

(E)



Public Expenditure to 1975-76

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



LONDON
HER MAJESTY'S STATIONERY OFFICE
68p net



Public Expenditure to 1975-76

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Public Expenditure to 1975-76

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Symbols

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

PART 1

Public Expenditure—General Review

Developments since Cmnd 4578

1. In the period since January, when the Government published their first full public expenditure programmes in the previous White Paper in this series,⁽¹⁾ new needs have been identified by their continuing reviews of the longer term programmes: they have increased the provision for the health service, for the personal social services, and for the building of schools and colleges; for investment by the British Steel Corporation; for the fighting strength of the Services; and for local authorities' lending for house purchase. Other additional provision not previously quantifiable arises from the further development of particular Government policies; for example, for the improvement of social security benefits and for joining the European Communities.

2. New needs have also arisen from the course of events, including the rise in unemployment, particularly in the development areas, and the collapse of Rolls-Royce. Some of the resulting calls for expenditure relate to the immediate future and only for two years or so ahead, such as the special programme of investment in the infrastructure of the development and intermediate areas, and the enlarged grants for improving houses in those areas; or, over a rather longer period, the expanded naval shipbuilding programme. Others are for continuing expenditure, such as finance for the RB 211 engine.

3. The status of the programmes in this White Paper is the same as in Cmnd 4578; they are liable to be affected at any time by continuing examination of policies and of their suitability for the situation with which they have to deal.

4. In the normal way if there is a modification of policy it would be expected to have its greatest impact in the latter half of the period. The figures for those years are in any case both more flexible and more imprecise, except where the expenditure is wholly determined by decisions which are those of Government and are not qualified as provisional.

5. In the present situation, however, the most urgent and some of the largest additions to the programmes affect the first half of the period; in particular, those undertaken in order to mitigate the hardship and waste of unemployment in the development areas and elsewhere. Further expenditure of this kind may be added as a result of the Government's continuing examination. There is no question here of other needs competing for resources; only of using productive power which would otherwise be idle.

6. Activity in the economy has been lower than foreseen when Cmnd 4578 was published. On this account tax reductions now totalling £1,400 million in a full year have been made and in addition there is scope for a more rapid increase in public expenditure this year and next than was envisaged in Cmnd 4578. The programmes of this White Paper are framed accordingly, and while the increases in the succeeding years are relatively smaller than in Cmnd 4578 they begin from a higher level.

7. The demand on output which results from public expenditure programmes is not accurately measured by the money expenditures; different

(1) "Public Expenditure 1969-70 to 1974-75" — Cmnd 4578.

forms of expenditure have different demand effects, and these may vary in different circumstances. As well as close analysis, a degree of judgment is therefore required to assess the implications of the programmes in terms of demand. Any measurement produced in this way is subject to reservations, but on this basis the estimated average annual rate of increase in net demand on output between 1971-72 and 1975-76 implied by the programmes of this White Paper is about 2.5 per cent in real terms.⁽²⁾ When allowance is made for public sector prices to move during the period relatively to those of the economy as a whole, as may be expected from the evidence of the past, this represents an average annual rate of increase in real cost to the economy of about 3.2 per cent.⁽²⁾

8. Such a rate is close to that of the productive potential of the economy over the past decade and more, which has been around 3 per cent a year. But a projection of this trend will understate the future growth in resources. First, there is the increase in output that will result from the taking up of spare capacity. Second, there is the likelihood that the recent improvement in productivity will be found to have made some permanent addition to the level of productive potential. The Government, however, whilst allowing the absolute level of the public expenditure programmes to increase throughout the period, have held the rate of growth of their real cost to the economy in that period close to 3 per cent so as not to produce excessive pressure of demand when resources are fully employed again.

9. Policies will continue to be reviewed, for the better direction of expenditure to needs, including those of the areas where unemployment is high, as well as those of more general kinds; and changes in the programmes may yet be made for these reasons, producing net increases or decreases in the totals, if in the developing situation the Government judge them to be required.

The changes in the programmes

10. Chart 1 shows the size of groups of programmes in this White Paper and in Cmnd 4578, and their rates of change. Chart 2 shows how the additions which have been made since Cmnd 4578 fall into two broad groupings, those with their main impact in the short term and those representing additions continuing into the longer term.

11. These are additions to programmes in Cmnd 4578 which, except for the Commerce and industry programmes, and Debt Interest, were already to

⁽²⁾ The main components are shown in Table 3.1, page 66, and an illustrative account of what is involved in making calculations of this kind is being submitted in a Treasury Memorandum of Evidence to the General Sub Committee of the Expenditure Committee.

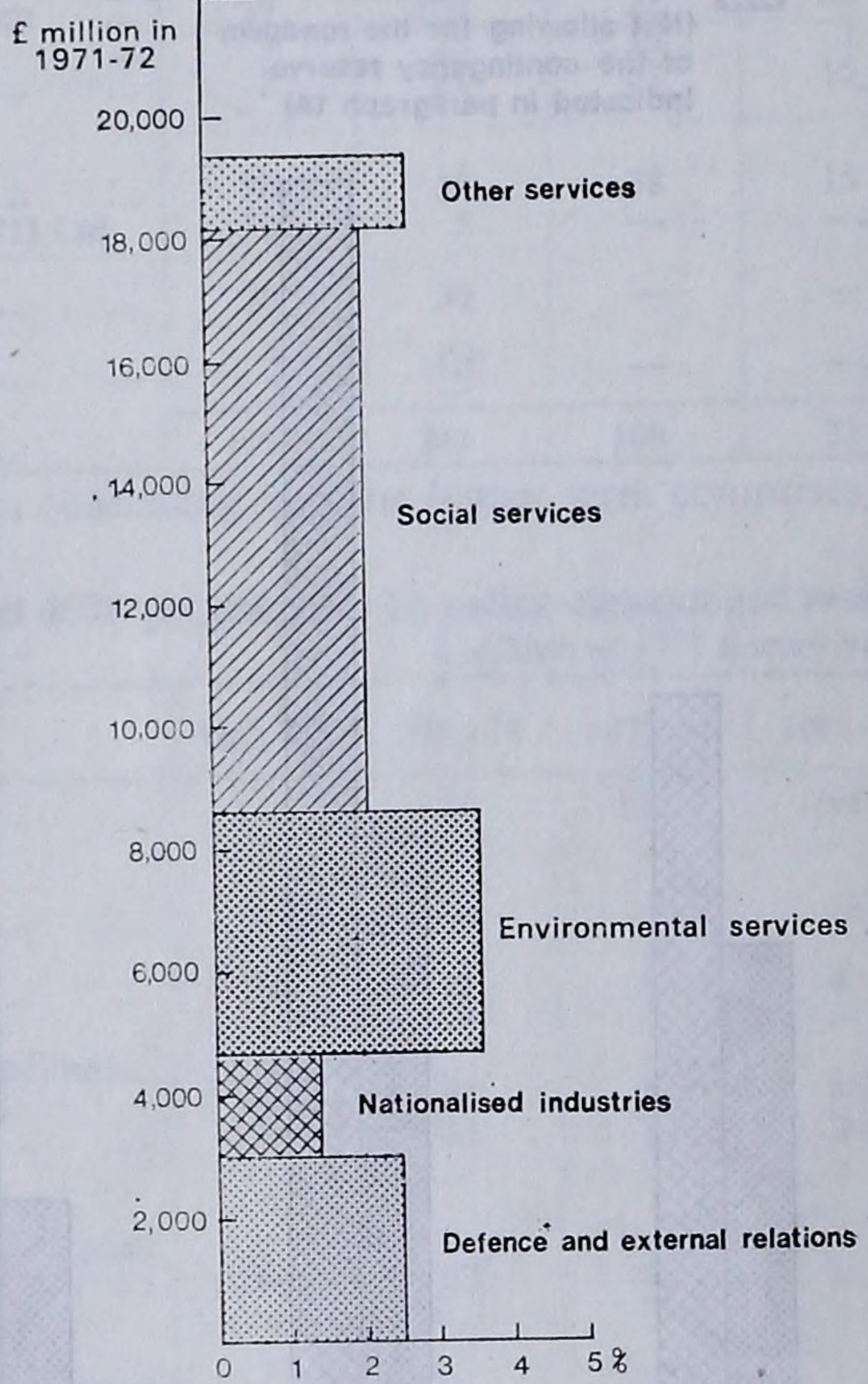
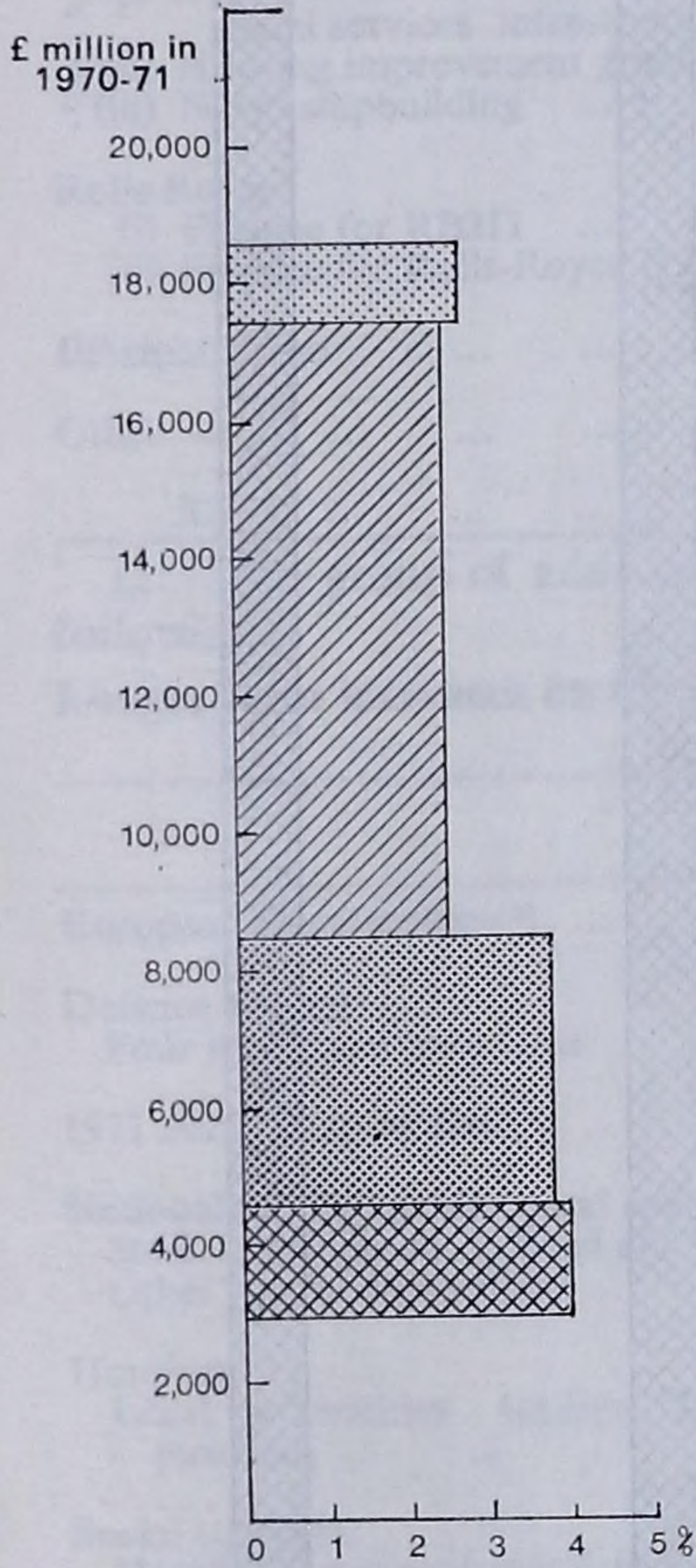
Chart 1: Size and average annual rate of change of public expenditure programmes, by groups, in Cmnd 4578 and in this White Paper

£ million at 1971 Survey prices

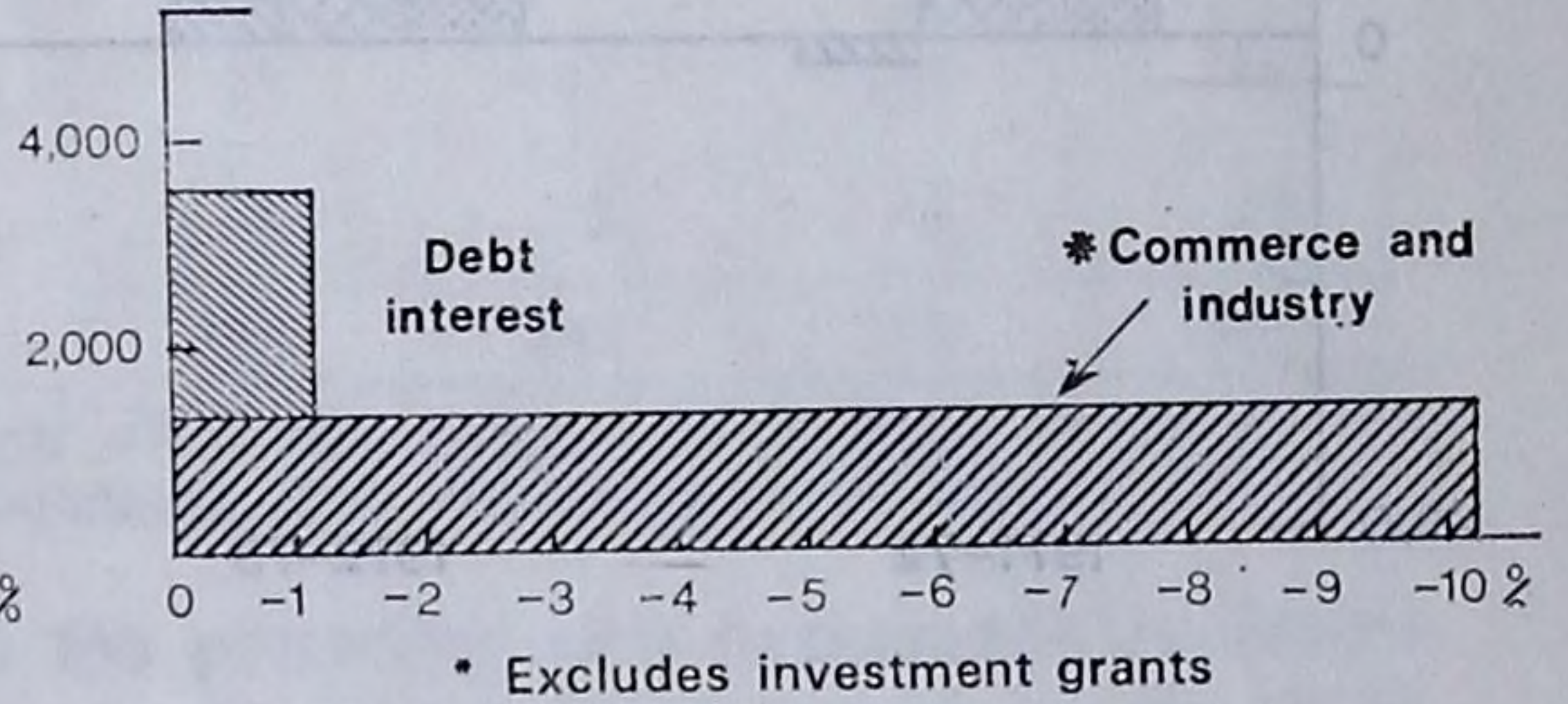
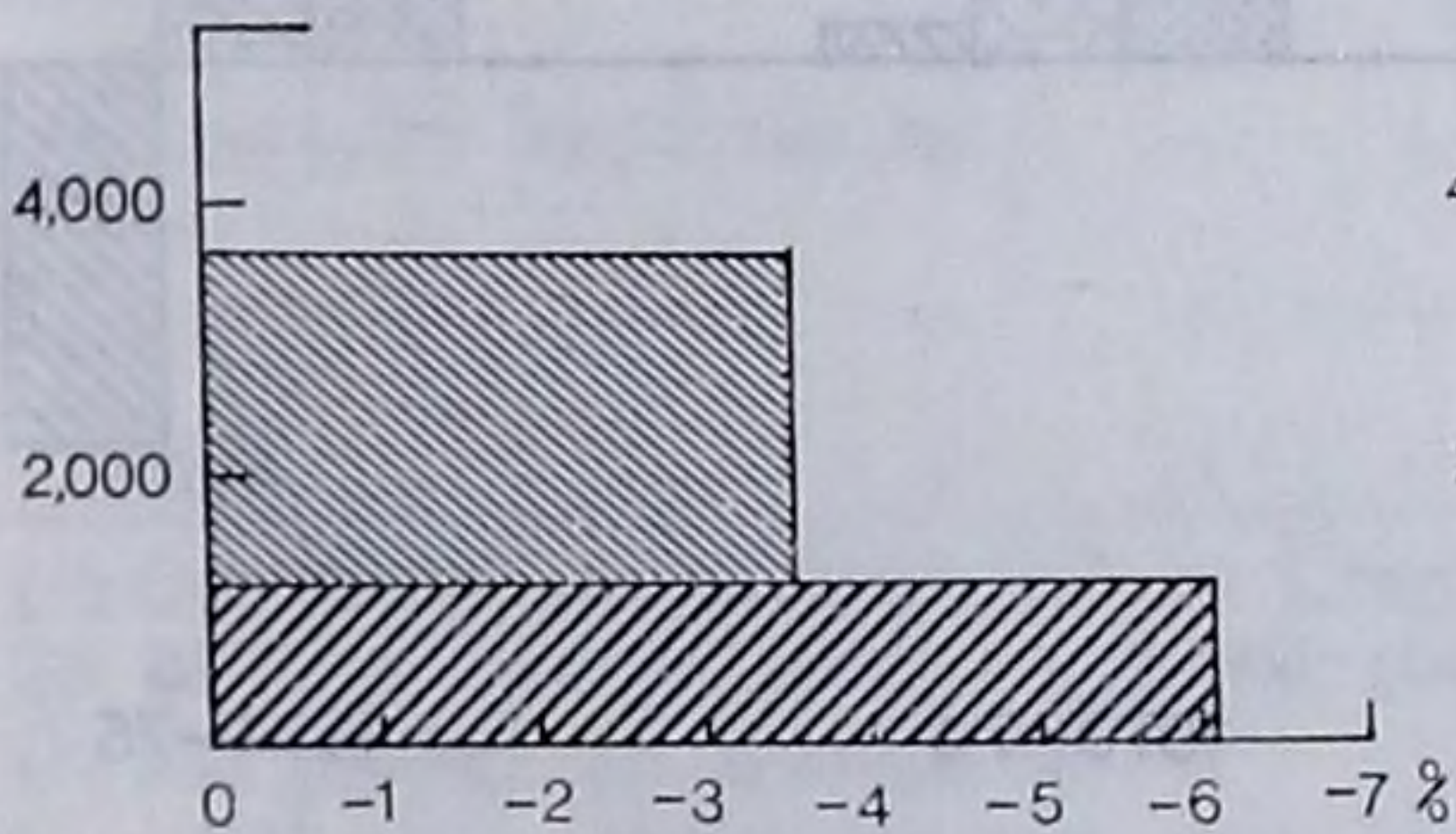
Cmnd 4578
1970-71 to 1974-75

This White Paper
1971-72 to 1975-76

(a) Rising Programmes



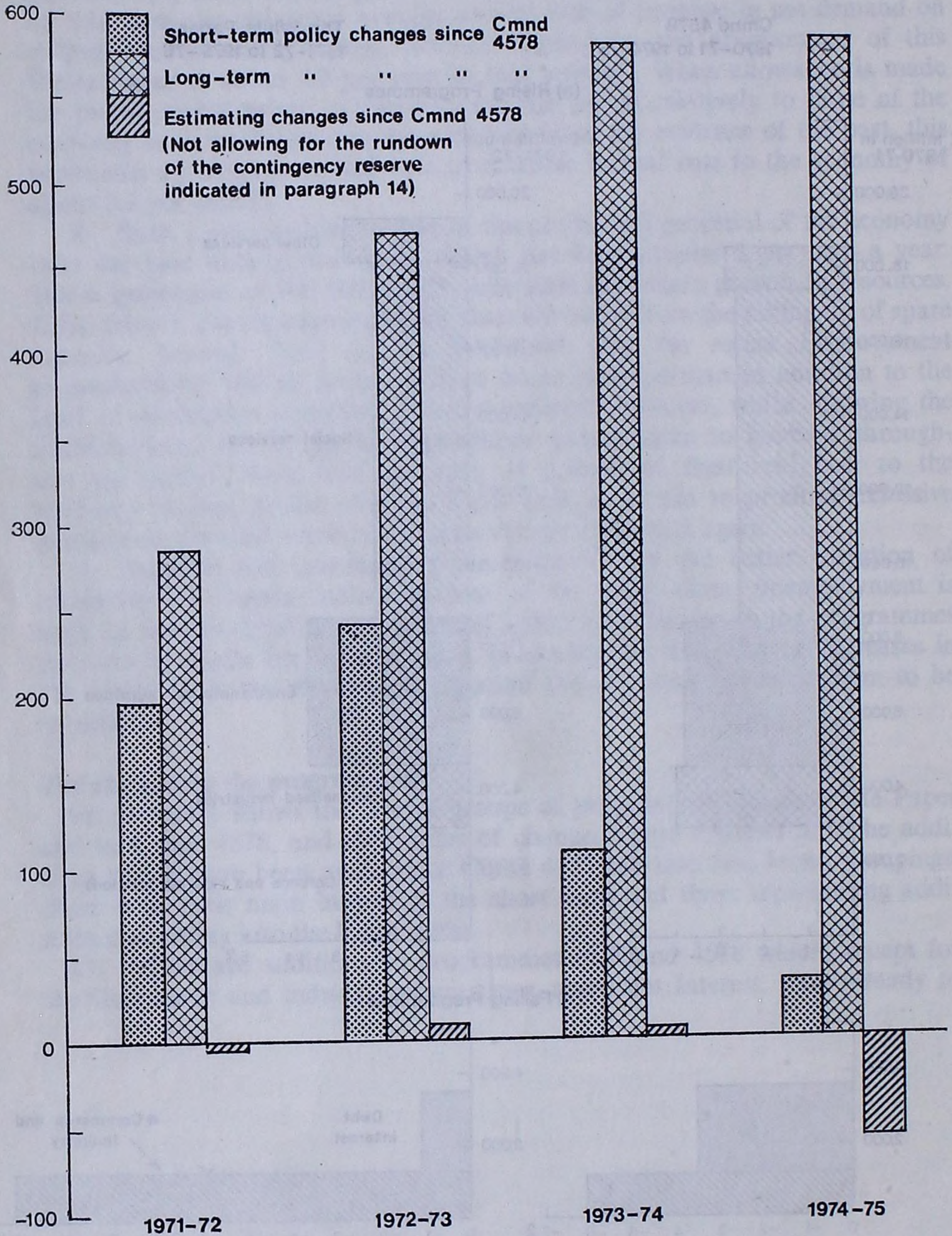
(b) Falling Programmes



Source: Table 1.1.

Chart 2: Changes in public expenditure since Cmnd 4578

£ million at 1971 Survey prices



Source: Part 1, paragraphs 11 and 12; Tables 3.4 to 3.7.

rise over the years to 1974-75. The group adding further expenditure mainly in the short term comprises the following:

Short term increases on Cmnd 4578 programmes by policy changes
£ million at 1971 Survey prices

	1971-72	1972-73	1973-74	1974-75
Development and intermediate areas				
(i) Improvement of environmental and social services infrastructure ...	39	102	23	—
(ii) Housing improvement grants ...	9	25	16	3
(iii) Naval shipbuilding ...	2	31	32	15
Rolls-Royce				
(i) Finance for RB211 ...	80	38	38	15
(ii) Finance for Rolls-Royce (1971) Ltd.	30	5	—	—
BP rights issue ...	30	30	—	—
Other ...	7	10	—	—
Total ...	197	241	109	33

12. The group of additions continuing into the longer term comprises the following:

Longer term increases on Cmnd 4578 programmes by policy changes and reviews
£ million at 1971 Survey prices

	1971-72	1972-73	1973-74	1974-75
European Communities ⁽¹⁾ ...	—	30	130	160
Defence Budget:				
Four additional battalions ...	—	10	10	10
1971 Farm Price Review ⁽²⁾ ...	47	47	47	47
Nationalised industries capital expenditure:				
Steel—expenditure on fixed assets ...	42	55	55	55
Other capital expenditure ...	34	31	18	30
Housing:				
Local authorities' lending for house purchase ...	91	83	78	61
Social services:				
Health and personal social services; school and other educational building, voluntary social service ...	4	34	59	70
Social security improvements ...	70	141	133	134
Other ...	—1	35	48	16
Total ...	287	466	578	583

⁽¹⁾ On the basis announced in Cmnd 4715. See paragraph 2, page 20 below for details of the composition of these payments and the method of financing.

⁽²⁾ See paragraph 1, page 22.

13. All the additions set out in the preceding two paragraphs represent the effects of changes of policies and of normal reviews such as the 1971 uprating of social security benefits and the 1971 Farm Price Review. Further details about them are given in the commentaries on the individual programmes in Part 2 and in tables 3.4 to 3.7 on pages 69-72. Those tables and Chart 2 also give details of changes in estimates not resulting from changes of policies.

The combined totals amount to:

					£ million at 1971 Survey prices			
					1971-72	1972-73	1973-74	1974-75
Paragraph 11	...	...	...	...	197	241	109	33
Paragraph 12	...	...	...	...	287	466	578	583
Total of policy changes and reviews					484	707	687	616
Revised estimates					-2	11	6	-60
Total					482	718	693	556

14. Part of this extra expenditure is met by running down the contingency reserve provided in Cmnd 4578 for the various claims including those for social security, so as to retain only comparable amounts for this White Paper's programmes. £ million

					1971-72	1972-73	1973-74	1974-75
Contingency reserve in								
Cmnd 4578					125	250	375	500
This White Paper					—	125	250	375

Net of this offset of £125 million in each year, the amounts added in this White Paper to the Cmnd 4578 programmes as in paragraph 13 above become— £ million at 1971 Survey prices

					1971-72	1972-73	1973-74	1974-75
Paragraph 13	...	...	...	...	482	718	693	556
less, rundown of Contingency reserve					-125	-125	-125	-125
Total					357	593	568	431

Comparisons with Cmnd 4578

15. The pattern of the resulting programmes compared with those of Cmnd 4578 is shown in Table 1.1, which shows the distribution of expenditure between broad groups of programmes and the rates of increase from year to year in total expenditure.

16. Table 1.1 expresses the programmes at constant (1971 Survey) prices. This provides a measure of the year to year changes in the volume of goods and services used in each programme or, in the case of transfer payments, in claims on goods and services. Changes expressed in this White Paper in these terms are described as being "in volume terms".

