

22 October 2013

Corrections to tables and text in the 2013 *Forecast evaluation report*

This note corrects some errors in the figures which were published for the June 2010 forecasts of 2011-12 and 2012-13 spending in the 2013 *Forecast evaluation report (FER)*. The figures for PSCE in RDEL, PSGI in CDEL, SUME, environmental levies, and accounting adjustments have been corrected. This affected figures shown in tables 3.1, 3.5, 3.6, 3.10, 3.11, A.4 and A.5, and chart 3.3, and text in paragraphs 3.9, 3.20 and 3.31. The correct tables, charts and text are shown below with corrected numbers highlighted.

Paragraph 3.9 – bullet 6

- most of the underspends by departments in 2012-13 were agreed by the winter, so have been treated as explicit policy changes. Some of the subsequent underspends, which we treat as forecasting errors, reflected a policy choice to bring down spending totals late in the financial year. The Government first set out explicit departmental budgets in its 2010 Spending Review, which followed the June Budget. These were slightly higher than the implied totals in June. Underspends, and therefore policy changes, were larger against this higher baseline, on which we based our March 2012 forecast. In other words, having increased the total limits on departmental spending in 2012-13 from £365.0 billion in June 2010 to £368.7 billion by the November 2010 *EFO*, reflecting the decision in the October 2010 Spending Review to pay for higher departmental spending with extra welfare cuts, in the event departmental spending came in at only £351.1 billion;

Paragraph 3.20

In total, departments underspent against the implied current spending forecast by almost £7 billion, whilst spending broadly in line against their implied capital forecast. Between our June 2010 forecast and final DEL plans in the supplementary estimates for 2011-12, current plans were reduced by £2.4 billion and capital plans increased by £2.6 billion. We treat these differences as policy changes and later changes as our own forecasting errors. It is usual for departments to underspend against final plans because there are strong incentives in the budgeting system to avoid overspends. The 2011-12 capital and current underspends were each around £1 billion higher than the average over the previous three years of £3.2 billion on current and £1.4 billion on capital.

Paragraph 3.31

In total, central government departments underspent against their implied current plans by £9.4 billion and implied capital plans by £3.1

billion. After allowing for classification changes, current spending in the final plans in the winter supplementary estimates for 2012-13 was £4.4 billion lower than implied by our June 2010 forecast, and capital spending was £0.4 billion higher. The Government also sold 4G spectrum for £2.3 billion, setting the proceeds off against budgets.

Table 3.1: June 2010 net borrowing and current budget errors for 2011-12

	£ billion						
	Forecast	Outturn	Error	of which:			Classifi- cation changes
				Economic forecasting factors	Fiscal errors	Policy changes	
Receipts (a)	584.2	576.4	-7.8	-10.8	0.5	0.8	1.7
Spending (b)	699.8	694.9	-4.9	1.2	-10.1	0.1	4.0
<i>of which:</i>							
Current expenditure (c)	651.1	644.2	-6.9	1.2	-9.3	-1.9	3.1
Net investment (d)	27.2	29.1	1.9	0.0	-0.3	1.4	0.8
Depreciation (e)	21.6	21.6	0.0	0.0	-0.5	0.5	0.0
Net borrowing (b - a)	115.6	118.5	2.8	11.9	-10.6	-0.7	2.3
Current budget (a - c - e)	-88.5	-89.4	-0.9	-11.9	10.3	2.1	-1.5

