



Public Expenditure 1969-70 to 1974-75



*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty
January 1971*

(A)

LONDON
HER MAJESTY'S STATIONERY OFFICE

9s. 0d. [45p] net

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Symbols

- Nil or less than half the final digit shown.
- .. Not appropriate.

PART 1

Public Expenditure—General Review

Introduction

When the Government took office last June they carried out an immediate review of public expenditure up to 1974–75 in order to concentrate the activities of public bodies on the tasks which they alone can perform, to reduce substantially previous plans for public spending, and to permit taxation, including personal taxation, to be reduced. The individual can then expect to keep more of what he earns and has greater incentive to productive effort. A similar prospect, and a greater freedom of decision, is opened for industry and commerce. This is the way to faster growth of the nation's resources; while more resources are devoted to meeting the essential needs of the public sector.

2. The Government outlined the effects of their policies for public spending, as reshaped by this review, in the White Paper "New Policies for Public Spending" (Cmnd. 4515) on 27 October, 1970. This gave figures for each individual programme for 1971–72 and for broader groups of programmes for 1974–75. The present White Paper gives a fuller presentation of all the programmes for each year from 1969–70 to 1974–75.

3. These programmes differ substantially from those set out in the previous Administration's White Paper "Public Expenditure 1968–69 to 1973–74" (Cmnd. 4234) a year ago. The changes are shown in Appendix A below, distinguishing those made before and since the Government took office.

4. Changes will continue to be made in the programmes as the review of Government functions and other public sector activity progresses. The Government's approach was described in the White Paper "The Reorganisation of Central Government" (Cmnd. 4506). The investment needs of the nationalised industries represent a significant demand on resources and a review of their activities has therefore been put in hand to complement the review of the Government's own functions. Forward expenditure plans will reflect the outcome of these further reviews, the results of which will be made known as decisions are taken.

5. At this stage some of the new policies have not yet been worked out in complete detail. Where this is so it is reflected in the figures and commentaries in Part 2. Some major expenditures depend in part on Government decisions (for example, the rate of sickness benefit) and in part on what happens beyond the reach of Government (the incidence of illness). There are special reasons (see paragraphs 23 and 25 below) for some imprecision in the estimates of local authorities' expenditure, particularly beyond 1972–73. On the other hand, one effect of the changes which the Government are making in public sector policies will be to discontinue some types of expenditure which are particularly difficult to forecast. For example, the period covered by this White Paper will see the running down of investment grants, the flow of which has depended to a substantial extent on factors such as companies' investment decisions and the timing of their claims. There will also, under the new arrangements which are planned, be a reduction of expenditure on agricultural price guarantees the cost of

which depends heavily on the level of farm output and on movements in world prices.

6. The figures in the White Paper do not take account of potential future United Kingdom contributions to or receipts from the European Economic Community.

7. Subject to the points in the previous three paragraphs and to the margin provided by the contingency reserve, the totals given in this White Paper for the various programmes are those which the Government have decided upon for the purposes of managing public expenditure up to 1974-75. In general there is scope for greater flexibility the further one looks towards the end of this period.

The pattern of the public expenditure programmes

8. On this basis public expenditure, which in total amounted to £21,316 million in 1969-70 at today's prices⁽¹⁾ will rise to £23,672 million by 1974-75 at those prices. The total for 1974-75 is, as foreshadowed in Cmnd. 4515, over £1,500 million lower than the previous programmes as they stood when the Government took office.

9. The following table shows in broad groups of programmes how the totals are distributed:

Public expenditure by groups of programmes : 1969-70 to 1974-75

TABLE 1.1

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Defence and external relations	2,821	2,771	2,720	2,665	2,704	2,740
Commerce and industry	1,648	1,698	1,669	1,365	1,130	974
Nationalised industries capital expenditure ...	1,446	1,501	1,496	1,546	1,627	1,760
Transport and miscellaneous local services	3,413	3,663	3,768	3,940	4,055	4,163
Social services	7,925	8,393	8,734	8,947	9,168	9,357
Other services	922	1,006	1,027	1,061	1,090	1,118
Debt interest*	2,186	2,103	1,980	1,950	1,890	1,810
Contingency reserve ...	—	—	125	250	375	500
Shortfall	—	-200	-100	-100	-100	-100
Adjustments to 1970-71 outturn prices and relative price effect ...	955	853	840	1,035	1,200	1,350
<i>At 1970-71 outturn prices</i>						
Total	21,316	21,788	22,259	22,659	23,139	23,672
Annual percentage increase in total public expenditure†		2.6	2.0	3.2	2.7	2.6
Average annual percentage increase 1969-70 to 1974-75†						2.6

* The estimates of debt interest rest on certain conventional assumptions (see Appendix B, paragraph 8).

† These annual percentage changes are calculated with expenditure on investment grants excluded.

(¹) 1970-71 estimated outturn prices.

10. It will be seen that, in total, public expenditure would grow, on the assumptions explained above, at an average annual rate of 2.6 per cent over the period 1969-70 to 1974-75. This is rather less than the increase in productive potential which has been taking place in recent years, and compares with the average annual rates of increase of 3 per cent between 1968-69 and 1971-72, and provisionally 3½ per cent for 1972-73 and 1973-74, planned in Cmnd. 4234.

11. There are two particular points to note. First, Table 1.1 is expressed at constant prices except that the social security programme within the social services group is simply a projection of the cash outlay assuming the present levels of benefits. Adjustments are included under "Adjustments to 1970-71 outturn prices and relative price effect" to take account of the effect of price movements on the purchasing power of benefits and the effect of upratings (see Appendix B, paragraph 5), in so far as they restore that purchasing power. If it were decided to go beyond this at any uprating and thus to increase the benefits in real terms, the additional outlay for this purpose would be a charge on the contingency reserve. This procedure is the same as in Cmnd. 4234.

12. Second, the "relative price effect" represents the allowance which needs to be made for the fact that over a forward period of time a series of figures on a conventional constant price basis will in total always understate the amount of national resources which public expenditure will in the event absorb (see Appendix B, paragraphs 9-15). Estimates adjusted in this way give a more accurate forecast of public expenditure claims on the nation's resources; and in some programmes, particularly those which are large users of public sector manpower, the changes are sizeable. A new departure is therefore made in Table 1.2 by presenting broad figures which include this allowance, together with the adjustments to estimated 1970-71 outturn prices, attributed within the limitation of existing data to each of the individual programmes. The agriculture and housing programmes have not been adjusted in this way because, for the reasons explained in Part 2, the effects of the changes in policies announced by the Government on 27 October on the composition of these programmes cannot yet be costed in detail; an allowance for the adjustments to these programmes and to the social security programme (see paragraph 11 above) is included in line 25 of the table. The figures for all the programmes on the conventional constant price basis at 1970 Survey prices, with the adjustments to 1970-71 outturn prices and the relative price effect applied to total expenditure only, are set out in Table 1.3.

**Public expenditure by programme, with adjustments to 1970-71 outturn
prices and relative price effect attributed to individual programmes :
1969-70 to 1974-75**

TABLE 1.2

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	Average annual percentage increase 1970-71 to 1974-75 ⁽¹⁾
<i>At 1970-71 outturn prices</i>							
Defence and external relations:							
1. Defence Budget ...	2,395	2,465	2,435	2,400	2,445	2,475	0.1
2. Other military defence	95	50	50	45	45	55	2.4
3. Overseas aid ...	204	207	213	222	239	256	5.5
4. Other overseas services	135	135	135	140	140	140	0.9
Commerce and industry:							
5. Agriculture, fisheries and forestry ...	373	463	438	410	357	313	-9.3
6. Research Councils, etc.	105	115	121	127	133	138	4.7
7. Trade, industry and employment ...	1,225	1,160	1,145	850	670	545	-7.1 ⁽²⁾
Nationalised industries:							
8. Nationalised industries capital expenditure...	1,500	1,530	1,520	1,560	1,640	1,770	3.7
Transport and miscellaneous local services:							
9. Roads ...	700	790	825	905	965	1,035	7.0
10. Transport ...	250	245	255	255	255	245	—
11. Housing ...	1,072	1,122	1,144	1,168	1,129	1,105	-0.4
12. Miscellaneous local services	835	910	930	995	1,065	1,135	5.7
13. Law and order ...	675	745	805	855	925	985	7.2
14. Arts ...	19	23	27	27	28	30	6.9
Social services:							
15. Education ...	2,615	2,720	2,905	3,040	3,155	3,275	4.8
16. Health and welfare ...	2,055	2,205	2,300	2,410	2,530	2,645	4.7
17. Social security ⁽³⁾ ...	3,537	3,860	4,019	4,076	4,156	4,200	2.1
Other services:							
18. Financial administration	255	250	250	255	260	265	1.5
19. Common services ...	185	220	245	270	295	315	9.4
20. Miscellaneous services	75	90	95	90	90	95	1.4
21. Northern Ireland ...	470	510	520	540	555	570	2.8
22. Debt interest ⁽⁴⁾ ...	2,186	2,103	1,980	1,950	1,890	1,810	-3.7
23. Contingency reserve ...	—	—	125	250	375	500	—
24. Shortfall ...	—	-200	-100	-100	-100	-100	—
25. Price adjustments ...	355	70	-123	-81	-103	-130	—
Total ...	21,316	21,788	22,259	22,659	23,139	23,672	2.6⁽²⁾

See notes to table 1.3.

**Public expenditure by programme, with adjustments to 1970-71 outturn prices
and relative price effect not attributed: 1969-70 to 1974-75**

TABLE 1.3

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	Average annual percentage increase 1970-71 to 1974-75 ⁽¹⁾
<i>At 1970 Survey prices</i>							
Defence and external relations:							
1. Defence Budget ...	2,399	2,387	2,327	2,270	2,290	2,300	-0.9
2. Other military defence	91	48	51	43	45	53	2.5
3. Overseas aid ...	204	207	213	222	239	256	5.5
4. Other overseas services	127	129	129	130	130	131	0.4
Commerce and industry:							
5. Agriculture, fisheries and forestry	373	463	438	410	357	313	-9.3
6. Research Councils, etc.	101	110	115	120	125	129	4.1
7. Trade, industry and employment	1,174	1,125	1,116	835	648	532	-6.9 ⁽²⁾
Nationalised industries:							
8. Nationalised industries capital expenditure...	1,446	1,501	1,496	1,546	1,627	1,760	4.1
Transport and miscellaneous local services:							
9. Roads ...	656	745	774	842	892	945	6.1
10. Transport ...	237	240	249	249	248	239	-0.1
11. Housing ...	1,072	1,122	1,144	1,168	1,129	1,105	-0.4
12. Miscellaneous local services	797	848	849	894	947	993	4.1
13. Law and order ...	633	686	727	762	814	855	5.7
14. Arts ...	18	22	25	25	25	26	4.3
Social services:							
15. Education ...	2,449	2,523	2,653	2,740	2,800	2,871	3.3
16. Health and welfare ...	1,939	2,010	2,062	2,131	2,212	2,286	3.3
17. Social security ⁽³⁾ ...	3,537	3,860	4,019	4,076	4,156	4,200	2.1
Other services:							
18. Financial administration	239	235	231	234	234	236	0.1
19. Common services ...	173	204	223	246	265	282	8.4
20. Miscellaneous services	68	84	87	82	83	86	0.6
21. Northern Ireland ...	442	483	486	499	508	514	1.6
22. Debt interest ⁽⁴⁾ ...	2,186	2,103	1,980	1,950	1,890	1,810	-3.7
23. Contingency reserve ...	—	—	125	250	375	500	
24. Shortfall ...	—	-200	-100	-100	-100	-100	
25. Adjustments to 1970-71 outturn prices and relative price effect	955	853	840	1,035	1,200	1,350	
<i>At 1970-71 outturn prices</i>							
Total ...	21,316	21,788	22,259	22,659	23,139	23,672	2.6 ⁽²⁾

(1) See Appendix B, paragraph 25.

(2) Excluding investment grants.

(3) Includes provision for social security benefits at existing rates of benefits only. See paragraph 11.

(4) The estimates of debt interest rest on certain conventional assumptions. See Appendix B, paragraph 8.

13. The chart opposite illustrates, on its horizontal axis, the relative sizes of the broad groups of programmes set out in this White Paper for the current year. The shaded areas for each block show the average annual changes in the provision made under this White Paper for each group over the period 1970-71 to 1974-75. Thus, the chart demonstrates that the bulk of the increase in public expenditure planned over the next four years will be devoted to the social services (nearly 60 per cent) with transport and miscellaneous local services (mainly those connected with the environment) accounting for most of the remainder.

The estimates for the individual programmes

14. The Government's plans for the distribution of expenditure between the functional programmes reflect the new policies and measures announced on 27 October. Expenditure on the group of programmes which includes defence and external relations will decline over the period as a percentage of total public expenditure. The social services and transport and miscellaneous local services will increase their share of the total from 58 per cent in 1970-71 to 62 per cent in 1974-75. The share devoted to Government assistance to commerce and industry, on the other hand, will fall from 8 per cent to 4 per cent in the same period.

15. The Government's policies involve substantial increases in the programmes for education, health and welfare, roads, miscellaneous local services concerned with the environment, and law and order (see Tables 1.2 and 1.3 above). Subject to the results of the review mentioned in paragraph 4, the capital expenditure of the nationalised industries is also planned to increase, after having been relatively flat since 1968-69 when it declined from a peak in the previous year. There will be a continuing rise in telecommunications investment and resumed growth in investment in electricity after 1971-72.

16. Expenditure on trade, industry and employment falls at an average annual rate of 17.2 per cent between 1970-71 and 1974-75 after allowing for the gross savings on investment grants.* But as Table 1.2 shows, even excluding investment grants throughout, expenditure on trade, industry and employment falls by 7.1 per cent a year. Expenditure on assistance to agriculture will fall as the new system of agricultural levies takes effect. The proposed reform of housing finance will prevent expenditure on subsidies for housing increasing rapidly as it would otherwise have done.

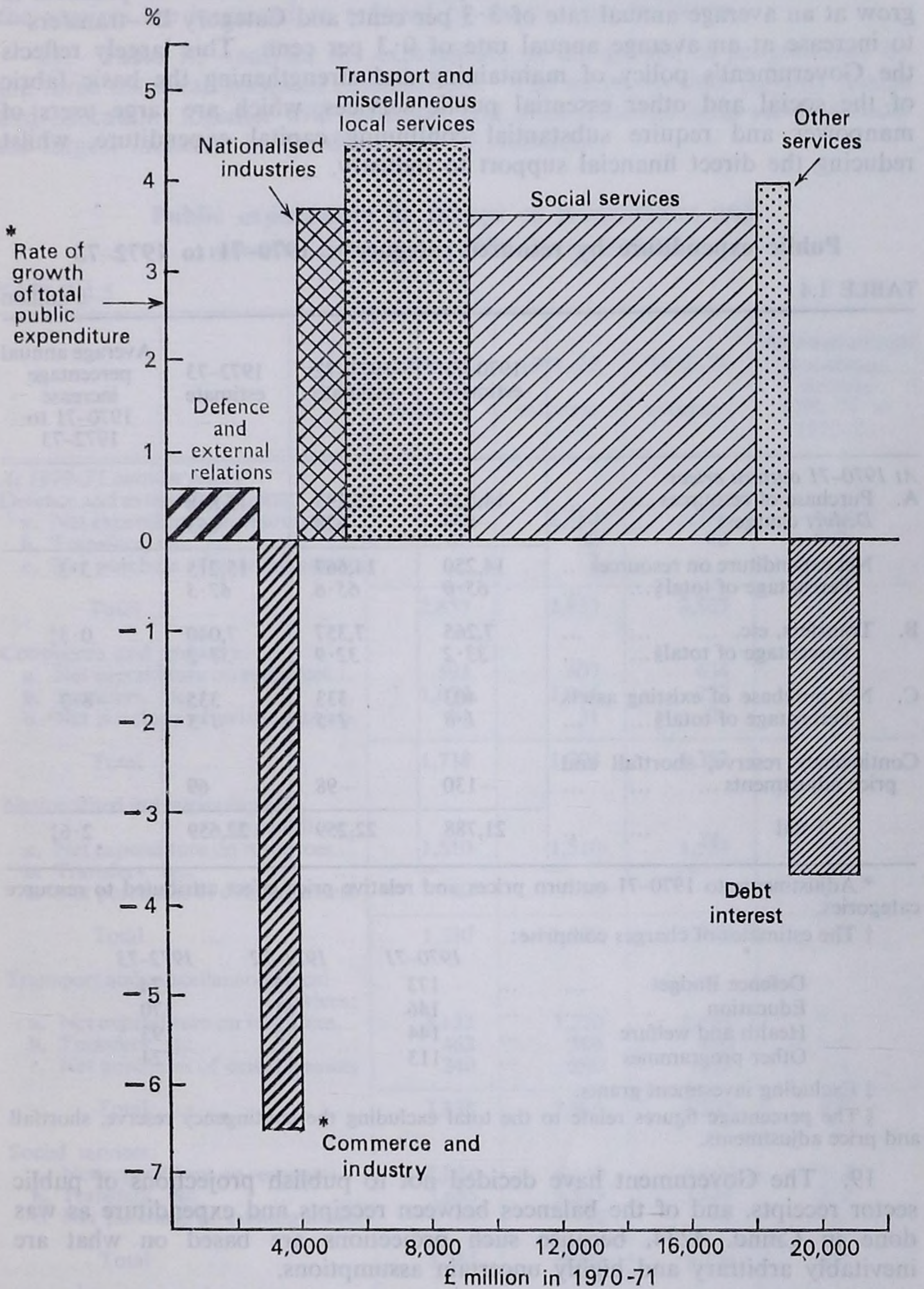
The public sector: demand on resources

17. About two-thirds of all public expenditure represents direct claims by Departments and other public sector bodies on the nation's resources. This includes wages and salaries of staff employed (27 per cent of total public expenditure in 1970-71) and other current expenditure on goods and services (15 per cent), gross domestic fixed capital formation (24 per cent), and certain other items with a similar economic impact. Secondly, about one-third of public expenditure is accounted for by transfer payments. The recipients, not the public spending authority, decide how this money shall be used. Thirdly, a small part of total public expenditure—less than 2 per cent—is spent on purchases of land and other existing assets, where the main effect is on liquidity rather than on demand, at least in the short term.

