

7

Local government financing and expenditure

7.1 This chapter describes central government support for local government (**Tables 7.1 to 7.3**) and local government expenditure (**Tables 7.4 to 7.8**). It deals primarily with Great Britain – most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments. Where relevant, district council spending in Northern Ireland is included in this chapter. Data for outturn years up to 2007-08 are covered by National Statistics protocols.

7.2 Central government support data for all years up to 2007-08 are final outturn figures; 2008-09 data are estimated outturn; and data for 2009-10 and 2010-11 are latest plans.

7.3 Local government spending data for all years up to 2007-08 are final outturn, except for some provisional Northern Ireland district council expenditure. Data for 2008-09 are based on budget plans for current expenditure, and on estimated outturn for capital expenditure.

7.4 Details of the Government's policies and objectives for particular services provided in whole or in part by local government can be found in the relevant departmental reports.

What's new

7.5 The local government financing tables (**Tables 7.1 to 7.3**) have been simplified to make them more user-friendly. The main changes are:

- the current financing table (**Table 7.2**) now shows support by both department and grant type, replacing two tables that previously reported this information separately. The division between support inside Aggregate External Finance (AEF) and outside AEF has been removed; and
- the presentation of the capital financing table (**Table 7.3**) has been revised so that it shows a breakdown by department rather than by local authority service area.

7.6 Scottish current expenditure has been revised to align with the National Accounts treatment. Spending is now shown gross of certain central government grants that were previously netted off. This increase is largely offset by removing certain financial transactions (which are not included in TME) and revenue contributions to capital (which is funding for capital expenditure, not current spending).

7.7 Capital grants for housing in England and Scotland are now included as local government spending rather than as part of the Housing Revenue Account (a public corporation in National Accounts). This increases local government spending on the housing function in **Table 7.6**.

The financing of local government expenditure

7.8 Central government support for expenditure by local government is provided in three forms: capital and current grants; non-domestic rate payments; and Supported Capital Expenditure (Revenue), equivalent to supported borrowing in Scotland. Support may be non-specific, e.g. Revenue Support Grant, or related to specific services, e.g. police grant.

7.9 Local authorities also raise finance locally, largely through council tax, receipts from sales of assets, contributions from developers and unsupported borrowing. By convention, Scottish Non-Domestic Rates Income (NDRI) is shown in PESA as locally financed central government support in other AME, as it is raised in Scotland rather than funded by Whitehall.

7.10 Funding provided to local government by the EU is channelled through departmental budgets but is not treated as central government support in PESA. This is because the receipts from the EU offset in budgets against the subsequent payment to local government, so this funding forms part of the accounting and other adjustments (which are required to reconcile the departmental budgeting data to an aggregate drawn from the National Accounts).

Support for local government current spending

7.11 Central government support for current expenditure on local services is largely provided through:

- Revenue Support Grant (RSG) – a non ring-fenced grant paid to local government in England, Scotland and Wales;
- non-domestic (business) rate payments – the proceeds of National Non-Domestic Rates (NNDR) are pooled separately in England and Wales, and then redistributed. As noted above, equivalent payments in Scotland are considered to be locally financed rather than central government support;
- other specific and special grants such as the Dedicated Schools Grant (DSG) and police grant, which fund part of the current expenditure on a specific service or activity; and
- Area Based Grant – a pooled current grant that is paid to local government by Communities and Local Government (CLG), acting as agent for other contributing departments.

Support for local government capital programmes

7.12 Central government support for local government capital expenditure comprises capital grants and supported capital expenditure (revenue), equivalent to supported borrowing in Scotland. Supported capital expenditure (revenue) and supported borrowing enable local authorities to borrow or use other forms of credit to finance capital expenditure, with central government providing a revenue stream to support repayment of principal and interest. This is distinct from prudential borrowing where local authorities finance any additional borrowing from their own available resources. **Table 7.3** shows the components of central government capital support within the United Kingdom by country and department.

Data sources and data quality

7.13 The central government support for local government shown in **Tables 7.1 to 7.3** is taken from finance data loaded onto the Treasury spending database by departments.

Local government expenditure

7.14 Total local government expenditure is defined as the contribution of local government to Total Managed Expenditure (TME). TME is a consolidated measure in the sense that most transactions between parts of the public sector are excluded. For example, total local government expenditure defined here excludes capital grants paid to public corporations and interest paid to central government. Local government expenditure accounts for around one quarter of TME.

7.15 Local government have considerable discretion to determine the level, pattern, and standard of the main services – subject to the financial resources available, including the implications for local taxation, and in some cases subject also to central government regulation and inspection of the service provided.

Local government expenditure on services

7.16 The measure of local government spending that is analysed by function and economic category in PESA is local government expenditure on services. It is largely equivalent to the National Accounts measure of local government expenditure, which is also shown in the tables. **Annex E** gives more information on expenditure on services.

