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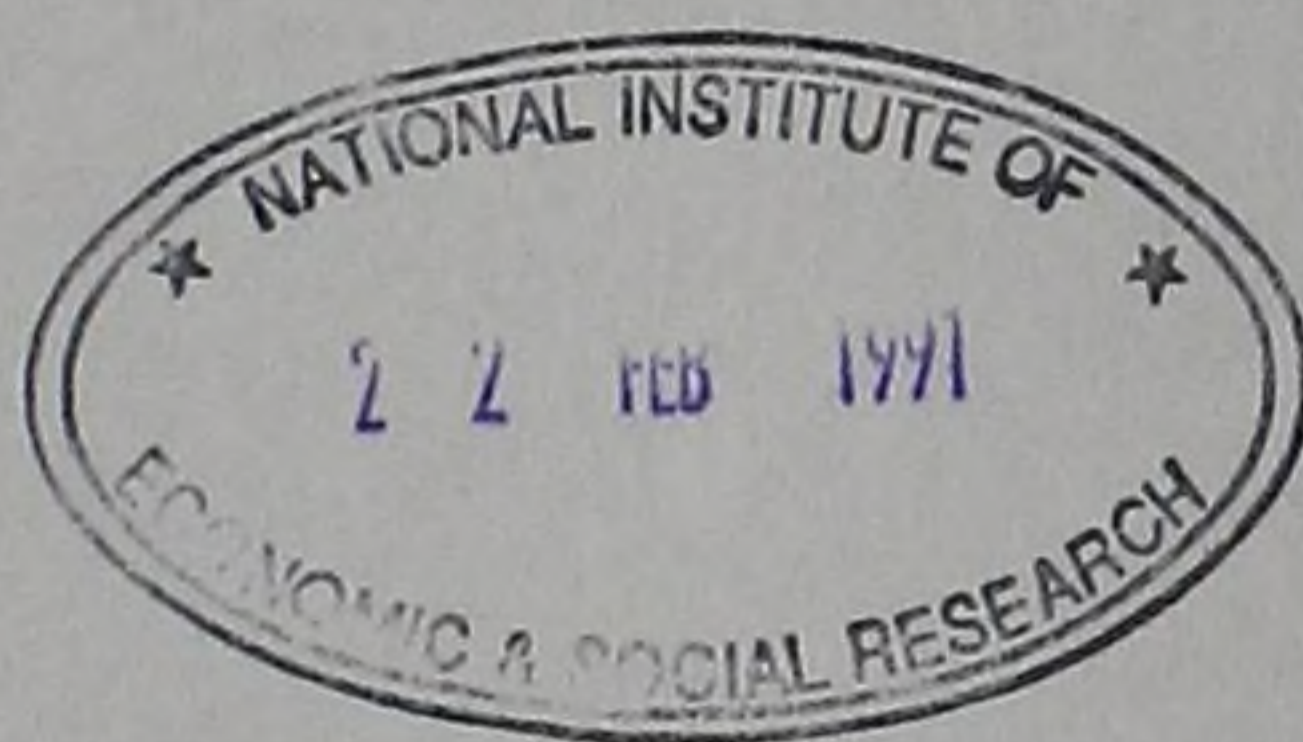
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# Public Expenditure Analyses to 1993-94

Statistical Supplement to the 1990 Autumn Statement

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HM TREASURY  
FEBRUARY, 1991

Cm 1520

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This Supplement summarises the more detailed information on the outcome of the 1990 Public Expenditure Survey published in the series of Departmental Reports which present the Government's expenditure plans for 1991-92 to 1993-94. These Reports and this Supplement replace the public expenditure White Paper. The individual Departmental Reports are listed below.

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- Cm 1501 Ministry of Defence
- Cm 1502 Foreign and Commonwealth Office (including Overseas Development Administration)
- Cm 1503 Ministry of Agriculture, Fisheries and Food, Intervention Board and Forestry Commission
- Cm 1504 Trade and Industry
- Cm 1505 Energy
- Cm 1506 Department of Employment
- Cm 1507 Department of Transport
- Cm 1508 Environment
- Cm 1509 Home Office (including Charity Commission)
- Cm 1510 Lord Chancellor's and Law Officers' Departments
- Cm 1511 Department of Education and Science
- Cm 1512 Office of Arts and Libraries
- Cm 1513 Department of Health and Office of Population Censuses and Surveys
- Cm 1514 Department of Social Security
- Cm 1515 Scotland
- Cm 1516 Wales
- Cm 1517 Northern Ireland
- Cm 1518 Chancellor of the Exchequer's Departments  
Net payments to European Community institutions
- Cm 1519 Cabinet Office, Privy Council Office and Parliament



# Public Expenditure Analyses to 1993-94

Statistical Supplement to the 1990 Autumn Statement

*Presented to Parliament by the Chancellor of the Exchequer  
by Command of Her Majesty February 1991*

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## Section One Introduction

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# 1. Introduction

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1.1 Each year the Government carries out a review—the Public Expenditure Survey—of its spending plans for the next three years. The results of the 1990 Survey were announced by the Chancellor on 8 November 1990. More information was presented in the Autumn Statement (Cm 1311), published on 13 November 1990.

1.2 The information in the 1990 Autumn Statement is being supplemented by a series of individual Departmental Reports published around three months after the Autumn Statement. These give full details of each department's plans for the next three years, following the allocation of the totals agreed in the Public Expenditure Survey. They present the relevant departments' plans for their own expenditure and the financing requirements of public corporations. They also give details, where appropriate, of central government support for local authorities and the financing requirements of nationalised industries. In addition to the expenditure data, the Reports include measures of output and performance and targets for improving value for money. A list of these Reports is given inside the front cover of this Supplement.

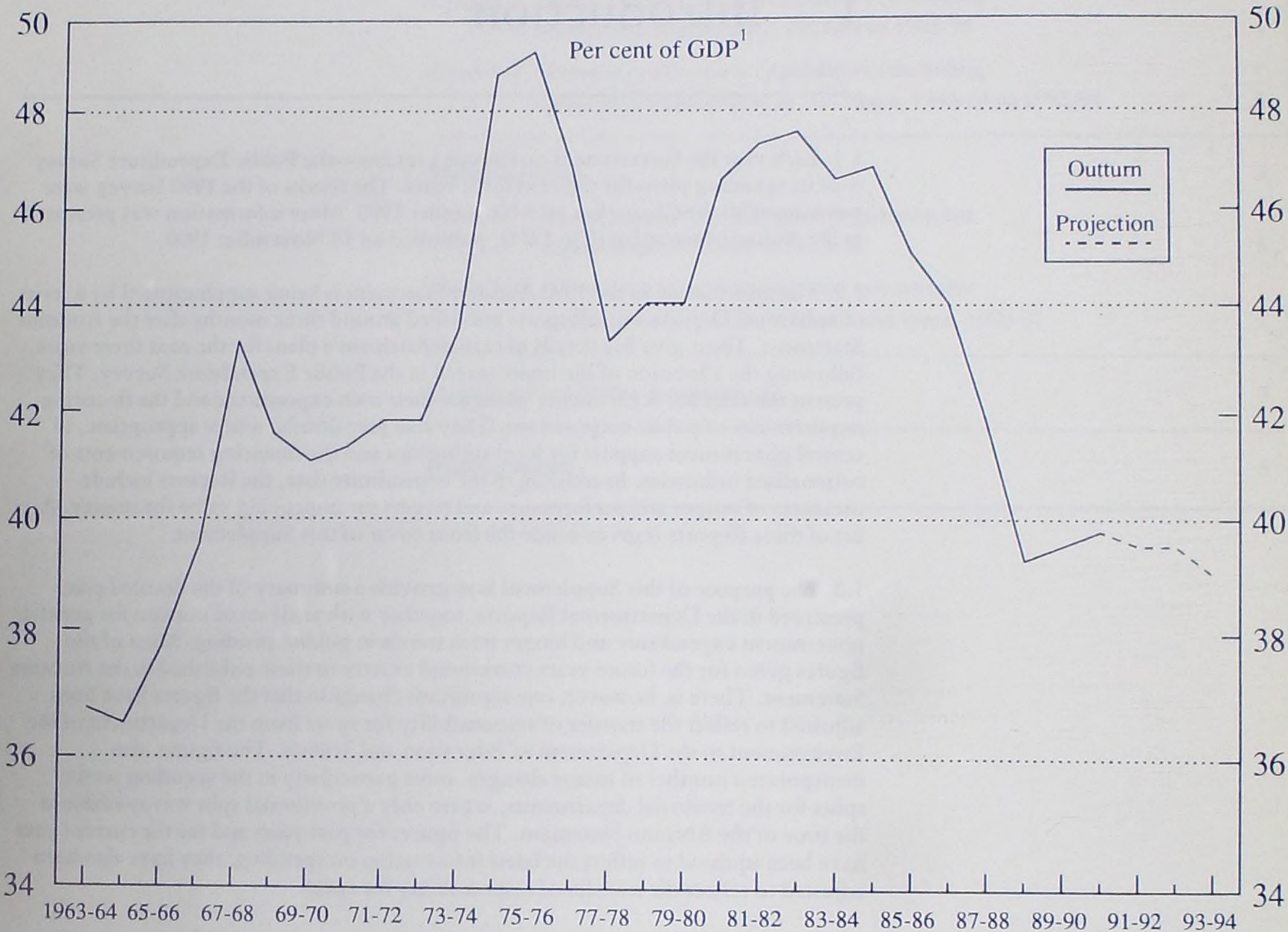
1.3 The purpose of this Supplement is to provide a summary of the detailed plans presented in the Departmental Reports, together with analyses of outturn for general government expenditure and longer term trends in public spending. Most of the figures given for the future years correspond exactly to those published in the Autumn Statement. There is, however, one significant change in that the figures have been adjusted to reflect the transfer of responsibility for sport from the Department of the Environment to the Department of Education and Science. The figures also incorporate a number of minor changes, most particularly in the spending sector splits for the territorial departments, where only a provisional split was available at the time of the Autumn Statement. The figures for past years and for the current year have been updated to reflect the latest information on spending; they have also been adjusted to reflect the transfer of responsibility for sport.

1.4 These arrangements for presenting the more detailed information on spending plans differ from previous years, when the Departmental Reports and this Supplement were published together as chapters of the annual public expenditure White Paper. The change was made to allow Departments more flexibility in the format and content of the presentation of their expenditure plans. This Supplement corresponds to the Supplementary Analyses chapter (Chapter 21) of the 1990 public expenditure White Paper (Cm 1021), published in January 1990.

## General government expenditure

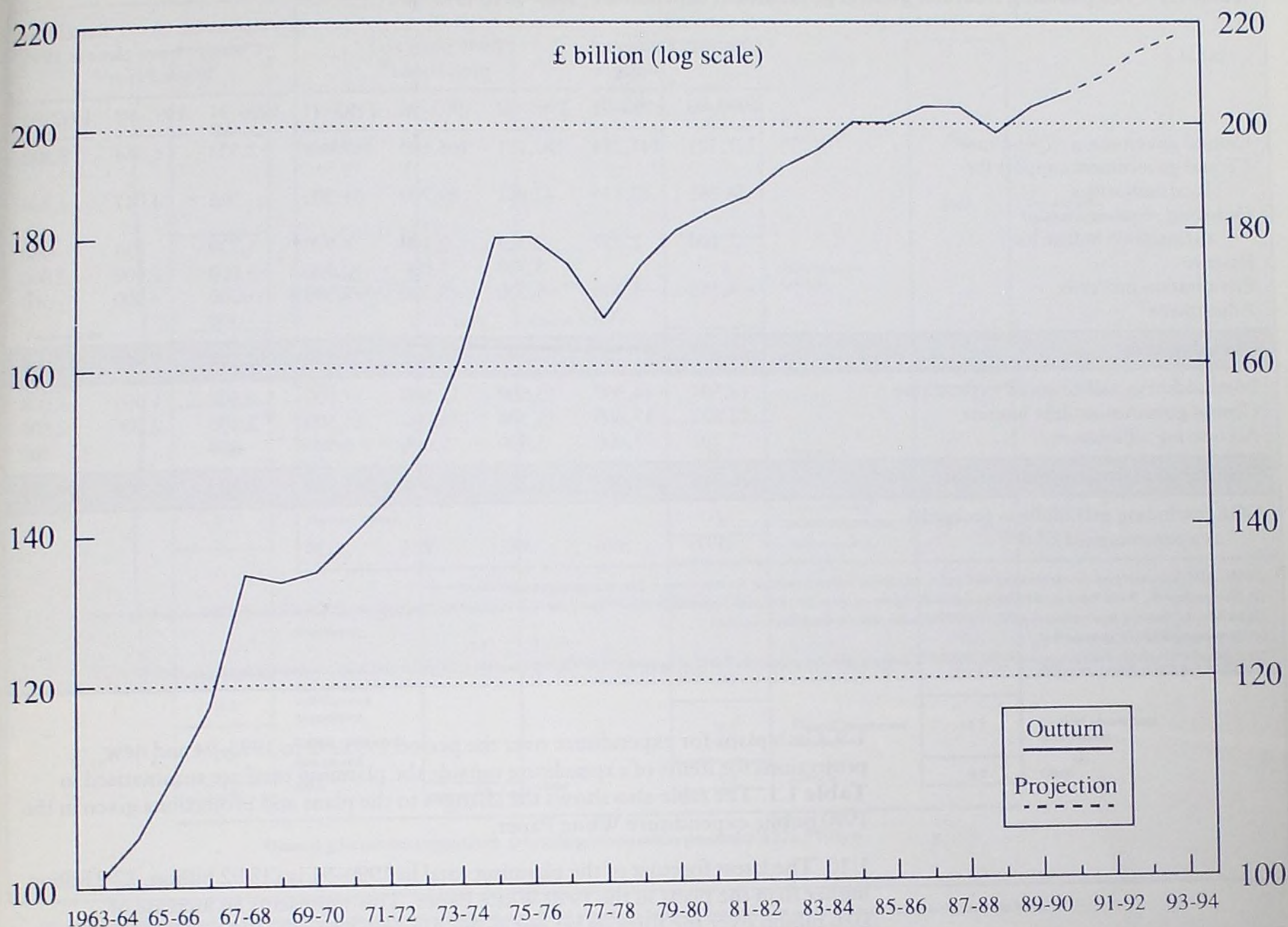
1.5 The Government's medium term objective for public spending is that, over time, it should take a declining share of national income, while value for money is constantly improved. This is consistent with the policy of maintaining a balanced budget over the medium term and reducing taxation when it is prudent to do so. The public spending objective is expressed in terms of the ratio of general government expenditure (GGE), excluding privatisation proceeds, to gross domestic product (GDP). GGE is the main spending aggregate used in the Medium Term Financial Strategy (MTFS).

Chart 1.1 General government expenditure (excluding privatisation proceeds), 1963-64 to 1993-94



<sup>1</sup> Adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

1.6 **Chart 1.1** shows general government expenditure (excluding privatisation proceeds) as a percentage of gross domestic product (GDP) for the period 1963-64 to 1993-94. The ratio fell by over 8 per cent between 1982-83 and 1988-89 since when it has stabilised at around 39½ per cent. It is projected to stay close to this level in the next two years and to fall to 39 per cent in 1993-94 (see **Table 2.1** for detailed figures). The latest forecast of outturn for the ratio in 1990-91 is 39¾ per cent.

Chart 1.2 General government expenditure (excluding privatisation proceeds) in real terms<sup>(1)</sup>, 1963-64 to 1993-94

<sup>1</sup> Cash figures adjusted to 1989-90 price levels by excluding the effect of general inflation as measured by the GDP deflator adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

1.7 The trend in the level of GGE (excluding privatisation proceeds) in real terms is set out in **Chart 1.2**.

### Planning total

1.8 The Government seeks to achieve its wider objective for GGE by planning and controlling cash totals for a narrower measure of expenditure, the planning total. This covers the elements of spending for which central government is responsible—expenditure by central government departments, support provided by central government for expenditure by local authorities and the financing requirements of the nationalised industries and other public corporations. The planning total differs from GGE in that it excludes local authority self-financed expenditure (ie the expenditure financed from local authorities own resources, such as income from the community charge and from capital receipts), debt interest and certain accounting adjustments for items included in GGE. The current definition of the planning total was introduced in the 1989 Survey. Previously the planning total had covered all local authority expenditure, ie it also included local authority self-financed expenditure.



	Table 1.1 The planning total and general government expenditure, 1989–90 to 1993–94					£ million		
	Outturn	Estimated outturn	New plans and projections <sup>(1)</sup>			Changes from plans in 1990 White Paper <sup>(2)</sup>		
	1989–90	1990–91	1991–92	1992–93	1993–94	1990–91	1991–92	1992–93
Central government expenditure <sup>(3)</sup>	127,521	141,214	152,121	161,600	167,900	2,533	6,064	8,800
Central government support for local authorities	38,385	42,734	47,861	49,700	51,200	965	4,047	4,700
Financing requirements of nationalised industries	1,106	2,257	2,327	2,140	1,970	1,739	816	630
Reserve			3,500	7,000	10,500	–3,000	–2,500	–2,000
Privatisation proceeds	–4,155	–5,300	–5,500	–5,500	–5,500	–300	–500	–500
Adjustment <sup>(4)</sup>		300				300		
<b>Planning total</b>	<b>162,857</b>	<b>181,200</b>	<b>200,309</b>	<b>215,000</b>	<b>226,100</b>	<b>2,200</b>	<b>7,927</b>	<b>11,600</b>
Local authority self-financed expenditure	14,504	14,500	13,500	15,500	17,000	2,500	1,500	3,000
Central government debt interest	17,823	17,800	16,500	16,000	15,500	2,500	2,500	2,500
Accounting adjustments	3,702	3,400	3,500	5,000	5,500	–800		500
<b>General government expenditure</b>	<b>198,886</b>	<b>217,000</b>	<b>233,700</b>	<b>251,100</b>	<b>263,900</b>	<b>6,600</b>	<b>11,500</b>	<b>17,000</b>
GGE (excluding privatisation proceeds) as a percentage of GDP <sup>(5)</sup>	39½	39¾	39½	39½	39			

(1) The table shows new plans for the planning total and its constituents and projections for the other items in general government expenditure.

(2) Changes from the White Paper are the differences from the figures set out in the 1990 public expenditure White Paper (Cm 1021) adjusted for changes of classification and transfers between spending sectors.

(3) Includes the financing requirements of public corporations other than the nationalised industries.

(4) See paragraph 13 of Appendix A.

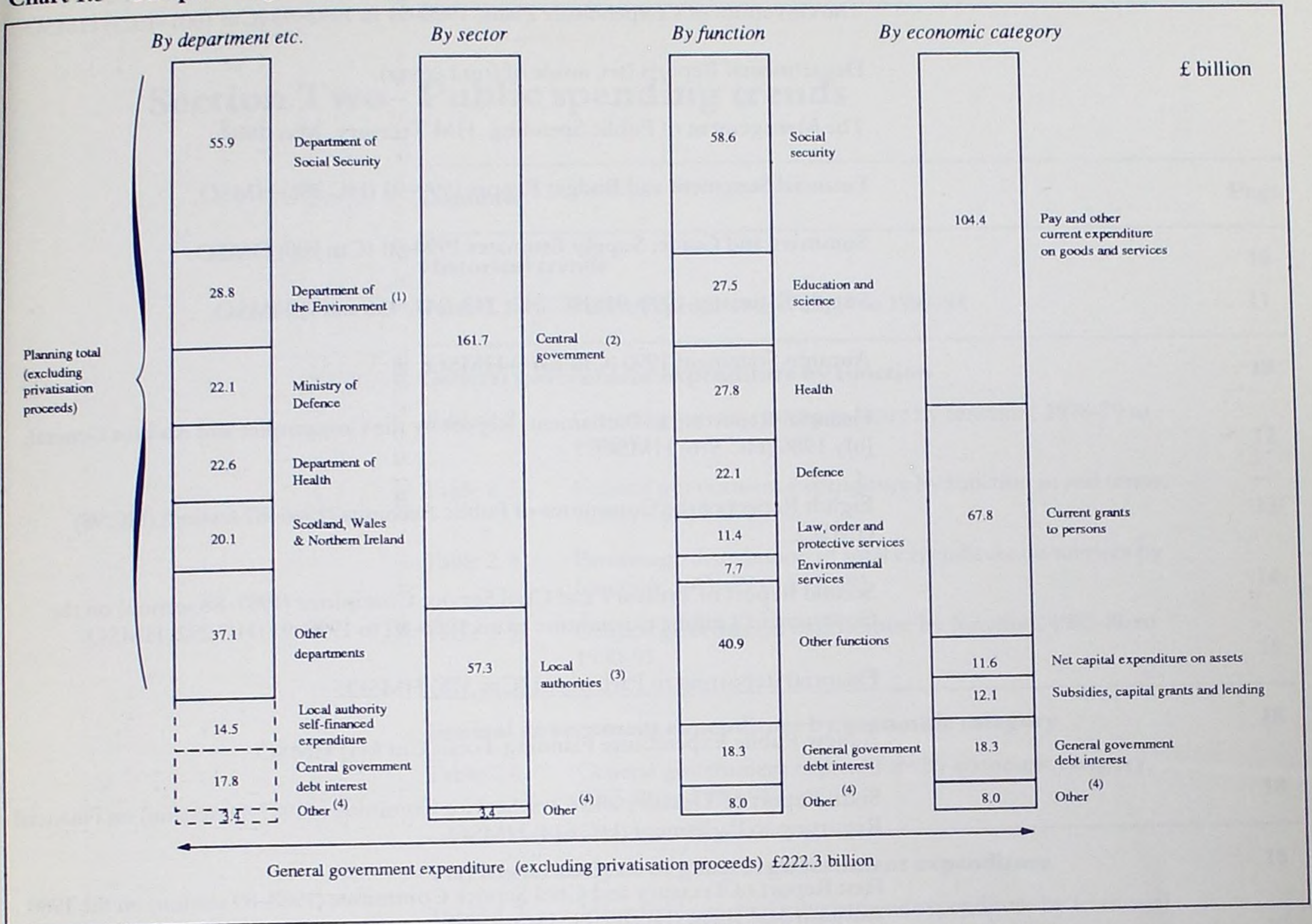
(5) Adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A for a description of the GDP figure used in the calculation of the ratio for 1989–90.

1.9 Cash plans for expenditure over the period 1991–92 to 1993–94 and new projections for items of expenditure outside the planning total are summarised in **Table 1.1**. The table also shows the changes to the plans and projections given in the 1990 public expenditure White Paper.

1.10 The latest forecast of the planning total in 1990–91 is £181.2 billion, £2.2 billion higher than the plans in the 1990 White Paper. This represents an increase of £0.6 billion over the forecast set out in the Autumn Statement, principally reflecting a forecast of higher costs for the Ministry of Defence's deployment in the Gulf.

1.11 The planning totals announced in the 1990 Autumn Statement were £200.3 billion for 1991–92 and £215.0 billion in 1992–93, additions of £7.9 billion and £11.6 billion to the plans set out in the 1990 public expenditure White Paper. These figures and the other analyses within this document do not take into account the statements made by the Secretaries of State for the Environment, Scotland and Wales on 17 January 1991 on additional central government support for local authorities in 1991–92; the Chancellor announced that the planning total for 1991–92 would be increased by some £1.1 billion as a consequence. Within the additions announced in the Autumn Statement nearly two-thirds of the extra provision was for social security programmes, for extra support for local authority current spending and for health. There were also smaller additions elsewhere, including for public transport, education and the environment. Some programmes were virtually unchanged in cash terms and there was a real reduction in planned spending on defence over the Survey period. The planning total was set at £226.1 billion for 1993–94.

Chart 1.3 The planning total and general government expenditure: How it is planned and spent, 1990-91 £ billion



- (1) Includes revenue support grant and non-domestic rate payments and certain transitional grants to local authorities in England. Comparable items are included in the figures for Scotland and Wales.
- (2) Includes grants, subsidies and net lending to public corporations, including nationalised industries. It also includes central government debt interest (£17.8 billion)
- (3) The total is made up of £42.7 billion financed by support from central government and £14.5 billion financed from local authorities own resources. It includes local authority debt interest (£5.2 billion)
- (4) Includes the national accounts adjustments. The differences in these figures reflect the different treatment of local authority debt interest and market and overseas borrowing of public corporations in the analyses of GGE by function and economic category.

1.12 **Chart 1.3** shows, for 1990-91, the departments responsible for planning the largest parts of the planning total and gives details of the areas in which the majority of general government expenditure is incurred. It also shows who spends the money and what it is spent on.

## Organisation of the Supplement

1.13 The purpose of this Supplement is to present the new plans in more detail. Most of the analyses shows the results in the context of figures for the years from 1985-86. However to give a longer perspective, some analyses for GGE and some components of the planning total present figures back to 1978-79. Longer runs of figures for the planning total as a whole are not available for the years before 1984-85. This is because proxies for some elements of central government support for local authorities, which was not included in the planning total prior to the 1989 Survey, are not available for years prior to 1984-85.

1.14 **Section 2** presents analyses of general government expenditure; **Section 3** presents analyses of the planning total; **Sections 4 to 6** summarise the plans for central government expenditure, central government support for local authorities and the financing requirements of the nationalised industries respectively; **Section 5** gives some additional analyses of local authorities' expenditure for past years and the current year; **Section 7** presents a number of further analyses of general interest. The Supplement includes a number of appendices, a glossary of the technical terms used and an index to the Departmental Reports.

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## Section Two Public spending trends

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## 2. Public spending trends

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2.1 This section provides overall summary analyses of public spending and detailed analyses of spending on particular functions.

### Historical trends

2.2 As explained in **paragraph 1.5**, the key public spending aggregate for economic policy is general government expenditure. **Table 2.1** shows trends in general government expenditure, including and excluding privatisation proceeds, over the years 1963–64 to 1993–94. It also shows general government expenditure (excluding privatisation proceeds) as a percentage of gross domestic product (GDP).

2.3 The figures for general government expenditure for the years up to 1989–90 are taken from the national accounts compiled by the Central Statistical Office (CSO). Figures for 1990–91 onwards are projections produced by the Treasury.

2.4 The abolition of domestic rates introduced a discontinuity in the series for money GDP and the GDP deflator at market prices. This occurred because, unlike domestic rates, the community charge is treated in the national accounts as a deduction from income rather than a tax on expenditure. To show the underlying trends in expenditure more clearly, the figures for spending in real terms and as a percentage of GDP are based on series prepared by the CSO which remove the discontinuities by rescaling the past (pre 1990–91) data for money GDP and the GDP deflator. Further details are given in Appendix A. The adjusted deflator series and an index for adjusted money GDP are given in **Table 2.1**.

2.5 **Table 2.1** also gives figures, for the years for which they are available, for the planning total.

2.6 Figures for general government expenditure back to 1950 and general government expenditure as a percentage of GDP back to 1890 are contained in an article entitled “Long term trends in public expenditure” published in the October 1987 issue of *Economic Trends*. The article briefly discusses the reasons for the fluctuations in government spending over this period. A more detailed summary of changes in the pattern of public spending in recent years was contained in an article – “Public spending in the 1980s” – in the February 1990 edition of the *Economic Progress Reports* published by the Treasury.

### General government expenditure by function

2.7 **Table 2.2** gives an overall functional analysis of general government expenditure in the UK as a whole in the years since 1978–79. Expenditure for which the respective Secretaries of State are responsible in Scotland, Wales and Northern Ireland has been allocated to the appropriate function. **Tables 2.3** and **2.4** present the same analysis in real terms and as a percentage of total expenditure on services. A more detailed analysis, covering the period 1985–86 to 1990–91 is given in **Table 2.5**.

2.8 **Tables 2.2** to **2.5** cover outturn years only because levels of future local authority expenditure on particular services are the responsibility of individual authorities and are not planned by central government. An analysis by function of central government expenditure, which covers the plan years as well as outturn years, is given in **Table 4.4**.

**Table 2.1 Public expenditure, 1963-64 to 1993-94**

	Planning total <sup>(1)</sup>		General government expenditure			General government expenditure (excluding privatisation proceeds)		Money GDP		Adjusted GDP deflator	
	£ billion	Real terms <sup>(2)</sup> £ billion	Spending on goods and services £ billion	Total £ billion	Privatisation proceeds £ billion	£ billion	Real terms <sup>(2)</sup> £ billion	per cent of GDP <sup>(3)</sup>	£ billion	Adjusted series, Index (1990-91 =100 <sup>(3)</sup> )	Index (1989-90=100)
1963-64			6.5	11.3		11.3	101.1	36¾	31.4	5.5	11.2
1964-65			7.0	12.3		12.3	104.6	36½	34.2	6.0	11.7
1965-66			7.7	13.6		13.6	110.8	37¾	36.6	6.4	12.3
1966-67			8.5	15.1		15.1	117.7	39½	38.9	6.8	12.8
1967-68			9.4	17.5		17.5	132.6	43¾	41.2	7.2	13.2
1968-69			9.9	18.2		18.2	131.9	41½	44.6	7.9	13.8
1969-70			10.4	19.3		19.3	132.8	41	48.0	8.4	14.6
1970-71			11.9	21.6		21.6	137.2	41¼	53.2	9.4	15.7
1971-72			13.4	24.4		24.4	141.8	41¼	59.3	10.4	17.2
1972-73			15.2	27.6		27.6	148.7	41¼	67.6	11.9	18.6
1973-74			17.9	32.0		32.0	160.8	43½	75.0	13.2	19.9
1974-75			22.9	42.9		42.9	180.2	48¾	89.4	15.7	23.8
1975-76			29.4	53.8		53.8	180.2	49¼	111.2	19.6	29.9
1976-77			32.9	59.6		59.6	175.8	46¾	130.1	22.9	33.9
1977-78			35.2	63.9	-0.5	64.4	167.1	43¼	151.4	26.6	38.5
1978-79			39.0	75.0		75.0	175.4	44	173.8	30.6	42.7
1979-80			46.5	89.9	-0.4	90.3	181.1	44	208.6	36.7	49.9
1980-81			56.7	108.6	-0.2	108.8	184.3	46½	237.8	41.8	59.0
1981-82			61.1	120.5	-0.5	121.0	187.0	47¼	260.9	45.9	64.7
1982-83			67.4	132.6	-0.5	133.1	192.0	47½	285.7	50.2	69.3
1983-84			72.9	140.4	-1.1	141.6	195.3	46½	309.8	54.5	72.5
1984-85	127.0	166.7	78.4	150.6	-2.1	152.6	200.3	46¾	331.9	58.4	76.2
1985-86	130.7	162.6	82.4	158.2	-2.7	160.9	200.2	45	363.1	63.8	80.3
1986-87	136.0	163.7	87.1	164.4	-4.5	168.8	203.2	44	390.8	68.7	83.1
1987-88	142.6	162.8	94.1	172.8	-5.1	178.0	203.1	41¾	432.9	76.1	87.6
1988-89	145.6	154.9	99.5	179.3	-7.1	186.4	198.2	39¼	482.9	84.9	94.0
1989-90	162.9	162.9	111.4	198.9	-4.2	203.0	203.0	39½	523.0	92.1	100.0
1990-91	181.2	167.8	(4)	217.0	-5.3	222.3	205.8	39¾	558	100.0	108.0
1991-92	200.3	175.0	(4)	233.7	-5.5	239.2	209.0	39½	604		114.5
1992-93	215.0	179.3	(4)	251.1	-5.5	256.6	214.0	39½	649		119.9
1993-94	226.1	182.1	(4)	263.9	-5.5	269.4	217.0	39	690		124.1

(1) Figures for the planning total are only available on a consistent basis for the years shown. Figures are estimated outturn for 1990-91 and plans for 1991-92 onwards.

(2) Cash figures adjusted to 1989-90 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(3) Based on money GDP figures adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(4) Figures are available on a consistent basis for outturn years only.

Table 2.2 General government expenditure by function, 1978-79 to 1990-91

	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	£ billion 1990-91 estimated outturn
Defence	7.5	9.2	11.2	12.6	14.4	15.5	17.1	17.9	18.2	18.9	19.1	20.8	22.1
Overseas services, including overseas aid	1.0	1.2	1.3	1.5	1.5	1.7	1.7	1.9	1.9	2.0	2.3	2.5	2.7
Agriculture, fisheries, food and forestry	1.0	1.3	1.6	1.7	2.2	2.4	2.4	2.9	2.2	2.4	2.2	2.1	2.9
Trade, industry, energy and employment	4.2	4.2	4.8	6.3	8.1	7.2	8.1	8.3	8.3	6.8	8.2	7.9	7.8
<i>of which: Employment and training</i>	1.1	1.3	2.0	2.3	2.3	2.8	3.0	3.0	3.4	3.4	3.4	3.2	3.1
Transport	3.0	3.7	4.3	4.8	5.3	5.5	5.7	5.8	5.7	5.8	5.8	6.9	8.0
Housing	4.6	5.6	5.7	4.3	3.9	4.5	4.5	4.2	4.1	4.2	3.3	4.8	5.7
Other environmental services	2.7	3.3	3.9	4.0	4.6	4.7	4.5	4.6	5.4	5.8	6.0	7.4	7.7
Law, order and protective services	2.5	3.2	3.9	4.6	5.1	5.6	6.2	6.5	7.1	7.9	8.8	10.0	11.4
Education and science	9.5	10.9	13.3	14.5	15.6	16.4	17.0	17.6	19.3	21.1	22.8	25.1	27.5
Arts and libraries	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.9	1.0	1.0	1.1	1.3	1.4
Health and personal social services	9.2	11.1	14.1	15.8	17.2	18.3	19.6	20.7	22.2	24.5	27.0	29.5	33.0
<i>of which: Health</i>	7.8	9.3	12.0	13.5	14.7	15.5	16.7	17.7	18.9	20.7	22.8	24.7	27.8
Social security	16.9	20.0	24.2	29.4	33.5	36.7	39.8	43.3	46.6	48.7	49.9	52.9	58.6
Miscellaneous expenditure <sup>(1)</sup>	2.7	3.2	2.9	3.3	4.0	3.5	4.1	4.0	4.6	5.6	5.2	7.1	7.2
<b>Total expenditure on services</b>	<b>65.3</b>	<b>77.3</b>	<b>91.8</b>	<b>103.3</b>	<b>116.0</b>	<b>122.7</b>	<b>131.6</b>	<b>138.5</b>	<b>146.6</b>	<b>154.6</b>	<b>161.8</b>	<b>178.2</b>	<b>195.9</b>
Privatisation proceeds		-0.4	-0.2	-0.5	-0.5	-1.1	-2.0	-2.7	-4.5	-5.1	-7.1	-4.2	-5.3
General government debt interest	7.4	9.4	11.4	13.3	13.9	14.5	16.1	17.6	17.4	17.9	18.2	18.4	18.3
Other accounting adjustments <sup>(2)</sup>	2.3	3.6	5.6	4.4	3.2	4.4	5.0	4.7	4.8	5.5	6.4	6.4	7.7
Adjustment <sup>(3)</sup>													0.3
<b>General government expenditure</b>	<b>75.0</b>	<b>89.9</b>	<b>108.6</b>	<b>120.5</b>	<b>132.6</b>	<b>140.4</b>	<b>150.6</b>	<b>158.2</b>	<b>164.4</b>	<b>172.8</b>	<b>179.3</b>	<b>198.9</b>	<b>217.0</b>

(1) Includes contributions to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

(2) These adjustments differ from those shown in tables linking the planning total with general government expenditure because of the different treatment of debt interest and the exclusion of market and overseas borrowing of public corporations from expenditure on services.

(3) See paragraph 13 of Appendix A.

**Table 2.3 General government expenditure by function in real terms<sup>(1)</sup>, 1978-79 to 1990-91**

	£ billion (base year 1989-90)												
	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
Defence	17.5	18.5	19.0	19.4	20.7	21.3	22.5	22.3	21.9	21.5	20.3	20.8	20.5
Overseas services, including overseas aid	2.5	2.4	2.3	2.2	2.2	2.3	2.2	2.3	2.3	2.3	2.4	2.5	2.5
Agriculture, fisheries, food and forestry	2.4	2.5	2.8	2.6	3.1	3.3	3.2	3.6	2.6	2.7	2.3	2.1	2.7
Trade and industry, energy and employment	9.7	8.4	8.2	9.7	11.7	9.9	10.7	10.3	9.9	7.7	8.8	7.9	7.2
<i>of which: Employment and training</i>	2.5	2.6	3.3	3.5	3.3	3.8	3.9	3.7	4.1	3.9	3.6	3.2	2.9
Transport	7.0	7.4	7.3	7.4	7.7	7.5	7.5	7.2	6.9	6.6	6.2	6.9	7.4
Housing	10.7	11.3	9.7	6.6	5.7	6.2	6.0	5.2	4.9	4.8	3.5	4.8	5.3
Other environmental services	6.4	6.7	6.6	6.2	6.6	6.4	5.9	5.7	6.5	6.6	6.4	7.4	7.1
Law, order and protective services	5.9	6.4	6.6	7.1	7.3	7.7	8.2	8.0	8.5	9.0	9.3	10.0	10.6
Education and science	22.2	21.9	22.5	22.4	22.5	22.6	22.3	21.9	23.3	24.1	24.2	25.1	25.4
Arts and libraries	0.9	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.3	1.3
Health and personal social services	21.6	22.2	24.0	24.5	24.8	25.2	25.7	25.8	26.8	27.9	28.8	29.5	30.5
<i>of which: Health</i>	18.3	18.7	20.3	20.8	21.2	21.4	21.9	22.0	22.7	23.6	24.3	24.7	25.7
Social security	39.6	40.1	40.9	45.5	48.3	50.6	52.2	53.9	56.1	55.6	53.1	52.9	54.2
Miscellaneous expenditure <sup>(2)</sup>	6.3	6.3	4.9	5.1	5.8	4.9	5.4	5.0	5.6	6.4	5.6	7.1	6.7
<b>Total expenditure on services</b>	<b>152.7</b>	<b>154.9</b>	<b>155.6</b>	<b>159.7</b>	<b>167.4</b>	<b>169.2</b>	<b>172.7</b>	<b>172.4</b>	<b>176.4</b>	<b>176.4</b>	<b>172.1</b>	<b>178.2</b>	<b>181.4</b>
Privatisation proceeds		-0.8	-0.4	-0.8	-0.7	-1.6	-2.7	-3.4	-5.4	-5.9	-7.5	-4.2	-4.9
General government debt interest	17.4	18.9	19.3	20.6	20.0	20.0	21.1	22.0	21.0	20.4	19.4	18.4	17.0
Other accounting adjustments <sup>(3)</sup>	5.3	7.3	9.4	6.7	4.6	6.0	6.5	5.9	5.8	6.3	6.8	6.4	7.1
Adjustment <sup>(4)</sup>													0.3
<b>General government expenditure</b>	<b>175.4</b>	<b>180.4</b>	<b>184.0</b>	<b>186.2</b>	<b>191.3</b>	<b>193.7</b>	<b>197.6</b>	<b>196.9</b>	<b>197.8</b>	<b>197.3</b>	<b>190.7</b>	<b>198.9</b>	<b>200.9</b>

(1) Cash figures adjusted to 1989-90 price levels by excluding the effect of general inflation. The deflator used is that for GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(2) Includes contributions to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

(3) These adjustments differ from those shown in tables linking the planning total with general government expenditure because of the different treatment of debt interest and the exclusion of market and overseas borrowing of public corporations from expenditure on services.

(4) See paragraph 13 of Appendix A.