* See also Table A.7 on page 67.

Chart: Rate of change of public expenditure by groups of programmes with adjustments to 1970-71 outturn prices and relative price effect attributed: 1970-71 to 1974-75

At 1970-71 outturn prices



Source: TABLE 1.2

* Excluding investment grants.

18. Table 1.4 shows how the expenditure of the public sector in these three categories is expected to move up to the end of 1972-73; the absence of complete detail for some of the programmes (see paragraph 5 above) makes it impossible to carry this or more detailed analyses beyond that year. The figures allow for the relative price effect as it arises in each category. Category A—net expenditure on resources—is planned to grow at an average annual rate of 3.3 per cent; and Category B—transfers—to increase at an average annual rate of 0.3 per cent. This largely reflects the Government's policy of maintaining and strengthening the basic fabric of the social and other essential public services, which are large users of manpower and require substantial continuing capital expenditure, whilst reducing the direct financial support to industry.

Public expenditure by resource category* : 1970-71 to 1972-73

TABLE 1.4

£ million

	1970-71 estimate	1971-72 estimate	1972-73 estimate	Average annual percentage increase 1970-71 to 1972-73
<i>At 1970-71 outturn prices</i>				
A. Purchase of resources	14,826	15,295	15,878	
Deduct charges†	-576	-628	-663	
Net expenditure on resources ...	14,250	14,667	15,215	3.3
Percentage of total§	65.0	65.6	67.3	
B. Transfers, etc.	7,265	7,357	7,040	0.3‡
Percentage of total§	33.2	32.9	31.2	
C. Net purchase of existing assets	403	333	335	-8.3
Percentage of total§	1.8	1.5	1.5	
Contingency reserve, shortfall and price adjustments	-130	-98	69	
Total	21,788	22,259	22,659	2.6‡

* Adjustments to 1970-71 outturn prices and relative price effect attributed to resource categories.

† The estimates of charges comprise:

	1970-71	1971-72	1972-73
Defence Budget	173	175	174
Education	146	161	170
Health and welfare	144	175	195
Other programmes	113	117	124

‡ Excluding investment grants.

§ The percentage figures relate to the total excluding the contingency reserve, shortfall and price adjustments.

19. The Government have decided not to publish projections of public sector receipts, and of the balances between receipts and expenditure as was done in Cmnd. 4234, because such projections are based on what are inevitably arbitrary and highly uncertain assumptions.

20. On the other hand, the Government recognise that a presentation of changes brought about by new policies for public expenditure may be misleading unless their consequences for receipts as well as for expenditure

are shown. For this reason, the information which was given for 1971-72 and 1974-75 in terms of expenditure only in the White Paper "New Policies for Public Spending" (Cmnd. 4515) is supplemented by Table A.7 (page 67 below). This shows both the amounts by which expenditure in each category has been reduced by policy decisions, compared with the programmes as they stood when the Government took office; and the amounts by which the receipts are increased or reduced by those same decisions.

21. Table 1.5 analyses the expenditure in the groups of programmes by the three main categories of resource use. The social services (mainly health and education) together with transport and miscellaneous local services show the largest increases in the direct use of resources.

**Public expenditure by groups of programmes and
resource category* : 1970-71 to 1972-73**

TABLE 1.5

£ million

	1970-71 estimate	1971-72 estimate	1972-73 estimate	Average annual percentage increase 1970-71 to 1972-73
<i>At 1970-71 outturn prices</i>				
Defence and external relations:				
a. Net expenditure on resources...	2,811	2,780	2,759	-1.0
b. Transfers, etc.	41	50	48	8.2
c. Net purchase of existing assets	5	3	—	..
Total	2,857	2,833	2,807	-1.0
Commerce and industry:				
a. Net expenditure on resources...	593	607	634	3.4
b. Transfers, etc.	1,074	1,066	727	-9.6†
c. Net purchase of existing assets	71	31	26	..
Total	1,738	1,704	1,387	-4.5†
Nationalised industries capital expenditure:				
a. Net expenditure on resources...	1,510	1,510	1,555	1.5
b. Transfers, etc.	—	—	—	—
c. Net purchases of existing assets	20	10	5	..
Total	1,530	1,520	1,560	1.0
Transport and miscellaneous local services:				
a. Net expenditure on resources...	3,133	3,250	3,465	5.1
b. Transfers, etc.	462	506	490	3.0
c. Net purchases of existing assets	240	230	250	2.1
Total	3,835	3,986	4,205	4.7
Social services:				
a. Net expenditure on resources...	5,055	5,340	5,600	5.2
b. Transfers, etc.	3,685	3,835	3,885	2.7
c. Net purchase of existing assets	45	49	41	..
Total	8,785	9,224	9,526	4.1

* Adjustments to 1970-71 outturn prices and relative price effect attributed to resource categories.

† Excluding investment grants.

TABLE 1.5 (continued)

£ million

	1970-71 estimate	1971-72 estimate	1972-73 estimate	Average annual percentage increase 1970-71 to 1972-73
<i>At 1970-71 outturn prices</i>				
Other services:				
a. Net expenditure on resources...	838	900	942	6.1
b. Transfers, etc.	210	200	200	-2.4
c. Net purchase of existing assets	22	10	13	—
Total	1,070	1,110	1,155	—
Debt interest:†				
a. Net expenditure on resources...	310	280	260	-8.5
b. Transfers, etc.	1,793	1,700	1,690	-2.9
c. Net purchases of existing assets	—	—	—	—
Total	2,103	1,980	1,950	-3.7
Contingency reserve	—	125	250	
Shortfall	-200	-100	-100	
Price adjustments	70	-123	-81	
Total	21,788	22,259	22,659	2.6†

† Excluding investment grants.

‡ Debt interest paid abroad is classified as expenditure on resources, debt interest paid at home as transfers, etc.

The public sector: spending authorities' roles

22. An analysis by spending authority is given for each year 1969-70 to 1972-73 in Tables 3.1 to 3.4 on pages 48-51. These tables distinguish the expenditure of the Government (showing separately that financed from Votes), the expenditure of local authorities, and the capital expenditure of public corporations, including the nationalised industries. Table 3.5 analyses public expenditure as a whole by economic category and this is extended in Table 3.6 on pages 53-56 to give a similar analysis programme by programme. A separate summary of capital expenditure is added in Table 3.7 on pages 57-59, classified by programme and by spending authority. The summary Table 1.6 opposite shows the division between the capital and current expenditure of the spending authorities.

23. The Government expect that savings will be secured in the individual programmes, including those of the local authorities, by increased efficiency. For local authorities' current expenditure, the contribution sought from increased efficiency, on the basis of which the rate support grant determination for England and Wales was made, is £10 million in 1971-72 and £25 million in 1972-73; and corresponding savings are expected in the expenditures of the Scottish local authorities.

24. Current expenditure by the Government will be rising only slightly in the years to 1972-73. Expenditure on investment grants will fall rapidly, but other Government capital expenditure will rise by 4.7 per cent a year, including substantial increases for hospitals, prisons, other Government building and roads. Total Government current and capital expenditure (excluding investment grants) rises by 1.3 per cent a year.

**Public expenditure by spending authority, distinguishing
current and capital expenditure: 1970-71 to 1972-73**

TABLE 1.6

£ million

	1970-71 estimate	1971-72 estimate	1972-73 estimate	Average annual percentage increase 1970-71 to 1972-73
<i>At 1970 Survey prices</i>				
<i>Central Government</i>				
Current	10,465	10,600	10,663	0.9
Capital—				
Including investment grants	1,534	1,627	1,390	-4.8
Excluding investment grants	1,030	1,075	1,129	4.7
<i>Local authorities</i>				
Current	3,472	3,577	3,724	3.5
Capital	1,837	1,909	1,971	3.6
<i>Public corporations</i>				
Capital	1,724	1,701	1,776	1.5
Debt interest... ..	2,103	1,980	1,950	-3.7
Contingency reserve, shortfall, adjustments to 1970-71 outturn prices, and relative price effect	653	865	1,185	
<i>At 1970-71 outturn prices</i>				
Total, including investment grants	21,788	22,259	22,659	2.6*

* Excluding investment grants.

25. Local authorities' expenditure is estimated to increase at an annual rate of 3.5 per cent between 1970-71 and 1972-73. Their current expenditure in 1971-72 is forecast at 3.0 per cent above 1970-71 (the outturn for which year is likely to be close to that implied in the 1968 rate support grant settlement); a further increase of 4.1 per cent is expected in 1972-73. These figures are consistent with those for "relevant" local expenditure adopted in the recent determination of rate support grants for those years, though the statistical coverage and price basis are different. For later years, under the existing arrangements it will not be until 1972 that estimates of current expenditure will be made definitive in discussions between the Government and the local authorities' associations for the next rate support grant determination.

PART 2

Public Expenditure—The Individual Programmes

DEFENCE BUDGET

TABLE 2.1

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i> Defence Budget	2,398·9	2,387·0	2,327·0	2,270·0	2,290	2,300

The figures for the Defence Budget were explained in the Supplementary Statement on Defence Policy 1970 (Cmnd. 4521). This settled firmly the expenditure on the defence programme over the next four financial years. The figures allow for the additional expenditure to be incurred on the United Kingdom military contribution to the Five-Power defence arrangements in South-East Asia, the expansion of the Territorial and Army Volunteer Reserve, and the other measures to improve our defence capability set out in Cmnd. 4521. Detailed information about the Defence Budget for 1971-72 and developments in defence plans will be reported to Parliament in the 1971 Statement on Defence Estimates.

OTHER MILITARY DEFENCE

TABLE 2.2

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Military aid	8·3	5·7	3·0	1·9	2	2
b. Allied services	94·5	96·0	94·2	90·2	90	90
c. United States military aircraft						
(i) Purchases	31·1	10·0	6·4	—	—	—
(ii) Repayments	-43·0	-50·2	-49·6	-49·1	-46	-38
d. Other*	0·2	-13·6	-3·4	-0·4	-1	-1
Total	91·1	47·9	50·6	42·6	45	53

* This includes provision for national accounting adjustments and certain minor items.

a. Military aid

1. This heading covers military technical assistance which provides for courses in the United Kingdom for the service personnel of other countries, the provision of British service training teams on loan or secondment to developing (mainly Commonwealth) countries and a small amount of police training, particularly in South-East Asia. It also covers the cost of capital equipment to a few countries although this type of expenditure is being run down.

b. Allied services

2. Under this heading the main items are accommodation for Ministry of Defence headquarters staff, superannuation for civilian staff and HMSO and COI services (stationery and recruitment publicity).

c. United States military aircraft

3. Final deliveries of aircraft have been completed but payments extend through 1970-71 and 1971-72 to cover support costs and final settlements.⁽¹⁾

OVERSEAS AID

TABLE 2.3

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At outturn prices*</i>						
a. Aid programme	205.0	212.0				
b. Other overseas aid	13.8	17.1				
c. Total overseas economic aid (a + b)	218.8	229.1	245.0	265.0	300	340
d. Special defence aid for Singapore and Malaysia ...	6.6	6.0	6.0	6.0	4	—
e. Total Government expendi- ture on overseas aid	225.4	235.1	251.0	271.0	304	340
f. Other net investment by the Commonwealth Develop- ment Corporation (CDC)†	-2.7	-2.2	-2.3	-0.2	-1	-1
g. Total public expenditure on overseas aid	222.7	232.9	248.7	270.8	303	339

* The reason for using outturn prices is explained in paragraph 1, overleaf.

† Difference between Government loans to the CDC from the aid programme and net investment by the CDC.

⁽¹⁾ The treatment of the payments in respect of these aircraft is as follows:

(a) Progress payments in respect of the purchase and associated research and development costs are included in line c. (i); they constitute the public expenditure cost as defined in the national accounts. The United States Credits from which they are financed are treated as receipts in the national accounts.

(b) Repayments of the Credits are charged to the Defence Budget when they occur; but since to include both these and the progress payments in the total of public expenditure would involve double counting, the former are offset by equal but negative entries in line c. (ii). Similarly payments of interest on the Credits, which are charged to the Defence Budget and are also included within the overall total of debt interest, are offset by a negative entry in line c. (ii).

1. The table above shows overseas aid expenditure in outturn price terms and the figures are gross, *i.e.*, without deduction of amortisation. This is because the aid programme continues to be determined gross and in cash terms. Most of the commitments to overseas countries and international organisations are made in this form and receipts from past aid loans are contractually due irrespective of current decisions on new expenditure.

2. For consistency and comparison with other public sector programmes, however, the overseas aid totals are presented in Part 1 on the same basis as other programmes, at 1970 Survey prices and net of amortisation. The constant price figures are derived from the cash programmes by applying a deflating factor determined in the light of historical trends. The actual allocations for overseas aid will however be the gross cash figures stated above.

3. The Government have announced, in the United Nations and in Parliament, on 23 and 27 October, 1970, that they plan to increase the official aid programme for the next few years, and that they will do their best to reach the UNCTAD 1 per cent target by 1975. They expect that private flows will be able to make a substantial contribution.

4. As indicated in Cmnd. 4515, the aid programme for the years up to 1973-74 is as stated in Cmnd. 4234, and in 1974-75 there will be a further increase of 13 per cent in cash terms to £340 million. Until 1970-71 certain aid items were separately authorised outside the programme, but from 1971-72 all items of economic aid are consolidated into a single economic aid programme.

5. The figures attributed to overseas aid still include the defence component of the special aid to Malaysia and Singapore which is not part of the aid programme. The public expenditure totals also differ from the aid programme totals in the treatment of the Commonwealth Development Corporation (CDC). Whereas the aid programme includes the amount of advances from the Exchequer to the CDC, the public expenditure figures incorporate the net flow of funds from the CDC to overseas countries. There is therefore an adjustment, which may be positive or negative (see line f. in Table 2.3) to take account of the balance of the Corporation's net investment overseas.

OTHER OVERSEAS SERVICES

TABLE 2.4

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Overseas representation ...	61.3	63.8	65.4	66.1	66	66
b. Overseas information ...	30.4	31.5	30.9	31.4	31	31
c. Other external relations ...	35.4	34.1	33.0	32.5	33	34
Total ...	127.1	129.4	129.3	130.0	130	131

1. The expenditure on other overseas services shows no significant change from 1970-71, although it includes allowance for some reductions in the size of the Diplomatic Service. The expenditure is directed to the promotion of British interests overseas. Part of it is governed directly by international commitments.

a. Overseas representation

2. This expenditure comprises the cost of the Foreign and Commonwealth Office (including the Overseas Development Administration) and of the Diplomatic Service and its accommodation and associated expenses in representing British interests internationally.

b. Overseas information

3. This covers three main elements:

(a) British Council expenditure to promote wider knowledge of the United Kingdom and the English language abroad and to foster cultural relations with other countries (another part of the Council's expenditure is included in Table 2.3, Overseas aid).

(b) The cost of the BBC's External Services and associated expenditure involved in British broadcasting directed to other countries.

(c) The cost of information staff at home and abroad and of supporting services of the Central Office of Information and the Stationery Office.

c. Other external relations

4. This expenditure mainly comprises international commitments and subscriptions, including the United Kingdom's assessed contributions to regular budgets of United Nations organisations and of the Organisation for Economic Co-operation and Development, the Council of Europe and the North Atlantic Treaty Organisation (secretariat costs).

AGRICULTURE, FISHERIES AND FORESTRY

TABLE 2.5

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Agricultural support ...	275.5	335.0	303.0	268.0	212	164
b. Other assistance to agriculture	48.7	71.9	76.2	80.2	80	80
c. Fisheries	7.3	10.6	10.3	10.1	10	10
d. Forestry	42.0	45.3	49.0	51.4	55	59
Total*	373.5	462.8	438.5	409.7	357	313

* These figures do not allow for the savings announced in the White Paper "Proposed changes in the work of the Ministry of Agriculture, Fisheries and Food" (Cmnd. 4564).

a. Agricultural support

1. This expenditure covers both that part of agricultural support which takes the form of deficiency payments under price guarantees and also production grants and other subsidies to farmers, together with the associated administrative costs. Because of the special difficulties of

forecasting this expenditure, the convention has been adopted in previous public expenditure White Papers of projecting the cost of agricultural support at the approximate level forecast following the previous Annual Review of Agriculture, without attempting to allow for future variations in market conditions or for the results of future Annual Reviews. It has always been recognised that in practice expenditure might turn out either higher or, as in the case of the current year, lower than the projected figures.

2. The same basic approach has been followed on this occasion, and in general only limited adjustments have been made to the projected figures as they stood following the last Annual Review. However, further adjustments to the figures are appropriate this year in the light of the Government's announced intention of introducing import levies designed to remove or drastically reduce the need for deficiency payments and to produce savings of the order of £150 million by 1974-75. It is intended to make a start in introducing new arrangements in 1971-72, but it is impossible to forecast what effect they will have on expenditure year by year, because the timing and method of implementing the change must necessarily be related to the progress of international negotiations, including the negotiations for joining the EEC. The adjusted projection of the cost of agricultural support therefore assumes, on a quite arbitrary basis, savings of £25 million in 1971-72 from the introduction of the new arrangements, rising to £50 million in 1972-73, £100 million in 1973-74 and £150 million in 1974-75.

b. Other assistance to agriculture

3. Most of the other expenditure by Government departments on agricultural and horticultural services is included here. As with agricultural support, some expenditure has been projected forward on a conventional basis with no detailed forecast of future variations—*e.g.* animal disease compensation, and payments made under the Anglo-Irish Free Trade Agreement. One of these conventional items, provision for stabilisation payments to the bacon curing industry, has been increased in the light of up-to-date information. The other main increases are due to the development of policies under the Agriculture Acts 1967 and 1970, and to the modernisation of wholesale horticultural markets.

c. Fisheries

4. The main expenditure under this heading relates to subsidies for the fishing industry and grants and loans for new vessels and equipment. Future expenditure on these depends on operating results and on the plans for capital investment which may be made by the industry. Neither can be forecast with accuracy. The decrease over the forecast period takes account of reductions in rates of grant following the withdrawal of investment grants.

d. Forestry

5. This item includes both state forestry and grants to the private sector. The figures make no provision for a change in policy. They include an estimate of the increasing value of State-owned forests, taken as equal to the Commission's net cost of forestry operations; this is included as a measure of the change in the value of stocks. The cash requirement shows little change over the five years, at about £15 million a year.