7.17 The functional categories in **Tables 7.4 to 7.7** are based on the UN Classification Of the Functions Of Government (COFOG) and are consistent with the functional categories used in other PESA chapters:

- **Table 7.4** presents total local government expenditure by function;
- **Table 7.5** shows local government current expenditure by country and function;
- **Table 7.6** shows gross capital expenditure, split by country and function. Gross indicates that it is before sales of capital assets and depreciation; and
- **Table 7.7** shows local government capital receipts within the United Kingdom, again by country and function.

7.18 **Table 7.8** shows local government expenditure by country and economic category. The economic categories are broadly consistent with those used by the ONS for the National Accounts. These are described in **Chapter 5**.

Data sources and data quality

7.19 The local government expenditure shown in **Tables 7.4 to 7.8** is based on revenue (current) and capital data collections completed by local authorities and sent to the Department for Communities and Local Government (CLG) and devolved administrations. These departments carry out quality assurance on the data received, produce aggregate results for publication, and supply this information to the Treasury.

7.20 Information is sought from all local authorities, who derive the material from the accounting records used to produce audited accounts. However, detailed expenditure breakdowns may be of lower quality because of inconsistencies of classification by respondents and resource constraints on quality assurance.

7.21 Spending information received from local government is described in terms of local authority services (education, roads etc). The Treasury assign spending to the COFOG functional categories used in PESA. In general the read-across from service categories to COFOG categories is relatively clear, but in some cases (for example due to a reduced level of information available in budget data) the read-across is less straightforward and assumptions are applied.

7.22 Budget data for 2008-09 was collected at the beginning of 2008-09 and reflects local government plans. These data can be subject to revisions as and when provisional and final outturn data become available, partly because some grants from central government departments are allocated after budget setting has taken place.

7.23 Although the quality of the local government expenditure data in PESA is good enough to provide a broad picture of local government spending, the quality is likely to be lower than the quality of the central government data in PESA. Figures are shown to the nearest £1m so that users performing calculations on the numbers do not introduce errors due to working on rounded numbers. The figures are not accurate to £1m.

7.24 The Treasury are working with CLG and the ONS to improve the quality and timeliness of local government spending data.

7.25 More information on local government finance and spending is available from the following sources:

- England – CLG publication Local Government Financial Statistics [<http://www.local.odpm.gov.uk/finance/stats>]
- Scotland – Scottish Executive publication [<http://www.Scotland.gov.uk/topics/statistics>]
- Wales – National Assembly for Wales publication [<http://www.wales.gov.uk/statistics>]

Table 7.1 Financing of local government in the United Kingdom by country, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn	2009–10 plans	2010–11 plans
Current finance in DEL								
England	58,985	62,449	66,658	70,102	73,904	76,588	79,604	82,703
Scotland	6,243	6,862	7,219	7,396	7,818	8,249	8,560	9,026
Wales	3,850	3,975	4,148	4,465	4,693	4,708	5,242	5,436
Northern Ireland	68	65	60	50	54	54	54	53
Total current finance in DEL	69,146	73,351	78,086	82,014	86,469	89,599	93,459	97,218
Capital support in DEL								
England	7,738	8,980	9,762	8,898	10,539	10,622	13,017	11,889
Scotland	593	768	829	961	980	942	1,065	931
Wales	533	522	685	687	735	844	815	823
Northern Ireland	6	7	6	9	10	3	14	181
Total capital support in DEL	8,870	10,276	11,282	10,555	12,263	12,411	14,911	13,823
Total central government support in DEL⁽¹⁾	78,015	83,627	89,368	92,569	98,732	102,010	108,370	111,041
Current finance in departmental AME								
England	11,922	14,591	15,485	17,546	18,249	19,642	22,147	23,856
Scotland	1,545	1,501	1,536	1,583	1,622	1,718	1,931	2,016
Wales	756	696	762	814	848	887	985	1,023
Northern Ireland	0	1	1	2	1	1	1	1
Total current finance in departmental AME	14,223	16,788	17,785	19,945	20,720	22,249	25,064	26,896
Capital support in departmental AME								
England	205	79	78	74	283	283	279	259
Scotland	0	0	0	0	7	7	6	6
Wales	25	16	10	7	3	4	3	3
Northern Ireland	0	1	1	1	1	1	1	1
Total capital support in departmental AME	230	96	90	83	293	294	289	269
Total central government support in departmental AME⁽²⁾	14,454	16,885	17,875	20,028	21,014	22,542	25,353	27,165
Locally financed expenditure								
Local authority self-financed expenditure	19,348	21,015	23,759	24,317	25,920	29,371	29,637	29,875
Locally financed support in Scotland ⁽³⁾	1,804	1,896	1,897	1,884	1,860	1,971	2,127	2,014
Total locally financed expenditure	21,153	22,911	25,656	26,200	27,780	31,342	31,764	31,889
Total financing of local government expenditure	113,622	123,423	132,898	138,798	147,525	155,895	165,487	170,096
Accounting and other adjustments	5,951	8,777	7,853	7,429	7,692	8,294	15,100	15,100
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189	180,600	185,200

(1) Receipts from the EU offset in budgets against the subsequent payment to local government.

