



Public expenditure outturn update

This release presents updated estimates of key public spending outturn series against two frameworks. The budgeting framework (used in Tables 1 to 7) deals with spending within central government departmental budgets, which is how the Government plans and controls public spending. This budgeting framework is largely based on resource accounting principles.

The second framework is the expenditure on services framework (used in Tables 8 and 9), which broadly follows National Accounts definitions. This framework is used for statistical analyses in these outturn updates as well as in the annual Public Expenditure Statistical Analysis (PESA) publication. Expenditure on services covers current and capital expenditure by the whole of the public sector to deliver services.

Changes to the budgeting framework

As pre-announced in the press notice PN/15/10 there are changes to Tables 1 to 5 in this release as a result of the Government's alignment project, announced in the Green Paper 'The Governance of Britain'. Specifically, this reflects changes that have been made to the budgeting framework to align more closely with Resource Accounts. These changes are explained in the notes at the end of this release. A technical note published alongside this release provides a detailed reconciliation between the pre- and post-alignment frameworks. Due to the significance of these changes, near-cash resource DEL figures (Table 7) will continue to be published in these public expenditure outturn updates on an unchanged, pre-alignment basis, until at least the July 2010 release.

New tables in this release

As pre-announced in the press notice PN/15/10, this release now includes the following additional tables:

- Tables 3 and 5 show resource and capital Annually Managed Expenditure (AME), respectively, by departmental grouping. Previously this release only included departmental group analyses of DEL. These new tables provide updates of analyses that were previously published in Tables 1.5 and 1.10 of PESA 2009;
- Table 6 shows a detailed breakdown of the accounting adjustments that are included in Table 1 of this release. These accounting adjustments adjust total current and capital public spending, as measured in the Government's budgeting framework, onto a National Accounts basis, to produce total Public Sector Current Expenditure and total Public Sector Net Investment, as published in the Public Sector Finances statistics release. This new table provides an update to the accounting adjustments that were previously published as Table 1.14 in PESA 2009. Further details about these accounting adjustments are given in Annex D of PESA; and
- Table 9, public sector expenditure by economic category, provides an analysis of total current and capital public spending by economic category. This new table updates figures previously published in Table 5.3 of PESA 2009.

Revisions contained in this release

Updated estimates are released for 2004-05 to 2008-09 for the following budgeting series:

- Table 1 - Total Managed Expenditure (TME) by budgeting category;
- Table 2 - Resource Departmental Expenditure Limits (DEL) by departmental grouping;
- Table 3 (NEW) - Resource Annually Managed Expenditure (AME) by departmental grouping;
- Table 4 - Capital DEL by departmental grouping;
- Table 5 (NEW) - Capital AME by departmental grouping;
- Table 6 (NEW) – Accounting adjustments; and
- Table 7 - Near-cash resource DEL, by departmental grouping.

Other than the alignment changes, there are no significant revisions to the departmental numbers as final outturn for 08-09 was largely reflected in the December release. However, final outturn for local government has replaced most provisional outturn within Table 1. The figure for Total Managed Expenditure (TME) in 2008-09 (Table 1) has also been revised to exclude the temporary effects of financial interventions (further details are provided in the notes at the end of this release).

Updated estimates are released for the following expenditure on services series:

- Table 8 – Public sector expenditure by function, 2004-05 to 2008-09, with a link¹ to the historical series 1987-88 to 2008-09; and
- Table 9 (NEW) – Public sector expenditure by economic category, 2004-05 to 2008-09.

There are two main changes to the expenditure on services figures in this release – revisions to reflect the change to TME to exclude the temporary effects of financial interventions (explained in the notes at the end of this release) and the replacement of most local government provisional outturn with final outturn.