RESEARCH COUNCILS, ETC.

TABLE 2.6

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Research Councils (including Social Science Research Council), etc.	98.0	106.5	111.3	116.3	121	125
b. Agricultural Research, Scotland	2.9	3.1	3.4	3.5	4	4
Total	100.9	109.6	114.7	119.8	125	129

1. Line a. of the above table shows expenditure for which the Secretary of State for Education and Science is responsible and it includes expenditure by the Agricultural, Medical, Natural Environment and Science Research Councils, the Social Science Research Council, the British Museum (Natural History) and grants and services for scientific purposes. The Council for Scientific Policy (CSP) advises the Secretary of State on the allocation of money for this block of work (often referred to as the "Science Budget") except in the case of the Social Science Research Council; but it is intended that the SSRC should in future be more closely associated with the CSP.

2. Line b. of the table shows expenditure for which the Secretary of State for Scotland is responsible. Within the field of agricultural research, a number of institutes in Scotland are financed separately on Scottish Votes, although their programmes of research are co-ordinated with the Agricultural Research Council.

3. The Research Councils encourage and support research in the following main fields: increasing the yield of crops, improving the production of food from animals, fighting disease and improving health, extending knowledge of mineral resources and how to use them, the conservation of nature, extending knowledge of hydrology and freshwater biology, increasing knowledge of conditions in Antarctica and how they affect conditions elsewhere on the earth, exploring and learning how to exploit the sea-bed, the ocean and the air, mapping the extra-terrestrial universe, exploring the laws governing physical matter, improving methods of engineering, extending man's understanding of society and himself, conducting other research in natural sciences and producing highly qualified scientific manpower.

4. The table below shows the allocation of the "Science Budget" up to 1971-72 in greater detail. The Government's decision to close the Documentation Processing Centre of the Department of Education and Science is reflected in the allocation. As announced in Cmnd. 4515 the programme of expenditure on the Research Councils is being reviewed.

	1969-70 provisional outturn	1970-71 estimate	1971-72 allocation
<i>At 1970 Survey prices</i>			
Agricultural Research Council	15.7	16.2	16.8
Medical Research Council... ..	18.5	19.7	20.3
Natural Environment Research Council	12.2	13.9	14.6
Science Research Council	46.4	49.6	51.9
Natural History Museum*	1.2	1.8	1.7
Science: Grants and Services	1.5	1.6	2.2
Documentation Processing Centre	0.2	0.4	—
Social Science Research Council	2.3	3.3	3.8
	98.0	106.5	111.3

* Includes provision for major building

TRADE, INDUSTRY AND EMPLOYMENT

TABLE 2.7

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Department of Trade and Industry:						
General services	99.0	105.2	99.1	97.0	94	91
Promotion of local employment	45.6	48.9	57.3	65.8	70	74
Investment grants	573.4	504.0	552.0	261.0	126	65
Assistance to coal industry	24.8	26.6	17.5	15.0	13	8
Industrial Reorganisation Corporation	30.2	25.0	0.5	-2.5	-7	-4
Other services	27.8	57.7	39.7	37.2	11	30
b. Ministry of Aviation Supply:						
Aircraft projects and assistance	87.3	85.2	80.0	90.1	72	33
Other services (including space projects)	29.8	25.6	23.7	27.5	29	29
c. Department of Employment and other expenditure:						
Employment services	71.2	76.6	78.8	83.1	85	87
Redundancy Fund payments	38.2	42.7	43.5	39.0	39	39
SET—additional payments	28.5	7.0	1.0	0.1	—	—
Regional employment premiums	109.0	106.2	106.2	106.2	106	72
Miscellaneous services	6.3	8.6	8.9	8.2	8	8
Covent Garden Market Authority	3.3	5.7	7.5	7.7	2	—
Total	1,174.4	1,125.0	1,115.7	835.4	648	532

a. Department of Trade and Industry

General services

1. This section covers expenditure on Government Research Establishments and those of the Atomic Energy Authority, other Government research and development, support for industrial technology (e.g. through research associations) and the cost of the Department's administration. The figures allow for decreases in projected expenditure on these items reflecting the decisions set out in Cmnd. 4515.

Promotion of local employment

2. Expenditure on the promotion of local employment comprises loans and grants to firms providing additional employment in the development and intermediate areas, the development of industrial estates and the provision of factories. The figures allow for the extended measures of assistance under the Local Employment Acts detailed in (a) to (c) of paragraph 14 of the White Paper on "Investment Incentives" (Cmnd. 4516).

Investment grants

3. The figures reflect the decision to discontinue investment grants. Residual grant expenditure arising from contracts entered into before 27 October, 1970, will continue for some years but the amount cannot be forecast with precision at this stage; it has been assumed that in 1974-75 it will be £65 million.

Assistance to the coal industry

4. Provision is made for continued assistance to mitigate problems arising from the contraction of the coal industry up to March 1974, though the continuation of the redundancy scheme after March 1972 is subject to review next year.

Industrial Reorganisation Corporation

5. Following the decision to wind up the Industrial Reorganisation Corporation expenditure previously assumed to run at up to £40 million a year is eliminated. For 1971-72 the saving is £10 million higher than was assumed in Cmnd. 4515. The negative figures in later years indicate repayments.

Other services

6. This covers promotion of tourism, exports, etc., and other expenditure including assistance to the shipbuilding industry, existing industrial investment schemes and miscellaneous nuclear expenditure. By 1974-75 the main expenditures will be on loans to British Nuclear Fuels Ltd. and the Radiochemical Centre Ltd. (two new companies to be set up with public sector participation to take on certain trading activities from the Atomic Energy Authority) and on services to promote tourism and exports. These last include expenditure by the British Tourist Authority and the English Tourist Board, and expenditure administered by the Tourist Board on the hotel loans and grants scheme (which is not to be renewed when its existing time limits run out) and on the new limited scheme of assistance to tourism in development areas. It also covers expenditure on trade fairs, on grants to the British National Export Council and on assistance to the National Exhibition Centre and to certain other bodies, principally the Council of Industrial Design and the National Film Finance Corporation.

b. Ministry of Aviation Supply

7. This heading covers expenditure on the development, proving and production of civil aircraft and aero-engines, including the United Kingdom's share of the Concorde project; other assistance to the aircraft industry; and British and international space programmes. It also covers a proportion of the costs of the headquarters and research and development establishments of the Ministry of Aviation Supply, and of aerospace research in industry, the remainder being included in the Defence Budget. No provision is made for civil aircraft or aero-engine projects not already approved; any which may later be approved would be a charge on the contingency reserve.

c. Department of Employment and other expenditure

Employment services

8. Employment services comprise expenditure by the Department of Employment and expenditure by local authorities on services (including the youth employment service) for which the Department makes grants. The larger items of expenditure are departmental administration (including the employment exchanges, Government Training Centres and the Factory Inspectorate), training and rehabilitation schemes, and services for the seriously disabled.

9. The increase over the period to 1974-75 is due mainly to further development of the placing, advisory and industrial training services, including the continued expansion of Government Training Centres to about 14,400 places by the end of 1974-75, and the implementation of the Industrial Relations Bill.

Redundancy Fund payments

10. Payments out of the Redundancy Fund, which is financed by employers' contributions collected through the National Insurance stamp, are administered by the Department of Employment. These payments show a reduction for the years following 1971-72 because increased industrial activity is expected to reduce the incidence of redundancies.

SET additional payments and regional employment premiums

11. Additional payments under the Selective Employment Tax (SET) arrangements and regional employment premiums are paid to qualifying employers in the great majority of cases by the Department of Employment. A relatively small amount is paid by other Departments to nationalised industries in respect of those parts of their undertakings which qualify.

12. SET additional payments were abolished with effect from 1 April, 1970, but because payment is made in arrears some provision is necessary in 1970-71 and, for belated claims, in the two subsequent years. The regional employment premium, which is paid only in respect of manufacturing establishments in development areas will be discontinued from September 1974.

Miscellaneous services

13. This heading includes expenditure by the Highlands and Islands Development Board, the Scottish and Wales Tourist Boards, the Export Credits Guarantee Department and the Development Fund. It also includes grants to the British Productivity Council which, as previously announced by the Government, will be phased out from 1971-72.

NATIONALISED INDUSTRIES CAPITAL EXPENDITURE

TABLE 2.8

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Expenditure on fixed assets						
1. National Coal Board ...	61.2	74.0	75.0	66.0	60	58
2. Electricity Council and Boards	454.0	402.5	357.0	372.0	407	505
3. North of Scotland Hydro- Electric Board	10.5	13.6	13.5	17.0	22	35
4. South of Scotland Elec- tricity Board	62.5	69.5	58.3	59.8	47	42
5. Gas Council and Boards	210.0	231.3	210.0	181.0	189	172
Total (1-5)	798.2	790.9	713.8	695.8	725	812
6. British Steel Corporation	84.0	130.0	185.0	185.0	185	185
7. Post Office	391.2	461.3	504.5	539.0	559	564
8. British Overseas Airways Corporation	46.1	92.8	60.7	76.6	87	106
9. British European Airways	19.2	42.1	59.5	42.9	28	47
10. British Airports Authority	9.3	11.9	15.1	16.2	19	32
Total (8-10)	74.6	146.8	135.3	135.7	134	185
11. British Railways Board ...	78.0	83.1	94.0	100.0	100	100
12. London Transport Board	6.1	—	—	—	—	—
13. British Transport Docks Board	16.2	14.8	13.1	15.5	16	14
14. British Waterways Board	0.7	0.8	0.8	0.9	1	1
15. Transport Holding Company	0.3	0.8	0.9	1.1	—	—
16. National Freight Corporation	30.3	31.5	29.6	29.2	28	28
17. National Bus Company ...	11.8	17.0	17.8	16.5	16	16
18. Scottish Transport Group	3.5	3.4	4.2	4.0	4	3
Total (11-18)	146.9	151.4	160.4	167.2	165	162
Total expenditure on fixed assets	1,494.9	1,680.4	1,699.0	1,722.7	1,768	1,908
Shortfall	—	-150.0	-175.0	-150.0	-150	-150
Total after deduction of shortfall	1,494.9	1,530.4	1,524.0	1,572.7	1,618	1,758
<i>Less: Sales of fixed assets</i>	-44.6	-34.6	-42.5	-39.1	-34	-26
Gross domestic fixed capital formation ...	1,450.3	1,495.8	1,481.5	1,533.6	1,584	1,732
Other capital expenditure	-4.1	5.5	14.5	12.7	43	28
Total	1,446.2	1,501.3	1,496.0	1,546.3	1,627	1,760

1. The capital expenditure of nationalised industries is expected to continue at much the same level up to 1971-72 but to show an upward trend thereafter. The programmes of the industries, which are designed to meet demand for the industries' products and services in the most efficient way, have been reviewed and as a result nationalised industries'

investment in aggregate is now forecast to be below the corresponding estimates in Cmnd. 4234 (after taking account of changes in coverage and revaluation). The individual programmes shown in Table 2.8, which are described in more detail below, assume the continuation of the present degree of involvement of the State in nationalised industries.

Fuel

2. Fixed investment by the fuel industries is expected to decline until 1973-74.

3. Fixed investment by the National Coal Board on main stream activity is forecast to run at a steady level throughout the period. Table 2.8 includes other investment by the Board which covers ancillary and diversified activities, *e.g.* North Sea gas investment. These aspects of the Board's operations are to be the subject of a detailed review.

4. Investment by the electricity supply industry in Great Britain depends largely on the rate of growth of demand. The forecasts in Table 2.8 assume the continuation of the generating boards' planning margin (17 per cent), and the forecasts allow for ordering up to four stations in 1971. The timing and number of orders in 1971 and later years depend upon demand forecasts, the appropriate planning margin, and, to a lesser extent, fuelling and reactor system considerations.

5. The gas programme reflects the continued growth of the natural gas system, to take full advantage of the availability of North Sea gas. The peak of expenditure on the distribution system is expected in 1970-71, while spending on the conversion of appliances should reach a peak in 1971-72.

Steel

6. The British Steel Corporation will need relatively heavy capital expenditure over the next few years on replacement and modernisation of plant and expansion of capacity for home and export markets. The estimates in Table 2.8 show a steep rise up to 1971-72, as the Corporation's programme gets under way.

Post Office

7. The telecommunications programme accounts for the bulk of Post Office capital expenditure. It caters for the increasing demand for telecommunications services, both inland and overseas, and provides for modernisation and for improvement of the quality of service, as well as for growth of traffic and provision of services to new customers. It provides for the extension of subscriber trunk dialling to all customers. Investment in posts includes expenditure on the mechanisation of the postal services and the programme of replacement of uneconomic buildings.

Airways and airports

8. The programmes of the British Overseas Airways Corporation and British European Airways are based mainly on purchases of aircraft for the replacement and expansion of their fleets. That of the British Airports Authority will need to be revised when decisions are taken on the Third London Airport.

Surface transport

9. The British Railways Board (BRB) have just submitted their first Corporate Plan; the forecasts of their expenditure for 1972-73 and subsequent years shown in Table 2.8 are therefore provisional. Responsibility for London Transport was transferred to the Greater London Council on 1 January, 1970, and expenditure on the Board after that date is shown under "Other passenger transport" in Table 2.10. The programme of the British Transport Docks Board is determined by the forecast level of demand for new ports facilities mainly at the Humber, South Wales and Southampton. That for the British Waterways Board provides for the replacement of craft and for warehousing facilities. Investment by the Transport Holding Company is nearly all in Thomas Cook and Sons Limited. The expenditure of the National Freight Corporation is mainly on vehicles for their road haulage subsidiaries and for National Carriers Limited (formerly BRB's freight sundries division). Provision has also been made for Freightliners Ltd. Investment in the replacement of buses accounts for most of the programmes of the National Bus Company and of the Scottish Transport Group, with the latter also investing in modernisation of their shipping fleet and piers.

Shortfall

10. For the nationalised industries as a whole experience shows, particularly in recent years, that capital expenditure tends to fall short of the approved figure. For the purpose of forecasting total investment, therefore, deductions (shown as "shortfall") have been made from the aggregate expenditure on fixed assets by the individual industries given in Table 2.8.

ROADS

TABLE 2.9 £ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
New construction and improvements:						
Major roads	360.6	421.5	429.3	473.1		
Other roads	46.9	43.1	44.2	46.9		
Other expenditure (including lighting)	21.9	22.2	24.9	27.1		
Total	429.4	486.8	498.4	547.1	592	627
Maintenance:						
Major roads	54.8	63.9	70.2	76.6		
Other roads	104.2	116.6	122.9	131.5		
Other expenditure (including lighting)	23.4	21.9	22.6	23.5		
Total	182.4	202.4	215.7	231.6	244	260
Administration:						
Central government administration	4.4	4.4	4.8	4.8	} 56	58
Local authority administration	32.0	43.5	46.6	49.8		
Selective Employment Tax paid by local authorities	8.1	8.3	8.5	8.6		
Total	656.3	745.4	774.0	841.9	892	945

1. Table 2.9 covers expenditure by the Government and by local authorities. The Government wholly finance the construction, improvement, maintenance and lighting of trunk roads (motorways and all-purpose roads) and make specific grants (normally 75 per cent) towards the cost of constructing and improving principal roads including lighting. All other expenditure (including maintenance of principal and non-principal roads, as well as improvement of non-principal roads) is a local responsibility.

2. The figures allow for a steadily increasing rate of expenditure on the improvement of the country's main road system, including motorways and trunk roads, as well as the principal road system mainly in urban areas. Within these figures the reductions in the rate of increase which were announced in Cmnd. 4515 amounted to £5 million in 1971-72 rising to £25 million in 1974-75. No part of the reduction in 1971-72 will fall on major roads capital expenditure, but progressive reductions (mainly on principal roads) are being made in subsequent years, rising to £20 million in 1974-75. The rest of the reductions will fall on other local authority capital expenditure. On maintenance expenditure some allowance has been made for an increase to reflect the recommendations of the Committee on Highway Maintenance (the Marshall Committee).

3. Arising from proposals in Cmnd. 4516, an additional provision for roads, rising to £3.5 million a year in 1974-75, has been made under the Local Employment Acts.

4. Local authority expenditure continues to increase and the figures reflect the levels of expenditure in 1971-72 and 1972-73 on which the rate support grant settlement was based.

