



# Public Expenditure to 1976-77



*Presented to Parliament by the Chancellor of the Exchequer  
by Command of Her Majesty  
December 1972*

LONDON  
HER MAJESTY'S STATIONERY OFFICE

68p net









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**Foreword**

This White Paper has been prepared in the light of the recommendations of the Seventh Report of the Select Committee on Expenditure, Session 1971-72 (HC 450). The Government have responded to the main recommendation in that report by providing a broad indicative assessment of the possible development of the economy over the medium term. They have also made a number of detailed changes in the layout of the White Paper in response to other recommendations of the Select Committee; these are explained in the Introduction to Part 2.

2. The Government are publishing at the same time as the White Paper a booklet entitled "Public Expenditure White Papers: Handbook on Methodology". By giving an account of the methods used to compile the figures for the White Paper, and explaining the significance of the various terms which are used, this handbook (revised from time to time as necessary) will avoid burdening the annual White Papers with technical material.

Symbol — nil or less than half the final digit shown.



## PART 1

### Public Expenditure — General Review

This White Paper, the fourth in the annual series on public expenditure, is published as the United Kingdom is about to join the European Communities. The years which it covers will be years of opportunity and transition. From now on we shall be taking an active and positive part in the development of the Communities' political and economic institutions and policies.

2. If our standing in Europe and the world is to be effective in all fields of policy we must ensure that our industry is strong, efficient, competitive and enterprising; that inflation is controlled; and that the total calls on our resources for publicly financed services are kept within a rate of growth which does not prejudice other objectives. We must at the same time ensure that our society is a compassionate and fair one.

3. These priorities are reflected in the programmes for public services set out in this White Paper. In addition to short term counter-cyclical measures to stimulate growth, there is continuing provision for the modernisation of industry in the regions, and for the expansion of employment. The programmes also reflect the changing needs of our society. They include the improvement of the environment; more effective and sensitive organisation of care for those who need help, through the employment and health services and the personal social services; the expansion of education at nursery school age, with special regard to the needs of deprived areas; and more frequent reviews of social security benefits to protect the standard of living of pensioners and other recipients.

4. Table 1.1 overleaf and the chart on page 13 show how expenditure on all the main services is planned to develop between 1972-73 and 1976-77. The Table shows total expenditure growing at an annual average rate <sup>(1)</sup>, in cost terms and at constant prices, of 2.5 per cent. <sup>(2)</sup>

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<sup>(1)</sup> Excluding investment grants.

<sup>(2)</sup> Because counter-cyclical expenditure raises the level of expenditure in 1972-73, it may be thought appropriate to exclude it in measuring the increase to 1976-77 so as to show the underlying rate of increase. On this basis the increase would be, in cost terms at constant prices, 2.9 per cent.



## PUBLIC EXPENDITURE: 1972-73 and 1976-77

TABLE 1.1

£ million at 1972-73 outturn prices  
(including the relative price effect)

	1972-73	1976-77	Average annual growth rate per cent
<b>Defence and external relations:</b>			
1. Defence Budget .. .. .	3,003	3,304	2.4
2. Other military defence .. .. .	61	98	12.6
3. Overseas aid .. .. .	275	324	4.2 <sup>(1)</sup>
4. EEC and other overseas services .. .. .	205	362	1.2 <sup>(2)</sup>
<b>Commerce and industry:</b>			
5. Agriculture, fisheries and forestry .. .. .	582	479	-4.7
6. Research Councils, etc. .. .. .	141	137	-0.7
7. Trade, industry and employment .. .. .	1,670	1,070	-5.5 <sup>(3)</sup>
<b>Nationalised industries:</b>			
8. Nationalised industries capital expenditure	1,811	2,184	4.8
<b>Environmental services:</b>			
9. Roads .. .. .	1,013	1,256	5.5
10. Surface transport .. .. .	287	238	-4.6
11. Housing .. .. .	1,415	1,241	-3.2
12. Miscellaneous local services.. .. .	1,257	1,456	3.7
13. Law and order .. .. .	847	1,079	6.2
14. Arts .. .. .	41	50	5.1
<b>Social services:</b>			
15. Education and libraries .. .. .	3,569	4,331	5.0
16. Health and personal social services .. .. .	2,917	3,525	4.8
17. Social security .. .. .	5,050	5,325	1.3 <sup>(4)</sup>
<b>Other services:</b>			
18. Financial administration .. .. .	446	354	-5.6
19. Common services .. .. .	326	403	5.4
20. Miscellaneous services .. .. .	101	114	3.1
21. Northern Ireland .. .. .	711	715	0.1
Total programmes.. .. .	25,728	28,045	2.5 <sup>(3)</sup>
22. Debt interest .. .. .	2,350	2,225	-1.4
23. Contingency reserve .. .. .	—	700	
24. Shortfall .. .. .	-200	-200	
25. Price adjustments .. .. .	6	-331	
Total .. .. .	27,884	30,439	2.5 <sup>(3)</sup>

<sup>(1)</sup> Consistent with an increase of over 7 per cent. in the true aid programme—see page 24.

<sup>(2)</sup> The percentage figure excludes contributions to the European Communities as these were payable from January 1973 onwards.

<sup>(3)</sup> The percentage figure excludes investment grants.

<sup>(4)</sup> Based on benefits for 1976-77 at their present levels (see paragraph 3, page 75).



5. Full figures for the intervening years (shown in Table 2A on page 17) show marked and intentional variations in the year to year pattern of expenditure. These reflect the fact that some of the most pressing needs are transient. The annual percentage increases<sup>(1)</sup> over the preceding year, at constant prices in cost terms, are estimated as follows:

1972-73	1973-74	1974-75	1975-76	1976-77
6.2	5.3	1.7	1.8	1.4

Two special factors which contribute to this pattern are increased public expenditure to help reduce unemployment, and provision to meet nationalised industries' deficits due to the policy of price restraint.

6. In the case of some expenditures, it is not possible to specify precisely the amounts to be spent. In addition, unforeseen requirements are bound to arise. In view of the potential size of some of these additions, including the transient claims and those which may arise under the Industry Act, the Contingency reserve is higher than before throughout the period.

7. Looking at the programmes in the second half of the period, where expansion occurs it reflects familiar and accepted considerations: increases in the number of people entitled to benefits or other social services; improvements in standards, within the limits of the resources which can be made available; and in some cases new services of high social or economic priority.

8. In considering the rates of growth for individual programmes, and the priorities between them, the Government have also had to ensure that the total demands on resources, phased over the period as above, would not lead to a risk of over-strain. This is a question of great importance for the management of the economy in the medium term. To judge it involves consideration of the potential growth of national resources and the development of other major claims outside the public sector, on varying sets of assumptions. The likely consequences of the public expenditure programmes for the rest of the economy can then be tested. The Government have explained to the Select Committee on Expenditure that they use such an assessment in this way; and the Committee asked in their Seventh Report that its essential elements should be published. The Government have hitherto felt that on balance the disadvantages of publication outweigh the advantages. But in the light of the Committee's strong recommendation they have decided it would be right to make the experiment. Accordingly, Table 1.2 overleaf shows possible patterns of resource use in the medium term.

9. It will be clear from the form of the Table that an assessment of this kind is not a forecast, still less a blue-print for the economy.

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<sup>(1)</sup> Excluding investment grants. The figure for 1972-73 excludes refinance of export and shipbuilding credits—see paragraph 3, Notes on Methodology, page 118.



## RESOURCES AND CLAIMS: AVERAGE ANNUAL CHANGE, 1971-1977

(see explanatory notes, page 121)

TABLE 1.2

1972 factor cost prices

	3.5 per cent growth rate				5.0 per cent growth rate			
	Low investment		High investment		Low investment		High investment	
	£ million	per cent	£ million	per cent	£ million	per cent	£ million	per cent
<b>A Gross Domestic Product</b> .. .. .	1,970	3.5	1,970	3.5	2,900	5.0	2,900	5.0
<b>B Claims on Gross Domestic Product</b>								
1. Private investment .. .. .	320	6.2	410	7.8	540	9.8	650	11.2
2. Balance of trade .. .. .	-50	—	-50	—	170	—	170	—
3. Public expenditure								
a. Public consumption .. .. .	370	3.2	370	3.2	370	3.2	370	3.2
b. Public investment .. .. .	130	2.8	130	2.8	130	2.8	130	2.8
c. Total direct public expenditure (a + b)	500	3.1	500	3.1	500	3.1	500	3.1
d. Indirect public expenditure .. .. .	190	3.1	190	3.1	190	3.1	190	3.1
e. Total public expenditure (c + d) ..	690	3.1(1)	690	3.1(1)	690	3.1(1)	690	3.1(1)
4. Resources available for privately financed consumption .. .. .	1,010	3.5	920	3.3	1,500	5.0	1,390	4.8

(1) This figure is consistent with the figure of 3.0 per cent given in paragraph 12 for the average annual increase in public expenditure from 1972-73 to 1976-77.



10. The data shown are average annual changes in the main components of aggregate demand, in volume terms, between 1971 and 1977. They illustrate the position by using two alternative growth rates. These are the same as those which the National Economic Development Office are using in the review, commissioned by the Council, of the medium term prospects of selected industries. Resource requirements for private investment and stock-building will necessarily be affected by many unpredictable factors, and two alternative possibilities are therefore shown for each of the two assumed rates of economic growth. In the case of the balance of payments there must similarly be considerable uncertainty about the resource implications of the need to ensure a satisfactory outcome. However, in order to keep the alternatives shown down to a reasonable number, variants based on different assumptions about the resource requirements of the balance of trade have not been included. The public expenditure projections are based on the programmes set out in this White Paper, adjusted to the calendar year period 1971-77<sup>(1)</sup>.

11. The difference between the sums of all these claims and Gross Domestic Product gives the quantity of resources that would be available for privately financed consumption <sup>(2)</sup>. If the lower of the two rates of growth of the economy is postulated and other claims were also as shown this item would be growing at a rate which should be acceptable by past standards. Taking the higher alternative rate of growth of the economy the growth in resources shown as available for privately financed consumption would be larger than in the past, and should national output maintain this faster rate of growth the Government would be free to decide how best to allocate the extra resources between different claims, public and private, at the time.

12. In last year's White Paper (Cmnd 4829), the growth of the programmes at an average annual rate from 1971-72 to 1975-76 was also given in terms of demand on resources. This measurement of cost allows account to be taken of the fact that individual programmes have a varying impact on demand. The figure in last year's White Paper on this basis was 3.2 per cent. The corresponding figure for 1972-73 to 1976-77 is 3.0 per cent. But it may be fairer in such a comparison to exclude counter-cyclical expenditure from 1972-73. If this were done the corresponding figure would be 3.4 per cent.

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<sup>(1)</sup>Certain items of public expenditure are directly related to the rate of economic growth, and it is therefore an over-simplification to show public expenditure as the same whatever growth rate is assumed. However, in this exercise public expenditure is shown at the same level in both cases in order to illustrate the impact of a given set of programmes on the resources available in the economy on alternative growth assumptions.

<sup>(2)</sup>This differs from consumers' expenditure as defined in the national income statistics: see paragraph 7, Notes on the Resources Table, page 121.



13. The changes made since Cmnd 4829 was published fall into two main categories. First there are policy changes, which can be grouped under main headings related to the objectives they serve; and second, estimating changes affecting all programmes, which result from better information, more recent experience, and improved techniques. They are set out in Table 1.3 below.

### CHANGES SINCE CMND 4829<sup>(1)</sup>

TABLE 1.3

£ million at 1972 Survey prices

<i>See Table 3-15</i>	1972-73	1973-74	1974-75	1975-76
Counter-cyclical measures (additional to those in Cmnd 4829) .. .. .	280	177	12	-7
Industrial and regional development policies .. .. .	81	294	309	334
Assistance to nationalised industries ..	154	144	144	132
Social security .. .. .	182	207	228	240
Other policy changes .. .. .	279	276	165	132
Estimating changes .. .. .	-251	158	399	420
Total .. .. .	725	1,256	1,257	1,251

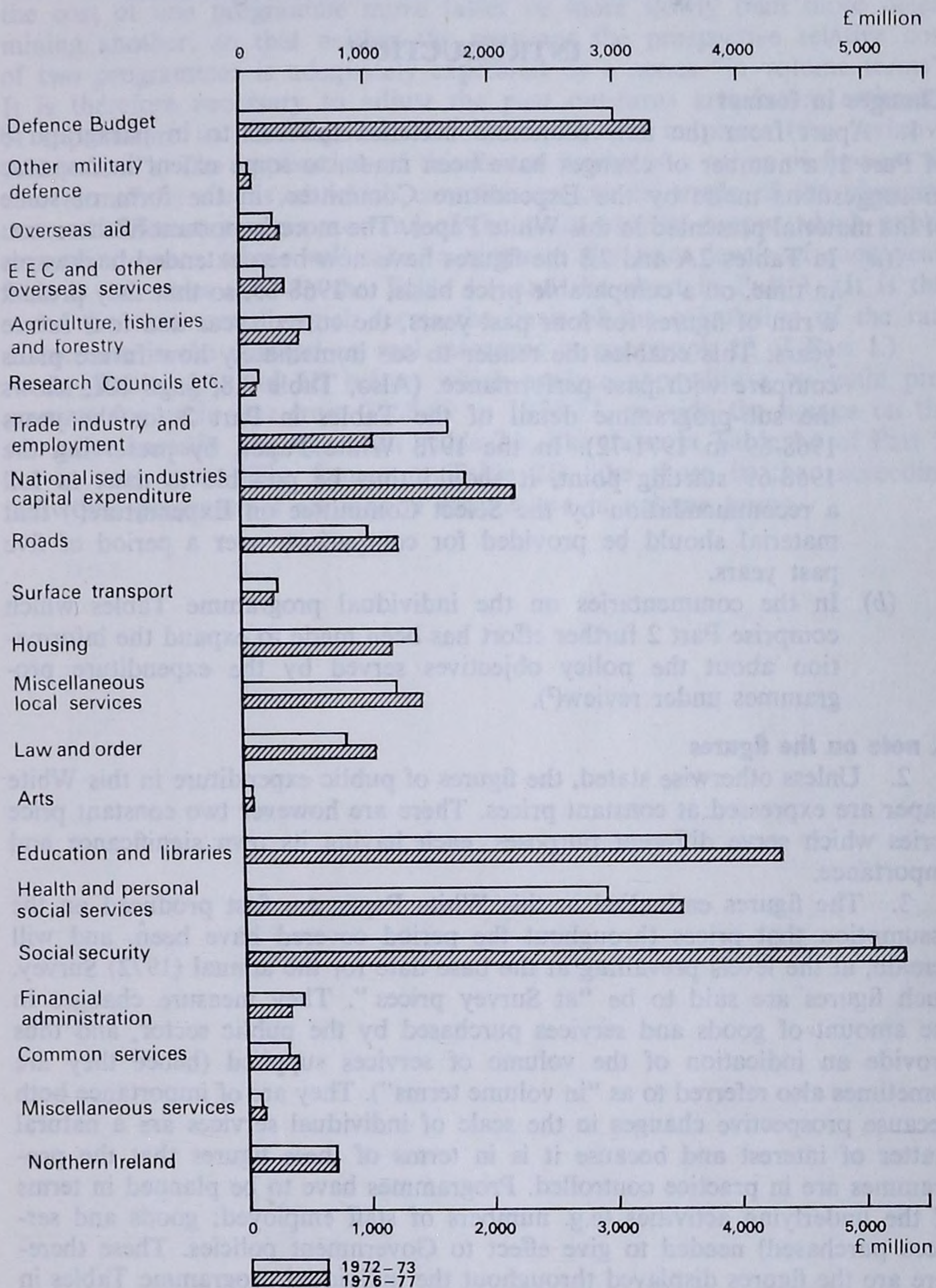
14. The rest of this White Paper analyses the expenditure in greater detail. Part 2 reviews each of the individual programmes and Part 3 contains a number of additional statistical analyses.

<sup>(1)</sup> Table 3.15, pages 115-117, sets out these changes in greater detail.



# THE PUBLIC EXPENDITURE PROGRAMMES : 1972 - 73 AND 1976 - 77

£million at 1972-73 outturn prices  
(including the relative price effect)





## PART 2

### Public Expenditure—The Individual Programmes

#### INTRODUCTION

##### Changes in format

1. Apart from the new economic material referred to in paragraph 8 of Part 1, a number of changes have been made, to some extent in response to suggestions made by the Expenditure Committee, in the form of some of the material presented in this White Paper. The more important of these are:

- (a) In Tables 2A and 2B the figures have now been extended backwards in time, on a comparable price basis, to 1968-69, so that they present a run of figures for four past years, the current year and four future years. This enables the reader to see immediately how future plans compare with past performance. (Also, Table 3.8, page 101, shows the sub-programme detail of the Tables in Part 2 for the years 1968-69 to 1971-72). In the 1973 White Paper, by preserving the 1968-69 starting point, it should thus be possible to meet in full a recommendation by the Select Committee on Expenditure<sup>(1)</sup> that material should be provided for comparison over a period of five past years.
- (b) In the commentaries on the individual programme Tables which comprise Part 2 further effort has been made to expand the information about the policy objectives served by the expenditure programmes under review<sup>(2)</sup>.

##### A note on the figures

2. Unless otherwise stated, the figures of public expenditure in this White Paper are expressed at constant prices. There are however two constant price series which serve different purposes, each having its own significance and importance.

3. The figures embodied in this White Paper are first produced on the assumption that prices throughout the period covered have been, and will remain, at the levels prevailing at the base date for the annual (1972) Survey. Such figures are said to be "at Survey prices". They measure changes in the amount of goods and services purchased by the public sector, and thus provide an indication of the volume of services supplied (hence they are sometimes also referred to as "in volume terms"). They are of importance both because prospective changes in the scale of individual services are a natural matter of interest and because it is in terms of these figures that the programmes are in practice controlled. Programmes have to be planned in terms of the underlying activities (e.g. numbers of staff employed; goods and services purchased) needed to give effect to Government policies. These therefore are the figures displayed throughout the individual programme Tables in Part 2 and discussed in the accompanying commentaries.

4. However, the volume series implicitly assumes that, when prices rise, all prices rise equally. But in real life some prices move at different rates from

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<sup>(1)</sup> Session 1970-71, HC 549, page xix, para. 62.

<sup>(2)</sup> HC 549, pages xiv-xv, paras. 44-46.



others, and the price changes which determine the cost of public expenditure as a whole tend on average to move faster than prices generally. Similarly, within the total of public expenditure, the price changes which determine the cost of one programme move faster or more slowly than those determining another, so that neither the past nor the prospective relative cost of two programmes is adequately expressed by a series "in volume terms". It is therefore necessary to adjust the past out-turns and future estimates of expenditure to take account of relative changes in prices (the "relative price effect"). The application of this factor produces a series of figures "in cost terms" by means of which comparisons can be made of the changing costs of different programmes and of the share of total output which public expenditure as a whole will take in terms of the price levels of each year. This is the series used in the Table 1.1 and the chart in Part 1. (It is this series "in cost terms" which forms the basis of the calculation of the rate of increase in the demand on real resources in paragraph 12 of Part 1.)

5. Tables 2A and 2B below, which analyse expenditure by main programme for each year from 1968-69 to 1976-77, provide the figures on the two price bases<sup>(1)</sup>. The figures in Table 2A, like those in Table 1.1 of Part 1, are in cost terms. The figures in Table 2B, like those in the succeeding individual programmes sections in Part 2, are in volume terms.

Year	1968-69	1969-70	1970-71
1. Nationalised industries	1,307	1,338	1,380
2. Roads	287	314	340
3. Transport	217	243	269
4. Housing	1,304	1,348	1,392
5. Miscellaneous local services	1,020	1,052	1,084
6. Law and order	736	768	800
7. Arts	32	32	32
8. Education and libraries	2,100	2,100	2,100
9. Health and personal social services	2,600	2,600	2,600
10. Social security	2,818	2,818	2,818
11. Other services	1,200	1,200	1,200
12. Postal administration	1,200	1,200	1,200
13. Government services	1,200	1,200	1,200
14. Miscellaneous services	1,200	1,200	1,200
15. Northern Ireland	1,200	1,200	1,200
Total programmes	21,400	21,400	21,400
16. Unemployment	2,500	2,500	2,500
17. Government reserves	—	—	—
18. Expenditure	—	—	—
19. Price adjustments	—	—	—
Total	23,900	23,900	23,900

(1) A more detailed account of the nature of the volume and cost series is given in Chapter IV of "Public Expenditure White Papers: Handbook on Methodology" (HMSO).



**PUBLIC EXPENDITURE BY PROGRAMME,**

TABLE 2A

	1968-69 outturn	1969-70 outturn	1970-71 outturn
<i>At 1972-73 outturn prices, including the relative price effect</i>			
Defence and external relations:			
1. Defence Budget .. .. .	3,008	2,830	2,949
2. Other military defence .. .. .	219	104	48
3. Overseas aid .. .. .	228	233	221
4. EEC and other overseas services ..	164	157	157
Commerce and industry:			
5. Agriculture, fisheries and forestry ..	478	469	456
6. Research Councils, etc. .. .. .	111	120	128
7. Trade, industry and employment			
Investment grants .. .. .	584	692	636
Other .. .. .	803	743	751
Nationalised industries:			
8. Nationalised industries capital expenditure .. .. .	1,960	1,738	1,907
Environmental services:			
9. Roads .. .. .	780	844	952
10. Surface transport .. .. .	299	263	217
11. Housing .. .. .	1,408	1,364	1,364
12. Miscellaneous local services .. .. .	931	953	1,050
13. Law and order .. .. .	625	660	736
14. Arts .. .. .	27	27	32
Social services:			
15. Education and libraries .. .. .	2,951	3,027	3,199
16. Health and personal social services ..	2,403	2,467	2,669
17. Social security .. .. .	3,346	3,572	3,818
Other services:			
18. Financial administration .. .. .	301	307	292
19. Common services .. .. .	187	226	250
20. Miscellaneous services .. .. .	89	86	94
21. Northern Ireland .. .. .	501	532	561
Total programmes	21,403	21,414	22,487
22. Debt interest .. .. .	2,620	2,630	2,530
23. Contingency reserve .. .. .	—	—	—
24. Shortfall .. .. .	—	—	—
25. Price adjustments .. .. .	990	866	602
Total .. .. .	25,013	24,910	25,619



**IN COST TERMS: 1968-69 TO 1976-77**

£ million

1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
3,020	3,003	3,213	3,123	3,283	3,304
58	61	67	71	86	98
244	275	270	281	294	324
156	205	246	294	324	362
505	582	561	534	505	479
136	141	134	132	132	137
493	350	193	97	37	18
813	1,320	1,657	1,570	1,367	1,052
1,722	1,811	1,991	2,167	2,160	2,184
897	1,013	1,086	1,153	1,199	1,256
224	287	262	256	252	238
1,263	1,415	1,413	1,304	1,261	1,241
1,117	1,257	1,372	1,369	1,390	1,456
791	847	897	958	1,021	1,079
35	41	51	47	47	50
3,384	3,569	3,756	3,909	4,122	4,331
2,772	2,917	3,074	3,216	3,367	3,525
4,427	5,050	5,217	5,259	5,311	5,325
321	446	345	345	350	354
280	326	340	356	377	403
109	101	105	106	114	114
615	711	716	716	705	715
23,382	25,728	26,966	27,263	27,704	28,045
2,450	2,350	2,300	2,275	2,250	2,225
—	—	350	500	600	700
—	-200	-200	-200	-200	-200
263	6	-234	-262	-301	-331
26,095	27,884	29,182	29,576	30,053	30,439



**PUBLIC EXPENDITURE BY PROGRAMME,**

**TABLE 2B**

	1968-69 outturn	1969-70 outturn	1970-71 outturn
<i>At 1972 Survey prices</i>			
Defence and external relations:			
1. Defence Budget .. .. .	3,093	2,901	2,863
2. Other military defence .. .. .	206	123	76
3. Overseas aid .. .. .	228	233	221
4. EEC and other overseas services .. .. .	157	151	150
Commerce and industry:			
5. Agriculture, fisheries and forestry .. .. .	458	445	437
6. Research Councils, etc. .. .. .	108	115	122
7. Trade, industry and employment			
Investment grants .. .. .	549	646	587
Other .. .. .	788	723	726
Nationalised industries:			
8. Nationalised industries capital expenditure .. .. .	1,856	1,680	1,833
Environmental services:			
9. Roads .. .. .	736	772	887
10. Surface transport .. .. .	298	249	205
11. Housing .. .. .	1,330	1,299	1,370
12. Miscellaneous local services .. .. .	877	889	972
13. Law and order .. .. .	649	680	705
14. Arts .. .. .	27	26	31
Social services:			
15. Education and libraries .. .. .	2,849	2,900	3,001
16. Health and personal social services .. .. .	2,426	2,472	2,573
17. Social security .. .. .	3,346	3,572	3,818
Other services:			
18. Financial administration .. .. .	306	309	290
19. Common services .. .. .	169	199	216
20. Miscellaneous services .. .. .	83	81	87
21. Northern Ireland .. .. .	480	512	544
Total programmes	21,019	20,977	21,714
22. Debt interest .. .. .	2,620	2,630	2,530
23. Contingency reserve .. .. .	—	—	—
24. Shortfall .. .. .	—	—	—
25. Adjustments to 1972-73 outturn prices and relative price effect .. .. .	1,374 <sup>(1)</sup>	1,303 <sup>(1)</sup>	1,375 <sup>(1)</sup>
<i>At 1972-73 outturn prices</i>			
Total .. .. .	25,013	24,910	25,619

<sup>(1)</sup> These figures include the following amounts for the revaluation to 1972 Survey prices of the cash outturns of social security benefits (see Chapter IV, paragraph 76 of "Public Expenditure White Paper: Handbook on Methodology").

1968-69	1969-70	1970-71	1971-72
969	816	569	249

21714  
21762

9005.  
23294-15 24128  
24181



**IN VOLUME TERMS: 1968-69 TO 1976-77**

£ million

1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
2,891	2,842	3,009	2,892	3,015	3,000
76	75	82	84	101	116
244	275	270	281	294	324
151	198	238	286	316	355
497	572	550	522	493	465
134	137	129	125	122	126
461	325	186	97	38	19
799	1,290	1,631	1,557	1,361	1,039
1,661	1,741	1,928	2,118	2,128	2,162
865	971	1,038	1,099	1,136	1,187
217	283	257	250	247	231
1,268	1,417	1,424	1,325	1,285	1,267
1,025	1,159	1,245	1,238	1,249	1,298
765	818	853	896	941	978
35	41	50	45	45	47
3,201	3,375	3,498	3,585	3,724	3,857
2,664	2,814	2,927	3,021	3,121	3,220
4,427	5,050	5,217	5,259	5,311	5,325
308	431	323	317	316	312
255	298	309	321	335	356
104	97	100	99	106	103
604	694	697	697	680	687
22,652	24,903	25,961	26,114	26,364	26,474
2,450	2,350	2,300	2,275	2,250	2,225
—	—	350	500	600	700
—	-200	-200	-200	-200	-200
993(1)	831	559 771	750 887	134 1,039	0070 1,240
26,095	27,884	29,182	29,576	30,053	30,439

*22652 24903 25961 26114 26364 26474*  
*P1 +9 +280 +177 +12*  
*2 +150 +696 +921 +846*  
*Gov -281 -251 +158 +399*  
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*25168 27182 28671 29096 1973 survey prices.*  
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## DEFENCE BUDGET

TABLE 2.1

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i> Defence Budget .. ..	2,890.7	2,842.0	3,009.0	2,892.0	3,015	3,000
Changes from Cmnd 4829 revalued						
policy changes .. ..	+26.7	+1.0	+20.0	—	+39	
estimating changes .. ..	+59.2	+34.0	+126.0	+20.0	+72	
Cmnd 4829 revalued .. ..	2,804.8	2,807.0	2,863.0	2,872.0	2,904	

1. The Defence Budget covers all expenditure by the Ministry of Defence as well as expenditure by the Property Services Agency on works for defence purposes. The objectives underlying this expenditure have been set out in successive Government Statements on Defence Policy and were summarised in the Supplementary Statement on Defence Policy 1970 (Cmnd 4521) as being:

- (a) to enable Britain to assume, within her resources, a proper share of responsibility for the preservation of peace and stability in the world;
- (b) to improve the capabilities of the Armed Forces, to overcome their manpower difficulties, and to enhance their role in the community; and
- (c) to establish and maintain a sound financial basis on which to develop and carry out defence policy and plans in the years ahead.

2. Britain's first strategic priority is the maintenance and improvement of her military contribution to NATO and most of the combat units of the Services are accordingly committed to it. But Britain also retains obligations for the protection of her remaining territories overseas as well as certain other treaty commitments, and is willing to play her part in countering threats to stability outside the NATO area.

3. Cmnd 4521 summarised the main decisions taken in fulfilment of these objectives. These included a contribution to the proposed Five Power defence arrangements in South East Asia (which came into effect in November 1971), major equipment decisions affecting the Royal Navy and Royal Air Force and improvements in the structure of the regular army and Territorial and Army Volunteer Reserve.

4. Subsequent statements have contained further decisions in pursuit of our defence policy objectives. These include:

- (a) the adoption of the special "European Defence Improvement Programme" in which Britain is playing a full part (Cmnd 4592); and
- (b) further improvements to the Armed Forces in the form of accelerated shipbuilding orders for the Royal Navy and additional or accelerated purchases of aircraft for the Royal Air Force (Cmnd 4829 and 4891). NATO, as the first strategic priority, was the main beneficiary of these improvements.

5. Full details will be given in the 1973 Statement on Defence for the Defence Budget total for 1973-74 in the Table above, and the Statement will also include an account of current plans for the Forces. The totals for the later years are, up to and including 1975-76, the figures published in Cmnd 4829 adjusted to 1972 Survey prices and amended to reflect policy decisions and estimating changes described below.



6. The additions for policy changes compared with Cmnd 4829, revalued are:

- (a) measures approved as part of the Government programme to stimulate employment; these include the purchases of ships and aircraft referred to in paragraph 4(b);
- (b) additional costs arising out of decisions to site certain defence establishments in one place rather than another on regional grounds;
- (c) the extra cost to the Defence Budget of a new defence agreement with Malta.

7. The estimating adjustments reflect mainly:

- (a) in 1973-74 only, £21 million for the extra costs arising from improvements in recruiting and £28 million of extra costs arising out of peacekeeping operations in Northern Ireland (if required, adjustments on account of these items will be made to the Defence Budget figures for later years when the amounts involved can be more accurately quantified);
- (b) in each year up to and including 1975-76, a revised forecast of the incidence of expenditure on the accelerated shipbuilding programme;
- (c) in 1975-76, an additional £60 million following a revised assessment of the cost of the planned defence programme. (The Defence Budget total in Cmnd 4829 for that year was provisional.)

8. The figure for 1976-77 is provisional only at this stage.

9. The 1972 Statement on the Defence Estimates explained (Chapter I, paragraph 28) the effect of abolishing the Purchasing (Repayment) Services Votes, for which £57 million was included in the current year's Defence Estimates. This and the figure for 1973-74 (£70 million) are included in the Table as estimating changes.

10. Current estimates are that this change in convention will lead to increases of £70 million in 1974-75, £21 million in 1975-76 and £34 million in 1976-77. The Defence Budget totals for these years will be adjusted in future public expenditure White Papers when firmer estimates are available. These new accounting arrangements which provide a more accurate measure of the demands placed on national resources by the defence programme involve however no change in the Defence programme itself.

TABLE 2.2 OTHER MILITARY DEFENCE £ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Military aid .. .. .	10.5	9.9	6.9	2.2	2	2
Allied services .. .. .	120.0	117.0	118.0	119.0	123	125
United States military aircraft Purchases .. .. .	0.4	—	—	—	—	—
Repayments .. .. .	-48.1	-44.9	-42.2	-34.8	-23	-9
Other <sup>(1)</sup> .. .. .	-6.4	-7.2	-1.0	-2.0	-1	-2
Total .. .. .	76.4	74.8	81.7	84.4	101	116
Changes from Cmnd 4829 revalued						
policy changes .. .. .	-2.8	+1.0	+1.1	+0.5	—	—
estimating changes .. .. .	-17.3	-5.1	+0.8	-0.1	—	—
Cmnd 4829 revalued .. .. .	96.5	78.9	79.8	84.0	101	—

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



## Military Aid

1. This heading covers military training assistance which provides for courses in the United Kingdom for the Service personnel of other countries, the provision of **British Service personnel on loan to developing** (mainly Commonwealth) countries and a small amount of police training, particularly in South East Asia. It also covers the cost of equipment and capital aid supplied to a few countries including a grant of up to £1.15 million to the Malawi Government towards the cost of building barracks for a second battalion of the Malawi Rifles in Lilongwe.

## Allied Services

2. The main items are the cost of accommodation for Ministry of Defence headquarters staff, superannuation for the Ministry's civilian staff, and HM Stationery Office and Central Office of Information services (stationery and recruitment publicity).

