to the capital budget

8. Provisions in respect of capital grants – Movements in the Operating Cost Statement (or P&L account) associated with taking of provisions in respect of capital grants have moved into the capital budget.
9. Cost of capital credit in respect of provisions for capital grants have moved into capital budgets.
10. Co-funding of NDPBs – the element of co-financing for capital grants has moved into capital budgets.
11. Equity withdrawals from public corporations that pass through the Operating Cost Statement but are treated as financial transactions in national accounts are now part of the capital budget.
12. Debt repayment grants to Local Authorities have become Non-Budget, reflecting that debt repayment is not expenditure.

Other changes to the resource budget

13. Cost of capital credit on liabilities arising under on-balance sheet PFI deals now form part of the resource budget, as does the interest payable up to 3.5%. Both of which had previously been excluded.

2.9 On the 20th January 2006 the ONS reclassified the **BBC** from the public corporations' to the central government sub-sector of the public sector. Further details of this change are given in Appendix A. For the presentations used in this chapter the main change is the inclusion of a new line in departmental AME to accommodate the total spending of the BBC domestic services (that is the BBC excluding the World Service and its commercial subsidiaries). Previously the current spending of the BBC domestic services formed part of the Gross Operating Surplus of the public corporations' sector. It now forms part of TME and is shown in the new *BBC domestic services* line. The capital spending of the BBC was already part of the TME, but has been reclassified from the *Public corporations own financed capital expenditure (PCOFCE)* line into the new *BBC domestic services* line.

2.10 On the 20th February 2006 the ONS announced the reclassification of **London and Continental Railways (LCR)** to the public corporations sector, back to February 1999, when a restructuring of LCR was implemented¹. That has led to an increase in public corporations' capital expenditure included in TME. In PESA, the effect is shown in TME in all affected years and in the line Public Corporations' Own-financed Capital Expenditure. The spending of LCR has not yet been included in the budgeting or functional series.

2.11 For 2004-05 changes due to the reclassification of capital grants total £8.8bn. Tables 2.1 and 2.2 show the effect of moving EU receipts into resource and capital budgets. Resource DEL is reduced by approx £3.6bn, and capital DEL by £0.5bn, reflecting the additional reclassified receipts.

¹ For further information on the ONS' reclassification please see the following article:
<http://www.statistics.gov.uk/article.asp?id=1409>

2.12 Table 2.3 shows changes to AME for 2004-05.

- There is a new BBC line, which shows an increase of £2.9bn, of which £0.1bn is a reclassified from the PCOFCE line, and the remaining £2.8bn reclassified from PC Gross Operating Surplus (which is on the receipts side of the national accounts).
- The CAP line is reduced to zero reflecting the fact that the expenditure now forms part of DEFRA's DEL.
- The changes to the *Net Payments/ expenditure transfers to EC Institutions* line reflect that receipts in respect of structural funds and the common agricultural policy have been reclassified into DEL. It also reflects the change in the definition in that line, so that elements that were scored as net payments but that did not directly impact on TME have been removed.

2.13 Tables 2.4, 2.5 and 2.6 show similar changes to get to final provision for 2005-06. The changes for capital grants total £10.4bn. Resource DEL is reduced by £3.5bn by reclassified EU receipts and capital DEL is reduced by £0.4bn for the same reason.

2.14 All the changes described above are also represented in tables 2.7, 2.8 and 2.9. These tables show the changes to plans for 2006-07 and 2007-08, as presented in PESA last year, to get to the latest plans shown in Chapter 1 of PESA this year, which are consistent with the Budget 2006 document. Changes to resource and capital DELs due to capital grants total £11.4bn and £10.9bn in each of the two years. Resource DEL is reduced by £3.4bn and £3.6bn across the two years in respect of reclassified EU receipts and capital DEL is reduced by £0.4bn and £0.4bn in each of the two years for the same reason.

2.15 In addition the movement of Direct Schools Grant from the Local Government DEL to the Department for Education and Skills budget in 2006-07 and 2007-08, increases DfES DEL by £28bn in those years.

2.16 Department of Health's resource DEL has changed in all years due to the reclassification of the charge they pay to NHS trusts to cover depreciation and the reprofiling of their 5 year settlement.