17. The table shows that the average annual rate of increase in total expenditure in volume terms between 1971-72 and 1974-75 is 2.1 per cent in this White Paper, compared with 2.2 per cent in Cmnd 4578. Looking forward to 1975-76, the average annual rate of increase of this White Paper's programmes is 2.0 per cent.

18. When the programmes are expressed at constant prices including the relative price effect a measure is given of the year to year change in their real cost, but one which (in contrast to that quoted in paragraph 7 for public expenditure as a whole) does not take account of changes over the period in the composition of these programmes which alter their effect on demand. Changes expressed in this White Paper in these terms are described as being "in cost terms". In this form the comparison between the total programmes of the two White Papers is as follows:

Comparison of programmes by groups, of Cmnd 4578 and of this White Paper, excluding adjustments to 1971-72 outturn prices and relative price effect: 1970-71 to 1975-76

£ million at 1971 Survey prices

TABLE 1.1

Programmes in Cmnd 4578⁽¹⁾

Programmes in this White Paper

	1970-71 estimate	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
Defence and external relations	3,014	2,954	2,918	2,973	3,016	2,991	2,960	2,991	3,139	3,195	3,264
Commerce and industry ...	1,814	1,794	1,473	1,227	1,054	1,759	1,840	1,571	1,334	1,125	900
Nationalised industries ...	1,604	1,593	1,647	1,732	1,874	1,735	1,778	1,770	1,780	1,791	1,875
Environmental services ...	3,846	3,953	4,216	4,358	4,479	3,792	3,967	4,305	4,374	4,467	4,581
Social services	8,974	9,344	9,492	9,712	9,918	8,897	9,517 ⁽²⁾	9,748 ⁽²⁾	9,946 ⁽²⁾	10,137 ⁽²⁾	10,349 ⁽²⁾
Other services	1,079	1,109	1,152	1,172	1,202	1,052	1,150	1,205	1,226	1,252	1,279
Debt interest ⁽³⁾ ...	2,341	2,208	2,174	2,107	2,018	2,335	2,225	2,200	2,175	2,150	2,125
Contingency reserve ...	—	125	250	375	500	—	—	125	250	375	500
Shortfall... ..	-200	-100	-100	-100	-100	—	-100	-100	-100	-100	-100
Total	22,472	22,980	23,222	23,556	23,961	22,561	23,337	23,815	24,124	24,392	24,773
Percentage increases in total expenditure in volume terms ⁽⁴⁾											
i. Annual ... ..	...	2.1	2.5	2.1	2.0	...	3.9	3.1	1.9	1.4	1.7
ii. Average annual rate from 1971-72... ..	...	...	...	...	2.2	...	...	...	...	2.1	2.0

⁽¹⁾ Adjusted for reclassification of certain receipts as charges and other minor classification changes (see Notes on Methodology paragraphs 2-6).

⁽²⁾ Adjusted to a price basis comparable with that of the Cmnd 4578 programmes by the exclusion of the provision for restoration of purchasing power —see Table 2.17, Policy changes (a), viz:

	1971-72	1972-73	1973-74	1974-75	1975-76
	231	437	444	443	446

⁽³⁾ The estimates of debt interest rest on certain conventional assumptions.

⁽⁴⁾ These annual percentage changes are calculated with expenditure on investment grants excluded, since these grants are running down and their place is being taken by investment allowances.

	1971-72	1972-73	1973-74	1974-75	1975-76
Percentage increase in cost terms					
(i) Annual					
Cmnd 4578	2.0	3.2	2.8	2.6	—
This White Paper	3.2	3.9	2.6	2.0	2.4
(ii) Average annual rate from 1971-72		6.2	5.3	1.7	1.8
Cmnd 4578	—	—	3.0	2.9	—
This White Paper	—	—	3.2	2.8	2.7

19. In part 2 of table 3.2, on page 67, these comparisons are extended as the Select Committee on Expenditure have suggested (HC.549 page xix, paragraph 62) to the analysis of total public expenditure into the three resource categories used for that purpose in previous White Papers of this series — direct purchase of resources, transfers and purchase of existing assets. The main point which emerges is that the average annual rate of increase in direct purchase of resources between 1971-72 and 1974-75 is 3.9 per cent. As a method of expressing the implications of expenditure for demand on output, however, an analysis in this form is in principle less satisfactory than the direct assessment, in the manner described in paragraph 7, of the demand which changes in individual expenditures place on output.

The programmes to 1975-76

20. The individual programmes of this White Paper are set out in Tables 1.2 and 1.3 so as to express the annual changes in each programme in cost and volume terms respectively.

Charges and other receipts

21. The programmes are shown in the tables in this part of the White Paper net of charges. The estimated receipts from charges in each programme are set out, as the Select Committee on Expenditure has requested (HC 549, page xi, paragraph 32), in Tables 3.10 to 3.15 on pages 80 to 85. A number of items shown as charges were previously treated as other forms of receipts and not netted from expenditure. The principle of this reclassification has been that a charge should be netted from expenditure if there is both a clear and direct link between the payment and the acquisition of specific goods or services, and the level of charge is related to the cost of providing the goods or services, rather than the charge being used as a revenue raising instrument. The amount of receipts reclassified in this way is between £50 million and £60 million a year. Among the larger items are those of Government testing stations for goods vehicles, the fees of the Public Trustee, the Patent Office, and the Land Registry, and the Severn and Erskine Bridge tolls.

22. Tables 3.10 to 3.15 have been extended also to show, where this is possible, projections of other receipts which are determined and levied in the administration of each individual service, and not as elements of fiscal policy. This also is in accordance with views expressed by the Select Committee on Expenditure (HC 549, page xii, paragraph 34). The table does not, however, include figures for the gross trading surpluses of the nationalised industries, because of the great uncertainty of any forecast of them.

Public expenditure by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to individual programmes: 1970-71 to 1975-76

£ million

TABLE 1.2

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	Average annual percentage increase 1971-72 to 1975-76
<i>At 1971-72 outturn prices</i>							
Defence and external relations:							
1. Defence Budget ...	2,750	2,725	2,751	2,816	2,837	2,887	1.4
2. Other military defence	51	73	56	58	62	79	2.0
3. Overseas aid ...	206	216	234	245	266	290	7.6
4. EEC and other overseas services ...	147	148	180	284	319	322	2.3 ⁽¹⁾
Commerce and industry:							
5. Agriculture, fisheries and forestry ...	424	485	475	413	366	368	-6.7
6. Research Councils, etc.	123	129	137	142	146	152	4.2
7. Trade, industry and employment:							
Investment grants	595	503	267	129	69	34	-49.0
Other ...	706	768	736	696	592	412	-14.4
Nationalised industries:							
8. Nationalised industries capital expenditure ...	1,817	1,837	1,829	1,834	1,837	1,923	1.2
Environmental services:							
9. Roads ...	880	867	959	1,038	1,096	1,166	7.7
10. Surface transport ...	216	233	245	242	241	233	0.0
11. Housing ...	1,219	1,272	1,411	1,339	1,301	1,281	0.2
12. Miscellaneous local services ...	976	1,012	1,086	1,131	1,193	1,257	5.6
13. Law and order ...	665	708	768	824	878	931	7.1
14. Arts ...	24	30	30	34	37	41	8.1
Social services:							
15. Education ...	2,953	3,092	3,269	3,391	3,526	3,690	4.5
16. Health and personal social services ...	2,482	2,553	2,709	2,848	2,980	3,110	5.1
17. Social security ...	3,793	4,426	4,615	4,654	4,676	4,700	1.5
Other services:							
18. Financial administration	273	286	304	315	318	322	3.0
19. Common services ...	237	268	299	323	350	369	8.3
20. Miscellaneous services	84	103	98	97	94	104	0.2
21. Northern Ireland ...	526	598	629	640	655	671	2.9
Total of specific programmes ...							
22. Debt interest ⁽³⁾ ...	21,147	22,332	23,087	23,493	23,839	24,342	2.7 ⁽²⁾
23. Contingency reserve ...	2,335	2,225	2,200	2,175	2,150	2,125	-1.1
24. Shortfall ...	—	—	125	250	375	500	
25. Price adjustments ⁽⁴⁾ ...	—	-100	-100	-100	-100	-100	
	341	13	-140	-136	-119	-127	
Total ...	23,823	24,470	25,172	25,682	26,145	26,740	2.7⁽²⁾

⁽¹⁾ This figure excludes contributions to the European Communities

⁽²⁾ This figure excludes investment grants

⁽³⁾ The estimates of debt interest rest on certain conventional assumptions

⁽⁴⁾ For a description of the content of this item see Notes on Methodology, paragraph 10, page 102.

Public expenditure by programme, with adjustments to 1971-72 outturn prices and relative price effect not attributed: 1970-71 to 1975-76

TABLE 1.3

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	Average annual percentage increase 1971-72 to 1975-76
<i>At 1971 Survey prices</i>							
Defence and external relations:							
1. Defence Budget ...	2,599	2,536	2,537	2,572	2,572	2,600	0.6
2. Other military defence	51	69	52	53	57	74	1.8
3. Overseas aid ...	206	216	234	245	266	290	7.6
4. EEC and other overseas services	135	139	168	269	300	300	0.2 ⁽¹⁾
Commerce and industry:							
5. Agriculture, fisheries and forestry	391	473	462	399	352	353	-7.1
6. Research Councils, etc.	118	125	131	135	137	141	3.1
7. Trade, industry and employment:							
Investment grants ...	593	511	275	136	74	37	-48.0
Other... ..	657	731	703	664	562	369	-15.7
Nationalised industries:							
8. Nationalised industries capital expenditure	1,735	1,778	1,770	1,780	1,791	1,875	1.3
Environmental services:							
9. Roads	817	814	896	964	1,009	1,067	7.0
10. Surface transport ...	201	225	235	233	232	223	-0.2
11. Housing	1,176	1,250	1,392	1,320	1,281	1,259	0.2
12. Miscellaneous local services:							
13. Law and order... ..	932	970	1,028	1,059	1,105	1,154	4.4
14. Arts	642	679	725	766	805	841	5.5
	24	29	29	32	35	37	6.3
Social services:							
15. Education	2,758	2,895	3,020	3,085	3,161	3,261	3.0
16. Health and personal social services:							
17. Social security	2,346	2,427	2,550	2,651	2,743	2,834	3.9
	3,793	4,426	4,615	4,654	4,676	4,700	1.5
Other services:							
18. Financial administration	253	263	276	282	280	280	1.6
19. Common services ...	221	245	272	289	311	326	7.4
20. Miscellaneous services	78	96	91	88	84	92	-1.1
21. Northern Ireland ...	500	546	566	567	577	581	1.6
Total of specific programmes							
22. Debt interest ⁽³⁾ ...	20,226	21,443	22,027	22,243	22,410	22,694	2.0 ⁽²⁾
23. Contingency reserve ...	2,335	2,225	2,200	2,175	2,150	2,125	-1.1
24. Shortfall	—	—	125	250	375	500	
25. Adjustments to 1971-72 outturn prices and relative price effect	—	-100	-100	-100	-100	-100	
	1,262	902	920	1,114	1,310	1,521	
At 1971-72 outturn prices							
Total	21,968	23,051	23,917	24,432	24,761	25,162	2.7 ⁽²⁾
	23,823	24,470	25,172	25,682	26,145	26,740	

(1) This figure excludes contributions to the European Communities
 (2) This figure excludes investment grants
 (3) The estimates of debt interest rest on certain conventional assumptions

Public expenditure by spending authority, distinguishing current and capital expenditure: 1971-72 to 1975-76

TABLE 1.4

£ million

	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	Average annual percentage increase 1971-72 to 1975-76
I. At 1971 Survey prices						
Central government						<i>In volume terms⁽²⁾</i>
Current	11,720	12,090	12,278	12,279	12,348	1.3
Capital ⁽¹⁾	1,141	1,269	1,320	1,338	1,280	2.9
Local authorities						
Current	3,919	4,084	4,191	4,372	4,561	3.9
Capital	2,120	2,251	2,262	2,281	2,316	2.2
Public corporations						
Capital	2,032	2,058	2,056	2,066	2,152	1.4
Adjustments to 1971-72 outturn prices and relative price effect ...	910	928	1,121	1,315	1,524	
At 1971-72 outturn prices Total ⁽¹⁾ of Part I ...	21,842	22,680	23,228	23,651	24,181	2.0 ⁽³⁾
II. At 1971-72 outturn prices with relative price effect attributed						
Central government						<i>In cost terms⁽²⁾</i>
Current	12,194	12,639	12,924	13,008	13,178	1.9
Capital ⁽¹⁾	1,178	1,310	1,365	1,386	1,334	3.2
Local authorities						
Current	4,204	4,445	4,635	4,901	5,181	5.4
Capital	2,153	2,299	2,318	2,351	2,404	2.8
Public corporations						
Capital	2,100	2,127	2,122	2,124	2,211	1.3
Price adjustments ...	13	-140	-136	-119	-127	
Total⁽¹⁾ of Part II ...	21,842	22,680	23,228	23,651	24,181	2.6
III. Investment grants, debt interest, contingency re- serve and shortfall ...	2,628	2,492	2,454	2,494	2,559	
Total (I or II + III)	24,470	25,172	25,682	26,145	26,740	2.7 ⁽¹⁾

(1) Excludes investment grants

(2) See paragraphs 16 and 18 above

(3) Excludes adjustment to 1971-72 outturn prices and relative price effect

Spending authorities' roles

23. Table 1.4 summarises the totals of the current and capital expenditures of each type of spending authority — the Government, the local authorities, and the public corporations including the nationalised industries — and shows the average annual rates of change over the period separately in volume and cost terms.⁽³⁾

24. The estimates of local authorities' current expenditure from 1973-74 onwards represent only provisional calculations by the Departments concerned, and definitive figures will not become available until they have been

(3) The analysis of the individual programmes in these categories is given in Tables 3.16 to 3.21 on pages 86 to 97, and is extended in Tables 3.22 and 2.23 (on pages 98 and 63) to distinguish the current and capital components of local authorities' expenditure separately for England and Wales and for Scotland. Table 2.25 provides a similar analysis for local authority expenditure in Wales.

negotiated with the local authorities in successive further settlements of rate support grant; the figures in their present form will not necessarily represent the appropriate starting point when the time comes for each round of negotiations, since there may by then be considerations to be taken into account which are not at present in the minds of either side. The Government hope, however, that the figures as they stand will serve as a basis for new, closer and continuing discussion with the local authorities' representatives on the programmes. Arrangements are also being discussed with these representatives on procedures for them to be consulted regularly in the preparation of the capital programmes.

25. Subject to this and to the general reservations in paragraphs 3 and 4, the fastest growing element of capital expenditure in the public sector is that of the Government, including hospitals, roads and prisons; and of current expenditure, that of the local authorities' services generally.

Public expenditure in the past

26. The estimate for each group of programmes for 1970-71 given in Cmnd 4578 is compared with the provisional outturn for that year in Table 1.1. The Cmnd 4578 estimate is shown to have been about £100 million, or $\frac{1}{2}$ per cent, too low. This is more than accounted for by the course of nationalised industries' capital expenditure: Cmnd 4578 envisaged that this would fall short of the aggregate of the individual industries' estimates by £150 million, but expenditure by the steel, electricity and coal industries was greater than expected and there was little net shortfall on the nationalised industries' programme as a whole.

27. Tables 3.23 and 3.24 on pages 99-100 make a beginning with what the Government hope will become a cumulative record of public expenditure actually incurred. The Select Committee on Expenditure (HC 549, page xix, paragraph 62) made a general recommendation that material should be provided for comparison over a period of five past years. The Government intend to work towards this. But as it is only for the years covered by the previous White Papers in this series that the material is available to explain and interpret precisely the year to year movement in the figures, these tables extend back in this White Paper only to 1968-69.

PART 2

Public Expenditure—The Individual Programmes

DEFENCE BUDGET

TABLE 2.1

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i> Defence Budget	2,599.0	2,536.3	2,537.0	2,572.0	2572	2,600
Changes from Cmnd 4578 revalued						
policy changes	—	+2.6	+41.0	+42.0	+25	
estimating changes	+0.3	-1.3	—	—	—	
Cmnd 4578 revalued	2,598.7	2,535.0	2,496.0	2,530.0	2,547	

1. The figures for the Defence Budget provide for the decision, already announced, to expand four of the "representative infantry companies" to battalion strength. This policy change will increase the estimates given in Cmnd 4578 (revalued to 1971 Survey prices) by £10 million a year to £2,506 million in 1972-73, £2,540 million in 1973-74 and £2,557 million in 1974-75.

2. The figures make allowance also for the decision to accelerate ship-building orders for the Navy and thereby to provide additional employment in development areas (see Part I, paragraph 11). The additional expenditure will fall mainly in 1972-73 (£31 million) and 1973-74 (£32 million).

3. The figure for 1975-76 is provisional at this stage. Its adequacy will be further examined in relation to the planned defence programme.

4. Detailed information about the Defence Budget for 1972-73 and developments in defence plans will be reported to Parliament in the 1972 Statement on Defence Estimates.

OTHER MILITARY DEFENCE

TABLE 2.2

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Military aid	11.4	10.6	8.3	5.9	1	1
Allied services	94.0	96.0	93.9	94.9	95	99
United States military aircraft						
(i) Purchases	12.9	3.6	—	—	—	—
(ii) Repayments	-50.4	-49.4	-49.1	-46.4	-38	-25
Other ⁽¹⁾	-17.3	7.9	-1.6	-1.9	-1	-1
Total	50.6	68.7	51.5	52.5	57	74
Changes from Cmnd 4578 revalued						
policy changes	—	+2.7	+0.1	-0.1	—	
estimating changes	-16.6	+0.9	-5.7	-5.1	-5	
Cmnd 4578 revalued ⁽²⁾	67.2	65.1	57.1	57.7	62	

⁽¹⁾ This incorporates national accounting adjustments and certain minor items.

⁽²⁾ See Notes on Methodology, paragraph 3, page 101.

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 existing commitments of this type are running down.

Allied Services

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

United States Military Aircraft*

3. Final deliveries of aircraft have been completed but payments, financed by United States credits, are still being made in 1971-72 to cover support costs and final settlements. The U.S. credit facilities terminate at 31st March 1972; thereafter any further payments will be met directly from the Defence Budget.

OVERSEAS AID

TABLE 2.3

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
a. Aid programme	205.3	214.1	231.9	243.0	265	289
b. Other net investment by the Commonwealth Development Corporation (CDC)	+0.7	+1.7	+2.6	+2.2	+1	+1
c. Total public expenditure on Overseas aid ⁽¹⁾	206.0	215.8	234.5	245.2	266	290
Changes from Cmnd 4578 revalued						
policy changes	—	—	+9.0	—	—	
estimating changes	-2.7	+0.4	+0.1	-0.2	-1	
Cmnd 4578 revalued ⁽²⁾	208.7	215.4	225.4	245.4	267	

⁽¹⁾ Aid programme (line a) includes advances from the Exchequer to the CDC net of repayments; the public expenditure figures (line c) incorporate the net flow of funds from the CDC to overseas countries. The adjustment (line b) represents the difference between the two figures.

⁽²⁾ See Notes on Methodology, paragraph 3, page 101.

1. The presentation of overseas aid in this White Paper differs from that of previous years in that the figures are now shown net of amortisation receipts from past aid loans and at constant prices, in conformity with the presentation of most other programmes. The aid programme will in future be determined on this net constant price basis, with each annual programme being converted to a gross cash sum for the submission of the Estimates to Parliament.

2. Overseas aid expenditure covers the total of British official develop-

(*) The basis of these figures is described on page 17 of Cmnd 4578.

ment assistance provided to developing countries directly or through international organisations. The figures in the table above relate only to economic aid.

3. Flows of private funds as well as official aid are expected to make a substantial contribution to the UNCTAD 1% target which the Government last year undertook at the United Nations to do their best to reach by 1975. Measures to encourage British private investment in developing countries have been announced during 1971 (Cmnd 4656). The aid programme for 1972-73 is now increased by £9 million (at 1971 Survey prices) above the level for that year shown in Cmnd 4578. For 1975-76, the increase of 9% over 1974-75 is the same as the percentage increase for that year over 1973-74.

4. In 1972-73 it is expected that, of the gross planning figure (which on the basis of previous experience is higher than the Estimate provision to allow for underspending) about 56 per cent and 15 per cent would be devoted respectively to bilateral capital and multilateral aid, about 19 per cent to technical assistance, nearly 6 per cent to the CDC, and about 4 per cent to the pensions of former members of the Overseas Services. The allocation of the aid programme for subsequent years is reviewed annually, and the forecasts for even the coming year may be varied in the course of the year. The following paragraphs are illustrative by reference to 1970.

5. The main recipient of British multilateral aid is the International Development Association (IDA). Other international institutions receiving British contributions are the United Nations Development Programme and other UN aid and relief agencies, as well as some Regional Development Banks.

6. Of bilateral capital aid in 1970, nearly three quarters was in the form of financial loans, and just over one quarter in the form of grants. The majority of the loan commitments were interest free. The purpose or function of bilateral capital aid is best described over a run of years, since the chance incidence of commitment and rate of expenditure may distort the annual pattern. Over the five year period 1966-70 commitments of project aid totalled £373 million, of which 12 per cent was for renewable natural resources including agriculture, 9 per cent for industry, 23 per cent for economic infrastructure (power, communications), and 11 per cent for investment in social services (health, education, etc.). Over the same period, commitments of non-project aid totalled £356 million, of which 17 per cent was budgetary aid, 63 per cent for current imports, 11 per cent debt refinancing, and 3 per cent was for disaster relief.

7. Technical assistance financed bilaterally in 1970 included the provision of over 15,000 experts and teachers to overseas activities as well as 2,000 volunteers, and the education in the UK of nearly 8,000 students and over 4,000 trainees.

8. Nearly 90 per cent of bilateral capital aid and technical assistance in 1970 went to Commonwealth countries including the remaining dependencies; of this just under one-third went to the Indian subcontinent and a similar proportion to Commonwealth Africa.

EEC AND OTHER OVERSEAS SERVICES

TABLE 2.4

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Contributions to the European Economic Community, etc.	—	—	30.0	130.0	160	160
Overseas representation ...	67.9	70.4	70.4	70.7	71	71
Overseas information ...	32.6	33.8	34.2	33.8	34	33
Other external relations ...	34.6	34.5	33.8	34.7	35	36
Total ...	135.1	138.7	168.4	269.2	300	300
Changes from Cmnd 4578 revalued						
policy changes ...	—	+0.1	+30.0	+130.0	+160	
estimating changes ...	-3.9	—	-1.4	-0.4	—	
Cmnd 4578 revalued ...	139.0	138.6	139.8	139.6	140	

1. This programme now includes payments to the European communities. The other expenditure is directed to the promotion of British interests overseas. Part of it is governed directly by international commitments. It includes allowance for some reductions in the size of the Diplomatic Service.

Contributions to the European Communities and European Investment Bank

2. The estimates are based on those given in the White Paper "The United Kingdom and the European Communities" (Cmnd 4715) for the possible net contribution to the Community budget (paragraph 93) and for payments to the European Investment Bank (paragraph 135) and European Coal and Steel Community (paragraph 159). The paid up subscription to capital of the European Investment Bank will be £37.5 million, to be paid in five equal instalments during the two-and-a-half years after accession. The United Kingdom will also make a contribution to the reserves of the Bank on 1st January 1973. This is currently estimated at £20 million. The investment of £24 million in the reserve funds of the Coal and Steel Community will be made in three equal instalments starting from the date of accession. The remaining element in the estimate in Table 2.4 is a financial year apportionment of the estimates in Cmnd 4715 of the contribution to the Community Budget. Under the direct income system, which is designed to make the Community self-financing, contributions to the budget will be increasingly financed directly from the revenue of customs duties and of levies on agricultural imports.

Overseas representation

3. This expenditure includes the cost of the Foreign and Commonwealth Office (FCO) in London, British diplomatic and consular representation in more than 120 countries, and official delegations to 7 major international organisations. It covers the cost of staff (excluding those engaged on information work), as well as their office and private accommodation abroad, and official travel.

4. The Diplomatic Service is responsible for representing and promoting British interests abroad. This includes the handling of intergovernmental relations; advice on foreign policy; protecting the interests of British nationals abroad; promoting Britain's visible and invisible exports by assisting British

commercial organisations and firms and by conducting bilateral and multi-lateral negotiations on international trade and payments; and representing Her Majesty's Government in international organisations.

5. This item includes also the cost of the Overseas Development Administration, the Passport Offices in London and other centres, and the communications organisation in support of the Diplomatic Service.

Overseas information

6. This covers three main elements:

(i) A proportion (now 65%) of British Council expenditure to promote wider knowledge of the United Kingdom and the English language abroad, and to develop close cultural relations with other countries. The Council is represented in 75 overseas countries. Its activities include the training of teachers of English, the promotion of the use of British books abroad, exchanges of people, assistance to overseas students in Britain and the promotion of a wider knowledge overseas of British arts. The remainder of the Council's expenditure is included in Overseas aid.

(ii) The cost of the BBC's External Services. These broadcast in English and 39 other languages for over 700 hours per week and aim to inform the largest possible foreign audiences about Britain and the part it plays in international trade and politics, and to influence them towards British policies, institutions, and business. In addition, the BBC External Services supply a large number of radio programmes in recorded form to overseas broadcasting stations and are also responsible for the teaching of English by radio. The expenditure covers both operating expenses, including programme staff and engineering costs, and also capital expenditure, much of which is allocated to improving the range and quality of reception. A contribution to the cost of the BBC Monitoring Service is also included under this heading.

(iii) The cost of FCO information staff and operations at home and abroad and of supporting services of the Central Office of Information and the Stationery Office. The aim of Information staff and their supporting services is to ensure by personal contacts, the provision of material in all media, reference services and a programme of visits to the UK, an awareness of Britain's international role and interests; to secure, by publicity abroad, understanding and support for the policies of Her Majesty's Government; and to achieve a favourable opinion abroad for Britain, its business and nationals.

Other external relations

7. This expenditure comprises mainly other 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

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Agricultural support ...	267.3	342.0	325.0	260.0	210	210
Other assistance to agriculture	69.5	70.5	71.9	70.1	68	65
Fisheries	9.0	10.8	11.8	11.8	12	12
Forestry	44.9	49.4	53.0	57.4	62	66
Total	390.7	472.7	461.7	399.3	352	353
Changes from Cmnd 4578						
revalued						
policy changes	—	+46.6	+46.2	+45.9	+31	
estimating changes ...	-78.8	-19.8	-2.1	-11.0	-1	
Cmnd 4578 revalued ...	469.5	445.9	417.6	364.4	322	

Agricultural Support

1. This heading covers both that part of agricultural support which takes the form of deficiency payments under price guarantees and also the production grants and other subsidies for farmers, along with the associated administrative costs. Because of the special difficulties of forecasting this expenditure, the convention generally adopted in previous White Papers on public expenditure has been to project the cost of agricultural support throughout the quinquennium at the approximate level forecast following the latest 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 higher or lower than the projected figures.