## United States Military Aircraft

3. Deliveries of aircraft, financed by United States credits, have been completed. The small amount shown under 'Purchases' for 1971-72 represents the final drawing on the credit facilities which terminated on 31 March 1972. From 1972-73 any further payments for support of the aircraft will be met directly from the Defence Budget.

4. Repayments of the credits are included in the Defence Budget when they occur but since the cost has already been included under 'Purchases' in the years up to 1971-72, it is necessary to offset these repayments by equal but negative entries in **Other military defence. These are included under 'Repayments.'** A fuller explanation of the treatment of these transactions is given on page 13 of "Public Expenditure White Papers: Handbook on Methodology."

## OVERSEAS AID

TABLE 2.3

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
a. Aid programme .. ..	242.2	270.2	266.9	277.6	291	322
b. Other net investment by the Commonwealth Development Corporation (CDC) ..	2.3	4.4	3.2	3.3	3	2
c. Total public expenditure on Overseas aid <sup>(1)</sup> .. ..	244.5	274.6	270.1	280.9	294	324
Changes from Cmnd 4829 revalued						
policy changes .. ..	+15.8	+25.0	+9.9	-2.5	-15	
estimating changes .. ..	+0.6	+1.7	+0.9	+2.3	+2	
Cmnd 4829 revalued .. ..	228.1	247.9	259.3	281.1	307	

(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.



1. The figures above are shown net of amortisation and at constant (1972 Survey) prices. Total overseas aid on a net basis counts towards the international target of at least 1 per cent of GNP for total financial flows to developing countries which the United Kingdom Government has undertaken to do its best to reach by 1975, and has in fact attained. In 1971, total net official flows reached 0.42 per cent of GNP and private flows brought the total above the 1 per cent in each of the years 1969, 1970, and (estimated) 1971. Private flows are expected to continue to make up a substantial contribution to our performance. The measures to encourage British private investment in developing countries, announced in 1971 (Cmnd 4656), are now coming into force.

2. In the distribution of the aid programme, the Government takes account of long-standing relationships such as those with the Commonwealth; but it is also seeking new directions, and the make-up of the programme reflects a wide and complex range of developmental, political and economic considerations. These affect the allocation of resources between geographical areas, the modes of aid such as bilateral or multilateral capital aid and technical assistance, and within such allocations the nature of individual projects. Capital aid and technical assistance to individual countries are considered together to create balanced programmes.

3. The allocation of the aid programme is reviewed annually. In 1973-74 53 per cent of the gross planning total is expected to go to bilateral capital aid, 18 per cent to multilateral aid and about 20 per cent to technical assistance. Of the balance nearly 5 per cent goes through the CDC and about 4 per cent goes to relieving overseas Governments of pension liabilities in respect of former members of the Overseas Services. The main change in shares compared with the past is an increase in the proportion going to multilateral aid.

4. British multilateral aid goes mainly to the International Development Association (IDA). The United Nations Development Programme and other UN aid and relief agencies, as well as some Regional Development Banks, also receive British contributions. Multilateral aid contributions are regarded as justified and useful when they form part of a mutual effort by a number of donors and thus are capable of increasing total aid flows, and when the individual institution concerned is efficient. There is no target for the total of multilateral aid as so much depends on individual circumstances.

5. Over three-quarters of bilateral capital aid in 1971 was in the form of loans (mostly interest-free) and nearly one-quarter in the form of grants. The different uses of such aid are best considered over a period of years. Over the 5 years 1967-71, £441 million represented commitments of project aid and £352 million was non-project aid. Of the project aid 39 per cent was for economic infrastructure, 15 per cent for natural resources including agriculture, and 22 per cent for investment in social services. Projects are subject to systematic cost benefit analysis.

6. Technical assistance helps developing countries move towards self-sufficiency in skills and skilled manpower. It includes the loan of British people to do jobs at present beyond local capacity; support for the education and training of local personnel; and the maintenance of a flow of technical knowledge and advice of all kinds. British bilateral technical assistance in 1971 included the support of over 14,000 experts and teachers and nearly 2,000 volunteers in developing countries; and the training in the United



Kingdom of nearly 10,000 students and 4,000 trainees.

7. It is difficult to evaluate the results of aid, whether from the United Kingdom or from aid donors as a whole. But it is clear that aid contributes an essential foreign exchange element to the total development effort of the developing countries, and the growth over the last few years of the economies of most of these countries points to the effectiveness of the combination of overseas aid with their own resources. More rapid progress is evident in some, notably those with workable mineral resources. From Britain's point of view it is satisfactory that in 1973-74 no independent country is likely to require budgetary aid from Britain. Increasing attention is being paid to forms of development which offer the best employment opportunities in view of the very serious unemployment problems which many developing countries face particularly in their large towns.

8. The policy changes from Cmnd 4829 revalued shown in Table 2.3 are due to a number of factors. Of the increase of £15.8 million in 1971-72, £10.7 million (£10 million at 1971 Survey prices) was an increase on the Cmnd 4829 figure provided to cover part of the United Kingdom contribution towards the cost of relief to refugees in India and East Pakistan/Bangladesh. The balance of £5.1 million is to be carried forward and offset in 1973-74. In 1972-73, the increase of £25 million is made up of £10 million addition for relief in Bangladesh and a further sum of up to £15 million to meet other pressures on the programme. This latter amount is to be offset in equal amounts in 1974-75 and 1975-76. As pressures on the programme are expected to continue over the next two years, additional expenditure of £15 million in 1973-74 and £5 million in 1974-75 has been authorised against offsetting reductions of £8 million in 1975-76 and £12 million in 1976-77.

9. The Aid programme totals for 1974-75 and 1975-76 set out in Cmnd 4829 showed increases of 9 per cent in each year and that rate has been projected again for 1976-77; this rate of increase in these later years is however being applied flexibly, given the adjustments described above, in order to accommodate variations in the anticipated incidence of disbursements. The effect of these arrangements is as follows:—

	£ million					
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
<i>1972 Survey prices</i>						
Cmnd 4829 revalued .. .. .	226.4	245.2	257.0	280.1	305.9	
Projection to 1976-77 and increases since agreed for 1971-72 and 1972-73 .. .. .	+10.7	+10.0				333.3
True level of aid programme ..	237.1	255.2	257.0	280.1	305.9	333.3
Further excesses to be carried forward and their attribution ..	+5.1	+15.0	+9.9	-2.5	-15.5	-12.0
Resulting modified totals .. ..	242.2	270.2	266.9	277.6	290.4	321.3



## EEC AND OTHER OVERSEAS SERVICES

TABLE 2.4

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Contributions to the European Economic Community, etc. (net) .. .. .	—	40.0	80.0	125.0	155	195
Overseas representation .. .. .	78.1	80.2	81.3	83.0	84	84
Overseas information .. .. .	34.9	38.0	37.3	37.5	37	36
Other external relations .. .. .	37.7	40.0	39.7	40.3	40	40
<b>Total .. .. .</b>	<b>150.7</b>	<b>198.2</b>	<b>238.3</b>	<b>285.8</b>	<b>316</b>	<b>355</b>
Changes from Cmnd 4829 revalued						
policy changes .. .. .	—	+1.1	+0.5	+0.6	—	—
estimating changes .. .. .	-4.7	+10.1	-57.2	-42.9	-12	—
Cmnd 4829 revalued .. .. .	155.4	187.0	295.0	328.1	328	—

### Contributions to the European Communities, etc. (net)

1. Table 2.4 above sets out the net payments to be made by the United Kingdom as a result of accession to the European Communities. They comprise two main elements, first, the United Kingdom's payments to the Budget of the European Communities; second, certain once-for-all contributions to the European Investment Bank and to the European Coal and Steel Community.

2. Our estimated payments to the Community Budget are based on the terms of accession approved by Parliament under which the United Kingdom will contribute about  $8\frac{3}{4}$  per cent of Community expenditure in 1973, rising to about 19 per cent in 1977. This contribution will be financed from the yield from levies on certain imported agricultural products, and customs duties on other imports, and, if necessary, within the percentages referred to, after 1 January 1975, from a proportion, equivalent to up to a 1 per cent rate, of the proceeds of a value added tax. For 1973 the estimate is based on the 1973 Community Budget. In arriving at the projections for the remaining period covered by the Table account has been taken of forecasts for 1974 and 1975 made by the Commission. Although some of the assumptions used in the Commission's projections differ from our own, they are based generally on the cost of pursuing existing policies, as are the estimates in this White Paper. No account is taken of new policies, eg for the regions, which it has now been agreed should be introduced within this period and from which the United Kingdom should be a net beneficiary. As a member of the Community the United Kingdom will be able to play its full part in future years in determining the size and use of the Community Budget.

3. In Table 2.4 above payments to the Budget are shown net of United Kingdom receipts from the Budget. The tables below set out the estimated gross contributions to and receipts from the Community Budget for the UK on a calendar year and a financial year basis. In 1973-74, for example, receipts are estimated at about £70 million, of which about £45 million is expected to be paid by the European Agricultural Guidance and Guarantee Fund (FEOGA) to the Intervention Board for Agricultural Produce in respect of its activities in implementing the common agricultural policy (CAP) in the United



Kingdom. A further explanation of the operation of the CAP is given in "Agriculture, fisheries and forestry" (see page 29 below). Most of the remaining estimated receipts are in respect of Community contributions from the European Social Fund for United Kingdom schemes for training, transference and rehabilitation. Certain further sums which are expected to be paid direct to applicants and which will therefore not pass through the Consolidated Fund are excluded.

4. The latest estimates for the period to 1977 for our contributions to, and receipts from, the Community Budget are as follows:

£ million at 1972 Survey prices

	Gross Contribution	Receipts	Net Contribution
1973 ..	125	60	65
1974 ..	165	75	90
1975 ..	220	85	135
1976 ..	270	90	180
1977 ..	325	90	235

In financial years to 1976-77, the figures are:

£ million at 1972 Survey prices

	Gross Contribution	Receipts	Net Contribution
1972-73	30	10	20
1973-74	135	70	65
1974-75	180	80	100
1975-76	230	85	145
1976-77	285	90	195

5. The payments to the European Investment Bank are, first, the paid-up subscription to the capital of the Bank amounting to £37.5 million payable in five equal instalments during the first two and a half years of membership; and second a contribution to the reserves of the Bank, estimated at £20 million payable over the same period. The investment in the reserve funds of the European Coal and Steel Community will be £24 million paid in three equal annual instalments starting from the date of accession. The sums mentioned in this paragraph are at current prices.

6. All the estimates given above are based on a rate of 2.4 units of account to the £.

### Overseas Representation

7. 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 7 official delegations to 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.

8. The responsibility of the Diplomatic Service for representing and promoting British interests abroad 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.

9. Also included in the expenditure figures is 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**

10. This covers three main elements:

- (i) A proportion (now 67 per cent) 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 at present represented in 76 overseas countries, and provision has been made for some expansion of its representation. 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 together with its expenditure on educational activities and technical assistance schemes for the benefit of developing countries carried out on behalf of the Overseas Development Administration.
- (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. 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 modernising the operational headquarters of the BBC External Services. Much of 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.

11. The Chancellor of the Duchy of Lancaster announced in Parliament on 6 March 1972 that over the period 1972-73 to 1975-76 an additional £6 million would be provided for the expansion of cultural relations with Europe. As part of this programme the British Council's activities in Europe will be expanded at an additional cost of about £3.5 million over four years, the Foreign and Commonwealth Office will allocate about £1.3 million over the same period to promote exchanges, visits and conferences with Europe, and the BBC will receive an additional £50,000 a year to promote broadcasting exchanges with Europe. In addition to the expenditure which falls on Overseas



information, there will be expenditure of up to £350,000 on the "Fanfare for Europe" and about £550,000 on the Education and Research Councils, etc., programmes.

### Other External Relations

12. 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

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture and food						
Price guarantees on Common Agricultural Policy (CAP) products .. .. .	119.1	162.6	135.0	110.0	85	55
Price guarantees on products to which the CAP system of support does not apply ..	34.7	40.8	41.0	39.0	38	37
Production grants and subsidies including capital grants <sup>(1)</sup> .. .. .	200.4	184.3	163.9	153.8	151	150
	354.2	387.7	339.9	302.8	274	242
Costs of market support operations to implement the CAP in the U.K. (eg intervention buying, export restitution) <sup>(1)</sup> .. .. .	—	14.2	51.0	54.0	59	64
Total—Agricultural support	354.2	401.9	390.9	356.8	333	306
Other agricultural and food policies .. .. .	82.6	105.9	92.1	93.8	86	81
Total Agriculture and food	436.8	507.8	483.0	450.6	419	387
Fisheries .. .. .	9.7	12.6	12.3	12.4	12	12
Forestry .. .. .	50.4	51.3	54.5	58.4	62	66
Total .. .. .	496.9	571.7	549.8	521.4	493	465
Changes from Cmnd 4829 revalued policy changes .. .. .	—	+75.2	+49.3	+52.7	+56	
changes due to revision of assumptions to reflect entry to EEC .. .. .	—	+14.2	+74.1	+96.4	+69	
other estimating changes ..	-11.7	-14.9	-4.4	-8.1	-14	
Cmnd 4829 revalued .. .. .	508.6	497.2	430.8	380.4	382	

(1) Part of the expenditure on these items will be recoverable from the European Agricultural Guidance and Guarantee Fund. Receipts from this source are included in Table 2.4, EEC and other overseas services.

### Agriculture and Food

1. The format for showing expenditure on agriculture has been revised this year to reflect in the forecasts, for the first time, the pattern of expenditure



after entry to the EEC in 1973. The change, as compared with the format in Cmnd 4829, has been to sub-divide total expenditure on "Agricultural support" into 4 groups, while "Other agricultural and food policies" corresponds to the heading "Other assistance to agriculture."

2. During the transitional period (1973-78) the present system of agricultural support will need to be adapted, in accordance with the Treaty of Accession (Cmnd 4862), to conform to the common agricultural policy (CAP). For the main CAP products our existing system of guaranteed prices and deficiency payments will be gradually replaced by a system based on market prices supported at agreed levels by import levies and intervention buying.

3. Under the present system of agricultural support, payments are made to British farmers to meet any difference between market prices and the guaranteed price levels which are determined in the Annual Farm Price Reviews for certain commodities. These deficiency payments will be phased out for products which come under the CAP in the coming years as the CAP and UK prices are aligned. The present system also includes production grants and subsidies designed to encourage efficiency and improve the methods used in agriculture. Part of this expenditure also will be replaced by the CAP method of support.

4. The CAP system of support involves the determination by the members of the Community each year of intervention and other price levels for the major agricultural products. Market price levels are maintained by the imposition of levies on products imported from third countries and by the activities of Government Agencies, for example through purchasing, storing, and subsequently reselling on the market. The European Agricultural Guidance and Guarantee Fund (commonly referred to as FEOGA) reimburses virtually all but the administrative costs of these operations. These receipts are taken into account in the estimates of the net contribution to EEC, Table 2.4.

5. The quinquennium covered by the 1972 Survey shows elements of both the old and the new systems. The figures indicate increases in expenditure as compared with those in Cmnd 4829 revalued. This is due in part to the effects of the 1972 Annual Review of Agriculture and in part to the new assumptions on which these projections of expenditure during the transitional period have been based. Decisions yet to be taken, particularly about the level of guaranteed prices and production grants, will affect the projected level of expenditure.

#### *Price Guarantees*

6. The Treaty requires that United Kingdom market prices be raised for certain products to EEC levels by six steps between 1973 and 1978 and that deficiency payments for these products be ended during this period. Pending decisions yet to be taken the projections for CAP products are based on the arbitrary assumption that deficiency payments will be phased out evenly over the whole of the transitional period. This assumption results in a more gradual scale of savings than was shown in the figures in the earlier public expenditure White Papers, Cmnd 4578 and 4829. A continuation of deficiency payments has been assumed for those agricultural products to which the CAP does not apply—potatoes, wool and sheep.



### *Production Grants and Subsidies, including capital grants*

7. Decisions have yet to be taken on the future levels of farming grants and subsidies. These levels however will be affected by the operation of the CAP and it has been assumed that the trend will be for this expenditure to decline during the transitional period.

### *Market Support Operations*

8. Implementation of the CAP will entail expenditure on intervention buying, with the associated costs of transport, storage, etc; the payment of incentives for storage and denaturing (i.e. making agricultural produce suitable only for use as animal feed or for industrial use); export refunds; and other assistance to producers. Import levies will be collected by HM Customs and Excise and do not feature in this programme. The expenditure forecasts represent the net estimated cost of market intervention operations in the United Kingdom exclusive of contributions due from the European Agricultural Guidance and Guarantee Fund. Whilst this area of expenditure contains many uncertainties, an attempt has been made to estimate the levels of activity in 1973-74 (the first full year of operations). Thereafter the uncertainties are even greater and a convention has been adopted which assumes that levels of activity will be constant in the succeeding three years, and that intervention prices etc. will increase evenly over the whole of the transitional period to reach the present EEC levels by 1978. It has also been assumed that unsold stocks at the end of each year will remain constant at the level assumed for March 1974.

### *Other Agricultural and Food Policies*

9. This includes most of the other expenditure by Government Departments on agricultural, horticultural and food services. The comparatively high figure in 1972-73 includes £25 million for the stabilisation of sugar prices up to the end of 1972. The forecasts reflect, so far as can be foreseen, other sundry effects of entry to the EEC. The figures also include all the expenditure on agricultural research in Scotland which has hitherto been shown under Research Councils, etc.

### *Explanation of Changes*

10. The main element in the policy changes is the cost of the 1972 Annual Review of Agriculture, assessed at an increase of £49 million. The figures for 1973-74 and later years provide for the transfer of funds from the Science Budget (see Research Councils, etc.) in respect of the Agricultural Research Council and the Natural Environment Research Council, announced in the White Paper "Framework for Government Research and Development" (Cmnd 5046).

11. The changes due to revision of assumptions to reflect entry to EEC are explained in paragraphs 6 to 9 above.

### **Fisheries**

12. The objective of this programme is to promote a stable fishing industry in the United Kingdom and at the same time to reduce the nation's dependence on imports. 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, on the plans for capital investment which may be made by the industry, and on the developing structural and marketing provisions of Community policy. None can be forecast with accuracy.

### **Forestry**

13. This item includes state forestry, grants to private woodland owners and certain services undertaken by the Forestry Authority. The Forestry Commission owns 1.85 million acres of plantations. Planting was on a small scale up to 1945 but from 1950 annual planting has ranged between 50,000 and 70,000 acres. Three-quarters of the Commission's woodlands have not yet reached the thinning stage, which begins 20-30 years from the date of planting, and the receipts of the Commission, which come mainly from the sale of timber, are still low. The main element in the figures is the estimated net cost of the increase in growing stock of state forests; a substantial part of this is compound interest on past grants-in-aid which rises from about £34 million in 1972-73 to over £49 million in 1976-77, and accounts for the increase in expenditure over the quinquennium. About £2.3 million per annum is included for grants to private woodland owners. The annual cash requirement, met by the grant-in-aid, decreases gradually over the quinquennium as the receipts of the Commission increase, but the mean is about £15 million.

14. In a consultative document published in June 1972 the Government set out the results of a review of forestry policy. In regard to state forestry, the Government concluded that the maintenance of population, through the creation or maintenance of employment in rural areas which would otherwise be substantially depopulated, should be the principal objective of future policy for new planting by the Commission and that, with this objective in mind, the right course would be to plan for a combined planting and re-planting programme of up to 55,000 acres a year. The Government also considered that more emphasis should be given to realising the recreational potential of state forestry and to the interests of amenity. The Government took the view that any future grant aid to private forestry should be designed to encourage private planting to follow the same wider social objectives proposed for state forestry. The conclusions of this review are currently the subject of consultations with interested bodies and have not therefore yet been taken into account in the estimates of expenditure.

15. The consultative document also reported that the Forestry Commission will in future be set a target rate of return on its (notional) capital of 3 per cent in real terms. The form of its accounts is being revised to bring out its performance in relation to this target, allowance being made for planting undertaken for social reasons which is expected to yield less than the target rate of return of 3 per cent. As a result the amount of (notional) capital will be substantially reduced. When these new accounting arrangements are completed they will result in revisions to the presentation of the expenditure estimates.



## RESEARCH COUNCILS, ETC.

TABLE 2.6

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i> Research Councils, etc. ..	134.1	137.0	128.7	125.0	122	126
Changes from Cmnd 4829 revalued						
policy changes .. ..	—	—	-13.5	-19.7	-27	
estimating changes .. ..	+2.2	-0.7	+0.1	+0.3	—	
Cmnd 4829 revalued .. ..	131.9	137.7	142.1	144.4	149	

1. The above Table shows expenditure collectively known as the Science Budget, for which the Secretary of State for Education and Science is responsible. It includes expenditure by the five Research Councils (Agricultural, Medical, Natural Environment, Science and Social Science), the British Museum (Natural History), and grants and services for scientific purposes. The Secretary of State, who had until October 1972 been advised on the allocation of this Science Budget by the Council for Scientific Policy, will henceforth be advised by its successor body, the Advisory Board for the Research Councils. Expenditure on "agricultural research, Scotland", previously shown in this Table is included in the Table on Agriculture, fisheries and forestry under Other agricultural and food policies.

2. The purpose of the research financed from the Science Budget is to develop the sciences as such, to maintain a fundamental capacity for research, and to support higher education. It covers a wide spectrum of activity, ranging from human and animal health and behaviour through the causes of, and cures for, pollution, to the mapping of earth, sea and sky and the investigation of the laws of physical matter.

3. The Table reflects the Government's decisions, announced in "Framework for Government Research and Development" (Cmnd 5046), to transfer certain sums from the Science Budget to customer Departments in the expectation that the transferred money would be spent for the purpose of commissioning applied research work. The Government made it a condition of transfer that the customer Departments should have established their central scientific staffs. The assumption is made that the funds will be transferred from the beginning of the 1973-74 financial year. It was also decided to pay the grant-in-aid to the Royal Society of Edinburgh through the Scottish Office instead of through the Department of Education and Science.

4. Under the terms of Cmnd 5046 the sums to be transferred to the Votes of customer Departments amounted to £20 million at 1971 prices, together with certain additional sums related to specific projects. Under the staged procedure set out in paragraph 50 of Cmnd 5046, one half of the transfer of £20 million was to be effected in 1973-74 and the remainder in equal amounts in the two following years, after which a period of stability was envisaged. About half of the total is to be transferred to the Ministry of Agriculture, Fisheries and Food (Agriculture, fisheries and forestry programme), about one quarter to the Department of Health and Social Security and the Scottish Home and Health Department (Health and personal social services) and the rest to the Department of Employment and the Department of Trade



and Industry (Trade, industry and employment), and the Department of the Environment (Miscellaneous local services). At 1972 Survey prices and allowing for growth, the sums to be transferred, including specific sums in respect of the Soil Survey of England and Wales and the Nature Conservancy (part of whose functions are, subject to necessary legislation, to be transferred to a new body) are as follows:

	£ million		
1973-74	1974-75	1975-76	
13.5	19.7	26.3	

These amounts appear as policy changes in Table 2.6 above, and in the programmes to which they are transferred. The residual Science Budget of the Department of Education and Science is expected to increase by 3.0 per cent in 1976-77. The amounts to be devoted by customer Departments to commissioning research from the Research Councils in that year will be determined separately from the DES Science Budget.

5. The table below shows the allocation of the Science Budget amongst individual Research Councils in 1971-72 and 1972-73.

	£ million	
	1971-72	1972-73
<i>At 1972 Survey prices</i>		
Agricultural Research Council .. .. .	20.7	21.7
Medical Research Council .. .. .	24.1	25.2
Natural Environment Research Council .. .. .	17.8	18.5
Science Research Council .. .. .	62.8	62.5
Social Science Research Council .. .. .	4.4	5.0
Natural History Museum .. .. .	2.2	2.1
Science—grants and services .. .. .	2.1	2.0
<b>Total .. .. .</b>	<b>134.1</b>	<b>137.0</b>



# TRADE, INDUSTRY AND EMPLOYMENT

TABLE 2.7

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
<b>Department of Trade and Industry</b>						
Industrial Development Executive						
Regional development grants	—	28.0	225.0	230.0	255	275
Expenditure under the Local Employment Act .. .. .	40.0	63.4	54.6	22.6	9	5
Selective regional assistance ..	—	10.0	35.0	45.0	60	60
Selective assistance general powers	—	—	—	—	—	—
Assistance to the shipbuilding industry .. .. .	7.1	31.8	22.7	19.9	5	—
Refinancing of home ship- building credit .. .. .	—	50.0	95.0	85.0	75	25
Other services .. .. .	14.0	32.4	43.6	24.0	20	15
Residual expenditure—						
Investment grants .. .. .	460.9	325.0	186.0	97.0	38	19
Industrial investment schemes	12.0	9.1	2.6	-0.1	-1	-1
Industrial Reorganisation Corporation .. .. .	-37.2	-31.6	-21.0	-7.0	-2	-1
Total IDE .. .. .	496.8	518.1	643.5	516.4	459	397
Civil aviation services .. .. .	32.1	48.4	59.1	53.5	46	33
Aircraft & aeroengine projects and assistance:						
Concorde—development ..	58.9	54.2	41.5	31.0	23	15
—production .. .. .	19.1	22.0	44.9	54.0	31	-8
R.B. 211 .. .. .	69.0	48.1	37.9	42.3	-1	2
Other assistance .. .. .	25.2	-3.5	1.6	2.1	—	—
Aerospace research and develop- ment .. .. .	18.1	25.4	31.2	33.7	34	34
Nuclear energy & other nuclear expenditure .. .. .	39.6	48.5	63.5	43.1	42	20
Other research & development ..	19.6	20.8	22.9	22.3	23	23
Export promotion .. .. .	6.2	7.8	7.6	7.6	8	8
Shipping services .. .. .	3.6	3.6	4.2	4.0	4	4
Nationalised industries special assistance .. .. .	129.0	137.3	157.1	155.2	140	2
Miscellaneous expenditure and loan repayments .. .. .	0.1	0.1	-14.7	2.0	2	4
Administration .. .. .	29.3	27.6	28.0	27.6	27	27
Total .. .. .	946.6	958.4	1128.3	994.8	838	561
<b>Department of Employment and other departments</b>						
Employment services .. .. .	98.0	156.9	142.2	174.5	187	191
Redundancy Fund payments ..	67.1	52.0	52.0	48.3	48	48
SET additional payments ..	0.2	0.1	—	—	—	—
Regional employment premiums	100.8	100.9	95.7	64.9	2	—
Covent Garden Market Authority (capital expenditure) .. .. .	6.3	7.0	9.0	2.7	1	—
Refinancing of export credit ..	—	300.0	375.0	350.0	301	232
Miscellaneous services .. .. .	8.3	10.2	11.2	8.3	8	8
British Petroleum rights issue ..	32.3	29.9	—	—	—	—
Maplin Development Authority (capital expenditure) .. .. .	—	—	3.6	10.7	14	18
Total .. .. .	1259.6	1615.4	1817.0	1654.2	1399	1058
Changes from Cmnd 4829 revalued policy changes .. .. .	+113.5	+275.3	+446.9	+454.7	+466	
refinance of export and ship- building credits .. .. .	—	+350.0	+470.0	+435.0	+376	
estimating changes .. .. .	-204.3	-78.0	+26.3	+63.2	+80	
Cmnd 4829 revalued .. .. .	1350.4	1068.1	873.8	701.3	477	



## DEPARTMENT OF TRADE AND INDUSTRY

1. The Department's estimates are presented in a different form this year reflecting the establishment of the Industrial Development Executive (IDE) and the passage of the Industry Act, 1972, following the Government's statement on industrial and regional development published in Cmnd 4942. One important change is the disappearance of the General support programme as a single block of expenditure. Part of this is now the responsibility of the IDE itself; the remainder is allocated elsewhere in Table 2.7 above.

2. The substantial additional expenditure required to carry out the policies of the IDE, and assistance to the coal industry, account for most of the increases shown under "policy changes" in Table 2.7 above.

3. For a number of items in the Department's programme, particularly for items within the responsibility of the IDE, the level of expenditure depends mainly on the response of private industry. When new forms of expenditure are involved this is difficult to forecast with any precision, and the estimates in these areas are necessarily tentative. The forecasts of expenditure given above do not attempt to provide for selective assistance under Section 8 of the Industry Act (see paragraph 10 below) or for any major new projects that might arise outside the area covered by the IDE.

### **Industrial Development Executive**

4. The policies for which the IDE are responsible were announced in Cmnd 4942. These are to promote and sustain faster economic growth; to encourage the expansion and modernisation of British industry; to attack the continuing and serious problems of regional imbalance, and to assist industry to meet the challenge of Europe.

### *Regional Development Grants*

5. Since October 1970, expenditure on machinery and plant in development areas has qualified for free depreciation. The extension of free depreciation to the whole country, in March 1972, as part of the new basic national incentives to investment, removed this differential incentive in favour of investment in the development areas and so a new system of regional development grants was introduced to reinforce free depreciation on machinery and plant and to supersede the much more limited scheme of building grants under the Local Employment Act.

6. Regional development grants will be made towards the cost of buildings and plant and machinery, principally in manufacturing industry, at the rate of 22 per cent in the special development areas and at 20 per cent in the development areas. Grants will also be made at 20 per cent towards the cost of buildings in the enlarged intermediate areas and, for a period of two years only, in the derelict land clearance areas. (The geographical coverage of these assisted areas is shown on the map at Annex C of Cmnd 4942.)

7. The new grants will be available to firms already established in the assisted areas on the same basis and at the same rates as to incoming firms. This will encourage development from within the areas themselves and provide an incentive for improving their efficiency and competitiveness.

### *Expenditure under the Local Employment Act 1972*

8. Expenditure under the Local Employment Act on building grants, and loans and operational and removal grants (now superseded by regional



development grants and by the new forms of selective regional assistance available under the Industry Act) is expected to have virtually terminated by the end of the Survey period. But the provision of land and factories for industrial use will continue.

### *Selective Regional Assistance*

9. Assistance is available on a selective basis in the development and intermediate areas under Section 7 of the Industry Act 1972 to supplement the basic incentives of tax allowances and regional development grants. This assistance includes, for projects which provide additional employment, loans at favourable rates, or as an alternative, interest relief grants towards the cost of finance obtained from commercial sources; and, for modernisation or rationalisation projects which maintain or safeguard existing employment, loans at broadly commercial rates where the necessary finance cannot reasonably be obtained from the market. The estimates are that expenditure will reach £75 million by 1976-77 with receipts of £15 million, giving a net total of £60 million for that year, but the figures are necessarily tentative since much depends on the response by industry to these new schemes.

### *Selective Assistance—General Powers*

10. Section 8 of the Industry Act 1972 gives general powers to provide for selective assistance to industry. Financial assistance may be made available where in the opinion of the Secretary of State it is in the national interest, likely to benefit the economy, and cannot appropriately be provided in any other way. The Act provides for an initial limit of £150 million which may, by Order, be increased on up to 4 occasions by an amount not exceeding £100 million. The pattern of expenditure over the Survey period cannot be foreseen at this stage, and no forecast has been included.

### *Assistance to the Shipbuilding Industry*

11. Over 90 per cent of the employment provided by the main merchant shipbuilding firms is in the assisted areas; and assistance is being given to enable certain firms to acquire new facilities to improve their long term viability and to meet the short-term needs of the industry. Construction grants on a tapering scale are being provided under Section 11 of the Industry Act. The estimates also cover assistance to Govan Shipbuilders Limited and Cammell Laird Limited and payments to the Liquidator of Upper Clyde Shipbuilders Limited.

### *Refinancing of Shipbuilding Credits*

12. The arrangements under which the clearing banks provide credit for home shipbuilding were revised in March 1972 (Hansard, cols. 535-7). Under the new arrangements, the Department of Trade and Industry provide partial refinance to the banks. Repayments of this refinance will reduce the expenditure figures and the net amount is estimated to decline to £25 million by 1976-77. The figures for the previous years also provide for a phased take-over by the Department of the refinancing commitment assumed by the Issue Department of the Bank of England prior to September 1972.

### *Other Services*

13. The remaining payments of grants and loans to the hotel industry in the early years, and expenditure by the British Tourist Authority and the English Tourist Board, account for about half of the estimated expenditure



on Other services. This heading also includes provision for assistance to mineral exploration and a variety of other measures of support for the engineering industries and for industry generally.

#### *Residual Expenditure*

14. Provision is made for expenditure on investment grants arising from contracts entered into by industry before 27 October 1970. The total expenditure qualifying under these contracts and the phasing of the payments are still uncertain. Variations on Cmnd 4829 revalued—an underspending of £95 million in 1971-72, largely offset by additions in later years—are mainly due to slow submission of fully documented claims. The forecasts under this heading also allow for outstanding liabilities (and for loan repayments) taken over from the Industrial Reorganisation Corporation. An earlier realisation of some IRC assets than was expected accounts for variations on Cmnd 4829. Industrial investment schemes (the computers merger and assistance to the aluminium industry) are also included.

