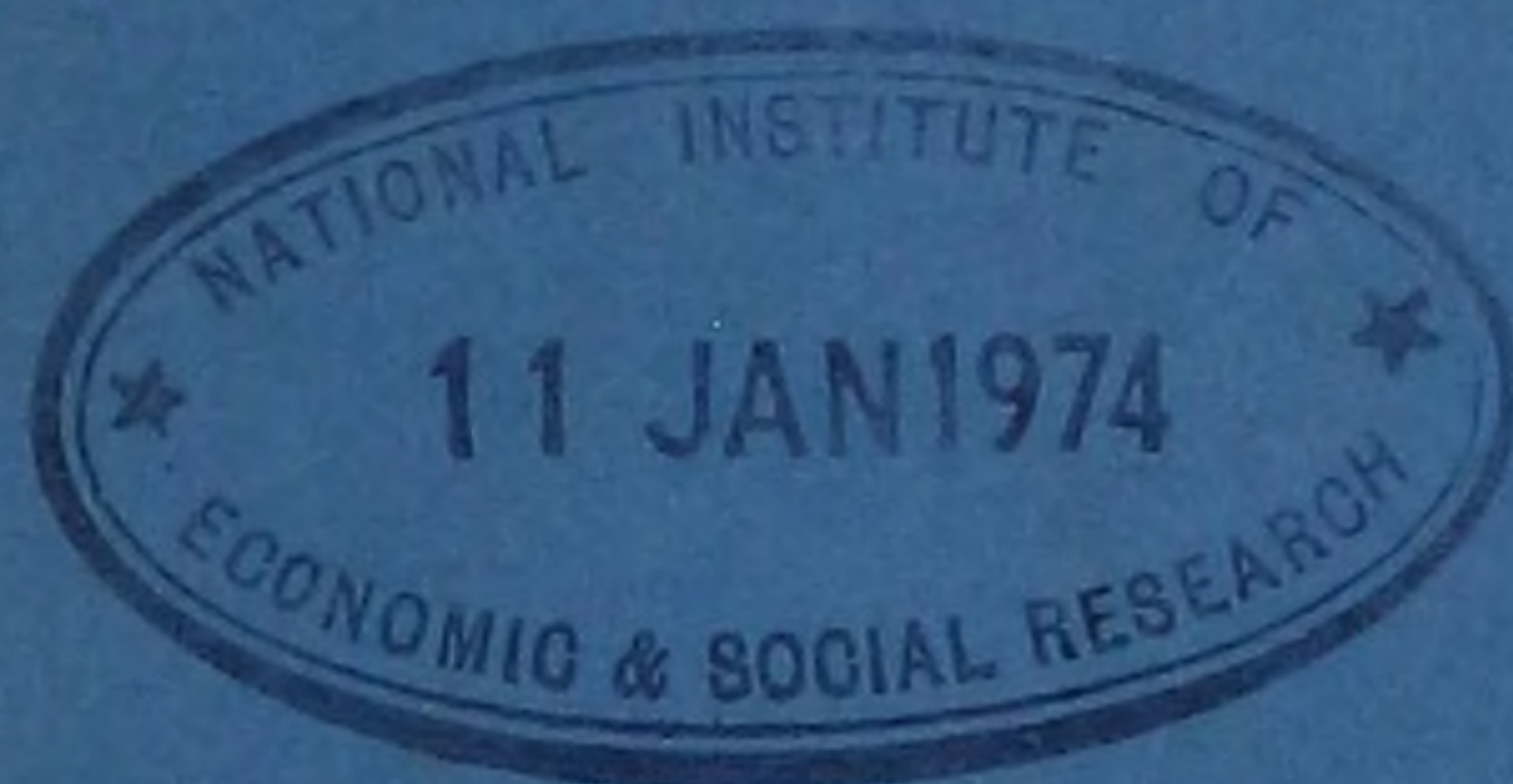




Public Expenditure to 1977-78

*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty
December 1973*



LONDON
HER MAJESTY'S STATIONERY OFFICE
90p net



Public Expenditure to 1977-78

*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty
December 1973*

LONDON
HER MAJESTY'S STATIONERY OFFICE
90p net



Public Expenditure to 1977-78

Presented to the Parliament by the Minister of Finance
in the Budget for 1977-78

THE MINISTER OF FINANCE
GOVERNMENT OF INDIA

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Cmnd. 5519

CORRECTION

Page 9, Table 1.3, line 2 (a), column 2 for “ -105 ” read “ -89 ”.

December 1973

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FOREWORD

As announced during the debate on last year's public expenditure White Paper, the form of the Supply Estimates is being altered to show more clearly what the functions or objectives of the expenditures are, as in the White Papers themselves. With some simplification of the functional classification in the White Paper so that it will now provide for 15 main programmes (in place of 21) with sub-divisions into programmes and sub-programmes, the White Paper and the Supply Estimates for 1974-75 will for the first time use the same classification. The proposals for achieving this were submitted to and welcomed by both the Public Accounts Committee and the Select Committee on Expenditure.

PART 1

Public Expenditure — General Review

1. This White Paper is presented at a time of much uncertainty for world economic prospects, both in the near future and further ahead. In particular the future prospects for the supply and price of oil to the western world cannot yet be adequately assessed; and the consequences for the UK economy, and thus the context in which public expenditure has to be planned and controlled, will need to be kept under close review. In these circumstances the fact that the public expenditure programmes must necessarily be provisional in some respects acquires added importance.

2. Last year's White Paper showed public expenditure growing rapidly in 1972-73 and 1973-74, while there were conditions of high unemployment, but much more slowly from 1974-75 onward. This pattern is preserved. The need from now on is to move a higher proportion of total resources into exports and industrial investment, which must mean a lower growth for public expenditure for some time to come. The policies underlying the individual programmes have regard to this requirement.

3. Table 1.1 overleaf gives the figures for all the main programmes in 1973-74 and 1977-78 and shows that expenditure is expected to grow at an average annual rate ⁽¹⁾, in cost terms and at constant prices, of 2.0 per cent. This compares with 2.5 per cent for the comparable period (1972-73 to 1976-77) in last year's White Paper.

4. Programme figures for all years from 1968-69 onward are summarised in Tables 2A and 2B in Part 2. The rates of increase, in each case on the preceding year, are:

1974-75	1975-76	1976-77	1977-78
1.8	1.6	1.6	2.8

(1) Excluding investment grants.

PUBLIC EXPENDITURE: 1973-74 and 1977-78

TABLE 1.1

£ million at 1973-74 outturn prices
including the relative price effect

	1973-74	1977-78	Average annual growth rate per cent
Defence and external relations:			
1. Defence	3,495	3,779	2.0
2. Overseas services	595	789	7.3
Commerce and industry:			
3. Agriculture, fisheries and forestry	590	384	-10.2
4. Trade, industry and employment	1,965	931	-14.4 ⁽²⁾
Nationalised industries:			
5. Nationalised industries' capital expenditure	1,889	2,343	5.5
Environmental services:			
6. Roads and transport	1,628	1,798	2.5
7. Housing	2,169	1,818	-4.3
8. Other environmental services	1,519	1,789	4.2
9. Law, order and protective services	976	1,225	5.8
Social services:			
10. Education and libraries, science and arts	4,374	5,284	4.8
11. Health and personal social services	3,442	4,121	4.6
12. Social security	5,458	5,897	2.0 ⁽³⁾
Other services:			
13. Other public services	447	462	0.8
14. Common services	443	583	7.1
15. Northern Ireland	791	841	1.5
Total programmes	29,781	32,044	2.0 ⁽²⁾
16. Debt interest	2,950	2,500	-4.1
Contingency reserve	—	750	
Shortfall	-400	-300	
Price adjustments	17	-267	
Total	32,348	34,727	2.0 ⁽¹⁾

(2) The percentage figure excludes investment grants.

(3) Based on benefits for 1977-78 at their present levels (see paragraph 2, page 102).

5. The totals of expenditure year by year are a major element in the financial balance of the public sector; and from this point of view all expenditures, whatever their resource content or their impact on demand, have the same effect. Increases in some expenditures bring partially offsetting increases in receipts, eg social security payments, under the normal contributions arrangements.

6. When considering the economic impact of expenditure, however, it is necessary to adjust the figures to allow for the varying demand on real resources made by different kinds of expenditure⁽⁴⁾. In these terms, the average annual increase for the period 1973-74 to 1977-78 is put at 2.5 per cent⁽⁵⁾. The corresponding figure for 1972-73 to 1976-77 was 3.4 per cent⁽⁶⁾.

7. The absolute levels of expenditure in the years 1974-75 to 1976-77, the years common to both White Papers, are now forecast to be marginally lower in real terms than the levels forecast twelve months ago.

8. The slowing down of the growth of total expenditure will be accompanied by appreciable changes in the balance between individual programmes. The following table shows the comparative rates of growth in cost terms for the period 1972-73 to 1976-77 (the then current year and the four following years) in last year's White Paper and for the corresponding period 1973-74 to 1977-78 in this White Paper, programme by programme.

9. The changes since the last White Paper in the absolute totals for the particular programmes are set out in detail in Tables 3.11 and 3.12 on pages 147 to 152, and a summary of the changes is given in paragraph 11 below. Of those affecting single programmes the more important are upward changes in the estimates for housing subsidies (partly reflecting higher interest rates) and lending; increased expenditure on social security benefits following the 1973 up-rating; the consequences for this year and next of counter-inflation policy on the nationalised industries, any sums needed for later years being met, if necessary, from the general contingency reserve; further support to the British Railways Board; and the switch from roads to other transport expenditure.

(4) For a fuller explanation of this point, see Chapter V of "Public Expenditure White Papers: Handbook on Methodology".

(5) See Table 3.1 on page 129 for a fuller explanation of this figure.

(6) Excluding counter-cyclical expenditure.

PUBLIC EXPENDITURE: AVERAGE ANNUAL RATE OF GROWTH IN PERCENTAGE TERMS

TABLE 1.2

	1972 White Paper: 1972-73 to 1976-77(7)	This White Paper: 1973-74 to 1977-78
1. Defence(8)	2.9	2.0
2. Overseas services	8.7(9)	7.3
3. Agriculture, fisheries and forestry ...	-5.0	-10.2
4. Trade, industry and employment ...	-5.2(10)	-14.4(10)
5. Nationalised industries' capital expenditure	4.7	5.5
6. Roads and transport	3.8	2.5
7. Housing	-2.4	-4.3
8. Other environmental services	4.2	4.2
9. Law, order and protective services ...	6.6	5.8
10. Education and libraries, science and arts	5.0	4.8
11. Health and personal social services ...	4.8	4.6
12. Social security	1.3(11)	2.0(12)
13. Other public services	-4.7	0.8
14. Common services	4.2	7.1
15. Northern Ireland	0.5	1.5
Total programmes	2.5(10)	2.0(10)
16. Debt interest	-1.4	-4.1
Total	2.5(10)	2.0(10)

(7) The change to the new classification (see Foreword) produces certain differences between this column and the figures in the last column of Table 1.1 of the 1972 White Paper (Cmnd 5178).

(8) Included in this programme is the Defence Budget for which the figures are 2.5 and 1.7.

(9) This figure reflects only a partial EEC contribution in 1972-73 (since the UK did not join the Community until January, 1973).

(10) Excluding investment grants.

(11) Based on benefits for 1976-77 at their levels at the time of the 1972 White Paper.

(12) Based on benefits for 1977-78 at their present levels.

10. The net effect of these few major items alone is to add substantially to expenditure in each year of the period covered. In 1974-75, for example, they imply an additional cost of over £600 million. Nevertheless, other policy and estimating changes enable these increases to be absorbed within totals which are lower than those forecast last year. For 1974-75 the most important factor in producing this result was the announcement made in May of reductions affecting a wide range of programmes and totalling £528 million⁽¹³⁾ in that year, which it was indicated at the time would be reflected, with estimating and other changes, in this White Paper. There was one other policy change of a general character: in October, the letting of a wide range of public sector building contracts was phased forward from 1973 into 1974, primarily to relieve overloading of the building industry, but also leading to expenditure savings of about £100 million in 1973-74.

11. The following table shows in summary form the main changes.

CHANGES SINCE CMND. 5178

TABLE 1.3

£ million at 1973 Survey prices

	1973-74	1974-75	1975-76	1976-77
<i>A. Policy Changes</i>				
1. Announcement of 21 May (excluding Roads) ⁽¹⁴⁾	-86	-439		
2. Roads:				
(a) Announcement of 21 May ⁽¹⁴⁾ ...	-20	-105		
(b) Other changes	—	-11	-140	-183
3. Railways investment and other surface transport... ..	—	+15	+54	+79
4. Housing—Cmnd. 5280 and other policy changes	+78	+103	+75	+100
5. Certain nationalised industries—price restraint	+175	+175	—	—
6. Social security—increases and improvements	+220	+195	+182	+184
7. Rephasing of building contracts etc ⁽¹⁴⁾ ...	-116			
8. Other policy changes	-108	-258	-319	-257
<i>B. Estimating changes</i>	-159	+176	-58	-35
Total changes	-16	-133	-206	-112

12. The allocation of resources, including provision for industrial investment and for the external balance, is illustrated in broad terms in Table 1.4—The use of resources 1972-1978.

13. The assumptions underlying a medium-term projection of this kind are subject to considerable uncertainty, and it is therefore not possible to draw hard and fast conclusions from the figures.

⁽¹³⁾ This figure is of course at 1973 Survey prices; the figure in the announcement was given in 1972 Survey prices.

⁽¹⁴⁾ The savings are shown for the years to which the announcement was primarily directed. The consequences in later years have been subsumed in lines 2(b) and 8.

THE USE OF RESOURCES 1972-1978
Average annual changes at 1972 factor cost prices*

TABLE 1.4

	3.5 per cent GDP growth rate				4.5 per cent GDP growth rate			
	Low investment		High investment		Low investment		High investment	
	£m	per cent	£m	per cent	£m	per cent	£m	per cent
A Increase in Gross Domestic Product (GDP)	2,040	3.5	2,040	3.5	2,690	4.5	2,690	4.5
B Uses of the increase in GDP								
1 Private investment	450	7.6	550	8.9	590	9.5	700	10.8
2 Balance of trade	220	—	220	—	380	—	380	—
3 Public expenditure								
a Public consumption	420	3.4	420	3.4	420	3.4	420	3.4
b Public investment	100	2.3	100	2.3	100	2.3	100	2.3
c Total direct public expenditure (a + b)	520	3.1	520	3.1	520	3.1	520	3.1
d Indirect public expenditure (transfers etc)	160	2.5	160	2.5	160	2.5	160	2.5
e Total public expenditure (c + d)	680	2.9	680	2.9	680	2.9	680	2.9
4 Privately-financed consumption	690	2.4	590	2.1	1,040	3.4	930	3.1

*For an explanation of this table see Part 4, Section IV (page 158)

14. Line A shows the overall increase in resources on the basis of two alternative rates of growth of GDP— $3\frac{1}{2}$ per cent a year and $4\frac{1}{2}$ per cent a year. The remainder of the table sets out the allocation of the extra resources. There are two investment variants for each growth case, as any estimates of investment requirements are inevitably very uncertain. The public expenditure projections are derived from the programmes set out in this White Paper; the average rate of growth—2.9 per cent a year—is composed of a 4.8 per cent rate of growth between 1972 and 1973 and a rather lower average increase, 2.6 per cent a year, for the future (1973–1978). The residual shows the resources which, on the assumptions underlying the remaining items, would be available for increased privately-financed consumption. The growth rates for privately-financed consumption are less than the corresponding rates of growth of GDP—a direct consequence of the resources assumed to be required for investment and the achievement of external balance.

15. This assessment in resource terms looks at average movements on certain assumptions over the medium term period as a whole. But as the decisions announced since the last White Paper have demonstrated, expenditure may have to be adjusted in the shorter term to contribute to demand management, quite apart from the estimating changes which experience has shown to be inevitable even within the space of a year. The importance of the impact on the economy, and thus on public expenditure planning, of the uncertainties deriving from the oil situation have already been stressed.

14. Line A shows the overall increase in resources on the basis of two alternative rates of growth of GDP—3½ per cent a year and 4½ per cent a year. The remainder of the table sets out the allocation of the extra resources. There are two investment variants for each growth rate, as are estimates of investment requirements are inevitably very uncertain. The public expenditure projections are derived from the programme assumed in the White Paper; the average rate of growth—3½ per cent a year—is compared to a 4½ per cent rate of growth between 1972 and 1977 and a rather lower average interest rate of 2½ per cent a year for the future (1977-1978). The residual shows the resource which, on the assumptions underlying the remaining items, would be available for increased privately-financed construction. The growth rates for privately-financed construction are less than the corresponding rates of growth of GDP—a direct consequence of the resources assumed to be required for investment and the achievement of external balance.

15. This assessment of resource requirements is based on average requirements on certain assumptions over the period 1972-1977. It is as the White Paper has demonstrated, since the White Paper has demonstrated, that there may have to be adjustments in the shorter term to demand management, that quite apart from the adjustment changes which are shown to be inevitable even within the space of a year. The importance of the impact on the economy, and thus on public expenditure planning, of the uncertainties arising from the oil situation have already been stressed.

PART 2

Public Expenditure—The Individual Programmes

INTRODUCTION

1. The Expenditure Committee have suggested that an information system based on outputs as well as inputs, covering all items of public expenditure should be established; and that a start should be made this year by publishing in the public expenditure White Paper, in tabular form, any available information showing what expenditures are intended to purchase and the results they are expected to achieve. (Eighth Report, Session 1971-72, HC 515.) In response to these recommendations, the following chapters on individual programmes include more information than hitherto of a non-financial kind.

2. These chapters embody the results of further work which has been undertaken to identify the main determinants of expenditure, the policy considerations bearing on the level of expenditure proposed, and the outputs of programmes. To show a satisfactory relationship of expenditure to output, to evaluate plans and to monitor performance may not always be possible in a statistical layout. In some cases it has been possible to construct useful tables; in others it has seemed better to include the information in the main text. Brevity is essential if the White Paper is not to become unmanageably large; and in some cases where relevant information appears in other publications, cross-references have been given.

3. The non-financial information provided in this paper is far from comprehensive and is not always available for the same run of years as for financial data. The Government intends to extend and improve it as work proceeds in Departments on the relationships between expenditure and its determinants, and on developing better measures of output. There are, however, some areas of expenditure which are not susceptible to this type of analysis, as is the case when the expenditure is only one of many factors influencing the outcome.

4. Tables 2A and 2B below, which analyse expenditure by main programme for each year from 1968-69 to 1977-78, provide the figures on two price bases. The figures in Table 2A, like those in Table 1.1 in Part 1, are all in cost terms. The programme figures in Table 2B, like those in the succeeding individual programme sections in Part 2, are in volume terms. (A note on these two price bases is provided in Section II of Part 4—page 155 below.)

INTRODUCTION

The Expenditure Committee have suggested that an information system based on output as well as input, covering all items of public expenditure should be established; and that a start should be made this year by publishing in the public expenditure White Paper in tabular form, any available information showing what expenditures are intended to be made and the results they are expected to achieve. The following chapters on individual programmes are intended to provide the information which will be required to enable the public to make a judgement on the value for money of the public expenditure.

PUBLIC EXPENDITURE BY PROGRAMME,

TABLE 2A

	1968-69	1969-70	1970-71
<i>At 1973-74 outturn prices, including the relative price effect</i>			
Defence and external relations:			
1. Defence... ..	3,362	3,054	3,122
2. Overseas services	444	437	423
Commerce and industry:			
3. Agriculture, fisheries and forestry	512	505	495
4. Trade, industry and employment:			
Investment grants	615	728	668
Other... ..	825	753	760
Nationalised industries:			
5. Nationalised industries capital expenditure...	2,067	1,827	2,009
Environmental services:			
6. Roads and transport	1,181	1,212	1,276
7. Housing	1,545	1,460	1,453
8. Other environmental services	1,032	1,057	1,178
9. Law, order and protective services	659	689	770
Social services:			
10. Education and libraries, science and arts	3,284	3,371	3,572
11. Health and personal social services	2,565	2,639	2,869
12. Social security	3,348	3,575	3,821
Other services:			
13. Other public services	396	408	401
14. Common services	320	342	368
15. Northern Ireland	533	566	598
<hr/>			
Total programmes	22,688	22,623	23,783
16. Debt interest	2,822	2,838	2,730
Contingency reserve	—	—	—
Shortfall	—	—	—
Price adjustments	1,324	1,197	929
<hr/>			
Total	26,834	26,658	27,442

IN COST TERMS: 1968-69 to 1977-78

£ million

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
3,235	3,300	3,495	3,553	3,635	3,693	3,779
443	528	595	609	678	732	789
546	497	590	544	402	385	384
519	310	235	111	48	18	4
847	1,228	1,730	1,589	1,266	987	927
1,902	1,915	1,889	2,129	2,305	2,323	2,343
1,231	1,360	1,628	1,699	1,749	1,778	1,798
1,248	1,524	2,169	1,977	1,839	1,844	1,818
1,213	1,317	1,519	1,511	1,594	1,656	1,789
825	917	976	1,024	1,097	1,162	1,225
3,758	4,112	4,374	4,529	4,764	5,012	5,283
2,973	3,254	3,442	3,584	3,759	3,930	4,121
4,430	4,991	5,458	5,725	5,799	5,854	5,897
449	568	447	446	461	453	462
397	441	443	470	517	534	583
634	721	791	808	810	819	841
34,650	26,983	29,781	30,308	30,723	31,181	32,044
2,683	2,640	2,950	2,800	2,700	2,600	2,500
—	—	—	150	350	550	750
—	—	-400	-300	-300	-300	-300
619	393	17	-154	-193	-231	-267
27,952	30,016	32,348	32,804	33,280	33,800	34,727

PUBLIC EXPENDITURE BY PROGRAMME,

TABLE 2B

	1968-69	1969-70	1970-71
<i>At 1973 Survey prices</i>			
Defence and external relations:			
1. Defence... ..	3,621	3,337	3,249
2. Overseas services	431	428	416
Commerce and industry:			
3. Agriculture, fisheries and forestry	486	476	474
4. Trade, industry and employment:			
Investment grants	577	680	618
Other... ..	820	741	734
Nationalised industries:			
5. Nationalised industries capital expenditure...	1,976	1,772	1,936
Environmental services:			
6. Roads and transport	1,197	1,205	1,290
7. Housing	2,007	1,874	1,860
8. Other environmental services	1,078	1,098	1,237
9. Law, order and protective services	694	735	777
Social services:			
10. Education and libraries, science and arts	3,293	3,365	3,529
11. Health and personal social services	2,662	2,724	2,840
12. Social security	3,348	3,575	3,821
Other services:			
13. Other public services	381	391	379
14. Common services	322	333	374
15. Northern Ireland	523	560	594
<hr/>			
Total programmes	23,416	23,294	24,128
16. Debt interest	2,822	2,838	2,730
Contingency reserve	—	—	—
Shortfall	—	—	—
Adjustments to 1973-74 outturn prices and relative price effect	596(1)	526(1)	584(1)
<hr/>			
<i>At 1973-74 outturn prices</i>			
Total	26,834	26,658	27,442

(1) These figures include the following amounts for the revaluation to 1973 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	1969-70	1970-71	1971-72	1972-73
1,354	1,212	959	664	395

IN VOLUME TERMS: 1968-69 to 1977-78

£ million

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
3,301	3,216	3,398	3,418	3,462	3,484	3,532
442	525	590	603	672	726	785
535	482	576	532	391	372	371
485	294	220	107	47	18	4
823	1,186	1,697	1,557	1,240	961	900
1,853	1,861	1,815	2,065	2,252	2,281	2,311
1,268	1,344	1,570	1,632	1,673	1,694	1,703
1,587	1,659	2,165	1,963	1,814	1,810	1,778
1,242	1,294	1,425	1,409	1,477	1,519	1,606
827	892	948	973	1,025	1,067	1,107
3,758	3,967	4,163	4,249	4,412	4,584	4,767
2,943	3,143	3,286	3,378	3,495	3,605	3,725
4,430	4,991	5,458	5,725	5,799	5,854	5,897
417	541	419	412	420	404	406
392	431	433	459	498	511	542
629	709	770	782	780	784	802
24,932	26,535	28,933	29,264	29,457	29,674	30,236
2,683	2,640	2,950	2,800	2,700	2,600	2,500
—	—	—	150	350	550	750
—	—	-400	-300	-300	-300	-300
337(1)	841(1)	865	890	1,073	1,276	1,541
27,952	30,016	32,348	32,804	33,280	33,800	34,727

TABLE 2.1

	1968-69	1969-70	1970-71
Defence Budget	3,559.0	3,345.0	3,299.8
National accounts adjustments*	62.1	-7.8	-50.6
Total	3,621.1	3,337.2	3,249.2
Changes from Cmnd 5178 revalued			
Defence Budget			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			
National accounts adjustments			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

* Mainly in respect of U.S. military aircraft; see footnote on page 13 of "Public Expenditure White Papers: Handbook on Methodology" (HMSO).

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 broad objectives underlying this expenditure, Britain's strategic priorities, and the main decisions taken in fulfilment of these objectives and priorities remain as set out in Cmnd 5178.

2. Further information on the Defence Budget total for 1973-74 was given in the 1973 Statement on Defence (Cmnd 5231). This information included an account of current plans for the forces, and of the differences, which in real terms were small, between the 1973-74 Defence Estimates and the corresponding total in Cmnd 5178. Since the 1973 Statement on Defence, decisions have been taken affecting the level of defence expenditure in the short term. These decisions were included in statements by the Chancellor of the Exchequer and the Prime Minister on 21 May and 8 October 1973 respectively. The Defence Budget totals in the table above reflect these decisions, details of which, together with the other policy and estimating changes that have occurred since Cmnd 5178, are set out below. Further details of the 1974-75 figure in the table above will be given in the 1974 Statement on Defence.

CHANGES IN EXPENDITURE

3. The policy changes since Cmnd 5178, and their effects, are:—

- (a) The inclusion in the Defence Budget of provisional estimates of the cost of relocating certain defence facilities now at Shoeburyness to permit progress on the Third London Airport. The sums involved are £11 million in 1974-75, £16 million in 1975-76 and £17 million in 1976-77.
- (b) Reductions of £2.8 million in 1974-75 and in 1975-76, and of £2.3 million in 1976-77 following the premature repayment in 1972-73 of certain United States military aircraft loans.
- (c) Increases of £4 million in 1974-75 and £6 million in 1975-76 arising out of the acceleration of payments to shipbuilders for Naval construction work.
- (d) Reductions of £10 million and £60 million in 1973-74 and 1974-75 respectively, as part of the measures announced by the Chancellor

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
3,337.7 -36.8	3,269.4 -53.9	3,428.1 -30.0	3,435.0 -17.4	3,468.0 -6.2	3,477 7	3,517 15
3,300.9	3,215.5	3,398.1	3,417.6	3,461.8	3,484	3,532
	+3.7	-27.5	-59.5	+19.1	+15	
	-9.5	-2.9	+149.6	-34.6	-5	
	3,275.2	3,458.5	3,344.9	3,483.5	3,467	
	-16.8	—	—	—	—	
	+4.9	+2.6	+7.8	+7.1	+6	
	-42.0	-32.6	-25.2	-13.3	1	

of the Exchequer on 21 May 1973. These reductions include the defence element of savings in Civil Service manpower.

- (e) Reductions in defence purchases of £15 million, and in defence works of £4 million in 1973-74, as part of the measures announced by the Prime Minister on 8 October 1973. There will be a consequential reduction in defence works expenditure in 1974-75 currently estimated at £12 million. This also is reflected in the table above.

4. The estimating adjustments reflect mainly:—

- (a) For 1974-75 £32 million for the extra costs of Service manpower and £26 million for 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) An increase in 1974-75 of £80 million consequent upon the abolition of the Purchasing (Repayment) Services Votes. The effect of this change in the accounting arrangements, which involves no change in the defence programme itself, was set out in Cmnd 5178; as stated there, adjustments for 1975-76 and 1976-77 will be made in future public expenditure White Papers.
- (c) The latest assessment of the cost of the planned defence programme which, taken together with the short term savings described in subparagraphs 3 (d) and (e) above, produce a reduction of £37 million in 1975-76.
- (d) A reduction of £7 million in the provisional figure for 1976-77 published in Cmnd 5178. The 1976-77 figure in the table above is now firm.

5. The figure for 1977-78 is provisional only at this stage.

6. The policy reduction of £17 million in 1972-73 under national accounts adjustments is due to earlier repayment in respect of United States military aircraft.

TABLE 2.2

	1968-69	1969-70	1970-71
Overseas representation	83.7	80.8	84.6
Overseas information... ..	38.4	38.2	37.7
Other external relations	43.5	42.2	40.2
Military aid	17.5	14.8	11.9
Total	183.1	176.0	174.4
Overseas aid (1)			
(a) Aid programme	243.3	248.4	239.8
(b) Other net investment by the Commonwealth Development Corporation (CDC)	-0.2	-1.1	-3.3
(c) Total	243.1	247.3	236.5
Overseas aid administration... ..	5.1	5.1	5.0
Contributions to the European Communities etc. (net)	—	—	—
Sterling Area guarantees	—	—	—
Total	431.3	428.4	415.9
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

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

Overseas representation

1. 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 8 official delegations to international organisations and conferences. It covers the cost of staff (excluding those engaged on information work) as well as their office and private accommodation abroad, and official travel.

2. The responsibility of the Diplomatic Service for representing and promoting British interests abroad includes the handling of inter-governmental 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 multilateral negotiations on international trade and payments; and representing Her Majesty's Government in international organisations.

3. Also included in the expenditure figures is the cost of the Passport Offices in London and other centres, and the communications organisation in support of the Diplomatic Service.

Overseas information

4. 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

SERVICES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
86.1	86.2	90.1	93.1	93.7	93	91
37.8	38.1	39.6	40.6	40.8	39	39
42.1	46.8	46.5	48.1	48.5	49	50
10.3	7.8	8.3	2.8	2.5	2	2
176.3	178.9	184.5	184.6	185.5	183	182
257.7	267.7	275.1	289.7	312.4	337	351
3.0	4.7	3.4	3.4	3.4	4	5
260.7	272.4	278.5	293.1	315.8	341	356
5.1	5.3	5.3	5.6	6.1	7	7
—	27.6	100.0	120.0	165.0	195	240
—	40.8	22.0	—	—	—	—
442.1	525.0	590.3	603.3	672.4	726	785
	+24.8	+13.1	-7.5	+1.8	-7	
	-23.5	+17.2	-6.9	+7.3	-2	
	523.7	560.0	617.7	663.3	735	

language abroad, and to develop close cultural relations with other countries. The Council is at present represented in 81 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

* Information and Statistics about the British Council's work overseas is contained in their Annual Reports.

† Information and Statistics about BBC External Services is contained in BBC Annual Reports, including a table of Broadcasting hours per week to each country—Annual Report and Accounts of the BBC 1971-72 pp. 202-203.

expenditure covers both operating expenses, including programme staff and engineering costs, and also capital expenditure on the provision and improvement of relay stations and on the modernisation of 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 of and support for the policies of Her Majesty's Government; and to achieve a favourable opinion abroad for Britain, its business and nationals.

Other external relations

5. The main items of expenditure are certain overseas service pensions and various international commitments and subscriptions. These include payments under a Treasury guarantee to the International Bank for Reconstruction and Development (because of default on the part of the Government of Southern Rhodesia)*, 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), and a grant-in-aid to the Commonwealth War Graves Commission.

Military aid

6. This heading covers military training assistance, which provides for courses in the United Kingdom for the Service personnel of other countries, and the provision of British Service personnel on loan to developing (mainly Commonwealth) countries. It also covers the cost of equipment and capital aid supplied to a few countries, including a grant of £2 million to the Kenyan Government towards the cost of arms and equipment to be supplied from British sources.

7. While the grant to Kenya constitutes the main policy change, the only significant estimating change from Cmnd 5178 revalued has been a reduction for 1973-74 of £3.1 million in the provision for special defence aid for Malaysia, following the Malaysian Government's wish that it should be replaced by economic assistance (provision for which is made within the Overseas aid programme).

Overseas aid

8. The figures for overseas aid shown in Table 2.2 are net of amortisation and at constant (1973 Survey) prices. Overseas aid on a net basis counts towards the internationally accepted target of at least 1 per cent of GNP for total

* Session 1972-73, HC. 252.

financial flows to developing countries in each calendar year. The United Kingdom Government has undertaken to do its best to reach this target by 1975. Total net official flows in 1972 were 0.40 per cent of GNP and with the estimated addition of private flows a figure of 0.96 per cent was reached. Taking the four years 1969 to 1972 together the average performance for the United Kingdom has been just above the target. It is expected that private flows will continue to make a substantial contribution to our performance.

9. The most important single change has been brought about by the United Kingdom joining the European Economic Community. This will lead to some reorientation of our aid through Community organisations such as the European Development Fund. Distribution of the aid programme is influenced by a wide and complex range of developmental, political and economic considerations. An important factor which the Government takes account of is long-standing relationships such as those with the Commonwealth. These factors 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.

10. The allocation of the aid programme is reviewed annually. In 1974-75, 54.5 per cent of the gross planning total is expected to go to bilateral capital aid, 16.5 per cent to multilateral aid and about 20 per cent to technical assistance. Over 5 per cent goes through the Commonwealth Development Corporation and about 4 per cent is used to relieve overseas Governments of pension liabilities in respect of British expatriates.

11. Of British multilateral aid, the majority goes to the International Development Association. Contributions to the European Development Fund will not figure significantly before 1975-76. The United Nations Development Programme and other UN aid and relief agencies, as well as some Regional Development Banks, are supported by British contributions. An efficient multilateral institution can draw individual donors together in a mutual effort which could result in increased total aid flows to developing countries. This is an important consideration in influencing the British Government's support of a rising multilateral programme, though efficiency in managing the aid is also an essential requirement.

12. Nearly two-thirds of bilateral capital aid in 1972 was in the form of loans (mainly interest free) and over one-third in the form of grants. The different uses of such aid are best considered over a period of years. During the five years 1968-1972, £504 million represented commitments of project aid and £377 million was non-project aid. Of the project aid, 37 per cent was for economic infra-structure, 7 per cent for natural resources including agriculture, and 28 per cent for investment in Social Services.

13. Technical assistance helps developing countries overcome their shortages of skilled manpower. It includes the provision of people to do jobs for which there are insufficient trained personnel locally, and support for the education and training of local people. British bilateral technical assistance in 1972 included

the support of over 13,500 advisers, experts and teachers and nearly 2,800 volunteers in developing countries; and the training in the United Kingdom of over 9,200 students and nearly 4,600 trainees. Detailed statistical information for the past 5 years is available in HMSO's publication "British Aid Statistics", and an account of the British Aid Programme as provided to the Development Assistance Committee of the Organisation for Economic Co-operation and Development is published in Cmnd 5445.

14. While it is not possible to give any precise evaluation, and while economic growth is more rapid in some developing countries than in others, there can be no doubt of the contribution which aid makes to the development of the countries which receive it, both in supplementing resources of foreign exchange and making possible the execution of projects for which local resources are not available. Employment opportunities continue to figure as an important consideration in the use of British aid. Assistance over population problems is available for those developing countries which wish to avail themselves of this help.

Overseas aid administration

15. This covers the administration expenses of the FCO/Overseas Development Administration previously included in Overseas representation. In addition to the headquarters in London the ODA maintain five Development Divisions overseas, in the Caribbean (Bridgetown), Middle East (Beirut), South East Asia (Bangkok), East Africa (Nairobi) and Southern Africa (Blantyre). The cost covers staff, accommodation and official travel both at home and overseas.

Contributions to the European Communities, etc. (net)

16. The figures in this line in Table 2.2 above show estimates of the net payments to be made by the United Kingdom as a result of membership of 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.

17. Our estimated payments to the Community budget are based on the terms of accession approved by Parliament under which the United Kingdom is contributing 8.78 per cent of Community expenditure in 1973, and will contribute 11.04 per cent in 1974. This percentage will rise in steps to 19.24 per cent in 1977. Under the provisions of Article 131a of the Treaty of Accession the United Kingdom's contribution in 1978 will depend in part on the amount of "own resources" collected in the United Kingdom in 1977. As it is impossible at present to make a valid estimate of what this will be the figures for 1978 assume that the United Kingdom's share of the Community budget in 1978 will be the same percentage as in 1977. In practice that share can be expected to be somewhat higher.