¹ http://www.hm-treasury.gov.uk/national_statistics.htm

Table 1⁽¹⁾ Total Managed Expenditure⁽²⁾, by budgeting category, 2004-05 to 2008-09

	National Statistics				
	2004-05	2005-06	2006-07	2007-08	2008-09
	outturn	outturn	outturn	outturn	outturn
f million					
CURRENT EXPENDITURE					
Resource DEL					
Total resource DEL	254,183	270,753	283,731	300,424	313,899
Resource departmental AME					
Social security benefits	124,781	129,621	133,463	140,474	151,196
Tax credits ⁽³⁾	11,601	12,972	14,189	15,404	18,374
Net public service pensions ⁽⁴⁾	352	3,656	3,312	5,388	5,419
National lottery	665	841	837	882	1,011
BBC domestic services	2,916	3,067	3,242	3,430	3,316
Student loans	-313	-402	-456	-847	-976
Non-cash financial interventions	-	-	-	-	41,551
Other non-cash items	23,134	34,147	41,767	47,259	44,649
Other departmental expenditure	1,368	2,098	2,776	1,431	-547
Total resource departmental AME	164,503	185,999	199,130	213,421	263,992
Resource other AME					
Net expenditure transfers to the EC	4,907	4,435	4,652	5,392	3,060
Locally financed expenditure	20,889	22,861	23,448	24,340	26,812
Central government gross debt interest	23,936	25,808	27,580	29,957	30,507
Accounting adjustments	-11,770	-25,412	-31,382	-37,764	-73,779
Total resource other AME	37,961	27,692	24,298	21,925	-13,400
Total resource AME	202,464	213,692	223,428	235,346	250,592
Public sector current expenditure	456,647	484,445	507,159	535,770	564,491
CAPITAL EXPENDITURE					
Capital DEL					
Total capital DEL	33,000	35,854	38,891	45,121	48,458
Capital departmental AME					
National lottery	1,039	988	880	713	536
BBC domestic services	78	94	103	85	81
Student loans	2,261	2,419	3,207	4,481	4,475
Central government grants to public sector banks	-	-	-	-	9,361
Other financial interventions	-	-	-	-	76,164
Other departmental expenditure	718	785	136	696	144
Total capital departmental AME	4,096	4,286	4,327	5,975	90,761
Capital other AME					
Locally financed expenditure	2,439	3,241	3,116	4,113	7,429
Public corporations' own-financed capital expenditure	2,234	4,640	4,879	4,946	7,048
Accounting adjustments	-6,040	-8,474	-8,374	-13,214	-88,184
Total capital other AME	-1,366	-593	-379	-4,155	-73,707
Total capital AME	2,730	3,693	3,948	1,821	17,053
Public sector gross investment	35,730	39,547	42,839	46,942	65,551
less public sector depreciation	15,156	16,081	16,922	17,766	18,823
Public sector net investment	20,574	23,466	25,917	29,176	46,688
TOTAL MANAGED EXPENDITURE⁽²⁾	492,377	523,992	549,998	582,712	630,002
of which:					
Total DEL ⁽⁵⁾	279,254	296,933	312,282	334,599	350,765
Departmental AME	168,599	190,286	203,457	219,396	354,753
Other AME	44,524	36,773	34,260	28,716	-75,516

(1) Update of Table 1 from the NS release on 9 December 2009.

(2) Total Managed Expenditure is equal to the sum of public sector current expenditure, public sector net investment and public sector depreciation, on a basis that excludes the temporary effects of financial interventions.

(3) Tax credits include working tax credits, stakeholder pension credits and Child Tax Credits. Child allowances paid as part of Income Support and Jobseekers' Allowance are shown within social security benefits.

(4) The main pension schemes are reported under FRS17 accounting requirements. The contribution to TME is given below. The reconciliation between the two is explained in Annex D of the PESA09 NS release.

	2004-05	2005-06	2006-07	2007-08	2008-09
Net public service pensions (NA basis)	1,258	274	1,147	2,290	3,087

(5) Total DEL is given by resource DEL plus capital DEL less depreciation. The depreciation figures are given below.