2. During the period covered by the White Paper, expenditure on agricultural support will of course be affected by entry into the EEC. Deficiency payments during the transition will depend not only on the level of U.K. guarantee prices, but also on CAP intervention prices and the steps by which market prices in the U.K. are raised successively towards the CAP target prices. As in Cmnd 4578, therefore, arbitrary deductions have been made for 1972-73 and subsequent years which along with a saving of £25 million assumed for 1971-72, reflect the policy announced in Cmnd 4578 of saving about £150 million by 1974-75 in deficiency payments by the operation of levies.

Other Assistance to Agriculture

3. Most of the other expenditure by Government Departments on agricultural, horticultural, and food services is included here. About half of the total comprises salaries and other administrative expenses not included in agricultural support. Of the balance the biggest element is the bacon stabilisation scheme. As with agricultural support, some of the expenditure has been projected forward on a conventional basis. Here too expenditure may be affected by entry to the EEC but at present it is impossible to reflect this in the figures.

Explanation of changes

4. The main revision classified as a policy change is that this year's White Paper figures take account of the results of the 1971 Annual Review

of Agriculture which was assessed at an increase of £46.6 million. The figure for 1974-75 takes account of changes in the work of MAFF which were announced in Cmnd 4564 and mentioned on page 19 of Cmnd 4578, but not allowed for in the figures.

5. The big estimating change for 1970-71 is attributable mainly to the saving on deficiency payments in that year.

Fisheries

6. 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.

Forestry

7. Public expenditure on forestry consists of fixed investment by the State Forestry Enterprise (trading) on roads, buildings and equipment; the net cost each year of growing timber in the State-owned forests (*i.e.* the increase in the value of the Forestry Commission's plantations); and expenditure on the Forestry Authority of about £3 million a year, mainly on research, and grants to private woodland owners. The increase in expenditure over the period is due to the element representing the value of stocks. The figures make no allowance for any changes which may result from the Government's current review of forestry policy.

RESEARCH COUNCILS ETC.

TABLE 2.6

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Research Councils (including the Social Science Research Council), etc.	114.7	121.1	126.4	130.4	133	137
Agricultural research, Scotland	3.8	3.9	4.2	4.0	4	4
Total	118.5	125.0	130.6	134.4	137	141
<i>Changes from Cmnd 4578 revalued</i>						
policy changes	—	—	—	-1.1	-3	
estimating changes	-1.0	—	—	-0.1	—	
Cmnd 4578 revalued	119.5	125.0	130.6	135.6	140	

1. The first line in 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 advises the Secretary of State on the allocation of this "Science Budget."

2. The second line shows expenditure for which the Secretary of State for Scotland is responsible. It covers agricultural research in Scotland carried on at eight research institutes which are grant-aided. While special emphasis is placed on the needs of Scottish agriculture, their programmes contribute to agricultural research as a whole and are co-ordinated with the programmes

undertaken by those institutes which are controlled by the Agricultural Research Council.

3. The figures reflect reductions in expenditure on the "Science Budget" of £1 million for 1973-74 and of £3 million for 1974-75 which have been made since the publication of Cmnd 4578 in order to bring the growth of expenditure on this block budget more into line with that of public expenditure programmes as a whole. This results in an average annual growth rate of 3.1 per cent for the period 1971-72 to 1975-76. This is higher than the corresponding annual rate of growth (2.0 per cent) of the total of all programmes, but by 1974-75 the growth rate of the Science Budget will have dropped to the lower level.

4. The table below shows the allocation of the "Science Budget" between individual Research Councils for 1970-71 and 1971-72.

								£ million	
								1970-71 provisional outturn	1971-72 estimate
<i>At 1971 Survey prices</i>									
<i>Research Councils, etc.</i>									
Agricultural Research Council	...	...	...	...	...	...	...	17.8	18.6
Medical Research Council	...	...	...	...	...	...	...	22.0	22.9
Natural Environment Research Council	...	...	...	...	...	...	...	15.1	15.8
Science Research Council	...	...	...	...	...	...	...	53.0	55.6
Social Science Research Council	...	...	...	...	...	...	...	3.3	4.2
Natural History Museum ⁽¹⁾	1.7	1.9
Science, grants and services	...	...	...	...	...	...	...	1.6	2.1
Documentation Processing Centre	...	...	...	...	...	...	...	0.2	—
"Science Budget"	...	...	...	...	...	...	...	114.7	121.1
Agricultural research, Scotland	...	...	...	...	...	...	...	3.8	3.9
Total	...	...	...	...	...	...	...	118.5	125.0

(¹) Includes provision for major building

5. The Science Research Council, which is the largest, at present accounts for about half of the expenditure of all Councils. It sponsors a wide range of scientific and technological research and postgraduate study, mainly in universities and in its own establishments. About one-quarter of its expenditure is however accounted for by subscriptions to international organisations, of which by far the most important are the European Space Research Organisation (ESRO) and the European Organisation for Nuclear Research (CERN).

6. The Medical Research Council's main function is to advance knowledge that will improve the physical and mental health of individuals in the community. To this end it supports research in its own institutes, universities and elsewhere. The Council also pays the UK subscription to the International Institute for Research on Cancer. The Agricultural Research Council's main work involves advancing knowledge about plants and animals so that agricultural productivity may be improved. For the most part the work which it supports is conducted at the Council's 9 Research Institutes and 13 Research Units and at other state-aided institutions.

7. The Natural Environment Research Council's main concern is with the earth sciences, oceanography and ecology. Its research into the causes and control of pollution forms a significant part of its budget. Amongst its larger component bodies are the Institute of Geological Sciences, the National Institute for Oceanography, the Nature Conservancy and the British Antarctic Survey. The bulk of the Social Science Research Council's expenditure is divided about equally between grants for research and grants for postgraduate

university training in the social sciences. Additionally, the Council has three small units of its own, for research relating to race relations, surveys and industrial relations. The Council is also responsible for the Government's contribution to the International Institute for the Management of Technology.

8. All the Councils make some provision for postgraduate education, but the bulk comes from the Science Research Council and Social Science Research Council. The number of awards these Councils estimated as current in October 1971 were respectively 7,790 (240 being fellowships) and 3,159 (29 being fellowships and 780 bursaries).

TRADE, INDUSTRY AND EMPLOYMENT

£ million

TABLE 2.7

	1970-71 pro- visional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Department of Trade and Industry						
General support programme:						
Administration	28.8	28.8	24.9	24.3	24	24
Research establishments (including Atomic Energy Authority)	59.1	60.9	54.1	48.8	43	40
Support for industrial technology	15.2	13.3	14.6	13.1	12	12
Civil aviation & shipping services	26.5	25.0	26.9	31.1	27	25
Promotion of tourism, exports etc.	12.8	15.9	16.9	15.2	15	15
Total	142.4	143.9	137.4	132.5	121	116
Promotion of local employment:						
Gross	73.0	77.0	94.1	107.1	112	118
Loan repayments, rents and sales	-21.4	-27.0	-27.6	-30.6	-35	-39
Aircraft projects & assistance						
Concorde	65.8	75.0	87.1	93.3	75	4
RB 211	12.1	80.0	38.0	38.0	15	-10
Other	36.5	32.4	8.3	2.0	1	-
Civil aerospace R & D	24.7	25.6	34.5	36.8	39	37
Assistance to the coal industry	23.1	16.8	13.3	11.4	6	3
Residual expenditure of the IRC	25.0	-17.6	-13.5	-8.8	-6	-24
Investment grants	592.9	511.0	275.0	136.0	74	37
Other services	12.0	21.2	29.7	16.1	11	13
Total	986.1	938.3	676.3	533.8	413	255
Department of Employment and other departments						
Employment services	90.0	87.2	93.3	94.5	95	94
Redundancy Fund payments	47.1	61.6	53.8	49.0	46	46
SET additional payments	7.4	0.1	0.1	-	-	-
Regional employment premiums	109.6	106.9	107.2	106.9	72	2
Covent Garden Market Authority (capital expenditure)	5.9	7.5	6.5	5.0	1	-
Miscellaneous services	4.4	10.7	11.0	11.1	9	9
British Petroleum rights issue ...	-	29.9	29.9	-	-	-
Total	264.4	303.9	301.8	266.5	223	151
Total	1250.5	1242.2	978.1	800.3	636	406
Changes from Cmnd 4578 revalued						
policy changes	+72.1	+102.0	+77.5	+44.0	+21	
estimating changes	-46.2	-82.6	-23.1	+29.4	+22	
Cmnd 4578 revalued ⁽¹⁾	1224.6	1222.8	923.7	726.9	593	

(1) See Notes on Methodology, paragraph 2, page 101.

Department of Trade and Industry

General Support Programme:

1. This block of expenditure covers a very wide range of activities, providing support for industry in various forms. It consists of expenditure (detailed in paragraphs 2-8 below) of a kind which can be programmed ahead, and is managed by the Department as a block budget, i.e. within an agreed ceiling. The main elements are industrial research and development and other measures to encourage industrial efficiency and technological progress; safety and other services to civil aviation and shipping; and programmes to promote tourism and exports. The cost of major individual projects or support schemes, however, are shown elsewhere in the Department's expenditure programme. It is expected that from 1972-73 onwards spending will be some £9-10m less on a comparable basis than envisaged in Cmnd 4578.

Administration

2. This includes the cost of the Department's headquarters and regional offices, the Patent Office, the Metrication Board and the Monopolies Commission. The reason for the reduction between 1971-72 and 1972-73 is the transfer of staff to the new Civil Aviation Authority from April 1972.

Research establishments (including those of the Atomic Energy Authority)

3. The Department's industrial research establishments undertake work for Government Departments, for other public authorities and for industry. There are three multi-purpose establishments (National Physical Laboratory, National Engineering Laboratory and Warren Spring Laboratory) and three more specialised establishments (Torry Research Station, Laboratory of the Government Chemist and Safety-in-Mines Research Establishment). Activities include, for example, the work of the National Physical Laboratory on standards and on shipbuilding design, and of the National Engineering Laboratory on the application of numerical control to machine tools. The Laboratory of the Government Chemist does analytical and advisory work required for regulatory purposes by Government Departments.

4. The establishments of the Atomic Energy Authority undertake both nuclear and non-nuclear research and development. The major part of the expenditure is on the development of nuclear reactors for the generation of electricity, and nearly half of this (some £20 million) is at present concentrated on the fast breeder reactor. By 1975-76 a number of reactor development projects will have been largely or entirely completed, leaving the fast breeder reactor as the principal object of development expenditure at that time. Reactor work is also undertaken on repayment for e.g. British Nuclear Fuels Ltd, the Generating Boards and the two nuclear design and construction companies. The facilities and expertise of the establishments are also used in the application of nuclear science in a variety of non-nuclear fields.

5. At both the Industrial Research Establishments and the establishments of the Atomic Energy Authority increased emphasis is being placed on the need to undertake work in response to the demands of the customers, whether Government Departments or industry, on a repayment basis.

Support for industrial technology

6. This is a very diversified programme of support both for the engineering industries and, in some respects, for industry generally. Contracts in various

fields of advanced technology are normally undertaken on a cost-sharing basis with industry, such as those in support of ICL announced in the House of Commons by the Minister for Aerospace on 30 July 1971. Pre-production purchases of advanced machine tools and other equipment are supported to stimulate the British machine tool and other industries. A number of advisory and productivity services are assisted; for example the Computer Aided Design Centre at Cambridge which is pioneering the application of computers to engineering; and the National Computing Centre in Manchester which provides a wide range of assistance to computer users. The aim is to bring these advisory and productivity services, as soon as possible, to a position where they can be fully self-supporting. This heading also covers grants to Industrial Research Associations and Government funded expenditure by the National Research Development Corporation in support of research and development projects in a variety of fields. The activities of the NRDC are at present the subject of an independent review.

Civil aviation and shipping services

7. Most of this expenditure is on activities which will become the responsibility of the Civil Aviation Authority on 1 April 1972. The forecasts provide for a grant in aid throughout the period and include capital expenditure by the Authority. The Authority's main function will be the operation of the national air traffic services, but it will also be responsible for other measures to improve safety in civil aviation, for the work now done by the Air Registration Board, for economic regulation of the air transport industry and for the operation of Aberdeen and the Highlands and Islands Group of aerodromes. Most of the expenditure on shipping services is directed towards improvement of safety at sea, and new measures are being introduced to improve navigation in the English Channel.

Promotion of tourism, exports, etc.

8. Provision is made for continued support to the British Tourist Authority and the English Tourist Board, including expenditure in England of £½m per year on the limited scheme of assistance to tourist projects in the development areas announced in the White Paper on Investment Incentives (Cmnd 4516). Provision for expenditure on the hotel loans and grants scheme is included under the heading "Other services" (paragraph 17 below). More than half of the total provision, however, is for the British Export Board which will assume direction of the export promotion programme on 1 January 1972. Other activities under this heading include assistance to the Council of Industrial Design and terminal Government funded expenditure by the National Film Finance Corporation.

Promotion of local employment

9. This programme plays an important part in the Government's regional policy and, particularly, in the location of new industries in the development and intermediate areas. Largely as a result of the additional measures of assistance announced by the Government in October 1970 and subsequently it is expected, as the forecasts show, that the level of expenditure will rise significantly in the next few years. Building grants and loans to firms providing employment in the development areas comprise a substantial part of the expenditure; building grants are also available in the intermediate areas. In addition to direct financial assistance, the programme includes the building of

factories for sale or lease to industry and the development of Industrial Estates in all assisted areas. Since expenditure depends primarily on the response of industry to the assistance offered and that, in turn, on economic conditions, it is difficult to make accurate forecasts of expenditure for more than a limited period ahead.

Aircraft projects and assistance

10. The forecast of expenditure in support of Concorde includes provision for the UK share of the development cost of Concorde within the total of £885m announced by the Secretary of State for Trade and Industry on 10 May 1971. It also includes the estimated amount of the loans to be advanced to the manufacturers to support the Concorde production programme.

11. The Government has agreed to finance Rolls-Royce (1971) Ltd. in the development and production of the RB 211 engine for the Lockheed Tristar aircraft. The forecasts provide for the completion of development and for meeting the net losses which it is recognised the company will incur on the existing orders for 555 engines.

12. Under other aircraft projects and assistance the forecasts provide for some existing launching aid projects and other assistance, partly offset by receipts. The figures for 1970-71 include £30m for the down payments on the Rolls-Royce assets; those for 1971-72 and 1972-73 include £30m and £5m respectively for working capital for Rolls-Royce (1971) Ltd. No provision has been made for the balance of the purchase price of Rolls-Royce assets.

Civil aerospace research and development

13. This includes first, expenditure on space. The National Space programme covers mainly the study and development of applications technology satellites. The international programme covers collaboration with the member states of the European Space Conference on applications satellites programmes. Secondly provision is made for continuing support for work on probable future civil aircraft, including electronics systems and aero engines. The work is carried out in industry, at universities and in Ministry of Defence (Procurement Executive's) aerospace establishments. It is designed to provide technical backing for Government decisions on policy in the civil field and to assist in ensuring a competitive capability in British industry.

Assistance to the coal industry

14. The forecasts provide for continued assistance under the Coal Industry Act 1971, to help ensure an orderly rundown of the industry and alleviate hardship. The main measures are grants in connection with pit closures (e.g. contributions towards the additional costs of housing miners transferred to other pits, redundancy payments and contributions to staff superannuation schemes for early pension), refunding of supplementary payments to elderly mineworkers made redundant, and reimbursement of contributions to superannuation funds in respect of elderly redundant mineworkers.

Residual expenditure of the Industrial Reorganisation Corporation

15. Provision is made for expenditure and repayments in respect of commitments entered into by the Corporation. The forecasts are somewhat lower than those contained in Cmnd 4578 due mainly to an earlier realisation of assets than was expected.

Investment grants

16. The sharply declining forecasts reflect the decision to discontinue the

investment grants scheme. They provide mainly for residual expenditure arising from contracts entered into by industry before 27 October 1970. There are still great uncertainties surrounding the forecasts, because the total expenditure under these contracts which will be found after examination to qualify for investment grants cannot yet be predicted with accuracy.

Other services

17. Expenditure on existing industrial investment schemes, local authority expenditure on aerodromes and the hotel loan and grants scheme, come under this heading. It also includes forecast expenditure on financial assistance for mineral exploration and assistance to the shipbuilding industry (both by the Shipbuilding Industry Board and directly by the Government) up to the end of 1971-72.

Expenditure on new projects and schemes

18. With programmes giving such a wide range of activities the Department of Trade and Industry cannot forecast ahead with great accuracy the calls there may be for new expenditure. Minor additions to its programmes would normally be covered in the General Support Programme (paragraph 1 above). But the timing and cost of major new projects or schemes of industrial assistance cannot always be foreseen. Some of these indeed may arise as a result of emergencies. The forecast of expenditure given above do not therefore in general attempt to provide for major additional expenditures of this kind.

Explanation of changes

19. The main changes in this programme subsequent to Cmnd 4578 arise from the Government decision to fund Rolls Royce (1971) Ltd. and the RB 211 engine and from the increases in provision for Concorde announced in the House on 10 May 1971. The changes in the figures for investment grants in 1970-71 and 1971-72 are partly the result of a decision in February 1971 to accelerate into the former year payments of grant, which would otherwise have fallen in the latter year, in order to provide some improvement in industrial liquidity.

Department of Employment and other departments

Employment services

20. 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.

21. The estimates consist mainly of expenditure on the Department's placing and training services. The placing service for adults operates through rather more than a thousand offices. Its aim is to help job seekers find employment and employers find workers more rapidly and effectively than they otherwise would. In 1970-71 the adult employment service received about 2.1 million vacancies and made about 1.4 million placings. The Government Training Service, operated mainly through Government Training Centres, provided training, mainly in skilled occupations, for nearly 16,000 people in 1970-71. In addition the Department grant-aided the training of 57,000 men and women in new and expanding firms in the development and intermediate areas. The Industrial Training Boards, which exist to promote training in the industries they cover, are financed by their own levies but receive grants from the Department to foster particular types of training and training in these areas.

22. The other main items of the Department's expenditure are services offered to disabled persons, and safety, health and welfare, including the Factory Inspectorate with an average complement of about 700 in 1970-71. Specialised placing services for disabled persons are available in the Employment Exchange service, facilities for the rehabilitation of disabled persons are provided in Industrial Rehabilitation Units, and grants are made towards the provision of employment for severely disabled persons in Remploy factories and other sheltered workshops. More than 11,000 disabled persons successfully completed courses in Industrial Rehabilitation Units in 1970-71 and 12,600 severely disabled persons were employed in Remploy factories and local authority and other sheltered workshops. The Department also makes grants towards the cost of the Youth Employment Service to those local authorities who have elected to provide it.

23. The increase over the period to 1975-76 is due mainly to further development of the placing, advisory and industrial training services and the implementation of the Industrial Relations Act. The forecasts for the Government Training Service provide for a total of 37,000 trainees in 1975-76 compared with 16,000 in 1970-71; and the increase in the volume of training is under review. Forecasts provide also for the numbers of persons attending Industrial Rehabilitation Units to rise to about 12,000 by 1975-76, and employment in Remploy factories and sheltered workshops is estimated to rise to 14,000 by that year.

Redundancy Fund Payments

24. Through rebate payments to employers the Redundancy Fund meets part of the total amount payable to employees under the Redundancy Payments Act. Guarantee payments are also made from the Fund to redundant workers to cover the full amount due when the employer is in financial difficulties. The fund is administered by the Department of Employment and is financed by employers' contributions collected through the National Insurance stamp. The forecasts take account of past and current experiences of demands on the Fund. Provision is made for expenditure on guarantee and rebate payments, the cost of administering the scheme and minor miscellaneous items.

Selective Employment Tax additional payments and regional employment premiums

25. Selective Employment Tax additional payments were abolished with effect from 1 April 1970 but because payment is made in arrears provision is made for belated claims in 1971-72 and 1972-73. The regional employment premium which is paid in respect of manufacturing establishments in development areas will be discontinued from September 1974.

Miscellaneous Services

26. Included under this heading are the expenditures of the Highlands and Islands Development Board, and the Scottish and Welsh Tourist Boards, including expenditure on the hotel loans and grants scheme, and on the subsequent scheme of assistance to tourist projects in Development Areas. The total provision for these purposes is shown under "Trade, Industry and Employment" in Tables 2.22 and 2.24 below.

BP rights issue

27. The Government holds 48.6 per cent of the BP ordinary stock. It has

been announced that the Government is taking up the rights allotted to it in the £120m issue.

NATIONALISED INDUSTRIES CAPITAL EXPENDITURE

TABLE 2.8

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
<i>Expenditure on fixed assets</i>						
National Coal Board ...	77.0	95.0	81.0	72.0	65	65
Electricity Council and Boards	427.0	403.0	422.0	415.0	416	490
North of Scotland Hydro- Electric Board	13.6	20.5	37.0	40.1	40	54
South of Scotland Electricity Board	70.1	71.1	65.9	48.1	39	48
Gas Council and Boards ...	205.1	190.0	181.3	189.2	166	137
Total Fuel	792.8	779.6	787.2	764.4	726	794
British Steel Corporation ...	152.0	242.0	255.0	255.0	255	255
Post Office	463.8	502.2	538.7	555.8	590	596
British Overseas Airways Corporation	84.1	57.4	50.0	36.0	53	44
British European Airways ...	38.7	53.4	49.7	31.3	36	50
British Airports Authority ...	8.9	12.8	15.8	23.5	24	29
Total Airways and airports	131.7	123.6	115.5	90.8	113	123
British Railways Board ...	97.5	86.6	93.5	94.2	91	91
British Transport Docks Board	10.8	13.6	14.5	13.6	14	14
British Waterways Board ...	0.7	0.8	0.9	0.9	1	1
Transport Holding Company	0.7	0.3	0.3	—	—	—
National Freight Corporation	25.4	24.3	24.6	25.1	25	26
National Bus Company ...	13.6	14.6	14.8	17.3	16	14
Scottish Transport Group ...	3.4	3.7	4.7	3.8	4	3
Total Surface transport in- dustries	152.1	143.9	153.3	154.9	151	149
Total expenditure on fixed assets	1,692.4	1,791.3	1,849.7	1,820.9	1,835	1,917
Shortfall	—	-75.0	-100.0	-75.0	-75	-75*
Total after deduction of short- fall	1,692.4	1,716.3	1,749.7	1,745.9	1,760	1,842
Less: Sales of fixed assets ...	-49.7	-33.0	-29.6	-25.7	-23	-22
Gross domestic fixed capital formation	1,642.7	1,683.3	1,720.1	1,720.2	1,737	1,820
Other capital expenditure ...	92.4	95.0	50.0	59.7	54	55
Total	1,735.1	1,778.3	1,770.1	1,779.9	1,791	1,875
Changes from Cmnd 4578 revalued						
policy changes	-4.0	+100.7	+104.7	+95.8	+92	
estimating changes	+134.7	+84.3	+18.1	-48.3	-175	
Cmnd 4578 revalued ⁽¹⁾ ...	1,604.4	1,593.3	1,647.3	1,732.4	1,874	

(1) See Notes on Methodology, paragraph 4, page 101.

85m stocks
* Shortfall reduced by 1/2 since Cmnd. 4578.
see Exp Comm 3rd R. 7 1/2, 6.

1. The capital expenditure programmes of the nationalised industries are designed to meet the demands of their customers for products and services in the most efficient way. This expenditure differs from that of other public programmes, in that it is mainly determined by commercial considerations and the Government take account of this in deciding the programmes in their annual review.

2. The Chancellor of the Exchequer announced on 19 July that nationalised industries should match the CBI initiative on price restraint. However, at the same time he made it clear that the industries' investment programmes would not be affected as a consequence of that decision. The industries will be able to borrow from the National Loans Fund to finance investment which, in the absence of price restraint, would have been financed from internal resources.

3. The forecast growth in expenditure by nationalised industries over the 5-year period arises mainly from estimates of increasing demand for electricity and telecommunications and the need to modernise the steel industry.

4. For the nationalised industries as a whole, experience has shown that investment expenditure tends to fall short of the approved figure. Provisional estimates suggest that in 1970-71 expenditure on fixed assets was just under £100 million lower than that forecast by the industries themselves a year previously, and allowance is made for shortfall accordingly as shown in Table 2.8. By their very nature these estimates of shortfall cannot be attributed to particular industries and are subject to very wide margins of error.

5. In 1970-71 capital expenditure other than fixed investment was significantly above that forecast in Cmnd 4578. This rise was due largely to recovery of fuel stocks by the electricity industry. For subsequent years, the main estimating change is that resulting from the deferment of expenditure by the British Overseas Airways Corporation on purchases of aircraft (paragraph 16 below). Under policy changes, the largest increase is in the amounts (which are provisional for 1972-73 onwards) for steel fixed investment (paragraph 11); provision has also been made for an increase in Other capital expenditure.

Fuel

6. Investment by the nationalised energy industries is governed largely by estimates of future demand.

7. Fixed investment by the National Coal Board on main stream activity is forecast to decline slightly during the period. Investment in deep mining is at present directed towards replacing and modernising equipment and facilities, and not towards increasing capacity. Estimates of future demand for coal are subject to considerable uncertainty; but investment in coalmining has in general a shorter lead-time than that which applies in the other energy industries, and it will therefore be possible to adjust the programme in either direction in the light of developments.

8. The figures in Table 2.8 also cover some investment by the Board in ancillary and diversified activities and loans to an off-shore North Sea gas subsidiary. These activities are subject to review under the Coal Industry Act 1971.

9. The level of investment in electricity generating capacity is determined mainly by the forecast level of simultaneous maximum demand for the sixth

and seventh winters ahead (i.e. when capacity started in the first year is planned to come into service) and by the margin of capacity judged necessary to provide for variations of the actual demand from the forecast, taking into account the risk of breakdowns of plant etc. The tendency of recent years for load forecasts to be reduced continued in 1971; the 1971 forecasts for Great Britain for 1976-77 was 62,500 MW, virtually the same as the 1970 estimate for 1975-76. This implies a rate of growth of maximum demand for electricity of about 5½ per cent a year. Reductions in forecasts of demand are reflected in reductions in the number of power stations ordered; the figures in Table 2.8 assume that only one more station will be ordered in 1972.