18. For 1973 the figures are based on the 1973 Community budget, including supplementary budgets, and for 1974 on the draft budget as forwarded by the Council to the European Parliament. In arriving at the projections for the remaining period, account has been taken of forecasts for 1975 and 1976 made

by the Commission. No figures are included at this stage for either expenditure or receipts in connection with the Regional Development Fund, due to come into operation in 1974, since negotiations on the setting up of the Fund are still in progress.

19. In the figures shown 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 United Kingdom on a calendar year and a financial year basis. Receipts come mainly from the European Agricultural Guidance and Guarantee Fund (FEOGA) via the Intervention Board for Agricultural Produce in respect of its activities in implementing the Common Agricultural Policy (CAP) in the United Kingdom (see also page 28), and from the European Social Fund for United Kingdom schemes for training, transference and rehabilitation.

20. The latest estimates for the calendar years to 1978 for our contributions to, and receipts from, the Community budget are as follows:

£ million at 1973 Survey prices			
	Gross Contribution	Receipts	Net Contribution
1973	150	65	85
1974	195	120	75
1975	260	125	135
1976	315	130	185
1977	375	135	240
1978	380	135	245

In financial years to 1977-78, the figures are:

£ million at 1973 Survey prices			
	Gross Contribution	Receipts	Net Contribution
1972-73	17	3	14
1973-74	180	100	80
1974-75	210	120	90
1975-76	270	125	145
1976-77	330	135	195
1977-78	375	135	240

21. The figures in the final column of the second table in paragraph 19 above differ in the earlier years from those in Table 2.2 because the latter include once-for-all contributions to the European Investment Bank and to the European Coal and Steel Community. The payments to the European Investment Bank are, first, the paid-up subscriptions to the capital of the Bank amounting to £37.5 million payable during the first 2½ years of membership; and second a contribution to the reserves of the Bank, amounting to approximately £20 million payable over the same period. Two of the five instalments of these contributions have been paid so far. The investment in the reserve funds of the European Coal and Steel Community is about £24 million paid in three equal annual instalments. (The sums mentioned in this paragraph are at current prices.)

22. All the estimates given above are based on a rate of 2.4 units of account to the £, which is the rate applicable to the United Kingdom contribution under the budget regulations.

Sterling Area guarantees

23. The guarantee to holders of certain official sterling reserves was implemented because of the fall of the sterling/dollar exchange rate in October and November 1972.

CHANGES IN EXPENDITURE

24. There was no provision in Cmnd 5178 for payments in respect of Sterling Area guarantees. The other main changes arise on the aid programme. The sum of £15 million which was to be brought forward from future years for 1972-73 was not needed, and the bringing forward of a similar sum in 1973-74 and of £5 million in 1974-75 has also proved unnecessary. As a result the effect of the rephasing envisaged in Cmnd 5178 has been eliminated. The programme has also been adjusted in the light of overall restraints on future expenditure; the combined effect is an annual average rate of increase in the aid programme for the period 1973-74 to 1977-78 of 6.3 per cent.

3. AGRICULTURE, FISHERIES

TABLE 2.3

	1968-69	1969-70	1970-71
Market and production support			
Market support under Common Agricultural Policy (CAP) of the EEC	—	—	—
Price guarantees on products supported by the CAP	144.4	151.3	86.4
Price guarantees on other products	26.2	12.3	26.5
Production grants and subsidies	93.6	92.2	101.9
Support for capital and other improvements	51.1	57.2	60.5
Support for agriculture in special areas	32.7	33.8	37.2
Total—Agricultural support	348.0	346.8	312.5
Other assistance to agricultural production, food processing and marketing... ..	41.4	34.6	60.1
Covent Garden Market Authority	0.7	3.3	6.1
Central and miscellaneous services	37.4	35.8	35.2
Total—Agriculture and food	427.5	420.5	413.9
Support for the fishing industry	13.7	10.3	12.4
Forestry	45.0	45.6	48.2
Total	486.2	476.4	474.5
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

(1) Part of the expenditure on this Programme will be recoverable from the European Agricultural Guidance and Guarantee Fund. Receipts from this source are included in Table 2.2: Overseas Services.

1. Cmnd 5178 explained that the quinquennium covered by the 1972 Survey contained elements of both the old system of agricultural support in the United Kingdom and the new system under the Common Agricultural Policy (CAP) of the EEC. The White Paper also pointed out that the projected level of expenditure would be affected by decisions yet to be taken, particularly about the level of guaranteed prices and production grants. In some degree this will continue to apply throughout the transitional period ending in 1978. During the past year however much progress has been made in developing the future pattern of agricultural support, particulars of which appear in the relevant paragraphs below.

Market support operations under the CAP

2. Expenditure under this heading relates to the costs of the Intervention Board for Agricultural Produce in implementing the CAP system of support. Expenditure forecasts are made up of several elements; mainly the net cost of commodities bought into intervention and subsequently sold; the gross cost of incentives for private storage or denaturing; export refunds on third country trade; and, in 1973-74 and 1974-75, import and export refunds in respect of intra-community trade (monetary compensatory amounts). The gross cost of the general butter subsidy amounting to £16 million in 1973-74 and £18 million in 1974-75 is also included; half of this is financed by the Guarantee Section of the Agricultural Fund. Disregarding the general butter subsidy and the

AND FORESTRY (1)

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
—	0.6	122.6	126.8	67.1	73	78
120.3	74.1	82.5	84.7	47.4	32	16
37.3	15.6	-0.6	6.3	6.3	6	6
91.2	75.2	59.2	54.2	36.0	27	33
83.2	75.4	106.6	64.0	50.6	51	54
36.7	35.9	34.6	34.3	35.2	36	37
368.7	276.8	404.9	370.3	242.6	225	224
57.0	95.2	72.8	73.0	62.2	60	59
5.2	5.4	9.3	3.0	0.9	—	—
39.9	36.4	38.7	38.5	38.9	40	40
470.8	413.8	525.7	484.8	344.6	325	323
12.0	14.8	19.0	14.8	13.7	14	14
52.4	53.4	31.6	32.3	32.6	33	34
535.2	482.0	576.3	531.9	390.9	372	371
	+45.8	+130.5	+55.7	-24.1	-30	
	-184.9	-154.5	-86.5	-115.7	-98	
	621.1	600.3	562.7	530.7	500	

monetary compensatory amounts, the rising trend of expenditure reflects the fact that, as the United Kingdom adjusts to Community support levels through the transitional period, the level of export refunds, of certain production subsidies and the net cost of intervention buying will increase.

Price guarantees

3. Under the Treaty of Accession the United Kingdom deficiency payments for those products supported by the CAP must be ended by 1978. The guarantees on beef and rye have already been discontinued and those for eggs and sugar beet will end in 1974; in addition, as a result of higher world prices the estimate of the cost of the price guarantees has been reduced substantially in 1972-73 and 1973-74 and to some extent in 1974-75. The reduction in 1974-75 reflects the residual effect of high market prices for the 1973 cereal crops on guarantee payments in that financial year. For subsequent years the estimates assume a return to more normal price levels, with the level of deficiency payments reducing as the CAP support system takes over under the transitional arrangements.

4. The outturn for 1972-73 and the estimates for 1973-74 and 1974-75 include the cost of implementing the milk guarantee to producers which arises from the Government's policy of holding the retail price of milk at the 1971 level for the present.

5. A continuation of deficiency payments has been assumed for other products—potatoes, wool and sheep—to which the CAP does not apply. The figure for 1973–74 takes account of the currently high market prices and the recovery of past deficiency payments for wool.

Production grants and subsidies, capital grants and support in special areas

6. Prior to the reductions in the rates of grant announced following the 1973 Annual Review of Agriculture, it was estimated that expenditure on grants and subsidies would be substantially in excess of previous published forecasts. The present forecasts take account of the reductions made in rates of grants, of further reductions in production grants and subsidies to be decided upon following the 1974 Annual Review, of changes resulting from EEC schemes and of the application over the transitional period of CAP arrangements.

7. Allowance has been made for a national scheme to succeed the Horticulture Improvement Scheme and for grants to apple and pear growers facing special difficulties as a result of entry into the EEC. The figures take account of the introduction from January 1974 of the Farm and Horticulture Development Scheme which implements EEC Directive 72/159; the cost of this Scheme will be more than offset by the consequential modifications to national schemes, principally the Farm Capital Grant Scheme (FCGS). Following the 1973 Annual Review the main rate of grant under the FCGS was cut, as were the rates of the calf subsidy, producing savings of approximately £23 million a year from 1974–75 onwards.

8. The figures for support in special areas make provision for a continuation of the hill sheep and hill cattle subsidies and winter keep supplements.

Relationship of expenditure on agricultural support to policy objectives

9. The economic conditions and prospects of agriculture in the United Kingdom are reviewed by Ministers each year and their conclusions are published in the Annual Review White Paper. The most recent of these White Papers was published in March 1973, Cmnd 5254. A great deal of supporting information about the industry is contained in the statistical tables appended to the White Papers. This information, which relates mainly to the most recent 5 years, provides a detailed analysis of the current situation from which Ministers can obtain a broad indication of future developments. In addition to giving detailed information about individual commodity trends, the tables provide a broad economic background of developments in farm structure, efficiency and labour productivity, net farm income, and so on.

10. The Annual Review does not however attempt to make precise forecasts for the future of agricultural production, resource use, and any associated public expenditure in support of agriculture. Nor are the objectives of agricultural support policy defined in terms of specific levels of output. Estimates of this kind depend heavily on factors which cannot be predicted reliably, such as world supply and demand for agricultural products and developments in agricultural technology. The large movements in world cereal prices between 1972 and 1973 illustrate the difficulties of prediction. In the future, the development of the EEC Common Market policies will, of course, be an increasingly important factor.

11. For these reasons the estimates of public expenditure on agricultural support are not directly related to the achievement of specific levels of output. They represent projections of the estimated cost of maintaining existing support policies, modified to take account of known major changes, notably those arising from entry into the EEC.

Other assistance to agricultural production, food processing and marketing

12. This includes other expenditure by the agricultural departments on, for example, agricultural research, advisory services, and the eradication and control of animal disease. It makes provision for payments to sugar refiners of about £11 million in 1973-74 and for some continuation of these payments in 1974-75. Levy receipts will be an offset to this expenditure. It also covers expenditure on the bacon stabiliser and the consumer sugar subsidy which were terminated early in 1973-74.

Covent Garden Market Authority

13. The figures relate to capital expenditure on the construction of the New Covent Garden Market at Nine Elms.

Central and miscellaneous services

14. Central services comprise the main expenditure by the agricultural departments on staff costs and administration of the agricultural and food programmes. Because most of the staff are engaged on a variety of activities, there are few instances where these costs can be attributed to individual programmes. Examples where costs can be attributed are the Agricultural Development and Advisory Service and staff of the Pest Infestation Control Laboratory (attributed to Other Assistance to Agricultural Production) and staff of the Intervention Board for Agricultural Produce (attributed to market support under the CAP).

15. Miscellaneous services include the staff costs and maintenance of the Royal Botanic Gardens at Kew, Wakehurst Place and Edinburgh, expenditure on land management and small holdings, publicity and miscellaneous grants etc. including subscriptions to international organisations.

Fisheries

16. 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 grants and loans for new vessels and equipment, improvement of harbours, research and development in connection with the industry, fishery protection in Scottish waters and in 1973-74 support for trawler operations in Icelandic waters. The expenditure on some of these depends on the industry's plans for capital investment and other factors which cannot be forecast with accuracy. The Government decided not to extend the white fish and herring subsidies beyond 31 July 1973.

Forestry

17. This item covers the activities of the Forestry Commission in promoting in Great Britain the interests of forestry, the establishment and maintenance of adequate reserves of growing trees and the production and supply

of timber. Finance is provided from the Forestry Fund comprising all sums received from trading and other activities and an annual grant-in-aid. The survey figures consist of interest on capital, depreciation and the cash requirement—the grant-in-aid; the last item decreases gradually over the Survey period from £15.3 million to £13.8 million because of increasing trading receipts.

18. The Forestry Commission is carrying out a combined planting and restocking programme of up to 22,000 hectares a year. It will increase the size of its forestry estate from about 770,000 hectares, to about 860,000 hectares at the end of the quinquennium with a plantable reserve of about 100,000 hectares. About 9.6 million cubic metres (9 million tons) of timber will be produced and sold. Recreational facilities will be improved by the construction of 4 major and 25 minor information centres, the development of 40 sites, for tents, caravans and holiday cabins and the provision of 200 picnic places with associated car parking facilities and forest trails and walks.

19. As the result of changes announced in the Consultative Document "Forestry Policy" issued in June 1972, the Commission has been 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. The amount of (notional) capital is being substantially reduced. The effect of this reduction on the interest charged—a major element in the Survey figures—is to produce substantially lower totals than for past Surveys, though the interest element continues to be responsible for the upward trend in the Survey totals.

20. As the Forestry Authority the Commission undertakes research into all branches of forestry, controls felling in private woodlands and provides grants and technical advice to private woodland owners. The estimates for grants to the private sector—covered by the grant-in-aid—do not reflect changes in arrangements which are currently under discussion.

CHANGES IN EXPENDITURE

Agricultural support

21. High market prices for guaranteed products have substantially reduced the estimated cost of implementing the guarantees, mainly cereals and fatstock, particularly in 1972-73 (—£151 million) and 1973-74 (—£164 million). Provision has been made to give effect to the cuts in the calf subsidy and in the basic rate of grants under the FCGS announced in March 1973 as well as further reductions in production grants and subsidies to be decided upon following the 1974 Annual Review.

22. Increases in the cost of agricultural support will arise from the scheme for special assistance to apple and pear growers and the introduction of the beef incentive scheme under the CAP. The figures also reflect additional expenditure under the milk guarantee. Latest estimates also show increases in the take-up of existing grants and subsidies including capital grants. In the case of market support under the CAP the outturn for 1972-73 was less than forecast as the support buying of commodities did not materialise to the extent expected and claims for denaturing, production subsidies and export refunds were not received

as quickly as expected. The main changes in 1973-74 and 1974-75 are due to the introduction of the general butter subsidy and the payment of import and export refunds on intra community trade. The net cost of intervention buying has been revised upwards, throughout the whole period.

23. The net effect of all these changes is to leave the total cost of agricultural support, as compared with Cmnd 5178, virtually unchanged in 1973-74 and 1974-75, but to produce savings of £97 million and £85 million in 1975-76 and 1976-77.

Other changes

24. Government decisions on certain food policies have resulted in increases in 1972-73, 1973-74 and 1974-75. The changes comprise the extension of the arrangements for stabilising sugar prices and payments in respect of the refining and marketing of Commonwealth sugar, offset by savings resulting from the termination of the bacon stabilisation scheme. Under the fisheries programme, increased provision in 1973-74 is due mainly to expenditure in support of the deep sea fleet operating in Icelandic waters and increases in grants and loans for new vessels and equipment. The full effect of the decision not to extend the fishing subsidies will arise in 1974-75 and later years.

25. The net effect of all these changes is to reduce expenditure as compared with Cmnd 5178 by £23 million in 1973-74, this saving rising to £43 million by 1976-77.

4. TRADE, INDUSTRY

TABLE 2.4

	1968-69	1969-70	1970-71
Regional support and regeneration			
Regional development grants	—	—	—
Provision of land and buildings	18.5	18.9	17.3
Selective assistance to industry in assisted areas	—	—	—
Other regional support	5.1	5.8	5.2
Regional employment premium	150.2	151.8	140.6
Residual expenditure under repealed sections of the Local Employment Act 1972	32.5	38.4	43.4
Total	206.3	214.9	206.5
Industrial innovation			
General industrial R and D	23.3	27.7	25.7
Technological and industrial sponsorship ...	9.2	6.3	5.6
Aircraft and aero-engine general R and D programme	8.8	8.7	10.9
Concorde—development	81.7	73.4	75.1
production	5.4	6.9	8.7
RB 211	14.0	36.6	15.0
Other aircraft and aero-engine projects and assistance	18.7	8.0	39.8
Space	14.5	13.0	8.7
Nuclear	51.2	35.6	51.1
Total	226.8	216.2	240.6
General support for industry			
Selective assistance to individual industries, firms and undertakings	—	—	—
Promotion of tourism	5.6	6.7	7.6
Refinancing of home shipbuilding lending ...	—	—	—
Assistance to the shipbuilding industry	5.1	10.8	0.5
Other support services	47.8	35.5	34.1
Investment grants	577.4	679.9	617.7
Total	635.9	732.9	659.9
Support for nationalised industries (other than the transport industries)			
Compensation for price restraint	—	—	—
Assistance to the coal industry	41.6	32.3	30.1
Other compensation	—	—	0.1
Safety and product quality and other services ...	2.4	2.3	1.5
Total	44.0	34.6	31.7
International trade			
Export promotion and trade co-operation ...	7.7	8.2	8.4
Refinancing of fixed rate export credits	—	—	—
Regulation of domestic trade and industry and consumer protection	6.0	4.9	0.7
Functioning of the labour market			
Employment services and industrial rehabilitation	28.2	28.4	30.6
Industrial training	28.5	32.4	44.1
Redundancy Fund payments	82.6	51.8	57.4
Industrial relations and other labour market services	5.0	5.3	5.3
Total	144.3	117.9	137.4

AND EMPLOYMENT

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
—	8.6	125.0	191.0	228.0	230	230
17.3	11.5	17.2	16.1	16.7	17	18
—	0.4	32.0	37.0	56.0	60	60
5.9	6.2	8.3	8.0	8.2	8	8
127.2	108.3	103.8	71.9	1.7	—	—
28.7	40.4	33.5	9.2	-8.7	-14	-12
179.1	175.4	319.8	333.2	301.9	301	304
21.3	21.6	26.8	27.6	27.6	29	30
3.4	5.0	7.4	7.5	7.8	8	8
12.4	14.4	17.5	18.0	18.0	18	18
68.0	49.8	44.0	44.0	35.0	15	10
16.2	26.6	31.0	35.0	25.0	-5	-10
74.5	50.2	31.2	16.0	-22.6	-1	-4
25.1	-2.9	37.5	5.9	15.6	14	6
9.0	8.5	12.5	14.8	15.7	16	14
44.6	45.2	61.2	44.2	29.3	30	18
274.5	218.4	269.1	213.0	151.4	124	90
—	8.8	19.4	24.2	15.3	11	9
13.4	18.8	36.8	19.8	14.8	10	10
—	50.0	95.0	50.0	59.0	23	12
7.1	17.2	33.1	26.0	2.9	—	-1
-27.2	-26.2	-23.0	-0.6	-6.1	-2	-3
485.0	294.4	220.0	107.0	47.0	18	4
478.3	363.0	381.3	226.4	132.9	60	31
—	—	175.0	175.0	—	—	—
123.0	117.4	154.6	150.0	135.0	—	—
0.1	19.9	11.4	9.1	11.0	9	8
1.8	1.8	2.3	2.5	2.4	2	3
124.9	139.1	343.3	336.6	148.4	11	11
7.1	6.2	8.7	9.6	9.7	10	10
—	313.8	375.0	301.4	245.4	165	143
-0.1	0.2	0.5	0.6	0.8	1	1
32.6	38.7	41.3	44.6	46.9	49	51
38.5	53.5	66.4	81.6	129.8	137	142
76.4	51.8	40.2	44.0	45.9	46	46
4.6	30.8	7.4	8.5	9.4	10	10
152.1	174.8	155.3	178.7	232.0	242	249

TABLE 2.4 continued

	1968-69	1969-70	1970-71
Central and miscellaneous services			
Employment	29.9	29.5	29.1
Other	20.1	22.6	28.6
SET additional payments	76.4	39.6	9.5
British Petroleum rights issue	—	—	—
Total	1,397.4	1,421.3	1,352.4
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

Regional support and regeneration

1. Policies for the development of industry in areas in need of special assistance have been followed by successive Governments since before the war. The 1972 Industry Act introduced regional development grants and replaced selective assistance under the Local Employment Act, 1972 by a new and extended scheme of flexible selective assistance under Section 7. At the same time the assisted areas were extended. The provision of factories under the Local Employment Act, 1972 continues as does the use of Industrial Development Certificates to influence the location of industry.

2. There are great difficulties in measuring the effects of regional assistance on employment migration and the structure of industry in the assisted areas. The development of the economies of the regions cannot be isolated from economic trends in the country as a whole. It is particularly difficult to isolate and measure the effects of particular instruments of policy. Some evidence on the subject was given to the Trade and Industry Sub-Committee of the Expenditure Committee. In any case, it will not be possible to attempt an assessment of the effects of present policies, which were revised in 1972, for some time.

Regional development grants

3. Regional development grants are 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 are also made at 20 per cent towards the cost of buildings in the enlarged intermediate areas, and, in the case of a building or any works provided before 22 March 1974, in the derelict land clearance areas. (The geographical coverage of these assisted areas is shown on the map at Annex C of Cmnd 4942). The grants are 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.

Provision of land and buildings

4. The forecasts cover the continuing development of the industrial estates and the provision of factories under the Local Employment Act, 1972.

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
28.0	30.6	34.6	35.4	34.7	35	36
29.1	26.1	28.9	29.3	29.7	30	29
0.2	0.2	0.1	—	—	—	—
34.7	32.2	—	—	—	—	—
1,307.9	1,480.0	1,916.6	1,664.2	1,286.9	979	904
	-1.6	+196.0	+165.0	+30.3	+46	
	-168.9	-139.8	-195.7	-174.7	-158	
	1,650.5	1,860.4	1,694.9	1,431.3	1,091	

Selective assistance to industry in the assisted areas

5. Provision is made for assistance, on a selective basis, to industry in the development and intermediate areas under Section 7 of the Industry Act, 1972. This assistance supplements the basic incentive of regional development grants. The assistance includes, for projects which provide additional employment, interest relief grants towards the cost of finance obtained from commercial sources, or loans at favourable rates. For modernisation or rationalisation projects which maintain or safeguard existing employment, and where the necessary finance cannot reasonably be obtained from the market, loans are available at broadly commercial rates. As announced by the Minister for Industrial Development on 23 July 1973 investment proposals from the ship-building industry for individual projects in the assisted areas will be considered under this heading (see paragraph 25 below).

Other regional support

6. This heading includes expenditure by the Development Fund and by the Highlands and Islands Development Board.

Regional employment premium

7. At present no account is taken of any extension beyond 1974 of the premium, which is paid in respect of manufacturing establishments in development areas; though there is provision for residual claims into 1975-76. Once the precise form of phasing out the premium is decided, this provision will require amendment.

Residual expenditure under repealed sections of the Local Employment Act, 1972

8. Expenditure under the Local Employment Act, 1972, on building grants, loans and operational and removal grants (now superseded by regional development grants and the other forms of selective assistance available under the Industry Act, 1972) is expected to terminate by the end of the Survey period.

Industrial innovation

General industrial research and development

9. This heading includes the Department of Trade and Industry's Industrial Research Establishments and Computer Aided Design Centre; support for Industrial Research Associations; certain extra-mural research and development and other support. The major part of the expenditure on these activities comes within the responsibility of the Requirements Boards set up in accordance with the policy set out in "Framework for Government Research and Development" (Cmnd 5046). The heading also covers support for the National Research Development Corporation.

10. The Industrial Research Establishments undertake work for Government Departments, for other public authorities and for industry. They include 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). Extra-mural support includes terminal assistance to the hovercraft industry, work on materials and marine technology and support for the Design Council. From 1973-74 onwards the forecasts provide for the cost of repayment work carried out by the Natural Environment Research Council and some non-nuclear research and development undertaken by the Atomic Energy Authority. Their inclusion, as a result of Cmnd 5046, is the main reason for the rise in the forecasts between 1972-73 and 1973-74. The rise in expenditure between 1973-74 and 1977-78 is due mainly to a planned increase in the extra-mural work supported by the Requirements Boards.

Technological and industrial sponsorship

11. Provision is made for assistance to mineral exploration, under the Mineral Exploration and Investment Grants Act, 1972, and for a variety of other measures of support for the engineering industries and for industry generally. Methods of support include cost-sharing research and development contracts with industry, pre-production purchases of advanced machinery and equipment, and grants to the National Computing Centre.

Aircraft and aero-engine projects and assistance

12. Government assistance towards launching civil aircraft and aero-engine projects has been a policy of successive Governments since the war, on the grounds that the scale of expenditure involved, and the risks, are too great for the firms alone to bear. The public expenditure is designed to ensure that the United Kingdom firms are able to compete internationally and to play an effective rôle in a strong, profitable European industry. Support for any new projects will be based on their relevance to these criteria, the extent to which the economic criteria applied to public investment generally can be met, and any other considerations relevant in particular cases.

Aircraft and aero-engine general research and development programme

13. This covers expenditure on general research and development work in industry, the universities and Government aviation R & D establishments on, for example, the reduction of aero-engine noise and future types of civil aircraft and aero-engines.

Concorde

14. As in previous years, the Concorde estimates provide for the United Kingdom's share of the development costs and for support for the production programme. The figures for development expenditure take account of the latest UK/French estimates, while those for production (which are net of sales receipts) take account of a slower build up of the work. All these figures are subject to a review of the Concorde programme which will take place with the French Government in the near future.

RB211

15. The estimates for the completion of development of the RB211-22 engine and for any losses which Rolls-Royce (1971) Ltd may incur on the first 555 engines show a substantial reduction compared with Cmnd 5178 revalued. This arises largely from the expectation of a smaller production loss than was earlier estimated.

Other aircraft and aero-engine projects and assistance

16. The estimates include provision to enable Rolls-Royce (1971) Ltd to complete the purchase of the Rolls-Royce Ltd assets, for which £30 million was paid on account in 1970-71. Of the balance of £62.3 million, Rolls-Royce (1971) Ltd has paid £27 million. The remaining payment of £35.3 million represents an addition in 1973-74 to Cmnd 5178 revalued.

17. The other main items included are expenditure on the M45H engine (£8.4 million over the period), which Rolls-Royce (1971) Ltd are developing for the German/Dutch VFW 614 aircraft, and Government support for the HS 146 aircraft (£42 million over the period), as announced by the Minister for Aero-space on 19 August 1973. The HS 146 expenditure is an increase on Cmnd 5178 revalued. No provision has been made for any unapproved aircraft or aero-engine projects.

Space

18. The forecasts provide for the United Kingdom's share of the European Space Research Organisation's applications satellite programmes and of the three new space programmes agreed at the European Space Conference in July. Provision is also made for a small continuing programme of national research and development work.

Nuclear

19. The greater part of the expenditure under this heading is for research and development by the Atomic Energy Authority. Provision is also included for support to British Nuclear Fuels Ltd for participation in international collaboration on the gas centrifuge process for enriching uranium and for some other miscellaneous items of nuclear expenditure.

20. Nuclear reactor research and development is estimated at £43.5 million in 1973-74 decreasing to £22.4 million in 1977-78, the greater part of the expenditure being on development of the sodium-cooled fast reactor. Provision is also made for continued development of thermal reactors. Adjustments to the forecasts may be needed in the light of decisions soon to be taken on the choice of thermal reactors for future development and installation.

General support for industry

Selective assistance to individual industries, firms and undertakings

21. This heading covers assistance under Section 8 of the Industry Act, 1972, together with the £40 million assistance to International Computers (Holdings) Ltd which is being given under the Science and Technology Act, 1965, during the period 1972-73 to 1976-77.

22. Section 8 of the Industry Act, 1972, gives general powers for financial assistance to industry where it is in the national interest, likely to benefit the economy, and cannot appropriately be provided in any other way. Provision has been made only for projects which have been approved or are currently under consideration. The financing of any further projects is a potential call on the contingency reserve.

Promotion of tourism

23. This heading includes grants in aid to the British Tourist Authority and the English, Scottish and Wales Tourist Boards, expenditure on tourist projects in the development areas under Section 4 of the Development of Tourism Act, 1969, and, up to 1975-76, provision for assistance to the hotel industry under Part II of that Act. The forecasts allow for some increase in expenditure on development area projects and the grants-in-aid over the Survey period.

Refinancing of home shipbuilding lending

24. Refinance of guaranteed shipbuilding credit is provided to the banks partly by the Issue Department of the Bank of England and partly by the Department of Trade and Industry. In accordance with the policy of phasing out the Bank's refinancing commitment, the figures include provision for the Department to assume responsibility for the total refinance requirement. Estimates for 1974-75 onwards are lower than in Cmnd 5178 largely because the Bank's commitment will have been reduced more quickly in 1973-74 than anticipated.

Assistance to the shipbuilding industry

25. Special assistance to Govan Shipbuilders Ltd and to Cammell Laird Ltd, and construction grants on a tapering scale under Section 11 of the Industry Act, 1972, are included under this heading. As announced by the Minister for Industrial Development on 23 July, 1973, investment proposals from the shipbuilding industry for individual projects in the assisted areas will be considered under Part II of the Industry Act, 1972, with the same favourable terms for modernisation schemes which do not increase employment as are normally given for those that do. No specific provision has been made; expenditure will be met from the provision for selective assistance under Section 7 of the Industry Act, 1972 (see paragraph 5 above).

Other support services

26. The heading covers mainly residual items and the forecasts include receipts from the realisation of the assets of the Industrial Reorganisation Corporation, miscellaneous loan repayments, accelerated expenditure on machine tools, and the Industrial Investment Scheme for assistance to the aluminium industry.

Investment grants

27. Provision is made for expenditure on investment grants arising from contracts entered into by industry before 27 October 1970. Expenditure for the period 1973-74 onwards is now expected to be higher than that assumed in Cmnd 5178.

Support for nationalised industries (other than the transport industries)

Compensation for price restraint

28. The Government have introduced legislation to authorise the payment of compensation to the Post Office and the gas and electricity industries for the effects of holding down their prices for reasons of counter-inflationary policy, resulting in current account deficits. It is still too early to determine the amount involved for 1973-74, but this has provisionally been put at £175 million. It has been assumed that further compensation will be required in 1974-75, and the public expenditure figures include £175 million for that year also, but this is of an even more provisional character.

Assistance to the coal industry

29. The heading covers assistance to the coal industry up to the year 1975-76 under the Coal Industry Act, 1973. The Act allows for additional assistance up to 1977-78, subject to affirmative resolution; if the powers were extended in this way, the additional expenditure would be met from the contingency reserve. Government policy towards the coal industry has two complementary objectives. First, to maintain employment in areas where other opportunities are few and to provide a basis for continuing output, while the industry is progressing towards viability. Second, to finance a special scheme for payments to redundant mineworkers and to help the National Coal Board with the cost of other social grants, including premature pensions where appropriate.

30. The following table shows employment and output figures from 1968-69:

Year							Average manpower at Collieries (thousands)	NCB output (million tons)
1968-69	...	...	...	...	...	...	336.3	159.6
1969-70	...	...	...	...	...	...	305.1	146.4
1970-71	...	...	...	...	...	...	287.2	141.6
1971-72	...	...	...	...	...	...	281.5	119.7
1972-73	...	...	...	...	...	...	268.0	140.4

Other compensation

31. This includes compensation to the Electricity Boards in Great Britain and to the British Gas Corporation, in respect of the acceleration of investment for employment reasons and provision for the proposed scheme for benefits to steelworkers made redundant from January 1973.

Safety and product quality and other services

32. This heading includes the costs incurred in connection with electricity and gas meter examining, safety and health in mines and quarries, the Nuclear Installations Inspectorate, and oil storage for civil purposes. It also covers the cost of offshore geological studies for which no provision was made in Cmnd 5178.

International trade

Export promotion and trade co-operation

33. In addition to the Export promotion programme which is directed by the British Overseas Trade Board, the heading covers subscriptions to international trade organisations. The additional expenditure proposed for the forward years compared with Cmnd 5178, revalued, reflects the new and improved export promotion measures instituted by the British Overseas Trade Board and the increased response by industry to the forms of assistance available.

Refinancing of fixed rate export credits

34. This covers partial refinancing by the Export Credits Guarantee Department of guaranteed advances made by the clearing banks in respect of the steadily growing volume of exports financed on credit of two years or over. The aim of the refinancing arrangements is to ensure the continuing availability of fixed rate finance for exports where contracts involve heavy cash outlays and lengthy periods of manufacture and payment. The figures make provision for the running-down of the refinancing commitment incurred by the Bank of England prior to March 1972. The totals for 1974-75 and 1975-76 are lower than in Cmnd 5178 and reflect more recent estimates of the level of fixed rate credit outstanding.

Regulation of domestic trade and industry and consumer protection

35. Provision is made for the Patent Office and associated international subscriptions; the Department of Trade and Industry's Insurance and Companies Divisions and the Insolvency Service, the Monopolies and Mergers Commission and expenditure on standards and quality assurance. The last includes the grant-in-aid to the British Standards Institution and the cost of the Metrication Board.

Other information

36. The Annual Report on the Industry Act, 1972, contains a more detailed breakdown of expenditure by the Department of Trade and Industry under this Act and on regional assistance generally, together with further background material. Information on the output and employment of individual industries can be found in the Monthly Digests and Annual Abstracts of Statistics.

Functioning of the labour market

37. This programme aims to improve the functioning of the labour market through the employment, training and other labour market services provided by the Department of Employment. It also includes expenditure by the Department of the Environment on job centres and on government training centres, and by local authorities on the Youth Employment Service.

38. Under the Employment and Training Act, 1973 a Manpower Services Commission will be set up on 1 January 1974 to implement, through its Employment Service and Training Services Agencies, the Government's policies set out in Cmnd 5250 "Employment and Training: Government Proposals". The Training Services Agency is expected to be brought under the Commission from 1 April 1974 and the Employment Service Agency from 1 October 1974. The Commission will be financed by grant-in-aid; and the expenditure of the Manpower Services Commission and its Agencies is included in the provision for this programme.

39. Certain of the Department's schemes for training, employment transfer and rehabilitation of the handicapped (paragraphs 42, 45 and 47 below) are eligible for assistance from the European Social Fund. Such receipts are taken into account in the net contribution to the EEC etc (Table 2.2).

Employment services and industrial rehabilitation

40. The main expenditure under this heading is on the Department's placing service. The Employment Service Agency's programme for modernising and improving its services was outlined in December 1972 in the publication "Into Action". The first job centres have now been opened with encouraging increase in the use of the service by employers and job seekers and in the placings achieved. The new computer-assisted Professional and Executive Recruitment Service was also successfully introduced in March 1973 and began charging fees for its services in June 1973.

41. Provision is made for a continuing programme of improved offices and working systems. The following table gives figures for past and future years for placings. The figures for future years take account of past experience and of improvements flowing from the development of both the generalised and specialist employment services.

	Thousands									
	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
1. Employment Service Agency (other than PER)										
(i) Vacancies Notified	2,200	2,100	2,200	1,900	2,100	2,400	2,500	2,600	2,700	2,800
(ii) Registrations ...	4,400	4,400	4,300	4,400	4,100	4,400	4,500	4,600	4,700	4,800
(iii) Placings ...	1,500	1,500	1,500	1,300	1,400	1,500	1,600	1,700	1,800	1,900
2. Professional and Executive Recruitment										
(i) Vacancies Notified	29	29	33	35	44	60	70	80	85	90
(ii) Registrations ...	72	76	84	109	118	130	140	150	160	170
(iii) Placings ...	11	12	13	12	10	13	17	20	22	24

42. The improvements to the Employment Transfer Scheme referred to in Cmnd 5178 led to a marked increase in the number of persons assisted to transfer last year and provision has been made for a further increase as a result of additional measures to encourage the mobility of persons in the assisted areas mainly by financially assisting people looking for jobs away from home. Because of the improvement in employment the number of movements from non-assisted areas is not expected to be so high from 1973-74 onwards as in the previous two years.

Thousands

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
(i) Assisted Areas ...	4.7	4.9	5.2	5.2	15.0	18.0	18.5	18.5	18.5	18.5
(ii) Other Areas ...	1.4	1.4	2.0	3.2	3.6	3.0	3.0	3.0	3.0	3.0
Total ...	6.1	6.3	7.2	8.4	18.6	21.0	21.5	21.5	21.5	21.5

43. Cmnd 5250, "Employment and Training: Government Proposals", explained the changes which would be made from the dates of local government reorganisation in the responsibilities of Local Education Authorities for youth employment and in the method of financing the Youth Employment Service. They do not affect the expenditure forecasts as the costs to local authorities of the increased scope and coverage of the Service will be offset by the savings arising from the transfer of certain unemployment benefit and other work to the Department.

44. Provision is made for the salaries and administrative expenses of the Manpower Services Commission.

45. The Department provides specialised placing services for disabled persons together with facilities for rehabilitating about 1,400 persons a year in Industrial Rehabilitation units. These services are being reviewed. Two documents have been issued—a discussion paper "Resettlement Policy and Services for Disabled People" and a consultative document on "The Quota Scheme for Disabled People".