	2004-05	2005-06	2006-07	2007-08	2008-09
Depreciation in DEL	7,929	9,674	10,341	10,946	11,592

Table 2⁽¹⁾ Resource Departmental Expenditure Limits, by departmental grouping, 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05	2005-06	2006-07	2007-08	2008-09
	outturn	outturn	outturn	outturn	outturn
Resource DEL					
Children, Schools and Families	12,593	14,306	42,108	44,940	46,848
Health	69,202	74,954	78,617	84,338	90,278
<i>of which: NHS England</i>	<i>66,960</i>	<i>72,750</i>	<i>76,658</i>	<i>82,349</i>	<i>88,761</i>
Transport	6,219	6,166	6,676	6,937	6,245
CLG Communities	3,446	3,291	3,354	3,957	4,105
CLG Local Government	43,316	46,244	22,540	22,750	24,651
Business, Innovation and Skills	13,779	14,767	15,486	17,046	17,848
Home Office	8,223	8,538	8,611	8,847	9,198
Justice	8,068	8,199	8,367	9,046	9,234
Law Officers' Departments	644	682	696	714	725
Defence	27,776	29,585	30,118	31,758	32,620
Foreign and Commonwealth Office	1,680	1,815	1,771	1,808	2,027
International Development	3,567	4,064	4,114	4,461	4,758
Energy and Climate Change	906	661	918	679	293
Environment, Food and Rural Affairs	2,457	2,283	2,477	2,533	2,450
Culture, Media and Sport	1,192	1,366	1,458	1,503	1,456
Work and Pensions	8,045	7,944	7,797	8,021	7,937
Scotland	18,987	20,405	21,945	23,344	24,089
Wales	10,266	10,890	11,548	12,235	12,786
Northern Ireland Executive	6,360	6,657	7,024	7,463	7,927
Northern Ireland Office	1,075	1,156	1,168	1,200	1,177
Chancellor's Departments	4,312	4,444	4,599	4,389	4,473
Cabinet Office	1,377	1,545	1,667	1,741	1,994
Independent Bodies ⁽²⁾	692	791	674	713	778
Total resource DEL	254,183	270,753	283,731	300,424	313,899

(1) Update of Table 2 from the NS release on 9 December 2009.

(2) Independent bodies within Departmental Expenditure Limits that are not settled as part of Spending Reviews. Includes the Statistics Board, House of Commons, House of Lords, National Audit Office and the Office of the Parliamentary Commissioner.

Table 3⁽¹⁾ Resource departmental Annually Managed Expenditure, by departmental grouping, 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05	2005-06	2006-07	2007-08	2008-09
	outturn	outturn	outturn	outturn	outturn
Resource departmental AME					
Children, Schools and Families	6,350	8,073	8,608	10,717	10,657
Health	5,659	9,947	11,535	13,863	14,984
<i>of which: NHS England</i>	<i>-740</i>	<i>664</i>	<i>1,303</i>	<i>3,667</i>	<i>1,574</i>
Transport	426	571	945	621	603
CLG Communities	174	295	365	339	621
CLG Local Government	461	524	1,037	842	661
Business, Innovation and Skills	-168	89	-347	-55	-225
Home Office	18	26	305	358	710
Justice	-636	-309	-136	-62	439
Law Officers' Departments	0	0	-1	7	9
Defence	5,079	5,444	4,928	5,903	6,192
Foreign and Commonwealth Office	3	-4	42	11	-28
International Development	106	57	417	-11	213
Energy and Climate Change	-283	6,411	6,853	7,274	2,403
Environment, Food and Rural Affairs	62	323	288	48	0
Culture, Media and Sport	3,188	3,493	3,633	3,842	3,890
Work and Pensions	110,555	115,131	119,139	127,334	135,344
Scotland	1,371	1,736	1,521	2,170	2,496
Wales	-44	-48	18	-62	117
Northern Ireland Executive	4,826	5,247	8,847	5,916	6,103
Northern Ireland Office	262	212	274	359	396
Chancellor's Departments	21,702	23,049	24,764	26,353	71,209
Cabinet Office	5,379	5,726	6,043	7,627	7,176
Independent Bodies ⁽²⁾	12	8	52	28	22
Total resource departmental AME	164,503	185,999	199,130	213,421	263,992

(1) Update of Table 2.5 from the PESA NS release on 29 May 2009.