(2) Includes lottery grants.

(3) By convention, Non-Domestic Rates Income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support. I.e. it is finance raised in Scotland rather than funding from Whitehall.

Table 7.2 Central government current grants to local government in the United Kingdom by department group, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
England								
Children, Schools and Families								
Dedicated Schools Grant	–	–	–	26,576	28,049	28,947	30,486	31,893
Standards fund	1,615	1,594	2,033	2,955	2,803	2,861	2,368	2,213
Schools standard grant	847	928	923	1,217	1,530	1,545	1,629	1,666
Sure start	254	290	488	817	927	1,258	1,364	1,540
Area Based Grants	–	–	–	–	–	1,176	1,302	1,166
Other	1,465	1,256	1,337	332	426	131	128	413
Total Children, Schools and Families	4,180	4,068	4,781	31,898	33,734	35,918	37,277	38,891
Health								
Health	391	278	261	194	186	133	194	194
Social care	1,425	1,871	1,880	1,578	1,609	131	260	329
Area Based Grants	–	–	–	–	–	943	968	979
Total Health	1,816	2,148	2,141	1,772	1,795	1,207	1,422	1,501
Transport								
GLA transport	1,682	2,260	2,180	2,390	2,521	2,474	2,555	2,872
Strategic rail authority	290	214	250	234	219	190	172	175
Area Based Grants	–	–	–	–	–	45	118	188
Other	130	195	146	224	361	562	528	428
Total Transport	2,103	2,670	2,577	2,848	3,100	3,271	3,373	3,663
Innovation, Universities and Skills								
LSC grants	1,525	1,655	2,111	1,944	2,039	2,118	2,096	2,101
Other	67	11	11	3	5	7	–	–
Total Innovation, Universities and Skills	1,592	1,666	2,122	1,947	2,043	2,125	2,096	2,101
CLG Communities								
Supporting people	1,858	1,856	1,755	1,726	1,735	1,686	1,666	–
New deal for communities	127	157	160	144	131	102	87	43
Local area agreements	–	–	4	456	1,707	–	–	–
Area Based Grants	–	–	–	–	–	645	674	2,240
Other	135	236	243	442	425	510	776	832
Total CLG Communities	2,120	2,249	2,163	2,768	3,997	2,943	3,203	3,115
CLG Local Government								
Revenue Support Grant	24,264	27,006	26,726	3,443	3,163	2,909	4,547	} 25,127
Non-domestic rate payments	15,911	15,461	18,409	18,207	18,953	21,058	19,963	
Neighbourhood renewal fund	400	450	525	525	–	–	–	–
PFI special grant	298	427	416	513	594	678	853	1,069
LA business growth incentive scheme	–	–	116	329	389	102	50	50
Other	62	105	245	274	197	277	332	207
Total CLG Local Government	40,935	43,450	46,436	23,292	23,296	25,024	25,745	26,453
Home Office								
Police	4,898	5,140	5,549	5,749	5,991	6,100	6,157	6,643
Area Based Grants	–	–	–	–	–	61	77	77
Other	403	255	215	147	140	140	145	407
Total Home Office	5,301	5,395	5,764	5,896	6,131	6,300	6,378	7,127
Business, Enterprise and Regulatory Reform								
RDA development fund	346	380	385	380	346	260	396	389
Other	0	4	2	3	2	2	2	2
Total Business, Enterprise and Regulatory Reform	346	384	387	383	348	262	398	391
Environment, Food and Rural Affairs								
Environment Agency	–100	–34	–34	–58	–27	–30	–30	–35
Area Based Grants	–	–	–	–	–	3	3	6
Other	88	37	86	93	51	59	63	82
Total Environment, Food and Rural Affairs	–13	2	51	35	24	32	36	52

Table 7.2 Central government current grants to local government in the United Kingdom by department group, 2003–04 to 2010–11 (continued)