Table 3.5: June 2010 spending errors for 2011-12

	£ billion						
	Forecast	Outturn	Error	of which:			
				Economic forecasting factors	Fiscal errors	Policy changes	Classification changes
PSCE in RDEL	327.5	320.7	-6.8	0.0	-4.4	-0.6	-1.8
Locally-financed current	26.4	21.3	-5.1	0.0	-4.8	-0.3	0.0
Social security	173.4	174.9	1.5	0.8	0.9	-0.1	0.0
Tax credits	25.7	27.0	1.2	0.1	1.4	-0.3	0.0
Public service pensions	6.3	8.1	1.8	0.0	1.8	0.0	0.0
Debt interest	46.5	48.4	1.9	0.6	0.7	0.0	0.6
Other current	45.3	43.8	-1.5	-0.3	-4.9	-0.6	4.3
Current expenditure	651.1	644.2	-6.9	1.2	-9.3	-1.9	3.1
PSGI in CDEL	34.9	35.0	0.1	0.0	-2.5	2.3	0.3
Locally-financed capital	4.8	8.2	3.4	0.0	3.9	-0.5	0.0
Other capital	9.0	7.5	-1.5	0.0	-2.2	0.2	0.6
Gross investment	48.7	50.7	2.0	0.0	-0.8	2.0	0.8
Less depreciation	-21.6	-21.6	0.0	0.0	0.5	-0.5	0.0
Net investment	27.2	29.1	1.9	0.0	-0.3	1.4	0.8
Total spending	699.8	694.9	-4.9	1.2	-10.1	0.1	4.0

¹ The £28 billion transfer of Royal Mail pension scheme assets to central government has been removed from outturn here so its comparable across the chapter. The detailed tables in the annex include this transfer.

Table 3.6: June 2010 net borrowing and current budget errors for 2012-13

	£ billion						
	Forecast	Outturn	Error	of which:			
				Economic forecasting factors	Fiscal errors	Policy changes	Classification changes
Receipts (a)	621.9	586.5	-35.5	-31.8	-4.7	-3.3	4.3
Spending (b)	711.0	702.1	-8.9	0.3	-1.4	-11.7	3.8
<i>of which:</i>							
Current expenditure (c)	664.5	657.1	-7.4	0.3	-1.7	-9.0	3.0
Net investment (d)	24.0	22.5	-1.6	0.0	0.9	-3.2	0.8
Depreciation (e)	22.5	22.5	0.0	0.0	-0.6	0.6	0.0
Net borrowing (b - a)	89.1	115.7	26.6	32.1	3.3	-8.3	-0.5
Current budget (a - c - e)	-65.1	-93.2	-28.1	-32.1	-2.4	5.1	1.3

Table 3.10: June 2010 spending to GDP errors

	Per cent of GDP								
	Forecast			Outturn			Error		
	10-11	11-12	12-13	10-11	11-12	12-13	10-11	11-12	12-13
Spending	47.3	45.5	43.9	46.2	44.9	44.7	-1.0	-0.6	0.8
<i>of which:</i>									
TME in DEL	25.7	23.9	22.5	24.9	23.3	22.4	-0.8	-0.6	-0.2
Social security & tax credits	13.1	12.9	12.6	12.9	13.0	13.5	-0.2	0.1	0.9
Debt interest	2.9	3.0	3.2	3.0	3.1	3.1	0.1	0.1	-0.2
Other	5.6	5.6	5.6	5.5	5.4	5.8	-0.1	-0.2	0.3

Table 3.11: June 2010 spending errors for 2012-13

	£ billion							
	Forecast	Outturn	Error	of which:				
				Economic factors	Fiscal forecasting errors	Policy changes	Classification changes	
PSCE in RDEL	325.8	316.5	-9.4	0.0	-3.0	-4.4	-1.9	
Locally-financed current	27.5	22.7	-4.8	0.0	-3.9	-0.9	0.0	
Social security	177.3	183.0	5.6	4.7	1.9	-1.0	0.0	
Tax credits	26.3	28.7	2.4	1.1	2.9	-1.6	0.0	
Public service pensions	7.0	10.2	3.2	0.7	1.4	1.1	0.0	
Debt interest	52.4	48.0	-4.4	-5.9	1.1	0.0	0.4	
Other current	48.1	48.2	0.0	-0.3	-2.0	-2.2	4.5	
Current expenditure	664.5	657.1	-7.4	0.3	-1.7	-9.0	3.0	
PSGI in CDEL	33.0	29.8	-3.1	0.0	-1.4	-1.9	0.2	
Locally-financed capital	4.6	5.7	1.1	0.0	1.8	-0.7	0.0	
Other capital	8.9	9.4	0.5	0.0	-0.1	0.0	0.6	
Gross investment	46.5	45.0	-1.5	0.0	0.3	-2.6	0.8	
Less depreciation	-22.5	-22.5	0.0	0.0	0.6	-0.6	0.0	
Net investment	24.0	22.5	-1.6	0.0	0.9	-3.2	0.8	
Total spending	711.0	702.1	-8.9	0.3	-1.4	-11.7	3.8	

