

# Public Expenditure Statistical Analyses 2004

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April 2004

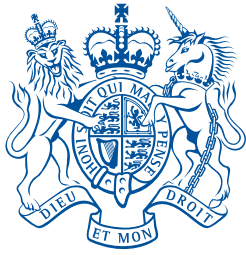


8,923	10,454	10,367
2,617	2,919	2,833
26	443	442
24,929	24,550	24,597
341	344	1,464
1,464	240	240
3,376	4,510	503
1,549	2,071	1,071
993	1,310	1,264
1,310	6,518	7,024
14,568	16,997	(7,725)
7,583	8,543	9,287
4,978	5,737	6,131

Cm 6201

This document is part of a series of Departmental Reports (Cm 6201 to 6231) which, along with the Main Estimates 2004–05 and the Supply Estimates 2004–05: Supplementary Budgetary Information, present the Government's expenditure plans for 2003–06.

The complete series of Departmental Reports and Public Expenditure Statistical Analyses 2004 is also available as a set at a discounted price.



HM TREASURY



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# Public Expenditure Statistical Analyses 2004

April 2004

Presented to Parliament by  
the Chancellor of the Exchequer  
by Command of Her Majesty

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# INTRODUCTION AND OVERVIEW

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Public Expenditure Statistical Analyses (PESA) is a compendium that brings together recent outturn data, estimated outturns for the latest year and spending plans over the whole range of UK public expenditure. It is published annually as a Command paper, alongside the Main Supply Estimates and Supplementary Budgetary Information. Further information on each government department's spending will be available in the individual departmental reports, which will be published during the weeks after publication of PESA.

## The two objectives of PESA

PESA serves two purposes:

- It provides information on Government spending plans and offers a measure of accountability on spending outturns expressed in terms of the aggregates used by the Government for expenditure planning and control. These aggregates – Departmental Expenditure Limits and Annually Managed Expenditure – are reconciled to an aggregate drawn from the national accounts – Total Managed Expenditure (TME) – and to other national accounts expenditure concepts. TME and certain other national accounts measures broadly represent the expenditure side of the measures used for the Government's fiscal framework. PESA includes analyses of public spending by department, spending sector and budgetary control aggregates.
- PESA analyses public expenditure in ways that transcend the budgeting and managerial control frameworks. For statistical analysis, PESA uses an expenditure concept – Total Expenditure on Services (TES) – that is more stable than the budgeting aggregates and that is closer to TME. TES is analysed by function, economic category and country and region.

These twin purposes are reflected in the ordering of the tables:

- Tables in Chapters 1, 2 and 5, and the early tables in chapters 4, 6 and 7 deal mainly with the budgeting aggregates, and their reconciliation to national accounts;
- Tables in Chapters 3 and 8, and the later tables in chapters 4, 6 and 7 provide analyses of TES.

## Period covered by PESA tables

All data series in PESA are annual, and for financial years. Tables in PESA normally cover a span of up to nine years – five years outturns, estimated outturn for the latest year and up to three years spending plans, where available. (In certain areas, eg. local authority expenditure, detailed plans for future years are not available.) In this year's PESA, plans are only available up to 2005-06. So analyses of spending plans and outturn generally cover the eight years 1998-99 to 2005-06. Some series are presented over a longer historical period.

### Consistency with FSBR and Supply Estimates

Information in PESA 2004 is consistent with the fiscal projections and public spending plans set out in Chapter C of the 2004 Financial Statement and Budget Report (HC.301; 17 March 2004), except in a few areas where later information is available and has been incorporated. Information in PESA is fully consistent with the 2004-05 Supply Estimates, both Main Estimates and Supplementary Budgetary Information.

### National Statistics in PESA

Most of the outturn data (to 2002-03) are National Statistics. National Statistics are those outputs which Ministers have decided should come within the scope of the principles of the National Statistics Code of Practice. The Code seeks to ensure that National Statistics will be valued for their relevance, integrity, quality and accessibility. More information about National Statistics is available on the National Statistics web site at [www.statistics.gov.uk](http://www.statistics.gov.uk).