#### **Civil Aviation Services**

15. The Civil Aviation Authority is charged with the regulation of airlines and organisers of air travel; the control of the safety of civil flying generally; the operation, jointly with the Secretary of State for Defence, of air navigation services; advising on the provision of aerodromes; and the management of certain aerodromes in Scotland (White Paper on Civil Aviation Policy Guidance, Cmnd 4899) The intention is that the Authority will become self-supporting on revenue account; meanwhile the Government will pay a tapering grant-in-aid to cover the operating deficit. In addition to this grant-in-aid, the estimates in Table 2.7 above also include provision for the Authority's capital expenditure, mainly on facilities for air traffic services; and for expenditure by local authorities on the aerodromes which they own.

#### **Aircraft and Aeroengine Projects and Assistance**

##### *Concorde*

16. The forecasts for Concorde provide for the United Kingdom's share of the development costs and for support for the production programme. The current United Kingdom/French estimate of total Concorde development costs, announced by the Minister for Aerospace on 4 May 1972, is £970 million. Production expenditure is no greater in total than was assumed last year but the peak will be in 1974-75 rather than 1973-74.

##### *RB211*

17. The forecasts provide for the completion of the development of the basic RB211-22 engine and for meeting the losses which it is recognised that Rolls Royce (1971) Ltd will incur on the first 555 engines. There has been no increase during the last year in the estimate of the support costs of the RB211-22 but there has been some rephasing of expenditure on the production programme. New provision is made for the Government's contribution towards the development of the larger RB211-24 engine which was announced by the Minister for Aerospace on 7 August 1972.

##### *Other assistance*

18. The main item under the heading of Other assistance is expenditure on the M45H engine which Rolls Royce (1971) Ltd are developing for the German/Dutch VFW 614 aircraft. There is also a contribution to the



financing of Shorts of Belfast and provision in 1971-72 for the advance of working capital to Rolls Royce (1971) Ltd. No provision is made for the balance of the purchase price of the Rolls-Royce assets for which down payments of £30 million were made in 1970-71.

### **Aerospace Research and Development**

19. The heading includes general research and development work in industry, the universities and the Government's aviation establishments. Examples are work on the reduction of aero-engine noise and the study of future aircraft types. The heading also contains expenditure on the national space programme, mainly the study and development of satellites, and the United Kingdom's contribution to the European Space Research Organisation programme on the development of applications satellites for aeronautical, meteorological and telecommunications purposes.

### **Nuclear Energy and other Nuclear Expenditure**

20. This heading covers mainly research and development by the Atomic Energy Authority. It also contains provision for the net lending to British Nuclear Fuels Limited and other miscellaneous nuclear expenditure.

21. Nuclear reactor research and development accounts for about £37 million in 1972-73 decreasing to £21 million by 1976-77. The main element of the nuclear generating programme is to be the development of the sodium cooled fast reactor (Hansard, 8 August 1972, cols 1491-2). Over the next five years this will require additional work on component development and safety studies at a cost of £15 million. So that a decision on the interim thermal system for the United Kingdom may be made in the early part of 1974 further limited development of the steam generating heavy water reactor will also be necessary. Meanwhile the development of the high temperature reactor will continue in collaboration with Europe, and the safety aspects of the light water reactor will be explored.

### **Other Research and Development**

22. The Department's industrial research establishments, which undertake work for Government Departments, other public authorities and for industry, account for most of this expenditure. There are three multi-purpose establishments (National Physical Laboratory, National Engineering Laboratory and Warren Spring Laboratory) and two more specialised establishments (Laboratory of the Government Chemist, and Safety in Mines Research Establishment). Much of the work by the establishments for DTI will now be the responsibility of Requirements Boards on which the customer interest in the Department, in industry and elsewhere, will be represented.

23. Provision is also made for grants to industrial research associations, support for the National Research Development Corporation and some extramural research and development. The latter includes terminal assistance to the hovercraft industry, work on marine technology and, from 1973-74, surveys carried out by the Natural Environment Research Council on repayment. The provision for the work by NERC has been transferred from the "Science Budget" in accordance with the policy in "Framework for Government Research and Development" (Cmnd 5046)—see page 32 above.

### **Export Promotion**

24. The British Overseas Trade Board assumed direction of the export



promotion programme on 1 January 1972. The major part of the expenditure is on trade fairs and missions.

### **Shipping Services**

25. Most of the expenditure is directed towards the improvement of safety at sea. There are increases of the order of £2 million a year on Cmnd 4829 revalued due mainly to additional civil expenditure on air/sea helicopter rescue services; and to reductions in forecast receipts resulting from the deferment of increases in marine survey fees.

### **Nationalised Industries—Special Assistance**

26. This heading covers assistance to the coal industry; compensation to the Electricity Boards in England and Wales and to the Gas Industry in respect of the acceleration of investment for employment reasons; and compensation to the Central Electricity Generating Board for additional costs incurred following the mineworkers' strike.

27. Provision has been made in the years up to 1975-76 for major assistance to the coal industry for which statutory authority is being sought.

### **Administration**

28. The estimates provide for the staff and expenses of the Department's headquarters and regional offices, the Patent Office, the Monopolies Commission and the Metrication Board.

## **DEPARTMENT OF EMPLOYMENT AND OTHER DEPARTMENTS**

### **Employment Services**

29. This item comprises expenditure by the Department of Employment, and by local authorities on services grant-aided by the Department (eg the Youth Employment Service). Also included is certain expenditure by the Department of the Environment on premises occupied by the Department of Employment for employment work, training services, etc. Most of the expenditure is attributable to the cost of operating the employment and training services. The main policy increase since Cmnd 4829 arises from the development of the training services and accounts for an additional £19 million in 1972-73 rising to £64 million in 1975-76.

30. The Government have announced that a Bill will be introduced for the purpose (among other things) of establishing a Manpower Services Commission. The Commission would be given responsibility for operating the employment and training services through the Employment Service Agency and the Training Services Agency, which are at present being set up within the Department.

31. The Employment Service Agency is based on the proposals in the publication "People and Jobs—a Modern Employment Service". Its aim is to speed up and improve in quality the matching of individuals, both employed and unemployed, with vacant jobs in the interests of the individual, industry and the economy, and to help and guide all who are seeking work. Its responsibilities will be exercised through the employment offices of the Department (numbering rather more than a thousand) which in 1971-72 received about 2 million job vacancies and made over 1½ million placings. The Agency is also responsible for providing the placing service for those at professional and executive level, and the expenditure estimates take account of the decision to charge fees from 1 March 1973 to employers using the



service, to be styled Professional and Executive Recruitment, which is forecast to become financially self-supporting over the forward period. Expenditure by the Department of the Environment for improved local office premises is included in the estimates.

32. The Training Services Agency will co-ordinate the work of the Industrial Training Boards and will assume responsibility for the much expanded programme of Government training (the "Training Opportunities Scheme") as announced by the Secretary of State in August 1972. The Boards are at present financed by levies on the industries they serve but receive grants from the Department for the fostering of certain types of training. A general scheme for exempting from levy firms which carry out such training as is reasonable to meet their own needs is to be introduced from 1974-75, together with arrangements for meeting from public funds the administrative expenses of the Boards and for financing by grant certain key training activities; and the estimates include provision for these developments.

33. Vocational training is provided by the Government at present mainly through Government Training Centres in which some 16,600 persons received training in 1971-72 compared with 12,400 in 1968-69. A throughput of 34,000 is planned by 1975-76 and to make this possible the number of training places is to rise from 11,000 at 1 April 1972 to 18,500 in 1975-76. These figures compare with 8,400 places at 1 April 1968. Provision is also made for an estimated 15,000 training places in Colleges of Further Education and private colleges in the academic year 1974-75, compared with a usage of about 2,400 places in the academic year 1971-72. There were 500 such training places in 1968-69, and Cmnd 4829 provided for 2,000 in each of the forward years covered. These increases reflect growing demand and a wider range of courses of training. Continued use is also to be made of spare training facilities in employers' establishments, and the provision for 2,000 such places each year is rather more than twice the Cmnd 4829 numbers. The Training Opportunities Scheme as a whole is expected to reach a throughput of about 70,000 trainees in 1974-75 and significantly more in later years. The Department also provides grants in aid for training in new and expanding firms in the development and intermediate areas and the training of about 48,000 men and women was assisted in 1971-72.

34. Improvements have been made to the Employment Transfer Scheme with a view to facilitating the mobility of workers. Those in assisted areas have been helped particularly through the introduction of a £400 rehousing grant. Special grant arrangements have been introduced for trainees who have completed an approved course of Government sponsored training under the vocational training scheme and who move to take employment in the trades in which they have been trained. The number of workers helped to move under these arrangements rose from 6,721 in 1968-69 to 9,186 in 1971-72 and the number under the improved arrangements is expected to increase to about 19,000 in 1972-73 and thereafter.

35. Occupational safety and health services (the subject of the recent Report by the Robens Committee on Safety and Health at Work) include HM Factory Inspectorate and the Employment Medical Advisory Service. This latter service will begin early in 1973 and will promote a more selective and less routine supervision of the health of young persons in industry and continue statutory medical examination of workers engaged in hazardous processes and occupations. More generally the service will seek to identify and



overcome the causes of disease, fatigue and stress arising from work. Provision is made for the receipt of fees from employers for certain statutory medical examinations.

36. Specialised placing services for disabled persons are available through the Department's local offices, and facilities for the rehabilitation of disabled persons are provided in Industrial Rehabilitation Units. Grants are made towards the provision of employment for severely disabled people in Remploy factories and other sheltered workshops. 11,675 disabled persons successfully completed courses in Industrial Rehabilitation Units in 1971-72 and 12,600 severely disabled were employed in Remploy factories and local authority and other sheltered workshops.

37. The Department makes grants towards the cost of the Youth Employment Service to those local authorities who have elected to provide it. The future organisation of this service and the introduction of a new and more flexible system are under consideration.

38. For a limited period in 1972-73 the Department is making a grant to the National Dock Labour Board to finance a special severance scheme to reduce the number of older and unfit registered dock workers, and so relieve a serious redundancy situation in various ports. The size of the grant will depend on the numbers accepting severance; provision is made for expenditure of about £24 million.

39. Certain of the Department's schemes for training, transference and rehabilitation should be eligible for assistance from the European Social Fund from 1973, but such receipts are taken into account in the net contributions to EEC, etc (Table 2.4).

### **Redundancy Fund Payments**

40. 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. About 388,000 people received redundancy payments in 1971-72. The Fund is administered by the Department of Employment and is financed by employers' contributions collected through the national insurance stamp. The figures take account of past and current experience of demands on the Fund. Provision is made for guarantee and rebate payments, the cost of administering the scheme, and minor miscellaneous items.

### **SET Additional Payments and Regional Employment Premium**

41. Selective Employment Tax additional payments were abolished with effect from 6 April 1970 but because payment is made in arrears small provision is made for belated claims in 1972-73. The regional employment premium, which is paid in respect of manufacturing establishments in the development areas, will be phased out from September 1974 in a manner and over a period yet to be decided. In the meantime a small provision has been made for residual claims in financial years after 1974-75.

### **Refinancing of Export Credits**

42. This covers partial refinancing by the Export Credits Guarantee Department of advances made by the clearing banks in respect of exports financed on credit of two years and over. It reflects new arrangements made in March 1972 (Hansard, cols. 535-7) to ensure the continuing availability of



finance for exports produced in the main by the heavy capital goods industries, engineering etc., where the contracts involve heavy cash outlays and lengthy periods of manufacture and payment. The overall volume of this export finance has been growing steadily for some years. The 1973-74 to 1975-76 figures make provision for a phased take-over by the Export Credits Guarantee Department of the refinancing commitment assumed by the Issue Department of the Bank of England prior to March 1972.

### **Miscellaneous Services**

43. This item includes most of the expenditure of the Development Commission and the expenditure of the Highlands and Islands Development Board; also the expenditure of the Scottish and Wales Tourist Boards, including that on the hotel loans and grant scheme and the subsequent scheme of assistance to tourist projects in development areas.

### **BP Rights Issue**

44. The Government has taken up the rights allotted to it under the £120 million issue.

### **Maplin Development Authority**

45. The Maplin Development Bill, which provides for the setting up of the Authority, was introduced on 30 November 1972. Table 2.7 includes tentative estimates of the cost of the land reclamation which will be undertaken by the Authority during the forecast period. Most of the reclaimed land will be transferred to other public authorities, in particular the British Airports Authority and the Port of London Authority, and the rest will be available eventually for development in accordance with the Government's industrial, regional and environmental policies. No allowance is made in the Table for payments by other public authorities for reclaimed land nor for the offsetting receipts by the Development Authority as the timing and amount of payments are still uncertain. These transactions will, in any case, have no net effect on the total of public expenditure.



# NATIONALISED INDUSTRIES CAPITAL EXPENDITURE

£ million

TABLE 2.8

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Expenditure on fixed assets:						
National Coal Board .. .. .	72.0	86.0	90.0	94.0	79	67
Electricity Council and Boards	417.0	443.0	454.0	482.0	504	566
North of Scotland Hydro- Electric Board .. .. .	16.2	18.6	17.3	22.1	43	49
South of Scotland Electricity Board .. .. .	76.4	83.6	65.0	54.4	50	57
Gas Council and Boards .. .. .	157.7	136.6	183.0	182.6	157	135
<b>Total Fuel .. .. .</b>	<b>739.3</b>	<b>767.8</b>	<b>809.3</b>	<b>835.1</b>	<b>833</b>	<b>874</b>
British Steel Corporation .. .. .	248.0	259.0	305.0	330.0	315	360
Post Office .. .. .	540.3	589.9	636.7	662.3	662	670
British Overseas Airways Cor- poration .. .. .	59.1	31.1	36.4	65.4	112	75
British European Airways .. .. .	59.5	39.0	34.4	87.9	73	44
British Airports Authority .. .. .	10.9	14.0	25.5	25.4	15	16
<b>Total Airways and airports</b>	<b>129.5</b>	<b>84.1</b>	<b>96.3</b>	<b>178.7</b>	<b>200</b>	<b>135</b>
British Railways Board .. .. .	62.5	70.0	71.3	70.1	88	111
British Transport Docks Board	11.1	15.2	9.5	10.0	13	13
British Waterways Board .. .. .	0.9	1.3	1.0	1.1	1	1
Transport Holding Company .. .. .	0.5	0.4	—	—	—	—
National Freight Corporation	15.8	15.4	24.1	24.1	23	23
National Bus Company .. .. .	14.1	17.3	14.9	13.3	13	13
Scottish Transport Group .. .. .	3.0	5.0	4.7	3.5	3	3
<b>Total Surface transport in- dustries .. .. .</b>	<b>107.9</b>	<b>124.6</b>	<b>125.5</b>	<b>122.1</b>	<b>141</b>	<b>164</b>
<b>Total expenditure on fixed assets</b>	<b>1765.0</b>	<b>1825.4</b>	<b>1972.8</b>	<b>2128.2</b>	<b>2151</b>	<b>2203</b>
Shortfall .. .. .	—	-100.0	-100.0	-100.0	-100	-100
<b>Total after deduction of shortfall</b>	<b>1765.0</b>	<b>1725.4</b>	<b>1872.8</b>	<b>2028.2</b>	<b>2051</b>	<b>2103</b>
Less: Sales of fixed assets .. .. .	-61.6	-57.6	-48.2	-35.1	-32	-28
<b>Gross domestic fixed capital for- mation .. .. .</b>	<b>1703.4</b>	<b>1667.8</b>	<b>1824.6</b>	<b>1993.1</b>	<b>2019</b>	<b>2075</b>
Other capital expenditure .. .. .	-42.7	73.4	103.8	125.1	109	87
<b>Total .. .. .</b>	<b>1660.7</b>	<b>1741.2</b>	<b>1928.4</b>	<b>2118.2</b>	<b>2128</b>	<b>2162</b>
Changes from Cmnd 4829 revalued policy changes .. .. .	+4.0	+75.7	+87.3	-17.9	-15	
estimating changes .. .. .	-288.6	-273.8	-116.5	+170.7	+106	
Cmnd 4829 revalued .. .. .	1945.3	1939.3	1957.6	1965.4	2037	

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1703.4



1. The capital expenditure programmes are planned so that the nationalised industries are able to meet the demands of their customers for products and services in the most efficient way. The 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. One exception to this has been the acceleration of investment in 1972-73 and 1973-74 in order to assist the employment position. The amount involved is about £160 million over the two years.

3. Since July 1971 the nationalised industries have matched the CBI initiative on price restraint. Although this decision has worsened their financial position it has not affected investment programmes since, as the Chancellor of the Exchequer made clear in his announcement on 19 July 1971, the industries have been 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. Special measures are proving necessary to safeguard the financial position of many of the industries.

4. The forecasts show an increase in expenditure on fixed assets by nationalised industries to 1974-75 arising from the increasing demand for telecommunications, the purchase of new aircraft by the state airlines, the modernisation of the steel industry, and the acceleration of projects including electricity power stations. From 1974-75 onwards, a lower rate of increase in the amount of investment in fixed assets is expected.

5. For the nationalised industries as a whole, experience continues to show that investment tends to fall short of the approved figure. Provisional estimates suggest that in 1971-72 expenditure on fixed assets was nearly £200 million lower than that forecast by the industries themselves a year earlier, but this exceptionally large shortfall is considered to be mainly due to the fact that the economy as a whole expanded at a slower rate than was forecast. For each year of the five years under review an allowance has been made for shortfall of £100 million. These estimates of shortfall cannot be attributed to particular industries and are subject to very wide margins of error.

6. In 1971-72 capital expenditure other than fixed investment was about £150 million less than forecast in Cmnd 4829. This was due mainly to the run-down of fuel stocks during the coal miners' strike and the revision of the requirements of the British Steel Corporation.

7. In the years 1972-73 to 1976-77 the main estimating changes result from reduced forecasts of the demand for electricity, the re-phasing and re-costing of North Sea gas projects, changes in the incidence of aircraft purchases by the air corporations and the upward revision of the estimated cost of the modernisation of the steel industry.

8. The policy changes relate in the main to the decision to accelerate certain items of investment as mentioned in paragraph 2 above.

## **Fuel**

### *Coal*

9. After the miners' strike, the Secretary of State for Trade and Industry announced on 6 March 1972 that the Government would introduce legislation in due course to deal with the financial problems of the coal industry (see Trade, industry and employment: nationalised industries special assistance,



page 39). Meanwhile the Government has been considering joint proposals from the National Coal Board and the mining unions on measures which the industry could take to contain costs and improve productivity, as well as for Government help. The Board's capital investment forecasts will be reviewed in the light of measures introduced to deal with the industry's problems. In these circumstances, it is not possible to give substantive estimates for mining investment. The estimates in Table 2.8, for mainstream activities, are therefore basically those of Cmnd 4829 revalued. However, an additional (£6 million) has been added to the figure for 1972-73 to allow for accelerated expenditure and for special investment needed to make good damage to pits and equipment caused as a result of the miners' strike. The estimates in the Table also include investment in the Board's ancillary and diversified activities. An indication of the Board's recent performance is that production in the first half of the current financial year was at an annual rate of about 140 million tons.

### *Electricity*

10. Major power stations require at least five years for construction. Consequently the level of investment in electricity generation over the next five years is determined largely by the forecast peak demand for six to eleven winters ahead, and by the margin of generating capacity to be built in excess of forecast demand to provide against inevitable uncertainties in that forecast, the breakdown of plant, delays in commissioning new plant and exceptionally adverse weather. In 1972 the forecast demand for Great Britain in 1977-78 is 63,500 megawatts, implying an annual increase of about  $5\frac{1}{2}$  per cent over the 1971-72 peak demand, but only 1,000 megawatts more than the 1971 forecast for 1976-77. After taking account of the order for the Ince B power station brought forward into 1972 to assist employment, the figures in Table 2.8 therefore provide for only two major stations to be ordered in 1973, one of which is to be at Peterhead in Scotland.

11. About one third of the total investment by Electricity Boards is for the reinforcement and extension of the transmission and distribution system. This is determined by the shorter-term load forecasts of two or three years ahead and again the level of investment has fallen in recent years but is expected to rise with the growth of demand.

### *Gas*

12. The demand for natural gas continues to grow; the quantity sold and used in 1971-72 was a little over 8,000 million therms compared with about 6,200 million therms in 1970-71. A total of 153 miles of main transmission pipeline was completed during the year bringing the national transmission system up to an operational length of 2,106 miles. The network of pipelines for the system as at present planned is nearing completion and more attention will now be paid to the provision of compressor stations and storage projects to ensure maximum operating capacity and greater security of supply. In 1971-72 the appliances of a further 2.4 million customers were converted to burn natural gas direct, bringing the number of such customers to 6 million or 45 per cent of the total.

13. The total cost of conversion is currently estimated to be of the order of £530 million and by the end of 1972-73 about half the conversions of



domestic appliances will have been carried out. This cost, which does not create gas industry assets, is to be recovered over a period through charges to the revenue account, and is not therefore treated as capital expenditure for National Accounts purposes.

### **Steel**

14. Approval of the British Steel Corporation's investment programme for 1972-73 at the level in Table 2.8 was announced by the Minister for Industry on 16th December, 1971. A decision on the Corporation's long term Development Plan is expected shortly. The figures included in Table 2.8 for years after 1972-73 are therefore provisional; but they are broadly consistent with the upper part of the capacity range of 28-36 million ingot tons proposed by the Joint Steering Group as the Corporation's capacity by 1980.

### **Post Office**

15. The telecommunications capital programme accounts for over 90 per cent of the total Post Office figures for the five years to 1976-77; and the amount estimated for 1976-77 is about 25 per cent more than for 1971-72. The chief objects of the programme are to expand the telecommunications system to improve the service and meet increased demand from new and existing customers. The programme within the United Kingdom covers the provision of more than seven million exchange connections over the next five years, giving a net growth within the period of more than five million exchange connections (compared with a net growth of less than 3 million exchange connections in 1967-68 to 1971-72); and it increases the overall size of the system from ten million to more than fifteen million working connections. It includes provision for the conversion of the few remaining manual telephone exchanges to automatic working; extension of subscriber trunk dialling facilities to all customers; augmentation of trunk routes to relieve traffic congestion and to meet growth in long distance calls; and it provides for growth of connections to the telex service and in data terminals.

16. 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. Other large items are customers' installations, land and buildings and local and other lines. For telecommunications services with overseas countries, the programme covers new and enlarged international exchanges to relieve congestion and to meet increasing traffic.

17. Expenditure on postal services will be mainly directed to the replacement of obsolescent buildings and vehicles, and the installation of the automatic sorting equipment required under the plans for mechanisation of the letter and parcel services. The essential feature of the letter plan is make the fullest use of code-sorting machinery, by concentrating sorting work in a greatly reduced number of mechanised offices. Under the parcel plan, which is broadly similar in concept, it is proposed to concentrate parcel sorting in about 27 centres. These developments are designed to simplify the present complex circulation systems and to reduce the heavy dependence of the postal business on manpower.



## Airways and airports

18. As in previous years most of the expected capital expenditure by the Air Corporations, which are now controlled by the British Airways Board, is on the purchase of new aircraft for replacement and expansion. BEA take the final deliveries of Trident 3B aircraft in 1972 and have ordered six Lockheed Tristar aircraft for delivery starting late 1974, with an option for six more in the following year (and for a further six later). BOAC have continued to build up their existing fleet of Boeing 747 aircraft: they expect to take delivery of a thirteenth 747 shortly and to build up their wide-bodied subsonic fleet further thereafter. In addition, by ordering five Concorde they became this summer the first airline in the world to place a firm order for this supersonic aircraft. The current figures show reduced expenditure in 1972-73, reflecting a low level of purchases at a time when the profitability of world airlines has been low, and increased expenditure in ensuing years when prospects are better and Concorde and Tristars are due to be delivered.

19. The British Airports Authority (BAA) plan to spend £84 million over the period 1972-73 to 1976-77 on the three London airports and at Prestwick. The bulk of this sum will be spent at Heathrow and Gatwick on projects to cater for the expected increase in traffic at these airports in the years before the new airport at Maplin becomes operational in 1980. The BAA have provided for expenditure of £8.4 million on developing Edinburgh Airport subject to planning permission and to land acquisition. Three-quarters of this sum will be contributed by the Department of Trade and Industry in accordance with the agreement by which the airport was transferred to the BAA. The BAA will also acquire reclaimed land for the Third London Airport during the period. The total cost of the land transferred to them from the Maplin Development Authority (see Table 2.7) might amount to some £40-50 million. As, however, the amounts and the timing are so uncertain, neither the payments by the BAA nor the exactly offsetting receipts of the Maplin Development Authority are included in the Tables; the only expenditure on the Third London Airport included in the BAA's investment in Table 2.8 is for some work on constructing the terminal building in 1976-77.

## Surface transport industries

20. Following the British Railways Board (BRB) deficit in 1971 and a further worsening of their position in 1972, long term policy for the railways is under review. The outcome will determine, inter alia, future levels of investment. Meanwhile, the greater part of the current programme consists of the installation of modern electronic signalling, the replacement of old rolling stock by stock of improved design, and the laying of continuously welded rail. But tentative provisions have been included for rail links to the Channel Tunnel and to Maplin Airport (though in each case relevant policy decisions have yet to be made). The figures for 1972-73 and 1973-74 include the acceleration of over £20 million of investment with a view to creating additional employment.

21. The BRB's capital expenditure on the London and South East commuter services is treated as infrastructure expenditure and appears under Surface transport (Table 2.10). This reflects the fact that it is judged by social as well as purely financial criteria.

22. The National Freight Corporation's planned investment has been cut back as a result of the adverse trading conditions of 1971 and 1972 and the



continued rationalisation of the Corporation's road haulage subsidiaries. About 70 per cent of their investment is in the replacement of lorries, trailers, and containers.

23. Most of the National Bus Company's investment is in replacement buses suitable for one-man operation. The figures reflect a small reduction in the Company's stage carriage fleet. Demand for stage services has steadily fallen in recent years. However, the fall in 1972 was less than in previous years and this will be reflected in the level of bus replacement. It is too soon to say whether this improvement is a temporary phenomenon.

24. The British Waterways Board undertaking is to be divided under the Government's proposals for Water Reorganization. The provision in Cmnd 4829 revalued has meanwhile been retained with the addition in 1972-73 of £0.3 million of accelerated investment.

25. Approximately 60 per cent of the 5 year programme of the Scottish Transport Group is for the replacement of buses. Most of the remainder is for the introduction by 1975 of roll-on/roll-off vehicle ferries and associated terminals, in accordance with a statement made by the Secretary of State for Scotland on 18 April 1972 about Government policy for the encouragement of sea transport to the Scottish islands.

26. The Transport Holding Company is being wound up. Thomas Cook and Son Limited, its last active subsidiary, was sold for £22.5 million during the summer.

## ROADS

TABLE 2.9

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
New construction and improvements:						
Motorways and trunk roads ..	257.2	270.5	320.9	366.0	379	407
Principal roads .. .. .	196.0	230.1	234.9	238.4	240	248
Other roads .. .. .	67.4	78.1	71.8	78.5	82	80
Other expenditure (including lighting) .. .. .	26.6	28.5	31.3	35.0	36	38
Total .. .. .	547.2	607.2	658.9	717.9	737	773
Maintenance:						
Motorways and trunk roads ..	31.3	48.7	56.6	35.4	33	35
Principal roads .. .. .	49.7	58.1	59.0	73.5	82	81
Other roads .. .. .	145.7	161.4	160.9	165.6	173	183
Other expenditure (including lighting) .. .. .	25.0	25.5	27.3	27.8	28	29
Total .. .. .	251.7	293.7	303.8	302.3	316	328
Administration:						
Central government administration .. .. .	5.5	5.9	6.0	6.1	6	6
Local authority administration	56.6	60.3	64.6	68.5	72	75
Selective employment tax paid by local authorities ..	4.2	4.3	4.4	4.5	5	5
Total .. .. .	865.2	971.4	1037.7	1099.3	1136	1187
Changes from Cmnd 4829 revalued policy changes .. .. .	+0.5	+30.0	+32.0	+16.9	-9	
estimating changes .. .. .	-19.0	-21.5	-23.7	+7.9	+10	
Cmnd 4829 revalued .. .. .	883.7	962.9	1029.4	1074.5	1135	
	1121.2	1208	1268.7	1307		



1. The expenditure figures in the above Table fall into two main groups: new construction and improvement, and maintenance; and a minor group (administration) which is self-explanatory.

### **New Construction and Improvement: the Proposed Programme**

2. The number of road vehicles in Great Britain is expected to increase from some 15½ million to over 20 million by 1980. That is the background against which the programme for new construction and improvement of roads has to be set. Without an expanding programme, there would inevitably be greater congestion and delay on the roads and, for many places, increasing damage to the environment. Investment in roads can produce appreciable environmental and economic gains. However, the Secretary of State for the Environment has reviewed priorities within the field of his responsibilities, and has decided to place rather more emphasis on other aspects of the environment and, in order to make resources available for this, slightly to reduce the rate of growth of expenditure on roads.

3. The programme for new construction and improvement covers development of the main inter-urban network (motorway and trunk roads); construction of principal roads (mainly roads of similar importance in urban areas); and local roads. The bulk of the expenditure is on major roads, and rather more than half of this is on inter-urban roads.

4. The figures for inter-urban roads in Table 2.9 are consistent with the plan for an expanding trunk road and motorway programme in England which was announced by the Government in June 1971, and which envisages the completion of a 3,500 mile network of strategic trunk routes in the early 1980's. The network will provide high quality roads, designed to modern standards, between the major industrial and population centres. There is a firm programme of schemes—most of which cost anything from £1 million to £10 million—on which work is expected to begin within one or two years, supported by a reserve of schemes in preparation.

5. Most principal roads are in towns and their planning must be related to the planning of all aspects of the urban environment. Their role must also be related to public transport and to measures for traffic restraint.

### **Roads and the Environment**

6. Roads cannot be regarded solely in terms of providing for estimated demand for movement. Development of inter-urban roads, including by-pass and relief roads, brings about substantial environmental gains by freeing towns and villages, including many of historic interest, from heavy through traffic. New and improved urban roads are required to relieve the worst congestion in our towns and cities, and thereby to further the objective of improving the urban environment. But roads can also have a profound impact on community amenities, and the Government has decided that greater importance must be placed on their social effect. In Cmnd 5124 "Development and Compensation—Putting People First" the Government have announced their acceptance of a number of proposals put forward in the Report of the Urban Motorways Committee, "New Roads in Towns" (HMSO) and have also announced additional measures which will substantially diminish the damage that roads can inflict upon the environment, and which will improve people's



rights to compensation. The cost of the measures set out in the Land Compensation Bill, insofar as they will affect roads, together with the cost of new design features, could build up to some £55 million a year in relation to the current level of road expenditure. The immediate effect on costs of incorporating new design features is not easy to assess; some schemes may be temporarily delayed while their design is reconsidered, and the assumption is that during the period of the White Paper, this rephasing of schemes may offset the extra costs. The effect of the proposals will be to provide a better environment alongside new roads, but it may not be possible to build the same mileage of roads for the same costs as previously.

### **Roads and Economic Development**

7. Roads have an importance in regional development, and in assisting the growth of national development beyond the regions served by a particular road. For example, development of routes to the major ports will help exporters. Reflecting these priorities within the programme, the Government announced in March 1972 its decision to accelerate the comprehensive improvement of strategic routes which serve ports of special significance for trade with the rest of Europe or are of key importance for traffic in the industrial Midlands.

8. The programme also includes expenditure (particularly on local roads and maintenance) which is useful in itself, but which is intended especially to relieve regional unemployment.

### **Fixed Price Contracts**

9. The figures for new construction and improvements of major roads in Table 2.9 of Cmnd 4829 showed the expected flow of cash payments on old and new schemes at Survey prices. Payments arise from contracts let at the price of periods prior to the current Survey, and work may extend over a period of years. Therefore projections on that basis do not consistently reflect the use of real resources. It is possible, however, to arrive at a better indication of resource use for motorway, trunk and principal road works by revaluing them to a constant tender price basis, and then reducing the result to the Estimates price base. The method requires a number of assumptions to be made which cannot be quantified with any precision. They include, for example, the extent to which builders had reflected assumptions about inflation in their tender price. The figures for major roads in Table 2.9 above have been adjusted accordingly to reflect the use of real resources. The remaining expenditure in the Table is considered already to represent resource use.

### **Scotland**

10. The Scottish trunk road programme continues to be closely geared to the economic development of Scotland. The figures in Table 2.9 allow for the completion, by the mid-1970s, of the trunk road dual carriageway and motorway network serving the populous and industrialised areas of central Scotland. The emphasis is now shifting to the modernisation of the trunk road network in the rest of the country. North Sea oil development is an important factor in determining priorities; additional funds have already been



made available to accelerate the improvement of the main trunk routes serving the areas most immediately affected.