POLICY AND ESTIMATING CHANGES

2.17 Tables 2.1, 2.2 and 2.3 show changes to final outturn from 2004-05 since PEOWP 05. Stripping out the effects of classification changes, the numbers for final outturn in 2004-05 are broadly in line with PEOWP outturns.

2.18 Tables 2.4, 2.5 and 2.6 show changes to plans for 2005-06 financed by allocations from the Reserve, draw down of End Year Flexibility (EYF) and changes to forecasts. Departmental plans in 2005-06 increased by just under £2bn due to Reserve Allocations and EYF draw down for Resource DEL, and by just under £900m for capital DEL. Overall Resource DEL remains broadly unchanged as a result of forecast underspending by departments and a further allowance for shortfall. Departmental estimated outturns are provisional. They are likely to be revised further as numbers improve after the year end. Better information will be published in the Public Expenditure Outturn White Paper in July and in the National Statistics update on the day of the Pre-Budget Report (normally in November) after accounts have been audited. The main increases to plans are given below:

- MOD resource DEL increased by 1bn, of which £0.9bn was from the Reserves for on-going costs of military operations;

- DfT resource DEL increased by 0.5bn for Highways Agency non-cash resource pressures, financed from the Reserves.
- Department for Health spending in resource budget DEL was £580m above the level of final provision.
- DTI drew down £400m of EYF, including anticipation of £120m of European Regional Development Fund advance funding from future years.
- FCO were allocated £210m from the reserve to finance peacekeeping activity, aid in respect of the Asian tsunami and additional expenditure on consular services that is financed by the consular premium charged on passports and returned to the Consolidated Fund. In addition FCO drew down £35m of EYF from underspends from previous years.
- DWP drew down £120m of EYF from previous years underspends.
- DfES drew down £100m of resource EYF and £150m of capital EYF.

2.19 Changes to expenditure items in Annually Managed Expenditure are due to changes in forecasts and other changes announced in the Budget 2006 (HC968). Expenditure on tax credits and social security is forecast to increase due to changes in the economic determinants underlying the forecast, which have increased expenditure, and the latest administrative data, including on the overall numbers of families that are in and out of work, which have also increased forecast spending.

2.20 Policy and estimating changes for 2006-07 and 2007-08 are shown in Tables 2.7, 2.8 and 2.9; in the main the changes to plans affected in 2005-06 also affect these latter years.

Table 2.1 Resource DEL 2004–05; changes since PESA April 2005 and PEOWP July 2005

£ million

| | Final provision adjusted for MOG | Estimated outturn in PESA 2005 adjusted for MOG | Provisional outturn in PEOWP 2005 adjusted for MOG | Transfers and classification changes since PEOWP 2005 | Other changes since PEOWP 2005 | Outturn |
|-------------------------------------|----------------------------------|-------------------------------------------------|----------------------------------------------------|-------------------------------------------------------|--------------------------------|----------------|
| Education and Skills | 24,742 | 24,613 | 24,181 | -1,173 | 37 | 23,044 |
| Health | 69,304 | 69,087 | 67,717 | 1,312 | 176 | 69,206 |
| Transport | 8,225 | 8,148 | 8,034 | -2,745 | -32 | 5,258 |
| Office of the Deputy Prime Minister | 6,469 | 6,240 | 6,211 | -2,662 | -16 | 3,531 |
| Local Government | 43,415 | 43,350 | 43,316 | — | — | 43,316 |
| Home Office | 12,413 | 12,293 | 12,071 | -80 | 0 | 11,991 |
| Constitutional Affairs | 3,620 | 3,572 | 3,559 | 0 | -272 | 3,288 |
| Law Officers' Departments | 667 | 652 | 644 | — | -2 | 643 |
| Defence | 32,831 | 32,591 | 32,057 | 16 | -786 | 31,287 |
| Foreign and Commonwealth Office | 1,817 | 1,787 | 1,730 | -39 | 24 | 1,715 |
| International Development | 3,901 | 3,868 | 3,804 | 1 | -2 | 3,803 |
| Trade and Industry | 5,505 | 5,194 | 5,069 | -796 | 0 | 4,274 |
| Environment Food and Rural Affairs | 3,238 | 3,172 | 3,075 | -297 | -2 | 2,776 |
| Culture Media and Sport | 1,532 | 1,542 | 1,390 | -50 | 2 | 1,343 |
| Work and Pensions | 8,419 | 8,338 | 8,346 | -572 | -28 | 7,746 |
| Scotland | 20,461 | 19,961 | 20,042 | -707 | 1 | 19,336 |
| Wales | 10,852 | 10,817 | 10,726 | -405 | 2 | 10,324 |
| Northern Ireland Executive | 7,101 | 6,977 | 6,887 | -618 | 32 | 6,301 |
| Northern Ireland Office | 1,204 | 1,207 | 1,162 | -1 | 10 | 1,172 |
| Chancellor's Departments | 5,114 | 5,041 | 4,910 | 1 | -5 | 4,906 |
| Cabinet Office | 2,091 | 1,993 | 1,957 | 106 | 5 | 2,067 |
| Allowance for Shortfall | — | -1,759 | — | — | — | — |
| Total | 272,923 | 268,687 | 266,891 | -8,707 | -857 | 257,327 |

