



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 | 2005-06 | 2006-07 | 2007-08 | 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 |
| Expenditure financed by revenue receipts | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 |
| 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 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 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| | outturn | outturn | outturn | outturn | 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

| | National Statistics | | | | | £million |
|--|---------------------|----------------|----------------|----------------|----------------|----------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | |
| | outturn | outturn | outturn | outturn | 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 | 2005-06 | 2006-07 | 2007-08 | 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.

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

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