¹ The £28 billion transfer of Royal Mail pension scheme assets to central government has been removed from outturn here so its comparable across the chapter. The detailed tables in the annex include this transfer.

Table A.4: Breakdown of June 2010 spending forecast errors for 2011-12

	£ billion						
	Forecast	Outturn	Error	of which:			Total error (%)
				Economic factors	Fiscal forecasting error	Policy and classification changes	
Public sector current expenditure (PSCE)							
PSCE in RDEL	327.5	320.7	-6.8	0.0	-4.4	-2.4	-2.1
PSCE in Annually Managed Expenditure	323.6	323.5	-0.1	1.2	-4.9	3.6	0.0
<i>of which:</i>							
Social security benefits	173.4	174.9	1.5	0.8	0.9	-0.1	0.9
Tax credits	25.7	27.0	1.2	0.1	1.4	-0.3	4.8
Net public service pension payments	6.3	8.1	1.8	0.0	1.8	0.0	28.8
of which: CG unfunded pension schemes	5.1	6.7	1.5	0.0	1.5	0.0	29.8
LG police & fire pension schemes	1.1	1.4	0.3	0.0	0.3	0.0	24.0
National lottery current grants	0.7	1.1	0.4	0.0	0.4	0.0	53.0
BBC domestic services current expenditure	3.8	3.5	-0.3	0.0	-0.3	0.0	-7.6
Fees associated with financial interventions	0.0	-2.0	-2.0	0.0	-2.0	0.0	-
Other PSCE items in departmental AME	0.5	0.9	0.4	0.0	-0.8	1.2	82.9
Expenditure transfers to EU institutions	6.7	5.9	-0.7	-0.3	-0.4	0.0	-10.9
Locally-financed current expenditure	26.4	21.3	-5.1	0.0	-4.8	-0.3	-19.3
Central government gross debt interest	46.5	48.4	1.9	0.6	0.7	0.6	4.1
Depreciation	16.0	16.5	0.5	0.0	0.0	0.5	3.4
Current VAT refunds	12.0	11.7	-0.2	0.0	-0.2	0.0	-1.9
Single use military expenditure	6.1	5.3	-0.8	0.0	-0.7	-0.1	-13.1
Environmental levies	1.9	1.5	-0.4	0.0	-0.7	0.3	-20.7
Other National Accounts adjustments	-2.3	-0.6	1.7	0.0	0.0	1.8	-75.5
Total public sector current expenditure	651.1	644.2	-6.9	1.2	-9.3	1.2	-1.1
Public sector gross investment (PSGI)							
PSGI in CDEL	34.9	35.0	0.1	0.0	-2.5	2.6	0.2
PSGI in Annually Managed Expenditure	13.8	15.7	1.9	0.0	1.7	0.2	13.9
<i>of which:</i>							
National lottery capital grants	0.6	0.4	-0.2	0.0	-0.2	0.0	-31.6
Other PSGI items in departmental AME	0.1	-7.0	-7.1	0.0	0.2	-7.2	-
Locally-financed capital expenditure	4.8	16.3	11.5	0.0	3.9	7.6	238
Public corporations capital expenditure	8.1	7.1	-1.0	0.0	-1.2	0.2	-12.8
Other National Accounts adjustments	0.2	-1.1	-1.2	0.0	-1.0	-0.3	-74.1
Total public sector gross investment	48.7	50.7	2.0	0.0	-0.8	2.8	4.1
<i>Less depreciation</i>	-21.6	-21.6	0.0	0.0	0.5	-0.5	0.2
Public sector net investment	27.2	29.1	1.9	0.0	-0.3	2.3	7.1
Total managed expenditure	699.8	694.9	-4.9	1.2	-10.1	4.0	-0.7