10. Demand for gas is rising rapidly as increasing supplies of natural gas from the North Sea become available. It is expected that some 15,000 million therms will be sold in 1975-76, compared with just over 6,000 million therms in 1970-71. Almost the whole of demand in 1975-76 will be met by direct supply of natural gas, absorption of which is expected to amount to 4,000 million cubic feet a day by 1975, in line with the industry's planning target. The investment of the industry is dominated by the programme of conversion to natural gas. By 31 March 1971, 1,900 miles of the national transmission system had been brought into operation, the appliances of 3.6 million customers had been converted to take natural gas direct, and natural gas accounted for nearly 70 per cent of all gas supplied, whether by way of reforming into town gas or of direct supply. On the basis of present discoveries expenditure on transmission and distribution has passed its peak, while expenditure on the conversion of appliances should reach a peak in the current year.

Steel

11. Approval of the programme for 1971-72 at the level in Table 2.8 was announced by the Secretary of State for Trade and Industry on 28 June 1971, following completion of the first stage of his review of the British Steel Corporation's finances and development plans which he had announced on 18 March 1971. The amount is some £40 million higher than the provision in Cmnd 4578 (revalued at 1971 Survey prices), mainly because of acceleration of the major "Anchor" project at Scunthorpe. Approval followed examination of the Corporation's programme to establish that it could proceed in full without pre-judging the results of the second, long-term, stage of the review which is in progress.

12. The figures in Table 2.8 for the years after 1971-72 are the Corporation's estimates of the investment required. They are necessarily no more than provisional pending the results of the long-term review.

Post Office

13. The telecommunications capital programme accounts for about 90 per cent of the Post Office figures in Table 2.8 and the amount estimated for 1975-76 is about 25 per cent more than for 1970-71. The programme within the United Kingdom includes provision for conversion of the few remaining manual telephone exchanges to automatic working; extension of subscriber trunk dialling facilities to all customers; an addition of over 5.5 million new exchange connections over the next five years; augmentation of trunk routes to relieve traffic congestion and to meet growth in long-distance calls; and to provide for growth of connections to the telex service and in data terminals. Profitable new facilities which in some respects make more intensive use of

existing lines and equipment are in various stages of planning and implementation.

14. For all these purposes investment will be made in new exchanges, extensions to existing exchange buildings and equipment, enlargement of local line networks to customers' premises and increased cable capacity for telephone and other telecommunications services. Roughly one-third of the investment is for exchange equipment, and a rather higher proportion for line plant. Of the remainder, the largest single item is for land and buildings. For telecommunications services overseas, the programme covers new and enlarged international exchanges to relieve congestion and to meet increasing traffic.

15. Rather less than 10 per cent of the Post Office estimates is for investment in postal services. Approaching three-quarters of it will be devoted to the plant and buildings required under the plans for mechanisation of the letter and parcel services. The essential feature of the letter plan is to make the fullest use of code-sorting machinery, by concentrating sorting work in a greatly reduced number of mechanised offices. This in turn will simplify the present complex circulation system. The parcel plan is broadly similar in concept. When completed, both plans are expected to make possible substantial manpower savings. The remaining postal expenditure will be mainly on replacement of obsolescent buildings and vehicles.

Airways and airports

16. Most of the capital expenditure by the two air corporations, British Overseas Airways Corporation (BOAC) and British European Airways (BEA) is on the purchase of new aircraft for replacement and expansion. BEA are continuing the development of the Trident aircraft, introducing now the higher capacity Trident 3B. They are reassessing their market for wide-bodied aircraft, which are not now likely to be introduced before 1975. No choice has yet been made between alternative types. BOAC are already building up a fleet of Boeing 747s and will have 12 in operation by the summer of 1972. The current figures envisage a much slower build-up of their subsonic fleet in the ensuing years than was assumed in Cmnd 4578, reflecting a change of prospects. Provision for Concorde is also included in the estimates. The British Airways Board which is currently being set up will in future take responsibility for the investment programmes of the two air corporations and their subsidiaries.

17. The estimates of the British Airports Authority (BAA) take account of some initial expenditure on Foulness the forecast of which is inevitably tentative at this stage as details of cost and finance cannot yet be worked out. The heavy expenditure at Foulness will, however, come in the second half of the decade. The bulk of the BAA's investment programme up to 1975-76 is on projects at existing airports, mainly Heathrow and Gatwick, which are needed to cater for the growth in traffic before an airport at Foulness can be operational.

Surface transport industries

18. The largest of the surface transport industries, the British Railways Board (BRB), are now engaged in further strategic studies following their first Corporate Plan. These will help to determine the long-term investment

needs of the railways. For the moment, the bulk of railway investment (around £50 million a year) is in the replacement of old track by continuously welded rail, the installation of new telecommunication and signalling systems, and the Glasgow/Weaver Junction electrification. The Board also expect to invest about £20 million during 1972 in new locomotives, passenger and freight rolling stock, and terminal facilities. Capital expenditure on the London and South East commuter network is judged by social as well as purely financial criteria and is therefore treated as infrastructure expenditure and appears under Surface transport, Table 2.10.

19. The National Freight Corporation are currently rationalising the commercial operations of some of their road haulage subsidiaries. About 70 per cent of their investment is in vehicles for the road haulage fleet.

20. Levels of investment by the National Bus Company are lower than in Cmnd 4578. This reflects a lower level of vehicle replacement, largely attributable to a reappraisal of needs in the light of declining demand. The number of passenger journeys fell by about 4 per cent between 1969 and 1970. Progress has however been maintained on the conversion programme to one-man-operated buses, and it is estimated that by 1975 about three quarters of total stage carriage miles will be one-man-operated.

21. Over the 5 years investment in buses represents over 60 per cent of the capital programme of the Scottish Transport Group. Most of the remainder is in the modernisation of their shipping fleet (with roll-on, roll-off vessels) and piers.

22. The Government has already announced their intention of winding up the Transport Holding Company and disposing of its assets. Some of its holdings and subsidiaries, including Skyway and Lunn-Poly, have already been sold. A Bill providing for the dissolution of the Company and the sale of Thos. Cook and Son Ltd. is being considered by Parliament.

ROADS

TABLE 2.9

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
New construction and improvements:						
Major roads	455.6	436.9	486.1	546.7	576	616
Other roads	59.7	50.4	57.0	54.6	57	60
Other expenditure (including lighting)	28.4	25.6	27.7	30.2	32	35
Total	543.7	512.9	570.8	631.5	665	711
Maintenance:						
Major roads	67.0	79.2	89.2	88.6	92	96
Other roads	123.4	138.7	149.4	154.4	160	167
Other expenditure (including lighting)	22.7	21.8	21.8	21.9	22	22
Total	213.1	239.7	260.4	264.9	274	285
Administration:						
Central government administration	4.7	4.9	4.9	4.9	5	5
Local authority administration	50.1	50.8	54.3	56.8	59	60
Selective Employment Tax paid by local authorities	5.2	5.3	5.4	5.5	6	6
Total	816.8	813.6	895.8	963.6	1,009	1,067
Changes from Cmnd 4578 revalued						
policy changes	—	+11.6	+24.3	+4.6	-1	
estimating changes	+30.0	-17.4	-28.1	+1.5	-5	
Cmnd 4578 revalued ⁽¹⁾	786.8	819.4	899.6	957.5	1,015	
	1017.9	1038.9	1130.9	1196.7	1241	
	1005.7	1056.6	1134.9	1189.9	1245	

(1) See Notes on Methodology, paragraph 2, page 101.

1. "Major roads" comprise motorways, trunk and principal roads and "other expenditure" relates principally to lighting and the provision of car parks. The figures take account of the levels of expenditure allowed for in the discussions with the local authorities during the calculation of rate support grant for 1971-72 and 1972-73.

New construction and improvements

2. The figures in Table 2.9 are consistent with the plan for an expanding trunk road and motorway programme in England announced by the Government in June 1971. This plan will complete by the early 1980s a 3,500 mile network of strategic trunk routes; every major city and town with a population of more than 250,000 will be directly connected to this network and all with a population of more than 80,000 will be within about 10 miles of it. The more remote and less prosperous regions will be linked with the strategic network, which will also serve all major ports and airports. Significant environmental benefits will be achieved by diverting long-distance traffic, and particularly heavy goods vehicles, from a large number of towns and villages especially those of historic interest. Without this plan, the level of congestion and the associated economic and social losses would increase rapidly during the 1970's. Inter-urban road projects will, as now, be subjected to economic

appraisal and are generally expected to offer a high rate of return in cost benefit terms throughout the 1970s.

3. In Scotland and Wales congestion is a less serious problem but there is still a need to modernise the busiest trunk routes, and programmes take account of plans for physical and economic development. A new list of major Scottish schemes on which work is to begin was announced in July 1971 while for Wales schemes were announced in December 1970 and April 1971.

4. The planning of roads in towns has to be considered together with environmental questions, public transport and traffic restraint. There is likely to be a continuing and pressing need for new and improved urban roads and over the next 5 years the urban road programme is planned to expand at a fast rate to relieve congestion and to further the Government's objective of improving the urban environment.

5. The figures for new construction and improvement on major roads in Great Britain allow for a rise in expenditure from £456 million in 1970-71 to about £615 million in 1975-76: an increase of 6.2 per cent a year compound.

6. The cost per mile of major roads varies between very wide limits. This is due to factors such as the nature of the terrain, the number of bridges and other structures, the width of the highway and the variation in land values: for this reason it would be misleading to quote an average cost per mile.

7. Capital expenditure on major roads is based on a firm programme of schemes on which work is expected to begin within one or two years supported by a reserve of schemes in preparation on which work is expected to begin in subsequent years. Spending in 1970-71 on major roads in England substantially exceeded estimates mainly because exceptionally fine weather made it possible for more work to be done and as a result the planned expenditure in subsequent years was rephased. In addition, in July 1971 the Government authorised a special programme of expenditure on infrastructure in the development and intermediate areas. In all an additional £42 million will be spent on roads as part of this infrastructure programme in the three years 1971-74.

8. The projections in Table 2.9 show the expected flow of cash payments on old and new schemes at Survey prices. To the extent that payments arise from contracts spreading over several years and let at the prices of earlier periods (i.e. before the Survey date) the projections do not state consistently the use of real resources over the period. On the assumption that contract prices reflect the level of costs at the time that they are let the payments flowing from motorway and trunk road schemes in the English road programme have been revalued at November 1970 prices (i.e. 1971 Survey prices

	£ million					
	1971-72	1972-73	1973-74	1974-75	1975-76	Average annual percentage growth
(a) Amounts for English motorways and trunk roads included in "major roads"	170.2	195.7	231.0	242	255	10.5
(b) Resource use: with pre-November 1970 contracts revalued	181.3	199.2	232.1	243	255	8.9

for new contracts), to produce an indication of resource use. On this basis, as line (b) below shows, the programmes for 1971-72 and 1972-73 are relatively undervalued in line (a). On the other hand the whole series in line (b) is affected by unquantifiable allowances which the contractors have made for future inflation.

Maintenance

9. The forecasts of maintenance expenditure, which includes cleansing, snow clearing and gritting as well as structural maintenance, have regard to the increasing mileage of roads and to the growth of traffic. They also include some allowance to reflect the recommendations of the Marshall Committee which are directed towards establishing uniform standards of maintenance against which expenditure can be properly evaluated and controlled. The recommendations are being studied, but the problem is complex and implementation will take some years.

SURFACE TRANSPORT

TABLE 2.10

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Support to nationalised industries	92.0	87.8	80.9	73.5	63	57
Other surface transport:						
Ports	37.3	42.1	41.9	38.6	36	36
Bus fuel grants	21.2	22.6	20.8	20.8	23	21
Rural bus and ferry services	0.3	0.9	2.4	3.0	3	3
Infrastructure expenditure ...	8.1	23.0	44.1	48.1	54	57
Other passenger transport ...	31.4	36.3	30.0	30.9	31	27
Miscellaneous transport services	-1.5	0.3	2.8	6.1	10	10
Departmental administration	12.3	12.3	12.2	12.1	12	12
Total	201.1	225.3	235.1	233.1	232	223
Changes from Cmnd 4578 revalued						
policy changes	—	—	—	—	—	—
estimating changes	-17.8	-11.9	-0.2	+2.7	+2	
Cmnd 4578 revalued ⁽¹⁾ ...	218.9	237.2	235.3	230.4	230	

⁽¹⁾ See Notes on Methodology, paragraphs 2 and 4, page 101.

1. The Government provide a wide range of financial assistance designed to sustain public transport facilities. Grants are made to the British Railways Board (BRB) for unremunerative passenger services which are judged to be socially and economically necessary but which the Board would otherwise close. These grants (included in "Support to nationalised industries" in Table 2.10 above) are expected to amount to about £65 million in 1972-73 and will cover some 230 services, involving about 8,000 passenger route miles. Other forms of support include bus fuel grants and a 50 per cent contribution to grants made by local authorities towards the cost of maintaining certain rural bus and ferry services.

2. The Government also provide substantial capital grants to local

authorities and nationalised industries to encourage major public transport improvements in commuter areas. The investments to which the grants are related comprise the infrastructure expenditure in the table. This includes the estimated cost of the Liverpool Terminal Loop, the electrification of certain north London suburban rail services, the first stage of the Fleet Line, and the Borough Market junction improvement. The scope of the grants has recently been extended and new railway rolling stock and resignalling schemes will now be eligible for assistance.

3. The improvement of public transport is also encouraged by the availability of new bus grants which have recently been increased from 25 per cent to 50 per cent. These grants are paid in respect of investment (which appears under "Other passenger transport" in Table 2.10) made by municipal bus operators, the Passenger Transport Executives, and the London Transport Executive. (Grants are paid also to the National Bus Company and the Scottish Transport Group whose investment appears under Nationalised industries capital expenditure Table 2.8).

4. The other main expenditure in the Surface transport programme are:—

Support to nationalised transport industries

- (a) BRB receive grants pending the elimination of surplus track and signalling capacity which is at present a burden on their operating account. They will be progressively reduced and will cease after 1973-74.
- (b) The National Freight Corporation also receive grants in respect of the deficit on their subsidiary, National Carriers Limited, which they took over from BRB on 1 January 1969. The grant was tapered and due to end in 1973-74 by which time it was hoped the subsidiary would be on a sound financial footing. More encouraging progress, however, has resulted in a sharper decrease in grant which will now terminate in 1972-73 permitting savings of £3 million to £5 million a year compared with the estimates in Cmnd 4578.
- (c) The provision includes expenditure for essential maintenance of the waterways and for the improvement to modern traffic standards of about 400 of the bridges which carry roads over British Waterways Board canals. Finally, it also covers grants to the Scottish Transport Group, in respect of losses on Western Highlands and Islands services.

Other surface transport

- (a) Ports: the estimates cover investment by public trust and local authority ports. They include continued investment in the new dock complex at Seaforth (amounting to £38m by 1973-74) and a new entrance lock at Grangemouth on the Forth (£9m by 1973-74).
- (b) Miscellaneous transport services: the main items are road safety and research offset by various fees charged for services such as driving tests and vehicle tests. Road safety expenditure is expected to be slightly higher and research expenditure slightly lower than in Cmnd 4578. As well as assistance to the BRB's research and development programme at the Railway Technical Centre, Derby (where work on the Advanced Passenger Train is in progress) the research programme includes expenditure by the Road Research Laboratory and expenditure on a wide range of transport projects.

HOUSING

TABLE 2.11

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Subsidies [incl. grants] ...	370.4	425.8	562.9	462.3	430	428
Lending [incl. option mortgages] ...	195.1	288.2	303.7	305.5	307	307
Gross Repayments ...	-130.4	-154.9	-163.7	-179.7	-196	-214
Net ...	64.7	133.3	140.0	125.8	111	93
Investment and central adminis- tration ...	740.5	690.6	689.0	732.0	740	738
Total ...	1,175.6	1,249.7	1,391.9	1,320.1	1,281	1,259
Changes from Cmnd 4578 revalued ...						
policy changes ...	-	+99.6	+108.4	+94.5	+70	
estimating changes ...	-38.8	-70.9	-43.0	-76.3	-62	
Cmnd 4578 revalued ⁽²⁾ ...	1,214.4	1,221.0	1,326.5	1,301.9	1,273	
			(1)	(1)	(1)	

(1) Including an allowance for transferring (by comparison with Cmnd 4578) to Social security (see Table 2.17) the saving on supplementary benefits.

(2) See Notes on Methodology, paragraph 3 and 5, page 101.

1. The White Papers "Fair Deal for Housing" (Cmnd 4728) and "The Reform of Housing Finance in Scotland" (Cmnd 4727) set out the Government's main objectives and describe the proposals for the reform of housing finance which will facilitate the attainment of these objectives.

2. The reform of housing finance is the subject of legislation in the present session of Parliament. Its main features are the introduction of new principles for rent in the public sector, based on fair rents in England and Wales, and in Scotland (initially) on rent fixed by reference to local housing expenditure; for the extension of the fair rent principle in the privately rented sector, with rent rebates and allowances for those tenants who cannot afford the fair rent on the new basis, and for the rearrangement of subsidies so as to concentrate on areas where the need for new building for replacement, slum clearance or other purposes, is greatest. Because of the radical nature of these policy changes the forward estimates in the table are more than usually tentative.

Subsidies

3. The figures in the first line of Table 2.11 include estimates of subsidies by central government in connection with the provision of housing by local authorities, new town corporations, the Scottish Special Housing Association and other housing associations, and rent allowances to private tenants. This line also includes rate fund contributions. Existing housing subsidies, other than improvement contributions under the Housing Acts 1969 and 1971 and the Housing (Scotland) Acts 1968 and 1969 (and under earlier superseded legislation) will be replaced from 1972-73 onwards by the new subsidies described in Cmnd 4727 and 4728. The estimate for 1972-73 is relatively high and reflects the impact of the special provisions proposed to cover the graduated transition to the new system. Some provision is also made in that year for

payment of arrears under the existing system. Also included are the growing payments by the Government under the option mortgage scheme and improvement grants. The latter are expected to rise both as a result of the general encouragement which the Government is giving to house improvement and (included under "policy changes") in consequence of the higher rate of grant provided for the development and other assisted areas under the Housing Act 1971.

Lending

4. The main constituent in the figures is the provision which has been made for lending by local authorities to private persons for house purchase. The Government have relaxed the arrangement whereby local authority mortgage loans to recognised classes of priority borrower were restricted from 1967-70 by the imposition upon local authorities of money quotas; the effect of this is included in the figures for "policy changes". Increased lending by local authorities to private persons for house improvement and to housing associations is also envisaged.

Investment

5. These estimates cover the net capital expenditure on public sector housing by local authorities, new town authorities and the Scottish Special Housing Association (both on the provision of new houses and the improvement of existing ones) and on slum clearance. The estimating changes reflect a decline in the number of new dwellings put to contract by public authorities in recent years, offset in some measure by increased spending on home improvements. The new slum clearance subsidy will enable local authorities to accelerate slum clearance. New housebuilding by local authorities will continue to be needed not only to replace slums, but also to relieve over-crowding and shortages in areas where housing problems are most severe; these areas will benefit most from the new system of housing finance.

MISCELLANEOUS LOCAL SERVICES

TABLE 2.12

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Capital expenditure						
Public health and avoidance of pollution	268.5	289.3	310.6	322.1	339	358
Improvement of the environ- ment and local facilities	133.6	139.6	152.9	154.2	161	170
New Towns' industrial and commercial development etc.	29.9	31.4	34.2	28.8	31	31
Current expenditure						
All services	500.3	509.3	530.7	553.4	574	595
Total	932.3	969.6	1,028.4	1,058.5	1,105	1,154
Changes from Cmnd 4578 revalued						
policy changes	—	+10.0	+18.0	+6.4	+ 1	
estimating changes ...	-17.3	—	+1.9	-14.9	-15	
Cmnd 4578 revalued ...	949.6	959.6	1,008.5	1,067.0	1,119	

1. This heading covers a wide variety of services, mostly the responsibility of local authorities.

Public health and avoidance of pollution

2. These services are mainly those which local authorities and statutory undertakings are obliged to provide in the interests of public health and the reduction or removal of pollution. Well over half the capital expenditure in this category is on sewerage and sewage disposal schemes. These generally serve two or more of a number of purposes — for example, while the occasion for laying new sewers or building a new disposal works may be the need to provide increased capacity for new or improved houses, or the expansion of industry, the opportunity may at the same time be taken to replace leaky sewers or obsolescent disposal works, to eliminate risks of flooding by separating surface water from foul sewage, and to raise the standard of effluent so as to improve the river which receives it. With many hundreds of schemes undertaken each year it has not been practicable, hitherto, to apportion estimated expenditure between these several purposes.

3. The data collected for the River Pollution Survey (publication of the report on which should be completed early in 1972) are however being used as the basis for discussions between the Department of the Environment, the Welsh Office and the river authorities about the objectives underlying the authorities' expected future requirement of local authority sewage disposal works in England and Wales. These are now being complemented by the collection of information from sewerage authorities about their expected programmes of works. If the response is adequate, and the programmes sufficiently realistic, it may be possible next year to break down projected expenditure by reference to the main purposes of the various schemes as seen by the respective authorities. The Scottish Development Department expects to be in a position at the same time to make a similar analysis of Scottish sewerage and sewage disposal schemes.

4. Provision of water accounts for a further third of the capital expenditure on the first group of services. An average daily total of 2776 million gallons of water is put into supply, and this volume is increasing at a rate of 2½ per cent a year. There is also a substantial need for additional reservoir capacity to safeguard supplies at the present level of demand. It costs at present about £1.3m for every extra 1m gallons per day put into supply, but this is increasing as the more conveniently situated sources become developed and as more sophisticated treatment is required for the greater volume of water re-used from rivers.

5. About 90% of the expenditure is for provision of new supplies, the remainder being for maintaining the existing service.

6. The remaining services in the first group include refuse collection and disposal, clean air policy and other public health expenditure. Here too, expenditure is expected to rise because of population growth and movement, improvements in living standards and increasing technical problems leading to increased costs. The trend towards incineration rather than tipping of refuse is a particular example. As with sewerage any one project may both meet increased demand and provide a better standard of service or reduce pollution, and expenditure cannot readily be divided between these categories. As compared with Cmnd 4578, some additional provision has been made for the special programme of expenditure on the infrastructure of the development and intermediate areas.

Improvement of the environment and local facilities

7. Local authorities can be expected to have a greater element of choice over this group of services. They include the provision of parks and sports facilities, reclamation of derelict land, and general planning activities as well as general administrative services. Public expectation as regards environmental improvements is steadily increasing. Expenditure is likely to rise with the ending of restrictions of local expenditure on smoke control programmes; additional provision has been made for a substantial increase in support for local schemes of clearing derelict land. Higher expenditure for the Country-side Commission has been provided for, and the Sports Council, which is to become an independent executive body, and will have at its disposal in 1971-72 almost double the sum available to its predecessor in 1969-70. As compared with Cmnd 4578, additional provision has been included for the Development areas infrastructure expenditure and for interim measures to prevent flooding of the Thames before completion of the barrier.

8. Cmnd 4578 drew attention to the element of uncertainty in these forecasts arising from the new capital control procedures in England and Wales which were introduced in April 1971. Individual authorities now have freedom to determine locally their own order of priorities on certain types of projects within a total allocation. This may result in differences from the precise pattern of local authority capital expenditure by service which has been forecast. The present uncertainty which affects services both in this block and in others will continue until the outturn of local authority capital expenditure for 1971-72 becomes available.

New Towns' industrial and commercial development, etc.

9. This group comprises expenditure by new town development corporations, net of disposals to the private sector, mainly on industrial and commercial development. About one-third of the expenditure in this field is on land and site works, the remainder on buildings. A similar amount of building is financed directly by the private sector.

Current expenditure

10. The 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 three later years the figures show the implied effect of continuing, broadly, the rates of growth of local authority expenditure over the past few years. The actual expenditure in 1973-74 will depend upon the expenditure decisions of individual authorities in the light of the rate support grant as it is settled in 1972; thereafter expenditure will reflect the decisions of the proposed new local authorities in the light of whatever arrangements may be introduced for the financing of local government after reorganisation.

LAW AND ORDER

TABLE 2.13

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Capital expenditure:						
Home Departments' services						
Police... ..	25.4	33.4	36.2	38.0	39	39
Prisons	9.6	13.0	19.2	29.2	33	36
Probation and after care ...	0.6	0.6	0.9	1.4	2	2
Fire services	9.4	11.4	12.5	12.2	12	12
Other services	5.7	4.1	8.2	3.0	3	3
Total	50.7	62.5	77.0	83.8	89	92
Law courts, etc.	8.6	11.3	12.2	14.9	16	16
Total (capital expenditure) ...	59.3	73.8	89.2	98.7	105	108
Current expenditure:						
Home Departments' services						
Police... ..	353.5	363.5	380.2	397.2	415	433
Prisons	48.6	52.9	55.0	58.1	61	64
Probation and after care ...	12.6	13.7	15.2	16.4	18	19
Fire services	69.5	71.1	72.9	75.2	77	79
Other services	7.4	10.3	12.3	14.1	15	17
Departmental administration	14.3	13.3	14.8	15.9	17	17
Total	505.9	524.8	550.4	576.9	603	629
Law courts, etc.	34.8	34.8	35.5	37.4	40	42
Legal aid	18.5	23.0	27.0	30.5	34	35
Parliament and the Privy Council	4.7	4.9	4.9	4.9	5	5
Parliamentary election expenses	2.2	0.2	0.2	0.2	—	3
Selective employment tax paid by local authorities	16.8	17.1	17.5	17.8	18	19
Total (current expenditure) ...	582.9	604.8	635.5	667.7	700	733
Total	642.2	678.6	724.7	766.4	805	841
Changes from Cmnd 4578 re- valued						
policy changes	—	+ 1.4	+7.6	+1.8	+2	
estimating changes	-8.2	- 9.1	-0.7	-5.8	-6	
Cmnd 4578 revalued ⁽¹⁾ ...	650.4	686.3	717.8	770.4	809	

⁽¹⁾ See Notes on Methodology, paragraph 2, page 101.

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 contributes through specific grants or rate support grant.

Home Departments' Services

Police

2. The Government's policy is to strengthen the police and to promote greater operational efficiency. It is difficult to specify how much of the in-

crease in forecast expenditure is attributable to improvements and how much to the maintenance of existing standards in the face of growth in the problems (eg crime and traffic) with which the police have to deal. But the forecasts of expenditure include provision for increases in police strength to fill existing and revised establishments, and for increased expenditure on traffic wardens to enable better provision to be made for urban traffic schemes. The forecasts also include provision for buildings, vehicles and equipment, training, communications, forensic science laboratories, the police national computer, research and other scientific and technical support. The forecasts assume that police strengths will increase from nearly 105,000 to about 125,000 during the period 1971-72 to 1975-76, (compared with a growth of about 10,000 over the previous 5 years). In the same period the numbers of civilians are expected to rise from over 38,000 to nearly 65,000 which includes provision for an increase of just over 16,000 traffic wardens (from about 7,000). The forecasts provide for a steady growth in capital expenditure on equipment and new improved communications and on buildings to provide for the needs of the expanding service.