(2) Independent bodies within Departmental Expenditure Limits that are not settled as part of Spending Reviews. Includes the Statistics Board, House of Commons, House of Lords, National Audit Office and the Office of the Parliamentary Commissioner.

Table 4⁽¹⁾ Capital Departmental Expenditure Limits, by departmental grouping, 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05	2005-06	2006-07	2007-08	2008-09
	outturn	outturn	outturn	outturn	outturn
Capital DEL					
Children, Schools and Families	4,070	4,413	4,056	5,226	5,519
Health	2,690	2,227	2,996	3,969	4,370
<i>of which: NHS England</i>	2,606	2,133	2,875	3,753	4,228
Transport	5,225	5,004	6,504	7,052	7,182
CLG Communities	5,133	5,708	5,602	6,234	7,112
CLG Local Government	257	316	223	32	122
Business, Innovation and Skills	1,611	2,065	1,939	2,109	2,132
Home Office	594	638	600	744	836
Justice	606	510	541	757	912
Law Officers' Departments	11	-18	11	11	6
Defence	6,754	6,846	7,193	8,606	8,980
Foreign and Commonwealth Office	113	133	161	228	227
International Development	303	446	765	738	875
Energy and Climate Change	223	1,269	1,464	1,486	1,667
Environment, Food and Rural Affairs	314	641	579	557	610
Culture, Media and Sport	122	178	287	537	842
Work and Pensions	299	354	207	84	91
Scotland	2,171	2,390	3,030	3,563	3,333
Wales	1,008	1,208	1,318	1,461	1,624
Northern Ireland Executive	767	841	751	1,099	1,233
Northern Ireland Office	71	59	73	10	68
Chancellor's Departments	381	344	299	240	282
Cabinet Office	176	238	244	320	397
Independent Bodies ⁽²⁾	102	43	51	60	37
Total capital DEL	33,000	35,854	38,891	45,121	48,458

(1) Update of Table 4 from the NS release on 9 December 2009.

(2) Independent bodies within Departmental Expenditure Limits that are not settled as part of Spending Reviews. Includes the Statistics Board, House of Commons, House of Lords, National Audit Office and the Office of the Parliamentary Commissioner.

Table 5⁽¹⁾ Capital departmental Annually Managed Expenditure, by departmental grouping, 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05	2005-06	2006-07	2007-08	2008-09
	outturn	outturn	outturn	outturn	outturn
Capital departmental AME					
Children, Schools and Families	-	-	-	-	-
Health	229	649	89	37	14
<i>of which: NHS England</i>	229	649	89	37	14
Transport	-	-	-	-	-
CLG Communities	610	368	543	1,213	516
CLG Local Government	-	-	-	-	-
Business, Innovation and Skills	1,819	1,549	2,223	3,469	3,254
Home Office	-	-	-	-	-
Justice	-	-	-	-	-
Law Officers' Departments	-	-	-	-	-
Defence	-	-	-	-	-
Foreign and Commonwealth Office	-	-	-	-	-
International Development	-	-	-	-	-
Energy and Climate Change	-328	-440	-569	-419	-279
Environment, Food and Rural Affairs	1	-	0	0	1
Culture, Media and Sport	1,127	1,095	997	808	572
Work and Pensions	80	101	185	140	136
Scotland	170	150	147	149	180
Wales	135	121	128	165	168
Northern Ireland Executive	252	249	325	200	378
Northern Ireland Office	-	-	-	-	-
Chancellor's Departments	-	444	256	212	85,822
Cabinet Office	-	-	-	-	-
Independent Bodies ⁽²⁾	-	-	2	-	-
Total capital AME	4,096	4,286	4,327	5,975	90,761

(1) Update of Table 2.10 from the PESA NS release on 29 May 2009.

(2) Independent bodies that are not settled as part of Spending Reviews. Includes the Statistics Board, House of Commons, House of Lords, National Audit Office and the Office of the Parliamentary Commissioner.