Table 2.4 Percentage distribution of total expenditure on services by function, 1978-79 to 1990-91

	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	percentages 1990-91 estimated outturn
Defence	11.5	11.9	12.2	12.2	12.4	12.6	13.0	12.9	12.4	12.2	11.8	11.7	11.3
Overseas services, including overseas aid	1.6	1.5	1.5	1.4	1.3	1.4	1.3	1.3	1.3	1.3	1.4	1.4	1.4
Agriculture, fisheries, food and forestry	1.6	1.6	1.8	1.6	1.9	2.0	1.8	2.1	1.5	1.5	1.3	1.2	1.5
Trade, industry, energy and employment	6.4	5.4	5.3	6.1	7.0	5.8	6.2	6.0	5.6	4.4	5.1	4.4	4.0
<i>of which: Employment and training</i>	1.7	1.7	2.1	2.2	2.0	2.3	2.3	2.2	2.3	2.2	2.1	1.8	1.6
Transport	4.6	4.8	4.7	4.6	4.6	4.5	4.3	4.2	3.9	3.7	3.6	3.9	4.1
Housing	7.0	7.3	6.2	4.1	3.4	3.7	3.5	3.0	2.8	2.7	2.1	2.7	2.9
Other environmental services	4.2	4.3	4.3	3.9	4.0	3.8	3.4	3.3	3.7	3.7	3.7	4.2	3.9
Law, order and protective services	3.9	4.1	4.3	4.4	4.4	4.5	4.7	4.7	4.8	5.1	5.4	5.6	5.8
Education and science	14.5	14.1	14.5	14.0	13.4	13.4	12.9	12.7	13.2	13.7	14.1	14.1	14.0
Arts and libraries	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Health and personal social services	14.1	14.3	15.4	15.3	14.8	14.9	14.9	14.9	15.2	15.8	16.7	16.5	16.8
<i>of which: Health</i>	12.0	12.1	13.0	13.1	12.7	12.7	12.7	12.7	12.9	13.4	14.1	13.9	14.2
Social security	25.9	25.9	26.3	28.5	28.8	29.9	30.2	31.3	31.8	31.5	30.8	29.7	29.9
Miscellaneous expenditure <sup>(1)</sup>	4.1	4.1	3.1	3.2	3.4	2.9	3.1	2.9	3.2	3.6	3.2	4.0	3.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(1) Includes contributions to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

Table 2.5 General government expenditure by function, 1985-86 to 1990-91

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	£ million 1990-91 estimated outturn
<b>Defence</b>						
Defence budget	17,930	18,168	18,856	19,079	20,760	22,100
of which: capital receipts <sup>(1)</sup>	-88	-121	-91	-165	-94	-119
Finance for public corporations	-2					
<b>Total defence</b>	<b>17,928</b>	<b>18,168</b>	<b>18,856</b>	<b>19,079</b>	<b>20,760</b>	<b>22,100</b>
<b>Overseas services, including overseas aid</b>						
Overseas aid <sup>(2)</sup>	1,122	1,178	1,196	1,372	1,517	1,586
Other overseas services	694	739	779	872	964	1,050
Finance for public corporations	34	24	-1	34	49	52
<b>Total overseas services, including overseas aid</b>	<b>1,850</b>	<b>1,941</b>	<b>1,975</b>	<b>2,277</b>	<b>2,530</b>	<b>2,688</b>
<b>Agriculture, fisheries, food and forestry</b>						
Market regulation and production support	1,854	1,180	1,400	1,163	1,019	1,694
Structural measures for agriculture	308	263	223	204	218	236
Animal health	16	16	16	18	27	42
Other agriculture and food services including commissioned research and development	145	139	145	135	164	183
Support for the fishing industry	48	52	48	44	41	41
Arterial drainage, flood and coast protection (excluding Water Authorities)	168	198	210	228	246	262
Departmental research, advisory services and administration	267	285	290	314	350	394
Forestry	57	56	55	58	64	76
of which: capital receipts	-81	-89	-100	-102	-107	-109
Finance for public corporations	16	13	2	19	8	
<b>Total agriculture, fisheries, food and forestry</b>	<b>2,879</b>	<b>2,201</b>	<b>2,388</b>	<b>2,182</b>	<b>2,136</b>	<b>2,928</b>
<b>Trade, industry, energy and employment</b>						
Regional and general industrial support	915	1,000	717	855	775	770
Scientific and technological assistance	533	531	502	577	503	576
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	764	1,540	456	1,286	708	390
Trade and Technological Support	536	478	349	346	752	707
Employment	1,878	2,170	2,035	1,576	860	873
Training	1,133	1,247	1,394	1,833	2,298	2,268
Departmental administration and other services	513	586	622	678	819	969
Finance for public corporations	246	186	138	203	195	251
Nationalised industries' external finance	1,749	512	563	875	969	946
<b>Total trade, industry, energy and employment</b>	<b>8,267</b>	<b>8,250</b>	<b>6,775</b>	<b>8,229</b>	<b>7,878</b>	<b>7,751</b>
<b>Transport</b>						
National road systems						
Current	199	222	211	241	257	293
Capital	942	983	1,125	1,122	1,523	2,052
of which: capital receipts	-26	-32	-42	-87	-62	-72
Local roads						
Current	1,443	1,513	1,611	1,613	1,933	2,093
Capital	732	763	782	926	963	872
Local transport						
Current	570	679	620	623	640	725
Capital	193	125	160	69	197	187
Ports	53	30	20	3	102	38
Shipping and civil aviation services	20	24	23	30	42	45
Driver and vehicle licensing	100	105	116	119	131	148
Other transport services	242	252	264	296	262	266
Finance for public corporations	1,325	1,043	848	805	821	1,318
<b>Total transport</b>	<b>5,819</b>	<b>5,739</b>	<b>5,780</b>	<b>5,846</b>	<b>6,871</b>	<b>8,038</b>

## 2. Public spending trends

<b>Table 2.5 General government expenditure by function, 1985-86 to 1990-91</b>						
<b>(continued)</b>	1985-86	1986-87	1987-88	1988-89	1989-90	<b>£ million</b> 1990-91
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Housing</b>						
Central government subsidies to local authority housing	530	633	566	574	695	1,480
Other general subsidies	126	108	79	68	64	69
Administration	214	238	284	274	306	415
Local authority expenditure						
<i>Current</i>	453	424	480	465	479	
<i>Gross capital</i>	3,513	3,609	4,064	4,400	5,448	4,596
<i>Capital receipts</i>	-2,031	-2,232	-2,631	-3,830	-3,713	-2,684
Other capital	875	825	907	952	990	1,256
<i>of which: capital receipts</i>	-112	-140	-138	-153	-137	-127
Finance for public corporations	481	455	470	419	532	538
<b>Total housing</b>	<b>4,161</b>	<b>4,061</b>	<b>4,219</b>	<b>3,320</b>	<b>4,800</b>	<b>5,671</b>
<b>Other environmental services</b>						
Local environmental services	3,704	3,921	3,768	4,009	5,401	5,742
Urban programme	285	272	289	266	303	337
Other	598	644	719	735	793	942
Finance for public corporations	28	549	1,014	984	929	658
<b>Total other environmental services</b>	<b>4,615</b>	<b>5,386</b>	<b>5,790</b>	<b>5,995</b>	<b>7,426</b>	<b>7,679</b>
<b>Law, order and protective services</b>						
Administration of justice	871	953	1,100	1,274	1,487	1,823
The penal system	994	1,078	1,186	1,348	1,592	1,905
<i>of which: capital receipts</i>	-14	-15	-14	-57	-53	-21
Police	3,476	3,763	4,175	4,586	5,186	5,785
Immigration and citizenship	71	80	88	99	120	141
Fire	786	851	945	1,013	1,111	1,205
Civil defence	71	76	77	87	108	118
Community services	25	27	28	30	31	36
Central and miscellaneous services	171	225	267	318	361	423
<b>Total law, order and protective services</b>	<b>6,465</b>	<b>7,053</b>	<b>7,867</b>	<b>8,755</b>	<b>9,997</b>	<b>11,435</b>
<b>Education and science</b>						
Local authority schools						
<i>Current</i>						
Primary schools	3,598	4,035	4,572	5,056	5,557	6,133
Secondary schools	4,770	5,259	5,696	6,045	6,443	6,967
Special schools and schools support services	1,533	1,692	1,811	1,852	1,975	2,101
<i>Capital</i>	380	388	401	434	644	671
Central government schools						
<i>Current</i>	371	446	478	515	573	642
<i>Capital</i>	72	77	87	120	159	216
Universities Funding Council						
<i>Current</i>	1,283	1,320	1,468	1,585	1,713	1,661
<i>Capital</i>	117	130	129	141	138	175
Polytechnics and Colleges Funding Council						
<i>Current</i>					1,024	1,014
<i>Capital</i>					90	94
Other central government further and higher education						
<i>Current</i>	398	426	455	484	427	451
<i>Capital</i>	38	49	53	54	58	61
Local authority further and higher education						
<i>Current</i>	2,039	2,170	2,362	2,600	2,001	2,164
<i>Capital</i>	139	148	119	155	80	79
Student awards and fees	1,032	1,076	1,135	1,219	1,353	1,757
Student Loans and Access Funds					5	106
Miscellaneous educational services, research and administration	1,282	1,501	1,676	1,803	2,034	2,256
Science	573	605	661	714	826	913
<b>Total education and science</b>	<b>17,625</b>	<b>19,321</b>	<b>21,102</b>	<b>22,778</b>	<b>25,101</b>	<b>27,462</b>

**Table 2.5 General government expenditure by function, 1985–86 to 1990–91**  
(continued)

	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	£ million 1990–91 estimated outturn
<b>Arts and libraries</b>						
Museums and galleries	223	237	248	296	346	382
Other arts and heritage	126	159	169	185	195	207
Libraries	517	556	604	649	738	805
Administration	6	5	7	1	2	2
<b>Total arts and libraries</b>	<b>871</b>	<b>957</b>	<b>1,028</b>	<b>1,131</b>	<b>1,279</b>	<b>1,395</b>
<b>Health and personal social services</b>						
<b>Health</b>						
National Health Service hospitals, community health, family health (cash limited) and related services	13,468	14,397	15,770	17,405	18,891	21,279
<i>of which: capital receipts</i>	-90	-149	-212	-292	-262	-262
Family health (non-cash limited)	3,587	3,835	4,268	4,805	5,035	5,553
Central health and other services	583	641	666	705	822	940
Finance for public corporations	23	27	12	-70	1	
<b>Total health</b>	<b>17,660</b>	<b>18,899</b>	<b>20,715</b>	<b>22,846</b>	<b>24,748</b>	<b>27,773</b>
<b>Personal social services</b>						
Local authority services	2,922	3,221	3,626	4,050	4,550	5,016
Central government services	125	127	135	143	159	177
<b>Total personal social services</b>	<b>3,046</b>	<b>3,348</b>	<b>3,761</b>	<b>4,193</b>	<b>4,709</b>	<b>5,194</b>
<b>Total health and personal social services</b>	<b>20,706</b>	<b>22,248</b>	<b>24,476</b>	<b>27,039</b>	<b>29,457</b>	<b>32,966</b>
<b>Social security</b>						
Pension benefits (contributory)	17,057	18,280	19,170	19,782	21,279	23,344
Widows' benefits	829	855	869	880	884	910
Unemployment, incapacity and other benefits	4,959	5,567	5,687	5,774	5,954	6,671
Industrial injury benefits	484	520	529	529	549	593
Family benefits (contributory)	171	176	254	287	329	389
Pension benefits (non-contributory)	52	48	49	48	47	47
War pensions	581	589	599	610	641	699
Disability benefits	1,439	1,740	2,139	2,251	2,560	3,091
Income Support	7,682	8,302	8,303	7,938	8,048	8,968
Social Fund			29	149	130	156
Family benefits (non-contributory)	4,934	5,027	5,137	5,294	5,371	5,555
Housing benefits	3,419	3,686	3,856	4,121	4,526	5,306
Administration and miscellaneous services	1,703	1,827	2,083	2,231	2,537	2,845
<b>Total social security</b>	<b>43,310</b>	<b>46,619</b>	<b>48,703</b>	<b>49,896</b>	<b>52,855</b>	<b>58,574</b>
<b>Miscellaneous expenditure<sup>(3)</sup></b>						
Other public services	2,112	2,333	2,577	2,746	3,221	3,641
Common services	1,098	1,247	1,365	1,495	1,574	1,706
Contributions to European Communities <sup>(2)</sup>	819	1,074	1,661	1,006	2,316	1,889
Finance for public corporations	-12	-7	-7	-7	-7	-6
<b>Total miscellaneous expenditure<sup>(3)</sup></b>	<b>4,016</b>	<b>4,647</b>	<b>5,597</b>	<b>5,240</b>	<b>7,103</b>	<b>7,229</b>
<b>Total expenditure on services</b>	<b>138,514</b>	<b>146,592</b>	<b>154,559</b>	<b>161,767</b>	<b>178,196</b>	<b>195,916</b>
Privatisation proceeds	-2,706	-4,458	-5,140	-7,069	-4,155	-5,300
General government gross debt interest	17,636	17,445	17,870	18,230	18,431	18,300
Other accounting adjustments <sup>(4)</sup>	4,718	4,783	5,530	6,353	6,414	7,700
Adjustment <sup>(5)</sup>						300
<b>Total general government expenditure</b>	<b>158,162</b>	<b>164,362</b>	<b>172,820</b>	<b>179,281</b>	<b>198,886</b>	<b>217,000</b>

(1) On the standard public expenditure classification of capital expenditure and not the NATO definition used in the figures on asset creation.

(2) UK contributions to European Community Aid budget are included in overseas aid.

(3) As well as contributions to the European Communities, "Miscellaneous expenditure" includes the activities required for the general maintenance of government, such as tax collection, and the registration of the population.

(4) These adjustments differ from those shown in tables linking the planning total with general government expenditure because of the different treatment of debt interest and the exclusion of market and overseas borrowing of public corporations from expenditure on services.

(5) See paragraph 13 of Appendix A.

## General government expenditure by economic category

2.9 Table 2.6 gives an economic category breakdown of general government expenditure for the years 1985–86 to 1990–91. Details of the coverage of the various categories shown are given in paragraph 3.9. An economic category analysis of the planning total is given in Table 3.6.

	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 estimated outturn
Pay	42,977	46,431	50,721	55,490	} 94,711	104,389
Other current expenditure on goods and services	27,235	28,343	30,377	31,820		
Subsidies	6,246	5,822	5,954	4,968	5,422	6,137
Current grants to persons	50,268	54,448	56,618	57,050	62,449	67,811
Net capital expenditure on assets	7,696	7,239	7,117	6,438	9,889	11,578
Capital grants	3,561	3,596	3,573	4,236	7,370	6,674
Lending and other financial transactions	531	712	201	1,765	–1,645	–671
Privatisation proceeds	–2,706	–4,458	–5,140	–7,069	–4,155	–5,300
General government debt interest	17,636	17,445	17,870	18,230	18,431	18,300
Other accounting adjustments <sup>(1)</sup>	4,718	4,783	5,530	6,353	6,414	7,700
Adjustment <sup>(2)</sup>						300
<b>Total general government expenditure</b>	<b>158,162</b>	<b>164,362</b>	<b>172,820</b>	<b>179,281</b>	<b>198,886</b>	<b>217,000</b>

(1) These adjustments differ from those shown in tables linking the planning total with general government expenditure because of the different treatment of debt interest and the exclusion of market and overseas borrowing of public corporations from expenditure on services.

(2) See paragraph 13 of Appendix A.

## Territorial analysis of general government expenditure

2.10 Most public expenditure is planned on a national basis, apart from expenditure which is the responsibility of the territorial departments. However, to provide a more comprehensive analysis of territorial expenditure an additional analysis, covering outturn years, is carried out each year. This analysis allocates, where possible, expenditure to England, Scotland, Wales or Northern Ireland and therefore includes within the territories a wider coverage of expenditure than that for which the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

2.11 The analysis divides expenditure into “identifiable expenditure”, ie expenditure which can be identified from official records as having been incurred on behalf of the population of a particular territory, and “non-identifiable expenditure”, ie expenditure which is deemed to be incurred on behalf of the United Kingdom as a whole (eg defence expenditure and overseas aid), or expenditure which cannot be separated between individual territories from existing records.

2.12 In the years prior to 1989 the analysis was based on the planning total. However, following the change in the definition of the planning total for the 1989 Public Expenditure Survey, the basis of the analysis was changed in 1989 to cover general government expenditure. As in previous years, the principal components remained central government’s own expenditure and the expenditure of local authorities. At the same time as this change was made the coverage of identifiable expenditure was extended to include grants, subsidies and net lending to those public corporations, mainly dealing with housing and development, for which allocation between territories was possible on a consistent basis. The basis of the 1990 analysis differs slightly from 1989 and earlier years in that, for consistency, all elements of common services are now treated as unidentifiable; some had previously been split between territories.

2.13 A summary of the results of the 1990 exercise, covering the period 1985–86 to 1989–90, was published in the House of Commons Official Report on 13 December 1990 (OR WA Cols 449–460). The data were collected in the summer of 1990 and the data published in the Official Report are, therefore, not entirely consistent with other figures in this Supplement which reflect later information. They do, however, provide an indication of the territorial coverage of expenditure on each main function. Three tables from the answer in the Official Report are reproduced below; they summarise general government expenditure by territorial area for the years 1985–86 to 1989–90 (Table 2.7) and territorial expenditure by function in 1989–90 (Tables 2.8 and 2.9). Fuller details of the results of the 1990 analysis are given in Appendix E.

	£ million				
	1985–86	1986–87	1987–88	1988–89	1989–90
England	84,557	90,744	95,924	100,403	110,640
Scotland	11,682	12,512	13,349	13,946	15,079
Wales	5,565	6,131	6,582	6,989	7,458
Northern Ireland <sup>(2)</sup>	4,318	4,653	4,929	5,616	5,970
<b>Total</b>	<b>106,122</b>	<b>114,040</b>	<b>120,784</b>	<b>126,954</b>	<b>139,147</b>
<b>£ per head</b>					
England	1,795	1,920	2,023	2,112	2,320
Scotland	2,274	2,443	2,611	2,738	2,962
Wales	1,979	2,173	2,321	2,446	2,596
Northern Ireland <sup>(2)</sup>	2,772	2,989	3,129	3,558	3,771
<b>Total</b>	<b>1,874</b>	<b>2,009</b>	<b>2,122</b>	<b>2,225</b>	<b>2,431</b>

(1) See paragraphs 2.11 and 2.12.  
(2) Includes £390 million (£247 per head) in 1988–89 and £305 million (£193 per head) in 1989–90 for costs associated with the privatisation of Short Brothers PLC.

	Identifiable expenditure <sup>(2)</sup>					Not identified	United Kingdom
	England	Scotland	Wales	Northern Ireland	Total		
Defence						20,681	20,681
Overseas services, including overseas aid						2,538	2,538
Agriculture, fisheries, food and forestry	891	220	106	183	1,400	914	2,314
Trade, industry, energy and employment	3,677	649	362	751 <sup>(3)</sup>	5,438	2,728	8,167
Transport	4,624	697	346	131	5,799	1,072	6,870
Housing	3,366	645	170	267	4,448		4,448
Other environmental services	5,311	715	450	280	6,755	512	7,267
Law, order and protective services	6,482	808	329	698	8,317	1,631	9,948
Education and science	19,154	2,825	1,169	940 <sup>(4)</sup>	24,088	902	24,990
Arts and libraries	911	101	48	(4)	1,060	188	1,249
Health and personal social services	23,610	3,268	1,521	962	29,360	40	29,400
Social security	42,617	5,024	2,907	1,700	52,249	638	52,887
Miscellaneous expenditure <sup>(5)</sup>	-2	126	50	59	233	6,910	7,143
<b>Total expenditure on services</b>	<b>110,640</b>	<b>15,079</b>	<b>7,458</b>	<b>5,970<sup>(3)</sup></b>	<b>139,147</b>	<b>38,754</b>	<b>177,900</b>

(1) Items included in general government expenditure but not included within total expenditure on programmes (privatisation proceeds, general government debt interest and other accounting adjustments) are treated as unidentifiable expenditure and are not allocated to territories.

(2) See paragraphs 2.11 and 2.12.

(3) Includes £305 million for costs associated with the privatisation of Short Brothers PLC.

(4) Expenditure on arts and libraries in Northern Ireland is contained in the education and science category.

(5) Includes contributions to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

**Table 2.9 Identifiable general government expenditure <sup>(1)</sup> per head by territorial area and function, 1989-90**

	England	Scotland	Wales	Northern Ireland	£ per head United Kingdom
Agriculture, fisheries, food and forestry	19	43	37	115	24
Trade, industry, energy and employment	77	128	126	474 <sup>(2)</sup>	95
Transport	97	137	121	83	101
Housing	71	128	59	169	78
Other environmental services	111	140	156	177	118
Law, order and protective services	136	159	114	441	145
Education and science	402	555	407	594 <sup>(3)</sup>	421
Arts and libraries	19	20	17	(3)	18
Health and personal social services	495	642	529	608	513
Social security	894	987	1,012	1,074	913
Miscellaneous expenditure <sup>(4)</sup>		25	17	37	4
<b>Total</b>	<b>2,320</b>	<b>2,962</b>	<b>2,596</b>	<b>3,771</b>	<b>2,431</b>

(1) See paragraphs 2.11 and 2.12.

(2) Includes £193 per head for costs associated with the privatisation of Short Brothers PLC.

(3) Expenditure on arts and libraries in Northern Ireland is contained in the education and science category.

(4) Includes contributions to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of population.

## Regional expenditure data

2.14 As expenditure is neither planned or controlled on a regional basis, public expenditure data are not generally available in this form. The Central Statistical Office's annual Regional Trends publication contains a number of separate analyses relevant to specific topics (eg Health Authorities). However, these data are not all based on the same definitions and do not always cover the same geographical regions. In order to provide a broad indication of the regional breakdown of general government expenditure an exercise was carried out last year, at the request of the Treasury and Civil Service Committee, to bring together the available regional expenditure data, both published and unpublished. The results of this exercise are set out in **Appendix F**.

## Section Three The planning total

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## 3. The planning total

3.1 This section presents a number of summary analyses of the planning total. More detailed analyses of central government expenditure, central government support for local authorities and the financing requirements of nationalised industries are dealt with in **Sections 4 to 6** respectively. **Section 5** also includes analyses of local authority expenditure for outturn years.

### The planning total by spending sector

3.2 **Table 3.1** shows the division of the planning total into the three different spending sectors: central government expenditure (including the financing requirements of public corporations, other than nationalised industries), central government support for local authorities and the financing requirements of nationalised industries. Central government expenditure accounts for about three quarters of the planning total with most of the remainder being accounted for by central government support for local authorities. The table also shows the main individual elements of central government support for local authorities. **Table 3.2** presents the same analysis in real terms.

Table 3.1 Planning total by spending sector							£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Central government expenditure</b>									
Central government's own expenditure	99,561	106,058	111,157	116,166	126,730	140,073	150,915	160,500	166,700
Financing requirements of public corporations (excluding nationalised industries) <sup>(1)</sup>	925	651	523	290	791	1,141	1,206	1,090	1,250
<b>Total</b>	<b>100,486</b>	<b>106,710</b>	<b>111,680</b>	<b>116,456</b>	<b>127,521</b>	<b>141,214</b>	<b>152,121</b>	<b>161,600</b>	<b>167,900</b>
<b>Central government support for local authorities<sup>(2)</sup></b>									
Revenue/rate support grant <sup>(3)</sup>	11,219	11,847	12,554	12,776	12,982	13,127	13,561	28,920	29,730
Non-domestic rate payments <sup>(4)</sup>	8,167	9,102	9,764	10,554	11,364	12,060	14,322		
Current specific grants	7,386	8,177	8,925	8,901	9,733	12,405	14,276	15,000	15,500
Capital grants	649	659	673	714	875	1,175	1,469	1,480	1,510
Credit approvals <sup>(5)</sup>	3,762	3,608	3,876	3,681	3,432	3,967	4,233	4,320	4,380
<b>Total</b>	<b>31,183</b>	<b>33,393</b>	<b>35,791</b>	<b>36,626</b>	<b>38,385</b>	<b>42,734</b>	<b>47,861</b>	<b>49,700</b>	<b>51,200</b>
<b>Financing requirements of nationalised industries<sup>(1)</sup></b>	<b>1,702</b>	<b>344</b>	<b>271</b>	<b>-430</b>	<b>1,106</b>	<b>2,257</b>	<b>2,327</b>	<b>2,140</b>	<b>1,970</b>
Reserve							3,500	7,000	10,500
Privatisation proceeds	-2,706	-4,458	-5,140	-7,069	-4,155	-5,300	-5,500	-5,500	-5,500
Adjustment <sup>(6)</sup>						300			
<b>Planning total</b>	<b>130,665</b>	<b>135,989</b>	<b>142,602</b>	<b>145,582</b>	<b>162,857</b>	<b>181,200</b>	<b>200,309</b>	<b>215,000</b>	<b>226,100</b>

(1) Including central government finance other than grants and subsidies which are generally available to the private sector; these are treated as contributing to internal resources.

(2) Proxies have been used for some elements of central government support for local authorities for the years before 1990-91; see footnotes 4 and 5.

(3) Rate support grant up to 1 April 1989 in Scotland and 1 April 1990 in England and Wales.

(4) For the years before 1990-91 the estimated yield of non-domestic rates has been used as a proxy for non-domestic rate payments.

(5) Including net capital allocations in Scotland. For the years before 1990-91 capital allocations less capital grants has been used as a proxy for credit approvals in England and Wales.

(6) See paragraph 13 of Appendix A.

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	£ million		
							1991-92 plans	1992-93 plans	1993-94 plans
<b>Central government expenditure</b>									
Central government's own expenditure	123,923	127,647	126,873	123,570	126,730	129,697	131,827	133,900	134,300
Financing requirements of public corporations (excluding nationalised industries) <sup>(2)</sup>	1,151	784	597	308	791	1,057	1,054	910	1,010
<b>Total</b>	<b>125,074</b>	<b>128,431</b>	<b>127,469</b>	<b>123,879</b>	<b>127,521</b>	<b>130,754</b>	<b>132,880</b>	<b>134,800</b>	<b>135,300</b>
<b>Central government support for local authorities<sup>(3)</sup></b>									
Revenue/rate support grant <sup>(4)</sup>	13,965	14,258	14,329	13,591	12,982	12,155	11,846	} 24,110	23,950
Non-domestic rate payments <sup>(5)</sup>	10,166	10,955	11,145	11,226	11,364	11,167	12,510		
Current specific grants	9,193	9,842	10,186	9,469	9,733	11,486	12,471	12,500	12,500
Capital grants	807	793	768	759	875	1,088	1,283	1,240	1,220
Credit approvals <sup>(6)</sup>	4,683	4,342	4,424	3,915	3,432	3,673	3,697	3,600	3,530
<b>Total</b>	<b>38,814</b>	<b>40,191</b>	<b>40,852</b>	<b>38,960</b>	<b>38,385</b>	<b>39,569</b>	<b>41,807</b>	<b>41,500</b>	<b>41,200</b>
<b>Financing requirements of nationalised industries<sup>(2)</sup></b>	<b>2,118</b>	<b>414</b>	<b>309</b>	<b>-458</b>	<b>1,106</b>	<b>2,090</b>	<b>2,032</b>	<b>1,790</b>	<b>1,590</b>
Reserve							3,057	5,840	8,460
Privatisation proceeds	-3,368	-5,366	-5,867	-7,520	-4,155	-4,907	-4,804	-4,590	-4,430
Adjustment <sup>(7)</sup>						278			
<b>Planning total</b>	<b>162,638</b>	<b>163,670</b>	<b>162,764</b>	<b>154,862</b>	<b>162,857</b>	<b>167,800</b>	<b>174,973</b>	<b>179,300</b>	<b>182,100</b>

(1) Cash figures adjusted to 1989-90 price levels by excluding the effect of general inflation. The deflator used is that for GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(2) Including central government finance other than grants and subsidies which are generally available to the private sector; these are treated as contributing to internal resources.

(3) Proxies have been used for some elements of central government support for local authorities for the years before 1990-91; see footnotes 5 and 6.

(4) Rate support grant up to 1 April 1989 in Scotland and 1 April 1990 in England and Wales.

(5) For the years before 1990-91 the estimated yield of non-domestic rates has been used as a proxy for non-domestic rate payments.

(6) Including net capital allocations in Scotland. For the years before 1990-91 capital allocations less capital grants has been used as a proxy for credit approvals in England and Wales.

(7) See paragraph 13 of Appendix A.

3.3 The spending sector breakdown of the departmental plans is also shown in the main cash plans table at the front of each Departmental Report. These tables also identify expenditure voted in Estimates and, within voted expenditure, show a functional breakdown of the main components. This makes it easier to relate the public expenditure plans to the various control totals such as the Supply Estimates and nationalised industries' external finance limits.

3.4 **Table 3.3** shows the overall differences, by spending sector, between the figures in this Supplement and the corresponding figures published in the 1990 public expenditure White Paper adjusted for changes of classification and transfers between spending sectors. The changes are presented in this way to avoid the differences being distorted by changes in the way public expenditure is measured or changes of departmental responsibility for particular services. More detailed analyses of the differences for central government expenditure, including data on classification changes and transfers, can be found in **Section 4**.

### 3. The planning total

Table 3.3 Differences <sup>(1)</sup> from 1990 public expenditure White Paper by spending sector						£ million	
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	
Central government expenditure							
Central government's own expenditure	1	-34	5	2,264	5,947	8,700	
Financing requirements of public corporations (excluding nationalised industries)			-74	269	117	80	
<b>Total</b>	<b>1</b>	<b>-33</b>	<b>-69</b>	<b>2,533</b>	<b>6,064</b>	<b>8,800</b>	
Central government support for local authorities	28	14	-10	965	4,047	4,700	
Financing requirements of nationalised industries		-2	657	1,739	816	630	
Reserve				-3,000	-2,500	-2,000	
Privatisation proceeds		4	94	-300	-500	-500	
Adjustment <sup>(2)</sup>			195	300			
<b>Planning total</b>	<b>29</b>	<b>-18</b>	<b>867</b>	<b>2,200</b>	<b>7,927</b>	<b>11,600</b>	

(1) The differences shown are the differences from figures given in the 1990 public expenditure White Paper after adjustments for changes of classification and switches between spending sectors.

(2) See paragraph 13 of Appendix A.

3.5 The main changes since the 1990 public expenditure White Paper are in the following areas:

- (i) *1989-90*: The table shows that, overall, there was little change for central government expenditure. Within the total there were increases in expenditure on, in particular, defence and social security. These increases were offset by falls in a number of areas, particularly in contributions to the European Communities. The substantial increase for nationalised industries, about £650 million, reflects a significant fall in the negative external finance of the electricity industries and increases for both British Coal and London Transport.
- (ii) *1990-91*: The latest estimate of the planning total shows an increase of about £2 billion over the figure in the 1990 public expenditure White Paper, after adjustment for classification changes. There are significant increases in all spending sectors. The increases for central government reflect, in particular, costs arising from the Gulf crisis and higher costs of agricultural market support. The increase for nationalised industries is largely a result of the higher financing requirements of British Coal and the electricity industries and extra provision for public transport. The increase in support for local authorities arises mainly because of increases in community charge benefit reflecting the level of charges set by local authorities.
- (iii) *1991-92 and 1992-93*: These increases reflect the additional provision allocated during the course of the 1990 Survey. Details of the major increases are set out in **paragraph 1.11**. Further details are given in the Autumn Statement.

### Planning total by department

#### Departmental aggregates

3.6 Public expenditure plans are formulated on a departmental basis and this has been reflected in all the publications relating to public expenditure since the 1986 public expenditure White Paper (Cmnd 9702). The departmental breakdowns shown in the summary tables in this Supplement correspond to the coverage of the individual Departmental Reports.

## Coverage of departmental expenditure

3.7 **Table 3.4** gives a departmental breakdown of the planning total over the nine year period 1985–86 to 1993–94. **Table 3.5** presents this information in real terms. The figures cover all spending for which the department has direct responsibility and thus the figures include not only central government expenditure but also, where relevant, support for local authorities and the financing requirements of nationalised industries. For example, the figures for the Department of Transport include expenditure by central government on the national road systems as well as the external financing requirements of British Rail and support for local authorities' spending on roads and on the provision of local transport. The separate contributions of different spending sectors to the departmental totals are shown in the main cash plans table at the front of each Departmental Report.

**Table 3.4** Planning total<sup>(1)</sup> by department<sup>(2)</sup>

	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991–92 plans	1992–93 plans	1993–94 plans
Ministry of Defence	17,965	18,156	18,856	19,079	20,760	22,100	22,802	23,350	23,390
Foreign and Commonwealth Office	1,853	1,944	1,978	2,280	2,533	2,690	2,932	3,070	3,180
Ministry of Agriculture, Fisheries and Food	2,341	1,655	1,857	1,632	1,523	2,264	2,276	2,390	2,390
Trade and Industry	1,809	2,261	821	1,460	1,648	1,630	1,225	1,060	910
Energy	663	-204	206	-419	474	1,447	966	690	640
Department of Employment	3,285	3,831	3,894	3,845	3,770	3,777	3,402	3,380	3,440
Department of Transport	2,795	2,705	2,646	2,730	3,537	4,434	5,210	5,420	5,430
DOE - Housing <sup>(3)</sup>	3,028	2,939	2,886	2,727	2,938	6,881	7,277	7,220	7,440
DOE - Other environmental services	1,278	1,087	1,091	898	1,328	1,444	1,463	1,380	1,490
DOE - Local government <sup>(4)</sup>	15,689	17,051	18,238	18,822	19,541	20,437	23,269	24,010	24,460
Home Office (including Charity Commission)	2,762	3,040	3,389	3,686	4,203	5,060	5,399	5,630	5,940
Lord Chancellor's and Law Officers' Departments	569	655	777	906	1,128	1,384	1,459	1,580	1,660
Department of Education and Science <sup>(5)</sup>	3,409	3,528	3,919	4,265	5,732	6,653	7,293	7,590	7,780
Office of Arts and Libraries	288	343	368	414	446	494	559	580	570
Department of Health and Office of Population Censuses and Surveys	14,305	15,318	16,795	18,483	20,021	22,578	25,095	26,510	27,680
Department of Social Security <sup>(3)</sup>	43,237	46,591	48,751	49,397	52,159	55,940	62,837	67,700	72,200
Scotland	7,167	7,513	7,805	8,458	8,919	9,725	11,052	11,460	11,780
Wales	2,762	3,020	3,261	3,567	3,790	4,464	4,923	5,080	5,250
Northern Ireland	4,275	4,499	4,826	5,435	5,723	5,912	6,422	6,860	7,170
Chancellor of the Exchequer's Departments	2,853	3,210	3,465	3,706	4,222	4,630	4,997	5,300	5,520
Cabinet Office, Privy Council Office and Parliament	219	228	251	274	301	371	399	420	440
European Communities	819	1,074	1,661	1,006	2,316	1,889	1,051	2,870	2,340
Reserve							3,500	7,000	10,500
Privatisation proceeds	-2,706	-4,458	-5,140	-7,069	-4,155	-5,300	-5,500	-5,500	-5,500
Adjustment <sup>(6)</sup>						300			
<b>Planning total</b>	<b>130,665</b>	<b>135,989</b>	<b>142,602</b>	<b>145,582</b>	<b>162,857</b>	<b>181,200</b>	<b>200,309</b>	<b>215,000</b>	<b>226,100</b>

(1) Proxies have been used for some elements of central government support for local authorities for the years before 1990–91. See footnotes 4 and 5 to Table 3.1.

(2) A full list of the departments included in each departmental grouping is given in Appendix C.

(3) Central government support to local authorities for rent rebates is included against DOE-Housing from 1990–91 and against the Department of Social Security in earlier years.

(4) Includes revenue/rate support grant and non-domestic rate payments in England and certain transitional grants associated with the change from rates to the new system of local authority finance. (Comparable items are included in the figures for Scotland and Wales.)

(5) Comparisons between years up to and including 1988–89 and later years are affected by the transfer of the financing of institutions which are then controlled by the Polytechnical Colleges Funding Council from local authorities to central government; figures for 1990–91 and beyond are affected by a shift in the funding of higher education to higher student fees (higher grants to local authorities offset by lower central government expenditure).

(6) See paragraph 13 of Appendix A.

### 3. The planning total

Table 3.5 Planning total <sup>(1)</sup> by department <sup>(2)</sup> in real terms <sup>(3)</sup>									
	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	£ million
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	1993-94
						outturn			plans
Ministry of Defence	22,361	21,852	21,522	20,295	20,760	20,463	19,918	19,470	18,850
Foreign and Commonwealth Office	2,306	2,339	2,257	2,425	2,533	2,490	2,561	2,560	2,560
Ministry of Agriculture, Fisheries and Food	2,914	1,992	2,120	1,736	1,523	2,096	1,988	1,990	1,920
Trade and Industry	2,252	2,721	938	1,553	1,648	1,509	1,070	880	730
Energy	825	-245	235	-446	474	1,340	844	580	520
Department of Employment	4,089	4,611	4,445	4,090	3,770	3,497	2,971	2,810	2,770
Department of Transport	3,480	3,256	3,020	2,904	3,537	4,106	4,551	4,520	4,370
DOE - Housing <sup>(4)</sup>	3,768	3,538	3,294	2,901	2,938	6,371	6,357	6,020	5,990
DOE - Other environmental services	1,591	1,309	1,245	956	1,328	1,337	1,278	1,150	1,200
DOE - Local government <sup>(5)</sup>	19,529	20,522	20,817	20,022	19,541	18,923	20,326	20,020	19,710
Home Office (including Charity Commission)	3,438	3,659	3,869	3,921	4,203	4,685	4,716	4,700	4,780
Lord Chancellor's and Law Officers' Departments	708	788	887	963	1,128	1,282	1,274	1,320	1,340
Department of Education and Science <sup>(6)</sup>	4,243	4,246	4,473	4,536	5,732	6,160	6,371	6,330	6,270
Office of Arts and Libraries	358	413	420	440	446	458	489	490	460
Department of Health and Office of Population Censuses and Surveys	17,805	18,436	19,169	19,661	20,021	20,906	21,921	22,110	22,300
Department of Social Security <sup>(4)</sup>	53,817	56,075	55,643	52,546	52,159	51,796	54,889	56,400	58,200
Scotland	8,920	9,042	8,908	8,997	8,919	9,005	9,654	9,560	9,490
Wales	3,437	3,634	3,722	3,794	3,790	4,134	4,300	4,240	4,230
Northern Ireland	5,321	5,415	5,509	5,782	5,723	5,474	5,610	5,720	5,780
Chancellor of the Exchequer's Departments	3,552	3,863	3,954	3,942	4,222	4,287	4,365	4,420	4,440
Cabinet Office, Privy Council Office and Parliament	273	275	286	292	301	343	349	350	350
European Communities	1,019	1,293	1,896	1,070	2,316	1,749	918	2,390	1,890
Reserve							3,057	5,840	8,460
Privatisation proceeds	-3,368	-5,366	-5,867	-7,520	-4,155	-4,907	-4,804	-4,590	-4,430
Adjustment <sup>(7)</sup>						278			
<b>Planning total</b>	<b>162,638</b>	<b>163,670</b>	<b>162,764</b>	<b>154,862</b>	<b>162,857</b>	<b>167,800</b>	<b>174,973</b>	<b>179,300</b>	<b>182,100</b>

(1) Proxies have been used for some elements of central government support for local authorities for the years before 1990-91. See footnotes 4 and 5 to table 3.1.

(2) A full list of the departments included in each departmental grouping is given in Appendix C.

(3) Cash figures adjusted to 1989-90 price levels by excluding the effect of general inflation. The deflator used is that for GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(4) Central government support to local authorities for rent rebates is included against DOE-Housing from 1990-91 and against the Department of Social Security in earlier years.

(5) Includes revenue/rate support grant and non-domestic rate payments in England and certain transitional grants associated with the change from rates to the new system of local authority finance. (Comparable items are included in the figures for Scotland and Wales.)

(6) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are then controlled by the Polytechnical Colleges Funding Council from local authorities to central government; figures for 1990-91 and beyond are affected by a shift in the funding of higher education to higher student fees (higher grants to local authorities offset by lower central government expenditure).

(7) See paragraph 13 of Appendix A.

#### Allocation of grants to Departmental programmes

3.8 Revenue Support Grant paid to local authorities and non-domestic rate payments are included within the expenditure programmes of the Department of the Environment, the Scottish Office and the Welsh Office. The expenditure in England is shown separately in the departmental analyses—against DOE-Local government. Specific grants to local authorities are included within the relevant departments' programmes; thus, for example, police grant is shown within the Home Office programme. European Community grants in support of local authority current expenditure are also included in relevant departmental programmes. Most capital grants to local authorities score within the planning total and are included, along with credit approvals issued to local authorities, in the relevant departmental programmes. A detailed description of central government support for local authorities is given in **Section 5**.

#### Planning total by economic category

3.9 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. The public expenditure figures can be disaggregated into a number of economic categories. The economic category groupings used in this Supplement are as follows:

(i) **Pay**—pay and pension costs;

- (ii) **Other current expenditure on goods and services**—including general administrative expenses and purchases of other goods and services which are not of a capital nature;
- (iii) **Subsidies**—payments to producers designed to reduce their prices;
- (iv) **Current grants to persons**—including social security benefits and grants towards the current expenditure of non-profit making bodies outside the public sector;
- (v) **Current grants to local authorities**—central government grants to local authorities to support current expenditure. This covers both unhypothecated grants (e.g. Revenue Support Grant) and specific grants such as grants for mandatory student awards;
- (vi) **Non-domestic rate payments**—payments to local authorities from the yield of the National Non-Domestic Rates in England and Wales and income from non-domestic rates in Scotland;
- (vii) **Net capital expenditure on assets**—comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from their sales and net changes in the level of stocks and work in progress;
- (viii) **Capital grants to local authorities**—central government grants to local authorities to support capital expenditure;
- (ix) **Other capital grants**—grants to the private sector, nationalised industries and other public corporations;
- (x) **Credit approvals**—central government permissions for an individual local authority to borrow or raise other forms of credit for capital purposes (includes net capital allocations in Scotland), and
- (xi) **Lending and other financial transactions**—comprising net lending to the private sector and public corporations, cash expenditure on company securities and the market and overseas borrowing of public corporations.

3.10 A breakdown of the planning total into the economic categories shown above is given in **Table 3.6**. The largest single element is current grants to persons (about £60 billion in 1990–91), mainly pensions and other social security payments. Central government pay (mainly for the Armed Forces and the National Health Service) and other current expenditure on goods and services between them account for about £65 billion with a further £25 billion accounted for by current grants to local authorities. Economic category analyses of central government expenditure, local authorities expenditure and the financing requirements of nationalised industries are shown in the relevant sections of this Supplement.

**Table 3.6 Planning total by economic category**

	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 estimated outturn	1991–92 plans	1992–93 plans	1993–94 plans
Pay	22,398	23,967	25,929	28,321	30,629	64,602	69,410	72,570	74,930
Other current expenditure on goods and services	22,122	22,829	24,471	25,788	27,854		5,636	5,651	5,380
Subsidies	5,285	4,677	4,885	4,050	4,503	5,636	5,651	5,380	5,110
Current grants to persons	46,093	49,970	51,946	52,084	56,973	61,320	66,907	73,300	77,000
Current grants to local authorities <sup>(1)</sup>	18,605	20,024	21,479	21,678	22,714	25,532	27,837	43,900	45,300
Non-domestic rate payments <sup>(2)</sup>	8,167	9,102	9,764	10,554	11,364	12,060	14,322		
Net capital expenditure on assets	3,898	3,413	3,482	3,383	4,929	6,711	6,755	6,920	7,050
Capital grants to local authorities	649	659	673	714	875	1,175	1,469	1,480	1,510
Other capital grants	2,719	2,769	2,648	3,273	6,300	5,727	5,384	4,890	5,280
Credit approvals <sup>(3)</sup>	3,762	3,608	3,876	3,681	3,432	3,967	4,233	4,320	4,380
Lending and other financial transactions	-328	-571	-1,412	-871	-2,562	-525	343	770	540
Reserve							3,500	7,000	10,500
Privatisation proceeds	-2,706	-4,458	-5,140	-7,069	-4,155	-5,300	-5,500	-5,500	-5,500
Adjustment <sup>(4)</sup>						300			
<b>Planning total</b>	<b>130,665</b>	<b>135,989</b>	<b>142,602</b>	<b>145,582</b>	<b>162,857</b>	<b>181,200</b>	<b>200,309</b>	<b>215,000</b>	<b>226,100</b>

(1) Includes revenue/rate support grant.

(2) For the years before 1990–91 the estimated yield of non-domestic rates has been used as a proxy for non-domestic rate payments.

(3) Including net capital allocations in Scotland. For the years before 1990–91 capital allocations less capital grants has been used as a proxy for credit approvals in England and Wales.

(4) See paragraph 13 of Appendix A.

## Relationship with Supply

## Relationship between plans and control totals

3.11 **Table 3.7** shows the split of the planning total between money voted in Estimates, which accounts for about three-quarters of the planning total, and other expenditure. About 70 per cent of central government expenditure is voted in Estimates; most of the remainder is expenditure from the National Insurance Fund. Just under 90 per cent of central government support for local authorities is voted; most of the rest is accounted for by credit approvals.

3.12 **Table 3.8** shows the relationship between the planning total of 1991–92 and the various control totals which will operate during the year. It summarises the departmental figures given in the various Departmental Reports. Departments' allocations are subject to detailed amendment before the operational control totals and Supply Estimates are presented to Parliament.

Table 3.7 Planning total: voted and other expenditure by spending sector							£ million		
	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 estimated outturn	1991–92 plans	1992–93 plans	1993–94 plans
<b>Voted in Estimates</b>									
Central government expenditure <sup>(1)</sup>	71,905	74,669	77,655	81,764	89,256	100,255	108,021	112,700	116,700
Central government support for local authorities <sup>(2)</sup>	26,360	28,642	30,633	31,610	33,772	37,646	42,306	45,500 <sup>(3)</sup>	46,800 <sup>(3)</sup>
Financing requirements for nationalised industries	2,813	2,266	2,194	3,287	5,380	3,590	2,092	2,160	2,170
<b>Total voted in Estimates</b>	<b>101,078</b>	<b>105,577</b>	<b>110,482</b>	<b>116,661</b>	<b>128,408</b>	<b>141,490</b>	<b>152,419</b>	<b>(3)</b>	<b>(3)</b>
<b>Other</b>									
Central government expenditure <sup>(1)</sup>	28,581	32,041	34,025	34,692	38,265	40,959	44,100	49,000	51,300
Central government support for local authorities <sup>(2)</sup>	4,823	4,751	5,158	5,016	4,613	5,089	5,555	4,260 <sup>(3)</sup>	4,320 <sup>(3)</sup>
Financing requirements of nationalised industries	-1,111	-1,923	-1,923	-3,717	-4,274	-1,332	235	-20	-200
<b>Total other</b>	<b>32,293</b>	<b>34,870</b>	<b>37,260</b>	<b>35,990</b>	<b>38,604</b>	<b>44,715</b>	<b>49,890</b>	<b>(3)</b>	<b>(3)</b>
Reserve							3,500	7,000	10,500
Privatisation proceeds	-2,706	-4,458	-5,140	-7,069	-4,155	-5,300	-5,500	-5,500	-5,500
Adjustment <sup>(4)</sup>						300			
<b>Planning total</b>	<b>130,665</b>	<b>135,989</b>	<b>142,602</b>	<b>145,582</b>	<b>162,857</b>	<b>181,200</b>	<b>200,309</b>	<b>215,000</b>	<b>226,100</b>

(1) From 1 April 1990 industrial injury benefits are treated as voted in Estimates; prior to that date they were paid from the National Insurance Fund.

(2) Proxies have been used for some elements of central government support for local authorities for the years before 1990–91. See footnotes 4 and 5 to Table 3.1.

(3) Plans for 1992–93 and 1993–94 have been set for revenue support grant and non-domestic rate payments combined. In England and Wales both are voted expenditure but in Scotland non-domestic rate payments are non-voted. It is therefore not possible to provide a complete split between voted and non-voted expenditure. The combined planned totals for Scotland are included in the voted in Estimates figures.

(4) See paragraph 13 of Appendix A.

3.13 Detailed proposals for the level of voted expenditure, and the relationship with the figures shown in this table, will be put forward, as part of the Supply Estimates for 1991–92. More detailed information on the relationship between the figures in this Supplement and the Estimates will be contained in the Summary and Guide to Main Estimates.

## Cash limits

3.14 About 50 per cent of the planning total is directly covered by cash limits. **Table 3.8** shows the extent to which central government expenditure voted in Estimates will be subject to cash limits — about two-thirds of central government voted expenditure in 1991–92 will be cash limited. Most cash limits are based on the Supply Estimates and cover both expenditure by central government and its voted grants and lending to other public sector bodies. A summary of the cash limits set for the coming year will be presented in the Summary and Guide.

3.15 Some expenditure outside the scope of the Supply Estimates is also subject to cash limit control, principally certain expenditure by Northern Ireland departments. The nationalised industries' contribution to the planning total is controlled by means of external financing limits, which are a form of cash limit for individual industries. The limits set a ceiling to the amount of finance, in the form of grants and borrowing, that an industry can raise in a given year from external sources (this is equivalent to the difference between its capital requirements and its internally generated funds).