Industrial training

46. The Training Services Agency will be responsible from 1 April 1974 for implementing the Government's policies on industrial training.

47. A major programme of expansion of the Government's Training Opportunities Scheme is under way and on 24 July 1973 the Secretary of State announced increased provision from about £50 million in 1973-74 to about £100 million in 1976-77. The scheme provides for training and re-training of adults in Training Centres, Colleges of Further Education, employers' establishments, residential colleges for the disabled and other institutions. As the following table shows the major expansion is likely to take place in Colleges of Further Education. The figures assume an average length of course of 26 weeks in Colleges of Further Education (usually two terms) and of 12 weeks in employers' establishments. The average period of courses in Government Training Centres is about 28 weeks; the majority of courses are slightly shorter.

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
Number trained										
(i) Government Training Centres ...	12.3	12.7	12.5	13.6	15.8	20.0	23.0	27.0	29.0	31.0
(ii) Colleges of Further Education ...	0.9	0.9	1.0	2.1	9.5	17.0	26.0	27.0	33.0	34.0
(iii) Employers' Establishments ...	*	*	*	0.7	6.0	6.0	7.0	9.0	11.0	12.0
Total ...	13.2	13.6	13.5	16.4	31.3	43.0	56.0	63.0	73.0	77.0

* Less than 100.

48. The programme provides for funding from 1 April 1975 the administrative expenses of Industrial Training Boards, the cost of certain key training activities and the cost of providing training services to sectors of employment not covered by Industrial Training Boards. The starting date was deferred from 1 August 1974 as part of the economy measures announced on 21 May 1973 (Hansard Col 42).

49. There is residual expenditure on the special grant schemes for training in assisted areas which, as announced by the Secretary of State on 24 July 1973, will end on 31 March 1974 in respect of Industrial Training Board schemes and has already ended in respect of other schemes.

Redundancy Fund payments

50. To take account of the decrease in the numbers receiving redundancy payments, the present provision for payments from the Redundancy Fund is considerably lower than that in Cmnd 5178. The number of payments varies considerably from year to year. In 1972-73 about 262,000 received payments compared with some 267,000, 242,000, 280,000 and 388,000 in the years 1968-69 to 1971-72.

Industrial relations and other labour market services

51. This item consists of the cost of Department of Employment staff engaged on general manpower, economic policy (manpower), incomes and industrial relations work together with the cost of the Office of Manpower Economics, the Commission on Industrial Relations, industrial tribunals and the Industrial Arbitration Board. It also includes provision for continuing and extending the Community Industry Scheme, so that by 1974-75, when it will be reviewed, some 2,000 young people who have been previously unemployed may be employed in tasks of social value. This compares with about 600 young people by the end of 1972-73.

Central and miscellaneous services

52. This heading includes the central salaries and general administrative expenses of the Department of Trade and Industry, including Regional Offices, and the expenses of the Price Commission and the Pay Board.

53. It also covers Department of Employment expenditure on services for the seriously disabled and occupational safety and health services, international relations work (mainly the subscription to the International Labour Organisation), and central, agency and miscellaneous services. The latter represents central and common services not attributable to other employment programmes and the net cost of agency services, notably the supplementary benefit work carried out on behalf of the Department of Health and Social Security.

54. The provision for services for the seriously disabled consists mainly of grants towards the cost of Remploy Ltd., local authorities and other bodies of providing employment under sheltered conditions. A review of the provision of sheltered employment is being undertaken. Details of the average number of workers previously employed and likely to be employed under sheltered conditions are given in the following table:

Thousands

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
(i) Remploy Ltd ...	7.4	7.5	7.5	7.6	7.9	8.1	8.3	8.5	8.7	8.9
(ii) Local Authorities and Voluntary Bodies ...	4.8	4.7	4.8	4.9	5.1	5.2	5.3	5.4	5.5	5.5
Total ...	12.2	12.2	12.3	12.5	13.0	13.3	13.6	13.9	14.2	14.4

55. Details of the Department's occupational safety and health services were given in Cmnd 5178. The Employment Medical Advisory Service (EMAS) was set up early in 1973. The Government have announced that they accept the recommendations of the Robens Committee on Safety and Health at Work for an independent statutory Safety and Health Authority and that legislation is being prepared. Various government inspectorates and EMAS will be transferred to the new Commission. Full details of the work of HM Factory Inspectorate are given in the annual report of Chief Inspector of Factories, Cmnd 5398.

CHANGES IN EXPENDITURE

56. The estimates of expenditure on regional development grants are reduced considerably. A higher proportion than expected of applications for grants in the development areas has been made for investment grants rather than for regional development grants in respect of contracts entered into before 27 October 1970. This has contributed to the reduction in forecasts for regional development grants and to an increase in investment grants. Reduced expenditure is forecast for the provision of land and buildings, and residual expenditure under the Local Employment Act for the forward years is increased mainly through increased expenditure on building grants.

57. Expenditure on aircraft projects and assistance is increased as a result of Government support for the HS 146 aircraft, and as a result of the final payment to the Receiver for the assets of Rolls-Royce Ltd., but there are reductions on the RB211 and Concorde estimates.

58. The decision to give additional £25.8 million assistance to International Computers (Holdings) Limited has caused an increase in the provision made for selective assistance to individual industries, firms and undertakings. Forecasts under this heading have also been increased by the inclusion of provision for assistance under Section 8 of the Industry Act, 1972, in respect of projects approved or under consideration. No provision was made for these in Cmnd 5178 since it was at that time too early to make meaningful forecasts.

59. Estimates for the refinancing of home shipbuilding lending are lower than those given in Cmnd 5178 for 1974-75 onwards since the Bank of England's commitment is being reduced more quickly in 1973-74 than anticipated. The totals under the refinancing of export credit for 1974-75 and 1975-76 are lower than Cmnd 5178, reflecting more recent estimates of the level of fixed rate credit outstanding.

60. There are increases under support for nationalised industries (other than the transport industries) arising from the inclusion of provisions for compensation for price restraint in 1973-74 and 1974-75 and for a proposed scheme of payments to redundant iron and steel workers resulting from an agreement with the European Coal and Steel Community.

61. The decision to defer until 1975-76 the arrangements for meeting administrative expenses of Industrial Training Boards and financing key training activities results in reduced expenditure in 1974-75. The major change in the Functioning of the labour market programme in the later years is attributable to the further expansion of the Training Opportunities scheme. But there are savings resulting from phasing out the assisted area training grants and from a reduction in the anticipated expenditure of the Redundancy Fund.

Year	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48	2048-49	2049-50	2050-51	2051-52	2052-53	2053-54	2054-55	2055-56	2056-57	2057-58	2058-59	2059-60	2060-61	2061-62	2062-63	2063-64	2064-65	2065-66	2066-67	2067-68	2068-69	2069-70	2070-71	2071-72	2072-73	2073-74	2074-75	2075-76	2076-77	2077-78	2078-79	2079-80	2080-81	2081-82	2082-83	2083-84	2084-85	2085-86	2086-87	2087-88	2088-89	2089-90	2090-91	2091-92	2092-93	2093-94	2094-95	2095-96	2096-97	2097-98	2098-99	2099-00	2100-01	2101-02	2102-03	2103-04	2104-05	2105-06	2106-07	2107-08	2108-09	2109-10	2110-11	2111-12	2112-13	2113-14	2114-15	2115-16	2116-17	2117-18	2118-19	2119-20	2120-21	2121-22	2122-23	2123-24	2124-25	2125-26	2126-27	2127-28	2128-29	2129-30	2130-31	2131-32	2132-33	2133-34	2134-35	2135-36	2136-37	2137-38	2138-39	2139-40	2140-41	2141-42	2142-43	2143-44	2144-45	2145-46	2146-47	2147-48	2148-49	2149-50	2150-51	2151-52	2152-53	2153-54	2154-55	2155-56	2156-57	2157-58	2158-59	2159-60	2160-61	2161-62	2162-63	2163-64	2164-65	2165-66	2166-67	2167-68	2168-69	2169-70	2170-71	2171-72	2172-73	2173-74	2174-75	2175-76	2176-77	2177-78	2178-79	2179-80	2180-81	2181-82	2182-83	2183-84	2184-85	2185-86	2186-87	2187-88	2188-89	2189-90	2190-91	2191-92	2192-93	2193-94	2194-95	2195-96	2196-97	2197-98	2198-99	2199-00	2200-01	2201-02	2202-03	2203-04	2204-05	2205-06	2206-07	2207-08	2208-09	2209-10	2210-11	2211-12	2212-13	2213-14	2214-15	2215-16	2216-17	2217-18	2218-19	2219-20	2220-21	2221-22	2222-23	2223-24	2224-25	2225-26	2226-27	2227-28	2228-29	2229-30	2230-31	2231-32	2232-33	2233-34	2234-35	2235-36	2236-37	2237-38	2238-39	2239-40	2240-41	2241-42	2242-43	2243-44	2244-45	2245-46	2246-47	2247-48	2248-49	2249-50	2250-51	2251-52	2252-53	2253-54	2254-55	2255-56	2256-57	2257-58	2258-59	2259-60	2260-61	2261-62	2262-63	2263-64	2264-65	2265-66	2266-67	2267-68	2268-69	2269-70	2270-71	2271-72	2272-73	2273-74	2274-75	2275-76	2276-77	2277-78	2278-79	2279-80	2280-81	2281-82	2282-83	2283-84	2284-85	2285-86	2286-87	2287-88	2288-89	2289-90	2290-91	2291-92	2292-93	2293-94	2294-95	2295-96	2296-97	2297-98	2298-99	2299-00	2300-01	2301-02	2302-03	2303-04	2304-05	2305-06	2306-07	2307-08	2308-09	2309-10	2310-11	2311-12	2312-13	2313-14	2314-15	2315-16	2316-17	2317-18	2318-19	2319-20	2320-21	2321-22	2322-23	2323-24	2324-25	2325-26	2326-27	2327-28	2328-29	2329-30	2330-31	2331-32	2332-33	2333-34	2334-35	2335-36	2336-37	2337-38	2338-39	2339-40	2340-41	2341-42	2342-43	2343-44	2344-45	2345-46	2346-47	2347-48	2348-49	2349-50	2350-51	2351-52	2352-53	2353-54	2354-55	2355-56	2356-57	2357-58	2358-59	2359-60	2360-61	2361-62	2362-63	2363-64	2364-65	2365-66	2366-67	2367-68	2368-69	2369-70	2370-71	2371-72	2372-73	2373-74	2374-75	2375-76	2376-77	2377-78	2378-79	2379-80	2380-81	2381-82	2382-83	2383-84	2384-85	2385-86	2386-87	2387-88	2388-89	2389-90	2390-91	2391-92	2392-93	2393-94	2394-95	2395-96	2396-97	2397-98	2398-99	2399-00	2400-01	2401-02	2402-03	2403-04	2404-05	2405-06	2406-07	2407-08	2408-09	2409-10	2410-11	2411-12	2412-13	2413-14	2414-15	2415-16	2416-17	2417-18	2418-19	2419-20	2420-21	2421-22	2422-23	2423-24	2424-25	2425-26	2426-27	2427-28	2428-29	2429-30	2430-31	2431-32	2432-33	2433-34	2434-35	2435-36	2436-37	2437-38	2438-39	2439-40	2440-41	2441-42	2442-43	2443-44	2444-45	2445-46	2446-47	2447-48	2448-49	2449-50	2450-51	2451-52	2452-53	2453-54	2454-55	2455-56	2456-57	2457-58	2458-59	2459-60	2460-61	2461-62	2462-63	2463-64	2464-65	2465-66	2466-67	2467-68	2468-69	2469-70	2470-71	2471-72	2472-73	2473-74	2474-75	2475-76	2476-77	2477-78	2478-79	2479-80	2480-81	2481-82	2482-83	2483-84	2484-85	2485-86	2486-87	2487-88	2488-89	2489-90	2490-91	2491-92	2492-93	2493-94	2494-95	2495-96	2496-97	2497-98	2498-99	2499-00	2500-01	2501-02	2502-03	2503-04	2504-05	2505-06	2506-07	2507-08	2508-09	2509-10	2510-11	2511-12	2512-13	2513-14	2514-15	2515-16	2516-17	2517-18	2518-19	2519-20	2520-21	2521-22	2522-23	2523-24	2524-25	2525-26	2526-27	2527-28	2528-29	2529-30	2530-31	2531-32	2532-33	2533-34	2534-35	2535-36	2536-37	2537-38	2538-39	2539-40	2540-41	2541-42	2542-43	2543-44	2544-45	2545-46	2546-47	2547-48	2548-49	2549-50	2550-51	2551-52	2552-53	2553-54	2554-55	2555-56	2556-57	2557-58	2558-59	2559-60	2560-61	2561-62	2562-63	2563-64	2564-65	2565-66	2566-67	2567-68	2568-69	2569-70	2570-71	2571-72	2572-73	2573-74	2574-75	2575-76	2576-77	2577-78	2578-79	2579-80	2580-81	2581-82	2582-83	2583-84	2584-85	2585-86	2586-87	2587-88	2588-89	2589-90	2590-91	2591-92	2592-93	2593-94	2594-95	2595-96	2596-97	2597-98	2598-99	2599-00	2600-01	2601-02	2602-03	2603-04	2604-05	2605-06	2606-07	2607-08	2608-09	2609-10	2610-11	2611-12	2612-13	2613-14	2614-15	2615-16	2616-17	2617-18	2618-19	2619-20	2620-21	2621-22	2622-23	2623-24	2624-25	2625-26	2626-27	2627-28	2628-29	2629-30	2630-31	2631-32	2632-33	2633-34	2634-35	2635-36	2636-37	2637-38	2638-39	2639-40	2640-41	2641-42	2642-43	2643-44	2644-45	2645-46	2646-47	2647-48	2648-49	2649-50	2650-51	2651-52	2652-53	2653-54	2654-55	2655-56	2656-57	2657-58	2658-59	2659-60	2660-61	2661-62	2662-63	2663-64	2664-65	2665-66	2666-67	2667-68	2668-69	2669-70	2670-71	2671-72	2672-73	2673-74	2674-75	2675-76	2676-77	2677-78	2678-79	2679-80	2680-81	2681-82	2682-83	2683-84	2684-85	2685-86	2686-87	2687-88	2688-89	2689-90	2690-91	2691-92	2692-93	2693-94	2694-95	2695-96	2696-97	2697-98	2698-99	2699-00	2700-01	2701-02	2702-03	2703-04	2704-05	2705-06	2706-07	2707-08	2708-09	2709-10	2710-11	2711-12	2712-13	2713-14	2714-15	2715-16	2716-17	2717-18	2718-19	2719-20	2720-21	2721-22	2722-23	2723-24	2724-25	2725-26	2726-27	2727-28	2728-29	2729-30	2730-31	2731-32	2732-33	2733-34	2734-35	2735-36	2736-37	2737-38	2738-39	2739-40	2740-41	2741-42	2742-43	2743-44	2744-45	2745-46	2746-47	2747-48	2748-49	2749-50	2750-51	2751-52	2752-53	2753-54	2754-55	2755-56	2756-57	2757-58	2758-59	2759-60	2760-61	2761-62	2762-63	2763-64	2764-65	2765-66	2766-67	2767-68	2768-69	2769-70	2770-71	2771-72	2772-73	2773-74	2774-75	2775-76	2776-77	2777-78	2778-79	2779-80	2780-81	2781-82	2782-83	2783-84	2784-85	2785-86	2786-87	2787-88	2788-89	2789-90	2790-91	2791-92	2792-93	2793-94	2794-95	2795-96	2796-97	2797-98	2798-99	2799-00	2800-01	2801-02	2802-03	2803-04	2804-05	2805-06	2806-07	2807-08	2808-09	2809-10	2810-11	2811-12	2812-13	2813-14	2814-15	2815-16	2816-17	2817-18	2818-19	2819-20	2820-21	2821-22	2822-23	2823-24	2824-25	2825-26	2826-27	2827-28	2828-29	2829-30	2830-31	2831-32	2832-33	2833-34	2834-35	2835-36	2836-37	2837-38	2838-39	2839-40	2840-41	2841-42	2842-43	2843-44	2844-45	2845-46	2846-47	2847-48	2848-49	2849-50	2850-51	2851-52	2852-53	2853-54	2854-55	2855-56	2856-57	2857-58	2858-59	2859-60	2860-61	2861-62	2862-63	2863-64	2864-65	2865-66	2866-67	2867-68	2868-69	2869-70	2870-71	2871-72	2872-73	2873-74	2874-75	2875-76	2876-77	2877-78	2878-79	2879-80	2880-81	2881-82	2882-83	2883-84	2884-85	2885-86	2886-87	2887-88	2888-89	2889-90	2890-91	2891-92	2892-93	2893-94	2894-95	2895-96	2896-97	2897-98	2898-99	2899-00	2900-01	2901-02	2902-03	2903-04
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5. NATIONALISED INDUSTRIES

TABLE 2.5

	1968-69	1969-70	1970-71
Expenditure on fixed assets			
National Coal Board	84.6	82.1	89.7
Electricity Council and Boards	673.0	536.0	479.0
North of Scotland Hydro-Electric Board	11.4	12.8	15.6
South of Scotland Electricity Board	89.3	79.3	87.5
British Gas Corporation	290.5	248.5	224.5
Total Fuel	1,148.8	958.7	896.3
British Steel Corporation	83.0	105.0	173.0
Post Office	461.1	501.3	550.1
British Airways Board	126.3	84.0	133.9
British Airports Authority	20.3	13.1	11.1
Total Airways and airports	146.6	97.1	145.0
British Railways Board	113.1	100.9	112.4
British Transport Docks Board	20.2	17.9	12.8
British Waterways Board	1.0	0.9	0.9
Transport Holding Company	26.6	0.3	0.6
National Freight Corporation	3.2	33.2	28.7
National Bus Company	3.6	13.2	14.5
Scottish Transport Group	0.2	4.4	3.8
Total Surface transport industries	167.9	170.8	173.7
Total expenditure on fixed assets	2,007.4	1,832.9	1,938.1
Shortfall	—	—	—
Total after deduction of shortfall	2,007.4	1,832.9	1,938.1
Less: Sales of fixed assets	-86.3	-57.3	-62.5
Gross domestic fixed capital formation	1,921.1	1,775.6	1,875.6
Other capital expenditure	54.4	-3.2	59.9
Total	1,975.5	1,772.4	1,935.5
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

Nationalised industries

1. The investment programmes of the nationalised industries are determined primarily by the long term demand which they have to meet. About 40 per cent of the total is in the energy sector. The figures do not anticipate any modification of policies or programmes which may result from the present developments in oil supplies and prices and take no account of possible effects of the present disputes in the coal and electricity supply industries.

2. Experience continues to show that investment tends to fall short of the approved figure. For the period under review an allowance has been made for

CAPITAL EXPENDITURE

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
91.1	82.4	84.1	99.0	81.0	72	64
435.0	418.0	434.0	484.0	545.0	633	719
17.4	17.5	21.1	23.8	43.7	43	32
84.0	80.0	76.6	56.4	48.8	48	69
165.3	122.3	131.0	160.0	169.0	161	125
792.8	720.2	746.8	823.2	887.5	957	1009
257.0	204.0	209.0	339.0	353.0	384	399
600.7	644.3	705.6	690.9	703.3	687	659
122.4	64.0	89.2	124.0	203.8	109	97
12.4	13.0	19.0	23.0	23.5	21	24
134.8	77.0	108.2	147.0	227.3	130	121
68.0	76.0	88.9	95.7	130.7	162	171
12.0	8.0	12.1	7.2	8.2	8	8
0.9	1.3	1.1	1.2	1.2	1	1
0.6	0.4	—	—	—	—	—
16.8	12.7	23.0	22.3	24.5	25	24
14.8	18.2	16.3	14.5	15.4	15	15
3.2	5.7	5.1	5.5	5.0	5	4
116.3	122.3	146.5	146.4	185.0	216	223
1,901.6	1,767.8	1,916.1	2,146.5	2,356.1	2,374	2,411
—	—	-100.0	-100.0	-100.0	-100	-100
1,901.6	1,767.8	1,816.1	2,046.5	2,256.1	2,274	2,311
-79.9	-70.1	-81.3	-48.2	-41.2	-33	-32
1,821.7	1,697.7	1,734.8	1,998.3	2,214.9	2,241	2,279
31.1	163.4	80.2	66.6	36.9	40	32
1,852.8	1,861.1	1,815.0	2,064.9	2,251.8	2,281	2,311
	+0.2	-31.8	-132.7	+19.1	+24	
	-40.1	-260.5	-109.9	-83.0	-95	
	1,901.0	2,107.3	2,307.5	2,315.7	2,352	

shortfall of £100 million a year. These estimates of shortfall cannot be attributed to particular industries and are subject to wide margins of error.

CHANGES IN EXPENDITURE

3. In 1972-73 capital expenditure other than fixed investment was about £75 million more than forecast in Cmnd 5178 mainly because of an increase in coal stocks.

4. The main policy changes have been the cuts in investment announced in the Chancellor's statement of 21 May, amounting to some £140 million over the period; and the recently-announced expansion of the railway capital development plan (see paragraph 36), as part of the switch in public expenditure from roads to railways and other public transport systems. More detailed explanations are given in the notes on individual industries.

Fuel

Coal

5. The bulk of the capital investment of the National Coal Board is in mining, although its expenditure also includes solid smokeless fuel manufacture, coal merchanting, chemicals and offshore exploration and development. The Colliery investment included in Table 2.5 relates to the existing programme for which the Coal Industry Act 1973 made provision, involving some improvements and replacement of capacity in existing mines as seams become exhausted. Estimated expenditure on mining investment over the years 1973-74 to 1977-78 is little different from the figures in Cmnd 5178 revalued. Financial assistance by the Government for the Board's current account is described on page 41, together with a table of output and manpower statistics.

6. The investment shown in table 2.5 will allow some improvements in existing coal faces and the development of new ones, but in the light of forecasts of demand in the early 1980's and changing energy prospects the NCB are reviewing the extent to which output should be increased by increasing investment in existing pits and opening new ones—for which the construction period can be as much as ten years. Such schemes would of course involve a greater level of investment than that shown in table 2.5 (which has been prepared in advance of the completion of the Board's review and is subject to revision in the light of the Government's decisions on it).

7. The expenditure on off-shore exploration and development of established fields has been phased back, resulting in a fall of £7 million in the 1974-75 figure compared with Cmnd 5178. The Board's estimates of expenditure on development off-shore may be revised upwards as discoveries are made.

Electricity

8. Investment in electricity supply has been running at a comparatively low level in recent years as previous load forecasts have not been realised, but it is expected to rise in the next five years to meet the rising demand for electricity resulting from general economic growth. The demand for Great Britain forecast in early 1973 by the Electricity Council and the Scottish electricity boards is as follows:

Year	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Sales (million kWh)	226,929	239,931	254,221	268,472	282,970	297,620
Simultaneous Maximum Demand (SMD) (million kW)	51.0	53.5	56.3	59.2	62.2	65.2

Although these forecasts are rather lower than those underlying the estimates of Cmnd 5178 they represent an average growth of SMD of over 5 per cent a year over the whole period.

9. The investment in generation over the next five years (about two-thirds of the total for electricity) depends primarily on the forecast SMD six years and more ahead since major power stations take over five years to build. A planning margin of generating capacity over the forecast is necessary to guard against power cuts due to plant break-downs and exceptionally adverse weather and higher load growth than expected. The estimates in Table 2.5 provide for sufficient future orders for generating capacity to maintain a planning margin of 20 per cent over the forecast SMD; allowance is made for orders to be placed in 1974 for a pumped storage station, a conventional station, and a nuclear station. However, orders for major power stations in 1974 and in subsequent years are subject to later confirmation in the light of future load forecasts.

10. About one-third of the total investment by Electricity Boards is for the reinforcement and extension of the transmission and distribution system. This is dependent upon shorter term forecasts of demand for electricity and is particularly sensitive to new business, ie the connections and reinforcement of the system necessary for new housing and industrial development. Again, the investment is expected to rise with the growth of demand over the period.

11. There is only a broad relationship between the forecasts of demand and sales and the financial provision necessary to meet demand. The reduction in investment which would otherwise have resulted from the reduced load forecast compared with that of 1972, has been more than offset by provision for a substantially increased proportion of new generating capacity from nuclear stations of a type yet to be chosen. These, although cheaper to run, are more costly to build than conventional steam stations. The increased expenditure on electricity compared with Cmnd 5178 revalued is a consequence of the Government's intention to exploit nuclear energy as rapidly as possible.

Gas

12. The demand for natural gas continues to grow. Total gas sales during the past five years in the main markets were:

	1968-69	1969-70	1970-71	1971-72	1972-73
Domestic	3,011	3,362	3,653	4,045	4,603
Commercial	677	714	776	877	1,046
Industrial	976	1,159	1,704	3,070	4,530
Total gas sold	4,664	5,235	6,133	7,992	10,179

million therms

13. The British Gas Corporation reached agreement in July 1973 with the producers of the Frigg field in the North Sea to purchase substantial further quantities, beginning in 1976 and rising to an estimated 1,400 million cubic feet a day by 1978. This is equivalent to almost half the total quantity of gas distributed by the British Gas Corporation in the financial year 1972-73. The purchase of gas from the Norwegian sector of the Frigg field is subject to approval of the Norwegian Government.

14. If all of this gas becomes available there will be continued expansion in the main markets. Very tentative preliminary estimates of the breakdown are:

				million therms				
				1973-74	1974-75	1975-76	1976-77	1977-78
Domestic	...	...	...	5,000	5,500	5,900	6,300	6,700
Commercial	...	...	...	1,200	1,400	1,600	1,700	1,800
Industrial	...	...	...	5,200	5,800	6,000	7,100	7,400
Total	...	...	...	11,400	12,700	13,500	15,100	15,900

15. At 30 September 1973, the appliances of 9.2 million customers had been converted to burn natural gas. This represents 68 per cent of all customers and includes 8.9 million domestic customers. By mid-1977 all customers will have been converted at a total cost which is currently estimated at £530 million. This represents a reduction of £9 million compared with Cmnd 5178 revalued at comparable prices, which is due to savings in costs. This expenditure does not create gas industry assets and 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.

16. The present capital programme at £746 million includes provision at current estimates for absorbing Frigg gas during the Survey period. The programme for 1973-74 to 1976-77 shows a reduction of £40 million as compared with Cmnd 5178 revalued at comparable prices; this is in part the result of improved control procedures in the newly unified gas industry.

Steel

17. The British Steel Corporation's capital investment programme for 1973-74 to 1977-78 represents the first stage of the ten-year development and modernisation strategy approved by the Government in December 1972 and explained in Cmnd 5226.

18. The early part of the period will see the commissioning of developments at Scunthorpe, Llanwern, Ebbw Vale, Teesside and Ravenscraig. By the end of the period the Corporation's expansion at Port Talbot and the first stage of the new complex at Teesside will be under construction, as will a new electric-arc steelmaking plant in Scotland, probably supported by a direct reduction plant. Modernisation and expansion of capacity for stainless and alloy steels at Sheffield should be well advanced. The proportion of basic oxygen steelmaking facilities is planned to increase from less than 50 per cent to 76 per cent of the total. Continuous casting capacity will also be increased and there will be substantial expenditure on modern ironmaking and rolling plant. Obsolete steelmaking capacity of about 9 million tonnes is to be phased out. However, these and other developments are expected to increase the Corporation's total production capability for liquid steel to about 31 million tonnes by 1977-78. During the period the Corporation expect to reduce manpower by nearly 15 per cent to just under 200,000 by 1977-78.

19. Capital expenditure during the period represents the Corporation's estimates based on specific projects in the light of the approved strategy, whereas the estimates in Cmnd 5178 were provisional. This accounts for most of the changes since Cmnd 5178. In addition, expenditure in 1973-74 falls short

of the level previously approved because the planning of certain projects was delayed pending agreement on the new strategy announced in Cmnd 5226 of February 1973. Certain changes arise from the decision to reduce public expenditure announced by the Chancellor of the Exchequer on 21 May 1973; these include a reduction of £18 million in investment in 1974-75, which is not expected to delay the implementation of the strategy. Expenditure in 1973-74 will further be offset by £20 million as a result of sales of fixed assets.

Post Office

20. The telecommunications capital programme accounts for over 90 per cent of the total capital expenditure for the five years 1977-78; and the amount estimated for 1977-78 is about 3 per cent more than for 1972-73. The chief objects of the programme are to expand the telecommunications system, to improve the quality of existing services and to meet the demand for new services. The programme within the United Kingdom provides for the supply of some eight million exchange connections over the next five years, giving a net growth within the period of five million exchange connections. This is to be compared with a net growth rate of less than four million exchange connections from 1968-69 to 1972-73. The overall size of the system will thus be increased from 11 million to 16 million working connections. The programme also provides for the conversion of the few remaining manual telephone exchanges to automatic working; for the extension of subscriber trunk dialling facilities to all customers and of international subscriber dialling to about 80 per cent of customers by 1977-78; for the augmentation of trunk routes to relieve traffic congestion and to meet the growth in the long distance calls; and for growth in the telex service and data transmission terminals.

21. 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. About one third of the investment is for exchange equipment, including new and enlarged international exchanges to relieve congestion and to meet the continuing increase in international telecommunications traffic. Other large items are customers' installations, land and buildings and local and other lines. The programme also includes some expenditure on exchange equipment modernisation, but the bulk of expenditure on the modernisation programme will arise after 1977-78.

22. Approximately 70 per cent of the postal programme will be devoted to the replacement of buildings that will have to be given up or which are seriously deficient in space and to buildings to provide service in new areas of population growth. Expenditure on postal plant (17 per cent of the total) will provide for the continuation of letter mechanisation but over an extended period, and for the completion of parcel mechanisation. Almost all the remaining expenditure will be on the replacement of obsolete vehicles and a small expansion of the transport fleet.

23. The table below gives some relevant statistics:

TELECOMMUNICATIONS				1968-69	1972-73	1977-78
Size of system (thousands)						
Working telephone connections	...	...	...	7,868	10,947	16,000
Working telex connections	...	...	...	26	43	80
Data transmission terminals	...	...	...	5	22	50
Telephone calls (millions)						
Inland	...	...	...	8,627	12,490	22,500
Overseas	...	...	...	26	53	127
Telephones per 100 population	...	...	...	23	32	46
Telephone calls per person	...	...	...	157	242	400
POSTS						
Mail traffic (thousand million items)	...	...	...	11.5	11.0	11.0

24. The estimating changes result mainly from economies in the design of telephone exchanges, revised postal accommodation requirements and a slower rate of letter mechanisation. The policy changes are the result of Government decisions on the level of public expenditure and will be achieved by reductions across a wide range of Post Office investment.

Airways and airports

British Airways Board

30. The capital investment programme of the British Airways Board which now controls BOAC and BEA is largely concerned with the purchase of aircraft for replacement and expansion. European Division (BEA) expect to take delivery of their first six Tristar aircraft in 1974-75 and have recently placed an order for three more such aircraft for delivery in 1975-76. (They still hold options for a further nine). Continued expansion of Overseas Division's (BOAC) fleet of Boeing 747 aircraft is envisaged and delivery of the fourteenth and fifteenth B747 aircraft is expected this year. In addition Overseas Division expect to introduce Concorde into service in 1975.

31. The number of passengers carried by BOAC and BEA (which now form the main sub-divisions of the Board) has increased substantially over the last five years:

				1968-69	1969-70	1970-71	1971-72	Millions 1972-73
BEA	...	...	...	7.7	8.5	8.7	9.1	9.6
BOAC	...	...	...	1.6	1.9	1.9	2.1	2.8
Total				9.3	10.4	10.6	11.2	12.4
Percentage increase on pre- vious year				...	11.8	1.9	5.7	10.7

32. The White Paper figures show increased expenditure in 1973-74, reflecting mainly the bringing forward of the purchase of the fourteenth and fifteenth B747 aircraft. Some consequential reduction in expenditure is expected in 1974-75 and further reductions in that year have also been made in accordance with the Chancellor of the Exchequer's statement on 21 May 1973 that the projected growth of nationalised industries capital expenditure was to be restrained. Slight reductions over the Cmnd 5178 revalued figures in later years arise in the main from minor rephasing of additional B747 aircraft purchases.

British Airports Authority

33. The British Airports Authority (BAA) plans to spend £111 million over the period 1973-74 to 1977-78, almost wholly on the development of the three London and two Scottish airports at present under its control; nothing is included for capital expenditure at existing airports which BAA may in the future acquire, but £3 million is included in 1977-78 for preliminary work on the construction of terminal buildings at Maplin (payments by BAA for any land bought from the Maplin Development Authority, and that Authority's exactly off-setting receipts, are excluded from Tables 2.5 and 2.6 respectively). Most of the BAA expenditure will be at Heathrow and Gatwick to cater for the increase in traffic at those airports up to 1980. £11 million is included for the development of Edinburgh airport; 75 per cent of that sum, plus overheads, will be contributed by the Department of Trade and Industry within a maximum agreed in accordance with the terms for the transfer of the airport from the Department to BAA.

34. The scale of the BAA's activity is measured by the number of terminal passengers (those whose journeys begin or end at the airports concerned) and the number of air transport movements recorded each year.

	1968-69	1969-70	1970-71	1971-72	1972-73
Terminal passengers (millions) ...	16.5	18.5	21.0	23.0	25.5
Air Transport movements (thousands) ...	297	321	331	352	363
	1973-74	1974-75	1975-76	1976-77	1977-78
Terminal passengers (millions) ...	27.5	30.5	33.5	37.0	40.5
Air Transport movements (thousands) ...	375	394	414	427	447

35. The estimate of BAA's capital investment is substantially the same as that forecast last year, apart from the deferment of initial expenditure on Maplin from 1976-77 to 1977-78 in accordance with the Government's announcement that it will not be possible to open Maplin before 1982.

Surface transport industries

British Railways Board

36. The Minister for Transport Industries announced the main conclusions of the review of future long-term policy for the British Railways Board on 28 November 1973. The increased provision for the future level of investment reflects the Government's conclusions that it should increase in the later years. Provision is accordingly made for:

- (a) a continuing programme for the laying of continuously welded rail;
- (b) completion of the electrification of the West Coast main line between London and Glasgow;
- (c) the introduction of 125 mph high speed diesel trains and other improvements to the quality of passenger services;
- (d) improvement of the freight business.

Provision has been included for the continued development of the Advanced Passenger Train, and for continuing investment in the Board's non-railway businesses.

37. Some of the increase is due to the fact that the Board has significantly reduced the extent to which assets within its approved investment programmes are leased (in which case the expenditure is not technically classed as public expenditure) rather than purchased direct. The figures for 1973-74 to 1976-77 have been increased to take account of this.

38. Provision has also been included for the Channel Tunnel and Maplin rail links as follows:

		1973-74	1974-75	1975-76	1976-77	£ million 1977-78
Channel Tunnel	... ..	—	—	—	16.5	24.0
Maplin	... ..	0.3	0.6	1.3	2.2	2.0

39. The British Railways Board's investment in commuter railways in London and the South East and the Passenger Transport Areas is treated as infrastructure expenditure and appears under Surface Transport (Table 2.6). Total capital expenditure by BRB is therefore expected to rise from some £135 million in 1973-74 to about £250 million in 1977-78.

British Transport Docks Board

40. The Board has 19 docks which handled 84 million tons of freight in 1972. The investment figures for British Transport Docks Board are lower this year than last, chiefly because some of the proposed development at Southampton did not in the event materialise. The bulk of the firm plans which the Board have are for development at Southampton, the Humber and South Wales.

British Waterways Board

41. Following the decision late last year that those waterways controlled by the British Waterways Board should not be transferred to the Regional Water Authorities as had previously been planned, the Department of the Environment is reviewing long-term policy with the Board. The provision in Cmnd 5178 devalued has meanwhile been retained.

National Bus Company

42. The National Bus Company's subsidiaries, with a fleet totalling some 20,000 buses and coaches, operated nearly 750 million vehicle miles in 1972. Most of the Company's investment is in replacement buses suitable for one-man operation; in 1972 some 50 per cent of their stage carriage mileage was travelled by such buses. Some expenditure is also incurred on the improvement of facilities at bus stations and depots.

National Freight Corporation

43. The National Freight Corporation's operating subsidiaries have about 10 per cent of the "for hire" road haulage market. The Corporation's planned investment, cut back as a result of the adverse trading conditions in 1971 and 1972, is now expected to return to a higher level. The major part of their investment is in replacement of lorries, trailers and containers and in the provision of terminal facilities.