Table 6⁽¹⁾ Accounting adjustments 2004-05 to 2008-09

Data within this table are Official Statistics that have not yet been considered for assessment as National Statistics

	£million				
	Official Statistics				
	2004-05	2004-05	2005-06	2006-07	2008-09
	outturn	outturn	outturn	outturn	outturn
Resource accounting adjustments					
Tax credits for individuals	0.0	0.0	0.0	0.0	0.0
Pensions	-23.2	-30.8	-31.7	-35.9	-38.9
Other central government programmes	0.1	1.9	-0.3	-0.2	-0.2
VAT refunds	7.8	8.8	9.4	9.7	10.0
Central government capital consumption	5.5	5.7	5.9	6.1	6.5
Non-cash items not in TME	-8.7	-18.1	-23.4	-26.7	-61.5
Resource items treated as capital in National Accounts	0.6	0.6	0.6	0.6	0.7
Capital budget items treated as current in National Accounts	-0.9	-1.1	-0.6	0.0	-0.2
Expenditure financed by revenue receipts	6.2	6.0	6.5	5.1	5.7
Local government	6.2	5.5	5.8	6.4	6.6
General government consolidation	-4.9	-5.0	-5.0	-5.2	-5.4
Public corporations	1.0	0.8	0.8	0.9	0.7
Financial transactions	-0.0	0.3	0.0	0.1	-0.2
Data adjustment	-1.8	-0.6	0.2	0.2	0.3
Balancing reconciliation	0.4	0.4	0.5	1.1	2.1
Total resource accounting adjustments	-11.8	-25.4	-31.4	-37.8	-73.8
Capital accounting adjustments					
VAT refunds	1.5	1.7	1.8	2.0	2.0
Resource items treated as capital in National Accounts	0.9	1.1	0.6	-0.0	0.2
Capital budget items treated as current in National Accounts	-6.2	-6.0	-6.5	-5.1	-5.7
Local authorities	-3.2	-3.4	-2.5	-4.9	-4.0
Financial transactions	-2.1	-2.8	-3.3	-4.3	-80.5
Data adjustment	2.8	0.8	1.3	-0.4	-0.1
Balancing reconciliation	0.1	0.1	0.2	-0.4	-0.2
Total capital accounting adjustments	-6.0	-8.5	-8.4	-13.2	-88.2

(1) Update of Table 1.14 from the PESA release on 18 June 2009.

Table 7⁽¹⁾ Near-cash in resource Departmental Expenditure Limits, by departmental grouping, 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05	2005-06	2006-07	2007-08	2008-09
	outturn	outturn	outturn	outturn	outturn
Near-cash DEL					
Children, Schools and Families	12,571	14,279	42,089	44,917	46,829
Health	68,723	74,422	77,427	83,616	89,289
<i>of which: NHS England</i>	66,495	72,234	75,488	81,648	87,796
Transport	5,919	5,813	6,361	6,554	5,845
CLG Communities	3,550	3,437	3,469	4,085	4,073
CLG Local Government	43,314	46,244	22,540	22,750	24,650
Business, Innovation and Skills	13,056	13,978	14,676	15,892	16,536
Home Office	8,155	8,453	8,499	8,705	9,012
Justice	7,812	7,840	8,024	8,658	8,798
Law Officers' Departments	636	679	687	705	714
Defence	21,860	22,714	23,450	24,684	26,152
Foreign and Commonwealth Office	1,609	1,708	1,690	1,736	1,943
International Development	3,541	4,041	4,098	4,447	4,741
Energy and Climate Change	914	667	913	672	288
Environment, Food and Rural Affairs	2,273	2,146	2,330	2,320	2,254
Culture, Media and Sport	1,158	1,263	1,358	1,399	1,415
Work and Pensions	7,907	7,802	7,598	7,846	7,800
Scotland	18,512	20,010	21,440	22,854	23,517
Wales	10,085	10,662	11,345	11,932	12,426
Northern Ireland Executive	6,202	6,503	6,851	7,262	7,699
Northern Ireland Office	905	974	970	979	951
Chancellor's Departments	4,080	4,255	4,402	4,192	4,248
Cabinet Office	1,210	1,345	1,485	1,589	1,733
Independent Bodies ⁽²⁾	557	590	596	625	723
Total near-cash DEL	244,551	259,826	272,298	288,417	301,639

(1) Update of Table 3 from the NS release on 09 December 2009.