## **Wales**

11. In Wales the major element in the Government's strategy in terms of expenditure is the improvement of the east-west communications across north and south Wales. The westward extension of the M4 motorway is considered of crucial importance to the economy of the whole of industrial south Wales and the figures reflect the additional funds to be made available for the completion of this strategic route as quickly as possible.

## **The Economic Appraisal of Road Schemes**

12. The economic value of the inter-urban road programme is based on appraisal of individual schemes, in relation to the network as a whole. The Government is introducing sophisticated computer-based techniques for this appraisal. These techniques assess the net present value of quantifiable costs and benefits to the community arising from a road scheme over a period of 30 years. Quantifiable costs include construction and maintenance costs; the calculation of benefits is based on savings in journey times and from reductions in accidents and in vehicle operating costs. Schemes in preparation and likely to be carried out during the 1970s are generally expected to offer a high rate of return, calculated as a ratio of social benefits to costs. The calculation of the economic benefits of urban roads is a great deal more complex. One has to consider the interaction of many different routes; of the different modes of transport; and current and future policies on combining road and rail facilities, and providing for public and private road vehicles. The most promising solutions seem to lie in the development of integrated urban transport plans, involving balanced investment in, or to support, public transport as well as road construction. Much work has been done on these plans, in, for example, Liverpool, the Manchester area, Tyneside and Glasgow. Planning the principal road programme is becoming more and more closely linked with planning investment in, and the operating policies of, public transport, (See paragraph 2 under Surface transport, page 52).

## **Maintenance**

13. The maintenance programme for the trunk road system includes special expenditure to bring the system to the initial standards proposed in the report of the Marshall Committee. It is hoped that in England this acceleration of work will bring the maintenance of trunk roads to the Marshall initial standards by the end of the financial year 1973-74, although in Scotland and Wales the programme may take somewhat longer to complete. Additionally, in order to get the best value from this expenditure, extra funds were allocated for small improvements to be carried out with the maintenance operations in England so as to improve, for example, bad alignment, poor visibility and drainage defects.

14. Examination of the implications of the recommendations of the Marshall report is continuing. In England and Wales, a broad assessment has been made of the work and money involved and a similar one is being carried out in Scotland. Discussions will take place with the local authority associations to establish what priorities should govern the direction and pace at which work will proceed. Discussions in this field may call for revision of figures in the later years.



## SURFACE TRANSPORT

TABLE 2.10

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Support to nationalised industries	85.9	112.0	74.4	70.3	69	68
Other surface transport:						
Ports .. .. .	32.6	46.0	37.6	33.2	33	32
Bus fuel grants .. .. .	24.5	20.6	19.0	19.2	17	16
Rural bus and ferry services ..	1.1	2.4	2.6	2.7	3	3
Infrastructure expenditure ..	17 25.2	45 60.7	56 72.6	50 72.3	50 73	68
Other passenger transport ..	37.3	31.8	36.1	36.1	37	32
Miscellaneous transport services	-2.6	-4.0	1.2	2.8	2	-1
Departmental administration ..	13.5	13.8	13.8	13.6	13	13
Total .. .. .	217.5	283.3	257.3	250.2	247	231
Changes from Cmnd 4829 revalued						
policy changes .. .. .	+0.3	+44.2	+13.5	+7.3	+12	
estimating changes .. .. .	-20.3	-6.0	+4.5	+10.4	+12	
Cmnd 4829 revalued .. .. .	237.5	245.1	239.3	232.5	223	

1. The Government provide a wide range of financial assistance to public transport. The largest item in Support to nationalised industries in Table 2.10 above represents the grants that are made to the British Railways Board (BRB) for unremunerative passenger services which are judged to be socially or economically desirable but which the Board could not otherwise be expected to provide. These grants are expected to amount to about £62 million in 1972-73. The figure for 1972-73 also includes the special grants of £27 million to BRB and £7 million to the National Bus Company to enable them to comply with their statutory financial duty whilst at the same time responding to the CBI initiative on prices. (As stated in the House of Commons on 27 July 1972 by the Minister for Transport Industries further support to the BRB will be needed for 1972 and 1973 in addition to the £27 million included in the estimates.) Provision is also made for grants to the BRB and the British Transport Docks Board towards the extra cost of bringing forward certain investment so as to stimulate employment. Other forms of assistance include (under Other surface transport) bus fuel grants and grants made by local authorities towards the cost of maintaining certain rural bus and ferry services.

2. Further substantial Government assistance is provided through capital grants to local authorities and nationalised industries to encourage major improvements to public transport facilities particularly those serving commuters. These improvements are generally based on comprehensive transport plans for each area, in which investment in public transport is related where appropriate to major road construction. Provision has been increased by some £45 million in the 3-year period from 1973-74, compared with the estimates in Cmnd 4829 revalued, mainly to allow for further major schemes of this kind. The investments to which the grants relate make up the Infrastructure expenditure shown in Table 2.10, and include approved costs attributable to the Liverpool Terminal Loop and Exchange-Central Link, the electrification of some North London rail services and of the Hamilton Circle line in Scotland, the Heathrow Link (included in "Other passenger transport")



in Cmnd 4829), the Fleet Line and the Borough Market junction improvement. Other provision is made for expenditure on new railway rolling stock, for example, on London Transport's Northern and Piccadilly lines, re-signalling schemes associated with commuter services, and for expenditure on other forms of public transport such as busways, bus lanes and interchanges.

3. Bus operators are expected also to continue to benefit substantially from grants which are available towards their major item of capital expenditure, the purchase of new buses for use on stage services. This will stimulate the development of one-man operation and assist the operators in maintaining up-to-date fleets. Investment in new buses (on which grant is now paid at the rate of 50 per cent) by municipal bus operators, Passenger Transport Executives and the London Transport Executive appears under Other passenger transport in Table 2.10 (Grants in respect of new buses are also paid to the National Bus Company and the Scottish Transport Group whose investment appears under nationalised industries capital expenditure in Table 2.8).

4. The other main items in the Surface transport programme are—  
Support to nationalised transport industries

- (a) BRB receive grants under Section 40 of the Transport Act 1968 pending the elimination of surplus track and signalling capacity which is at present a burden on their operating account. The provision is tapered over a five year period from 1 January 1969, reflecting the progressive elimination of surplus capacity.
- (b) The National Freight Corporation receive grants under Section 5 of the Transport Act 1968 in respect of the deficit on their subsidiary National Carriers Limited, taken over from BRB on 1 January 1969. This provision is also tapered over the five year period, reflecting the progress of the subsidiary to a sound financial footing.
- (c) The provision includes grants payable to the British Waterways Board (BWB) under Section 43 of the Transport Act 1968 in respect of essential maintenance of the Board's waterways, and on the improvement to modern traffic standards of about 400 bridges carrying public roads over the Board's canals. The Government's proposals for water reorganisation include the dissolution of the BWB and the transfer of its waterways functions to Regional Water Authorities. How the proposed transfer may affect expenditure cannot yet be foreseen and the provision is, for the moment, being retained under this heading at the level envisaged in Cmnd 4829, revalued.
- (d) The provision also covers grants to the Scottish Transport Group in respect of losses on the Western Highlands and Islands services.

Other surface transport

- (a) Ports: the estimates cover investment by public trust and local authority ports, and grants and loans to private sector ports. The estimates include expenditure on the new dock system at Seaforth on the Mersey (amounting to £46 million by 1974-75) and a new entrance lock at Grangemouth on the Forth (£10 million by 1974-75).
- (b) Miscellaneous transport services: this includes expenditure on road safety and rail research, and receipts of fees charged for services such as driving tests and vehicle tests. In recognition of the importance of road safety, encouragement is being given to the County



Councils and the London authorities to implement road safety measures, and in the Local Government Act 1972 they are designated as the road safety authorities. In due course statutory road safety duties will be placed upon them. The rail research estimates cover 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).

## HOUSING

TABLE 2.11

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Subsidies .. .. .	384.6	470.0	403.2	357.1	347	342
Option mortgages .. .. .	18.6	27.5	32.0	35.6	38	40
Improvement grants .. .. .	48.5	66.1	81.0	75.2	77	80
Local authority improvement investment .. .. .	89.2	167.4	176.3	168.0	153	153
Other investment and central administration						
Gross .. .. .	746.1	714.8	752.1	720.7	712	711
Sales .. .. .	-131.2	-146.6	-146.3	-145.7	-141	-141
Net .. .. .	614.9	568.2	605.8	575.0	571	570
Lending						
Gross .. .. .	290.7	301.8	334.7	340.1	343	344
Repayments .. .. .	-178.6	-184.5	-208.8	-226.3	-244	-262
Net .. .. .	112.1	117.3	125.9	113.8	99	82
Total .. .. .	1267.9	1416.5	1424.2	1324.7	1285	1267
Changes from Cmnd 4829 revalued						
policy changes .. .. .	—	+16.5	+85.1	+68.0	+61	
estimating changes .. .. .	-73.5	-79.2	-68.9	-103.9	-112	
Cmnd 4829 revalued .. .. .	1341.4	1479.2	1408.0	1360.6	1336	

1. The public expenditure estimates should be seen against the background of the broad objectives of the Government's housing policies which are to secure the provision of housing in response to needs and demands. The subsidies provided by the Housing Finance Act 1972 and the Housing (Financial Provisions) (Scotland) Act 1972, which became law in the summer of 1972, will promote these objectives in the rented sector. The new slum clearance subsidy will provide a strong financial incentive to an acceleration of slum clearance and the suitable redevelopment of cleared sites.

2. In the field of owner occupation the Government's aims are a high level of new building in the private sector, the encouragement of the sale of council houses, adequate lending facilities through local authorities in addition to those provided by building societies, and special assistance through the option mortgage scheme.

3. The improvement of suitable older houses to modern standards continues as an important element in these aims, in both the public and private sectors, and in the fields of both renting and owner occupation.

4. The policy changes arise from discussions in Parliament during the passage of the 1972 Housing Finance Acts, the decision to legislate to provide allowances for tenants of furnished accommodation, the extension of the Housing Act 1971, and increased environmental improvement grants. Provision has also been made for increased lending by local authori-



ties to housing associations and for additional costs on land and slum clearance by reason of the provisions of the Land Compensation Bill. The estimating changes arise mainly from increased sales of council houses, revisions reflecting the current level of building by local authorities, more accurate estimates of improvements by local authorities, and reduced local authority lending estimates in the light of the availability of funds from building societies (partially offset by more lending on council house sales).

### **Subsidies**

5. These estimates include three main elements. The first is central Government subsidies in connection with the provision of housing by local authorities, New Town authorities, the Scottish Special Housing Association and other housing associations; these are from 1972-73 onwards based on the new pattern of housing finance introduced by the 1972 Housing Finance Acts which concentrate help on the people and areas which need it most. The second element is rate fund contributions. Thirdly, this entry covers central Government and local authority expenditure on rent rebates for council tenants and rent allowances for private tenants. Included here are estimates of rent allowances for tenants of private furnished accommodation, for which legislation is to be introduced in 1972-73. The figures do not however include the contributions paid in supplementary benefit towards rent.

6. The high totals for 1972-73 and 1973-74 include provision for the payment of outstanding claims under the old subsidy system. The basis of the estimates for 1973-74 and succeeding years is inevitably less firm than under the old subsidy system because a prime objective of the new system is that it should be responsive, year by year, to the actual needs of authorities and tenants. The estimates have therefore to take account of a wide range of factors which affect the financing of local authority housing.

### **Option Mortgages**

7. When the option mortgage scheme was introduced in 1968 about 160,000 existing mortgagors changed to option mortgages. The number of new option mortgages has risen from nearly 40,000 in 1968-69 to nearly 70,000 a year. This reflects the strong and growing demand for owner occupation and doubtless a growing awareness of the benefits of the scheme itself. The estimated total number of option mortgagors by the middle of 1972 was about 350,000.

### **Improvements**

8. An essential part of the Government's housing policy is to promote the improvement of older houses and their environment, and the conversion of suitable properties, in both the private and public sectors. In the private sector, improvement grants (identified in the Table, and representing some 30-40 per cent of the total of improvement expenditure) are available to help owners to meet part of the cost of improvements. Grants are normally half of the approved cost with higher grants being available for a limited period in the development and intermediate areas, under the Housing Act 1971. Loans for the balance of the costs of improvements are available from local authorities; figures for these are included in the line for general lending. In the private sector there have been no significant changes in the estimates from last year.



9. Local authorities are also encouraged, through Government aid, to improve their older housing stock; estimated expenditure in this area is shown under Local authority improvement investment. Response to the Housing Act 1971 by local authorities has been much greater than expected and this, together with additional expenditure expected to arise from the proposed extension of that Act for a further year, and revised estimating techniques, has caused the estimates to increase by about £80 million in 1972-73, reducing to about £50 million by 1975-76. Although it is intended that the special arrangements introduced by the 1971 Act will not apply to works completed after June 1974, it is expected that expenditure will continue at a high level for several years thereafter, certainly at a level above that experienced prior to 1971.

10. The trend has been one of a sharp increase in the rate of approvals of discretionary grants for improvements (from 58,491 in 1968 to 170,816 in 1971) and a decline in the standard grant approvals, (from 69,404 in 1968 to 61,695 in 1971) reflecting generally rising standards. This trend is expected to continue.

### **Investment**

11. The estimates indicate the gross capital expenditure on public sector housing by local authorities (apart from improvement work), New Town authorities and the Scottish Special Housing Association and on slum clearance; and receipts from the sale of council and New Town houses.

12. The level of local authority building depends on the aggregate decisions of the local housing authorities whose duty it is to assess local needs. No limit is currently placed on the amount of money which a local authority may borrow for new housing schemes and the 1972 Housing Finance Acts provide the financial assistance needed to enable local authorities, especially in the areas of housing shortage, to build as many houses as they need.

13. Expenditure in the early years relates largely to housing schemes put to contract in the years preceding the present review period when there was a decline in the numbers of houses put to contract by local authorities, reflecting decisions taken by these authorities in the light of the local housing situation. The need for large scale council housebuilding in future will arise mainly in the areas where shortage, overcrowding and obsolescence are concentrated. The estimate of the total level of expenditure is liable to frequent revision to take account of the periodic reassessments of the programme required for their area which are made by those authorities who need to build on a substantial scale.

14. Government policy is to encourage local authorities to give tenants the opportunity to buy their houses. There has been a substantial rise in the numbers of houses sold by local authorities and New Town authorities, from 7,000 in 1970 to 21,000 in 1971. The level of sales in 1972 will be considerably higher.

### **Lending**

15. The main constituent in these figures is lending by local authorities to private individuals for house purchase, including loans made to council tenants buying their houses on mortgage or instalment terms from local authorities. Local authority lending to private individuals for house improvement is also included, together with loans to housing associations.



16. Local authorities can now make loans, without being limited by specific quotas by central Government, to defined categories of "priority" borrowers. These include the homeless, people living in overcrowded conditions, people high on the local authority's waiting list, or displaced by slum clearance or other public authority development and whom the authority would otherwise have been obliged to rehouse, and purchasers of older and smaller property for which it may be difficult to obtain a commercial advance.

17. Local authority lending to private individuals for house purchase is additional to lending by building societies and other commercial lenders. The gross level of local authority lending therefore is, as with other lending agencies, conditioned by the level of demand in relation to the general availability of funds. In 1971-72, when the monetary quotas for local authority lending were removed, local authorities made about 52,400 loans to private individuals purchasing other than council houses, amounting to about £133 million gross. This compares with 49,300 loans amounting to about £135 million gross in 1970-71. This level of lending reflected the relatively plentiful supply of building society funds. Both local authorities and the Housing Corporation lend to the voluntary housing movement. In 1971-72 local authorities made advances of some £37 million to housing associations providing housing under arrangements with them, and the Housing Corporation loaned some £11 million to co-ownership housing societies. Under the Housing Finance Act 1972 increased provision has been made for the Housing Corporation to borrow from the National Loans Fund, and the Corporation's power to make loans in England and Wales and in Scotland has been extended to housing associations. Compared with Cmnd. 4829 revalued the overall estimates for gross lending show increases of about £30-35 million from 1973-74 onwards made up largely of a substantial rise in lending to council tenants purchasing their houses.

### MISCELLANEOUS LOCAL SERVICES

TABLE 2.12

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate	
<i>At 1972 Survey prices</i>							
Capital expenditure							
Public health and avoidance of pollution .. .. .	317.3	354.8	367.8	380.5	396	413	70/71 69/0 284 252
Improvement of the environment and local facilities ..	148.0	217.6	249.1	215.3	198	208	+36 181 148
New Towns' industrial and commercial development etc.	30.3	39.2	38.0	37.7	33	33	6 26 26
Current expenditure on these services .. .. .	519.2	535.9	572.9	582.3	598	622	491 426
Research .. .. .	10.0	11.4	17.6	22.0	24	22	50
<b>Total .. .. .</b>	<b>1024.8</b>	<b>1158.9</b>	<b>1245.4</b>	<b>1237.8</b>	<b>1249</b>	<b>1298</b>	972 890
Changes from Cmnd 4829 revalued							
policy changes .. .. .	—	+55.3	+99.3	+29.5	—2	—	74
estimating changes .. .. .	—24.4	—10.4	—3.6	+3.0	—6	—	1046
Cmnd 4829 revalued .. .. .	1049.2	1114.0	1149.7	1205.3	1257	—	1008

1. Services covered by this heading embrace a wide field and are mostly the responsibility of local authorities.



## **Capital Expenditure**

### *Public Health and Avoidance of Pollution*

2. These services are principally those that local authorities and statutory undertakings have to provide in the interests of public health and in order to combat pollution. Sewerage and sewage disposal schemes account for well over half the capital expenditure in this category. The recently published River Pollution Survey shows the considerable extent of overloading of sewage treatment works in England and Wales, and a survey of Scottish rivers has revealed that in the central belt over 20 per cent of rivers are either grossly polluted or of poor quality. To bring all discharges of sewage up to the standards which river authorities expect to impose by 1980 would involve very substantial expenditure. In addition, considerable expenditure will be required to avoid floodings, improve storm overflows, replace obsolete or faulty sewers, meet the needs of new housing and industrial expansion, and to provide further rural areas with main sewers and sewage treatment capacity. For all these reasons expenditure on sewerage and sewage treatment is expected to rise steadily.

3. About a further third of the capital expenditure on this group of services relates to water supply. Demand for water is expected to double between now and the end of the century and this will require continuing expansion of investment in water resources and water supply.

4. The future level of expenditure on the remaining services in this group which include refuse collection and disposal, smoke control, public conveniences and other public health expenditure is affected in England and Wales by the new capital control procedure referred to in paragraph 9. Refuse disposal expenditure is expected to increase as more waste treatment plants are provided, to reduce tipping. The upward movement in expenditure on smoke control is also expected to continue as the remaining areas of the country with severe air pollution problems are made the subject of smoke control orders.

### *Improvement of the Environment and Local Facilities*

5. This group of services includes the reclamation of derelict land, the provision of parks and recreational facilities, and of administrative services, and activities carried out under the Town and Country Planning Acts, as well as a number of minor items of expenditure such as private street works, coast protection, civic theatres and restaurants, retail markets, cemeteries and crematoria.

6. Provision has been included in this White Paper for a special programme of work over a limited period aimed at improving the appearance of neglected and unsightly land in the priority areas in England and Wales ("operation eyesore"), and in Scotland. Increased expenditure on the clearance of derelict land may also be expected in the effort to repair the damage to the environment caused by the industrial expansion of the last century.

7. This heading also includes in 1972-73 and 1973-74 provision for a special programme of land acquisition for resale for private housing announced by the Secretary of State for the Environment on 27 April 1972. The figures for 1974-75 onwards include offsetting reductions for proceeds from sale of this land.

8. The forecasts for land drainage in England and Wales include expenditure on the Thames Flood Barrier and associated works, both interim works



required upstream and permanent works downstream of the proposed barrier. The estimates are higher than those in Cmnd 4829 revalued mainly because the extent of the works required has become clearer. However, detailed design work has not yet reached the stage where precise cost estimates can be made.

9. Most of the other services in the group are affected by the new system of capital control introduced in England and Wales in April 1971, and for three of the Scottish cities in the current financial year, which permits individual authorities to determine locally their own order of priorities on certain types of projects within a total annual amount. The preliminary indications are that this new procedure will lead to some changes in the future pattern of expenditure on individual services both in this programme and in others from that which had been previously forecast. But the analysis has not yet been completed in sufficient detail for the effects to be incorporated in the present figures.

10. However, in 1970-71, higher than expected expenditure was incurred on sports and recreational facilities, and the indications are that increasing amounts will be spent as local authorities respond to local pressure to provide additional outlets for use of increased leisure time. Further stimulus would be afforded by the grants which the Sports Councils may make towards selected projects.

11. Expenditure under the Town and Country Planning Acts accounted for over a third of total expenditure under Improvement of the environment and local facilities in 1970-71. The greater part was spent on the redevelopment of town centres on which the financial responsibility of local authorities is limited mainly to the acquisition of land. With the continuing need for urban renewal this high level of expenditure may be expected to continue.

12. Local government reorganisation outside London will create a demand for additional office accommodation to replace existing premises, some of which will be wrongly sited and inadequate for the needs of the new authorities. It will take some years to meet this demand and some increase in expenditure on administrative services must therefore be expected for some time to come.

13. The total provision within this heading for locally determined expenditure reflects the Government's view of the reasonable rate of growth on these activities having regard to the pressure for increased expenditure on the items mentioned above and on improvement of the environment generally, but bearing in mind also the other calls on public expenditure.

#### *New Towns' Industrial and Commercial Development, etc.*

14. This group comprises expenditure by New Town development corporations mostly on acquisition of land, site works for, and construction of, industrial and commercial buildings. It is net of disposals to the private sector but includes corporations' expenditure on development of town centres. Other public expenditure on New Towns is grouped with the main programmes of the appropriate services.

#### **Current Expenditure**

15. The figure for local authority expenditure for 1973-74 so far as Eng-



land and Wales are concerned is based on the forecast arrived at with the local authority associations in the course of the rate support grant settlement for that year. It makes provision for additional expenditure which will arise in preparation for the reorganisation of local government on 1 April 1974. The Government's view in reaching the rate support grant settlement was that joint action was required by central and local Government to keep down the increase in rates in 1973-74. The settlement therefore made allowance for a reduction of £10 million from the level of current expenditure which might otherwise have been achieved, as the local authorities' contribution to this joint action. The reduction in expenditure, which it is expected local authorities will achieve by increasing operational efficiency and by forgoing improvements which are within their discretion, has for convenience been set against Miscellaneous local services in this White Paper. In practice however the savings will be shared by all local authority programmes.

16. The figures for 1974-75 and 1975-76 are also based on forecasts arrived at in discussion with the local authority associations. These however will be subject to further negotiation when the rate support grant settlement for those years is made. For the following year the figures imply continued growth of expenditure at broadly the rate shown in earlier years after disregarding the temporary effect of the changeover to the new system of local government. Actual expenditure over the period of the forecasts will depend upon the expenditure decisions of individual authorities in the light of the rate support grant settlement for each year. The Scottish forecasts of current expenditure by local authorities are provisional since the negotiations on the rate support grant settlement for 1973-74 and 1974-75 are still in progress.

## **Research**

17. This heading includes all research expenditure by the Department of the Environment in the environmental, building and transport fields. It covers expenditure on the Department's four Research Establishments, the Transport and Road Research Laboratory (TRRL), the Building Research Establishment, the Water Pollution Research Laboratory and the Hydraulics Research Station; on departmentally sponsored research, and on grants to Research Associations and other bodies. The growth in expenditure from £11.4 million in 1972-73 to £22 million in 1976-77 reflects recognition of the importance of research in these fields, which account for a very large volume of public expenditure. About one third of the expenditure at the beginning of the period rising to about one half in the latter part of the period will be incurred by the TRRL.



## LAW AND ORDER

TABLE 2.13

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Capital expenditure—						
Home Departments' services						
Police .. .. .	34.8	41.6	42.7	44.0	44	44
Prisons .. .. .	13.1	18.1	29.3	35.6	37	38
Probation and after care ..	0.7	1.0	1.9	2.3	2	3
Fire services .. .. .	12.7	14.1	13.5	13.7	14	14
Other services .. .. .	5.8	10.8	4.2	4.1	4	4
<b>Total .. .. .</b>	<b>67.1</b>	<b>85.6</b>	<b>91.6</b>	<b>99.7</b>	<b>101</b>	<b>103</b>
Law courts, etc. .. .. .	11.3	15.5	14.9	15.3	20	24
<b>Total (capital expenditure) ..</b>	<b>78.4</b>	<b>101.1</b>	<b>106.5</b>	<b>115.0</b>	<b>121</b>	<b>127</b>
Current expenditure—						
Home Departments' services ..						
Police .. .. .	407.4	418.4	437.0	456.1	476	496
Prisons .. .. .	64.2	65.0	68.7	71.8	75	80
Probation and after care ..	15.3	16.8	18.3	21.8	25	26
Fire services .. .. .	81.6	85.0	87.8	89.9	92	93
Other services .. .. .	11.2	22.7	18.5	19.4	21	24
Departmental administration ..	18.1	17.8	18.4	19.3	20	21
<b>Total .. .. .</b>	<b>597.8</b>	<b>625.7</b>	<b>648.7</b>	<b>678.3</b>	<b>709</b>	<b>740</b>
Law courts, etc. .. .. .	42.8	40.5	42.8	45.2	47	49
Legal aid .. .. .	25.9	29.0	32.8	35.3	37	39
Parliament and the Privy Council	5.8	7.4	7.5	7.5	8	8
Parliamentary election expenses ..	0.3	0.2	0.2	0.2	4	—
Selective employment tax paid by local authorities .. .. .	13.7	14.0	14.2	14.6	15	15
<b>Total (current expenditure) ..</b>	<b>686.3</b>	<b>716.8</b>	<b>746.2</b>	<b>781.1</b>	<b>820</b>	<b>851</b>
<b>Total .. .. .</b>	<b>764.7</b>	<b>817.9</b>	<b>852.7</b>	<b>896.1</b>	<b>941</b>	<b>978</b>
Changes from Cmnd 4829 revalued						
policy changes .. .. .	—	+9.1	+2.3	+2.9	+4	
estimating changes .. .. .	+8.1	+0.4	-4.8	-5.0	-2	
Cmnd 4829 revalued .. .. .	756.6	808.4	855.2	898.2	939	

1. The Law and order programme covers a wide range of social expenditure, including the administration of justice; the general protective services of police, fire and the control of immigration; prisons, probation and after-care and various community services. It includes the cost of the Home Departments, the Legal Departments, the Houses of Parliament and the Privy Council. A large proportion of the expenditure on law and order is influenced by social and demographic factors which are not within the direct control of central or local government; the determinants of expenditure are such factors as the incidence of crime, the weight of traffic, the numbers committed to custody by the courts, the work load of the courts and the incidence of fires. Most of the expenditure is incurred initially by local authorities on services to which the Government contributes through specific grants or the rate support grant.



## Home Departments' Services

### *Police*

2. The Government intends to continue the development of a well-manned and operationally efficient police force by encouraging recruitment, providing supporting services, and improving technological facilities, equipment and buildings. The forecasts assume that police strengths will rise from 108,850 to about 128,000 between 1972-73 and 1976-77 compared with a growth of about 11,200 over the previous 5 years. In the same period the numbers of civilians are expected to rise from 41,700 to 56,550, including provision for an additional 5,350 traffic wardens. The forecasts of civilian staff start from a base about 2,700 below the assumptions in the Cmnd 4829 figures, mainly because the recruitment of traffic wardens was less than had been estimated.

3. The forecasts provide for operational support services, and include a modest increase in expenditure on research into police methods, equipment and telecommunications. They provide for new building work at some forensic science laboratories, wireless depots, the Police College, and some urgently needed police headquarters buildings now included in the forward programmes as the shape of local government re-organisation becomes clearer; equipment for the wireless rental scheme; the police national computer; vehicles and other equipment.

4. It is difficult to allocate the increased expenditure between improvements and maintenance of existing standards because the crime and traffic problems with which the police have to deal are continually expanding; but a large proportion of the increased manpower is intended to bring police strengths up to existing and revised establishments, and to provide for more traffic wardens to enable better provision to be made for urban traffic schemes.

### *Prisons*

5. The general aims of expenditure on the treatment of offenders reflect the need to continue the prison building programme to cater for the expected increase in prison population in a situation where existing capacity is already seriously overcrowded; and to develop new methods of non-custodial treatment under the supervision of the probation and after-care service, taking account of their possible effect on the size of the prison population.

6. The main assumptions underlying the forecasts are that the inmate population will increase from 48,800 to 62,250 and that there will be an increase of 6,050 non-industrial staff of all grades. The population forecasts start from a lower base than was assumed in Cmnd 4829; and there has been a further recent drop in the inmate population in England and Wales below the revised forecasts; but it is expected that over the period the rising trend in the population will be resumed.

7. The staff growth will do little more than keep pace with the expected increase in the population, so that the ratio of staff to inmates will improve only marginally over the present ratio of 1:2.7, and there is unlikely to be a significant reduction in overtime working. In England and Wales provision is also made for an increase in the number of probation officers seconded for social welfare work in prison establishments, and their numbers are forecast to rise from 360 in 1972-73 to 515 in 1976-77. Consideration is being given to the introduction of more ancillary workers to take over part of the routine work which does not require professional expertise, so as to enable the



probation officers to undertake more positive casework; provision is made on the assumption that their numbers would increase from 12 in 1972-73 to about 180 in 1976-77. In Scotland, consideration is being given to the transfer of responsibility for this work to local authority social work departments.

8. The capital programme, which accounts for the greater part of the increase in forecast expenditure, has been phased so as to continue the building effort put in hand to maintain starts of an average of about 3,400 new places a year over the period. It will continue to aim to place most emphasis on the provision of more adult training prisons and more young offender accommodation. The programme allows for purpose built establishments, for the adaptation of certain camp sites, and for the expansion of some existing establishments. Overall, the programme assumes the provision of about 14,000 places over the period, an increase matching the expected growth in prison population.

9. Despite the recent drop in prison population figures there are still about 15,000 inmates sleeping two or three in a cell. If the population forecasts in paragraph 6 are realised the present capital programme is unlikely to reduce greatly the numbers sleeping two or three in a cell, although the proportion of the population doing so should fall.

10. The forecast expenditure includes provision of some 5,200 quarters for prison officers including those built with new establishments, to cover the needs of new recruitment, to provide a limited number of replacements and to reduce the current backlog.

#### *Probation and after-care (England and Wales)*

11. The main assumptions are that the number of probation officers will rise over the period from 3,500 to just over 5,000 (compared with a growth of 920 in the previous 5 years) and ancillary staff from 145 to 425. The figure of over 5,000 probation officers allows for a greater expansion of the service and consequentially increased training arrangements than was envisaged in the Cmnd 4829 forecasts following re-examination of the manpower requirements of the probation service as recommended by the House of Commons Expenditure Committee (First Report, Session 1971-72, HC47). The additional cost involved has been found by some rephasing of prisons capital expenditure in the years 1975-76 and 1976-77.

12. The forecasts provide for expenditure to make available some 1,650 places in new adult hostels which are expected to operate under the control of probation and after-care committees. Additional provision (not previously included in the estimates) of £0.2 million in 1972-73 rising to £3.2 million in 1976-77 is made for the experimental introduction and subsequent wider implementation in England and Wales of new developments relating to community service, day training centres and bail hostels, as an alternative to custodial treatment of offenders; and for after-care hostels. Additional funds have been made available amounting to £0.8 million over the period for the encouragement of voluntary social service with special reference to voluntary after-care hostels. It is assumed that there will be some 1,200 hostel places available at the beginning of 1972-73, and that 200 additional places in voluntary hostels will be provided in each year of the period.

#### *Fire Services*

13. The main assumptions are that the numbers of whole-time firemen will increase over the period from 28,400 to 30,150, an increase of 1,750 (compared



with growth of just over 500 in the previous 5 years); while civilian staff will increase from 4,350 to 5,200, an increase of 850. The 1976-77 figures include 1,120 firemen and 145 civilians, respectively, to implement the recommendations of the Departmental Committee on the Fire Service, mainly to provide improved training. The complements of the retained (part-time) and junior firemen are expected to remain steady during the period at 16,400 and 160 respectively.

14. The balance of the additional recruitment figures are for the basic needs of the service in dealing with the increasing incidence of fire and fire risks. The forecasts have been based on the assumption that, with improved pay resulting from the Cunningham Report, the improvements in recruitment experienced during 1971-72 will continue.

15. The estimates from 1973-74 onwards provide for the building and running costs of a central recruit training establishment recommended by the Departmental Committee on the Fire Service.

