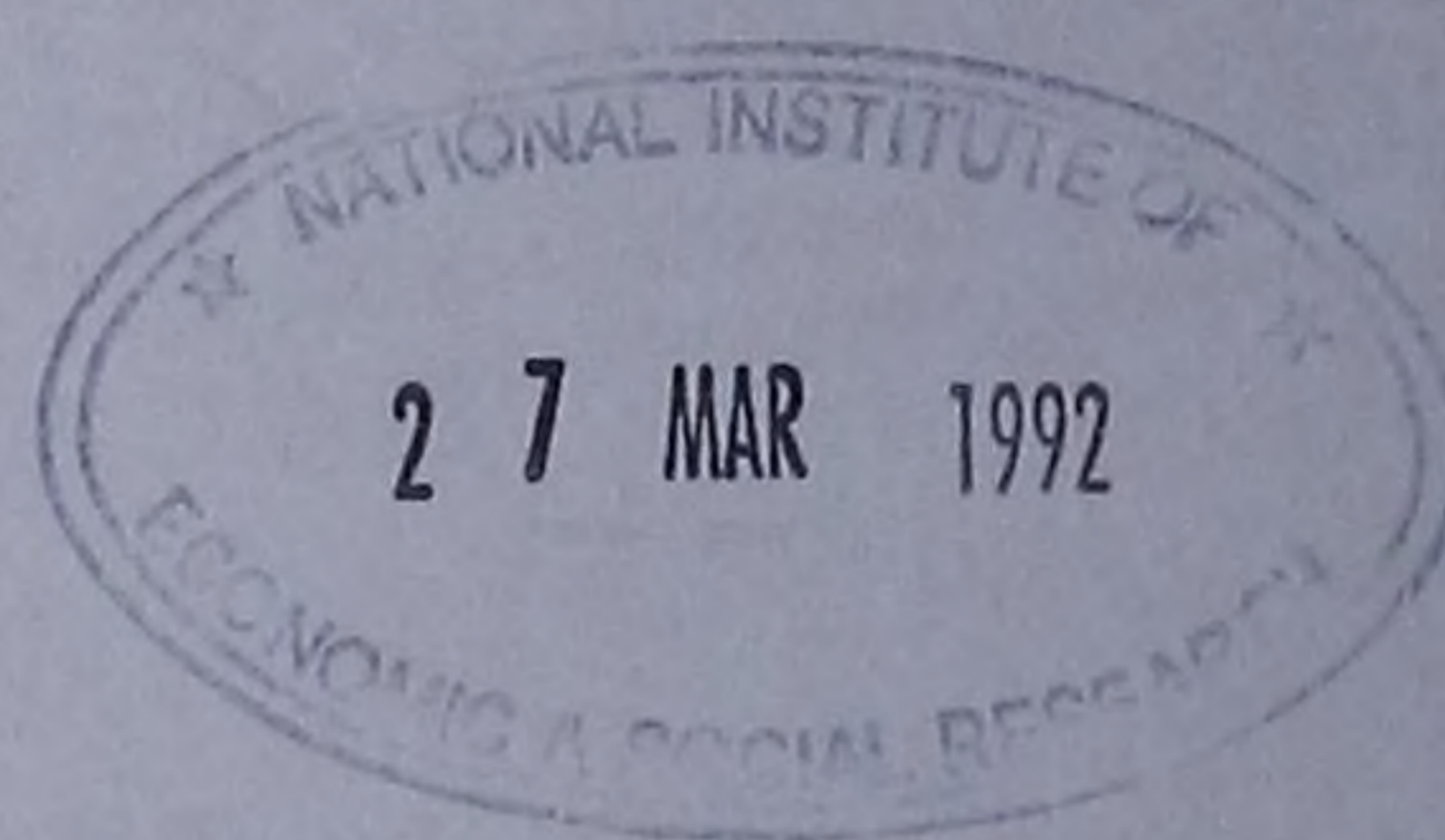

Public Expenditure Analyses to 1994–95

Statistical Supplement to the 1991 Autumn Statement



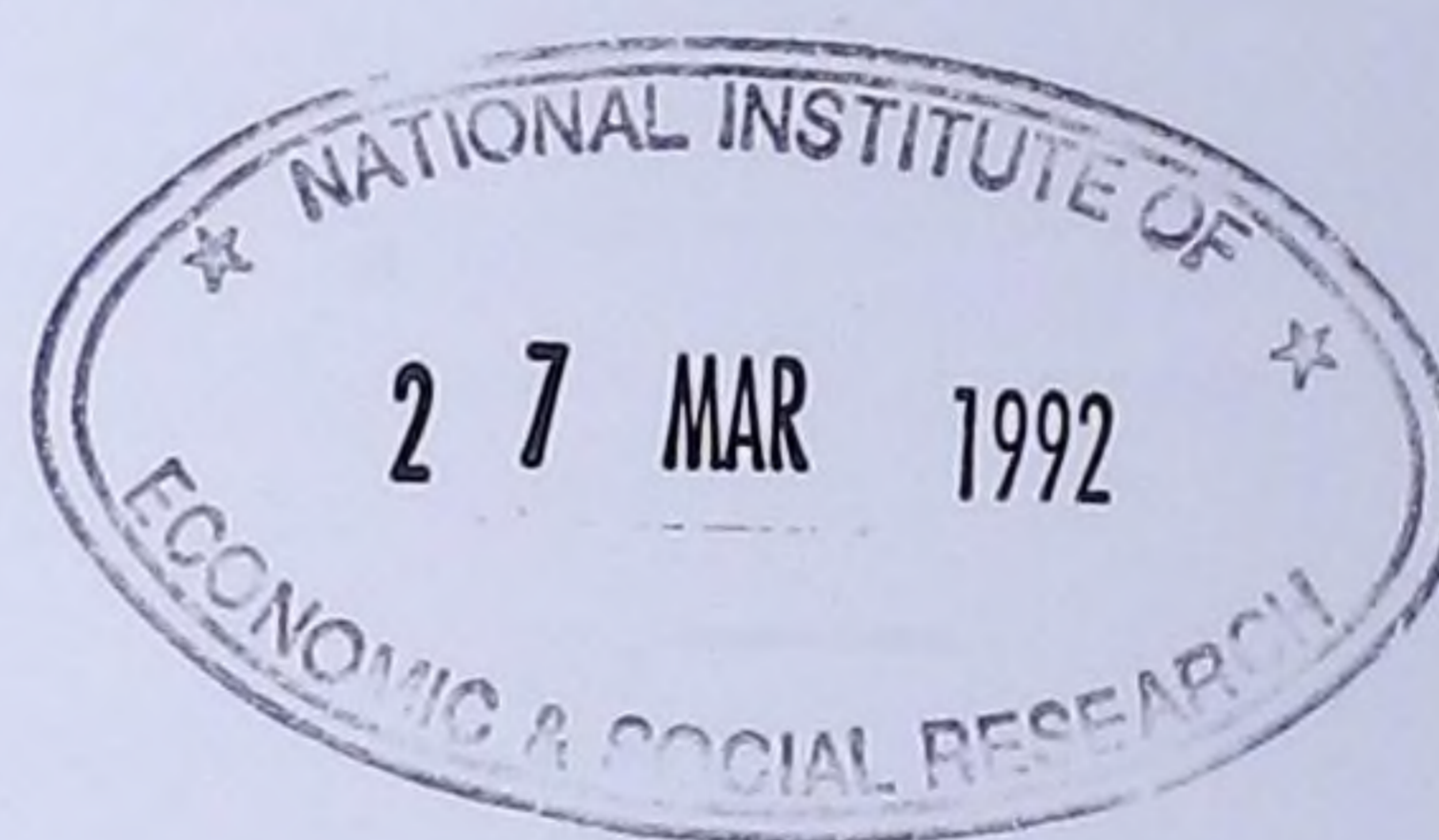
This Supplement summarises the more detailed information on the outcome of the 1991 Public Expenditure Survey published in the series of departmental reports which present the Government's expenditure plans for 1992–93 to 1994–95. These reports and this Supplement were introduced in 1991 as replacements for the annual public expenditure White Paper. The 1992 departmental reports are listed below.

- Cm 1901 Ministry of Defence
- Cm 1902 Foreign and Commonwealth Office (including Overseas Development Administration)
- Cm 1903 Ministry of Agriculture, Fisheries and Food and Intervention Board
- Cm 1904 Trade and Industry
- Cm 1905 Energy
- Cm 1906 Department of Employment
- Cm 1907 Department of Transport
- Cm 1908 Environment
- Cm 1909 Home Office (including Charity Commission)
- Cm 1910 Lord Chancellor's and Law Officers' Departments
- Cm 1911 Department of Education and Science
- Cm 1912 Office of Arts and Libraries
- Cm 1913 Department of Health and Office of Population Censuses and Surveys
- Cm 1914 Department of Social Security
- Cm 1915 Scotland and Forestry Commission
- Cm 1916 Wales
- Cm 1917 Northern Ireland
- Cm 1918 Chancellor of the Exchequer's Departments
Net payments to European Community institutions
- Cm 1919 Cabinet Office, Privy Council Office and Parliament



Public Expenditure Analyses to 1994-95

Statistical Supplement to the 1991 Autumn Statement



*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty January 1992*

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Section One Introduction

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1. Introduction

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 1991 Survey were announced by the Chancellor on 6 November 1991. More information was presented in the printed Autumn Statement, published on 13 November 1991.

1.2 The information in the Autumn Statement is supplemented by a series of individual departmental reports published around 3 months later. These give more details of each department's plans for the next three years for its own expenditure and the financing requirements of any public corporations for which it is responsible, following the allocation of the totals agreed in the Public Expenditure Survey. The reports also give details, where appropriate, of central government support for local authorities and of 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 the 1992 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. The Supplement also presents a number of analyses of gross expenditure on asset creation (see **paragraph 1.16**) and some analyses of expenditure by territory and region (see **Appendix E**). Most of the figures given for the future years correspond exactly to those published in the Autumn Statement. There are, however, some small differences which reflect a number of technical adjustments. In particular the spending sector totals for the territorial departments, for which only a provisional allocation is available at the time of the Autumn Statement, have been revised. The figures for past years and the current year have been updated to reflect the latest information on spending.

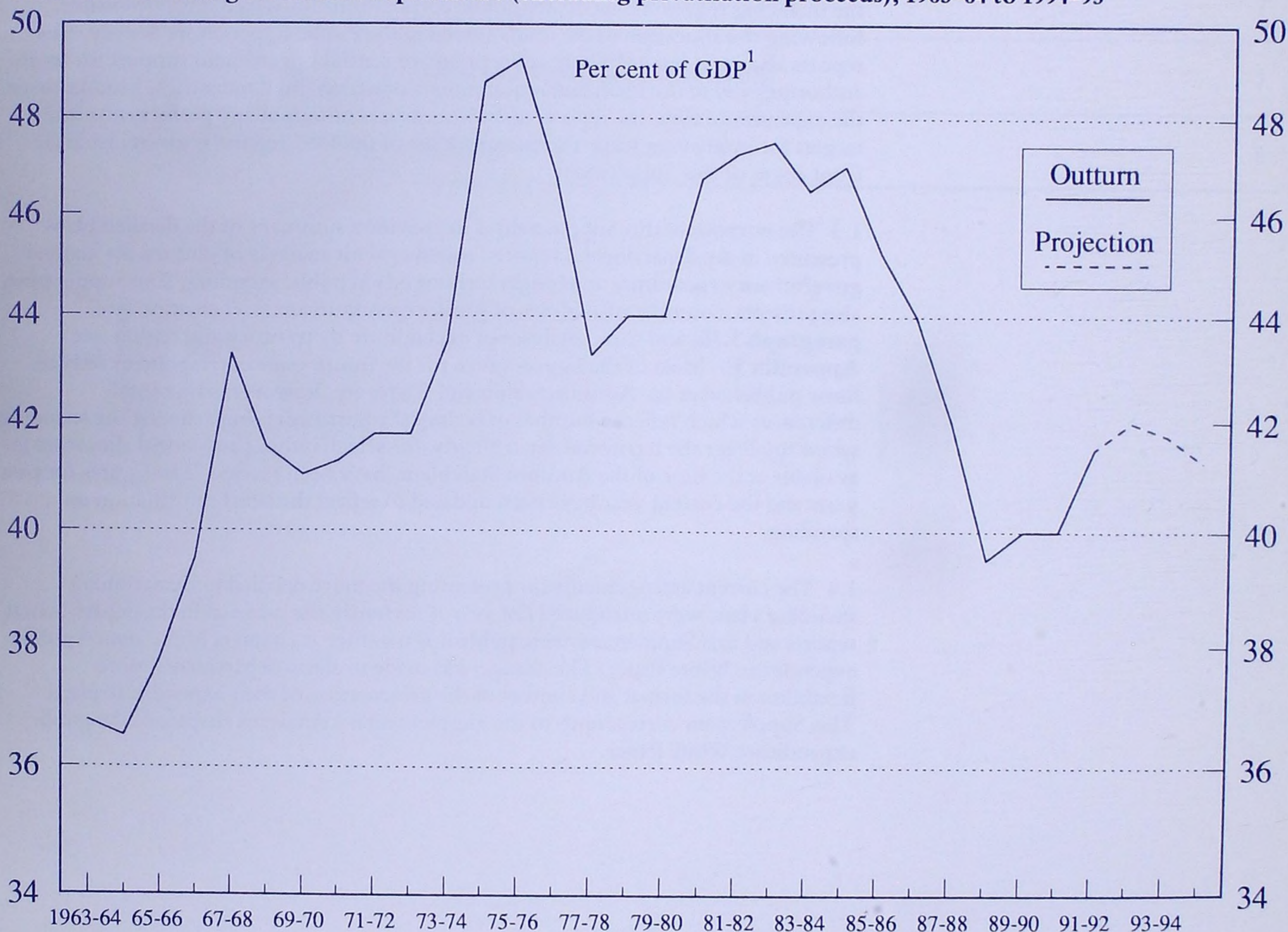
1.4 The current arrangements for presenting the more detailed information on spending plans were introduced last year. Previously the material in the departmental reports and this Supplement were published together as chapters of the annual public expenditure White Paper. The change was made to allow departments more flexibility in the format and content of the presentation of their expenditure plans. This Supplement corresponds to the Supplementary Analyses chapter of the public expenditure White Paper.