Table 2.2 Capital DEL 2004–05; changes since PESA April 2005 and PEOWP July 2005

£ million

| | Final provision adjusted for MOG | Estimated outturn in PESA 2005 adjusted for MOG | Provisional outturn in PEOWP 2005 adjusted for MOG | Transfers and classification changes since PEOWP 2005 | Other changes since PEOWP 2005 | Outturn |
|-------------------------------------|----------------------------------|-------------------------------------------------|----------------------------------------------------|-------------------------------------------------------|--------------------------------|---------------|
| Education and Skills | 3,879 | 3,730 | 3,768 | 1,172 | -36 | 4,905 |
| Health | 3,131 | 3,131 | 2,619 | 72 | -1 | 2,690 |
| Transport | 3,399 | 3,323 | 3,285 | 2,702 | -8 | 5,980 |
| Office of the Deputy Prime Minister | 3,008 | 2,868 | 2,791 | 2,358 | -14 | 5,135 |
| Local Government | 372 | 297 | 257 | — | — | 257 |
| Home Office | 1,198 | 1,068 | 994 | 65 | 0 | 1,059 |
| Constitutional Affairs | 231 | 201 | 198 | — | -4 | 194 |
| Law Officers' Departments | 22 | 18 | 11 | — | 0 | 11 |
| Defence | 6,663 | 6,593 | 6,585 | — | 169 | 6,754 |
| Foreign and Commonwealth Office | 103 | 78 | 77 | 39 | -3 | 112 |
| International Development | 41 | 41 | 34 | — | -1 | 32 |
| Trade and Industry | 283 | 239 | 278 | 512 | 2 | 792 |
| Environment Food and Rural Affairs | 332 | 332 | 328 | 174 | -13 | 489 |
| Culture Media and Sport | 186 | 198 | 102 | 10 | 10 | 122 |
| Work and Pensions | 295 | 299 | 290 | 8 | 1 | 298 |
| Scotland | 1,960 | 1,960 | 1,661 | 510 | -1 | 2,170 |
| Wales | 977 | 865 | 859 | 196 | — | 1,055 |
| Northern Ireland Executive | 417 | 421 | 392 | 425 | -18 | 799 |
| Northern Ireland Office | 83 | 78 | 71 | — | -1 | 71 |
| Chancellor's Departments | 521 | 416 | 431 | 0 | -3 | 429 |
| Cabinet Office | 0 | 252 | 240 | -1 | -2 | 238 |
| Allowance for Shortfall | — | -2,581 | — | — | — | — |
| Total | 27,099 | 23,824 | 25,270 | 8,244 | 78 | 33,592 |

Table 2.3 Total Managed Expenditure 2004–05; changes since PESA April 2005 and PEOWP July 2005