**Table 3.8 Planning total by department<sup>(1)</sup> and spending sector, 1991-92**

	Central government expenditure			Central government support for local authorities			Financing requirements of nationalised industries			Planning total			£ million Total
	Voted in Estimates		Other (non-voted)	Voted in Estimates		Other (non-voted)	Voted in Estimates		Other (non-voted)	Votes in Estimates		Other (non-voted)	
	Cash limited	Non cash limited		Cash limited	Non cash limited		Cash limited	Non cash limited		Cash limited	Non cash limited		
Ministry of Defence	22,802									22,802			22,802
Foreign and Commonwealth Office	2,593	120	218							2,593	120	218	2,932
Ministry of Agriculture, Fisheries and Food	644	1,556	161	26	32	-144				670	1,588	17	2,276
Trade and Industry	778	501			5				2	778	508	-62	1,225
Energy	400	85	24						779	400	864	-297	966
Department of Employment	2,844		128	429		1				3,273		129	3,402
Department of Transport	2,343	129	-8	348		568			1,251	2,691	1,380	1,139	5,210
DOE—Housing	2,009 <sup>(2)</sup>	1,397	-498	486 <sup>(2)</sup>	2,341	1,542				2,495 <sup>(2)</sup>	3,739	1,044	7,277
DOE—Other environmental services	728	552	-476	12	279	318	49			789	831	-158	1,463
DOE—Local government	8	122	46	22,567	496	30				22,575	618	76	23,269
Home Office (including Charity Commission)	1,906	128		830	2,404	131				2,736	2,532	131	5,399
Lord Chancellor's and Law Officers' Departments	626	808	25							626	808	25	1,459
Department of Education and Science	4,355	278	3	298	1,868	492				4,653	2,146	495	7,293
Office of Arts and Libraries	559									559			559
Department of Health and Office of Population Censuses and Surveys	19,712	5,205	12	60		106				19,772	5,205	118	25,095
Department of Social Security	1,913	20,867	35,453	134	4,471					2,047	25,337	35,453	62,837
Scotland	4,568	1,303	-103	2,674	394	2,169	11		38	7,252	1,696	2,104	11,052
Wales	1,745	783	-41	1,843	308	285				3,588	1,091	244	4,923
Northern Ireland	762		5,603			56				762		5,660	6,422
Chancellor of the Exchequer's Departments	2,648	2,241	109							2,648	2,241	109	4,997
Cabinet Office, Privy Council Office and Parliament	243	156								243	156		399
European Communities	-392	-2,004	3,446							-392	-2,004	3,446	1,051
Reserve			3,500									3,500	3,500
Privatisation proceeds			-5,500									-5,500	-5,500
<b>Planning total</b>	<b>73,795</b>	<b>34,226</b>	<b>42,100</b>	<b>29,708</b>	<b>12,599</b>	<b>5,555</b>	<b>59</b>	<b>2,032</b>	<b>235</b>	<b>103,561</b>	<b>48,857</b>	<b>47,890</b>	<b>200,309</b>

(1) A full list of the departments included in each departmental grouping is given in Appendix C.

(2) This figure includes expenditure which is on a non cash limited Estimate but which is covered by a non-voted cash limit.



## Section Four Central government expenditure

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## 4. Central government expenditure

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4.1 This section provides a number of summary analyses of central government expenditure ie. central government's own expenditure and the financing requirements of public corporations (excluding nationalised industries). The finance which central government provides or approves for local authorities and nationalised industries is dealt with in **Sections 5** and **6** respectively. This section includes analyses covering the running costs of government departments, sales and purchases of land and existing buildings and expenditure on science and technology.

4.2 The coverage of this section has been expanded from the corresponding section in Chapter 21 of the 1990 public expenditure White Paper, which covered only central government's own expenditure. The change has been made to ensure consistent treatment of Next Steps Agencies, ie to avoid a situation where those Agencies operating as trading funds, which are classified as public corporations, would appear in a different section of this Supplement from non-trading fund Agencies. Similarly the change means that the National Health Service Trusts, which will be treated as public corporations, will be presented alongside central government expenditure on the NHS.

4.3 Central government's own expenditure, which accounts for about three-quarters of the planning total, includes the expenditure of government departments on their own activities and their funding of other non-trading public bodies, of which the National Health Service is by far the largest. In addition it covers subsidies to a small number of trading bodies such as Remploy Ltd.

4.4 Public corporations' activities are generally subject to commercial disciplines and for this reason different conventions are applied to the measurement of their contribution to the public expenditure planning total from those applying to central government's own expenditure. The details vary but the guiding principle is that public expenditure should represent the burden on public resources and should, therefore, not include expenditure financed by revenue from trading activities. Accordingly for most public corporations it is their external finance—grants, subsidies, loans and equity from central government, market and overseas borrowing and the capital value of assets acquired under financing leases—which is included in the planning total. Further details are given later in this section.

### Central government expenditure by department

4.5 **Table 4.1** gives a departmental breakdown of central government expenditure for the period 1985-86 to 1993-94. The table shows that three departments—Social Security, Health and Defence—together account for about 70 per cent of the total. A large proportion of expenditure in other areas, such as education, transport and law and order, is carried out by local authorities and a relatively small proportion is spent directly by central government. **Tables 4.2** and **4.3** give figures for central government expenditure by department for the years 1978-79 to 1993-94 in cash and real terms respectively.

#### 4. Central government expenditure

Table 4.1 Central government expenditure <sup>(1)</sup> by department <sup>(2)</sup>	£ million								
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Ministry of Defence	17,966	18,156	18,856	19,079	20,760	22,100	22,802	23,350	23,390
Foreign and Commonwealth Office	1,853	1,944	1,978	2,280	2,533	2,690	2,932	3,070	3,180
Ministry of Agriculture, Fisheries and Food	2,266	1,577	1,777	1,555	1,541	2,342	2,362	2,480	2,480
Trade and Industry	1,412	2,142	1,091	1,791	1,660	1,610	1,279	1,140	980
Energy	860	903	549	514	444	542	508	460	450
Department of Employment	3,167	3,591	3,636	3,579	3,410	3,457	2,972	2,970	3,020
Department of Transport	1,218	1,269	1,379	1,405	1,866	2,305	2,463	2,590	2,710
DOE - Housing	1,290	1,306	1,281	1,194	1,496	2,663	2,908	2,870	3,060
DOE - Other environmental services	311	299	324	319	618	873	805	670	770
DOE - Local government	4	4	4	5	10	50	176	180	190
Home Office (including Charity Commission)	1,002	1,077	1,200	1,361	1,602	1,998	2,034	2,020	2,080
Lord Chancellor's and Law Officers' Departments	569	655	777	906	1,128	1,384	1,459	1,580	1,660
Department of Education and Science <sup>(3)</sup>	2,387	2,493	2,733	2,991	4,334	4,605	4,635	4,750	4,900
Office of Arts and Libraries	288	343	368	414	446	494	559	580	570
Department of Health and Office of Population Censuses and Surveys	14,239	15,253	16,726	18,401	19,930	22,463	24,929	26,330	27,500
Department of Social Security	38,744	41,686	43,530	44,440	46,892	51,655	58,233	62,600	66,700
Scotland	3,398	3,543	3,709	4,022	4,397	4,970	5,767	5,990	6,200
Wales	1,370	1,496	1,608	1,826	1,943	2,264	2,486	2,600	2,710
Northern Ireland	4,237	4,462	4,776	5,389	5,674	5,859	6,366	6,800	7,110
Chancellor of the Exchequer's Departments	2,868	3,210	3,465	3,706	4,222	4,630	4,997	5,300	5,520
Cabinet Office, Privy Council Office and Parliament	220	228	251	274	301	371	399	420	440
European Communities	819	1,074	1,661	1,006	2,316	1,889	1,051	2,870	2,340
<b>Total central government expenditure<sup>(3)</sup></b>	<b>100,486</b>	<b>106,710</b>	<b>111,680</b>	<b>116,456</b>	<b>127,521</b>	<b>141,214</b>	<b>152,121</b>	<b>161,600</b>	<b>167,900</b>
<i>of which:</i>									
Central government's own expenditure	99,561	106,058	111,157	116,166	126,730	140,073	150,915	160,500	166,700
Public corporations (excluding nationalised industries)	925	651	523	290	791	1,141	1,206	1,090	1,250

This table and the following tables in this section do not include any allocation from the Reserve for the plan years.

(1) Excludes support for local authorities and the financing requirements of nationalised industries.

(2) A full list of the departments included in each departmental grouping is given in Appendix C.

(3) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are the responsibility of the Polytechnics and Colleges Funding Council from local authorities to central government; figures for 1990-91 and beyond are affected by a shift in the funding of higher education to higher student fees (higher grants to local authorities offset by lower central government expenditure).

### Central government expenditure by function

4.6 As explained in paragraph 2.7 the territorial coverage of departmental expenditure varies. For example, the Department of Social Security is responsible for social security benefits for Great Britain as a whole (but not Northern Ireland), whereas the Department of Education and Science covers spending on schools in England only. Table 4.4 allocates to the appropriate function the expenditure for which the respective Secretaries of State are responsible in Scotland, Wales and Northern Ireland to produce a picture of central government spending on different functions or services in the UK as a whole.

**Table 4.2 Central government expenditure<sup>(1)</sup> by department<sup>(2)</sup>, 1978-79 to 1993-94**

	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
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence	7.5	9.2	11.2	12.6	14.4	15.5	17.2	18.0	18.2	18.9	19.1	20.8	22.1	22.8	23.4	23.4
Foreign and Commonwealth Office	1.1	1.2	1.3	1.5	1.5	1.7	1.8	1.9	1.9	2.0	2.3	2.5	2.7	2.9	3.1	3.2
Ministry of Agriculture, Fisheries and Food	0.6	0.8	1.1	1.1	1.5	1.8	1.8	2.3	1.6	1.8	1.6	1.5	2.3	2.4	2.5	2.5
Trade and Industry	1.3	0.9	1.1	1.7	1.9	1.4	1.7	1.4	2.1	1.1	1.8	1.7	1.6	1.3	1.1	1.0
Energy	0.2	0.2	0.3	0.3	0.4	0.5	0.5	0.9	0.9	0.5	0.5	0.4	0.5	0.5	0.5	0.5
Department of Employment	1.0	1.2	1.9	2.2	2.3	2.8	3.0	3.2	3.6	3.6	3.6	3.4	3.5	3.0	3.0	3.0
Department of Transport	0.5	0.6	0.8	0.9	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.9	2.3	2.5	2.6	2.7
DOE-Housing	1.7	2.1	2.4	1.8	1.6	1.2	1.3	1.3	1.3	1.3	1.2	1.5	2.7	2.9	2.9	3.1
DOE-Other environmental services	0.6	0.6	0.7	0.7	0.8	0.3	0.4	0.3	0.3	0.3	0.3	0.6	0.9	0.8	0.7	0.8
DOE-Local government														0.2	0.2	0.2
Home Office (including Charity Commission)	0.4	0.4	0.6	0.7	0.7	0.9	0.9	1.0	1.1	1.2	1.4	1.6	2.0	2.0	2.0	2.1
Lord Chancellor's and Law Officers' Departments	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.6	0.7	0.8	0.9	1.1	1.4	1.5	1.6	1.7
Department of Education and Science <sup>(3)</sup>	1.2	1.4	1.7	1.8	2.1	2.2	2.3	2.4	2.5	2.7	3.0	4.3	4.6	4.6	4.8	4.9
Office of Arts and Libraries	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.6	0.6	0.6
Department of Health and OPCS	6.3	7.6	9.7	10.9	11.9	12.6	13.5	14.2	15.3	16.7	18.4	19.9	22.5	24.9	26.3	27.5
Department of Social Security	16.2	19.1	23.1	28.0	31.4	33.1	35.7	38.7	41.7	43.5	44.4	46.9	51.7	58.2	62.6	66.7
Scotland	1.8	2.2	2.7	2.9	3.1	3.0	3.2	3.4	3.5	3.7	4.0	4.4	5.0	5.8	6.0	6.2
Wales	0.7	0.8	1.1	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.8	1.9	2.3	2.5	2.6	2.7
Northern Ireland	2.1	2.5	2.8	3.2	3.5	3.7	4.0	4.2	4.5	4.8	5.4	5.7	5.9	6.4	6.8	7.1
Chancellor of the Exchequer's Departments	1.5	1.7	2.1	2.5	2.7	2.5	2.6	2.9	3.2	3.5	3.7	4.2	4.6	5.0	5.3	5.5
Cabinet Office, Privy Council Office and Parliament		0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4
European Communities	0.8	0.8	0.2	0.1	0.6	0.8	1.0	0.8	1.1	1.7	1.0	2.3	1.9	1.1	2.9	2.3
<b>Total central government expenditure<sup>(3)</sup></b>	<b>45.8</b>	<b>53.8</b>	<b>65.3</b>	<b>74.8</b>	<b>83.3</b>	<b>87.1</b>	<b>94.3</b>	<b>100.5</b>	<b>106.7</b>	<b>111.7</b>	<b>116.5</b>	<b>127.5</b>	<b>141.2</b>	<b>152.1</b>	<b>161.6</b>	<b>167.9</b>

(1) Excludes support for local authorities and the financing requirements of nationalised industries.

(2) A full list of the departments in each departmental grouping is given in Appendix C.

(3) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the Polytechnics and Colleges Funding Council to central government; figures for 1990-91 and beyond are affected by the transfer of student fees.

	Table 4.3 Central government expenditure <sup>(1)</sup> by department <sup>(2)</sup> in real terms <sup>(3)</sup> , 1978-79 to 1993-94													£ billion (base year 1989-90)		
	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Ministry of Defence	17.5	18.5	19.0	19.4	20.7	21.3	22.6	22.4	21.9	21.5	20.3	20.8	20.5	19.9	19.5	18.8
Foreign and Commonwealth Office	2.5	2.4	2.3	2.2	2.2	2.3	2.4	2.3	2.3	2.3	2.4	2.5	2.5	2.6	2.6	2.6
Ministry of Agriculture, Fisheries and Food	1.5	1.5	1.8	1.7	2.2	2.5	2.4	2.8	1.9	2.0	1.7	1.5	2.2	2.1	2.1	2.0
Trade and Industry	3.0	1.7	1.8	2.7	2.7	1.9	2.2	1.8	2.6	1.2	1.9	1.7	1.5	1.1	0.9	0.8
Energy	0.5	0.4	0.5	0.5	0.5	0.7	0.6	1.1	1.1	0.6	0.5	0.4	0.5	0.4	0.4	0.4
Department of Employment	2.4	2.4	3.2	3.4	3.4	3.9	4.0	3.9	4.3	4.1	3.8	3.4	3.2	2.6	2.5	2.4
Department of Transport	1.2	1.2	1.3	1.4	1.6	1.5	1.6	1.5	1.5	1.6	1.5	1.9	2.1	2.2	2.2	2.2
DOE-Housing	4.0	4.2	4.1	2.8	2.3	1.7	1.7	1.6	1.6	1.5	1.3	1.5	2.5	2.5	2.4	2.5
DOE-Other environmental services	1.4	1.3	1.1	1.1	1.1	0.4	0.5	0.4	0.4	0.4	0.3	0.6	0.8	0.7	0.6	0.6
DOE-Local government														0.2	0.2	0.2
Home Office (including Charity Commission)	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.2	1.3	1.4	1.4	1.6	1.8	1.8	1.7	1.7
Lord Chancellor's and Law Officers' Departments	0.4	0.4	0.5	0.5	0.5	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.3	1.3	1.3	1.3
Department of Education and Science <sup>(4)</sup>	2.7	2.8	2.9	2.8	3.0	3.0	3.0	3.0	3.0	3.1	3.2	4.3	4.3	4.0	4.0	3.9
Office of Arts and Libraries	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Department of Health and OPCS	14.8	15.1	16.5	16.9	17.1	17.3	17.7	17.7	18.4	19.1	19.6	19.9	20.8	21.8	22.0	22.2
Department of Social Security	37.8	38.3	39.1	43.3	45.3	45.6	46.9	48.2	50.2	49.7	47.3	46.9	47.8	50.9	52.2	53.7
Scotland	4.3	4.3	4.6	4.5	4.5	4.2	4.2	4.2	4.3	4.2	4.3	4.4	4.6	5.0	5.0	5.0
Wales	1.7	1.7	1.8	1.8	1.8	1.7	1.7	1.7	1.8	1.8	1.9	1.9	2.1	2.2	2.2	2.2
Northern Ireland	5.0	4.9	4.8	4.9	5.0	5.1	5.3	5.3	5.4	5.5	5.7	5.7	5.4	5.6	5.7	5.7
Chancellor of the Exchequer's Departments	3.4	3.5	3.5	3.9	3.8	3.5	3.5	3.6	3.9	4.0	3.9	4.2	4.3	4.4	4.4	4.4
Cabinet Office, Privy Council																
Office and Parliament	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
European Communities	1.8	1.7	0.3	0.2	0.8	1.2	1.3	1.0	1.3	1.9	1.1	2.3	1.7	0.9	2.4	1.9
<b>Total central government expenditure<sup>(4)</sup></b>	<b>107.2</b>	<b>107.9</b>	<b>110.6</b>	<b>115.7</b>	<b>120.2</b>	<b>120.1</b>	<b>123.8</b>	<b>125.1</b>	<b>128.4</b>	<b>127.5</b>	<b>123.9</b>	<b>127.5</b>	<b>130.8</b>	<b>132.9</b>	<b>134.8</b>	<b>135.3</b>

(1) Excludes support for local authorities and the financing requirements of nationalised industries.

(2) A full list of the departments included in each departmental grouping is given in Appendix C.

(3) Cash figures adjusted to 1989-90 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(4) Comparisons between years up to and including 1988-89 are affected by the transfer of the Polytechnics and Colleges Funding Council to central government; figures for 1990-91 and beyond are affected by the transfer of student fees.

Table 4.4 Central government expenditure <sup>(1)</sup> by function	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Defence</b>									
Defence budget	17,966	18,156	18,856	19,079	20,760	22,100	22,802	23,350	23,390
<b>Total defence</b>	<b>17,966</b>	<b>18,156</b>	<b>18,856</b>	<b>19,079</b>	<b>20,760</b>	<b>22,100</b>	<b>22,802</b>	<b>23,350</b>	<b>23,390</b>
<b>Overseas services, including overseas aid</b>									
Overseas aid <sup>(2)</sup>	1,151	1,209	1,226	1,403	1,566	1,638	1,791	1,860	1,920
Other overseas services	699	732	749	874	964	1,050	1,141	1,210	1,250
<b>Total overseas services, including overseas aid</b>	<b>1,850</b>	<b>1,941</b>	<b>1,975</b>	<b>2,277</b>	<b>2,530</b>	<b>2,688</b>	<b>2,932</b>	<b>3,070</b>	<b>3,180</b>
<b>Agriculture, fisheries, food and forestry</b>									
Market regulation and production support	1,828	1,152	1,369	1,134	991	1,663	1,627	1,720	1,700
Structural measures for agriculture	307	262	222	203	217	235	226	250	240
Animal health	16	16	16	18	27	42	45	30	20
Other agriculture and food services including commissioned research and development	166	164	155	176	191	217	293	310	320
Support for the fishing industry	44	49	46	40	33	36	42	40	40
Arterial drainage, flood and coast protection (excluding Water Authorities)	12	13	14	15	19	21	20	20	20
Departmental research, advisory services and administration	267	285	290	314	350	394	383	400	430
Forestry	57	56	55	58	64	76	92	100	100
National Rivers Authority levys					95	167	193	200	210
<b>Total agriculture, fisheries, food and forestry</b>	<b>2,698</b>	<b>1,996</b>	<b>2,167</b>	<b>1,958</b>	<b>1,985</b>	<b>2,851</b>	<b>2,920</b>	<b>3,070</b>	<b>3,100</b>
<b>Trade, industry, energy and employment</b>									
Regional and general industrial support	947	1,049	787	929	843	879	765	740	720
Scientific and technological assistance	533	531	502	577	503	576	592	590	590
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	764	1,540	456	1,286	708	390	271	170	70
Trade and Technological Support	459	399	264	253	647	586	434	320	230
Energy	72	-28	21	-42	-45	-70	-75		
Employment	1,767	2,046	1,906	1,429	708	703	782	760	770
Training	1,133	1,247	1,394	1,833	2,298	2,268	1,689	1,700	1,700
Departmental administration and other services	524	599	623	656	820	1,014	1,030	1,020	1,090
<b>Total trade, industry, energy and employment</b>	<b>6,200</b>	<b>7,382</b>	<b>5,952</b>	<b>6,921</b>	<b>6,482</b>	<b>6,346</b>	<b>5,486</b>	<b>5,310</b>	<b>5,170</b>
<b>Transport</b>									
<b>National road systems</b>									
Current	199	222	212	242	258	294	336	350	370
Capital	943	986	1,128	1,122	1,523	2,052	2,122	2,310	2,410
Local transport	9	5	9		3	4	5		10
Ports	37	16	11	-3	84	20	4		
Shipping and civil aviation services	20	24	23	28	37	44	41	40	40
Driver and vehicle licensing	100	105	116	119	131	148	146	140	150
Other transport services	263	273	278	321	286	289	356	360	370
<b>Total transport</b>	<b>1,571</b>	<b>1,631</b>	<b>1,777</b>	<b>1,829</b>	<b>2,323</b>	<b>2,850</b>	<b>3,010</b>	<b>3,200</b>	<b>3,340</b>

## 4. Central government expenditure

Table 4.4 Central government expenditure <sup>(1)</sup> by function (continued)							£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Housing</b>									
Subsidies to local authority housing	708	817	782	760	1,015	1,851	1,731	1,640	1,590
Other general subsidies	27	31	38	41	54	67	92	130	130
New Towns	80	26	-16	-101	-99	5	-70	-210	-180
Housing Action Trusts							10	70	70
Administration	37	41	46	51	55	87	124	130	100
Other capital	1,053	978	1,052	1,081	1,107	1,344	1,797	1,860	2,110
<b>Total housing</b>	<b>1,906</b>	<b>1,894</b>	<b>1,902</b>	<b>1,831</b>	<b>2,131</b>	<b>3,355</b>	<b>3,683</b>	<b>3,620</b>	<b>3,830</b>
<b>Other environmental services</b>									
Local environmental services	93	95	104	105	113	131	48	70	100
Urban Development Corporation	129	77	-41	-65	234	372	214	170	290
Urban programme	8	9	17	23	45	80	106	120	120
Other	482	498	579	596	683	827	1,343	1,370	1,400
<b>Total other environmental services</b>	<b>712</b>	<b>679</b>	<b>658</b>	<b>659</b>	<b>1,074</b>	<b>1,410</b>	<b>1,712</b>	<b>1,730</b>	<b>1,900</b>
<b>Law, order and protective services</b>									
Administration of justice	692	757	868	1,019	1,187	1,488	1,578	1,710	1,810
The penal system	829	882	984	1,124	1,344	1,619	1,635	1,620	1,660
Police	368	416	481	489	512	599	643	680	720
Immigration and citizenship	71	80	88	99	120	141	157	170	190
Fire	28	30	38	40	46	48	51	50	50
Civil defence	54	55	54	62	78	83	81	70	70
Community services	25	27	28	30	31	36	38	40	40
Central and miscellaneous services	149	199	239	286	327	384	421	440	450
<b>Total law, order and protective services</b>	<b>2,216</b>	<b>2,446</b>	<b>2,779</b>	<b>3,149</b>	<b>3,644</b>	<b>4,398</b>	<b>4,604</b>	<b>4,780</b>	<b>4,990</b>
<b>Education and science</b>									
Schools									
<i>Current</i>	392	466	506	546	607	680	768	820	860
<i>Capital</i>	51	57	60	88	126	178	204	190	180
Universities Funding Council									
<i>Current</i>	1,283	1,320	1,468	1,585	1,713	1,661	1,550	1,500	1,490
<i>Capital</i>	117	130	129	141	138	175	232	240	240
Polytechnics and Colleges Funding Council									
<i>Current</i>					1,024	1,014	858	840	860
<i>Capital</i>					90	94	141	140	140
Other further and higher education									
<i>Current</i>	398	426	455	484	427	451	437	450	470
<i>Capital</i>	38	49	53	54	58	61	35	40	40
Student awards and fees	147	152	158	171	195	271	367	400	410
Student Loans and Access Funds					5	106	290	360	400
Miscellaneous educational services, research and administration	191	209	232	271	303	357	378	390	400
Science	573	605	661	714	826	913	930	1,030	1,110
<b>Total education and science<sup>(3)</sup></b>	<b>3,189</b>	<b>3,415</b>	<b>3,721</b>	<b>4,055</b>	<b>5,511</b>	<b>5,961</b>	<b>6,190</b>	<b>6,400</b>	<b>6,600</b>
<b>Arts and libraries</b>									
Museums and galleries	128	144	152	186	197	226	248	260	270
Other arts and heritage	125	158	169	184	194	207	232	240	250
Libraries	77	93	99	106	130	149	174	180	150
Administration	6	5	7	1	2	2	2		
<b>Total arts and libraries</b>	<b>337</b>	<b>400</b>	<b>428</b>	<b>479</b>	<b>523</b>	<b>583</b>	<b>656</b>	<b>690</b>	<b>680</b>

Table 4.4 Central government expenditure<sup>(1)</sup> by function (continued)

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>£ million</b>									
<b>Health and personal social services</b>									
Health									
National Health Service hospitals, community health, family health (cash limited) and related services	13,468	14,397	15,770	17,405	18,891	21,279	23,712	24,940	25,990
Family health (non-cash limited)	3,587	3,835	4,268	4,805	5,035	5,553	6,004	6,440	6,810
National Health Service Trusts Central health and other services	579	637	662	701	817	935	-4	1,028	1,110
Finance for public corporations	23	27	12	-70	1				
<b>Total health</b>	<b>17,656</b>	<b>18,896</b>	<b>20,711</b>	<b>22,841</b>	<b>24,744</b>	<b>27,767</b>	<b>30,740</b>	<b>32,480</b>	<b>33,920</b>
Personal social services	125	127	135	143	159	177	220	240	250
<b>Total health and personal social services</b>	<b>17,781</b>	<b>19,023</b>	<b>20,846</b>	<b>22,984</b>	<b>24,903</b>	<b>27,944</b>	<b>30,961</b>	<b>32,720</b>	<b>34,160</b>
<b>Social security</b>									
Pension benefits (contributory)	17,057	18,280	19,170	19,782	21,279	23,344	26,226	27,900	29,600
Widows' benefits	829	855	869	880	884	910	980	1,000	1,000
Unemployment, incapacity and other benefits	4,959	5,567	5,687	5,774	5,954	6,671	7,547	8,200	8,800
Industrial injury benefits	484	520	529	529	549	593	635	600	600
Family benefits (contributory)	171	176	254	287	329	389	424	500	500
Pension benefits (non-contributory)	52	48	49	48	47	47	50		
War pensions	581	589	599	610	641	699	761	800	800
Disability benefits	1,439	1,740	2,139	2,251	2,560	3,091	3,793	4,400	4,800
Income Support	7,682	8,302	8,303	7,938	8,048	8,968	10,342	11,200	12,000
Social Fund			29	149	130	156	161	200	200
Family benefits (non-contributory)	4,934	5,027	5,137	5,294	5,371	5,555	6,084	6,600	7,000
Housing benefits	152	165	174	219	223	231	246	300	300
Administration and miscellaneous services	1,703	1,827	2,083	2,231	2,537	2,845	3,063	3,300	3,400
<b>Total social security</b>	<b>40,042</b>	<b>43,098</b>	<b>45,022</b>	<b>45,995</b>	<b>48,552</b>	<b>53,498</b>	<b>60,312</b>	<b>64,900</b>	<b>69,100</b>
<b>Miscellaneous expenditure<sup>(4)</sup></b>									
Other public services	2,112	2,333	2,577	2,746	3,221	3,641	4,037	4,220	4,370
Trading Funds	-12	-7	-7	-7	-7	-6	-1		
Common services	1,098	1,247	1,365	1,495	1,574	1,706	1,765	1,750	1,810
Contributions to European Communities <sup>(2)</sup>	819	1,074	1,661	1,006	2,316	1,889	1,051	2,870	2,340
<b>Total miscellaneous expenditure<sup>(4)</sup></b>	<b>4,016</b>	<b>4,647</b>	<b>5,597</b>	<b>5,240</b>	<b>7,103</b>	<b>7,229</b>	<b>6,853</b>	<b>8,840</b>	<b>8,530</b>
<b>Total of central government expenditure</b>	<b>100,486</b>	<b>106,710</b>	<b>111,680</b>	<b>116,456</b>	<b>127,521</b>	<b>141,214</b>	<b>152,121</b>	<b>161,600</b>	<b>167,900</b>

(1) Excludes support for local authorities and the financing requirements of nationalised industries.

(2) UK contributions to the European Community Aid budget are included in overseas aid.

(3) Comparisons between years up to 1988-89 and later years are affected by the transfer of the Polytechnics and Colleges Funding Council to central government; figures for 1990-91 and beyond are affected by the transfer of student fees.

(4) "Miscellaneous expenditure" includes the activities required for general maintenance of government, such as tax collection, and the registration of the population.

## Central government expenditure by economic category

4.7 Paragraph 3.9 sets out the eleven groupings of economic categories used in the economic category analyses in this Supplement. Seven of these are applicable to central government expenditure. Table 4.5 breaks down central government expenditure into these categories; figures are presented separately for central government's own expenditure and for public corporations (excluding nationalised industries). The largest element is current grants to persons (£64 billion in 1990-91), mainly pensions and other social security payments. The majority of the remainder is spending on pay (mainly the Armed Forces and the National Health Service) and other current expenditure on goods and services.



#### 4. Central government expenditure

Table 4.5 Central government expenditure <sup>(1)</sup> by economic category							£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Central government's own expenditure</b>									
Pay	22,398	23,967	25,929	28,321	30,629	64,602	69,410	72,570	74,930
Other current expenditure on goods and services	22,122	22,829	24,471	25,788	27,854				
Subsidies	2,722	2,589	2,683	2,526	2,905	3,913	3,643	3,540	3,420
Current grants to persons	46,093	49,970	51,946	52,084	56,973	61,320	66,907	73,300	77,000
Net capital expenditure on assets	3,899	3,515	3,800	3,919	5,374	7,020	7,183	7,330	7,300
Capital grants	2,235	2,235	2,054	2,615	2,261	3,117	3,662	3,370	3,500
Lending and other financial transactions	92	953	273	913	732	101	111	480	540
<b>Total central government's own expenditure</b>	<b>99,561</b>	<b>106,058</b>	<b>111,157</b>	<b>116,166</b>	<b>126,730</b>	<b>140,073</b>	<b>150,915</b>	<b>160,500</b>	<b>166,700</b>
<b>Public corporations (excluding nationalised industries)<sup>(2)(3)</sup></b>									
<b>(a) External finance</b>									
Subsidies	287	234	252	262	269	292	586	630	650
Capital grants	265	281	332	463	818	974	1,080	760	750
Lending and other financial transactions	237	116	134	-19	34	80	-99	80	70
<b>(b) Expenditure</b>									
Subsidies	146	135	129	125	118	105	71	40	30
Net capital expenditure on assets	-1	-102	-318	-537	-445	-309	-428	-410	-250
Lending and other financial transactions	-8	-12	-7	-4	-3	-1	-3		
<b>Total public corporations (excluding nationalised industries)<sup>(3)</sup></b>	<b>925</b>	<b>651</b>	<b>523</b>	<b>290</b>	<b>791</b>	<b>1,141</b>	<b>1,206</b>	<b>1,090</b>	<b>1,250</b>
<b>Total central government expenditure</b>	<b>100,486</b>	<b>106,710</b>	<b>111,680</b>	<b>116,456</b>	<b>127,521</b>	<b>141,214</b>	<b>152,121</b>	<b>161,600</b>	<b>167,900</b>

(1) Excludes support for local authorities and the financing requirements of nationalised industries.

(2) For most public corporations it is their external finance that is included in the planning total. The split between economic categories for these are given in section (a). For a few corporations their capital expenditure and subsidies to them are included in the planning total. The split between economic categories for these is given in section (b).

(3) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources.

### Central government asset creation

4.8 The figures for capital expenditure in the preceding table do not provide a complete measure of the extent to which expenditure is directed to renewing or increasing the nation's stock of physical assets. A more complete picture is given by looking at gross expenditure on "asset creation" i.e. expenditure on construction, vehicles, plant and machinery and on capital grants to the private sector. **Table 4.6** gives a departmental breakdown of central government's own expenditure on asset creation. Within the analysis the NATO definition of defence capital expenditure has been used. This definition of capital spending includes equipment, other than ammunition, and construction but excludes spares and repair and maintenance. Much of this defence expenditure is treated, for consistency with national accounts, as current expenditure on goods and services in the economic category analyses. The table also gives figures for total asset creation by public corporations (excluding nationalised industries); these figures include expenditure by public corporations given external finance treatment in the planning total. Fuller details of the basis of the figures for asset creation and figures for the public sector as a whole for the years 1978-79 to 1990-91 are given in **Section 7**.

Table 4.6 Central government expenditure<sup>(1)</sup> on asset creation<sup>(2)</sup> by department<sup>(3)</sup>

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Central government's own expenditure</b>									
Ministry of Defence	5,642	5,434	5,480	5,758	5,824	6,250	5,900	6,100	6,100
Foreign and Commonwealth Office	15	22	31	38	37	58	85	90	90
Ministry of Agriculture Fisheries and Food	117	88	94	102	104	136	143	150	170
Trade and Industry	368	433	333	925	317	324	251	230	220
Energy	29	12	6	12	7	4	2		
Department of Employment	58	58	68	85	110	147	147	130	140
Department of Transport	743	778	899	903	1,238	1,636	1,728	1,840	1,930
DOE - Housing	791	692	752	680	988	1,594	2,099	1,830	1,990
DOE - Other environmental services	247	269	285	328	295	300	290	310	320
DOE - Local government				1	3	1			
Home Office (including Charity Commission)	147	157	159	233	425	527	432	300	250
Lord Chancellor's and Law Officers' Departments	34	48	68	102	131	163	161	170	170
Department of Education and Science	265	278	284	336	537	559	618	610	620
Office of Arts and Libraries	25	27	44	47	69	90	108	110	90
Department of Health and Office of Population, Censuses and Surveys	997	1,083	1,108	1,216	1,450	1,665	1,619	1,810	1,840
Department of Social Security	48	77	98	146	302	319	335	270	210
Scotland	585	625	554	598	512	612	634	640	660
Wales	298	349	339	382	397	517	526	560	570
Northern Ireland	404	430	433	434	469	494	545	550	550
Chancellor of the Exchequer's Departments	79	119	143	127	150	218	324	270	240
Cabinet Office, Privy Council Office and Parliament	13	5	3	6	8	18	15	10	
<b>Total central government's own expenditure</b>	<b>10,906</b>	<b>10,984</b>	<b>11,178</b>	<b>12,458</b>	<b>13,374</b>	<b>15,631</b>	<b>15,961</b>	<b>15,990</b>	<b>16,160</b>
<b>Public corporations (excluding nationalised industries)</b>	<b>947</b>	<b>942</b>	<b>1,000</b>	<b>1,066</b>	<b>1,520</b>	<b>1,667</b>	<b>1,801</b>	<b>1,400</b>	<b>1,440</b>
<b>Total central government expenditure</b>	<b>11,852</b>	<b>11,926</b>	<b>12,178</b>	<b>13,524</b>	<b>14,894</b>	<b>17,298</b>	<b>17,762</b>	<b>17,390</b>	<b>17,590</b>
Real terms <sup>(4)</sup> (base year 1989-90)	14,753	14,353	13,900	14,387	14,894	16,016	15,516	14,500	14,170

The figures for 1991-92, 1992-93 and 1993-94 make no allowance for allocations to asset creation from the Reserve.

(1) Excluding support for local authorities and the financing requirements of nationalised industries.

(2) See paragraphs 4.8 and 7.3 for the definition of asset creation. The figures for 1989-90 (1990-91 for NHS bodies) and subsequent years include VAT on new construction which ceased to be zero-rated from 1 April 1989.

(3) A full list of departments included in each departmental grouping is given in Appendix C.

(4) Cash figures adjusted to 1989-90 prices by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

4.9 Table 4.7 shows the changes between the figures for central government expenditure on asset creation in the years 1989-90 to 1992-93 given in this Supplement and the corresponding figures in the 1989 and 1990 public expenditure White Papers.

#### 4. Central government expenditure

4.10 The table shows substantial increases between the plans set in the last White Paper for 1990–91 and the estimated outturn. Significant increases in total expenditure on asset creation are also planned for 1991–92 and 1992–93, despite a reduction in defence spending. It should be noted that much of the increases in 1991–92 and 1992–93 in the figures for DOE-Housing set out in **Table 4.7** reflects a switch away from lending by the Housing Corporation to finance capital investment by the Housing Association, which does not score as asset creation, towards capital grants. Lending is now expected to be about £500 million lower in 1991–92 and £300 million lower in 1992–93 than envisaged last year. The increase for the Department of Health in 1990–91 largely reflects the extra provision to provide for the payment of VAT on new construction for which NHS bodies are now liable. The increases in 1991–92 and 1992–93 reflect agreed additions to provision. The addition for 1991–1992 excludes about £150 million set aside for asset creation by NHS Trusts. This will be covered by the NHS Trusts' charges funded from Health Authorities' current provision. The public corporation figure for 1991–92 includes a similar amount for expenditure on asset creation by the NHS Trusts.

**Table 4.7 Central government expenditure on asset creation<sup>(1)</sup>: differences from previous public expenditure White Papers<sup>(2)</sup> by department**

	£ million			
	Differences from plans presented in:			
	1989 White Paper (Cm 621)	1990 White Paper (Cm 1021)		
	1989–90 outturn	1990–91 estimated outturn	1991–92 plans	1992–93 plans
<b>Central government's own expenditure</b>				
Defence	-176	450	-300	-500
Transport	26	-7	30	50
DOE-Housing	226	185	609	380
Department of Education and Science	90	23	121	110
Department of Health and Office of Population, Censuses and Surveys	103	188	145	340
Territories	-47	-54	54	70
Other	80	67	251	120
<b>Total central government's own expenditure</b>	<b>303</b>	<b>851</b>	<b>910</b>	<b>570</b>
<b>Public corporations (excluding nationalised industries)</b>	<b>217</b>	<b>22</b>	<b>-95</b>	<b>-120</b>
<b>Total central government expenditure</b>	<b>520</b>	<b>873</b>	<b>815</b>	<b>450</b>

(1) See paragraphs 4.8 and 7.3 for the definition of public sector asset creation.

(2) After adjustment of previous plans to the definition and classifications used in this Supplement.

#### Central government's own expenditure by department

4.11 The tables in the earlier part of this section cover both central government's own expenditure and the financing requirements of public corporations other than nationalised industries. **Table 4.8** gives a breakdown by department of central government's own expenditure.

Table 4.8 Central government's own expenditure<sup>(1)</sup> by department<sup>(2)</sup>

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Ministry of Defence	17,930	18,168	18,856	19,079	20,760	22,100	22,802	23,350	23,390
Foreign and Commonwealth Office	1,819	1,920	1,978	2,246	2,483	2,637	2,890	3,040	3,150
Ministry of Agriculture, Fisheries and Food	2,267	1,578	1,794	1,556	1,541	2,342	2,362	2,480	2,480
Trade and Industry	1,412	2,129	1,078	1,784	1,660	1,586	1,304	1,140	980
Energy	860	894	553	538	443	497	485	470	460
Department of Employment	3,155	3,587	3,631	3,576	3,409	3,457	2,972	2,970	3,020
Department of Transport	1,218	1,269	1,379	1,405	1,866	2,305	2,463	2,590	2,710
DOE—Housing	1,207	1,278	1,291	1,295	1,595	2,658	2,967	3,010	3,170
DOE—Other environmental services	249	291	434	462	477	613	667	570	560
DOE—Local government	4	4	4	5	10	50	176	180	190
Home Office (including Charity Commission)	1,002	1,077	1,200	1,361	1,602	1,998	2,034	2,020	2,080
Lord Chancellor's and Law Officers' Departments	569	655	777	906	1,128	1,384	1,459	1,580	1,660
Department of Education and Science <sup>(3)</sup>	2,387	2,493	2,733	2,991	4,334	4,605	4,635	4,750	4,900
Office of Arts and Libraries	288	343	368	414	446	494	559	580	570
Department of Health and Office of Population Censuses and Surveys	14,217	15,226	16,714	18,451	19,930	22,463	24,933	26,330	27,500
Department of Social Security	38,744	41,686	43,530	44,440	46,892	51,655	58,233	62,600	66,700
Scotland	3,152	3,320	3,467	3,827	4,023	4,513	4,987	5,250	5,440
Wales	1,333	1,453	1,546	1,730	1,832	2,134	2,350	2,480	2,600
Northern Ireland	3,834	4,169	4,440	5,107	5,454	5,687	6,190	6,540	6,850
Chancellor of the Exchequer's Departments	2,875	3,217	3,471	3,713	4,229	4,636	4,998	5,310	5,520
Cabinet Office, Privy Council Office and Parliament	220	228	251	274	301	371	399	420	440
European Communities	819	1,074	1,661	1,006	2,316	1,889	1,051	2,870	2,340
<b>Total central government's own expenditure<sup>(1)(3)</sup></b>	<b>99,561</b>	<b>106,058</b>	<b>111,157</b>	<b>116,166</b>	<b>126,730</b>	<b>140,073</b>	<b>150,915</b>	<b>160,500</b>	<b>166,700</b>

(1) Excludes support for local authorities and the financing requirements of nationalised industries and other public corporations.

(2) A full list of the departments included in each departmental grouping is given in Appendix C.

(3) Comparisons between years upto and including 1988-89 and later years are affected by the transfer of the financing of institutions which are the responsibility of the Polytechnics and Colleges Funding Council from local authorities to central government; figures for 1990-91 and beyond are affected by a shift in the funding of higher education to higher student fees (higher grants to local authorities offset by lower central government expenditure).

## Sales and purchases of land and existing buildings

4.12 The majority of the expenditure figures in this Supplement are net figures—ie the gross expenditure figures have been reduced by those receipts classified as negative expenditure (see **paragraph 3 in Appendix A**). One of the areas where receipts classified as negative expenditure are most significant is sales of land and existing buildings. **Table 4.9** provides an analysis of central government's own sales and purchases of land and existing buildings by department.

## 4. Central government expenditure

Table 4.9 Central government's own sales and purchases of land and existing buildings by department<sup>(1)</sup>

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Receipts from sales</b>									
Ministry of Defence	-60	-76	-78	-151	-72	-97	-131	-140	-140
Foreign and Commonwealth Office	-12	-6	-5	-4	-5	-10	-13	-10	-10
Ministry of Agriculture Fisheries and Food	-1	-6	-1	-1		-7	-3		
Trade and Industry	-10								
Energy		-1	-5	-1	-2	-3			
Department of Employment		-13	-14	-53	-17	-28	-30	-30	-30
Department of Transport	-13								
DOE—Housing									
DOE—Other environmental services	-24	-39	-34	-50	-30	-32	-73	-60	-60
Home Office (including Charity Commission)	-12	-12	-10	-55	-52	-20	-24	-10	-10
Lord Chancellor's and Law Officers' Departments	-1		-1						
Department of Education and Science	-3	-2	-4	-2	-13	-8	-3		
Office of Arts and Libraries									
Department of Health and Office of Population, Censuses and Surveys	-78	-144	-199	-271	-229	-220	-240	-300	-310
Department of Social Security									
Scotland	-7	-9	-12	-14	-28	-34	-20	-10	-20
Wales	-3	-3	-2	-2	-6	-5	-7		
Northern Ireland	-10	-15	-18	-28	-25	-16	-11	-10	-10
Chancellor of the Exchequer's Departments									
Cabinet Office, Privy Council Office and Parliament									
<b>Total receipts from sales</b>	<b>-233</b>	<b>-326</b>	<b>-384</b>	<b>-633</b>	<b>-479</b>	<b>-481</b>	<b>-555</b>	<b>-590</b>	<b>-620</b>
<b>Purchases</b>									
Ministry of Defence	10	16	8	7	34	12	14	10	10
Foreign and Commonwealth Office	22	30	33	36	49	47	42	40	50
Ministry of Agriculture, Fisheries and Food	1	2	2	1		2	3		
Trade and Industry	1	1			1		7		
Energy									
Department of Employment	6	1	2	2			1		
Department of Transport	40	48	51	66	95	162	175	180	190
DOE—Housing									
DOE—Other environmental services		1	90			42	65	60	60
Home Office (including Charity Commission)	5	4	3	16	9	2	17		
Lord Chancellor's and Law Officers' Departments	2	5	4	1	10	8	15	10	10
Department of Education and Science						29	28	30	30
Office of Arts and Libraries									
Department of Health and Office of Population, Censuses and Surveys	16	15	30	17	20	15	123	130	130
Department of Social Security									
Scotland	2	2	4	2	19	24	13	10	10
Wales	6	5	5	4	3	9	7	10	10
Northern Ireland	6	5	11	11	14	12	12	10	10
Chancellor of the Exchequer's Departments			1	1	3	3	3		
Cabinet Office, Privy Council Office and Parliament									
<b>Total purchases</b>	<b>118</b>	<b>136</b>	<b>244</b>	<b>166</b>	<b>258</b>	<b>368</b>	<b>524</b>	<b>510</b>	<b>530</b>

Table 4.9 Central government's own sales and purchases of land and existing buildings by department<sup>(1)</sup> (continued)

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Receipts from sales net of purchases</b>									
Ministry of Defence	-50	-60	-70	-144	-39	-85	-117	-130	-130
Foreign and Commonwealth Office	10	24	28	32	45	36	30	30	40
Ministry of Agriculture, Fisheries and Food		-4	1	1		-5			
Trade and Industry	-9	1			1		7		
Energy									
Department of Employment	6		-3	1	-2	-3	1		
Department of Transport	27	35	37	13	78	134	145	150	160
DOE - Housing									
DOE - Other environmental services	-24	-39	56	-50	-30	10	-8		
Home Office (including Charity Commission)	-7	-8	-7	-39	-43	-18	-7	-10	-10
Lord Chancellor's and Law Officers' Departments	1	5	3	1	10	9	15	10	10
Department of Education and Science	-2	-2	-4	-2	-13	20	25	30	30
Office of Arts and Libraries									
Department of Health and Office of Population Censuses and Surveys	-62	-129	-169	-254	-209	-205	-117	-170	-180
Department of Social Security									
Scotland	-4	-6	-8	-12	-8	-10	-7		-10
Wales	3	2	3	2	-2	4			
Northern Ireland	-4	-10	-8	-16	-11	-4	1		
Chancellor of the Exchequer's Departments			1	1	3	3	3		
Cabinet Office, Privy Council Office and Parliament									
<b>Total receipts from sales net of purchases</b>	<b>-115</b>	<b>-190</b>	<b>-140</b>	<b>-467</b>	<b>-221</b>	<b>-114</b>	<b>-31</b>	<b>-80</b>	<b>-90</b>

(1) A full list of the departments included in each departmental grouping is given in Appendix C.