General government expenditure

1.5 The Government's 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, which is the combined spending of central government and local authorities, is the main spending aggregate used in the Medium Term Financial Strategy (MTFS).

1.6 **Chart 1.1** shows general government expenditure (excluding privatisation proceeds) as a percentage of gross domestic product for the period 1963–64 to 1994–95. The ratio fell from 47½ per cent in 1982–83 to 40 per cent in 1990–91; it has risen to 41½ per cent in 1991–92, largely reflecting the effects of the economic cycle. It is expected to rise slightly in 1992–93 before resuming its downward trend in 1993–94 (see **Table 2.1** for detailed figures).

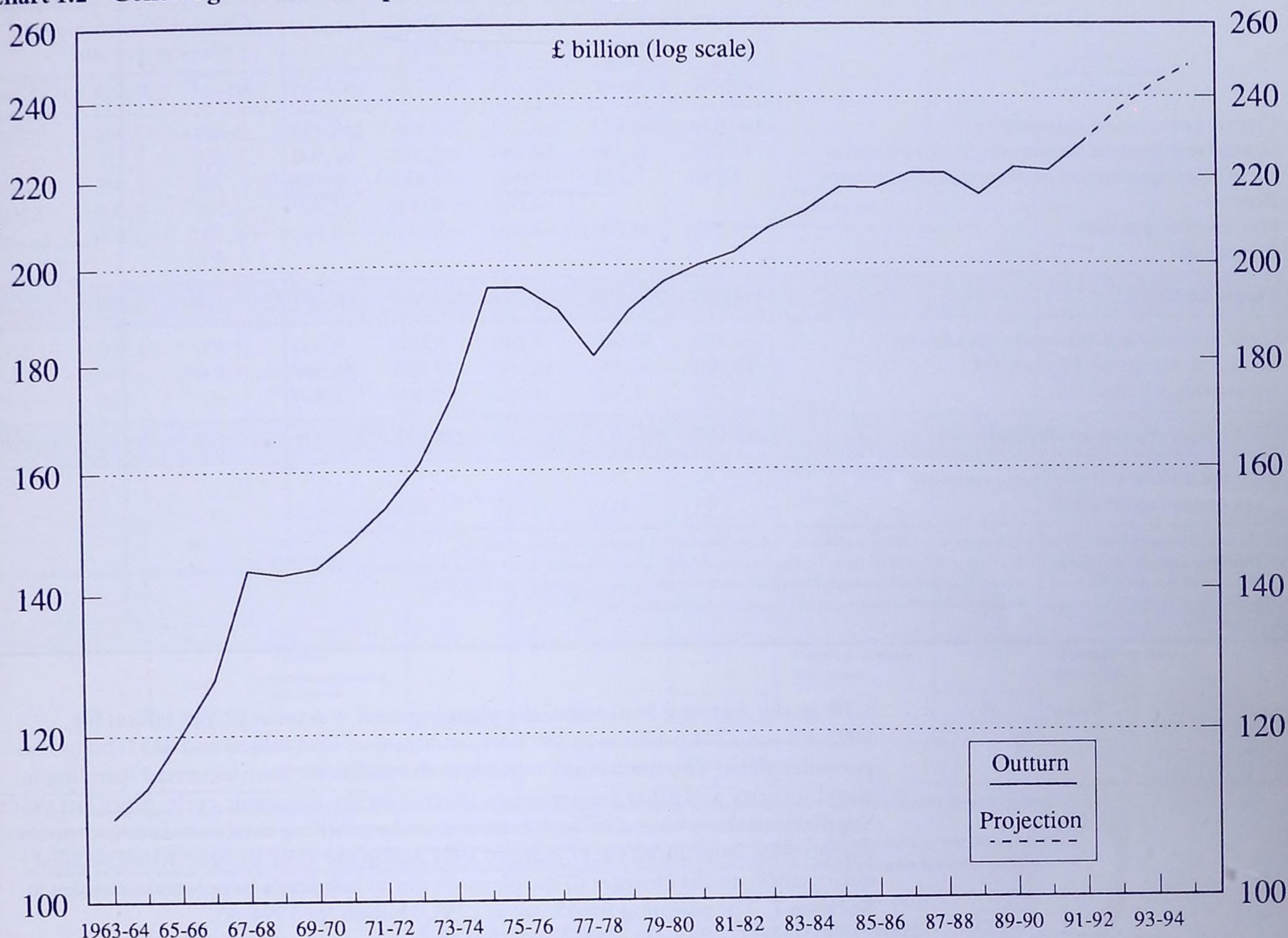
Chart 1.1 General government expenditure (excluding privatisation proceeds), 1963–64 to 1994–95



¹ Adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 13 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**.

Chart 1.2 General government expenditure (excluding privatisation proceeds) in real terms⁽¹⁾, 1963–64 to 1994–95



(1) Cash figures adjusted to 1990–91 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 13 of Appendix A.

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 over which central government has control – expenditure by central government departments, support provided by central government for expenditure by local authorities, the financing requirements of the nationalised industries and public corporations and privatisation proceeds. Unlike GGE, the planning total 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) and debt interest. There are a number of other differences between the two aggregates; these differences (“accounting adjustments”) are described in **Appendix B**. The current definition of the planning total was introduced in the 1989 Public Expenditure Survey. Previously the planning total had covered all local authority expenditure, ie it also included local authority self-financed expenditure.

1.9 Cash plans for expenditure over the period 1992–93 to 1994–95 and new projections for items of expenditure outside the planning total are summarised in **Table 1.1**. The table also shows the changes from previous plans and projections.

	Outturn Estimated					New plans/ projections ⁽¹⁾			£ million		
	Outturn		Estimated					Changes from previous			
	1990–91	1991–92	1992–93	1993–94	1994–95	1991–92	1992–93	1993–94			
Central government expenditure ⁽³⁾	140,574	156,673	168,725	178,100	185,450	4,500	7,008	10,100			
Central government support for local authorities	42,521	53,340	58,458	61,050	63,900	850	2,776	4,550			
Financing requirements of nationalised industries	2,236	2,672	3,446	2,855	2,175	345	1,305	885			
Reserve			4,000	8,000	12,000	–3,500	–3,000	–2,500			
Privatisation proceeds	–5,345	–8,000	–8,000	–5,500	–5,500	–2,500	–2,500	0			
Adjustment ⁽⁴⁾		300				300					
Planning total	179,985	205,000	226,629	244,550	258,000	0	5,589	13,000			
Local authority self-financed expenditure	14,853	10,500	8,500	9,000	9,000	1,300	–1,000	–2,500			
Central government debt interest	17,508	16,700	16,500	17,500	18,500	–100	–500				
Accounting adjustments	3,790	4,300	4,500	5,000	5,500	400	–500	–500			
General government expenditure	216,136	236,400	256,400	276,600	291,200	1,700	4,000	10,200			
GGE (excluding privatisation proceeds) as a percentage of GDP	40	41½	42	41¾	41¼						

(1) The table shows new plans for the planning total and its constituents and projections for the other items in general government expenditure.
(2) The changes shown are the differences from the figures set out in the Statistical Supplement to the 1990 Autumn Statement (Cm 1520) after adjustment for changes of classification and transfers between spending sectors and the increases to the planning total to reduce levels of Community Charge bills announced on 17 January 1991 and in the 1991 Budget.
(3) Includes the financing requirements of trading funds and public corporations other than the nationalised industries.
(4) See paragraph 14 of Appendix A.

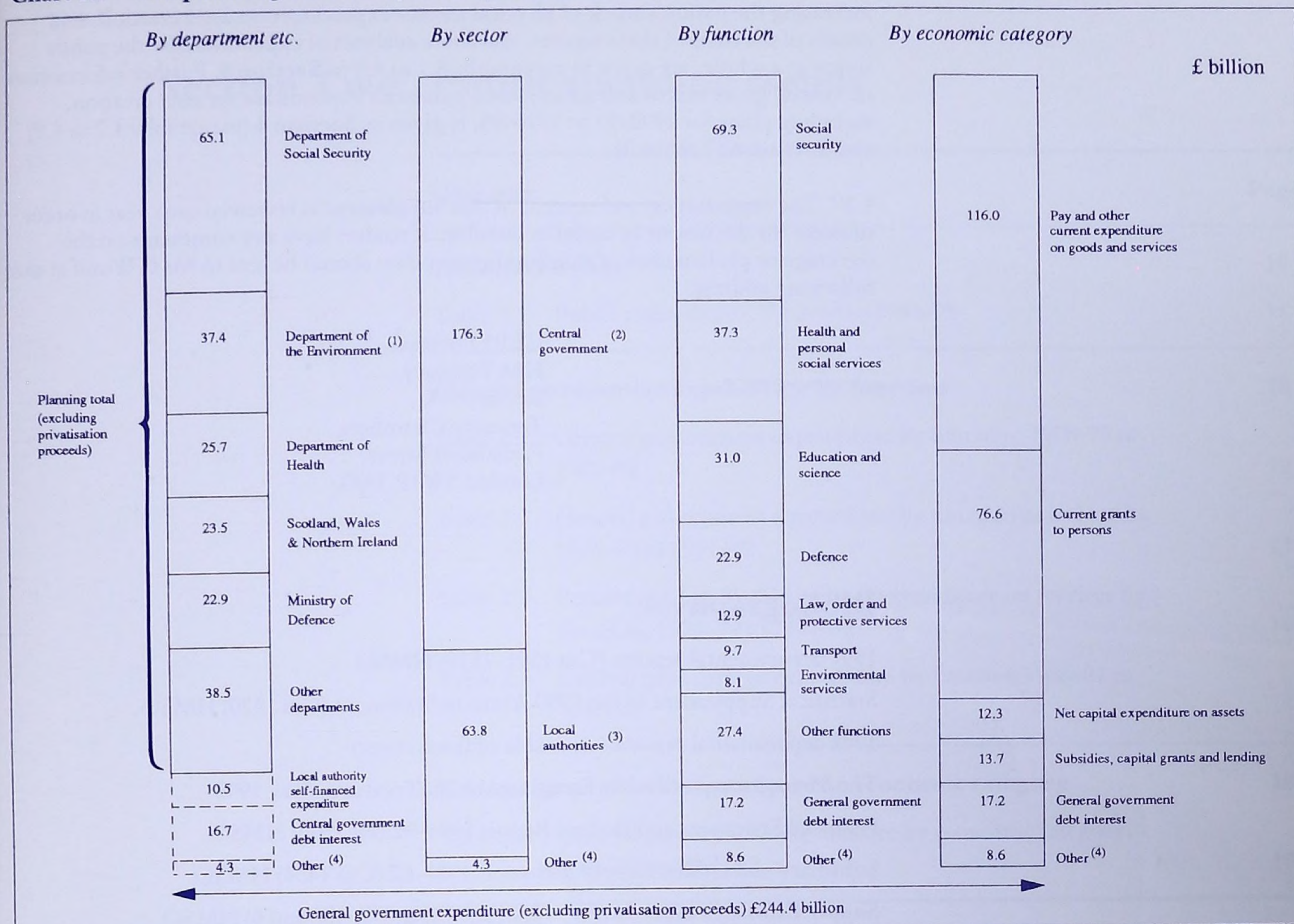
1.10 In the Autumn Statement, the planning total was set at £226.6 billion for 1992–93 and £244.5 billion in 1993–94, additions of £5.6 billion and £13.0 billion on previous plans. The main contributions to the additions were increased spending on social security and other programmes affected by the economic cycle. Since last year's Supplement there have also been increases to the planning total to reduce community charge bills, announced on 17 January 1991 and in the 1991 Budget. More detailed information on the changes to the plans set out in last year's Supplement is given in **Section 7**. The planning total is set at £258.0 billion for 1994–95.