Table A.5: Breakdown of June 2010 spending forecast errors for 2012-13

	£ billion						
	Forecast	Outturn	Error	of which:			Total error (%)
				Economic factors	Fiscal forecasting error	Policy and classification changes	
Public sector current expenditure (PSCE)							
PSCE in RDEL	325.8	316.5	-9.4	0.0	-3.0	-6.4	-2.9
PSCE in Annually Managed Expenditure	338.7	340.7	2.0	0.3	1.3	0.4	0.6
<i>of which:</i>							
Social security benefits	177.3	183.0	5.6	4.7	1.9	-1.0	3.2
Tax credits	26.3	28.7	2.4	1.1	2.9	-1.6	9.2
Net public service pension payments	7.0	10.2	3.2	0.7	1.4	1.1	45.0
of which: CG unfunded pension schemes	5.9	8.5	2.7	0.6	1.0	1.1	45.1
LG police & fire pension schemes	1.1	1.6	0.5	0.1	0.4	0.0	44.5
National lottery current grants	0.7	1.1	0.4	0.0	0.4	0.0	57.1
BBC domestic services current expenditure	3.9	3.4	-0.5	0.0	-0.5	0.0	-13.2
Fees associated with financial interventions	0.0	-0.1	-0.1	0.0	-0.1	0.0	-
Other PSCE items in departmental AME	0.3	1.9	1.6	0.0	0.1	1.5	494
Expenditure transfers to EU institutions	6.7	7.5	0.8	-0.3	1.1	0.0	11.8
Locally-financed current expenditure	27.5	22.7	-4.8	0.0	-3.9	-0.9	-17.4
Central government gross debt interest	52.4	48.0	-4.4	-5.9	1.1	0.4	-8.5
Depreciation	16.7	17.3	0.6	0.0	0.0	0.6	3.9
Current VAT refunds	13.4	11.6	-1.8	0.0	-1.8	0.0	-13.2
Single use military expenditure	6.2	4.8	-1.5	0.0	-0.5	-1.0	-23.5
Environmental levies	2.2	1.7	-0.6	0.0	-1.0	0.5	-24.7
Other National Accounts adjustments	-2.2	-1.2	1.0	0.0	0.3	0.7	-46.6
Total public sector current expenditure	664.5	657.1	-7.4	0.3	-1.7	-6.0	-1.1
Public sector gross investment (PSGI)							
PSGI in CDEL	33.0	29.8	-3.1	0.0	-1.4	-1.7	-9.4
PSGI in Annually Managed Expenditure	13.6	15.1	1.6	0.0	1.7	-0.1	11.6
<i>of which:</i>							
National lottery capital grants	0.6	0.4	-0.2	0.0	-0.2	0.0	-28.5
Other PSGI items in departmental AME	0.1	0.7	0.6	0.0	0.0	0.6	421
Locally-financed capital expenditure	4.6	5.7	1.1	0.0	1.8	-0.7	23.4
Public corporations capital expenditure	8.0	7.5	-0.5	0.0	-0.7	0.2	-6.3
Other National Accounts adjustments	0.2	0.7	0.6	0.0	0.8	-0.2	349
Total public sector gross investment	46.5	45.0	-1.5	0.0	0.3	-1.8	-3.3
<i>Less depreciation</i>	-22.5	-22.5	0.0	0.0	0.6	-0.6	0.1
Public sector net investment	24.0	22.5	-1.6	0.0	0.9	-2.4	-6.5
Total managed expenditure	711.0	702.1	-8.9	0.3	-1.4	-7.8	-1.3
<i>Receipt of Royal Mail pension funds assets</i>	0.0	-28.0	-28.0	0.0	0.0	-28.0	-
Total managed expenditure (incl. Royal Mail)	711.0	674.1	-36.9	0.3	-1.4	-35.8	-5.2

Chart 3.3: Errors in forecasting receipts, spending and net borrowing