## Running costs

4.13 Departments' current expenditure on personnel, goods and other services used in their own administration has since 1986-87 been defined as running costs. These are normally controlled gross, although from 1 April 1991, for areas where expenditure and receipts vary in line with demand and which have suitably robust monitoring and management systems, net running costs control may be agreed as notified in Cm 914.

4.14 For 1986-87 and 1987-88 Civil Service resources were controlled both through running cost and manpower limits set for the beginning of each financial year. Central manpower limits have not been set since 1 April 1988, although departments' future manpower plans are shown in **Table 4.12**.

4.15 Since the 1987 Survey, departments have been required to prepare three-year management plans reflecting a commitment to deliver progressive efficiency gains, either in terms of reduced costs or improved quality, equal in cash terms to at least 1.5 per cent each year of their running costs. Agreed three-year management plans are associated with three-year running costs settlements and departments will monitor the delivery of their planned efficiency improvements. The majority of departments have agreed management plans and firm three-year running costs settlements covering 1991-92, 1992-93 and 1993-94.

4.16 **Table 4.10** shows the individual departmental plans for gross running costs provision (whether under gross or net control) and running costs after deduction of all related receipts compared with the outturn for the years 1986-87 to 1989-90 and the estimated outturn for the current year. The year on year increases in 1991-92 and subsequent years are 11.2 per cent, 4.5 per cent and 3.8 per cent. These reflect changes in workload, pay and prices, offset by efficiency savings.

#### 4. Central government expenditure

4.17 In previous years the equivalent table covered only areas subject to gross control, however, **Table 4.10** includes the gross running costs of areas controlled net, which were previously exempted from running costs control. Therefore, in many cases, the gross figures for the coming year in this table no longer correspond directly to the figures which will be translated into control limits when the Main Estimates are presented to Parliament. The individual Departmental Reports will, however, identify departments' gross and net running cost provisions which will relate to the control limits to be published in the Main Estimates.

4.18 Changes in coverage since last year's White Paper are reflected in all years. In particular, the Ministry of Defence's running cost coverage has been revised to align with the department's new budgetary system.

4.19 In appropriate cases, departments' running costs provision includes an allowance for current expenditure on the transitional costs of relocating activities following the reviews conducted in accordance with the policy announced in a Parliamentary reply of 31 March 1988. During the past year a number of further planned relocations have been announced by departmental Ministers. The Government will continue to report periodically on overall progress.

Table 4.10 Running costs by department, 1986-87 to 1993-94	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	£ million		
						1991-92 plans	1992-93 plans	1993-94 plans
<b>Gross running costs</b>								
Ministry of Defence <sup>(1)</sup>	4,028	4,066	4,314	4,512	4,836	5,348	5,352	5,358
Foreign and Commonwealth Office:-								
Diplomatic Wing	320	342	346	393	430	480	515	534
Overseas Development Administration	38	40	45	49	56	65	68	71
Ministry of Agriculture, Fisheries and Food	208	216	230	259	294	330	356	379
Intervention Board	10	13	17	20	23	29	28	29
Trade and Industry <sup>(2)</sup>								
Department of Trade and Industry	248	265	290	317	361	388	413	441
Office of Fair Trading	8	9	10	11	14	17	18	21
Office of Telecommunications	3	4	4	4	5	6	6	6
Total Trade and Industry	260	278	303	332	381	411	437	468
Energy								
Department of Energy	25	26	28	39	43	49	51	54
Office of Electricity Regulation				1	8	9	10	10
Office of Gas Supply	1	1	1	1	2	2	2	2
Total Energy	26	27	30	41	53	60	63	66
Department of Employment								
Department of Employment <sup>(3)</sup>	752	823	834	879	940	999	1,061	1,117
Advisory, Conciliation and Arbitration Service	15	16	16	17	18	20	21	22
Health and Safety Commission	84	88	94	103	114	134	147	163
Total Department of Employment	851	927	944	999	1,071	1,153	1,230	1,303
Department of Transport	269	276	297	325	363	415	425	451
Department of Environment:								
Housing and other Environmental Services	128	136	150	173	188	218	224	229
Property Holdings	18	23	39	49	46	58	62	64
PSA Services	527	528	510	601	639	613	516	507
Office of Water Services				1	5	6	6	6
Ordnance Survey	49	52	53	55	57	61	65	69
Total Department of Environment	721	739	752	879	935	955	873	876

Table 4.10 Running costs by department, 1986-87 to 1993-94 (continued)

	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Home Office (including Charity Commission)								
Home Office	766	850	900	978	1,119	1,291	1,399	1,485
Charity Commission	5	6	7	9	13	18	18	18
Total Home Office (including Charity Commission)	771	856	907	987	1,132	1,308	1,416	1,503
Lord Chancellor's and Law Officers' Departments								
Lord Chancellor's Department	178	197	216	237	287	348	398	429
Crown Prosecution Service	47	73	90	107	128	150	155	158
Northern Ireland Court Service	10	11	11	12	13	13	15	16
Serious Fraud Office			4	5	6	7	8	8
Crown Office	15	17	19	21	23	26	27	27
Public Record Office	11	11	12	15	17	19	20	20
Treasury Solicitor's Department	11	11	13	14	15	23	21	21
Land Registry	85	100	128	150	157	180	203	230
Total Lord Chancellor's and Law Officer's Departments	356	419	492	560	646	767	846	909
Department of Education and Science	54	58	66	72	81	96	101	107
Office of Arts and Libraries	6	6	1	2	2	2	2	2
Department of Health and Office of Population Censuses and Surveys								
Department of Health	151	157	167	181	226	261	289	270
Office of Population Censuses and Surveys	33	34	38	43	62	113	58	55
Total Department of Health and Office of Population Censuses and Surveys	183	191	205	223	289	373	348	325
Department of Social Security	1,331	1,499	1,575	1,705	1,947	2,110	2,334	2,513
Scotland								
Scottish Office	162	178	193	209	226	262	286	304
Scottish Courts Administration	16	18	22	24	32	35	36	38
Scottish Records Office	2	2	2	3	3	3	4	4
Registrar General's Office Scotland	4	4	5	6	8	14	10	9
Department of the Registers of Scotland	9	10	11	13	20	25	29	32
Total Scotland	193	212	233	255	289	339	363	387
Wales	37	39	41	47	52	58	64	68
Northern Ireland <sup>(4)</sup>	428	467	490	533	593	657	669	674
Chancellor of the Exchequer's Departments								
HM Treasury	63	65	68	73	82	98	102	108
Customs and Excise	372	408	461	502	576	630	715	770
Inland Revenue	925	1,012	1,074	1,197	1,329	1,521	1,684	1,770
Department for National Savings	151	154	159	159	168	175	182	188
Registry of Friendly Societies	3	4	4	5	5	7	7	7
National Investment and Loans Office	1	1	1	1	1	1	1	1
Paymaster General's Office	13	14	15	16	18	19	21	22
Central Office of Information	18	18	20	21	23	23	23	24
Central Statistical Office	14	14	16	16	22	27	28	30
Government Actuary	2	2	2	3	3	4	5	5
Total Chancellor of the Exchequer's Departments	1,562	1,691	1,820	1,992	2,228	2,506	2,768	2,925
Cabinet Office, OMCS and Privy Council Office								
Office of the Minister for the Civil Service	36	40	42	45	50	59	54	56
Cabinet Office	14	14	15	17	19	22	19	20
Privy Council Office	1	1	1	1	2	2	2	2
Total Cabinet Office, OMCS and Privy Council Office	50	55	58	64	71	82	76	78
<b>Gross running costs total</b>	<b>11,702</b>	<b>12,418</b>	<b>13,167</b>	<b>14,250</b>	<b>15,774</b>	<b>17,546</b>	<b>18,334</b>	<b>19,027</b>



#### 4. Central government expenditure

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	£ million		
						1991-92 plans	1992-93 plans	1993-94 plans
Interdepartmental running costs payments	-684	-686	-683	-828	-851	-825	-779	-801
<b>Running costs total</b>	<b>11,019</b>	<b>11,732</b>	<b>12,484</b>	<b>13,421</b>	<b>14,922</b>	<b>16,721</b>	<b>17,555</b>	<b>18,226</b>
Other related receipts <sup>(5)</sup>	-1,201	-1,331	-1,391	-1,406	-1,496	-1,882	-1,980	-2,080
<b>Running costs net of all related receipts</b>	<b>9,818</b>	<b>10,400</b>	<b>11,093</b>	<b>12,015</b>	<b>13,426</b>	<b>14,839</b>	<b>15,576</b>	<b>16,146</b>

- (1) Running costs coverage includes the pay of Armed Forces personnel only where they are engaged in support activities (some 71,000) and excludes certain civil servants engaged in non-support areas (some 23,000).
- (2) Excluding Export Credits Guarantee Department (ECGD). ECGD's running costs are met from trading income and are therefore not included in the public expenditure planning total. However, ECGD sets running costs plans as do other departments.
- (3) The Employment Service administers the payment of benefits to unemployed people as an agent for the Department of Social Security (DSS). The administration expenditure is borne on the DSS programme, but associated running costs (£392 million in 1990-91) and manpower are included in the Department of Employment figures.
- (4) Figures cover both the Northern Ireland Office and the Northern Ireland Departments.
- (5) Receipts for services charged against departmental running costs, eg fees. The figures exclude receipts for payments from the National Insurance Fund which do not reduce the net administrative costs of government which were included in the corresponding table in the 1990 public expenditure White Paper.

4.20 **Table 4.11** below gives figures for the gross cost of departmental administrative activities divided between those areas operating gross control and those under net control. The net control areas are: The Vehicle Inspectorate and the Vehicle Certification Agency of the Department of Transport; Civil Service College of the Office of the Minister for the Civil Service; Companies House Executive Agency, Warren Springs Laboratory, Laboratory of the Government Chemist and the Radiocommunications Division of the Department of Trade and Industry; the QE II Conference Centre, the Historic Royal Palaces Agency and the Building Research Establishment of the Department of the Environment; the Department of the Registers of Scotland; part of the Social Survey Division of the Office of Population Censuses and Surveys; the Nuclear Installations Inspectorate of the Health and Safety Executive; the Natural Resources Institute of the Overseas Development Administration; Land Registry; PSA Services and the Central Office of Information. In addition, the National Physical Laboratory of the Department of Trade and Industry; the Central Veterinary Laboratory of the Ministry of Agriculture, Fisheries and Food and Ordnance Survey, will operate under net control from 1 April 1991.

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	£ million		
						1991-92 plans	1992-93 plans	1993-94 plans
Gross provision controlled gross	10,871	11,553	12,276	13,219	14,663	16,407	17,245	17,895
Gross provision controlled net	831	864	892	1,030	1,111	1,139	1,089	1,132
<b>Total gross running costs</b>	<b>11,702</b>	<b>12,418</b>	<b>13,167</b>	<b>14,250</b>	<b>15,774</b>	<b>17,546</b>	<b>18,334</b>	<b>19,027</b>

4.21 Of the 34 Next Steps Executive Agencies already established 17 will operate net running costs control under the policy referred to in **paragraph 4.13** and this number is expected to increase in future years. The gross costs of the net control areas are included in **Table 4.11** and details are given in the individual Departmental Reports. Trading funds, including two Next Steps Agencies (HMSO) and (the Royal Mint), are dealt with later in this section (see **paragraphs 4.31 to 4.35**).

### Central government manpower

4.22 **Table 4.12** provides a summary of central government manpower (including the Armed Forces) for 1978-79 and 1985-86 to 1990-91. The table shows Civil Service manpower plans for the period 1991-92 to 1993-94, together with, for comparison, the 1990-91 manpower plans as given in the 1990 public expenditure White Paper. The figures for central government departments comprise all their permanent staff, but exclude temporary and casual staff.

#### Civil Service

4.23 Between 1978-79 and 1989-90 Civil Service numbers fell by 168,000, a reduction of 23 per cent. The figures in **Table 4.12** for the Civil Service take account of the changes in individual departmental plans since last year's White Paper. The largest decrease was for the Department of Health, due to the transfer of staff in the Special Hospitals to the National Health Service. This decrease is partly offset by an increase for Inland Revenue, reflecting increased workload arising from the abolition of Composite Rate Tax.

Table 4.12 Central government manpower, 1978-79 and 1985-86 to 1993-94

	1978-79 actual	1985-86 actual	1986-87 actual	1987-88 actual	1988-89 actual	1989-90 actual	1990-91 estimated outturn	1990-91 original plans	thousands (whole time equivalents)			
									1991-92 plans	1992-93 plans	1993-94 plans	
<b>Central government departments<sup>(1)</sup></b>												
Ministry of Defence <sup>(2)</sup>	226.1	171.8	167.4	148.9	142.2	140.8	140.2	141.9	141.3	140.8	140.8	
FCO—Diplomatic Wing	9.8	8.1	8.0	8.0	8.0	8.0	8.1	8.3	8.3	8.4	8.4	
FCO—Overseas Development Administration	2.3	1.5	1.5	1.5	1.5	1.5	1.6	1.7	1.7	1.7	1.7	
Ministry of Agriculture, Fisheries and Food	14.0	11.2	10.7	10.4	10.2	9.9	10.0	10.4	10.5	10.5	10.5	
Intervention Board	0.5	0.7	0.8	0.8	0.8	0.8	1.0	1.0	1.1	1.0	1.0	
Trade and Industry (including OFT and OFTEL)	17.4	13.0	12.2	12.2	12.2	12.3	12.2	12.5	12.4	12.3	12.0	
Export Credits Guarantee Department	2.0	1.8	1.7	1.7	1.6	1.5	1.4	1.4	1.3	1.3	1.2	
Energy (including OFFER and OFGAS)	1.3	1.1	1.0	1.0	1.0	1.1	1.2	1.2	1.3	1.3	1.3	
Employment Group (including HSC/E and ACAS)	53.6	55.2	58.0	60.1	56.5	53.5	51.8	53.7	52.8	53.6	52.2	
Department of Transport	14.2	14.6	15.2	14.8	14.7	14.9	15.4	16.0	16.0	16.3	16.5	
Department of the Environment (incl. Office of Water Services) and Ordnance Survey	16.2	9.5	8.8	8.8	8.7	8.7	8.9	9.0	9.0	8.8	8.5	
Property Holdings <sup>(3)</sup>	} 36.8	23.9	1.6	1.6	1.8	1.7	1.7	1.7	1.8	1.8	1.7	
PSA—Services <sup>(3)</sup>			21.5	20.8	19.0	17.8	17.6	16.2	15.0	12.1	10.0	
Home Office (including Charity Commission)	34.0	37.9	38.4	39.2	41.3	43.2	45.1	45.6	47.8	49.6	49.7	
Lord Chancellor's and Law Officers' Departments	17.9	19.2	21.5	23.9	26.5	28.1	28.1	30.0	29.8	30.4	31.2	
Department of Education and Science	3.7	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.7	2.7	2.6	
Office of Arts and Libraries			0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Department of Health and Office of Population, Censuses and Surveys <sup>(4)(5)</sup>	} 100.2	94.9	10.8	10.7	10.6	10.9	7.1	8.3	7.5	7.4	7.3	
Department of Social Security <sup>(4)</sup>			85.9	91.2	87.7	81.5	82.8	83.4	77.2	76.7	77.6	
Scotland	12.8	12.0	12.0	12.0	12.1	12.4	13.0	13.1	13.3	13.5	13.5	
Wales	2.5	2.3	2.3	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.3	
Northern Ireland Office	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	

#### 4. Central government expenditure

Table 4.12 Central government manpower, 1978-79 and 1985-86 to 1993-94 (continued)									thousands (whole time equivalents)		
	1978-79 actual	1985-86 actual	1986-87 actual	1987-88 actual	1988-89 actual	1989-90 actual	1990-91 estimated outturn	1990-91 original plans	1991-92 plans	1992-93 plans	1993-94 plans
<b>Central government departments<sup>(1)</sup></b>											
Customs and Excise	28.8	25.3	25.3	26.0	26.3	26.6	27.2	27.7	27.5	27.8	27.7
Inland Revenue	84.9	69.5	68.8	66.9	66.6	66.6	66.4	67.3	69.0	71.0	70.1
Chancellor's other Departments <sup>(6)</sup>	14.2	13.1	14.0	13.5	13.2	13.1	12.8	13.2	12.8	12.6	12.4
Cabinet Office, OMCS and Privy Council Office	5.7	1.7	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Trading funds and Crown Estate Office <sup>(7)</sup>	34.9	6.4	6.3	6.1	5.4	5.3	5.1	5.7	5.7	5.7	5.8
<b>Total Civil Service</b>	<b>734.3</b>	<b>597.2</b>	<b>597.8</b>	<b>586.6</b>	<b>574.3</b>	<b>566.6</b>	<b>565.6</b>	<b>575.9</b>	<b>569.9</b>	<b>571.1</b>	<b>568.3</b>
Armed Forces <sup>(8)</sup>	326.2	334.5	331.1	328.0	323.5	318.9	321.6	306.4	300.5		
National Health Service <sup>(9)</sup>	923	993	981	976	977	968					
Northern Ireland Departments (NI Civil Service) <sup>(9)</sup>		25.1	25.1	25.2	24.8	24.3	24.6	25.0	25.0	23.3	21.5
Northern Ireland Office (NI Civil Service Group and Prison Service) <sup>(9)</sup>	28.4	4.2	4.4	4.3	4.4	4.4	4.5	4.5	4.5	4.5	4.5
Other NI Government Service <sup>(9)</sup>	115.6	115.7	119.3	118.2	118.9	115.7					
Research Councils <sup>(10)</sup>	17	12	11	11	12	12					
Other central government <sup>(10)</sup>	50	49	47	46	46	47					
<b>Total central government</b>	<b>2,194</b>	<b>2,131</b>	<b>2,117</b>	<b>2,095</b>	<b>2,081</b>	<b>2,059</b>					

(1) Financial year averages for permanent staff in manpower count (part-time staff count half).

(2) Excludes Royal Dockyards manpower since contractorisation in April 1987.

(3) Property Services Agency was restructured to Property Holdings and PSA Services from 1 April 1990. The allocation of staff between the departments is not available before 1986-87.

(4) The allocation of staff between Department of Health and Department of Social Security is not available before 1986-87.

(5) The original 1990-91 plans have been reduced by about 3,000, reflecting the transfer of staff in the Special Hospitals from the Department of Health to the National Health Service from April 1990.

(6) The Chancellor of the Exchequer assumed responsibility for the Central Statistical Office on 31 July 1989.

(7) Excludes Manpower of Royal Ordnance Factories since incorporation as a Companies Act company in January 1985.

(8) Including locally engaged personnel. Armed Forces numbers after 1 April 1990 are subject to review.

(9) At 30 September.

(10) At 1 July.

#### Armed Forces

4.24 Armed Forces manpower continued to fall in 1989-90 because of continued retention difficulties, despite relatively high recruitment levels. It is expected that the introduction of a range of specifically targeted recruitment and retention Pay Review measures will ease the situation. In addition the implementation, over the next few years, of the Government's Options for Change proposals will substantially reduce manpower requirements for all three Services.

#### National Health Service

4.25 The number of whole time equivalent staff in post in the National Health Service in Great Britain has increased by 5 per cent since September 1979. At 30 September 1989 there were more front line staff than ever before - 18,000 more doctors and dentists, 25,000 more professional and technical staff, and 60,000 more nursing and midwifery staff than at 30 September 1979. Health authorities' initiatives and cost improvements continue to provide the means to improve the use of manpower.

## Expenditure on science and technology

4.26 In recent years the Government has strengthened the arrangements for improving the contribution of government-funded science and technology expenditure to the efficiency, competitiveness and innovative capacity of the United Kingdom. Expenditure on science and technology covers expenditure on both Research and Development and technology transfer.

4.27 Provision for each department's support for science and technology is summarised in **Table 4.13**. Details of past expenditure and future plans will continue to be published in the Annual Review of government-funded Research and Development.

**Table 4.13 Central government's own expenditure on science and technology by department**

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Ministry of Defence	2,266	2,186	2,156	2,123	2,350	2,558	2,618	2,800	2,670
Foreign and Commonwealth Office	24	26	32	34	38	40	50	50	60
Ministry of Agriculture, Fisheries and Food	137	139	125	134	132	139	142	140	140
Trade and Industry <sup>(1)</sup>	458	462	418	411	404	411	323	290	260
Energy (including United Kingdom Atomic Energy Authority)	206	171	161	194	180	189	165	150	160
Department of Employment	39	42	45	49	48	29	29	30	30
Department of Transport	24	25	26	27	29	33	35	30	40
Environment and Ordnance Survey	45	59	63	65	72	80	91	90	90
Home Office	14	13	14	14	16	16	19	20	20
Department of Education and Science (including Research Councils and University Funding Council)	1,260	1,316	1,440	1,575	1,722	1,878	1,932	2,010	2,070
Office of Arts and Libraries	11	12	12	16	15	17	19	20	20
Department of Health and Office of Population Censuses and Surveys	28	51	48	56	63	68	74	80	80
Scotland	49	53	51	54	55	60	59	60	80
Northern Ireland	14	16	17	19	23	25	26	30	30
Other departments <sup>(2)</sup>	5	6	5	5	6	6	6	10	10
<b>Total departments</b>	<b>4,581</b>	<b>4,578</b>	<b>4,614</b>	<b>4,775</b>	<b>5,154</b>	<b>5,549</b>	<b>5,589</b>	<b>5,820</b>	<b>5,740</b>
<i>Of which:</i>									
<i>Civil science and technology</i>	<i>2,315</i>	<i>2,392</i>	<i>2,458</i>	<i>2,652</i>	<i>2,804</i>	<i>2,991</i>	<i>2,971</i>	<i>3,020</i>	<i>3,070</i>
Indicative UK contribution to EC budget in respect of Research and Development <sup>(3)</sup>	74	79	96	128	173	211	207	220	209
<b>Total</b>	<b>4,655</b>	<b>4,657</b>	<b>4,710</b>	<b>4,903</b>	<b>5,327</b>	<b>5,760</b>	<b>5,796</b>	<b>6,030</b>	<b>5,940</b>

(1) The Trade and Industry figures include commitments for launch aid spending. The figures for 1991-92 to 1993-94 include launch aid receipts in excess of payments of £13 million, £50 million and £86 million.

(2) Including Wales, Forestry Commission, Customs and Excise and Inland Revenue.

(3) The UK's contribution to the EC budget include sums spent on research and development. These figures assume the UK's contribution to research and development to be the same proportion as the UK's contribution to the EC budget as a whole.

4.28 The figures in **Table 4.13**, like those in the Annual Review of government-funded Research and Development, in the main represent expenditure on research and development activities covered by the internationally accepted Frascati manual. 'The "Frascati" definitions (details of which are given in the OECD publication, 'The measurement of Scientific and Technical Activities') measures expenditure in terms of full economic costs (inclusive of superannuation, but exclusive of VAT). The figures in **Table 4.13** are, however, on a cash basis (ie exclusive of superannuation and inclusive of VAT). In accordance with "Frascati", some of the research covered is in the humanities and social sciences. In addition to expenditure on these "Frascati" activities the table covers support for technology transfer, a key element in increasing the economic return for public funded research and development: this includes certain advisory services and technology demonstration projects because of their importance in the application of Research and Development in the private sector.

4.29 The table includes the indicative UK contribution to the EC budget in respect of Research and Development. The figures assume the UK's contribution to Research and Development is in the same proportion as the UK's contribution to the EC budget as a whole. EC spending on Research and Development in the UK is likely to be of the same order as the indicative UK contribution. For years up to 1990 the £/ecu exchange rate is that used for VAT/GNP contributions to the relevant budget. For 1990 the figures are based on the 1990 Budget rate of £1=1.35 ecu. Figures for later years are based on the central ERM rate of £1=1.435 ecu and an estimate of payments from successive budgets. The UK's contribution to the EC budget are taken into account when deciding UK public spending on Research and Development.

4.30 The largest departmental programmes include the Ministry of Defence, mainly for the research, development, testing and evaluation of equipment for the Armed Services, the Department of Trade and Industry and the Ministry of Agriculture, Fisheries and Food. The Department of Education and Science figures reflect funding for the Research Councils and support of research in universities through block grants allocated on the advice of the Universities Funding Council. The figures for universities are based on a notional attribution of universities' departmental and central expenditure between research and other activities (including teaching) in the light of past surveys. The Department of Energy figures include the research and development work done by the United Kingdom Atomic Energy Authority (UKAEA) financed by the Department of Energy. The UKAEA obtains other income from a number of sources including other government departments. The figures do not include expenditure on Research and Development by the nationalised industries.

4.31 **Table 4.13** shows that total departmental expenditure on Research and Development and technology transfer is planned to increase from £4.6 billion in 1985-86 to £5.7 billion in 1993-94. Government support for civil science and technology in 1991-92, excluding launch aid, is planned to maintain its 1988 level in real terms. The DES science budget in 1991-92 will be 30 per cent higher than 1988-89 and the plans for later years maintain that level in real terms.

### **Financing requirements of public corporations (other than nationalised industries)**

4.32 Public corporations are publicly owned bodies, usually set up under their own statutes, which operate with a substantial degree of independence. The following paragraphs relate to public corporations other than nationalised industries; nationalised industries are dealt with separately in **Section 6**. Most public corporations are accountable to central government, although a few such as local authority public transport and airport companies are accountable to local authorities. The following paragraphs are restricted to public corporations accountable to central government; the external finance of local authority public corporations, which are controlled through the capital control regime for local authorities, is not directly included in the planning total.

4.33 Public corporations are usually run by Boards appointed by Ministers and accountable to them. In most cases, accountability to Parliament runs through an individual sponsor Minister and department. Public corporations are trading bodies, or have substantial trading activities, though some also have significant regulatory or other non-commercial functions. They include bodies such as the development agencies, Scottish Homes and the BBC. A full list of public corporations other than nationalised industries is given in **Table 4.14**.

4.34 The Government's objectives for these bodies vary but for most it is a primary aim that, as far as possible, their activities should be financed by the consumers of their goods and/or services, rather than the taxpayer. For some services, however, public subsidy is considered appropriate. Some public corporations' investment programmes may also need to be partly financed by borrowing, rather than falling wholly on the current consumers of their services. As explained in **paragraph 4.4** it is generally public corporations' requirements for external finance rather than their total expenditure which is included within the planning total.

4.35 Over the years an increasing number of public corporations have been given this type of treatment within the public expenditure planning total. However, there are a few exceptions where, for a variety of reasons, other treatments apply. The planning total includes any grants, loans and subsidies to the BBC, the ITC and, up to 1988-89, the National Dock Labour Board. It also includes subsidies to, and the capital

**Table 4.14 Financing requirements<sup>(1)</sup> of individual public corporations (excluding nationalised industries)**

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Public corporations whose external finance is included in the planning total<sup>(2)</sup></b>									
The Audit Commission									
British Technology Group									
Commonwealth Development Corporation	35	25		32	50	52	42	30	30
Covent Garden Market Authority	-1	-1	-17	-1					
The Crown Agents	-1	-1	-1	2					
The Crown Agents Holding and Realisation Board									
The Crown Suppliers <sup>(3)</sup>	-5								
Development Board for Rural Wales	10	10	9	11	12	13	14	10	10
English Industrial Estates Corporation		13	13	7		25	-25		
General Practice Finance Corporation	23	27	12	-49					
Her Majesty's Stationery Office <sup>(3)</sup>	-7	-7	-7	-7	-7	-6	-1		
Highlands and Islands Enterprise <sup>(4)</sup>	30	26	26	32	34	33	52	50	50
Housing Action Trusts							10	70	70
Land Authority For Wales	3	-5	2	1	1				
Letchworth Garden City	3	2	-6	1	-2				
National Film Finance Corporation									
National Health Service Trusts							-4		
Northern Ireland Electricity Service	72	-28	21	-42	-45	-70	-75		
Northern Ireland Housing Executive	309	299	301	299	238	214	225	230	230
Northern Ireland Public Trust Port Authorities	1	1	1						
Northern Ireland Transport Holding Company	21	22	14	24	24	23	19	20	20
Oil and Pipelines Agency									
The Pilotage Commission									
Royal Mint <sup>(3)</sup>	-1								
Royal Ordnance plc	36	-12							
Scottish Enterprise <sup>(5)</sup>	93	89	92	87	81	98	352	350	350
Scottish Homes <sup>(6)</sup>					199	246	311	270	280
Scottish Special Housing Association <sup>(6)</sup>	48	38	59	16					
United Kingdom Atomic Energy Authority		9	-3	-24	1	45	24	-10	-10
Urban Development Corporations	86	89	145	253	468	588	512	350	340
Welsh Development Agency	33	35	57	66	69	86	90	70	60
The Welsh Fourth Channel Authority									
<b>Public corporations given other treatments in the planning total<sup>(7)</sup></b>									
Bank of England									
British Broadcasting Corporation									
Independent Television Commission <sup>(8)</sup>									
National Dock Labour Board	12	4	4	2					
New Town Development Corporations and the Commission for New Towns	125	17	-200	-419	-331	-205	-340	-360	-200
Public Trust Ports									
<b>Total public corporations (excluding nationalised industries)</b>	<b>925</b>	<b>651</b>	<b>523</b>	<b>290</b>	<b>791</b>	<b>1,141</b>	<b>1,206</b>	<b>1,090</b>	<b>1,250</b>

(1) Excludes grants and subsidies from central government generally available to the private sector; these are treated as contributing to internal resources.

(2) For details of contributions to the planning total see Table 4.15.

(3) Government department constituted as a Trading Fund and classified as a public corporation for statistical and planning purposes.

(4) Formerly the Highlands and Islands Development Board.

(5) Formerly the Scottish Development Agency.

(6) Scottish Homes was formed on 1 April 1989 by the merging of the Scottish Special Housing Association and the Housing Corporation (Scotland) which was at the time classified as a public corporation but has now been reclassified as a central government trading body.

(7) For details of contributions to the planning total see paragraph 4.35.

(8) Formerly the Independent Broadcasting Authority.

#### 4. Central government expenditure

**Table 4.15 Financing requirements of individual public corporations (excluding nationalised industries) whose external finance is included in the planning total, 1990-91 and 1991-92**

	1990-91 estimated outturn			1991-92 plans			£ million	
	Government subsidies and capital grants	Net borrowing from: Government (NLF, PDC etc)	Market, overseas and leasing	Total external finance	Government subsidies and capital grants	Net borrowing from: Government (NLF, PDC etc)	Market, overseas and leasing	Total external finance
The Audit Commission								
British Technology Group								
Commonwealth Development Corporation		52		52		42		42
Covent Garden Market Authority								
The Crown Agents								
The Crown Agents Holding and Realisation Board								
The Crown Suppliers <sup>(2)</sup>								
Development Board for Rural Wales	13			13	14			14
English Industrial Estates Corporation	25			25	-25			-25
Her Majesty's Stationery Office <sup>(2)</sup>		-6		-6		-1		-1
Highlands and Islands Enterprise <sup>(3)</sup>	33			33	52			52
Housing Action Trusts					9	2		10
Land Authority for Wales								
Letchworth Garden City							-4	-4
National Health Service Trusts								
Northern Ireland Electricity Service			-70	-70			-75	-75
Northern Ireland Housing Executive	157	56		214	179	46		225
Northern Ireland Public Trust								
Port Authorities								
Northern Ireland Transport Holding Company	21	1		23	23	-4		19
Oil and Pipelines Agency								
The Pilotage Commission								
Royal Mint <sup>(2)</sup>								
Scottish Enterprise <sup>(4)</sup>	93	5		98	352			352
Scottish Homes	256	-10		246	443	-132		311
United Kingdom Atomic Energy Authority			45	45			24	24
Urban Development Corporations	588			588	512			512
Welsh Development Agency	80	2	4	86	86	2	2	90
The Welsh Fourth Channel Authority								
<b>Total</b>	<b>1,266</b>	<b>101</b>	<b>-21</b>	<b>1,346</b>	<b>1,646</b>	<b>-44</b>	<b>-55</b>	<b>1,547</b>

(1) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources.

(2) Government department constituted as a trading fund and classified as a public corporation for statistical and planning purposes.

(3) Formerly the Highlands and Islands Development Board.

(4) Formerly the Scottish Development Agency.

expenditure of, the New Town Development Corporations and the Commission for New Towns. The Bank of England also features in the planning total to the extent that the Treasury pays the Bank of England for certain services.

4.36 **Table 4.14** lists the individual public corporations and shows their contributions to the planning total for each of the years 1985-86 to 1993-94. **Table 4.15** provides more details of the financing requirements for 1990-91 and 1991-2.

4.37 **Table 4.16** provides a departmental analysis of the financing requirements of public corporations for the period 1985-86 to 1993-94.

Table 4.16 Financing requirements <sup>(1)</sup> of public corporations (excluding nationalised industries) by department	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Ministry of Defence	36	-12							
Foreign and Commonwealth Office	34	24	-1	34	49	52	42	30	30
Ministry of Agriculture Fisheries and Food	-1	-1	-17	-1					
Trade and Industry		13	13	7		25	-25		
Energy		9	-3	-24	1	45	24	-10	-10
Department of Employment	12	4	4	2					
Department of Transport									
DOE-Housing	82	28	-10	-101	-99	5	-60	-140	-110
DOE-Other environmental services	62	7	-110	-144	141	260	138	90	210
Department of Health	23	27	12	-49			-4		
Scotland	246	223	242	196	374	457	780	740	760
Wales	37	43	63	97	111	130	136	120	120
Northern Ireland	403	293	336	282	220	172	176	260	260
Chancellor of the Exchequer's department's	-7	-7	-7	-7	-7	-6	-1		
<b>Total public corporations (excluding nationalised industries)</b>	<b>925</b>	<b>651</b>	<b>523</b>	<b>290</b>	<b>791</b>	<b>1,141</b>	<b>1,206</b>	<b>1,090</b>	<b>1,250</b>

(1) Excludes grants and subsidies from central government generally available to the private sector; these are treated as contributing to internal resources.

### Changes from previous public expenditure White Papers

4.38 The remainder of this section deals with differences between the figures for central government expenditure, including the financing requirements of public corporations (excluding nationalised industries) in this Supplement and the corresponding plans in previous public expenditure White Papers. **Tables 4.17** and **4.18** show, for 1989-90 and 1990-91 respectively, the differences between the plans as presented in the 1989 and 1990 White Papers and the outturn and estimated outturn in this Supplement. **Tables 4.19** and **4.20** show the changes in the plans for 1991-92 and 1992-93 made since the 1990 White Paper.

4.39 Each of the tables show the differences divided into those associated with classification changes, those associated with net transactions in land and existing buildings and other changes. The tables covering 1991-92 and 1992-93 also show separately changes relating to transfers between departments and spending sectors. The main classification changes affecting central government expenditure made since the 1990 public expenditure White Paper which affect the level of public expenditure are as follows:

- A reclassification of Housing Association Grant from central government to local authority expenditure (past years only) combined with the inclusion within the planning total of deferred interest on Housing Association Grant;
- The inclusion within public expenditure of certain VAT refunds in Northern Ireland;
- The reclassification of visa and nationality fees from negative public expenditure to revenue;
- The inclusion within public expenditure of credit approvals for parish councils; and
- The inclusion within public expenditure of the capital expenditure of the Export Credits Guarantee Department.



In addition the figures for classification changes reflect the transfer of responsibility for sport from the Department of the Environment to the Department of Education and Science.

4.40 **Table 4.17** presents differences since the 1989 public expenditure White Paper and, therefore, also reflects the classification changes made between the 1989 and 1990 White Papers. An unusually large number of classification changes were made in this period in conjunction with the introduction of the new definition of the planning total. The main changes affecting central government expenditure were:

- (a) The inclusion within public expenditure of statutory sick pay and statutory maternity pay, which had previously been treated as reducing employers' national insurance contributions;
- (b) The reclassification of a number of receipts, in particular fines and fixed penalties, from negative public expenditure to revenue;
- (c) The reclassification of expenditure in Northern Ireland on police, education and fire services from local authority expenditure to central government's own expenditure; and
- (d) Expenditure on certain educational initiatives of the Training Agency formerly treated as central government's own expenditure were reclassified as grants to local authorities.

Full details of the changes were given in Appendices A and B of Chapter 21 of the 1990 public expenditure White Paper.

4.41 **Table 4.17** shows that, after taking account of classification changes, the 1989-90 outturn for central government expenditure exceeded planned provision (excluding the Reserve) by around £1 billion. The biggest increases were as follows:

- (a) Ministry of Defence: mainly due to higher than anticipated expenditure on running costs and work and equipment;
- (b) European Communities: resulting from a shortfall in receipts in respect of agricultural guarantee and structure funds. The former was due to lower than forecast expenditure by the Commission and exchange rate movements, while the latter was caused largely by a slippage of receipts to the following financial year;
- (c) Northern Ireland: reflecting payments associated with the restructuring of Short Brothers PLC (£300 million);
- (d) Department of Environment: mainly resulting from increased expenditure on Housing Association Grant by the Housing Corporation;
- (e) Foreign and Commonwealth Office: arising mainly from payments to the Polish Stabilisation Fund (£60 million), Nigeria (£50 million) and the Commonwealth Development Corporation (£20 million); and
- (f) Trade and Industry: mainly payments to investors in Barlow Clowes (£150 million), the UK contribution towards the cost of settlement of the International Tin Council's debts (£30 million) and increases in provision for ECGD reflecting higher interest rates.

These increases were partly offset by the following underspends:

- (g) Department of Social Security: mainly associated with reductions in expenditure on unemployment benefit and income support;
- (h) Department of Employment: mainly reflecting reduced expenditure on the Employment Training Programme as a result of the fall in unemployment and on the Youth Training Scheme as a result of demographic change and improvement in the labour market for young people; and
- (i) Ministry of Agriculture, Fisheries and Food: reduced expenditure on the Common Agricultural Policy (CAP) in the United Kingdom. The reduction was due mainly to reduced expenditure on intervention buying, owing to a poor harvest in 1988, reduced expenditure on export refunds, owing to high world food prices, and to reform of the CAP.

4.42 Central government expenditure in 1990-91 is currently estimated to exceed planned provision (excluding the Reserve) by about £2 billion. The largest increases are in the following areas:

- (a) Ministry of Defence: mainly reflecting increased costs arising from the Gulf crisis;
- (b) Ministry of Agriculture, Fisheries and Food: associated with higher costs of market support, mainly for beef and cereal intervention;

- (c) Department of Health: mainly reflecting payments of Pay Review Body awards (£170 million), additional provision to compensate from the termination of VAT refunds on new construction and for other minor capital expenditure (£160 million) and commitments for GP practice staff and premises improvements (£110 million); and;
- (d) Department of Environment: mainly resulting from increased Housing Revenue Account subsidy.

These increases are partly offset by a significant fall for the Department of Social Security reflecting lower payments of contributory benefits.

4.43 **Tables 4.19** and **4.20** give details of the changes made to plans for central government expenditure in 1991–92 and 1992–93 since the 1990 public expenditure White Paper. The tables show substantial increases in provision for the Department of Health, almost all for expenditure on the National Health Service, and the Department of Social Security, reflecting higher benefit uprating than previously assumed, higher assumptions for future upratings and improvements in some benefits. Details of these changes and the other significant changes to plans were given in the 1990 Autumn Statement (**paragraphs 1.27 to 1.70**).

4.44 The overall departmental plans figures for 1991–92 and 1992–93 reflect a number of transfers agreed during the 1990 Public Expenditure Survey. The main transfers involved are as follows:

- (a) The move to repayment of Inland Revenue's Valuation Office, Treasury Solicitor's Department, and the Civil Service Commission;
- (b) The transfer of responsibility for payments of contributions in lieu of business rates from the Rating of Government Properties Department to individual Departments;
- (c) The transfer of responsibility for training and enterprise activities in Scotland is switched from the Department of Employment to Scottish Enterprise and Highlands and Islands Enterprise; and
- (d) The introduction of differentiated fees for higher education which involves a switch from central government expenditure to support for local authorities.

**Table 4.17 Differences between plans and outturn for central government expenditure by department<sup>(1)</sup>, 1989–90**

	Plans in 1989 White Paper	Classification changes	Changes in net transactions in land and buildings	Other changes	£ million Outturn
Ministry of Defence	20,143	+6	+29	+582	20,760
Foreign and Commonwealth Office	2,306	+36	+21	+170	2,533
Ministry of Agriculture, Fisheries and Food	1,708	+84	-1	-249	1,541
Trade and Industry	1,545	-7	-2	+125	1,660
Energy	494	-21		-29	444
Department of Employment	3,880	-199	-3	-269	3,410
Department of Transport	1,830	-54	+22	+68	1,866
DOE—Housing	1,406	-140	-10	+239	1,496
DOE—Other environmental services	552	-41	-66	+173	618
DOE—Local government	0	+10			10
Home Office (including Charity Commission)	1,444	+240	+46	-37	1,602
Lord Chancellor's and Law Officers' Departments	1,087	+11	+4	+26	1,128
Department of Education and Science	4,277	+42	-29	+43	4,334
Office of Arts and Libraries	439			+7	446
Department of Health and Office of Population Censuses and Surveys	19,761	-6	+63	+112	19,930
Department of Social Security	46,287	+1,164		+559	46,892
Scotland	4,398	+8	-16	+8	4,397
Wales	1,981	+2	-5	-35	1,943
Northern Ireland	4,625	+766	-22	+305	5,674
Chancellor of the Exchequer's Departments	4,126	+33		+63	4,222
Cabinet Office, Privy Council Office and Parliament	314	-3		-11	301
European Communities	1,970			+346	2,316
<b>Total</b>	<b>124,574</b>	<b>+1,930</b>	<b>-63</b>	<b>+1,080</b>	<b>127,521</b>

(1) A full list of departmental groupings is given in Appendix C.

#### 4. Central government expenditure

**Table 4.18 Differences between plans and estimated outturn for central government expenditure by department<sup>(1)</sup>, 1990-91**

	Plans in 1990 public expenditure White Paper	Classification changes	Changes in net transactions in land and buildings	Other changes	£ million Estimated outturn
Ministry of Defence	21,202	+4	+41	+853	22,100
Foreign and Commonwealth Office	2,600		+10	+79	2,690
Ministry of Agriculture, Fisheries and Food	1,911			+431	2,342
Trade and Industry	1,454	+4		+153	1,610
Energy	455			+88	542
Department of Employment	3,449	+1	-3	+9	3,457
Department of Transport	2,312	-1	-7		2,305
DOE—Housing	2,107	+25	+206	+325	2,663
DOE—Other environmental services	880	-56	+45	-46	823
DOE—PSA	30		+8	+13	51
DOE—Local government	42	+7			50
Home Office (including Charity Commission)	1,912	+6	-25	+106	1,998
Lord Chancellor's and Law Officers' Departments	1,267		-2	+119	1,384
Department of Education and Science	4,592	+44	-5	-27	4,605
Office of Arts and Libraries	494				494
Department of Health and Office of Population Censuses and Surveys	22,058		-23	+427	22,463
Department of Social Security	52,034			-379	51,655
Scotland	4,869		-12	+113	4,970
Wales	2,555		+2	+6	2,264
Northern Ireland	5,914	-39	-10	-6	5,859
Chancellor of the Exchequer's Departments	4,609		+3	+18	4,630
Cabinet Office, Privy Council Office and Parliament	367			+3	371
European Communities	1,870			+19	1,889
<b>Total</b>	<b>138,684</b>	<b>-3</b>	<b>+228</b>	<b>+2,305</b>	<b>141,214</b>

(1) A full list of departmental groupings is given in Appendix C.