1.11 Although, as in previous Surveys, extra resources have been provided for priority services, it is equally important that the most effective use of resources is made in all areas. The citizen, both as a customer and a taxpayer, is entitled to expect high-quality services provided efficiently within a tax bill the nation can afford. The Citizen's Charter, published on 22 July 1991 (Cm 1599), will give a further stimulus to greater efficiency improvements through a new emphasis on service standards and value for money.

1.12 The latest forecast for the planning total in 1991–92 is £205.0 billion, which is in line with the plans for 1991–92 set out in last year's Statistical Supplement after adjustment for the changes to reduce community charge bills announced on 17 January 1991 and in the 1991 Budget. This reflects, in particular, higher spending on social security, offset by additional privatisation proceeds. This latest forecast represents an increase over the forecast set out in the 1991 Autumn Statement of £0.1 million.

1.13 **Chart 1.3** shows, for 1991–92, 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.

Chart 1.3 The planning total and general government expenditure: How it is planned and spent, 1991-92



(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 the financing requirements of public corporations (including nationalised industries). It also includes central government debt interest (£16.7 billion)

(3) The total is made up of £53.3 billion financed by support from central government and £10.5 billion financed from local authorities own resources. It includes local authority debt interest (£5.6 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.

Organisation of the Supplement

1.14 The purpose of this Supplement is to present some detailed summaries of the new expenditure plans. Most of the analyses show the results in the context of figures for the years from 1986-87. However to give a longer perspective, some analyses of 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, have not been generated for years prior to 1984-85.

1.15 The structure of the Supplement is as follows:

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 nationalised industries respectively. **Section 5** also contains analyses of expenditure by local authorities for past years and the current year;

Section 7 gives details of changes from previously published plans; and

Section 8 presents a number of further analyses of general interest.

The Supplement also contains a number of appendices, including one on territorial and regional expenditure data, a glossary of the technical terms used and an index to the departmental reports.

1.16 A number of the sections include data on gross expenditure on renewing or increasing the nation's stock of physical assets - expenditure on asset creation. Full details of the basis of these figures, and some analyses of expenditure by the public sector as a whole, are given in paragraphs 8.1 to 8.9 of **Section 8**. Further information on central government and nationalised industries expenditure on asset creation, including plans for 1992-93 to 1994-95, is given in **Section 4** (paragraphs 4.7 to 4.9) and **Section 6** (Table 6.3).

1.17 The organisation and content of this Supplement is reviewed each year in order to make the document as useful as possible. If readers have any comments on the coverage or presentation of this Supplement they should be sent to Mr C Woolf at the following address:

GEP3 Division,
HM Treasury,
Room 91/4,
Treasury Chambers,
Parliament Street,
London SW1P 3AG.

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Section Two Public spending trends

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2. Public spending trends

2.1 This section provides overall summary analyses of 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 1994–95. 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 1990–91 are taken from the national accounts compiled by the Central Statistical Office (CSO). Figures for 1991–92 onwards are projections produced by the Treasury. Details of the deflators and money GDP figures used throughout this Supplement are also shown in **Table 2.1**.

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 deflators and an index for adjusted money GDP are given in **Table 2.1**. The projections are based on the assumption that the Council Tax will be treated in the national accounts in the same way as the community charge.

2.5 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—“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.

2.6 **Table 2.1** also gives figures for the planning total for the years since 1984–85. Corresponding figures are not available for earlier years. The current definition of the planning total was introduced for the 1989 Survey to coincide with changes to local authority finance arrangements. Proxies for the new elements of central government support for local authorities were only generated for 1984–85 and later years. Details of the change to the planning total made for the 1989 Survey were set out in a White Paper—“A New Public Expenditure Planning Total” (Cm 441).

General government expenditure by function

2.7 **Table 2.2** gives a functional analysis of the spending of general government in the UK 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 1986–87 to 1991–92 is given in **Table 2.5**.

Table 2.1 Public expenditure, 1963–64 to 1994–95

	Planning total ⁽¹⁾		General government expenditure			General government expenditure (excluding privatisation proceeds)			Money GDP	Adjusted GDP deflator ⁽²⁾	
	£ billion	Real terms ⁽²⁾	Spending on goods and services	Total	Privatisation proceeds	£ billion	Real	per cent of GDP ⁽³⁾	£ billion	Adjusted series, Index (1990–91 = 100 ⁽³⁾)	Index (1990–91 = 100)
		£ billion					terms ⁽²⁾ £ billion				
1963–64			6.5	11.3		11.3	109.5	36¼	31.4	5.5	10.4
1964–65			7.0	12.3		12.3	113.3	36½	34.2	6.1	10.8
1965–66			7.7	13.6		13.6	120.0	37¾	36.6	6.5	11.3
1966–67			8.5	15.1		15.1	127.5	39½	38.9	6.9	11.8
1967–68			9.4	17.5		17.5	143.7	43¼	41.2	7.3	12.1
1968–69			9.9	18.2		18.2	142.9	41½	44.6	7.9	12.8
1969–70			10.4	19.3		19.3	143.9	41	48.0	8.5	13.4
1970–71			11.9	21.6		21.6	148.1	41¼	53.2	9.4	14.6
1971–72			13.4	24.4		24.4	153.6	41¾	59.3	10.5	15.9
1972–73			15.2	27.6		27.6	161.1	41¾	67.6	12.0	17.1
1973–74			17.9	32.0		32.0	174.3	43½	75.0	13.3	18.3
1974–75			22.9	42.9		42.9	195.3	48¾	89.4	15.8	22.0
1975–76			29.4	53.8		53.8	195.3	49¼	111.2	19.7	27.6
1976–77			32.9	59.6		59.6	190.5	46¾	130.1	23.0	31.3
1977–78			35.2	63.9	–0.5	64.4	181.1	43¼	151.4	26.8	35.6
1978–79			39.1	75.0		75.0	190.1	44	173.7	30.7	39.4
1979–80			46.6	90.0	–0.4	90.4	196.4	44	208.6	36.9	46.0
1980–81			56.8	108.6	–0.2	108.8	199.9	46¾	237.7	42.1	54.5
1981–82			61.1	120.5	–0.5	121.0	202.6	47¼	260.9	46.2	59.7
1982–83			67.5	132.7	–0.5	133.1	208.1	47½	285.6	50.5	64.0
1983–84			73.0	140.5	–1.1	141.7	211.7	46½	309.7	54.8	66.9
1984–85	127.0	180.7	78.6	150.8	–2.0	152.9	217.5	47	331.5	58.7	70.3
1985–86	130.7	176.2	82.6	158.4	–2.7	161.1	217.2	45¼	363.0	64.2	74.2
1986–87	136.0	177.5	87.4	164.6	–4.5	169.1	220.8	44	390.6	69.1	76.6
1987–88	142.6	176.6	94.5	173.2	–5.1	178.4	220.9	42	432.3	76.5	80.8
1988–89	145.6	168.2	99.7	179.6	–7.1	186.7	215.6	39½	480.9	85.1	86.6
1989–90	162.8	176.6	112.6	200.5	–4.2	204.8	222.1	40	521.5	92.4	92.2
1990–91	180.0	180.0	123.8	216.1	–5.3	221.5	221.5	40	555.1	100.0	100.0
1991–92	205.0	191.6	(4)	236.4	–8.0	244.4	228.4	41½	588		107.0
1992–93	226.6	202.7	(4)	256.4	–8.0	264.4	236.5	42	631		111.8
1993–94	244.5	210.8	(4)	276.6	–5.5	282.1	243.2	41¾	675		116.0
1994–95	258.0	215.9	(4)	291.2	–5.5	296.7	248.3	41¼	718		119.5

(1) The planning total was redefined for the 1989 Public Expenditure Survey (see paragraph 2.6). Figures for the planning total on the current definition are only available for 1984–85 and subsequent years. Figures are estimated outturn for 1991–92 and plans for 1992–93 onwards.

(2) Real terms figures are cash figures adjusted to 1990–91 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 13 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 13 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 1991-92

	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
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
	£ billion													
Defence ⁽¹⁾	7.5	9.2	11.2	12.6	14.4	15.5	17.1	17.9	18.2	18.9	19.1	20.8	21.8	22.9
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	3.0
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	3.2
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	7.4	7.3
<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	3.0	2.8
Transport	3.0	3.7	4.3	4.8	5.3	5.5	5.7	5.8	5.7	5.7	5.8	6.8	8.0	9.7
Housing	4.6	5.6	5.7	4.3	3.9	4.5	4.6	4.2	4.1	4.2	3.3	5.2	4.9	5.9
Other environmental services	2.5	3.0	3.6	3.6	4.2	4.2	4.0	4.1	4.9	5.3	5.4	6.4	7.3	8.1
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	10.1	11.4	12.9
Education and science	9.7	11.2	13.7	14.9	16.0	16.9	17.5	18.1	19.8	21.6	23.4	26.2	28.4	31.0
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	1.5
Health and personal social services	9.2	11.0	14.1	15.8	17.2	18.3	19.6	20.7	22.2	24.5	27.0	29.5	33.0	37.3
<i>of which: Health</i>	7.8	9.3	12.0	13.5	14.7	15.5	16.7	17.6	18.9	20.7	22.8	24.7	27.7	31.4
Social security	16.9	20.0	24.2	29.5	33.5	36.7	39.8	43.3	46.6	48.7	49.9	53.0	58.8	69.3
Miscellaneous expenditure ⁽²⁾	2.7	3.1	2.9	3.3	4.0	3.5	4.1	4.0	4.6	5.6	5.2	7.1	7.3	6.6
Total expenditure on services	65.3	77.3	91.8	103.3	116.0	122.7	131.6	138.5	146.6	154.5	161.8	178.8	195.2	218.6
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	-8.0
General government debt interest	7.4	9.4	11.4	13.3	13.9	14.5	16.1	17.6	17.5	17.9	18.4	18.5	18.2	17.2
Other accounting adjustments ⁽³⁾	2.3	3.7	5.6	4.4	3.2	4.5	5.2	4.9	5.0	5.9	6.5	7.4	8.1	8.3
Adjustment ⁽⁴⁾														0.3
Total general government expenditure	75.0	90.0	108.6	120.5	132.7	140.5	150.8	158.4	164.6	173.2	179.6	200.5	216.1	236.4

(1) The outturns for defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(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 14 of Appendix A.

Table 2.3 General government expenditure by function in real terms⁽¹⁾, 1978–79 to 1991–92

	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 outturn	1991–92 estimated outturn
	19.0	20.0	20.5	21.0	22.5	23.1	24.4	24.2	23.7	23.3	22.0	22.5	21.8	21.4
Defence ⁽²⁾														
Overseas services, including overseas aid	2.7	2.6	2.4	2.4	2.4	2.5	2.4	2.5	2.5	2.4	2.6	2.8	2.7	2.8
Agriculture, fisheries, food and forestry	2.6	2.7	3.0	2.8	3.4	3.6	3.4	3.9	2.9	3.0	2.5	2.3	2.9	3.0
Trade and industry energy and employment	10.5	9.1	8.9	10.5	12.7	10.7	11.6	11.1	10.8	8.4	9.5	8.5	7.4	6.8
of which: Employment and training	2.7	2.8	3.6	3.8	3.5	4.1	4.2	4.1	4.5	4.3	3.9	3.4	3.0	2.6
Transport	7.6	8.0	7.9	8.0	8.3	8.2	8.1	7.8	7.5	7.1	6.8	7.4	8.0	9.1
Housing	11.6	12.3	10.5	7.2	6.1	6.7	6.5	5.6	5.3	5.2	3.8	5.7	4.9	5.5
Other environmental services	6.2	6.5	6.5	6.0	6.5	6.3	5.7	5.6	6.4	6.5	6.2	6.9	7.3	7.6
Law order and protective services	6.4	6.9	7.2	7.7	7.9	8.4	8.9	8.7	9.2	9.8	10.1	10.9	11.4	12.0
Education and science	24.7	24.4	25.1	24.9	25.0	25.2	24.9	24.4	25.9	26.8	27.0	28.4	28.4	29.0
Arts and libraries	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4
Health and personal social services	23.4	24.0	25.9	26.5	26.9	27.3	27.9	27.9	29.0	30.3	31.2	32.0	33.0	34.9
of which: Health	19.9	20.3	22.0	22.6	22.9	23.2	23.7	23.8	24.7	25.6	26.4	26.8	27.7	29.4
Social security	43.0	43.5	44.4	49.3	52.3	54.9	56.6	58.4	60.9	60.3	57.7	57.5	58.8	64.8
Miscellaneous expenditure ⁽³⁾	6.8	6.8	5.3	5.6	6.2	5.3	5.8	5.4	6.1	6.9	6.0	7.7	7.3	6.2
Total expenditure on services	165.5	167.9	168.6	173.0	181.4	183.3	187.2	186.8	191.4	191.3	186.9	194.0	195.2	204.3
Privatisation proceeds		-0.8	-0.4	-0.8	-0.7	-1.7	-2.9	-3.6	-5.8	-6.4	-8.2	-4.6	-5.3	-7.5
General government debt interest	18.8	20.5	20.9	22.3	21.7	21.7	22.8	23.8	22.8	22.2	21.2	20.1	18.2	16.1
Other accounting adjustments ⁽⁴⁾	5.9	8.0	10.3	7.3	5.1	6.7	7.4	6.6	6.6	7.3	7.6	8.0	8.1	7.8
Adjustment ⁽⁵⁾														0.3
Total general government expenditure	190.1	195.5	199.5	201.8	207.4	210.0	214.6	213.5	214.9	214.5	207.5	217.6	216.1	220.9

(1) Cash figures adjusted to 1990–91 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 13 of Appendix A.