### *Other services*

16. Expenditure, which is mainly by way of grants to statutory or voluntary bodies, is shown to fall in 1973-74 and then to rise slowly over the rest of the period. The picture is however distorted by the inclusion in 1972-73 of £6.6 million in respect of capital expenditure of a non-recurring nature on the Urban Programme (mainly for regional infrastructure), and of £7.2 million in respect of a grant in aid to the Uganda Resettlement Board. No provision has been included for the Uganda Resettlement Board after 1972-73 as it is not yet possible to estimate the expenditure for later years.

17. The main factors in the increase are:—

*Urban Programme of aid in areas of social need:* Excluding the once-for-all capital items mentioned above, expenditure is forecast to rise from £12.0 million in 1972-73 to £16.6 million in 1976-77. Of the expenditure a total of £6.9 million over the period represents expenditure additional to that envisaged in the Cmnd 4829 figures, so as to give additional impetus to the programme.

*Criminal Injuries Compensation Board:* The increase over the period of £2.2 million is based on a total intake of 9,900 cases in 1972-73 rising to 15,255 in 1976-77, coupled with a higher proportion of awards.

18. The estimates also allow for a modest increase in expenditure on the Women's Royal Voluntary Service, the Community Relations Commission and the Race Relations Board; and for the first time include a notional sum for the voluntary repatriation scheme under the Immigration Act 1971.

### **Law Courts**

#### *England and Wales*

19. Local authorities are responsible for expenditure on magistrates' courts, coroners' courts and other lower courts which together represent about 55 per cent of the total expenditure on law courts in England and Wales. About two-thirds of the expenditure on lower courts is for day to day running costs. The average growth rate of 7 per cent a year reflects the need to keep pace with the expected increase in the work load of the courts which is closely related to the rise in detected crime. The forecast for capital expenditure includes provision for the replacement of existing court



buildings which have been taken over for use as higher courts. Practically all of the forecast expenditure is required to maintain the existing standards of the service.

20. For higher courts, provision is made for a centralised building programme to fulfil the recommendation of the Royal Commission under Lord Beeching that the Lord Chancellor should be responsible for ensuring that new courts are built and maintained by the central Government wherever needed. The programme over the next 5 years is aimed at reducing the delays in Greater London in bringing cases to trial, and at ensuring that delays do not accumulate elsewhere. The ultimate aim is to reduce delays in London to an average of 8 weeks from the present average of 24 weeks, and to provide courts elsewhere to meet the projected increase in criminal cases without lengthening the period between committal and trial.

### *Scotland*

21. From April 1973 Sheriff Court accommodation will become the responsibility of the central Government. Expenditure is expected to increase by about £1½ million over the period, following the introduction of a modernisation programme to replace unsuitable court-house buildings and bring accommodation up to the standard necessary to cope with the increasing work-load on the court service.

### **Legal Aid**

22. The object of the expenditure is to make legal aid, advice and assistance available for persons of limited means. The scope of the schemes is fixed by statute, with the result that the level of expenditure will depend on the number of qualifying applicants.

23. Expenditure is expected to rise steadily over the period, in line with the upward trends in litigation and the general work-load of the courts. The number of cases in which legal aid is granted is expected to rise by about 10 per cent a year in civil cases and by about 9 per cent in criminal cases. The levels of expenditure are affected also by improvement to the general facilities of the schemes. Provision is also made for the introduction in 1973-74 of the new scheme embodied in the Legal Advice and Assistance Act 1972 which is estimated to cost £1.7 million in the first year, rising to £2.6 million by 1976-77. This represents an improvement in existing legal aid facilities.

24. By comparison with Cmnd 4829 revalued, the figures show a decrease of £2.9 million over the period 1972-73 to 1975-76, but this is due to an estimating revision to the previous estimates and does not indicate a fall-off in demand.



## ARTS

TABLE 2.14

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
<b>Capital expenditure</b>						
National museums and gal- leries <sup>(1)</sup> .. .. .	1.3	1.7	2.8	3.3	3	2
Local museums and galleries ..	1.2	2.3	2.3	1.8	1	1
Arts Council and British Film Institute <sup>(2)</sup> .. .. .	0.9	1.5	1.4	1.0	1	1
National Theatre, South Bank Royal Opera House, Covent Garden .. .. .	1.5	2.8	2.5	1.0	—	—
Edinburgh Opera House ..	—	—	6.0	—	—	—
	0.1	0.2	1.0	1.5	2	1
<b>Total (capital expenditure) ..</b>	<b>5.0</b>	<b>8.5</b>	<b>16.0</b>	<b>8.6</b>	<b>7</b>	<b>5</b>
<b>Current expenditure</b>						
National museums and gal- leries <sup>(1)</sup>						
Annual purchase grants <sup>(2)</sup> ..	1.7	2.5	1.5	1.6	2	2
Other .. .. .	7.9	8.5	8.2	9.0	9	10
Local museums and galleries ..	6.8	7.3	7.7	8.0	8	9
Arts Council, British Film In- stitute and National Film School .. .. .	13.5	14.0	15.2	16.7	19	21
Other grants <sup>(3)</sup> .. .. .	0.1	0.3	1.3	1.3	—	—
Selective employment tax paid by local authorities .. .. .	0.1	0.1	0.1	0.1	—	—
<b>Total (current expenditure) ..</b>	<b>30.1</b>	<b>32.7</b>	<b>34.0</b>	<b>36.7</b>	<b>38</b>	<b>42</b>
<b>Total .. .. .</b>	<b>35.1</b>	<b>41.2</b>	<b>50.0</b>	<b>45.3</b>	<b>45</b>	<b>47</b>
<b>Changes from Cmnd 4829 revalued</b>						
policy changes .. .. .	—	+3.0	+9.8	+2.4	+1	
estimating changes .. .. .	-0.4	+2.5	+1.4	+1.0	—	
Cmnd 4829 revalued .. .. .	35.5	35.7	38.8	41.9	44	

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

<sup>(2)</sup>These figures are in money terms and not at constant prices.

<sup>(3)</sup>Includes assistance to local museums in carrying out co-operative schemes, provisions for surveys in museums, arts and crafts, and additional expenditure for the encouragement of the arts in the regions, with special reference to the assisted areas.

1. The Arts programme now includes expenditure on local as well as national museums and galleries. Expenditure on national libraries, the Royal Geographical Society and the British Institute of Recorded Sound has been transferred to the Education and libraries programme. The British Museum Library is to become part of the British Library; the provisionally estimated share of the British Museum expenditure which is in respect of the British Museum Library has accordingly been transferred to the Education and libraries programme.

### Museums and Galleries

2. The capital expenditure shown for the national museums and galleries is the revalued estimate of the cost shown in Cmnd 4829 of the capital programme announced in May 1971. Expenditure for the year 1973-74 also includes the Government's increased contribution to the furnishing and



equipping of the building for the Museum of London which, in accordance with the decision announced in the House of Commons on 9 August 1972, and subject to the necessary legislation, will be £0.3 million. Assisted areas are benefiting from additional provision of £1.3 million for schemes at local museums.

3. Provision for the national museums and galleries allows for the maintenance of, and additions to, the collections. It is estimated that the introduction of admission charges to these national institutions will produce receipts of £1 million net in a full year, of which £0.9 million will be realised within the Arts programme.

### **National Theatre**

4. Provision of £1.5 million (Government) and £1 million (Greater London Council) has been included for the National Theatre for 1973-74. These figures reflect the decision announced in the House of Commons on 9 August 1972 that direct expenditure from central Government funds on the new National Theatre would be increased from £3.75 million to £5.7 million, and GLC expenditure from £4.25 million to £4.7 million. The increase in the direct central Government contribution is subject to the passing of the National Theatre and Museum of London Bill introduced on 1 November 1972.

### **Arts Council and other arts expenditure**

5. Capital provision continues to be made but at an increased rate to enable the Arts Council of Great Britain and the British Film Institute to proceed with the programme for Housing the Arts and Housing the Cinema. A special addition of £0.8 million has been made for schemes in assisted areas, the work to be completed by the end of 1973.

6. Continued provision for annual growth in current expenditure for the Arts Council will enable the Council to increase its support for regional activity in music, art, drama and other fields without reducing its support for the major national enterprises. For example the Council have made an initial allocation for 1972-73 of £0.7 million for the Regional Arts Associations, an increase of more than 50 per cent over the corresponding provision for the previous year.

7. The British Film Institute continues to encourage the appreciation of film as an art form by supporting the development of film theatres, often in collaboration with the Regional Arts Associations and in association with the Arts Council, and maintaining the National Film Archive. Provision for the National Film School is based on the terms of grant support originally envisaged for the first few years of its life. Provision of £0.2 million a year is made for the Crafts as from 1972-73.

8. Provision for expenditure of £6 million has been made in 1973-74 for the purchase of land to enable the Government to safeguard a site at Covent Garden for possible future development of the Royal Opera House.



## EDUCATION AND LIBRARIES

TABLE 2.15

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
<b>Capital expenditure—</b>						
Schools .. .. .	335.3	375.1	354.0	320.9	302	281
Further education .. .. .	73.2	72.3	71.9	77.8	93	110
Teacher training .. .. .	12.5	10.5	8.8	7.3	10	12
Universities .. .. .	83.1	94.7	96.2	96.4	95	104
Youth service, etc. .. .. .	10.0	12.3	12.1	12.2	13	13
Libraries .. .. .	9.1	10.1	11.2	11.9	13	14
<b>Total (capital expenditure) ..</b>	<b>523.2</b>	<b>575.0</b>	<b>554.2</b>	<b>526.5</b>	<b>526</b>	<b>534</b>
<b>Current expenditure—</b>						
Schools						
Primary .. .. .	629.5	659.1	673.6	684.6	693	702
Secondary .. .. .	693.6	734.7	810.4	863.6	907	946
Other .. .. .	188.2	189.4	209.2	218.6	234	246
Further education .. .. .	343.5	361.0	370.7	376.6	391	414
Teacher training .. .. .	131.3	133.7	137.5	138.7	159	165
Universities .. .. .	334.2	359.3	368.4	386.8	410	435
Youth service, etc. .. .. .	26.3	27.4	30.2	32.3	34	36
Meals and milk .. .. .	116.4	111.7	106.0	110.8	115	115
Other education .. .. .	3.9	4.5	5.2	5.7	6	6
Administration .. .. .	97.4	102.1	109.0	112.6	116	121
Libraries .. .. .	69.9	71.9	78.3	82.0	86	89
Selective employment tax paid by local authorities .. .. .	43.8	44.7	45.6	46.5	47	48
<b>Total (current expenditure) ..</b>	<b>2678.0</b>	<b>2799.5</b>	<b>2944.1</b>	<b>3058.8</b>	<b>3198</b>	<b>3323</b>
<b>Total .. .. .</b>	<b>3201.2</b>	<b>3374.5</b>	<b>3498.3</b>	<b>3585.3</b>	<b>3724</b>	<b>3857</b>
<b>Changes from Cmnd 4829 revalued</b>						
policy changes .. .. .	+0.2	+4.4	-7.1	-8.2	+4	
estimating changes .. .. .	+23.7	+39.4	+97.9	+100.7	+110	
<b>Cmnd 4829 revalued .. .. .</b>	<b>3177.3</b>	<b>3330.7</b>	<b>3407.5</b>	<b>3492.8</b>	<b>3610</b>	

1. This programme has been redesignated "Education and libraries" in recognition of the fact that it now covers national as well as local libraries. The provision for national libraries now includes the British Museum Library, which will form part of the British Library from 1 April 1973. Provision for the Royal Geographical Society and the British Institute of Recorded Sound has also been transferred from the Arts programme. On the other hand provision for local museums is no longer grouped with local libraries and now appears in the Arts programme.

2. Table 2.15 above shows that expenditure on education and libraries in Great Britain is planned to rise by £482 million in the period 1972-73 to 1976-77. In 1976-77 the Education and libraries programme is expected to account for over 14 per cent of all public expenditure. This growth in expenditure represents an increase of 3.4 per cent a year, excluding the relative price effect.

3. Policy decisions on the development of certain major sectors of education over the next decade have recently been announced in Cmnd 5174 for England and Wales and Cmnd 5175 for Scotland. They include a substantial development in provision for nursery education, allocation of further resources for the improvement and replacement of school buildings including



secondary schools, the acceleration of the special schools building programme, improvements in the arrangements for the in-service training of teachers and the continued expansion of higher education. All these developments will begin to affect the level of public expenditure during the next few years.

4. Within current policies, the pattern of growth of educational expenditure is largely shaped by demographic factors, particularly the future number of pupils, students and teachers. The relevant forecasts underlying these expenditure projections are shown in the following table:—

	Thousands				
	1972-73	1973-74	1974-75	1975-76	1976-77
Schools					
Primary pupils <sup>(1)</sup> .. .. .	5,853	5,868	5,844	5,862	5,855
Secondary pupils .. .. .	3,700	4,122	4,262	4,406	4,527
Teachers (primary and secondary) ..	449	469	488	506	522
Further education students <sup>(2)</sup> .. ..	771	759	768	802	839
Colleges of education students <sup>(3)</sup> ..	133	134	134	134	134
Universities full-time students .. ..	243	251	264	283	306

(1) These include under fives, expressed as full-time equivalents.

(2) These figures take into account the proportionate demands on facilities of full-time, sandwich, part-time and evening students and are expressed as full-time equivalents. They cover polytechnics as well as other further education institutions.

(3) These figures are provisional, for England and Wales, and subject to review in the light of decisions about the future rôle of the colleges of education.

### Current Expenditure

5. The forecasts reflect the levels of local authority current expenditure in England and Wales for 1973-74 assumed for the rate support grant in that year and these mainly account for the estimating changes shown in Table 2.15. In Scotland the settlement for 1973-75 is still under negotiation.

6. The additional number of children under five expected to be within the public education system by 1976-77, as provision for nursery education is developed, is estimated to be 230,000. After the initial impact of the raising of the school leaving age staffing standards in the primary and secondary schools should improve steadily towards the target set in the two education White Papers.

7. In further education a continuing expansion of the number of students undertaking advanced work is planned. The estimates also take account of a rise over the period as a whole in the numbers attending other courses, but the pattern of this development will be uneven, since, with the raising of the school leaving age, further education colleges will no longer have to cater for 15 year old school leavers. As Cmnd 5174 indicates, the future rôle of the colleges of education in England and Wales will need to be reviewed in consequence of the Government's policy for the staffing of the schools, and the consequential reduction in the likely requirement for training places. No firm forecasts can thus be made at present. Student numbers and costs shown in the Tables above assume a continuation of the total capacity of the colleges as hitherto planned. This is not intended to prejudge the outcome of any review, but to indicate the scale on which the Government intend to provide higher education places in addition to those planned for the universities, the polytechnics and other colleges of further education. The university forecasts derive from the Government's decisions on the level of financial support for the universities during the next quinquennium, covering the five academic years 1972-77.



8. Improvement elements for non-teaching costs in schools and further education are included within the forecasts of current expenditure. These allow for an increase in 1973-74 of £37 million over the figure for 1971-72, with a further planned increase of £63 million by 1976-77.

### **Capital Expenditure**

9. The capital expenditure figures are derived from the related starts programmes which determine the value of work authorised to begin in the year in question. These starts programmes reflect the increased number of places required for pupils and students by the time the building work is completed.

10. Besides taking account of expected changes in the school population, the primary and secondary school building programme also provides for the developments announced in the two education White Papers. Specific programmes for the improvement and replacement of primary schools are already under way, and corresponding programmes for secondary schools, on a smaller scale, are planned to start from 1975-76. The resources allocated for these programmes allow for starts of £65 million in 1973-74 rising to £75 million in 1976-77. Provision has been made for an increase in the special school building programme with starts totalling £13 million in 1972-73 rising to £21 million in 1976-77. From 1974-75 £18 million a year will be made available for the places required in the developing provision for children under five.

11. The university and further education building programmes provide for the rising student populations and allow some improvement in buildings including the expansion of facilities for residence for students in polytechnics. The teacher training programme continues to provide mainly for the replacement of the worst sub-standard buildings.

12. The capital expenditure forecasts include in the years 1972-74 £51 million authorised by the government to be spent on educational building, particularly schools, as part of the special programme on infrastructure in the development and intermediate areas.

13. Control of capital expenditure on the youth service and local libraries in England and Wales rests with the local authorities where it forms part of the locally determined sector of local authority capital programmes. In Scotland there is central control of capital expenditure on the youth and community service and partial central control in the case of the library service.



# HEALTH AND PERSONAL SOCIAL SERVICES

TABLE 2.16

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Capital expenditure:						
Hospitals .. .. .	184.0	214.1	219.3	216.4	214	204
Family practitioner services ..	0.5	0.2	0.2	0.2	1	1
Local authority health and per- sonal social services ..	61.8	79.0	91.1	86.7	92	95
Other central services and grants	4.7	12.6	5.1	5.6	5	5
<b>Total (capital expenditure) ..</b>	<b>251.0</b>	<b>305.9</b>	<b>315.7</b>	<b>308.9</b>	<b>312</b>	<b>305</b>
Current expenditure:						
Hospitals .. .. .	1396.6	1454.8	1507.7	1560.1	1612	1666
Family practitioner services ..	542.8	546.0	559.9	575.7	592	608
Local authority health and per- sonal social services ..	391.1	419.6	450.8	478.2	506	541
Welfare foods .. .. .	18.5	14.7	13.9	14.0	14	13
Other central services and grants and departmental administra- tion .. .. .	54.9	63.4	69.6	74.4	75	77
Selective employment tax paid by local authorities .. .. .	9.0	9.1	9.4	9.5	10	10
<b>Total (current expenditure) ..</b>	<b>2412.9</b>	<b>2507.6</b>	<b>2611.3</b>	<b>2711.9</b>	<b>2809</b>	<b>2915</b>
<b>Total .. .. .</b>	<b>2663.9</b>	<b>2813.5</b>	<b>2927.0</b>	<b>3020.8</b>	<b>3121</b>	<b>3220</b>
Changes from Cmnd 4829 revalued policy changes .. .. .	-1.5	+9.4	+5.9	+10.8	+14	
estimating changes .. .. .	+17.0	+20.2	+27.5	+14.9	+15	
Cmnd 4829 revalued .. .. .	2648.4	2783.9	2893.6	2995.1	3092	

1. The scope of the programme remains unchanged since last year except for the inclusion of expenditure carried out on behalf of the Health Departments by the Medical Research Council, transferred from the Research Councils programme. Its overall objective is to secure, within the resources provided, the best combination of health and personal social services to meet the needs of the population. This implies that the services should be organised to provide comprehensive treatment and care effectively and efficiently; balanced to remove inadequacies in particular localities or particular types of care; modified as needs are altered by demographic, morbidity and social changes; and developed in step with public expectations of rising standards, with advances in medical knowledge and with professional awareness of technological and other progress. The reorganisation of the National Health Service and of local government will further the development of the health and personal social services through collaborative planning.

2. There will continue to be special emphasis on services for the elderly, the mentally ill, the mentally handicapped and the physically disabled including the younger disabled requiring long-term care; and additional emphasis will be given to services for alcoholics and homeless single people. It is also intended that family planning services provided under the National Health Service should be substantially expanded in order to reduce the distress caused by regretted pregnancies, and to help people to choose the number of children they want and space their births in the interests of the well-being



of the family as a whole. Particular attention will be given to those whose medical and social needs to avoid pregnancy are greatest.

3. The four years to 1975-76 include the special additions made by the Government last year and the year before mainly to speed improvement of services for the elderly, the mentally ill and the mentally handicapped, and devoted to a large extent to improvements in accommodation and standards of service. The figure for current expenditure in 1972-73 on other central services and grants includes an addition of £3 million to aid very severely congenitally disabled children, in accordance with the Secretary of State's announcement on 29 November 1972. The planned average annual rate of increase for the whole programme between 1971-72 and 1976-77 is 3.9 per cent excluding the relative price effect.

### **Hospital Services**

4. The planned growth rate for current expenditure on hospital services is 3.5 per cent annually during the period of the programme. This will be supplemented by savings through improvements in efficiency and redeployment of services. Further progress will be made in reducing inequalities between regions, but decisions on local priorities will continue to be made by individual health service authorities, with regard to national policies contained in guidance issued from time to time by the Departments. It is estimated that about half to one per cent is required each year to maintain services at existing standards for the growing population, the changing age structure of which is leading to an increase in the proportion of elderly people. About 2½ per cent is needed for the running costs of new and improved facilities provided in the capital building programme. The remainder of the additional resources will be devoted to developments in services, including general improvements and meeting unsatisfied demand. In England and Wales high priority has been given to bringing standards of staffing, living conditions and personal clothing up to minimum tolerable levels, where these have not already been reached, in hospitals for the mentally ill and in geriatric units, and to bringing minimum standards for the mentally handicapped up to the levels outlined in Cmnd 4683 "Better Services for the Mentally Handicapped". The beds to which these standards apply amount to 60 per cent of all occupied beds in hospitals. The acute services account for most of the remaining 40 per cent of beds and for 95 per cent of out-patient attendances. In this area the additional resources will be devoted to improvements in the quality of the service. Further reductions are expected to be made in the time that patients wait for admission to hospital for treatment of conditions that are not urgent, and the trend over the last eight years of an average annual increase of 2.3 per cent in the numbers of in-patients treated is expected to continue.

5. The main objective of the capital building programme is to secure the best deployment of available resources so as to improve the quality and distribution of hospital accommodation and facilities rather than to increase the total number of beds available. It involves steady replacement of old accommodation which is no longer acceptable by today's standards; making good shortages of facilities; adapting to demographic changes in populations served; providing for new patterns of services, including assessment, day hospital and special treatment facilities (eg for mental illness and mental handicap); expanding and improving facilities for teaching medical students;



and meanwhile making short term improvements to old buildings until they can be replaced.

6. The keystone of the hospital service is to be the district general hospital, in which the specialist facilities of the district will be concentrated. At present, the function of the district general hospital is in many localities being carried out in older premises or in groups of existing, smaller hospitals; preferably the district general hospital will be housed on a single site. On present plans, there will be a network of nearly 300 modern district general hospitals. About 180 are now under construction or have been completed, and by the end of the 1970's the number is planned to be about 240, some four-fifths of the centres of the future service. But as most of these hospitals will be built in phases it will be many years before many of them can offer a service in buildings all built or improved to modern standards.

### **Family Practitioner Services**

7. The objectives of the general medical, dental and ophthalmic services, and the pharmaceutical service, are mainly to maintain and improve existing standards of service. It is expected that the population needing services will grow at a rate of about 0.5 per cent per annum with an increase in the proportion of elderly people. The annual rate of growth in the numbers of doctors and dentists is forecast to be about twice that of the population and the expenditure figures provide for the consequential improvements in standards of service and also for the development of more effective, but generally more costly drugs.

### **Local Authority Health and Personal Social Services**

8. The local authority health services will be transferred to area health authorities in the reorganisation of the National Health Service in 1974. The programme envisages continued development, particularly in the building of health centres, and also in family planning, nursing and other domiciliary services.

9. Local authority current expenditure on the personal social services is expected to continue to grow at a higher rate than elsewhere within the overall programme. Provision is made for an average annual growth rate from 1971-72 to 1976-77 of 8.5 per cent. Demographic changes, rising public expectations of service, and the requirements placed on local authorities by legislation will call for further development of services, particularly for the elderly, the mentally ill, the mentally and physically handicapped, and for children in residential care. The reorganised local authority social services departments now responsible for the full range of personal social services are in a position to make a broad assessment of the pattern of provision best adapted to the needs of their areas, and have already made some progress, particularly in the field of mental handicap, towards planning deployment of resources in collaboration with National Health Service authorities. Guidelines for development of the personal social services have been formulated and sent to local authorities together with a request from the Secretaries of State that they should prepare plans for their social services for the decade up to March 1983 (in Scotland for the period to March 1978), as a further step towards better integrated planning of health and personal social services. Plans will give information about the extent of provision which local authorities wish to make over the respective planning periods, including information



about staff, premises and both capital and current expenditure. They will contribute to balanced deployment of resources for the future, and to the planning of manpower and training programmes.

## SOCIAL SECURITY

TABLE 2.17

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>Benefit at outturn prices:</i>						
National insurance:						
Retirement pensions .. .. .	2045.0	2363.0	2568.0	2619.0	2668	2710
Sickness benefit and invalidity benefit .. .. .	417.0	501.0	539.0	557.0	563	561
Unemployment benefit <sup>(1)</sup> .. .. .	239.0	251.0	228.0	193.0	186	166
Other national insurance bene- fits .. .. .	252.0	287.0	301.0	305.0	304	304
Industrial injuries benefits .. .. .	115.0	134.0	143.0	144.0	145	146
War pensions .. .. .	136.7	153.1	157.6	151.0	146	141
Supplementary benefits .. .. .	641.4	676.0	644.0	633.0	637	634
Old persons pensions .. .. .	22.9	26.0	24.0	20.0	17	14
Family income supplement .. .. .	3.7	8.0	9.0	9.0	9	9
Attendance allowance .. .. .	6.0	23.0	36.0	56.0	68	68
Family allowances .. .. .	343.7	343.0	351.0	353.0	354	356
Lump-sum payments to pensioners Administration .. .. .	—	82.0	—	—	—	—
	205.0	203.3	216.0	219.0	214	216
<b>Total .. .. .</b>	<b>4427.4</b>	<b>5050.4</b>	<b>5216.6</b>	<b>5259.0</b>	<b>5311</b>	<b>5325</b>
Changes from Cmnd 4829 policy changes						
(a) restoration of purchasing power .. .. .	—	+138.7	+280.2	+280.7	+282	
(b) other .. .. .	+1.0	+181.9	+207.2	+228.2	+240	
estimating changes .. .. .	-27.4	+87.2	+46.8	+45.9	+60	
Cmnd 4829 <sup>(2)</sup> .. .. .	4453.8	4642.6	4682.4	4704.2	4729	

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

(2) Taking account of the adjustment of administration expenditure to 1972 Survey prices.

1. Social security payments are mainly transfers from those at work to those not at work. The purpose is to provide income for those who have retired, whose earnings are interrupted, or who have some other special claim or need, such as widowhood or war disablement. The benefits by which this redistribution is effected are various because of the variety of individual circumstances that have to be met. Some benefits are short-term, like sickness benefit, while others, like retirement pension, are long-term. Some benefits such as family allowances and attendance allowances do no more than supplement a claimant's main income, which he gets from elsewhere. The main insurance benefits make a basic provision which may be supplemented in a variety of ways. The bulk of social security payments is in this category. The whole structure is underpinned by the supplementary benefits scheme which considers all the claimant's needs and resources and guarantees that those needs will be met when he cannot work.

2. Much the most significant point about social security expenditure is its concentration on the elderly. Retirement pensions and old persons' pensions account for nearly half of all the expenditure at the beginning of the period



and more than half of it by the end. A further 8 per cent of the expenditure goes on supplementary benefits, war pensions and attendance allowance paid to the elderly.

3. 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 an increase is to come into effect. The estimates for 1973-74 onwards are therefore based on benefits at their present levels, and the Table shows how expenditure will increase in 1974-75 and later years in accordance with demographic and other factors affecting the numbers of beneficiaries, quite apart from any future changes in benefit levels.

4. At the time that Cmnd 4829 was published the Government had announced its intention to review the basic retirement pension and related benefits every other year and ensure that, as a minimum, they retained their value. Since then the Government has decided that the review of these benefits, and the price-protection which it guarantees, should be annual instead of biennial, with upratings taking place in the second half of November. This commitment is put in statutory form in the Social Security Bill at present before Parliament. Allowance is made under "Price Adjustments" or "Adjustments to 1972-73 outturn price and relative price effect" in the Tables in this White Paper showing the total of public expenditure to take account of the fact that benefits lose their value as prices rise and they have that value restored at each November uprating on the annual pattern described above. 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.

### **Numbers of beneficiaries**

5. The number of retirement pensioners continues to grow. At present there are 7.8 million. By the end of 1976 there are expected to be 8.1 million. This increase is attributable primarily to the increase in the numbers of people over pensionable age; but it has also been assumed that the trend towards earlier retirement will continue. Expenditure on old persons' pensions, for those aged 80 or over and their wives and widows, declines over the period since, as time goes on, an increasing proportion of those over 80 have title to a retirement pension at a higher rate.

6. The number of children qualifying for family allowances will continue to grow; there are 7.1 million at present and it is expected that there will be 7.4 million by the end of 1976. This is because the number of births in the next few years is expected to be greater than the number of children born 15 or 16 years previously, and because the minimum school-leaving age is being raised in 1972-73. This increase in the number of dependant children affects not only expenditure on family allowances but also expenditure on supplementary benefits and various national insurance and industrial injuries benefits, since those provide increases for dependents.

7. Allowance has been made for some reduction at the older working ages in the proportion of beneficiaries with adult dependants, since the upward trend in the proportion of married women in employment in recent years is expected to continue.



8. Up to 1969-70 claims to sickness benefit showed an upward trend in sickness rates, but a reversal of this trend appeared in 1970-71. Experience in 1971-72, on which detailed statistics are not yet available, seems likely to be about the same as that in 1970-71. It is, however, premature to assume that the sickness rates of these two years are typical of those likely in the period up to 1976-77. Allowance has therefore been made for some increase above the level of recent experience.

### **Increases and improvements**

9. Since Cmnd 4829 was published there has been a general uprating of the main benefits following the first of the Government's annual reviews. From the beginning of October 1972 the standard single rate of retirement pension was raised from £6 to £6.75 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 uprating in September 1971 and provided a real improvement of about 4 per cent in its purchasing power.

10. There have been a number of other additions to expenditure since Cmnd 4829:

- (i) The scope of attendance allowance for the very severely disabled has been extended to bring in broadly those who need attention either by day or by night. The rate of allowance will be two-thirds of the rate available to those who need attention by day *and* by night. This improvement is being introduced in phases over 1973 and 1974. The addition to expenditure is £11 million in 1973-74 rising to £43 million in 1975-76.
- (ii) The qualifying income levels for family income supplement, and the maximum amount of benefit payable, were increased from April 1972. Also, from April 1973 awards of the supplement will last for one year, instead of 6 months, without review on change of circumstances. In consequence the provision for the supplement has been increased by £2 million.
- (iii) Proposed restrictions on the entitlement to unemployment benefit of workers temporarily suspended from their employment have been postponed. This adds £1 million to expenditure in 1971-72 and £4 million in each of the subsequent years.
- (iv) Special lump-sum payments of £10 are being made in December 1972 to retirement pensioners in the United Kingdom and to others over minimum pension age with comparable benefits. This adds £82 million to expenditure in 1972-73.

11. In comparing the new totals of expenditure with the figures in Cmnd 4829, 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 additions to expenditure noted in the previous paragraph, are shown together as other policy changes.

### **Social Security Bill**

12. The Government intends, subject to Parliamentary approval, that the Social Security Bill should operate from April 1975. The Bill is primarily designed to make long-term improvements in the contribution structure of national insurance, to promote the development of sound occupational pension



schemes, and to set up a Reserve Pension Scheme for those who are not members of good occupational schemes. Reserve scheme pensions will not rank as public expenditure. Improvements in the benefits of the basic national insurance scheme are introduced when the need arises and the resources can be found, without waiting for the implementation of the Social Security Bill. The Bill has therefore little effect on public expenditure. However, there will be some small, but unquantifiable, increase in public expenditure through relaxation of some of the contribution tests for benefit; and an increase of about £2 million a year as the result of the payment of unemployment and sickness benefit at the adult rate to contributors under age 18.

## FINANCIAL ADMINISTRATION

TABLE 2.18

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Tax and rate collection .. .. .	237.3	255.2	260.3	261.9	263	259
Royal Mint .. .. .	3.1	-1.5	2.4	2.7	2	2
Post-war credits .. .. .	19.2	125.0	4.6	—	—	—
Other financial administration ..	47.8	52.0	55.8	52.0	51	51
<b>Total .. .. .</b>	<b>307.4</b>	<b>430.7</b>	<b>323.1</b>	<b>316.6</b>	<b>316</b>	<b>312</b>
Changes from Cmnd 4829 revalued						
policy changes .. .. .	+0.4	+111.4	-8.4	-11.5	-10	
estimating changes .. .. .	+7.6	+5.3	+11.5	+11.2	+10	
Cmnd 4829 revalued .. .. .	299.4	314.0	320.0	316.9	316	

### Tax and rate collection

1. Over half the total is for the Inland Revenue with small sums for Customs and Excise, the Department of the Environment, the Department of Health and Social Security and local authorities. The main reason for the increase in expenditure in 1972-73 and 1973-74 is the build-up of extra Customs and Excise staff to administer the value added tax. In the later years the estimates allow for an increase in Inland Revenue staff for the earnings related national insurance scheme, offset to some extent by a run-down in the numbers of surtax staff following the introduction in 1973-74 of the unified system of personal taxation.

### Royal Mint

2. The estimates for the Royal Mint represent the cost of provision of United Kingdom coin requirements, including expenditure totalling £2.2 million on equipping the new Mint in South Wales replacing the Tower Hill Mint. Estimated building costs for the completion of the new Mint, totalling £2.7 million are included in the above Table under Other financial administration.