Prisons

3. The forecasts provide for an increase in the inmate population from 47,850 to 59,350 over the period, and an increase of nearly 6,000 in non-industrial staff of all grades. Capital expenditure accounts for the greater part of the increase in forecast expenditure, largely on an accelerated building programme and adaptations to existing prisons with a view to accommodating the expected rise in inmate population. Over the period it is planned to provide some 10,600 additional places; even so the extent of overcrowding, with nearly 16,000 inmates now sleeping 2 or 3 in a cell, would on present trends become slightly worse. The additional staff are required both to reduce the current shortfall in the number of prison officers and to meet the demands of the rising population. Broadly speaking, most of the capital expenditure is on new accommodation; but some provision is made to improve existing facilities in Victorian prisons.

Probation and after-care (England and Wales)

4. The forecasts provide for expansion of the service against the background of the increase in crime and the need to treat more offenders in the community as an alternative to imprisonment. The main assumptions are that the number of probation officers will rise from 3,250 to 4,475 (compared with a growth of about 900 over the previous 5 years) and ancillary staff from 20 to 560 over the period, to relieve skilled probation officers of the more routine tasks. Provision is also made for expenditure of £0.2 million in 1971-72 rising to £1.7 million in 1975-76 for an extension of probation hostels, mainly for adults. This is estimated to make about 1,650 additional places available some of which may afford a measure of relief to overcrowded prisons.

Fire services

5. The growth of expenditure on the fire service relates mainly to manpower, and is attributable partly to meeting the basic needs of the service when fires and fire risks are increasing (for example, fires in buildings increased by over 7 per cent annually during the period 1965-1969) and partly

to improving the standards of fire prevention and training. The main assumptions are that the number of full time firemen will rise from nearly 28,000 to just over 29,000 (compared with virtually no net growth over the previous 5 years) and civilians from about 3,700 to over 4,000 to cover the basic needs of the service, including the extra manpower needed to implement the Fire Precautions Act. In addition provision is included from 1972-73 onwards for an eventual increase of 1,120 firemen and 145 civilians to implement recommendations of the Departmental Committee on the Fire Service, mainly to provide for improved training.

Other services

6. Expenditure under this heading is mostly for grants to statutory or voluntary bodies. Increases over the period are mainly due to the growth of expenditure under the Urban Programme for areas of social need (£3.6 million) and to an estimated annual increase of 900 (from 9,000) in Criminal Injuries Compensation Board cases. Provision is also made for expenditure on the Community Relations Commission, the Race Relations Board and the Women's Royal Voluntary Service.

Law Courts

England and Wales

7. The forecasts for magistrates' courts reflect the increasing volume of work and provision for an accelerated building programme following the assumed transfer by local authorities to central government of some existing buildings for use as higher courts (as a result of the implementation of the recommendations of the Royal Commission on Assizes and Quarter Sessions). Provision is also made for the introduction of a financial loss allowance and improved subsistence allowances for justices of the peace.

8. The higher courts are being radically reorganised in accordance with the provisions of the Courts Act 1971 which implements the recommendations of the Royal Commission under Lord Beeching for the more efficient administration of the courts service. Responsibility for the higher courts will pass from local authorities to the central government with effect from 1 January 1972. Larger provision is now made for a centralized building programme giving effect to the Beeching recommendations.

Scotland

9. The forecasts include provision for the court building programme in Scotland, including new sheriff courts. The Sheriff Courts (Scotland) Act 1971 made provision for the central government to take over the responsibility for sheriff court building from local authorities.

Legal Aid

10. The forecasts assume a continuing increase in the volume of work in accordance with the upward trend of litigation. Provision has also been made for the introduction in 1973-74 of an approved scheme of legal advice and assistance (the "£25 scheme") which involves additional expenditure of £1.2m in the first year rising to £2.3m by 1975-76. This represents an improvement in the existing legal aid facilities.

ARTS

TABLE 2.14

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
National museums, galleries and libraries ⁽¹⁾						
Staff, administration, etc. ...	8.3	9.4	9.1	9.8		
Annual purchase grants ⁽²⁾	2.3	2.1	2.2	2.2		
Capital						
British Library	—	1.0	1.0	1.4		
Other	0.9	1.4	1.9	2.3		
Total	11.5	13.9	14.2	15.7		
Other arts expenditure:						
Arts Council, British Film Institute and National Film School						
Current	10.1	11.9	12.3	13.6		
Capital ⁽²⁾	0.7	0.9	0.8	0.6		
Other grants ⁽³⁾	0.1	0.3	0.1	0.1		
National Theatre, South Bank Edinburgh Opera House ...	1.4	2.4	1.5	0.7		
Edinburgh Opera House ...	—	0.1	0.2	0.9		
Total	12.3	15.6	14.9	15.9		
Total	23.8	29.5	29.1	31.6	35	37
Changes from Cmnd 4578 re- valued						
policy changes	—	—	+0.5	+0.7	+2	
estimating changes	-1.9	+0.2	-0.4	-0.2	—	
Cmnd 4578 revalued	25.7	29.3	29.0	31.1	33	

(1) Excludes the British Museum (Natural History) and the Geological Museum which are included in Table 2.6.

(2) These figures are in money terms and not at constant prices. The figure for museum and galleries purchase grants for 1971-72 has been reduced by £0.1m, representing special advances of the purchase grant provision for 1971-72 made to two institutions during 1970-71.

(3) Includes grants to the British Institute of Recorded Sound, the Royal Geographical Society, the Royal Scottish Geographical Society, assistance to local museums in carrying out co-operative schemes and provision for surveys in museums, arts and crafts.

1. The Arts programme now includes capital expenditure on museums and galleries by the Department of the Environment as well as current and capital expenditure on the new British Library, the intended establishment of which was announced in Cmnd 4572 (The British Library). Except for the Greater London Council's contribution to the National Theatre, and the expenditure by Edinburgh Corporation on the proposed new Opera House, the programme does not include expenditure by local authorities.

National museums, galleries and libraries

2. The provision for the national museums and galleries reflects the policies announced in Cmnd 4676 (Future Policy for Museums and Galleries) for an expanded programme of new building and development which is estimated to involve additional capital expenditure of £3.6 millions over the years

1972-76 and for the introduction of admission charges in 1972 which are expected to give an annual net yield of £1 million. The annual purchase grants, which are supplemented by special purchase grants in exceptional circumstances, provide for the steady expansion of the existing collections. The provision for staff salaries, administration, etc, allows for increases each year in staffing and other costs arising from the improvement and development of buildings and the maintenance of enlarged collections.

Other arts expenditure

3. For the first time, capital provision is included in the Arts programme to cover the cost of constructing the Edinburgh Opera House. The Government has agreed to bear half the capital cost up to a maximum contribution to Edinburgh Corporation of £2.25 million. This and the National Theatre apart, the main capital provision under this heading is to enable the Arts Councils in England, Scotland and Wales to make steady progress with the programme for housing the arts. The provision for substantial annual increases in current expenditure is intended in the main to assist the Arts Councils to extend the range of their support for creative arts and artistic activities both centrally and in the regions.

4. The figures for the last 2 years are not sub-divided because it is not practicable to settle the provisional allocations beyond a 3-year period.

EDUCATION

TABLE 2.15

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Capital expenditure:						
Schools	284.3	320.4	337.2	300.6	268	237
Further education	74.3	65.0	61.7	57.4	62	75
Teacher training	9.9	10.4	8.6	6.4	5	5
Universities	77.2	82.7	93.6	96.3	95	93
Youth service, etc.	8.8	10.6	11.4	11.4	12	12
Local libraries	7.1	8.3	10.0	9.6	10	10
Total (capital expenditure) ...	461.6	497.4	522.5	481.7	452	432
Current expenditure						
Schools						
Primary	516.9	549.8	572.2	582.7	588	596
Secondary... ..	584.8	615.5	646.8	709.8	756	798
Other	150.5	166.1	173.9	180.1	186	190
Further education	282.8	300.8	315.9	316.5	327	348
Teacher training	115.6	117.5	120.4	123.9	128	130
Universities	294.7	318.0	333.5	354.7	379	409
Youth service, etc.	23.1	23.6	24.7	25.9	27	28
Meals and milk	118.5	95.0	91.0	83.3	84	87
Other education	6.0	4.7	5.3	5.7	6	6
Administration	86.6	88.7	91.9	96.1	100	104
Local libraries	62.8	63.1	65.5	67.9	70	73
SET paid by local authorities	53.9	54.9	56.0	57.1	58	60
Total (current expenditure) ...	2,296.2	2,397.7	2,497.1	2,603.7	2,709	2,829
Total	2,757.8	2,895.1	3,019.6	3,085.4	3,161	3,261
Changes from Cmnd 4578 re-valued						
policy changes	—	+11.6	+36.2	+15.3	+13	
estimating changes	+11.5	-13.3	-5.8	+11.6	+13	
Cmnd 4578 revalued ⁽¹⁾ ...	2,746.3	2,896.8	2,989.2	3,058.5	3,135	

⁽¹⁾ See Notes on Methodology, paragraph 2, page 101.

* *alteration of coverage* ⊕

1. Expenditure on education and local libraries and museums in Great Britain is planned to rise between 1971-72 and 1975-76 by £366 million or 3.0 per cent a year. In 1975-76 education will account for 14 per cent of total public expenditure.

2. This increasing level of expenditure will provide the buildings and other resources required by the growing number of pupils, including those staying on at school when the leaving age is raised, by the bigger teaching force and by the number of school leavers expected to qualify for higher education.

3. While the total of primary pupils is expected to fall between 1971-72 and 1975-76 from 5.75 million to 5.65 million, secondary pupils, on the other hand, will increase in numbers from 3.6 million to 4.43 million, partly because of larger age-groups and partly because of the raising of the school leaving age in 1972-73. The increase in the number of teachers from 432,000 to 505,000 will have the effect of reducing the number of pupils per teacher from 22 in 1971-72 to about 20 in 1975-76.

4. The secondary school forecasts for England and Wales provide for

the additional expenditure arising from increased capitation grants to the direct grant schools and improved remitted fee scales for parents; and in Scotland for an interim increase in payments to grant-aided schools pending a more fundamental review of the grant arrangements.

5. The higher education forecasts reflect planning assumptions based on the size of age-groups, levels of attainment and policy considerations. For example, the demand on resources for teacher training in England and Wales will be influenced by decisions following the report of the James Committee. Similarly, the university forecasts are subject to decisions on the next quinquennial settlement for the universities in the light of proposals to be made by the University Grants Committee. In further education the fluctuating forecasts reflect on the one hand an increase in the number of students undertaking advanced work and on the other a drop in the numbers attending other courses as a result of the raising of the school leaving age.

6. Within the forecasts of current expenditure on schools and further education, the non-teaching costs include improvement elements compared with 1969-70 of £32 million in 1971-72 and a further £63 million in 1975-76.

7. The capital expenditure figures are derived from the respective starts programmes, which determine the value of work authorised to begin in the year in question. Because the places do not become available for use until the building work has been completed and the amount of time required for construction depends, among other things, on the size and complexity of individual projects, these starts programmes are related to the increased number of places required for pupils and students by the time the work is finished.

8. Because the rate of increase in the school population will decline after 1974, the primary and secondary school building programme required to provide additional places becomes smaller after 1972-73. The programme includes, in 1971-72 and 1972-73, the remaining provision for the additional secondary school pupils staying on at school when the school leaving age is raised. It also includes starts, already announced, of £50 million in 1972-73 and £53 million in each of the three following years for the replacement and improvement of old primary schools. This is an increase on the programme provided for in Cmnd 4578 and is reflected in the policy changes shown in Table 2.15. Expressed as a percentage of total starts, the improvement element now rises from 15 per cent in 1971-72 to 26 per cent in 1975-76.

9. The universities and further education building programmes provide for the increased student numbers and some improvement of existing buildings and take account of the type of courses. From 1973-74 the further education programme allows for the introduction of new standards of accommodation for non-teaching areas in the polytechnics and other colleges. The teacher training programme provides mainly for the replacement of the worst sub-standard buildings.

10. The capital expenditure forecasts include in the years 1971-74 £43 million authorised by the Government to be spent on educational building, particularly schools, as part of the special programme of expenditure on infrastructure in the development and intermediate areas.

11. The youth service and local libraries and museums programmes in England and Wales were transferred on 1 April 1971 from the control of the Department of Education and Science to the locally-determined sector of local authority capital programmes. The forecasts will be subject to review in the light of the actual expenditure which authorities decide to incur.

HEALTH AND PERSONAL SOCIAL SERVICES

TABLE 2.16

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Capital expenditure:						
Hospitals	147.9	174.9	201.5	203.3	204	201
Family practitioner services	0.6	0.3	—	0.7	1	—
Local authority health and personal social services ...	45.4	58.8	73.6	79.6	81	86
Other central services and grants	4.3	5.1	6.8	6.6	6	6
Total (capital expenditure) ...	198.2	239.1	281.9	290.2	292	293
Current expenditure:						
Hospitals	1,215.2	1,266.6	1,320.9	1,366.6	1,415	1,464
Family practitioner services	504.0	495.1	500.3	510.2	523	535
Local authority health and personal social services ...	326.6	351.0	374.1	405.1	430	460
Welfare foods	46.0	16.3	12.1	11.1	11	12
Other central services and grants and departmental administration	44.7	47.7	49.5	55.7	60	58
Selective employment tax paid by local authorities...	11.0	11.2	11.4	11.7	12	12
Total (current expenditure) ...	2,147.5	2,187.9	2,268.3	2,360.4	2,451	2,541
Total	2,345.7	2,427.0	2,550.2	2,650.6	2,743	2,834
Changes from Cmnd 4578 re- valued						
policy changes	—	+9.9	+52.5	+54.5	+57	
estimating changes	-10.3	+0.9	+0.2	-0.7	—	
Cmnd 4578 revalued ⁽¹⁾ ...	2,356.0	2,416.2	2,497.5	2,596.8	2,686	

(¹) See Notes on Methodology, paragraph 2, page 101.

1. This programme includes for the first time child-care in England and Wales and social work in Scotland, and excludes junior training centres for the mentally handicapped in England and Wales, which have been transferred to Education. The Government has provided, in addition to the growth planned in last year's Review, an extra £118 million to be spent within the next four years, largely on special capital improvements in the hospital service and local authority health and personal social services, but also including expenditure associated with the reorganisation of the health services. Among the main priorities are the replacement of old institutions and adapted houses used to accommodate old people, together with some increases in accommodation; and the increase and improvement of hospital buildings and facilities for the old and mentally ill. The programme also covers increased capital expenditure, amounting to £35.2 million over the three years 1971-72 to 1973-74, on the special programme of expenditure on infrastructure in the development and intermediate areas recently announced by the Government.

2. If the relative price effect is excluded, the increase in total provision in 1972-73 compared with the current financial year is 5.6 per cent for the hospital service, 9.0 per cent for the local authority health and personal social services, and 5.1 per cent for the whole health and personal social

services programme. In that year, 59.7 per cent of the expenditure is on hospitals, 19.6 per cent on the family practitioner services, 18.0 per cent on local authority health and personal social services, and 2.7 per cent on welfare foods and other services. The planned average annual compound rate of increase between 1970-71 and 1975-76 for the whole programme, again excluding the relative price effect, is 3.9 per cent.

Hospital services

3. Provision is made for current expenditure on the hospital service to grow, at constant prices, at 4.3 per cent in 1972-73, and thereafter at 3.5 per cent a year. It is estimated that about one quarter of the annual additions is required to maintain the existing standard of service for the increasing and ageing population. The remainder (supplemented by savings through improvements in efficiency and redeployment of resources) will enable further progress to be made in achieving improvements in the standard of hospital treatment and services generally, and in meeting unsatisfied need. Particular emphasis will be placed on reducing the inequalities in services between regions and on the improvement of conditions in hospitals and services provided for patients such as the mentally handicapped and mentally ill, the elderly and and younger chronic sick. Patients in wards for the mentally ill and mentally handicapped take up about 30 per cent and 15 per cent respectively of occupied hospital beds; of the remaining patients more than 40 per cent are aged 65 and over.

4. Over the next five years, the capital allocations will make it possible to replace or bring up to modern standards the equivalent of about one-tenth of all the current hospital facilities: a new district general hospital of some eight hundred beds with all supporting services currently costs about £9 million. These allocations will be devoted in the main to the programme of replacing out-of-date hospitals and services, to providing hospitals in newly-populated areas and to establishing modern patterns of service, including assessment, day-hospital and special treatment facilities, as well as in-patient beds. It is estimated that something of the order of one-fifth will be spent on making substantial improvements to buildings, plant and equipment in hospitals which will remain in service for many years, and on making minor improvements to other hospitals. It is not planned that the end result should be an increase in the total number of beds. The objective is an improvement in their quality and distribution.

Family practitioner service

5. This heading covers the general medical, dental and ophthalmic services and the pharmaceutical service which are provided under the National Health Service. Net expenditure in 1971-72 shows a reduction over the preceding year, because of the increased charges introduced in 1971, but rises thereafter, partly because development is assumed to continue of more effective, but generally dearer, drugs. The figures reflect the Government's decision, announced on 15 November 1971 not to introduce a scheme of charges related to the cost of individual prescriptions. An improvement in the standard of service on account of a relative increase (amounting to an annual figure of the order of 0.5 per cent) in numbers of doctors and dentists as compared with the increase in the size of the population is projected in the expenditure forecasts.

Local authority health and personal social services

6. Provision has been made for the local authority health services to continue to develop, particularly in the building of Health Centres, and in family planning, nursing, and other domiciliary services (most of the local authority health services will be transferred to Area Health Authorities when the proposed reorganisation of the National Health Service takes place).

7. A major objective for the local authority personal social services is to shift the balance of care from hospitals to the community where this is more appropriate. The new group of local personal social services is planned to show a growth rate at constant prices of 9.2 per cent in 1972-73, and thereafter an average annual compound rate of 6.8 per cent. This is a much higher growth rate than is planned for the hospital service. The main growth points will be services for the elderly, the mentally ill, and the mentally and physically handicapped, and the development of a comprehensive system of community homes for children in care to replace the separate provision now made in children's homes, probation homes and hostels, approved schools, and remand homes. One example of the improvements which should be attainable over the next few years is the Government announcement in the White Paper "Better Services for the Mentally Handicapped" (Cmnd 4683) that in the four years 1971-72 to 1974-75, the resources to be made available for services for the mentally handicapped should allow building starts for nearly 10,000 new places in adult training centres, 750 new places in homes for children, and 3,500 new places in homes for adults, on the present plans of local authorities in England and Wales.

SOCIAL SECURITY

TABLE 2.17

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>Benefit at outturn prices</i> ⁽¹⁾ ...						
National insurance						
Retirement pensions ...	1,778.0	2,051.0	2,262.0	2,319.0	2,356	2,395
Sickness benefit and invalidity benefit ...	379.0	454.0	514.0	530.0	529	528
Unemployment benefit ⁽²⁾ ...	150.0	230.0	210.0	186.0	172	172
Other national insurance benefits ...	220.0	261.0	281.0	281.0	282	279
Industrial injuries benefits ...	109.0	119.0	130.0	131.0	132	133
War pensions ...	128.0	136.6	144.9	140.6	136	132
Supplementary benefits ...	523.9	629.0	508.0	489.0	486	481
Old persons pensions ...	7.4	23.0	27.0	22.0	18	15
Family income supplement ...	—	3.0	7.0	7.0	7	7
Attendance allowance ...	—	4.0	12.0	12.0	12	12
Family allowances ...	339.0	344.0	347.0	358.0	362	364
Administration ...	158.9	171.3	172.1	178.8	184	182
Total ...	3,793.2	4,425.9	4,615.0	4,654.4	4,676	4,700
Changes from Cmnd 4578 policy changes						
a. restoration of purchasing power ...	—	+230.9	+437.2	+444.4	+443	
b. other ...	—	+69.6	+140.6	+133.2	+134	
estimating changes ...	-79.0	+94.3	+32.6	+20.2	+2	
Cmnd 4578 ⁽³⁾ ...	3,872.2	4,031.1	4,004.6	4,056.6	4,097	

(1) See Cmnd 4578, Appendix B, paragraph 5.

(2) The figures for unemployment benefit are not to be regarded as reflecting a forecast of the levels to which unemployment will be reduced.

(3) Taking account of (i) the adjustment of administration expenditure to 1971 Survey prices, (ii) the transfer from Social security to Housing of expenditure on the rents of supplementary benefit claimants in accordance with the proposals for the reform of housing finance (see paragraphs 1 and 2 on page 40, and Notes on Methodology, paragraph 3, page 101).

1. About half of social security expenditure is accounted for by one item, retirement pensions. Other national insurance benefits and industrial injuries benefits account for between a fifth and a quarter and the balance is made up by the non-contributory benefits (mainly supplementary benefit and family allowances) and administration (which accounts for approximately 4 per cent of the total).

2. Table 2.17 above follows the established convention that social security figures do not reflect changes which may be made in the future but which have not yet been announced since a decision about, for example, the amount of an increase in benefits need not be made too far in advance of the date from which the increase is to come into effect.* The estimates for 1972-73 onwards are therefore based on benefits at their present levels, and the table shows how expenditure will increase in accordance with demographic and other factors affecting the numbers of beneficiaries, quite apart from any future changes in benefit levels.

3. The Government intends to review the basic retirement pension and related benefits every other year and ensure that, as a minimum, they maintain their value. Allowance is made under "Adjustments to 1971-72 outturn

* See Cmnd 4578, Appendix B, paragraph 5.

prices and relative price effect" in the tables in Parts 1 and 3 to take account of the fact that benefits lose their value as prices rise and they have that value restored at each uprating on this biennial pattern. The cost of any real improvement over and above the restoration of their value at any particular uprating would be a charge on the contingency reserve.

4. Following the general uprating in September 1971, the next review of benefits is due in 1973.

Numbers of beneficiaries

5. At present there are 7.6 million retirement pensioners; by the end of 1975, because of increasing numbers of people over pension age and because of the assumed continuation in the trend towards earlier retirement, there are expected to be 8.0 million. The number of children qualifying for family allowances will also continue to grow: there are 7.0 million at present and it is expected that there will be 7.4 million by the end of 1975. This increase is partly demographic and partly attributable to the raising of the minimum school-leaving age in 1973-74. The upward trend in the rates of claim for sickness benefit which occurred for a number of years appears to have halted for the present, but in case this halt does not prove permanent it has been thought prudent to make allowance for a resumption of the upward trend until 1973-74, with a levelling off thereafter.

Increases and improvements

6. The figures in Cmnd 4578 included estimates of the cost of various real improvements which had been announced and which were due to come into effect during 1971. These gave benefits to three of the groups most in need of special help: scaled down pensions for women widowed between the ages of 40 and 50 (from April 1971), and two new benefits — family income supplement for low wage earners with dependent children (from August 1971), and attendance allowance for the very severely disabled (from December 1971). The cost of these benefits in 1972-73, the first full year in which they will all be operative, is £32 million.

7. Since Cmnd 4578 was published, there has been a general uprating of the main benefits. From 20 September 1971 the standard single rate of retirement pension was raised from £5 to £6 and corresponding improvements were made in related benefits. The increase in retirement pension more than restored the value which the pension had following the previous general uprating in November 1969 and provided a real improvement of about 3 per cent in its purchasing power. At the same time further measures were introduced which develop the policy of special provision for those groups with a priority claim on national resources. These measures include: an old person's pension for all those aged 80 or over who do not already have a national insurance pension; an age addition for all retirement pensioners aged 80 or over, and an increase in the long-term addition for those aged 80 or over who are receiving a supplementary pension; and improvements in provision for the chronic sick. The cost of these special measures in 1972-73 is £43 million. In comparing the new totals of expenditure on social security with the figures in Cmnd 4578, Table 2.17 shows separately the extra cost of the uprating in so far as this restored the value of benefits to what it was after the previous uprating; the cost of the real improvement in the value of benefits and the cost of the selective improvements listed above are shown together as other policy changes.

“Strategy for Pensions”

8. In September 1971 the Government published “Strategy for Pensions” (Cmnd 4755). The specific proposals in that document do not materially affect expenditure during the period covered by the White Paper.

FINANCIAL ADMINISTRATION

TABLE 2.18

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Tax and rate collection ...	199.6	204.3	214.7	221.3	219	220
Royal Mint (including decimali- sation, etc.)	5.5	2.2	0.4	1.6	2	2
Post-war credits	16.0	17.0	16.5	16.5	16	15
Other financial administration, etc.	31.6	39.3	44.2	43.0	43	43
Total	252.7	262.8	275.8	282.4	280	280
Changes from Cmnd 4578 re- valued						
policy changes	—	+2.0	+10.1	+14.0	+12	
estimating changes	-4.2	+1.3	-4.4	—	—	
Cmnd 4578 revalued ⁽¹⁾ ...	256.9	259.5	270.1	268.4	268	

⁽¹⁾ See Notes on Methodology, paragraph 5, page 101.

Tax and rate collection

1. Just over half the total is in respect of the Inland Revenue, with smaller sums for Customs and Excise, the Department of Health and Social Security, the Department of the Environment and local authorities. An increase is required in the estimates for Customs and Excise to make allowance for the replacement of purchase tax by a value added tax. The Inland Revenue estimates allow for an increase in staff to implement the revised National Insurance Scheme and the registration of labour-only sub-contractors, but there will be a saving on the rundown of the Surtax Office. The estimates for the Department of the Environment include provision for the staff of the Centralised Vehicle and Driving Licence project at Swansea.

Royal Mint

2. The estimates for the Royal Mint represent the cost of provision of normal UK coin requirements including in 1971-72 replacement of some £sd coins which were still in circulation at the beginning of the year; they also include expenditure (totalling £1.8m) on the equipping of Phase Two of the new Mint in South Wales replacing the Tower Hill Mint. Estimated building costs for the completion of the new Mint, totalling £2.7m are included in the Accommodation (home) figures in Table 2.19.

Other financial administration

3. The costs of the National Savings Department account for about half of the expenditure. This item also includes the cost of the Treasury, the costs of certain services, e.g. the note issue carried out by the Bank of England for the Treasury, and the Bank of England's capital expenditure.