(2) The outturns for defence in 1990–91 and 1991–92 are net of other governments' contributions to the cost of the Gulf conflict.

(3) Includes contributions to the European Communities and activities required for the general maintenance of government, such as tax collection, and the registration of 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 14 of Appendix A.

Table 2.4 Percentage distribution of total expenditure on services by function, 1978-79 to 1991-92

	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 outturn	1991-92 estimated outturn	£ billion
Defence ⁽¹⁾	11.5	11.9	12.2	12.2	12.4	12.6	13.0	12.9	12.4	12.2	11.8	11.6	11.2	10.5	
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	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	1.4	1.2	1.5	1.4	1.4
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	3.8	3.3	3.3
<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	1.5	1.3	1.3
Transport	4.6	4.8	4.7	4.6	4.6	4.5	4.3	4.2	3.9	3.7	3.6	3.8	4.1	4.4	4.4
Housing	7.0	7.3	6.2	4.1	3.4	3.7	3.5	3.0	2.8	2.7	2.1	2.9	2.5	2.7	2.7
Other environmental services	3.8	3.9	3.9	3.5	3.6	3.4	3.0	3.0	3.3	3.4	3.3	3.6	3.7	3.7	3.7
Law, order and protective services	3.9	4.1	4.3	4.4	4.4	4.6	4.7	4.7	4.8	5.1	5.4	5.6	5.8	5.9	5.9
Education and science	14.9	14.5	14.9	14.4	13.8	13.7	13.3	13.1	13.5	14.0	14.5	14.6	14.5	14.2	14.2
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	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	16.9	17.1	17.1
<i>of which: Health</i>	12.0	12.1	13.0	13.0	12.6	12.7	12.7	12.7	12.9	13.4	14.1	13.8	14.2	14.4	14.4
Social security	26.0	25.9	26.3	28.5	28.8	29.9	30.2	31.3	31.8	31.5	30.9	29.7	30.1	31.7	31.7
Miscellaneous expenditure ⁽²⁾	4.1	4.0	3.1	3.2	3.4	2.9	3.1	2.9	3.2	3.6	3.2	3.9	3.7	3.0	3.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(1) The outturns for defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(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.

Table 2.5 General government expenditure by function, 1986-87 to 1991-92

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	£ million 1991-92 estimated outturn
Defence						
Defence budget	18,168	18,856	19,079	20,760	22,298	24,363
<i>of which: capital receipts⁽¹⁾</i>	-104	-91	-165	-94	-129	-156
Other governments' contributions to the cost of the Gulf conflict					-498	-1,510
Total defence	18,168	18,856	19,079	20,760	21,800	22,853
Overseas services, including overseas aid⁽²⁾						
Overseas aid	1,178	1,196	1,372	1,517	1,581	1,841
Other overseas services	739	779	872	970	1,044	1,147
Finance for public corporations	24	-1	34	49	52	42
Total overseas services, including overseas aid	1,941	1,975	2,277	2,536	2,677	3,031
Agriculture, fisheries, food and forestry						
Market regulation and production support	1,180	1,400	1,163	1,019	1,646	1,749
Structural measures for agriculture	266	227	210	238	260	295
Animal health	16	16	18	27	42	42
Other agriculture and food services including commissioned research and development	150	157	141	146	184	226
Support for the fishing industry	43	39	39	36	28	39
Arterial drainage, flood and coast protection (excluding Water Authorities)	198	210	228	162	102	125
Departmental research, advisory services and administration	285	290	313	349	378	394
Forestry	56	55	58	64	78	91
<i>of which: capital receipts</i>	-1	-2	-2	-1	-2	-1
Finance for public corporations	13	2	19	103	168	204
Total agriculture, fisheries, food and forestry	2,207	2,395	2,188	2,145	2,886	3,164
Trade, industry, energy and employment						
Regional and general industrial support	1,000	717	855	776	679	665
Scientific and technological assistance	517	489	564	489	540	572
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	1,540	456	1,286	708	389	273
Trade and Technological Support	478	353	357	770	690	610
Employment	2,180	2,043	1,584	859	842	1,028
Training	1,247	1,394	1,833	2,298	2,181	1,808
Departmental administration and other services	590	621	671	809	934	1,028
Finance for public corporations	191	132	192	191	280	561
Nationalised industries' external finance	512	563	875	969	892	713
Total trade, industry, energy and employment	8,255	6,769	8,218	7,868	7,426	7,257
Transport						
National road systems						
<i>Current</i>	222	211	241	257	294	335
<i>Capital</i>	983	1,125	1,122	1,523	2,054	2,122
<i>of which: capital receipts</i>	-32	-42	-87	-63	-92	-91
Local roads						
<i>Current</i>	1,513	1,611	1,613	1,770	2,092	2,207
<i>Capital</i>	750	749	926	1,071	911	1,047
Local transport						
<i>Current</i>	679	620	623	634	695	729
<i>Capital</i>	125	160	69	202	190	170
Ports	30	20	3	97	55	14
Shipping and civil aviation services	25	23	30	41	41	50
Driver and vehicle licensing	105	116	119	131	147	146
Other transport services	251	263	296	271	252	322
Finance for public corporations	1,043	848	805	821	1,243	2,580
Total transport	5,726	5,748	5,846	6,818	7,974	9,724

2. Public spending trends

Table 2.5 General government expenditure by function, 1986-87 to 1991-92
(continued)

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	£ million 1991-92 estimated outturn
Housing						
Central government subsidies to local authority housing	638	570	578	699	1,466	1,296
Other central government subsidies	25	29	22	26	30	42
Central government administration	41	46	51	55	69	88
Local authority expenditure						
<i>Current</i>	697	759	714	697	337	367
<i>Gross capital</i>	3,621	4,075	4,410	6,040	3,989	3,790
<i>Capital receipts</i>	-2,244	-2,642	-3,841	-3,824	-2,827	-2,157
Other capital	834	919	975	1,021	1,303	1,815
<i>of which: capital receipts</i>	-42	-63	-84	-104	-51	-77
Finance for public corporations	455	470	419	532	556	638
Total housing	4,069	4,226	3,328	5,246	4,923	5,878
Other environmental services						
Local environmental services	3,406	3,231	3,403	4,370	5,404	5,861
Urban programme	272	289	262	296	328	385
Other	646	721	737	796	917	1,277
Finance for public corporations	549	1,014	984	929	660	582
Total other environmental services	4,873	5,255	5,386	6,391	7,309	8,106
Law, order and protective services						
Administration of justice	941	1,080	1,255	1,469	1,720	2,159
The penal system	1,080	1,189	1,351	1,598	1,893	2,090
<i>of which: capital receipts</i>	-15	-14	-57	-53	-24	-20
Police	3,763	4,175	4,586	5,175	5,778	6,454
Immigration and citizenship	80	88	99	120	139	170
Fire	852	945	1,013	1,146	1,234	1,344
Civil defence	76	77	87	109	109	114
Community services	27	28	30	31	36	39
Central and miscellaneous services	233	309	335	405	446	506
Total law, order and protective services	7,053	7,892	8,756	10,053	11,355	12,877
Education and science						
Local authority schools						
<i>Current</i>						
Primary schools	4,039	4,576	5,045	5,627	6,197	6,841
Secondary schools	5,272	5,710	6,036	6,403	6,944	7,654
Special schools and schools support services	1,658	1,769	1,805	1,961	2,093	2,241
<i>Capital</i>	348	350	395	621	595	612
Central government schools						
<i>Current</i>	446	478	515	573	644	726
<i>Capital</i>	77	87	120	159	206	246
Universities Funding Council						
<i>Current</i>	1,320	1,468	1,585	1,690	1,661	1,575
<i>Capital</i>	130	129	141	160	175	207
Polytechnics and colleges funding council						
<i>Current</i>				1,020	1,012	837
<i>Capital</i>				90	88	156
Other central government further and higher education						
<i>Current</i>	429	458	488	431	457	446
<i>Capital</i>	49	53	54	58	65	35
Local authority further and higher education						
<i>Current</i>	2,165	2,362	2,585	2,016	2,117	2,222
<i>Capital</i>	148	119	157	134	122	125
Student awards and fees	1,067	1,126	1,208	1,357	1,808	2,623
Student Loans and Access Funds					57	151
Miscellaneous educational services, research and administration	1,527	1,716	1,893	2,209	2,407	2,603
Science	605	661	714	828	911	931
Sport and recreation	554	575	645	823	799	757
Total education and science	19,835	21,637	23,386	26,161	28,358	30,991

Table 2.5 General government expenditure by function, 1986-87 to 1991-92
(continued)

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	£ million 1991-92 estimated outturn
Arts and libraries						
Museums and galleries	237	248	296	343	380	405
Other arts and heritage	159	169	185	195	207	234
Libraries	555	602	646	732	792	865
Administration	5	7	1	2	2	2
Total arts and libraries	955	1,026	1,128	1,272	1,381	1,506
Health and personal social services						
Health						
National Health Service hospitals, community health, family health (cash limited) and related services	14,409	15,783	17,421	18,935	21,243	24,403
<i>of which: capital receipts</i>	-144	-207	-291	-259	-199	-226
Family health (non-cash limited)	3,862	4,280	4,735	5,017	5,572	5,941
Central health and other services	619	643	679	767	880	1,055
NHS Trusts						35
Total health	18,890	20,705	22,835	24,718	27,695	31,435
Personal social services						
Local authority services	3,221	3,626	4,049	4,603	5,156	5,663
Central government services	127	135	143	159	182	220
Total personal social services	3,348	3,761	4,192	4,761	5,337	5,883
Total health and personal social services	22,238	24,466	27,028	29,479	33,032	37,318
Social security						
Pension benefits (contributory)	18,280	19,170	19,782	21,279	23,322	26,228
Widows' benefits	855	869	880	884	920	1,017
Unemployment, incapacity and other benefits	5,567	5,687	5,774	5,954	6,708	8,047
Industrial injury benefits	520	529	529	549	602	688
Family benefits (contributory)	176	254	287	329	364	399
Pension benefits (non-contributory)	48	49	48	47	48	48
War pensions	589	599	610	641	708	805
Disability benefits	1,740	2,139	2,251	2,560	3,038	3,811
Income Support	8,302	8,303	7,938	8,048	9,310	12,386
Social Fund		29	149	130	155	197
Family benefits (non-contributory)	5,028	5,137	5,294	5,371	5,528	6,311
Housing benefits	3,684	3,857	4,130	4,696	5,279	6,161
Administration and miscellaneous services	1,845	2,103	2,252	2,560	2,853	3,194
Total social security	46,636	48,724	49,927	53,047	58,835	69,293
Miscellaneous expenditure⁽³⁾						
Other public services	2,322	2,539	2,729	3,174	3,596	4,005
Common services	1,247	1,365	1,495	1,573	1,672	1,675
Contributions to European Communities ⁽⁴⁾	1,074	1,661	1,006	2,316	2,013	913
Finance for public corporations	-7	-7	-7	-7	-6	-5
Total miscellaneous expenditure⁽³⁾	4,636	5,558	5,224	7,056	7,275	6,589
Total expenditure on services	146,593	154,528	161,771	178,834	195,231	218,586
Privatisation proceeds	-4,458	-5,140	-7,069	-4,219	-5,345	-8,000
General government gross debt interest	17,481	17,916	18,352	18,527	18,196	17,200
Other accounting adjustments ⁽⁵⁾	5,027	5,927	6,539	7,395	8,054	8,300
Adjustment ⁽⁶⁾						300
Total general government expenditure	164,642	173,231	179,594	200,536	216,136	236,400

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

(2) In addition to aid to developing countries this includes assistance to Eastern Europe and the former Soviet Union and global environmental assistance. The figures include the UK contributions to the European Community Aid budget and the UK share of European Community assistance to Eastern Europe and the former Soviet Union.

(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) UK contributions to European Community Aid budget and the UK share of assistance to Eastern Europe and the former Soviet Union are included in overseas aid.