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
Work and Pensions								
Rent rebates	3,065	4,184	4,234	4,399	4,439	4,419	4,765	5,142
Rent allowances	5,967	6,907	7,525	8,308	9,021	10,357	12,192	13,017
Council tax benefits	2,519	2,946	3,123	3,278	3,370	3,556	3,942	4,210
Area Based Grants	–	–	–	–	–	30	48	49
Other	559	512	666	630	649	607	662	633
Total Work and Pensions	12,110	14,549	15,549	16,615	17,480	18,969	21,608	23,052
Other government departments	416	459	171	195	205	178	214	212
Total England	70,907	77,040	82,143	87,649	92,153	96,230	101,751	106,559
Scotland								
Work and Pensions								
Rent allowances	560	618	641	670	707	784	631	651
Rent rebates	678	535	541	554	556	572	915	969
Council tax benefits	307	347	354	358	356	350	373	386
Other	88	129	65	81	80	–	–	–
Total Work and Pensions	1,634	1,629	1,601	1,663	1,699	1,706	1,919	2,005
Scottish Government⁽¹⁾								
Revenue Support Grant	5,038	5,267	5,586	5,778	6,170	7,426	7,693	8,295
Non-domestic rate income ⁽²⁾	1,804	1,896	1,897	1,884	1,860	1,971	2,127	2,014
Police	442	486	521	530	550	567	611	620
Other	674	980	1,047	1,009	1,019	265	265	119
Total Scottish Government	7,959	8,629	9,052	9,200	9,598	10,228	10,695	11,048
Other government departments	0	0	0	0	3	4	3	3
Total Scotland	9,593	10,259	10,653	10,863	11,300	11,938	12,617	13,056
Wales								
Home Office								
Police	219	218	230	218	268	307	495	507
Other	–	–	–	–	12	10	–	11
Total Home Office	219	218	230	218	280	317	495	518
Work and Pensions								
Rent allowances	244	280	302	317	356	423	266	216
Rent rebates	190	267	276	284	294	268	503	579
Council tax benefits	132	156	170	177	184	193	212	225
Other	49	28	31	37	43	–	–	–
Total Work and Pensions	615	732	779	815	876	884	981	1,020
Welsh Assembly Government⁽¹⁾								
Revenue Support Grant	2,461	2,539	2,699	2,899	3,011	3,127	3,236	3,363
Non-domestic rate payments	737	745	788	844	902	907	913	918
Other	552	435	413	503	468	357	598	637
Total Welsh Assembly Government	3,750	3,719	3,900	4,246	4,380	4,391	4,747	4,918
Other government departments	22	2	0	0	3	3	3	3
Total Wales	4,606	4,671	4,910	5,279	5,540	5,595	6,226	6,459
Northern Ireland								
Northern Ireland Executive⁽¹⁾								
Other government departments	68	65	60	50	54	54	54	53
Total Northern Ireland	68	66	62	53	56	55	55	54
Total current finance	85,174	92,036	97,768	103,844	109,049	113,819	120,650	126,128

(1) Allocations within DEL totals may be subject to final decisions by the devolved administrations

(2) By convention, Non-Domestic Rates Income (NDRI) in Scotland (equivalent to non-domestic rate payments in England and Wales) is shown in PESA as locally raised central government support. I.e. it is finance raised in Scotland rather than funding from Whitehall.

Table 7.3 Central government capital support for local government in the United Kingdom by country and department group, 2003–04 to 2010–11

	£ million							
	National Statistics							
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans
England								
Credit approvals/SCE(R)⁽¹⁾								
Children, Schools and Families	999	1,207	1,375	1,031	1,050	1,054	954	554
Health	49	53	53	50	50	–	–	–
Transport	1,451	1,423	1,405	1,368	854	859	918	976
CLG Communities	1,213	1,376	1,734	1,181	1,295	1,230	1,207	839
CLG Local Government	132	–	–	–	–	–	–	–
Home Office	70	70	73	123	67	–	67	67
Justice	6	9	–	–	–	–	–	–
Environment, Food and Rural Affairs	40	44	22	–	–	–	–	–
Total credit approvals/SCE(R)	3,959	4,180	4,662	3,754	3,317	3,143	3,146	2,435
Capital grants/SCE(C)⁽¹⁾								
Children, Schools and Families	2,232	2,522	2,685	2,544	3,658	3,849	5,784	5,589
Health	82	87	68	131	108	221	120	121
Transport	93	283	160	291	1,077	1,073	1,348	1,295
CLG Communities	349	687	850	1,176	1,494	1,374	1,533	1,441
CLG Local Government	206	256	315	222	32	128	105	91
Home Office	308	286	312	55	246	246	205	266
Justice	25	38	1	2	0	2	–	–
Business, Enterprise and Regulatory Reform	507	551	547	578	567	440	518	473
Environment, Food and Rural Affairs	118	78	122	140	69	187	234	150
Culture, Media and Sport	79	89	118	69	248	241	304	285
Work and Pensions	–16	1	0	0	0	–	–	–
Cabinet Office	–	–	–	11	5	–	–	–
Total capital grants/SCE(C)	3,984	4,878	5,178	5,219	7,504	7,762	10,150	9,713
Total England	7,943	9,058	9,840	8,973	10,821	10,905	13,296	12,148
Scotland⁽²⁾								
Supported borrowing⁽³⁾								
Scottish Government	496	364	355	352	358	330	330	330
Total supported borrowing	496	364	355	352	358	330	330	330
Capital grants								
Culture, Media and Sport	0	0	0	0	7	7	6	6
Scottish Government	97	404	473	609	621	613	735	601
Total capital grants	97	404	474	609	628	619	741	607
Total Scotland	593	768	829	961	987	949	1,071	937
Wales⁽²⁾								
Credit approvals/SCE(R)⁽¹⁾								
Home Office	3	4	15	–	7	–	7	7
Justice	1	–	–	–	–	–	–	–
Welsh Assembly Government	264	167	163	163	163	163	167	167
Total credit approvals/SCE(R)	268	171	178	163	170	163	173	173
Capital grants/SCE(C)⁽¹⁾								
Home Office	7	–	–	–	7	7	14	15
Justice	3	–	–	–	–	–	–	–
Culture, Media and Sport	15	16	10	7	3	4	3	3
Welsh Assembly Government	265	351	507	523	558	673	627	636
Total capital grants/SCE(C)	289	367	517	530	568	684	645	653
Total Wales	558	538	695	694	738	847	818	827
Northern Ireland capital grants⁽²⁾								
Culture, Media and Sport	0	1	1	1	1	1	1	1
Northern Ireland Executive	6	7	6	9	10	3	14	181
Total Northern Ireland	6	8	7	10	11	4	15	182
Total United Kingdom	9,100	10,372	11,372	10,638	12,556	12,705	15,200	14,093
<i>of which:</i>								
Credit approvals/SCE(R)	4,723	4,715	5,196	4,269	3,845	3,636	3,649	2,938
Capital grants/SCE(C)	4,376	5,657	6,176	6,369	8,711	9,069	11,551	11,155