The scope of National Statistics in the tables for each chapter of PESA is indicated in the text for that chapter. Where tables contain National Statistics, they now show that in column headers.

Estimated outturns for 2003-04 and spending plans for future years are outside the scope of National Statistics. So are certain presentations of data relating to costs within the departmental administration costs control regime.

### Public expenditure National Statistics updates

Outturn data to 2002-03 for certain key series in PESA were released on Budget day, 17 March 2004. The key series were:

- Total Managed Expenditure by budgetary category (RAB stage 1 basis) (PESA 2004 Table 1.15);
- Departmental Expenditure Limits, resource and capital, by departmental group (RAB stage 1 basis) (PESA 2004 Table 1.16);
- Total Managed Expenditure, by broad function (PESA Table 3.2).

These key series are updated 3 times throughout the year as National Statistics updates. They will next be updated in a release in July, at the time of publication of the Public Expenditure Outturn White Paper. The July release will include the first provisional estimates of 2003-04 outturns. It will be available on the web in the Public Spending Annual Outturns News Release at [www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/national\\_statistics/natstat\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/natstat_index.cfm).

Most other series in PESA are only published annually, in PESA.

### Changes from last year's PESA

PESA 2004 contains two major sets of quality improvements: to data showing expenditure by function; and to the country and regional analysis.

**Functional Analyses of Expenditure.** The functional analyses in Chapters 3, 4, 6 and 8 have been improved. The definitions of functions have been brought more closely into line with those of the United Nations Classification of the Functions of Government (COFOG). This

alignment has expanded the coverage of the main aggregate for analysis – Total Expenditure on Services (TES). And statisticians in Government departments have thoroughly overhauled the attribution of expenditure to the new functional categories.

More information on the new functional analysis, including a comparison of old and new presentations, was set out in an article on the Treasury's website on 17 March 2004: [http://www.hm-treasury.gov.uk/media//B83D5/natstat\\_techpesa04.pdf](http://www.hm-treasury.gov.uk/media//B83D5/natstat_techpesa04.pdf).

**Country and Regional Analysis.** Chapter 8 sees major changes following the improvements adopted by Government statisticians in fulfilment of Ministers' acceptance of the recommendations of the McLean Report *Identifying the Flow of Domestic and European Expenditure into the English Regions*. The changes to TES feed through to this analysis also. The difference between expenditure that can and cannot be identified as for the benefit of a particular country or region has been more firmly rooted in national accounts categories. And statisticians in Government departments have responded to improved guidance by a more accurate statistical attribution of the benefits to regions from outturn expenditure. In addition to these quality improvements, PESA 2004 includes a wider range of analyses than before.

More information on the improved country and regional analysis was set out in an article and memorandum published on the Treasury's website on 5 April 2004: [www.hm-treasury.gov.uk/economic\\_data\\_and\\_tools/national\\_statistics/spending\\_by\\_country\\_and\\_region/natstat\\_region\\_index.cfm](http://www.hm-treasury.gov.uk/economic_data_and_tools/national_statistics/spending_by_country_and_region/natstat_region_index.cfm). The memorandum invites comments on different ways of producing regional expenditure, and on how best to present the information in PESA.

## Future development of PESA

More generally, the Editor would be grateful for comments on how PESA could be made more useful to users. The form and content of PESA are reviewed annually. We will be looking to consolidate and develop the improvements made this year. We would also be interested in views of what material could be seen as redundant. We are considering setting up a user panel, and would be interested to hear from those readers who would wish to be considered for participation.

Comments on the coverage and presentation of PESA should be sent to:

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# CONTENTS

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		Page
Chapter 1	Public expenditure overview	5
Chapter 2	Differences from previous plans	23
Chapter 3	Trends in public sector expenditure	35
Chapter 4	Central government own expenditure	51
Chapter 5	Central government administration costs and staffing	61
Chapter 6	Local authority expenditure	65
Chapter 7	Public corporations	79
Chapter 8	Analysis of public expenditure by country and region	87
Appendix A	Conventions and economic assumptions	127
Appendix B	The accounting adjustments in the Budgeting presentation of TME	129
Appendix C	Departmental groupings	139
Appendix D	Public corporations	141
Appendix E	Public expenditure budgeting and control aggregates	143
Appendix F	Expenditure on Services	151
Appendix G	Glossary of Terms	155