£ million

| | Estimated outturn in PESA 2005 | Provisional outturn in PEOWP 2005 | Transfers and classification changes since PEOWP 2005 | Other changes since PEOWP 2005 | Outturn |
|----------------------------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------------------------|--------------------------------------------|----------------|
| Departmental Expenditure Limits | | | | | |
| Resource DEL | 268,687 | 266,891 | -8,707 | -857 | 257,327 |
| Capital DEL | 23,824 | 25,270 | 8,244 | 78 | 33,592 |
| Less depreciation | 11,326 | 9,501 | 16 | -1,112 | 8,403 |
| Total DEL | 281,186 | 282,660 | -479 | 333 | 282,515 |
| Annually Managed Expenditure | | | | | |
| <i>Departmental AME</i> | | | | | |
| Social Security Benefits | 125,176 | 125,212 | -82 | 163 | 125,292 |
| Tax Credits | 11,728 | 11,735 | 0 | 0 | 11,735 |
| Common Agriculture Policy | 3,206 | 3,072 | -3,072 | 0 | 0 |
| Net Public Sector Pensions | 2,214 | 2,250 | -100 | -1,710 | 440 |
| National Lottery | 1,800 | 1,800 | 0 | 0 | 1,800 |
| BBC domestic services | 0 | 0 | 2,927 | 0 | 2,927 |
| Student loans | 0 | 0 | 2,015 | 0 | 2,015 |
| Non-cash items | 27,801 | 26,647 | 162 | -673 | 26,136 |
| Other Programme Expenditure | 4,060 | 2,900 | -2,439 | 2,009 | 2,470 |
| Total Departmental AME | 175,984 | 173,616 | -589 | -211 | 172,815 |
| <i>Other AME</i> | | | | | |
| Net Payments to EC Institutions | 3,707 | 3,305 | 1,602 | 0 | 4,907 |
| Locally Financed Expenditure | 24,545 | 23,447 | 0 | 804 | 24,252 |
| Central Government Debt Interest | 23,839 | 23,839 | 0 | 148 | 23,987 |
| Public Corporations' own financed capital expenditure | 1,752 | 2,313 | 627 | 417 | 3,357 |
| Total Other AME | 53,844 | 52,905 | 2,229 | 1,369 | 56,502 |
| Total AME before accounting adjustments | 229,827 | 226,521 | 1,640 | 1,158 | 229,317 |
| Accounting adjustments | -26,908 | -25,077 | 1,442 | 2,794 | -20,840 |
| Total Annually Managed Expenditure | 202,919 | 201,444 | 3,080 | 3,952 | 208,477 |
| Total Managed Expenditure | 484,105 | 484,104 | 2,602 | 4,285 | 490,992 |

Table 2.4 Resource DEL 2005–06; changes since PESA 2005

| | £ million | | | | |
|-------------------------------------|----------------------------------------------|--------------------------------------------------------|---------------------------------------------------------|--------------------|----------------------|
| | Plans in PESA 2005 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | Final provision | Estimated outturn |
| Education and Skills | 26,321 | -1,542 | 209 | 24,988 | 24,809 |
| Health | 75,068 | 1,341 | -45 | 76,365 | 76,945 |
| Transport | 8,685 | -3,219 | 546 | 6,012 | 5,755 |
| Office of the Deputy Prime Minister | 6,259 | -2,943 | 93 | 3,409 | 3,283 |
| Local Government | 46,273 | -17 | 36 | 46,293 | 46,200 |
| Home Office | 12,788 | -189 | 166 | 12,766 | 12,714 |
| Constitutional Affairs | 3,841 | 22 | 80 | 3,943 | 3,752 |
| Law Officers' Departments | 651 | 39 | 28 | 718 | 691 |
| Defence | 32,506 | 110 | 1,007 | 33,622 | 33,281 |
| Foreign and Commonwealth Office | 1,813 | -103 | 257 | 1,967 | 1,967 |
| International Development | 4,473 | -24 | 49 | 4,498 | 4,413 |
| Trade and Industry | 5,854 | -784 | 481 | 5,551 | 5,381 |
| Environment Food and Rural Affairs | 3,100 | -194 | 113 | 3,020 | 3,022 |
| Culture Media and Sport | 1,539 | -67 | -9 | 1,464 | 1,434 |
| Work and Pensions | 8,330 | -573 | 259 | 8,015 | 7,929 |
| Scotland | 21,405 | -713 | 210 | 20,902 | 20,791 |
| Wales | 11,442 | -483 | 168 | 11,127 | 11,487 |
| Northern Ireland Executive | 7,289 | -674 | 121 | 6,735 | 6,808 |
| Northern Ireland Office | 1,199 | -4 | 40 | 1,235 | 1,015 |
| Chancellor's Departments | 5,205 | 1 | 79 | 5,285 | 5,120 |
| Cabinet Office | 2,009 | 26 | 103 | 2,138 | 2,143 |
| Invest to Save budget | 24 | 0 | -24 | 0 | 0 |
| DEL Reserve | 560 | 0 | -560 | — | 0 |
| Unallocated Special Reserve | 300 | 0 | -300 | — | 0 |
| Allowance for Shortfall | — | 0 | -960 | -960 | -960 |
| Total | 286,937 | -9,990 | 2,147 | 279,093 | 277,981 |