### Post War Credits

3. The peak of expenditure in 1972-73 reflects the Chancellor of the Exchequer's announcement on 14 December 1971, that all post-war credits would be repaid as soon as possible, starting in April 1972. The subsequent years reflect the counter-balancing reductions.



## Other financial administration

4. The costs of the Department for National Savings account for about 40 per cent of the expenditure. This item also includes the cost of the Treasury, and certain costs incurred by the Bank of England, including the note issue, work on the management of the National Debt, and the Bank of England's capital expenditure.

## COMMON SERVICES

TABLE 2.19

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Accommodation (home)—						
Capital expenditure .. .. .	32.9	41.7	41.4	43.7	49	53
Current expenditure						
Departmental administration	25.8	25.5	23.3	21.9	23	26
Rent .. .. .	39.2	48.2	54.4	54.9	56	57
Maintenance and other run- ning costs .. .. .	43.4	45.4	47.2	47.7	48	50
Rates on Government pro- perty .. .. .	54.6	57.3	58.8	59.8	61	62
Total .. .. .	195.9	218.1	225.1	228.0	237	248
Stationery Office (home)—						
Capital expenditure .. .. .	4.4	6.6	6.9	5.1	6	10
Current expenditure .. .. .	38.8	39.7	42.7	45.6	47	45
Total .. .. .	43.2	46.3	49.6	50.7	53	55
Central Computer Agency .. .. .	18.1	24.9	23.0	26.8	28	31
Home publicity services .. .. .	11.6	12.4	12.5	12.5	12	12
Superannuation of civil servants in civil departments .. .. .	106.5	113.1	116.6	121.8	128	135
Total .. .. .	136.2	150.4	152.1	161.1	168	178
Less—						
Allied services (defence) .. .. . (See Table 2.2)	-120.0	-117.0	-118.0	-119.0	-123	-125
Total .. .. .	255.3	297.8	308.8	320.8	335	356
Changes from Cmnd 4829 revalued policy changes .. .. .	—	—	-4.0	-7.6	-12	
estimating changes .. .. .	-8.7	+10.0	+3.3	-3.5	+1	
Cmnd 4829 revalued .. .. .	264.0	287.8	309.5	331.9	346	

## Accommodation (Home)

1. The capital expenditure on this item is confined mainly to the office accommodation for the Home Civil Service. Expenditure on most other types of buildings with specialised functions (for example museums and galleries, Government training centres) is included in the appropriate programmes elsewhere in the White Paper. Since Cmnd 4829 the rents of specialised buildings have also been transferred to these programmes.

2. The purpose of the capital works programme is to meet the need for office accommodation in those areas where suitable offices are not otherwise available, and also to provide some replacement of rented accommodation by Crown property, thus checking the increase in the rent bill. The expenditure includes a continuing programme of construction of local offices, for Departments such as Health and Social Security and the Inland Revenue. The figures



also include provision for major headquarters buildings in the regions, for example for the Ministry of Defence at Foxhill, Bath, as well as in London.

3. Although the average of rents being paid for leased accommodation is still low in comparison with present day rent levels the rent bill has been increasing rapidly over the years as new leases have had to be taken or old ones renewed. Rents for newly leased office accommodation have been averaging about £8.75 per square foot in central London (other than the City area), about £3 per square foot in outer London and £1.30 per square foot elsewhere. The constant price estimates in Table 2.19 allow for the cost of additional accommodation at present rental values but do not allow for the increased cost of future renewals of existing leases.

4. The provision of maintenance and other running costs has been reduced by about £5 million in each of the forward years compared with Cmnd 4829 revalued as a result of economy measures, including improved techniques and equipment in these fields; in particular it is hoped to install better control systems for heating plant in a large number of office buildings to secure improved performance and reduced fuel consumption.

5. Since the publication of Cmnd 4829 expenditure under Accommodation (Home), other than rates, has become the responsibility of the Property Services Agency. As has been announced, the Agency will undertake a review of the scope for more extensive charging for services or, alternatively, more precise attribution to user departments. This could in due course affect the amount of expenditure falling on Accommodation (Home) as opposed to other programmes.

6. The only policy change affecting expenditure on Accommodation (Home) since Cmnd 4829 has been the cancellation of six Inland Revenue Computer Centres, involving capital expenditure of £4 million in 1973-74, £7.6 million in 1974-75 and £12 million in 1975-76.

#### **Stationery Office (Home)**

7. HM Stationery Office supplies Government departments with their printing, stationery and office machinery, and is 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. It also supplies some other public sector bodies.

#### **Central Computer Agency**

8. Responsibility for the acquisition of computers for Government Departments was transferred on 1 April 1972 from HM Stationery Office to the new Central Computer Agency, part of the Civil Service Department. Apart from acquisition its main functions are to ensure that each project accords with any central plans for computers and to advise on technical and management problems. The use of computers produces improvements in efficiency and savings in staff thus reducing the cost of other programmes.

#### **Home Publicity Services**

9. 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. The major continuing campaigns allowed for are Armed Forces recruitment and road safety.



## Superannuation of Civil Servants in Civil Departments

10. A new Civil Service pension scheme was introduced in June 1972 with certain features applying retrospectively to established civil servants who retired after 29 February 1972. As in the case of the scheme it replaced, the new scheme is non-funded and non-contributory except for widows' and dependants' pensions.

11. Under the new scheme pensionability is extended to virtually all civil servants, with preserved pensions for all staff leaving before retiring age with more than 5 years service.

12. Other important improvements include the reduction of the qualifying period for a pension from 10 to 5 years service, calculation of pensions by reference to the best year's salary in the last 3 years instead of the average over that period, and the increase in the widow's pension from one-third to one-half of the husband's pension.

13. The additional cost of the new scheme will be of the order of £3 million in 1972-73. Thereafter the increased cost will be partly offset by increased receipts from employees' contributions for widows' pensions. The net increase is expected to be of the order of £1 million in 1973-74 rising to £2 million in 1976-77. Superannuation costs are also expected to rise over the forward period as the result of increases in the number of pensions in issue.

## MISCELLANEOUS SERVICES

TABLE 2.20

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Records, registrations and surveys	23.6	16.9	16.4	16.4	14	14
Broadcasting (capital expenditure)—						
BBC .. .. .	10.6	11.3	10.9	10.7	13	13
IBA .. .. .	4.0	5.4	5.8	5.8	6	5
Meteorological services .. .. .	13.2	10.4	10.7	11.7	11	11
Civil defence .. .. .	7.4	8.9	9.2	9.3	10	9
Royal parks, historic buildings and ancient monuments etc. <sup>(1)</sup>	3.9	4.3	5.8	6.2	6	7
Other miscellaneous services ..	41.5	40.3	41.1	39.0	46	44
<b>Total .. .. .</b>	<b>104.2</b>	<b>97.5</b>	<b>99.9</b>	<b>99.1</b>	<b>106</b>	<b>103</b>
Changes from Cmnd 4829 revalued policy changes .. .. .	—	+0.7	+3.0	+3.5	+4	
estimating changes .. .. .	-0.6	-3.2	-0.7	+2.6	—	
Cmnd 4829 revalued .. .. .	104.8	100.0	97.6	93.0	102	

<sup>(1)</sup> 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.

## Records, Registrations and Surveys

1. This includes expenditure by several Government Departments (the Office of Population Censuses and Surveys, the General Register Office (Scotland), Land Registry, Ordnance Survey, and other minor Departments) and some 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. Provision totalling £0.5 million is included in 1972-73 and 1973-74 for an EEC Labour Force Survey.

### **Broadcasting (Capital Expenditure)**

3. Expenditure covers the capital requirements of the British Broadcasting Corporation (home services) and the Independent Broadcasting Authority. The Corporation and the Authority are co-ordinating separately financed programmes for the construction of UHF stations to transmit BBC and IBA television services on 625 lines (black and white and colour). The aim is to increase the present coverage of nearly 90 per cent attained by the UHF stations to about 94 per cent by 1976-77. The Corporation's expenditure (capital and current) is financed by Government grant which at present consists of the whole of net licence revenue. The Authority provides transmitters to broadcast the programmes of independent television companies and is financed by the rentals charged to those companies. Following the extension of its functions under the Sound Broadcasting Act 1972, the Authority is also providing transmitters to broadcast the programmes of independent radio contractors (still to be appointed) whose rentals will finance the capital expenditure involved, except in the initial period for which a Government loan of up to £2 million will be provided.

### **Meteorological Services**

4. This covers the cost of services provided for both defence and civil purposes. The estimates are also included in the Defence Budget (Table 2.1) and an equivalent reduction has been made in Other military defence (Table 2.2) to enable the item to be shown here. The figure for 1971-72 includes the purchase of a computer, while the increase in the level of expenditure after 1973-74 is due mainly to a programme of planned improvements to the computer and associated links at outstations.

### **Royal Parks, Historic Buildings and Ancient Monuments, etc.**

5. This item includes expenditure on royal palaces, royal parks, ancient monuments, grants to historic buildings and other services. Expenditure on grants under the provisions of the Field Monuments Act 1972 is estimated to reach £150,000 a year by 1975-76. As in Cmnd 4829 provision is made for increasing 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; it covers such items as an increase in the number of monuments in guardianship, and additional emergency excavation prior to the development of sites. Provision is included for expenditure from 1973-74 onwards in respect of grants made under Section 10 of the Town and Country Planning (Amendment) Act 1972 in connection with the enhancement and preservation of outstanding conservation areas; this is estimated to exceed £1 million in 1976-77.

### **Other Miscellaneous Services**

6. The largest single item (about £18 million in 1972-73 and £14 million in 1976-77) is the net lending and overseas investment of Cable and Wireless Ltd. which is Government owned and which operates solely overseas. It provides international communications systems and internal telephone systems in a number of overseas countries and provides an important link in the Commonwealth telecommunications system.



7. The remainder includes expenditure by the Civil Service Department (excluding the Central Computer Agency which is included in Common services) the Cabinet Office, the Public Trustee, salaries and administration costs of the Ministry of Posts and Telecommunications, and Civil List annuities and pensions. The estimates for 1972-73 and 1973-74 include receipts totalling £5 million from the sale of the assets of the State Management Districts of Carlisle, Gretna and Cromarty.

### NORTHERN IRELAND

TABLE 2.21

£ million

	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture, fisheries and forestry	15.0	16.7	17.1	15.9	15	15
Trade, industry and employment	86.7	113.2	108.5	103.2	73	78
Fuel .. .. .	25.6	27.0	23.6	32.6	42	33
Roads .. .. .	26.3	27.7	29.5	29.6	31	31
Surface transport .. .. .	6.0	8.3	6.9	5.8	4	3
Housing .. .. .	50.9	56.8	61.8	66.4	68	70
Miscellaneous local services .. .. .	30.5	34.4	34.7	33.0	30	29
Law and order .. .. .	29.6	50.0	39.3	33.4	32	30
Arts .. .. .	0.9	1.0	1.0	1.0	1	1
Education and libraries .. .. .	95.0	102.1	108.7	110.9	113	116
Health and personal social services	79.8	88.7	91.8	91.5	92	96
Social security .. .. .	139.4	149.0	152.1	154.9	159	165
Financial administration .. .. .	3.1	3.2	3.4	3.5	4	4
Common services .. .. .	4.9	5.8	7.0	6.1	7	7
Miscellaneous services .. .. .	10.2	10.5	11.9	9.5	9	9
<b>Total .. .. .</b>	<b>603.9</b>	<b>694.4</b>	<b>697.3</b>	<b>697.3</b>	<b>680</b>	<b>687</b>
Changes from Cmnd 4829 revalued						
policy changes .. .. .	+1.0	+54.4	+56.8	+47.5	+20	
estimating changes .. .. .	+1.5	+17.1	+17.1	+11.7	+19	
Cmnd 4829 revalued .. .. .	601.4	622.9	623.4	638.1	641	

1. Table 2.21 has been compiled from estimates which are prepared by the Northern Ireland Departments, and it sets out the expenditure on programmes for which these Departments are responsible. It is important to note that this Table does not represent the full extent of public expenditure in Northern Ireland. Expenditure in Northern Ireland by Departments of the United Kingdom Government are recorded in the earlier Tables. The most significant items of this type are the cost of the army and defence generally, and that part of agricultural support that is applicable to the United Kingdom as a whole. (A description of the way in which the responsibility for different functions is divided is contained in "Northern Ireland Financial Arrangements and Legislation", Cmnd 4998).

2. As a result of the Northern Ireland Temporary Provisions Act 1972 the Secretary of State for Northern Ireland is now directly responsible for the expenditure of the Northern Ireland Departments. The detailed procedures which govern control of expenditure, and the underlying principles applied, have not changed, although Parliamentary accountability is now to Westminster.

3. The general principle is that for those services which have general application throughout the United Kingdom, uniform standards should prevail. The clearest example is provided by the arrangements for social services. In



other spheres, although the basic pattern of expenditure follows that in the rest of the United Kingdom; the special circumstances of Northern Ireland play an important part in determining the level of expenditure. This is particularly the case with regard to assistance to industry which reflects the high levels of unemployment that prevail in Northern Ireland.

4. Most of the policy changes during the year occurred in the Trade, industry and employment programme. A substantial increase over the existing provision was agreed as a result of the Review of Economic and Social Development, announced in the Northern Ireland Government's White Paper, Cmd 564. It was decided to set up, for an initial period of three years, a Northern Ireland Finance Corporation to provide up to £50 million of assistance to industry by way of loan, loan guarantees or the purchase of equity. Further assistance under the Review was agreed for industrial training and for employment schemes related to the Urban Renewal and Improvement Campaign. Secondly, an Industrial Regeneration Programme to stimulate employment was announced on 27 July, 1972. Details include the setting up of a direct labour organisation for public works schemes at a cost of £3 million a year, special employment schemes within the agricultural industry estimated to cost £8 million over 4 years, and an increase in industrial investment grants. Third, additional assistance was agreed for Harland and Wolff Limited involving a substantial contribution by the Ministry of Commerce towards the company's proposed expansion scheme. Other smaller increases in this programme during the year included provision for a rate relief scheme in Belfast, Londonderry and Newry for traders who had suffered losses due to the disturbances, and the purchase of equity in the ICL factory in Belfast.

5. Policy changes in the Surface transport programme amount to nearly £7 million and are the result mainly of increased investment for railways and harbours following the Cairncross Review and the Industrial Regeneration Programme.

6. The largest estimating changes occurred under Law and order, reflecting the continuing disturbed conditions. They are, in the main, the result of increased provision for compensation payments to individuals and businesses for injury and damage, and additional expenditure on police overtime and recruiting.

7. The estimates for Health and personal social services include as a policy increase an extra £3.5 million, following on the increase of £118 million for Health and personal social services in Great Britain included in Cmnd 4829; and an extra £0.5 million a year following the absorption of the Mater Hospital in Belfast into the Health Service.

8. The Social security estimates are increased by some £9 million a year from 1972-73 onwards, compared with Cmnd 4829, reflecting the cost in respect of Northern Ireland of the general uprating of benefits in 1972. In addition there were estimating changes in respect of social security payments in the light of revised economic and statistical assumptions for Northern Ireland.



## SCOTLAND

### Expenditure within the Secretary of State's responsibility

TABLE 2.22

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture, fisheries and forestry* .. .. .	73.5	84.6	76.8	72.4	69	65
Trade, industry and employment .. .. .	5.4	6.8	6.4	5.5	5	5
Nationalised industries capital expenditure .. .. .	97.5	112.1	82.5	81.1	97	110
Roads .. .. .	86.8	103.9	106.1	116.8	119	119
Surface transport .. .. .	4.2	8.4	11.1	8.9	9	9
Housing .. .. .	227.6	250.8	280.2	246.6	226	227
Miscellaneous local services .. .. .	117.8	136.7	142.2	145.0	147	150
Law and order .. .. .	61.0	67.9	69.5	70.5	73	76
Arts .. .. .	1.8	2.0	2.9	3.8	4	4
Education and libraries .. .. .	306.5	342.7	352.0	353.5	364	373
Health and personal social services .. .. .	287.4	309.1	320.6	329.2	340	351
Financial administration .. .. .	5.1	5.2	5.3	5.4	6	6
Miscellaneous services .. .. .	5.8	5.2	6.1	6.2	6	6
<b>Total .. .. .</b>	<b>1,280.4</b>	<b>1,435.4</b>	<b>1,461.7</b>	<b>1,444.9</b>	<b>1,465</b>	<b>1,501</b>
Changes from Cmnd 4829 revalued						
policy changes .. .. .	+0.8	+27.5	+38.7	+29.8	+26	
estimating changes .. .. .	-20.1	-4.6	+30.5	+9.1	-26	
Cmnd 4829 revalued .. .. .	1,299.7	1,412.5	1,392.5	1,406.0	1,465	

\* Forestry Commission expenditure is not included.

1. Table 2.22 summarises expenditure by central Government, local authorities and public corporations on services in Scotland within the Secretary of State's field of responsibility. (These figures are contained within the totals shown in Tables 2.5, 2.7-2.16, 2.18 and 2.20.) 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. The figures in the two Tables are at 1972 Survey prices, and do not include provision for the relative price effect.

2. The forecasts provide for an average annual increase of about 1.1<sup>(1)</sup> per cent between 1972-73 and 1976-77 in expenditure within the Secretary of State's field. The objectives and main determinants of this expenditure are explained in earlier chapters of this White Paper. The trends of expenditure in Scotland are not markedly dissimilar from those for Great Britain as a whole. A factor making for divergence of trends in the early years is the relative size of the additional public works programme announced in July 1971; for Scotland this programme amounts to £74 million, two-thirds of which is expenditure on educational building and roads, spread over the years 1971-72 to 1973-74.

3. As expenditure on agricultural research in Scotland is now shown under Agriculture, fisheries and forestry; this means that, as compared with Cmnd 4829, there is no longer a separate programme entry in Table 2.22 for

<sup>(1)</sup>See footnote on page 85.



Research Councils, etc. The changes in the Scottish figures as compared with the totals in Cmnd 4829 revalued depend particularly on additions to the agricultural support programme in the 1972 Annual Price Review and revised estimates of the costs of entry to EEC, on a reduction in capital investment by nationalised industries consequent on the substitution of an oil-fired for a nuclear generating station in the programme of the North of Scotland Hydro-Electric Board; on revised provision for housing as a result of the Housing (Financial Provisions) (Scotland) Act 1972; on increased provision made for current expenditure by local authorities; on provision made for the proposed New Town at Stonehouse; and on the policy changes in education announced in Cmnd 5175; and on higher projected school populations.

4. In advance of the rate support grant settlement now being negotiated the figures of local authorities' current expenditure are provisional. About half the capital spending in the Secretary of State's field of responsibility is carried out by local authorities. The annual average increase of local authorities' expenditure as shown in Table 2.23 between 1972-73 and 1976-77 is 1.0 per cent<sup>(1)</sup>.

(1) If expenditure on the additional public works programme in 1972-73 is excluded, the average annual increase becomes about 2.0 per cent for expenditure within the Secretary of State's responsibility, and 2.4 per cent for local authority expenditure.



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

TABLE 2.23

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture, fisheries and forestry						
Current .. .. .	0.2	0.2	0.2	0.2	—	—
Capital .. .. .	0.5	1.3	1.0	1.1	1	1
Trade, industry and employment						
Current .. .. .	1.1	1.2	1.2	1.3	1	1
Capital .. .. .	1.6	1.3	1.2	2.1	3	3
Roads						
Current .. .. .	30.6	38.4	33.9	33.5	35	36
Capital .. .. .	28.2	35.5	37.2	41.4	44	45
Surface transport						
Current .. .. .	0.2	0.8	0.8	0.9	1	1
Capital .. .. .	2.7	4.0	4.2	4.0	3	3
Housing						
Current .. .. .	46.9	36.8	35.9	32.8	31	32
Capital .. .. .	105.3	132.9	147.7	123.7	110	111
Miscellaneous local services						
Current .. .. .	50.6	52.3	54.7	58.3	60	61
Capital .. .. .	58.5	74.7	75.9	75.3	76	77
Law and order						
Current .. .. .	44.0	45.7	46.7	48.0	50	51
Capital .. .. .	5.3	9.0	8.2	8.0	8	8
Arts						
Current .. .. .	0.7	0.7	0.8	0.8	1	1
Capital .. .. .	0.2	0.4	1.3	2.1	3	2
Education and libraries						
Current .. .. .	218.1	228.9	239.4	249.5	259	268
Capital .. .. .	41.4	62.4	57.5	46.5	45	43
Health and personal social services						
Current .. .. .	36.1	38.1	40.8	43.5	46	49
Capital .. .. .	3.4	5.3	7.7	6.0	7	8
Financial administration						
Current .. .. .	5.1	5.2	5.3	5.4	6	6
Miscellaneous services						
Current .. .. .	1.5	1.6	1.4	1.4	2	2
<b>Total current .. .. .</b>	<b>435.1</b>	<b>449.9</b>	<b>461.1</b>	<b>475.6</b>	<b>492</b>	<b>508</b>
<b>Total capital .. .. .</b>	<b>247.1</b>	<b>326.8</b>	<b>341.9</b>	<b>310.2</b>	<b>300</b>	<b>301</b>
<b>Total .. .. .</b>	<b>682.2</b>	<b>776.7</b>	<b>803.0</b>	<b>785.8</b>	<b>792</b>	<b>809</b>



## WALES

### Expenditure within the Secretary of State's responsibility

TABLE 2.24

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture, fisheries and forestry*	0.2	0.2	0.2	0.2	—	—
Trade, industry and employment	1.2	1.8	3.1	1.1	1	1
Roads	58.5	67.0	67.1	71.2	77	84
Surface transport	0.4	0.6	0.8	0.8	1	1
Housing	55.7	67.7	64.1	58.8	58	60
Miscellaneous local services	63.0	73.1	74.2	73.2	75	79
Law and order	—	—	—	—	—	—
Arts	0.8	0.9	1.0	1.3	1	1
Education and libraries	110.7	117.0	123.9	125.5	126	127
Health and personal social services	137.4	143.5	148.4	151.7	159	164
Financial administration	1.1	1.1	1.1	1.1	1	1
Miscellaneous services	0.3	0.4	0.4	0.3	—	—
<b>Total</b>	<b>429.3</b>	<b>473.3</b>	<b>484.3</b>	<b>485.2</b>	<b>499</b>	<b>518</b>
Changes from Cmnd 4829 revalued						
policy changes	—	+9.0	+13.2	+5.6	+6	
estimating changes	-4.2	-0.9	+3.5	+7.8	+4	
Cmnd 4829 revalued	433.5	465.2	467.6	471.8	489	

\* Forestry Commission expenditure is not included.

1. Table 2.24 summarises expenditure by central Government, local authorities and public corporations on services in Wales within the Secretary of State's field of responsibility. (These figures are contained within the totals shown in Tables 2.5, 2.7, 2.9-2.12, 2.14-2.16, 2.18 and 2.20.) Table 2.25 gives forecasts of all current and capital expenditure for 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). The figures in the two Tables are at 1972 Survey prices and do not include provision for the relative price effect.

2. The forecasts provide for an average annual increase of about 2.3 per cent<sup>(1)</sup> between 1972-73 and 1976-77 in expenditure within the Secretary of State's responsibility. The objectives and main determinants of this expenditure are explained in earlier chapters of this White Paper. The trends of expenditure in Wales are not markedly dissimilar from those for Great Britain as a whole. A factor making for divergence of trends in the early years is the relative size of the additional public works programme announced in July 1971; for Wales this programme amounts to £21 million.

3. The annual average increase of local authorities' expenditure as shown in Table 2.25 between 1972-73 and 1976-77 is 1.8 per cent<sup>(1)</sup>.

<sup>(1)</sup>If expenditure in 1972-73 on the additional public works programme is excluded, the average annual increase becomes about 3 per cent for expenditure within the Secretary of State's responsibility, and 2.6 per cent for local authority expenditure.



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

TABLE 2.25

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture, fisheries and forestry						
Current .. .. .	0.2	0.2	0.2	0.2	—	—
Roads						
Current .. .. .	19.4	20.5	21.5	22.4	23	24
Capital .. .. .	11.1	19.2	16.4	15.4	16	18
Surface transport						
Current .. .. .	0.3	0.3	0.5	0.5	1	1
Capital .. .. .	0.1	0.2	0.2	0.2	—	—
Housing						
Current .. .. .	3.5	10.0	9.3	8.6	9	8
Capital .. .. .	37.1	43.2	44.9	40.9	43	43
Miscellaneous local services						
Current .. .. .	25.7	26.4	28.6	28.9	29	30
Capital .. .. .	34.0	42.5	41.2	40.3	42	45
Education and libraries						
Current .. .. .	90.6	95.0	100.3	104.3	108	111
Capital .. .. .	18.3	20.2	21.4	19.1	16	14
Health and personal social services						
Current .. .. .	19.9	21.5	23.2	24.6	26	28
Capital .. .. .	4.1	5.1	4.8	4.5	5	5
Financial administration						
Current .. .. .	1.1	1.1	1.1	1.1	1	1
Miscellaneous services						
Current .. .. .	0.2	0.2	0.2	0.2	—	—
<b>Total current .. .. .</b>	<b>160.9</b>	<b>175.2</b>	<b>184.9</b>	<b>190.8</b>	<b>197</b>	<b>203</b>
<b>Total capital .. .. .</b>	<b>104.7</b>	<b>130.4</b>	<b>128.9</b>	<b>120.4</b>	<b>122</b>	<b>125</b>
<b>Total .. .. .</b>	<b>265.6</b>	<b>305.6</b>	<b>313.8</b>	<b>311.2</b>	<b>319</b>	<b>328</b>

Table 2.25 gives forecasts of all current and capital expenditure for Wales local authorities, including expenditure 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). The figures in the two Tables are at 1972 Survey prices and do not include provision for the relative price effect.

The forecasts provide for an average annual increase of about 2.3 per cent between 1972-73 and 1976-77 in expenditure within the Secretary of State's responsibility. The objectives and main determinants of this expenditure are explained in earlier chapters of this White Paper. The trends of expenditure in Wales are not markedly dissimilar from those for Great Britain as a whole. A factor making for divergence of trends in the early years is the relative size of the additional public works programme announced in July 1971 for Wales (the programme amounts to £21 million).

The annual average increase of local authorities' expenditure as shown in Table 2.25 between 1972-73 and 1976-77 is 1.8 per cent.

The expenditure in 1972-73 on the additional public works programme is excluded from the average annual increase because about 9 per cent of expenditure within the Secretary of State's responsibility, and 2.6 per cent of local authority expenditure



## PART 3

### Additional Statistics

#### Contents of Part 3

1. The Tables in this Part of the White Paper supplement those in Parts 1 and 2 by providing further analyses of public expenditure. The Tables given are the following:

	<i>Page</i>
<i>Economic Impact</i>	
3.1 Increase in public sector demand on output in cost terms: 1972-73 to 1976-77 .. .. .	91
3.2 Public expenditure by economic category: 1968-69 to 1976-77	92
<i>Spending Authorities</i>	
3.3 Public expenditure by spending authority, distinguishing current and capital expenditure: 1968-69 to 1976-77 ..	93
3.4 to 3.6 Public expenditure by programme and spending authority, distinguishing current and capital expenditure, for 1971-72, 1973-74 and 1976-77 .. .. .	94-99
3.7 Local authority expenditure in England and Wales by pro- gramme, distinguishing current and capital expenditure: 1971-72 to 1976-77 <sup>(1)</sup> .. .. .	100
<i>The Programmes—Outturn Figures</i>	
3.8 Public expenditure by sub-programme: 1968-69 to 1971-72	101-108
<i>Expenditure and Related Receipts</i>	
3.9 to 3.14 Gross public expenditure, charges and other directly related receipts, by programme: 1971-72 to 1976-77 ..	109-114
<i>Comparisons with Cmnd 4829 <sup>(2)</sup></i>	
3.15 Policy and estimating changes since Cmnd 4829: 1970-71 to 1975-76 .. .. .	115-117

#### Changes in format from Cmnd 4829

2. Some changes have been made compared with Part 3 of Cmnd 4829. The more important of these are:

- (a) As suggested by the General Sub-Committee of the Expenditure Committee, the analysis by economic category (Table 3.2) is now expressed in volume terms (at 1972 Survey prices) and has been extended to cover the outturn years back to 1968-69.
- (b) The outturn figures for the years 1968-69 to 1971-72 are presented in full programme detail comparable to that provided in the Part 2 Tables on the individual programmes (Table 3.8).
- (c) The form of presentation of the summary of policy and estimating changes since the previous White Paper has been changed. The series of Tables (e.g. Tables 3.3 to 3.7 in Cmnd 4829) bringing together this information on a year by year basis in the form already given in Part 2

<sup>(1)</sup> Similar Tables for Scotland and for Wales are given as Tables 2.23 and 2.25 on pages 86 and 88.

<sup>(2)</sup> Tables 3.4 and 3.5 also include Cmnd 4829 figures by programme distinguishing current and capital expenditure for 1971-72 and 1973-74 respectively.



has been replaced by a single table (Table 3.15) which lists the policy changes and classifies them by the nature of the cause under the headings used in Part 1 (Table 1.3). As suggested by the General Sub-Committee of the Expenditure Committee, the Table also shows the estimating changes in the outturn figures for 1970-71.

- (d) The Table analysing public expenditure by resource category (Table 3.2 in Cmnd 4829) has been dropped.



# Increase in public sector demand on output in cost terms: 1972-73 to 1976-77

TABLE 3.1

At 1972-73 outturn prices	Expenditure	Demand on output	
		1972-73 £ million	Average annual percentage increase 1972-73 to 1976-77
<b>Public expenditure with:</b>			
<i>Direct effect on demand</i> .. ..			
Public consumption .. ..	11,370	10,800	4.5
Public investment (1) .. ..	5,265	4,740	2.3
<b>Total</b> .. ..	16,635	15,540	3.9
<i>Indirect effect on demand</i> (2) ..	11,449	8,160	-0.2(3)
Contingency reserve and shortfall .. ..	-200	-170	—
<b>Total</b> .. ..	27,884	23,530	3.0(4)

(1) Gross domestic fixed capital formation and increase in value of stocks.

(2) Debt interest, subsidies, current grants at home and abroad, capital grants, net lending at home and abroad.

(3) This figure excludes investment grants.

(4) This figure excludes investment grants but includes counter-cyclical expenditure. If counter-cyclical expenditure were excluded, the corresponding rate of growth would be 3.4 per cent.

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23,000 included



Public expenditure by economic category: 1968-69 to 1976-77

TABLE 3.2

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>									
Current expenditure:									
Wages and salaries .. .. .	5,999	6,072	6,257	6,537	6,696	6,932	7,077	7,258	7,456
Selective employment tax .. .. .	167	161	164	163	162	164	167	170	174
Other current expenditure on goods and services .. .. .	3,814	3,697	3,625	3,809	3,931	4,207	4,202	4,375	4,445
Subsidies .. .. .	1,083	1,031	985	1,092	1,203	994	892	754	579
Debt interest .. .. .	2,620	2,630	2,530	2,450	2,350	2,300	2,275	2,250	2,225
Current grants to persons .. .. .	3,606	3,819	4,072	4,709	5,612	5,712	5,757	5,848	5,875
Current grants to private bodies .. .. .	334	347	375	401	429	454	472	494	519
Current grants abroad .. .. .	225	203	197	226	280	294	338	380	440
<b>Total .. .. .</b>	<b>17,848</b>	<b>17,960</b>	<b>18,205</b>	<b>19,387</b>	<b>20,663</b>	<b>21,057</b>	<b>21,180</b>	<b>21,529</b>	<b>21,713</b>
Capital expenditure									
Gross domestic fixed capital formation .. .. .	4,658	4,475	4,743	4,594	4,978	5,336	5,467	5,491	5,575
Increase in value of stocks .. .. .	31	23	91	6	134	125	146	134	119
Capital grants to private sector .. .. .	846	937	899	827	780	857	714	667	669
Net lending to private sector .. .. .	126	65	164	112	213	327	318	273	164
Net lending to overseas governments .. .. .	66	91	87	81	80	95	104	104	111
Drawings from United Kingdom subscriptions to international lending bodies .. .. .	24	18	12	14	31	42	40	41	46
Other net lending and investment abroad .. .. .	9	21	32	54	355	419	408	368	298
Cash expenditure on company securities (net) .. .. .	31	17	11	27	19	3	12	7	4
<b>Total .. .. .</b>	<b>5,791</b>	<b>5,647</b>	<b>6,039</b>	<b>5,715</b>	<b>6,590</b>	<b>7,204</b>	<b>7,209</b>	<b>7,085</b>	<b>6,986</b>
Contingency reserve .. .. .	287	235	397	294	832	1011	1028	927	742
Shortfall .. .. .	50	2	59	42	200	350	500	600	700
Adjustments to 1972-73 outturn prices and relative price effect .. .. .	1,374(1)	1,303(1)	1,375(1)	993(1)	831	771	887	1,039	1,240
<i>At 1972-73 outturn prices</i>									
<b>Total .. .. .</b>	<b>25,013</b>	<b>24,910</b>	<b>25,619</b>	<b>26,095</b>	<b>27,884</b>	<b>29,182</b>	<b>29,576</b>	<b>30,053</b>	<b>30,439</b>

(1) See footnote to Table 3.3 (page 93).