# LIST OF TABLES

---

## Chapter 1 Public expenditure overview

Table 1.1	Total Managed Expenditure, 1998-99 to 2005-06	8
Table 1.2	Departmental Expenditure Limits, 1998-99 to 2005-06	9
Table 1.3	Total Managed Expenditure in real terms, 1998-99 to 2005-06	10
Table 1.4	Departmental Expenditure Limits in real terms, 1998-99 to 2005-06	11
Table 1.5	Public sector current expenditure, 1998-99 to 2005-06	11
Table 1.6	Public sector net investment, 1998-99 to 2005-06	12
Table 1.7	Resource Budgets, 1998-99 to 2005-06	12
Table 1.8	Capital Budgets, 1998-99 to 2005-06	14
Table 1.9	Cash equivalent Resource Budgets, 1998-99 to 2005-06	15
Table 1.10	Non-cash Resource Budgets, 1998-99 to 2005-06	16
Table 1.11	Invest to Save Budget, 1999-2000 to 2005-06	17
Table 1.12	Accounting adjustments, 1998-99 to 2005-06	18
Table 1.13	Voted and non-voted expenditure in Total Managed Expenditure, 1998-99 to 2005-06	19
Table 1.14	Total Managed Expenditure by spending sector, 1998-99 to 2005-06	20
Table 1.15	Total Managed Expenditure, 1998-99 to 2002-03 (RAB stage 1 basis)	21
Table 1.16	Departmental Expenditure Limits, 1998-99 to 2002-03 (RAB stage 1 basis)	22

## Chapter 2 Differences from previous plans

Table 2.1	Resource DEL, 2002-03, stage 1 RAB basis, changes since PESA May 2003 and PEOWP July 2003	26
Table 2.2	Capital DEL, 2002-03, stage 1 RAB basis, changes since PESA May 2003 and PEOWP July 2003	27
Table 2.3	Total Managed Expenditure, 2002-03, stage 1 RAB basis, changes since PESA May 2003	28
Table 2.4	Resource DEL, 2003-04, stage 2 RAB basis, changes since PESA 2003	29
Table 2.5	Capital DEL, 2003-04, stage 2 RAB basis, changes since PESA 2003	30
Table 2.6	Total Managed Expenditure, 2003-04, stage 2 RAB basis, changes since PESA 2003	31
Table 2.7	Resource DEL 2004-05 and 2005-06, stage 2 basis, changes since PESA 2003	32
Table 2.8	Capital Budget DEL, 2004-05 and 2005-06, stage 2 basis, changes since PESA 2003	33
Table 2.9	Total Managed Expenditure, 2004-05 and 2005-06, stage 2 basis, changes since PESA 2003	34

**Chapter 3 Trends in public sector expenditure**

Table 3.1	Public expenditure aggregates, 1965-66 to 2005-06	38
Table 3.2	Total Expenditure on Services by function, 1993-94 to 2003-04	39
Table 3.3	Total Expenditure on Services by function in real terms, 1993-94 to 2003-04	40
Table 3.4	Total Expenditure on Services by function as % of GDP, 1993-94 to 2003-04	41
Table 3.5	Total Expenditure on Services by department and function, 2002-03	42
Table 3.6	Total Expenditure on Services by function, 1998-99 to 2003-04	43
Table 3.7	Total Expenditure on Services by economic category, 1998-99 to 2003-04	46
Table 3.8	Public sector capital expenditure by spending sector and function, 1998-99 to 2005-06	47
Table 3.9	Public sector current expenditure by spending sector and function, 1998-99 to 2005-06	48
Table 3.10	Public sector receipts from sales of assets, 1998-99 to 2003-04	49

**Chapter 4 Central government own expenditure**

Table 4.1	Central government own expenditure by department, 1998-99 to 2005-06	53
Table 4.2	Central government own current expenditure by department, 1998-99 to 2005-06	54
Table 4.3	Central government own capital expenditure by department, 1998-99 to 2005-06	55
Table 4.4	Central government own expenditure on services by economic category, 1998-99 to 2005-06	56
Table 4.5	Central government own expenditure on services by function, 1998-99 to 2005-06	57