(5) 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.

(6) See paragraph 14 of Appendix A.

2.8 **Tables 2.2 to 2.5** cover outturn years only because future levels of local authority expenditure on particular services are the responsibility of individual local 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**.

General government expenditure by economic category

2.9 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 analyses of government expenditure in this Supplement break down expenditure into eight categories:

- (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 the private sector** – including grants to persons, such as social security benefits, and grants towards the current expenditure of non-profit making bodies outside the public sector;
- (v) **Current transfers abroad** – including net payments to European Community institutions, payments from the UK's Aid Programme, subscriptions to international organisations and pensions paid to overseas residents. The figures shown are net of other government contributions' in 1990–91 and 1991–92 towards the cost of the Gulf conflict;
- (vi) **Net capital expenditure on assets** – comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from sales of similar assets and net changes in the level of stocks;
- (vii) **Other capital grants** – grants to the private sector, nationalised industries and other public corporations; and
- (viii) **Lending and other financial transactions** – comprising net lending to the private sector and public corporations, net lending and investment abroad from the UK's Aid Programme and cash expenditure on company securities.

2.10 **Table 2.6** gives an economic category breakdown of general government expenditure for the years 1986–87 to 1991–92. An economic category analysis of the planning total is given in **Table 3.6**.

Table 2.6 General government expenditure by economic category, 1986-87 to 1991-92	£ million					
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn
Pay	46,435	50,747	55,454	59,473	65,758	115,997
Other current expenditure on goods and services	28,342	30,359	31,865	34,856	38,877	
Subsidies	5,822	5,954	4,968	5,297	6,032	6,500
Current grants to the private sector	51,563	53,051	53,941	57,903	63,852	74,468
Current transfers abroad ⁽¹⁾	2,849	3,526	3,070	4,699	3,946	2,113
Net capital expenditure on assets	7,248	7,105	6,465	10,677	11,136	12,279
Capital grants	3,615	3,591	4,255	7,465	6,598	6,267
Lending and other financial transactions	717	195	1,753	-1,537	-968	962
Privatisation proceeds	-4,458	-5,140	-7,069	-4,219	-5,345	-8,000
General government debt interest	17,481	17,916	18,352	18,527	18,196	17,200
Other accounting adjustments ⁽²⁾	5,027	5,927	6,539	7,395	8,054	8,300
Adjustment ⁽³⁾						300
Total general government expenditure	164,642	173,231	179,594	200,536	216,136	236,400

(1) The outturns for current transfers abroad in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(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 14 of Appendix A.

Section Three The planning total

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3. The planning total

3.1 This section presents a number of analyses of the planning total. Detailed analyses of central government expenditure, central government support for local authorities and the financing requirements of nationalised industries are given in **Sections 4 to 6** respectively. **Section 5** also includes analyses of local authority expenditure for outturn years. **Section 7** presents a number of analyses of changes to plans since last year's Statistical Supplement.

The planning total by spending sector

3.2 **Table 3.1** gives a division of the planning total into 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 the 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 different elements of this support. **Table 3.2** presents the same analysis in real terms.

Table 3.1 Planning total by spending sector								£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans	
Central government expenditure										
Central government's own expenditure	106,067	111,165	116,175	126,725	139,436	155,434	167,500	176,800	183,950	
Public corporations (excluding nationalised industries) ⁽¹⁾	651	523	290	790	1,138	1,239	1,225	1,304	1,462	
Total	106,719	111,687	116,465	127,514	140,574	156,673	168,725	178,100	185,450	
Central government support for local authorities										
Revenue/rate support grant ⁽²⁾	11,847	12,554	12,776	12,982	13,127	13,602	21,606	} 39,682	41,493	
Non-domestic rate payments ⁽³⁾	9,102	9,764	10,554	11,354	12,060	14,280	14,106			
Current specific grants	8,182	8,929	8,906	9,735	12,266	19,737	16,622	15,300	16,100	
Credit approvals ⁽⁴⁾	3,604	3,872	3,676	3,419	3,959	4,341	4,524	4,457	4,645	
Capital grants	659	673	710	874	1,109	1,380	1,601	1,641	1,637	
Total	33,393	35,792	36,621	38,363	42,521	53,340	58,458	61,050	63,900	
Financing requirements of nationalised industries⁽¹⁾	344	271	-430	1,106	2,236	2,672	3,446	2,855	2,175	
Reserve							4,000	8,000	12,000	
Privatisation proceeds	-4,458	-5,140	-7,069	-4,219	-5,345	-8,000	-8,000	-5,500	-5,500	
Adjustment ⁽⁵⁾						300				
Planning total	135,998	142,610	145,586	162,764	179,985	205,000	226,629	244,550	258,000	

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

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

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

(4) 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.

(5) See paragraph 14 of Appendix A.

3. The planning total

Table 3.2 Planning total by spending sector in real terms ⁽¹⁾							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Central government expenditure									
Central government's own expenditure	138,469	137,640	134,205	137,477	139,436	145,266	149,801	152,400	153,950
Public corporations (excluding nationalised industries) ⁽²⁾	850	647	335	857	1,138	1,158	1,095	1,124	1,224
Total	139,319	138,287	134,540	138,333	140,574	146,424	150,896	153,550	155,200
Central government support for local authorities									
Revenue/rate support grant ⁽³⁾	15,466	15,544	14,759	14,083	13,127	12,712	19,323	34,206	34,726
Non-domestic rate payments ⁽⁴⁾	11,883	12,090	12,191	12,317	12,060	13,346	12,615		
Current specific grants	10,681	11,056	10,288	10,560	12,266	18,846	14,866	13,200	13,500
Credit approvals ⁽⁵⁾	4,705	4,794	4,246	3,709	3,959	4,057	4,046	3,842	3,888
Capital grants	860	833	821	949	1,109	1,290	1,432	1,415	1,370
Total	43,595	44,316	42,305	41,618	42,521	49,850	52,281	52,650	53,450
Financing requirements of nationalised industries⁽²⁾	449	335	-497	1,200	2,236	2,497	3,082	2,461	1,821
Reserve									
Privatisation proceeds	-5,820	-6,364	-8,166	-4,577	-5,345	-7,477	3,577	6,896	10,043
Adjustment ⁽⁶⁾						280	-7,155	-4,741	-4,603
Planning total	177,543	176,574	168,182	176,574	179,985	191,600	202,682	210,800	215,900

(1) Cash figures adjusted to 1990-91 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 13 of Appendix A.

(2) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources and are included in central government's own expenditure.

(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 14 of Appendix A.

3.3 The spending sector breakdown of the departmental plans is also shown in the detailed cash plans table in 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 financing limits.

Planning total by department

Departmental aggregates

3.4 Expenditure plans are formulated on a departmental basis. With the exception of the Department of the Environment, where subdivisions of the total are shown, the lines shown in the departmental analyses in this Supplement correspond to the coverage of the individual departmental reports.

Coverage of departmental expenditure

3.5 **Table 3.3** gives a departmental breakdown of the planning total over the nine year period 1986–87 to 1994–95. **Table 3.4** 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 the support for local authorities' spending on roads and on the provision of local transport.

Table 3.3 Planning total⁽¹⁾ by department⁽²⁾

	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 estimated outturn	1992–93 plans	1993–94 plans	1994–95 plans
Ministry of Defence ⁽³⁾	18,156	18,856	19,079	20,760	21,800	22,853	24,181	24,516	24,800
Foreign and Commonwealth Office	1,944	1,978	2,280	2,539	2,678	3,031	3,268	3,450	3,530
Ministry of Agriculture, Fisheries and Food	1,604	1,807	1,578	1,462	2,109	2,259	2,194	2,215	2,282
Trade and Industry	2,260	821	1,460	1,648	1,485	1,215	1,060	973	972
Energy	-213	197	-427	463	1,187	943	607	506	456
Department of Employment	3,841	3,903	3,853	3,781	3,755	3,638	3,864	3,879	3,922
Department of Transport	2,706	2,645	2,730	3,545	4,657	5,622	6,955	6,591	6,100
DOE – Housing ⁽⁴⁾	2,997	2,979	2,907	3,107	6,899	7,635	7,741	7,929	8,181
DOE – Other environmental services	986	954	670	1,110	1,317	1,472	1,389	1,336	1,304
DOE – Local government ⁽⁵⁾	17,052	18,238	18,823	19,531	20,392	28,278	31,023	32,504	33,997
Home Office (including Charity Commission)	3,040	3,411	3,688	4,226	5,045	5,708	6,002	6,406	6,679
Lord Chancellor's and Law Officers' Departments	651	773	902	1,125	1,326	1,709	1,765	1,841	1,914
Department of Education and Science ⁽⁶⁾	3,567	3,958	4,303	5,768	6,643	7,345	7,947	8,373	8,753
Office of Arts and Libraries	343	368	414	446	496	561	609	600	620
Department of Health and Office of Population Censuses and Surveys	15,308	16,784	18,471	19,989	22,507	25,697	28,154	30,011	31,694
Department of Social Security ⁽⁴⁾	46,611	48,772	49,419	52,182	56,077	65,116	70,554	76,100	79,800
Scotland	7,564	7,858	8,512	8,972	9,690	11,733	12,538	13,070	13,606
Wales	3,028	3,268	3,575	3,797	4,437	5,286	5,809	6,056	6,300
Northern Ireland	4,499	4,828	5,436	5,724	5,870	6,449	7,025	7,413	7,736
Chancellor of the Exchequer's Departments	3,209	3,438	3,702	4,192	4,597	4,819	5,029	5,219	5,433
Cabinet Office, Privy Council Office and Parliament	228	251	273	300	349	400	451	469	484
European Communities	1,074	1,661	1,006	2,316	2,013	913	2,463	2,569	2,910
Reserve							4,000	8,000	12,000
Privatisation proceeds	-4,458	-5,140	-7,069	-4,219	-5,345	-8,000	-8,000	-5,500	-5,500
Adjustment ⁽⁷⁾						300			
Planning total	135,998	142,610	145,586	162,764	179,985	205,000	226,629	244,550	258,000

(1) Proxies have been used for some elements of central government support for local authorities for the years before 1990–91. See footnotes 3 and 4 to Table 3.1.

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

(3) The outturns for the Ministry of Defence in 1990–91 and 1991–92 are net of other governments' contributions to the cost of the Gulf conflict.

(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 community charge. (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 now 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 14 of Appendix A.

3. The planning total

Table 3.4 Planning total⁽¹⁾ by department⁽²⁾ in real terms⁽³⁾

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ million 1994-95 plans
Ministry of Defence ⁽⁴⁾	23,703	23,347	22,040	22,522	21,800	21,358	21,625	21,133	20,756
Foreign and Commonwealth Office	2,538	2,449	2,634	2,754	2,678	2,833	2,923	2,974	2,955
Ministry of Agriculture, Fisheries and Food	2,095	2,237	1,823	1,587	2,109	2,112	1,962	1,910	1,910
Trade and Industry	2,951	1,016	1,686	1,788	1,485	1,135	948	838	813
Energy	-278	244	-494	502	1,187	882	543	436	382
Department of Employment	5,014	4,833	4,451	4,101	3,755	3,400	3,456	3,344	3,282
Department of Transport	3,532	3,275	3,154	3,846	4,657	5,254	6,220	5,682	5,105
DOE - Housing ⁽⁵⁾	3,913	3,689	3,359	3,371	6,899	7,135	6,923	6,835	6,847
DOE - Other environmental services	1,288	1,181	774	1,204	1,317	1,376	1,242	1,152	1,092
DOE - Local government ⁽⁶⁾	22,260	22,582	21,744	21,188	20,392	26,428	27,745	28,019	28,452
Home Office (including Charity Commission)	3,969	4,224	4,261	4,585	5,045	5,335	5,368	5,522	5,590
Lord Chancellor's and Law Officers' Departments	850	957	1,042	1,221	1,326	1,597	1,578	1,587	1,602
Department of Education and Science ⁽⁷⁾	4,656	4,901	4,971	6,258	6,643	6,864	7,107	7,218	7,326
Office of Arts and Libraries	448	456	478	484	496	524	545	518	519
Department of Health and Office of Population Censuses and Surveys	19,985	20,782	21,338	21,685	22,507	24,016	25,179	25,870	26,525
Department of Social Security ⁽⁵⁾	60,850	60,387	57,089	56,610	56,077	60,856	63,099	65,600	66,800
Scotland	9,875	9,730	9,833	9,733	9,690	10,966	11,213	11,266	11,387
Wales	3,952	4,046	4,130	4,119	4,437	4,940	5,195	5,220	5,272
Northern Ireland	5,873	5,977	6,279	6,210	5,870	6,027	6,283	6,390	6,474
Chancellor of the Exchequer's Departments	4,189	4,256	4,277	4,548	4,597	4,504	4,497	4,499	4,547
Cabinet Office, Privy Council Office and Parliament	298	310	316	325	349	374	404	404	405
European Communities	1,403	2,057	1,162	2,512	2,013	854	2,203	2,215	2,436
Reserve							3,577	6,896	10,043
Privatisation proceeds	-5,820	-6,364	-8,166	-4,577	-5,345	-7,477	-7,155	-4,741	-4,603
Adjustment ⁽⁸⁾						280			
Planning total	177,543	176,574	168,182	176,574	179,985	191,600	202,682	210,800	215,900

(1) Proxies have been used for some elements of central government support for local authorities for the years before 1990-91. See footnotes 3 and 4 to table 3.1.

