

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

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

Public expenditure aggregates

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

Total Expenditure on Services by function

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

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

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

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

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

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

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

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

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

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

Relationship between functional series and departments' DELs

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

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

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

Total Expenditure on Services by economic category

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

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

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

Asset sales

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Department Function	National Statistics														Total all functions for each department			
	General public services	EU transactions	International services	Debt interest	Defence	Public order and safety	Enterprise and economic development	Science and technology	Employment policies	Agriculture, fisheries and forestry	Transport	Environmental protection	Housing and community amenities	Health		Recreation, culture and religion	Education and training	Social protection
Education and skills	—	—	—	—	—	0.1	—	—	0.2	—	—	—	—	—	—	45.3	1.6	47.2
Health	—	—	—	—	—	—	—	—	—	0.1	—	—	53.9	—	—	—	12.6	66.7
Transport	—	—	—	—	—	—	0.1	—	—	—	11.7	—	—	—	—	—	—	11.8
Office of the Deputy Prime Minister	3.5	—	—	—	—	2.0	1.4	—	—	—	—	—	3.7	—	—	—	—	10.6
Home office	0.1	—	—	—	—	16.1	—	—	—	—	—	—	—	—	—	—	1.7	17.9
Department for constitutional affairs	0.1	—	—	—	—	3.3	—	—	—	—	—	—	—	—	—	—	—	3.4
Law officer's departments	—	—	—	—	—	0.5	—	—	—	—	—	—	—	—	—	—	—	0.5
Defence	—	—	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	2.5	28.8
Foreign and commonwealth office	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	1.4
International development	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	3.5
Trade and industry	—	—	—	—	—	—	2.9	1.7	0.1	—	—	0.6	—	—	—	—	0.4	6.0
Environment, food and rural affairs	—	—	—	—	—	—	0.1	—	—	—	—	4.8	—	—	—	—	0.1	8.3
Culture, media and sport	—	—	—	—	—	—	0.2	—	—	—	—	—	—	—	4.9	—	—	5.1
Work and pensions	0.2	—	—	—	—	—	—	—	2.5	—	—	—	—	—	—	—	103.8	106.6
Scotland	0.7	—	—	—	—	1.8	0.3	—	0.4	0.7	1.1	1.0	0.7	6.5	0.7	5.2	1.9	21.0
Wales	0.3	—	—	—	—	—	0.4	—	—	0.3	0.5	0.5	0.2	3.5	0.3	2.7	1.0	9.8
Northern Ireland executive	0.2	—	—	—	—	0.1	0.5	—	—	0.4	0.3	0.3	0.3	2.1	0.1	2.1	4.5	10.9
Northern Ireland office	—	—	—	—	—	1.0	—	—	—	—	—	—	—	—	—	—	0.1	1.1
Chancellor's departments	4.4	-1.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	14.8	38.8
Cabinet office	1.5	—	—	—	—	0.1	—	—	—	—	—	—	—	—	—	—	-1.4	0.2
Total Expenditure on Services	11.2	-1.8	4.9	21.3	26.1	24.9	5.9	1.9	3.3	4.7	13.6	7.2	4.9	66.3	6.0	55.3	143.8	399.5

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

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

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

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

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

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

(1) Debt interest figures are gross.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