**Chapter 5 Central government administration costs and staffing**

Table 5.1	Gross administrative expenditure by department, 2002-03 to 2005-06	63
Table 5.2	Staff of central government departments, devolved administrations and trading funds, 2002-03 to 2005-06	64

**Chapter 6 Local authority expenditure**

Table 6.1	Financing of local authority expenditure in the United Kingdom, 1998-99 to 2005-06	68
Table 6.2	Central government support for local authorities in the United Kingdom by department, 1998-99 to 2005-06	69
Table 6.3	Central government capital support for local authorities in the United Kingdom by country and service 1998-99 to 2005-06	70
Table 6.4	Aggregate External Finance in Great Britain by country and grant 1998-99 to 2005-06	71
Table 6.5	Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1998-99 to 2005-06	72
Table 6.6	Local authority current and capital expenditure by function, 1998-99 to 2003-04	73
Table 6.7	Local authority current expenditure by country and function, 1998-99 to 2003-04	74
Table 6.8	Local authority gross capital expenditure by country and function, 1998-99 to 2003-04	75
Table 6.9	Local authority capital receipts by country and function, 1998-99 to 2003-04	76
Table 6.10	Local authority expenditure by country and economic category, 1998-99 to 2003-04	77

**Chapter 7 Public corporations**

Table 7.1	Public corporations' contribution to Budgets and TME, 1998-99 to 2005-06	83
Table 7.2	Public corporations' contribution to Resource DEL, 1998-99 to 2005-06	84
Table 7.3	Public corporations' capital expenditure, 1998-99 to 2005-06	85

**Chapter 8 Analysis of public expenditure by country and region**

Table 8.1	Total identifiable expenditure on services by country and region, 1998-99 to 2002-03	91
Table 8.2	Total identifiable expenditure on services by country and region, per head, 1998-99 to 2002-03	91
Table 8.3	Total identifiable expenditure on services by country, in real terms	92
Table 8.4	Total identifiable expenditure on services by country, per head, in real terms	92
Table 8.5a	Identifiable current expenditure on services, by function, country and region, 1998-99	93
Table 8.5b	Identifiable capital expenditure on services, by function, country and region, 1998-99	94
Table 8.6a	Identifiable current expenditure on services, by function, country and region, 1999-00	95
Table 8.6b	Identifiable capital expenditure on services, by function, country and region, 1999-00	96
Table 8.7a	Identifiable current expenditure on services, by function, country and region, 2000-01	97
Table 8.7b	Identifiable capital expenditure on services, by function, country and region, 2000-01	98
Table 8.8a	Identifiable current expenditure on services, by function, country and region, 2001-02	99
Table 8.8b	Identifiable capital expenditure on services, by function, country and region, 2001-02	100
Table 8.9a	Identifiable current expenditure on services, by function, country and region, 2002-03	101
Table 8.9b	Identifiable capital expenditure on services, by function, country and region, 2002-03	102
Table 8.10	UK Identifiable expenditure on services, by function, country and region, per head	103
Table 8.11	UK Identifiable expenditure on services, by function, country and region, per head, UK=100	106
Table 8.12	Total local authority identifiable expenditure on services by country and region, 1998-99 to 2002-03	109
Table 8.13	Total central government and public corporations identifiable expenditure on services by country and region, 1998-99 to 2002-03	110
Table 8.14	Identifiable expenditure on services for Scotland, Wales and Northern Ireland in 2002-03	111
Table 8.15	Local authority identifiable spending by function, country and region: 1998-99 to 2002-03	112
Table 8.16	Departmental expenditure on services by function, country and region, 2002-03	115
Table 8.17	Country and regional analysis of pay costs component of departments' non-identifiable spending, 2002-03	126

**Appendix A Conventions and Economic Assumptions**

Population by country and regions	128
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**Appendix F Expenditure on Services**

Derivation of Total Expenditure on Services from departmental budgets	154
---	-----