(1) A full definition of Supported Capital Expenditure (SCE) is given in Appendix G.

(2) Allocations within DEL totals may be subject to final decisions by the devolved administrations

(3) Supported borrowing is the equivalent of credit approvals in England and Wales

Table 7.4 Local government current and capital expenditure on services in the United Kingdom by function, 2003–04 to 2008–09⁽¹⁾

	£ million					
	National Statistics					2008–09 estimated outturn
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	
Local government current expenditure on services						
1. General public services	3,909	4,255	4,314	4,450	4,179	5,198
<i>of which: public and common services</i>	3,673	3,870	3,874	3,930	3,487	4,571
<i>of which: public sector debt interest⁽²⁾</i>	236	385	440	520	692	627
2. Defence	36	43	53	59	55	69
3. Public order and safety	13,023	13,777	14,379	14,886	15,222	16,337
4. Economic affairs	5,289	5,578	5,792	5,621	6,248	6,470
<i>of which: enterprise and economic development</i>	1,024	1,250	1,390	1,209	1,539	1,110
<i>of which: agriculture, fisheries and forestry</i>	9	9	10	11	13	15
<i>of which: transport</i>	4,255	4,319	4,392	4,402	4,696	5,345
5. Environment protection	3,833	4,142	4,527	4,772	5,132	5,533
6. Housing and community amenities	2,160	2,225	2,456	2,520	2,779	3,535
7. Health	423	312	298	231	228	168
8. Recreation, culture and religion	3,498	3,574	3,767	3,890	4,016	4,069
9. Education	36,133	38,330	40,774	42,637	45,104	46,383
10. Social protection	32,730	35,390	37,615	39,519	41,620	44,277
Total local government current expenditure on services	101,034	107,625	113,976	118,585	124,583	132,039
Accounting adjustments	6,459	10,965	13,066	14,066	15,180	14,334
Total local government current expenditure	107,493	118,590	127,042	132,651	139,763	146,373
Local government capital expenditure on services						
1. General public services	441	897	989	854	858	1,483
<i>of which: public and common services</i>	441	897	989	854	858	1,483
2. Defence	—	—	—	—	—	—
3. Public order and safety	624	709	701	629	677	1,052
4. Economic affairs	2,836	3,099	3,785	3,780	3,800	5,278
<i>of which: enterprise and economic development</i>	0	–11	128	–3	–114	207
<i>of which: employment policies</i>	0	0	0	0	1	1
<i>of which: agriculture, fisheries and forestry</i>	43	49	52	63	66	124
<i>of which: transport</i>	2,793	3,060	3,604	3,719	3,847	4,947
5. Environment protection	282	372	399	330	450	525
6. Housing and community amenities	1,173	1,614	1,624	1,840	2,519	2,713
7. Health	60	63	45	86	52	98
8. Recreation, culture and religion	697	867	1,075	1,053	1,208	1,688
9. Education	3,349	3,812	4,287	4,398	4,627	5,881
10. Social protection	155	200	323	266	342	319
Total local government capital expenditure on services	9,616	11,633	13,226	13,235	14,532	19,038
Accounting adjustments	2,464	1,977	483	341	922	–1,222
Total local government capital expenditure	12,080	13,610	13,709	13,576	15,454	17,816
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The totals for local government current and capital expenditure reflect the forecasts in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

(2) This excludes all intra-public sector payments of debt interest.