**Table 4.19 Changes in plans for central government expenditure since 1990 public expenditure White Paper by department<sup>(1)</sup>, 1991-92**

	Plans in 1990 public expenditure White Paper	Classification changes	Changes in net transactions in land and buildings	Transfers	Other changes	£ million New plans
Ministry of Defence	22,358	+6		+143	+294	22,802
Foreign and Commonwealth Office	2,751		+4	+5	+172	2,932
Ministry of Agriculture, Fisheries and Food	2,123			-1	+240	2,362
Trade and Industry	1,150		+7	+3	+119	1,279
Energy	398			+18	+92	508
Department of Employment	3,332	+1		-263	-98	2,972
Department of Transport	2,411	-17		+9	+60	2,463
DOE—Housing	2,411	+56	+129		+312	2,908
DOE—Other environmental services	746	-45	-119	-32	+164	713
DOE—PSA	-3		+16	+4	+74	91
DOE—Local government	44	+8		+106	+19	176
Home Office (including Charity Commission)	1,869	+6		+24	+135	2,034
Lord Chancellor's and Law Officers' Departments	1,378		+3	-21	+100	1,459
Department of Education and Science	4,476	+47		-158	+270	4,635
Office of Arts and Libraries	523			+4	+33	559
Department of Health and Office of Population Censuses and Surveys	23,372		+67	+20	+1,470	24,929
Department of Social Security	56,205			-12	+2,039	58,233
Scotland	5,147	+39	-21	+283	+318	5,767
Wales	2,328		-2	+20	+140	2,486
Northern Ireland	6,186	-38	-6	+3	+220	6,366
Chancellor of the Exchequer's Departments	4,877		+3	-279	+396	4,997
Cabinet Office, Privy Council Office and Parliament	383			-10	+25	399
European Communities	1,670				-620	1,051
<b>Total</b>	<b>146,135</b>	<b>+65</b>	<b>+81</b>	<b>-133</b>	<b>+5,974</b>	<b>152,121</b>

(1) A full list of departmental groupings is given in Appendix C.

Table 4.20 Changes in plans for central government expenditure since 1990 public expenditure White Paper by department<sup>(1)</sup>, 1992-93

	Plans in 1990 public expenditure White Paper	Classification changes	Changes in net transactions in land and buildings	Transfers	Other changes	£ million New plans
Ministry of Defence	23,430	+10		+150	-230	23,350
Foreign and Commonwealth Office	2,850		+10		+220	3,070
Ministry of Agriculture, Fisheries and Food	2,220				+260	2,480
Trade and Industry	970				+170	1,140
Energy	390			+20	+50	460
Department of Employment	3,330			-270	-100	2,970
Department of Transport	2,510			+10	+70	2,590
DOE-Housing	2,540	+20			+310	2,870
DOE-Other environmental services	690	-60	-120	-20	+140	630
DOE - PSA	-10		+10		+40	40
DOE-Local government	40	+10		+110	+20	180
Home Office (including Charity Commission)	1,880	+10	-10	+20	+110	2,020
Lord Chancellor's and Law Officers' Departments	1,470			-20	+130	1,580
Department of Education and Science	4,600	+50		-240	+340	4,750
Office of Arts and Libraries	540				+30	580
Department of Health and Office of Population Censuses and Surveys	24,490			+10	+1,830	26,330
Department of Social Security	59,500				+3,200	62,600
Scotland	5,320		-10	+300	+390	5,990
Wales	2,400			+20	+180	2,600
Northern Ireland	6,400	-40	-10		+440	6,800
Chancellor of the Exchequer's Departments	5,130			-300	+470	5,300
Cabinet Office, Privy Council Office and Parliament	400			-10	+30	420
European Communities	1,990				+880	2,870
<b>Total</b>	<b>153,100</b>		<b>-100</b>	<b>-200</b>	<b>+8,900</b>	<b>161,600</b>

(1) A full list of departmental groupings is given in Appendix C.

## Section Five Local Authorities

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## 5. Local Authorities

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### Introduction

5.1 Local authorities account for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities in 1990-91 is estimated to be £57.3 billion.

5.2 This section describes central government support for local authorities over the Survey period and local authority expenditure for outturn years. It deals primarily with Great Britain - most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments (see the Departmental Report on Northern Ireland (Cm 1517)). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

5.3 Details of the Government's policies and objectives for particular services provided, in whole or in part, by local authorities, can be found in the relevant Departmental Reports.

### Central government support for local authorities

5.4 **Table 5.1** shows, for each territory, for the years 1985-86 to 1993-94, the local authority components of the planning total. The figures in this table, and elsewhere in this section, take no account of the announcement on 17 January of additional central government support for local authorities of some £1.1 billion for 1991-2, net of community charge benefits.

### Support for current spending

5.5 Local authorities' current spending can be broadly divided into two categories.

(a) **Main local services.** Local authorities have considerable discretion to determine the level, pattern, and standard of the main services - subject to the financial resources available, including the implications for community charges, and subject also to central government regulation and inspection of the service provided. Expenditure on these services is broadly equivalent to what was called "relevant current" expenditure, under the previous system of local government finance.

(b) **Other spending.** This is financed wholly, or almost wholly, by central government through specific grant, with little or no impact on the community charge. The main examples are housing benefit and mandatory student awards.

5.6 Government support for the first category of expenditure is provided through the envelope of Aggregate External Finance (AEF). This comprises:

- **Revenue Support Grant (RSG);**
- **non-domestic rate payments:** in England and, separately, in Wales there is a National Non-Domestic Rate (NNDR), set by central government at a uniform poundage, with the proceeds pooled and distributed to local authorities as a common amount per chargepayer; in Scotland, the Secretary of State prescribes the non-domestic rate poundages for individual authorities;
- **current specific grants,** which fund part of the expenditure on a specific service or activity.

5.7 Aggregate External Finance in England has been set at £26,050 million for 1991-92, an increase of £2,950 million over the 1990-91 settlement figure. AEF in Scotland for 1991-92 will be £4,353 million, an increase, setting aside the safety net, of £410 million over 1990-91. AEF in Wales will be £1,936 million, an increase of £200 million over 1990-91.

Table 5.1 Central government support for local authorities in the United Kingdom by territory and type

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans	£ million
<b>England</b>										
Revenue support grant <sup>(1)</sup>	8,737	9,256	9,899	9,754	9,586	9,490	9,674	23,040	23,740	
Non-domestic rate payments <sup>(2)</sup>	6,868	7,686	8,188	8,896	9,731	10,428	12,408			
Current specific grants within AEF <sup>(3)</sup>	1,758	2,000	2,297	2,444	2,836	3,337	3,969	4,030	4,100	
Current specific grants outside AEF <sup>(3)</sup>	4,580	5,029	5,354	5,184	5,502	7,374	8,453	9,000	9,400	
Credit approvals <sup>(4)</sup>	2,912	2,649	2,794	2,626	2,354	2,926	3,160	3,150	3,100	
Capital grants	576	594	612	656	794	969	1,245	1,250	1,270	
<b>Total</b>	<b>25,431</b>	<b>27,214</b>	<b>29,144</b>	<b>29,561</b>	<b>30,804</b>	<b>34,525</b>	<b>38,909</b>	<b>40,500</b>	<b>41,600</b>	
<i>Of which: AEF<sup>(3)</sup></i>	<i>17,363</i>	<i>18,942</i>	<i>20,384</i>	<i>21,095</i>	<i>22,154</i>	<i>23,255</i>	<i>26,050</i>	<i>27,070</i>	<i>27,840</i>	
<b>Scotland</b>										
Revenue support grant <sup>(1)</sup>	1,657	1,713	1,705	2,007	2,346	2,496	2,651	4,130	4,240	
Non-domestic rate payments <sup>(2)</sup>	1,023	1,108	1,238	1,290	1,219	1,189	1,389			
Current specific grants within AEF <sup>(3)</sup>	166	180	196	213	238	272	313	320	330	
Current specific grants outside AEF <sup>(3)</sup>	497	544	617	586	655	782	807	900	900	
Net capital allocations <sup>(4)</sup>	635	682	785	762	774	786	781	840	870	
Capital grants	26	26	17	20	38	38	61	70	80	
<b>Total</b>	<b>4,004</b>	<b>4,252</b>	<b>4,558</b>	<b>4,878</b>	<b>5,270</b>	<b>5,562</b>	<b>6,002</b>	<b>6,200</b>	<b>6,500</b>	
<i>Of which: AEF<sup>(3)</sup></i>	<i>2,845</i>	<i>3,001</i>	<i>3,139</i>	<i>3,510</i>	<i>3,803</i>	<i>3,957</i>	<i>4,353</i>	<i>4,450</i>	<i>4,580</i>	
<b>Wales</b>										
Revenue support grant <sup>(1)</sup>	826	878	950	1,015	1,049	1,141	1,236	1,750	1,740	
Non-domestic rate payments <sup>(2)</sup>	276	308	338	368	414	443	525			
Current specific grants within AEF <sup>(3)</sup>	92	102	119	129	138	162	175	180	190	
Current specific grants outside AEF <sup>(3)</sup>	264	292	301	304	321	434	512	600	600	
Credit approvals <sup>(4)</sup>	215	277	298	292	305	254	291	330	410	
Capital grants	37	33	34	32	34	160	154	150	150	
<b>Total</b>	<b>1,710</b>	<b>1,889</b>	<b>2,040</b>	<b>2,140</b>	<b>2,261</b>	<b>2,594</b>	<b>2,894</b>	<b>3,000</b>	<b>3,100</b>	
<i>Of which: AEF<sup>(3)</sup></i>	<i>1,194</i>	<i>1,288</i>	<i>1,407</i>	<i>1,512</i>	<i>1,601</i>	<i>1,746</i>	<i>1,936</i>	<i>1,940</i>	<i>1,940</i>	
<b>Great Britain</b>										
Revenue support grant <sup>(1)</sup>	11,219	11,847	12,554	12,776	12,982	13,127	13,561	28,920	29,730	
Non-domestic rate payments <sup>(2)</sup>	8,167	9,102	9,764	10,554	11,364	12,060	14,322			
Current specific grants within AEF <sup>(3)</sup>	2,015	2,282	2,611	2,786	3,212	3,770	4,457	4,530	4,630	
Current specific grants outside AEF <sup>(3)</sup>	5,341	5,864	6,273	6,074	6,479	8,590	9,772	10,400	10,900	
Credit approvals <sup>(4)</sup>	3,762	3,608	3,876	3,681	3,432	3,967	4,233	4,320	4,380	
Capital grants	640	653	664	708	867	1,166	1,460	1,470	1,500	
<b>Total</b>	<b>31,145</b>	<b>33,356</b>	<b>35,742</b>	<b>36,580</b>	<b>38,336</b>	<b>42,681</b>	<b>47,805</b>	<b>49,700</b>	<b>51,100</b>	
<i>Of which: AEF<sup>(3)</sup></i>	<i>21,402</i>	<i>23,231</i>	<i>24,929</i>	<i>26,116</i>	<i>27,557</i>	<i>28,958</i>	<i>32,339</i>	<i>33,450</i>	<i>34,360</i>	
<b>Northern Ireland</b>										
Current specific grants	29	31	41	41	42	45	48	50	50	
Capital grants	9	6	9	5	7	9	9	10	10	
<b>Total</b>	<b>38</b>	<b>37</b>	<b>50</b>	<b>46</b>	<b>50</b>	<b>53</b>	<b>56</b>	<b>60</b>	<b>60</b>	
<b>United Kingdom</b>										
Revenue support grant <sup>(1)</sup>	11,219	11,847	12,554	12,776	12,982	13,127	13,561	28,920	29,730	
Non-domestic rate payments <sup>(2)</sup>	8,167	9,102	9,764	10,554	11,364	12,060	14,322			
Current specific grants within AEF <sup>(3)</sup>	2,015	2,282	2,611	2,786	3,212	3,770	4,457	4,530	4,630	
Current specific grants outside AEF <sup>(3)</sup>	5,371	5,895	6,313	6,115	6,521	8,634	9,820	10,500	10,900	
Credit approvals <sup>(4)</sup>	3,762	3,608	3,876	3,681	3,432	3,967	4,233	4,320	4,380	
Capital grants	649	659	673	714	875	1,175	1,469	1,480	1,510	
<b>Total</b>	<b>31,183</b>	<b>33,393</b>	<b>35,791</b>	<b>36,626</b>	<b>38,385</b>	<b>42,734</b>	<b>47,861</b>	<b>49,700</b>	<b>51,200</b>	
<i>Of which: AEF<sup>(3)</sup></i>	<i>21,402</i>	<i>23,231</i>	<i>24,929</i>	<i>26,116</i>	<i>27,557</i>	<i>28,958</i>	<i>32,339</i>	<i>33,450</i>	<i>34,360</i>	

(1) Rate support grant for the years up to 1989-90 (1988-89 in Scotland).

(2) For 1989-90 (1988-89 in Scotland) and earlier years the estimated yield of non-domestic rates has been used as a proxy for non-domestic rate payments.

(3) Aggregate External Finance (AEF) encompasses revenue support grant, non-domestic rate payments and a number of specific grants which fund part of the expenditure on a specific service or activity. AEF also includes the transitional grants to assist with the transfer of responsibility for education to Inner London boroughs and with the introduction of the new local authority finance system (Low rateable value areas grant and Area protection grant). Community Charge Transitional Relief is outside AEF.

(4) Credit approvals were introduced in England and Wales in 1990-91. The figures for the years up to 1989-90 are proxies based on outturn figures for loans for these years. The system is different in Scotland; figures for net capital allocations are included with those for credit approvals in the overall totals.

5.8 The Government is also paying a number of transitional grants, as part of the introduction of the new local government finance regime.

- **Area Protection Grant** (inside AEF) gives protection to areas in England which saw a relative reduction in their income from grant and business rates taken together, on the change to the new system. This grant replaces, from 1991–92, the contributions to the area safety net, which gaining authorities paid during 1990–91. The new grant also subsumes the Low rateable value areas grant which was paid in 1990–91 to areas in England which had particularly low average domestic rateable values under the old system and lost from the changeover. A similar grant is also paid in Scotland.

- **Inner London Education Grant** (inside AEF) assists Inner London boroughs which took on education responsibility for the first time in April 1990.

- **Community Charge Transitional Relief** (outside AEF) was increased for 1991–92, so that most households in England would face no more than an increase of £2 per week because of the structural change from rates to the community charge. The relief works in a very similar way in Scotland. A parallel scheme in Wales targets extra grant on local authority areas with low rateable values under the old system. The Secretary of State for the Environment announced on 17 January that Community Charge Transitional Relief was to be replaced by a new Community Charge Reduction Scheme; parallel charges were also announced for Scotland and Wales. These changes have not been included in this Supplement.

**Table 5.2** shows, by territory, the estimated amounts to be paid for each of these grants.

	1990–91 estimated outturn	1991–92 plans	1992–93 plans	£ million 1993–94 plans
<b>England</b>				
Low rateable value areas grant/Area protection grant <sup>(1)</sup>	88	485	320	190
Inner London Education grant	102	70	50	20
Transitional relief <sup>(2)(3)</sup>	291	495	440	310
<b>Total</b>	<b>482</b>	<b>1,050</b>	<b>800</b>	<b>520</b>
<b>Scotland</b>				
Area protection grant <sup>(4)</sup>	30	15	10	
Transitional relief <sup>(2)</sup>	44	25	50	30
<b>Total</b>	<b>74</b>	<b>40</b>	<b>60</b>	<b>30</b>
<b>Wales</b>				
Transitional relief <sup>(2)</sup>	20	20	20	10
<b>Great Britain</b>				
Transitional relief <sup>(2)</sup>	355	540	510	350
Other grants	221	570	370	210
<b>Total</b>	<b>576</b>	<b>1,110</b>	<b>880</b>	<b>560</b>

(1) Low rateable value areas grant is subsumed into area protection grant from 1991–92.  
(2) Transitional relief is outside AEF; all other grants are within AEF.  
(3) Government support for authorities' administration costs is included here.  
(4) Area protection grant in Scotland has been amalgamated with revenue support grant for distribution purposes.

5.9 The planned level of AEF (excluding transitional grants) in England for 1992–93 and 1993–94 has been uprated in line with the forecast GDP deflator. The transitional grants will be phased out according to the profiles set out in **Table 5.2**.

5.10 **Table 5.3** shows, by territory, the breakdown of AEF for all Survey years.



5. Local authorities

Table 5.3 Aggregate External Finance in Great Britain by territory and grant							£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>England</b>									
Revenue support grant <sup>(1)</sup>	8,737	9,256	9,899	9,754	9,586	9,490	9,674	23,040	23,740
Non-domestic rate payments <sup>(2)</sup>	6,868	7,686	8,188	8,896	9,731	10,428	12,408		
Magistrates courts	107	110	127	143	156	202	206	220	240
Commonwealth immigrants	63	104	93	89	115	140	116	130	140
Probation and after care	117	126	145	158	174	209	223	240	260
Police	1,257	1,395	1,568	1,675	1,903	2,138	2,355	2,540	2,710
Education support	6	25	59	56	69	70	125	130	130
In-service teacher training	10	17	79	89	130	131	82	80	90
Administration of housing benefit	87	94	105	111	110	103	116	120	130
Area protection grant							485	320	190
Other grants	111	130	121	123	180	344	260	240	210
<b>Total</b>	<b>17,363</b>	<b>18,942</b>	<b>20,384</b>	<b>21,095</b>	<b>22,154</b>	<b>23,255</b>	<b>26,050</b>	<b>27,070</b>	<b>27,840</b>
<b>Scotland</b>									
Revenue support grant <sup>(1)</sup>	1,657	1,713	1,705	2,007	2,346	2,496	2,651	4,130	4,240
Non-domestic rate payments <sup>(2)</sup>	1,023	1,108	1,238	1,290	1,219	1,189	1,389		
Urban Programme	18	20	21	22	27	38	48	50	50
Police	133	142	155	169	192	213	234	240	250
Administration of housing benefit	9	9	10	10	12	11	12	10	10
Other grants	6	9	9	12	6	10	20	20	20
<b>Total</b>	<b>2,845</b>	<b>3,001</b>	<b>3,139</b>	<b>3,510</b>	<b>3,803</b>	<b>3,957</b>	<b>4,353</b>	<b>4,450</b>	<b>4,580</b>
<b>Wales</b>									
Revenue support grant <sup>(1)</sup>	826	878	950	1,015	1,049	1,141	1,236	1,750	1,740
Non-domestic rate payments <sup>(2)</sup>	276	308	338	368	414	443	525		
Police	64	71	79	85	90	106	115	120	130
Other grants	27	30	39	45	49	56	60	60	60
<b>Total</b>	<b>1,194</b>	<b>1,288</b>	<b>1,407</b>	<b>1,512</b>	<b>1,601</b>	<b>1,746</b>	<b>1,936</b>	<b>1,940</b>	<b>1,940</b>
<b>Total Great Britain</b>	<b>21,402</b>	<b>23,231</b>	<b>24,929</b>	<b>26,116</b>	<b>27,557</b>	<b>28,958</b>	<b>32,339</b>	<b>33,450</b>	<b>34,360</b>

(1) Rate support grant for the years up to 1989-90 (1988-89 in Scotland).

(2) For 1989-90 (1988-89 in Scotland) and earlier years the estimated yield of non-domestic rates has been used as a proxy for non-domestic rate payments.

5.11 Table 5.4 shows, by territory, for all Survey years, current specific grants outside AEF.

Table 5.4 Current specific grants outside Aggregate External Finance in Great Britain by territory and grant

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>England</b>									
Work-related further education	61	104	106	105	97	97	99	100	100
Technical and vocational education initiative	33	61	51	80	110	113	119	120	120
Mandatory student awards	601	594	643	682	760	1,212	1,750	1,920	1,990
Rent rebates	1,816	1,902	1,971	2,021	2,147	2,352	2,412	2,500	2,500
Rent allowances	697	836	879	892	1,023	1,363	1,452	1,600	1,800
Rate/community charge rebates	1,302	1,433	1,537	1,286	1,299	1,928	2,030	2,200	2,400
Community charge transitional relief						291	495	440	310
Non-domestic rates: City of London offset						26	30	30	30
Other grants <sup>(1)</sup>	70	99	167	118	66	-8	65	50	50
<b>Total</b>	<b>4,580</b>	<b>5,029</b>	<b>5,354</b>	<b>5,184</b>	<b>5,502</b>	<b>7,374</b>	<b>8,453</b>	<b>9,000</b>	<b>9,400</b>
<b>Scotland</b>									
Rent rebates	220	251	284	297	337	370	414	400	500
Rent allowances	59	68	86	93	92	112	120	100	200
Rate/community charge rebates	186	196	227	179	211	233	244	300	300
Community charge transitional relief						44	25	50	30
Other grants	32	29	20	16	15	22	4		
<b>Total</b>	<b>497</b>	<b>544</b>	<b>617</b>	<b>586</b>	<b>655</b>	<b>782</b>	<b>807</b>	<b>900</b>	<b>900</b>
<b>Wales</b>									
Mandatory student awards	38	38	41	44	49	77	112	120	130
Rent rebates	125	131	132	136	149	159	189	200	200
Rent allowances	36	47	47	51	56	74	79	100	100
Rate/community charge rebates	56	62	69	63	53	84	89	100	100
Community charge transitional relief						20	20	20	10
Other grants	9	13	12	12	15	20	24	20	20
<b>Total</b>	<b>264</b>	<b>292</b>	<b>301</b>	<b>304</b>	<b>321</b>	<b>434</b>	<b>512</b>	<b>600</b>	<b>600</b>
<b>Total Great Britain</b>	<b>5,341</b>	<b>5,864</b>	<b>6,273</b>	<b>6,074</b>	<b>6,479</b>	<b>8,590</b>	<b>9,772</b>	<b>10,400</b>	<b>10,900</b>

(1) Includes as a negative item payments by local authorities to the National Rivers Authority from 1989-90.

## Support for local authority capital programmes

5.12 Table 5.5 shows, by territory and cash block, central government support for local authorities' capital programmes.

Table 5.5 Central government capital support for local authorities in Great Britain by territory, cash block<sup>(1)</sup> and service

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>England</b>									
<b>ELAB<sup>(2)</sup></b>									
<b>Credit approvals</b>									
Housing	1,586	1,468	1,437	1,318	1,091	1,556	1,534	1,440	1,400
Transport	370	319	411	477	412	482	567	570	550
Education	362	351	359	386	353	436	492	500	510
Personal social services	65	65	68	73	67	84	106	120	110
Home Office	20	20	32	14	17	43	45	50	50
Ministry of Agriculture, Fisheries and Food <sup>(3)</sup>	16	12	12	9	11	13	17	20	20
Other Services <sup>(4)</sup>	387	308	362	222	265	198	268	320	320
<b>Total credit approvals</b>	<b>2,806</b>	<b>2,543</b>	<b>2,680</b>	<b>2,500</b>	<b>2,216</b>	<b>2,813</b>	<b>3,029</b>	<b>3,010</b>	<b>2,960</b>

## 5. Local authorities

Table 5.5 Central government capital support for local authorities in Great Britain by territory, cash block <sup>(1)</sup> and service (continued)									
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	£ million 1993-94 plans
<b>Capital grants</b>	135	145	147	190	326	337	456	450	450
Housing	168	168	183	193	213	263	346	350	350
Transport	4	10	4	12	14	14	14	10	10
Education			1	1	2	3	3		
Personal social services									
Ministry of Agriculture, Fisheries and Food <sup>(3)</sup>	14	22	17	18	17	19	24	20	20
Other Services <sup>(4)</sup>									
Environment	15	7	8	7	8	9	14	10	20
Other	4	4	4	4	3	3	5	10	
Total Other Services	19	11	12	11	11	13	19	20	20
<b>Total capital grants</b>	<b>340</b>	<b>356</b>	<b>363</b>	<b>425</b>	<b>583</b>	<b>649</b>	<b>862</b>	<b>860</b>	<b>870</b>
<b>TOTAL ELAB<sup>(2)</sup></b>	<b>3,146</b>	<b>2,898</b>	<b>3,043</b>	<b>2,925</b>	<b>2,799</b>	<b>3,462</b>	<b>3,891</b>	<b>3,870</b>	<b>3,830</b>
<b>Home Office Protective Services</b>									
England <sup>(5)</sup>									
Credit approvals	49	45	56	67	81	55	81	80	90
Capital grants	25	37	25	31	23	128	172	180	190
Wales <sup>(5)</sup>									
Credit approvals	3	4	6	4	2	1	3	(5)	(5)
Capital grants	1	1	1	1	2	3	6	(5)	(5)
<b>Total Protective Services</b>	<b>78</b>	<b>88</b>	<b>88</b>	<b>104</b>	<b>107</b>	<b>188</b>	<b>261</b>	<b>260</b>	<b>270</b>
<b>Urban Programme</b>									
Credit approvals	57	61	58	59	57	58	50	50	50
Capital grants	206	199	223	198	187	190	210	210	220
<b>Total Urban Programme</b>	<b>263</b>	<b>261</b>	<b>280</b>	<b>257</b>	<b>244</b>	<b>248</b>	<b>260</b>	<b>260</b>	<b>270</b>
<b>Memo item: not in cash blocks<sup>(6)</sup></b>									
Capital grants	5	2	2	2	2	2	2		
<b>England - Total</b>	<b>3,488</b>	<b>3,243</b>	<b>3,406</b>	<b>3,282</b>	<b>3,148</b>	<b>3,895</b>	<b>4,406</b>	<b>4,390</b>	<b>4,370</b>
<b>Wales</b>									
<b>WOLAB<sup>(2)</sup></b>									
<b>Credit approvals</b>									
Welsh Office	209	268	287	286	301	250	286	330	400
Other departments <sup>(7)</sup>	3	4	4	2	2	3	3		
<b>Total credit approvals</b>	<b>212</b>	<b>272</b>	<b>292</b>	<b>288</b>	<b>303</b>	<b>253</b>	<b>289</b>	<b>330</b>	<b>410</b>
<b>Capital grants</b>									
Welsh Office	37	32	33	30	33	157	148	150	150
<b>Total WOLAB<sup>(2)(8)</sup></b>	<b>249</b>	<b>304</b>	<b>324</b>	<b>318</b>	<b>336</b>	<b>410</b>	<b>437</b>	<b>480</b>	<b>550</b>
<b>Wales - Total</b>	<b>253</b>	<b>310</b>	<b>332</b>	<b>324</b>	<b>339</b>	<b>414</b>	<b>445</b>	<b>480</b>	<b>560</b>
<b>Scotland</b>									
<b>SO/LA1 - non-housing</b>									
Net capital allocations <sup>(9)</sup>	380	369	372	426	456	466	465	500	520
Capital grants	24	24	15	18	35	34	58	70	80
<b>SO/LA2 - housing</b>									
Net capital allocations <sup>(9)</sup>	253	311	410	335	316	319	315	330	350
Capital grants	2	2	2	2	3	3	3		
<b>Memo item: not in cash blocks<sup>(10)</sup></b>									
Net capital allocations	2	2	2	1	1	2	2		
Capital grants									
<b>Scotland - Total</b>	<b>661</b>	<b>708</b>	<b>802</b>	<b>783</b>	<b>812</b>	<b>824</b>	<b>842</b>	<b>910</b>	<b>960</b>
Total net capital allocations	635	682	785	762	774	786	781	840	870
Total capital grants	26	26	17	20	38	38	61	70	80

**Table 5.5 Central government capital support for local authorities in Great Britain by territory, cash block<sup>(1)</sup> and service (continued)**

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Total local authority provision in Great Britain</b>	<b>4,402</b>	<b>4,261</b>	<b>4,540</b>	<b>4,389</b>	<b>4,300</b>	<b>5,134</b>	<b>5,693</b>	<b>5,790</b>	<b>5,880</b>
of which:									
Credit approvals <sup>(11)</sup>	3,762	3,608	3,876	3,681	3,432	3,967	4,233	4,320	4,380
Capital grants	640	653	664	708	867	1,166	1,460	1,470	1,500

(1) The blocks reflect the arrangements for monitoring local authority capital expenditure.

(2) ELAB is the English Local Authorities Block and WOLAB is the Welsh Office Local Authorities Block.

(3) Support for expenditure on flood and coast protection and harbour improvements. Support for other MAFF expenditure is included in "Other Services".

(4) In addition to support for expenditure on environmental services this covers support for expenditure on employment, trade and industry, Agriculture, Fisheries and Food (other than flood and coast protection and harbour improvements) and arts and libraries.

(5) Joint figures are given for England and Wales for 1992-93 and 1993-94 for both credit approvals and capital grants.

(6) Grants for internal drainage boards and miscellaneous grants from Property Services Agency and Foreign and Commonwealth Office.

(7) Includes transport, employment and Home Office.

(8) Urban Programme in Wales which is also part of the Welsh Office /Urban Aid non-voted cash limit excluded from these figures to avoid double counting.

(9) Net capital allocations are the equivalent of credit approvals in England and Wales.

(10) Includes Training Agency projects. Also includes provision for ports and airports projects which are not the responsibility of the Secretary of State for Scotland.

(11) Including net capital allocations in Scotland.

5.13 Within the English Local Authorities Block, the provision for credit approvals for individual departments forms the basis for determining the Annual Capital Guideline (ACG) for each main service. The credit approvals for the year ahead agreed in the Survey are split between basic credit approvals (BCAs) and supplementary credit approvals (SCAs) earmarked for particular projects. The ACGs are formed by adding to the provision for BCAs a further element of capital expenditure on that service to be financed from local authorities' capital receipts—Receipts Taken Into Account (RTIA). Each service ACG is distributed to local authorities on the basis of relative needs. For each authority, the sum of its ACGs for each service less its individual RTIA represents its unhypothecated block of BCAs. Actual spending by an authority will be higher than the sum of its service ACGs to the extent that it chooses to spend more of its capital receipts than are taken into account, and to finance capital spending through revenue contributions.

5.14 Under the previous capital control system, there was no precise equivalent to credit approvals. The figures for 1989-90 and earlier years are therefore proxies, and it is not possible to make fully consistent comparisons with subsequent years. Credit approvals are available for a wider range of capital expenditure items than the previous capital allocations. Moreover, under the new regime, all new capital grants will be given as a percentage of project costs rather than, as was the case for some capital grants previously, being paid towards loan charges. It is therefore not possible to make fully consistent comparisons between the two systems.

## Local authority expenditure

5.15 **Table 5.6** shows total local authority current and capital expenditure for the outturn years by territory. **Table 5.7** shows the same information broken down by economic category.

<b>Table 5.6 Local authority expenditure in the United Kingdom by territory</b>						
	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
	outturn	outturn	outturn	outturn	outturn	estimated
						outturn
	£ million					
<b>England</b>						
Current expenditure	25,925	28,275	30,692	32,858	35,765	39,236
Capital expenditure	3,266	3,032	2,666	2,102	4,090	3,989
<i>of which:</i>						
Gross capital expenditure	5,522	5,865	6,336	7,378	9,007	7,495
Capital receipts	-2,255	-2,834	-3,670	-5,276	-4,918	-3,506
<b>Total England</b>	<b>29,192</b>	<b>31,307</b>	<b>33,357</b>	<b>34,960</b>	<b>39,855</b>	<b>43,224</b>
<b>Scotland</b>						
Current expenditure	3,268	3,550	3,846	4,131	4,559	5,021
Capital expenditure	671	723	829	793	822	816
<i>of which:</i>						
Gross capital expenditure	839	909	1,090	1,161	1,180	1,127
Capital receipts	-168	-186	-261	-368	-357	-311
<b>Total Scotland</b>	<b>3,939</b>	<b>4,272</b>	<b>4,675</b>	<b>4,924</b>	<b>5,381</b>	<b>5,837</b>
<b>Wales</b>						
Current expenditure	1,544	1,681	1,802	1,983	2,183	2,397
Capital expenditure	272	349	402	308	405	471
<i>of which:</i>						
Gross capital expenditure	364	450	527	531	639	624
Capital receipts	-92	-101	-125	-223	-234	-152
<b>Total Wales</b>	<b>1,816</b>	<b>2,030</b>	<b>2,204</b>	<b>2,291</b>	<b>2,588</b>	<b>2,868</b>
<b>Great Britain</b>						
Current expenditure	30,737	33,505	36,339	38,972	42,507	46,654
Capital expenditure	4,210	4,103	3,897	3,203	5,317	5,276
<i>of which:</i>						
Gross capital expenditure	6,725	7,224	7,953	9,070	10,826	9,246
Capital receipts	-2,515	-3,120	-4,056	-5,867	-5,509	-3,970
<b>Total Great Britain</b>	<b>34,947</b>	<b>37,609</b>	<b>40,236</b>	<b>42,175</b>	<b>47,824</b>	<b>51,930</b>
<b>Northern Ireland</b>						
Current expenditure	91	96	98	114	115	124
Capital expenditure	30	26	28	29	31	32
<i>of which:</i>						
Gross capital expenditure	30	27	29	30	32	33
Capital receipts		-1	-1	-1	-1	-1
<b>Total Northern Ireland</b>	<b>121</b>	<b>122</b>	<b>126</b>	<b>143</b>	<b>146</b>	<b>157</b>
<b>United Kingdom</b>						
Existing current expenditure	30,828	33,601	36,438	39,086	42,622	46,778
Capital expenditure	4,240	4,130	3,924	3,232	5,348	5,308
<i>of which:</i>						
Gross capital expenditure	6,755	7,251	7,982	9,100	10,858	9,279
Capital receipts	-2,516	-3,121	-4,057	-5,868	-5,510	-3,970
Local authority debt interest	4,434	4,351	4,624	4,810	4,919	5,200
<b>Total United Kingdom</b>	<b>39,501</b>	<b>42,082</b>	<b>44,986</b>	<b>47,128</b>	<b>52,889</b>	<b>57,300</b>
<i>of which:</i>						
Expenditure excluding debt interest	35,067	37,731	40,362	42,318	47,970	52,086

**Table 5.7 Local authority expenditure in the United Kingdom by territory and economic category**

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
	<b>£ million</b>					
<b>England</b>						
Pay	17,500	19,150	21,179	23,238	} 30,287	33,255
Other current expenditure on goods and services	4,001	4,325	4,612	4,605		
Subsidies	797	948	919	791	829	414
Current grants to persons	3,627	3,853	3,982	4,225	4,650	5,567
Net capital expenditure on assets	2,936	2,780	2,243	1,594	3,484	3,485
Capital grants	664	639	708	742	822	685
Lending and other financial transactions	-334	-388	-286	-234	-217	-181
<b>Total England</b>	<b>29,192</b>	<b>31,307</b>	<b>33,357</b>	<b>34,960</b>	<b>39,855</b>	<b>43,224</b>
<b>Scotland</b>						
Pay	1,953	2,087	2,276	2,462	} 3,955	4,335
Other current expenditure on goods and services	838	907	1,000	1,090		
Subsidies	157	179	136	125	87	87
Current grants to persons	320	377	433	454	517	599
Net capital expenditure on assets	587	612	691	638	662	683
Capital grants	122	123	146	153	165	134
Lending and other financial transactions	-38	-12	-8	2	-5	-1
<b>Total Scotland</b>	<b>3,939</b>	<b>4,272</b>	<b>4,675</b>	<b>4,924</b>	<b>5,381</b>	<b>5,837</b>
<b>Wales</b>						
Pay	1,053	1,148	1,247	1,360	} 1,870	2,057
Other current expenditure on goods and services	257	266	284	332		
Subsidies	6	19	13	4	3	
Current grants to persons	228	248	257	287	310	340
Net capital expenditure on assets	244	306	354	258	338	358
Capital grants	55	65	71	68	82	128
Lending and other financial transactions	-27	-22	-23	-18	-15	-14
<b>Total Wales</b>	<b>1,816</b>	<b>2,030</b>	<b>2,204</b>	<b>2,291</b>	<b>2,588</b>	<b>2,868</b>
<b>Great Britain</b>						
Pay	20,506	22,385	24,702	27,060	} 36,112	39,647
Other current expenditure on goods and services	5,096	5,498	5,897	6,027		
Subsidies	961	1,145	1,069	919	919	500
Current grants to persons	4,175	4,478	4,672	4,966	5,477	6,506
Net capital expenditure on assets	3,767	3,698	3,289	2,490	4,485	4,526
Capital grants	841	827	924	963	1,070	946
Lending and other financial transactions	-399	-421	-317	-250	-238	-196
<b>Total Great Britain</b>	<b>34,947</b>	<b>37,609</b>	<b>40,236</b>	<b>42,175</b>	<b>47,824</b>	<b>51,930</b>
<b>Northern Ireland</b>						
Pay	74	79	90	109	} 115	140
Other current expenditure on goods and services	17	16	8	5		
Subsidies						-15
Current grants to persons						
Net capital expenditure on assets	30	26	28	29	30	32
Capital grants				1	1	1
Lending and other financial transactions						
<b>Total Northern Ireland</b>	<b>121</b>	<b>122</b>	<b>126</b>	<b>143</b>	<b>146</b>	<b>157</b>

**Table 5.7 Local authority expenditure in the United Kingdom by territory and economic category (continued)**

	£ million					
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>United Kingdom</b>						
Pay	20,580	22,464	24,792	27,169	36,227	39,786
Other current expenditure on goods and services	5,113	5,514	5,905	6,032		
Subsidies	961	1,145	1,069	919	919	500
Current grants to persons	4,175	4,478	4,672	4,966	5,477	6,491
Net capital expenditure on assets	3,797	3,724	3,317	2,519	4,515	4,558
Capital grants	842	827	925	964	1,070	946
Lending and other financial transactions	-399	-421	-317	-250	-238	-196
Local authority debt interest	4,434	4,351	4,624	4,810	4,919	5,200
<b>Total United Kingdom</b>	<b>39,501</b>	<b>42,082</b>	<b>44,986</b>	<b>47,128</b>	<b>52,889</b>	<b>57,300</b>
<i>of which:</i>						
<i>Expenditure excluding debt interest</i>	<i>35,067</i>	<i>37,731</i>	<i>40,362</i>	<i>42,318</i>	<i>47,970</i>	<i>52,086</i>

5.16 Current expenditure in the United Kingdom in 1990-91 is expected to be £46.8 billion, an increase of more than £4 billion over 1989-90.

5.17 The allocation of spending between services is a matter for determination by local authorities, in the light of their own local policies and circumstances and with regard to their statutory duties. **Table 5.8** shows the service distribution of current expenditure in each territory in the years 1985-86 to 1990-91.

**Table 5.8 Local authority current expenditure in Great Britain by territory and function**

	£ million					
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>England</b>						
Agriculture, fisheries, food and forestry	122	154	163	171	103	50
Trade, industry, energy and employment	160	176	186	204	226	257
Roads and transport	1,677	1,792	1,806	1,790	2,090	2,298
Housing	617	609	704	672	714	309
Other environmental services	2,618	2,738	2,939	3,109	3,891	4,259
Law, order and protective services	3,571	3,890	4,250	4,681	5,279	5,877
Education	11,597	12,866	14,124	15,159	15,599	17,197
Arts and libraries	404	437	467	498	564	615
Personal social services	2,365	2,631	2,968	3,301	3,694	4,091
Social security	2,795	2,982	3,085	3,273	3,605	4,283
<b>Total current expenditure in England</b>	<b>25,925</b>	<b>28,275</b>	<b>30,692</b>	<b>32,858</b>	<b>35,765</b>	<b>39,236</b>
<b>Scotland</b>						
Agriculture, fisheries, food and forestry	3	4	4	3	3	8
Trade, industry, energy and employment	12	13	14	20	19	22
Roads and transport	237	289	304	318	343	369
Housing	102	79	44	29	12	6
Other environmental services	349	385	403	433	485	545
Law, order and protective services	345	375	416	444	500	544
Education	1,538	1,650	1,805	1,959	2,154	2,333
Arts and libraries	53	56	60	65	73	85
Personal social services	330	350	393	440	494	555
Social security	299	349	404	419	476	553
<b>Total current expenditure in Scotland</b>	<b>3,268</b>	<b>3,550</b>	<b>3,846</b>	<b>4,131</b>	<b>4,559</b>	<b>5,021</b>

**Table 5.8 Local authority current expenditure in Great Britain by territory and function (continued)**

	£ million					
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>Wales</b>						
Agriculture, fisheries, food and forestry	9	10	10	10	6	4
Trade, industry, energy and employment	11	12	13	14	15	17
Roads and transport	99	111	122	128	139	151
Housing	10	10	11	13	14	13
Other environmental services	185	194	203	223	260	279
Law, order and protective services	189	204	225	246	275	304
Education	723	796	856	941	1,023	1,128
Arts and libraries	18	20	21	24	26	29
Personal social services	126	135	149	176	202	232
Social security	174	190	192	209	222	240
<b>Total current expenditure in Wales</b>	<b>1,544</b>	<b>1,681</b>	<b>1,802</b>	<b>1,983</b>	<b>2,183</b>	<b>2,397</b>
<b>Total current expenditure in Great Britain</b>	<b>30,737</b>	<b>33,505</b>	<b>36,339</b>	<b>38,972</b>	<b>42,507</b>	<b>46,654</b>

5.18 **Table 5.9** shows local authority gross capital spending in Great Britain for the outturn years, by cash block. **Table 5.10** shows capital receipts on the same basis.

**Table 5.9 Local authority gross capital expenditure in Great Britain by cash block <sup>(1)</sup>**

	£ million					
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>England</b>						
<b>ELAB<sup>(2)</sup></b>						
Housing	2,667	2,749	3,015	3,276	4,107	3,432
Transport	727	703	776	961	1,008	978
Education	518	564	585	766	808	743
Personal Social Services	101	110	127	156	176	137
Home Office	35	49	54	60	43	46
Ministry of Agriculture, Fisheries and Food <sup>(3)</sup>	36	29	29	41	36	30
Other Services						
Environment	853	1,066	1,109	1,413	1,926	1,298
Other departments <sup>(4)</sup>	65	61	60	75	98	86
Total Other Services	918	1,127	1,169	1,488	2,023	1,384
Housing Association Grant	110	120	122	169	314	228
<b>ELAB<sup>(2)</sup></b>	<b>5,112</b>	<b>5,449</b>	<b>5,877</b>	<b>6,917</b>	<b>8,516</b>	<b>6,978</b>
<b>Law and Order Services (Home Office)</b>						
England	140	147	165	197	240	269
Wales	9	8	10	13	17	9
<b>Total Law and Order Services</b>	<b>149</b>	<b>155</b>	<b>175</b>	<b>210</b>	<b>257</b>	<b>278</b>
<b>Urban Programme</b>						
Other environmental services	236	236	257	232	220	224
Other departments	28	25	29	26	26	17
<b>Total Urban Programme</b>	<b>263</b>	<b>261</b>	<b>286</b>	<b>258</b>	<b>246</b>	<b>241</b>



**Table 5.9 Local authority gross capital expenditure in Great Britain by cash block <sup>(1)</sup> (continued)**

	£ million					
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>Memo item: not in cash blocks<sup>(5)</sup></b>	7	8	8	6	5	7
<b>England-Total</b>	<b>5,522</b>	<b>5,865</b>	<b>6,336</b>	<b>7,378</b>	<b>9,007</b>	<b>7,495</b>
<b>Wales</b>						
<b>WOLAB<sup>(2)</sup></b>						
Transport	1					
Employment						
Home Office	3	3	4	2	3	
Welsh Office	351	438	513	516	620	615
<b>Total WOLAB<sup>(2)</sup></b>	<b>355</b>	<b>442</b>	<b>517</b>	<b>518</b>	<b>623</b>	<b>615</b>
<b>Wales-Total</b>	<b>364</b>	<b>450</b>	<b>527</b>	<b>531</b>	<b>639</b>	<b>624</b>
<b>Scotland</b>						
SO/LA1 - non housing	470	466	493	544	540	532
SO/LA2 - housing	367	440	596	616	638	594
<b>Memo item: not in cash blocks<sup>(6)</sup></b>	2	2	2	1	1	1
<b>Scotland-Total</b>	<b>839</b>	<b>909</b>	<b>1,090</b>	<b>1,161</b>	<b>1,180</b>	<b>1,127</b>
<b>Local authority gross capitalexpenditure in Great Britain</b>	<b>6,725</b>	<b>7,224</b>	<b>7,953</b>	<b>9,070</b>	<b>10,826</b>	<b>9,246</b>

(1) The blocks reflect the arrangements for monitoring and controlling local authority capital expenditure.

(2) ELAB is the English Local Authorities Block and WOLAB is the Welsh Office Local Authorities Block.

(3) Expenditure on flood and coast protection and harbour improvements. Other expenditure on agriculture, fisheries and food is included in "Other Services".

(4) Includes employment, trade and industry, arts and libraries and agriculture, fisheries and food (other than flood and coast protection and harbour improvements).

(5) Expenditure by internal drainage boards.

(6) Expenditure on ports, airports and Training Agency projects which is not the responsibility of the Secretary of State for Scotland.