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

(3) Cash figures adjusted to 1990-91 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 13 of Appendix A.

(4) The outturns for the Ministry of Defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(5) 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.

(6) Includes revenue/rate support grant and non-domestic rate payments in England and certain transitional grants associated with the change from rates to the community charge. (Comparable items are included in the figures for Scotland and Wales).

(7) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are now 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).

(8) See paragraph 14 of Appendix A.

Allocation of grants to departmental programmes

3.6 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 in England and Wales 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 again included, along with credit approvals issued to local authorities, in the relevant departmental programmes. A detailed description of central government's support for local authorities is given in **Section 5**.

Planning total historical data

3.7 The majority of analyses in this Supplement provide information for 1986–87 and subsequent years. However, wherever possible, summary analyses covering a longer run of years, usually from 1978–79, are provided. This is not possible in the case of the planning total because the proxies which have had to be used for some elements of central government support for years prior to 1990–91 have only been generated for years back to 1984–85.

3.8 **Table 3.5** gives figures for the planning total for the years 1984–85 to 1994–95. In addition to the spending sector totals, the table gives figures for the departments responsible for the majority of central government expenditure and for the individual components of central government support for local authorities. A full departmental analysis of central government expenditure since 1978–79 is given in **Section 4**. An analysis of nationalised industries external financing since 1978–79 by main industry is given in **Section 6**.

Planning total by economic category

3.9 As noted in **paragraph 2.9** 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. **Table 3.6** presents an economic category analysis of the planning total. In addition to the categories of expenditure set out in **paragraph 2.9**, the table also shows the elements of the planning total which support local authority expenditure. These are as follows:

- (i) **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;
- (ii) **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;
- (iii) **Capital grants to local authorities** – central government grants to local authorities to support capital expenditure; and
- (iv) **Credit approvals** – central government permissions for an individual local authority to borrow or raise other forms of credit for capital purposes (including net capital allocations in Scotland).

The category of **lending and other financial transactions** in this analysis and the analysis covering public corporations in **Table 4.5** includes, in addition to the items listed in **paragraph 2.9**, the market and overseas borrowing of public corporations.

3.10 **Table 3.6** shows that the largest single element of the planning total is current grants to the private sector (£66 billion in 1991–92), mainly pensions and other social security payments. Central government pay (mainly in the Armed Forces and the National Health Service) and other current expenditure on goods and services between them account for about £72 billion with a further £33 billion accounted for by current grants to local authorities. Economic category analyses of central government expenditure, local authority expenditure and the financing requirements of nationalised industries are shown in the relevant sections of this Supplement.

Table 3.5 Planning total by spending sector, 1984-85 to 1994-95

	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ billion 1994-95 plans
Central government expenditure⁽¹⁾											
Ministry of Defence ⁽²⁾	17.2	18.0	18.2	18.9	19.1	20.8	21.8	22.9	24.2	24.5	24.8
Department of Health and Office of Population Censuses and Surveys	13.4	14.2	15.2	16.7	18.4	19.9	22.4	25.5	27.9	29.8	31.5
Department of Social Security	35.7	38.8	41.7	43.6	44.5	46.9	52.0	61.3	66.0	71.2	74.5
Scotland	3.2	3.4	3.6	3.8	4.1	4.5	5.0	6.0	6.4	6.7	6.9
Wales	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.5	2.8	3.0	3.1
Northern Ireland	4.0	4.2	4.5	4.8	5.4	5.7	5.8	6.4	7.0	7.4	7.7
Other departments	19.4	20.5	22.1	22.4	23.2	27.9	31.4	32.1	34.5	35.6	36.9
Total	94.3	100.5	106.7	111.7	116.5	127.5	140.6	156.7	168.7	178.1	185.4
Central government support for local authorities											
Revenue/Rate Support Grant ⁽³⁾	11.3	11.2	11.8	12.6	12.8	13.0	13.1	13.6	21.6	39.7	41.5
Non-domestic rate payments ⁽⁴⁾	7.6	8.2	9.1	9.8	10.6	11.4	12.1	14.3	14.1		
Current grants	6.9	7.4	8.2	8.9	8.9	9.7	12.3	19.7	16.6	15.3	16.1
Credit approvals ⁽⁵⁾	4.1	3.8	3.6	3.9	3.7	3.4	4.0	4.3	4.5	4.5	4.6
Capital grants	0.9	0.6	0.7	0.7	0.7	0.9	1.1	1.4	1.6	1.6	1.6
Total	30.8	31.2	33.4	35.8	36.6	38.4	42.5	53.3	58.5	61.1	63.9
Financing requirements of nationalised industries⁽⁶⁾	3.9	1.7	0.3	0.3	-0.4	1.1	2.2	2.7	3.4	2.9	2.2
Reserve Privatisation proceeds Adjustment ⁽⁷⁾	-2.1	-2.7	-4.5	-5.1	-7.1	-4.2	-5.3	-8.0 0.3	4.0 -8.0	8.0 -5.5	12.0 -5.5
Planning total	127.0	130.7	136.0	142.6	145.6	162.8	180.0	205.0	226.6	244.5	258.0

(1) Includes central government support for public corporations (excluding nationalised industries).

(2) The outturns for the Ministry of Defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(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 have been used as a proxy for credit approvals in England and Wales.

(6) Includes central government support for nationalised industries other than grants and subsidies which are generally available to the private sector; these are treated as contributing to internal resources and are included in central government's own expenditure.

(7) See paragraph 14 of Appendix A.

Table 3.6 Planning total by economic category

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Pay	23,979	25,959	28,280	30,627	33,714	72,186	76,436	79,946	83,201
Other current expenditure on goods and services	22,813	24,437	25,817	27,861	30,788				
Subsidies	4,677	4,885	4,050	4,411	5,538	5,949	5,482	5,093	5,046
Current grants to the private sector	47,093	48,394	48,987	52,284	57,316	66,371	71,403	76,750	80,400
Current transfers abroad ⁽¹⁾	2,849	3,526	3,070	4,699	3,946	2,113	5,363	5,600	6,050
Current grants to local authorities ⁽²⁾	20,028	21,483	21,682	22,716	25,393	33,339	38,228	54,950	57,600
Non-domestic rate payments ⁽³⁾	9,102	9,764	10,554	11,354	12,060	14,280	14,106		
Net capital expenditure on assets	3,434	3,503	3,410	4,957	6,579	6,986	6,917	6,712	6,361
Capital grants to local authorities	659	673	710	874	1,109	1,380	1,601	1,641	1,637
Other capital grants	2,788	2,666	3,293	6,344	5,606	5,291	5,477	6,054	5,992
Credit approvals ⁽⁴⁾	3,604	3,872	3,676	3,419	3,959	4,341	4,524	4,457	4,645
Lending and other financial transactions	-571	-1,412	-871	-2,563	-677	449	1,092	781	544
Reserve							4,000	8,000	12,000
Privatisation proceeds	-4,458	-5,140	-7,069	-4,219	-5,345	-8,000	-8,000	-5,500	-5,500
Adjustment ⁽⁵⁾						300			
Planning total	135,998	142,610	145,586	162,764	179,985	205,000	226,629	244,550	258,000

(1) The outturns for current transfers abroad in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(2) Includes revenue/rate support grant.

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

(4) 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.

(5) See paragraph 14 of Appendix A.

Relationship between plans and control totals

Relationship with Supply

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's 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 for 1992-93 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.

3. The planning total

Table 3.7 Planning total: voted and other expenditure by spending sector									
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ million 1994-95 plans
Voted in Estimates									
Central government expenditure ⁽¹⁾	74,721	77,715	81,828	89,317	100,312	113,349	119,561	125,950	131,200
Central government support for local authorities ⁽²⁾	28,646	30,638	31,611	33,763	37,449	47,725	52,768	56,750 ⁽³⁾	59,400 ⁽³⁾
Financing requirements for nationalised industries	2,266	2,194	3,287	5,380	3,612	2,551	3,013	2,835	2,407
Total voted in Estimates⁽¹⁾	105,633	110,547	116,726	128,460	141,373	163,625	175,342	185,550⁽³⁾	192,950⁽³⁾
Other									
Central government expenditure ⁽¹⁾	31,998	33,972	34,636	38,198	40,262	43,324	49,164	52,150	54,250
Central government support for local authorities ⁽²⁾	4,747	5,154	5,011	4,600	5,072	5,615	5,690	4,338 ⁽³⁾	4,509 ⁽³⁾
Financing requirements for nationalised industries	-1,923	-1,923	-3,717	-4,274	-1,377	121	433	20	-232
Total other⁽¹⁾	34,823	37,203	35,929	38,523	43,957	49,060	55,287	56,500⁽³⁾	58,550⁽³⁾
Reserve Privatisation proceeds Adjustment ⁽⁴⁾	-4,458	-5,140	-7,069	-4,219	-5,345	-8,000 300	4,000 -8,000	8,000 -5,500	12,000 -5,500
Planning total	135,998	142,610	145,586	162,764	179,985	205,000	226,629	244,550	258,000

(1) From 1 April 1990 industrial injury benefits have been voted in Estimates; prior to that 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 3 and 4 to Table 3.1.

(3) Plans for 1993-94 and 1994-95 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 14 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 1992-93. More detailed information on the relationship between the Estimates and the figures here will be contained in the Summary and Guide to the Main Estimates.

Cash limits

3.14 About half of the planning total is directly covered by cash limits. **Table 3.8** shows that about two-thirds of central government expenditure voted in Estimates will be subject to cash limits in 1992-93. Most cash limits are based on the Supply Estimates and cover both direct 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 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 and spending sector, 1992-93

	Central government expenditure			Central government support for local authorities			Financing requirements of nationalised industries ⁽²⁾			Planning total			Total	£ million
	Voted in Estimates		Other (non-voted)	Voted in Estimates		Other (non-voted)	Voted in Estimates		Other (non-voted)	Voted 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			
Departments⁽¹⁾														
Ministry of Defence	24,181												24,181	24,181
Foreign and Commonwealth Office	2,845	120	303										2,845	3,268
Ministry of Agriculture, Fisheries and Food	671	1,446	193	26	34	-176							696	2,194
Trade and Industry	819	300	-4		15				2	-73			819	1,060
Energy	411	57	18						709	-588			411	607
Department of Employment	3,245		214	405		1							3,650	3,864
Department of Transport	2,525	98	-9	397		630			2,240	1,073			2,922	6,955
DOE - Housing	2,029 ⁽²⁾	943	-136	56 ⁽²⁾	3,349	1,499							2,085 ⁽²⁾	7,741
DOE - Other environmental services	819	429	-571	15	327	318	51						885	1,389
DOE - Local government	90	112	66	29,238	1,445	73							29,328	31,023
Home Office (including Charity Commission)	2,082	166	1	1,089	2,515	149							3,171	6,002
Lord Chancellor's and Law Officers' Departments	743	968	54										743	1,765
Department of Education and Science	4,686	175	2	278	2,223	584							4,964	7,947
Office of Arts and Libraries	609												609	609
Department of Health and Office of Population Censuses and Surveys	22,167	5,756	16	87		128							22,254	28,154
Department of Social Security	2,282	25,722	37,961	140	4,450								2,422	70,554
Scotland	4,979	1,399	13	3,523	503	2,089	11			21			8,513	12,538
Wales	2,026	823	-30	2,219	435	336							4,245	5,809
Northern Ireland	832		6,135			59							832	7,025
Chancellor of the Exchequer's Departments	2,792	2,129	108										2,792	5,029
Cabinet Office, Privy Council Office and Parliament	253	198											253	451
European Communities	-333	-2,033	4,830										-333	2,463
Reserve			4,000											4,000
Privatisation proceeds			-8,000											-8,000
Planning total	80,753	38,808	45,164	37,472	15,297	5,690	62	2,951	433	118,286	57,056	51,287	226,629	

(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

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. Details of changes in plans for central government expenditure since last year's Supplement are given in **Section 7**.

4.2 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. In addition it covers subsidies to a small number of trading bodies such as Remploy Ltd.

4.3 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. NHS Trusts, although part of the National Health Service, are classified as public corporations because of their greater freedom in day to day management. Further details are given later in this section.

Central government expenditure by department

4.4 **Table 4.1** gives a departmental breakdown of central government expenditure for the period 1986-87 to 1994-95. The table shows that three departments - Social Security, Health and Defence - together account for over two thirds 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 1994-95 in cash and real terms respectively.