COMMON SERVICES

TABLE 2.19

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Accommodation (home):						
Capital expenditure... ..	30.0	30.6	35.1	41.7	47	53
Current expenditure:						
Departmental administra- tion	25.0	26.5	23.3	23.9	29	31
Rent	33.9	41.0	45.5	46.4	48	50
Maintenance and other running costs	37.5	41.1	44.9	46.1	47	48
Rates on Government pro- perty	50.6	53.5	54.6	55.8	57	58
Total	177.0	192.7	203.4	213.9	228	240
Stationery Office (home):						
Capital expenditure... ..	14.0	25.2	32.8	39.6	39	30
Supply of stationery, printing, etc.	38.1	39.6	39.4	41.4	43	44
Repayments in respect of computer purchases	-4.0	-12.0	-10.7	-17.6	-16	-7
Total	48.1	52.8	61.5	63.4	66	67
Home publicity services	10.9	10.7	11.2	11.2	11	11
Superannuation of civil ser- vants in civil departments	79.5	85.4	89.8	95.7	101	107
Total	315.5	341.6	365.9	384.2	406	425
<i>Less:</i>						
Allied services (defence) (See Table 2.2)	-94.0	-96.0	-93.9	-94.9	-95	-99
Total	221.5	245.6	272.0	289.3	311	326
Changes from Cmnd 4578 re- valued						
policy changes	—	- 2.2	- 2.5	- 2.5	- 1	
estimating changes	+9.9	+16.1	+20.6	+19.7	+20	
Cmnd 4578 revalued ⁽¹⁾	211.6	231.7	253.9	272.1	292	

(1) See Notes on Methodology, paragraph 3, page 101.

Accommodation (home)

1. Capital expenditure on major new works is now confined mainly to office accommodation for the Home Civil Service. Expenditure on most other types of buildings with specialised functions (eg museums and galleries, government training centres) is included in appropriate programmes elsewhere in the White Paper.

2. The figures for policy changes since Cmnd 4578 include additional expenditure in the development areas (£0.7 million minor works and maintenance in 1971-72); certain expenditure on higher courts and the provision of Judges' lodgings which the Central Government has taken over from local authorities (expenditure on major new works is included in the Law and order programme); and the provision of accommodation for Industrial Tribunals required to implement the Industrial Relations Act. These additions are, however, more than offset by a postponement of expenditure on Inland Revenue computer buildings, as a result of the decision to review the tax system.

3. The main estimating change is an increase on rents to meet current requirements of the Civil Service. Some of these requirements arose from changes in Government policy, such as the offices needed to house staff working on the value added tax, but it has not been possible to isolate the policy element.

4. The expenditure forecasts relate to the need to maintain the existing estate to house current government activities and to the need to add to the estate, either by renting or building, to meet the development of these activities, and the consequences of the relocation of activities and staff. The forecasts provide for some improvements to bring buildings up to agreed space and other standards but not for any raising of these standards. There is no provision for any substantial variation in the ratio of owned to leased accommodation.

5. Capital expenditure covers both new works (and associated site purchases) and furniture and equipment. The biggest and most variable items are the individually large projects for computer centres and for headquarters offices in major cities; these account for most of the rise in expenditure forecast. Included are computer centres for the Department of Health and Social Security and the vehicle licensing and business statistics centres, and, towards the end of the period, for the Inland Revenue. New headquarters offices are built to relocate staff, eg through dispersal, to replace sub-standard accommodation, and to avoid expensive hirings. There are relatively stable expenditures on new local office buildings, (about £3 million a year), on minor new works necessary to maintain or achieve agreed standards (about £7 million a year), and a more fluctuating expenditure on occupational services in leased buildings.

6. The cost per square foot or cost per head of office buildings varies very much depending on the size, nature, siting and location of each particular office. In the case of the relatively small and standardised local office buildings it is possible to design with regard to a cost limit (at present £6.30 a square foot gross, excluding site costs and non-standard features such as lifts and external works). Even here it is not possible to state a uniform cost per head because space requirements vary not only in relation to numbers and grades but because of the varying amounts of ancillary accommodation needed, and planning difficulties. However the present cost limit indicates a figure of the order of £1,000 per head for building local offices.

7. New furniture and equipment cost about £7—8 million a year for new buildings and replacements in existing buildings to provide or maintain agreed standards.

8. The figures for Departmental administration cover the cost of administering the accommodation services under this and other civil programmes.

9. The forecast expenditure on rents includes the actual rents being paid for the existing estate plus an allowance for new hirings. At the end of 1970 the estate included 29 million square feet net of office accommodation leased at a total cost of about £29 million a year, ie an average of £1 a square foot net. (As figures are at constant prices there is no allowance for increases in rents for current hirings as they fall due for renewal or renegotiation; it is the forecast new hirings which account for the growth in the figures.) The forecasts are based on current estimates of staff numbers and plans for relocation or reorganisation. It takes account of the likely completion of new Crown building.

10. The figure for maintenance and other running costs, such as fuel, gas, electricity and water reflects, besides an expected increase in the size of the estate, the cost of bringing the estate up to standard and the greater use of more sophisticated machinery, plant and equipment. The total office estate is some 50 million square feet net, and there are in addition large areas of storage, laboratory and research premises and other specialised types of building.

Stationery Office (home)

11. HM Stationery Office is the central source of supply for Government departments for their printing, stationery and office machinery, and it also supplies some other public sector bodies. The capital expenditure is mostly on computers; the current estimates are higher than those in Cmnd 4578 revalued following a review of future requirements. The Stationery Office is also responsible for the printing, and in most cases the publication, distribution and sale of Government publications, on which the annual turnover is some £5 million.

Home publicity services

12. This covers expenditure on publicity campaigns which are carried out by the Central Office of Information for other Government departments, and which are directed principally at audiences in the United Kingdom through the media of press and television advertising, films and exhibitions. Related printing costs by the Stationery Office are included. Expenditure for the Decimal Currency Board has now been completed but the figures allow for publicity for the Metrication Board and programmes for departments arising from new legislation.

MISCELLANEOUS SERVICES

TABLE 2.20

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Records, registrations and surveys	17.0	22.7	15.2	14.3	14	14
Broadcasting (capital expenditure):						
(i) BBC	9.8	10.9	10.7	10.3	10	13
(ii) ITA	2.9	4.1	5.2	3.9	5	5
Meteorological services ...	8.3	12.7	9.7	9.2	9	8
Civil defence	6.3	8.2	9.3	8.9	8	8
Royal parks, historic buildings and ancient monuments ⁽¹⁾ ...	4.4	4.5	5.0	5.6	6	6
Other miscellaneous services ...	29.0	33.5	35.7	35.8	32	38
Total	77.7	96.6	90.8	88.0	84	92
Changes from Cmnd 4578 revalued						
policy changes	-0.1	+2.1	+2.7	+7.1	—	
estimating changes	-9.8	+1.3	—	-0.9	-1	
Cmnd 4578 revalued ⁽²⁾ ...	87.6	93.2	88.1	81.8	85	

⁽¹⁾ 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.

⁽²⁾ See Notes on Methodology, paragraph 5, page 101.

Records, registrations and surveys

1. This includes expenditure by the Office of Population Censuses and Surveys, General Register Office (Scotland), Land Registry, Ordnance Survey, and other minor Departments, as well as 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 diminishes sharply after 1971-72 on the completion of the 1971 Census.

Broadcasting (capital expenditure)

3. Expenditure covers the capital requirements of the British Broadcasting Corporation (home services) and the Independent Television Authority. The Corporation and the Authority are co-ordinating separately financed programmes for the construction of UHF stations to transmit BBC 1 and 2, and ITV services on 625 lines (black and white and colour). The aim is to increase the present coverage attained by the UHF stations from about 80% to well over 90% by the end of 1975. The Corporation's expenditure (capital and current) is financed by Government grant which at present consists of the whole of the net income from licence revenue. The Authority provides transmitters to broadcast the programmes of independent television companies and is financed by the rentals charged to those companies.

Meteorological services

4. This covers the cost of services provided for both defence and civil purposes. These estimates are also included in the Defence Budget (Table 2.1) and an equivalent reduction is made in Other military defence (Table 2.2) to enable the item to be shown here. The figure for 1971-72 reflects the purchase of a computer.

Civil defence

5. The Home Secretary announced in Parliament on 5 August 1971 the broad conclusions of the recent review of home defence. Expenditure on civil defence will continue at the present level. The state of preparedness will be improved by adjustments between individual items in the programme. The local authority planning machinery will be developed, taking into account the proposals for local government re-organisation.

Royal parks, historic buildings and ancient monuments, etc.

6. This item now includes expenditure on royal palaces as well as that on royal parks, ancient monuments, grants to historic buildings and other services. As announced in Parliament in June 1971 there is to be an increase in the amount of expenditure on grants to owners of historic buildings; this is mainly reflected in the estimates for later years. Expenditure expected to result from the proposals to take powers to make grants to owners of field monuments is also included for the first time; this is estimated to reach £0.15 million a year by 1975-76. As in Cmnd 4578 provision is made for rising expenditure on ancient monuments; this is needed to cover the increasing load of work, shown for example by the scheduling of some 400 additional monuments as worthy of preservation each year and covers such items as an increase in the number of monuments in guardianship, and additional emergency excavations prior to the development of sites.

Other miscellaneous services

7. About 40 per cent of the amounts shown in Table 2.20 for the 5 years to 1975-76 relate to net lending and investment overseas by Cable and Wireless Ltd, which is Government owned, and which provides important links in the Commonwealth telecommunications system. The remainder represents expenditure by the Civil Service Department, the Cabinet Office, the Public Trustee, salaries and administration costs of the Ministry of Posts and Telecommunications, Civil List annuities and pensions less receipts of £4.2 million in respect of the net estimated proceeds of disposal of the assets of the State Management Districts of Carlisle, Gretna and Cromarty.

NORTHERN IRELAND

TABLE 2.21

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Northern Ireland	500.2	546.0	566.6	567.3	577	581
Changes from Cmnd 4578 re- valued						
policy changes	—	+12.6	+1.2	+1.5	+1	
estimating changes	-23.1	+7.3	+25.1	+16.1	+19	
Cmnd 4578 revalued	523.3	526.1	540.3	549.7	557	

1. These estimates of public expenditure are prepared by the Northern Ireland departments and refer only to those services in Ulster for which the Northern Ireland Government is responsible. Expenditure by Westminster Government departments in Northern Ireland on such items as defence and agricultural support is contained within the relevant United Kingdom programmes.

2. The expenditure is not subject to detailed control from Westminster. But the overall level is customarily subject to agreement between the two Governments and is determined on the basis of parity of services between Northern Ireland and Great Britain. However, expenditure on assistance to industry and employment is determined in relation to the special needs of Ulster; and that on law and order reflects the present disturbed conditions. While these conditions continue the forecasts of expenditure may be particularly liable to change.

3. By comparison with Cmnd 4578 the figure for 1970-71 has been revised downwards by £23 million. In the current and future years the estimating changes reflect mainly the recalculation of expenditure on Law and order, higher than expected expenditure on employment and industry, increased provision for investment in electricity generation and a recosting of supplementary benefits in the light of the recent trend of unemployment.

4. Policy changes reflect decisions by the Northern Ireland Government. These include the change in the system of investment incentives to industry announced in the Northern Ireland Parliament last February and an increase in social security rates following similar increases in Great Britain. There is also provision in 1971-72 for expenditure in connection with the Harland & Wolff shipyard.

SCOTLAND

Expenditure within the Secretary of State's responsibility

TABLE 2.22

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Agriculture, fisheries and forestry ⁽¹⁾	57.8	66.9	66.3	58.8	53	54
Research Councils, etc. ...	3.8	3.9	4.2	4.0	4	4
Trade, industry and employment	2.8	5.5	5.5	5.0	5	4
Nationalised industries capital expenditure	89.5	94.7	109.1	92.4	84	105
Roads	78.8	91.2	101.1	97.3	99	101
Surface transport	3.9	4.7	7.7	8.8	10	11
Housing	230.8	213.2	220.0	224.2	221	221
Miscellaneous local services ...	111.5	121.0	129.4	129.4	133	138
Law and order... ..	54.4	58.3	64.4	65.1	68	71
Arts	1.2	1.2	1.3	2.0	2	3
Education	282.2	291.7	324.1	315.8	323	332
Health and personal social services	255.5	266.4	282.7	288.7	298	308
Financial administration ...	3.6	3.6	3.7	3.7	4	4
Miscellaneous services ...	5.7	7.4	6.5	6.8	7	7
Total	1,181.5	1,229.7	1,326.0	1,302.0	1,311	1,363

(¹) Forestry Commission expenditure is not included.

1. Table 2.22 provides separate figures relating to expenditure by central government, local authorities and public corporations on services in Scotland within the Secretary of State's field of responsibility. Table 2.23 gives forecasts of all current and capital expenditure of Scottish local authorities, including a small amount within the field of responsibility of departments other than the Scottish Office. These figures are at 1971 Survey prices, and do not include a provision for the relative price effect.

2. In total the forecasts provide for an average annual increase of about 2½ per cent between 1971-72 and 1975-76 in expenditure on services within the Secretary of State's field. The trends of expenditure in the various programmes are explained in earlier chapters of this White Paper. The Scottish figures are affected particularly by the policy of introducing import levies to reduce the need for deficiency payments to farmers; by a fluctuating pattern of expenditure on new electricity generating stations; and by the inclusion in 1971-72, 1972-73 and 1973-74 of provision for expenditure amounting to £60 million under the additional works programme announced by the Secretary of State on 13 July 1971.

3. Subject to the provisional nature of figures of local authorities' current expenditure in advance of further settlements of rate support grant, the increase in this expenditure by Scottish local authorities (i.e. excluding rate borne expenditure on housing which is not reckonable for this grant) which is implied in Table 2.23 is an average annual rate of 3.5 per cent between the current year and 1975-76. For their capital expenditure, the corresponding annual rate is 3.8 per cent.

Local authority expenditure in Scotland by programme, distinguishing current and capital expenditure

TABLE 2.23

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Agriculture, fisheries and forestry						
Current	0.2	0.2	0.2	0.2	—	—
Capital	0.6	0.5	0.8	0.6	1	1
Trade, industry and employment						
Current	1.1	1.1	1.1	1.1	1	1
Capital	0.7	1.6	1.5	1.5	2	2
Roads						
Current	26.0	28.7	32.3	29.9	31	32
Capital	23.9	32.3	37.0	36.2	37	39
Surface transport						
Current	0.2	0.2	0.3	0.3	—	—
Capital	6.7	8.5	10.2	10.4	9	9
Housing						
Current	46.1	39.2	26.9	20.0	15	14
Capital	108.2	98.6	104.7	107.0	113	120
Miscellaneous local services						
Current	47.3	48.9	50.5	52.7	54	56
Capital	55.0	60.2	68.2	67.2	68	69
Law and order						
Current	41.1	42.4	43.6	45.1	46	48
Capital	4.8	5.2	8.3	7.7	8	8
Arts						
Capital	—	0.1	0.2	0.9	1	2
Education						
Current	201.6	207.1	215.4	225.3	233	241
Capital	41.2	41.7	62.4	40.6	38	37
Health and personal social services						
Current	31.4	33.8	35.9	37.9	40	42
Capital	2.6	3.6	6.5	5.4	6	7
Financial administration						
Current	3.6	3.6	3.7	3.7	4	4
Miscellaneous services						
Current	1.3	1.5	1.4	1.3	1	1
Total current						
	399.9	406.7	411.3	417.5	425	439
Total capital						
	243.7	252.3	299.8	277.5	283	294
Total						
	643.6	659.0	711.1	695.0	708	733

WALES

Expenditure within the Secretary of State's responsibility

TABLE 2.24

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Agriculture, fisheries and forestry ⁽¹⁾	0.1	0.1	0.1	0.1	—	—
Trade, industry and employment	0.3	1.4	1.3	1.4	1	1
Roads	46.7	53.7	55.8	59.6	64	68
Surface transport	0.2	0.5	0.8	0.8	1	1
Housing... ..	48.3	59.1	70.4	63.5	61	61
Miscellaneous local services ...	55.0	58.5	64.0	64.4	66	70
Law and order	1.6	1.6	1.6	1.6	2	2
Arts	0.9	1.1	1.2	1.3	2	2
Education	95.6	105.9	109.5	110.9	109	110
Health and personal social services	122.4	124.8	130.5	133.5	137	144
Financial administration ...	1.1	1.1	1.1	1.1	1	1
Miscellaneous services ...	0.1	0.2	0.2	0.2	—	—
Total	372.3	408.0	436.5	438.4	444	460

⁽¹⁾ Forestry Commission expenditure is not included.

1. Table 2.24 provides separate expenditure figures relating to services in Wales for which the Welsh Office are responsible, directly or indirectly (e.g. expenditure by local authorities). Table 2.25 gives forecasts of all current and capital expenditure of Welsh local authorities, including expenditures for which Departments other than the Welsh Office are responsible (in particular the Department of Education and Science, as regards further education, and the Home Office).

2. Expenditure within the Secretary of State's responsibility is estimated to rise between 1971-72 and 1975-76 at an average annual rate of about 3 per cent. The programmes for 1971-72, 1972-73 and 1973-74 include expenditure of about £18 million under the additional works programme announced on 14 July 1971, and thus increase the capital programmes including those of the Welsh local authorities for those years.

3. Subject to future settlements of rate support grant, the provisional programmes of local authorities' current expenditure in Wales will be rising at an average annual rate of 4 per cent between 1971-72 and 1975-76.

Local authority expenditure in Wales by programme, distinguishing current and capital expenditure

TABLE 2.25

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Agriculture, Fisheries and Forestry						
Forestry						
Current	0.1	0.1	0.1	0.1	—	—
Capital	—	—	0.1	—	—	—
Trade, industry and employment						
Current	0.7	0.7	0.8	0.8	1	1
Capital	1.2	1.7	0.5	0.2	—	—
Roads						
Current	17.9	17.7	18.6	19.6	20	21
Capital	10.4	11.8	15.0	13.6	14	15
Surface transport						
Current	0.1	0.2	0.5	0.5	—	—
Capital	1.8	0.7	0.9	1.6	3	3
Housing						
Current	2.5	2.5	3.9	0.9	3	3
Capital	34.3	42.2	46.9	44.9	41	41
Miscellaneous local services						
Current	22.4	23.4	24.1	25.8	27	28
Capital	30.9	32.6	37.0	36.0	37	40
Law and order						
Current	22.0	22.9	23.2	24.2	25	26
Capital	2.1	1.8	3.7	2.1	2	2
Education						
Current	109.2	113.5	118.0	121.5	124	129
Capital	15.7	22.6	21.8	19.8	18	17
Health and personal social services						
Current	17.9	19.0	20.1	22.0	24	25
Capital	2.4	3.7	4.6	4.5	4	5
Financial administration						
Current	1.1	1.1	1.1	1.1	1	1
Miscellaneous Services						
Current	0.4	0.4	0.4	0.4	—	—
Total Current	194.3	201.5	210.8	216.9	225	234
Total Capital	98.8	117.1	130.5	122.7	119	123
Total	293.1	318.6	341.3	339.6	344	357

PART 3

Average annual increase in public sector demand on output at factor cost: 1971-72 to 1975-76

TABLE 3.1

	£ million		per cent	
	In volume ⁽¹⁾ terms	In cost ⁽²⁾ terms	In volume ⁽¹⁾ terms	In cost ⁽²⁾ terms
Public expenditure affecting demand directly				
Public consumption	230	380	2.5	3.7
Public investment: ⁽³⁾				
Nationalised industries	25	25	1.5	1.3
Other	90	100	3.5	3.8
Total	345	505	2.6	3.5
Public expenditure affecting demand indirectly ⁽⁴⁾	30	55	0.5	0.9
Contingency reserve and shortfall	105	105	..	..
Total	480	665	2.5	3.2

(1) At 1971 Survey prices. See paragraph 16 on page 10.

(2) At 1971-72 outturn prices. See paragraph 18 on page 10.

(3) Includes increase in value of stocks.

(4) Subsidies, debt interest, current grants at home and abroad, capital grants (excluding investment grants), net lending at home and abroad.

Public expenditure by resource category: 1971-72 to 1975-76

TABLE 3.2

Part 1: Programmes in this White Paper

£ million

	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
I At 1971 Survey prices					
Purchase of resources	15,634	16,183	16,679	17,072	17,564
deduct charges	-704	-721	-732	-754	-792
Net expenditure on resources	14,930	15,462	15,947	16,318	16,772
Transfers etc.	5,539	5,812	5,700	5,582	5,521
Net purchase of existing assets	463	478	460	436	364
Total	20,932	21,752	22,107	22,336	22,657
Adjustments to 1971-72 outturn prices and relative price effect	910	928	1,121	1,315	1,524
Total⁽¹⁾ of Part I	21,842	22,680	23,228	23,651	24,181
II At 1971-72 outturn prices with relative price effect attributed					
Purchase of resources	16,524	17,237	17,909	18,467	19,136
deduct charges	-744	-759	-770	-791	-827
Net expenditure on resources	15,780	16,478	17,139	17,676	18,309
Transfers etc.	5,574	5,846	5,736	5,617	5,569
Net purchase of existing assets	475	496	489	477	430
Price adjustments	13	-140	-136	-119	-127
Total⁽¹⁾ of Part II	21,842	22,680	23,228	23,651	24,181
III Investment grants, debt interest, contin- gency reserve and shortfall	2,628	2,492	2,454	2,494	2,559
Total (I or II + III)	24,470	25,172	25,682	26,145	26,740

Part 2: Average annual percentage increase in public expenditure⁽¹⁾ by resource category, as in Cmnd 4578 and in this White Paper: 1971-72 to 1974-75.

	In volume terms ⁽²⁾		In cost terms ⁽³⁾	
	Cmnd 4578	Cmnd 4829	Cmnd 4578	Cmnd 4829
Purchase of resources	2.9	3.0	3.7	3.8
deduct charges	0.9	2.3	1.2	2.1
Net expenditure on resources	3.0	3.0	3.8	3.9
Transfers, etc.	-0.4	0.3	-0.5	0.3
Net purchase of existing assets...	-0.1	-2.0	4.0	0.1
Total	2.0	2.2	2.8	2.7

(1) Excludes investment grants, debt interest, contingency reserve and shortfall.

(2) See paragraph 16, page 10.

(3) See paragraph 18, page 10.

Changes in public expenditure since Cmnd 4578, by programme: 1970-71

TABLE 3.3

£ million

	Cmnd 4578 estimate	Changes		Cmnd 4829 provisional outturn
		policy	estimating	
<i>At 1971 Survey prices</i>				
Defence and external relations:				
1. Defence Budget	2,599	—	—	2,599
2. Other military defence	67	—	-16	51
3. Overseas aid	209	—	-3	206
4. EEC and other overseas services ...	139	—	-4	135
Commerce and industry:				
5. Agriculture, fisheries and forestry	470	—	-79	391
6. Research Councils, etc.	119	—	-1	118
7. Trade, industry and employment	1,225	+72	-47	1,250
Nationalised industries:				
8. Nationalised industries capital ex- penditure	1,604	-4	+135	1,735
Environmental services:				
9. Roads	787	—	+30	817
10. Surface transport	219	—	-18	201
11. Housing	1,214	—	-38	1,176
12. Miscellaneous local services ...	950	—	-18	932
13. Law and order	650	—	-8	642
14. Arts	26	—	-2	24
Social services:				
15. Education	2,746	—	+12	2,758
16. Health and personal social services	2,356	—	-10	2,346
17. Social security	3,872	—	-79	3,793
Other services:				
18. Financial administration	257	—	-4	253
19. Common services	211	—	+10	221
20. Miscellaneous services	88	—	-10	78
21. Northern Ireland	523	—	-23	500
22. Debt interest	2,331	+68	-173	2,226
23. Contingency reserve	2,341	—	-6	2,335
24. Shortfall	-200	—	+200	—
	22,472	+68	+21	22,561
25. Adjustments to 1971-72 outturn prices and relative price effect ...	...	...	...	1,262
<i>At 1971-72 outturn prices</i>				
Total ... ..	...	...	...	23,823

Changes in public expenditure since Cmnd 4578, by programme: 1971-72

TABLE 3.4

£ million

	Cmnd 4578 estimate	Changes		Cmnd 4829 estimate
		policy	estimating	
<i>At 1971 Survey prices</i>				
Defence and external relations:				
1. Defence Budget	2,535	+2	-1	2,536
2. Other military defence	65	+3	+1	69
3. Overseas aid	215	—	+1	216
4. EEC and other overseas services	139	—	—	139
Commerce and industry:				
5. Agriculture, fisheries and forestry	446	+47	-20	473
6. Research Councils, etc.	125	—	—	125
7. Trade, industry and employment	1,223	+102	-83	1,242
Nationalised industries:				
8. Nationalised industries capital expenditure	1,593	+101	+84	1,778
Environmental services:				
9. Roads	820	+11	-17	814
10. Surface transport	237	—	-12	225
11. Housing	1,221	+100	-71	1,250
12. Miscellaneous local services	960	+10	—	970
13. Law and order	686	+2	-9	679
14. Arts	29	—	—	29
Social services:				
15. Education	2,897	+11	-13	2,895
16. Health and personal social services	2,416	+10	+1	2,427
17. Social security	4,031	+301 ⁽¹⁾	+94	4,426
Other services:				
18. Financial administration	259	+2	+2	263
19. Common services	231	-2	+16	245
20. Miscellaneous services	93	+2	+1	96
21. Northern Ireland	526	+13	+7	546
22. Debt interest	2,208	+715 ⁽¹⁾	-19	2,143
23. Contingency reserve	125	(+50)	+17	2,225
24. Shortfall	-100	—	-125	-100
	22,980	+715 ⁽¹⁾	-127	23,568
25. Adjustment to 1971-72 outturn prices ... ..	...	...	...	902
<i>At 1971-72 outturn prices</i>				
Total ... ..	...	...	...	24,470

(1) When provision for restoration of purchasing power (£231 million—see Table 2.17) is excluded, total policy changes are £484 million—see paragraph 13, page 9.

Changes in public expenditure since Cmnd 4578, by programme: 1972-73

TABLE 3.5

£ million

	Cmnd 4578 estimate	Changes		Cmnd 4829 estimate
		policy	estimating	
<i>At 1971 Survey prices</i>				
Defence and external relations:				
1. Defence Budget	2,496	+41	—	2,537
2. Other military defence	57	—	-5	52
3. Overseas aid	225	+9	—	234
4. EEC and other overseas services ...	140	+30	-2	168
Commerce and industry:				
5. Agriculture, fisheries and forestry	418	+46	-2	462
6. Research Councils, etc.	131	—	—	131
7. Trade, industry and employment ...	924	+77	-23	978
Nationalised industries:				
8. Nationalised industries capital expenditure	1,647	+105	+18	1,770
Environmental services:				
9. Roads	900	+24	-28	896
10. Surface transport	235	—	—	235
11. Housing	1,326	+109	-43	1,392
12. Miscellaneous local services ...	1,008	+18	+2	1,028
13. Law and order	718	+8	-1	725
14. Arts	29	—	—	29
Social services:				
15. Education	2,989	+36	-5	3,020
16. Health and personal social services	2,498	+52	—	2,550
17. Social security	4,005	+578 ⁽¹⁾	+32	4,615
Other services:				
18. Financial administration	270	+10	-4	276
19. Common services	254	-3	+21	272
20. Miscellaneous services	88	+3	—	91
21. Northern Ireland	540	+1	+25	566
22. Debt interest	2,174	+1,144 ⁽¹⁾	-15	2,200
23. Contingency reserve	250	(158)	+26	125
24. Shortfall	-100	—	-125	-100
	23,222	+1,144 ⁽¹⁾	-114	24,252
25. Adjustments to 1971-72 outturn prices and relative price effect ...	...	...	...	920
<i>At 1971-72 outturn prices</i>				
Total ... ..	...	...	...	25,172

(1) When provision for restoration of purchasing power (£437 million — see Table 2.17) is excluded total policy changes are £707 million — see paragraph 13, page 9.