**Table 5.10 Local authority capital receipts in Great Britain by cash block<sup>(1)</sup>**

	£ million					
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>England</b>						
<b>ELAB<sup>(2)</sup></b>						
Housing	1,620	1,909	2,259	3,297	3,112	2,240
Transport	39	45	65	161	82	171
Education	98	133	169	284	176	83
Personal Social Services	28	29	39	52	51	33
Home Office	3	5	5	5	1	1
Ministry of Agriculture, Fisheries and Food <sup>(3)</sup>						
Other Services						
Environment	395	598	1,050	1,375	1,438	907
Other departments <sup>(4)</sup>	21	35	29	46	28	39
Total other services	416	634	1,079	1,420	1,466	946
<b>Total ELAB</b>	<b>2,204</b>	<b>2,754</b>	<b>3,617</b>	<b>5,220</b>	<b>4,888</b>	<b>3,475</b>

**Table 5.10 Local authority capital receipts in Great Britain by cash block<sup>(1)</sup> (continued)**

	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn
<b>£ million</b>						
<b>Law and Order Services (Home Office)</b>						
England	52	80	53	56	30	32
Wales	3	1	1	3	2	2
<b>Total Law and Order Services</b>	<b>55</b>	<b>82</b>	<b>55</b>	<b>59</b>	<b>32</b>	<b>33</b>
<b>England-Total</b>	<b>2,255</b>	<b>2,834</b>	<b>3,670</b>	<b>5,276</b>	<b>4,918</b>	<b>3,506</b>
<b>Wales WOLAB<sup>(2)</sup></b>	<b>89</b>	<b>99</b>	<b>124</b>	<b>220</b>	<b>232</b>	<b>151</b>
<b>Wales-Total</b>	<b>92</b>	<b>101</b>	<b>125</b>	<b>223</b>	<b>234</b>	<b>152</b>
<b>Scotland</b>						
SO/LA1 - non housing	55	58	77	89	38	39
SO/LA2 - housing	112	128	184	279	319	273
<b>Scotland-Total</b>	<b>168</b>	<b>186</b>	<b>261</b>	<b>368</b>	<b>357</b>	<b>311</b>
<b>Local authority capital receipts in Great Britain</b>	<b>2,515</b>	<b>3,120</b>	<b>4,056</b>	<b>5,867</b>	<b>5,509</b>	<b>3,970</b>

(1) The blocks reflect the arrangements for monitoring and controlling local authority capital expenditure.

(2) ELAB is the English Local Authorities Block and WOLAB is the Welsh Office Local Authorities Block.

(3) Expenditure on flood and coast protection and harbour improvements. Other expenditure on agriculture, fisheries and food is included in "Other Services".

(4) Includes employment, trade and industry, arts and libraries and agriculture, fisheries and food (other than flood and coast protection and harbour improvements).

5.19 The figures in **Tables 5.9** and **5.10** differ from those published in the 1990 public expenditure White Paper and earlier public expenditure publications in that they reflect a change to the methodology of calculating gross capital expenditure and receipts. The change has been made to bring the public expenditure definitions into line with those used for monitoring local authority expenditure. The effect of the change is to increase both gross expenditure and receipts while leaving net expenditure unchanged.

5.20 Local authority gross capital spending in Great Britain in 1989-90 totalled £10.9 billion with offsetting receipts of £5.5 billion. In 1990-91 gross capital spending is expected to decrease to £9.2 billion with offsetting receipts of £4.0 billion. The outturn for net capital spending in 1990-91 is estimated at around £5.3 billion. These estimates take account of the returns from local authorities on capital expenditure in the first quarter of 1990-91.

### 1991-92 to 1993-94

5.21 Under the changed definition of the planning total introduced in 1989, the Government no longer makes provision for total local authority expenditure. However, a projection of local authority self-financed expenditure for the forward years has to be made in order to provide a path for general government expenditure. The projection has been made by deducting planned central government support for local authorities from projections of total local authority expenditure, net of capital receipts.

5.22 The latest estimates of total local authority expenditure in 1990-91 is £57.3 billion. This is higher than the estimate given in the Autumn Statement, principally because later information shows that capital spending is higher than previously thought, with authorities spending from their available stock of capital receipts more quickly than had been expected. This effectively brings forward capital expenditure from future years. The Autumn Statement projection, that local authority expenditure in 1991-92 will be some £61 billion, has not been revised, and information on actual local authority budgets will be available in March. The projections for the later years are also as in the Autumn Statement, with local authority expenditure assumed to grow by about 1½ per cent in real terms in 1992-93 and by 1 per cent in real terms in 1993-94. The figures are set out in **Table 5.11**.

## 5. Local authorities

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 projections	1992-93 projections	1993-94 projections
Total local authority expenditure less central government support equals local authority self-financed expenditure	39,501	42,082	44,986	47,128	52,889	57,300	61,000	65,000	68,000
	31,183	33,393	35,791	36,626	38,385	42,700	47,900	49,700	51,200
	8,318	8,689	9,195	10,503	14,504	14,500	13,500	15,500	17,000

(1) The estimated outturn figures for 1990-91 are rounded to the nearest £100 million, as are the new plans for central government support. The projections of total local authority expenditure and local authority self-financed expenditure are rounded to the nearest £500 million.

5.23 These projections have been prepared on an aggregate basis—that is for current, net capital, and debt interest taken as a whole. The actual levels of current and capital expenditure are for local authorities to determine in the light of the central government support made available and the financial and community charge implications.

5.24 On the current side, the Government announces, as part of the local authority settlement, the level of Total Standard Spending (TSS) which represents the amount it judges appropriate for local authorities to spend on the main services (see **paragraph 5.5 (a)** above), that is those funded from AEF and the community charge. For 1991-92, TSS in England has been set at £39 billion, and in Wales at £2,433 million. In Scotland, the equivalent figure, known as Government Supported Expenditure, is £5,444 million. The Government has also provided a service breakdown of TSS, giving an indication of the level of spending on each main service which would be consistent with the overall figure.

5.25 **Table 5.12** sets out Total Standard Spending and its equivalents for 1991-92.

	£ million	
<b>England and Wales: Total Standard Spending</b>		
	England	Wales
Education	17,486	1,122
Personal social services	4,503	224
Police	4,670	230
Fire and civil defence	1,043	60
Highway maintenance	1,786	145
Other services	7,390	426
Capital financing	2,122	226
<b>Total</b>	<b>39,000</b>	<b>2,433</b>
<b>Scotland: Total Government Supported Expenditure</b>		
	Scotland	
Education	2,420	
Arts and libraries	91	
Health and personal social services	607	
Law, order, and protective services	606	
Roads and transport	418	
Other environmental services	596	
Tourism	7	
Housing	5	
Other services	42	
Capital financing	652	
<b>Total</b>	<b>5,444</b>	

5.26 For capital expenditure, the Government has prepared an illustrative projection for the year ahead only. If local authorities were to spend from usable capital receipts and revenue contributions at a rate broadly similar to the current year total capital spending would be of the order of £8 billion. The inflow of capital receipts for 1991-92 is projected to be of the order of £3.5 billion.

## Financing of local authority spending

5.27 **Table 5.13** shows how local government expenditure in the United Kingdom was financed in the years up to 1989–90. It includes the main transactions between central and local government (grant, borrowing and debt interest) as well as local authorities' transactions with trading organisations (including their own housing revenue accounts) and private individuals and businesses.

**Table 5.13 Financing of local authority expenditure in the United Kingdom<sup>(1)</sup>**

	1985–86	1986–87	1987–88	1988–89	£ million 1989–90
<b>Local authority public expenditure in the United Kingdom</b> (as in Table 5.6)	39,500	42,080	44,990	47,130	52,890
National accounts adjustments	2,820	3,000	3,710	3,350	3,320
<b>Local authority expenditure in the UK</b> (on a national accounts basis) <sup>(2)</sup>	42,320	45,080	48,700	50,480	56,210
<b>Financed by</b>					
Grants in Aggregate External Finance <sup>(3)</sup>	13,230	14,130	15,160	15,560	16,100
Other government grants <sup>(4)</sup>	7,970	8,910	9,290	9,070	11,060
Rates (net of all rebates) <sup>(5)</sup>	13,860	15,720	17,140	19,130	20,780
Trading surpluses, interest and dividends	1,230	1,330	1,390	1,680	2,090
Rents <sup>(6)</sup>	3,090	3,040	3,040	3,190	3,150
Borrowing <sup>(7)</sup> :					
from central government (PWLB)	5,750	5,720	4,090	4,940	2,260
from other sources	–4,080	–5,570	–2,740	–4,600	–940
Other receipts <sup>(8)</sup>	1,260	1,790	1,310	1,500	1,710
<b>Total income</b>	42,320	45,080	48,700	50,480	56,210

(1) The information in this table is mainly taken from Tables 4.1, 4.2 and 4.3 of the December 1990 edition of *Financial Statistics*, published by the Central Statistical Office. All figures are rounded to the nearest £10 million.

(2) These figures are net of income from fees and charges, and include expenditure on goods and services purchased from central government.

(3) Proxies have been used for Aggregate External Finance in prior years.

(4) This includes housing subsidy, housing benefit subsidy, the grant supporting mandatory student awards, repayment of VAT, etc.

(5) Includes community charge income for Scotland in 1989–90.

(6) This includes notional profits of local authorities council housing activities.

(7) A negative figure indicates a net repayment of debt.

(8) Accruals adjustments, miscellaneous receipts, debt balancing item (the total statistical error), etc.

5.28 The table shows that, over the period in question, about half of local authority spending was financed by central government grants. About one third of spending was financed by domestic and business rates, net of rebates for those on low incomes, for the disabled, and for businesses in enterprise zones. The remaining portion of spending was financed from surpluses on trading, from rents, and from borrowing.

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## Section Six Nationalised industries

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## 6. Nationalised industries

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### Introduction

6.1 Nationalised industries are publicly owned bodies, usually set up under their own statutes, which operate with a substantial degree of independence. They are usually run by Boards appointed by Ministers and accountable to them. In most cases, accountability to Parliament runs through an individual sponsor Minister and department. Nationalised industries are trading bodies, or have substantial trading activities, though some also have significant regulatory or other non-commercial functions. This section sets out the Government's objectives for nationalised industries, summarises the financial plans and provides an historical overview. Further details on individual industries can be found in the Departmental Report of the sponsor department or in the industry's Annual Report and Accounts.

### Objectives

6.2 The Government's primary aim for the nationalised industries is to ensure their effectiveness and efficiency as commercial concerns and to strengthen them to the point where they can be transferred to the private sector or, where necessary, remain as successful businesses within the public sector. The financial controls on the nationalised industries have been built on the arrangements which were set out in the 1978 White Paper "The Nationalised Industries" (Cmnd 7131). They are designed to minimise the burden which the industries place on the taxpayer, to ensure that they move progressively towards earning an economic return on their assets and to stimulate the efficiency and effectiveness of their commercial performance.

### Recent developments

6.3 The performance of the individual nationalised industries is reviewed in detail in the individual Departmental Reports published at broadly the same time as this Supplement. The past year has seen the continuation of the privatisation programme. The Post Office sold Girobank in July 1990. The Government intends to privatise the electricity industries in Great Britain during the life of this Parliament with the exception of the nuclear power stations which are being retained in the public sector. In England and Wales the Regional Electricity Companies were sold in December 1990 and the generating companies are due to be sold in early 1991. The Scottish non-nuclear companies are due to be sold early in 1991-92. The nuclear stations will be operated by new companies - Nuclear Electric in England and Wales and Scottish Nuclear in Scotland. The sale of the Scottish Bus Group is to be completed in 1991; Caledonian MacBrayne was taken into the direct ownership of the Secretary of State for Scotland on 2 April 1990, but remains a nationalised industry. Progress is being made on the sale of the remaining British Shipbuilders assets. The Government has decided that it would be right to privatise British Rail but it has taken no decision as to the form or timing of privatisation.

6.4 In 1990 the Monopolies and Mergers Commission (MMC) published an efficiency audit on the Civil Aviation Authority's provision of navigation and air traffic control services to civil aviation. The Government has now announced a reference to the MMC of London Underground.

### The control framework

6.5 The Government's control framework for nationalised industries operates at a number of levels:

- **Strategic objectives** are agreed with each individual industry and provide the framework within which the financial controls and the industry's planning procedures are set. In particular, they provide the context for the industry's corporate plan.

- Investment appraisal and pricing principles.** Most nationalised industries are required to aim at a rate of return on their new investment programmes of 8 per cent in real terms (before payment of interest and tax). This requirement is intended to ensure that there is a proper return on investment and, at the same time, that the resources invested are not diverted away from areas where they could be used more effectively. The required rate of return is reviewed from time to time. It was first set in 1978 at 5 per cent, taking into account pre-tax rates of return achieved by private companies and the likely trend in the return on private investment. In the light of the rise in the rate of return achieved in the private sector in recent years, the Government announced in April 1989 its decision to increase the required rate for nationalised industries to 8 per cent. For some of the industries, prices are largely market determined. For those with scope for setting their prices, the financial target will determine the level of prices in the light of general objectives and the need to cover the continuing costs of supply, including an adequate return on capital.
- Financial targets and performance aims.** Financial targets, which are usually set for three year periods, are the primary control on the industries. They vary in form, according to the circumstances of the industry. For profitable industries they are usually expressed as a target for current cost operating profits as a proportion of net assets valued at replacement cost. Backing up the financial targets are a series of performance aims, again usually for three years ahead, which may relate to costs and, where appropriate, standards of service.
- External financing limits (EFLs)** were introduced in 1976 as an important short-term control on the amount of finance, whether grant, subsidy or borrowing (including financial leasing), which an industry may raise during the financial year to supplement the income from its trading activities. The industries' total net borrowing comprises net Government lending (loans borne on Votes and loans from the National Loans Fund (NLF)), public dividend capital, net market and overseas borrowing, including short term borrowing, and leasing. It is the industries' external finance which is included in the planning total. Where an industry generates a positive cash flow, after financing new investment, it is expected to repay outstanding debt or, if no debt is outstanding, to invest in financial assets which are liabilities of the public sector. These industries are set negative EFLs, which reduce the planning total. In addition to an EFL for the year immediately ahead, provisional figures for external finance for the rest of the plan period are also set. To assist forward planning, once investment plans are agreed, formal approval may be given to industries to commit up to 100 per cent of their agreed investment for the year ahead, up to 85 per cent for the second year and up to 70 per cent for the third year.
- Monitoring** plays an important role in stimulating and controlling the industries' performance in the interests of the taxpayer and the consumer. Sponsor Ministers and departments continuously monitor the industries' performance against all aspects of the controls described. In addition the industries are periodically subjected to independent efficiency scrutinies by the Monopolies and Mergers Commission under the 1980 Competition Act. These scrutinies may include a review of the effect on the public interest of, for example, a monopoly.

### Strategic objectives

6.6 The strategic objectives for the main nationalised industries are:

- British Coal:** Its objectives for 1989-90 were set in 1987. British Coal was required to earn a satisfactory return on assets and achieve financial viability without government support. The Corporation was also required to generate an increasing surplus on its revenue account and contribute increasingly to self-financing, to gear planning towards maximising long-term profitability, to bring production capacity into line with the Corporation's continuing share of the market and to reduce operating costs by at least 20 per cent in real terms by 1989-90 (compared to 1985-86). Following the appointment of the new Chairman, it is expected that new targets and objectives will be set early in 1991.
- British Rail:** In December 1989, the then Secretary of State set British Rail objectives for a three year period from April 1990 to cover safety, quality and finance. They supplement the existing statutory and financial duties to provide railways and related services in Great Britain, having regard to efficiency, economy and safety.

- British Waterways Board:** The Board's objectives are to promote the fullest practicable use of the waterways for leisure, recreation, amenity and freight transport. The Board should act commercially, achieve value for money and an adequate return on investment and increase private sector participation in the business.
- Caledonian MacBrayne:** Its strategic objectives are to provide cost-effective lifeline services to remote island communities, with the ultimate objective of maintaining island populations.
- Civil Aviation Authority:** The Authority's objective is to continue to operate as an efficient regulatory body for the air traffic system. It will continue to develop an air traffic control system to meet demand as far as is practicable; and will seek greater integration and compatibility of international, and especially European, air traffic management, communications systems and navigational technology. The Authority's primary purpose is to maintain and, where possible, improve existing standards of safety.
- London Transport:** In December 1989, the then Secretary of State set quality of service objectives for a three-year period to 1992-93. London Transport's own safety objectives were endorsed by the Secretary of State at the same time. In April 1990, London Transport were given financial objectives for the period to 1992-93. These objectives supplement the statutory duty to provide or secure the provision of public transport services for London, having due regard to efficiency, economy and safety of operation.
- Nuclear Electric:** The company's objective is to demonstrate that nuclear power is economic, safe and environmentally clean and to build public confidence. It aims to increase output, turnover and profit; to complete Sizewell B to time and cost; and to reduce the costs of waste management and decommissioning liabilities.
- Post Office:** Its objectives are to continue to work towards the separation of its businesses; and to seek to secure maximum efficiency through sustained and detailed cost control. The Post Office should make a profit each year in each of its constituent businesses and should ensure that its price structure is sensibly related to costs and avoids cross subsidy, particularly from monopoly to competitive activities.
- Scottish Nuclear:** The objectives of Scottish Nuclear are the continued safe operation of its nuclear power stations at Hunterston B and Torness, including improvement of the operating performance of the former; the achievement of improved financial performance within its operations; and the investigation of improved generating methods for the future.

#### Financial targets

6.7 **Table 6.1** sets out the current financial targets for the existing nationalised industries alongside their latest achievements.



## 6. Nationalised industries

**Table 6.1 Nationalised industries: financial targets**

Industry	Current target	Latest achievement <sup>(1)</sup>
British Coal	(2)	1989-90: Mining costs 24 per cent down in real terms on 1985-86
British Rail	By 1992-93: Public Service Obligation (PSO) grant for Provincial down to £345 million and Network South East to be out of grant <sup>(3)</sup>	1989-90 PSO grant £499 million, of which: Provincial £404 million and Network South East £95 million
British Waterways Board	1990-91: Breakeven after grant	1989-90: Breakeven after grant
Caledonian MacBrayne	(4)	
Civil Aviation Authority	1989-90 to 1991-92: 8 per cent average <sup>(5)(6)</sup>	1985-86 to 1988-89: 7.7 per cent average <sup>(5)(6)</sup>
London Transport	By 1991-92: £70 million operating surplus <sup>(7)</sup>	1989-90: operating deficit £80 million
Nuclear Electric	(4)	
Post Office	1989-90 to 1991-92: 6.4 per cent average <sup>(8)</sup>	1989-90: 3.7 per cent <sup>(8)</sup>
Scottish Hydro-Electric	(10)	} 1989-90: 2.7 per cent <sup>(9)</sup>
Scottish Power	(10)	
Scottish Nuclear	(4)	

(1) On same basis as current target, except where specified.

(2) See paragraph 6.6.

(3) In 1989-90 prices, separate targets for BR non-supported sectors of: 1992-93 profits of £95 million for Inter-City and £50 million for Railfreight.

(4) Targets being set.

(5) Current cost accounting return on average net assets.

(6) Excludes activities where CAA's charges are determined by international agreement and the Highlands and Islands Airports. Latest achievement against target of 7 per cent average.

(7) Before depreciation and renewals.

(8) Current target expressed as return on capital employed after interest and before tax. Within total, separate targets are set for the Letters, Parcels and Counters businesses. Modified historic cost, broadly equivalent to current cost; return on net assets.

(9) Return on capital employed.

(10) No target set due to impending privatisation.

## Financial plans

6.8 This passage summarises the financial plans for all the nationalised industries; it shows their capital requirements and the extent to which they are met by internal resources; it shows the external financing requirements for each industry and provides further tables, including analyses of the contribution of grants to financing and a departmental split.

### External finance

6.9 **Table 6.2** shows that the overall requirement for external finance was reduced from £1.7 billion in 1985-86 to £1.1 billion in 1989-90, a fall of about 35 per cent. The declining reliance on external finance reflected improvements in the profitability of many of the industries due in large part to considerable successes in increasing productivity and controlling costs.

**Table 6.2 External financing requirements of nationalised industries**

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Total capital requirements	5,696	4,177	4,001	4,698	2,406	5,246	3,536	3,940	3,910
Total internal resources	3,994	3,832	3,730	5,128	1,299	2,989	1,209	1,790	1,940
<b>Total external finance<sup>(1)</sup></b>	<b>1,702</b>	<b>344</b>	<b>271</b>	<b>-430</b>	<b>1,106</b>	<b>2,257</b>	<b>2,327</b>	<b>2,140</b>	<b>1,970</b>
<i>of which:</i>									
Borrowing (net) <sup>(2)</sup>	-648	-1,629	-1,812	-1,761	-3,325	-704	334	210	-70
Subsidies	2,130	1,719	1,821	1,136	1,211	1,325	1,351	1,170	1,010
Capital grants	220	253	262	194	3,220	1,636	642	760	1,030

(1) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources.

(2) Including the capitalised value of certain leased assets.

6.10 The overall requirement for external finance in 1990-91 is expected to be about twice the 1989-90 figure. Thereafter, total provision declines to less than £2 billion in 1993-94, still 80 per cent higher than in 1989-90. This reflects substantial increases in planned investment in public transport and the cost to British Coal of new supply contracts with the electricity generating companies. It also reflects the disappearance from the public expenditure figures, following privatisation, of the substantial negative external finance of the non-nuclear electricity industries.

#### Capital requirements

6.11 **Table 6.3** sets out the industries' capital requirements showing each industry's expenditure on fixed assets since 1985-86 and their plans for 1991-92 to 1993-94. When the electricity industries and industries which have been privatised are excluded from the total it can be seen that investment in fixed assets has generally increased in each year since 1985-86. Substantial investment by those industries remaining within the public sector will continue, with planned investment of over £3 billion in 1991-92 and around £4 billion in 1992-93 and 1993-94. While the privatisation of the non-nuclear electricity industries in 1990 and 1991 will result in the transfer of their substantial investment to the private sector, investment by those industries remaining in the public sector throughout the period (other than electricity) is expected to increase by over £1.8 billion (about 120 per cent) between 1985-86 and 1993-94.

#### Internal resources

6.12 **Table 6.2** shows the extent to which the industries' capital requirements are expected to be financed internally by commercially generated funds. The main sources of funds are operating profits and depreciation, less payments of tax and interest. **Table 6.4** shows how the individual industries' profits have contributed to the growth of internal resources and the progress that has been made since 1985-86 in improving the contribution to their own financing of the industries still remaining in the public sector.

## 6. Nationalised industries

Table 6.3 Nationalised industries' capital requirements <sup>(1)</sup>							£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>EXPENDITURE ON FIXED ASSETS IN THE UK<sup>(2)</sup></b>									
<b>Industries excluding those planned to be privatised by 31 March 1994 and excluding the electricity industries</b>									
British Coal	660	650	647	564	501	342	338	330	300
British Rail	402	428	543	590	715	870	1,348	1,480	1,190
British Shipbuilders	72	9	6	1			12	10	10
British Waterways Board	5	6	7	7	7	13	12	10	10
Caledonian MacBrayne	5	6	7	10	2	6	12	10	10
Civil Aviation Authority	19	30	32	35	54	90	90	120	120
London Transport	236	248	293	312	366	560	800	1,000	1,200
Post Office	146	104	138	164	251	331	410	450	540
<b>Subtotal</b>	<b>1,544</b>	<b>1,481</b>	<b>1,673</b>	<b>1,682</b>	<b>1,897</b>	<b>2,212</b>	<b>3,010</b>	<b>3,390</b>	<b>3,370</b>
<b>Industries planned to be privatised between 31 March 1991 and 31 March 1994<sup>(3)</sup> other than the electricity industries</b>									
Scottish Bus Group <sup>(4)</sup>	13	11	8	2	2	1			
<b>Electricity industries<sup>(5)</sup></b>	<b>1,658</b>	<b>1,607</b>	<b>1,505</b>	<b>1,699</b>	<b>2,297</b>	<b>2,857</b>	<b>794</b>	<b>630</b>	<b>560</b>
of which:									
England and Wales <sup>(6)</sup>	1,236	1,175	1,219	1,468	2,082	(7)	(7)	590	520
Scotland <sup>(8)</sup>	422	432	286	231	215	(7)	(7)	40	40
<b>Industries privatised before 31 March 1991<sup>(9)</sup></b>	<b>2,222</b>	<b>1,983</b>	<b>1,486</b>	<b>1,460</b>	<b>1,020</b>				
<b>Total expenditure on fixed assets</b>	<b>5,438</b>	<b>5,082</b>	<b>4,672</b>	<b>4,844</b>	<b>5,216</b>	<b>5,070</b>	<b>3,804</b>	<b>4,020</b>	<b>3,930</b>
<b>CAPITAL REQUIREMENTS OTHER THAN FIXED ASSETS<sup>(10)</sup></b>									
Changes in working capital	257	-853	-517	-25	-2,655	352	-39	130	230
Other capital requirements <sup>(11)</sup>	1	-52	-154	-121	-155	-176	-230	-220	-260
<b>TOTAL CAPITAL REQUIREMENTS</b>	<b>5,696</b>	<b>4,177</b>	<b>4,001</b>	<b>4,698</b>	<b>2,406</b>	<b>5,246</b>	<b>3,536</b>	<b>3,940</b>	<b>3,910</b>
(1) Excluding those industries that have been or are due to be privatised by 31 March 1991 and the electricity industries, nationalised industries expenditure on a public sector asset creation definition (see paragraph 7.2) is:									
British Rail	400	427	542	441	503	618	992	1,240	1,000
Other nationalised industries	1,096	980	1,024	967	1,036	1,006	1,484	1,720	1,990
The figures for the electricity industries are as follows:	1,648	1,597	1,500	1,694	2,283	2,734	694	540	500
The figures for industries privatised between 1984-85 and 1990-91 other than the electricity industries are as follows:	2,099	1,894	1,424	1,398	973				
(2) Including the capitalised value of certain leased assets.									
(3) Nationalised industries for which firm privatisation plans have been announced.									
(4) Subsidiary of the Scottish Transport Group.									
(5) Separate figures for past years are not available for those parts of the electricity industries planned to remain in the public sector. So, in order to allow meaningful comparisons to be made over time for the rest of the nationalised industries, all the electricity industries are grouped together in this table.									
(6) The Regional Electricity Companies, the National Grid Company, Powergen and National Power were or are to be privatised during 1991-92. From 1991-92 comprises Nuclear Electric.									
(7) Figures are not shown separately for England and Wales and Scotland in 1990-91 or 1991-92 because of the privatisation of the non-nuclear parts of the electricity industries in these years.									
(8) Scottish Power and Scottish Hydro-Electric are to be privatised during 1991-92. From 1992-93 comprises Scottish Nuclear.									
(9) Includes those industries privatised, abolished or for which plans assume privatisation before 31 March 1991; ie BG, BAB, BAA, BNOC, NBC, BSC, Girobank and Water (England and Wales). Excludes electricity industries.									
(10) Includes current and privatised nationalised industries.									
(11) "Other capital requirements" includes certain BR investment which is not capitalised.									

Table 6.4 Nationalised industries' internal resources<sup>(1)</sup>

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>CURRENT COST OPERATING PROFIT<sup>(2)</sup> (+ = profit, - = loss)</b>									
<b>Industries excluding those planned to be privatised by 31 March 1994 and excluding the electricity industries</b>									
British Coal <sup>(3)</sup>	-153	-546	-677	-136	-3,033	177	-54	-60	-120
British Rail	-863	-926	-714	-512	-649	-671	-769	-620	-380
British Shipbuilders	-187	-245	-262	10	1				
British Waterways Board	-39	-39	-40	-42	-43	-46	-45	-40	-40
Caledonian MacBrayne	-7	-7	-6	-5	-7	-6	-5		
Civil Aviation Authority	-8	20	17	16	26	34	24	30	40
London Transport	-183	-191	-159	-129	-191	-183	-159	-90	-150
Post Office	123	103	144	95	10	82	280	330	390
<b>Subtotal</b>	<b>-1,317</b>	<b>-1,832</b>	<b>-1,697</b>	<b>-704</b>	<b>-3,886</b>	<b>-612</b>	<b>-728</b>	<b>-470</b>	<b>-270</b>
<b>Industries planned to be privatised between 31 March 1991 and 31 March 1994<sup>(4)</sup> other than the electricity industries</b>									
Scottish Bus Group <sup>(5)</sup>	-4	-3	-11	-2	-14				
<b>Electricity industries<sup>(6)</sup></b>	<b>1,142</b>	<b>1,350</b>	<b>663</b>	<b>720</b>	<b>1,114</b>	<b>1,464</b>	<b>124</b>	<b>250</b>	<b>370</b>
of which:									
England and Wales <sup>(7)</sup>	944	1,150	545	607	883	(8)	(8)	280	350
Scotland <sup>(9)</sup>	197	200	118	113	231	(8)	(8)	-30	20
<b>Industries privatised before 31 March 1991<sup>(10)</sup></b>	<b>1,484</b>	<b>1,126</b>	<b>1,164</b>	<b>1,133</b>	<b>603</b>				
<b>Total current cost operating profit</b>	<b>1,305</b>	<b>642</b>	<b>120</b>	<b>1,149</b>	<b>-2,183</b>	<b>852</b>	<b>-604</b>	<b>-210</b>	<b>100</b>
Interest, dividends and tax	-2,220	-1,849	-1,780	-1,607	-1,293	-777	-210	-190	-440
Depreciation etc <sup>(11)</sup>	4,100	4,199	4,206	4,416	3,747	2,147	1,253	1,350	1,510
Other receipts and payments <sup>(12)</sup>	808	841	1,185	1,171	1,029	766	769	850	770
<b>TOTAL INTERNAL RESOURCES</b>	<b>3,994</b>	<b>3,832</b>	<b>3,730</b>	<b>5,128</b>	<b>1,299</b>	<b>2,989</b>	<b>1,209</b>	<b>1,790</b>	<b>1,940</b>

(1) Including grants and subsidies from central government which are generally available to the private sector.

(2) Some industries use historic costs as the basis of their main accounts. Because of this and the exclusion of Government grants for revenue purposes, the figures in this table may differ from those for operating profit in those industries' accounts.

(3) Figures based on historic costs.

(4) Nationalised industries for which firm privatisation plans have been announced.

(5) Subsidiary of the Scottish Transport Group.

(6) Separate figures for past years are not available for those parts of the electricity industries planned to remain in the public sector. So, in order to allow meaningful comparisons to be made over time for the rest of the nationalised industries, all the electricity industries are grouped together in this table.

(7) The Regional Electricity Companies, the National Grid Company, Powergen and National Power were or are to be privatised during 1990-91. From 1991-92 comprises Nuclear Electric.

(8) Figures are not shown separately for England and Wales and Scotland in 1990-91 or 1991-92 because of the privatisation of the non-nuclear parts of the electricity industries in these years.

(9) Scottish Power and Scottish Hydro-Electric are to be privatised during 1991-92. From 1992-93 comprises Scottish Nuclear.

(10) Includes those industries privatised, abolished or for which plans assume privatisation before 31 March 1991; ie BG, BAB, BAA, BNOC, NBC, BSC, Girobank and Water (England and Wales). Excludes the electricity industries.

(11) Includes, where appropriate, cost of sales adjustment, monetary working capital adjustment and other items not involving movements of funds.

(12) Includes proceeds from sales of fixed assets (where not credited to privatisation proceeds) and other receipts. See Table 6.7 for grants included within internal resources.

## Treatment within planning total

6.13 A substantial part of the nationalised industries' activities are subject to commercial disciplines. Consequently their contribution to the planning total is measured differently from central government's own expenditure. It is the industries' external finance which is included in the planning total. External finance consists of government finance (grants, subsidies, loans and equity), market and overseas borrowing and the capital value of some assets acquired under financing leases. Each nationalised industry's external finance is subject to an annual external financing limit (EFL).

## Need for external finance

6.14 Individual nationalised industries' requirements for external finance depend on the size of their investment programmes, and on their ability to generate their own funds. **Table 6.5** gives details of the external financing requirements of individual nationalised industries' for the period 1985-86 to 1993-94. **Table 6.6** sets out a departmental analysis of the external financing requirements.

## Differences from last year's White Paper

6.15 The plans for external financing requirements for nationalised industries in 1990-91 in the 1990 public expenditure White Paper were for a total of £518 million. The final outturn will be substantially above this mainly because of increases for British Coal, associated with market problems and restructuring, British Rail, associated with a deterioration in revenue and extra expenditure on safety, and the

## 6. Nationalised industries

electricity industries, reflecting higher input costs and in-year cash flow timing differences resulting from new terms of trade between the Regional Electricity Companies and the generating companies, as well as higher tax payments and capital expenditure. The Post Office's EFL for 1990-91 was revised in July 1990 from £38 million to zero to reflect the final outcome of the sale of Girobank. The latest estimate of outturn for 1990-91 for nationalised industries as a whole is £2,257 million. The current plans for 1991-92 and 1992-93 reflect substantial increases in planned investment in public transport and the costs to British Coal of new supply contracts with the electricity generating companies. The differences between plans and estimated outturn for 1990-91 and the changes in plans for 1991-92 and 1992-93 are shown in **Table 6.5**.

**Table 6.5 External financing requirements<sup>(1)</sup> of individual nationalised industries**

	Cash outturn and plans									£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans	Changes from plans in 1990 public expenditure White Paper <sup>(2)</sup>		
										1990-91	1991-92	1992-93
<b>Industries excluding those planned to be privatised by 31 March 1994 and excluding the electricity industries</b>												
British Coal <sup>(3)</sup>	429	902	918	840	1,292	905	542	480	500	520	269	200
British Rail	910	777	591	375	673	846	1,122	1,070	710	201	361	310
British Shipbuilders	48	241	118	144	4	15	6	-20	-10	7	6	
British Waterways Board	44	45	45	45	47	49	49	50	50		-1	
Caledonian MacBrayne	6	8	9	9	6	4	9	10	10	-3		
Civil Aviation Authority	25	7	1	21	47	67	44	70	70			
London Transport	323	279	207	261	327	472	669	770	1,040	24	229	340
Post Office	-82	-136	-79	-60		-6	-65	-70	-70	-44		
<b>Total</b>	<b>1,703</b>	<b>2,123</b>	<b>1,809</b>	<b>1,636</b>	<b>2,394</b>	<b>2,352</b>	<b>2,376</b>	<b>2,360</b>	<b>2,290</b>	<b>705</b>	<b>865</b>	<b>840</b>
<b>Industries planned to be privatised between 31 March 1991 and 31 March 1994<sup>(4)</sup> other than the electricity industries</b>												
Scottish Bus Group <sup>(5)</sup>	4		-4	-8		-4				2		
<b>Total</b>	<b>4</b>		<b>-4</b>	<b>-8</b>		<b>-4</b>				<b>2</b>		
<b>Electricity industries<sup>(6)</sup></b>												
England and Wales <sup>(7)</sup>	-468	-1,325	-1,261	-1,773	-1,262		-84	-250	-310	1,000	-84	-250
Scotland <sup>(8)</sup>	190	224	129	123	-112	-91	35	30	-10	32	35	30
<b>Total</b>	<b>-278</b>	<b>-1,101</b>	<b>-1,132</b>	<b>-1,650</b>	<b>-1,374</b>	<b>-91</b>	<b>-49</b>	<b>-220</b>	<b>-320</b>	<b>1,032</b>	<b>-49</b>	<b>-220</b>
<b>Industries privatised before 31 March 1991 other than the electricity industries</b>												
BAA plc <sup>(9)</sup>	-21	17	-9									
British Airways	-211	-113										
British Gas Corporation	-190	-684										
British National Oil Corporation	31											
British Steel Corporation	411	22	-290	-392								
Girobank	-3	-9	-19	-25	-17							
National Bus Company	48	-19	-118	-2								
Water (England and Wales)	208	107	34	11	103							
<b>Total</b>	<b>272</b>	<b>-679</b>	<b>-401</b>	<b>-408</b>	<b>86</b>							
<b>Total nationalised industries</b>	<b>1,702</b>	<b>344</b>	<b>271</b>	<b>-430</b>	<b>1,106</b>	<b>2,257</b>	<b>2,327</b>	<b>2,140</b>	<b>1,970</b>	<b>1,739</b>	<b>816</b>	<b>630</b>

(1) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources.

(2) Plans reclassified to current definitions.

(3) Formerly the National Coal Board. In 1989-90 and 1990-91 there was a major restructuring of British Coal. Details are given in the Department of Energy's Departmental Report.

(4) Nationalised industries for which firm privatisation plans have been announced.

(5) Subsidiary of Scottish Transport Group.

(6) Separate figures for past years are not available for those parts of the electricity industries planned to remain in the public sector. So, in order to allow meaningful comparisons to be made over time for the rest of the nationalised industries, all the electricity industries are grouped together in this table.

(7) The Regional Electricity Companies, the National Grid Company, Powergen and National Power were or are to be privatised during 1990-91. From 1991-92 comprises Nuclear Electric.

(8) Scottish Power and Scottish Hydro-Electric will be privatised during 1991-92. From 1992-93 comprises Scottish Nuclear.

(9) Formerly British Airports Authority.

## 6. Nationalised industries

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
Ministry of Defence	-2								
Ministry of Agriculture, Fisheries and Food	16	13	19	20	8				
Trade and Industry <sup>(2)</sup>	376	118	-270	-332	-13	9	-59	-80	-80
Energy	-197	-1,107	-343	-933	30	905	458	230	190
Department of Transport	1,036	946	669	652	1,043	1,381	1,830	1,900	1,810
DOE - Other environmental services	214	121	43	27	127	49	49	50	50
Scotland	232	235	137	127	-103	-88	49	50	10
Wales	28	17	17	9	15				
<b>Total nationalised industries external finance</b>	<b>1,702</b>	<b>344</b>	<b>271</b>	<b>-430</b>	<b>1,106</b>	<b>2,257</b>	<b>2,327</b>	<b>2,140</b>	<b>1,970</b>

(1) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources.

(2) Includes, in 1985-86, -£21 million for repayments to the Post Office in respect of pre-paid envelopes, to many departments, following their adoption of public postal methods.

### Grants and subsidies

6.16 In general, the industries' requirements for external finance are met by borrowing from a variety of sources. Grant is paid either to support specific non-commercial objectives (eg, British Rail's Public Service Obligation grant or grant to London Transport to support public passenger services), to assist an industry in restructuring (eg, grants to British Coal), or where an industry's circumstances make access to the NLF inappropriate (eg, grants to some loss-making industries).

**Table 6.7** sets out further details, by industry, of grants included in external finance.

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>GRANTS INCLUDED IN EXTERNAL FINANCE<sup>(1)</sup></b>									
<b>Industries excluding those planned to be privatised by 31 March 1994 and excluding the electricity industries</b>									
British Coal <sup>(2)</sup>	907	825	917	480	3,586	1,806	683	560	420
British Rail	932	755	795	556	479	621	582	550	520
British Shipbuilders	23	13	10	26	14	3			
British Waterways Board	44	44	44	46	48	49	49	50	50
Caledonian MacBrayne	8	7	6	5	6	5	6	10	10
Civil Aviation Authority	3	3	3	4	3	3	5		
London Transport	323	295	239	190	287	473	669	770	1,040
<b>Subtotal</b>	<b>2,239</b>	<b>1,942</b>	<b>2,014</b>	<b>1,307</b>	<b>4,423</b>	<b>2,961</b>	<b>1,993</b>	<b>1,930</b>	<b>2,040</b>
<b>Industries planned to be privatised between 31 March 1991 and 31 March 1994<sup>(3)</sup> other than the electricity industries</b>									
Scottish Bus Group <sup>(4)</sup>	11								
<b>Electricity Industries<sup>(5)</sup></b>	<b>5</b>								
of which:									
England and Wales	5								
Scotland									
<b>Industries privatised before 31 March 1991<sup>(6)</sup></b>									
	95	31	69	24	9				
<b>Total grants included in external financing</b>	<b>2,351</b>	<b>1,973</b>	<b>2,084</b>	<b>1,331</b>	<b>4,432</b>	<b>2,961</b>	<b>1,993</b>	<b>1,930</b>	<b>2,040</b>
Grants contributing to internal resources <sup>(7)</sup>	158	248	307	226	234	234	213	210	230

(1) Grants and subsidies from central government which are generally available to the private sector, such as grants for regional assistance, are not scored within external financing, but are regarded as contributing to internal resources. Grants specific to individual industries are included within external finance.

(2) There was a major restructuring of British Coal in 1989-90 and 1990-91. Details are given in the Department of Energy's Departmental Report. Deficiency grants included in the payments to British Coal are offset by loan repayments and so do not add to public expenditure.

(3) Nationalised industries for which firm privatisation plans have been announced.

(4) Subsidiary of the Scottish Transport Group.

(5) Separate figures for past years are not available for those parts of the electricity industries planned to remain in the public sector. So, in order to allow meaningful comparisons to be made over time for the rest of the nationalised industries all the electricity industries are grouped together in this table.

(6) Figures include those grants received by industries privatised, abolished or for which plans assume privatisation before 31 March 1991; ie BG, BAB, BAA, BNOC, NBC, BSC, Girobank and Water (England and Wales). Excludes the electricity industries.

(7) The bulk of these grants are made by local authorities, eg Passenger Transport Executives, to British Rail to meet local transport objectives. Out of total grants of £234 million included in internal resources in 1989-90, British Rail accounted for £187 million.

## Historical Trends

6.17. **Table 6.8** shows the contribution to the planning total of the main nationalised industries in the period since 1978–79.

## Productivity

6.18. In 1979 the nationalised industries accounted for almost 9 per cent of GDP, over 11 per cent of investment and employed 1.7 million people. By 1989, largely as a result of the privatisation programme (see **Section 7**), for those industries in the public sector throughout the year, the share of GDP had dropped to 3½ per cent, their investment accounted for just over 3 per cent of total investment and employment had more than halved to 0.7 million. Nevertheless, the nationalised industries still number among some of the largest employers in the country and their performance is important. **Table 6.9** sets out the labour productivity record of the nationalised industries as a whole. Since 1980, the nationalised industries have made significant progress in reducing overstaffing and improving overall efficiency. This has been reflected in growth in output per head which has averaged 4.4 per cent a year since 1978–79, exceeding that achieved by both the manufacturing sector (4.1 per cent) and the economy as a whole (1.9 per cent) over the same period. Since 1984–85 the rate of increase in output per head in the nationalised industries has also been faster than in either of these sectors.

**Table 6.9 Nationalised industries' productivity<sup>(1)</sup>**

	Annual percentage change		
	Nationalised industries <sup>(2)(3)</sup>	Manufacturing industries	Whole economy <sup>(2)(4)</sup>
1979–80	1.7	1.0	0.7
1980–81	-0.4	-5.3	-2.1
1981–82	0.9	6.9	3.2
1982–83	2.0	6.3	3.3
1983–84	1.3	8.5	3.5
1984–85	6.3	4.4	1.2
1985–86	6.7	2.2	1.7
1986–87	9.6	5.2	3.7
1987–88	8.9	6.0	2.9
1988–89	8.2	5.4	1.8
1989–90	3.4	2.5	-0.2
Average 1979–80 to 1989–90	4.4	4.1	1.9

(1) Output per person employed.

(2) Adjusted for the coal strike.

(3) Industries planned to be in the public sector at 31 March 1994, excluding all electricity.

(4) Excluding north sea and non-trading public sector.



Table 6.8 External financing requirements<sup>(1)</sup> of nationalised industries, 1978-79 to 1993-94

	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	£ billion		
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
British Airways	0.1	0.2	0.3	0.2		-0.2	-0.3	-0.2	-0.1							
British Coal	0.6	0.7	0.8	1.2	1.0	1.2	1.7	0.4	0.9	0.9	0.8	1.3	0.9	0.5	0.5	0.5
British Gas Corporation	-0.4	-0.4	-0.4		-0.2		-0.2	-0.2	-0.7							
British Rail	0.6	0.7	0.8	1.0	0.8	0.8	1.0	0.9	0.8	0.6	0.4	0.7	0.8	1.1	1.1	0.7
British Shipbuilders	0.1	0.2	0.2	0.1	0.1	0.3	0.2		0.2	0.1	0.1					
British Steel Corporation	0.8	0.6	1.1	0.8	0.6	0.3	0.5	0.4		-0.3	-0.4					
British Telecom	-0.1	0.3	-0.1	0.2	-0.3	-0.2	-0.3							-0.1	-0.3	-0.3
Electricity (England and Wales)	-0.1	0.2	0.1	-0.2	-0.2	-0.5	0.5	-0.5	-1.3	-1.3	-1.8	-1.3		-0.1	-0.3	-0.3
Electricity (Scotland)		0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.1	0.1	-0.1	-0.1			
London Transport								0.3	0.3	0.2	0.3	0.3	0.5	0.7	0.8	1.0
Post Office					-0.1	-0.1		-0.1	-0.1	-0.1	-0.1			-0.1	-0.1	-0.1
Water (England and Wales)	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.1			0.1		0.1	0.1	0.1
Other	0.5	0.2		0.1		0.1	0.1	0.1		-0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total nationalised industries</b>	<b>2.3</b>	<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>2.1</b>	<b>2.3</b>	<b>3.9</b>	<b>1.7</b>	<b>0.3</b>	<b>0.3</b>	<b>-0.4</b>	<b>1.1</b>	<b>2.3</b>	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>

(1) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources.