6. ROADS AND

TABLE 2.6

	1968-69	1969-70	1970-71
Roads			
New construction and improvements			
Motorways and trunk roads	208.2	276.0	336.4
Principal roads	210.3	211.6	241.9
Other roads	58.8	50.5	73.2
Other expenditure	24.5	24.0	35.1
Total	501.8	562.1	686.6
Maintenance			
Motorways and trunk roads	27.5	26.4	29.3
Principal roads	53.3	54.1	52.9
Other roads	158.8	154.9	152.9
Other expenditure	34.2	31.1	30.8
Total	273.8	266.5	265.9
Administration			
Central government administration	5.1	4.9	5.5
Local authority administration	52.5	57.9	61.6
VAT paid by local authorities	9.4	9.5	9.8
Total Roads	842.6	900.9	1,029.4
Public surface transport			
Bus fuel grants	14.7	28.4	27.3
Rural bus and ferry services	—	—	0.1
Infrastructure expenditure			
British Railways Board	7.7	10.5	0.8
London Transport Executive	—	2.2	6.8
Other	—	1.2	1.4
Other passenger transport			
London	24.7	11.9	21.4
Other	13.4	14.8	15.8
Total Public surface transport	60.5	69.0	73.6
Support to nationalised transport industries			
British Railways Board	197.4	106.1	83.2
British Waterways Board	2.1	2.5	3.3
National Freight Corporation	—	24.0	16.1
London Transport Board	14.2	15.1	2.4
Scottish Transport Group	0.6	0.5	0.7
National Bus Company	—	—	—
Total Support to nationalised transport industries	214.3	148.2	105.7
Ports and shipping			
Ports	35.4	44.5	34.2
Shipping services	3.0	2.9	4.4
Total Ports and shipping	38.4	47.4	38.6

TRANSPORT

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
286.7	273.0	321.4	376.8	375.6	386	398
238.0	208.1	247.4	236.1	232.9	236	223
76.8	87.7	99.2	87.3	90.1	88	89
29.9	27.6	38.5	40.7	44.9	48	48
631.4	596.4	706.5	740.9	743.5	758	758
33.6	47.1	59.2	47.5	48.5	49	53
56.2	57.7	65.9	65.2	84.2	90	92
164.4	166.9	178.8	169.8	177.6	181	184
32.5	32.8	36.2	38.8	33.2	28	17
286.7	304.5	340.1	321.3	343.5	348	346
5.5	6.2	6.9	7.2	7.3	7	8
63.8	63.3	69.8	71.7	75.0	80	83
10.2	11.3	11.7	12.2	13.4	14	14
997.6	981.7	1,135.0	1,153.3	1,182.7	1,207	1,209
24.7	22.4	21.1	21.0	18.5	18	18
1.1	3.2	3.8	4.0	4.0	4	4
28.1	33.8	47.9	52.3	64.9	71	78
5.9	33.2	38.0	32.6	30.7	32	29
1.8	2.1	5.0	8.8	11.8	10	9
20.2	21.8	16.2	20.7	19.0	14	13
17.5	19.9	21.7	41.6	45.7	50	55
99.3	136.4	153.7	181.0	194.6	199	206
78.6	106.9	161.0	177.0	177.0	182	187
4.0	4.4	5.3	5.6	5.7	6	5
9.3	3.8	2.0	—	—	—	—
—	—	—	—	—	—	—
0.5	0.7	0.5	0.4	0.4	—	—
0.3	7.3	—	—	—	—	—
92.7	123.1	168.8	183.0	183.1	188	192
32.6	48.8	42.8	34.8	30.6	33	35
3.9	4.2	5.0	5.3	5.2	5	5
36.5	53.0	47.8	40.1	35.8	38	40

TABLE 2.6 continued

	1968-69	1969-70	1970-71
Civil aviation			
Capital investment by CAA and local authorities	6.0	8.1	6.3
Other civil aviation services	22.5	23.5	30.4
Total Civil aviation	28.5	31.6	36.7
Maplin Development Authority	—	—	—
Other transport services			
Transport administration	13.5	14.3	13.9
Other	-1.2	-6.6	-8.4
Total Roads and transport	1,196.6	1,204.8	1,289.5
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

1. For the first time in this series of White Papers, all public expenditure on roads and public transport (other than nationalised industry commercial investment which is included in Table 2.5) is brought together in a single section. This presents a comprehensive picture of the financial implications of the Government's proposals for surface transport. It reflects the new policies outlined in the statement by the Minister for Transport Industries on 28 November 1973 and foreshadowed in the Government Observations on the Second Report of the Expenditure Committee (Cmnd 5366). These policies will ensure that the resources required to meet economic and social needs are used to the best effect. They will involve a major switch of resources from expenditure on roads to support for public transport. They set out the future strategy for railways; for the continued development of the national trunk road network; for the diversion of heavy lorries to special routes, speeding the movement of goods, and protecting towns and villages; for support of public urban transport and restraint of cars in towns; and for roads in towns.

2. Table 2.6 shows what those policies mean for public expenditure, namely, increased expenditure on railways, and on other forms of public transport (including subsidies by local authorities to the revenue of public transport); rising expenditure on the national road network and on road maintenance generally, though at a slightly lower rate; less expenditure on urban road building and increases in income from car parking.

3. The table also shows other changes in the financing of roads and transport since the publication of the last White Paper on public expenditure (Cmnd 5178).

4. From 1975-76 onwards local authorities in England and Wales will (subject to Parliamentary approval) be assisted in comprehensive transport planning by a new form of grant. Under the provisions of the Local Government Bill introduced on 31 October 1973, several existing specific grants will be replaced by a new transport supplementary grant (TSG) to aid local authority

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
8.1	13.9	28.2	31.4	31.4	26	26
28.0	31.0	32.4	28.2	24.3	17	13
36.1	44.9	60.6	59.6	55.7	43	39
—	—	—	10.0	17.0	15	13
13.9	14.6	13.8	13.8	13.8	14	14
-8.1	-10.0	-9.7	-9.3	-9.8	-10	-10
1,268.0	1,343.7	1,570.0	1,631.5	1,672.9	1,694	1,703
	+0.1	-19.9	-77.3	-93.3	-130	
	-135.6	+35.5	+90.4	+113.2	+146	
	1,479.2	1,554.4	1,618.4	1,653.0	1,678	

expenditure on transport generally. Local authorities will be expected to submit annually proposals for transport policies for their areas. They will be free of the pressures exerted by the specific grant system towards particular policies. The introduction of TSG does not, of itself, involve increased support for transport expenditure, but better distribution of that support. Local authorities (especially in urban areas) are likely to shift resources from major road schemes to public transport. Changes to the arrangements for supporting local authority transport expenditure in Scotland are also being considered.

Roads

General

5. The expenditure figures in Table 2.6 fall into two main groups: new construction and improvement, and maintenance. "Other expenditure" in each category includes lighting and parking, and for the first time some aspects of road safety expenditure.

6. The roads continue to carry additional freight and passenger traffic arising from economic growth and the increase in living standards. Heavy lorries have trebled over the past 10 years and car ownership has increased by 40 per cent in 7 years. New and improved roads are essential to cater for this growth, but they cannot provide the complete answer. Traffic in towns must be restrained, and a larger share of resources diverted to public transport.

England—New Construction and improvement: The Programme

7. The long-term objectives for the inter-urban network (mainly motorways and trunk roads) remain those set out by the Government in June 1971. It is intended now to provide more by-passes of smaller towns and villages to divert heavy lorries away from residential areas, and to restrict them to a network which links the main industrial centres and the ports. There have been

reductions in the rate of growth in the programme for motorway and trunk roads. These have been to provide for a switch of resources to housing; as a result of the reductions in public expenditure announced by the Chancellor of the Exchequer in May 1973, and as a result of decisions on priorities within the planned total increase in public expenditure in future years. It now often takes longer for major road schemes to reach construction stage. The statutory procedures under the highway acts take more time and public participation at the early stages will also prolong the planning process. The network is now expected to be completed by the mid 1980s.

8. The average rate of growth now envisaged for new construction of motorways and trunk roads between 1973-74 and 1977-78 is 5.5 per cent a year.

9. It is clear that the construction of major new road networks in many urban areas would not provide an adequate solution to the problems of congestion or improve the environment. Roads have to be related to all aspects of city life. The Government accepted proposals in this sense made by the Urban Motorway Committee, and provided measures for them in the Land Compensation Act 1973. Expenditure on local authority road schemes has also been reduced to allow resources to be diverted to the support of housing policy and to help reduce total public expenditure in 1974-75 as announced on 21 May 1973. The figures also show substantial reductions in later years as a result of the Government's proposals for a change in the balance of priorities in expenditure on transport. While it will be in large measure for local authorities to decide on the balance of expenditure between different items within the transport sector for which they are primarily responsible, the Government expect the new policies to lead to an appreciable reduction in proposed expenditure on roads in urban areas. It is this assumption which accounts for the major reductions in later years.

England—Maintenance etc.

10. The programme for trunk roads includes special expenditure to achieve the initial standards proposed in the report of the Marshall Committee. A recosting of the requirements, and the reductions for 1974-75, mean that the work will not be substantially completed until 1975-76. The reductions in 1974-75 will also set back achievement of Marshall standards on principal and other roads. There should be some slowing down in the rate of expenditure on maintenance on both urban and rural roads; and some increases in car parking charges as part of a policy of greater emphasis on public transport.

Scotland

11. The Scottish trunk road programme in the period will have two chief aims, both closely related to the economic development and well-being of the country. The first is the completion of the Central Scotland motorway and dual carriageway network, which has been the main objective of the Scottish Programme over the last decade. This network will continue to play an important part in the economic regeneration of the traditionally industrialised and heavily populated Central Belt of Scotland. The second, which has assumed increasing importance, is to provide improved roads to meet the urgent new transport requirements of oil-related developments in North and North-East Scotland,

including the complete reconstruction of the A9 from Perth to Invergordon. The figures in Table 2.6, as well as providing for these objectives, also provide for other major improvements to trunk and local authority roads. Apart from some diversion of funds to the support of housing policy and to help reduce public expenditure, the provision for urban roads has not been reduced. Studies are however in progress to determine the relative contribution of roads and other measures to the solution of urban transport problems in Scotland. The Scottish forecasts of current expenditure by local authorities are provisional since the negotiations on the rate support grant settlement for 1974-75 are still in progress.

Wales

12. The improvement of east to west road communications across North and South Wales and of the road links between Wales and the major industrial and commercial areas of England are the principal objectives of the Government's inter-urban motorway and trunk road programme in Wales. The westward extensions of the M4 motorway—a project vital to the economy of industrial South Wales—remains the dominant single item in terms of public expenditure during the period of this report.

13. The reduction in expenditure on local authority urban roads forecasts for England is not expected to arise in Wales during this period. Although the principles of the Government's new transport policies apply in Wales as in England the absence of many large towns, the fact that many principal road schemes in the programme are either inter-urban links or by-passes of small towns, and the continuing need even against the background of the current strategy for urban transport to improve some urban road systems, mean that the effects of the Government's new policies will not be felt until later years.

Road safety

14. The greater part of public expenditure on road safety, including for example that on the Transport and Road Research Laboratory, small road schemes, the driver and vehicle testing organisations and the enforcement of road safety laws by the police and courts, appears under other headings. Expenditure by the local authorities materially contributes to road safety and re-organisation provides the opportunity to make road safety a duty of the new counties, the Greater London Council and the London Boroughs in England and Wales and the new regional and island authorities in Scotland. The Road Traffic Bill published on 2 November makes provision for giving statutory force to this duty.

Public surface transport

15. The Government provides a wide range of financial assistance to public transport. Some grants, such as support grants to nationalised transport industries and bus and ferry grants, help to sustain existing services, while others are aimed at improving the public transport services in general, particularly those provided by nationalised industries and local authorities in the commuter areas.

16. Government assistance to public surface transport includes bus fuel grants which are payable in respect of about 1,700 million miles of stage carriage service run each year and a 50 per cent contribution to grants made by local authorities towards the cost of maintaining certain rural bus and ferry services.

17. Further substantial Government assistance is currently provided through capital grants to local authorities and nationalised industries to encourage major improvements to public transport facilities particularly those serving commuters. The form of this assistance will be somewhat changed with the introduction of the new transport supplementary grant after April 1975 with increased emphasis placed on comprehensive transport plans for each area. Provision has been made for a progressive increase in this type of investment. The figure for each year is higher than in Cmnd 5178 rising to an increase of some £30 million in 1976-77. This expenditure is shown as infrastructure expenditure in Table 2.6 and includes approved costs attributable to the Liverpool Terminal Loop and Exchange Central Link, the Tyneside Rapid Transit System, the electrification of some North London rail services, the Heathrow Link and the Borough Market junction improvement. Other provision is made for expenditure on new railway rolling stock, re-signalling schemes associated with commuter services, improvement to commuter lines in Scotland and for expenditure on other forms of public transport such as busways, bus lanes and interchanges.

18. 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 (grant at the rate of 50 per cent is currently being paid in respect of about 3,600 such buses each year). These grants stimulate the development of one-man operation and assist the operators in maintaining up-to-date fleets. Investment in new buses by municipal bus operators, Passenger Transport Executives and the London Transport Executive appears under Other passenger transport in Table 2.6. (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 2.5.) Provision is included for the first time in Other passenger transport for revenue support by local authorities to transport undertakings and by the Greater London Council to the London Transport Executive.

Support to nationalised industries

19. The largest item in this block represents provision for support to the British Railways Board (BRB). The statement by the Minister for Transport Industries on 28 November 1973 announced the main conclusions of the review of future railway policy. The review showed that as foreshadowed in Cmnd 5178 wider-ranging support to the Board will in future be needed. Pending approval of new legislation, the estimates of support required are on the existing basis. Provision is made for specific grants under the Transport Act 1968 and for the forecast deficit of the Board on revenue account which is being met through special grants.

20. The other main items are:

- (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 relates to expenditure over a five-year period from 1 January 1969, reflecting the progressive elimination of surplus capacity.

- (b) The provision includes grants payable to the British Waterways Board 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.
- (c) 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 relates to the five-year period from 1 January 1969; the final grant is expected to be paid in 1973-74.
- (d) The provision covers grant to the Scottish Transport Group in respect of losses on those Western Islands shipping services which are operated by its subsidiary, David MacBrayne Limited.

Ports and shipping

21. The provision for ports covers 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 approximately £47 million by 1974-75), and on the new Bristol West Dock Scheme (approximately £20 million by 1976-77).

Shipping services

22. Most of the expenditure is directed towards the maintenance and improvement of safety at sea. The forecasts provide for increased expenditure on improving surveillance of navigation in the English Channel. A large part of the expenditure on search and rescue work is on the Coastguard services. The number of incidents involving HM Coastguard and the number of rescues effected has increased steadily in recent years:

					Number of incidents	Persons rescued
April to March 1968-69	...	...	...	...	2,444	2,878
April to March 1969-70	...	...	...	...	2,592	2,675
April to March 1970-71	...	...	...	...	2,919	3,550
April to March 1971-72	...	...	...	...	3,518	4,324
April to March 1972-73	...	...	...	...	4,460	4,109

Civil aviation

23. This heading covers capital expenditure both by the Civil Aviation Authority and by local authorities on aerodromes. The Department of Trade and Industry makes a grant-in-aid to the Civil Aviation Authority to cover its deficit on revenue account, which is intended eventually to be eliminated, and is also responsible for a number of other services of which the main ones are the UK contribution to Eurocontrol, expenditure arising from our membership of the International Civil Aviation Organisation, and the costs of certain security measures at UK airports. The most important single determinant of expenditure by the Civil Aviation Authority is the number of aircraft movements handled by UK air traffic control. This directly affects the extent of provision of air traffic control services and accounts for the bulk of both current and capital expenditure by the CAA. It has also an important, if less direct, influence on other expenditure under this heading. Aircraft movements handled by UK air traffic control have increased steadily in recent years:

1968	1969	1970	1971	1972
999,389	1,063,352	1,142,796	1,217,406	1,258,031

Maplin Development Authority

24. The Maplin Development Act which received Royal Assent on 25 October 1973 provides for the establishment of the Maplin Development Authority (MDA). There will be no commitment to major construction contracts on any aspect of the project until after Parliament has considered the Secretary of State's report made under Section 2(9) of the Maplin Development Act 1973. Table 2.6 includes provisional estimates of the cost of the land reclamation which will be undertaken by the MDA 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 the offsetting receipts by the MDA 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. In addition to expenditure by the Development Authority the Maplin project will also entail expenditure which is included in the public expenditure totals under the appropriate functional programmes. A breakdown of expenditure on Maplin up to 1977-78 is as follows:

	£ million at 1973 Survey prices				
	1973-74	1974-75	1975-76	1976-77	1977-78
Preliminary investigations and reclamation	2	11	17	16	13
Surface access and New Town expenditure	1	2	4	11	25
Airport	—	—	—	—	3
Shoeburyness relocation costs ...	3	11	16	17	17
Total	6	24	37	44	58

(These figures make no allowance for a seaport at Maplin as detailed proposals for this have not yet been submitted by the Port of London Authority.)

Other transport services

25. This block comprises miscellaneous minor transport services as well as the administration costs of Government Departments relating to transport. Provision has been made for the receipt of fees for services such as driving tests and vehicle tests and for minor Department of the Environment expenditure in connection with the Channel Tunnel. The Tunnel itself will not count as public expenditure, as the construction will be carried out by the British and French Channel Tunnel Companies, as explained in Cmnd 5430.

CHANGES IN EXPENDITURE

26. Policy changes since Cmnd 5178 mainly relate to shifts in resources to change the balance of priorities in expenditure on transport on the lines set out above. They are also attributable to measures taken to curtail public expenditure generally and to make resources available for new housing policies. The total effect has been to reduce roads expenditure and to increase expenditure on infrastructure and on revenue support for bus and underground services. Cmnd 5178 noted that further revenue support would be required for the BRB: the tentative forecasts of this are the main estimating changes in the block.

TABLE 2.7

	1968-69	1969-70	1970-71
Subsidies	312.9	361.3	391.9
Option mortgage scheme	7.4	10.5	17.2
Improvements			
Improvement grants	26.3	26.4	37.5
Local authority improvement investment ...	38.3	40.4	65.4
Investment			
Gross	1,611.4	1,446.4	1,242.2
Sales... ..	-67.0	-56.0	-64.2
Net	1,544.4	1,390.4	1,178.0
Lending			
Gross	170.7	142.2	313.2
Repayments	-106.0	-110.0	-157.2
Net	64.7	32.2	156.0
Housing administration	12.6	12.3	14.5
Total	2,006.6	1,873.5	1,860.5
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

1. The forecasts include provision for the new policies on housing announced in the White Papers "Widening the Choice: the next steps in Housing" (Cmnd 5280), "Homes for People: Scottish Housing Policy in the 1970s" (Cmnd 5272), "Better Homes the Next Priorities" (Cmnd 5339) and "Towards Better Homes: Proposals for Dealing with Scotland's Older Housing" (Cmnd 5338). The White Papers state the Government's plans for, inter alia, reinforcing the momentum towards home ownership and expanding the rôle of the voluntary housing movement as a provider of rented housing; they reiterate the Government's support for local authority building for rent where this is needed and for pressing on with slum clearance and improvement of sub-standard housing.

Subsidies

2. Three main elements are included in these estimates. 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 based on the new system of housing finance introduced by the 1972 Housing Finance Acts. The second element is rate fund contributions mainly to the housing revenue account and in association with central Government subsidies. Thirdly, this item covers central Government and local authority expenditure on rent rebates for council tenants and rent allowances for private tenants.

3. The estimates take account of the main changes expected both in the costs of providing public sector housing, and the rental income from it. The

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
336.8	462.5	598.2	612.1	621.5	615	598
20.4	31.5	52.2	66.5	74.0	79	85
61.0	107.7	147.6	123.8	101.8	109	116
122.0	226.4	303.4	298.2	188.8	161	157
1,037.1	907.1	867.1	800.5	778.8	777	774
-214.9	-274.0	-255.0	-265.4	-271.8	-264	-260
822.2	633.1	612.1	535.1	507.0	513	514
401.6	373.6	634.1	538.3	560.0	602	613
-188.3	-189.6	-199.7	-228.2	-256.4	-286	-322
213.3	184.0	434.4	310.1	303.6	316	291
11.6	13.9	17.2	17.3	17.3	17	17
1,587.3	1,659.1	2,165.1	1,963.1	1,814.0	1,810	1,778
	—	+78.2	+103.2	+74.6	+100	
	-194.1	+223.4	+121.5	+55.6	+51	
	1,853.2	1,863.5	1,738.4	1,683.8	1,659	

substantial increase over Cmnd 5178 revalued reflects both an increase in loan charges, which form the major item of cost falling on housing revenue account, and the increased levels of "needs allowance" for rent rebates and allowances taking effect in April and October 1973.

Option mortgages

4. The option mortgage scheme, which was introduced in 1968, is designed to help people with moderate incomes to buy their own homes by giving them benefits roughly equal to those that are available to people with higher incomes through tax relief on mortgage interest. The subsidy scale has been extended so that as from 1 January 1974 the subsidy will be 3½ per cent for repayment mortgages and 3 per cent for mortgages with no periodic repayment of capital where the normal rate of interest is 11 per cent. About 540,000 option mortgages have been taken out since the scheme began in 1968, although some of these will have been terminated since. The amount of subsidy payable varies not only with the total number and value of option mortgages, but also with the rate of interest, and this is reflected in the estimates.

Grants and loans to Housing Associations

5. The Government believes that the voluntary housing movement has a major rôle to play in the relief of housing stress, particularly through the acquisition and improvement of tenanted property and the provision of well-managed and inexpensive rented accommodation. Provision is made accordingly for an increase in financial support to housing associations through grants and

loans to enable them to achieve this looked-for expansion. Until details of the new grant system for housing associations have been worked out, the relative need for grants and loans cannot be assessed. For the present, increased financial support to the voluntary housing movement is accordingly treated as loans and this accounts largely for the increasing growth of total public sector lending for housing from 1974-75.

House improvement and slum clearance

6. There are over a million dwellings in England and Wales which are unfit and a further 2 million dwellings which are substandard, mainly in the privately-rented sector. In Scotland there are about 180,000 dwellings which fail to meet the statutory tolerable standard.

7. The Government is continuing to promote the improvement of older dwellings and their environment and the clearance of those houses for which improvement is not practicable. Improvement grants approved in Great Britain in 1972 rose to a record 368,000 (Table A) whilst the total for 1973 is likely to exceed 400,000. Thereafter the estimates reflect a distinct change in emphasis. Although the special arrangements for development and intermediate areas (where 75 per cent grants have been available since 1971) will terminate in June 1974, it is proposed that preferential rates of grant will be introduced in general improvement areas and the housing action areas envisaged in the White Papers, "Better Homes—The Next Priorities" and "Towards Better Homes: Proposals for Dealing with Scotland's Older Housing". At the same time there will be a reduction of grant aid for those private owners who are able to finance improvements from their own resources. Rehabilitation of council houses is expected to decline below the recent very high level of activity as the residue of older improvable council houses is reduced.

TABLE A

IMPROVEMENT GRANTS APPROVED: GREAT BRITAIN

						For local authorities	For housing associations	For private owners	Total
1968	...	...	...	...	...	40,939	2,096	84,860	127,895
1969	...	...	...	...	...	40,436	3,190	80,263	123,889
1970	...	...	...	...	...	59,468	4,110	116,379	179,957
1971	...	...	...	...	...	88,979	6,168	137,364	232,511
1972	...	...	...	...	...	136,844	6,756	224,468	368,068

Investment

8. The main element is expenditure by local authorities on the provision of new accommodation for renting. The assessment of local needs for rented accommodation is a matter for the local authorities and no limit is currently placed on the numbers of houses they may build to meet those needs. Overall, therefore, expenditure reflects the sum of the decisions of local housing authorities on their individual programmes. In recent years, the number of new dwellings in tenders accepted by local authorities and New Towns has decreased, as shown in Table B, and the estimates, which are lower than those in Cmnd 5178, reflect that decline.

TABLE B

PERMANENT DWELLINGS APPROVED: LOCAL AUTHORITIES, NEW TOWNS AND SCOTTISH SPECIAL HOUSING ASSOCIATION

								Great Britain
1968	...	...	...	...	...	...	...	185,131
1969	...	...	...	...	...	...	...	149,376
1970	...	...	...	...	...	...	...	120,476
1971	...	...	...	...	...	...	...	116,892
1972	...	...	...	...	...	...	...	105,843

9. The estimates also reflect the Government's readiness to approve schemes of building for sale by local authorities, as a means of meeting local needs for lower priced houses for sale which are not being met by private developers. The decision to ask local authorities to come forward with such schemes, announced in Cmnd 5280, is complementary to the Government's encouragement to local authorities, New Town Development Corporations, the Commission for the New Towns and the Scottish Special Housing Association to widen opportunities for home ownership by giving existing tenants the opportunity to buy their homes. In 1972 a record number of about 64,000 dwellings were sold to tenants by local authorities and the New Town authorities (Table C). The estimates assume that such sales will continue at a high level.

TABLE C

SALE OF DWELLINGS OWNED BY LOCAL AUTHORITIES AND NEW TOWNS: GREAT BRITAIN

							Built for sale	All sales
1968	...	...	...	...	...	...	1,711	10,566
1969	...	...	...	...	...	...	1,385	9,248
1970	...	...	...	...	...	...	976	7,659
1971	...	...	...	...	...	...	1,066	21,170
1972	...	...	...	...	...	...	1,296	63,950

Lending

10. 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. Local authorities may lend to defined categories of priority borrowers; these include the homeless, people high on a Council's waiting list or displaced by new development, and people wishing to buy older property which would not attract a commercial mortgage.

11. As indicated in Table D, between 1970 and 1972 the number of such loans was fairly constant averaging about 45,000 per year (England and Wales) to priority borrowers (excluding purchasers of council houses). However in 1973-74 a rapid increase has taken place largely as a result of some erratic variations in the supply of building society funds. Future demand for local authority mortgages is at present exceptionally difficult to foresee. The proposals for stabilising the flow of mortgages from building societies should however smooth out the demand.

TABLE D

LOCAL AUTHORITIES LOANS TO PRIVATE PERSONS FOR HOUSE PURCHASE: ENGLAND AND WALES

								New dwellings	Other dwellings	All dwellings
1968	...	...	...	...	...	...	...	4,290	34,502	38,792
1969	...	...	...	...	...	...	...	1,816	17,280	19,096
1970	...	...	...	...	...	...	...	2,605	41,498	44,103
1971	...	...	...	...	...	...	...	2,734	44,440	47,174
1972	...	...	...	...	...	...	...	1,893	43,309	45,202

TABLE E
STOCK OF DWELLINGS AT END OF YEAR: BY TENURE 1966 TO 1972
GREAT BRITAIN

	Rented from local authorities or new town corporations		Owner occupied	
	Thousand	Percentage of total	Thousand	Percentage of total
1966	5,064	28.7	8,318	47.1
1967	5,234	29.2	8,570	47.8
1968	5,390	29.6	8,847	48.5
1969	5,548	30.0	9,063	49.0
1970	5,705	30.5	9,270	49.5
1971	5,824	30.7	9,508	50.1
1972	5,872	30.6	9,791	51.0

	Rented from private owners		Other tenures		Total Thousand
	Thousand	Percentage of total	Thousand	Percentage of total	
1966	3,331	18.8	947	5.4	17,660
1967	3,181	17.7	956	5.3	17,941
1968	3,032	16.6	965	5.3	18,234
1969	2,915	15.8	962	5.2	18,488
1970	2,798	14.9	958	5.1	18,731
1971	2,682	14.2	953	5.0	18,967
1972	2,569	13.4	948	5.0	19,180

CHANGES IN EXPENDITURE

12. Table 3.12 gives the total effects of all the policy and estimating changes since Cmnd 5178, broken down by the main headings in Table 2.7 above. The principal changes included are:

- (1) An addition of about £60 million a year for increased rent rebates and allowances and estimating changes reflecting higher costs of housing subsidies rising from about £100 million in 1973-74 to about £185 million in 1976-77.
- (2) Increased assistance for fair rent housing associations in the form of additional grants and loans (see paragraph 5) rising from about £46 million in 1974-75 to £107 million in 1976-77.
- (3) Revised estimates of improvement grants and investment in the light of new forecasts and the changes announced in Cmnd 5338 and Cmnd 5339. The main effect is to increase expenditure in the period 1973-1975 by an average of about £115 million a year, but thereafter the level of expenditure falls to below Cmnd 5178 revalued.
- (4) A reduction in the estimates of net investment in new dwellings and land, after sales, averaging £190 million a year over the four years 1973-74 to 1976-77.
- (5) An extra £130 million in local authority lending for house purchase in 1973-74.

8. OTHER ENVIRONMENTAL

TABLE 2.8

	1968-69	1969-70	1970-71
Public health			
Capital			
Water	89.0	94.1	107.3
Sewerage	167.9	167.2	193.6
Other services	50.8	46.1	56.0
Current			
Water and sewerage	74.0	70.7	73.3
Other services	191.4	202.7	214.1
Improvement of the environment and other local facilities			
Capital			
... ..	209.2	220.6	283.8
Current			
... ..	233.2	235.2	245.4
Royal Palaces and Royal Parks	5.1	5.2	5.3
Historic buildings and ancient monuments*	5.0	5.5	5.4
Environmental research	7.8	8.2	9.4
Central and miscellaneous environmental services... ..	20.2	17.3	20.1
VAT paid by local authorities	24.3	24.8	23.6
Total	1,077.9	1,097.6	1,237.3
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

* Provision for grants to owners of historic buildings and for grants to bodies for preservation and enhancement of outstanding conservation areas is included in money terms and not at constant prices.

1. This programme covers a wide variety of services some of which will in England and Wales be the responsibility of the new Water Authorities, some of which are the responsibility of local authorities, and some of which are the responsibility of Central Government, or the New Town Development Corporations.

Capital expenditure

Public health—Water services

2. From 1 April 1974, water services in England and Wales (comprising mainly water supply and conservation, sewerage and sewage disposal, land drainage, prevention of water pollution, fisheries and amenity and recreation associated with water) will become the responsibility of the new Water Authorities constituted under the Water Act 1973. These are, in the case of England, the nine Regional Water Authorities and, in the case of Wales, the Welsh National Water Development Authority. In this White Paper, the services which will be operated by these authorities are included under the heading "Public health", although expenditure on water supply and sewerage is shown separately in the table. This is in conformity with the normal practice of presenting services on the basis on which they are actually being operated at the date the White

SERVICES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
106.9	103.3	108.4	111.0	118.8	127	134
215.4	230.2	234.9	246.0	265.3	276	294
60.7	60.9	72.8	101.1	105.7	104	94
78.6	81.4	87.2	90.2	94.7	99	104
212.2	221.0	229.7	236.5	255.1	262	273
254.4	272.1	311.8	236.4	232.7	222	256
246.4	260.3	295.4	294.7	308.6	329	348
5.5	5.2	6.0	6.1	5.9	6	6
4.9	4.2	5.4	7.7	8.2	8	8
12.4	13.2	17.0	21.7	24.9	28	29
20.0	18.1	30.7	31.4	29.7	30	30
24.1	24.2	25.6	26.2	27.0	28	30
1,241.5	1,294.1	1,424.9	1,409.0	1,476.6	1,519	1,606
	—	-58.0	-124.7	-71.2	-95	
	-92.3	-25.2	+33.6	+31.1	+35	
	1,386.4	1,508.1	1,500.1	1,516.7	1,579	

Paper is published. It is important to note however that reorganisation will affect the way the figures for water and sewerage in England and Wales will appear in future public expenditure White Papers. Capital expenditure amounting in England and Wales to £319.2 million in 1974-75, £345.4 million in 1975-76, £363.4 million in 1976-77 and £387.6 million in 1977-78, will be controlled in a way similar to the nationalised industries, i.e. by a capital ceiling given to each Authority. Separate figures for water supply and sewerage will not be provided in future, as the new multi-purpose Authorities will be treating these services as an integrated whole, and will have power to switch resources between them. The treatment of current expenditure is discussed at paragraph 13. In Scotland water supply and sewerage functions are to be transferred to regional and island councils in 1975.

3. Capital expenditure on these services prior to May 1973 was programmed in accordance with the willingness and ability of the authorities concerned to undertake the expenditure. The policy measures taken by the Government since May 1973 will result in a rate of increase in capital expenditure on water and sewerage between 1973-74 and 1977-78 of 24.6 per cent. There is expected to be an initial check in the increase in expenditure in 1973-74 and 1974-75; thereafter a more rapid growth is assumed though from the lower base.

4. Growth in the demand for public water supplies is expected to continue throughout the period, with consumption per head of population of 296 litres a day predicted to rise by more than 10 per cent between 1972 and 1977, and total consumption of 16 million cubic metres a day increasing by over 12 per cent. The increase in the supply of clean water means more effluent. Although expenditure has had to be reduced below the level of Cmnd 5178 revalued, the rate of growth allowed should still remain adequate to permit additional expenditure on treatment to maintain the improvement in the state of the country's rivers. An indication of what remains to be done is provided by the River Pollution Surveys, published this year and last.

5. Methods of planning and developing the integrated management of the water services will be developed during the period by the new Water Authorities in England and Wales, in co-operation with the Government. They will aim to set objectives and to assess the cost of achieving them and the benefits to be derived from them. They will attempt to draw up a timescale for the achievement of the objectives. The information collected from existing sewerage authorities on the lines explained in Cmnd 4829 produced proposals which, in the aggregate, it was plainly impossible to achieve during the period proposed. A further attempt is in progress, with the co-operation of the authorities concerned, to establish a more realistic programme to be handed on to the new Water Authorities as a basis for their activities in their first year of office.

6. The forecasts for land drainage in England and Wales include expenditure on the Thames Flood Prevention Works, of which the proposed Barrier is the focal part. The figures for this project reflect a more realistic assessment of cost estimates than was possible when Cmnd 5178 was published. But even now the estimated overall cost is only provisional.

Other public health services

7. The future level of expenditure on the other services in this group which include refuse collection and disposal, smoke control, public conveniences and other public health expenditure, is affected by the system of capital control referred to in paragraph 11 below. Within this system of control the assumption by local authorities of wider responsibilities for improving the waste collection and disposal services is expected to require an increase in the resources allocated to this aspect of future policies for the protection of the environment. Expenditure on smoke control is expected to remain constant as progress with the programme to combat air pollution continues.

Improvement of the environment and other local facilities

8. 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.

9. The success of the derelict land reclamation programme has stemmed to a large extent from the establishment by larger local authorities of specialist teams which combine the many skills which are required in this work. One effect of local government reorganisation has been to interrupt to some extent the smooth working of these teams in England, and during 1974-75 while new local authorities are completing their arrangements for the management of their future programmes, some slowing down in the rate of derelict land reclamation is to be expected. In Wales, however, activity in this field is expected to maintain its momentum. In Scotland also, where most of the larger authorities rely on the services of consultants, reorganisation in 1975 is expected to have a less marked effect than in England.

10. This heading includes in 1973-74 and 1974-75 provision for a special programme of land acquisition for resale for private housing announced by the Secretary of State for the Environment in April 1972. The figures for 1974-75 onwards include offsetting reductions for proceeds from the sale of land. Over three-quarters of the sum provided has already been allocated to local authorities for proposed schemes.

11. Most of the other services in the group come within the system of capital control which has operated in England and Wales since April 1971, and more recently in parts of Scotland (the "locally determined pool"). Under this system an annual amount is notified to local authorities as the total within which their expenditure from borrowing on the projects which come within the pool must be confined. Within this total however local authorities are free to spend on a wide variety of projects at their own discretion. The aim of the system is to increase the freedom of local authorities to choose their own priorities, but it does mean that it is not possible to forecast with any accuracy how much will be spent on particular services.

12. Indications from the two years during which the scheme has operated (1971-72 and 1972-73) are that local authorities have tended to spend rather more than expected on parks and baths, sports and recreational facilities and administrative buildings and rather less on small sewerage schemes (which up to 1 April 1974 remain part of the pool) and waste disposal services. Some increase in expenditure on administrative services is to be expected since local government reorganisation is creating a demand for office accommodation to replace existing premises, some of which will be wrongly sited and inadequate for the needs of the new authorities.