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
England						
1. General public services	2,963	3,354	3,075	3,336	2,824	3,882
<i>of which: public and common services</i>	2,963	3,354	3,075	3,336	2,824	3,882
2. Defence	30	37	46	51	48	60
3. Public order and safety	11,434	12,121	12,544	13,019	13,342	14,000
4. Economic affairs	4,503	4,740	4,906	4,729	5,312	5,486
<i>of which: enterprise and economic development</i>	831	1,039	1,158	967	1,285	831
<i>of which: agriculture, fisheries and forestry</i>	7	6	8	8	10	11
<i>of which: transport</i>	3,665	3,694	3,740	3,754	4,018	4,644
5. Environment protection	3,101	3,345	3,675	3,833	4,153	4,451
6. Housing and community amenities	1,842	1,947	2,138	2,299	2,398	2,463
7. Health	391	278	261	194	186	124
8. Recreation, culture and religion	2,633	2,642	2,799	2,921	3,017	3,055
9. Education	30,523	32,311	34,468	36,040	38,249	39,371
10. Social protection	27,732	30,046	31,969	33,871	35,444	37,775
Total England	85,152	90,819	95,882	100,293	104,974	110,666
Scotland						
1. General public services	328	344	564	389	439	394
<i>of which: public and common services</i>	328	344	564	389	439	394
2. Defence	3	4	4	5	4	4
3. Public order and safety	958	1,025	1,149	1,132	1,148	1,490
4. Economic affairs	520	541	598	588	618	663
<i>of which: enterprise and economic development</i>	111	110	141	142	150	175
<i>of which: agriculture, fisheries and forestry</i>	1	1	1	1	1	1
<i>of which: transport</i>	408	431	456	445	466	487
5. Environment protection	407	446	475	511	532	603
6. Housing and community amenities	142	86	104	2	131	204
7. Health	–	–	–	–	–	–
8. Recreation, culture and religion	487	522	540	556	562	584
9. Education	3,689	3,992	4,179	4,371	4,514	4,611
10. Social protection	3,348	3,579	3,764	3,635	4,049	4,312
Total Scotland	9,882	10,538	11,378	11,189	11,997	12,865
Wales						
1. General public services	382	172	235	206	224	294
<i>of which: public and common services</i>	382	172	235	206	224	294
2. Defence	2	2	3	3	3	4
3. Public order and safety	630	632	686	735	732	847
4. Economic affairs	256	284	277	290	302	303
<i>of which: enterprise and economic development</i>	72	89	79	86	88	86
<i>of which: agriculture, fisheries and forestry</i>	2	2	2	2	2	2
<i>of which: transport</i>	182	194	196	202	212	214
5. Environment protection	228	247	263	298	296	321
6. Housing and community amenities	103	114	127	139	148	792
7. Health	–	–	–	–	–	–
8. Recreation, culture and religion	219	243	249	263	274	269
9. Education	1,922	2,027	2,126	2,226	2,341	2,401
10. Social protection	1,650	1,764	1,882	2,014	2,126	2,190
Total Wales	5,393	5,486	5,847	6,175	6,447	7,422
Total Great Britain	100,427	106,843	113,107	117,657	123,418	130,953

Table 7.5 Local government current expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾ (continued)

	£ million					
	National Statistics					2008–09 estimated outturn
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	
Northern Ireland						
4. Economic affairs	10	13	11	14	16	18
<i>of which: enterprise and economic development</i>	<i>10</i>	<i>13</i>	<i>11</i>	<i>14</i>	<i>16</i>	<i>18</i>
5. Environment protection	97	104	114	129	150	159
6. Housing and community amenities	73	79	87	79	101	76
7. Health	32	34	37	37	42	44
8. Recreation, culture and religion	159	167	179	150	163	161
Total Northern Ireland	370	398	429	409	473	459
Debt interest ⁽²⁾	236	385	440	520	692	627
Total local government current expenditure on services	101,034	107,625	113,976	118,585	124,583	132,039
Accounting adjustments	6,459	10,965	13,066	14,066	15,180	14,334
Total local government current expenditure	107,493	118,590	127,042	132,651	139,763	146,373

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The total local government current expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

(2) Debt interest is not allocated to individual countries so is only included in the total UK figures. These figures exclude all intra-public sector debt interest payments.