## Section Seven Additional analyses

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## 7. Additional analyses

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7.1 This section presents a number of analyses of additional aspects of expenditure for the years up to 1990–91. It also includes a summary analysis of public sector manpower for the period 1978–79 to 1989–90.

### Public sector asset creation

7.2 The economic category analyses of the planning total and local authority expenditure presented earlier in this Supplement do not provide a satisfactory indication of the extent to which the public sector is helping to renew or increase the nation's stock of physical assets. In particular the analyses are on a net basis and exclude most of the capital expenditure by public corporations.

7.3 A more complete picture of the public sector's contribution to the renewal or increase of physical assets is given by the "public sector asset creation" aggregate. This includes, from within the planning total, gross capital spending on physical assets, other than on land and existing buildings, and capital grants to the private sector. It also includes:

- (i) the gross expenditure on physical assets, other than on land and existing buildings, and capital grants by local authorities;
- (ii) the gross expenditure on physical assets, other than on land and existing buildings, and capital grants by nationalised industries and other public corporations whose external finance scores in the planning total; and
- (iii) the NATO definition of defence capital expenditure rather than the conventional definition. The NATO definition of capital spending covers equipment, other than ammunition, and construction but excludes spares and repair and maintenance. For consistency with national accounts, much of this expenditure is treated as current expenditure on goods and services in the economic category analyses in this Supplement.

7.4 **Tables 7.1 to 7.3** give figures on this wider definition. Where the gross expenditure of local authorities or public corporations is included in the definition above, the corresponding central government support for that expenditure is omitted to avoid double-counting.

7.5 The description was changed from "public sector capital spending" to "public sector asset creation" for the 1990 public expenditure White Paper. The change of title was made to emphasise the difference between this aggregate and total expenditure of a capital nature. The figures given in this section are restricted to outturn years because figures for future years on this definition are not available for local authority expenditure. Figures for spending in future years by central government and nationalised industries are given in the central government and nationalised sections of this Supplement. Although it is not the usual practice elsewhere in this Supplement, **Tables 7.1 to 7.3** exclude expenditure by those public corporations, other than the electricity industries, which were privatised before 31 March 1991. The analyses include expenditure by the whole of the electricity industries because separate figures are not available for the parts of the electricity industries which have been or are due to be privatised during 1990–91. This approach is adopted to show a series for expenditure on asset creation that is not distorted by movements from the public to the private sector. The total figures therefore understate aggregate spending by the public sector; total spending in past years by the nationalised industries omitted from the tables is shown in a footnote to **Table 7.2**.

7.6 **Table 7.1** shows the various components of the public sector asset creation aggregate. **Table 7.2**, which provides a spending sector and functional breakdown of this spending, shows that the main contributions come from defence, housing, transport, health and the nationalised industries.

<b>Table 7.1 Public sector asset creation, 1985–86 to 1990–91</b>						
	<b>£ million</b>					
	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Expenditure within the planning total</b>						
Gross expenditure on dwellings and improvements	137	129	117	147	175	202
Gross expenditure on construction <sup>(1)</sup>	2,512	2,578	2,827	3,292	4,006	4,977
Gross expenditure on vehicles, plant and machinery	992	1,172	1,236	1,216	1,833	1,931
Capital grants to the private sector	2,209	2,275	2,121	2,673	2,345	3,173
<b>Public sector asset creation within the planning total</b>	<b>5,849</b>	<b>6,153</b>	<b>6,301</b>	<b>7,327</b>	<b>8,360</b>	<b>10,284</b>
<b>Adjustments to move to total public sector asset creation</b>						
<i>less</i> – MOD expenditure included above	365	424	444	480	615	703
<i>add</i> – MOD capital expenditure under NATO definition <sup>(1)</sup>	5,642	5,434	5,480	5,758	5,824	6,250
<i>add</i> – local authority asset creation	6,260	6,510	7,113	8,201	9,907	8,435
<i>add</i> – public corporations <sup>(2)</sup> asset creation on:						
– dwellings	215	188	200	212	240	178
– construction <sup>(1)</sup>	1,152	1,212	1,324	1,202	1,397	1,607
– vehicles, plant and machinery	2,421	2,274	2,295	2,519	3,189	3,782
<i>add</i> – public corporations <sup>(2)</sup> capital grants to the private sector	83	91	88	86	321	258
<b>Total public sector asset creation</b>	<b>21,256</b>	<b>21,439</b>	<b>22,357</b>	<b>24,826</b>	<b>28,623</b>	<b>30,091</b>
<small>(1) The figures for 1989–90 (excluding NHS bodies) and 1990–91 include VAT on new construction which ceased to be zero-rated from 1 April 1989.</small>						
<small>(2) Excludes those industries other than the electricity industries that were privatised before 31 March 1991.</small>						

7.7 The asset creation figures exclude projects which the Government has decided should be financed and executed by the private sector but which would otherwise have been carried out by the public sector. The main project of this nature is the M25 Dartford Bridge.

7.8 The figures also exclude purchases of spares, repair and maintenance work. For example, housing improvement work is excluded from capital construction. Figures on the output of the construction industry collected by the Department of Environment give an indication of the increasing importance of repair and maintenance work in the public sector. They show that in 1979 about £4 billion was spent on repairing and maintaining the public sector capital stock. Expenditure has been steadily increasing, and it is estimated that in 1989 the public sector spent about £8¾ billion on repair and maintenance, including housing improvements.

7.9 **Table 7.3** illustrates the trends in public sector asset creation in the years since 1978–79.

## 7. Additional analyses

	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	£ million 1990–91 estimated outturn
<b>Central government</b>						
Defence	5,642	5,434	5,480	5,758	5,824	6,250
Overseas services including overseas aid	15	22	31	38	37	58
Agriculture, fisheries, food and forestry	247	206	190	176	192	242
of which:						
Structural measures for agriculture	177	130	94	80	80	93
Trade, industry, energy and employment	863	986	760	1,388	748	805
of which:						
Regional and general industrial support	754	866	626	675	555	555
Transport	945	988	1,147	1,171	1,513	1,994
of which:						
National Roads	918	958	1,104	1,134	1,475	1,946
Housing	970	890	951	918	1,105	1,759
Other environmental services	114	135	190	168	196	235
Law, order and protective services	227	250	280	390	625	753
of which:						
Prisons	126	135	129	206	405	508
Education and science	311	345	358	412	628	666
Arts and libraries	32	38	54	60	88	116
Health and personal social services	1,209	1,287	1,318	1,442	1,740	1,994
of which:						
Hospital and community health services	1,162	1,238	1,277	1,393	1,689	1,934
Social security	49	78	101	148	305	323
Miscellaneous	282	325	320	388	374	436
<b>Total central government</b>	<b>10,906</b>	<b>10,984</b>	<b>11,178</b>	<b>12,458</b>	<b>13,374</b>	<b>15,631</b>
<b>Local authorities</b>						
Agriculture, fisheries, food and forestry	52	48	49	60	59	50
Trade, industry, energy and employment	15	9	7	7	8	8
Transport	877	809	822	1,057	1,079	1,062
of which:						
Local roads	703	734	748	956	898	875
Housing	3,071	3,150	3,586	3,912	5,028	4,201
Other environmental services	1,213	1,404	1,461	1,725	2,207	1,674
Law, order and protective services	201	220	255	290	321	337
Education and science	645	682	729	897	920	855
Arts and libraries	58	53	53	64	80	79
Personal social services	128	133	151	189	207	170
<b>Total local authorities</b>	<b>6,260</b>	<b>6,510</b>	<b>7,113</b>	<b>8,201</b>	<b>9,907</b>	<b>8,435</b>
<b>Total general government</b>	<b>17,165</b>	<b>17,494</b>	<b>18,291</b>	<b>20,659</b>	<b>23,281</b>	<b>24,066</b>
<b>Public corporations<sup>(2)</sup></b>						
Electricity industries	1,648	1,597	1,500	1,694	2,283	2,734
British Rail	400	427	542	441	503	618
Other nationalised industries <sup>(2)</sup>	1,096	980	1,024	967	1,036	1,006
Other public corporations	947	942	1,000	1,066	1,520	1,667
<b>Total public corporations<sup>(2)</sup></b>	<b>4,091</b>	<b>3,945</b>	<b>4,066</b>	<b>4,167</b>	<b>5,341</b>	<b>6,025</b>
<b>Total public sector</b>	<b>21,256</b>	<b>21,439</b>	<b>22,357</b>	<b>24,826</b>	<b>28,623</b>	<b>30,091</b>
Real terms <sup>(3)</sup> (base year 1989–90)	26,457	25,803	25,517	26,409	28,623	27,862

(1) See paragraph 7.3 and Table 7.1 for the definition of public sector asset creation. The figures for 1989–90 (excluding NHS bodies) and 1990–91 include VAT on new construction which ceased to be zero-rated from 1 April 1989.

(2) Excluding those industries, other than the electricity industries, that were privatised before 31 March 1991. The total figures for the industries involved for the years 1985–86 to 1989–90 are as follows:

2,099                      1,894                      1,424                      1,398                      973

(3) Real terms figures are the cash outturns adjusted to 1989–90 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraph 7 to 12 of Appendix A.

**Table 7.3 Public sector asset creation,<sup>(1)</sup> 1978–79 to 1990–91**

	1978–79 outturn	1979–80 outturn	1980–81 outturn	1981–82 outturn	1982–83 outturn	1983–84 outturn	1984–85 outturn	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 estimated outturn	£ billion
<b>Central government</b>														
Defence	1.8	2.4	3.2	3.7	4.2	4.7	5.4	5.6	5.4	5.5	5.8	5.8	6.2	
Transport	0.3	0.4	0.5	0.6	0.7	0.6	0.7	0.7	0.8	0.9	0.9	1.2	1.6	
DOE – Housing	0.5	0.5	0.5	0.4	0.5	0.9	0.8	0.8	0.7	0.8	0.7	1.0	1.6	
Other	2.1	2.3	2.8	3.1	3.3	3.3	3.6	4.6	4.1	4.0	5.1	5.3	6.2	
<b>Total central government</b>	<b>4.8</b>	<b>5.6</b>	<b>7.0</b>	<b>7.8</b>	<b>8.7</b>	<b>9.6</b>	<b>10.5</b>	<b>10.9</b>	<b>11.0</b>	<b>11.2</b>	<b>12.5</b>	<b>13.4</b>	<b>15.6</b>	
<b>Local authorities</b>														
Transport	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.7	0.6	0.6	0.9	0.9	0.8	
DOE – Housing	1.9	2.1	2.1	1.8	2.3	3.0	3.0	2.5	2.5	2.8	3.1	4.1	3.3	
DOE – Other environmental services	0.4	0.5	0.7	0.6	0.8	0.8	1.0	1.0	1.1	1.2	1.4	1.8	1.3	
Other	1.2	1.5	1.6	1.6	1.9	2.1	2.0	2.1	2.3	2.6	2.9	3.1	3.0	
<b>Total local authorities</b>	<b>3.9</b>	<b>4.6</b>	<b>5.0</b>	<b>4.6</b>	<b>5.7</b>	<b>6.7</b>	<b>6.9</b>	<b>6.3</b>	<b>6.5</b>	<b>7.1</b>	<b>8.2</b>	<b>9.9</b>	<b>8.4</b>	
<b>Total general government</b>	<b>8.7</b>	<b>10.2</b>	<b>12.0</b>	<b>12.4</b>	<b>14.4</b>	<b>16.3</b>	<b>17.3</b>	<b>17.2</b>	<b>17.5</b>	<b>18.3</b>	<b>20.7</b>	<b>23.3</b>	<b>24.1</b>	
<b>Public corporations</b>														
Nationalised industries	1.8	2.1	2.5	2.7	2.9	3.0	2.7	3.1	3.0	3.1	3.1	3.8	4.4	
Other public corporations	0.6	0.8	0.9	0.9	0.9	0.9	1.0	0.9	0.9	1.0	1.1	1.5	1.7	
<b>Total public corporations</b>	<b>2.4</b>	<b>2.9</b>	<b>3.4</b>	<b>3.6</b>	<b>3.8</b>	<b>3.9</b>	<b>3.6</b>	<b>4.1</b>	<b>3.9</b>	<b>4.1</b>	<b>4.2</b>	<b>5.3</b>	<b>6.0</b>	
<b>Total public asset creation spending</b>	<b>11.1</b>	<b>13.1</b>	<b>15.3</b>	<b>16.0</b>	<b>18.2</b>	<b>20.2</b>	<b>21.0</b>	<b>21.3</b>	<b>21.4</b>	<b>22.4</b>	<b>24.8</b>	<b>28.6</b>	<b>30.1</b>	
Real terms <sup>(3)</sup> (base year 1989–90)	25.9	26.3	25.9	24.8	26.2	27.8	27.5	26.5	25.8	25.5	26.4	28.6	27.9	

(1) See paragraph 7.3 and Table 7.1 for the definition of public sector asset creation. The figures for 1989–90 (excluding NHS bodies) and 1990–91 include VAT on new construction which ceased to be zero-rated from 1 April 1989.

(2) Excludes those industries, other than the electricity industries, that were privatised by 31 March 1991.

(3) Cash figures adjusted to 1989–90 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

## Privatisation proceeds

7.10 The state sector of industry accounted for 11 per cent of GDP in 1979. The Government's privatisation programme has reduced its size by over half since then. 42 major businesses have been privatised, transferring nearly 900,000 employees to the private sector. Privatisations include the 12 Regional Electricity Companies of England and Wales, the 10 Water and Sewerage companies in England and Wales, British Steel, Rover Group, BAA, Rolls-Royce, Royal Ordnance, British Airways, British Gas, British Telecom, Jaguar, Enterprise Oil, Associated British Ports, Britoil, National Freight Consortium, Amersham International, British Aerospace and Cable and Wireless. The major privatisations in the remainder of this parliament will be the two electricity generating companies in England and Wales (National Power and Powergen) and the Scottish electricity industry (excluding Scottish Nuclear).

7.11 **Table 7.4** gives a breakdown of privatisation proceeds for the period 1979–80 to 1990–91. Proceeds are projected at £5.5 billion in each of the years 1991–92, 1992–93 and 1993–94, in line with average receipts in recent years. Detailed estimates for future receipts are not shown because they are dependent on commercially sensitive assumptions about further sales.

## Sales and purchases of land and existing buildings

7.12 **Table 7.5** gives figures for sales and purchases of land and existing buildings by general government for the years 1978–79 to 1990–91; it shows that the majority of receipts were in the housing area. Figures are not given for future years because local authorities' future sales and purchases are not planned directly by central government; details of central government's own sales and purchases of land and existing buildings for the period 1985–86 to 1993–94 are given in **Table 4.9**. Further information about local authority receipts is given in the local authority section of this Supplement.

7.13 Net sales of land and existing buildings by the New Town Development Corporations and the Commission for New Towns are included in the planning total but not in general government expenditure. In 1990–91 their receipts from sales of land and existing buildings are estimated to be £549 million. These sales are offset by purchases of £41 million producing net receipts of £508 million.

7.14 The sale of housing under the Right to Buy Legislation and of surplus land has been a Government policy objective and has been the focus of analyses provided to the Treasury and Civil Service Committee on receipts from sales of physical assets. General government expenditure is also reduced by receipts from the sales of vehicles, plant and machinery, although the scale of these receipts is much lower than for land and existing buildings. The recorded gross receipts from sales of vehicles, plant and machinery are around £50 million in 1990–91.

**Table 7.4 Privatisation proceeds<sup>(1)</sup> 1979-80 to 1990-91**

	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	£ billion 1990-91 estimated outturn <sup>(2)</sup>
Amersham International			64									
Associated British Ports Holdings plc				46		51						
BAA									534	689		
British Aerospace plc - sale of shares		43					347					
British Airways plc - sale of shares								435	419			
British Gas plc - sale of shares								1,820	1,758	1,555	4	150
British Gas plc - redemption of debt								750		250	800	
British Petroleum plc - sale of shares	276		8		543				863 <sup>(3)</sup>	3,030 <sup>(3)</sup>	1,363	
British Steel plc - sale of shares										1,138	1,289	
British Sugar Corporation			44									
British Telecommunications plc - sale of shares						1,358	1,246 <sup>(4)</sup>	1,081				
British Telecommunications plc - loan stock						44	61	53	23	85	92	
British Telecommunications plc - redemption of preference shares								250	250	250		
Britoil plc - sale of shares				334 <sup>(5)</sup>	293		426					
Cable and Wireless plc - sale of shares			181		263		577					
Enterprise Oil plc - sale of shares						384						
Forestry Commission				14	21	28	15	16	13	12	15	10
General Practice Finance Corporation										67		
Harland and Wolff											6	
Land Settlement					2	12	5	2				
Motorway Service leases				4	1			2			2	
National Enterprise Board Holdings	37	83	2			168	30	34				
Professional and Executive Recruitment										5		
Plant Breeding Institute									65 <sup>(6)</sup>			
Rolls-Royce									1,029	3		
Rover Group											150	
Royal Ordnance									186			
Short Brothers											30	
Water plc - sale of shares											423	1,480
Wytch Farm								18				130
Miscellaneous <sup>(7)</sup>	64	84	194	57	15	4	-2	-4	-2	-13	-18	3,530 <sup>(2)</sup>
<b>Total</b>	<b>377<sup>(8)</sup></b>	<b>210<sup>(8)</sup></b>	<b>493<sup>(8)</sup></b>	<b>455</b>	<b>1,139</b>	<b>2,050</b>	<b>2,706</b>	<b>4,458</b>	<b>5,140</b>	<b>7,069</b>	<b>4,155</b>	<b>5,300</b>

(1) Excludes proceeds from sales of subsidiaries which were retained by the parent industry. The main sales in this category were:

	£ million		£ million		
1982-83	International Aeradio (BA)	60	1986-87	BA Helicopters	14
	British Rail Hotels	30		Unipart (Rover)	52
1983-84	British Rail Hotels	15		Leyland Bus (Rover)	4
1984-85	Jaguar (BL)	297		British Coal subsidiaries	1
	Sealink (BR)	40	1987-88	British Transport Advertising	40
	Wytch Farm (BGC)	82		Istel (subsidiary of Rover Group)	48
1985-86	Warship yards (BS)	54	1988-89	National Bus Company subsidiaries	24
	Sealink (BR)	26	1989-90	National Bus Company subsidiaries	1
			1990-91	Girobank	112
				National Bus Company subsidiaries	122

(2) Figures are only given for individual privatisations which have already taken place and for which estimates of the proceeds were available in time for inclusion in the Supplement. Proceeds from other sales are all included under miscellaneous.

(3) Net of the cost of acquiring partly-paid shares under the support arrangements announced by the Chancellor on 29 October 1987.

(4) Includes some third instalments (worth £87 million approx) paid early.

(5) Includes repayments of debentures of £88 million with interests.

(6) The central government sector received £65 million but only £27 million was paid to the Consolidated Fund.

(7) Includes expenses which could not be netted off the associated sale because they arose in a financial year in which there were no proceeds from that sale. See also footnote 2.

(8) Excludes certain advance oil payments which net out to zero 1979-80 (£622 million), 1980-81 (-£49 million) and 1981-82 (-£573 million).



Table 7.5 General government sales and purchases of land and existing buildings by spending sector, 1978-79 to 1990-91

	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	£ billion
<b>Receipts from sales</b>														
Central government	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.6	-0.5	-0.5	
Total local authorities	-0.5	-0.7	-1.0	-1.8	-2.5	-2.1	-2.0	-2.1	-2.6	-3.6	-5.5	-5.3	-3.8	
of which:														
DOE - Housing					-1.9	-1.4	-1.3	-1.2	-1.4	-1.9	-3.0	-2.9	-2.1	
DOE - Other environmental services	-0.4	-0.6	-0.9	-1.5	-0.2	-0.2	-0.3	-0.4	-0.6	-1.0	-1.4	-1.4	-0.9	
<b>Total general government</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-1.2</b>	<b>-1.9</b>	<b>-2.6</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-2.3</b>	<b>-2.9</b>	<b>-4.0</b>	<b>-6.2</b>	<b>-5.8</b>	<b>-4.3</b>	
<b>Purchases</b>														
Central government	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.4	
Local authorities	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.6	0.7	0.8	1.0	0.8	
of which:														
DOE - Housing					0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.4	
DOE - Other environmental services	0.2	0.2	0.2	0.2	0.1	0.1		0.1	0.2	0.2	0.2	0.3	0.2	
<b>Total general government</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>0.9</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>	
<b>Receipts less purchases</b>														
Central government				-0.1				-0.1	-0.2	-0.1	-0.5	-0.2	-0.1	
Local authorities	-0.1	-0.3	-0.7	-1.5	-2.1	-1.7	-1.7	-1.6	-2.0	-2.9	-4.7	-4.3	-2.9	
of which:														
DOE - Housing					-1.8	-1.3	-1.2	-1.0	-1.1	-1.5	-2.6	-2.5	-1.7	
DOE - Other environmental services	-0.2	-0.4	-0.7	-1.3	-0.1	-0.1	-0.3	-0.3	-0.4	-0.9	-1.1	-1.2	-0.7	
<b>Total general government</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-0.7</b>	<b>-1.6</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-1.8</b>	<b>-1.8</b>	<b>-2.2</b>	<b>-3.1</b>	<b>-5.2</b>	<b>-4.6</b>	<b>-3.1</b>	

## Public sector manpower

7.15 The table below provides a summary of public sector manpower for the period 1978-79 to 1989-90 to supplement the more detailed table on central government manpower (Table 4.12) in Section 4. Figures for the current year and future years are not given since the Government does not directly control manpower numbers in local authorities and public corporations.

Table 7.6 Public sector manpower, 1978-79 to 1989-90

	thousands (whole time equivalents)											
	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
Civil Service	734	719	697	678	658	636	621	597	598	587	574	567
Armed forces	326	330	335	341	334	333	336	334	331	328	324	319
National Health Service	923	943	979	998	1,009	1,009	998	993	981	976	977	968
Other central government	211	210	207	205	210	210	207	207	207	204	206	205
<b>Total central government</b>	<b>2,194</b>	<b>2,202</b>	<b>2,218</b>	<b>2,222</b>	<b>2,211</b>	<b>2,189</b>	<b>2,162</b>	<b>2,131</b>	<b>2,117</b>	<b>2,095</b>	<b>2,081</b>	<b>2,059</b>
Local authorities community programme <sup>(1)(2)</sup>						22	45	52	76	72	67	
Local authorities (other non-trading) <sup>(1)(3)</sup>	2,073	2,115	2,092	2,064	2,040	2,043	2,041	2,040	2,054	2,089	2,097	2,062
Local authorities (trading) <sup>(1)(3)</sup>	252	253	251	242	234	235	234	234	232	216	215	207
<b>Total local authorities</b>	<b>2,325</b>	<b>2,368</b>	<b>2,343</b>	<b>2,306</b>	<b>2,274</b>	<b>2,300</b>	<b>2,320</b>	<b>2,326</b>	<b>2,352</b>	<b>2,377</b>	<b>2,379</b>	<b>2,269</b>
<b>Nationalised industries<sup>(1)</sup></b>	<b>1,843</b>	<b>1,818</b>	<b>1,785</b>	<b>1,656</b>	<b>1,538</b>	<b>1,444</b>	<b>1,396</b>	<b>1,124</b>	<b>1,049</b>	<b>856</b>	<b>781</b>	<b>709</b>
<b>Public corporations<sup>(1)</sup></b>	<b>203</b>	<b>204</b>	<b>205</b>	<b>190</b>	<b>185</b>	<b>185</b>	<b>181</b>	<b>117</b>	<b>126</b>	<b>118</b>	<b>118</b>	<b>109</b>
<b>Total public sector</b>	<b>6,565</b>	<b>6,592</b>	<b>6,551</b>	<b>6,374</b>	<b>6,208</b>	<b>6,118</b>	<b>6,059</b>	<b>5,698</b>	<b>5,644</b>	<b>5,456</b>	<b>5,369</b>	<b>5,146</b>

(1) At 1 July.

(2) Community programmes ran between 1983-84 and 1988-89.

(3) Including Northern Ireland.

(4) Includes United Kingdom Atomic Energy Authority.

### Local authorities

7.16 Expenditure on employees accounts for around 70 per cent of local authority gross revenue spending (excluding debt charges, revenue contributions to capital, internal recharging and transfer payments such as housing benefits). Local authorities in Great Britain reduced staff numbers by 2 per cent between March 1988 and March 1990. The numbers in employed education have fallen, reflecting the fall in school rolls and the transfer of Polytechnics and Higher Education Institutions from the local government sector. The numbers of those employed on law and order have been increased in line with the Government's priorities in this area.

### Public corporations

7.17 The overall number of staff employed in public corporations has fallen by 60 per cent since 1978-79. Most of this fall is accounted for by a reduction in nationalised industries manpower, reflecting the effects of the privatisation programme and of increased productivity in those industries that remain in the public sector. The increase in other public corporations in 1986-87 reflects the deregulation of bus services which added to the staff employed by Passenger Transport Authorities.

## Appendix A Conventions and economic assumptions

1. This appendix gives details of the various conventions used for the figures presented in this Supplement, and also in other public expenditure presentations. It also sets out the economic assumptions which underlie the figures in the 1990 Autumn Statement and this Supplement.

### Rounding conventions

2. The figures in this Supplement are generally shown to the nearest £1 million, with the following exceptions:

- (i) the last two plan years (1992-93 and 1993-94) are rounded to the nearest £10 million, except for social security benefits and totals including these benefits which are rounded to the nearest £100 million; as a consequence total figures for central government expenditure, the planning total and general government expenditure (GGE) are all rounded to the nearest £100 million in these two years;
- (ii) projections for the three plan years for local authority expenditure and self-financed expenditure, debt interest and other national accounts adjustments are rounded to the nearest £0.5 billion; and
- (iii) figures in the tables covering years before 1985-86 are rounded to the nearest £0.1 billion.

### Receipts

3. GGE and the planning total are both measured net of certain receipts. Most government receipts, e.g. taxes, national insurance contributions, interest, dividends and trading surpluses are treated as revenue but sales of fixed assets, the repayment of loans and certain fees and charges are treated as negative expenditure (see entries for capital spending, net lending and receipts from fees and charges in the **Glossary**). Privatisation proceeds are also treated as negative expenditure although they appear as a separate item rather than reducing individual programmes.

4. Information on sales of land and buildings is summarised in **Tables 4.9** and **7.5**. **Table 7.4** sets out figures for privatisation proceeds. **Tables 2.5** and **4.4** also provide some information on receipts.

### Real terms

5. A number of the tables in this Supplement give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices (see **paragraphs 7** to **12**). The real terms figures in this Supplement are based on 1989-90 prices.

6. Changes in real terms figures from year to year may reflect the combined effects of:

- (a) changes in the quantity of goods and services bought in past years and provided for in future years and, in the case of transfer payments, the number of beneficiaries and levels of support; and
- (b) changes in relative prices—that is, the extent to which prices of the goods and services concerned have differed, or may differ, from average price movements as measured by the GDP deflator.

### Money GDP and the GDP deflator

7. The abolition of domestic rates introduced a discontinuity in the series for money GDP and the GDP deflator at market prices. This occurred because, unlike domestic rates, the community charge is treated in the national accounts as a deduction from income rather than as a tax on expenditure. This has the effect of reducing the level of money GDP and the GDP deflator by 1¼ per cent from 1990-91. There is no discontinuity in the series for GDP at constant prices. Further details were given in the August 1989 issue of *Economic Trends*.

8. In order to remove the discontinuity caused by the change and to facilitate consistent comparisons over time, adjustments were made in the 1990 FSBR to future levels of money GDP and the GDP deflator. However, now that the new local authority finance regime is in operation, the figures for 1990-91 and later years in the Autumn Statement and this Supplement are presented on the same basis as that adopted in the national accounts by the Central Statistical Office (CSO).

9. To enable consistent comparisons over time to continue to be made the CSO has produced adjusted series for money GDP and for the GDP deflator at market prices for the years before 1990-91 (when the community charge became applicable

throughout Great Britain) which remove the discontinuity arising from the abolition of domestic rates.

10. **For years up to and including 1988-89** money GDP has been scaled by the following ratio:

$$\frac{\text{money GDP in 1988-89 (excluding domestic rates)}}{\text{money GDP in 1988-89 (including domestic rates)}}$$

This approach preserves the pattern of growth in money GDP for years up to 1988-89. The adjusted series is 1.8 per cent lower than the actual money GDP series.

**For 1989-90** (the year when the community charge was introduced in Scotland), the adjusted series excludes domestic rates paid in England and Wales in that year.

11. The adjusted series for the GDP deflator at market prices has been calculated from the ratio of the adjusted series for money GDP to GDP in constant prices.

12. The adjusted series, which have been specially produced by the CSO for the purpose of allowing consistent comparisons over time of the ratio of GGE to GDP and real GGE and its components, are shown in the last two columns of **Table 2.1**. The effect of the adjustment is to preserve the historical patterns for growth rates of money GDP and the GDP deflator in the years prior to the introduction of the community charge. The **growth rate** of expenditure in real terms (deflated by the adjusted series for the GDP deflator) is the same as produced by using the unadjusted deflators for years up to 1988-89. The **levels** of the GGE ratio calculated using the adjusted series are increased by  $\frac{3}{4}$  per cent for years up to and including 1989-90.

#### Current year outturn information

13. The estimated outturns for individual departments in the current year are based on the latest information available from Departments. The estimated outturn for the planning total for the current year includes an adjustment reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

#### Historical data

14. Most of the analyses in this Supplement show data for the three plan years alongside the estimated outturn for the current year and outturn for the five previous years. It is not possible to look at trends over a longer period by simply comparing figures in successive public expenditure publications as such figures are not always on a consistent basis, because of changes in coverage and classification changes. This Supplement presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period. Information is not available for all elements of the planning total for years prior to 1984-85. This is because proxies for some elements of central government support for local authorities, which was not included in the planning total prior to the 1989 Survey, are not available for years prior to 1984-85.

#### Economic assumptions

15. The following economic assumptions underlie the figures in the 1990 Autumn Statement and this Supplement:

- (a) For the purpose of projecting social security benefit expenditure it is assumed that the uprating in April 1992 will be based on a 5.5 per cent increase in the Retail Price Index from September 1990 to September 1991 and the uprating in April 1993 will be based on a 4 per cent increase in the year to September 1992.
- (b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to average 1.75 million in 1991-92. Following the usual convention it is assumed to remain at the same level in 1992-93 and 1993-94. For Northern Ireland the number of wholly unemployed adults is assumed to average 100,000 in 1991-92. Again similar assumptions have been made for 1992-93 and 1993-94. These assumptions are not intended to be forecasts.
- (c) General inflation, as measured by the GDP deflator, is assumed to be 8 per cent in 1990-91 (after adjustment to remove the discontinuity associated with the introduction of the community charge), 6 per cent in 1991-92, 4.75 per cent in 1992-93 and 3.5 per cent in 1993-94. Details of GDP deflators used for years prior to 1990-91 are shown in **Table 2.1**.
- (d) GDP at market prices (money GDP) is assumed to be £558 billion in 1990-91, £604 billion in 1991-92, £649 billion in 1992-93 and £690 billion in 1993-94. The adjusted series for money GDP for years prior to 1990-91 is also shown in **Table 2.1** as an index, with 1990-91 as a 100.

## Appendix B Differences between the planning total and general government expenditure

1. The definitions used for public expenditure control are closely related to national accounts practice. The public expenditure planning total brings together the elements of public expenditure for which central government is responsible. In addition to central government's own spending, the planning total includes finance which central government provides to public corporations and the support which it provides to local authorities. It also includes the market and overseas borrowing of public corporations as all their external finance is controlled by central government. General government expenditure measures the expenditure of central and local government. Unlike the planning total it includes local authority expenditure and not central government support to local authorities. It does not include the market and overseas borrowing of public corporations. There are also a number of smaller definitional differences. The differences are quantified in **Table B1** and discussed in more detail in **paragraph 4** below.

Table B1 The planning total and general government expenditure							£ million		
	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 estimated outturn	1991-92 plans	1992-93 plans	1993-94 plans
<b>Planning total</b>	<b>130,665</b>	<b>135,989</b>	<b>142,602</b>	<b>145,582</b>	<b>162,857</b>	<b>181,200</b>	<b>200,300</b>	<b>215,000</b>	<b>226,100</b>
Add									
Local authority expenditure	39,501	42,082	44,986	47,128	52,889	14,500 <sup>(1)</sup>	13,500 <sup>(1)</sup>	15,500 <sup>(1)</sup>	17,000 <sup>(1)</sup>
Less									
Central government support for local authorities	31,183	33,393	35,791	36,626	38,385				
Add									
Central government debt interest	16,052	16,449	17,033	17,549	17,823	17,800	16,500	16,000	15,500
Other national accounts adjustments	3,127	3,235	3,990	5,648	3,702	3,400	3,500	5,000	5,500
Of which:									
Capital consumption	2,358	2,570	2,789	3,127	3,332				
VAT refunded	1,361	1,604	1,691	1,880	2,350				
Pension increase payments	716	726	765	887	917				
Adjustments for public corporations	1,497	1,840	2,146	3,174	1,208				
Local authority debt interest to central government	-2,850	-3,355	-3,787	-4,129	-4,311				
Other	45	-150	386	709	206				
<b>General government expenditure</b>	<b>158,162</b>	<b>164,362</b>	<b>172,820</b>	<b>179,281</b>	<b>198,886</b>	<b>217,000</b>	<b>233,700</b>	<b>251,100</b>	<b>263,900</b>

(1) Local authority self-financed expenditure, i.e. total expenditure less central government support (see Table 5.11).

2. The national accounts provide a widely accepted framework for analysing and forecasting the economic activity of the country. It is, therefore, important that public expenditure can be readily related to this framework. Consequently the definitions of public expenditure are closely allied to the national accounting concepts which themselves broadly follow international guidelines.

3. However, there are certain aspects of the national accounts which cannot sensibly be read across to a control total for public expenditure purposes and sometimes other factors dictate an alternative approach. Consequently, a number of adjustments are needed to relate the public expenditure planning total to the broader aggregate of general government expenditure.

4. The relationship between the public expenditure planning total and general government expenditure is shown in **Table B1**. The main stages in moving from the planning total to general government expenditure are as follows:

- (i) Add local authority expenditure (including debt interest).
- (ii) Deduct local authority elements of the planning total. (The difference between (i) and (ii) is referred to as local authority self-financed expenditure.)

- (iii) Add central government gross debt interest.
- (iv) Add the value of non-trading capital consumption.
- (v) Add VAT refunded to local authorities and central government departments. The planning total and local authority expenditure is measured net of VAT refunds. In the national accounts expenditure includes VAT even where it is refunded.
- (vi) Add the pension increase elements of the pensions paid to members of the teachers and National Health Service superannuation schemes.
- (vii) Deduct the market and overseas borrowing of nationalised industries and other public corporations which have external finance treatment (including the capital value of certain leasing transactions). General government expenditure only covers central and local government transactions.
- (viii) Deduct the capital expenditure of New Town Corporations and Commission.
- (ix) Add the grants and loans made to New Towns by central government.
- (x) Deduct the capital expenditure of Passenger Transport Authorities.
- (xi) Add grants and loans made to Passenger Transport Authorities.
- (xii) Deduct local authority debt interest payments to central government which are included in both (i) and (iii) above.
- (xiii) Add local authorities' net cash expenditure on company securities.
- (xiv) Deduct the capital value of assets and add rents on financial leases taken out by local authorities.
- (xv) Deduct the net increase in local authorities' special funds.
- (xvi) Deduct net lending to the General Practice Finance Corporation.
- (xvii) Add rent received from private contractors for HM Dockyards which is treated as negative expenditure in the planning total but as revenue in national accounts.
- (xviii) Add expenditure by the Securities and Investments Board.
- (xix) Allow for the effect of differences in timing of transactions with British Coal, whose accounting year ends on the last Saturday in March and starts the day following, rather than 31 March and 1 April.
- (xx) Add adjustments to put certain central government expenditure on an accruals basis.
- (xxi) Add adjustments related to different timings of expenditures (other than that described in (xix)).
- (xxii) Add that element of Housing Association Grant which covers capitalised interest payments (Wales only).
- (xxiii) Add the capital expenditure of the Crown Estate Office.
- (xxiv) Deduct the capital expenditure of the Export Credits Guarantee Department.
- (xxv) Add capital expenditure in respect of work carried out by the Scottish Development Agency and Welsh Development Agency on behalf of local authorities.
- (xxvi) Deduct Visa and British Nationality fees.
- (xxvii) Deduct increases in the value of stocks held by Forestry Enterprise.
- (xxviii) Add, for outturn years, the residual difference between general government expenditure as measured by national accounts and Treasury sources.

5. The national accounts and the planning total are generally consistent in their treatment of changes. Changes which stem from amending past practice or movements in the way expenditure is measured are termed classification changes and are applied to all years. Substantive changes in activity are termed policy changes and are not applied to figures before the date when they occurred. The only major difference in this area between the national accounts and the planning total is that the national accounts regard switches of function between government departments as policy changes whereas, to avoid unhelpful discontinuities in the figures, they are treated as classification changes in public expenditure publications.

6. Table 2.4 of Financial Statistics provides quarterly outturn data of the planning total about three months in arrears. These data on the planning total are derived from national accounts sources. In the Autumn following the year in question a Treasury analysis of public expenditure is published in Financial Statistics Table S12 alongside the national accounts measure.

## Appendix C Departmental groupings

1. A number of analyses in this Supplement present breakdowns by department. It is not possible to show figures for all individual government departments separately and so departments are grouped together in these analyses, broadly on the basis of Ministerial responsibilities. The groupings, which match those used in Estimates, are as follows:

*Main department*

Ministry of Defence  
Foreign and  
Commonwealth Office  
Ministry of Agriculture,  
Fisheries and Food  
Department of Trade and Industry

Department of Energy

Department of Employment

Department of Transport  
Department of Environment

Home Office  
Lord Chancellor's Department

Department of Education and  
Science  
Office of Arts and Libraries  
Department of Health

Department of Social Security  
Scottish Office

Welsh Office  
Northern Ireland Office  
and Departments  
HM Treasury

Cabinet Office

*Other departments included*

Overseas Development Administration

Intervention Board  
Forestry Commission  
Export Credits Guarantee Department  
Office of Fair Trading  
Office of Telecommunications  
Office of Electricity Regulation  
Office of Gas Supply  
Advisory, Conciliation and Arbitration  
Service  
Health and Safety Commission

Office of Water Services  
Ordnance Survey  
Property Holdings  
PSA Services  
Charity Commission  
Crown Office, Scotland  
Crown Prosecution Service  
Land Registry  
Northern Ireland Court Service  
Public Record Office  
Serious Fraud Office  
Treasury Solicitor's Department

Office of Population Censuses  
and Surveys

Department of the  
Registers of Scotland  
General Register Office (Scotland)  
Scottish Courts Administration  
Scottish Records Office

Central Office of Information  
Central Statistical Office  
Crown Estate Office  
Department of National Savings  
Government Actuary's Department  
HM Customs and Excise  
HM Stationery Office  
Inland Revenue  
National Investment and Loans Office  
Paymaster General's Office  
Registry of Friendly Societies  
Royal Mint  
House of Commons  
House of Lords  
National Audit Office  
Office of The Minister for the Civil Service  
Parliamentary Commissioner and Health  
Service Commissioners  
Privy Council Office

## Appendix D Tax allowances and reliefs

1. Most of the analyses in this Supplement relate to the Government's public expenditure plans but it also needs to be remembered that the Government often has a choice between providing help through public expenditure or through tax reliefs. Where the Government provides help through the tax system then this will be treated in the public sector accounts as a reduction in Government revenue, whereas the provision of a grant to the private sector will count as public expenditure. The effect for the individual or company concerned will often be similar and it is therefore sometimes appropriate to consider the cost of tax reliefs and allowances as well as the direct public expenditure costs when considering the level of assistance provided by the Government to certain sectors of the economy.

2. **Table D1** therefore, shows the estimated costs of Inland Revenue tax allowances and reliefs in 1990-91. All figures, except those specifically referred to in the footnotes, are on the basis of accruals, not receipts, in 1990-91. Updated estimates for 1989-90 have been published in Table 1.7 of Inland Revenue Statistics 1990. In interpreting the estimates, the following considerations should be borne in mind:

(a) No attempt is made to distinguish reliefs and allowances which can be regarded as part of the structure of the tax system.

(b) Each relief is costed separately; the combined costs of more than one cannot, therefore, be calculated by summing the figures.

(c) The figures represent the reduction in tax liabilities resulting from the existence of the relief and cannot in general be interpreted as the tax yield from withdrawing it. If a relief were to be withdrawn, taxpayers' behaviour would be likely to change and alterations to other reliefs might be necessary, but estimates of these effects are usually very uncertain, particularly where the figures for the cost of the existence of the relief is large. An obvious example is the exemption from capital gains tax of gains from the sale of owner-occupied houses.

(d) The costs of personal income tax relief and allowances do not cover persons who are not on Inland Revenue records because their incomes are below tax thresholds.



Table D1 Costs of direct tax allowances and reliefs

	£ million Estimated cost for 1990-91
<b>Income Tax</b>	
Personal allowance <sup>(1)</sup>	24,500
Married couples allowance <sup>(2)</sup>	5,300
Age-related allowances <sup>(3)</sup>	575
Additional personal allowance for one parent family <sup>(4)</sup>	210
Widow's bereavement allowance	50
Blind person's allowance	5
Relief for:	
Employees' contributions to occupational pension schemes <sup>(5)</sup>	2,200
Employers' contributions to occupational pension schemes <sup>(5)(6)</sup>	3,800
Investment income of occupational pension schemes <sup>(5)(7)</sup>	4,900
Lump sum payments to pensioners <sup>(5)(7)</sup>	1,000
Contributions to personal pensions (including retirement annuity premia and FSAVCs) <sup>(6)(8)</sup>	1,100*
Life assurance premiums (where insurance contract made before 14 March 1984) <sup>(9)</sup>	340
Private medical insurance premiums for the over 60's <sup>(9)</sup>	50
Qualifying interest on loans for purchase or improvement of owner-occupied etc property <sup>(9)</sup>	7,800
Approved profit sharing schemes	120
Approved savings-linked share option schemes <sup>(10)(11)</sup>	60*
Approved share option schemes <sup>(11)</sup>	140*
Instalment relief on share options exercised outside approved schemes	neg
Personal Equity Plans	45*
Business Expansion Scheme	90*
Profit-related pay	25
Expenditure on property managed as one estate	neg
Foreign pensions	5*
Special security measures	neg
Schedule E work expenses allowed as a deduction <sup>(12)</sup>	280
Half of Class 4 National Insurance Contributions	110
Exemption of:	
First £70 of National Savings Bank ordinary account interest	10*
Interest on National Savings Certificates including index-linked Certificates	275*
Premium Bond prizes	35*
SAYE	60*
Tax Exempt Special Savings Account Interest	20*
Income of charities <sup>(13)</sup>	500
Charitable donations under the payroll giving scheme	neg
British government securities where owner not ordinarily resident in United Kingdom	400*
Foreign service allowance paid to Crown Servants abroad	50
Student maintenance awards	70*
NI child dependency additions	10*
Sickness benefit <sup>(14)</sup>	20*
Invalidity benefit and severe disablement allowances	350*
Industrial disablement benefits	70*
Allowances to rehabilitees	neg
Attendance allowance	110*
Mobility allowance	50*
Maternity allowance <sup>(15)</sup>	5*
£10 Christmas bonus for pensioners	5*
War disablement benefits	70*
War widow's pension	20*
Children's allowance to Forces' widows	neg

Table D1 Costs of direct tax allowances and reliefs (continued)

	£ million Estimated cost for 1990-91
Pensions and annuities paid to holders of the Victoria Cross and certain other gallantry awards	neg
Farming etc averaging of profits	5*
Widows' payments	10*
Benefits of medical expenses paid by employer when employee falls sick when abroad	neg
Benefits of alterations to accommodation by reason of employment	neg
Special security measures:	neg
Certain expenses of MPs	neg
Benefit of retraining paid by employers for certain employees	neg
<b>Income Tax and Corporation Tax</b>	
Capital allowances: <sup>(16)(17)</sup>	
Income tax relief	750*
Corporation tax relief	10,600*
of which:	
North Sea oil and gas production	1,100*
Public corporations	500*
other	9,000*
Double taxation relief: <sup>(18)</sup>	
Income tax and corporation tax	2,000*
Corporation tax:	
Small companies reduced rate of corporation tax	550*
Relief to investment companies for losses on unquoted shares in trading companies	5*
Reduced rate of corporation tax on policy holders' fraction of profits	140
Payments to ESOP trusts	neg
<b>Petroleum Revenue Tax <sup>(19)</sup></b>	
Uplift on qualifying expenditure <sup>(20)</sup>	110
Relief for exploration and appraisal expenditure	600
Cross field allowance for 10 per cent of development expenditure on certain new fields	20
Oil allowance	300
Safeguard: restricting petroleum revenue tax to not more than 80 per cent of the excess over a 15 per cent return on historic capital cost	25
Tariff receipt allowance	80
Exemption for gas sold to British Gas under pre-July 1975 contracts	240
<b>Capital Gains Tax</b>	
Exemption of:	
First £5,000 of gains of individuals and first £2,500 of gains of trustees	300*
Gains accrued but unrealised at death	260*
Gains arising on disposal of a person's only or main residence (or residence provided for a dependent relative) <sup>(21)</sup>	3,000*
Relief for:	
Land acquired by authorities with compulsory purchase powers	5*
Rollover relief for gifts (including transfers out of trusts)	25*
<b>Inheritance Tax</b>	
Exemption of:	
Transfers on death to surviving spouses <sup>(22)</sup>	700*
Transfers to charities on death	140
Relief for:	
Agricultural property	40
Business property	30
Heritage property and maintenance funds <sup>(23)</sup>	140*
Quick succession relief	neg
Double taxation	neg
Death on active service	neg

Table D1 Costs of direct tax allowances and reliefs (continued)

	£ million Estimated cost for 1990-91
<b>Stamp duty</b>	
Exemption of:	
Transfers of government stocks and loan stocks	1,100
Transfers of houses or other property (not stocks and shares) where the consideration does not exceed £30,000	60

Costs which are under £3 million are classified as negligible.