(2) Independent bodies within Departmental Expenditure Limits that are not settled as part of Spending Reviews. Includes the Statistics Board, House of Commons, House of Lords, National Audit Office and the Office of the Parliamentary Commissioner.

Table 8⁽¹⁾ Public sector expenditure on services by function⁽²⁾, 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2008-09 outturn
1. General public services	42,530	45,699	47,702	50,747	52,685
<i>of which: public and common services</i>	12,086	12,748	12,685	12,633	13,896
<i>of which: international services</i>	5,547	6,206	6,272	6,745	7,236
<i>of which: public sector debt interest</i>	24,897	26,744	28,744	31,369	31,553
2. Defence	29,754	30,918	32,149	33,595	36,605
3. Public order and safety	28,462	29,268	30,419	31,709	33,976
4. Economic affairs	33,717	35,523	37,821	39,157	47,859
<i>of which: enterprise and economic development</i>	6,537	6,547	6,520	6,903	15,721
<i>of which: science and technology</i>	2,535	2,999	2,821	3,211	3,175
<i>of which: employment policies</i>	3,184	3,342	3,349	3,282	3,105
<i>of which: agriculture, fisheries and forestry</i>	5,439	5,596	5,150	4,996	5,404
<i>of which: transport</i>	16,022	17,039	19,980	20,765	20,455
5. Environment protection	7,044	8,503	9,301	9,481	9,653
6. Housing and community amenities	7,980	10,571	11,543	12,910	15,038
7. Health	82,936	89,583	94,509	102,155	109,969
8. Recreation, culture and religion	9,969	10,813	11,359	12,212	13,113
9. Education	65,120	69,704	72,931	78,098	82,576
10. Social protection	164,130	171,097	177,150	187,544	203,565
EU transactions	-892	-598	-1,802	-1,505	-2,924
Public sector expenditure on services	470,752	501,080	523,081	556,102	602,115
Accounting adjustments	21,625	22,912	26,917	26,610	27,887
Total Managed Expenditure⁽³⁾	492,377	523,992	549,998	582,712	630,002

(1) Update of Table 5 from the NS release on 9 December 2009.

(2) Numbered rows are consistent with the level 1 functions defined as part of the UN's Classification Of the Functions Of Government (COFOG). The 'of which' lines are additional HMT-defined aggregates.

(3) Total Managed Expenditure is equal to the sum of public sector current expenditure, public sector net investment and public sector depreciation, on a basis that excludes the temporary effects of financial interventions.

Table 9⁽¹⁾ Public sector expenditure on services by economic category 2004-05 to 2008-09

	£million				
	National Statistics				
	2004-05 outturn	2004-05 outturn	2005-06 outturn	2006-07 outturn	2008-09 outturn
Public sector current expenditure on services					
Pay	133,268	141,980	147,260	152,098	159,798
Gross current procurement	146,887	159,002	164,950	174,929	189,109
Income from sales of goods and services	-40,166	-45,423	-45,519	-47,915	-53,213
Current grants to persons and non-profit bodies	160,057	168,195	174,150	183,756	197,358
Current grants abroad	3,403	3,755	2,547	3,284	2,399
Subsidies to private sector companies	7,805	7,819	7,913	7,905	6,375
Subsidies to public corporations	864	1,099	1,019	1,468	1,038
Net public service pensions	1,175	210	1,061	2,296	3,099
Grant equivalent element of student lending	326	429	289	1,032	525
Public sector debt interest	24,897	26,744	28,744	31,369	31,553
Other	3	-120	-152	26	13
Total public sector current expenditure on services	438,519	463,691	482,261	510,248	538,054
Accounting adjustments	18,128	20,754	24,898	25,522	26,437
Total public sector current expenditure	456,647	484,445	507,159	535,770	564,491
Public sector capital expenditure on services					
Capital grants	9,884	11,274	13,677	14,411	25,150
Gross capital procurement	29,373	33,326	34,126	38,752	41,977
Income from sales of capital assets ⁽²⁾	-7,073	-7,299	-6,936	-7,262	-3,066
Other	48	89	-47	-46	0
Public sector capital expenditure on services	32,232	37,390	40,820	45,854	64,061
Accounting adjustments	3,498	2,157	2,019	1,088	1,450
Total public sector capital expenditure	35,730	39,547	42,839	46,942	65,511
Public sector expenditure on services	470,752	501,080	523,081	556,102	602,115
Accounting adjustments	21,625	22,912	26,917	26,610	27,887
Total Managed Expenditure⁽³⁾	492,377	523,992	549,998	582,712	630,002