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽²⁾

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
England						
1. General public services	804	1,125	1,229	1,168	1,286	1,482
<i>of which: public and common services</i>	804	1,125	1,229	1,168	1,286	1,482
2. Defence	—	—	—	—	—	—
3. Public order and safety	580	639	701	652	717	972
4. Economic affairs	2,774	3,089	3,520	3,454	3,611	4,700
<i>of which: enterprise and economic development</i>	200	260	302	252	276	318
<i>of which: employment policies</i>	1	0	0	0	1	1
<i>of which: agriculture, fisheries and forestry</i>	72	66	93	96	85	98
<i>of which: transport</i>	2,502	2,762	3,124	3,106	3,250	4,283
5. Environment protection	235	302	301	284	346	399
6. Housing and community amenities	1,260	1,469	1,568	1,846	2,447	2,522
7. Health	58	62	43	84	42	91
8. Recreation, culture and religion	594	697	947	898	963	1,395
9. Education	3,271	3,694	4,034	4,077	4,319	5,380
10. Social protection	165	221	341	279	363	262
Total England	9,741	11,298	12,683	12,741	14,094	17,203
Scotland						
1. General public services	131	195	207	283	180	299
<i>of which: public and common services</i>	131	195	207	283	180	299
2. Defence	—	—	—	—	—	—
3. Public order and safety	72	69	67	67	69	82
4. Economic affairs	294	340	428	526	636	680
<i>of which: enterprise and economic development</i>	13	22	29	24	87	124
<i>of which: agriculture, fisheries and forestry</i>	20	24	21	30	42	51
<i>of which: transport</i>	261	294	378	472	507	504
5. Environment protection	24	48	59	40	75	95
6. Housing and community amenities	85	177	136	130	72	96
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	106	121	120	137	167	202
9. Education	198	214	330	415	465	528
10. Social protection	37	42	47	59	65	72
Total Scotland	948	1,206	1,393	1,658	1,729	2,054
Wales						
1. General public services	52	51	60	79	73	37
<i>of which: public and common services</i>	52	51	60	79	73	37
2. Defence	—	—	—	—	—	—
3. Public order and safety	39	43	41	37	43	72
4. Economic affairs	146	171	241	249	258	218
<i>of which: enterprise and economic development</i>	18	26	34	30	13	7
<i>of which: science and technology</i>	5	8	6	9	11	10
<i>of which: transport</i>	123	138	200	211	234	201
5. Environment protection	25	26	37	34	30	15
6. Housing and community amenities	173	189	191	182	213	183
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	71	80	76	104	151	91
9. Education	116	144	161	185	190	199
10. Social protection	14	17	20	19	19	28
Total Wales	636	721	827	889	975	844
Total Great Britain	11,325	13,225	14,904	15,287	16,799	20,101

Table 7.6 Local government gross⁽¹⁾ capital expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽²⁾ (continued)

	£ million					
	National Statistics					2008–09 estimated outturn
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	
Northern Ireland						
4. Economic affairs	3	3	1	2	8	7
<i>of which: enterprise and economic development</i>	3	3	1	2	8	7
5. Environment protection	15	13	17	15	24	27
6. Housing and community amenities	15	15	21	27	35	32
7. Health	2	1	2	2	10	8
8. Recreation, culture and religion	22	32	43	56	75	75
Total Northern Ireland	57	64	84	102	151	148
Total United Kingdom	11,382	13,289	14,988	15,390	16,950	20,250
Memorandum						
United Kingdom gross capital expenditure, from above	11,382	13,289	14,988	15,390	16,950	20,250
United Kingdom capital receipts (see table 7.7)	-1,766	-1,656	-1,762	-2,154	-2,419	-1,212
Total local government capital expenditure on services	9,616	11,633	13,226	13,235	14,532	19,038
Accounting adjustments	2,464	1,977	483	341	922	-1,222
Total local government capital expenditure	12,080	13,610	13,709	13,576	15,454	17,816

(1) 'Gross' – before sales of capital assets and depreciation

(2) The functional breakdown for 2008-09 reflects budgets data, as set at the beginning of the year. The total local government capital expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾

	National Statistics					£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
1. General public services	480	369	413	430	462	231
<i>of which: public and common services</i>	480	369	413	430	462	231
2. Defence	—	—	—	—	—	—
3. Public order and safety	61	38	102	121	144	65
4. Economic affairs	350	452	376	412	673	307
<i>of which: enterprise and economic development</i>	214	307	228	283	467	233
<i>of which: employment policies</i>	0	—	—	—	0	0
<i>of which: agriculture, fisheries and forestry</i>	53	45	63	65	69	35
<i>of which: transport</i>	82	100	85	63	137	39
5. Environment protection	12	12	8	38	14	7
6. Housing and community amenities	324	196	235	294	211	105
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	55	41	85	97	120	60
9. Education	221	210	216	261	271	191
10. Social protection	58	75	84	85	100	41
Total England	1,561	1,394	1,519	1,737	1,995	1,007
Scotland						
1. General public services	53	92	85	179	168	81
<i>of which: public and common services</i>	53	92	85	179	168	81
2. Defence	—	—	—	—	—	—
3. Public order and safety	5	3	5	5	4	2
4. Economic affairs	27	41	13	22	29	14
<i>of which: enterprise and economic development</i>	16	7	4	16	23	11
<i>of which: agriculture, fisheries and forestry</i>	0	1	0	0	0	0
<i>of which: transport</i>	10	33	8	5	6	3
5. Environment protection	2	0	0	1	4	2
6. Housing and community amenities	9	6	8	3	1	0
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	4	7	4	3	13	6
9. Education	13	19	17	12	63	30
10. Social protection	2	4	1	2	3	2
Total Scotland	114	174	133	226	285	137
Wales						
1. General public services	12	11	10	68	50	24
<i>of which: public and common services</i>	12	11	10	68	50	24
2. Defence	—	—	—	—	—	—
3. Public order and safety	2	1	1	1	4	6
4. Economic affairs	3	9	16	17	10	5
<i>of which: enterprise and economic development</i>	1	5	5	11	7	3
<i>of which: agriculture, fisheries and forestry</i>	1	3	6	6	3	1
<i>of which: transport</i>	1	1	5	1	0	0
5. Environment protection	3	0	0	0	3	2
6. Housing and community amenities	26	30	43	39	34	12
7. Health	—	—	—	—	—	—
8. Recreation, culture and religion	28	6	6	9	8	0
9. Education	2	10	5	6	12	6
10. Social protection	1	1	0	4	2	1
Total Wales	76	69	80	144	123	55
Total Great Britain	1,752	1,637	1,732	2,108	2,404	1,199