Current expenditure

13. After the reorganisation of the water services on 1 April 1974 current expenditure in England and Wales, mainly on sewerage, amounting to £79.8 million in 1972-73 and £83.9 million in 1973-74 should be covered by current revenue, and will not appear in subsequent public expenditure White Papers. The figure for local authority expenditure in England and Wales for 1974-75—covering the remaining services—is based on the forecast arrived at after consultation with the local authority associations in the course of the recent rate support grant negotiations. Local authorities will be asked to restrict their expenditure

to the extent necessary to achieve an appropriate part of the savings which the Chancellor called for in his speech of 21 May.

14. The figures for 1975-76 and 1976-77 follow discussions of forecasts arrived at in consultation with local authority associations but are lower than the figures recommended by the local authorities since the Government is not willing to accept the rates of increase in these services which the local authorities currently forecast. However, they will be subject to further consultation when the rate support grant for those years is settled. The figures for 1977-78 imply continuation of the trend of the two previous years. Actual expenditure over the period of the forecasts will depend upon the expenditure decisions made by each local authority in the light of the rate support grant settlement for each year.

15. The Scottish forecasts of current expenditure by local authorities are provisional since the negotiations on the rate support grant settlement for 1974-75 are still in progress.

Royal palaces and royal parks

16. This item covers expenditure on the maintenance etc of the royal palaces, and royal parks throughout the United Kingdom.

Historic buildings and ancient monuments

17. Provision is made for grants for the repair of historic buildings, for other related services and for expenditure on the purchase, maintenance, repair and display of ancient monuments, including emergency excavations to record monuments before sites are developed.

18. More detailed information is available in the Annual Reports of the Historic Buildings Councils and the Ancient Monuments Boards for England, Scotland and Wales and the Department of the Environment's annual publication, "Archaeological Excavations". In 1968 there were some 10 million visitors to ancient monuments and historic buildings in the care of HM Government. Since 1970 the number of visitors has increased by at least 1 million each year and in 1972 there were more than 14 million visitors.

19. The main policy changes in this field since last year are an annual addition of £300,000 from 1973-74 to the funds available for emergency excavations and increases of some £600,000 each year from 1973-74 for grants towards the cost of repair and maintenance incurred by private owners of historic buildings, their contents and surrounding land.

Environmental research

20. This item covers expenditure by the Department of the Environment on its four research establishments, the Transport and Road Research Laboratory, 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. Provision is also made for grants to the BRB's research programme at the Railway Technical Centre, Derby (where work on the advanced passenger train is in progress); and to the

London Transport Executive's programme of rapid transit research. The growth in proposed expenditure is in recognition of the need to provide research support for the Department's responsibilities which account for a very large volume of public expenditure.

21. The provision takes account of the sums transferred to the Department from the Department of Education and Science in respect of expenditure by the Natural Environment Research Council in accordance with Cmnd 5046. Provision is at a lower level than Cmnd 5178 revalued because allowance has been made for the probability of delay in certain research projects.

CHANGES IN EXPENDITURE

22. The main changes in the forecasts of expenditure since Cmnd 5178 have affected capital expenditure on Public health and Improvement of the environment and other local facilities. Adjustments have been necessary to reflect the Government's priorities including those towards housing as announced in Cmnd 5820. The following are the sum of the policy reductions which have been made:

	1973-74	1974-75	1975-76	£ million 1976-77
Public health	17.9	32.8	28.3	30.8
Improvement of the environment and other local facilities	5.7	61.5	35.3	46.9

Further reductions as follows are expected as a consequence of the Prime Minister's statement on the construction industry of 8 October:

	1973-74	£ million 1974-75
Public health	18.2	6.0
Improvement of the environment and other local facilities	16.5	0.3

Also as a matter of policy, local authorities are expected to restrain the rate of growth in their current expenditure. For England and Wales the expected reduction in 1974-75 and the need to continue this reduction in subsequent years were discussed at the recent rate support grant negotiations with the local authority associations.

23. The main estimating change on capital expenditure results from the rephasing of the special programme of land acquisition for resale for private development included under Improvement of the environment and other local facilities which produces more expenditure in 1973-74 and 1974-75 and a slowing down in the expected rate of subsequent receipts from sales. The overall effect is to increase net expenditure as follows:

	1973-74	1974-75	£ million 1975-76
	3.8	18.7	11.3

9. LAW, ORDER AND

TABLE 2.9

							1968-69	1969-70	1970-71
Administration of justice									
Court services, etc				capital	...	10.0	8.4	11.5	
				current	...	33.2	37.9	42.4	
Legal aid				current	...	18.6	21.3	23.9	
Total							61.8	67.6	77.8
Treatment of offenders									
Prisons				capital	...	13.2	14.5	12.9	
				current	...	50.5	55.5	61.2	
Probation and after-care				capital	...	0.8	0.6	0.7	
				current	...	13.8	16.0	17.9	
Total							78.3	86.6	92.7
General protective services									
Police				capital	...	29.3	29.4	31.0	
				current	...	395.6	424.8	436.5	
Fire				capital	...	12.7	11.7	11.1	
				current	...	93.1	94.9	94.8	
Other				capital	...	—	—	—	
				current	...	4.3	4.7	6.0	
Total							535.0	565.5	579.4
Civil defence									
				capital	...	-3.7	-5.6	-1.1	
				current	...	14.4	9.1	7.8	
Total							10.7	3.5	6.7
Community services									
				capital	...	0.2	2.2	7.8	
				current	...	1.6	2.4	4.4	
Total							1.8	4.6	12.2
Central and miscellaneous services									
				capital	...	—	—	—	
				current	...	4.3	4.5	5.3	
VAT paid by local authorities				capital	...	0.1	0.1	0.1	
				current	...	2.0	2.6	2.7	
Law, order and protective services									
				capital	...	62.6	61.3	74.0	
				current	...	631.4	673.7	702.9	
Total							694.0	735.0	776.9
Changes from Cmnd 5178 revalued									
Policy changes	...	...	...	...	...
Estimating changes	...	...	...	...	...
Cmnd 5178 revalued	...	...	...	...	...

1. The Law and order programme covers expenditure on the administration of justice, the cost of detaining persons remanded in custody and offenders serving sentences, and the various non-custodial forms of sentence and after-care for released offenders; on services concerned with the protection of people and property from harm—namely the police and fire services; the control of immigration; the development of good community relations (including the alleviation of special need through the Urban Programme), and grants towards certain voluntary services; and civil defence. It includes the cost of the Home Depart-

PROTECTIVE SERVICES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
13.1	14.7	18.6	17.2	23.1	27	32
46.6	51.7	56.0	58.7	62.2	65	68
27.0	31.5	34.9	38.3	39.8	43	45
86.7	97.9	109.5	114.2	125.1	135	145
16.2	20.6	28.2	31.4	40.1	39	41
69.3	71.6	73.4	75.4	80.2	85	88
0.9	1.5	2.6	2.8	3.5	4	4
18.8	20.3	22.2	25.3	28.1	31	33
105.2	114.0	126.4	134.9	151.9	159	166
31.6	37.3	44.9	46.3	50.1	51	53
450.7	475.0	487.2	496.0	510.2	529	546
16.1	16.5	14.7	15.4	17.3	17	17
100.8	104.9	108.3	114.2	117.0	119	122
—	—	—	0.7	—	—	—
7.0	6.5	6.9	7.1	7.4	8	8
606.2	640.2	662.0	679.7	702.0	724	746
0.1	0.3	4.1	2.8	3.3	3	3
9.1	8.5	8.3	8.5	8.4	9	9
9.2	8.8	12.4	11.3	11.7	12	12
4.7	7.2	6.4	4.5	3.5	4	4
6.6	15.1	15.8	18.4	19.9	21	22
11.3	22.3	22.2	22.9	23.4	25	26
—	—	5.1	—	—	—	—
5.8	5.8	6.9	6.5	7.0	8	8
0.1	0.3	0.1	0.1	0.2	—	—
2.9	2.9	2.9	3.3	3.7	4	4
82.8	98.4	124.7	121.2	141.1	145	154
744.6	793.8	822.8	851.7	883.9	922	953
827.4	892.2	947.5	972.9	1,025.0	1,067	1,107
	+1.2	-0.6	-11.7	+3.1	+3	
	-19.2	-4.3	-16.5	-25.6	-28	
	910.2	952.4	1,001.1	1,047.5	1,092	

ments and of the Legal Departments. Most of this expenditure is incurred initially by local authorities on services to which the Government contributes through specific grants or the rate support grant.

Administration of justice

Court services—England and Wales

2. Expenditure by local authorities on magistrates' and other lower courts accounts for over half of the total estimates and most of this is for day to day

running costs. The estimates allow for a 30 per cent rise in expenditure over the period because of the continuing increase in the volume of work which the courts are handling. Provision is also made for the replacement of existing buildings taken over for use as higher courts. The estimates show an increase of some £2 million a year over the levels of last year's White Paper. This is mainly because last year's estimates were made before there was enough evidence about the trend in costs awarded in magistrates' and crown courts, for which, following the Courts Act 1971, central government had taken over responsibility from local authorities.

3. For the 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 five years continues with the aim of reducing the delays in Greater London in bringing cases to trial, and of ensuring that delays do not accumulate elsewhere.

Court services—Scotland

4. Central government assumed responsibility for court house accommodation on 1 April 1973 and with this began the planning of a centralised building programme to replace and modernise existing sheriff court houses. In the period covered by the estimate, expenditure is expected to rise from about £0.5 million to just over £2 million.

Other services related to crime

5. Payments by the Criminal Injuries Compensation Board are forecast to rise from £4.9 million in 1973–74 to £7.8 million in 1977–78. This forecast is based on an estimated intake of 12,350 cases in 1973–74 rising to 19,500 by 1977–78.

Legal aid

6. The object of the expenditure is to make legal aid, advice and assistance available to 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.

7. 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 2 per cent a year from about 180,000 cases a year in 1973–74 for civil cases and by about 9 per cent a year from about 140,000 cases in 1973–74 for criminal cases. The levels of expenditure are affected also by improvements in the capital and income limits for the availability of legal aid and legal advice and assistance. It has also been agreed to review the income limits for the two schemes annually.

Treatment of offenders

8. The Government aims to strengthen the probation and after-care service, develop effective new measures of non-custodial treatment and, for those who have still to be dealt with in custody, provide modern prisons and improve conditions in the older ones.

Prisons

9. The main assumption is that the total number held in prison, which averaged 43,400 in 1972-73, will not increase as steeply as had previously been feared, but may reach 47,600 by 1977-78. This lower forecast takes account of recent trends in the number of people convicted (allowing for variations in age groups and types of crime) and in the sentencing practice of the courts towards non-custodial measures.

10. The number of non-industrial staff in the prisons is estimated to rise by 5,400 in the period. The estimates also provide for an increase in the number of probation officers and supporting staff for welfare duties in prisons in England and Wales, and for their introduction into training borstals. It is expected that 420 probation officers will be so employed in 1973-74 rising to 540 in 1977-78. This trend is much the same as was planned last year. In Scotland prison welfare duties are now being undertaken by local authority social work departments.

11. The Government has reviewed both the content and the timing of the prison capital programme outlined in Cmnd 5178. Provision is now made for work to start on about 9,700 new places over the 5 year period compared with 17,000 then envisaged. Of the programme for producing new places about half is designed to reduce overcrowding as well as to cater for the projected increase in the population. The remainder enables a modest beginning to be made on replacing obsolete prison accommodation.

12. The total building programme assumes the completion of just over 11,000 new places within the period compared with the 14,000 envisaged in Cmnd 5178. There are at present about 13,500 prisoners sleeping 2 or 3 in a cell. This number should be reduced over the period. In particular, the number of prisoners required to sleep 3 in a cell, which has been reduced from nearly 10,000 to 4,000 in the last 3 years should continue to fall.

13. It is planned to continue expenditure on works which do not produce places, such as improvements to boiler houses, workshops, offices and visiting rooms, at about £6.6 million a year.

14. The estimated expenditure also provides for about 4,700 staff quarters, including those built with new establishments. This number should allow for increases in staff and still reduce the current shortage of quarters and allow for some replacement of obsolete ones.

Probation and after-care—England and Wales

15. The principal assumptions are that the number of probation officers will rise from 3,775 to 5,300 over the period and ancillary staff from 240 (210 in Cmnd 5178) to 400. The estimates provide also for an increase of 1,800 places in adult hostels and bail hostels; for the setting up by 1976-77 of 78 community service schemes and day training centres under the control of probation and after-care committees after the initial experimental introduction of these services; and for the continued provision of about 200 additional places each year in voluntary after-care hostels.

16. The estimates for training probation students (including prison welfare officers) assume an output of 600 trained students in 1974 and 745 in 1975 and subsequent years. For the years 1976-77 and 1977-78 provision has been made for the increased costs attributable to a switch in emphasis from one-year to two-year training courses for non-graduate students.

General protective services

Police

17. The programme provides for continued development of a well-manned and operationally efficient police force by further recruitment, provision of supporting services and improvement of technical facilities, equipment and buildings. The estimates assume as the probable rate of recruitment based on recent trends an increase in police strength from 111,500 to approximately 123,400 compared with a growth of 9,870 over the previous five years. The projected increase of 11,900 in five years, compared with nearly 19,000 in last year's White Paper, in no way implies that recruitment will be restricted or that lower priority will be given to building up police strength. If recruitment should later improve or wastage be reduced, the estimates would be revised and provision would be made for additional expenditure.

18. In the period to 1977-78 the number of civilians is expected to increase from 44,000 to approximately 54,800, including provision for an additional 5,200 traffic wardens. This too is a somewhat slower increase than was previously envisaged, but is as high as experience now suggests can be realistically expected.

19. The estimates provide for increases in capital expenditure on the purchase of sites and the construction of operational buildings. These have been offset by a reduction in previously forecast expenditure on new dwellings because of the increasing tendency for police officers to purchase their own houses. Provision has also been made for replacing buildings for some forensic science laboratories and police district training centres, and for expansion of the Police College. Continued provision is made for the Police National Computer.

20. The estimates of current expenditure provide for an expansion of the programme of research into police methods, equipment and communications; equipment for the forensic science laboratories and police district training centres; and the implementation of changes in the police and fire wireless schemes resulting from the reorganisation of local government boundaries.

Fire services

21. The estimates assume an increase in the number of whole-time firemen from 29,200 to 30,400 and civilian staff from 4,700 to 5,500. These assumptions, those for the number of retained (part-time) and junior firemen and those for the calls on manpower of improved training are unchanged from the last White Paper. The estimates do not take into account the possible effects on fire service manpower of the recent agreement on fire service pay and hours.

22. Since the last White Paper was published it has been decided not to proceed with a central recruit training establishment, with resulting savings of about £0.7 million in current expenditure for 1975-76 and 1976-77. Capital provision will not be affected, since corresponding sums will be needed by local authorities for improving local facilities for training recruits.

23. Allowance has been included for the effects of the Fire Precautions (Loans) Act 1973, under which small hotels and boarding houses may borrow from local authorities to pay for improvements necessitated by the Fire Precautions Act 1971. The estimates (which at this stage are tentative), excluding interest charges and assuming a ten year loan period, rise from £1.0 million in 1973-74 to a peak of £1.8 million in 1975-76 and fall to £0.9 million by 1977-78.

Other

24. Control of immigration, the Immigration Appeals Tribunal and a grant-in-aid to the United Kingdom Immigrants Advisory Service together account for practically the whole of this expenditure.

Community services

25. The estimates show an increase of nearly 20 per cent over the period. The main factor in the increase is expenditure on the Urban Programme. Excluding £2.1 million falling mainly in 1973-74 on account of delayed completion of capital expenditure on the regional infrastructure, this expenditure is expected to rise from £14.4 million in 1973-74 to £20.8 million in 1977-78. This represents an increase of about £2 million a year from 1974-75 onwards compared with the estimate in Cmnd 5178 and reflects the Government's policy of providing additional help to areas of urban deprivation.

26. The rest of the provision is mainly for grants by the Home and Civil Service Departments to statutory and voluntary bodies. These grants include £2.8 million in 1973-74 and £0.3 million in 1974-75 for the completion of the work of the Uganda Resettlement Board. The Lord Privy Seal has now assumed responsibility for co-ordinating the Government's efforts to support and encourage voluntary work and a Voluntary Services Unit has been established in the Civil Service Department to assist him. Grants will be made to voluntary organisations within a total annual budget of £1.9 million for projects spanning the interests of several departments or falling outside the field of responsibility of any one Department.

OTHER INFORMATION

27. The following table provides a simple framework within which the allocation of resources to the prison service might be related to the planned use of these resources and their projected outputs. Other information of a non-financial character may be derived from the annual reports on the work of the Prison Services, reports on the work of the Probation and After-care Service and from the annual reports of HM Chief Inspectors of the Police and Fire Services.

Prison service

Expenditure at 1973 Survey prices

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
A. Summary						
1. Total net expenditure (£ m)	92.2	101.6	106.8	120.3	124	129
B. Current Expenditure						
2. (a) Salaries and other staff expenses ... (£ m)	57.2	59.3	61.3	66.1	71	74
(b) Other net current expenditure ... (£ m)	14.4	14.1	14.1	14.1	14	14
(c) Total net current expenditure ... (£ m)	71.6	73.4	75.4	80.2	85	88
3. Daily average inmate population ...	43,400	43,900	45,200	45,800	46,700	47,600
4. Annual current cost per inmate (Item 2(c)) (Item 3) (£)	1,650	1,672	1,668	1,751	1,820	1,850
5. Numbers of staff in post as at 31 March:						
(a) Outstations						
(i) Prison officers grades and other non-industrials ...	19,074	20,491*	20,671	21,951	23,246	24,531
(ii) Industrials ...	2,147	2,350*	2,370	2,538	2,641	2,761
(b) HQ and Regional Administration ...	752	843*	843	885	929	975
(c) Total staff in Post ...	21,973	23,684*	23,884	25,374	26,816	28,267
6. Staff/Inmate Ratio (Item 5(a)(i)) (Item 3)	1 : 2.3	1 : 2.1	1 : 2.2	1 : 2.1	1 : 2.0	1 : 1.9
C. Capital Expenditure						
7. Total capital expenditure (£ m)	20.6	28.2	31.4	40.1	39	41
8. Number of new inmate places						
(a) Started ...	2,100	3,166	2,026	1,600	1,960	1,000
(b) Completed ...	554	868	3,269	1,286	1,806	4,100
9. Total number of inmate places available at the end of the financial year	40,740	41,608	44,877	46,163	47,969	52,069
10. Staff quarters						
(a) Total required ...	12,401	13,145	13,283	14,116	14,964	15,796
(b) Total stock ...	10,324	10,936	11,616	12,483	13,320	14,527
(c) Deficit ((a) - (b)) ...	2,077	2,209	1,667	1,633	1,644	1,269
(d) Provided ...	612	680	867	837	1,207	1,090

* Present recruitment trends indicate that there might be a shortfall.

Explanatory note

There are a number of reasons why some overcrowding is likely to persist even though the total number of places available in the system is roughly equal to the predicted population.

In establishments which have to accept people committed to custody, ie local prisons and remand centres, a proportion of the available places must be kept in reserve to accommodate fluctuating and unpredictable numbers remanded by the courts. Experience suggests that in such establishments a margin of places of at least 5 per cent in excess of uncrowded capacity is desirable.

In training establishments the increasing specialisation of penal treatment means that there is less opportunity to transfer inmates from one type of establishment to another. For example, vacancies in open prisons cannot be filled by prisoners who are unsuitable for open conditions. Nor is it generally possible to transfer young offenders—particularly those under 17—to other types of training establishments which may have vacancies.

CHANGES IN EXPENDITURE

28. The main policy changes since Cmnd 5178 are the reductions made as a result of the general measures announced by the Government on 21 May 1973 and 8 October 1973, together with the addition of provision for fire precautions loans, and the increase in the Urban Programme and in the grants for voluntary service.

29. The main estimating changes are that provision is made for the slower rate of increase in police strengths that is now expected, and a smaller prison building programme is now put forward.

10. EDUCATION AND LIBRARIES

TABLE 2.10

							1968-69	1969-70	1970-71	
Schools										
Under fives										
							capital(1)...			
							current(2)			
Primary, secondary and other							capital ...	306.3	301.2	322.4
Primary							current ...	598.8	626.3	650.5
Secondary							current ...	668.7	688.6	714.2
Other							current ...	174.8	177.4	188.2
Meals ... ..							...	127.3	134.0	129.6
Milk ... ..							...	19.4	16.7	17.6
Higher and further education										
Universities							capital ...	107.6	89.6	91.4
							current ...	336.7	348.9	375.4
Further education							capital ...	79.0	79.5	82.1
							current ...	336.4	347.0	368.3
Teacher training							capital ...	17.5	15.1	13.4
							current ...	129.7	134.5	140.1
Libraries ...										
Purchase grants ... ..							...	0.8	1.0	1.3
Other ... ..							...	69.7	75.7	81.1
Miscellaneous educational services, research and administration										
Youth services, etc							capital ...	12.2	10.9	9.6
							current ...	26.3	27.1	28.6
Research and other services ... ..							...	3.4	4.2	4.5
Administration ... ..							...	98.5	100.1	106.1
VAT paid by local authorities ... ..							...	30.8	31.7	34.9
Total Education and libraries							capital ...	534.5	510.2	535.8
							current ...	2,609.4	2,699.3	2,823.5
							total ...	3,143.9	3,209.5	3,359.3
Research Councils, etc ... ..							...	118.9	126.5	133.8
Arts										
National museums and galleries										
Capital expenditure ... ..							...	2.6	1.5	1.7
Annual purchase grants ... ..							...	0.8	1.1	1.9
Other current expenditure ... ..							...	6.9	7.6	8.7
Local museums and galleries							capital ...	0.3	1.0	1.1
							current ...	7.8	5.8	7.0
Arts Council and other arts							capital ...	0.7	0.8	2.3
							current ...	11.5	11.4	13.1
Total Arts							capital ...	3.6	3.3	5.1
							current ...	27.0	25.9	30.7
							total ...	30.6	29.2	35.8
Total Education and libraries, science and arts							capital ...	558.3	535.3	561.8
							current ...	2,735.1	2,829.9	2,967.1
Total ... ..							...	3,293.4	3,365.2	3,528.9
Changes from Cmnd 5178 revalued							...			
Policy changes ... ..							...
Estimating changes ... ..							...
Cmnd 5178 revalued ... ..							...

(1) New nursery programme only.

(2) Separate expenditure figures not available before 1973-74.

SCIENCE AND ARTS

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
			16.5	24.7	25	29
		65.7	74.4	81.3	90	99
382.1	428.8	389.1	330.4	316.4	305	287
695.0	727.3	718.2	716.7	715.0	714	723
769.6	813.6	887.1	939.7	988.9	1,034	1,076
210.5	225.4	230.4	241.5	255.1	267	279
122.9	136.9	165.4	171.3	168.7	169	167
11.5	8.8	9.0	8.9	10.8	11	11
89.7	89.4	100.0	99.8	105.0	114	125
386.1	395.2	420.2	441.4	461.7	487	521
78.7	73.8	72.6	82.4	100.5	124	147
381.7	407.6	416.4	429.6	452.2	484	526
15.6	10.6	9.7	8.5	7.9	7	7
145.2	149.6	153.1	157.9	176.5	183	176
1.3	1.3	1.6	1.7	1.9	2	2
87.5	94.7	99.7	103.0	109.6	116	123
9.5	11.2	13.5	14.7	14.6	15	15
29.4	33.0	35.4	37.6	39.9	42	45
4.2	5.4	6.1	6.8	7.1	7	7
110.3	119.8	125.8	130.0	136.1	142	147
37.6	37.8	40.3	41.7	44.4	46	48
595.3	636.3	607.4	572.0	589.8	613	635
2,973.1	3,133.9	3,351.9	3,482.5	3,628.5	3,771	3,925
3,568.4	3,770.2	3,959.3	4,054.5	4,218.3	4,384	4,560
147.1	152.7	145.1	141.2	138.5	142	145
3.0	2.4	4.7	5.7	5.5	4	4
1.7	2.6	1.6	1.6	1.6	2	2
10.1	11.1	10.1	12.4	12.8	14	14
2.4	1.3	3.4	2.3	2.1	2	2
7.7	8.3	9.1	9.8	10.6	11	12
2.5	2.9	11.6	2.1	1.9	3	4
15.0	15.8	18.0	19.8	20.6	22	24
7.9	6.6	19.7	10.1	9.5	9	10
34.5	37.8	38.8	43.6	45.6	49	52
42.4	44.4	58.5	53.7	55.1	58	62
626.8	668.5	649.1	603.1	618.8	642	666
3,131.1	3,298.8	3,513.8	3,646.3	3,793.1	3,942	4,101
3,757.9	3,967.3	4,162.9	4,249.4	4,411.9	4,584	4,767
	+0.9	-12.4	-58.7	-61.2	-59	
	-38.5	-2.5	+27.8	+31.3	+36	
	4,004.9	4,177.8	4,280.3	4,441.8	4,607	

Education and libraries

General

1. Table 2.10 above shows that expenditure on education and libraries in Great Britain is expected to rise by £601 million in the period 1973-74 to 1977-78. By 1977-78 the programme is expected to account for 14.6 per cent of all public expenditure in cost terms.

2. The programme provides for continued development of the strategy announced in Cmnd 5174 for England and Wales and Cmnd 5175 for Scotland, including the development of nursery education, the improvement and replacement of school buildings, the acceleration of the special schools building programme, improvements in the arrangements for in-service training of teachers and the continued expansion of higher education.

3. A rephrasing of public sector building programmes was announced on 8 October 1973. Education building projects in the 1973-74 starts programmes which had not secured approval by that date were deferred until after 31 December 1973. This three months' deferment will not affect the achievement of the long term plans mentioned in the preceding paragraph.

4. The current expenditure forecasts shown in the table above for 1974-75 reflect the Government's decisions, for the purposes of Rate Support Grant, on acceptable levels of local authority relevant expenditure in England and Wales during that year. Discussions with Scottish local authorities about the level of reckonable expenditure for 1974-75 are continuing. The forecasts for subsequent years take account of the Government's declared intention to restrain the growth of local authority expenditure.

5. Demographic factors continue to play a major rôle in the growth of educational expenditure within current policies. Forecasts of the numbers of pupils, students and teachers underlying the expenditure projections shown above are as follows:

	Thousands				
	1973-74	1974-75	1975-76	1976-77	1977-78
Schools (1)					
Under fives (2)	393	440	480	520	561
Primary pupils	5,512	5,465	5,385	5,303	5,179
Secondary pupils	4,113	4,253	4,397	4,520	4,606
Teachers (under fives, primary and secondary)	480	498	517	534	546
Further Education					
Students (3)	775	807	849	892	944
Colleges of Education					
Students (4)	129	127	129	121	112
Universities					
Full-time students	252	264	283	306	326

(1) Estimates for January in the relevant year.

(2) The figures, which include nursery school pupils, are estimates for January in the relevant year and take account of the proportionate demand on facilities of part-time pupils and are expressed as full-time equivalents.

Schools

6. The number of children under five (as opposed to full-time equivalents shown in the table in paragraph 5) attending nursery or primary schools, whether part-time or full-time, in 1972-73 was 391,900 and is expected to rise to 754,000 by 1977-78. A fall in the number of other primary school pupils within the review period is more than offset by a rise in the secondary school population. The primary and secondary school building programmes take account of these changes, and include also programmes for the expansion of nursery education and for the improvement and replacement of old and unsatisfactory school buildings.

7. Provision is made for increasing the number of teachers in nursery, primary and secondary schools in England and Wales towards the planning figure for 1981 of 510,000 announced in Cmnd 5174. Over the same period the number of teachers in Scottish schools is expected to rise to some 55,000.

8. The forecasts include expenditure on the school health service which will become largely the responsibility of area authorities from 1 April 1974 when that expenditure, mainly current, will transfer to the Health programmes.

9. The estimates for 1973-74 and 1974-75 take account of the Government's decision to defer the previously intended increases in the school meal charge and to hold it down to the 1971 level for the present. Thereafter the figures reflect periodic increases in the charge for school meals from 1975 onwards aimed at preventing a further increase in the proportion of costs borne by subsidy.

Higher and further education

10. The forecasts of expenditure on higher and further education are based on the student numbers set out in the table in paragraph 5 above, which allow for an increasing number of colleges of education in England and Wales offering courses other than those designed specifically for intending teachers. The forecasts also take account of the proposals in Cmnd 5174 and Cmnd 5175 for the expansion of in-service training courses for teachers, and in the former of induction training courses also. For further education the forecasts assume a rising student population and allow for the expansion of residential accommodation for students in polytechnics and in comparable colleges in Scotland. The forecast of student numbers in universities and the related expenditure are based on the quinquennial settlement for 1972-1977. As a contribution towards economy in public expenditure the Government has decided to withhold half the supplementation of recurrent grant, and not to supplement equipment grant, in respect of one year's increase in prices for the academic year 1974-75 and subsequent years of the quinquennium. It believes that these reductions could be accommodated without detriment to the planned growth of the universities during this

(3) The figures which are estimated for the academic year commencing in the relevant financial year, take account of the proportionate demands on facilities of full-time, part-time and evening students and are expressed as full-time equivalents. The figures include estimates of students expected to be following courses, other than teacher training, in colleges of education.

(4) Estimates for the academic year commencing in the relevant financial year. Includes students (together with the full-time equivalents of part-time students) following courses of in-service training and induction training as well as courses of initial teacher training.

period. These decisions produce a reduction in forecasts of university expenditure of £6 million in 1974–75 rising to £10 million in 1977–78.

Other programmes

11. The recurrent expenditure forecasts provide for the continuing development of the youth service and of local libraries and museums. The control of capital expenditure on these services in England and Wales rests with the local authorities since they are included within 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 of the library service in most areas.

Research Councils, etc.

12. The entry for the Research Councils, etc, represents expenditure collectively known as the Science Budget, for which the Secretary of State for Education and Science is responsible. It relates to expenditure by the five Research Councils (Agricultural, Medical, Natural Environment, Science, and Social Science) and a grant-in-aid to the Royal Society for scientific purposes. The Secretary of State is advised on its allocation by the Advisory Board for the Research Councils. Expenditure on Scientific and Technical Documentation, currently met from the Science Budget will, from 1 April 1974, become the responsibility of the British Library.

13. The figures for the years from 1973–74 onwards reflect 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 for the purpose of commissioning applied research.

14. 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 investigation of 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.

15. The distribution of expenditure between different types of activity varies from one Research Council to another, as Table A illustrates. A major activity for some Councils is the provision of post-graduate awards in the scientific fields, and Table B shows the number of awards made during the past five years.

16. A major part of the expenditure of the Agricultural, Medical and Natural Environment Research Councils is incurred on the maintenance of research establishments and units to provide a fundamental research capability, to meet the needs of customer Departments for applied research, and to advance the standard of scientific excellence in specific fields. In the case of the Science and Social Science Research Councils, a larger proportion of their budget is expended on support for universities. The Science Research Council's expenditure on research establishments, including expenditure on international research centres such as CERN, provides central facilities for the use of university research workers, especially in fields, such as nuclear physics and astronomy, which call for heavy expenditure on plant and equipment.

Table A

Research Council expenditure, in percentage terms, on University support and other activities ⁽¹⁾

	Post-graduate Support	Research Grants to Universities	Research Units with close University links	Own Research Establishments (less col. 3)	Grant-Aided Research Establishments	Contributions to International Science	Headquarters and Administration	Grants to other bodies, payments for services, etc.
	1	2	3	4	5	6	7	8
ARC ⁽²⁾	0.2	3.6	6.0	24.2	62.6	—	3.0	0.4
MRC ⁽²⁾	4.8	21.3	31.1	30.7	—	1.0	4.5	6.6
NERC ⁽²⁾	5.2	6.1	1.1	73.4	6.9	—	4.8	2.5
SRC	11.3	25.0	—	26.5	—	24.4	2.8	10.0
SSRC	47.4	30.4	4.1	—	—	1.2	8.0	8.9
Total	9.9	18.6	7.3	32.3	10.7	11.8	3.6	6.8

(1) Based on 1973-74 estimates.

(2) Includes commissioned research undertaken in accordance with Cmnd 5046 "Framework for Government Research and Development".

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Table B

Awards made by Research Councils

	1 October 1968	1 October 1969	1 October 1970	1 October 1971	1 October 1972
Post-Graduate Awards					
ARC	4	—	2	15	20
MRC	270	301	322	358	400
NERC	334	392	426	443	452
SRC	3,466	3,607	3,887	3,935	3,866
SSRC	919	1,210	1,536	1,538	1,743
Total	4,993	5,510	6,173	6,289	6,481
Bursaries					
SSRC	—	400	608	625	603
Intercalated Awards					
MRC	266	255	277	303	284

Arts

Museums and galleries

17. Attendance figures at the national museums and galleries included in the Arts programme over the last four years were as follows:

	millions
1969	12.5
1970	13.8
1971	14.3
1972	13.5

The capital expenditure shown for the national museums and galleries is the revalued estimate of the cost shown in Cmnd 5178, reduced by £1.4 million through the deferments of capital projects announced in May and October 1973. Some redistribution of the expenditure between the various years has been necessary because, in a small programme dominated by two or three major projects, an even flow of expenditure may not be possible. The Government's increased contribution of £0.3 million under the National Theatre and Museum of London Act 1973 towards the furnishing and equipping of the building for the Museum of London is now spread over the years 1974-75 and 1975-76.

18. Following the decision that the national institutions will be allowed to retain the proceeds from admission charges the provisions for current expenditure have been increased by £1.0 million a year from 1974-75.

Arts Council and other arts

19. Continuing provision for growth in current expenditure for the Arts Council was supplemented in 1973-74 with a special allocation of £0.7 million from the £1.0 million provided for the encouragement of the arts in the regions outside London with particular reference to the assisted areas. On the same basis a sum of £0.1 million was added to the grant to the British Film Institute. Similar allocations may be made in 1974-75.

20. The British Film Institute continues to maintain the National Film Archive and increasingly to make the films held there available for study. It 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. The National Film School is now in its third full academic year with student numbers approaching the level originally envisaged; grant provision has increased correspondingly. Provision of £0.2 million a year is made for the Crafts as from 1972-73.

21. Capital provision for the Arts Council of Great Britain and the British Film Institute is made in respect of the continuing programmes for Housing the Arts and Housing the Cinema. In 1973-74 increased annual commitments were authorised for the period of the Survey.

22. Since the inception of the Housing the Arts scheme 187 projects have received or been promised support. The total cost of all the projects (actual and estimated) is £30.3 million of which the Arts Council contribution is £5.2 million. Of those projects, 54 were concerned with improving existing and building new theatres, involving a total of 35,000 seats at a cost of £14.8 million, to which the Arts Council contributed £2.9 million.

23. Provision of £1.0 million (Government) and £0.1 million (Greater London Council) has been included for the National Theatre for 1974–75. The Government's contribution is limited to £5.7 million by the National Theatre and Museum of London Act 1973, and is spread over the period 1968–69 to 1975–76.

24. Provision is included for the purchase of land for the possible extension, at some time in the future, of the Royal Opera House, Covent Garden (£6.0 million in 1973–74, none in other years), for certain aspects, including the Opera House element, of the Castle Terrace Theatre Development in Edinburgh, towards which a Government contribution is proposed, and a grant in 1973–74 of £0.1 million towards the restoration of the Royal Albert Hall.

25. Expenditure by local authorities on arts centres, local theatres and arts activities other than museums is included under improvement of the environment and other facilities in Table 2.8—Other environmental services.

CHANGES IN EXPENDITURE

26. The changes in expenditure for policy reasons shown at the foot of Table 2.10 above mainly reflect the prospective rise in the school meals charge, and the consequence for education of the measures announced by Government on 21 May and 8 October 1973. The announcement of 21 May, which set out measures for restraining the growth of public expenditure in 1974–75, included a reduction in local authority current expenditure for that year of £81 million. The forecast of current expenditure for England and Wales for 1974–75 reflects the share of that reduction attributable to education, while consequential reductions have been carried forward into subsequent years. The rephasing of education building programmes, in accordance with the announcement of 8 October (see paragraph 3 above), has led to some reduction in the capital expenditure forecasts for 1973–74 and the two following years.

27. The estimating changes reflect revised forecasts of a lower rate of growth of pupil and student numbers, offset by the effects of an excess in the actual level of expenditure by local education authorities in England and Wales in 1972–73 compared with the previous forecast.