Table 2.5 Capital DEL 2005–06; changes since PESA 2005

| | £ million | | | | |
|-------------------------------------|----------------------------------------------|--------------------------------------------------------|---------------------------------------------------------|--------------------|----------------------|
| | Plans in PESA 2005 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | Final provision | Estimated outturn |
| Education and Skills | 4,445 | 1,551 | 72 | 6,069 | 5,756 |
| Health | 3,819 | 175 | 109 | 4,103 | 3,022 |
| Transport | 3,301 | 3,264 | -3 | 6,562 | 6,558 |
| Office of the Deputy Prime Minister | 2,976 | 2,683 | 238 | 5,896 | 5,758 |
| Local Government | 349 | 0 | 39 | 388 | 230 |
| Home Office | 1,163 | 57 | 36 | 1,257 | 1,131 |
| Constitutional Affairs | 145 | -9 | 52 | 189 | 176 |
| Law Officers' Departments | 15 | 0 | 1 | 16 | 9 |
| Defence | 6,880 | -408 | 288 | 6,760 | 6,788 |
| Foreign and Commonwealth Office | 123 | 42 | 10 | 175 | 152 |
| International Development | 30 | — | 12 | 42 | 32 |
| Trade and Industry | 298 | 864 | 108 | 1,270 | 1,251 |
| Environment Food and Rural Affairs | 339 | 204 | 41 | 584 | 661 |
| Culture Media and Sport | 97 | 76 | 52 | 225 | 261 |
| Work and Pensions | 345 | 71 | 70 | 486 | 400 |
| Scotland | 1,901 | 540 | -19 | 2,422 | 2,444 |
| Wales | 935 | 263 | 64 | 1,262 | 1,262 |
| Northern Ireland Executive | 410 | 166 | 453 | 1,029 | 1,029 |
| Northern Ireland Office | 66 | -3 | 2 | 66 | 55 |
| Chancellor's Departments | 309 | 6 | 97 | 413 | 404 |
| Cabinet Office | 249 | 10 | 37 | 296 | 258 |
| Invest to Save budget | 6 | 0 | -6 | 0 | 0 |
| DEL Reserve | 548 | 0 | -548 | 0 | 0 |
| Unallocated Special Reserve | — | 0 | — | 0 | 0 |
| Allowance for Shortfall | — | 0 | -299 | -299 | -299 |
| Total | 28,751 | 9,552 | 906 | 39,211 | 37,338 |