TRANSPORT

TABLE 2.10

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Department of the Environment, Scottish Development Department and Welsh Office:						
a. Support to nationalised industries	118.3	93.5	84.9	70.4	62	54
b. Other surface transport:						
Ports	33.8	36.1	37.9	36.2	} 152	157
Bus fuel grants	20.4	20.8	21.3	21.3		
Rural bus and ferry services	0.2	0.6	2.1	3.3		
Infrastructure expenditure	10.2	10.0	14.6	24.0		
Other passenger transport	16.0	37.7	38.5	41.9		
Miscellaneous transport services	4.2	5.0	7.6	8.5		
Departmental administration	11.8	11.7	12.2	12.5		
Total	214.9	215.4	219.1	218.1	214	211
Department of Trade and Industry:						
c. Civil aviation services ...	25.4	31.4	33.7	35.5	} 34	28
d. Shipping services	-3.2	-6.5	-4.0	-4.3		
Total	237.1	240.3	248.8	249.3	248	239

1. This block of expenditure includes support to nationalised industries and to other branches of surface transport chiefly by grant for specific services.

a. Support to nationalised transport industries

2. Under the Transport Act 1968 grants are made to the British Railways Board (BRB) for passenger services which are judged to be socially and economically necessary but which the Board would otherwise close. In 1970-71 they are estimated to be £62.5 million. The decision to withdraw the grant to the London network has led to a saving of £10 million in 1971-72 and of £15 million a year thereafter. Under the same Act the BRB are paid grants to enable them to eliminate surplus track and signalling capacity which is at present a burden on their operating account. These will be worth £12 million in 1970-71 and will be progressively reduced up to 1973-74, after which they will cease.

3. Under the Transport Act 1968 grants are also paid to the National Freight Corporation (NFC) in respect of the deficit on their subsidiary, National Carriers Ltd. (NCL), which they took over from the BRB. In 1970-71 the grants will be £12.4 million but to give the NFC an incentive to improve NCL's performance they will taper off and will cease after 1973-74.

4. Responsibility for London Transport was transferred to the Greater London Council on 1 January, 1970. There is a small payment in 1970-71 in respect of the London Transport Board's revenue deficit for 1969.

5. The provision also includes expenditure for essential maintenance of waterways and for subsidies to the Scottish Transport Group, mainly in respect of losses on Western Highlands and Islands shipping services.

b. Other surface transport

Ports

6. The estimates cover investment by public trust and local authority ports.

Bus fuel grants

7. The estimates reflect the cost of refunding to operators of bus stage services increases of fuel duty since 1964.

Rural bus and ferry services

8. Local authorities may contribute towards the cost of rural bus and ferry services throughout Great Britain under Section 34 of the Transport Act 1968. These contributions normally qualify for a 50 per cent grant from the Government. Expenditure has been small in 1969-70 and 1970-71 but is expected now to increase.

Infrastructure expenditure

9. The provision for infrastructure covers gross expenditure (including central Government grant) by local authorities and nationalised industries on measures designed to assist public transport in commuter areas. There could be some variation in the timing of expenditure, depending very much on the starting date of major rail schemes. Savings of £8.5 million in

1971-72 rising to £20 million in 1974-75 will result from the decision announced by the Chancellor of the Exchequer on 27 October to apply more stringent criteria to new transport infrastructure schemes in cities.

Other passenger transport

10. The investment programme of London Transport is primarily a matter for the GLC. Expenditure qualifying for infrastructure grant is excluded. Provision is included for the cost of an underground link with Heathrow Airport. The remaining provision includes estimated expenditure on the purchase of new buses by local authorities and Passenger Transport Executives. Most of this expenditure qualifies for a 25 per cent grant.

Miscellaneous transport services

11. The main items are road safety and research. Road safety measures as envisaged in the White Paper "Road Safety—A Fresh Approach" (Cmnd. 3339) are being encouraged following a circular to local authorities in April 1969. Provision is also made for an expanded research programme. This category also includes provision for Departments' contributions to establishing a proposed new Transport and Environment Centre, as well as assistance to the British Railways Board for a research and development programme being undertaken at the Railway Technical Centre, Derby.

c. Civil aviation services

12. This covers expenditure at aerodromes operated by the Department of Trade and Industry and on air navigation and miscellaneous services provided by the Department. It also includes capital expenditure by local authorities at municipal aerodromes.

d. Shipping services

13. This covers Department of Trade and Industry expenditure on shipping services, and net loans to the shipping industry. Repayment of loans produces the negative figures in the table.

HOUSING

TABLE 2.11

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i> Housing	1,071.8	1,122.2	1,144.4	1,167.5	1,129	1,105

1. Housing finance is undergoing a major reform and while the main lines of the Government's policy on local authority rents, slum clearance, the refashioning of the subsidy system and rent rebates have been published the details of the reforms have yet to be fully discussed with local authority associations and other interested parties. In compiling the figures in the table above some allowance has been made for the effects of the changes proposed

by the Government, but until the full details of these are worked out the figures must be regarded as provisional. It is particularly difficult to forecast what the cost of rebates will be. Moreover, whilst the allowance for the policy changes has, for convenience, been entered solely in this block of expenditure some of the effects may arise in the social security programme.

2. The proposed changes in housing finance have implications mainly for expenditure on subsidies and the figures in the table reflect this. Subsidies will be concentrated on those who need them, particularly by way of rent rebates and rent allowances. Subsidies will also be channelled towards those local authorities with problems of slum clearance and high building costs so that these problems may be tackled more effectively than in the past.

3. The main element in the figures, however, is capital expenditure on public sector housing by local authorities, new town authorities and the Scottish Special Housing Association. There is still an urgent need for new construction to replace slums, to relieve overcrowding and to overcome local shortages.

4. The Government has stated its intention to continue the major drive for rehabilitation involving the payment of improvement grants to both the public and private sectors.

5. Local authority lending is important in the promotion of home ownership and house improvements and the Government will keep the question of further provision under continuous review. The Housing Corporation and local authority assisted housing associations are also being encouraged to increase their activity.

MISCELLANEOUS LOCAL SERVICES

TABLE 2.12

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i> ...						
Capital Expenditure:						
Public health and avoid- ance of pollution ...	227.2	250.8	268.8	285.3	} 463	492
Improvement of the environ- ment and local facilities	117.7	120.8	115.2	122.9		
New towns' industrial and commercial development, etc.	25.0	30.2	29.1	32.8		
Current expenditure:						
All services	427.2	446.0	435.6	453.3	484	501
Total	797.1	847.8	848.7	894.3	947	993

1. The heading "Miscellaneous local services" covers a wide variety of services, mostly the responsibility of local authorities, which fall into the three groups shown under "Capital expenditure" in the table above.

2. The first group of services is concerned with public health and the reduction or removal of pollution. It includes water supply, sewerage and refuse disposal, miscellaneous public health and clean air policy. The increase in expenditure is considerable and is a corollary to industrial growth, to the increase in population, and to the improvement of living standards. As the demand for water, sewerage, and refuse disposal increases, the technical problems also increase and provision becomes more costly.

3. The second group comprises a wide variety of services for improving amenities and the environment, such as the redevelopment of central urban areas, the reclamation of derelict land, the provision of swimming pools, playing fields, the facilities in country parks, as well as town and country planning and general administrative services. The figures incorporate part of the £10 million reduction mentioned in paragraph 16 of Cmnd. 4515, much of which it is hoped can be achieved by encouraging private rather than public investment for industrial and commercial development. Provision is made, mainly in the later years, for the Thames flood barrier and associated works, the construction of which is expected to extend beyond 1974-75.

4. The third group comprises direct expenditure by New Town development corporations, mainly on industrial and commercial development, which is also to be increasingly financed by the private sector. Other public expenditure on new towns is shown elsewhere. That on water and sewerage is in the first group of services in the table above, and for roads and housing the expenditure is included in the appropriate main programme.

5. The figures which are included in the first two groups in the table above in respect of capital expenditure by local authorities in England and Wales, are prepared as though the existing system of loan sanction controls over individual projects were to continue. Under the arrangements set out in circular 2/70 of the Department of the Environment (116/70 Welsh Office) control in detail over many local authorities' capital projects will cease from 1 April, 1971, and individual authorities will have freedom to determine locally their own order of priorities within a total capital expenditure allocation. This may ultimately result in a different pattern of expenditure on the services covered by these arrangements, including services in this block.

6. The current expenditure figures for 1971-72 and 1972-73 are based on the forecasts arrived at with the local authority associations in the course of the rate support grant settlements. In general they reflect priorities similar to those applying to capital expenditure. For the two later years the figures show the effect of continuing, broadly, the rates of growth implied in local authority expenditure over the past few years. The actual expenditure in those years will depend on the expenditure decisions of individual authorities in the light of the rate support grant as it is settled in 1972.

LAW AND ORDER

TABLE 2.13

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Capital expenditure:						
Home Departments' services						
(i) Police	20.5	28.5	32.5	31.7	35	36
(ii) Prisons	10.5	11.6	14.1	21.0	26	29
(iii) Probation and after care	0.4	0.4	0.4	0.4	1	1
(iv) Child care	3.5	4.5	5.4	5.9	6	6
(v) Social work, Scotland ...	1.7	2.0	2.9	3.3	3	3
(vi) Fire services	8.0	11.2	12.0	11.5	12	12
(vii) Other services	2.0	5.5	2.9	3.1	3	3
Total	46.6	63.7	70.2	76.9	86	90
Law Courts, etc.	5.8	7.7	10.1	11.6	14	15
Total (capital expenditure) ...	52.4	71.4	80.3	88.5	100	105
Current expenditure:						
Home Departments' services						
(i) Police	282.5	297.2	309.8	318.6	342	357
(ii) Prisons	42.6	46.6	51.5	54.1	57	59
(iii) Probation and after care	10.5	11.6	12.2	13.8	15	16
(iv) Child care	58.0	60.0	63.3	66.5	70	74
(v) Social work, Scotland ...	17.7	18.5	20.2	21.4	22	24
(vi) Fire services	61.9	62.9	65.0	66.5	68	69
(vii) Other services	5.3	7.4	10.1	11.8	13	14
(viii) Departmental administration	11.4	12.7	13.8	14.9	16	17
Total	489.9	516.9	545.9	567.6	603	630
Law Courts, etc.	36.7	39.7	42.0	44.5	45	52
Legal aid	14.8	16.2	17.9	19.7	23	25
Parliament and the Privy Council	6.9	7.4	7.6	7.8	8	8
Parliamentary election expenses	0.3	2.1	0.3	0.2	—	—
Selective employment tax paid by local authorities ...	31.9	32.5	33.2	33.8	35	35
Total (current expenditure) ...	580.5	614.8	646.9	673.6	714	750
Total	632.9	686.2	727.2	762.1	814	855

1. The law and order programme covers expenditure by the Government and local authorities. It includes the cost of the Home Departments, the Legal Departments, the Houses of Parliament and the Privy Council. Most of the expenditure is incurred by local authorities on services to which the Government contribute through specific grants or rate support grant.

Police

2. Continuing increases in police and civilian strengths (including traffic wardens) are forecast.

Prisons

3. At the beginning of 1970-71 the prison population was about 43,500. The population is expected to increase at a faster rate over the Survey period than was previously assumed. The forecasts allow for an increasing provision for the prison building programme.

Probation and after-care (England and Wales)

4. The forecasts provide for the increased expansion of this service in order to relieve some of the pressure on the prison service.

Child care (England and Wales)

5. The forecasts provide for the implementation of the Children and Young Persons Act 1969 and the new system of community homes for children needing care in residential establishments, and the necessary growth of the child care service.

Social work (Scotland)

6. The forecasts take account of the additions announced in Cmnd. 4515 for the further development of social work services, particularly for the elderly and mentally handicapped. Some increase in expenditure is also attributable to the further implementation of the Social Work (Scotland) Act 1968.

7. In future White Papers child care (England and Wales) and social work (Scotland) will be included in a programme called Health and personal social services (see footnote—page 37).

Fire services

8. The forecasts provide for expansion resulting from the recommendations of the Departmental Committee on the Fire Service and from additional work on fire prevention.

Law courts and legal aid

9. The forecasts assume that the work of the courts and the number of both civil and criminal cases in which legal aid is granted will continue to rise.

Other services

10. The main services on which a continuing increase in expenditure is forecast are the urban programme of aid for areas of special social need, and the criminal injuries compensation scheme.

ARTS

TABLE 2.14

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
National Museums, Galleries and Libraries*						
Staff, administration, etc. ...	7.3	8.0	8.7	8.4	9	10
Annual purchase grants† ...	1.5	2.2	2.2	2.2	2	2
Total‡ ...	8.8	10.2	10.9	10.6	11	12
Other Arts expenditure:						
Arts Council, British Film Institute and other grants§ ...	9.1	10.1	12.2	12.2	13	14
National Theatre, South Bank ...	0.6	1.4	1.8	1.8	1	—
Total ...	9.7	11.5	14.0	14.0	14	14
Grand Total ...	18.5	21.7	24.9	24.6	25	26

* This includes the National Central Library and excludes the British Museum (Natural History) and Geological Museum which are included in Table 2.6.

† These figures are in money terms and not at constant prices.

‡ Expenditure relating to England and Scotland on new buildings, maintenance and running expenses, stationery, superannuation, etc. is included under the heading Common Services in Table 2.19.

§ This includes grants to the British Institute of Recorded Sound, the Royal Geographical Society, the Scottish Film Council, the Royal Scottish Geographical Society and assistance to local museums in carrying out co-operative schemes, together with provision for capital expenditure, which are all in money terms.

1. The figures in the above table exclude expenditure by local authorities, except for the Greater London Council's contribution to the National Theatre.

2. The provision for the national museums, galleries and libraries allows for the maintenance of, and additions to, the collections and takes account of the revenue from charges which, as already announced, will take full effect in 1972-73.

3. The grant to the Arts Council, which includes provision for the Scottish and Welsh Arts Councils, is intended to foster the creative arts generally and to stimulate artistic activity in the regions.

EDUCATION

TABLE 2.15

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Capital expenditure:						
Schools	223.5	229.0	274.5	267.3	236	193
Further education	54.3	56.7	59.1	55.2	49	52
Teacher training	8.4	8.3	8.5	6.5	5	4
Universities	75.4	77.5	74.9	77.8	82	92
Youth service, etc.	7.7	8.2	9.2	9.4	10	10
Local libraries	6.9	7.2	8.4	8.7	9	9
Total (capital expenditure) ...	376.2	386.9	434.6	424.9	391	360
Current expenditure:						
Schools						
Primary	461.7	472.3	502.0	523.3	532	536
Secondary	518.1	535.9	571.2	602.2	657	700
Other	133.9	138.0	141.9	146.2	152	158
Further education	249.7	261.2	270.6	283.0	280	286
Teacher training	103.7	108.4	111.1	114.1	118	121
Universities	251.7	263.9	280.8	299.3	323	355
Youth service, etc.	19.9	20.8	21.3	22.4	23	24
Meals and milk	105.6	100.0	78.0	74.5	67	67
Other education	5.1	5.5	6.0	6.5	6	6
Administration	76.1	78.8	82.4	85.7	89	91
Local libraries	54.2	56.8	56.9	59.2	62	65
SET paid by local authorities	92.7	94.5	96.4	98.4	100	102
Total (current expenditure) ...	2,072.4	2,136.1	2,218.6	2,314.8	2,409	2,511
Total	2,448.6	2,523.0	2,653.2	2,739.7	2,800	2,871

1. Expenditure on education and local library services throughout Great Britain (as shown in Table 1.2) is planned to increase over the period from 12.3 per cent to 13.8 per cent of total public expenditure. The figures take account of the decisions on educational expenditure announced in Cmnd. 4515.

2. The growth in expenditure is determined largely by the growth in numbers of pupils, students and teachers. The total of primary pupils is expected to increase by just over 3 per cent between 1969-70 and 1974-75, from 5.56 million to 5.74 million after reaching 5.81 million in 1972-73. By contrast, the total of secondary pupils is expected to increase by about 27 per cent from 3.35 million to 4.27 million as a result of larger age groups and the raising of the school leaving age in 1972-73. The combined increase in primary and secondary numbers is forecast at about 12 per cent, compared with teacher numbers which are expected to rise by about 24 per cent from 391,000 to 484,000, thus bringing the number of pupils per teacher down from about 23 in 1969-70 to 21 in 1974-75.

3. In higher education, the forecasts assume growth of university student numbers at broadly the same rate as in recent years, but further education student numbers (full-time equivalents) will rise by 10 per cent by 1972-73 and then ease off for two years when the 15-year-olds stay on at school, after the leaving age is raised, instead of moving to further education. The number of students training to be teachers is assumed to increase by over 11 per cent.

4. Building programmes beyond 1972-73 have not yet been finally determined. In the schools, as well as making the normal provision for the growing numbers, the programmes up to 1972-73 will include provision for the additional secondary pupils staying on at school when the leaving age is raised. It is also the Government's intention to proceed as rapidly as possible with the replacement and improvement of old primary school buildings. A start will be made in 1972-73 with the increased programme of starts for improvements totalling £44 million, as announced in Cmnd. 4515.

5. Higher education building programmes, as well as providing for the assumed increase in student numbers, will also include margins for the replacement of obsolete buildings and for additional residential and social accommodation in further education and teacher training establishments and universities. From 1 April, 1971, the capital programmes for the youth service and for local libraries in England and Wales will be within the discretion of local authorities, subject to overall expenditure limits, and the forecasts of expenditure are subject to variation accordingly.

6. The rise in current expenditure, as well as keeping pace with increasing numbers of pupils and students, will allow for better staffing standards in schools as larger numbers of teachers are employed and for a significant improvement in the level of non-teaching expenditure in schools and further education establishments.

HEALTH AND WELFARE*

TABLE 2.16

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Capital expenditure:						
Hospitals	129.1	139.8	159.3	172.8		
Family practitioner services	0.1	0.6	0.2	0.1		
Community health and welfare services	38.5	38.0	46.6	52.0		
Other central services and grants, departmental administration	3.9	4.0	4.2	4.1		
Total (capital expenditure)	171.6	182.4	210.3	229.0	234	236
Current expenditure:						
Hospitals	1,032.4	1,075.9	1,119.7	1,162.3		
Family practitioner services	425.6	438.5	424.7	418.0		
Community health and welfare services	221.0	221.2	239.1	255.6		
Welfare foods	41.1	41.4	15.3	10.5		
Other central services and grants, departmental administration	31.1	34.1	36.4	38.7		
Selective employment tax paid by local authorities	15.7	16.0	16.3	16.6		
Total (current expenditure)	1,766.9	1,827.1	1,851.5	1,901.7	1,978	2,050
Total	1,938.5	2,009.5	2,061.8	2,130.7	2,212	2,286

* In future this programme will include child care in England and Wales, and social work in Scotland, and its title will be changed to Health and Personal Social Services.

