Funding the Future

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The Spending Review will be riddled with jargon today that is alien to almost anyone not familiar with the absurd language of government accounting, which is not used anywhere else. So, this is a jargon buster, and yes, I did use ChatGPT to help create it, but I won't tell you how many iterations it took to get it to where I wanted.

This information will be found in this blog's glossary under the heading government accounting jargon.

There are also new glossary entries on GDP and economic equilibrium today. Again, ChatGPT was used to assist their development, but used with care, this can be a useful tool, and it can help fill in the gaps in that project, but I stress, I use it with care, and invariably edit what it produces.

UK Public Spending Categories: RDEL, CDEL, AME, and TME

Government spending in the UK is broadly divided into two categories:

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Departmental Expenditure Limits (DEL)

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Annually Managed Expenditure (AME)

Together, these make up **Total Managed Expenditure (TME)**.

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1. DEL – Departmental Expenditure Limits

DEL is spending that departments can plan for and control over a multi-year period, set by the Treasury through spending reviews. It is split into two parts:

a) RDEL – Resource Departmental Expenditure Limit

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What it covers: **Day-to-day operational costs** of running public services.

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Examples:

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Civil servant wages

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Running costs of government offices

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Procurement of services (e.g. IT support)

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Grants to local authorities or NGOs

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Why it matters: It controls how much departments can spend on **recurrent costs** and service delivery.

b) CDEL – Capital Departmental Expenditure Limit

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What it covers: **Investment in long-term assets** and infrastructure.

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Examples:

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Building hospitals and schools

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Purchasing military equipment

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Upgrading transport networks

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Why it matters: It funds **capital formation**, supporting long-term productivity and public service capability.

Combined, RDEL and CDEL make up **DEL – spending that is subject to firm multi-year limits**.

2. AME – Annually Managed Expenditure

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What it is: **Spending that is demand-led or volatile**, and therefore **harder to plan or control in advance**.

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Set by: The Treasury still authorises it, but **not fixed in the same way** as DEL because of its unpredictability.

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Examples:

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Social security benefits (e.g. Universal Credit, State Pension)

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Public sector pensions

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Debt interest payments

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BBC licence fee-funded spending

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Why it matters: It makes up a **large and growing part** of government expenditure, particularly as demographics shift and interest payments rise.

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Managed differently: Departments estimate their AME needs annually, but it isn't "capped" in the same way as DEL.

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3. TME – Total Managed Expenditure

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Definition: The **totality of UK government spending** that is subject to fiscal management.

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Formula:

TME = DEL (RDEL + CDEL) + AME

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Purpose: Used in fiscal planning and oversight, including the setting of overall

spending rules (like debt-to-GDP targets).

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Includes:

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All spending by central government departments

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Local government spending (when funded by central grants)

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Public sector pensions, welfare, and debt servicing

Visual Summary Table

Category	Full Name	Type of Spend	Predictability	Examples	Control Mechanism
RDEL	Resource Departmental Expenditure Limit	Day-to-day operations	High	Wages, admin, service delivery	Treasury-set multi-year limit
CDEL	Capital Departmental Expenditure Limit	Infrastructure/assets	High	Roads, hospitals, equipment	Treasury-set multi-year limit
AME	Annually Managed Expenditure	Demand-led programs	Low	Welfare, pensions, debt interest	Annually reviewed estimate
TME	Total Managed Expenditure	All public spending	Mixed	Sum of above	Aggregate measure

Policy Implications

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DEL is where governments exercise deliberate policy choices and priorities (e.g. boosting NHS funding).

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AME reflects **entitlements, commitments, and macroeconomic conditions**, and is less influenced by political choice in the short term.

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TME is used to measure overall government size and fiscal sustainability (e.g. how spending compares to tax revenues or GDP).