Table 2.6 Total Managed Expenditure 2005–06; changes since PESA 2005

| | Plans in PESA 2005 | Transfers and classification changes | Other changes | £ million Estimated outturn |
|-------------------------------------------------------|--------------------------|--------------------------------------------|------------------|-----------------------------------|
| Departmental Expenditure Limits | | | | |
| Resource DEL | 286,937 | –9,990 | 1,035 | 277,981 |
| Capital DEL | 28,751 | 9,552 | –967 | 37,338 |
| Less depreciation | 11,784 | –251 | 403 | 11,937 |
| Total DEL | 303,904 | –187 | –335 | 303,382 |
| Annually Managed Expenditure | | | | |
| <i>Departmental AME</i> | | | | |
| Social Security Benefits | 130,071 | 18 | 59 | 130,148 |
| Tax Credits | 11,783 | 0 | 1,079 | 12,862 |
| Common Agriculture Policy | 3,288 | –3,288 | 0 | 0 |
| Net Public Sector Pensions | 3,897 | 46 | 1,378 | 5,321 |
| National Lottery | 1,700 | 296 | –221 | 1,775 |
| BBC domestic services | 0 | 3,054 | 0 | 3,054 |
| Student loans | 0 | 2,151 | 0 | 2,151 |
| Non-cash items | 27,998 | 470 | 1,713 | 30,181 |
| Other programme expenditure | 5,333 | –1,583 | 477 | 4,227 |
| Total Departmental AME | 184,070 | 1,164 | 4,485 | 189,719 |
| <i>Other AME</i> | | | | |
| Net Payments to EC Institutions | 3,145 | 1,583 | –293 | 4,435 |
| Locally Financed Expenditure | 25,628 | 0 | 937 | 26,566 |
| Central Government Debt Interest | 25,563 | 0 | 184 | 25,747 |
| Public Corporations' own financed capital expenditure | 2,926 | 306 | –350 | 2,882 |
| Total Other AME | 57,262 | 1,889 | 478 | 59,630 |
| Total AME before accounting adjustments | 241,333 | 3,053 | 4,963 | 249,349 |
| AME margin | 1,000 | — | –1,000 | 0 |
| Accounting adjustments | –27,655 | –2,585 | 661 | –29,579 |
| Total Annually Managed Expenditure | 214,677 | 468 | 4,624 | 219,770 |
| Total Managed Expenditure | 518,582 | 281 | 4,289 | 523,152 |

Table 2.7 Resource DEL 2006–07 and 2007–08; changes since PESA 2005

| | £ million | | | | | | | |
|-------------------------------------|-------------------------------------|--------------------------------------------|---------------------------------------------|----------------|-------------------------------------|--------------------------------------------|---------------------------------------------|----------------|
| | 2006–07 | | | | 2007–08 | | | |
| | Plans in PESA 2005 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New Plans | Plans in PESA 2005 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New Plans |
| Education and Skills | 28,016 | 25,079 | 353 | 53,449 | 29,577 | 26,643 | 552 | 56,772 |
| Health | 81,838 | 148 | 0 | 81,986 | 89,302 | –210 | 0 | 89,092 |
| Transport | 10,619 | –3,781 | 55 | 6,893 | 9,719 | –2,976 | 0 | 6,743 |
| Office of the Deputy Prime Minister | 6,614 | –3,083 | –19 | 3,511 | 7,214 | –3,564 | 3 | 3,653 |
| Local Government | 48,701 | –26,181 | –27 | 22,492 | 51,156 | –27,684 | –136 | 23,336 |
| Home Office | 13,352 | –353 | 5 | 13,004 | 14,033 | –411 | 3 | 13,624 |
| Constitutional Affairs | 3,974 | –25 | 0 | 3,949 | 4,018 | –25 | — | 3,993 |
| Law Officers' Departments | 688 | –2 | 0 | 686 | 717 | 2 | 0 | 718 |
| Defence | 32,707 | –326 | 230 | 32,610 | 33,026 | –341 | 95 | 32,779 |
| Foreign and Commonwealth Office | 1,684 | –66 | 200 | 1,818 | 1,721 | –40 | — | 1,681 |
| International Development | 4,995 | –35 | 1 | 4,961 | 5,289 | –11 | — | 5,278 |
| Trade and Industry | 6,204 | –637 | 22 | 5,589 | 6,361 | –586 | 34 | 5,808 |
| Environment Food and Rural Affairs | 3,304 | –448 | 145 | 3,001 | 3,410 | –459 | 130 | 3,081 |
| Culture Media and Sport | 1,619 | –119 | 36 | 1,536 | 1,669 | –137 | 40 | 1,572 |
| Work and Pensions | 8,137 | –503 | 131 | 7,765 | 8,138 | –508 | 69 | 7,699 |
| Scotland | 22,796 | –650 | 58 | 22,204 | 24,059 | –700 | 67 | 23,426 |
| Wales | 12,200 | –571 | 30 | 11,660 | 12,908 | –653 | 39 | 12,295 |
| Northern Ireland Executive | 7,705 | –625 | 52 | 7,132 | 8,025 | –479 | 20 | 7,565 |
| Northern Ireland Office | 1,149 | 0 | 36 | 1,185 | 1,139 | — | 5 | 1,144 |
| Chancellor's Departments | 5,159 | –1 | –50 | 5,108 | 5,194 | –1 | –100 | 5,093 |
| Cabinet Office | 2,048 | 52 | 17 | 2,117 | 2,108 | 51 | 1 | 2,160 |
| Invest to Save budget | 24 | — | –10 | 14 | 24 | — | –9 | 15 |
| DEL Reserve | 1,300 | — | –300 | 1,000 | 1,700 | — | 400 | 2,100 |
| Unallocated Special Reserve | — | — | 800 | 800 | — | — | — | — |
| Total | 304,800 | –12,128 | 1,800 | 294,400 | 320,500 | –12,091 | 1,200 | 309,600 |