1. In 1971-72 and subsequent years the net cost of the health and welfare programme, in public expenditure terms, has been reduced by the increased charges and the abolition of cheap welfare milk announced in Cmnd. 4515. The provision for gross expenditure is however little affected by the charges, and is expected to be £2,222 million in 1971-72, rising to £2,471 million in 1974-75, excluding the relative price effect. This allows for an addition in 1971-72 of £20 million and in 1972-73 and subsequent years of £30 million from the planned provision of an extra £110 million over the next four years, also announced in Cmnd. 4515. This addition enables total provision for the hospital services and the community health and welfare services to increase at constant prices in 1971-72 by 5.2 per cent and 9.7 per cent respectively.

2. In 1971-72, 62.1 per cent of the expenditure is on hospitals, 20.6 per cent on the family practitioner services, 14.6 per cent on community health and welfare services and 2.7 per cent on welfare foods and other services. It is envisaged that these proportions will gradually change in favour of the community health and welfare services as the policy develops of providing care in the community where this is more appropriate than hospital care. Detailed allocations of expenditure to particular services have not yet been made for 1973-74 or 1974-75.

Hospital services

3. The objectives for the hospital service are to continue the modernisation and replacement of hospitals and the normal developments of the services—improved treatment and diagnostic facilities, the relief of staff shortages and improved education and training of staff. Particular regard will be paid to the mentally handicapped, the mentally ill and the elderly. Care will be taken that hospital building and other plans are consistent with and complementary to those of local authorities. Allocations of funds to hospital authorities will be designed progressively to reduce the disparities between the resources available to different regions. There will be close attention to a more rapid introduction of productivity pay schemes, more effective management and control of building and engineering maintenance, improvements in nurse staffing, postgraduate medical education and other staff training.

Family practitioner services

4. This heading covers general practitioner, pharmaceutical, dental and ophthalmic services provided under the National Health Service. Net expenditure shows a reduction because of the increased charges. But the gross cost is expected to continue to increase because of a small rise in the numbers of doctors and dentists and the development of more expensive drugs.

Community health and welfare services

5. It is envisaged that these local authority services will continue to develop, in part to provide care in the community instead of in hospital where this is appropriate. It is proposed to give particular emphasis to meeting the needs of the mentally handicapped, the mentally ill and the elderly. Other services which are expected to develop are family planning, nursing and other domiciliary services, day care of young children and services for the physically handicapped.

SOCIAL SECURITY

TABLE 2.17

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970-71 outturn prices*</i>						
National Insurance:						
Retirement pensions ...	1,626.9	1,781.0	1,833.0	1,882.0	1,928	1,961
Sickness benefit ...	385.4	418.0	420.0	431.0	430	431
Unemployment benefit ...	127.1	160.0	159.0	133.0	133	134
Other national insurance benefits	212.6	231.0	244.0	244.0	242	242
Industrial Injuries benefits ...	105.6	113.0	111.0	112.0	113	113
War pensions ...	124.6	128.9	124.4	120.9	117	114
Supplementary benefits ...	471.3	529.0	604.5	607.8	628	641
Old persons' pensions ...	—	8.5	18.0	20.0	17	14
Family income supplement ...	—	—	3.0	7.0	7	7
Attendance allowance ...	—	—	3.0	10.0	10	10
Family allowances ...	339.2	341.0	344.0	347.0	358	362
Administration ...	144.7	149.8	154.7	161.8	173	171
Total ...	3,537.4	3,860.2	4,018.6	4,076.5	4,156	4,200

* See Appendix B, paragraph 5.

1. The schemes of social security cash benefits make up the largest of the public expenditure programmes. National insurance and industrial injuries benefits account for over two-thirds of total expenditure on the social security programme, retirement pensions being the main item. The balance is made up by the non-contributory schemes and administration.

2. Table 2.17 above shows on the basis of existing benefit levels the estimated distribution of expenditure between the various benefits up to and including 1974-75.

Demographic factors

3. At present there are 7.4 million retirement pensioners; by the end of 1973, because of increasing numbers of old people and because of a continuing trend towards earlier retirement as well as lighter mortality, there are expected to be 8 million. The tendency for the numbers of sickness benefit claims to increase means that the cost of this benefit is rising. The combined effect of these and other demographic factors is to produce a substantial increase in the future cost of social security benefits, even apart from changes in the levels of benefit.

Increases and improvements

4. The Government has already introduced two new benefits, the cost of which is included in Table 2.17. The first, which came into force in November 1970, is the pension for persons who were too old to join the national insurance scheme in 1948 (which the Government proposes to extend later this year to all persons over 80). The second, which is due to start in August 1971, is the family income supplement for families where the breadwinner is in full time work but on low wages. The Government has also carried through proposals for scaled down pensions for widows under 50 and the attendance allowance for the very severely disabled; these benefits

are now due to start in April 1971 and December 1971 respectively. In accordance with Government policy, these benefits will extend special help to classes of people who most need it.

5. Following the established convention, the figures for social security do not reflect changes which may take place in the schemes in the future but which have not yet been announced. Improvements in the level of social security benefits, unlike changes in other programmes, can be brought into effect within a few months of a decision. The figures project only the cost of benefits at their present level. They show how the cost of social security will rise even without any further changes in the schemes or in the rates of benefit.

6. Increased expenditure on social security benefits has to be paid for by contributions and taxation, and the pace of advance must depend on the progress of the country's economy. Nevertheless, the Government intends to review retirement pensions and related benefits every two years, starting this year, to ensure that they maintain at least their purchasing power, and that pensioners' living standards are properly protected.

FINANCIAL ADMINISTRATION

TABLE 2.18 £ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Tax and rate collection ...	179.5	184.9	186.9	189.9	192	193
b. Royal Mint (including decimalisation, etc.) ...	15.8	8.4	2.0	3.4	2	2
c. Post-war credits ...	18.5	18.5	17.5	16.5	15	16
d. Other financial administration, etc.	24.9	23.5	24.3	24.6	25	25
Total ...	238.7	235.3	230.7	234.4	234	236

a. Tax and rate collection

1. More than half of the total is for the Inland Revenue, with smaller sums for Customs and Excise, the Department of the Environment, the Department of Health and Social Security and local authorities. There are small increases in most fields, mainly on account of the estimated growth of existing work, and the progress of automation which will eventually yield savings.

b. Royal Mint

2. The estimates for the Royal Mint cover the cost of normal requirements of coin. That for 1970-71 also includes provision for the completion of the major part of the new coinage requirement for decimalisation, and that for 1972-73 includes an estimate of the cost of the plant necessary to complete the move of the Royal Mint from Tower Hill to Llantrisant. Estimated building costs for the completion of the new Mint are included in the Accommodation (Home) figures in Table 2.19.

c. Post-war credits

3. The figures reflect the estimate of the numbers of those who will become entitled on grounds of age and hardship to receive repayments.

COMMON SERVICES

TABLE 2.19

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Accommodation (Home):						
(i) Capital expenditure ...	24.2	33.2	40.3	49.0	54	56
(ii) General maintenance and running costs ...	79.8	88.1	90.3	90.3	95	101
(iii) Rates on Government property	42.5	43.5	46.5	47.5	49	50
Total	146.5	164.8	177.1	186.8	198	207
b. Stationery Office (Home):						
(i) Capital expenditure ...	9.9	14.7	27.4	25.5	31	25
(ii) Supply of stationery, printing, etc.	28.2	32.2	33.6	35.8	38	39
(iii) Repayments in respect of computer purchases	-3.6	-4.3	-15.0	-13.3	-17	-8
Total	34.5	42.6	46.0	48.0	52	56
c. Home publicity services ...	8.6	10.8	10.2	11.0	11	10
d. Superannuation of civil servants in civil Depart- ments	77.7	81.5	84.2	90.6	94	99
Total	267.3	299.7	317.5	336.4	355	372
<i>Less:</i>						
Allied services (defence) (See Table 2.2)	-94.5	-96.0	-94.2	-90.2	-90	-90
Total	172.8	203.7	223.3	246.2	265	282

a. Accommodation (Home)

1. This covers expenditure by the Department of the Environment on civil accommodation for Government Departments at home and on building research and development work. The accommodation is mainly offices, but also includes Government Training Centres, scientific and research buildings, museums and galleries and miscellaneous buildings such as those for the Royal Mint and the Stationery Office.

2. About three-quarters of the total is current expenditure needed to retain and operate the existing accommodation, and covering rent, rates, maintenance, running costs and staff costs. The capital expenditure, together with an element of staff costs, relates mainly to the provision and furnishing of new buildings. The largest programmes are for computer buildings and other offices needed for a variety of reasons, including replacement of leased accommodation or of sub-standard premises and for dispersal of staff from London. There are also programmes for increasing the number of places available at training centres and for museums and galleries building. As announced in Parliament on 4 November, 1970, there will be increased expenditure on buildings for Government Training Centres of about £3 million in the years 1972-73 to 1974-75.

b. Stationery Office (Home)

3. The figures show expenditure by the Stationery Office to meet the requirements of Government Departments, together with the Stationery Office's administrative and other costs. The capital expenditure arises mainly on computers and other office machinery for Government Departments.

c. Home publicity services

4. The estimates for COI and related HMSO expenditure reflect the requirements of Government Departments. The figures allow for the completion of the publicity for decimalisation and for increasing programmes for the Metrication Board.

MISCELLANEOUS SERVICES

TABLE 2.20

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
a. Records, registrations and surveys	23.5	24.3	31.8	26.8	27	27
b. Broadcasting (capital expenditure):						
(i) BBC	11.3	15.4	11.6	11.6	9	11
(ii) ITA	3.0	2.9	4.3	3.9	4	6
c. Meteorological services ...	7.4	7.7	11.6	8.4	8	8
d. Civil defence	1.4	7.2	8.5	9.1	10	9
e. Royal Parks, historic buildings and ancient monuments*	3.7	4.1	4.6	4.9	5	5
f. Other miscellaneous services	17.4	22.0	14.3	17.5	20	20
Total	67.7	83.6	86.7	82.2	83	86

* Provision for grants to owners of historic buildings and for contributions to the Redundant Churches Fund is included in money terms and not at constant prices.

a. Records, registrations and surveys

1. This includes expenditure by several Government Departments (the Office of Population Censuses and Surveys, General Register Office (Scotland), Land Registry, Ordnance Survey, and other minor Departments) and a smaller proportion of local authority expenditure. Provision is made under the Office of Population Censuses and Surveys for the social surveys, carried out as an allied service for Government Departments.

2. Expenditure shows a peak in 1971-72 on account of the Census.

b (i). British Broadcasting Corporation (Home Services)

3. The figures cover the capital requirements of the home broadcasting services of the BBC in the United Kingdom, incorporating expenditure on the colour television service, and an increase in the number of local radio

stations from 8 to 20 by 1971. The Corporation's expenditure (capital and current) is financed by Government grant which since April 1961 has consisted of the whole of net income from licence revenue.

b (ii). Independent Television Authority

4. Expenditure covers the capital requirements of the Authority in providing transmitters and relay stations to broadcast the programmes of independent television companies. The Authority is financed by means of the rentals which it charges to programme contractors.

c. Meteorological services

5. The estimates cover the cost of services provided for both military and civil purposes the whole of which is charged to the Defence Budget; an adjustment has been made in Table 2.2 (Other military defence) to enable this item to be shown here. Provision has been made in 1971-72 for the purchase of a very large computer, costing £3.7 million.

d. Civil defence

6. Civil defence expenditure is being reviewed.

e. Royal Parks, historic buildings and ancient monuments, etc.

7. This covers expenditure by the Secretary of State for the Environment and the Secretaries of State for Scotland and Wales on services which include the upkeep of Royal Parks, maintenance of ancient monuments and grants to owners of historic buildings.

f. Other miscellaneous services

8. This includes expenditure by the Civil Service Department, the Cabinet Office, the National Economic Development Council, the Public Trustee, and the salaries and administrative costs of the Ministry of Posts and Telecommunications; the remanet of the land acquisition and management function of the Land Commission; Civil List annuities and pensions; and Royal Irish Constabulary pensions.

NORTHERN IRELAND

TABLE 2.21

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i> Northern Ireland	442.0	483.3	486.2	498.9	508	514

1. The estimates have been prepared by the Northern Ireland departments. They refer to those services for which the Northern Ireland Government is responsible and as such are not subject to detailed control from Westminster. The overall level of expenditure on these services is,

however, customarily subject to agreement between the two Governments and is determined with regard to the parity of services in Northern Ireland and Great Britain, taking into account the special needs of the Province, as well as the overall constraints on public expenditure in the United Kingdom. The forecasts have been revised in the light of the statement on public expenditure made in Stormont on 8 December, 1970.

2. Because the figures in the Table represent public expenditure for which the Northern Ireland Government is responsible, they do not include expenditure on such items as defence and most agricultural support, which is contained in the relevant United Kingdom programmes.

SCOTLAND

Expenditure within the Secretary of State's responsibility

TABLE 2.22

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Agriculture, fisheries and forestry	55.4	65.4	62.1	57.6	51	45
Research Councils, etc. ...	2.9	3.1	3.4	3.5	4	4
Trade, industry and employment	3.5	4.2	4.7	4.3	4	4
Roads	71.9	76.5	82.1	84.3	87	90
Transport	2.5	3.9	4.7	4.9	6	6
Housing	225.2	228.0	210.0	230.0	230	230
Miscellaneous local services ...	93.6	100.8	102.5	109.2	112	114
Law and order (excluding social work)	43.0	46.1	48.9	51.7	53	55
Social work	19.4	20.5	23.1	24.7	26	27
Arts	0.9	1.0	1.0	1.1	1	1
Education	233.9	236.7	246.7	255.5	263	271
Health and welfare	198.6	203.9	209.2	214.8	221	229
Financial administration ...	3.2	3.2	3.2	3.3	3	3
Miscellaneous services ...	2.5	2.9	4.1	3.3	3	3
Total	956.5	996.2	1,005.7	1,048.2	1,064	1,082

1. Table 2.22 provides separate expenditure figures relating to services in Scotland for which the Secretary of State's Departments are responsible, directly or indirectly (*e.g.* expenditure by local authorities), with the exception of expenditure by the nationalised industries in Scotland.

2. The Scottish figures show differences in the pattern of expenditure by comparison with Great Britain as a whole, corresponding to differences in circumstances and needs. One of the main differences is that in Scotland the public sector has a larger share of housing investment.

3. The responsibilities of the Secretary of State's Departments in relation to roads, housing and miscellaneous local services are virtually the

same as those of the Department of the Environment. The main differences in the coverage of other expenditure blocks are as follows:

Agriculture, fisheries and forestry: This includes the Scottish share of the costs of agricultural support (including arbitrary reductions reflecting changes in the system of support—see page 20, paragraph 2) and other agricultural and fishing services met separately by the Department of Agriculture and Fisheries for Scotland. Other expenditure on agricultural support, and on animal health services, which is met by the Ministry of Agriculture, Fisheries and Food, is excluded, as well as expenditure by the Forestry Commission.

Research Councils, etc.: The figures cover only agricultural research in Scotland financed from Scottish Votes; they do not include expenditure in Scotland by the Science, Social Science, Medical, Agricultural, and Natural Environment Research Councils.

Trade, industry and employment: The figures relate mainly to expenditure by the Highlands and Islands Development Board and the Scottish Tourist Board. They exclude Redundancy Fund payments, SET additional payments, payments of regional employment premiums, investment grants and certain other grants.

Transport: The Scottish figures cover rural bus and ferry grants, infrastructure expenditure, support for sea transport services in the Highlands and Islands and departmental administration. They do not include fuel grants, new bus grants, support to the British Railways Board, the National Freight Corporation, the British Waterways Board, the port authorities and civil aviation.

Law and order and social work: Except in Table 2.22, expenditure in Scotland on social work, including the expenditure of the local authority social work departments, set up under the Social Work (Scotland) Act 1968, is classified under "Law and order", while corresponding expenditure in England and Wales is divided between "Law and order" and "Health and welfare". In Table 2.22 the social work expenditure is shown separately from the main law and order services. In future White Papers the social work expenditure will be classified under Health and personal social services (see footnote on page 37).

Arts: The figures relate mainly to the Royal Scottish Museum, the National Galleries of Scotland, the National Library of Scotland and the National Museum of Antiquities of Scotland. They exclude central Government grants made through the Arts Council. As in England, expenditure by local authorities is included under the heading "Miscellaneous local services".

Education: The figures include all expenditure by the Scottish Education Department and local authorities, including expenditure on schools, further education, teacher training, youth service, etc. Expenditure by the University Grants Committee in Scotland is excluded.

WALES

Expenditure within the Secretary of State's responsibility

TABLE 2.23

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
<i>At 1970 Survey prices</i>						
Trade, industry and employment	0.1	0.8	0.7	0.6	—	—
Roads	34.9	41.1	44.3	47.5	53	57
Transport	0.1	0.4	0.6	0.7	1	1
Housing	38.2	42.8	46.1	52.3	52	52
Miscellaneous local services ...	43.9	48.8	48.9	52.0	56	58
Arts	0.8	0.9	1.0	1.1	1	1
Education	83.7	86.1	92.5	95.2	97	97
Health and welfare	101.7	104.5	106.4	108.9	112	115
Financial administration	0.9	0.9	0.9	0.9	1	1
Miscellaneous services	0.3	0.2	0.3	0.3	—	—
Total	304.6	326.5	341.7	359.5	373	382

1. Table 2.23 provides separate expenditure figures relating to services for which the Welsh Office is responsible directly or indirectly (e.g. expenditure by local authorities in Wales).