237 233 338 336 759 907 903 818 655  
213 234 266 224 642 181 189 219 573



Public expenditure by spending authority, distinguishing current and capital expenditure: 1968-69 to 1976-77

TABLE 3.3

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 pro- visional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>									
Central Government:									
Current .. .. .	11,415	11,379	11,598	12,591	13,696	13,895	13,875	14,034	14,039
Capital .. .. .	1,532	1,661	1,715	1,594	2,039	2,338	2,253	2,145	2,012
Local authorities:									
Current .. .. .	3,813	3,951	4,078	4,347	4,617	4,862	5,030	5,245	5,449
Capital .. .. .	2,164	2,060	2,251	2,227	2,508	2,590	2,481	2,442	2,449
Public corporations:									
Capital .. .. .	2,095	1,926	2,072	1,893	2,043	2,276	2,475	2,498	2,525
Debt interest .. .. .	2,620	2,630	2,530	2,450	2,350	2,300	2,275	2,250	2,225
Contingency reserve .. .. .	—	—	—	—	—	350	500	600	700
Shortfall .. .. .	—	—	—	—	-200	-200	-200	-200	-200
Adjustments to 1972-73 outturn prices and relative price effect .. .. .	1,374 <sup>(1)</sup>	1,303 <sup>(1)</sup>	1,375 <sup>(1)</sup>	993 <sup>(1)</sup>	831	771	887	1,039	1,240
<i>At 1972-73 outturn prices</i>									
Total .. .. .	25,013	24,910	25,619	26,095	27,884	29,182	29,576	30,053	30,439

(1) These figures include the following amounts for the revaluation to 1972 Survey prices of the cash outturns of social security benefits (see Chapter IV, paragraph 76 of "Public Expenditure White Papers: Handbook on Methodology")—1968-69 969 1969-70 816 1970-71 569 1971-72 249

100 60 100 100 100



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

*72 p. a 1.14.67  
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TABLE 3.4

£ million

	Central Government		Local authorities	Public corporations	Total	Total— Cmnd 4829 <i>(X)</i>
	Supply	Other				
<i>At 1972 Survey prices</i>						
1. Defence Budget:						
Current .. .. .	2,844	—	—	—	2,844	2,757 <i>+87</i>
Capital .. .. .	47	—	—	—	47	48
2. Other military defence:						
Current .. .. .	72	—	—	—	72	91 <i>+19</i>
Capital .. .. .	5	-1	—	—	4	5
3. Overseas aid:						
Current .. .. .	141	—	—	—	141	119
Capital .. .. .	122 <i>X</i>	-31	—	<i>12 X</i>	103	109
4. EEC and other overseas services:						
Current .. .. .	147	—	—	—	147	149
Capital .. .. .	2	1	—	1	4	6
5. Agriculture, fisheries and forestry:						
Current .. .. .	365	—	2	—	367	388 <i>+21</i>
Capital .. .. .	128 <i>X</i>	-2	4	—	130	121
6. Research Councils, etc:						
Current .. .. .	112	—	—	—	112	110
Capital .. .. .	22	—	—	—	22	22
7. Trade, industry and employment:						
Current .. .. .	606	69	12	—	687	621 <i>+66</i>
Capital .. .. .	641	-83	<i>4 8</i>	7	573	729 <i>+56</i>
8. Nationalised industries:						
Capital .. .. .	—	—	—	1,661	1,661	1,945
9. Roads:						
Current .. .. .	38	-1	280	—	317	324
Capital .. .. .	<i>11</i> 259	—	<i>1</i> 289	—	548	560 <i>+12</i>
10. Surface transport:						
Current .. .. .	118	—	4	—	122	128
Capital .. .. .	<i>16</i> 5	<i>(4)</i>	<i>20</i> 68	<i>18</i>	95	110 <i>+15</i>
11. Housing:						
Current <i>Subs./optm. mgs.</i> .. .. .	274	—	132	—	406	391
Capital .. .. .	<i>15</i> —	<i>(15)</i> -19	<i>20</i> 802 <i>641</i>	<i>79</i> <i>24</i>	862	950 <i>+159</i>
12. Miscellaneous local services:						
Current .. .. .	27	—	501	—	528	545 <i>+58</i>
Capital .. .. .	<i>12</i> 4	—	<i>12</i> 455	<i>17</i> 38	497	504 <i>+7</i>
13. Law and order:						
Current .. .. .	137	4	545	—	686	673
Capital .. .. .	<i>15</i> 21	—	<i>58</i>	—	79	84 <i>+5</i>
14. Arts:						
Current .. .. .	23	—	7	—	30	30
Capital .. .. .	<i>11</i> 3	—	<i>2</i>	—	5	6 <i>+1</i>
15. Education and libraries:						
Current .. .. .	357	—	2,321	—	2,678	2,648
Capital .. .. .	<i>(2)</i> 122	—	<i>13</i> 401	—	523	529 <i>+6</i>
16. Health and personal social services:						
Current .. .. .	2,010	3	400	—	2,413	2,392
Capital .. .. .	<i>14</i> 193	-4	<i>1</i> 62	—	251	256 <i>+5</i>
17. Social security:						
Current .. .. .	1,228	3,199	—	—	4,427	4,454



Table 3.4 continued

£ million

	Central Government		Local authorities	Public corporations	Total	Total— Cmnd 4829
	Supply	Other				
18. Financial administration:						
Current .. .. .	233	46	26	—	305	296
Capital .. .. .	—	—	—	3	3	3
19. Common services:						
Current .. .. .	209	-13	—	—	196	204
Capital .. .. .	59	—	—	—	59	60
20. Miscellaneous services:						
Current .. .. .	55	2	11	—	68	72
Capital .. .. .	5	-2	—	33	36	33
21. Northern Ireland:						
Current .. .. .	—	287	106	—	393	386
Capital .. .. .	—	92	78	41	211	215
22. Debt interest .. .. .	35	1,505	780	130	2,450	2,420
<b>Total .. .. .</b>	<b>10,669</b>	<b>5,054</b>	<b>7,353</b>	<b>2,024</b>	<b>25,102</b>	<b>25,493</b>

*(Handwritten notes and calculations below the table)*

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

TABLE 3.5

£ million

	Central Government		Local authorities	Public corporations	Total	Total— Cmnd 4829
	Supply	Other				
<i>At 1972 Survey prices</i>						
1. Defence Budget:						
Current .. .. .	2,959	—	—	—	2,959	2,822
Capital .. .. .	+9 50	—	—	—	50	41
2. Other military defence:						
Current .. .. .	79	—	—	—	79	77
Capital .. .. .	3	—	—	—	3	3
3. Overseas aid:						
Current .. .. .	120	—	—	—	120	129
Capital .. .. .	166	-31	—	15	150	130
4. EEC and other overseas services:						
Current .. .. .	153	80	—	—	233	290
Capital .. .. .	2	2	—	1	5	5
5. Agriculture, fisheries and forestry:						
Current .. .. .	401	—	2	—	403	311
Capital .. .. .	139	-2	+4 10	—	147	120
6. Research Councils, etc.:						
Current .. .. .	106	—	—	—	106	118
Capital .. .. .	-1 23	—	—	—	23	24
7. Trade, industry and employment:						
Current .. .. .	663	55	13	—	731	589
Capital .. .. .	+8 1,103	-59	+2 14	28	1,086	285
8 Nationalised industries:						
Capital .. .. .	—	—	—	1,928	1,928	1,958
9 Roads:						
Current .. .. .	66	-1	314	—	379	358
Capital .. .. .	+16 324	—	+4 335	—	659	671
10. Surface transport:						
Current .. .. .	93	—	17	—	110	111
Capital .. .. .	+7 7	6	+1 96	+13 38	147	128+19
11. Housing:						
Current .. .. .	217	—	221	—	438	400
Capital .. .. .	+1 —	+1 -3	+12 904	85 29	986	1,008 8045
12. Miscellaneous local services:						
Current .. .. .	37	—	551	—	588	597 -26
Capital .. .. .	+3 5	—	+89 600	+13 52	657	553 +104
13. Law and order:						
Current .. .. .	166	5	575	—	746	743
Capital .. .. .	+5 44	—	63	—	107	112
14. Arts:						
Current .. .. .	26	—	8	—	34	33
Capital .. .. .	+6 12	—	+8 4	—	16	6
15. Education and libraries:						
Current .. .. .	400	—	2,544	—	2,944	2,890
Capital .. .. .	+143	-1	+36 412	—	554	518
16. Health and personal social services:						
Current .. .. .	2,147	4	460	—	2,611	2,584
Capital .. .. .	227	-2	+6 91	—	316	310
17. Social security:						
Current .. .. .	1,294	3,923	—	—	5,217	4,682

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TABLE 3.5 continued

£ million

	Central Government		Local authorities	Public corporations	Total	Total— Cmnd 4829
	Supply	Other				
18. Financial administration:						
Current .. .. .	265	22	26	—	313	312
Capital .. .. .	3	—	—	7	10	8
19. Common services:						
Current .. .. .	246	-13	—	—	233	223
Capital .. .. .	76	—	—	—	76	86
20. Miscellaneous services:						
Current .. .. .	48	3	12	—	63	63
Capital .. .. .	6	—	—	31	37	35
21. Northern Ireland:						
Current .. .. .	—	331	119	—	450	407
Capital .. .. .	—	95	61	91	247	216
22. Debt interest .. .. .	30	1,420	700	150	2,300	2,360
<b>Total .. .. .</b>	<b>11,849</b>	<b>5,834</b>	<b>8,152</b>	<b>2,426</b>	<b>28,261</b>	<b>26,316</b>

221	—	—	—	—	—	—
222	—	—	—	—	—	—
223	—	—	—	—	—	—
224	—	—	—	—	—	—
225	—	—	—	—	—	—
226	—	—	—	—	—	—
227	—	—	—	—	—	—
228	—	—	—	—	—	—
229	—	—	—	—	—	—
230	—	—	—	—	—	—
231	—	—	—	—	—	—
232	—	—	—	—	—	—
233	—	—	—	—	—	—
234	—	—	—	—	—	—
235	—	—	—	—	—	—
236	—	—	—	—	—	—
237	—	—	—	—	—	—
238	—	—	—	—	—	—
239	—	—	—	—	—	—
240	—	—	—	—	—	—
241	—	—	—	—	—	—
242	—	—	—	—	—	—
243	—	—	—	—	—	—
244	—	—	—	—	—	—
245	—	—	—	—	—	—
246	—	—	—	—	—	—
247	—	—	—	—	—	—
248	—	—	—	—	—	—
249	—	—	—	—	—	—
250	—	—	—	—	—	—
251	—	—	—	—	—	—
252	—	—	—	—	—	—
253	—	—	—	—	—	—
254	—	—	—	—	—	—
255	—	—	—	—	—	—
256	—	—	—	—	—	—
257	—	—	—	—	—	—
258	—	—	—	—	—	—
259	—	—	—	—	—	—
260	—	—	—	—	—	—
261	—	—	—	—	—	—
262	—	—	—	—	—	—
263	—	—	—	—	—	—
264	—	—	—	—	—	—
265	—	—	—	—	—	—
266	—	—	—	—	—	—
267	—	—	—	—	—	—
268	—	—	—	—	—	—
269	—	—	—	—	—	—
270	—	—	—	—	—	—
271	—	—	—	—	—	—
272	—	—	—	—	—	—
273	—	—	—	—	—	—
274	—	—	—	—	—	—
275	—	—	—	—	—	—
276	—	—	—	—	—	—
277	—	—	—	—	—	—
278	—	—	—	—	—	—
279	—	—	—	—	—	—
280	—	—	—	—	—	—
281	—	—	—	—	—	—
282	—	—	—	—	—	—
283	—	—	—	—	—	—
284	—	—	—	—	—	—
285	—	—	—	—	—	—
286	—	—	—	—	—	—
287	—	—	—	—	—	—
288	—	—	—	—	—	—
289	—	—	—	—	—	—
290	—	—	—	—	—	—
291	—	—	—	—	—	—
292	—	—	—	—	—	—
293	—	—	—	—	—	—
294	—	—	—	—	—	—
295	—	—	—	—	—	—
296	—	—	—	—	—	—
297	—	—	—	—	—	—
298	—	—	—	—	—	—
299	—	—	—	—	—	—
300	—	—	—	—	—	—
301	—	—	—	—	—	—
302	—	—	—	—	—	—
303	—	—	—	—	—	—
304	—	—	—	—	—	—
305	—	—	—	—	—	—
306	—	—	—	—	—	—
307	—	—	—	—	—	—
308	—	—	—	—	—	—
309	—	—	—	—	—	—
310	—	—	—	—	—	—
311	—	—	—	—	—	—
312	—	—	—	—	—	—
313	—	—	—	—	—	—
314	—	—	—	—	—	—
315	—	—	—	—	—	—
316	—	—	—	—	—	—
317	—	—	—	—	—	—
318	—	—	—	—	—	—
319	—	—	—	—	—	—
320	—	—	—	—	—	—
321	—	—	—	—	—	—
322	—	—	—	—	—	—
323	—	—	—	—	—	—
324	—	—	—	—	—	—
325	—	—	—	—	—	—
326	—	—	—	—	—	—
327	—	—	—	—	—	—
328	—	—	—	—	—	—
329	—	—	—	—	—	—
330	—	—	—	—	—	—
331	—	—	—	—	—	—
332	—	—	—	—	—	—
333	—	—	—	—	—	—
334	—	—	—	—	—	—
335	—	—	—	—	—	—
336	—	—	—	—	—	—
337	—	—	—	—	—	—
338	—	—	—	—	—	—
339	—	—	—	—	—	—
340	—	—	—	—	—	—
341	—	—	—	—	—	—
342	—	—	—	—	—	—
343	—	—	—	—	—	—
344	—	—	—	—	—	—
345	—	—	—	—	—	—
346	—	—	—	—	—	—
347	—	—	—	—	—	—
348	—	—	—	—	—	—
349	—	—	—	—	—	—
350	—	—	—	—	—	—
351	—	—	—	—	—	—
352	—	—	—	—	—	—
353	—	—	—	—	—	—
354	—	—	—	—	—	—
355	—	—	—	—	—	—
356	—	—	—	—	—	—
357	—	—	—	—	—	—
358	—	—	—	—	—	—
359	—	—	—	—	—	—
360	—	—	—	—	—	—
361	—	—	—	—	—	—
362	—	—	—	—	—	—
363	—	—	—	—	—	—
364	—	—	—	—	—	—
365	—	—	—	—	—	—
366	—	—	—	—	—	—
367	—	—	—	—	—	—
368	—	—	—	—	—	—
369	—	—	—	—	—	—
370	—	—	—	—	—	—
371	—	—	—	—	—	—
372	—	—	—	—	—	—
373	—	—	—	—	—	—
374	—	—	—	—	—	—
375	—	—	—	—	—	—
376	—	—	—	—	—	—
377	—	—	—	—	—	—
378	—	—	—	—	—	—
379	—	—	—	—	—	—
380	—	—	—	—	—	—
381	—	—	—	—	—	—
382	—	—	—	—	—	—
383	—	—	—	—	—	—
384	—	—	—	—	—	—
385	—	—	—	—	—	—
386	—	—	—	—	—	—
387	—	—	—	—	—	—
388	—	—	—	—	—	—
389	—	—	—	—	—	—
390	—	—	—	—	—	—
391	—	—	—	—	—	—
392	—	—	—	—	—	—
393	—	—	—	—	—	—
394	—	—	—	—	—	—
395	—	—	—	—	—	—
396	—	—	—	—	—	—
397	—	—	—	—	—	—
398	—	—	—	—	—	—
399	—	—	—	—	—	—
400	—	—	—	—	—	—



**Public expenditure by programme and spending authority, distinguishing current and capital expenditure: 1976-77 (estimate)**

TABLE 3.6

£ million

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
<i>At 1972 Survey prices</i>					
1. Defence Budget:					
Current .. .. .	2,963	—	—	—	2,963
Capital .. .. .	37	—	—	—	37
2. Other military defence:					
Current .. .. .	117	—	—	—	117
Capital .. .. .	—	-1	—	—	-1
3. Overseas aid:					
Current .. .. .	143	—	—	—	143
Capital .. .. .	194	-36	—	23	181
4. EEC and other overseas services:					
Current .. .. .	156	195	—	—	351
Capital .. .. .	2	2	—	—	4
5. Agriculture, fisheries and forestry:					
Current .. .. .	321	—	3	—	324
Capital .. .. .	140	-2	3	—	141
6. Research Councils, etc:					
Current .. .. .	102	—	—	—	102
Capital .. .. .	24	—	—	—	24
7. Trade, industry and employment:					
Current .. .. .	329	51	14	—	394
Capital .. .. .	673	-45	10	26	664
8. Nationalised industries:	673	—	—	—	673
Capital .. .. .	—	—	—	2,162	2,162
9. Roads:					
Current .. .. .	44	-2	371	—	413
Capital .. .. .	411	—	363	—	774
10. Surface transport:					
Current .. .. .	71	—	27	—	98
Capital .. .. .	2	5	70	56	133
11. Housing:					
Current .. .. .	189	—	196	—	385
Capital .. .. .	—	-4	788	98	882
12. Miscellaneous local services:					
Current .. .. .	42	—	600	—	642
Capital .. .. .	5	—	613	38	656
13. Law and order:					
Current .. .. .	192	5	654	—	851
Capital .. .. .	57	—	70	—	127
14. Arts:					
Current .. .. .	33	—	9	—	42
Capital .. .. .	3	—	2	—	5
15. Education and libraries:					
Current .. .. .	460	—	2,863	—	3,323
Capital .. .. .	144	-1	391	—	534
16. Health and personal social services:					
Current .. .. .	2,362	2	551	—	2,915
Capital .. .. .	212	-2	95	—	305
17. Social security:					
Current .. .. .	1,283	4,042	—	—	5,325



TABLE 3.6 continued

£ million

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
18. Financial administration:					
Current .. .. .	267	18	26	—	311
Capital .. .. .	—	1	—	—	1
19. Common services:					
Current .. .. .	279	-12	—	—	267
Capital .. .. .	89	—	—	—	89
20. Miscellaneous services:					
Current .. .. .	48	2	13	—	63
Capital .. .. .	5	2	—	33	40
21. Northern Ireland:					
Current .. .. .	—	339	122	—	461
Capital .. .. .	—	93	44	89	226
22. Debt interest .. .. .	30	1,460	595	140	2,225
<b>Total .. .. .</b>	<b>11,429</b>	<b>6,112</b>	<b>8,493</b>	<b>2,665</b>	<b>28,699</b>



**Local authority expenditure in England and Wales by programme distinguishing current and capital expenditure: 1971-72 to 1976-77**

TABLE 3.7

£ million

	1971-72 provisional outturn	1972-73 estimate	1973-74 estimate	1974-75 estimate	1975-76 estimate	1976-77 estimate
<i>At 1972 Survey prices</i>						
Agriculture, fisheries and forestry:						
Current	2	2	2	2	3	3
Capital	4	7	9	5	4	2
Trade, industry and employment:						
Current	11	11	12	12	13	13
Capital	7	9	13	14	12	7
Roads:						
Current	249	270	281	305	323	334
Capital	261	299	297	307	311	318
Surface transport:						
Current	4	14	16	21	22	26
Capital	65	85	92	86	80	67
Housing:						
Current	85	154	185	168	168	164
Capital	697	727	757	716	691	677
Miscellaneous local services:						
Current	451	463	496	503	517	538
Capital	397	481	524	507	509	537
Law and order:						
Current	501	505	529	553	579	603
Capital	52	58	54	56	58	61
Arts:						
Current	6	7	7	7	8	8
Capital	2	4	3	1	1	—
Education and libraries:						
Current	2103	2,193	2,304	2,391	2,501	2,595
Capital	360	377	355	344	344	348
Health and personal social services:						
Current	364	391	419	444	470	502
Capital	58	74	83	81	85	87
Financial administration:						
Current	20	20	21	21	21	21
Miscellaneous services:						
Current	10	11	10	11	11	12
<b>Total current</b>	<b>3,806</b>	<b>4,041</b>	<b>4,282</b>	<b>4,438</b>	<b>4,636</b>	<b>4,819</b>
<b>Total capital</b>	<b>1,903</b>	<b>2,121</b>	<b>2,187</b>	<b>2,117</b>	<b>2,095</b>	<b>2,104</b>
<b>Total</b>	<b>5,709</b>	<b>6,162</b>	<b>6,469</b>	<b>6,555</b>	<b>6,731</b>	<b>6,923</b>

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**Public expenditure by sub-programme: 1968-69 to 1971 -72**

TABLE 3.8

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<i>At 1972 Survey Prices</i>				
Defence Budget .. .. .	3,093	2,901	2,863	2,891
<b>Other Military Defence</b>				
Military aid .. .. .	17	14	12	10
Allied services .. .. .	136	121	127	120
US military aircraft				
Purchases .. .. .	101	29	12	—
Repayments .. .. .	-44	-40	-50	-48
Other .. .. .	-4	-1	-25	-6
<b>Total</b> .. .. .	<b>206</b>	<b>123</b>	<b>76</b>	<b>76</b>
<b>Overseas Aid</b>				
Aid programme .. .. .	219	223	224	242
Other net investment by the Commonwealth Development Corporation	9	10	- 3	2
<b>Total</b> .. .. .	<b>228</b>	<b>233</b>	<b>221</b>	<b>244</b>
<b>EEC and Other Overseas Services</b>				
Contributions to the European Economic Community etc .. .. .	—	—	—	—
Overseas representation .. .. .	76	74	76	78
Overseas information .. .. .	36	36	35	35
Other external relations .. .. .	45	41	39	38
<b>Total</b> .. .. .	<b>157</b>	<b>151</b>	<b>150</b>	<b>151</b>
<b>Agriculture, Fisheries and Forestry</b>				
Agriculture and food				
Price guarantees on Common Agricultural Policy (CAP) products .. .. .	141	147	86	119
Price guarantees on products to which the CAP system of support does not apply .. .. .	26	13	26	35
Production grants and subsidies .. .. .	168	171	190	200
Costs of market support operations to implement the CAP in the United Kingdom (eg intervention buying, export restitution) .. .. .	—	—	—	—
<b>Total—Agricultural support</b> .. .. .	<b>335</b>	<b>331</b>	<b>302</b>	<b>354</b>
Other agricultural and food policies .. .. .	67	61	79	83
<b>Total—Agriculture and food</b> .. .. .	<b>402</b>	<b>392</b>	<b>381</b>	<b>437</b>
Fisheries .. .. .	12	9	10	10
Forestry .. .. .	44	44	46	50
<b>Total</b> .. .. .	<b>458</b>	<b>445</b>	<b>437</b>	<b>497</b>
Research Councils, etc. .. .. .	108	115	122	134



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Trade, Industry and Employment</b>				
<b>Department of Trade and Industry</b>				
<b>Industrial Development Executive—</b>				
Regional development grants .. .. .	—	—	—	—
Expenditure under the Local Employment Act .. .. .	45	51	55	40
Selective regional assistance .. .. .	—	—	—	—
Selective assistance—general powers	—	—	—	—
Assistance to the shipbuilding industry	5	11	—	7
Refinancing of home shipbuilding credit .. .. .	—	—	—	—
Other services .. .. .	14	13	13	14
<b>Residual expenditure—</b>				
Investment grants .. .. .	549	646	587	461
Industrial investment schemes .. .. .	23	14	15	12
Industrial Reorganisation Corporation .. .. .	33	30	25	—37
<b>Total IDE .. .. .</b>	<b>669</b>	<b>765</b>	<b>695</b>	<b>497</b>
Civil aviation services .. .. .	26	28	31	32
<b>Aircraft and aeroengine projects and assistance</b>				
Concorde—development .. .. .	76	68	70	59
—production .. .. .	5	7	8	19
RB 211 .. .. .	13	34	13	69
Other assistance .. .. .	17	7	39	25
Aerospace research and development	21	19	17	18
Nuclear energy and other nuclear expenditure .. .. .	45	31	47	40
Other research and development .. .. .	21	24	23	20
Export promotion .. .. .	7	8	7	6
Shipping services .. .. .	3	3	4	4
Nationalised industries special assistance	40	31	29	129
Miscellaneous expenditure and loan repayments .. .. .	—7	—6	—4	—
Administration .. .. .	27	28	30	29
<b>Total .. .. .</b>	<b>963</b>	<b>1,047</b>	<b>1,009</b>	<b>947</b>
<b>Department of Employment and other Departments</b>				
Employment services .. .. .	87	91	104	98
Redundancy Fund payments .. .. .	71	44	50	67
SET additional payments .. .. .	71	37	9	—
Regional employment premiums .. .. .	140	143	131	101
Covent Garden Market Authority (capital expenditure) .. .. .	1	2	5	6
Refinancing of export credit .. .. .	—	—	—	—
Miscellaneous services .. .. .	4	5	5	9
British Petroleum rights issue .. .. .	—	—	—	32
Maplin Development Authority	—	—	—	—
<b>Total .. .. .</b>	<b>374</b>	<b>322</b>	<b>304</b>	<b>313</b>
<b>Total .. .. .</b>	<b>1,337</b>	<b>1,369</b>	<b>1,313</b>	<b>1,260</b>



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Nationalised Industries Capital Expenditure</b>				
Expenditure on fixed assets:				
National Coal Board .. .. .	78	77	83	72
Electricity Council and Boards ..	661	516	463	417
North of Scotland Hydro-Electric Board .. .. .	10	12	15	16
South of Scotland Electricity Board ..	81	72	80	76
Gas Council and Boards .. .. .	268	241	219	158
Total Fuel .. .. .	1,098	918	860	739
British Steel Corporation .. .. .	79	103	173	248
Post Office .. .. .	419	455	499	540
British Overseas Airways Corporation	50	54	88	59
British European Airways .. .. .	65	29	42	60
British Airports Authority .. .. .	16	11	9	11
Total Airways and airports ..	131	94	139	130
British Railways Board .. .. .	104	93	103	63
British Transport Docks Board .. .. .	19	16	12	11
British Waterways Board .. .. .	1	1	1	1
Transport Holding Company .. .. .	22	—	—	—
National Freight Corporation .. .. .	3	32	27	16
National Bus Company .. .. .	3	12	13	14
Scottish Transport Group .. .. .	—	4	4	3
Total Surface transport industries ..	152	158	160	108
Total expenditure on fixed assets ..	1,879	1,728	1,831	1,765
Less—Sales of fixed assets .. .. .	-73	-50	-57	-62
Gross domestic fixed capital formation	1,806	1,678	1,774	1,703
Other capital expenditure .. .. .	50	2	59	-42
Total .. .. .	1,856	1,680	1,833	1,661
<b>Roads</b>				
New construction and improvements:				
Motorways and trunk roads .. .. .	188	240	299	257
Principal roads .. .. .	180	174	196	196
Other roads .. .. .	52	44	65	67
Other expenditure (including lighting)	21	21	31	27
Total .. .. .	441	479	591	547
Maintenance				
Motorways and trunk roads .. .. .	25	24	26	31
Principal roads .. .. .	47	48	47	50
Other roads .. .. .	141	136	135	146
Other expenditure (including lighting)	27	25	24	25
Total .. .. .	240	233	232	252
Administration				
Central Government administration	5	5	5	5
Local authority administration .. .. .	46	51	55	57
Selective employment tax paid by local authorities .. .. .	4	4	4	4
Total .. .. .	736	772	887	865



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Surface Transport</b>				
Support to nationalised industries ..	197	138	98	86
Other surface transport				
Ports .. .. .	32	40	31	33
Bus fuel grants .. .. .	14	27	25	24
Rural bus and ferry services ..	—	—	—	1
Infrastructure expenditure .. ..	6	12	8	25
Other passenger transport .. ..	35	24	34	37
Miscellaneous transport services ..	1	-6	-4	-3
Departmental administration ..	13	14	13	14
<b>Total</b> .. .. .	<b>298</b>	<b>249</b>	<b>205</b>	<b>217</b>
<b>Housing<sup>(1)</sup></b>				
Subsidies .. .. .	280	324	357	385
Option mortgages .. .. .	7	10	15	19
Improvement grants .. .. .	21	21	29	48
Local authority improvement investment .. .. .	20	29	43	89
Other investment and central administration				
Gross .. .. .	1,025	955	899	746
Sales .. .. .	-47	-39	-45	-131
Net .. .. .	978	916	854	615
Lending				
Gross .. .. .	124	103	222	291
Repayments .. .. .	-100	-104	-150	-179
Net .. .. .	24	-1	72	112
<b>Total</b> .. .. .	<b>1,330</b>	<b>1,299</b>	<b>1,370</b>	<b>1,268</b>
<b>Miscellaneous Local Services</b>				
Capital expenditure				
Public health and avoidance of pollution .. .. .	251	252	284	317
Improvement of the environment and local facilities .. .. .	151	148	181	148
New Towns industrial and commercial development etc. .. .. .	24	26	26	31
Current expenditure on these services ..	444	456	474	519
Research .. .. .	7	7	7	10
<b>Total</b> .. .. .	<b>877</b>	<b>889</b>	<b>972</b>	<b>1,025</b>
<b>Law and Order</b>				
Capital expenditure				
Home Departments' services				
Police .. .. .	25	26	27	35
Prisons .. .. .	11	12	10	13
Probation and after care .. .. .	1	—	—	1
Fire services .. .. .	11	10	10	13
Other services .. .. .	—	2	7	5
<b>Total</b> .. .. .	<b>48</b>	<b>50</b>	<b>54</b>	<b>67</b>
Law courts, etc .. .. .	9	7	10	11
<b>Total (capital expenditure)</b> ..	<b>57</b>	<b>57</b>	<b>64</b>	<b>78</b>

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



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Current expenditure:</b>				
<b>Home Departments' services</b>				
Police .. .. .	374	389	384	408
Prisons .. .. .	47	52	57	64
Probation and after care .. .. .	12	13	15	15
Fire services .. .. .	76	78	78	82
Other services .. .. .	4	6	8	11
Departmental administration .. .. .	12	13	14	18
<b>Total</b> .. .. .	<b>525</b>	<b>551</b>	<b>556</b>	<b>598</b>
Law courts, etc. .. .. .	31	35	41	43
Legal aid .. .. .	16	18	21	26
Parliament and the Privy Council .. .. .	5	5	5	6
Parliamentary election expenses .. .. .	—	—	4	—
Selective employment tax paid by local authorities .. .. .	15	14	14	14
<b>Total (current expenditure)</b> .. .. .	<b>592</b>	<b>623</b>	<b>641</b>	<b>687</b>
<b>Total</b> .. .. .	<b>649</b>	<b>680</b>	<b>705</b>	<b>765</b>
<b>Arts</b>				
<b>Capital expenditure:</b>				
National museums and galleries .. .. .	2	1	—	1
Local museums and galleries .. .. .	—	1	1	1
Arts Council and British Film Institute .. .. .	—	—	1	1
National Theatre, South Bank .. .. .	—	—	2	2
Edinburgh Opera House .. .. .	—	—	—	—
<b>Total (capital expenditure)</b> .. .. .	<b>2</b>	<b>2</b>	<b>4</b>	<b>5</b>
<b>Current expenditure:</b>				
National museums and galleries				
Annual purchase grants .. .. .	1	1	2	2
Other .. .. .	7	7	7	8
Local museums and galleries .. .. .	7	5	6	7
Arts Council, British Film Institute and National Film School .. .. .	10	11	12	13
Other grants .. .. .	—	—	—	—
Selective employment tax paid by local authorities .. .. .	—	—	—	—
<b>Total (current expenditure)</b> .. .. .	<b>25</b>	<b>24</b>	<b>27</b>	<b>30</b>
<b>Total</b> .. .. .	<b>27</b>	<b>26</b>	<b>31</b>	<b>35</b>
<b>Education and libraries</b>				
<b>Capital expenditure:</b>				
Schools .. .. .	289	285	289	335
Further education .. .. .	73	72	70	73
Teacher training .. .. .	15	13	11	13
Universities .. .. .	95	79	83	83
Youth service, etc. .. .. .	11	10	8	10
Libraries .. .. .	5	7	9	9
<b>Total (capital expenditure)</b> .. .. .	<b>488</b>	<b>466</b>	<b>470</b>	<b>523</b>