Table 7.7 Local government capital receipts within expenditure on services in the United Kingdom by country and function, 2003–04 to 2008–09⁽¹⁾ (continued)

	National Statistics					£ million
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Northern Ireland						
4. Economic affairs	1	2	0	0	1	1
<i>of which: enterprise and economic development</i>	1	2	0	0	1	1
5. Environment protection	2	5	6	4	4	1
6. Housing and community amenities	3	4	6	8	2	2
7. Health	0	0	0	0	0	0
8. Recreation, culture and religion	8	8	16	34	9	9
Total Northern Ireland	15	19	29	47	15	13
Total United Kingdom capital receipts	1,766	1,656	1,762	2,154	2,419	1,212

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The total local government capital expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

Table 7.8 Local government expenditure on services in the United Kingdom by country and economic category, 2003–04 to 2008–09⁽¹⁾

	National Statistics					£ million
	2003–04 outturn	2004–05 outturn	2005–06 outturn	2006–07 outturn	2007–08 outturn	2008–09 estimated outturn
England						
Pay	48,857	52,679	55,399	58,120	59,125	61,180
Net current procurement	22,467	23,559	25,050	25,683	28,236	29,713
Subsidies	2,244	2,211	2,216	2,258	2,470	3,099
Social benefits and other grants to the private sector	11,584	12,370	13,217	14,231	15,143	16,675
Net capital procurement	7,302	8,806	9,944	9,468	10,040	14,076
Capital grants	879	1,098	1,220	1,535	2,059	2,121
Total England	93,332	100,723	107,046	111,296	117,073	126,863
Scotland						
Pay	5,425	5,906	6,470	6,645	6,820	7,254
Net current procurement	3,225	3,359	3,604	3,199	3,785	4,118
Subsidies	82	85	91	86	96	101
Social benefits and other grants to the private sector	1,150	1,189	1,214	1,259	1,296	1,392
Net capital procurement	758	902	1,197	1,362	1,401	1,873
Capital grants	76	130	63	69	43	45
Total Scotland	10,716	11,570	12,638	12,621	13,442	14,782
Wales						
Pay	3,107	3,195	3,119	3,148	3,578	3,818
Net current procurement	1,747	1,731	2,145	2,412	2,212	2,901
Subsidies	–	–	–	–	–	–
Social benefits and other grants to the private sector	540	559	583	615	656	703
Net capital procurement	435	521	636	629	738	690
Capital grants	124	131	111	116	114	98
Total Wales	5,953	6,137	6,594	6,920	7,299	8,210
Great Britain						
Pay	57,389	61,779	64,989	67,913	69,523	72,251
Net current procurement	27,439	28,649	30,798	31,294	34,233	36,732
Subsidies	2,326	2,297	2,307	2,344	2,567	3,199
Social benefits and other grants to the private sector	13,274	14,118	15,014	16,106	17,095	18,770
Net capital procurement	8,495	10,229	11,777	11,459	12,179	16,639
Capital grants	1,079	1,358	1,394	1,720	2,217	2,264
Total Great Britain	110,001	118,430	126,279	130,836	137,813	149,855
Northern Ireland						
Pay	187	198	221	242	256	286
Net current procurement	183	199	208	167	216	173
Net capital procurement	42	45	54	56	136	135
Capital grants	–	–	–	–	–	–
Total Northern Ireland	413	443	483	464	609	595
United Kingdom						
Pay	57,576	61,977	65,209	68,155	69,780	72,537
Net current procurement	27,622	28,848	31,006	31,460	34,449	36,906
Subsidies	2,326	2,297	2,307	2,344	2,567	3,199
Social benefits and other grants to the private sector	13,274	14,118	15,014	16,106	17,095	18,770
Local government debt interest ⁽²⁾	236	385	440	520	692	627
Net capital procurement	8,537	10,275	11,832	11,515	12,315	16,774
Capital grants	1,079	1,358	1,394	1,720	2,217	2,264
Total United Kingdom	110,650	119,258	127,202	131,821	139,114	151,077
Accounting adjustments	8,923	12,942	13,549	14,406	16,103	13,112
Total local government expenditure	119,573	132,200	140,751	146,227	155,217	164,189

(1) The functional breakdown for 2008–09 reflects budgets data, as set at the beginning of the year. The total local government capital expenditure reflects the forecast in Budget 2009. The difference in sources is adjusted for within the accounting adjustments.

(2) Debt interest is not allocated to individual countries so is only included in the total UK figures. These figures exclude all intra-public sector debt interest payments.