11. HEALTH AND PERSONAL

TABLE 2.11

						1968-69	1969-70	1970-71
Health								
Capital expenditure								
Hospitals and community services	...	...	...	...	...	180.6	185.6	193.2
Family practitioners	...	...	...	...	...	0.2	0.2	0.1
Other health services	...	...	...	...	...	4.9	4.6	4.8
Local authority health services	...	...	...	...	...	12.5	13.8	16.5
Current expenditure								
Hospitals and community services	...	...	...	...	...	1,356.0	1,397.1	1,447.2
Family practitioners	...	...	...	...	...	539.5	556.4	574.2
Other health services	...	...	...	...	...	29.1	24.8	33.0
Local authority health services	...	...	...	...	...	144.3	143.4	146.0
Health								
						capital		
						current		
						...	198.2	204.2
						...	2,068.9	2,121.7
						...	2,267.1	2,325.9
						...	2,415.0	2,415.0
Personal social services								
Capital expenditure								
Central Government	...	...	...	...	...	0.7	0.9	1.0
Local authorities	...	...	...	...	...	44.0	38.7	44.3
Current expenditure								
Central Government	...	...	...	...	...	6.5	6.8	8.4
Local authorities	...	...	...	...	...	244.5	256.0	276.0
Personal social services								
						capital		
						current		
						...	44.7	39.6
						...	251.0	262.8
						...	295.7	302.4
						...	329.7	329.7
Central and miscellaneous services								
						capital		
						current		
						...	0.5	0.2
						...	95.8	93.0
						...	96.3	93.2
						...	93.0	93.0
VAT paid by local authorities								
						capital		
						current		
						...	0.3	0.3
						...	2.4	2.3
						...	2.7	2.6
						...	2.7	2.7
Health and personal social services								
						capital		
						current		
						...	243.7	244.3
						...	2,418.1	2,479.8
						...	2,661.8	2,724.1
						...	2,840.4	2,840.4
Changes from Cmnd 5178 revalued								
Policy changes						...	...	...
Estimating changes						...	...	...
Cmnd 5178 revalued						...	...	...

SOCIAL SERVICES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
215.8	258.3	255.2	248.0	242.4	231	228
0.2	0.2	0.2	0.2	0.2	—	—
4.4	5.3	10.9	3.2	3.5	4	4
18.5	22.1	25.5	24.0	24.1	24	24
1,509.8	1,569.2	1,625.4	1,681.7	1,739.4	1,796	1,857
571.0	586.8	597.6	622.3	646.3	670	691
35.1	38.6	49.1	53.6	53.0	53	53
155.7	163.6	168.6	173.7	178.6	183	188
238.9	285.9	291.8	275.4	270.2	259	256
2,271.6	2,358.2	2,440.7	2,531.3	2,617.3	2,702	2,789
2,510.5	2,644.1	2,732.5	2,806.7	2,887.5	2,961	3,045
0.7	1.0	1.4	3.1	2.2	1	1
50.0	63.5	85.8	74.5	81.0	86	84
9.1	12.7	8.0	5.8	5.7	6	7
305.5	353.6	381.1	405.5	432.1	462	497
50.7	64.5	87.2	77.6	83.2	87	85
314.6	366.3	389.1	411.3	437.8	468	504
365.3	430.8	476.3	488.9	521.0	555	589
0.6	0.5	0.4	0.3	0.2	—	—
64.1	64.9	74.1	78.4	82.6	85	87
64.7	65.4	74.5	78.7	82.8	85	87
0.4	0.6	0.6	0.7	0.7	1	1
2.2	2.1	2.5	2.6	2.8	3	3
2.6	2.7	3.1	3.3	3.5	4	4
290.6	351.5	380.0	354.0	354.3	347	342
2,652.5	2,791.5	2,906.4	3,023.6	3,140.5	3,258	3,383
2,943.1	3,143.0	3,286.4	3,377.6	3,494.8	3,605	3,725
—	—	—10.2	—1.1	+4.2	+2	—
+11.1	+11.1	+34.4	+12.9	+13.1	+17	+17
3,131.9	3,131.9	3,262.2	3,365.8	3,477.5	— 3,586	— 3,586

Health and personal social services

1. Various minor changes have been made in the scope of the programme since Cmnd 5178. These include the transfer to the Education and libraries programme of responsibility for supporting certain categories of students training for social work; and the incorporation into this programme of certain health treatment expenditures arising from entry into the EEC, and of the cost of concessionary fares schemes for the elderly and disabled introduced by local authorities, previously counted as Miscellaneous local services.

2. The aim of the programme is to provide, within the resources available, a full range of health and personal social services for all those in need of them. In pursuit of this aim the National Health Service is to be reorganised from 1 April 1974 so as to draw together the hospitals, family practitioner services and local authority health services under a unified administration. This reorganisation is intended to lead to better deployment of scarce resources (particularly of highly skilled manpower) and to co-ordinated planning of the many different aspects of prevention, treatment, care and rehabilitation. The basic objectives will continue to be to meet health or social needs wherever and whenever they arise; to eradicate inequalities in the services available in different areas; to develop and use new medical and allied techniques and generally to improve and widen the range of services available. All these objectives must be set against the background not only of an increasing population (about 0.2 per cent increase each year) but also an ageing one (the proportion of those over retirement age is increasing at 0.9 per cent a year and the over 75's at 2.2 per cent a year).

3. The table reflects the new administrative arrangements. The heading "Family practitioners" now covers only the contractual payments to doctors, dentists, pharmacists and opticians. "Other health services" embraces such elements as the Dental Estimates Board, Joint Pricing Committees, training, and laboratory and vaccine services. Expenditure on personal social services by central government relates to various grants in respect of the child care and community services; in England and Wales to youth treatment centres run by the Department of Health and Social Security for children not amenable to care in a community home and in Scotland to List D schools, the costs of which are shared with the local authorities.

4. The planned average annual growth rate of expenditure in real terms over the period 1972-73 to 1977-78 is 3.5 per cent, excluding the relative price effect. Within this period, the forecasts for the three years to 1975-76 include the special additions made by the Government in 1970 and 1971 to improve services for the elderly, the mentally ill and the mentally handicapped.

Health

Hospitals and community services

5. The special additions to the capital forecasts referred to in paragraph 4 come to an end in 1975-76. The forecasts for the following two years are therefore correspondingly less. The principal objective of the hospital capital programme is to provide a network of district general hospitals which will offer comprehensive services for populations up to about 250,000 people. It is expected that some 300 such hospitals will be built; about 190 are under con-

struction. In some cases the hospitals will be completely new but for the majority there will be a programme of modernisation and extension of existing premises. Alongside this essentially long term programme, there will be other projects such as the replacement of accommodation that has become uneconomical to staff or to keep in good repair; the provision of facilities to meet newly-emerging health needs, eg alcoholism, and the construction or adaptation of buildings to enable new patterns of health care to be introduced eg day hospitals or day wards within ordinary hospitals where minor operations can be undertaken with the minimum of inconvenience to patients and at the same time with greater efficiency and economy in the use of hospital resources. It is also proposed that community hospitals in England and Wales will be associated, where appropriate, with general hospitals as units in the district hospital service and closely linked with the primary health services.

6. Current expenditure on hospital and community services is planned to increase in real terms during the period of the programme at much the same rate as in the past. An increase of about half to one per cent each year is needed to provide services for the growing and ageing population. Further sums will be used to meet the additional running costs of new or modernised hospitals and the remainder of the development addition, together with savings arising from increased efficiency, will be devoted to other improvements to raise standards of health care for all patients, but particularly for the mentally ill, mentally handicapped and the elderly. The development of new methods of treatment and patterns of care will be encouraged and there will be a new emphasis on better co-ordination and training which, in its turn, should benefit everyone who needs health services. It is expected that the current rising trend in the number of in-patients treated will continue (over the period 1962 to 1972 the number of in-patients treated per one thousand population rose from 96.0 to 115.7—an increase of over 20 per cent). It is also expected that there will be more progress in reducing the size of the waiting list. Further information of a non-financial nature may be found in the annual publication "Health and Personal Social Services Statistics for England and Wales", in the annual reports of the Department of Health and Social Security and its Chief Medical Officer, and in "Health Services in Scotland".

Family practitioners

7. The services under this heading, the General Medical, Dental and Ophthalmic Services, and the Pharmaceutical Service, provide primary care for the population as a whole. Provision has been made for increased calls upon the services, including conservative dental treatment for young people, sight-testing and the dispensing of newly-developed medicines. It is expected that there will be continued growth in the number of doctors and dentists in general practice which will be larger than the corresponding population growth, thus providing an improved service. More efficient and effective working methods will be encouraged by continued assistance to build or modernise surgeries, help in meeting the costs of ancillary staff and incentives to work in groups and partnerships. Another significant contribution will be made by the greatly increased numbers of health centres in which doctors, dentists and other members of the primary health care team can provide a comprehensive service to the community. By the end of the year it is expected that there will be over 500 such centres in

operation (compared with 100 at the end of 1968). The reorganisation of the Health Service will open up new opportunities for family practitioners to develop their services as an integral part of the overall health care plan for their locality.

Personal social services

8. Capital expenditure by local authorities is largely devoted to the provision of additional or replacement residential accommodation or day facilities for the elderly, the physically or mentally handicapped, the mentally ill and children in care, and to the improvement of existing facilities. In asking local authorities in England and Wales in 1972 to prepare 10-year development plans for their social services the Department of Health and Social Security offered national guidelines for the provision of residential and day places, which, allowing for replacement of the more unsatisfactory out-of-date and unsuitable premises, envisaged the provision of a total of about 250,000 residential and day places. The cost of providing residential and day facilities may vary considerably according to local circumstances, but the expenditure forecast for the 5 years 1973-74 to 1977-78 should enable some 50,000 residential and 50,000 day places to be provided. It is expected that about 5,000 residential and 5,000 day places will be provided in Scotland over the same period.

9. Capital expenditure normally entails increased revenue expenditure, either to meet the running costs of additional facilities (eg new homes or extensions to existing premises) or the extra running cost of providing a better service for the same number of people in modernised accommodation. It is estimated that the amount of the additional revenue expenditure thus generated each year is about a fifth of the capital investment (about £80 million). The average annual increase in revenue expenditure is expected to be about £32 million. About half will therefore be taken up by the consequences of capital expenditure and half by expansion and improvement of fieldwork, domiciliary, preventive and support services, and research and development.

CHANGES IN EXPENDITURE

10. Policy changes since last year's White Paper include the decision to expand the family planning services at a faster rate than previously envisaged by making them available through the Family Practitioner Service, with advice from general practitioners free of charge and supplies on prescription obtainable from chemists under the standard National Health Service charging arrangements. The resultant expenditure is expected to rise to a peak of about £30 million in 1976-77. The programme is also affected by the measures taken by the Government in October to deal with the problem of overloading in the construction industry and by the slowing down of the growth in public expenditure referred to in Part 1; the resulting adjustments to the forecasts for NHS hospital and local authority building projects in last year's White Paper, revalued, are:

	1973-74	1974-75	1975-76	1976-77
				£ million
NHS Hospitals	-8.1	-12.7	-9.5	-7.7
Local authority building	-1.5	-5.3	-4.5	-3.3

The average annual growth rate forecast for current expenditure on the personal social services over the period covered by Cmnd 5178, 1971-72 to 1976-77, was 8.5 per cent. The provisional outturn for 1972-73 and the latest estimate for 1973-74 indicate that expenditure is likely to have substantially exceeded the forecasts, so that, in order to keep to the planned course of 8.5 per cent average annual growth, a rather slower rate is necessary for the next few years. The forecasts reflect this aim, and produce an average annual growth rate between 1972-73 and 1977-78 of about 7 per cent.

11. Estimating changes have arisen mainly as a result of a re-appraisal of likely expenditure on the family practitioner services, including an increase in the number of prescriptions expected to be dispensed and in the proportion of dental treatments provided without charge.

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
1,000	1,050	1,100	1,150	1,200	1,250	1,300
1,100	1,150	1,200	1,250	1,300	1,350	1,400
1,200	1,250	1,300	1,350	1,400	1,450	1,500
1,300	1,350	1,400	1,450	1,500	1,550	1,600
1,400	1,450	1,500	1,550	1,600	1,650	1,700
1,500	1,550	1,600	1,650	1,700	1,750	1,800
1,600	1,650	1,700	1,750	1,800	1,850	1,900
1,700	1,750	1,800	1,850	1,900	1,950	2,000
1,800	1,850	1,900	1,950	2,000	2,050	2,100
1,900	1,950	2,000	2,050	2,100	2,150	2,200
2,000	2,050	2,100	2,150	2,200	2,250	2,300
2,100	2,150	2,200	2,250	2,300	2,350	2,400
2,200	2,250	2,300	2,350	2,400	2,450	2,500
2,300	2,350	2,400	2,450	2,500	2,550	2,600
2,400	2,450	2,500	2,550	2,600	2,650	2,700
2,500	2,550	2,600	2,650	2,700	2,750	2,800
2,600	2,650	2,700	2,750	2,800	2,850	2,900
2,700	2,750	2,800	2,850	2,900	2,950	3,000
2,800	2,850	2,900	2,950	3,000	3,050	3,100
2,900	2,950	3,000	3,050	3,100	3,150	3,200
3,000	3,050	3,100	3,150	3,200	3,250	3,300
3,100	3,150	3,200	3,250	3,300	3,350	3,400
3,200	3,250	3,300	3,350	3,400	3,450	3,500
3,300	3,350	3,400	3,450	3,500	3,550	3,600
3,400	3,450	3,500	3,550	3,600	3,650	3,700
3,500	3,550	3,600	3,650	3,700	3,750	3,800
3,600	3,650	3,700	3,750	3,800	3,850	3,900
3,700	3,750	3,800	3,850	3,900	3,950	4,000
3,800	3,850	3,900	3,950	4,000	4,050	4,100
3,900	3,950	4,000	4,050	4,100	4,150	4,200
4,000	4,050	4,100	4,150	4,200	4,250	4,300
4,100	4,150	4,200	4,250	4,300	4,350	4,400
4,200	4,250	4,300	4,350	4,400	4,450	4,500
4,300	4,350	4,400	4,450	4,500	4,550	4,600
4,400	4,450	4,500	4,550	4,600	4,650	4,700
4,500	4,550	4,600	4,650	4,700	4,750	4,800
4,600	4,650	4,700	4,750	4,800	4,850	4,900
4,700	4,750	4,800	4,850	4,900	4,950	5,000
4,800	4,850	4,900	4,950	5,000	5,050	5,100
4,900	4,950	5,000	5,050	5,100	5,150	5,200
5,000	5,050	5,100	5,150	5,200	5,250	5,300
5,100	5,150	5,200	5,250	5,300	5,350	5,400
5,200	5,250	5,300	5,350	5,400	5,450	5,500
5,300	5,350	5,400	5,450	5,500	5,550	5,600
5,400	5,450	5,500	5,550	5,600	5,650	5,700
5,500	5,550	5,600	5,650	5,700	5,750	5,800
5,600	5,650	5,700	5,750	5,800	5,850	5,900
5,700	5,750	5,800	5,850	5,900	5,950	6,000
5,800	5,850	5,900	5,950	6,000	6,050	6,100
5,900	5,950	6,000	6,050	6,100	6,150	6,200
6,000	6,050	6,100	6,150	6,200	6,250	6,300
6,100	6,150	6,200	6,250	6,300	6,350	6,400
6,200	6,250	6,300	6,350	6,400	6,450	6,500
6,300	6,350	6,400	6,450	6,500	6,550	6,600
6,400	6,450	6,500	6,550	6,600	6,650	6,700
6,500	6,550	6,600	6,650	6,700	6,750	6,800
6,600	6,650	6,700	6,750	6,800	6,850	6,900
6,700	6,750	6,800	6,850	6,900	6,950	7,000
6,800	6,850	6,900	6,950	7,000	7,050	7,100
6,900	6,950	7,000	7,050	7,100	7,150	7,200
7,000	7,050	7,100	7,150	7,200	7,250	7,300
7,100	7,150	7,200	7,250	7,300	7,350	7,400
7,200	7,250	7,300	7,350	7,400	7,450	7,500
7,300	7,350	7,400	7,450	7,500	7,550	7,600
7,400	7,450	7,500	7,550	7,600	7,650	7,700
7,500	7,550	7,600	7,650	7,700	7,750	7,800
7,600	7,650	7,700	7,750	7,800	7,850	7,900
7,700	7,750	7,800	7,850	7,900	7,950	8,000
7,800	7,850	7,900	7,950	8,000	8,050	8,100
7,900	7,950	8,000	8,050	8,100	8,150	8,200
8,000	8,050	8,100	8,150	8,200	8,250	8,300
8,100	8,150	8,200	8,250	8,300	8,350	8,400
8,200	8,250	8,300	8,350	8,400	8,450	8,500
8,300	8,350	8,400	8,450	8,500	8,550	8,600
8,400	8,450	8,500	8,550	8,600	8,650	8,700
8,500	8,550	8,600	8,650	8,700	8,750	8,800
8,600	8,650	8,700	8,750	8,800	8,850	8,900
8,700	8,750	8,800	8,850	8,900	8,950	9,000
8,800	8,850	8,900	8,950	9,000	9,050	9,100
8,900	8,950	9,000	9,050	9,100	9,150	9,200
9,000	9,050	9,100	9,150	9,200	9,250	9,300
9,100	9,150	9,200	9,250	9,300	9,350	9,400
9,200	9,250	9,300	9,350	9,400	9,450	9,500
9,300	9,350	9,400	9,450	9,500	9,550	9,600
9,400	9,450	9,500	9,550	9,600	9,650	9,700
9,500	9,550	9,600	9,650	9,700	9,750	9,800
9,600	9,650	9,700	9,750	9,800	9,850	9,900
9,700	9,750	9,800	9,850	9,900	9,950	10,000
9,800	9,850	9,900	9,950	10,000	10,050	10,100
9,900	9,950	10,000	10,050	10,100	10,150	10,200
10,000	10,050	10,100	10,150	10,200	10,250	10,300
10,100	10,150	10,200	10,250	10,300	10,350	10,400
10,200	10,250	10,300	10,350	10,400	10,450	10,500
10,300	10,350	10,400	10,450	10,500	10,550	10,600
10,400	10,450	10,500	10,550	10,600	10,650	10,700
10,500	10,550	10,600	10,650	10,700	10,750	10,800
10,600	10,650	10,700	10,750	10,800	10,850	10,900
10,700	10,750	10,800	10,850	10,900	10,950	11,000
10,800	10,850	10,900	10,950	11,000	11,050	11,100
10,900	10,950	11,000	11,050	11,100	11,150	11,200
11,000	11,050	11,100	11,150	11,200	11,250	11,300
11,100	11,150	11,200	11,250	11,300	11,350	11,400
11,200	11,250	11,300	11,350	11,400	11,450	11,500
11,300	11,350	11,400	11,450	11,500	11,550	11,600
11,400	11,450	11,500	11,550	11,600	11,650	11,700
11,500	11,550	11,600	11,650	11,700	11,750	11,800
11,600	11,650	11,700	11,750	11,800	11,850	11,900
11,700	11,750	11,800	11,850	11,900	11,950	12,000
11,800	11,850	11,900	11,950	12,000	12,050	12,100
11,900	11,950	12,000	12,050	12,100	12,150	12,200
12,000	12,050	12,100	12,150	12,200	12,250	12,300
12,100	12,150	12,200	12,250	12,300	12,350	12,400
12,200	12,250	12,300	12,350	12,400	12,450	12,500
12,300	12,350	12,400	12,450	12,500	12,550	12,600
12,400	12,450	12,500	12,550	12,600	12,650	12,700
12,500	12,550	12,600	12,650	12,700	12,750	12,800
12,600	12,650	12,700	12,750	12,800	12,850	12,900
12,700	12,750	12,800	12,850	12,900	12,950	13,000
12,800	12,850	12,900	12,950	13,000	13,050	13,100
12,900	12,950	13,000	13,050	13,100	13,150	13,200
13,000	13,050	13,100	13,150	13,200	13,250	13,300
13,100	13,150	13,200	13,250	13,300	13,350	13,400
13,200	13,250	13,300	13,350	13,400	13,450	13,500
13,300	13,350	13,400	13,450	13,500	13,550	13,600
13,400	13,450	13,500	13,550	13,600	13,650	13,700
13,500	13,550	13,600	13,650	13,700	13,750	13,800
13,600	13,650	13,700	13,750	13,800	13,850	13,900
13,700	13,750	13,800	13,850	13,900	13,950	14,000
13,800	13,850	13,900	13,950	14,000	14,050	14,100
13,900	13,950	14,000	14,050	14,100	14,150	14,200
14,000	14,050	14,100	14,150	14,200	14,250	14,300
14,100	14,150	14,200	14,250	14,300	14,350	14,400
14,200	14,250	14,300	14,350	14,400	14,450	14,500
14,300	14,350	14,400	14,450	14,500	14,550	14,600
14,400	14,450	14,500	14,550	14,600	14,650	14,700
14,500	14,550	14,600	14,650	14,700	14,750	14,800
14,600	14,650	14,700	14,750	14,800	14,850	14,900
14,700	14,750	14,800	14,850	14,900	14,950	15,000
14,800	14,8					

TABLE 2.12

	1968-69	1969-70	1970-71
Pension benefits: national insurance			
Retirement pensions	1,543.0	1,627.0	1,778.0
Invalidity benefit ⁽¹⁾	—	—	—
Industrial disablement benefit	58.0	61.0	65.0
Widows' pensions and industrial death benefit etc.	146.0	152.0	159.0
Pension benefits: other			
Old persons' pensions	—	—	7.0
War pensions	125.0	125.0	128.0
Attendance allowance	—	—	—
Lump-sum payments to pensioners	—	—	—
Supplementary benefit			
Supplementary pensions	208.0	226.0	249.0
Supplementary allowances	221.0	245.0	275.0
Family benefits			
Family allowances	297.0	339.0	339.0
Family income supplement	—	—	—
Other non-pension benefits: national insurance			
Sickness and injury benefits and maternity allowance ⁽¹⁾	401.0	437.0	431.0
Unemployment benefit ⁽²⁾	123.0	127.0	150.0
Widow's allowance, maternity/death grants	50.0	54.0	53.0
Administration and miscellaneous services	176.0	182.0	187.0
Total	3,348.0	3,575.0	3,821.0

Changes from Cmnd 5178

Policy changes			
(a) restoration of purchasing power			
(b) other			
Estimating changes			
Cmnd 5178 ⁽³⁾			

(1) From September 1971 invalidity benefit replaced sickness benefit for those sick for more than 6 months.

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

(3) Taking account of the adjustment to 1973 Survey prices of expenditure on administration and miscellaneous services.

1. The general pattern of expenditure as between the various social security benefits is unchanged from Cmnd 5178. Retirement pensions are the largest single item and account for about half the expenditure. Other contributory benefits account for between a fifth and a quarter, and the balance is made up by the non-contributory benefits (principally supplementary benefit, family allowances, war pensions and attendance allowance) and administration and miscellaneous services (which account for approximately 4 per cent of the total).

2. Table 2.12 above follows the established convention that social security figures do not reflect changes which may be made in the future but which have not yet been announced, since a decision about, for example, the amount of an increase in benefits need not be made too far in advance of the date from which the increase is to come into effect. The estimates for 1974-75 onwards are

SECURITY

£ million—benefit at outturn prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
2,045.0	2,369.0	2,740.0	2,983.0	3,032.0	3,078	3,124
91.0	196.0	220.0	237.0	239.0	239	238
71.0	78.0	89.0	94.0	94.0	94	94
187.0	209.0	239.0	256.0	254.0	254	253
23.0	27.0	26.0	24.0	21.0	18	15
137.0	150.0	165.0	171.0	166.0	160	154
6.0	23.0	36.0	55.0	59.0	59	59
—	79.0	80.0	—	—	—	—
275.0	272.0	273.0	277.0	280.0	283	285
366.0	416.0	389.0	393.0	393.0	397	402
344.0	339.0	347.0	347.0	344.0	341	338
4.0	10.0	12.0	12.0	12.0	12	12
379.0	351.0	420.0	449.0	467.0	472	472
239.0	209.0	139.0	141.0	150.0	155	155
56.0	58.0	62.0	66.0	67.0	68	70
207.0	205.0	221.0	220.0	221.0	224	226
4,430.0	4,991.0	5,458.0	5,725.0	5,799.0	5,854	5,897
—	—	+147.7	+388.1	+393.1	+393	
—	—	+218.8	+189.2	+180.3	+182	
—	-65.2	-129.8	-116.2	-88.5	-50	
—	5,056.2	5,221.3	5,263.9	5,314.1	5,329	

therefore based on benefits at their present levels, and the table shows how expenditure will increase in 1975-76 and later years in accordance with demographic and other factors affecting the number of beneficiaries, quite apart from any future changes in benefit levels.

3. The pattern of annual upratings is now established and, as regards the main insurance benefits, attendance allowance and old persons' pensions, it is put in statutory form in the Social Security Act 1973. Allowance is made under "Price adjustments" or "Adjustments to 1973-74 outturn prices and relative price effect" in the main tables elsewhere in this White Paper to take account of the extent to which benefits lose their value as prices rise and have that value restored at upratings. 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.

ESTIMATED AVERAGE NUMBERS RECEIVING

	1968-69	1969-70	1970-71
Retirement pensions	6,910	7,110	7,260
Invalidity benefit (1)	—	—	—
Industrial disablement pensions	205	205	205
Widows' pensions and industrial death benefit ...	590	580	575
Old persons' pensions	—	—	115
War pensions			
Disablement... ..	410	400	385
Widows and other dependants	150	145	135
Attendance allowance	—	—	—
Supplementary benefit			
Supplementary pensions	1,830	1,880	1,890
Supplementary allowances	790	820	860
Family allowances (2)... ..	6,810	6,900	6,950
Family income supplement	—	—	—
Sickness and injury benefits (1)	1,050	1,100	990
Maternity allowance	80	75	80
Unemployment benefit	330	330	370

(1) From September 1971 invalidity benefit replaced sickness benefit for those sick for more than 6 months. The 1971-72 figure for sickness and injury benefits reflects the position before the change.

(2) Numbers of qualifying children (ie children after the first in the family).

Numbers of beneficiaries

4. The table above shows the estimated average numbers receiving the main benefits, on which the expenditure figures in Table 2.12 are based. The estimates for future years are more uncertain for some benefits than for others. In general, the numbers receiving the long-term benefits are more stable and less subject to sudden change than the numbers receiving the short-term benefits. For example, the numbers of those with a retirement pension, widow's benefit or war pension can be predicted with fair accuracy. The estimates for sickness benefit, on the other hand, are less firm. A degree of speculation necessarily enters into the assumptions made about the future general trend of sickness (see paragraph 7 below); and the incidence of epidemics will result in considerable fluctuations in the numbers of beneficiaries from year to year. The figures for unemployment benefit reflect a working assumption, not a forecast, about the future levels of unemployment.

5. The estimating of future numbers on supplementary benefit is especially difficult. Because the supplementary benefit scheme brings people's income up to a standard level, the factors which affect individual entitlement and the amount of benefit payable are extremely diverse and, particularly for those below pension age, the subject of constant change. The estimates of those on supplementary benefit are therefore more tentative than the estimates for the corresponding insurance benefits.

6. The estimated numbers of retirement pensioners given in the table reflect the continuing increase in the number of people over pensionable age. It is assumed that the well-established trend towards earlier retirement will

THE MAIN BENEFITS AT ANY ONE TIME

Thousands

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
7,400	7,540	7,680	7,810	7,930	8,030	8,130
—	410	410	410	410	410	410
205	205	205	205	205	205	205
590	585	590	585	585	580	580
130	125	110	95	85	75	60
375	360	345	335	320	310	300
130	125	120	115	110	105	100
85	85	130	205	225	225	225
1,930	1,900	1,870	1,880	1,890	1,900	1,910
1,000	1,050	870	840	840	850	860
7,000	6,990	7,100	7,070	7,010	6,950	6,890
65	85	90	90	90	90	90
940	550	600	600	610	610	610
80	70	75	75	75	75	80
540	415	240	230	240	245	245

continue. The small expected decline in the numbers of widow beneficiaries reflects an assumption of falling mortality. The numbers of war pensions continue to fall as the two world wars become more distant. The numbers for attendance allowance reflect the phased introduction of the lower-rate allowance during 1973-74.

7. As regards sickness there was an upward trend in claims during most of the 1960s, but in the last few years the rates of claim have been somewhat lower than the peak reached in 1969-70. Over recent months, however, claims have been running at a higher level and allowance has been made for some further increase in the future in the rates of claim for both sickness benefit and invalidity benefit. On the other hand this effect is partly offset by the effect of expected changes in the composition of the insured population which, on the assumption of constant claim rates, would have resulted in a slight downward trend in the numbers of beneficiaries.

8. The proportion of the unemployed who are entitled to unemployment benefit is not constant since it is affected by the level and general trend of unemployment. The increase in the numbers for unemployment benefit in 1975-76 and 1976-77 must not therefore be taken as implying an assumption that unemployment will be rising in those years. It simply reflects an assumption that the proportion of the unemployed who have run out of unemployment benefit, which is at present unusually high because of the recent sharp fall in unemployment, will fall as unemployment settles to its assumed steady level.

The Tax Credit Scheme

9. Although the Government has accepted the report of the Select Committee on Tax-Credit and has announced its intention to legislate to give effect to the tax credit scheme, the precise timing of its introduction and the levels of credit have still to be settled. It is not yet possible therefore to take the scheme into account in the projections of social security expenditure, and the tables above do not reflect the important effects to be expected from the scheme in reducing the numbers relying on supplementary benefit and family income supplement.

CHANGES IN EXPENDITURE

Increases and improvements

10. The 1973 uprating envisaged in Cmnd 5178 as being in the second half of November was brought forward to the beginning of October. On this occasion the long-term benefits were increased by more than the short-term benefits: for example, the standard single rate of retirement pension went up from £6.75 to £7.75, while the standard single rate of unemployment and sickness benefit went up from £6.75 to £7.35. For the pension and other long-term benefits the increase provided a real improvement of about 4½ per cent in purchasing power.

11. There have been a number of other additions to expenditure since Cmnd 5178.

- (i) The qualifying income levels for family income supplement were increased in April 1973 and October 1973. The maximum amount of benefit for the larger family was also increased in October 1973. These changes add £2 million a year to expenditure.
- (ii) The amounts awarded by the Supplementary Benefits Commission for exceptional heating expenses are now paid on top of supplementary benefit instead of being offset against a part of it. This improvement, which took effect in October 1973, adds £6 million to expenditure in a full year.
- (iii) The dates of the introduction of attendance allowance at the lower rate for the remaining groups of beneficiaries have been brought forward. For children the allowance began to be paid from October 1973 instead of, as originally envisaged, December 1973; and for the elderly, from December 1973 instead of June or December 1974. This adds £5 million to expenditure in 1973-74, £10 million in 1974-75 and £3 million in 1975-76.
- (iv) Special lump-sum payments of £10 were made at the end of November 1973 to retirement pensioners and others over minimum pension age with comparable benefits. This adds £80 million to expenditure in 1973-74.

12. In the comparison in Table 2.12 of the new totals of expenditure with the figures in Cmnd 5178, the entry for other policy changes includes the cost of bringing forward the 1973 uprating from November to October, the cost of the real improvement in the value of benefits and the additions to expenditure noted in the previous paragraph.

13. OTHER PUBLIC

TABLE 2.13

	1968-69	1969-70	1970-71
Parliament and Privy Council			
Functioning of Parliament and the Privy Council	8.1	8.4	8.9
Parliamentary election expenses	0.1	0.2	4.1
Economic and financial administration			
Tax and rate collection	217.6	221.5	232.3
Other financial administration	70.9	74.3	48.2
Post-war credits	26.8	24.1	17.4
Central management of the Civil Service	4.3	7.6	10.1
Records, registrations and surveys	19.7	20.0	17.4
Broadcasting (capital expenditure)			
British Broadcasting Corporation	13.9	13.6	11.2
Independent Broadcasting Authority	3.3	3.1	3.4
Other services	16.0	17.7	25.4
VAT paid by local authorities	0.5	0.9	0.8
Total	381.2	391.4	379.2
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

Tax and rate collection

1. Over half of the total is for the Revenue Departments with smaller sums for the Department of the Environment, the Department of Health and Social Security and local authorities. The administration of VAT has required the build-up of an extra 6,000 staff. An increase will be needed in Inland Revenue staff for the restructured national insurance scheme and for other areas of growth, offset to some extent by the run-down of surtax staff following the introduction of the unified system of personal taxation. Other savings will result from the abolition of SET.

Other financial administration

2. The net costs of the Department for National Savings amount to over £20 million a year. Also included are the Treasury, the Royal Mint, and certain costs incurred by the Bank of England including the note issue, the management of the national debt and the Bank of England's capital expenditure.

Records, registrations and surveys

3. 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

SERVICES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
10.1	12.4	13.1	10.5	10.5	10	10
0.3	0.2	0.2	0.2	4.4	—	—
244.6	266.1	258.2	261.6	263.7	256	255
61.1	58.4	66.3	63.2	63.7	64	62
20.5	141.0	5.0	—	—	—	—
9.8	10.2	11.8	11.8	11.9	12	12
23.9	12.7	18.2	19.4	18.6	17	16
12.2	13.0	15.0	12.8	13.9	13	20
4.2	5.4	5.7	4.8	5.3	5	4
29.5	20.9	24.3	26.5	27.6	26	26
0.8	0.8	0.8	0.8	0.8	1	1
417.0	541.1	418.6	411.6	420.4	404	406
	+0.2	+4.1	+2.1	+5.8	+5	
	+3.0	-6.2	-0.3	-4.8	-10	
	537.9	420.7	409.8	419.4	409	

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.

Broadcasting (capital expenditure)

4. 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 almost 93 per cent attained by the UHF stations to about 96 per cent by 1977-78. The Corporation's expenditure (capital and current) is financed by Government grant which at present consists of the whole of the net licence revenue. The Authority provides transmitters to broadcast the programmes of independent television and independent local radio companies and is financed by the rentals charged to the companies. The Independent Broadcasting Authority Act 1973 also provides for the IBA to draw up to £2 million on loan for financing the independent local radio services: the first two stations commenced operations in October 1973.

Other services

5. The largest single item is the net lending and overseas investment of Cable and Wireless Ltd. amounting to £74 million over the period 1973-74 to 1977-78. The company is Government owned and operates solely overseas. It provides international communication and internal telephone systems in a number of overseas countries and provides an important link in the Commonwealth telecommunications network.

6. The remainder includes expenditure by the Cabinet Office, the Public Trustee, salaries and administration costs of the Ministry of Posts and Telecommunications, and Civil List annuities and pensions. The figures include receipts of £7 million, accruing mainly in 1973-74, from the sale of assets of the State Management Districts of Carlisle, Gretna and Cromarty Firth.

CHANGES IN EXPENDITURE

7. On broadcasting, changes since Cmnd 5178 revalued are due to the rephasing of estimated expenditure. These reflect a faster rate in extending the BBC's UHF coverage to reach 98 per cent by 1980; and a reduction in estimated expenditure by the IBA on VHF television.

TABLE 2.14

	1968-69	1969-70	1970-71
Office and general accommodation services			
Capital expenditure	18.6	19.4	31.0
Rent... ..	39.7	42.1	44.5
Maintenance and other running costs	30.3	32.7	34.8
Departmental administration	21.5	23.2	29.8
Total	110.1	117.4	140.1
Stationery and printing (home)	36.1	37.0	41.2
Computers and telecommunications	10.8	10.9	15.2
Home publicity	8.7	9.7	12.1
Civil superannuation... ..	101.4	101.5	107.1
Rates on Government property	50.9	52.7	53.5
Other common services	4.4	4.2	4.6
Total	322.4	333.4	373.8
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

Office and general accommodation services

1. This programme includes all expenditure on the provision of office buildings and on the furnishing and running costs of specialised buildings for the Home Civil Service.

2. Capital expenditure relates mainly to the building and furnishing of new office buildings, and covers programmes for constructing local offices of Government Departments and headquarters buildings in London and the regions.

3. Expenditure on rents reflects the fact that approximately 58 per cent of office accommodation is provided in leased buildings. The forecasts allow for the fact that new hirings will normally be taken at higher rents than the average rent paid on existing hirings which is still substantially below current market value. The figures used reflect the effect of the Business Rents Orders on rents; however whilst this has reduced the level of expenditure on rents in money terms it does not affect the forecasts at constant prices. Some of the new Crown Buildings will reduce dependence on the leased accommodation but many of the major schemes will not be completed within the survey period and their effect is thus not reflected in the rental figures.

Stationery and printing (home)

4. 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 £6 million. It also supplies some other public sector bodies.