\*This figure is particularly tentative and subject to a wide margin of error.

- (1) Under Independent Taxation, from 1990-91 every individual taxpayer is entitled to a personal allowance which can be set against any type of income.
- (2) From 1990-91 a married man can claim the married couples allowance in addition to his personal allowance. If the husband's net income is too small to use the whole of the married couples allowance the unused allowance can be transferred to his wife.
- (3) The figure represents the cost of the amount of the excess of the aged personal and aged married couples allowances for non-aged taxpayers. It includes £30 million cost of the higher aged allowances for those aged 75 or over.
- (4) Including £10 million for the additional personal allowance available to a married man with children whose wife is totally incapacitated.
- (5) The total cost of tax reliefs for pension schemes cannot be calculated by adding together the costs of the individual reliefs as this would imply a considerable degree of multiple taxation.
- (6) On the basis that under present arrangements employers' contributions are not taxable as a benefit in kind of the employee.
- (7) Assuming relief at the basic rate of income tax.
- (8) It is not possible to provide reliable estimates of the cost of exemption for investment income and lump sum payments related to retirement annuity contracts.
- (9) Including the cost of deductions at source for non-taxpayers.
- (10) The figure excludes the cost of the tax-free bonus or interest received under the SAYE contract. This is included in the SAYE item below.
- (11) The figure quoted assumes that prices of shares over which options are exercised follow those in the market generally.
- (12) Of which about £25 million allowable under S.201 of ICTA 1988.
- (13) This figure comprises:
  - (i) The total sum repaid to charities and scientific research associations in respect of tax credits on dividends, and income tax deducted at source from other investment income payments under deeds of covenant and single donations by companies and individuals under The Gift Aid Scheme. Information is not available about income received by these bodies without deduction of tax, and no allowance in the figures is made for this; and
  - (ii) an estimate of the higher rate relief received by the payers of covenanted sums and single donations under Gift Aid.
- (14) Excludes the taxable Statutory Sick Pay (SSP) which is payable in most cases for the first twenty eight weeks of sickness.
- (15) This figure excludes taxable Statutory Maternity Pay (SMP).
- (16) The figures for capital allowances are net of balancing charges.
- (17) As in the past the capital allowance estimates include initial and first year allowances as well as "writing down" and any other allowances. However, the changes made by the Finance Act 1984 substantially removed initial and first year allowances, thus bringing the relief more closely into line with the depreciation actually experienced.
- (18) Relates to accounting periods ending 1987-88, the latest year for which fairly full information is available.
- (19) The figures are net of any consequential effect on corporation tax and represent the effect on 1990 calendar year accruals.
- (20) The cost of all types of expenditure relief for PRT ie upliftable expenditure, including uplift, non-upliftable expenditure and exploration and appraisal expenditure would be £2,950 million. This figure reflects the fact that in the case of PRT—in contrast to many other direct taxes—no distinction is made between revenue and capital, and operating costs as well as capital expenditure are classed as a relief.
- (21) On the assumption that there would be no relief for gains when disposal proceeds were applied to the purchase of another house. As mentioned in paragraph 2(c), the cost quoted does not represent the yield from abolition of the relief; consequential effects on the housing market could substantially reduce the yield.
- (22) This cost is in respect only of transfers for which an account is submitted to the Capital Taxes Offices.
- (23) This is the cost in respect of claims made in the year.

## Appendix E Territorial analysis of expenditure: detailed results

1. The final part of **Section 2** of this Supplement presents some summary details of the outcome of the 1990 territorial analysis of general government expenditure and describes the basis of the analysis. This appendix sets out in detail the analyses of expenditure by function in each of the years 1985–86 to 1989–90. The figures are given in cash terms, percentages, £ per head and in index form. This material was set out in the House of Commons Official Report on 13 December 1990 (OR WA Cols 449–460).

**Table E1a Identifiable general government expenditure, 1985–86**

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	618.8	225.4	109.8	148.5	1,102.5	56.1	20.4	10.0	13.5
Trade, industry, energy and employment	3,509.2	664.5	340.3	375.4	4,889.4	71.8	13.6	7.0	7.7
Roads and transport	3,448.7	539.5	268.4	101.3	4,357.9	79.1	12.4	6.2	2.3
Housing	3,099.1	624.0	135.3	345.5	4,203.9	73.7	14.8	3.2	8.2
Other environmental services	3,662.1	501.2	282.4	196.7	4,642.4	78.9	10.8	6.1	4.2
Law, order and protective services	4,192.1	519.9	228.2	473.6	5,413.8	77.4	9.6	4.2	8.7
Education and science	13,562.9	2,052.6	838.2	636.0	17,089.7	79.4	12.0	4.9	3.7
Arts and libraries	581.8	69.9	31.6		683.3	85.1	10.2	4.6	
Health and personal social services	16,604.8	2,314.8	1,051.0	697.8	20,668.4	80.3	11.2	5.1	3.4
Social security	35,311.3	4,072.6	2,245.7	1,310.0	42,939.6	82.2	9.5	5.2	3.1
Miscellaneous <sup>(1)</sup>	-33.8	97.3	34.5	33.3	131.3	-25.7	74.1	26.3	25.4
<b>Total</b>	<b>84,557.0</b>	<b>11,681.7</b>	<b>5,565.4</b>	<b>4,318.1</b>	<b>106,122.2</b>	<b>79.7</b>	<b>11.0</b>	<b>5.2</b>	<b>4.1</b>

**Table E1b Identifiable general government expenditure per head, 1985–86**

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	13.1	43.9	39.0	95.3	19.5	67.5	225.4	200.5	489.5
Trade, industry, energy and employment	74.5	129.4	121.0	241.0	86.4	86.3	149.8	140.1	279.0
Roads and transport	73.2	105.0	95.5	65.0	77.0	95.1	136.5	124.0	84.5
Housing	65.8	121.5	48.1	221.8	74.3	88.6	163.6	64.8	298.7
Other environmental services	77.7	97.6	100.4	126.3	82.0	94.8	119.0	122.5	154.0
Law, order and protective services	89.0	101.2	81.2	304.0	95.6	93.1	105.9	84.9	317.9
Education and science	287.9	399.6	298.1	408.3	301.8	95.4	132.4	98.8	135.3
Arts and libraries	12.3	13.6	11.2		12.1	102.3	112.8	93.1	
Health and personal social services	352.5	450.7	373.8	447.9	365.1	96.5	123.5	102.4	122.7
Social security	749.5	792.9	798.7	840.9	758.4	98.8	104.5	105.3	110.9
Miscellaneous <sup>(1)</sup>	-0.7	18.9	12.3	21.4	2.3	-30.9	816.8	529.1	921.8
<b>Total</b>	<b>1,794.8</b>	<b>2,274.3</b>	<b>1,979.3</b>	<b>2,771.9</b>	<b>1,874.4</b>	<b>95.8</b>	<b>121.3</b>	<b>105.6</b>	<b>147.9</b>

(1) Includes net receipts of Land Registry in England and Wales and costs of the central administration of the offices of the Secretaries of State of the territorial departments.

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	590.2	202.7	120.9	153.7	1,067.5	55.3	19.0	11.3	14.4
Trade, industry, energy and employment	3,911.4	811.1	404.2	387.7	5,514.4	70.9	14.7	7.3	7.0
Roads and transport	3,599.1	575.5	292.7	105.0	4,572.3	78.7	12.6	6.4	2.3
Housing	2,956.2	631.2	177.8	334.7	4,099.9	72.1	15.4	4.3	8.2
Other environmental services	3,841.6	546.9	318.5	209.8	4,916.8	78.1	11.1	6.5	4.3
Law, order and protective services	4,592.2	571.2	247.4	521.3	5,932.1	77.4	9.6	4.2	8.8
Education and science	14,838.6	2,198.4	924.6	729.0	18,690.6	79.4	11.8	4.9	3.9
Arts and libraries	619.1	72.1	33.6		724.8	85.4	9.9	4.6	
Health and personal social services	17,878.6	2,444.1	1,131.4	748.8	22,202.9	80.5	11.0	5.1	3.4
Social security	37,965.2	4,355.6	2,422.8	1,423.2	46,186.8	82.2	9.4	5.3	3.1
Miscellaneous <sup>(1)</sup>	-47.7	103.5	36.7	39.7	132.2	-36.1	78.3	27.8	30.0
<b>Total</b>	<b>90,744.5</b>	<b>12,512.3</b>	<b>6,130.6</b>	<b>4,652.9</b>	<b>114,040.3</b>	<b>79.6</b>	<b>11.0</b>	<b>5.4</b>	<b>4.1</b>

	£ per head					Index (United Kingdom identifiable expenditure=100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	12.5	39.6	42.9	98.7	18.8	66.4	210.5	227.9	525.0
Trade, industry, energy and employment	82.8	158.4	143.3	249.0	97.1	85.2	163.0	147.5	256.3
Roads and transport	76.2	112.4	103.8	67.4	80.6	94.6	139.5	128.8	83.7
Housing	62.6	123.3	63.0	215.0	72.2	86.6	170.7	87.3	297.7
Other environmental services	81.3	106.8	112.9	134.8	86.6	93.9	123.3	130.3	155.6
Law, order and protective services	97.2	111.5	87.7	334.9	104.5	93.0	106.7	83.9	320.4
Education and science	314.0	429.3	327.8	468.3	329.3	95.4	130.4	99.5	142.2
Arts and libraries	13.1	14.1	11.9		12.8	102.6	110.3	93.3	
Health and personal social services	378.3	477.3	401.1	481.0	391.1	96.7	122.0	102.5	123.0
Social security	803.4	850.5	865.9	914.2	813.7	98.7	104.5	106.4	112.4
Miscellaneous <sup>(1)</sup>	-1.0	20.2	13.0	25.5	2.3	-43.3	867.8	558.6	1,094.9
<b>Total</b>	<b>1,920.3</b>	<b>2,443.3</b>	<b>2,173.2</b>	<b>2,988.8</b>	<b>2,009.0</b>	<b>95.6</b>	<b>121.6</b>	<b>108.2</b>	<b>148.8</b>

(1) Includes net receipts of Land Registry in England and Wales and costs of the central administration of the offices of the Secretaries of State of the territorial departments.

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	632.1	194.3	97.4	152.8	1,076.6	58.7	18.0	9.0	14.2
Trade, industry, energy and employment	3,646.4	704.7	406.8	369.2	5,127.1	71.1	13.7	7.9	7.2
Roads and transport	3,761.5	589.1	333.5	108.6	4,792.7	78.5	12.3	7.0	2.3
Housing	2,981.1	716.9	225.9	336.6	4,260.5	70.0	16.8	5.3	7.9
Other environmental services	3,749.3	587.4	334.9	229.6	4,901.2	76.5	12.0	6.8	4.7
Law, order and protective services	5,094.1	643.6	277.2	592.1	6,607.0	77.1	9.7	4.2	9.0
Education and science	16,234.5	2,386.5	1,018.2	787.4	20,426.6	79.5	11.7	5.0	3.9
Arts and libraries	666.1	78.0	37.8		781.9	85.2	10.0	4.8	
Health and personal social services	19,711.0	2,665.9	1,256.1	810.1	24,443.1	80.6	10.9	5.1	3.3
Social security	39,496.6	4,673.1	2,557.5	1,504.1	48,231.3	81.9	9.7	5.3	3.1
Miscellaneous <sup>(1)</sup>	-49.2	109.1	37.1	38.5	135.5	-36.3	80.5	27.4	28.4
<b>Total</b>	<b>95,923.5</b>	<b>13,348.6</b>	<b>6,582.4</b>	<b>4,929.0</b>	<b>120,783.5</b>	<b>79.4</b>	<b>11.1</b>	<b>5.4</b>	<b>4.1</b>

**Table E3b Identifiable general government expenditure per head, 1987-88**

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	13.3	38.0	34.3	97.0	18.9	70.5	201.0	181.6	513.0
Trade, industry, energy and employment	76.9	137.8	143.4	234.4	90.1	85.4	153.1	159.3	260.3
Roads and transport	79.3	115.2	117.6	68.9	84.2	94.3	136.9	139.7	81.9
Housing	62.9	140.2	79.6	213.7	74.8	84.0	187.4	106.4	285.6
Other environmental services	79.1	114.9	118.1	145.8	86.1	91.9	133.5	137.2	169.3
Law, order and protective services	107.5	125.9	97.7	375.9	116.1	92.6	108.5	84.2	323.9
Education and science	342.5	466.8	359.0	499.9	358.8	95.4	130.1	100.1	139.3
Arts and libraries	14.1	15.3	13.3		13.7	102.3	111.1	97.0	
Health and personal social services	415.8	521.5	442.9	514.3	429.4	96.8	121.5	103.2	119.8
Social security	833.1	914.1	901.7	954.9	847.2	98.3	107.9	106.4	112.7
Miscellaneous <sup>(1)</sup>	-1.0	21.3	13.1	24.4	2.4	-43.6	896.7	549.6	1,027.0
<b>Total</b>	<b>2,023.4</b>	<b>2,611.2</b>	<b>2,320.9</b>	<b>3,129.3</b>	<b>2,121.6</b>	<b>95.4</b>	<b>123.1</b>	<b>109.4</b>	<b>147.5</b>

(1) Includes net receipts of Land Registry in England and Wales and costs of the central administration of the offices of the Secretaries of State of the territorial departments.

**Table E4a Identifiable general government expenditure, 1988-89**

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	707.4	203.8	108.0	146.3	1,165.5	60.7	17.5	9.3	12.6
Trade, industry, energy and employment	3,773.2	660.0	405.8	770.6 <sup>(1)</sup>	5,609.6	67.3	11.8	7.2	13.7
Roads and transport	3,904.7	596.1	338.8	112.1	4,951.7	78.9	12.0	6.8	2.3
Housing	2,120.3	644.7	172.8	334.3	3,272.1	64.8	19.7	5.3	10.2
Other environmental services	3,962.4	647.0	352.5	259.0	5,220.9	75.9	12.4	6.8	5.0
Law, order and protective services	5,741.0	715.4	309.4	637.1	7,402.9	77.6	9.7	4.2	8.6
Education and science	17,396.3	2,604.3	1,083.3	852.8	21,936.7	79.3	11.9	4.9	3.9
Arts and libraries	795.0	92.3	41.9		929.2	85.6	9.9	4.5	
Health and personal social services	21,789.2	2,968.9	1,390.9	889.1	27,038.1	80.6	11.0	5.1	3.3
Social security	40,270.9	4,697.8	2,745.9	1,567.3	49,281.9	81.7	9.5	5.6	3.2
Miscellaneous <sup>(2)</sup>	-57.1	115.8	40.1	47.1	145.9	-39.1	79.4	27.5	32.3
<b>Total</b>	<b>100,403.3</b>	<b>13,946.1</b>	<b>6,989.4</b>	<b>5,615.7</b>	<b>126,954.5</b>	<b>79.1</b>	<b>11.0</b>	<b>5.5</b>	<b>4.4</b>

**Table E4b Identifiable general government expenditure per head, 1988-89**

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	14.9	40.0	37.8	92.7	20.4	72.9	195.9	185.1	453.9
Trade, industry, energy and employment	79.4	129.6	142.0	488.3 <sup>(1)</sup>	98.3	80.7	131.8	144.5	496.7
Roads and transport	82.1	117.0	118.6	71.0	86.8	94.7	134.9	136.7	81.9
Housing	44.6	126.6	60.5	211.8	57.3	77.8	220.7	105.5	369.4
Other environmental services	83.4	127.0	123.4	164.1	91.5	91.1	138.8	134.9	179.4
Law, order and protective services	120.8	140.4	108.3	403.7	129.7	93.1	108.3	83.5	311.2
Education and science	366.0	511.2	379.2	540.4	384.4	95.2	133.0	98.6	140.6
Arts and libraries	16.7	18.1	14.7		16.3	102.7	111.3	90.1	
Health and personal social services	458.4	582.8	486.8	563.4	473.8	96.7	123.0	102.8	118.9
Social security	847.2	922.2	961.1	993.2	863.6	98.1	106.8	111.3	115.0
Miscellaneous <sup>(2)</sup>	-1.2	22.7	14.0	29.8	2.6	-47.0	889.1	549.0	1,167.4
<b>Total</b>	<b>2,112.1</b>	<b>2,737.8</b>	<b>2,446.4</b>	<b>3,558.5</b>	<b>2,224.7</b>	<b>94.9</b>	<b>123.1</b>	<b>110.0</b>	<b>160.0</b>

(1) Includes £390 million (£247 per head) for costs associated with the privatisation of Short Brothers PLC.

(2) Includes net receipts of Land Registry in England and Wales and costs of the central administration of the offices of the Secretaries of State of the territorial departments.

	£ million					As a percentage of United Kingdom identifiable expenditure				
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland	
Agriculture, fisheries, food and forestry	890.9	220.2	105.9	182.7	1,399.7	63.6	15.7	7.6	13.1	
Trade, industry, energy and employment	3,676.6	648.9	362.0	751.0 <sup>(1)</sup>	5,438.5	67.6	11.9	6.7	13.8	
Roads and transport	4,624.5	696.9	346.5	130.8	5,798.7	79.8	12.0	6.0	2.3	
Housing	3,365.7	645.1	169.6	267.2	4,447.6	75.7	14.5	3.8	6.0	
Other environmental services	5,310.6	715.2	449.6	279.6	6,755.0	78.6	10.6	6.7	4.1	
Law, order and protective services	6,482.2	808.1	329.1	697.6	8,317.0	77.9	9.7	4.0	8.4	
Education and science	19,153.9	2,825.4	1,168.8	940.0	24,088.1	79.5	11.7	4.9	3.9	
Arts and libraries	910.6	101.1	48.5		1,060.2	85.9	9.5	4.6		
Health and personal social services	23,609.8	3,267.8	1,521.0	961.6	29,360.2	80.4	11.1	5.2	3.3	
Social security	42,616.6	5,024.3	2,907.3	1,700.5	52,248.7	81.6	9.6	5.6	3.3	
Miscellaneous <sup>(2)</sup>	-1.7	126.3	49.7	59.0	233.3	-0.7	54.1	21.3	25.3	
<b>Total</b>	<b>110,639.7</b>	<b>15,079.3</b>	<b>7,458.0</b>	<b>5,970.0</b>	<b>139,147.0</b>	<b>79.5</b>	<b>10.8</b>	<b>5.4</b>	<b>4.3</b>	

	£ per head					Index (United Kingdom identifiable expenditure = 100)				
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland	
Agriculture, fisheries, food and forestry	18.7	43.3	36.9	115.4	24.5	76.4	176.9	150.7	471.9	
Trade, industry, energy and employment	77.1	127.5	126.0	474.4 <sup>(1)</sup>	95.0	81.1	134.2	132.6	499.3	
Roads and transport	97.0	136.9	120.6	82.6	101.3	95.7	135.1	119.0	81.6	
Housing	70.6	126.7	59.0	168.8	77.7	90.8	163.1	76.0	217.2	
Other environmental services	111.4	140.5	156.5	176.6	118.0	94.4	119.0	132.6	149.7	
Law, order and protective services	135.9	158.7	114.5	440.7	145.3	93.5	109.2	78.8	303.3	
Education and science	401.6	555.0	406.8	593.8	420.9	95.4	131.9	96.7	141.1	
Arts and libraries	19.1	19.9	16.9		18.5	103.1	107.2	91.1		
Health and personal social services	495.1	641.9	529.4	607.5	513.0	96.5	125.1	103.2	118.4	
Social security	893.6	987.0	1,011.9	1,074.2	912.9	97.9	108.1	110.8	117.7	
Miscellaneous <sup>(2)</sup>		24.8	17.3	37.3	4.1	-0.9	608.7	424.4	914.4	
<b>Total</b>	<b>2,320.0</b>	<b>2,962.1</b>	<b>2,595.8</b>	<b>3,771.3</b>	<b>2,431.1</b>	<b>95.4</b>	<b>121.8</b>	<b>106.8</b>	<b>155.1</b>	

(1) Includes £305 million (£193 per head) for costs associated with the privatisation of Short Brothers PLC.

(2) Includes net receipts of Land Registry in England and Wales and costs of the central administration of the offices of the Secretaries of State of the territorial departments.

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## Appendix F Regional analysis of expenditure

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1. In response to a request from the Treasury and Civil Service Committee (TCSC) an analysis was carried out in the summer of 1990 of the available data on the regional distribution of public expenditure within England. The work concentrated on a disaggregation by region of the expenditure identified to England in the Treasury's annual territorial analysis of public spending.
2. **Table F1** sets out, by function, the results of this analysis for expenditure in 1987-88 using the broad approach underlying the Treasury's latest annual territorial analysis. The table also shows the corresponding figures from the 1990 territorial analysis. It shows that about 85 per cent of expenditure identifiable as English can be disaggregated by region. However, the extent of this regional disaggregation varies widely between functions. About 96 per cent of total health expenditure and around 90 per cent of expenditure on social security and transport have been split by region. However, in a number of other areas, such as agriculture, fisheries and food, there is an appreciable core of expenditure which cannot be readily disaggregated by region.
3. **Table F2** presents the figures from **Table F1** on a per capita basis. Spending allocated by region varies from £1,443 per head in East Anglia to £1,963 in the Northern Region. However, these figures should be treated with caution. Identifiable expenditure which cannot be allocated by region averages about £300 per head for England as a whole. Were it possible to allocate this expenditure between regions the relative levels of regional per capita spending could differ from those set out in **Table F2**. It is also important to bear in mind that because it has not been possible to allocate fully the amount shown in the territorial analysis the figures for spending in individual regions of England cannot be compared directly to the territorial totals.
4. It is also important to recognise the limitations of an analysis of this sort. There are significant definitional problems associated with allocating expenditure to particular areas on a "for the benefit of" basis. For example, hospitals and health facilities are not used solely by the residents of the region in which the facility is located and roads serve the needs of more than the geographical area through which they pass. Definitional and border problems become increasingly significant the smaller the geographical unit considered.
5. The analysis of regional spending in England set out in **Tables F1** and **F2** reflects: (i) the spending of local authorities by region of authority; (ii) estimated spending by regional health authorities and family practitioner committees located within the region (boundaries of RHAs do not align exactly with those of the standard regions, however); (iii) payments of social security benefits to residents of each region; (iv) spending on trunk roads in each region; and (v) expenditure on regional preferential assistance by the region in which the recipient industries were located.
6. Other information on the regional distribution of spending is available. Appendix 5 of the TCSC's Second Report for 1987-88 presented a note by the Treasury which includes a list of published information on regional spending. In addition to the analysis of expenditure on equipment by region the Ministry of Defence also publishes in the Statement on the Defence Estimates, an analysis of the deployment of UK manpower by standard region (eg Table 4.13 of Cm 1022-III). In its response to the TCSC's report on the Chancellor's Departments' Departmental Report (Second Report for 1990-91) the Treasury has noted that a regional breakdown of the expenditure of the Chancellor's departments will be given in the 1991 Report.



**Table F1 Identifiable general government expenditure, by area and function, 1987-88**

	Allocation of expenditure by region									Totals from 1990 territorial analysis <sup>(2)</sup>				£ million
	Northern Region	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands	North West	Total of all Regions	Unallocated <sup>(1)</sup>	England	Scotland	Wales	Northern Ireland
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Agriculture, fisheries, food and forestry	5.0	13.7	12.0	7.0	68.0	15.0	8.3	16.0	144.9	487.2	632.1	194.3	97.4	152.8
Trade, industry, energy and employment	121.7	57.5	22.3	5.9	67.9	32.5	40.1	99.7	447.5	3,198.9	3,646.4	704.7	406.8	369.2
Roads and transport	274.4	388.0	234.2	114.3	1,189.3	311.3	381.2	496.9	3,389.7	371.8	3,761.5	589.1	333.5	108.6
Housing	143.8	175.8	59.1	12.6	355.4	33.6	174.2	339.6	1,294.2	1,686.9	2,981.1	716.9	225.9	336.6
Other environmental services	290.8	360.9	232.2	88.6	1,280.3	272.9	328.5	331.3	3,185.4	563.9	3,749.3	587.4	334.9	229.6
Law, order and protective services	282.5	426.7	295.9	138.4	1,919.2	346.6	434.6	611.2	4,455.1	639.0	5,094.1	643.6	277.2	592.1
Education and science	987.5	1,557.4	1,186.4	519.1	5,322.2	1,219.5	1,612.9	2,045.0	14,450.0	1,784.5	16,234.5	2,386.5	1,018.2	787.4
Arts and libraries	33.3	53.4	38.7	16.0	209.1	38.1	53.6	66.3	508.5	157.6	666.1	78.0	37.8	
Health and personal social services	1,239.0	1,944.5	1,387.2	713.4	7,235.0	1,675.3	1,975.5	2,707.6	18,877.5	833.5	19,711.0	2,665.9	1,256.1	810.1
Social security	2,662.1	3,647.1	2,731.9	1,290.3	12,187.9	3,336.2	3,818.7	5,246.2	34,920.5	4,576.1	39,496.6	4,673.1	2,557.5	1,504.1
Miscellaneous										-49.2	-49.2	109.1	37.1	38.5
<b>Total</b>	<b>6,040.1</b>	<b>8,625.0</b>	<b>6,200.0</b>	<b>2,905.5</b>	<b>29,834.2</b>	<b>7,281.0</b>	<b>8,827.7</b>	<b>11,959.8</b>	<b>81,673.3</b>	<b>14,250.2</b>	<b>95,923.5</b>	<b>13,348.6</b>	<b>6,582.4</b>	<b>4,929.0</b>

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure which could be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury's 1990 territorial analysis (OR, 13 December 1990, cols 449-460). This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage. The size of the discrepancy is estimated at about 1 per cent of the total expenditure identified as English in column 11.

(2) Figures show the identifiable spending by function from the Treasury's last territorial analysis (OR, 13 December 1990, cols 449-460). The figures for England, Scotland, Wales and Northern Ireland are not consistent with those for the regions of England, set out in columns 1 to 8, which exclude expenditure within England not allocated between regions (see footnote (1)).

**Table F2 Identifiable general government expenditure, per capita, by area and function, 1987-88**

	Allocation of expenditure by region									Unallo- cated <sup>(1)</sup>	Totals from 1990 territorial analysis <sup>(2)</sup>				£ per head
	Northern Region	Yorkshire and Hum- berside	East Midlands	East Anglia	South East	South West	West Midlands	North West	Total of all Regions		England	Scotland	Wales	Northern Ireland	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)	(11)	(12)	(13)	
Agriculture, fisheries, food and forestry	1.6	2.8	3.0	3.5	3.9	3.3	1.6	2.5	3.1	10.3	13.3	38.0	34.3	97.0	
Trade, industry, energy and employment	39.5	11.7	5.6	2.9	3.9	7.1	7.7	15.7	9.4	67.5	76.9	137.8	143.4	234.4	
Roads and transport	89.2	79.2	59.4	56.8	68.7	67.8	73.3	78.0	71.5	7.8	79.3	115.2	117.6	68.9	
Housing	46.7	35.9	15.0	6.2	20.5	7.3	33.5	53.3	27.3	35.6	62.9	140.2	79.6	213.7	
Other environmental services	94.5	73.6	58.9	44.0	73.9	59.5	63.2	52.0	67.2	11.9	79.1	114.9	118.1	145.8	
Law, order and protective services	91.8	87.1	75.0	68.7	110.8	75.5	83.6	95.9	94.0	13.5	107.5	125.9	97.7	375.9	
Education and science	321.0	317.8	300.9	257.8	307.3	265.8	310.3	321.0	304.8	37.6	342.5	466.8	359.0	499.9	
Arts and libraries	10.8	10.9	9.8	7.9	12.1	8.3	10.3	10.4	10.7	3.3	14.1	15.3	13.3		
Health and personal social services	402.7	396.8	351.9	354.3	417.8	365.1	380.1	425.0	398.2	17.6	415.8	521.5	442.9	514.3	
Social security	865.2	744.3	693.0	640.8	703.8	727.1	734.7	823.6	736.6	96.5	833.1	914.1	901.7	954.9	
Miscellaneous										-1.0	-1.0	21.3	13.1	24.4	
<b>Total</b>	<b>1,963.1</b>	<b>1,760.1</b>	<b>1,572.7</b>	<b>1,442.9</b>	<b>1,722.8</b>	<b>1,586.8</b>	<b>1,698.4</b>	<b>1,877.5</b>	<b>1,722.8</b>	<b>300.6</b>	<b>2,023.4</b>	<b>2,611.2</b>	<b>2,320.9</b>	<b>3,129.3</b>	

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure which could be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury's 1990 territorial analysis (OR, 13 December 1990, cols 449-460). This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage. The size of the discrepancy is estimated at about 1 per cent of the total expenditure identified as English in column 11.

(2) Figures show the identifiable spending by function from the Treasury's last territorial analysis (OR, 13 December 1990, cols 449-460). The figures for England, Scotland, Wales and Northern Ireland are not consistent with those for the regions of England, set out in columns 1 to 8, which exclude expenditure within England not allocated between regions (see footnote (1)).

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## Glossary of terms

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**Aggregate External Finance (AEF)** is the envelope of external support for local authority services which are also funded from the community charge. It comprises revenue support grant (qv), payments from the yield of non-domestic rates (qv) and certain specific grants (broadly all specific grants other than those which fund all or almost all, spending on the service in question).

**Aggregate Exchequer Grant (AEG)** was the aggregate of grants paid by central government to local authorities to supplement income from rates and, for Scotland in 1989-90 and 1990-91, from the community charge. It included rate support grant/revenue support grant, and certain specific grants, broadly on the basis explained above for AEF.

**Annual Capital Guideline (ACG):** a service ACG is a measure of the relative need of a local authority to incur capital expenditure. A local authority's total ACG is the sum of its basic credit approvals (qv) and its receipts taken into account (qv).

**Appropriation accounts** are prepared for each Vote (qv), covering Supply expenditure (qv) which has arisen in the previous financial year.

**Asset creation:** This Supplement includes a number of analyses of "public sector asset creation" (previously described as "public sector capital spending"). These analyses show the extent to which the public sector is helping to increase or renew the nation's stock of physical assets. The figures cover gross expenditure on assets, except purchases of existing assets, and capital grants to the private sector. Although not within the planning total the analyses cover such expenditure by local authorities and public corporations. The expenditure on defence which falls within the NATO definition of capital expenditure (much of which, for consistency with national accounts, is treated as current expenditure within the planning total) is also included in the figures for "asset creation".

**Basic credit approvals (BCA)** are credit approvals (qv) which may be used for any service.

**Billion:** a thousand million.

**Capital allocations:** see net capital allocations

**Capital consumption** is a measure of the amount of fixed capital resources used up each year. It is allowed for (as depreciation) in the prices charged by trading bodies (qv). An imputed charge for the consumption of non-trading capital assets is included in general government expenditure in the national accounts but not in the planning total.

**Capital spending** covers capital expenditure on physical assets, expenditure on stocks and grants and lending for capital purposes. The capital component of the planning total covers the following:

- (i) Central government expenditure
  - net expenditure on assets (including stock building).
  - capital grants (to the private sector and public corporations (other than nationalised industries)).
  - net lending.
  - capital expenditure by New Town Development Corporations and the Commission for New Towns.

- (ii) Central government support for local authorities
  - capital grants.
  - credit approvals/net capital allocations.
- (iii) Nationalised industries financing requirements
  - capital grants.
  - borrowing.
- (iv) Privatisation proceeds.

The wages and salaries of certain people engaged in planning and supervising capital projects are included in capital expenditure. Local authority capital spending includes the same elements as for central government but also covers the capital value of assets acquired under financial leases, property leased for more than 20 years, and all vehicles leased for more than one year.

**Cash block :** Central government support for local authority capital expenditure is divided into a number of different cash blocks, which reflect the arrangements for monitoring and controlling this expenditure.

**Cash limits** set a limit on the amount of money the Government proposes to spend or authorise on certain services or blocks of services during one financial year. Cash limits as a means of control over cash spending in the year ahead were introduced generally in 1976. The nationalised industries' contribution to public expenditure is controlled by means of external financing limits (qv), which are a form of cash limit for individual industries.

**Central government** comprises Parliament, government departments and the Northern Ireland departments, extra-departmental government funds (the largest of which is the National Insurance Fund) and a substantial number of other bodies which are controlled by departments and are often wholly or partly financed from government funds and which do not undertake commercial type activities as a major part of their work. The National Health Service is by far the largest. In addition the central government sector includes a small number of trading bodies (qv), whose current expenditure is excluded from public expenditure but whose subsidies from central government are included in the planning total. Trading funds (qv), although formally part of central government, are treated as public corporations for public expenditure planning, control and statistical purposes. The financing requirements of trading funds and other public corporations (excluding nationalised industries) are presented alongside central government's own expenditure in this Supplement.

**Classification changes:** see paragraph 4 of **Section 3**.

**Community charge** is the charge payable by all adults, with certain limited exemptions, as a payment towards the cost of services provided by local authorities. It replaced domestic rates from April 1989 in Scotland and April 1990 in England and Wales.

**Consolidated Fund** is the Government's main account with the Bank of England. The largest part of central government expenditure is financed from this Fund and the Government's tax revenues and other current receipts are paid into it.

**Credit approvals** are permissions given by central government for individual local authorities in England and Wales to borrow or raise other forms of credit for capital purposes. Different arrangements apply in Scotland, where capital allocations are issued, and Northern Ireland which has no direct equivalent.

**Current expenditure on goods and services** covers the economic categories (qv) of public service pay and other current expenditure on goods and services. It includes direct expenditure on providing services, eg health or education, but not the operating costs of general government trading bodies (qv), eg local authority ports. Current expenditure on goods and services is measured net of charges made for certain goods and services. Notional allowances for non-trading capital consumption (qv) (the "using-up" of schools, hospitals, roads etc) are omitted. For control reasons, central government expenditure is measured net of any VAT which is refunded to departments. Local authority expenditure is not part of the planning total, but is shown and analysed separately in a number of tables in this Supplement. It is also measured net of VAT refunded to local authorities since this is how they present their own accounts. Virtually all defence spending, on buildings as well as on equipment, is treated as current expenditure on goods and services to conform with international national accounting conventions (see also **capital spending**).

**Departmental running costs** are the gross costs of administration of central government, including the pay of civil servants and those members of the armed

forces engaged in support activities, and all associated general administrative expenditure (including the costs of accommodation, travel, training etc). Accruing superannuation liability costs for Civil Service staff under the Principal Civil Service Pension Scheme are excluded as are pensions in payment. Departmental running costs comprise the gross running costs of both gross and net controlled areas but exclude the administrative costs of trading funds (qv).

**Economic categories:** The following broad economic categories have been used in this Supplement:

- (i) Pay
- (ii) Other current expenditure on goods and services
- (iii) Subsidies
- (iv) Current grants to persons
- (v) Current grants to local authorities
- (vi) Non-domestic rate payments
- (vii) Net capital expenditure on assets
- (viii) Capital grants
- (ix) Other capital grants
- (x) Credit approvals (including net capital allocations)
- (xi) Lending and other financial transactions

These categories are briefly described in paragraph 9 of **Section 3**.

**Estimates:** see **Supply expenditure**.

**External finance of public corporations** consists of financial support (lending, subsidies and grants) from central government for nationalised industries, trading funds and other public corporations and their borrowing from commercial sources, both in the UK and abroad (including the capital value of certain leases). Grants which are generally available to the private sector, such as grants for regional assistance, are not scored as external finance but are regarded as contributing to internal resources.

**External financing limits (EFLs)** are cash limits imposed by the Government on external finance.

**General government** is the central government and local authorities sectors consolidated. See also **public sector**.

**General government expenditure:** see paragraph 5 of **Section 1**.

**Grants** are unrequited payments to individuals or bodies, ie payments for which no goods or services are received in return. Grants made to assist in financing capital expenditure are classified as capital grants. Unrequited payments to trading concerns which are designed to allow the concern to sell goods and services at below the economic price, whether in the public or private sector, are classified as subsidies (qv).

**Gross domestic product (GDP) (at market prices)** is the value of the goods and services produced by United Kingdom residents, including taxes on the expenditure on both home produced and imported goods and services and the effect of subsidies. No deduction is made for depreciation of existing assets. (Gross national product (GNP) includes, in addition, the income of United Kingdom residents from economic activity abroad and property held abroad, less the corresponding income of non-residents arising in the United Kingdom).

**Local authorities** (see **Section 5**): This sector comprises elected local councils, police authorities, fire and civil defence authorities, residuary bodies, passenger transport authorities and some other bodies controlled by councils jointly.

**National Insurance Fund** is the statutory fund into which all national insurance contributions payable by employers, employees and the self-employed are paid, and from which expenditure on contributory social security benefits is met.

**National Loans Fund** is the Government's account with the Bank of England set up under the National Loans Fund 1968. All government borrowing transactions (including the payment of debt interest) and most lending transactions are handled through this Fund.

**Nationalised industries** are discussed in **Section 6**. They consist of those public corporations (qv) listed in **Table 6.5**.

**Net capital allocations** are the equivalent in Scotland of credit approvals in England and Wales. They are derived by deducting capital grants from capital allocations (permissions to spend).

**Net lending** comprises loans to the private sector (individuals, unincorporated bodies and companies), to overseas governments, to nationalised industries and other public corporations (including issues of public dividend capital and, up to 1988, issues under Section 18 of the Iron and Steel Act 1975) and drawings on UK subscriptions to international lending bodies. All are measured net of repayments of principal.

**Non-domestic rates** are the contribution towards the cost of local authority services paid by the occupiers of non-domestic property, principally businesses. The rate bill for a property depends on its rateable value and the poundage for the year in question. In England and Wales, from April 1990, the poundage is set by central government, at a uniform rate throughout each country, the National Non-Domestic Rate (NNDR), or Uniform Business Rate (UBR). These rates are collected by local authorities, paid into a central pool, and redistributed to authorities as an equal amount per chargepayer. In Scotland there remain local poundages, but the Government has announced its intention of harmonising these poundages at the level of the UBR in England, and the Secretary of State has power to prescribe local poundages to this end.

**Outturn and estimated outturn** describe expenditure actually incurred or estimates made on the basis of partial information.

**Pay** includes remuneration, employers' contributions to national insurance and to occupational pension schemes and in the case of pension arrangements such as those for the Armed Forces and civil servants, actual pensions paid as a proxy for contributions.

**Planning total:** see paragraph 8 of **Section 1**.

**Privatisation proceeds:** see paragraphs 10 and 11 of **Section 7**.

**Public corporations** are publicly owned trading bodies, usually statutory corporations, with a substantial degree of financial independence from central government and local authorities including the powers to borrow and to maintain reserves. They include nationalised industries, trading funds and other public corporations (see **Sections 4** and **6**).

**Public dividend capital (PDC)** is a form of long-term government finance for certain public corporations, on which the government is paid dividends rather than interest. In the nationalised industries, it is the Government's policy to make PDC available only to those industries which are expected to be both fully viable and subject to cyclical fluctuations in their returns as a result of their trading conditions and the nature of their assets.

**Public Expenditure Survey (PES)** is the annual review of public expenditure plans undertaken by the Government.

**Public sector** comprises central government, local authorities and public corporations (qv) (see also **general government**).

**Rate Support Grant** was superseded by Revenue Support Grant in Scotland in 1989-90 and in England and Wales in 1990-91, alongside the introduction of the community charge.

**Real terms** figures are the cash outturn or plans adjusted for the effect of general inflation, as measured by the GDP market price deflator (see paragraphs 5 to 12 of **Appendix A**).

**Receipts from fees and charges:** Central and local government expenditure is measured net of receipts from certain fees and charges, such as those for school meals, further education courses, prescriptions and dental treatment etc. Essentially, current expenditure on goods and services is shown net of receipts when:

- (i) there is a clear and direct link between the payment of the fee or charge and the acquisition of specific goods and services (including the testing of an ability or level of performance or the establishment of standards); and
- (ii) the size of payment is related to the cost of providing the goods and services, and the government is not using its power to make the charge an instrument for raising revenue.

**Receipts taken into account (RTIA)** are subtracted from a local authority's annual capital guideline (qv) to arrive at its basic credit approval (qv). They are set at a proportion of local authority's total usable receipts, enabling the government to take into account local authority receipts when distributing credit approvals.

The **Reserve** provides a margin for uncertainties and is intended to cover any future additions to spending, whether these result from policy changes, new initiatives, contingencies or revised estimates of the cost of a demand-led programme such as social security.

**Revenue Support Grant (RSG)** is the unhypothecated grant from central government to supplement local authorities' own finances. It replaced Rate Support Grant (qv) in Scotland in 1989-90, and in England and Wales in 1990-91 alongside the introduction of the community charge.

**Running costs:** see **Departmental running costs**.

**Running cost receipts** are departmental receipts arising from charging other departments or outside bodies for activities whose costs fall within the ambit of departmental running costs (qv). It includes receipts from servicemen for food and accommodation.

**Spending sectors:** see paragraph 2 of **Section 3**.

**Stock building:** The value of the physical increase in stocks, eg the agricultural produce stocks held by the Intervention Board.

**Subsidies** are payments to trading concerns which reduce the selling prices below the factor cost of production. Examples include payments under the Beef Variable Premium Scheme and payments by the Export Credits Guarantee Department to commercial banks to meet the differences between the interest charged by the banks on fixed rate loans at international consensus rates and the interest payments they make on their own borrowing (see also **grants**).

**Supplementary credit approvals** are credit approvals (qv) allocated to specific projects.

**Supply Estimates:** see **Supply expenditure**.

**Supply expenditure** is expenditure which is financed by monies voted by Parliament in the Supply Estimates; also termed **Voted in Estimates**.

**Survey:** see **Public Expenditure Survey**.

**Trading bodies** are publicly owned trading concerns which are closely integrated with general government (qv). In particular they are not able to hold reserves, as distinct from working balances and so they are required to account for capital expenditure on a strictly annual basis. Their capital expenditure is included in public expenditure but their current expenditure (and current receipts) are excluded, in line with the general treatment of trading activities. There are few central government trading bodies (eg Remploy Ltd) but a large number of local authority trading bodies, eg local authority theatres and recreational facilities.

**Trading funds:** A trading fund provides a financing framework which covers operating costs and receipts, capital expenditure, borrowing and net cash flow. It has powers to meet capital expenditure and working capital requirements, and to establish reserves out of surpluses. Within this framework, it can meet outgoings without detailed cash flows passing through Vote accounting arrangements. Trading funds are government departments or accountable units within government departments set up under the Government Trading Funds Act 1973. This Act has now been amended by the Government Trading Act 1990. This will enable the responsible Minister, where he thinks this will lead to improved management efficiency and effectiveness, to set up as trading funds bodies which are performing a statutory and monopoly service whose fees are fixed by or under statute. Existing trading funds include HMSO and the Royal Mint. Trading funds likely to be set up during 1991/92 include the Central Office of Information and the Vehicle Inspectorate.

**Uniform business rate:** see **non-domestic rates**.

**Vote:** An individual Supply Estimate (qv).

**Voted in Estimates:** see **Supply expenditure**.

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