2. The table does not include investment in Wales by the nationalised industries.

3. The responsibilities of the Welsh Office in relation to roads, housing, miscellaneous local services and health and welfare cover almost the same fields as those of the Department of the Environment and the Department of Health and Social Security.

4. Other figures cover only part of the relevant fields as follows:

Trade, industry and employment: Expenditure by the Wales Tourist Board. The figures exclude Redundancy Fund payments, SET additional payments, payments of regional employment premium, investment grants.

Transport: Road safety and assistance to public transport (infrastructure grants, grants towards bus services in the rural areas). The figures exclude support to nationalised transport industries and expenditure by the port authorities and on civil aviation.

Arts: Expenditure by the National Museum and National Library of Wales. The figures exclude central government grants made through the Arts Council.

Education: Primary and secondary education for which responsibility in Wales was transferred to the Secretary of State on 5 November, 1970. The figures exclude expenditure on further education, teacher training, and youth services, for which responsibility in Wales remains with the Secretary of State for Education and Science; and expenditure by the University Grants Committee.

5. The figures show differences in the pattern of expenditure in comparison with Great Britain as a whole, reflecting differences in circumstances and needs. For example the figures for roads and for miscellaneous local services (which include water supply, sewerage and clearance of derelict land) are substantially larger in relation to the figures for other main programmes than they are for Great Britain as a whole.

TABLE 2. Expenditure on public services, 1970-71

£ million

Public services	1970-71		1970-71	
	Local authorities corporations	Public corporations	Local authorities corporations	Public corporations
Total	2,120	4,173	2,120	4,173
1. Defence and external relations:				
1.1. Defence Budget		2,399		2,399
1.2. Other military defence		95		95
1.3. Overseas aid		217		217
1.4. Other overseas services		134		134
2. Commerce and industry:				
2.1. Agriculture, fisheries and forestry		375		375
2.2. Research Councils, etc.		101		101
2.3. Trade, industry and employment		1,111		1,111
3. Nationalised industries:				
3.1. Nationalised industries capital expenditure		492		492
3.2. Nationalised industries miscellaneous local services:				
3.2.1. Roads		216		216
3.2.2. Transport		181		181
3.2.3. Housing		173		173
3.2.4. Miscellaneous local services		18		18
3.2.5. Law and order		116		116
3.2.6. Arts		18		18
3.3. Social services:				
3.3.1. Education		367		367
3.3.2. Health and welfare		1,603		1,603
3.3.3. Social security		1,044		1,044
3.3.4. Other services:				
3.3.4.1. Financial administration		177		177
3.3.4.2. Common services		184		184
3.3.4.3. Miscellaneous services		42		42
3.3.4.4. Northern Ireland		297		297
3.3.4.5. Debt interest		10		10
3.3.4.6. Adjustments to 1970-71 output prices and relative price effect		8,657		8,657
Total	2,120	4,173	2,120	4,173

PART 3

Additional Statistics

Public expenditure by programme and spending authority: 1969-70 (provisional outturn)

TABLE 3.1

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,399	—	—	—	2,399
2. Other military defence	95	-4	—	—	91
3. Overseas aid	217	-22	—	9	204
4. Other overseas services	124	2	—	1	127
Commerce and industry:					
5. Agriculture, fisheries and forestry	372	-2	3	—	373
6. Research Councils, etc.	101	—	—	—	101
7. Trade, industry and employment	1,111	14	10	39	1,174
Nationalised industries:					
8. Nationalised industries capital expenditure	—	—	—	1,446	1,446
Transport and miscellaneous local services:					
9. Roads	246	—	410	—	656
10. Transport	181	-9	57	8	237
11. Housing	173	-3	814	88	1,072
12. Miscellaneous local services	16	—	750	31	797
13. Law and order	116	3	514	—	633
14. Arts	18	—	—	—	18
Social services:					
15. Education	365	-1	2,085	—	2,449
16. Health and welfare	1,663	1	275	—	1,939
17. Social security	1,044	2,493	—	—	3,537
Other services:					
18. Financial administration	177	41	21	—	239
19. Common services	184	-11	—	—	173
20. Miscellaneous services	45	—	9	14	68
21. Northern Ireland	—	297	122	23	442
22. Debt interest	10	1,374	680	122	2,186
	8,657	4,173	5,750	1,781	20,361
23. Adjustments to 1970-71 outturn prices and relative price effect					955
<i>At 1970-71 outturn prices</i>					
Total					21,316

Public expenditure by programme and spending authority : 1970-71
(estimate)

TABLE 3.2

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,387	—	—	—	2,387
2. Other military defence	48	—	—	—	48
3. Overseas aid	220	-24	—	11	207
4. Other overseas services	125	2	—	2	129
Commerce and industry:					
5. Agriculture, fisheries and forestry	459	-2	6	—	463
6. Research Councils, etc.	110	—	—	—	110
7. Trade, industry and employment	1,051	28	11	35	1,125
Nationalised industries:					
8. Nationalised industries capital expenditure	—	—	—	1,501	1,501
Transport and miscellaneous local services:					
9. Roads	298	—	447	—	745
10. Transport	160	-10	88	2	240
11. Housing	219	-3	817	89	1,122
12. Miscellaneous local services	17	—	794	37	848
13. Law and order	131	5	550	—	686
14. Arts	21	—	1	—	22
Social services:					
15. Education	382	-1	2,142	—	2,523
16. Health and welfare	1,734	1	275	—	2,010
17. Social security	1,058	2,802	—	—	3,860
Other services:					
18. Financial administration	181	33	21	—	235
19. Common services	216	-12	—	—	204
20. Miscellaneous services	51	6	9	18	84
21. Northern Ireland	—	307	148	28	483
22. Debt interest	35	1,271	680	117	2,103
23. Shortfall	8,903	4,403	5,989	1,840	21,135
24. Adjustment to 1970-71 outturn prices					-200
					853
<i>At 1970-71 outturn prices</i>					
Total					21,788

Public expenditure by programme and spending authority : 1971-72
(estimate)

TABLE 3.3

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,327	—	—	—	2,327
2. Other military defence	51	—	—	—	51
3. Overseas aid	225	-23	—	11	213
4. Other overseas services	126	2	—	1	129
Commerce and industry:					
5. Agriculture, fisheries and forestry	434	-2	6	—	438
6. Research Councils, etc.	115	—	—	—	115
7. Trade, industry and employment	1,063	32	11	10	1,116
Nationalised industries:					
8. Nationalised industries capital expenditure	—	—	—	1,496	1,496
Transport and miscellaneous local services:					
9. Roads	294	—	480	—	774
10. Transport	149	-8	102	6	249
11. Housing	275	-3	783	89	1,144
12. Miscellaneous local services	19	—	792	38	849
13. Law and order	148	3	576	—	727
14. Arts	24	—	1	—	25
Social services:					
15. Education	403	-1	2,251	—	2,653
16. Health and welfare	1,761	-1	302	—	2,062
17. Social security	1,087	2,932	—	—	4,019
Other services:					
18. Financial administration	178	32	21	—	231
19. Common services	235	-12	—	—	223
20. Miscellaneous services	63	-2	10	16	87
21. Northern Ireland	—	303	151	32	486
22. Debt interest	30	1,165	665	120	1,980
	9,007	4,417	6,151	1,819	21,394
23. Contingency reserve					125
24. Shortfall					-100
25. Adjustments to 1970-71 outturn prices and relative price effect					840
<i>At 1970-71 outturn prices</i>					
Total					22,259

Public expenditure by programme and spending authority : 1972-73

(estimate)

TABLE 3.4

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,270	—	—	—	2,270
2. Other military defence	43	—	—	—	43
3. Overseas aid	234	-27	—	15	222
4. Other overseas services	126	2	—	2	130
Commerce and industry:					
5. Agriculture, fisheries and forestry	403	-2	9	—	410
6. Research Councils, etc.	120	—	—	—	120
7. Trade, industry and employment	801	15	12	7	835
Nationalised industries:					
8. Nationalised industries capital expenditure	—	—	—	1,546	1,546
Transport and miscellaneous local services:					
9. Roads	318	—	524	—	842
10. Transport	136	-8	107	14	249
11. Housing	283	-3	789	99	1,168
12. Miscellaneous local services	18	—	835	41	894
13. Law and order	162	3	597	—	762
14. Arts	24	—	1	—	25
Social services:					
15. Education	425	—	2,315	—	2,740
16. Health and welfare	1,806	1	324	—	2,131
17. Social security	1,055	3,021	—	—	4,076
Other services:					
18. Financial administration	183	30	21	—	234
19. Common services	258	-12	—	—	246
20. Miscellaneous services	56	—	10	16	82
21. Northern Ireland	—	310	153	36	499
22. Debt interest	30	1,130	675	115	1,950
23. Contingency reserve	8,751	4,460	6,372	1,891	21,474
24. Shortfall					250
25. Adjustments to 1970-71 outturn prices and relative price effect					-100
					1,035
<i>At 1970-71 outturn prices</i>					
Total					22,659

120
61
59

Public expenditure by economic category : 1969-70 to 1972-73

TABLE 3.5

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
Current expenditure:				
Wages and salaries	4,895	5,024	5,147	5,265
Selective employment tax	318	325	333	341
Other current expenditure on goods and services	3,020	3,080	3,019	3,062
Subsidies	855	917	907	861
Debt interest	2,186	2,103	1,980	1,950
Current grants to persons	3,765	4,107	4,275	4,334
Current grants to private bodies	292	309	330	350
Current grants abroad	178	177	169	174
Total	15,509	16,042	16,160	16,337
Capital expenditure:				
Gross domestic fixed capital formation	3,846	4,029	4,161	4,347
Increase in value of stocks	12	21	36	44
Capital grants to private sector	827	791	844	559
Net lending to private sector	46	125	111	58
Net lending to overseas governments	80	80	61	56
Drawings from United Kingdom sub- scriptions to international lending bodies	15	15	34	44
Other net lending and investment abroad	8	21	21	22
Cash expenditure on company securities (net)	18	11	-34	7
Total	4,852	5,093	5,234	5,137
Contingency reserve	—	—	125	250
Shortfall	—	-200	-100	-100
Adjustments to 1970-71 outturn prices and relative price effect	955	853	840	1,035
<i>At 1970-71 outturn prices</i>				
Total	21,316	21,788	22,259	22,659

Public expenditure by programme and economic category :

1969-70 to 1972-73

TABLE 3.6

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
1. Defence Budget:				
Current expenditure on goods and services	2,371	2,352	2,285	2,229
Other current expenditure	6	7	8	8
Gross domestic fixed capital formation	21	27	31	30
Other capital expenditure	1	1	3	3
Total	2,399	2,387	2,327	2,270
2. Other military defence:				
Current expenditure on goods and services	85	42	48	41
Other current expenditure	6	5	3	2
Gross domestic fixed capital formation	-2	—	—	—
Other capital expenditure	2	1	—	—
Total	91	48	51	43
3. Overseas aid:				
Other current expenditure	102	102	106	106
Other capital expenditure	102	105	107	116
Total	204	207	213	222
4. Other overseas services:				
Current expenditure on goods and services	105	108	109	110
Other current expenditure	19	18	18	18
Gross domestic fixed capital formation	1	1	1	2
Other capital expenditure	2	2	1	—
Total	127	129	129	130
5. Agriculture, fisheries and forestry:				
Current expenditure on goods and services	46	49	50	50
Other current expenditure	244	312	280	255
Gross domestic fixed capital formation	6	10	12	15
Other capital expenditure	77	92	96	90
Total	373	463	438	410
6. Research Councils, etc.:				
Current expenditure on goods and services	39	44	46	48
Other current expenditure	44	46	49	51
Gross domestic fixed capital formation	13	14	14	14
Other capital expenditure	5	6	6	7
Total	101	110	115	120

TABLE 3.6 (continued)

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
7. Trade, industry and employment:				
Current expenditure on goods and services	219	245	227	251
Other current expenditure	244	225	207	196
Gross domestic fixed capital formation	46	48	61	57
Other capital expenditure	665	607	621	331
Total	1,174	1,125	1,116	835
8. Nationalised industries:				
Gross domestic fixed capital formation	1,450	1,496	1,482	1,534
Other capital expenditure	-4	5	14	12
Total	1,446	1,501	1,496	1,546
9. Roads:				
Current expenditure on goods and services	227	258	275	294
Other current expenditure	—	—	1	1
Gross domestic fixed capital formation	429	487	498	547
Total	656	745	774	842
10. Transport:				
Current expenditure on goods and services	16	17	20	21
Other current expenditure	157	135	130	115
Gross domestic fixed capital formation	68	96	105	119
Other capital expenditure	-4	-8	-6	-6
Total	237	240	249	249
11. Housing:				
Current expenditure on goods and services	2	2	2	2
Other current expenditure	264	307	356	360
Gross domestic fixed capital formation	806	736	731	747
Other capital expenditure	—	77	55	59
Total	1,072	1,122	1,144	1,168
12. Miscellaneous local services:				
Current expenditure on goods and services	426	445	434	452
Other current expenditure	1	1	1	1
Gross domestic fixed capital formation	362	392	404	431
Other capital expenditure	8	10	10	10
Total	797	848	849	894

TABLE 3.6 (continued)

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
13. Law and order:				
Current expenditure on goods and services	557	589	619	644
Other current expenditure	24	26	28	30
Gross domestic fixed capital formation	51	70	79	87
Other capital expenditure	1	1	1	1
Total	633	686	727	762
14. Arts:				
Current expenditure on goods and services	8	10	10	10
Other current expenditure	9	10	12	12
Other capital expenditure	1	2	3	3
Total	18	22	25	25
15. Education:				
Current expenditure on goods and services	1,678	1,722	1,782	1,853
Other current expenditure	395	414	437	462
Gross domestic fixed capital formation	274	282	325	312
Other capital expenditure	102	105	109	113
Total	2,449	2,523	2,653	2,740
16. Health and welfare:				
Current expenditure on goods and services	1,760	1,820	1,843	1,893
Other current expenditure	7	8	9	9
Gross domestic fixed capital formation	169	179	208	228
Other capital expenditure	3	3	2	1
Total	1,939	2,010	2,062	2,131
17. Social security:				
Current expenditure on goods and services	145	150	155	162
Other current expenditure	3,392	3,710	3,864	3,914
Total	3,537	3,860	4,019	4,076
18. Financial administration:				
Current expenditure on goods and services	220	217	213	216
Other current expenditure	18	18	18	16
Gross domestic fixed capital formation	1	—	—	2
Total	239	235	231	234

TABLE 3.6 (continued)

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
19. Common services:				
Current expenditure on goods and services	140	156	155	172
Gross domestic fixed capital formation	33	48	68	74
Other capital expenditure ...	—	—	—	—
Total	173	204	223	246
20. Miscellaneous services:				
Current expenditure on goods and services	53	58	71	64
Other current expenditure ...	2	2	2	2
Gross domestic fixed capital formation	17	22	13	15
Other capital expenditure ...	-4	2	1	1
Total	68	84	87	82
21. Northern Ireland:				
Current expenditure on goods and services	136	149	153	159
Other current expenditure ...	155	160	154	158
Gross domestic fixed capital formation	101	119	129	132
Other capital expenditure ...	50	55	50	50
Total	442	483	486	499
22. Debt interest	2,186	2,103	1,980	1,950
23. Contingency reserve ...	—	—	125	250
24. Shortfall	—	-200	-100	-100
25. Adjustments to 1970-71 outturn prices and rela- tive price effect	955	853	840	1,035
<i>At 1970-71 outturn prices</i>				
Total	21,316	21,788	22,259	22,659

**Capital expenditure by programme and spending authority :
1969-70 to 1972-73**

TABLE 3.7

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
1. Defence Budget:				
Central government—Supply	22	28	34	33
Total	22	28	34	33
2. Other military defence:				
Central government—Supply	2	1	—	—
Other central government ...	-2	—	—	—
Total	—	1	—	—
3. Overseas aid:				
Central government—Supply	115	118	119	127
Other central government ...	-22	-24	-23	-26
Public corporations ...	9	11	11	15
Total	102	105	107	116
4. Other overseas services:				
Central government—Supply	2	2	2	1
Other central government ...	—	-1	-1	-1
Public corporations ...	1	2	1	2
Total	3	3	2	2
5. Agriculture, fisheries and forestry:				
Central government—Supply	84	100	105	99
Other central government ...	-2	-2	-2	-1
Local authorities	1	4	5	7
Total	83	102	108	105
6. Research Councils, etc.:				
Central government—Supply	18	20	20	21
Total	18	20	20	21
7. Trade, industry and employment:				
Central government—Supply	694	634	682	404
Other central government ...	-23	-15	-11	-24
Local authorities	1	1	1	1
Public corporations ...	39	35	10	7
Total	711	655	682	388
8. Nationalised industries:				
Public corporations ...	1,446	1,501	1,496	1,546
Total	1,446	1,501	1,496	1,546
9. Roads:				
Central government—Supply	217	266	259	278
Local authorities	212	221	239	269
Total	429	487	498	547

TABLE 3.7 (continued)

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
10. Transport:				
Central government—Supply	10	11	9	12
Other central government ...	-8	-10	-8	-8
Local authorities	54	85	93	96
Public corporations	8	2	5	13
Total	64	88	99	113
11. Housing:				
Other central government ...	-2	-3	-4	-4
Local authorities	720	726	700	710
Public corporations	87	90	90	100
Total	805	813	786	806
12. Miscellaneous local services:				
Central government—Supply	2	2	2	2
Local authorities	337	363	373	398
Public corporations	31	37	39	41
Total	370	402	414	441
13. Law and order:				
Central government—Supply	14	18	24	30
Local authorities	38	53	56	58
Total	52	71	80	88
14. Arts:				
Central government—Supply	1	1	2	2
Local authorities	—	1	1	1
Total	1	2	3	3
15. Education:				
Central government—Supply	103	106	110	114
Other central government ...	-1	—	-1	-1
Local authorities	274	281	325	312
Total	376	387	434	425
16. Health and welfare:				
Central government—Supply	134	145	166	178
Other central government ...	-1	-1	-2	-1
Local authorities	39	38	46	52
Total	172	182	210	229
18. Financial administration:				
Central government—Supply	1	—	—	2
Total	1	—	—	2
19. Common services:				
Central government—Supply	35	50	69	75
Other central government ...	-2	-2	-1	-1
Total	33	48	68	74