SERVICES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
30.1	38.2	39.9	43.5	58.6	55	62
52.3	54.8	56.9	60.6	63.0	64	65
33.7	40.1	37.2	38.4	40.1	41	41
26.3	20.3	17.5	18.1	19.4	20	21
142.4	153.4	151.5	160.6	181.1	180	189
45.2	49.4	50.2	55.2	56.7	57	62
18.0	25.8	27.6	28.8	35.6	35	38
12.3	14.6	16.2	15.0	14.2	14	14
113.9	123.8	121.4	132.1	142.4	155	168
54.5	58.3	59.5	60.5	61.6	63	64
6.2	5.6	6.6	6.7	6.8	7	7
392.5	430.9	433.0	458.9	498.4	511	542
	+1.5	-2.1	-8.4	+7.7	+1	
	-11.0	-11.5	+6.3	+9.0	+5	
	440.4	446.6	461.0	481.7	505	

Computers and telecommunications

5. The role of the Central Computer Agency is to promote the application of computer systems in Government with the aim of improving administrative efficiency and widening policy choices. It advises Departments on systems; on the capabilities of hardware and software and associated equipment; on facilities available within Government and outside; and on project and installation management. It is responsible for control of expenditure on computer hardware and software. It also provides centralised purchasing and services. With effect from 1 January 1973 the Agency assumed responsibility for the formulation of policy on and financial control of telecommunications used in Government for administrative purposes.

Home publicity services

6. 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 HM Stationery Office are included. The major continuing campaigns allowed for are Armed Forces recruitment and road safety.

Civil superannuation

7. The main extra costs expected to arise from the introduction in June 1972 of a new Civil Service pension scheme were taken into account in last year's White Paper.

Other common services

8. This programme covers the costs of legal services, the Government Actuary, Civil Service Catering Services and Transport Services, eg the Government Car Service, Interdepartmental Despatch Service, transport and removal of furniture, etc.

CHANGES IN EXPENDITURE

9. On accommodation services, apart from the effect of the rephrasing of public buildings contracts announced by the Prime Minister on 8 October, there have been no major changes since Cmnd 5178 in the provisions for new building. Maintenance and other runnings costs show a reduction, due in part to economy measures. Departmental administration figures are closely related to the planning of new works and reflect changes in forecast capital expenditure.

10. Stationery and printing is expected to cost less, home publicity more. Experience over the last year suggests that there will be a larger than expected increase in the number of new superannuation awards and in the size of these awards. The present estimates take account of the resulting additional extra costs.

TABLE 12

1972-73	1971-72	1970-71	1969-70	1968-69	1967-68
14.4	17.0	17.4	17.4	17.4	17.4
14.7	17.4	17.4	17.4	17.4	17.4
15.1	17.7	17.7	17.7	17.7	17.7
15.4	18.0	18.0	18.0	18.0	18.0
15.7	18.3	18.3	18.3	18.3	18.3
16.0	18.6	18.6	18.6	18.6	18.6
16.3	18.9	18.9	18.9	18.9	18.9
16.6	19.2	19.2	19.2	19.2	19.2
16.9	19.5	19.5	19.5	19.5	19.5
17.2	19.8	19.8	19.8	19.8	19.8
17.5	20.1	20.1	20.1	20.1	20.1
17.8	20.4	20.4	20.4	20.4	20.4
18.1	20.7	20.7	20.7	20.7	20.7
18.4	21.0	21.0	21.0	21.0	21.0
18.7	21.3	21.3	21.3	21.3	21.3
19.0	21.6	21.6	21.6	21.6	21.6
19.3	21.9	21.9	21.9	21.9	21.9
19.6	22.2	22.2	22.2	22.2	22.2
19.9	22.5	22.5	22.5	22.5	22.5
20.2	22.8	22.8	22.8	22.8	22.8
20.5	23.1	23.1	23.1	23.1	23.1
20.8	23.4	23.4	23.4	23.4	23.4
21.1	23.7	23.7	23.7	23.7	23.7
21.4	24.0	24.0	24.0	24.0	24.0
21.7	24.3	24.3	24.3	24.3	24.3
22.0	24.6	24.6	24.6	24.6	24.6
22.3	24.9	24.9	24.9	24.9	24.9
22.6	25.2	25.2	25.2	25.2	25.2
22.9	25.5	25.5	25.5	25.5	25.5
23.2	25.8	25.8	25.8	25.8	25.8
23.5	26.1	26.1	26.1	26.1	26.1
23.8	26.4	26.4	26.4	26.4	26.4
24.1	26.7	26.7	26.7	26.7	26.7
24.4	27.0	27.0	27.0	27.0	27.0
24.7	27.3	27.3	27.3	27.3	27.3
25.0	27.6	27.6	27.6	27.6	27.6
25.3	27.9	27.9	27.9	27.9	27.9
25.6	28.2	28.2	28.2	28.2	28.2
25.9	28.5	28.5	28.5	28.5	28.5
26.2	28.8	28.8	28.8	28.8	28.8
26.5	29.1	29.1	29.1	29.1	29.1
26.8	29.4	29.4	29.4	29.4	29.4
27.1	29.7	29.7	29.7	29.7	29.7
27.4	30.0	30.0	30.0	30.0	30.0
27.7	30.3	30.3	30.3	30.3	30.3
28.0	30.6	30.6	30.6	30.6	30.6
28.3	30.9	30.9	30.9	30.9	30.9
28.6	31.2	31.2	31.2	31.2	31.2
28.9	31.5	31.5	31.5	31.5	31.5
29.2	31.8	31.8	31.8	31.8	31.8
29.5	32.1	32.1	32.1	32.1	32.1
29.8	32.4	32.4	32.4	32.4	32.4
30.1	32.7	32.7	32.7	32.7	32.7
30.4	33.0	33.0	33.0	33.0	33.0
30.7	33.3	33.3	33.3	33.3	33.3
31.0	33.6	33.6	33.6	33.6	33.6
31.3	33.9	33.9	33.9	33.9	33.9
31.6	34.2	34.2	34.2	34.2	34.2
31.9	34.5	34.5	34.5	34.5	34.5
32.2	34.8	34.8	34.8	34.8	34.8
32.5	35.1	35.1	35.1	35.1	35.1
32.8	35.4	35.4	35.4	35.4	35.4
33.1	35.7	35.7	35.7	35.7	35.7
33.4	36.0	36.0	36.0	36.0	36.0
33.7	36.3	36.3	36.3	36.3	36.3
34.0	36.6	36.6	36.6	36.6	36.6
34.3	36.9	36.9	36.9	36.9	36.9
34.6	37.2	37.2	37.2	37.2	37.2
34.9	37.5	37.5	37.5	37.5	37.5
35.2	37.8	37.8	37.8	37.8	37.8
35.5	38.1	38.1	38.1	38.1	38.1
35.8	38.4	38.4	38.4	38.4	38.4
36.1	38.7	38.7	38.7	38.7	38.7
36.4	39.0	39.0	39.0	39.0	39.0
36.7	39.3	39.3	39.3	39.3	39.3
37.0	39.6	39.6	39.6	39.6	39.6
37.3	39.9	39.9	39.9	39.9	39.9
37.6	40.2	40.2	40.2	40.2	40.2
37.9	40.5	40.5	40.5	40.5	40.5
38.2	40.8	40.8	40.8	40.8	40.8
38.5	41.1	41.1	41.1	41.1	41.1
38.8	41.4	41.4	41.4	41.4	41.4
39.1	41.7	41.7	41.7	41.7	41.7
39.4	42.0	42.0	42.0	42.0	42.0
39.7	42.3	42.3	42.3	42.3	42.3
40.0	42.6	42.6	42.6	42.6	42.6
40.3	42.9	42.9	42.9	42.9	42.9
40.6	43.2	43.2	43.2	43.2	43.2
40.9	43.5	43.5	43.5	43.5	43.5
41.2	43.8	43.8	43.8	43.8	43.8
41.5	44.1	44.1	44.1	44.1	44.1
41.8	44.4	44.4	44.4	44.4	44.4
42.1	44.7	44.7	44.7	44.7	44.7
42.4	45.0	45.0	45.0	45.0	45.0
42.7	45.3	45.3	45.3	45.3	45.3
43.0	45.6	45.6	45.6	45.6	45.6
43.3	45.9	45.9	45.9	45.9	45.9
43.6	46.2	46.2	46.2	46.2	46.2
43.9	46.5	46.5	46.5	46.5	46.5
44.2	46.8	46.8	46.8	46.8	46.8
44.5	47.1	47.1	47.1	47.1	47.1
44.8	47.4	47.4	47.4	47.4	47.4
45.1	47.7	47.7	47.7	47.7	47.7
45.4	48.0	48.0	48.0	48.0	48.0
45.7	48.3	48.3	48.3	48.3	48.3
46.0	48.6	48.6	48.6	48.6	48.6
46.3	48.9	48.9	48.9	48.9	48.9
46.6	49.2	49.2	49.2	49.2	49.2
46.9	49.5	49.5	49.5	49.5	49.5
47.2	49.8	49.8	49.8	49.8	49.8
47.5	50.1	50.1	50.1	50.1	50.1
47.8	50.4	50.4	50.4	50.4	50.4
48.1	50.7	50.7	50.7	50.7	50.7
48.4	51.0	51.0	51.0	51.0	51.0
48.7	51.3	51.3	51.3	51.3	51.3
49.0	51.6	51.6	51.6	51.6	51.6
49.3	51.9	51.9	51.9	51.9	51.9
49.6	52.2	52.2	52.2	52.2	52.2
49.9	52.5	52.5	52.5	52.5	52.5
50.2	52.8	52.8	52.8	52.8	52.8
50.5	53.1	53.1	53.1	53.1	53.1
50.8	53.4	53.4	53.4	53.4	53.4
51.1	53.7	53.7	53.7	53.7	53.7
51.4	54.0	54.0	54.0	54.0	54.0
51.7	54.3	54.3	54.3	54.3	54.3
52.0	54.6	54.6	54.6	54.6	54.6
52.3	54.9	54.9	54.9	54.9	54.9
52.6	55.2	55.2	55.2	55.2	55.2
52.9	55.5	55.5	55.5	55.5	55.5
53.2	55.8	55.8	55.8	55.8	55.8
53.5	56.1	56.1	56.1	56.1	56.1
53.8	56.4	56.4	56.4	56.4	56.4
54.1	56.7	56.7	56.7	56.7	56.7
54.4	57.0	57.0	57.0	57.0	57.0
54.7	57.3	57.3	57.3	57.3	57.3
55.0	57.6	57.6	57.6	57.6	57.6
55.3	57.9	57.9	57.9	57.9	57.9
55.6	58.2	58.2	58.2	58.2	58.2
55.9	58.5	58.5	58.5	58.5	58.5
56.2	58.8	58.8	58.8	58.8	58.8
56.5	59.1	59.1	59.1	59.1	59.1
56.8	59.4	59.4	59.4	59.4	59.4
57.1	59.7	59.7	59.7	59.7	59.7
57.4	60.0	60.0	60.0	60.0	60.0
57.7	60.3	60.3	60.3	60.3	60.3
58.0	60.6	60.6	60.6	60.6	60.6
58.3	60.9	60.9	60.9	60.9	60.9
58.6	61.2	61.2	61.2	61.2	61.2
58.9	61.5	61.5	61.5	61.5	61.5
59.2	61.8	61.8	61.8	61.8	61.8
59.5	62.1	62.1	62.1	62.1	62.1
59.8	62.4	62.4	62.4	62.4	62.4
60.1	62.7	62.7	62.7	62.7	62.7
60.4	63.0	63.0	63.0	63.0	63.0
60.7	63.3	63.3	63.3	63.3	63.3
61.0	63.6	63.6	63.6	63.6	63.6
61.3	63.9	63.9	63.9	63.9	63.9
61.6	64.2	64.2	64.2	64.2	64.2
61.9	64.5	64.5	64.5	64.5	64.5
62.2	64.8	64.8	64.8	64.8	64.8
62.5	65.1	65.1	65.1	65.1	65.1
62.8	65.4	65.4	65.4	65.4	65.4
63.1	65.7	65.7	65.7	65.7	65.7
63.4	66.0	66.0	66.0	66.0	66.0
63.7	66.3	66.3	66.3	66.3	66.3
64.0	66.6	66.6	66.6	66.6	66.6
64.3	66.9	66.9	66.9	66.9	66.9
64.6	67.2	67.2	67.2	67.2	67.2
64.9	67.5	67.5	67.5	67.5	67.5
65.2	67.8	67.8	67.8	67.8	67.8
65.5	68.1	68.1	68.1	68.1	68.1
65.8	68.4	68.4	68.4	68.4	68.4
66.1	68.7	68.7	68.7	68.7	68.7
66.4	69.0	69.0	69.0	69.0	69.0
66.7	69.3	69.3	69.3	69.3	69.3
67.0	69.6	69.6	69.6	69.6	69.6
67.3	69.9	69.9	69.9	69.9	69.9
67.6	70.2	70.2	70.2	70.2	70.2
67.9	70.5	70.5	70.5	70.5	70.5
68.2	70.8	70.8	70.8	70.8	70.8
68.5	71.1	71.1	71.1	71.1	71.1
68.8	71.4	71.4	71.4		

TABLE 2.15

	1968-69	1969-70	1970-71
Agriculture, fisheries and forestry	12.4	13.0	14.4
Trade, industry and employment	63.8	80.9	86.7
Fuel	18.5	19.7	22.1
Roads and transport			
Roads	26.7	30.6	27.1
Transport	4.9	3.8	3.8
Housing	49.8	43.1	52.6
Other environmental services	21.9	24.5	27.1
Law, order and protective services... ..	16.8	20.1	25.0
Education and libraries, science and arts	86.5	93.5	96.0
Health and personal social services	78.9	78.6	83.6
Social security	128.0	136.8	138.4
Other public services... ..	10.1	9.5	11.0
Common services	3.3	4.6	4.9
VAT paid by local authorities	1.2	1.6	1.7
Total	522.8	560.3	594.4
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

1. Table 2.15 has been compiled from estimates which are prepared by the Northern Ireland Departments and it sets out the expenditure for which these Departments are at present responsible. This table does not represent the full extent of public expenditure in Northern Ireland. See paragraphs 3 and 4 below.

2. The Northern Ireland Temporary Provisions Act, 1972, remains in force until implementation of Part II of the Northern Ireland Constitution Act, 1973. The Secretary of State for Northern Ireland, therefore continues, for the time being, to be directly responsible for the expenditure of Northern Ireland Departments. Upon devolution accountability for that part of public expenditure that arises on services transferred to Northern Ireland will be to the Northern Ireland Assembly. The United Kingdom will, however, retain direct responsibility for the services specified in the NI Constitution Act 1973 as "excepted" and "reserved" and direct Parliamentary accountability for expenditure on such services will continue to be to Westminster. The major expenditures for which responsibility will remain with the United Kingdom Government will be on Law and Order. The arrangements envisaged for the control of expenditure on services devolved were indicated in paragraphs 86-89 of Cmnd 5259.

3. The greater part of expenditure on agriculture in Northern Ireland is made by the United Kingdom Government through the Ministry of Agriculture, Fisheries and Food and is not, therefore, shown here but included in Table 2.3 of this White Paper. This embraces expenditure on price guarantees, both on Common Agricultural Policy (CAP) products and also on products to which the CAP does not apply, and on the cost of market support operations to

IRELAND

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
15.3	16.5	16.4	16.7	15.1	15	15
83.8	85.1	106.9	106.9	92.7	85	98
23.2	27.5	30.5	32.3	41.6	45	34
25.6	29.6	26.2	29.4	36.2	38	43
6.5	8.9	9.4	7.1	5.5	5	4
51.3	61.5	54.1	59.7	67.1	71	75
29.5	36.2	39.1	45.2	42.2	43	37
32.8	57.1	74.2	56.1	44.5	38	40
103.0	112.6	121.0	127.8	128.2	130	133
87.6	91.6	99.1	102.0	102.7	106	111
150.4	157.8	167.8	173.9	180.3	184	188
13.0	15.2	14.4	14.0	13.0	13	13
5.3	7.6	9.2	9.0	8.7	9	9
1.8	1.9	2.0	1.8	1.9	2	2
629.1	709.1	770.3	781.9	779.7	784	802
	—	+15.1	+7.3	+6.1	+16	
	-43.0	-7.2	+9.1	+25.1	+13	
	752.1	762.4	765.5	748.5	755	

implement the CAP in the United Kingdom. Most production grants and subsidies also apply to Northern Ireland. Expenditure by the UK Government in Northern Ireland is estimated to be about £30 million for 1973-74.

4. The costs attributable to the Army's peace-keeping rôle in Northern Ireland are accounted for along with other Defence costs in Table 2.1 of this White Paper.

CHANGES IN EXPENDITURE

5. The outturn figures for the years 1971-72 and 1972-73 reflect the influence that the disturbances in Northern Ireland have had on public expenditure. Thus the figures for Trade, industry and employment and for Housing are both lower than originally estimated. In the first case this reflects a reduction in the number of jobs created with public assistance and in the second the limitations placed on public sector house building by such factors as the re-deployment of labour to maintenance and repair of bomb damaged property, the difficulties of house building in areas of considerable unrest and the reluctance shown by the public to move to new towns where much public sector housing construction is planned. Law and order by contrast, has shown a major increase in expenditure in large part due to compensation payments to individuals and businesses for damage to property and personal injury.

6. The disturbances have had a similar effect on the estimates of public expenditure over the next five years and estimates for public sector house construction, road building and job creation have all been revised downwards in the light of past outturn. The following tables illustrate this:

PUBLIC SECTOR HOUSING

	1973-74	1974-75	1975-76	1976-77	1977-78
Estimated number of completions					
Cmnd 5178	10,390	10,900	10,900	10,900	
1973 Survey	7,500	8,000	9,100	9,400	10,000
Change in forecast expenditure £ million	-14.0	-14.2	-8.7	-7.2	

JOB CREATION

	1973-74	1974-75	1975-76	1976-77	1977-78
Estimated number of jobs created					
Cmnd 5178	8,000	8,000	8,000	8,000	
1973 Survey	5,000	7,000	8,000	8,000	8,000

7. Even larger changes occur on Law and order, again reflecting the disturbances. As for the outturn years the major element in this increase is the provision for compensation for criminal damage and personal injury which has been increased by £18 million in 1973-74 and by lesser sums over the remainder of the survey period. It is, of course, not possible to gauge how quickly conditions will return to normality following the agreement by the three political parties to join in a power sharing Executive. But it has been assumed for this Survey that the need for compensation payments will reduce gradually rather than continue at their present level or terminate abruptly. The estimates also reflect increases in police manpower and overtime and in capital expenditure on prisons and remand homes.

8. Policy changes since Cmnd 5178 in the Trade, industry and employment programme included a decision to provide Government assistance to Short-Brothers for the further development of the Skyvan amounting to £0.5 million in 1973-74 rising to £2.5 million in 1975-76. An extension of the Urban and Rural Improvement Scheme was also agreed. Northern Ireland Finance Corporation, however, is not now expected to distribute more than £16 million over its initial three-year life span.

9. Alterations to the Fuel programme are largely the result of a decision to re-phase expenditure on power stations. This has led to additional expenditure of £4.7 million in 1973-74 and £8.7 million in 1976-77 with reduction of expenditure of approximately £3 million in 1974-75 and 1975-76.

10. Increases in the Social security programme follow those made to the programme for Great Britain.

**SPECIAL ANALYSIS OF
WITHIN THE SECRETARY OF
(and included in**

TABLE 2.16

	1968-69	1969-70	1970-71
Agriculture, fisheries and forestry*	74.6	74.0	73.5
Trade, industry and employment	3.4	3.6	3.3
Nationalised industries' capital expenditure	96.4	95.4	109.5
Roads and transport	92.3	91.9	101.8
Housing	308.4	292.2	285.1
Other environmental services	129.2	127.8	130.6
Law, order and protective services	61.6	62.1	64.0
Education and libraries, science and arts	311.3	324.0	333.6
Health and personal social services	289.7	293.4	306.3
Other public services	7.3	9.1	9.6
Total	1,374.2	1,373.5	1,417.3

Changes from Cmnd 5178 revalued
 Policy changes ...
 Estimating changes ...
 Cmnd 5178 revalued ...

* Forestry Commission expenditure is not included.

1. Table 2.16 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 2.3 to 2.11 and 2.13 and objectives and main determinants of the expenditure are explained in the commentaries on those tables. The figures are at 1973 Survey prices, and do not include provision for the relative price effect.

2. Between 1973-74 and 1977-78, expenditure within the Secretary of State's field would increase by an average of 1.4 per cent a year. The trend of expenditure in Scotland is not markedly dissimilar from that for Great Britain as a whole, though in the earlier years expenditure is affected by the relatively large programme of additional works for Scotland announced in July 1971, which totalled £76 million. If expenditure on this programme in 1973-74 is excluded the average annual increase becomes about 2.0 per cent.

3. The changes in the Scottish figures as compared with the totals in Cmnd. 5178 revalued reflect both estimating and policy changes, though the former are more significant. The marked shortfall in the outturn for 1972-73, which was mainly on capital expenditure, is attributable in part to the strike in the building industry and to slower progress than had been expected with the additional

EXPENDITURE IN SCOTLAND STATE'S RESPONSIBILITY

Tables 2.1 to 2.14)

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
79.7	68.6	73.4	66.9	65.8	65	63
5.6	6.1	9.7	7.1	7.4	7	7
105.1	106.1	105.5	81.8	95.7	97	106
103.0	104.5	125.2	124.7	138.6	142	148
250.8	254.4	323.3	313.9	288.2	283	279
136.9	137.9	154.6	158.3	168.4	172	176
69.1	74.4	78.1	80.1	83.7	86	88
343.6	369.6	392.9	395.6	414.8	427	435
323.6	345.1	362.9	371.9	386.0	399	414
10.9	10.0	11.0	11.4	11.7	12	12
1,428.3	1,476.7	1,636.6	1,611.7	1,660.3	1,690	1,728
	+0.3	+13.8	-18.1	-9.0	-7	
	-128.2	-12.6	+12.5	+28.8	+16	
	1,604.6	1,635.4	1,617.3	1,640.5	1,681	

works programme. Other estimating changes are in the forecasts for agriculture where higher prices have reduced the cost of agricultural support, nationalised industries where forecasts have been rephased to reflect reassessments of plant and machinery requirements, and housing where lower levels of new house-building in the public sector and much higher levels of improvement expenditure are allowed for.

4. The policy changes consist of expenditure reductions including those announced by the Chancellor of the Exchequer on 21 May 1973 and those resulting from the rephasing of public works announced by the Prime Minister on 8 October 1973, partly offset by the increased cost of rent rebates and allowances as a result of increasing the "needs allowances".

5. Table 2.17 gives forecasts of all current and capital expenditure of Scottish local authorities, including a small amount within the fields of responsibility of Departments other than the Scottish Office. In advance of the rate support grant settlement now being negotiated the figures of local authorities' current expenditure in both Tables 2.16 and 2.17 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 2.17 between 1973-74 and 1977-78 is 0.9 per cent (1.9 per cent if expenditure on the additional works programme in 1973-74 is excluded).

SPECIAL ANALYSIS OF LOCAL AUTHORITY

TABLE 2.17

		1968-69	1969-70	1970-71
Agriculture, fisheries and forestry	capital ...	1.7	0.7	0.4
	current ...	0.2	0.2	0.2
Trade, industry and employment	capital ...	—	—	—
	current ...	—	—	—
Roads and transport	capital ...	31.8	25.8	34.2
	current ...	30.9	29.9	32.2
Housing	capital ...	183.0	156.7	146.1
	current ...	49.9	54.5	49.5
Other environmental services	capital ...	68.6	66.3	68.7
	current ...	50.4	52.3	53.3
Law, order and protective services	capital ...	4.5	4.4	5.0
	current ...	46.7	47.2	48.8
Education and libraries, science and arts	capital ...	50.0	55.3	54.8
	current ...	217.9	223.6	231.9
Health and personal social services	capital ...	4.1	3.3	3.5
	current ...	36.1	35.6	36.3
Other public services	current ...	5.4	5.7	6.0
Total expenditure	capital ...	343.7	312.5	312.7
	current ...	437.5	449.0	458.2
Total		781.2	761.5	770.9

EXPENDITURE IN SCOTLAND

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
0.6	0.5	1.5	1.3	1.2	1	1
0.2	0.2	0.2	0.2	0.2	—	—
—	0.2	0.1	0.1	0.7	1	1
—	1.3	1.3	1.4	1.5	2	2
37.0	32.9	45.0	46.3	50.5	52	55
34.9	40.2	40.4	34.9	38.9	40	44
125.1	130.4	174.5	150.3	120.3	120	117
43.7	41.1	33.0	37.0	38.0	38	35
70.0	68.0	79.4	75.6	83.0	85	87
56.8	58.0	60.3	64.5	67.9	70	74
5.4	8.1	8.2	8.2	9.7	10	10
51.0	52.9	54.6	55.9	57.5	59	60
50.0	63.7	66.6	54.0	57.4	56	52
243.4	255.4	269.9	280.9	292.3	303	312
3.9	5.7	8.9	6.9	8.4	9	10
44.1	48.9	53.4	57.1	60.8	65	69
7.0	7.2	7.3	7.5	7.7	8	8
292.0	309.5	384.2	342.7	331.2	334	333
481.1	505.2	520.4	539.4	564.8	585	604
773.1	814.7	904.6	882.1	896.0	919	937

SPECIAL ANALYSIS OF EXPENDITURE IN WALES
(and included in

TABLE 2.18

	1968-69	1969-70	1970-71
Agriculture, fisheries and forestry*	0.1	0.2	0.2
Trade, industry and employment	—	0.1	0.3
Roads and transport	47.8	47.1	53.3
Housing	65.8	58.4	61.0
Other environmental services	50.8	57.2	62.5
Education and libraries, science and arts	97.0	108.6	109.9
Health and personal social services	139.8	141.8	149.3
Other public services	1.4	1.9	1.6
Total	402.7	415.3	438.1
Changes from Cmnd 5178 revalued			
Policy changes			
Estimating changes			
Cmnd 5178 revalued			

* Forestry Commission expenditure is not included.

1. Table 2.18 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 2.3, 2.4, 2.6 to 2.8, 2.10, 2.11 and 2.13.) Table 2.19 shows forecasts of all current and capital expenditure for Welsh local authorities on services in Wales within the Secretary of State's field of responsibilities. Figures in the two Tables are at 1973 Survey prices and do not include provision for the relative price effect.

2. The expenditure forecasts show an average annual increase of about 2.0 per cent between 1973-74 and 1977-78 in expenditure within the Secretary of State's responsibility. The trends of expenditure in Wales are generally similar to those for Great Britain as a whole and the objectives and main determinants of the expenditure are explained in earlier chapters of this White Paper.

TABLE 2.19

		1968-69	1969-70	1970-71
Agriculture, fisheries and forestry	current ...	0.1	0.2	0.2
Roads and transport	capital ...	11.7	11.0	12.3
	current ...	22.0	21.0	20.9
Housing	capital ...	52.4	43.2	44.6
	current ...	3.2	4.3	3.1
Other environmental services	capital ...	27.6	32.8	36.8
	current ...	21.2	21.9	23.0
Education and libraries, science and arts	capital ...	10.8	13.4	12.9
	current ...	84.9	92.9	94.5
Health and personal social services	capital ...	3.4	2.7	3.4
	current ...	19.7	20.1	21.0
Other public services	current ...	1.2	1.6	1.4
Total expenditure	capital ...	105.9	103.1	110.0
	current ...	152.3	162.0	164.1
Total ... ..	...	258.2	265.1	274.1

AUTHORITY EXPENDITURE IN WALES

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
—	—	—	—	—	—	—
13.0	17.8	21.8	16.9	18.7	20	22
21.7	21.6	24.1	24.7	24.8	26	27
47.1	42.5	61.9	52.6	41.2	42	42
3.9	6.6	15.9	15.7	15.6	16	16
39.0	47.4	45.5	41.7	47.3	50	51
23.0	24.2	26.9	27.2	28.7	30	31
20.4	26.0	25.1	21.1	18.5	17	17
100.2	106.2	116.5	120.9	123.9	127	131
3.4	4.1	4.8	5.0	5.2	6	6
23.1	26.1	27.3	28.7	30.1	32	34
1.5	1.6	1.6	1.6	1.6	1	1
122.9	137.8	159.1	137.3	130.9	135	138
173.4	186.3	212.3	218.8	224.7	232	240
296.3	324.1	371.4	356.1	355.6	367	378

PART 3

Additional Statistics

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⁽¹⁾ Similar tables for Scotland and for Wales are included as Tables 2.17 and 2.19 on pages 122 and 126.

Increase in public sector demand on output 1973-74 to 1977-78

TABLE 3.1

At 1973-74 outturn prices

	Expenditure	Demand on output †	
	1973-74 £ million	1973-74 £ million	Average annual percentage increase 1973-74 to 1977-78
Public expenditure with:			
Direct effect on demand			
Goods and services			
Current	13,309	12,829	4.2
Capital	5,934	5,230	1.5
Total	19,243	18,059	3.4
Indirect effect on demand			
Transfer payments and net lending	13,505	9,357	-1.3*
Contingency reserve and short- fall‡	-400	-330	—
Total	32,348	27,086	2.5*

* Excludes investment grants.

† The basis of the estimates of demand on output is described briefly in Chapter V of "Public Expenditure White Papers: Handbook on Methodology".

‡ Estimates assume effect on demand equivalent to the average of public expenditure as a whole.

Public Expenditure by Economic

TABLE 3.2

	1968-69	1969-70	1970-71
<i>At 1973 Survey prices</i>			
Current expenditure			
Wages and salaries	6,840	6,956	7,189
Other current expenditure on goods and services	4,229	4,097	4,055
Subsidies	1,184	1,119	1,072
Debt interest	2,822	2,838	2,730
Current grants to persons	3,632	3,846	4,100
Current grants to private bodies	383	397	430
Current grants abroad	254	229	223
Total	19,344	19,482	19,799
Capital expenditure			
Gross domestic fixed capital formation	5,635	5,364	5,587
Increase in value of stocks	30	18	92
Capital grants to private sector	913	1,009	973
Net lending to private sector	177	103	254
Net lending to overseas governments	69	95	93
Drawings from United Kingdom subscriptions to international lending bodies	26	19	13
Other net lending and investment abroad	13	24	35
Cash expenditure on company securities (net)	31	18	12
Capital transfers abroad	—	—	—
Total	6,894	6,650	7,059
Contingency reserve	—	—	—
Shortfall	—	—	—
Adjustments to 1973-74 outturn prices and relative price effect	596(1)	526(1)	584(1)
<i>At 1973-74 outturn prices</i>			
Total	26,834	26,658	27,442

(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	1969-70	1970-71	1971-72	1972-73
1,354	1,212	959	664	395

Category: 1968-69 to 1977-78

£ million

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
7,445	7,736	7,986	8,155	8,370	8,602	8,823
4,234	4,313	4,671	4,793	4,973	5,072	5,227
1,098	1,130	1,449	1,413	1,026	870	861
2,683	2,640	2,950	2,800	2,700	2,600	2,500
4,744	5,580	6,040	6,387	6,507	6,575	6,633
458	488	513	526	546	572	603
257	247	359	384	435	478	533
20,919	22,134	23,968	24,458	24,557	24,769	25,180
5,318	5,294	5,764	5,912	6,091	6,119	6,219
75	237	129	102	50	68	64
892	746	920	766	687	661	664
211	225	659	452	439	387	352
86	89	71	81	101	103	104
15	30	40	41	44	58	63
54	358	398	334	285	205	186
45	21	12	18	3	4	4
—	41	22	—	—	—	—
6,696	7,041	8,015	7,706	7,700	7,605	7,656
—	—	—	150	350	550	750
—	—	—500	—400	—400	—400	—400
337(1)	841(1)	865	890	1,073	1,276	1,541
27,952	30,016	32,348	32,804	33,280	33,800	34,727

**Public Expenditure by Spending Authority,
1968-69 to**

TABLE 3.3

						1968-69	1969-70	1970-71
<i>At 1973 Survey prices</i>								
Central Government								
Supply				current	...	9,400	9,221	9,299
				capital	...	1,666	1,808	1,855
Other				current	...	2,849	2,974	3,150
				capital	...	11	16	30
Local authorities				current	...	4,272	4,448	4,620
				capital	...	2,950	2,745	2,948
Public corporations				capital	...	2,268	2,082	2,226
Debt interest	...	...	...	...	...	2,822	2,838	2,730
Contingency reserve	...	...	...	...	...
Shortfall	...	...	...	...	...
Adjustments to 1973-74 outturn prices and relative price effect	...	...	...	...	...	596(1)	526(1)	584(1)
<i>At 1973-74 outturn prices</i>								
Total	...	...	...	...	...	26,834	26,658	27,442

(1) These figures include the following amounts for the revaluation to 1973 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	1969-70	1970-71	1971-72	1972-73
1,354	1,212	959	664	395

Distinguishing Current and Capital Expenditure:

1977-78

£ million

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
9,832	10,034	10,745	10,877	10,662	10,610	10,730
1,784	2,006	2,414	2,178	2,082	1,930	1,907
3,633	4,300	4,676	4,965	5,125	5,262	5,431
-40	11	45	59	37	42	57
4,773	5,160	5,596	5,815	6,070	6,296	6,520
2,845	2,902	3,247	2,852	2,753	2,744	2,775
2,105	2,122	2,210	2,518	2,728	2,790	2,816
2,683	2,640	2,950	2,800	2,700	2,600	2,500
			150	350	550	750
		-400	-300	-300	-300	-300
337(1)	841(1)	865	890	1,073	1,276	1,541
27,952	30,016	32,348	32,804	33,280	33,800	34,727

Public expenditure by main programme and spending authority, distinguishing current and capital expenditure: 1972-73

TABLE 3.4

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
1. Defence					
Current	3,159	1	—	—	3,160
Capital	56	—	—	—	56
2. Overseas services					
Current	314	28	—	—	342
Capital	150	15	—	18	183
3. Agriculture, fisheries and forestry					
Current	336	—	1	—	337
Capital	137	-2	5	5	145
4. Trade, industry and employment					
Current	547	154	14	—	715
Capital	838	-74	1	—	765
5. Nationalised industries					
Capital	—	—	—	1,861	1,861
6. Roads and transport					
Current	234	-1	342	—	575
Capital	279	12	439	39	769
7. Housing					
Current	327	—	181	—	508
Capital	—	-3	1,119	35	1,151
8. Other environmental services					
Current	45	—	584	—	629
Capital	6	-7	622	44	665
9. Law, order and protective services					
Current	169	6	619	—	794
Capital	34	—	64	—	98
10. Education and libraries, science and arts					
Current	586	—	2,712	—	3,298
Capital	165	-1	505	—	669
11. Health and personal social services					
Current	2,269	3	519	—	2,791
Capital	265	—	87	—	352
12. Social security					
Current	1,383	3,608	—	—	4,991
13. Other public services					
Current	287	172	43	—	502
Capital	7	-2	—	34	39
14. Common services					
Current	376	-14	—	—	362
Capital	69	—	—	—	69
15. Northern Ireland					
Current	225	121	145	—	491
Capital	22	51	60	85	218
16. Debt interest					
... ..	31	1,682	796	131	2,640
Total	12,316	5,749	8,858	2,252	29,175

**Public expenditure by programme and spending authority, distinguishing
current and capital expenditure: 1974-75**

TABLE 3.5

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
1 DEFENCE					
1.1 Defence Budget ...	3,435	—	—	—	3,435
1.2 National accounts adjustments ...	-18	1	—	—	-17
Total current ...	3,346	1	—	—	3,347
capital ...	71	—	—	—	71
Total ...	3,417	1	—	—	3,418
2 OVERSEAS SERVICES					
2.1 Overseas representation	93	—	—	—	93
2.2 Overseas information ...	38	—	—	2	40
2.3 Other external relations	47	1	—	—	48
2.4 Military aid ...	3	—	—	—	3
2.5 Overseas aid ...	312	-37	—	18	293
2.6 Overseas aid administration ...	6	—	—	—	6
2.7 Contributions to the EEC etc ...	—	120	—	—	120
2.8 Sterling area guarantees	—	—	—	—	—
Total current ...	333	120	—	—	453
capital ...	166	-36	—	20	150
Total ...	499	84	—	20	603
3 AGRICULTURE, FISHERIES AND FORESTRY					
3.1 Market and production support ...	272	—	—	—	272
3.2 Support for capital and other improvements ...	64	—	—	—	64
3.3 Support for agriculture in special areas ...	34	—	—	—	34
3.4 Other assistance to agriculture production, food processing and marketing ...	68	—	5	—	73
3.5 Covent Garden Market Authority ...	—	—	—	3	3
3.6 Central and miscellaneous services ...	39	-1	1	—	39
3.7 Support for the fishing industry ...	14	-1	2	—	15
3.8 Forestry ...	32	—	—	—	32
Total current ...	393	—	1	—	394
capital ...	130	-2	7	3	138
Total ...	523	-2	8	3	532