(1) Update of Table 5.3 (extended) from the PESA NS release on 29 May 2009.

(2) The sectoral breakdown of assets sales is shown below: The Housing Revenue Account is classified by the ONS as part of the public corporation sector.

	2004-05	2004-05	2005-06	2006-07	2008-09
Central government	-1,431	-2,336	-2,178	-2,572	-974
Local government	-1,656	-1,762	-2,154	-2,419	-1,048
Public corporation	-3,985	-3,201	-2,604	-2,272	-1,045

(3) Total Managed Expenditure is equal to the sum of public sector current expenditure, public sector net investment and public sector depreciation, on a basis that excludes the temporary effects of financial interventions.

Notes for Editors

Background

1. These data are being released in accordance with the UK Statistics Authority Code of Practice for Official Statistics.

Public expenditure by budgeting category (Tables 1 to 7)

2. Presentation of public expenditure in Tables 1 to 7 follows the Treasury's budgeting and control framework for 2010-11, which splits spending into resource and capital budgets. These budgets are further split into Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). DELs are firm three-year spending limits set for departments. Spending that cannot reasonably be subject to firm multi-year limits is included in AME, alongside most other non-cash transactions.
3. DEL and AME (including accounting adjustments) together make up Total Managed Expenditure (TME), an aggregate that is drawn from the National Accounts and is defined (in National Accounts terms) as public sector current expenditure plus public sector net investment plus public sector depreciation. Further details about the budgeting framework are contained in Annex C of PESA.

The impact of the alignment project

4. The purpose of the Government's alignment project is to simplify its financial reporting to parliament. In order to achieve this, the Treasury will align as far as possible the treatment of spending in departmental budgets, Estimates and Resource Accounts. This release presents changes to the budgeting framework. Changes to Estimates will be made from 2011-12.
5. The main changes in this release are:
 - removal of the near-cash/non-cash boundary within resource budgets – this distinction does not exist within resource accounting. Near-cash within resource DEL will no longer be a control total in 2010-11;
 - removal of the cost of capital charge from budgets, estimates and accounts;
 - movement from DEL to AME of certain transactions previously recorded within the non-cash budget. This is to allow resource DEL to better reflect the ONS measurement of the fiscal position; and

- movement from capital to resource budgets of profit/loss on disposal – this is to align the treatment with resource accounts.
6. The accompanying technical note reconciles pre- and post-alignment budgeting aggregates for all departmental groups. This is available on the Treasury website².

Public expenditure on services

7. The expenditure on services framework broadly represents the current and capital spending of the public sector, so is similar to Total Managed Expenditure (TME). The main divergence is where certain transactions that score within TME cannot be allocated to functions on a consistent basis, so are excluded from the expenditure on services framework (e.g. depreciation). Further information about the expenditure on services framework is contained in Annex E of PESA. The allocation of spending to function is generally consistent with the UN Classification Of the Functions Of Government (COFOG).

Changes to remove the temporary effects of financial interventions

8. This release includes a revision to the measure of capital spending (specifically capital grants) within expenditure on services, in order to remove the temporary effects of the financial interventions to maintain financial stability. The Treasury budgeting numbers are unchanged by this revised treatment.
9. Previous public spending National Statistics releases largely followed the treatment in the National Accounts. Specifically, the supported banks were classified to the public sector and so support to these banks was largely public sector neutral. I.e. it did not add to TME.
10. In December 2009 the ONS published a technical note³ that created an alternative measure of Public Sector Net Borrowing that excluded the temporary effects of financial interventions (PSNBex). This removed the temporary effects of the banks being part of the public sector, so support for the banks becomes support for the private sector. For example, the element of the support classified as a capital grant becomes a capital grant to the private sector rather than a transfer between two public sector bodies. As a result TMEex is £10bn higher than TME in 2008-09. There are no differences in earlier years.