Changes in public expenditure since Cmnd 4578, by programme: 1973-74

TABLE 3.6

£ million

	Cmnd 4578 estimate	Changes		Cmnd 4829 estimate
		policy	estimating	
<i>At 1971 Survey prices</i>				
Defence and external relations:				
1. Defence Budget	2,530	+42	—	2,572
2. Other military defence	58	—	-5	53
3. Overseas aid	245	—	—	245
4. EEC and other overseas services ...	140	+130	-1	269
Commerce and industry:				
5. Agriculture, fisheries and forestry ...	364	+46	-11	399
6. Research Councils, etc.	136	-1	—	135
7. Trade, industry and employment ...	727	+44	+29	800
Nationalised industries:				
8. Nationalised industries capital ex- penditure	1,732	+96	-48	1,780
Environmental services:				
9. Roads	958	+4	+2	964
10. Surface transport	230	—	+3	233
11. Housing	1,302	+94	-76	1,320
12. Miscellaneous local services	1,067	+7	-15	1,059
13. Law and order	770	+2	-6	766
14. Arts	31	+1	—	32
Social services:				
15. Education	3,058	+15	+12	3,085
16. Health and personal social services	2,597	+55	-1	2,651
17. Social security	4,057	+577 ⁽¹⁾	+20	4,654
Other services:				
18. Financial administration	268	+14	—	282
19. Common services	272	-3	+20	289
20. Miscellaneous services	82	+7	-1	88
21. Northern Ireland	550	+1	+16	567
22. Debt interest	21,174	+1,131 ⁽¹⁾	-62	22,243
23. Contingency reserve	2,107	(71)	+68	2,175
24. Shortfall	375	—	-125	250
24. Shortfall	-100	—	—	-100
	23,556	+1,131 ⁽¹⁾	-119	24,568
25. Adjustments to 1971-72 outturn prices and relative price effect ...	...	...	...	1,114
<i>At 1971-72 outturn prices</i>				
Total ... ..	...	...	...	25,682

⁽¹⁾ When provision for restoration of purchasing power (£444 million—see Table 2.17) is excluded, total policy changes are £687 million—see paragraph 13, page 9.

Changes in public expenditure since Cmnd 4578, by programme: 1974-75

TABLE 3.7

£ million

	Cmnd 4578 estimate	Changes		Cmnd 4829 estimate
		policy	estimating	
<i>At 1971 Survey prices</i>				
Defence and external relations:				
1. Defence Budget	2,547	+25	—	2,572
2. Other military defence	62	—	-5	57
3. Overseas aid	267	—	-1	266
4. EEC and other overseas services ...	140	+160	—	300
Commerce and industry:				
5. Agriculture, fisheries and forestry	321	+31	—	352
6. Research Councils, etc.	140	-3	—	137
7. Trade, industry and employment	593	+21	+22	636
Nationalised industries:				
8. Nationalised industries capital expenditure	1,874	+92	-175	1,791
Environmental services:				
9. Roads	1,015	-1	-5	1,009
10. Surface transport	230	—	+2	232
11. Housing	1,273	+70	-62	1,281
12. Miscellaneous local services ...	1,119	+1	-15	1,105
13. Law and order	809	+2	-6	805
14. Arts	33	+2	—	35
Social services:				
15. Education	3,135	+13	+13	3,161
16. Health and personal social services	2,686	+57	—	2,743
17. Social security	4,097	+577 ⁽¹⁾	+2	4,676
Other services:				
18. Financial administration	268	+12	—	280
19. Common services	292	-1	+20	311
20. Miscellaneous services	85	—	-1	84
21. Northern Ireland	557	+1	+19	577
22. Debt interest	2,018	+1,059 ⁽¹⁾	-192	2,410
23. Contingency reserve	500	(18)	+132	2,150
24. Shortfall	-100	—	-125	375
			—	-100
	23,961	+1,059 ⁽¹⁾	-185	24,835
25. Adjustments to 1971-72 outturn prices and relative price effect ... ..	...	...	...	1,310
<i>At 1971-72 outturn prices</i>				
Total ... ..	...	...	...	26,145

(1) When provision for restoration of purchasing power £443 million—see Table 2.17) is excluded total policy changes are £616 million—see paragraph 13, page 9.

1973 Survey for

27955

**Public expenditure by economic category with adjustments to 1971-72
outturn prices and relative price effect attributed: 1970-71 to 1975-76**

TABLE 3.8

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971-72 outturn prices</i>						
Current expenditure:						
Wages and salaries ...	6,121	6,329	6,623	6,911	7,192	7,516 <i>a</i>
Selective employment tax ...	197	200	204	207	211	215 <i>net</i>
Other current expenditure on goods and services ...	3,452	3,548	3,589	3,751	3,844	3,944 <i>a</i>
Subsidies ...	937	958	903	662	521	415 <i>b</i>
Debt interest ...	2,335	2,225	2,200	2,175	2,150	2,125 <i>b</i>
Current grants to persons ...	4,055	4,765	5,093	5,220	5,257	5,334 <i>b</i>
Current grants to private bodies ...	377	404	431	463	496	530 <i>a</i>
Current grants abroad ...	180	194	241	345	388	405 <i>a</i>
Total ...	17,654	18,623	19,284	19,734	20,059	20,484
Capital expenditure:						
Gross domestic fixed capital formation ...	4,490	4,577	4,870	4,986	5,071	5,216 <i>a</i>
Increase in value of stocks ...	124	95	52	55	56	65
Capital grants to private sector ...	905	858	669	530	455	412 <i>b</i>
Net lending to private sector	132	219	206	191	156	87 <i>x</i>
Net lending to overseas governments ...	87	74	64	70	74	83 <i>a</i>
Drawings from United King- dom subscriptions to inter- national lending bodies ...	12	21	36	40	41	42 <i>a</i>
Other net lending and invest- ment abroad ...	31	72	64	46	61	64 <i>a</i>
Cash expenditure on com- pany securities (net) ...	47	18	42	16	16	14 <i>x</i>
Total ...	5,828	5,934	6,003	5,934	5,930	5,983
Contingency reserve ...	—	—	125	250	375	500
Shortfall ...	—	-100	-100	-100	-100	-100
Price adjustments ...	341	13	-140	-136	-119	-127
Total ...	23,823	24,470	25,172	25,682	26,145	26,740

433 499 464 418 404 355
 92 95 50 60 54 55
 65 133 140 126 111 93
 276 271 274 232 239 267

-25 -25 -25 -25

**Comparison of public expenditure by programme and main economic category,
as in Cmnd 4578 and in this White Paper: 1970-71 to 1975-76**

TABLE 3.9

£ million

	1970-71		1971-72		1972-73		1973-74		1974-75		1975-76
	Cmnd 4578 estimate	Cmnd 4829 provisional outturn	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4829 estimate
<i>At 1971 Survey prices</i>											
1. Defence Budget:											
Current expenditure on goods and services	2,559	2,554	2,489	2,489	2,451	2,490	2,486	2,527	2,503	2,533	2,563
Other current expenditure	8	10	8	9	9	9	8	9	8	9	9
Gross domestic fixed capital formation ...	31	26	35	34	33	35	33	33	33	27	25
Other capital expenditure	1	9	3	4	3	3	3	3	3	3	3
Total	2,599	2,599	2,535	2,536	2,496	2,537	2,530	2,572	2,547	2,572	2,600
2. Other military defence:											
Current expenditure on goods and services	55	39	56	58	49	44	52	47	60	55	72
Other current expenditure	7	6	5	6	4	4	3	3	2	2	2
Other capital expenditure	5	6	4	5	4	4	3	3	—	—	—
Total	67	51	65	69	57	52	58	53	62	57	74
3. Overseas aid:											
Other current expenditure	104	105	108	112	109	122	117	121	126	129	142
Gross domestic fixed capital formation ...	—	—	—	—	—	—	—	—	1	1	1
Other capital expenditure	105	101	107	104	116	112	128	124	140	136	147
Total	209	206	215	216	225	234	245	245	267	266	290
4. EEC and other overseas services:											
Current expenditure on goods and services	116	111	118	114	119	114	119	115	118	116	115
Other current expenditure	19	20	18	19	19	49	19	149	20	180	180
Gross domestic fixed capital formation ...	2	2	2	3	2	3	2	3	2	3	3
Other capital expenditure	2	2	1	3	—	2	—	2	—	1	2
Total	139	135	139	139	140	168	140	269	140	300	300

TABLE 3.9 continued

£ million

	1970-71		1971-72		1972-73		1973-74		1974-75		1975-76
	Cmnd 4578 estimate	Cmnd 4829 provisional outturn	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4829 estimate
<i>At 1971 Survey prices</i>											
5. Agriculture, fisheries and forestry:											
Current expenditure on goods and services	52	48	53	52	54	51	54	50	54	50	50
Other current expenditure	313	246	281	308	256	285	207	236	158	186	186
Gross domestic fixed capital formation ...	12	10	14	11	17	15	15	13	16	12	11
Other capital expenditure	93	87	98	102	91	111	88	100	93	104	106
Total	470	391	446	473	418	462	364	399	321	352	353
6. Research Councils etc:											
Current expenditure on goods and services	47	48	49	49	52	51	54	52	55	53	55
Other current expenditure	50	50	54	54	55	57	58	59	60	60	62
Gross domestic fixed capital formation ...	15	14	15	15	16	16	16	16	17	16	17
Other capital expenditure	7	6	7	7	8	7	8	8	8	8	7
Total	119	118	125	125	131	131	136	135	140	137	141
7. Trade, industry and employment:											
Current expenditure on goods and services	258	244	239	303	264	260	241	250	195	199	148
Other current expenditure	250	249	234	250	222	237	223	233	188	192	121
Gross domestic fixed capital formation ...	69	53	83	61	84	68	77	72	63	62	51
Other capital expenditure	648	704	667	628	354	413	186	245	147	183	86
Total	1,225	1,250	1,223	1,242	924	978	727	800	593	636	406
8. Nationalised industries:											
Gross domestic fixed capital formation ...	1,601	1,643	1,579	1,683	1,634	1,720	1,688	1,720	1,846	1,737	1,820
Other capital expenditure	3	92	14	95	13	50	44	60	28	54	55
Total	1,604	1,735	1,593	1,778	1,647	1,770	1,732	1,780	1,874	1,791	1,875

TABLE 3.9 continued

£ million

	1970-71		1971-72		1972-73		1973-74		1974-75		1975-76
	Cmnd 4578 estimate	Cmnd 4829 provisional outturn	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4829 estimate
<i>At 1971 Survey prices</i>											
9. Roads:											
Current expenditure on goods and services	280	273	298	300	318	324	322	332	340	343	356
Gross domestic fixed capital formation ...	507	544	522	514	582	572	636	632	675	666	711
Total	787	817	820	814	900	896	958	964	1,015	1,009	1,067
		(437)		-8		-10		-4		-9	
10. Surface transport:											
Current expenditure on goods and services	10	10	13	11	15	13	19	16	20	19	20
Other current expenditure	118	114	111	112	98	104	90	97	84	89	81
Gross domestic fixed capital formation ...	(89)	75	111	100	120	115	119	117	125	123	122
Other capital expenditure	2	2	2	2	2	3	2	3	1	1	—
Total	219	201	237	225	235	235	230	233	230	232	223
		(14)		(11)		(5)		(12)		(12)	
11. Housing:											
Current expenditure on goods and services	2	2	2	2	2	3	2	2	2	2	2
Other current expenditure	330	344	356	375	433	492	415	392	385	363	357
Gross domestic fixed capital formation ...	788	739	784	688	801	686	800	729	802	737	735
Other capital expenditure	94	91	79	185	90	211	85	197	84	179	165
Total	1,214	1,176	1,221	1,250	1,326	1,392	1,302	1,320	1,273	1,281	1,259
		(14)		(11)		(5)		(12)		(12)	
12. Miscellaneous local services:											
Current expenditure on goods and services	510	499	506	508	525	528	559	552	580	571	592
Other current expenditure	1	1	2	2	2	2	2	2	2	3	3
Gross domestic fixed capital formation ...	429	419	441	449	470	486	495	494	526	519	546
Other capital expenditure	10	13	11	11	11	12	11	11	11	12	13
Total	950	932	960	970	1,008	1,028	1,067	1,059	1,119	1,105	1,154
		(43)		(78)		(16)		(1)		(1)	

76

See HC 62
? lower than
act price
figures given
in Blue BK
Sept 1971

(43)

(78)

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(1)

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TABLE 3.9 continued

£ million

	1970-71		1971-72		1972-73		1973-74		1974-75		1975-76
	Cmnd 4578 estimate	Cmnd 4829 provisional outturn	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4829 estimate
<i>At 1971 Survey prices</i>											
13. Law and order:											
Current expenditure on goods and services	558	560	583	577	605	603	641	631	672	659	690
Other current expenditure	22	23	25	28	27	33	31	36	33	41	43
Gross domestic fixed capital formation ...	70	59	78	73	86	89	98	98	104	104	107
Other capital expenditure	—	—	—	1	—	—	—	1	—	1	1
Total	650	642	686	679	718	725	770	766	809	805	841
14. Arts:											
Current expenditure on goods and services	11	10	11	11	11	10	11	11	11	11	11
Other current expenditure	11	11	13	13	13	14	15	15	16	17	18
Gross domestic fixed capital formation ...	2	1	2	2	2	3	4	4	5	6	7
Other capital expenditure	2	2	3	3	3	2	1	2	1	1	1
Total	26	24	29	29	29	29	31	32	33	35	37
15. Education:											
Current expenditure on goods and services	1,854	1,843	1,919	1,909	1,998	1,983	2,070	2,065	2,143	2,141	2,224
Other current expenditure	456	453	488	489	513	514	543	539	581	569	605
Gross domestic fixed capital formation ...	324	354	366	380	347	391	308	349	274	323	309
Other capital expenditure	112	108	124	117	131	132	137	132	137	128	123
Total	2,746	2,758	2,897	2,895	2,989	3,020	3,058	3,085	3,135	3,161	3,261
16. Health and personal social services:											
Current expenditure on goods and services	2,139	2,134	2,166	2,174	2,225	2,255	2,317	2,345	2,404	2,435	2,528
Other current expenditure	13	14	14	14	15	13	16	15	16	16	13
Gross domestic fixed capital formation ...	200	195	233	236	256	279	262	288	264	290	291
Other capital expenditure	4	3	3	3	2	3	2	3	2	2	2
Total	2,356	2,346	2,416	2,427	2,498	2,550	2,597	2,651	2,686	2,743	2,834

TABLE 3.9 continued

£ million

	1970-71		1971-72		1972-73		1973-74		1974-75		1975-76
	Cmnd 4578 estimate	Cmnd 4829 provisional outturn	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4829 estimate
<i>At 1971 Survey prices</i>											
17. Social security: <i>Outturn Annuity</i>											
Current expenditure on goods and services	162	159	168	172	175	172	187	179	185	184	182
Other current expenditure	3,710	3,634	3,863	4,254	3,830	4,443	3,870	4,475	3,912	4,492	4,518
Total	3,872	3,793	4,031	4,426	4,005	4,615	4,057	4,654	4,097	4,676	4,700
18. Financial administration:											
Current expenditure on goods and services	238	237	239	243	243	252	247	259	249	260	262
Other current expenditure	19	16	17	17	16	16	15	16	16	16	15
Gross domestic fixed capital formation ...	—	—	3	3	11	8	6	7	3	4	3
Total	257	253	259	263	270	276	268	282	268	280	280
19. Common services:											
Current expenditure on goods and services	167	177	168	189	185	204	192	208	216	224	243
Gross domestic fixed capital formation ...	44	44	63	56	69	68	80	81	76	87	83
Total	211	221	231	245	254	272	272	289	292	311	326
20. Miscellaneous services:											
Current expenditure on goods and services	52	53	63	64	54	55	54	54	54	54	53
Other current expenditure	2	2	2	2	2	3	2	3	2	3	3
Gross domestic fixed capital formation ...	24	14	15	10	16	15	16	16	19	16	19
Other capital expenditure	10	9	13	20	16	18	10	15	10	11	17
Total	88	78	93	96	88	91	82	88	85	84	92

TABLE 3.9 continued

£ million

	1970-71		1971-72		1972-73		1973-74		1974-75		1975-76
	Cmnd 4578 estimate	Cmnd 4829 provisional outturn	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4578 estimate	Cmnd 4829 estimate	Cmnd 4829 estimate
<i>At 1971 Survey prices</i>											
21. Northern Ireland:											
Current expenditure on goods and services	167	166	171	172	178	180	184	184	191	190	196
Other current expenditure	169	167	165	180	169	185	173	189	174	188	187
Gross domestic fixed capital formation ...	128	113	137	137	140	153	139	145	138	151	152
Other capital expenditure	59	54	53	57	53	48	54	49	54	48	46
Total	523	500	526	546	540	566	550	567	557	577	581
22. Debt interest	2,341	2,335	2,208	2,225	2,174	2,200	2,107	2,175	2,018	2,150	2,125
23. Contingency reserve	—	—	125	—	250	125	375	250	500	375	500
24. Shortfall	-200	—	-100	-100	-100	-100	-100	-100	-100	-100	-100
Total	22,472	22,561	22,980	23,568	23,222	24,252	23,556	24,568	23,961	24,835	25,219
25. Adjustments to 1971-72 outturn prices and relative price effect		1,262		902		920		1,114		1,310	1,521
<i>At 1971-72 outturn prices</i>											
Total		23,823		24,470		25,172		25,682		26,145	26,740

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5802

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5013
773

Public expenditure and directly related receipts by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to individual programmes: 1970-71 (provisional outturn)

TABLE 3.10

				£ million			
				Gross expenditure	Receipts		Total expenditure net of charges
					Charges	Other	
<i>At 1971-72 outturn prices</i>							
Defence and external relations:							
1. Defence Budget	...	...	...	2,995	245	—	2,750
2. Other military defence	...	...	...	51	—	12	51
3. Overseas aid	...	...	...	206	—	26	206
4. EEC and other overseas services	...	...	...	150	3	-7	147
Commerce and industry:							
5. Agriculture, fisheries and forestry	...	...	...	427	3	2	424
6. Research Councils, etc.	...	...	...	124	1	—	123
7. Trade, industry and employment	...	...	...	1,320	19	136	1,301
Nationalised industries:							
8. Nationalised industries capital expenditure	...	...	...	1,817	..	(¹)	1,817
Environmental services:							
9. Roads	...	...	...	897	17	2	880
10. Surface transport	...	...	...	225	9	1	216
11. Housing	...	...	...	1,219	—	112	1,219
12. Miscellaneous local services	...	...	...	1,029	53	8	976
13. Law and order	...	...	...	683	18	—	665
14. Arts	...	...	...	24	—	—	24
Social services:							
15. Education	...	...	...	3,113	160	2	2,953
16. Health and personal social services	...	...	...	2,634	152	214	2,482
17. Social security	...	...	...	3,793	—	2,611	3,793
Other services:							
18. Financial administration	...	...	...	275	2	-29	273
19. Common services	...	...	...	237	—	86	237
20. Miscellaneous services	...	...	...	103	19	2	84
21. Northern Ireland	...	...	...	538	12	75	526
22. Debt interest	...	...	...	2,335	—	896	2,335
23. Contingency reserve	...	...	...	...	...	...	—
24. Shortfall	...	...	...	...	...	...	341
25. Price adjustments	...	...	...	...	...	...	...
Total	...	...	...	...	...	...	23,823

(¹) Excludes gross trading surpluses of nationalised industries (see paragraph 22, page 15)

Public expenditure and directly related receipts by programme, with adjustment to 1971-72 outturn prices: 1971-72 (estimate)

TABLE 3.11

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1971-72 outturn prices</i>				
Defence and external relations:				
1. Defence Budget	2,956	231	—	2,725
2. Other military defence	72	—1	11	73
3. Overseas aid	216	—	24	216
4. EEC and other overseas services	151	3	—6	148
Commerce and industry:				
5. Agriculture, fisheries and forestry	488	3	2	485
6. Research Councils, etc.	130	1	—	129
7. Trade, industry and employment	1,288	17	149	1,271
Nationalised industries:				
8. Nationalised industries capital expenditure	1,837	..	(¹)	1,837
Environmental services:				
9. Roads	886	19	1	867
10. Surface transport	242	9	1	233
11. Housing	1,272	—	105	1,272
12. Miscellaneous local services	1,066	54	7	1,012
13. Law and order	728	20	—	708
14. Arts	30	—	—	30
Social services:				
15. Education	3,270	178	2	3,092
16. Health and personal social services	2,727	174	228	2,553
17. Social security	4,426	—	2,632	4,426
Other services:				
18. Financial administration	287	1	—19	286
19. Common services	269	1	74	268
20. Miscellaneous services	124	21	4	103
21. Northern Ireland	611	13	79	598
22. Debt interest	2,225	—	861	2,225
23. Contingency reserve ... ..	...	...	...	—
24. Shortfall ... ..	...	...	...	—100
25. Price adjustments ... ..	...	...	...	13
Total				24,470

(¹) Excludes gross trading surpluses of nationalised industries (see paragraph 22, page 15)

Public expenditure and directly related receipts by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to individual programmes: 1972-73 (estimate)

TABLE 3.12

				£ million			
				Gross expenditure	Receipts		Total expenditure net of charges
					Charges	Other	
<i>At 1971-72 outturn prices</i>							
Defence and external relations:							
1.	Defence Budget	...	...	2,970	219	—	2,751
2.	Other military defence	...	...	55	—1	9	56
3.	Overseas aid	...	...	234	—	25	234
4.	EEC and other overseas services	...	...	183	3	—6	180
Commerce and industry:							
5.	Agriculture, fisheries and forestry	...	...	478	3	2	475
6.	Research Councils, etc.	...	...	138	1	—	137
7.	Trade, industry and employment	...	...	1,019	16	144	1,003
Nationalised industries:							
8.	Nationalised industries capital expenditure	...	...	1,829	..	(¹)	1,829
Environmental services:							
9.	Roads	...	...	981	22	2	959
10.	Surface transport	...	...	255	10	1	245
11.	Housing	...	...	1,411	—	112	1,411
12.	Miscellaneous local services	...	...	1,141	55	6	1,086
13.	Law and order	...	...	790	22	—	768
14.	Arts	...	...	31	1	—	30
Social services:							
15.	Education	...	...	3,455	186	2	3,269
16.	Health and personal social services	...	...	2,893	184	226	2,709
17.	Social security	...	...	4,615	—	2,840	4,615
Other services:							
18.	Financial administration	...	...	305	1	—22	304
19.	Common services	...	...	299	—	68	299
20.	Miscellaneous services	...	...	121	23	4	98
21.	Northern Ireland	...	...	643	14	83	629
22.	Debt interest...	...	...	2,200	—	887	2,200
23.	Contingency reserve...	...	...	...	...	...	125
24.	Shortfall	...	...	...	...	...	—100
25.	Price adjustments	...	...	...	...	...	—140
Total				...	...	...	25,172

(¹) Excludes gross trading surpluses of nationalised industries (see paragraph 22, page 15)

Public expenditure and directly related receipts by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to individual programmes: 1973-74 (estimate)

TABLE 3.13

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1971-72 outturn prices</i>				
Defence and external relations:				
1. Defence Budget	3,037	221	—	2,816
2. Other military defence	57	—1	8	58
3. Overseas aid	245	—	21	245
4. EEC and other overseas services ...	287	3	—5	284
Commerce and industry:				
5. Agriculture, fisheries and forestry...	416	3	2	413
6. Research Councils, etc.	143	1	—	142
7. Trade, industry and employment ...	842	17	141	825
Nationalised industries:				
8. Nationalised industries capital expenditure	1,834	..	(¹)	1,834
Environmental services:				
9. Roads... ..	1,063	25	2	1,038
10. Surface transport	252	10	1	242
11. Housing	1,339	—	113	1,339
12. Miscellaneous local services ...	1,188	57	5	1,131
13. Law and order	847	23	—	824
14. Arts	35	1	—	34
Social services:				
15. Education	3,569	178	2	3,391
16. Health and personal social services	3,041	193	224	2,848
17. Social security	4,654	—	2,840	4,654
Other services:				
18. Financial administration	316	1	—21	315
19. Common services	323	—	62	323
20. Miscellaneous services	121	24	4	97
21. Northern Ireland	654	14	81	640
22. Debt interest... ..	2,175	—	907	2,175
23. Contingency reserve... ..	...	...	...	250
24. Shortfall ... ..	...	...	...	—100
25. Price adjustments ... ..	...	...	...	—136
Total ... ..	...	...	...	25,682

(¹) Excludes gross trading surpluses of nationalised industries (see paragraph 22, page 15)

Public expenditure and directly related receipts by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to individual programmes: 1974-75 (estimate)

TABLE 3.14

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1971-72 outturn prices</i>				
Defence and external relations:				
1. Defence Budget	3,058	221	—	2,837
2. Other military defence	61	—1	8	62
3. Overseas aid	266	—	19	266
4. EEC and other overseas services ...	322	3	—5	319
Commerce and industry:				
5. Agriculture, fisheries and forestry...	369	3	2	366
6. Research Councils, etc.	147	1	—	146
7. Trade, industry and employment ...	682	21	140	661
Nationalised industries:				
8. Nationalised industries capital expenditure	1,837	..	(¹)	1,837
Environmental services:				
9. Roads... ..	1,122	26	2	1,096
10. Surface transport	251	10	1	241
11. Housing	1,301	—	114	1,301
12. Miscellaneous local services	1,252	59	4	1,193
13. Law and order	903	25	—	878
14. Arts	38	1	—	37
Social services:				
15. Education	3,708	182	2	3,526
16. Health and personal social services	3,178	198	224	2,980
17. Social security	4,676	—	2,840	4,676
Other services:				
18. Financial administration	319	1	—21	318
19. Common services	350	—	55	350
20. Miscellaneous services	120	26	4	94
21. Northern Ireland	670	15	83	655
22. Debt interest... ..	2,150	—	926	2,150
23. Contingency reserve... ..				375
24. Shortfall				—100
25. Price adjustments				—119
Total				26,145

(¹) Excludes gross trading surpluses of nationalised industries (see paragraph 22, page 15)

Public expenditure and directly related receipts by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to individual programmes: 1975-76 (estimate)

TABLE 3.15

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1971-72 outturn prices</i>				
Defence and external relations:				
1. Defence Budget	3,088	201	—	2,887
2. Other military defence	78	-1	7	79
3. Overseas aid	290	—	17	290
4. EEC and other overseas services ...	325	3	-4	322
Commerce and industry:				
5. Agriculture, fisheries and forestry...	371	3	2	368
6. Research Councils, etc.	153	1	—	152
7. Trade, industry and employment ...	501	55	156	446
Nationalised industries:				
8. Nationalised industries capital expenditure	1,923	..	(¹)	1,923
Environmental services:				
9. Roads... ..	1,194	28	2	1,166
10. Surface transport	243	10	1	233
11. Housing	1,281	—	115	1,281
12. Miscellaneous local services ...	1,318	61	3	1,257
13. Law and order	957	26	—	931
14. Arts	42	1	—	41
Social services:				
15. Education	3,882	192	2	3,690
16. Health and personal social services	3,314	204	224	3,110
17. Social security	4,700	—	2,840	4,700
Other services:				
18. Financial administration	323	1	-19	322
19. Common services	369	—	51	369
20. Miscellaneous services	131	27	4	104
21. Northern Ireland	686	15	83	671
22. Debt interest... ..	2,125	—	943	2,125
23. Contingency reserve... ..	...	...	...	500
24. Shortfall ... ..	...	...	...	-100
25. Price adjustments ... ..	...	...	...	-127
Total ... ..	...	...	...	26,740

(¹) Excludes gross trading surpluses of nationalised industries (see paragraph 22, Page 15.)

Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1970-71 (provisional outturn)

TABLE 3.16

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1971 Survey prices</i>					
1. Defence Budget:					
Current	2,564	—	—	—	2,564
Capital	35	—	—	—	35
2. Other military defence:					
Current	44	1	—	—	45
Capital	6	—	—	—	6
3. Overseas aid:					
Current	105	—	—	—	105
Capital	112	-24	—	13	101
4. EEC and other overseas services:					
Current	131	—	—	—	131
Capital	—	2	—	2	2
5. Agriculture, fisheries and forestry:					
Current	292	—	2	—	294
Capital	96	-2	3	—	97
6. Research Councils, etc:					
Current	98	—	—	—	98
Capital	20	—	—	—	20
7. Trade, industry and employment:					
Current	435	47	11	—	493
Capital	751	-33	5	34	757
8. Nationalised industries:					
Capital	—	—	—	1,735	1,735
9. Roads:					
Current	31	-1	243	—	273
Capital	277	—	267	—	544
10. Surface transport:					
Current	121	—	3	—	124
Capital	3	—	73	1	77
11. Housing:					
Current	234	—	112	—	346
Capital	—	-3	743	90	830
12. Miscellaneous local services:					
Current	19	—	481	—	500
Capital	2	—	392	38	432
13. Law and order:					
Current	101	5	477	—	583
Capital	13	—	46	—	59
14. Arts:					
Current	21	—	—	—	21
Capital	2	—	1	—	3
15. Education:					
Current	306	—	1,990	—	2,296
Capital	109	-1	354	—	462
16. Health and personal social services:					
Current	1,808	2	338	—	2,148
Capital	154	-1	45	—	198
17. Social security:					
Current	1,045	2,748	—	—	3,793
18. Financial administration:					
Current	191	38	24	—	253
19. Common services:					
Current	188	-11	—	—	177
Capital	46	-2	—	—	44

TABLE 3.16 continued

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
20. Miscellaneous services:					
Current	42	2	11	—	55
Capital	1	1	—	21	23
21. Northern Ireland:					
Current	—	249	84	—	333
Capital	—	78	56	33	167
22. Debt interest	35	1,396	779	125	2,335
	9,438	4,491	6,540	2,092	22,561
23. Contingency reserve ... ..	...	...	...	...	—
24. Shortfall ... ..	...	...	...	...	—
25. Adjustments to 1971-72 outturn prices and relative price effect	1,262
At 1971-72 outturn prices					
Total	23,823

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53.4

Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1971-72 (estimate)

TABLE 3.17

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1971 Survey prices</i>					
1. Defence Budget:					
Current	2,498	—	—	—	2,498
Capital	38	—	—	—	38
2. Other military defence:					
Current	63	1	—	—	64
Capital	5	—	—	—	5
3. Overseas aid:					
Current	112	—	—	—	112
Capital	114	-24	—	14	104
4. EEC and other overseas services:					
Current	133	—	—	—	133
Capital	2	2	—	2	6
5. Agriculture, fisheries and forestry:					
Current	358	—	2	—	360
Capital	111	-2	4	—	113
6. Research Councils, etc:					
Current	103	—	—	—	103
Capital	22	—	—	—	22
7. Trade, industry and employment:					
Current	481	61	11	—	553
Capital	721	-52	11	9	689
8. Nationalised industries:					
Capital	—	—	—	1,778	1,778
9. Roads:					
Current	35	-1	266	—	300
Capital	250	—	264	—	514
10. Surface transport:					
Current	120	—	3	—	123
Capital	3	—	82	17	102
11. Housing:					
Current	273	—	104	—	377
Capital	—	-4	784	93	873
12. Miscellaneous local services:					
Current	17	—	493	—	510
Capital	2	—	417	41	460
13. Law and order:					
Current	113	3	489	—	605
Capital	23	—	51	—	74
14. Arts:					
Current	24	—	—	—	24
Capital	4	—	1	—	5
15. Education:					
Current	334	—	2,064	—	2,398
Capital	118	-1	380	—	497
16. Health and personal social services:					
Current	1,824	2	362	—	2,188
Capital	182	-2	59	—	239
17. Social security:					
Current	1,192	3,234	—	—	4,426
18. Financial administration:					
Current	199	38	23	—	260
Capital	1	—	—	2	3

TABLE 3.17 continued

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
19. Common services:					
Current	200	-11	—	—	189
Capital	59	-3	—	—	56
20. Miscellaneous services:					
Current	52	3	11	—	66
Capital	2	-6	—	34	30
21. Northern Ireland:					
Current	—	261	91	—	352
Capital	—	85	67	42	194
22. Debt interest	35	1,317	732	141	2,225
	9,823	4,901	6,771	2,173	23,668
23. Contingency reserve ... ..	...	...	...	...	—
24. Shortfall ... ..	...	...	...	...	-100
25. Adjustment to 1971-72 out- turn prices ... ..	...	...	...	...	902
<i>At 1971-72 outturn prices</i>					
Total ... ..	...	...	...	...	24,470

Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1972-73 (estimate)

TABLE 3.18

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1971 Survey prices</i>					
1. Defence Budget:					
Current	2,499	—	—	—	2,499
Capital	38	—	—	—	38
2. Other military defence:					
Current	47	1	—	—	48
Capital	4	—	—	—	4
3. Overseas aid:					
Current	122	—	—	—	122
Capital	125	-28	—	15	112
4. EEC and other overseas services:					
Current	133	30	—	—	163
Capital	2	2	—	1	5
5. Agriculture, fisheries and forestry:					
Current	334	—	2	—	336
Capital	121	-2	7	—	126
6. Research Councils, etc:					
Current	108	—	—	—	108
Capital	23	—	—	—	23
7. Trade, industry and employment:					
Current	432	54	11	—	497
Capital	504	-50	11	16	481
8. Nationalised industries:					
Capital	—	—	—	1,770	1,770
9. Roads:					
Current	42	-2	284	—	324
Capital	278	—	294	—	572
10. Surface transport:					
Current	107	—	10	—	117
Capital	3	2	88	25	118
11. Housing:					
Current	389	—	106	—	495
Capital	—	-4	797	104	897
12. Miscellaneous local services:					
Current	19	—	511	—	530
Capital	2	—	453	43	498
13. Law and order:					
Current	134	3	499	—	636
Capital	30	—	59	—	89
14. Arts:					
Current	24	—	—	—	24
Capital	4	—	1	—	5
15. Education:					
Current	353	—	2,144	—	2,497
Capital	133	-1	391	—	523
16. Health and personal social services:					
Current	1,880	2	386	—	2,268
Capital	209	-1	74	—	282
17. Social security:					
Current	1,099	3,516	—	—	4,615

TABLE 3.18 continued

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
18. Financial administration:					
Current	207	38	23	—	268
Capital	2	—	—	6	8
19. Common services:					
Current	215	-11	—	—	204
Capital	69	-1	—	—	68
20. Miscellaneous services:					
Current	44	3	11	—	58
Capital	2	-2	—	33	33
22. Northern Ireland:					
Current	—	269	96	—	365
Capital	—	81	76	44	201
22. Debt interest:...	35	1,282	741	142	2,200
	9,772	5,181	7,075	2,199	24,227
23. Contingency reserve ... ..	...	...	...	...	125
24. Shortfall ... ..	...	...	...	...	-100
25. Adjustments to 1971-72 outturn prices and relative price effect ... ..	...	...	...	...	920
<i>At 1971-72 outturn prices</i>					
Total ... ..	...	...	...	...	25,172

Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1973-74 (estimate)

TABLE 3.19

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1971 Survey prices</i>					
1. Defence Budget:					
Current	2,536	—	—	—	2,536
Capital	36	—	—	—	36
2. Other military defence:					
Current	49	1	—	—	50
Capital	3	—	—	—	3
3. Overseas aid:					
Current	121	—	—	—	121
Capital	139	-30	—	15	124
4. EEC and other overseas services:					
Current	134	130	—	—	264
Capital	2	2	—	1	5
5. Agriculture, fisheries and forestry:					
Current	284	—	2	—	286
Capital	109	-2	6	—	113
6. Research Councils, etc.:					
Current	111	—	—	—	111
Capital	24	—	—	—	24
7. Trade, industry and employment:					
Current	423	49	11	—	483
Capital	351	-59	11	14	317
8. Nationalised industries:					
Capital	—	—	—	1,780	1,780
9. Roads:					
Current	40	-1	293	—	332
Capital	320	—	312	—	632 ⁴
10. Surface transport:					
Current	100	—	13	—	113
Capital	4	2	91	23	120
11. Housing:					
Current	354	—	40	—	394
Capital	-4	—	621 818	112	926 ²⁹
12. Miscellaneous local services:					
Current	19	—	535	—	554
Capital	2	—	467	36	505
13. Law and order:					
Current	143	3	521	—	667
Capital	43	—	56	—	99
14. Arts:					
Current	26	—	—	—	26
Capital	5	—	1	—	6
15. Education:					
Current	374	—	2,230	—	2,604
Capital	133	-1	349	—	481
16. Health and personal social services:					
Current	1,941	2	417	—	2,360
Capital	212	-1	80	—	291
17. Social security:					
Current	1,083	3,571	—	—	4,654

TABLE 3.19 (continued)

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
18. Financial administration:					
Current	213	38	24	—	275
Capital	3	—	—	4	7
19. Common services:					
Current	219	-11	—	—	208
Capital	82	-1	—	—	81
20. Miscellaneous services:					
Current	43	3	11	—	57
Capital	4	-1	—	28	31
21. Northern Ireland:					
Current	—	277	96	—	373
Capital	—	79	72	43	194
22. Debt interest	35	1,291	703	146	2,175
	9,716	5,341	7,159	2,202	24,418
23. Contingency reserve ... ..	...	...	...	...	250
24. Shortfall ... ..	...	...	...	...	-100
25. Adjustments to 1971-72 out- turn prices and relative price effect ... ..	...	...	...	...	1,114
<i>At 1971-72 outturn prices</i>					
Total ... ..	...	...	...	...	25,682

Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1974-75 (estimate)

TABLE 3.20

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1971 Survey prices</i>					
1. Defence Budget:					
Current	2,542	—	—	—	2,542
Capital	30	—	—	—	30
2. Other military defence:					
Current	57	—	—	—	57
3. Overseas aid:					
Current	129	—	—	—	129
Capital	151	-33	—	19	137
4. EEC and other overseas services:					
Current	136	160	—	—	296
Capital	2	1	—	1	4
5. Agriculture, fisheries and forestry:					
Current	233	—	3	—	236
Capital	114	-2	4	—	116
6. Research Councils, etc.:					
Current	113	—	—	—	113
Capital	24	—	—	—	24
7. Trade, industry and employment:					
Current	333	46	12	—	391
Capital	271	-45	11	8	245
8. Nationalised industries:					
Capital	—	—	—	1,791	1,791
9. Roads:					
Current	40	-1	304	—	343
Capital	335	—	331	—	666
10. Surface transport:					
Current	94	—	14	—	108
Capital	5	—	95	24	124
11. Housing:					
Current	312	—	53	—	365
Capital	—	-5	636 815	106	916 737
12. Miscellaneous local services:					
Current	20	—	554	—	574
Capital	2	—	492	37	531
13. Law and order:					
Current	153	4	543	—	700
Capital	48	—	57	—	105
14. Arts:					
Current	28	—	—	—	28
Capital	6	—	1	—	7
15. Education:					
Current	397	—	2,313	—	2,710
Capital	129	-1	323	—	451
16. Health and personal social services:					
Current	2,007	2	442	—	2,451
Capital	212	-1	81	—	292
17. Social security:					
Current	1,079	3,597	—	—	4,676

TABLE 3.20 (continued)

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
18. Financial administration:					
Current	214	38	24	—	276
Capital	1	—	—	3	4
19. Common services:					
Current	236	-12	—	—	224
Capital	87	—	—	—	87
20. Miscellaneous services:					
Current	43	3	11	—	57
Capital	3	—	—	24	27
21. Northern Ireland:					
Current	—	279	99	—	378
Capital	—	76	70	53	199
22. Debt interest	35	1,285	681	149	2,150
	9,621	5,391	7,333	2,215	24,560
23. Contingency reserve ... ..	...	...	...	...	375
24. Shortfall ... ..	...	...	...	...	-100
25. Adjustments to 1971-72 out- turn prices and relative price effect ... ..	...	...	...	...	1,310
<i>At 1971-72 outturn prices</i>					
Total ... ..	...	...	...	...	26,145

Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1975-76 (estimate)

TABLE 3.21

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1971 Survey prices</i>					
1. Defence Budget:					
Current	2,572	—	—	—	2,572
Capital	28	—	—	—	28
2. Other military defence:					
Current	73	1	—	—	74
3. Overseas aid:					
Current	142	—	—	—	142
Capital	165	-36	—	19	148
4. EEC and other overseas services:					
Current	135	160	—	—	295
Capital	3	1	—	1	5
5. Agriculture, fisheries and forestry:					
Current	234	—	2	—	236
Capital	115	-2	4	—	117
6. Research Councils, etc.:					
Current	117	—	—	—	117
Capital	24	—	—	—	24
7. Trade, industry and employment:					
Current	210	46	13	—	269
Capital	163	-42	10	6	137
8. Nationalised industries:					
Capital	—	—	—	1,875	1,875
9. Roads:					
Current	41	-1	316	—	356
Capital	351	—	360	—	711
10. Surface transport:					
Current	86	—	15	—	101
Capital	4	—	90	28	122
11. Housing:					
Current	300	—	59	—	359
Capital	—	-5	814	91	900
12. Miscellaneous local services:					
Current	20	—	575	—	595
Capital	2	—	519	38	559
13. Law and order:					
Current	161	6	566	—	733
Capital	49	—	59	—	108
14. Arts:					
Current	29	—	—	—	29
Capital	6	—	2	—	8
15. Education:					
Current	423	—	2,406	—	2,829
Capital	124	-1	309	—	432
16. Health and personal social services:					
Current	2,067	2	472	—	2,541
Capital	208	-1	86	—	293
17. Social security:					
Current	1,070	3,630	—	—	4,700

TABLE 3.21 (continued)

£ million

	Central government		Local authorities	Public corporations	Total
	Supply	Other			
18. Financial administration:					
Current	215	38	24	—	277
Capital	—	—	—	3	3
19. Common services:					
Current	254	-11	—	—	243
Capital	83	—	—	—	83
20. Miscellaneous services:					
Current	41	3	12	—	56
Capital	3	—	—	33	36
21. Northern Ireland:					
Current	—	282	101	—	383
Capital	—	74	64	60	198
Debt interest	35	1,285	652	153	2,125
Total	9,553	5,429	7,530	2,307	24,819
23. Contingency reserve ... ..	...	...	...	...	500
24. Shortfall ... ..	...	...	...	...	-100
25. Adjustments to 1971-72 outturn prices and relative price effect ... ..	...	...	...	...	1,521
<i>At 1971-72 outturn prices</i>					
Total ... ..	...	...	...	...	26,740

**Local authority expenditure in England and Wales by programme
distinguishing current and capital expenditure: 1970-71 to 1975-76**

TABLE 3.22

£ million

	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
<i>At 1971 Survey prices</i>						
Agriculture, fisheries and forestry:						
Current	2	2	2	2	3	2
Capital	2	3	6	5	3	3
Trade, industry and employment:						
Current	10	10	10	10	11	12
Capital	4	9	9	9	9	8
Roads:						
Current	217	237	252	263	273	284
Capital	243	232	257	276	294	321
Surface transport:						
Current	3	3	10	13	14	15
Capital	66	74	78	81	86	81
Housing:						
Current	66	65	79	20	38	45
Capital	635	685	692	711	702	694
Miscellaneous local services:						
Current	434	444	460	482	500	519
Capital	337	357	385	400	424	450
Law and order:						
Current	436	447	455	476	497	518
Capital	41	46	51	48	49	51
Arts:						
Capital	1	1	1	—	—	—
Education:						
Current	1,788	1,857	1,929	2,005	2,080	2,165
Capital	313	338	329	308	285	272
Health and personal social services:						
Current	307	328	350	379	402	430
Capital	42	55	67	75	75	79
Financial administration:						
Current	20	19	19	20	20	20
Miscellaneous services:						
Current	10	10	10	10	10	11
Total current	3,293	3,422	3,576	3,680	3,848	4,021
Total capital	1,684	1,800	1,875	1,913	1,927	1,959
Total	4,977	5,222	5,451	5,593	5,775	5,980

Public expenditure by programme, with adjustments to 1971-72 outturn prices and relative price effect attributed to programmes: 1968-69 to 1970-71

TABLE 3.23

£ million

	1968-69 outturn	1969-70 outturn	1970-71 provisional outturn
<i>At 1971-72 outturn prices</i>			
Defence and external relations:			
1. Defence Budget	2,826	2,652	2,750
2. Other military defence	192	97	51
3. Overseas aid	199	203	206
4. Other overseas services	154	148	147
Commerce and industry:			
5. Agriculture, fisheries and forestry	444	434	424
6. Research Councils, etc.	107	116	123
7. Trade, industry and employment	1,302	1,347	1,301
Nationalised industries:			
8. Nationalised industries capital expenditure	1,806	1,634	1,817
Environmental services:			
9. Roads... ..	731	795	880
10. Surface transport	265	244	216
11. Housing ⁽¹⁾	1,318	1,269	1,219
12. Miscellaneous local services	867	890	976
13. Law and order	590	618	665
14. Arts	20	21	24
Social services:			
15. Education	2,755	2,820	2,953
16. Health and personal social services	2,250	2,317	2,482
17. Social security ⁽²⁾	3,295	3,535	3,793
Other services:			
18. Financial administration	270	283	273
19. Common services	194	210	237
20. Miscellaneous services	73	80	84
21. Northern Ireland	479	498	526
22. Debt interest	2,442	2,452	2,335
23. Price adjustments	786	643	341
Total	23,365	23,306	23,823

(1) The underlying measurement at outturn prices of fixed investment in this programme reflects estimates of the value (at average tender prices) of work done under approved schemes. This differs from the estimate of capital expenditure based on payments which is used in the national income and expenditure statistics.

(2) Benefit at outturn prices.

Public expenditure by programme, with adjustments to 1971-72 outturn prices and relative price effect not attributed: 1968-69 to 1970-71 ⁽¹⁾

TABLE 3.24

£ million

	1968-69 outturn	1969-70 outturn	1970-71 provisional outturn
<i>At 1971 Survey prices</i>			
Defence and external relations:			
1. Defence Budget	2,770	2,607	2,599
2. Other military defence	177	97	51
3. Overseas aid	199	203	206
4. Other overseas services	140	134	135
Commerce and industry:			
5. Agriculture, fisheries and forestry	386	376	391
6. Research Councils, etc.	98	108	118
7. Trade, industry and employment	1,168	1,216	1,250
Nationalised industries:			
8. Nationalised industries capital expenditure	1,713	1,551	1,735
Environmental services:			
9. Roads... ..	692	714	817
10. Surface transport	238	218	201
11. Housing	1,232	1,176	1,176
12. Miscellaneous local services	849	862	932
13. Law and order	581	602	642
14. Arts	19	20	24
Social services:			
15. Education	2,609	2,624	2,758
16. Health and personal social services	2,236	2,263	2,346
17. Social security ⁽²⁾	3,295	3,535	3,793
Other services:			
18. Financial administration	250	260	253
19. Common services	179	184	221
20. Miscellaneous services	70	72	78
21. Northern Ireland	448	466	500
22. Debt interest	2,442	2,452	2,335
23. Adjustments to 1971-72 outturn prices and relative price effect	1,574	1,566	1,262
<i>At 1971-72 outturn prices</i>			
Total	23,365	23,306	23,823

⁽¹⁾ The method of calculating the figures in this table is described in Notes on Methodology, paragraph 7, page 102. The relationship of the measurements of the price movements with national average price movements depends on the nature of the transactions involved in the programmes and the information which is available on these particular price movements; and also in certain cases, particularly those involving transfer payments, on conventions used over a period. These points are the subject of continuing examination.

⁽²⁾ Benefit at outturn prices.

NOTES ON METHODOLOGY

1. The definitions, classifications and methods of calculating and expressing price adjustments, including the relative price effect, are the same in this White Paper as in Cmnd 4578, except as explained in the following paragraphs.

Classification

2. In consequence of changes in the machinery of government expenditures on certain services have been transferred between programmes:

- (a) Civil aviation services and shipping services from Surface transport to Trade, industry and employment.
- (b) Road Research Laboratory from Roads to Surface transport.
- (c) Child care in England and Wales and social work in Scotland from Law and order to Health and personal social services.
- (d) Education of mentally handicapped children in England and Wales from Health and personal social services to Education.

3. Other classification changes are:

- (a) Special defence aid to Malaysia and Singapore from Overseas aid to Other military defence.
- (b) Rents of supplementary benefit claimants from Social security to Housing.
- (c) The cost of buildings with specialised functions from Common services to the relevant programmes.

4. In recognition that social as much as financial criteria are taken into account in determining capital expenditure on the London and South-East commuter network, the whole of this now appears under Surface transport as infrastructure expenditure. In addition, expenditure on urban and suburban rolling stock and signalling equipment has been brought within the scope of the grants provided for expenditure on projects to assist public transport in commuter areas, and also appears under infrastructure. Corresponding reductions have been made from Nationalised industries' capital expenditure and from Other passenger transport within the Surface transport programme.

5. The following items have been brought into the total of public expenditure for the first time in this series of White Papers:

- (a) Capital expenditure by Cable and Wireless Ltd (Miscellaneous services).
- (b) Capital expenditure by the Bank of England (Financial administration).
- (c) Note issue expenses of the Bank of England (Financial administration).
- (d) Net lending by local authorities in England for council house purchase by council tenants (Housing).

These items add the following amounts to public expenditure:

1970-71	1971-72	1972-73	£ million at 1971 Survey prices		
1973-74	1974-75	1975-76			
37	58	69	63	57	61

6. As has been explained in paragraph 21 of Part 1 of this White Paper, the treatment of public sector receipts in the national income accounts and

in these White Papers has been reviewed. At the end of these Notes is a list of the main receipts now classified as charges. The effect of this reclassification of receipts on public expenditure is:

	£ million at 1971 Survey prices				
1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
—42	—50	—52	—54	—56	—58

Outturn, 1968-69—1970-71 (see Part 1, paragraph 27, and Tables 3.23 and 3.24)

7. The figures for 1969-70 and 1970-71 were prepared at outturn prices as well as at 1971 Survey prices. The former are converted to a series at 1971-72 outturn prices, adjusted for the relative price effect, by applying the movement in GDP prices over the relevant period, and are shown in Table 3.23 together with figures for 1968-69 calculated in the same way. The latter are shown in Table 3.24. Figures for 1968-69 at 1971 Survey prices have been prepared by first converting from outturn to 1969-70 prices and then using the price movements appropriate to the 1969-70 figures.

Price adjustments

8. Tables 3.10 to 3.15 show certain categories of receipts allocated to programmes, with the relative price effect attributed. These receipts are estimated at outturn prices in the first instance. They have been converted to constant prices by the same method as estimates of expenditure which are expressed in cash.

9. The estimates of expenditure on the Overseas aid programme are expressed at 1971-72 outturn prices, but are now measured directly on this constant price basis and do not, as hitherto, represent a deflation of cash estimates (see page 18, Overseas aid, paragraph 1). In the Housing programme the deflation to constant prices of the cash estimates of current grants to persons and subsidies is now embodied in the constant price estimates shown for that programme in all the relevant tables and no longer forms part of the item "Adjustments to 1971-72 outturn prices and relative price effect".

10. The item "Price adjustments" in those tables in which the relative price effect and other adjustments have been attributed to programmes or other categories of expenditure includes these adjustments only in respect of the Overseas aid and Social security programmes.

Analysis of adjustments

11. The following table analyses the figures in the line "Adjustments to 1971-72 outturn prices and relative price effect" into their three constituent parts for the years 1970-71 to 1975-76:

	£ million					
	1970-71 provisional outturn	1971-72 estimate	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate
1. Adjustment to 1971-72 outturn prices	872	902	948	986	1,004	1,043
2. Adjustment of cash programmes to 1971-72 outturn prices... ..	377	—	—241	—239	—228	—224
3. Relative price effect	13	—	213	367	534	702
Total	1,262	902	920	1,114	1,310	1,521

Receipts reclassified as charges

Customs and Excise: law costs and investigation expenses recovered.

Consular fees.

Fees under the British Nationality, Dangerous Drugs, Justices of the Peace and Gaming Acts.

Supreme Court: fees received by District Registrars and District Probate Registrars, judicature fee stamps.

County Courts: fees by suitors.

Law charges and courts of law, Scotland: cash fees.

Driving tests.

Vehicle tests.

Fees for duplicate vehicle licences, registration books.

Severn Bridge tolls.

Erskine Bridge tolls.

Patent Office: fees, miscellaneous receipts and law costs recovered.

Bankruptcy and companies winding-up fees.

Fees for licences and certificates issued to civil air pilots.

Fees received by the Air Transport Licensing Board.

Fees for services rendered under the Merchant Shipping Acts.

Fees for examining gas and electricity meters.

Fees for services of the Ministry of Agriculture, Fisheries and Food.

Examination fees of the Department of Education and Science.

Public Trustee: fees.

Land Registry fees.

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