TABLE 3.5 continued

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total	
	Supply	Other				
4	TRADE, INDUSTRY AND EMPLOYMENT					
4.1	Regional support and regeneration ...	354	-21	—	—	333
4.2	Industrial innovation ...	216	-3	—	—	213
4.3	General support for industry ...	240	-14	—	—	226
4.4	Support for nationalised industries (other than the transport industries)	337	—	—	—	337
4.5	International trade ...	392	—	—	—	392
4.6	Regulation of domestic trade and industry and consumer protection ...	1	—	—	—	1
4.7	Functioning of the labour market ...	123	44	12	—	179
4.8	Central and miscellaneous services ...	-22	—	5	—	-17
	Total current ...	809	44	16	—	869
	capital ...	832	-38	1	—	795
	Total ...	1,641	6	17	—	1,664
5	NATIONALISED INDUSTRIES					
5.1	Fuel ...	—	—	—	824	824
5.2	British Steel Corporation	—	—	—	366	366
5.3	Post Office ...	—	—	—	692	692
5.4	Airways and airports ...	—	—	—	156	156
5.5	Surface transport industries ...	—	—	—	127	127
	Shortfall ...	—	—	—	-100	-100
	Total capital ...	—	—	—	2,065	2,065
	Total ...	—	—	—	2,065	2,065
6	ROADS AND TRANSPORT					
6.1	Roads ...	444	-2	699	—	1,141
6.2	Public surface transport	25	1	102	53	181
6.3	Support to nationalised transport industries ...	173	—	10	1	184
6.4	Ports and shipping ...	9	5	26	—	40
6.5	Civil aviation ...	28	—	19	13	60
6.6	Maplin Development Authority ...	—	—	—	10	10
6.7	Other transport services VAT paid by local authorities ...	4	—	—	—	4
	Total current ...	289	-2	388	—	675
	capital ...	394	6	480	77	957
	Total ...	683	4	868	77	1,632

TABLE 3.5 continued

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
7 HOUSING					
7.1 Subsidies... ..	275	—	337	—	612
7.2 Option mortgage scheme	67	—	—	—	67
7.3 Improvements	—	—	418	4	422
7.4 Investment	—	—	450	85	535
7.5 Lending	—	-3	239	74	310
7.6 Administration	5	—	12	—	17
Total current	347	—	349	—	696
capital	—	-3	1,107	163	1,267
Total	347	-3	1,456	163	1,963
8 OTHER ENVIRONMENTAL SERVICES					
8.1 Public health	1	—	770	14	785
8.2 Improvement of the environment and other local facilities	7	—	475	49	531
8.3 Royal palaces and royal parks	6	—	—	—	6
8.4 Historic buildings and ancient monuments	7	—	1	—	8
8.5 Environmental research	22	—	—	—	22
8.6 Central and miscellaneous environmental services	30	—	1	—	31
VAT paid by local authorities	—	—	26	—	26
Total current	63	—	644	—	707
capital	10	—	629	63	702
Total	73	—	1,273	63	1,409
9 LAW, ORDER AND PROTECTIVE SERVICES					
9.1 Administration of justice	76	6	32	—	114
9.2 Treatment of offenders...	114	—	21	—	135
9.3 General protective services	31	—	649	—	680
9.4 Civil defence	9	—	2	—	11
9.5 Community services	6	—	17	—	23
9.6 Central and miscellaneous services	6	—	—	—	6
VAT paid by local authorities	—	—	4	—	4
Total current	187	6	659	—	852
capital	55	—	66	—	121
Total	242	6	725	—	973

TABLE 3.5 continued

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total	
	Supply	Other				
10	EDUCATION AND LIBRARIES, SCIENCE AND ARTS					
10.1	Schools	44	-1	2,456	—	2,499
10.2	Higher and further education	539	—	681	—	1,220
10.3	Libraries	10	—	94	—	104
10.4	Miscellaneous educational services, research and administration	20	—	169	—	189
10.5	Research Councils etc	141	—	—	—	141
10.6	Arts	41	—	13	—	54
	VAT paid by local authorities	—	—	42	—	42
	Total current	624	—	3,022	—	3,646
	capital	171	-1	433	—	603
	Total	795	-1	3,455	—	4,249
11	HEALTH AND PERSONAL SOCIAL SERVICES					
11.1	Health	2,609	—	198	—	2,807
11.2	Personal social services	9	—	480	—	489
11.3	Central and miscellaneous services	75	4	—	—	79
	VAT paid by local authorities	—	—	3	—	3
	Total current	2,438	4	582	—	3,024
	capital	255	—	99	—	354
	Total	2,693	4	681	—	3,378
12	SOCIAL SECURITY					
12.1	Pension benefits: national insurance	—	3,570	—	—	3,570
12.2	Pension benefits: other	250	—	—	—	250
12.3	supplementary benefit	670	—	—	—	670
12.4	Family benefits	359	—	—	—	359
12.5	Other non-pension benefits: national insurance	—	656	—	—	656
12.6	Administration and miscellaneous services	74	146	—	—	220
	Total current	1,353	4,372	—	—	5,725
	Total	1,353	4,372	—	—	5,725

TABLE 3.5 continued

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
13 OTHER PUBLIC SERVICES					
13.1 Parliament and Privy Council	11	—	—	—	11
13.2 Economic and financial administration	266	22	33	4	325
13.3 Central management of the Civil Service ...	12	—	—	—	12
13.4 Records, registrations and surveys	8	—	11	—	19
13.5 Broadcasting (capital expenditure)	—	—	—	18	18
13.6 Other services	12	1	—	13	26
VAT paid by local authorities	—	—	1	—	1
Total current	303	21	45	—	369
capital	6	2	—	35	43
Total	309	23	45	35	412
14 COMMON SERVICES					
14.1 Office and general accommodation services	173	—12	—	—	161
14.2 Stationery and printing (home)	55	—	—	—	55
14.3 Computers and telecommunications	29	—	—	—	29
14.4 Home publicity	15	—	—	—	15
14.5 Civil superannuation	147	—15	—	—	132
14.6 Rates on Government property	60	—	—	—	60
14.7 Other common services	7	—	—	—	7
Total current	398	—24	—	—	374
capital	88	—3	—	—	85
Total	486	—27	—	—	459

continued overleaf

TABLE 3.5 continued

£ million at 1973 Survey prices

		Central Government		Local authorities	Public corporations	Total
		Supply	Other			
15	NORTHERN IRELAND					
15.1	Agriculture, fisheries and forestry ...	-1	18	—	—	17
15.2	Trade, industry and employment ...	—	99	—	8	107
15.3	Fuel ...	—	—	2	30	32
15.4	Roads and transport ...	—	31	1	4	36
15.5	Housing ...	—	15	2	43	60
15.6	Other environmental services ...	—	28	12	5	45
15.7	Law, order and protective services ...	—	31	25	—	56
15.8	Education and libraries science and arts ...	—	36	92	—	128
15.9	Health and personal social services ...	—	102	—	—	102
15.10	Social security ...	—	174	—	—	174
15.11	Other public services ...	1	9	2	2	14
15.12	Common services VAT paid by local authorities ...	—	9	—	—	9
	Total current ...	1	417	109	—	527
	capital ...	-1	135	29	92	255
	Total ...	—	552	138	92	782
16	DEBT INTEREST	30	1,830	810	130	2,800
	Total ...	13,091	6,849	9,476	2,648	32,064

Public expenditure by main programme and spending authority, distinguishing current and capital expenditure: 1977-78

TABLE 3.6

£ million at 1973 Survey prices

	Central Government		Local authorities	Public corporations	Total
	Supply	Other			
1. Defence					
Current	3,475	1	—	—	3,476
Capital	56	—	—	—	56
2. Overseas services					
Current	350	240	—	—	590
Capital	212	—39	—	22	195
3. Agriculture, fisheries and forestry					
Current	264	—	1	—	265
Capital	107	—2	1	—	106
4. Trade, industry and employment					
Current	373	45	17	—	435
Capital	497	—38	10	—	469
5. Nationalised industries					
Capital	—	—	—	2,311	2,311
6. Roads and transport					
Current	284	—2	435	—	720
Capital	408	3	472	100	983
7. Housing					
Current	357	—	343	—	700
Capital	—	—4	877	205	1,078
8. Other environmental services					
Current	70	—	749	—	819
Capital	11	—	732	44	787
9. Law, order and protective services					
Current	220	6	727	—	953
Capital	75	—	82	—	157
10. Education and libraries, science and arts					
Current	706	—	3,396	—	4,102
Capital	196	—1	470	—	665
11. Health and personal social services					
Current	2,691	3	688	—	3,383
Capital	234	—	109	—	342
12. Social security					
Current	1,342	4,555	—	—	5,897
13. Other public services					
Current	296	20	46	—	362
Capital	2	1	—	41	44
14. Common services					
Current	457	—23	—	—	434
Capital	112	—4	—	—	108
15. Northern Ireland					
Current	295	136	115	—	546
Capital	24	118	22	92	256
16. Debt interest					
Current	30	1,570	770	130	2,500
Total	13,144	6,585	10,043	2,945	32,717

Local authority expenditure in

TABLE 3.7

		1968-69	1969-70	1970-71
Agriculture, fisheries and forestry	current ...	2	2	1
	capital ...	1	1	2
Trade, industry and employment	current ...	11	11	13
	capital ...	1	1	1
Roads and transport	current ...	275	276	273
	capital ...	314	332	400
Housing	current ...	85	108	108
	capital ...	1,375	1,190	1,157
Other environmental services	current ...	470	478	500
	capital ...	413	426	536
Law, order and protective services	current ...	482	515	533
	capital ...	44	42	52
Education and libraries, science and arts	current ...	2,049	2,120	2,210
	capital ...	330	325	354
Health and personal social services	current ...	355	366	388
	capital ...	53	50	58
Other public services	current ...	28	29	30
Total expenditure	current ...	3,757	3,905	4,056
	capital ...	2,531	2,367	2,560
Total ...	...	6,288	6,272	6,616

England and Wales: 1968-69 to 1977-78

£ million at 1973 Survey prices

1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
1	1	1	—	—	—	—
2	4	8	6	4	1	1
13	12	13	14	14	15	16
1	1	1	1	6	9	9
291	302	333	354	381	393	394
387	405	458	434	437	432	417
31	140	272	312	318	314	307
1,031	989	1,207	957	817	781	760
501	526	574	580	614	644	676
524	553	591	554	585	593	645
550	566	584	603	623	646	667
52	57	59	58	66	69	71
2,331	2,457	2,635	2,741	2,857	2,967	3,084
417	441	393	379	385	402	418
419	470	499	525	553	583	620
65	80	103	92	97	102	99
35	36	36	37	38	37	37
4,172	4,510	4,947	5,166	5,398	5,599	5,801
2,479	2,530	2,820	2,481	2,397	2,389	2,420
6,651	7,040	7,767	7,647	7,795	7,988	8,221

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

The following table shows estimates for the year 1972-73 of the charges which are classified as offsets to expenditure and of the other receipts which are not netted off public expenditure but which are determined in relation to the administration of particular services rather than as elements of fiscal policy.

TABLE 3.8

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1973-74 outturn prices, including the relative price effect</i>				
1. Defence	3,632	332	9	3,300
2. Overseas services	532	4	9	528
3. Agriculture, fisheries and forestry	506	9	3	497
4. Trade, industry and employment...	1,567	29	107	1,538
5. Nationalised industries	1,915	—	(1)	1,915
6. Roads and transport	1,407	47	2	1,360
7. Housing	1,524	—	129	1,524
8. Other environmental services ...	1,455	138	33	1,317
9. Law, order and protective services	948	31	1	917
10. Education and libraries, science and arts	4,322	210	2	4,112
11. Health and personal social services	3,475	221	249	3,254
12. Social security	4,991	—	3,384	4,991
13. Other public services	597	29	15	568
14. Common services	442	1	126	441
15. Northern Ireland	728	7	82	721
16. Debt interest	2,640	—	946	2,640
Contingency reserve ... ..	...	...	...	—
Shortfall ... ..	...	...	...	—
Price adjustments ... ..	...	...	...	393
Total... ..	...	...	...	30,016

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

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

The following table shows estimates for the year 1974-75 of the charges which are classified as offsets to expenditure and of the other receipts which are not netted off public expenditure but which are determined in relation to the administration of particular services rather than as elements of fiscal policy.

TABLE 3.9

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1973-74 outturn prices, including the relative price effect</i>				
1. Defence	3,922	369	12	3,553
2. Overseas services	613	4	6	609
3. Agriculture, fisheries and forestry ...	553	9	6	544
4. Trade, industry and employment ...	1,732	32	138	1,700
5. Nationalised industries	2,129	—	(1)	2,129
6. Roads and transport	1,739	40	3	1,699
7. Housing	1,977	—	129	1,977
8. Other environmental services ...	1,662	151	32	1,511
9. Law, order and protective services ...	1,059	35	1	1,024
10. Education and libraries, science and arts	4,746	217	2	4,529
11. Health and personal social services...	3,814	230	220	3,584
12. Social security	5,725	—	3,986	5,725
13. Other public services	473	27	12	446
14. Common services	476	6	158	470
15. Northern Ireland	816	8	99	808
16. Debt interest	2,800	—	1,156	2,800
Contingency reserve ... ..	...	...	...	150
Shortfall ... ..	...	...	...	-300
Price adjustments ... ..	...	...	...	-154
Total... ..	...	...	...	32,804

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

**Gross public expenditure, charges and other directly related receipts,
by programme: 1977-78**

The following table shows estimates for the year 1977-78 of the charges which are classified as offsets to expenditure and of the other receipts which are not netted off public expenditure but which are determined in relation to the administration of particular services rather than as elements of fiscal policy.

TABLE 3.10

£ million

	Gross expenditure	Receipts		Total expenditure net of charges
		Charges	Other	
<i>At 1973-74 outturn prices, including the relative price effect</i>				
1. Defence	4,041	262	9	3,779
2. Overseas services	791	2	12	789
3. Agriculture, fisheries and forestry ...	394	10	5	384
4. Trade, industry and employment ...	980	49	238	931
5. Nationalised industries	2,343	—	(1)	2,343
6. Roads and transport	1,873	75	4	1,798
7. Housing	1,818	—	119	1,818
8. Other environmental services ...	1,963	174	27	1,789
9. Law, order and protective services ...	1,267	42	1	1,225
10. Education and libraries, science and arts	5,569	285	3	5,284
11. Health and personal social services	4,373	252	375	4,121
12. Social security	5,897	—	4,162	5,897
13. Other public services	492	30	5	462
14. Common services	583	—	154	583
15. Northern Ireland	850	9	99	841
16. Debt interest	2,500	—	1,283	2,500
Contingency reserve ... ..	...	...	...	750
Shortfall ... ..	...	...	...	-300
Price adjustments ... ..	...	...	...	-267
Total ... ..	...	...	...	34,727

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

Further analysis of changes since Cmnd 5178 as summarised in Part 1

TABLE 3.11

£ million at 1973 Survey prices

	1973-74	1974-75	1975-76	1976-77
A. Policy changes				
Reductions announced by the Chancellor 21 May 1973				
Defence	-10	-60		
Agriculture, fisheries and forestry ...	—	-26		
Trade, industry and employment ...	-1	-31		
Nationalised industries ⁽¹⁾	-45	-133		
Other environmental services	-24	-119		
Law, order and protective services ...	-3	-13		
Education, libraries, science and arts ...	—	-28		
Health and personal social services ...	—	-13		
Social security	-1	-4		
Other public services	-2	-4		
Common services	—	-8		
Total excluding roads	-86	-439		
Roads	-20	-89		
Total 21 May Statement at 1973 Survey prices⁽²⁾	-106	-528		
Roads (other changes not included above)	—	-11	-140	-183
Railways investment and other surface transport	—	+15	+54	+79
Housing	+78	+103	+75	+100
Certain Nationalised industries—price re- straint	+175	+175	—	—
Social security—increases and improvements	+220	+195	+182	+184
Rephasing of building contracts etc.				
Defence (including reductions in pur- chases)	-19			
Overseas services	-1			
Agriculture, fisheries and forestry ...	-1			
Trade, industry and employment ...	-1			
Nationalised industries	-7			
Roads and transport	-1			
Other environmental services	-35			
Law, order and protective services ...	-4			
Education and libraries, science and arts	-31			
Health and personal social services ...	-11			
Common services	-6			
Total, rephasing of building contracts etc	-116			
Other policy changes (not included above)				
Stabilisation of milk prices	+66	+35	—	—
Other agricultural support	+55	+43	-18	-24
Other environmental services	—	-6	-71	-95
Sterling Area guarantees	+22	—	—	—
Contingency reserve	-350	-350	-250	-150
Other	+99	+20	+20	+12
Total, other policy changes	-108	-258	-319	-257
All policy changes	+143	-309	-148	-77

(1) £20 million saving in 1973-74 was originally proposed for 1974-75.

(2) excluding reduced claims on the contingency reserve of £15 million in 1973-74 and £28 million in 1974-75.

continued overleaf

Analysis, by programme, of changes since Cmnd 5178 as shown in Part 2

TABLE 3.12

£ million at 1973 Survey prices

	1972-73	1973-74	1974-75	1975-76	1976-77
<i>Defence</i>					
Policy changes:					
May reductions	—	-10	-60	—	—
October reductions	—	-19	-12	—	—
Other including national accounts adjustments	-13	+1	+14	+19	+14
Estimating changes:					
Operations in N. Ireland	—	—	+26	—	—
Service manpower	—	+2	+32	—	—
Other including national accounts adjustments	-5	-2	+98	-26	+2
Total, Defence	-18	-28	+98	-8	+16
<i>Overseas services</i>					
Policy changes:					
Aid programme	-16	-11	-7	+2	-7
Sterling Area guarantees	+41	+22	—	—	—
Other	—	+2	—	—	—
Estimating changes:					
Rephasing of contributions to European Communities	-14	+17	-10	+3	-9
Aid programme	-6	—	—	—	+2
Other	-4	—	+3	+4	+5
Total, Overseas services	+1	+30	-14	+9	-9
<i>Agriculture, fisheries and forestry</i>					
Policy changes:					
Stabilisation of milk prices	+31	+66	+35	—	—
Other	+15	+65	+21	-24	-30
Estimating changes:					
Agricultural support	-172	-122	-51	-80	-61
Other	-13	-33	-36	-36	-37
Total, Agriculture, fisheries and forestry	-139	-24	-31	-140	-128
<i>Trade, industry and employment</i>					
Policy changes:					
Industrial training (May statement)	—	—	-22	—	—
Other May reductions	—	-1	-9	-1	-1
Nationalised industries—price restraint	—	+175	+175	—	—
Other	-2	+22	+21	+31	+47
Estimating changes:					
Regional development grants	-22	-123	-63	-54	-74
Other	-146	-17	-133	-121	-84
Total, Trade, industry and employment	-170	+56	-31	-145	-112

continued overleaf

TABLE 3.12 continued

£ million at 1973 Survey prices

	1972-73	1973-74	1974-75	1975-76	1976-77
Nationalised industries					
Policy changes:					
Railways investment	—	—	-7	+9	+27
Other (including May reductions) ...	—	-32	-126	+10	-3
Estimating changes:					
Railways	-14	+12	+24	+22	+6
Steel	-66	-147	-27	-25	-2
Other	+40	-126	-107	-80	-99
Total, Nationalised Industries	-40	-292	-243	-64	-71
Roads and transport					
Policy changes:					
Roads	—	-20	-100	-140	-183
Other	—	—	+22	+47	+53
Estimating changes:					
Support to British Rail	—	+87	+107	+108	+113
Roads	-128	-44	-16	+8	+17
Other	-8	-8	—	-3	+16
Total, Roads and transport	-136	+15	+13	+20	+16
Housing					
Policy changes:					
Subsidies (including rebates and allowances)	—	+64	+64	+65	+67
Lending	—	+15	+56	+79	+119
Other	—	-1	-17	-69	-86
Estimating changes:					
Subsidies	-39	+104	+167	+187	+185
Improvements	+62	+129	+111	+26	-6
Investment	-179	-203	-210	-200	-166
Other	-38	+193	+54	+43	+38
Total, Housing	-194	+301	+225	+131	+151
Other environmental services					
Policy changes:					
Water and sewerage	—	-33	-36	-29	-32
Other including May reductions ...	—	-25	-89	-42	-63
Estimating changes:					
Water and sewerage	-30	-2	+2	+4	+6
Other	-62	-23	+32	+27	+29
Total, Other environmental services ...	-92	-83	-91	-40	-60

TABLE 3.12 continued

£ million at 1973 Survey prices

	1972-73	1973-74	1974-75	1975-76	1976-77
<i>Law, order and protective services</i>					
Policy changes:	+1	-1	-12	+3	+3
Estimating changes					
Police	-11	-10	-22	-29	-33
Other	-8	+6	+6	+3	+5
Total, Law, order and protective services	-18	-5	-28	-23	-25
<i>Education, libraries, science and arts</i>					
Policy changes:					
Schools—capital	+1	-25	-31	-14	-1
Universities	—	-2	-12	-17	-17
Other	—	+15	-16	-30	-41
Estimating changes:					
Schools—capital	-1	+8	+13	+16	+15
Universities	-29	-14	-8	-3	-9
Other	-9	+3	+23	+18	+30
Total, Education and libraries, science and arts	-38	-15	-31	-30	-23
<i>Health and personal social services</i>					
Policy changes:					
Family planning	—	—	+7	+12	+17
Hospitals etc.	—	-9	-12	-10	-12
Other	—	-1	+4	+2	-3
Estimating changes:					
Local personal social services	+14	+24	—	—	—
Other	-3	+10	+13	+13	+17
Total, Health and personal social services	+11	+24	+12	+17	+19
<i>Social security</i>					
Policy changes	—	+219	+189	+180	+182
Estimating changes	-65	-130	-116	-88	-50
Total, Social security	-65	+89	+73	+92	+132
<i>Other public services</i>					
Policy changes	—	+4	+2	+6	+5
Estimating changes	+3	-6	—	-5	-10
Total, Other public services	+3	-2	+2	+1	-5
<i>Common services</i>					
Policy changes	+2	-2	-8	+8	+1
Estimating changes	-11	-12	+6	+9	+5
Total, Common services	-9	-14	-2	+17	+6

continued overleaf

TABLE 3.12 continued

£ million at 1973 Survey prices

	1972-73	1973-74	1974-75	1975-76	1976-77
<i>Northern Ireland</i>					
Policy changes	—	+15	+7	+6	+16
Estimating changes					
Trade, industry and employment ...	-35	-11	-7	+9	-2
Law, order and protective services	+4	+30	+19	+10	+6
Other	-12	-26	-3	+6	+8
Total, Northern Ireland	-43	+8	+16	+31	+28
Debt interest	+100	+472	+349	+276	+203
Contingency reserve	—	-350	-350	-250	-150
Shortfall	+200	-200	-100	-100	-100
Total: Policy changes	+60	+143	-309	-148	-77
Estimating changes	-707	-159	+176	-58	-35
All changes	-647	-16	-133	-206	-112

PART 4

Glossary of Terms Used and Technical Notes

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Note: The booklet "Public Expenditure White Papers: Handbook on Methodology" (HMSO) gives an account of the methods used to compile the figures for the White Paper, and explains in rather more detail than in Sections I and II below the significance of the various terms which are used.

I Glossary of terms used

This Section has been introduced in response to a suggestion from the General Sub-Committee of the Expenditure Committee.

The Resources and Claims table, and the terms used in it, are explained in Section IV (page 158) below.

Cash programmes—consist of expenditures which are controlled, and can most easily be expressed, in terms of the amount of cash which is expected to be disbursed rather than in terms of constant prices (Handbook on Methodology, paragraph 75).

Changes since Cmnd 5178 revalued—the differences, other than those resulting from increased prices, between the estimates of expenditure in the December 1972 White Paper and those in this White Paper, are accounted for by:

Estimating changes—which result from a Re-costing (qv) of the Government policies embodied in the December 1972 White Paper. Includes the consequences of changed estimates of eg population or the take-up of social security benefits.

Policy changes—resulting from changes in those previously existing policies (Handbook on Methodology, paragraphs 104–7).

Charges—payments for goods and services, produced by non-trading activities of central and local government, which are netted off public expenditure. For inclusion as a charge, the payment must be related to the cost of provision of the goods and services and not be used to raise revenue. Examples are charges for school meals and for dental treatment. (Tables 3.8 to 3.10 above and Handbook on Methodology, Appendix A.)

Contingency reserve—an allowance for unforeseen expenditures and for expenditure which cannot be quantified with sufficient accuracy to enable provision to be included in the appropriate programme line, including provision for any future upratings of the main social security benefits to increase their purchasing power (Handbook on Methodology, paragraphs 37–9).

Counter-cyclical measures—action to increase or to decrease public expenditure temporarily as part of the short-term management of demand in the economy.

Debt interest—the estimates represent the total payable to private and overseas sectors by central government, local authorities and public corporations.

Demand on output—the extent to which a particular category of expenditure imposes a demand on currently produced goods and services. Transfer payments (qv), when spent by the recipient, produce an indirect demand effect, which is usually lower than that of direct expenditure on goods and services (Handbook on Methodology, paragraphs 80–87).

Directly related receipts—receipts by central or local government, such as national insurance contributions, which are determined in relation to the administration of particular services but which do not satisfy the conditions for Charges (qv).

Gross domestic product—the total value of the output of goods and services produced within the country (see also Productive potential).

Prices—(adjustments, constant, outturn, relative price effect, Survey)—see Section II below.

Productive potential—the capacity of the nation at a particular period of time to produce goods and services. Productive potential varies with changes in the size of the working population, in the average number of hours worked and in productivity. The actual level of output—Gross domestic product (qv)—varies with changes in the degree of use of productive capacity.

Public corporations—nationalised industries, New Town corporations and other enterprises publicly owned and managed in the public interest, as described in Chapter VII of “National Accounts Statistics: Sources and Methods”. (Direct government trading activities are not included.)

Public expenditure—the current and capital expenditure of central government and local authorities, other than expenditure charged to the operating account of trading bodies, together with the capital expenditure of nationalised industries and other public corporations, and including debt interest and net lending. The estimates of public expenditure in this White Paper are net of Charges (qv) and do not include imputed rent.

Re-costing—revised estimate at constant prices of the expenditure required to implement a given policy; not to be confused with Revaluation (qv), (Handbook on Methodology, paragraphs 106–7).

Revaluation—the process of adjusting estimates of expenditure to a different price basis—in particular, adjusting estimates in the December 1972 White Paper to take account of pay and price changes in the twelve months since those estimates were prepared; not to be confused with Recosting (qv) (Handbook on Methodology, paragraphs 102–3).

Shortfall—the net amount by which expenditure falls short of plans or forecasts for individual programmes; in recent years underspendings have exceeded overspendings and an overall allowance is made for this in estimates of total expenditure. (There is also a specific allowance for net underspending on fixed assets in the Nationalised industries programme.)

Supply—expenditure by central government which is financed by monies voted by Parliament. Details are given in Supply Estimates and Appropriation Accounts.

Transfer payments—payments for which no goods or services are received in return. They include social security benefits, grants to individuals and companies, and debt interest.

II Price basis⁽¹⁾

1. 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.

In volume terms—at 1973 Survey prices

2. 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 (1973) 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.

In cost terms—including relative price effect

3. 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 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. The constant price base used for this series is estimated 1973–74 *outturn prices*—i.e. the average level of prices actually paid in 1973–74. This is the series used in Table 1.1 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 6 of Part 1.)

(1) A more detailed account is given in Chapter IV of the Handbook on Methodology.

Price adjustments

4. Both Table 2A, which shows the programme figures in cost terms at estimated 1973-74 outturn prices, and Table 2B, where the programme figures are at 1973 Survey prices, include a final line of *price adjustments*. In Table 2A, this line makes the necessary adjustment to 1973-74 outturn prices for certain Cash programmes (see Glossary above), notably social security benefits, included in the main programme figures. In Table 2B, the line includes also the adjustments for all other programmes from 1973 Survey prices to 1973-74 outturn prices (including the relative price effect) as shown in the following table.

		£ million					
		1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
Adjustments to 1973-74 outturn prices							
Cash programmes	...	391	—	-181	-222	-256	-292
Other programmes	...	790	865	871	879	897	936
Relative price effect	...	-340	—	200	416	635	897
Total	... ..	841	865	890	1,073	1,276	1,541

Foreign exchange rate

5. Estimates of expenditure which are directly affected by foreign exchange rates reflect average rates prevailing in October 1973—i.e. the most recent rates when the figures were compiled. Actual payments will of course reflect the rates prevailing when those payments are made.

III Classification changes

1. During the debate on last year's public expenditure White Paper (Cmnd 5178), the Chief Secretary to the Treasury announced that the Government planned to introduce a form of classification which would enable the Supply Estimates and the estimates in public expenditure White Papers to be presented on the same functional basis. (Hansard, 7 February 1973, column 464). Proposals were therefore submitted to and considered by the Public Accounts Committee and the Select Committee on Expenditure (Eighth Report, Session 1972-73, HC 209) and provide the basis for the new classification of expenditure used in this White Paper. The Supply Estimates for 1974-75 will use the same classification of main programmes, programmes and sub-programmes.

2. By comparison with the classification previously used in public expenditure White Papers, there is a reduction in the number of main programmes from 21 to 15. The reclassifications below main programme level which this has entailed are shown below:

Main Programmes

Defence

Overseas services

Agriculture, fisheries and forestry

Equivalent former classification

Defence Budget

Other military defence

Less: Allied services

Military aid

Overseas aid

Other overseas services

Plus: Military aid

Agriculture, fisheries and forestry

Plus: Covent Garden Market Authority

<i>Main Programmes</i>	<i>Equivalent former classification</i>
Trade, industry and employment	Trade, industry and employment Less: Covent Garden Market Authority Civil aviation services Shipping services Maplin Development Authority
Nationalised industries	Nationalised industries
Roads and transport	Roads Surface transport Plus: Civil aviation services Shipping services Maplin Development Authority
Housing	Housing
Other environmental services	Miscellaneous local services Plus: Royal parks and historic buildings
Law, order and protective services	Law and order Less: Parliament and Privy Council Parliamentary elections Plus: Civil defence
Education and libraries, science and arts	Education and libraries Research Councils Arts
Health and personal social services	Health and personal social services
Social security	Social security
Other public services	Financial administration Plus: Parliament and Privy Council Parliamentary elections Records, registrations and surveys Broadcasting (capital expenditure) Part of Other miscellaneous services
Common services	Common services (including Allied services, defence) Plus: Part of Other miscellaneous services
Northern Ireland	Northern Ireland

3. The following transfers between programmes reflect changes which have occurred since the 1972 public expenditure White Paper (Cmnd 5178) in organisation and reassessment of the functions of some elements of expenditure:

- (a) Further works expenditure on buildings with specialised functions—from Common services to the relevant programmes.
- (b) Some expenditure on Colleges of Education—from Education and libraries to Agriculture, fisheries and forestry.
- (c) Some expenditure on environmental improvement—from Roads and transport to Other environmental services.
- (d) Expenditure on concessionary fares—from Other environmental services to Health and personal social services.
- (e) Some expenditure on fire research—from Other environmental services to Law, order and protective services.
- (f) Some expenditure on Ancient Monuments and Historic Buildings—from Common services to Other environmental services.
- (g) Expenditure on housing surveys—from Other environmental services to Other public services.
- (h) Rail research—from Roads and transport to Other environmental services.

4. Five items are included for the first time in the Survey coverage:
- (a) Cost to local authorities of administering their non-Housing Revenue Account housing activities—included in Housing.
 - (b) Rate fund contributions to local authorities own trading organisations—included in Other environmental services.
 - (c) Current expenditure on cemeteries and crematoria—included in Other environmental services.
 - (d) Some previously unidentified capital expenditure on local authority miscellaneous services—included in Other environmental services.
 - (e) Rate fund contributions to Housing Associations—included in Housing.
- These items increase public expenditure as presented in this White Paper by:

1972-73	1973-74	1974-75	1975-76	£ million at 1973 Survey prices	
				1976-77	1977-78
63.2	74.6	76.6	79.0	81.5	84.5

IV Notes on Table 1.4—The use of resources 1972-1978

1. Table 1.4 shows possible increases in the total supply of national economic resources and illustrates the way these increases may be divided between alternative uses. 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 1972 and 1978 as measured by the change in Gross Domestic Product (GDP). The changes in GDP reflect both the growth of productive potential and an allowance for the taking up of slack in the economy which existed in 1972.

3. In Section B, line 1 is an estimate of the claim on resources for private fixed investment and stockbuilding, excluding private dwellings. The relationship between the growth of the capital stock and the sustainable growth in 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 additional resources required to achieve a current account position sufficient to finance capital outflows and to maintain a satisfactory level of reserves. The additional resources are measured by the excess of the increase in exports of goods and services over the increase in imports of goods and services, each valued at constant 1972 prices. The difference between the figures for the two alternative growth rates 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 imports in order to maintain the same current account position.

5. Lines 3(a) to (e) give estimates of public expenditure on present programmes. Although the rates of increase given here differ from those given elsewhere in the White Paper the figures are consistent. The differences arise mainly because the changes are shown over different periods and because this table excludes the relative price effect. In addition the resource implications of some overseas public expenditure (such as transfer payments) are included in the

balance of trade rather than in public expenditure and, similarly, the resource implications of capital grants to industry are included in private investment. There are other minor differences of definition and coverage reflecting the use of national accounting definitions for the resources table.

6. Lines 3(a) and (b) represent direct purchases of goods and services. Public investment includes both fixed investment and stockbuilding. Line 3(d) represents indirect demands. It comprises the demands on resources resulting from various forms of payment to the domestic private sector such as subsidies, debt interest and current grants.

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 public expenditure in line 3(d).

8. All figures in Section B of the table are in terms of the demands they will make on resources. This involves the deduction of any indirect tax content and, for transfer payments etc (line 3(d)), also involves allowance for direct taxation and savings. The calculation of demand effects is explained in Chapter V of "Public Expenditure White Papers: Handbook on Methodology". The table has been constructed from the conventional national accounting presentation of expenditure of constant prices by making the specific adjustments referred to above. A full explanation and definition of the national accounting system and of the technical terms used here (viz fixed investment, public consumption, stockbuilding, consumers' expenditure and exports and imports of goods and services) is given in "National Accounts Statistics: Sources and Methods" (HMSO, 1968), especially Chapters I to III.

balance of trade rather than in public expenditure and, similarly, the resource implications of capital gains tax changes are included in private investment. There are other minor differences of definition and coverage regarding the use of national accounting definitions for the resource table.

Table 2(a) and (b) report direct purchases of goods and services. Public investment includes both fixed investment and stockpiling. Table 2(b) reports national accounts. It compares the demand for resources resulting from various forms of payment to the domestic private sector such as subsidies, fixed interest and current grants.

Table 3 is the residual figure. It includes capital expenditure on private dwellings (excluded from private investment in Table 1) but excludes that part of consumers' expenditure included in indirect public expenditure in Table 2(a).

All figures in Section B of the table are in terms of the demand they will make on resources. This involves the deduction of any indirect tax credits and for transfer payments etc. (line 3(b)), also transfers otherwise for direct taxation and savings. The calculation of demand effects is explained in Chapter V of *Public Expenditure White Paper: Handbook on Methodology*. The table has been corrected from the conventional national accounts presentation of expenditure of constant price by making the specific adjustments referred to above. A full explanation and definition of the national accounting system and of the technical terms used here for fixed investment, public consumption, stock holding, consumer expenditure and exports and imports of goods and services is given in "National Accounts Statistics: Sources and Methods" (HMSO, 1968), especially Chapter 1 to 11.

Table 4 shows the demand for resources in the private sector. It is derived from the demand for resources in the public sector and the demand for resources in the private sector. It is derived from the demand for resources in the public sector and the demand for resources in the private sector.

Table 5 shows the demand for resources in the private sector. It is derived from the demand for resources in the public sector and the demand for resources in the private sector. It is derived from the demand for resources in the public sector and the demand for resources in the private sector.

Table 6 shows the demand for resources in the private sector. It is derived from the demand for resources in the public sector and the demand for resources in the private sector. It is derived from the demand for resources in the public sector and the demand for resources in the private sector.

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