Table 2.8 Capital DEL 2006–07 and 2007–08; changes since PESA 2005

£ million

| | 2006–07 | | | | 2007–08 | | | |
|-------------------------------------|-------------------------------------|--------------------------------------------|---------------------------------------------|---------------|-------------------------------------|--------------------------------------------|---------------------------------------------|---------------|
| | Plans in PESA 2005 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New Plans | Plans in PESA 2005 adjusted for MOG | Other transfers and classification changes | Reserve allocation and other policy changes | New Plans |
| Education and Skills | 4,870 | 1,369 | 15 | 6,254 | 5,570 | 1,410 | 15 | 6,995 |
| Health | 5,265 | 64 | 0 | 5,329 | 6,255 | 65 | 0 | 6,321 |
| Transport | 4,085 | 3,272 | 22 | 7,379 | 4,161 | 2,520 | 18 | 6,699 |
| Office of the Deputy Prime Minister | 2,944 | 2,801 | -22 | 5,723 | 2,890 | 3,281 | — | 6,171 |
| Local Government | 249 | — | — | 249 | 249 | — | — | 249 |
| Home Office | 1,226 | -9 | -30 | 1,187 | 1,296 | -9 | -15 | 1,272 |
| Constitutional Affairs | 139 | — | 0 | 140 | 147 | — | — | 148 |
| Law Officers' Departments | 15 | — | — | 15 | 15 | — | — | 15 |
| Defence | 6,970 | -43 | — | 6,927 | 7,600 | -11 | — | 7,589 |
| Foreign and Commonwealth Office | 111 | 39 | — | 150 | 109 | 39 | — | 148 |
| International Development | 20 | — | — | 20 | 22 | — | — | 22 |
| Trade and Industry | 479 | 669 | 39 | 1,187 | 474 | 645 | 26 | 1,145 |
| Environment Food and Rural Affairs | 339 | 433 | — | 772 | 339 | 468 | — | 807 |
| Culture Media and Sport | 117 | 151 | 10 | 278 | 132 | 90 | 10 | 232 |
| Work and Pensions | 154 | 9 | 15 | 178 | 49 | 9 | 5 | 63 |
| Scotland | 2,099 | 837 | 6 | 2,942 | 2,209 | 911 | 4 | 3,124 |
| Wales | 1,099 | 328 | 2 | 1,429 | 1,202 | 410 | 2 | 1,614 |
| Northern Ireland Executive | 477 | 252 | 217 | 946 | 534 | 202 | 258 | 994 |
| Northern Ireland Office | 72 | — | — | 72 | 72 | — | — | 72 |
| Chancellor's Departments | 415 | — | -100 | 315 | 510 | — | -200 | 310 |
| Cabinet Office | 249 | 7 | 6 | 263 | 264 | -1 | 1 | 263 |
| Invest to Save budget | 6 | — | -1 | 5 | 6 | — | 0 | 6 |
| DEL Reserve | 600 | — | 200 | 800 | 1,100 | — | 300 | 1,400 |
| Total | 32,000 | 10,179 | 400 | 42,500 | 35,200 | 10,028 | 400 | 45,700 |