TABLE 3.7 (continued)

£ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate
<i>At 1970 Survey prices</i>				
20. Miscellaneous services:				
Central government—Supply	—	2	2	3
Other central government ...	-2	4	-4	-2
Public corporations ...	15	18	16	15
Total ...	13	24	14	16
21. Northern Ireland:				
Other central government ...	73	83	78	78
Local authorities ...	55	63	68	67
Public corporations ...	23	28	33	37
Total ...	151	174	179	182
Total ...	4,852	5,093	5,234	5,137

APPENDIX A

Comparisons with previously published estimates Public expenditure by programme : 1969-70

TABLE A.1

£ million

	Cmnd. 4234 estimate	Changes between Cmnd. 4234 and Cmnd. 4578	Cmnd. 4578 provisional outturn
<i>At 1970 Survey prices</i>			
Defence and external relations:			
1. Defence Budget	2,507	-108	2,399
2. Other military defence	92	-1	91
3. Overseas aid	202	+2	204
4. Other overseas services	133	-6	127
Commerce and industry:			
5. Agriculture, fisheries and forestry ...	428	-55	373
6. Research Councils, etc.	102	-1	101
7. Trade, industry and employment Excluding investment grants	654	-53	601
Investment grants	560	+13	573
Nationalised industries:			
8. Nationalised industries' capital expenditure	1,539	-93	1,446
Transport and miscellaneous local services:			
9. Roads	644	+12	656
10. Transport	247	-10	237
11. Housing	1,106	-34	1,072
12. Miscellaneous local services	797	—	797
13. Law and order	643	-10	633
14. Arts	19	-1	18
Social services:			
15. Education	2,422	+27	2,449
16. Health and welfare	1,944	-5	1,939
17. Social security	3,557	-20	3,537
Other services:			
18. Financial administration	238	+1	239
19. Common services	189	-16	173
20. Miscellaneous services	84	-16	68
21. Northern Ireland	446	-4	442
22. Debt interest	2,220	-34	2,186
23. Shortfall	-50	+50	—
Total	20,723	-362	20,361
24. Adjustments to 1970-71 outturn prices and relative price effect			955
<i>At 1970-71 outturn prices</i>			
TOTAL			21,316

Public expenditure by programme : 1970-71

£ million

TABLE A.2

	Cmnd. 4234	Changes from Cmnd. 4234 to " previous programmes " (Cmnd. 4515 basis)	" Previous programmes " (Cmnd. 4515 basis)	Changes from " previous programmes " to Cmnd. 4578	Cmnd. 4578
	estimate (a)	(b)	estimate (c)	(d)	estimate (e)
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,382	+5	2,387	—	2,387
2. Other military defence	72	-26	46	+2	48
3. Overseas aid	208	-1	207	—	207
4. Other overseas services	129	+1	130	-1	129
Commerce and industry:					
5. Agriculture, fisheries and forestry	441	+9	450	+13	463
6. Research Councils, etc.	110	—	110	—	110
7. Trade, industry and employment Excluding investment grants	657	-10	647	-26	621
Investment grants	549	+5	554	-50	504
Nationalised industries:					
8. Nationalised industries' capital expenditure	1,590	-75	1,515	-14	1,501
Transport and miscellaneous local services:					
9. Roads	713	—	713	+32	745
10. Transport	258	-5	253	-13	240
11. Housing	1,178	-34	1,144	-22	1,122
12. Miscellaneous local services	827	+12	839	+9	848
13. Law and order	688	—	688	-2	686
14. Arts	21	+1	22	—	22
Social services:					
15. Education	2,520	-4	2,516	+7	2,523
16. Health and welfare	2,018	+2	2,020	-10	2,010
17. Social security	3,750	+63	3,813	+47	3,860
Other services:					
18. Financial administration	234	—	234	+1	235
19. Common services	208	-5	203	+1	204
20. Miscellaneous services	100	-7	93	-9	84
21. Northern Ireland	464	+17	481	+2	483
22. Debt interest	2,220	-175	2,045	+58	2,103
23. Contingency reserve	75	-75	—	—	—
24. Shortfall	-50	—	-50	-150	-200
Total	21,362	-302	21,060	-125	20,935
25. Adjustment to 1970-71 out- turn prices					853
<i>At 1970-71 outturn prices</i>					
TOTAL					21,788

Public expenditure by programme : 1971-72

TABLE A.3

£ million

	Cmnd. 4234 estimate (a)	Changes from Cmnd. 4234 to Cmnd. 4515 "previous pro- grammes"	Cmnd. 4515 "previous pro- grammes" estimate (c)	Changes in Cmnd. 4515 (d)	Cmnd. 4515 pro- grammes estimate (e)	Changes from 4515 to Cmnd. 4578 (f)	Cmnd. 4578 estimate (g)
<i>At 1970 Survey prices</i>							
Defence and external relations:							
1. Defence Budget ...	2,327	+28	2,355	- 28	2,327	-	2,327
2. Other military defence	34	+14	48	+3 -	51	-	51
3. Overseas aid ...	213	-	213	- -	213	-	213
4. Other overseas services	131	-1	130	- -1	129	-	129
Commerce and industry:							
5. Agriculture (see below)							
6. Research Councils, etc.	116	+1	117	- -2	115	-	115
7. Trade, industry and employment: Excluding investment grants ...	619	-	619	+2 -46	575	-11	564
Investment grants ...	585	-9	576	- -	576	-24	552
Nationalised industries:							
8. Nationalised industries capital expenditure...	1,540	+47	1,587	+10 -97	1,500	-4	1,496
Transport and miscellaneous local services:							
9. Roads ...	785	-6	779	- 5	774	-	774
10. Transport ...	265	+3	268	- 18	250	-1	249
11. Housing (see below)							
12. Miscellaneous local services	856	+13	869	- 10	859	-10	849
13. Law and order ...	728	-	728	+1 -	729	-2	727
14. Arts ...	23	+1	24	+1 -	25	-	25
Social services:							
15. Education ...	2,649	+19	2,668	+8 -29	2,647	+6	2,653
16. Health and welfare ...	2,105	+3	2,108	+19 -68	2,059	+3	2,062
17. Social security ...	3,832	+96	3,928	+65 -19	3,974	+45	4,019
Other services:							
18. Financial administration	224	+7	231	- -1	230	+1	231
19. Common services ...	226	-5	221	- -	221	+2	223
20. Miscellaneous services	114	-3	111	- -20	91	-4	87
21. Northern Ireland ...	472	+20	492	- -	492	-6	486
22. Debt interest ...	2,193	-193	2,000	+20 -	2,020	-40	1,980
<i>Agriculture, etc.</i> ...	452	+12	464	} †	1,689	+18	438
<i>Housing</i> ...	1,244	-65	1,179				1,144
23. Contingency reserve ...	175	-100	75				125
24. Shortfall ...	-	-	-	-100	-100	-	-100
Total ...	21,908	-118	21,790	+129 -473	21,446	-27	21,419
25. Adjustments to 1970-71 outturn prices and relative price effect			935*				840
<i>At 1970-71 outturn prices</i>							
TOTAL ...			22,725*				22,259

* As published in Cmnd. 4515—see note (l) on page 66.

† See note (iii) on page 66.

Public expenditure by programme : 1972-73

£ million

TABLE A.4

	Cmnd. 4234 estimate (a)	Changes from Cmnd. 4234 to " previous programmes " (Cmnd. 4515 basis) (b)	" Previous programmes " (Cmnd. 4515 basis) estimate (c)	Changes from " previous programmes " to Cmnd. 4578 (d)	Cmnd. 4578 estimate (e)
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,230	+75	2,305	-35	2,270
2. Other military defence	26	+15	41	+2	43
3. Overseas aid	218	+4	222	—	222
4. Other overseas services	131	—	131	-1	130
Commerce and industry:					
5. Agriculture, etc.	456	+9	465	-55	410
6. Research Councils, etc.	120	+3	123	-3	120
7. Trade, industry and employment: Excluding investment grants	569	+63	632	-58	574
Investment grants	600	+26	626	-365	261
Nationalised industries:					
8. Nationalised industries capital expenditure	1,671	-58	1,613	-67	1,546
Transport and miscellaneous local services:					
9. Roads	862	-2	860	-18	842
10. Transport	259	+14	273	-24	249
11. Housing	1,304	-90	1,214	-46	1,168
12. Miscellaneous local services	887	+17	904	-10	894
13. Law and order	758	+8	766	-4	762
14. Arts	26	—	26	-1	25
Social services:					
15. Education	2,706	+49	2,755	-15	2,740
16. Health and welfare	2,174	+16	2,190	-59	2,131
17. Social security	3,933	+58	3,991	+85	4,076
Other services:					
18. Financial administration	227	+8	235	-1	234
19. Common services	251	-7	244	+2	246
20. Miscellaneous services	98	+8	106	-24	82
21. Northern Ireland	487	+19	506	-7	499
22. Debt interest	2,166	-231	1,935	+15	1,950
23. Contingency reserve	350	-175	175	+75	250
24. Shortfall	—	—	—	-100	-100
TOTAL	22,509	-171	22,338	-714	21,624
25. Adjustments to 1970-71 outturn prices and relative price effect					1,035
<i>At 1970-71 outturn prices</i>					
TOTAL					22,659

Public expenditure by programme : 1973-74

TABLE A.5

£ million

	Cmnd. 4234 estimate (a)	Changes from Cmnd. 4234 to " previous programmes " (Cmnd. 4515 basis) (b)	" Previous programmes " (Cmnd. 4515 basis) estimate (c)	Changes from " previous programmes " to Cmnd. 4578 (d)	Cmnd. 4578 estimate (e)
<i>At 1970 Survey prices</i>					
Defence and external relations:					
1. Defence Budget	2,230	+129	2,359	-69	2,290
2. Other military defence	31	+13	44	+1	45
3. Overseas aid	234	+5	239	—	239
4. Other overseas services	130	+1	131	-1	130
Commerce and industry:					
5. Agriculture, etc.	462	+2	464	-107	357
6. Research Councils, etc.	120	+9	129	-4	125
7. Trade, industry and employment: Excluding investment grants	509	+77	586	-64	522
Investment grants	614	+41	655	-529	126
Nationalised industries:					
8. Nationalised industries capital expenditure	1,764	-33	1,731	-104	1,627
Transport and miscellaneous local services:					
9. Roads	906	+4	910	-18	892
10. Transport	265	+8	273	-25	248
11. Housing	1,335	-95	1,240	-111	1,129
12. Miscellaneous local services	919	+19	938	+9	947
13. Law and order	790	+20	810	+4	814
14. Arts	26	—	26	-1	25
Social services:					
15. Education	2,755	+64	2,819	-19	2,800
16. Health and welfare	2,226	+39	2,265	-53	2,212
17. Social security	4,073	—	4,073	+83	4,156
Other services:					
18. Financial administration	222	+5	227	+7	234
19. Common services	266	-4	262	+3	265
20. Miscellaneous services	96	-1	95	-12	83
21. Northern Ireland	502	+18	520	-12	508
22. Debt interest	2,166	-306	1,860	+30	1,890
23. Contingency reserve	500	-150	350	+25	375
24. Shortfall		—	—	-100	-100
Total	23,141	-135	23,006	-1,067	21,939
25. Adjustments to 1970-71 out- turn prices and relative price effect					1,200
<i>At 1970-71 outturn prices</i>					
TOTAL					23,139

Public expenditure by programme : 1974-75

£ million

TABLE A.6

	Cmnd. 4515 "previous programmes" estimate (a)	Changes		Cmnd. 4515 new programmes estimate (c)	Changes from Cmnd. 4515 to Cmnd. 4578 (d)	Cmnd. 4578 estimate (e)
		Increases	Decreases			
		(b)				
<i>At 1970 Survey prices</i>						
Defence and external relations:						
1. Defence Budget ...	2,432	—	-132	2,300	—	2,300
2. Other military defence...	52	+1	—	53	—	53
3. Overseas aid ...	256	—	—	256	—	256
4. Other overseas services	132	—	-1	131	—	131
Commerce and industry:						
5. Agriculture (see below)						
6. Research Councils, etc.	134	—	-5	129	—	129
7. Trade, industry and employment:						
Excluding investment grants ...	568	+40	-147	461	+6	467
Investment grants ...	665	—	-665	—	+65	65
Nationalised industries:						
8. Nationalised industries capital expenditure ...	1,873	+28	-132	1,769	-9	1,760
Transport and miscellaneous local services:						
9. Roads ...	966	+5	-30	941	+4	945
10. Transport ...	273	+2	-35	240	-1	239
11. Housing (see below)						
12. Miscellaneous local services	975	—	-10	965	+28	993
13. Law and order ...	854	+1	—	855	—	855
14. Arts ...	27	—	-1	26	—	26
Social services:						
15. Education ...	2,896	+18	-52	2,862	+9	2,871
16. Health and welfare ...	2,340	+28	-82	2,286	—	2,286
17. Social security ...	4,121	+18	-19	4,120	+80	4,200
Other services:						
18. Financial administration	237	—	-1	236	—	236
19. Common services ...	278	—	—	278	+4	282
20. Miscellaneous services...	86	—	—	86	—	86
21. Northern Ireland ...	537	—	-5	532	-18	514
22. Debt interest ...	1,780	+30	—	1,810	—	1,810
Agriculture, etc. ...	472	} †	-366	1,882	+36	313
Housing ...	1,276					1,105
23. Contingency reserve ...	500					500
24. Shortfall ...	—		-100	-100	—	-100
Total ...	23,730	+171	-1,783	22,118	+204	22,322
25. Adjustments to 1970-71 outturn prices and relative price effect	1,530*					1,350
<i>At 1970-71 outturn prices</i>						
TOTAL ...	25,260*					23,672

* As published in Cmnd. 4515—see note (l) on page 66.

† See note (iii) on page 66.

Notes to Tables A.1 to 6

(i) These notes list the principal changes affecting the current year, 1970–71, which have been recorded subsequent to June 1970, and the principal changes affecting 1971–72 and later years which have been recorded subsequent to the Chancellor of the Exchequer's statement of 27 October, 1970 (Cmnd. 4515).

- (a) *Agriculture*: provision is made in each year for increased payments to curers under the Bacon Industry Stabilisation Scheme, because of substantial recent increases in pig meat prices not matched by corresponding increases in bacon prices.
- (b) *Trade, industry and employment* (excluding investment grants): the net saving in 1970–71 has arisen largely on expenditure by the Industrial Reorganisation Corporation.
- (c) *Trade, industry and employment* (investment grants): the reduced estimate for 1970–71 is the result of a dip in eligible investment in 1969, as a reaction from some bunching of investment which took place in 1967 and 1968 in order to qualify for the higher rate of grant available in those years. Provision is now made for some savings in 1971–72 from the termination of investment grants: no quantified provision for this saving was made in Cmnd. 4515, where it was stated that such savings would start to accrue in 1971–72 but would not become substantial until 1972–73. Provision is now made for some residual payments of investment grants in 1974–75, on contracts entered into before 27 October, 1970; no quantified provision for these payments was made in Cmnd. 4515, which noted, however, that such payments would arise.
- (d) *Roads*: increased provision is needed in the current year because the fine weather enabled more work to be completed.
- (e) *Housing*: the estimates have been revised in the light of later information about housing starts by local authorities in Scotland.
- (f) *Miscellaneous local services*: the provision for 1971–72 and 1972–73 is reduced in the light of the information arising from the recent rate support grant settlement. Provision is made, starting on a small scale in 1971–72 and reaching over £20 million in 1974–75 for the Thames Flood Barrier; there is also some increased provision for spending on infrastructure in development areas.
- (g) *Education*: the minor changes take account, among other things, of the rate support grant settlements for 1971–73.
- (h) *Social security*: the estimates for payments of supplementary benefits have been revised in the light of the latest information. Provision has also been made for the cost of the recently announced additional payments for fuel to people receiving supplementary benefits, for the extension of the new pension arrangements for people over 80, and for payment of attendance allowance from December 1971.
- (i) *Miscellaneous services*: the saving in 1970–71 stems largely from the abolition of the Land Commission.
- (j) *Northern Ireland*: provision is now made for certain savings as a consequence of the discussions (which were foreshadowed in Cmnd. 4515, paragraph 33) with the Northern Ireland Government about those aspects of the new policies announced by the Chancellor of the Exchequer on 27 October which are the responsibility of that Government.
- (k) *Debt interest*: revised forecasts have been made of payments of debt interest at outturn prices, and of the appropriate conversion to a constant price basis.⁽¹⁾
- (l) The nature of the relative price effect and the method by which it is calculated are described in Appendix B, paragraphs 9–15 pages 70–71. The change between Cmnd. 4515 and this White Paper is due to a revised assessment of the movements of prices, involving a narrowing of the relative price effect from 0·8 per cent to 0·6 per cent a year (in Cmnd. 4234 it was 0·7 per cent), partly offset by a rise in estimated 1970–71 outturn prices.

(ii) The Cmnd. 4234 figures in these tables have been converted to the basis of the figures shown in Cmnd. 4515 and in this White Paper. In particular overseas aid is now shown net of loan repayments, and capital expenditure by the broadcasting authorities and the Covent Garden Market Authority, previously grouped with nationalised industries, is now in miscellaneous services and trade, industry and employment respectively.