Key differences between the two spending frameworks

There are three key differences between the budgeting and expenditure on services frameworks. These are:

² http://www.hm-treasury.gov.uk/national_statistics.htm

³ <http://www.ons.gov.uk/about/newsroom/statements/new-measure-of-public-sector-borrowing.html>

- the budgeting framework is based on resource accounting principles so includes non-cash items that are then removed in the accounting adjustments to get to TME. The expenditure on services framework essentially just includes those items that are classified as part of TME;
- the budgeting framework includes all central government (CG) spending so it shows CG support to the local government (LG) and public corporation (PC) sectors, plus the self-financed spending of these sectors. The expenditure on services framework excludes CG support to other sectors – it then includes total LG and PC spending. This differing treatment is reflected in the economic category tables; and
- the budgeting framework is used by the Government to plan and control spending. The expenditure on services framework is designed for statistical analyses of spending, particularly for functional and country/regional analyses.

Sources and methodology

11. Treasury public spending statistics are compiled from accounting data. Central government spending is reported by Whitehall departments and the devolved administrations. DWP supplies data on local government social protection spending. DCSF supplies data on local government education spending in England. All other local government spending data are supplied by CLG and the Devolved Administrations. The spending aggregate, TME, was supplied by the Office for National Statistics (ONS) and is consistent with the joint ONS/HMT Public Sector Finance Statistics release of 18 February 2010.

Revisions policy for these public expenditure outturn updates

12. As announced in press notice PN/15/10, we intend to de-couple these National Statistics releases from the timing of policy events, so that they can be released on a more timely basis. The proposed new release dates, and the main data updates that they will include, are as follows:

- February (this release) – final outturn for local government and Devolved Administrations;
- April – updated Country and Regional Analysis (CRA) figures (the main PESA release);
- July – provisional outturn for central government (Whitehall) departments; and
- October – final outturn for central government (Whitehall) departments and provisional outturn for local government.

13. The Treasury National Statistics release calendar and the UK Statistics Authority release hub have been updated to reflect this new schedule.

Accessibility of the underlying datasets

14. The data in the tables in this release are supplemented by links to historical functional series and to interactive data sets published in excel, which are available on the Treasury website⁴. Interactive datasets have previously only been made available alongside the main PESA release, but budgeting and expenditure on services datasets (the two datasets underlying the two frameworks in this release) will now additionally be made available alongside in-year updates. The Country and Regional Analysis interactive datasets will continue to be made available annually.

A National Statistics publication

15. 'National Statistics' are the distinct subset of official statistics that are produced in accordance with the professional standards set out in the UK Statistics Authority's 'Code of Practice for Official Statistics'. Public bodies that produce National Statistics have a statutory duty to comply with the Code. The National Statistics logo is therefore your assurance of statistics produced to the highest professional standards.

Feedback and enquiries from users

16. We are always interested in users' views on the timing, content and format of the information that is published. Users' views or enquiries should be sent to pesa@hmtreasury.gsi.gov.uk.

17. For general enquiries about National Statistics, contact the National Statistics Public Enquiry Service on 0845 601 3034 or by email to info@statistics.gov.uk.

Enquiries

Non-media enquiries should be addressed to the Treasury Correspondence and Enquiry Unit on 020 7270 4558 or by e-mail to public.enquiries@hm-treasury.gov.uk.

This Press Release and other Treasury publications are available on the HM Treasury website hm-treasury.gov.uk. For the latest information from HM Treasury you can subscribe to our RSS feeds or email service.

Media enquiries should be addressed to the Treasury Press Office on 020 7270 5238.

⁴ http://www.hm-treasury.gov.uk/national_statistics.htm