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Current expenditure:</b>				
<b>Schools</b>				
Primary .. .. .	539	564	586	630
Secondary .. .. .	598	615	638	694
Other .. .. .	164	166	168	188
Further education .. .. .	297	307	326	344
Teacher training .. .. .	117	121	126	131
Universities .. .. .	291	301	324	334
Youth service, etc. .. .. .	23	24	25	26
Meals and milk .. .. .	140	138	130	116
Other education .. .. .	3	4	5	4
Administration .. .. .	87	88	94	97
Libraries .. .. .	58	62	64	71
Selective employment tax paid by local authorities .. .. .	44	44	45	43
<b>Total (current expenditure) ..</b>	<b>2,361</b>	<b>2,434</b>	<b>2,531</b>	<b>2,678</b>
<b>Total .. .. .</b>	<b>2,849</b>	<b>2,900</b>	<b>3,001</b>	<b>3,201</b>
<b>Health and Personal Social Services</b>				
<b>Capital expenditure:</b>				
Hospitals .. .. .	150	152	159	184
Family practitioner services .. .. .	1	—	1	—
Local authority health and personal social services .. .. .	47	48	52	62
Other central services and grants .. .. .	5	5	4	5
<b>Total (capital expenditure) ..</b>	<b>203</b>	<b>205</b>	<b>216</b>	<b>251</b>
<b>Current expenditure:</b>				
Hospitals .. .. .	1,268	1,289	1,344	1,397
Family practitioner services .. .. .	516	532	543	543
Local authority health and personal social services .. .. .	330	338	360	391
Welfare foods .. .. .	56	56	53	18
Other central services and grants and departmental administration .. .. .	45	42	48	55
Selective employment tax paid by local authorities .. .. .	8	10	9	9
<b>Total (current expenditure) ..</b>	<b>2,223</b>	<b>2,267</b>	<b>2,357</b>	<b>2,413</b>
<b>Total .. .. .</b>	<b>2,426</b>	<b>2,472</b>	<b>2,573</b>	<b>2,664</b>
<b>Social Security</b>				
<b>National insurance</b>				
Retirement pensions .. .. .	1,543	1,627	1,778	2,045
Sickness benefit and invalidity benefit .. .. .	348	385	379	417
Unemployment benefit .. .. .	123	127	150	239
Other national insurance benefits .. .. .	203	213	220	252
Industrial injuries benefits .. .. .	104	106	110	115
War pensions .. .. .	125	125	128	137
Supplementary benefits .. .. .	429	471	524	641
Old persons pensions .. .. .	—	—	7	23
Family income supplement .. .. .	—	—	—	4
Attendance allowance .. .. .	—	—	—	6
Family allowance .. .. .	297	339	339	343
Administration .. .. .	174	179	183	205
<b>Total .. .. .</b>	<b>3,346</b>	<b>3,572</b>	<b>3,818</b>	<b>4,427</b>



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Financial Administration</b>				
Tax and rate collection .. .. .	216	219	230	238
Royal Mint .. .. .	12	20	7	3
Post-war credits .. .. .	25	23	16	19
Other financial administration .. .. .	53	47	37	48
<b>Total .. .. .</b>	<b>306</b>	<b>309</b>	<b>290</b>	<b>308</b>
<b>Common Services</b>				
Accommodation (home)				
Capital expenditure .. .. .	22	22	32	33
Current expenditure ..				
Departmental administration .. .. .	25	26	26	26
Rent .. .. .	34	36	37	39
Maintenance and other running costs .. .. .	31	33	34	43
Rates on Government property .. .. .	51	53	54	55
<b>Total .. .. .</b>	<b>163</b>	<b>170</b>	<b>183</b>	<b>196</b>
Stationery Office (home)				
Capital expenditure .. .. .	3	3	4	4
Current expenditure .. .. .	29	36	33	39
<b>Total .. .. .</b>	<b>32</b>	<b>39</b>	<b>37</b>	<b>43</b>
Central Computer Agency .. .. .	10	10	14	18
Home publicity services .. .. .	8	9	11	12
Superannuation of civil servants in civil departments .. .. .	92	92	98	106
<b>Total .. .. .</b>	<b>110</b>	<b>111</b>	<b>123</b>	<b>136</b>
Less: Allied services (defence) .. .. .	-136	-121	-127	-120
<b>Total .. .. .</b>	<b>169</b>	<b>199</b>	<b>216</b>	<b>255</b>
<b>Miscellaneous Services</b>				
Records, registrations and surveys .. .. .	19	19	17	24
Broadcasting (capital expenditure)				
BBC .. .. .	12	12	10	11
IBA .. .. .	3	3	3	4
Meteorological services .. .. .	8	9	10	13
Civil defence .. .. .	9	2	5	7
Royal parks, historic buildings and ancient monuments .. .. .	4	5	5	4
Other miscellaneous services .. .. .	28	31	37	41
<b>Total .. .. .</b>	<b>83</b>	<b>81</b>	<b>87</b>	<b>104</b>



TABLE 3.8 continued

£ million

	1968-69 outturn	1969-70 outturn	1970-71 outturn	1971-72 provisional outturn
<b>Northern Ireland</b>				
Agriculture, fisheries and forestry ..	12	13	14	15
Trade, industry and employment ..	59	74	80	87
Fuel .. .. .	17	18	20	26
Roads .. .. .	24	27	24	26
Surface transport .. .. .	5	4	4	6
Housing .. .. .	45	39	47	51
Miscellaneous local services .. .. .	20	22	25	30
Law and order .. .. .	16	19	23	30
Arts .. .. .	—	1	1	1
Education and libraries .. .. .	78	83	85	95
Health and personal social services ..	73	73	78	80
Social security .. .. .	119	127	129	139
Financial administration .. .. .	2	2	3	3
Common services .. .. .	3	4	4	5
Miscellaneous services .. .. .	7	6	7	10
<b>Total</b> .. .. .	<b>480</b>	<b>512</b>	<b>544</b>	<b>604</b>



**Gross public expenditure, charges and other directly related receipts, by programme: 1971-72 (provisional outturn)**

TABLE 3.9

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1972-73 outturn prices, including the relative price effect</i>				
<i>Defence and external relations</i>				
1. Defence Budget .. .. .	3,272	252	—	3,020
2. Other military defence .. .. .	55	—3	12	58
3. Overseas aid .. .. .	244	—	26	244
4. EEC and other overseas services ..	159	3	—12	156
<i>Commerce and industry</i>				
5. Agriculture, fisheries and forestry ..	509	4	2	505
6. Research Councils, etc. .. .. .	137	1	—	136
7. Trade, industry and employment ..	1,333	27	150	1,306
<i>Nationalised industries</i>				
8. Nationalised industries capital expenditure .. .. .	1,722	—	(1)	1,722
<i>Environmental services</i>				
9. Roads .. .. .	918	21	2	897
10. Surface transport .. .. .	234	10	1	224
11. Housing .. .. .	1,263	—	121	1,263
12. Miscellaneous local services .. .. .	1,174	57	10	1,117
13. Law and order .. .. .	812	21	—	791
14. Arts .. .. .	35	—	—	35
<i>Social services</i>				
15. Education and libraries .. .. .	3,570	186	2	3,384
16. Health and personal social services	2,951	179	248	2,772
17. Social security .. .. .	4,427	—	2,835	4,427
<i>Other services</i>				
18. Financial administration .. .. .	323	2	—25	321
19. Common services .. .. .	281	1	88	280
20. Miscellaneous services .. .. .	136	27	11	109
21. Northern Ireland .. .. .	623	8	78	615
22. Debt interest .. .. .	2,450	—	945	2,450
23. Contingency reserve .. .. .	.. .. .	.. .. .	.. .. .	—
24. Shortfall .. .. .	.. .. .	.. .. .	.. .. .	—
25. Price adjustments .. .. .	.. .. .	.. .. .	.. .. .	263
<b>Total .. .. .</b>				<b>26,095</b>

(1) The trading surpluses of nationalised industries are not included.



**Gross public expenditure, charges and other directly related receipts, by programme: 1972-73 (estimate)**

TABLE 3.10

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1972-73 outturn prices, including the relative price effect</i>				
<i>Defence and external relations</i>				
1. Defence Budget .. .. .	3,291	288	—	3,003
2. Other military defence .. .. .	58	—3	7	61
3. Overseas aid .. .. .	275	—	26	275
4. EEC and other overseas services .. .. .	208	3	—11	205
<i>Commerce and industry</i>				
5. Agriculture, fisheries and forestry .. .. .	585	3	3	582
6. Research Councils, etc. .. .. .	143	2	—	141
7. Trade, industry and employment .. .. .	1,699	29	142	1,670
<i>Nationalised industries</i>				
8. Nationalised industries capital expenditure .. .. .	1,811	—	(1)	1,811
<i>Environmental services</i>				
9. Roads .. .. .	1,036	23	2	1,013
10. Surface transport .. .. .	297	10	1	287
11. Housing .. .. .	1,415	—	121	1,415
12. Miscellaneous local services .. .. .	1,315	58	9	1,257
13. Law and order .. .. .	872	25	—	847
14. Arts .. .. .	41	—	—	41
<i>Social services</i>				
15. Education and libraries .. .. .	3,769	200	2	3,569
16. Health and personal social services .. .. .	3,111	194	227	2,917
17. Social security .. .. .	5,050	—	3,105	5,050
<i>Other services</i>				
18. Financial administration .. .. .	448	2	—27	446
19. Common services .. .. .	327	1	79	326
20. Miscellaneous services .. .. .	131	30	10	101
21. Northern Ireland .. .. .	719	8	86	711
22. Debt interest .. .. .	2,350	—	956	2,350
23. Contingency reserve .. .. .	.. .. .	.. .. .	.. .. .	—
24. Shortfall .. .. .	.. .. .	.. .. .	.. .. .	—200
25. Price adjustments .. .. .	.. .. .	.. .. .	.. .. .	6
<b>Total.. .. .</b>				<b>27,884</b>

(1) The trading surpluses of nationalised industries are not included.



**Gross public expenditure, charges and other directly related receipts, by programme: 1973-74 (estimate)**

TABLE 3.11

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1972-73 outturn prices, including the relative price effect</i>				
<i>Defence and external relations</i>				
1. Defence Budget .. .. .	3,526	313	—	3,213
2. Other military defence .. .. .	64	—3	9	67
3. Overseas aid .. .. .	270	—	24	270
4. EEC and other overseas services ..	249	3	—10	246
<i>Commerce and industry</i>				
5. Agriculture, fisheries and forestry ..	565	4	3	561
6. Research Councils, etc. .. .. .	136	2	—	134
7. Trade, industry and employment ..	1,878	28	143	1,850
<i>Nationalised industries</i>				
8. Nationalised industries capital expenditure .. .. .	1,991	—	(1)	1,991
<i>Environmental services</i>				
9. Roads .. .. .	1,111	25	2	1,086
10. Surface transport .. .. .	273	11	1	262
11. Housing .. .. .	1,413	—	120	1,413
12. Miscellaneous local services .. .. .	1,432	60	8	1,372
13. Law and order .. .. .	924	27	—	897
14. Arts .. .. .	53	2	—	51
<i>Social services</i>				
15. Education and libraries .. .. .	3,950	194	2	3,756
16. Health and personal social services	3,275	201	209	3,074
17. Social security .. .. .	5,217	—	3,221	5,217
<i>Other services</i>				
18. Financial administration .. .. .	347	2	—23	345
19. Common services .. .. .	340	—	79	340
20. Miscellaneous services .. .. .	137	32	9	105
21. Northern Ireland .. .. .	724	8	87	716
22. Debt interest .. .. .	2,300	—	920	2,300
23. Contingency reserve .. .. .				350
24. Shortfall .. .. .				—200
25. Price adjustments .. .. .				—234
Total .. .. .				29,182

(1) The trading surpluses of nationalised industries are not included.



**Gross public expenditure, charges and other directly related receipts, by programme: 1974-75 (estimate)**

TABLE 3.12

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1972-73 outturn prices, including the relative price effect</i>				
<i>Defence and external relations</i>				
1. Defence Budget .. .. .	3,447	324	—	3,123
2. Other military defence .. .. .	68	—3	9	71
3. Overseas aid .. .. .	281	—	22	281
4. EEC and other overseas services ..	297	3	—10	294
<i>Commerce and industry</i>				
5. Agriculture, fisheries and forestry ..	538	4	2	534
6. Research Councils, etc. .. .. .	134	2	—	132
7. Trade, industry and employment ..	1,695	28	156	1,667
<i>Nationalised industries</i>				
8. Nationalised industries capital expenditure .. .. .	2,167	—	(1)	2,167
<i>Environmental services</i>				
9. Roads .. .. .	1,179	26	2	1,153
10. Surface transport .. .. .	267	11	1	256
11. Housing .. .. .	1,304	—	118	1,304
12. Miscellaneous local services .. .. .	1,430	61	7	1,369
13. Law and order .. .. .	987	29	—	958
14. Arts .. .. .	49	2	—	47
<i>Social services</i>				
15. Education and libraries .. .. .	4,114	205	2	3,909
16. Health and personal social services	3,423	207	196	3,216
17. Social security .. .. .	5,259	—	3,229	5,259
<i>Other services</i>				
18. Financial administration .. .. .	347	2	—22	345
19. Common services .. .. .	356	—	76	356
20. Miscellaneous services .. .. .	140	34	9	106
21. Northern Ireland .. .. .	725	9	88	716
22. Debt interest .. .. .	2,275	—	894	2,275
23. Contingency reserve .. .. .				500
24. Shortfall .. .. .				—200
25. Price adjustments .. .. .				—262
<b>Total .. .. .</b>				<b>29,576</b>

(1) The trading surpluses of nationalised industries are not included.



**Gross public expenditure, charges and other directly related receipts, by programme: 1975-76 (estimate)**

£ million

TABLE 3.13

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1972-73 outturn prices, including the relative price effect</i>				
<i>Defence and external relations</i>				
1. Defence Budget .. .. .	3,584	301	—	3,283
2. Other military defence .. .. .	83	—3	8	86
3. Overseas aid .. .. .	294	—	19	294
4. EEC and other overseas services ..	327	3	—10	324
<i>Commerce and industry</i>				
5. Agriculture, fisheries and forestry ..	509	4	2	505
6. Research Councils, etc. .. .. .	134	2	—	132
7. Trade, industry and employment ..	1,462	58	181	1,404
<i>Nationalised industries</i>				
8. Nationalised industries capital expenditure .. .. .	2,160	—	(1)	2,160
<i>Environmental services</i>				
9. Roads .. .. .	1,227	28	2	1,199
10. Surface transport .. .. .	263	11	1	252
11. Housing .. .. .	1,261	—	112	1,261
12. Miscellaneous local services .. .. .	1,453	63	6	1,390
13. Law and order .. .. .	1,052	31	—	1,021
14. Arts .. .. .	49	2	—	47
<i>Social services</i>				
15. Education and libraries .. .. .	4,340	218	2	4,122
16. Health and personal social services	3,580	213	326	3,367
17. Social security .. .. .	5,311	—	3,288	5,311
<i>Other services</i>				
18. Financial administration .. .. .	352	2	—20	350
19. Common services .. .. .	377	—	75	377
20. Miscellaneous services .. .. .	150	36	12	114
21. Northern Ireland .. .. .	714	9	80	705
22. Debt interest .. .. .	2,250	—	866	2,250
23. Contingency reserve .. .. .				600
24. Shortfall .. .. .				—200
25. Price adjustments .. .. .				—301
<b>Total.. .. .</b>				<b>30,053</b>

(1) The trading surpluses of nationalised industries are not included.



**Gross public expenditure, charges and other directly related receipts, by programme: 1976-77 (estimate)**

TABLE 3.14

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1972-73 outturn prices, including the relative price effect</i>				
<i>Defence and external relations</i>				
1. Defence Budget .. .. .	3,559	255	—	3,304
2. Other military defence .. .. .	95	—3	7	98
3. Overseas aid .. .. .	324	—	18	324
4. EEC and other overseas services ..	365	3	—10	362
<i>Commerce and industry</i>				
5. Agriculture, fisheries and forestry ..	483	4	2	479
6. Research Councils, etc. .. .. .	139	2	—	137
7. Trade, industry and employment ..	1,107	37	193	1,070
<i>Nationalised industries</i>				
8. Nationalised industries capital expenditure .. .. .	2,184	—	(1)	2,184
<i>Environmental services</i>				
9. Roads .. .. .	1,286	30	2	1,256
10. Surface transport .. .. .	249	11	1	238
11. Housing .. .. .	1,241	—	110	1,241
12. Miscellaneous local services .. .. .	1,520	64	5	1,456
13. Law and order .. .. .	1,113	34	—	1,079
14. Arts .. .. .	52	2	—	50
<i>Social services</i>				
15. Education and libraries .. .. .	4,556	225	2	4,331
16. Health and personal social services	3,745	220	338	3,525
17. Social security .. .. .	5,325	—	3,576	5,325
<i>Other services</i>				
18. Financial administration .. .. .	356	2	—18	354
19. Common services .. .. .	403	—	73	403
20. Miscellaneous services .. .. .	151	37	14	114
21. Northern Ireland .. .. .	724	9	83	715
22. Debt interest .. .. .	2,225	—	843	2,225
23. Contingency reserve .. .. .				700
24. Shortfall .. .. .				—200
25. Price adjustments .. .. .				—331
<b>Total.. .. .</b>				<b>30,439</b>

(1) The trading surpluses of nationalised industries are not included.

*Current.*



**Policy and estimating changes since Cmnd. 4829**

TABLE 3.15

£ million at 1972 Survey prices

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>1. Counter-cyclical measures<sup>(1)</sup></b>					
Defence Budget:					
Aircraft, etc. <sup>(2)</sup> .. .. .	—	3 <sup>car</sup>	22 <sup>9 cap</sup>	4	13 <sup>c</sup>
Trade, industry and employment:					
Purchase of machine tools ..	—	9	6 <sup>#8</sup>	—	— <sup>223-</sup>
Civil Aviation Authority ..	—	1	2	1	2
Compensation for accelerated investment of nationalised industries .. .. .	—	—	2 <sup>5</sup>	5 <sup>5</sup>	5 <sup>5</sup>
Nationalised industries:					
Accelerated and additional investment .. 23-11-71 ..	9	89	73	-9	-16
Roads:					
Additional road maintenance ..	—	18 <sup>work</sup>	21	-1	-5 <sup>23-11-71</sup>
Surface transport:					
Infrastructure expenditure ..	—	5	10	—	-2 <sup>(2)</sup>
Miscellaneous local services: 7-2-71					
Environmental assistance scheme ..	—	14	11 <sup>#</sup>	—	— <sup>7-2-71</sup>
Education, roads, etc.:					
Addition to Cmnd. 4829 infrastructure programme—Scotland .. .. .	—	5	1	—	— <sup>(?)</sup>
Financial administration: 14-12-71					
Repayment of post-war credits ..	—	111 <sup>73</sup>	-9 <sup>8</sup>	-12	-11
Northern Ireland:					
Acceleration of investment, and aids to employment .. .. .	—	25	38	24	7
<b>Total .. .. .</b>	<b>9</b>	<b>280</b>	<b>177</b>	<b>12</b>	<b>-7</b>

(1) In total, counter-cyclical measures comprise:

CG cur	139	53 <sup>(?)</sup>	21
CG cap	10	8	
LA cur	24	22	
LA cap	18	21	
N.I.	89	73	-9

(i) Included in Cmnd. 4829 (at 1972 Survey prices)

LA 14-7-71  
Improvement of environmental and social service infrastructure  
Naval shipbuilding .. .. .

42	112	24 <sup>11</sup>	—	—
3	34	37	17	-2

(ii) Subsequent changes to (i)  
(iii) Measures since Cmnd. 4829 (as in table above) .. .. .

-18	-9	+21	+12	+12
9	280	177	12	-7

**Total .. .. .**

36	417	259	41	3
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(2) Measured on a payments basis. The figures in Table 2.1 reflect estimates on a deliveries basis.

Shipbuilding rephased as follows:

OT	P.O.	E/c	F/c	P/c
0	119	-2	+11	+12
	(-17.5)	(-2)	(+10)	(+11)

Δ in environmental expend.

-1.8	+10	+19	+1
115			

(1991 p.)

116.5	+9	+17.5	+1
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TABLE 3.15 (continued)

£ million at 1972 survey prices

	1971-72	1972-73	1973-74	1974-75	1975-76
<b>2. Industrial and regional development</b>					
Trade, industry and employment:					
Regional development grants ..	—	28	225	230	255
Selective regional assistance ..	—	10	35	45	60
Expenditure under the Local Employment Act ..	—	-2	-22	-58	-77
Shipbuilding construction grants	—	16	14	12	6
Training expansion programme	—	19	22	52	64
Increased mobility grants ..	—	5	5	5	5
Roads:					
Accelerated expenditure <i>Nov. 1972</i>	—	5	15	23	21
Total .. .. .	—	81	294	309	334
<b>3. Assistance to nationalised industries</b>					
Trade, industry and employment:					
Coal industry .. .. .	100	100	144	144	132
Central Electricity Generating Board .. .. .	—	20	—	—	—
Surface transport:					
British Railways Board and National Bus Company ..	—	34	—	—	—
Total .. .. .	100	154	144	144	132
<b>4. Social security benefits</b> .. .. .	1	182	207	228	240
<b>5. Other policy changes</b>					
Overseas aid:					
Relief in the Indian sub-continent and rephasing .. .. .	16	25	10	-3	-15
Agriculture, fisheries and forestry:					
Agricultural price review ..	—	49	42	42	42
Sugar subsidy .. .. .	—	25	—	—	—
Research Councils, etc. .. .. .	—	—	-13	-19	-27
Trade, industry and employment:					
Assistance to shipbuilding industry, mainly Govan and Cammell Laird .. .. .	3	21	13	12	2
Severance scheme for dock workers .. .. .	—	24	—	—	—
Roads:					
Local authority maintenance following the Marshall Report ..	—	—	2	24	24
Expenditure transferred to other services .. .. .	—	7	-6	-29	-49
Housing .. .. .	—	16	85	68	61
Miscellaneous local services:					
Acquisition, improvement and sale of land for private housing (including £4 million expenditure on the Roads programme)	—	36	46	-10	-41
Local government reorganisation	—	—	25	12	5
Improvement of the environment	—	—	12	20	28
Health and personal social services	-2	9	6	11	14
Northern Ireland .. .. .	—	19	9	17	9
All other policy changes not specified above .. .. .	32	48	45	20	79
Total .. .. .	49	279	276	165	132
Total, policy changes .. .. .	159	976	1,098	858	831



TABLE 3.15 (continued)

£ million at 1972 Survey prices

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
6. Refinance of export and ship-building credits .. .. .	—	—	350	470	435	376
7. Estimating changes						
Defence Budget .. .. .	2	59	34	126	20	72
EEC and other overseas services:						
Contributions to the EEC, etc... .. .	—	—	8	-58	-45	-15
Other... .. .	1	-5	2	—	2	3
Agriculture, fisheries and forestry:						
Entry into the EEC .. .. .	—	—	14	74	96	69
Other... .. .	2	-12	-15	-4	-8	-14
Trade, industry and employment:						
Concorde .. .. .	—	-8	-22	-17	1	50
RB 211 .. .. .	—	-12	4	-10	14	—
Residual IRC expenditure .. .. .	—	-20	-18	-12	-1	22
Investment grants: residual expenditure .. .. .	-3	-105	8	51	25	-4
Other... .. .	15	-59	-50	14	24	12
Nationalised industries:						
Electricity, revised load forecasts .. .. .	—	-32	-66	-58	35	-26
National Coal Board, North Sea exploration and colliery expenditure .. .. .	—	-33	-3	11	22	8
Gas .. .. .	—	-45	-61	-24	14	14
Fuel industries stocks, sales and other capital expenditure .. .. .	-23	-50	-4	19	53	44
Steel:						
Investment .. .. .	-1	-23	-34	24	49	34
Stocks and other capital expenditure .. .. .	-30	-124	29	13	8	-4
Post Office, investment and other capital expenditure .. .. .	5	6	-12	-15	3	11
BOAC and BEA: payments for aircraft, etc. .. .. .	1	-10	-43	—	59	81
Surface transport (including sales and BRB leasing of assets) .. .. .	-5	-52	-80	-62	-47	-32
Shortfall .. .. .	—	75	—	-25	-25	-25
Roads .. .. .	3	-19	-21	-24	8	10
Surface transport .. .. .	-4	-20	-6	4	10	12
Housing .. .. .	8	-74	-79	-69	-104	-112
Miscellaneous local services:						
Thames barrier .. .. .	—	-2	-2	6	15	16
Other... .. .	-74	-22	-8	-10	-12	-22
Education and libraries:						
Changes following the 1973-74 rate support grant settlement (England and Wales) .. .. .	—	28	29	55	64	69
Other... .. .	22	-4	10	43	37	41
Health and personal social services .. .. .	19	17	20	27	15	15
Social security .. .. .	—	-27	87	47	46	60
Northern Ireland .. .. .	2	2	17	17	12	19
All other estimating changes .. .. .	12	-10	11	15	9	12
Total, estimating changes .. .. .	-48	-581	-251	158	399	420



## NOTES ON METHODOLOGY

1. A comprehensive handbook on the methodology used in the public expenditure Surveys and in the compilation of the figures published in the annual series of White Papers has been published as a separate volume<sup>(1)</sup>. The following paragraphs are concerned mainly with those changes in classification and methodology which have occurred since the 1971 public expenditure White Paper (Cmnd 4829).

### Classification and coverage changes

2. The following transfers between programmes reflect changes in organisation and reassessment of the functions of some elements of expenditure:

- (a) The rent of further buildings with specialised functions from Common services to the relevant programmes.
- (b) Some expenditure on agricultural research from Research Councils to Agriculture, fisheries and forestry.
- (c) The Torry Research Station from Trade, industry and employment to Agriculture, fisheries and forestry.
- (d) The expenditure on the development of the Maplin site for the Third London Airport from Nationalised industries' capital expenditure to Trade, industry and employment.
- (e) The transfers of some Central Office of Information staff to the Department of Trade and Industry (from Common services to Trade, industry and employment).
- (f) Expenditure on various research establishments (of which the Building and Road Research Stations are the largest) from Trade, industry and employment and Surface transport to Miscellaneous local services.
- (g) Expenditure under the Urban programme on day care centres from Health and personal social services to Law and order.
- (h) Expenditure on local museums and galleries from Education to Arts, and expenditure on national libraries, the Royal Geographical Society and the British Institute of Recorded Sound from Arts to Education (now renamed Education and libraries).
- (i) Expenditure on the Customs and Excise computer at London Airport from Common services to Financial administration.
- (j) The Central Computer Agency from Trade, industry and employment and Miscellaneous services to Common services.

3. As a consequence of the arrangements agreed earlier this year with the clearing banks, the cost of the refinance of shipbuilding and export credits, formerly borne by the Issue Department of the Bank of England, is carried on the Votes of the Department of Trade and Industry (since August 1972) and the Export Credit Guarantee Department (since April 1972) respectively, and forms part of public expenditure. This change increases public expenditure as defined in this White Paper by the following amounts:

	£ million at 1972 Survey prices				
	1972-73	1973-74	1974-75	1975-76	1976-77
Export credits	300	375	350	301	232
Shipbuilding credits	50	95	85	75	25
	350	470	435	376	257

<sup>(1)</sup>Public Expenditure White Papers: Handbook on Methodology (HMSO).



4. Five items are included for the first time in the Survey coverage:
- (a) National Insurance Fund payments for vocational training—included in Trade, industry and employment.
  - (b) Local authority grants to Housing Associations for improvements—included in Housing.
  - (c) Expenditure on replacement of furniture in schools etc.—included in Education and libraries.
  - (d) Advances to the Agricultural Mortgage Corporation Ltd.—included in Miscellaneous services.
  - (e) Expenditure of the Northern Ireland Water Commissioners—included in Northern Ireland.

These items increase public expenditure as presented in this White Paper by:

£ million at 1972 Survey prices					
1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
25.7	27.0	29.2	31.3	32.8	34.4

5. In accordance with the definition of charges given in paragraph 21 of Part 1 (page 12) of Cmnd 4829 some further items of revenue, previously treated as taxation receipts, have been identified as charges and are now netted off the relevant expenditure. They are:

Trade, industry and employment

- (a) Companies Registration Office; fees
- (b) Space rentals at trade fairs
- (c) Premiums for shipbuilding guarantees

Financial administration

- (d) Exchequer Office, Scotland, fees

Miscellaneous services

- (e) Companies registration (Scotland) fees

These changes reduce public expenditure by:

£ million at 1972 Survey prices					
1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
-4.1	-4.2	-4.4	-4.7	-4.8	-4.8

### Price adjustments

6. Some items of expenditure—notably Regional Employment Premiums and Post-War Credits—which have previously been given in cash terms in the tables analysing expenditure in volume terms are now presented at constant prices. Certain other items such as Agricultural support, where the forward projections are regarded as representing a constant price series but where no revaluation had previously been applied to cash outturns or to the previous year's forward projections, are also now presented throughout on a consistent constant price basis.

7. The following table analyses the figures in the line "Adjustments to 1972-73 outturn prices and relative price effect" into their three constituent parts for the years 1971-72 to 1976-77:



	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77
Adjustment to 1972-73 out- turn prices .. .. .	804	831	864	856	866	885
Adjustment of cash pro- grammes to 1972-73 out- turn prices .. .. .	277	—	-250	-293	-332	-345
Relative price effect .. .. .	-88	—	157	324	505	700
Total .. .. .	993	831	771	887	1,039	1,240

### Valuation of fixed price contracts

8. Adjustments have this year been made to the estimates of expenditure on new building for educational purposes, roads and Government offices so as to measure more accurately the prospective resource use implied by those estimates (see Chapter IV, paragraph 78 of the Handbook on Methodology).

### Exchange rate

9. Estimates of expenditure affected by the exchange rate reflect a rate of \$2.60 to the £.

### Selective Employment Tax

10. All the expenditure outturns and estimates given in this White Paper (apart from Table 1.2) are at constant (1972 Survey or 1972-73 outturn) *market prices*, ie they embody all indirect taxes, including selective employment tax, paid or payable by public bodies at the rates in force at the relevant time—respectively the beginning of the 1972 Survey operation (for 1972 Survey prices) and during the financial year 1972-73 (for outturn prices). The effect of this treatment is to include selective employment tax payments for all years, although the Chancellor of the Exchequer announced in his 1972 Budget statement his intention to remove this tax as from 1 April 1973. While this treatment is apparent from the Tables covering programmes with local authority expenditure in Part 2, since Selective employment tax payments by local authorities are separately identified, it applies equally to all such payments by public sector bodies. To depart from this convention and to omit selective employment tax payments from the cost of the programmes to which they relate for the years after 1972-73 would invalidate the constant price basis of the expenditure estimates and the relevant percentage rates of change.



## NOTES ON TABLE 1.2—THE RESOURCES AND CLAIMS TABLE

1. Table 1.2 compares competing demands on resources from different sectors of the economy with each other and with the available supply. This line-by-line account explains what each part of the Table means.

2. Line A shows, for two alternative cases, the projected growth in total available resources between 1971 and 1977 which is measured by the change in the Gross Domestic Product (GDP) over the period. Estimation of this change involves taking a view of two uncertain factors, viz, the growth in productive potential and the effect on GDP of taking up the slack in the economy which existed in 1971.

3. In Section B, line 1 is an estimate of the claim on resources for private fixed capital formation (excluding private dwellings) and stockbuilding. It excludes that part of private investment financed by public sector lending and grants (other than investment grants)—which is included under 3(d). The relationship between the growth of the capital stock and the sustainable growth of output is inevitably very uncertain and for this reason two alternative estimates of investment are provided for each growth case.

4. Line 2 is an estimate of the claim on resources for the balance of trade (exports of goods and services minus imports of goods and services). The underlying assumption here is that a surplus on current account will be achieved sufficient to finance capital outflows and to maintain a satisfactory reserves position. A minus sign in this line implies that the balance of trade (at 1972 prices) is smaller in 1977 than in 1971, so that a reduced quantity of resources is required for this sector. The difference between the figures for the two output cases reflects the assumption that a higher level of GDP would be accompanied by higher imports, and that exports, in volume terms, would have to rise more than proportionately to the rise in the volume of imports if the same current account surplus is to be achieved. The estimates of resource movements out of or into the balance of trade are inevitably very uncertain.

5. Lines 3 (a) to (e) give estimates of public expenditure on present programmes. Although the rates of increase given here are different from those given elsewhere in the White Paper, they are consistent with them, and the differences arise partly because this Resources Table compares the calendar years 1971 and 1977 whereas elsewhere in the White Paper comparisons are between the financial years 1972-73 and 1976-77, and partly because the resource implications of certain public expenditure items (eg Government transfers overseas) are in this Table included in the balance of trade.

6. All expenditure figures are in terms of the demand they will make on resources. Lines 3 (a) and (b) represent direct demands by Government—purchases of goods and services. Public investment covers gross fixed capital formation and stockbuilding. Line 3(d) represents indirect demands. It comprises the demand effects of various forms of transfers to the private sector at home—subsidies, debt interest, current grants, capital grants (other than investment grants) and net lending.

7. Line 4 is the residual figure. It includes capital expenditure on private dwellings (excluded from private investment in line 1) but excludes that part of consumers' expenditure included in indirect domestic public expenditure in line 3(d).



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