4. Central government expenditure

Table 4.1 Central government expenditure ⁽¹⁾ by department ⁽²⁾									
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	£ million
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans
						outturn			
Ministry of Defence ⁽³⁾	18,156	18,856	19,079	20,760	21,800	22,853	24,181	24,516	24,800
Foreign and Commonwealth Office	1,944	1,978	2,280	2,539	2,678	3,031	3,268	3,450	3,530
Ministry of Agriculture, Fisheries and Food	1,526	1,727	1,501	1,481	2,192	2,345	2,310	2,354	2,441
Trade and Industry	2,141	1,090	1,791	1,660	1,472	1,275	1,115	1,035	1,031
Energy	894	541	506	433	507	485	486	465	488
Department of Employment	3,600	3,645	3,587	3,420	3,364	3,208	3,458	3,463	3,511
Department of Transport	1,269	1,379	1,405	1,874	2,307	2,456	2,615	2,717	2,795
DOE - Housing	1,363	1,374	1,374	1,665	2,697	3,071	2,837	3,067	3,142
DOE - Other environmental services	240	230	138	445	801	862	677	637	588
DOE - Local government	4	5	6	10	50	256	268	230	236
Home Office (including Charity Commission)	1,077	1,222	1,363	1,625	1,982	2,175	2,249	2,399	2,456
Lord Chancellor's and Law Officers' Departments	651	773	902	1,125	1,326	1,709	1,765	1,841	1,914
Department of Education and Science ⁽⁴⁾	2,493	2,733	2,991	4,332	4,548	4,555	4,863	5,107	5,339
Office of Arts and Libraries	343	368	414	446	496	561	609	600	620
Department of Health and Office of Population Censuses and Surveys	15,243	16,716	18,390	19,898	22,392	25,531	27,940	29,804	31,486
Department of Social Security	41,706	43,550	44,462	46,915	51,960	61,276	65,964	71,150	74,500
Scotland	3,589	3,757	4,071	4,454	4,984	5,959	6,391	6,661	6,919
Wales	1,504	1,616	1,835	1,950	2,236	2,540	2,819	2,991	3,118
Northern Ireland	4,462	4,778	5,390	5,675	5,824	6,391	6,966	7,352	7,672
Chancellor of the Exchequer's Departments	3,209	3,438	3,702	4,192	4,597	4,819	5,029	5,219	5,433
Cabinet Office, Privy Council Office and Parliament	228	251	273	300	349	400	451	469	484
European Communities	1,074	1,661	1,006	2,316	2,013	913	2,463	2,569	2,910
Total central government expenditure⁽⁴⁾	106,719	111,687	116,465	127,514	140,574	156,673	168,725	178,100	185,450
<i>Of which:</i>									
Central government's own expenditure ⁽⁴⁾	106,067	111,165	116,175	126,725	139,436	155,434	167,500	176,800	183,950
Public corporations (excluding nationalised industries)	651	523	290	790	1,138	1,239	1,225	1,304	1,462

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

(1) Excluding 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) The outturns for the Ministry of Defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(4) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are now controlled by 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).

	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 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ billion 1994-95 plans
Ministry of Defence ⁽³⁾	7.5	9.2	11.2	12.6	14.4	15.5	17.2	18.0	18.2	18.9	19.1	20.8	21.8	22.9	24.2	24.5	24.8
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	3.0	3.3	3.4	3.5
Ministry of Agriculture, Fisheries and Food	0.6	0.7	1.0	1.0	1.5	1.8	1.8	2.2	1.5	1.7	1.5	1.5	2.2	2.3	2.3	2.4	2.4
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	1.5	1.3	1.1	1.0	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	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	3.4	3.2	3.5	3.5	3.5
Department of Transport	0.5	0.6	0.7	0.9	1.1	1.0	1.2	1.2	1.3	1.4	1.4	1.9	2.3	2.5	2.6	2.7	2.8
DOE-Housing	1.6	1.9	2.3	1.8	1.6	1.2	1.3	1.3	1.4	1.4	1.4	1.7	2.7	3.1	2.8	3.1	3.1
DOE-Other environmental services	0.7	0.8	0.8	0.8	0.8	0.3	0.4	0.3	0.2	0.2	0.1	0.4	0.8	0.9	0.7	0.6	0.6
DOE-Local government													0.1	0.3	0.3	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	2.2	2.2	2.4	2.5
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	1.3	1.7	1.8	1.8	1.9
Department of Education and Science ⁽⁴⁾	1.2	1.4	1.7	1.8	2.1	2.2	2.3	2.4	2.5	2.7	3.0	4.3	4.5	4.6	4.9	5.1	5.3
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	0.6
Department of Health and Office of Population Censuses and Surveys	6.3	7.6	9.7	10.9	11.8	12.5	13.4	14.2	15.2	16.7	18.4	19.9	22.4	25.5	27.9	29.8	31.5
Department of Social Security	16.2	19.1	23.1	28.0	31.4	33.1	35.7	38.8	41.7	43.6	44.5	46.9	52.0	61.3	66.0	71.2	74.5
Scotland	1.9	2.2	2.7	3.0	3.1	3.1	3.2	3.4	3.6	3.8	4.1	4.5	5.0	6.0	6.4	6.7	6.9
Wales	0.7	0.8	1.1	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.5	2.8	3.0	3.1
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	5.8	6.4	7.0	7.4	7.7
Chancellor of the Exchequer's Departments	1.5	1.7	2.1	2.5	2.7	2.5	2.6	2.9	3.2	3.4	3.7	4.2	4.6	4.8	5.0	5.2	5.4
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	0.3	0.4	0.5	0.5	0.5
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	2.0	0.9	2.5	2.6	2.9
Total central government expenditure⁽⁴⁾	45.8	53.8	65.3	74.8	83.3	87.1	94.3	100.5	106.7	111.7	116.5	127.5	140.6	156.7	168.7	178.1	185.4

(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) The outturns for the Ministry of Defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(4) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are now controlled by 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).

	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 outturn	1991–92 estimated outturn	1992–93 plans	1993–94 plans	£ billion 1994–95 plans
Ministry of Defence ⁽⁴⁾	19.0	20.0	20.5	21.0	22.5	23.1	24.5	24.2	23.7	23.3	22.0	22.5	21.8	21.4	21.6	21.1	20.8
Foreign and Commonwealth Office	2.7	2.6	2.4	2.4	2.3	2.5	2.6	2.5	2.5	2.4	2.6	2.8	2.7	2.8	2.9	3.0	3.0
Ministry of Agriculture, Fisheries and Food	1.6	1.6	1.9	1.7	2.3	2.6	2.5	3.0	2.0	2.1	1.7	1.6	2.2	2.2	2.1	2.0	2.0
Trade and Industry	3.2	1.9	2.0	2.9	2.9	2.0	2.4	1.9	2.8	1.4	2.1	1.8	1.5	1.2	1.0	0.9	0.9
Energy	0.5	0.4	0.5	0.6	0.6	0.7	0.7	1.1	1.2	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.4
Department of Employment	2.6	2.7	3.5	3.7	3.7	4.2	4.3	4.3	4.7	4.5	4.1	3.7	3.4	3.0	3.1	3.0	2.9
Department of Transport	1.3	1.3	1.4	1.5	1.8	1.7	1.7	1.6	1.7	1.7	1.6	2.0	2.3	2.3	2.3	2.3	2.3
DOE–Housing	4.1	4.2	4.2	3.0	2.4	1.8	1.8	1.8	1.8	1.7	1.6	1.8	2.7	2.9	2.5	2.6	2.6
DOE–Other environmental services	1.8	1.7	1.5	1.4	1.2	0.4	0.5	0.4	0.3	0.3	0.2	0.5	0.8	0.8	0.6	0.5	0.5
DOE–Local government													0.1	0.2	0.2	0.2	0.2
Home Office (including Charity Commission)	1.0	1.0	1.1	1.1	1.2	1.3	1.3	1.4	1.4	1.5	1.6	1.8	2.0	2.0	2.0	2.1	2.1
Lord Chancellor's and Law Officers' Departments	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.8	0.9	1.0	1.0	1.2	1.3	1.6	1.6	1.6	1.6
Department of Education and Science ⁽⁴⁾	2.9	3.0	3.2	3.1	3.3	3.3	3.2	3.2	3.3	3.4	3.5	4.7	4.5	4.3	4.3	4.4	4.5
Office of Arts and Libraries	0.3	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Department of Health and Office of Population Censuses and Surveys	16.0	16.4	17.9	18.3	18.5	18.7	19.1	19.2	19.9	20.7	21.2	21.6	22.4	23.9	25.0	25.7	26.4
Department of Social Security	41.0	41.6	42.4	46.9	49.1	49.4	50.8	52.3	54.4	53.9	51.4	50.9	52.0	57.3	59.0	61.3	62.4
Scotland	4.8	4.8	5.0	5.0	4.9	4.6	4.6	4.6	4.7	4.7	4.7	4.8	5.0	5.6	5.7	5.7	5.8
Wales	1.8	1.8	2.0	2.0	1.9	1.9	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.4	2.5	2.6	2.6
Northern Ireland	5.4	5.3	5.2	5.3	5.4	5.5	5.7	5.7	5.8	5.9	6.2	6.2	5.8	6.0	6.2	6.3	6.4
Chancellor of the Exchequer's departments	3.7	3.7	3.8	4.2	4.2	3.7	3.7	3.9	4.2	4.3	4.3	4.5	4.6	4.5	4.5	4.5	4.5
Cabinet Office, Privy Council Office and Parliament	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
European Communities	1.9	1.8	0.3	0.2	0.9	1.2	1.4	1.1	1.4	2.1	1.2	2.5	2.0	0.9	2.2	2.2	2.4
Total central government expenditure⁽⁴⁾	116.2	116.9	119.9	125.3	130.3	130.1	134.2	135.5	139.3	138.3	134.5	138.3	140.6	146.4	150.9	153.5	155.2

(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 1990–91 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 13 of Appendix A.

(4) The outturns for the Ministry of Defence in 1990–91 and 1991–92 are net of other governments' contributions to the cost of the Gulf conflict.

(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 now controlled by 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

4.5 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 4.4 Central government expenditure ⁽¹⁾ by function	£ million								
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Defence									
Defence budget	18,156	18,856	19,079	20,760	22,298	24,363	24,181	24,516	24,800
Other governments' contributions to the cost of the Gulf conflict					-498	-1,510			
Total defence	18,156	18,856	19,079	20,760	21,800	22,853	24,181	24,516	24,800
Overseas services, including overseas aid									
Overseas aid ⁽²⁾	1,209	1,226	1,403	1,566	1,633	1,884	2,028	2,142	2,211
Other overseas services	732	749	874	970	1,044	1,147	1,241	1,308	1,320
Total overseas services, including overseas aid	1,941	1,975	2,277	2,536	2,677	3,031	3,268	3,450	3,530
Agriculture, fisheries, food and forestry									
Market regulation and production support	1,152	1,369	1,134	990	1,615	1,715	1,644	1,626	1,650
Structural measures for agriculture	265	226	209	237	259	294	327	348	354
Animal health	16	16	18	27	42	42	35	24	22
Other agriculture and food services including commissioned research and development	163	154	173	172	187	251	306	323	330
Support for the fishing industry	52	50	44	36	32	46	46	44	45
Arterial drainage, flood and coast protection (excluding Water Authorities)	13	14	15	19	20	21	21	23	23
Departmental research, advisory services and administration	285	290	313	349	378	394	382	402	429
Forestry	56	55	58	64	78	91	107	99	102
National Rivers Authority				96	168	204	244	269	295
Total agriculture, fisheries, food and forestry	2,002	2,173	1,965	1,990	2,778	3,057	3,113	3,156	3,250
Trade, industry, energy and employment									
Regional and general industrial support	1,049	787	929	843	778	737	715	720	740
Scientific and technological assistance	517	489	564	489	540	572	596	591	640
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	1,540	456	1,286	708	389	273	181	102	74
Trade and technological support	400	269	265	661	569	466	337	292	250
Energy	-28	21	-42	-45	-73	-76			
Employment	2,055	1,915	1,436	717	671	843	1,067	1,035	1,021
Training	1,247	1,394	1,833	2,298	2,181	2,039	1,909	1,928	1,992
Departmental administration and other services	603	622	650	809	978	1,051	1,181	1,215	1,233
Total trade, industry, energy and employment	7,382	5,951	6,921	6,480	6,032	5,906	5,985	5,883	5,951