(iii) The agriculture and housing programmes and the contingency reserve are grouped together because of the similar arrangement in Cmnd. 4515. The whole agriculture and housing programmes, rather than their subsidy components only, are treated in this way, because of the difficulty at this stage of making separate estimates of these components—see page 20, paragraph 2, and page 30, paragraph 1.

⁽¹⁾ See Appendix B, Methodology, paragraph 8.

**Changes in public sector expenditure and receipts resulting from
new policies as announced in Cmnd. 4515 and Cmnd. 4516 compared
with previous programmes* : 1971-72 to 1974-75**

This table shows the effects of the policy decisions announced by the Government on 27 October in Cmnd. 4515 and 4516, some directly altering public expenditure, others forming part of the same policy decisions but having their effects on the receipts side of the account. Changes in estimates which are not due to these changes of policy are excluded.

TABLE A.7

Increase (+), Reduction (-) £ million

	1971-72		1972-73		1973-74		1974-75	
	Expendi- ture	Receipts	Expendi- ture	Receipts	Expendi- ture	Receipts	Expendi- ture	Receipts
<i>At 1970 Survey prices</i>								
Defence Budget	-28	—	-35	—	-69	—	-132	—
Other overseas services; passport, etc., fees ...	—	+5	—	+6	—	+6	—	+6
Agriculture, fisheries and forestry:								
(i) agriculture price guarantees	-25†	—	-50†	—	-100†	—	-150†	—
(ii) other expenditure ...	-2	—	-7	—	-8	—	-6	—
(iii) levies on agricultural imports	—	‡	—	‡	—	‡	—	‡
Research Councils, etc. ...	-2	—	-3	—	-4	—	-5	—
Technology and industry:								
(i) investment grants ...	-24§	—	-365	—	-529	—	-600	—
(ii) other expenditure ...	-44	—	-50	—	-72	—	-117	—
(iii) reduction in Corporation Tax	—	-90	—	-100	—	-105	—	-105
(iv) capital allowances that replace investment grants	—	-15§	—	-235¶	—	-410¶	—	-485¶
Nationalised industries' capital expenditure	-72	—	-67	—	-87	—	-82	—
Roads	-5	—	-15	—	-19	—	-25	—
Transport	-18	—	-24	—	-28	—	-33	—
Housing	**	—	**	—	**	—	**	—
Miscellaneous local services	-10	—	-10	—	-10	—	-10	—
Law and order	+1	—	+1	—	+1	—	+1	—
Arts	+1	—	-1	—	-1	—	-1	—
Education	-25	—	-31	—	-38	—	-46	—
Health	-49	—	-52	—	-53	—	-59	—
Social security	+8	—	-1	—	-1	—	-1	—
Financial administration ...	-1	—	-1	—	-1	—	-1	—
Miscellaneous:								
(i) Land Commission ...	-20	—	-22	—	-12	—	—	—
(ii) net revenue loss arising from abolition of betterment levy (after allowing for increased yields from direct taxes) ...	—	-15	—	-20	—	-30	—	-25

Notes to Table A.7

* The previous programmes are defined in the General Note (i) on page 5 of Cmnd. 4515.

† Cmnd. 4515, paragraph 34, explained that it was then too soon to be precise about the amount of savings for 1971–72, but that in the longer run substantial savings were expected of the order of £150 million. The figures shown in this table for this item are those assumed on an arbitrary basis as explained in Part 2 of this White Paper, page 20, paragraph 2.

‡ New receipts are expected from the introduction of import levies on agricultural products but no estimate can be made at present of the amount from this source, which will depend on a number of variables, including the levels of minimum import prices and of world prices.

§ As was explained in Note (1) to Table 1 in Cmnd. 4515, and in Note (1) on page 7 of Cmnd. 4516, no account was then taken either of savings on investment grants or of the costs of additional capital allowances, both of which start to arise towards the end of 1971–72. It has now been possible to provide estimates.

|| Note (2) to Table 2 of Cmnd. 4515 explained that no allowance was made for residual payments of investment grants in 1974–75 on capital expenditure incurred under contracts made before 27 October, 1970. This expenditure has now been estimated at £65 million, and the net saving on investment grants is therefore reduced to £600 million as shown in this table.

¶ The estimates on page 7 of Cmnd. 4516 have been revised.

** Paragraph 34 of Cmnd. 4515 explained that the refashioning of the system of housing subsidies, rents and rebates is expected to lead to a saving in public expenditure of £100–£200 million a year by the middle of the decade.

The following table compares the changes in expenditure from previous programmes in Cmnd. 4515 as shown in that White Paper and as now estimated:

£ million

	1971–72		1974–75	
	Cmnd. 4515	Cmnd. 4578	Cmnd. 4515	Cmnd. 4578
<i>At 1970 Survey prices</i>				
Policy changes:				
Programmes				
As in Table A.7†		–315		–1,417*
As in Cmnd. 4515†	–292 {	+50	–1,482*	—
Contingency reserve				
Estimating changes:				
Programmes	+48	–9	+19	+112
Shortfall	–100	–100	–100	–100
Adjustments to 1970–71 outturn prices and relative price effect	+15	–95	+63	–180
<i>At 1970–71 outturn prices</i>				
Total changes	–329	–469	–1,560	–1,585

* Includes an arbitrary allowance of £150 million for reductions in previous programmes of expenditure on housing—see preceding note.

† The changes in each year are the result of the inclusion in Table A.7 of the savings in 1971–72 and the residual payments in 1974–75, in respect of investment grants—see notes § and || above.

APPENDIX B

Notes on Methodology

1. These notes explain the conventions and classifications used in this White Paper.

Definitions and coverage

2. The figures in this White Paper have been compiled on the same conventions as were used in Cmnd. 4234 and described in Appendix III of that White Paper.

Shortfall

3. The estimates for all years include an allowance for shortfall to correct a tendency for actual expenditure in any year to be less than the estimate made at the beginning of that year. The shortfall allowance of £200 million for 1970–71 is based on information about actual public expenditure in the first half of the year. For 1971–72 and later years a shortfall of £100 million has been assumed. A separate allowance for nationalised industries shortfall is made in that programme (see Table 2.8).

Price basis

4. The constant price basis of the individual programmes in all the tables, apart from Table 1.2, is that of 1970 Survey prices. This price basis corresponds with that of the 1970–71 Supply Estimates for current expenditure on goods and services and some transfer payments, except that the April 1970 pay awards for the Armed Forces agreed in February 1970 have been included. The estimates for gross domestic fixed capital formation are mostly at March 1970 prices. In some cases, however, such as roads and education, they relate to the price basis currently in use for planning purposes. The programme estimates have been converted from 1970 Survey prices to estimated outturn prices for 1970–71 by means of an overall adjustment.

5. Social security benefits are expressed in terms of existing levels of benefit since it is not practicable to forecast the exact date and amount of future benefit increases. But in order that the total of public expenditure will provide a measure of the estimated demand on resources, the line "Adjustments to 1970–71 outturn prices and relative price effect" contains a net entry for social security comprising two elements—a downward adjustment relating to the forecast movement in prices and a notional upward adjustment on account of upratings for such price movements.

6. Certain other current grants, subsidies and capital transactions are estimated in money terms, that is, at the amount expected to be disbursed in each year, irrespective of price changes which may by then have occurred. In order to measure the demand on real resources implied by these expenditures, the cash estimates have been deflated in all the summary tables to constant 1970–71 outturn prices. For overseas aid this adjustment has been applied to the estimates for that programme, using a price deflator appropriate to the expenditure involved. For other programmes an overall adjustment related to the estimated movement in the price level of the output

of the economy as a whole, as measured by the gross domestic product (GDP) factor cost price index, is included in the line "Adjustments to 1970-71 outturn prices and relative price effect".

7. For certain types of subsidies the estimates are taken as representing 1970-71 outturn prices. Agricultural subsidies are the most important example.

8. The forward figures of debt interest involve the neutral assumption that interest rates continue at their present level. Allowance is made for some change in the total amount of debt and for the refunding of current debt. These projections of debt interest are made at the outturn prices of each year and deflated to constant 1970-71 outturn prices by the GDP factor cost price index.

Relative price effect

9. The relative price effect arises because the prices of goods and services purchased by public sector outlays (either directly in the case of expenditure on goods and services or indirectly in the case of transfers to other sectors of the economy) tend to move differentially from prices in the economy generally. This means that for any future year public expenditure as a percentage of gross domestic product measured at conventional constant prices will not reflect precisely public expenditure as a percentage of gross domestic product when measured at the actual prices of that future year. Nor will the use of real resources by the public sector be correctly stated.

10. The major component of the relative price effect arises on public sector wages and salaries. Over time, the productivity of labour in the economy will be rising. So the cost of employing a given amount of labour in the public sector, in terms of the potential output from the private sector which has to be forgone, will rise in step with productivity in the private sector. Rising productivity in the private sector will be accompanied by rising real earnings in that sector and real earnings in the public sector will have to keep pace if the necessary distribution of the labour force is to be achieved. Expressing public sector programmes at constant pay and prices therefore progressively understates their cost because it does not allow for the increase in opportunity cost arising from productivity changes in the private sector. (In fact a rise in productivity in the public service is occurring continuously through advances in technology, in organisation and in training methods. But the national income conventions for expressing public expenditure at constant prices preclude any measurement of the extent to which a better service is provided for a given utilisation of resources.)

11. Hitherto account of the relative price effect has been taken in practice only in regard to the wages and salaries content of public expenditure. But, as was explained in the Green Paper "Public Expenditure: a New Presentation",⁽¹⁾ the adjustment for the relative price effect is required in principle for all types of transaction. The estimates in this White Paper include an allowance for the differential price movement of all components of public expenditure.

⁽¹⁾ Cmnd. 4017, page 23, paragraph 14.

12. For 1971-72 and later years the relative price effect applicable to wages and salaries and to all other categories of expenditure has been estimated from an analysis of the past relationship between the price movements in the various components of expenditure (measured at factor cost) and the movement in the GDP factor cost price index.

13. No further adjustment for the relative price effect is required for those programmes, or parts of programmes, which are estimated in money terms and deflated to 1970-71 outturn prices by the GDP factor cost price index. Such expenditure will form the same proportion of GDP whether measured at the outturn prices of each year or at constant 1970-71 outturn prices. Overseas aid and social security (excluding administrative costs) are deflated by special index numbers and so some further relative price adjustment is necessary for these programmes. This adjustment is the difference between the special deflator applied to each of these programmes and the GDP factor cost price index.

14. For 1970-71 there is no relative price effect or deflation of cash programmes since the price basis of the programmes, after adjustment from 1970 Survey to 1970-71 outturn prices, is on an identical outturn price basis to that of GDP.

15. For 1969-70 figures of provisional outturn are prepared at both 1969-70 outturn prices and at 1970 Survey prices. The figures for individual programmes in all the tables, apart from Table 1.2, are at 1970 Survey prices. The total of public expenditure for 1969-70 shown in all tables is the sum of the individual programmes at 1969-70 outturn prices revalued to 1970-71 outturn prices by the movement in the GDP factor cost price index between 1969-70 and 1970-71. The difference between this figure and the sum of the individual programmes at 1970 Survey prices is entered for 1969-70 in the line "Adjustments to 1970-71 outturn prices and relative price effect".

Presentation of adjustments

16. The adjustment from 1970 Survey to 1970-71 outturn prices, the adjustment of cash programmes to 1970-71 outturn prices and the relative price effect are grouped together and shown in the line "Adjustments to 1970-71 outturn prices and relative price effect" in all tables other than Tables 1.2, 1.4 and 1.5. These adjustments are as follows:

TABLE B.1 £ million

	1969-70 provisional outturn	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate
1. Adjustment to 1970-71 outturn prices* ...	823	853	875	893	918	948
2. Adjustment of cash pro- grammes to 1970-71 outturn prices† ...	274	—	-128	-118	-161	-234
3. Relative price effect‡ ...	-142	—	93	260	443	636
Total ...	955	853	840	1,035	1,200	1,350

* Paragraph 4.

† Paragraphs 5 and 6.

‡ Paragraphs 12 to 15.

17. The corresponding figures from Cmnd. 4234, revalued to the price basis of this White Paper, are as follows:

TABLE B.2 £ million

	1969-70 estimate	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate
1. Adjustment to 1970-71 outturn prices	841	865	888	} †	†
2. Adjustment of cash programmes to 1970-71 outturn prices ...	291	183	146		
3. Relative price effect	-213	-7	166		
Total	919	1,041	1,200	1,395	1,603

† Corresponding details were not given in Cmnd. 4234.

The sum of these adjustments represents the difference between (i) the total of public expenditure as in Cmnd. 4234 at 1969-70 outturn prices (including the relative price effect as then estimated) revalued by the movement in the GDP factor cost price index between 1969-70 and 1970-71; and (ii) the sum of the individual programmes as revalued from 1969 Survey prices to 1970 Survey prices when the 1970 Survey was launched in February last year.

18. The totals of these adjustments of the revalued Cmnd. 4234 figures are larger than the adjustments which were shown in that White Paper⁽²⁾. The Cmnd. 4234 total included allowances for:

- (a) the movement from 1969 Survey to 1969-70 outturn prices;
- (b) the adjustment of cash programmes to 1969-70 outturn prices;
- and
- (c) the relative price effect.

Corresponding to (a), line 1 of Table B.2 shows the difference between Cmnd. 4234 programmes revalued at 1970 Survey prices and those programmes adjusted to the 1970-71 outturn price basis. Because the movement between these two price bases is greater than the movement between the comparable bases in the previous year, the amounts in line 1 are larger than the corresponding adjustments in Cmnd. 4234. Line 2, corresponding to (b), represents the difference between (i) the cash programmes as deflated by the adjustment in Cmnd. 4234 to 1969-70 outturn prices and converted to 1970-71 outturn prices by the movement in the GDP factor cost price index between 1969-70 and 1970-71; and (ii) the estimates of those programmes measured at 1970 Survey prices. This adjustment is larger than the corresponding element in Cmnd. 4234 because of the rise in prices between 1969-70 and 1970-71. Line 3 of Table B.2 as the residual corresponds to (c). The difference which appears between this and the corresponding total in Cmnd. 4234 arises because the allowance made a year ago for the relative price effect has not proved quite correct in the light of successive price adjustments. For example, if the allowance for the relative price effect in Cmnd. 4234 for 1970-71 had been exactly right the corresponding allowance now, a year later, for 1970-71 would be nil.

⁽²⁾ Cmnd. 4234, page 78, paragraph 15.

19. The adjustments shown in this White Paper for the latest estimates of expenditure are for 1970-71 onwards lower than those in Cmnd. 4234 revalued to 1970-71 outturn prices:

- (i) The small reduction in the adjustments to 1970-71 outturn prices reflects the lower estimates of expenditure on goods and services compared at constant prices with those in Cmnd. 4234.
- (ii) The much larger reductions in the adjustments to cash programmes are explained largely by the fact that the upward movement in prices generally between 1969-70 and 1970-71 has been much steeper than was envisaged at the time of Cmnd. 4234.
- (iii) The lower estimates of the relative price effect result mainly from the wider coverage of the relative price effect as now calculated (see paragraph 11 above) which tends on balance to reduce the total; another but smaller factor is that the programmes in this White Paper are lower than those of Cmnd. 4234 as revalued.

Allocation of adjustments to individual programmes

20. The adjustments to 1970-71 outturn prices and the relative price effect have been allocated to individual programmes in Table 1.2. This allocation has been done in the following way:

- (a) The overall adjustment to 1970-71 outturn prices has been analysed by economic categories and the resulting factors applied to individual economic categories within each programme. Account has been taken of information about the actual incidence of pay awards in 1970-71 on individual programmes.
- (b) For those programmes (or parts of programmes) which are estimated in money terms the estimates have been deflated by the GDP factor cost price index.
- (c) Relative price adjustments have been calculated for each economic category overall and applied to the individual components of each programme at 1970-71 outturn prices estimated as in (a).

21. For 1969-70 in converting the provisional outturn to 1970-71 prices the GDP factor cost price index has been applied to the individual programme totals and the adjustments to 1970-71 outturn prices and the relative price effect obtained as the residual after subtracting the programme totals as revalued to 1970 Survey prices.

22. The allocation to individual programmes of the adjustments to outturn prices and the relative price effect is less accurate in relation to those programmes than are the overall adjustments in relation to total public expenditure. The rates of growth for some programmes, with adjustments attributed, may be higher or lower than the rates of growth for the unadjusted programmes, depending on the composition of the individual programme concerned.

23. For social security, housing, overseas aid (relative price effect) and agriculture, fisheries and forestry the adjustments are grouped together in Table 1.2 in the line "Price adjustments" (see paragraph 12, page 7).

Resource categories

24. The classification of expenditure by resource category is as described in paragraph 18 of Appendix III of Cmnd. 4234. The adjustments to 1970-71 outturn prices and the relative price effect have been allocated to resource categories in Tables 1.4 and 1.5 from the analysis by programme and economic category described in paragraph 20.

Average annual percentage changes in expenditure

25. Tables 1.2 and 1.3 show in the final column the average annual percentage changes in expenditure on each programme for the period 1970-71 to 1974-75. This period has been chosen in preference to 1969-70 to 1974-75 in order to avoid a possible distortion in the comparisons. The difference to be assumed on a trend basis for future years between the relative increase in wages and salaries in the whole economy and that of the GDP factor cost price index may be expected to be reasonably stable. But, for the corresponding comparison relating to a past year—in this White Paper, 1969-70—the actual movements of pay in the particular service need to be compared with the actual movement of the GDP factor cost price index; and as the incidence and timing of pay increases in the public sector is not uniform, this comparison may be markedly different from one year to another. For this reason 1969-70 has been excluded from the calculation of the average annual percentage changes.

26. In all tables showing average annual percentage rates of changes in expenditure investment grants have been excluded from the calculation of the rates, unless stated to the contrary.

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