Table 2.9 Total Managed Expenditure 2006–07 and 2007–08; changes since PESA 2005

| | £ million | | | | | | | |
|-------------------------------------------------------|--------------------|--------------------------------------|---------------|----------------|--------------------|--------------------------------------|---------------|----------------|
| | 2006–07 | | | | 2007–08 | | | |
| | Plans in PESA 2005 | Transfers and classification changes | Other changes | New Plans | Plans in PESA 2005 | Transfers and classification changes | Other changes | New Plans |
| Departmental Expenditure Limits | | | | | | | | |
| Resource DEL | 304,800 | -12,128 | 1,800 | 294,400 | 320,500 | -12,091 | 1,200 | 309,600 |
| Capital DEL | 32,000 | 10,179 | 400 | 42,500 | 35,200 | 10,028 | 400 | 45,700 |
| Less depreciation | 12,100 | -194 | -10 | 11,900 | 11,800 | -10 | -200 | 11,600 |
| Total DEL | 324,700 | -1,755 | 2,133 | 325,100 | 344,000 | -2,053 | 1,800 | 343,700 |
| Annually Managed Expenditure | | | | | | | | |
| <i>Departmental AME</i> | | | | | | | | |
| Social Security Benefits | 131,562 | 38 | 1,744 | 133,345 | 138,578 | 34 | -106 | 138,506 |
| Tax Credits | 13,931 | 0 | 194 | 14,125 | 13,907 | 0 | 1,231 | 15,138 |
| Common Agriculture Policy | 3,239 | -3,239 | 0 | 0 | 3,246 | -3,246 | 0 | 0 |
| Net Public Sector Pensions | 3,890 | 414 | 1,253 | 5,557 | 4,075 | 372 | 1,408 | 5,855 |
| National Lottery | 1,500 | 232 | — | 1,732 | 1,300 | 235 | — | 1,535 |
| BBC domestic services | 0 | 3,216 | — | 3,216 | 0 | 3,304 | — | 3,304 |
| Student loans | 0 | 2,770 | 0 | 2,770 | 0 | 3,400 | 0 | 3,400 |
| Non-cash items | 30,483 | 221 | 1,061 | 31,765 | 33,645 | 136 | 998 | 34,779 |
| Other programme expenditure | 3,704 | -3,009 | 2,721 | 3,415 | 3,350 | -3,674 | 3,256 | 2,931 |
| Total Departmental AME | 188,309 | 643 | 6,973 | 195,925 | 198,100 | 561 | 6,787 | 205,448 |
| <i>Other AME</i> | | | | | | | | |
| Net Payments to EC Institutions | 2,770 | 3,090 | -428 | 5,432 | 4,518 | 1,975 | 16 | 6,509 |
| Locally Financed Expenditure | 27,409 | 0 | 114 | 27,523 | 29,115 | — | -193 | 28,922 |
| Central Government Debt Interest | 26,988 | 0 | -711 | 26,277 | 28,378 | 0 | -425 | 27,953 |
| Public Corporations' own financed capital expenditure | 2,574 | 216 | 583 | 3,373 | 2,868 | 230 | 386 | 3,484 |
| Total Other AME | 59,742 | 3,306 | -442 | 62,605 | 64,880 | 2,205 | -216 | 66,867 |
| Total AME before Accounting Adjustments | 248,051 | 3,949 | 6,531 | 258,530 | 262,980 | 2,766 | 6,571 | 272,315 |
| AME margin | 2,000 | 0 | -1,000 | 1,000 | 3,000 | 0 | -1,000 | 2,000 |
| Accounting adjustments | -25,527 | -196 | -6,568 | -32,291 | -29,960 | 2,241 | -7,562 | -35,281 |
| Total Annually Managed Expenditure | 224,500 | 3,753 | -1,000 | 227,200 | 236,000 | 5,007 | -2,000 | 239,000 |
| Total Managed Expenditure | 549,200 | 1,997 | 1,100 | 552,300 | 580,000 | 2,954 | -200 | 582,800 |