4. Central government expenditure

Table 4.4 Central government expenditure ⁽¹⁾ by function (continued)									
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	£ million
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	1994-95 plans
Transport									
National road systems									
<i>Current</i>	222	212	242	258	294	336	352	368	381
<i>Capital</i>	986	1,128	1,122	1,523	2,054	2,122	2,294	2,454	2,523
Local transport	5	9		3	7	2	5	5	5
Ports	16	11	-3	84	36	4	-4	-6	-7
Shipping and civil aviation services	25	23	29	37	40	49	52	48	50
Driver and vehicle licensing	105	116	119	131	147	146	172	167	173
Other transport services	273	277	320	294	273	341	350	349	363
Total transport	1,631	1,776	1,828	2,331	2,852	3,001	3,220	3,385	3,488
Housing									
Subsidies to local authority housing	824	791	779	1,043	1,883	1,791	1,454	1,490	1,552
Other general subsidies	25	29	22	26	30	42	40	42	44
New Towns	26	-16	-101	-99	-24	-108	-108	-114	-129
Housing Action Trusts						10	40	87	88
Administration	41	46	51	55	71	97	102	103	104
Other capital	986	1,058	1,089	1,113	1,359	1,847	1,921	2,150	2,204
Total housing	1,902	1,908	1,839	2,138	3,320	3,679	3,449	3,758	3,864
Other environmental services									
Local environmental services	95	104	105	113	127	48	59	100	100
Urban Development Corporation	77	-41	-65	234	401	404	237	241	219
Urban programme	9	17	23	44	74	95	113	117	121
City Challenge							14	14	14
Other	500	581	598	684	800	1,213	1,309	1,282	1,345
Total other environmental services	681	660	661	1,075	1,401	1,760	1,732	1,754	1,800
Law, order and protective services									
Administration of justice	746	848	1,000	1,167	1,399	1,791	1,863	1,940	2,014
The penal system	885	987	1,127	1,347	1,608	1,752	1,704	1,768	1,835
Police	416	481	489	512	601	652	729	773	803
Immigration and citizenship	80	88	99	120	139	170	224	259	255
Fire	30	38	40	46	48	51	55	55	54
Civil defence	55	54	62	78	77	80	56	53	54
Community services	27	28	30	31	36	39	41	43	44
Central and miscellaneous services	207	280	304	372	408	465	512	516	527
Total law, order and protective services	2,446	2,805	3,151	3,673	4,318	5,001	5,185	5,407	5,586
Education and science									
Schools									
<i>Current</i>	466	506	546	607	679	762	878	928	968
<i>Capital</i>	57	60	88	126	171	211	215	208	216
Universities Funding Council									
<i>Current</i>	1,320	1,468	1,585	1,690	1,661	1,575	1,585		
<i>Capital</i>	130	129	141	160	175	207	216		
Polytechnics and Colleges Funding Council									
<i>Current</i>				1,020	1,012	837	897		
<i>Capital</i>				90	88	156	137		
Higher Education Funding Council									
<i>Current</i>								2,649	2,680
<i>Capital</i>								362	371
Other further and higher education									
<i>Current</i>	422	451	479	422	449	438	508	411	425
<i>Capital</i>	49	53	54	58	65	35	71	43	42
Student awards and fees	152	158	171	195	262	366	449	485	510
Student Loans and Access Funds					63	183	183	251	346
Miscellaneous educational services, research and administration	211	234	273	311	359	416	432	450	464
Science	605	661	714	828	911	931	1,057	1,187	1,276
Total education and science⁽³⁾	3,412	3,719	4,053	5,507	5,895	6,117	6,629	6,973	7,297

Table 4.4 Central government expenditure⁽¹⁾ by function (continued)

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
£ million									
Arts and libraries									
Museums and galleries	144	153	186	197	225	249	264	275	291
Other arts and heritage	158	169	184	194	207	234	264	276	286
Libraries	91	97	104	127	147	169	178	161	157
Administration	5	7	1	2	2	2	2	2	3
Total arts and libraries	398	426	476	520	581	653	709	714	737
Health and personal social services									
Health									
National Health Service hospitals, community health, family health (cash limited) and related services	14,409	15,783	17,421	18,935	21,243	24,403	26,678	28,343	30,731
Family health (non-cash limited)	3,835	4,268	4,805	5,017	5,572	5,941	6,489	6,889	7,279
National Health Service Trusts						38	125	172	295
Central health and other services	615	639	675	762	874	1,049	1,132	1,169	1,213
General Practice Finance Corporation	27	12	-70						
Total health	18,886	20,701	22,831	24,713	27,689	31,432	34,423	36,573	38,518
Personal social services	127	135	143	159	182	220	250	260	267
Total health and personal social services	19,014	20,836	22,974	24,872	27,871	31,652	34,673	36,833	38,785
Social security									
Pension benefits (contributory)	18,280	19,170	19,782	21,279	23,322	26,228	27,607	29,200	29,930
Widows' benefits	855	869	880	884	920	1,017	1,040	1,050	1,100
Unemployment, incapacity and other benefits	5,567	5,687	5,774	5,954	6,708	8,047	8,481	9,300	10,050
Industrial injury benefits	520	529	529	549	602	688	696	700	750
Family benefits (contributory)	176	254	287	329	364	399	423	450	500
Pension benefits (non-contributory)	48	49	48	47	48	48	48	50	50
War pensions	589	599	610	641	708	805	815	800	850
Disability benefits	1,740	2,139	2,251	2,560	3,038	3,811	4,484	5,100	5,500
Income Support ⁽²⁾	8,302	8,303	7,938	8,048	9,310	12,386	13,584	15,050	16,100
Social Fund		29	149	130	155	197	203	200	200
Family benefits (non-contributory)	5,028	5,137	5,294	5,371	5,528	6,311	7,096	7,650	8,050
Housing benefits	166	175	220	223	218	243	282	300	300
Administration and miscellaneous services	1,845	2,103	2,252	2,560	2,853	3,194	3,524	3,785	3,835
Total social security	43,118	45,042	46,017	48,575	53,774	63,375	68,283	73,650	77,150
Miscellaneous expenditure⁽⁴⁾									
Other public services	2,315	2,532	2,723	3,168	3,590	4,000	4,144	4,341	4,495
Common services	1,247	1,365	1,495	1,573	1,672	1,675	1,692	1,714	1,786
Contributions to European Communities ⁽⁵⁾	1,074	1,661	1,006	2,316	2,013	913	2,463	2,569	2,910
Total miscellaneous expenditure⁽⁴⁾	4,636	5,558	5,224	7,056	7,275	6,589	8,299	8,624	9,191
Total central government expenditure⁽³⁾	106,719	111,687	116,465	127,514	140,574	156,673	168,725	178,100	185,450

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

(2) In addition to aid to developing countries this includes assistance to Eastern Europe and the former Soviet Union and global environmental assistance. The figures include the UK contributions to the European Community Aid budget and the UK's share of European Community assistance to Eastern Europe and the former Soviet Union.

(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 now controlled by 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).

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

(5) UK contributions to the European Community Aid budget and the UK share of assistance to Eastern Europe and the former Soviet Union are included in overseas aid.

Central government expenditure by economic category

4.6 Paragraph 2.9 sets out the eight groupings of economic categories used in the analyses of government expenditure in this Supplement. 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 (£66 billion in 1991-92), 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. The creation of NHS Trusts and the NHS internal market on 1 April 1991 mean that some expenditure previously classified as pay and capital expenditure will in future be classified as other current expenditure on goods and services. This is because, under the internal market arrangements, health authorities purchase health care from providers – either from NHS Trusts or hospitals managed by health authorities – under NHS contracts. In the case of contracts with NHS Trusts, which are public corporations, it is the payments for the goods and services provided rather than the Trusts' actual expenditure which is recorded in central government expenditure.

	1986-87						£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Central government's own expenditure									
Pay	23,979	25,959	28,280	30,627	33,714	72,186	76,436	79,946	83,201
Other current expenditure on goods and services	22,813	24,437	25,817	27,861	30,788				
Subsidies	2,589	2,683	2,526	2,814	3,748	3,749	3,327	3,352	3,363
Current grants to the private sector	47,093	48,394	48,987	52,284	57,316	66,371	71,403	76,750	80,400
Current transfers abroad ⁽²⁾	2,849	3,526	3,070	4,699	3,946	2,113	5,363	5,600	6,050
Net capital expenditure on assets	3,536	3,821	3,946	5,402	6,894	7,291	7,202	6,986	6,651
Capital grants	2,254	2,072	2,636	2,305	2,949	3,562	3,516	3,781	3,850
Lending and other financial transactions	953	273	913	732	81	162	253	363	441
Total central government's own expenditure	106,067	111,165	116,175	126,725	139,436	155,434	167,500	176,800	183,950
Public corporations (excluding nationalised industries)⁽³⁾⁽⁴⁾									
(a) External finance									
Subsidies	234	252	262	268	286	360	362	380	393
Capital grants	281	332	463	819	1,000	1,149	868	889	959
Lending and other financial transactions	116	134	-19	33	63	-32	233	274	375
(b) Expenditure									
Subsidies	135	129	125	118	108	71	49	37	28
Net capital expenditure on assets	-102	-318	-537	-445	-315	-305	-285	-274	-290
Lending and other financial transactions	-12	-7	-4	-3	-3	-4	-3	-3	-3
Total public corporations (excluding nationalised industries)	651	523	290	790	1,138	1,239	1,225	1,304	1,462
Total central government expenditure	106,719	111,687	116,465	127,514	140,574	156,673	168,725	178,100	185,450

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

(2) The outturns for current transfers abroad in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(3) For most public corporations it is their external finance that is included in the planning total. The split between economic categories is 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).

(4) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources and are included in central government's own expenditure.

Central government asset creation

4.7 The figures for capital expenditure in **Table 4.5** 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 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. For consistency with the national accounts, much of this defence expenditure is treated as current expenditure on goods and services in the economic category analyses. 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 1991-92 are given in **Section 8**.

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Central government's own expenditure									
Ministry of Defence	5,434	5,480	5,758	5,523	5,990	5,680	5,520	5,750	5,920
Foreign and Commonwealth Office	22	31	38	40	54	90	100	122	87
Ministry of Agriculture, Fisheries and Food	78	84	92	93	111	135	156	177	194
Trade and Industry	433	333	925	322	262	226	218	213	207
Energy	12	6	12	7	4	2	1	1	1
Department of Employment	58	68	85	110	159	144	136	142	140
Department of Transport	778	899	903	1,239	1,642	1,718	1,844	1,936	1,984
DOE - Housing	692	752	680	988	1,521	2,004	1,888	2,047	2,094
DOE - Other environmental services	278	293	346	298	374	368	425	432	425
DOE - Local government			1	3	1	1	7		
Home Office (including Charity Commission)	166	169	247	442	518	465	382	344	318
Lord Chancellor's and Law Officers' Departments	49	69	102	133	169	176	178	184	183
Department of Education and Science	289	295	348	572	611	674	660	637	652
Office of Arts and Libraries	27	44	47	69	91	104	111	82	87
Department of Health and Office of Population Censuses and Surveys ⁽⁴⁾	1,076	1,101	1,208	1,442	1,601	1,619	1,515	1,313	1,022
Department of Social Security	77	98	147	302	293	348	315	332	258
Scotland	645	573	618	537	596	682	695	747	755
Wales	364	353	399	413	491	558	580	598	609
Northern Ireland	430	433	434	470	487	541	534	573	583
Chancellor of the Exchequer's Departments	119	143	126	150	213	332	304	284	264
Cabinet Office, Privy Council Office and Parliament	5	3	6	8	14	16	15	7	8
Total central government's own expenditure	11,033	11,227	12,523	13,162	15,200	15,883	15,583	15,921	15,792
Public corporations (excluding nationalised industries)⁽⁴⁾	942	997	1,069	1,519	1,623	1,764	1,896	2,274	2,616
Total central government expenditure	11,975	12,223	13,592	14,680	16,823	17,647	17,479	18,195	18,409
Real terms ⁽⁵⁾ (base year 1990-91)	15,633	15,135	15,701	15,926	16,823	16,493	15,632	15,685	15,406

The figures for 1992-93, 1993-94 and 1994-95 make no allowance for allocations to asset creation from the Reserve.

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

(2) See paragraphs 4.7 and 8.3 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) The figures for 1991-92 and subsequent years reflect the transfer of asset creation expenditure by NHS Trusts, which are classified as public corporations, from central government's own expenditure to expenditure by public corporations.

(5) Cash figures adjusted to 1990-91 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 13 of Appendix A.

4.8 **Table 4.7** shows the changes between the figures for central government expenditure on asset creation in the years 1990–91 to 1993–94 given in this Supplement and the corresponding plans in the the 1990 public expenditure White Paper and last year's Supplement. The differences shown for the Ministry of Defence do not reflect the differences from the previously published plans. This is because the plans published in last year's Statistical Supplement incorrectly included some expenditure on items not covered by the NATO definition of capital expenditure.

4.9 The table shows that substantial extra provision has been made for both 1992–93 and 1993–94; the increases for central government excluding the Ministry of Defence are £0.8 billion and £1.3 billion respectively. Within these totals the largest increase is for the Department of Health where there are increases of about £350 million and £750 million covering spending by both central government and NHS Trusts. Within the overall increases for the Department of Health, the development of NHS Trusts contributes to the growth in public corporations asset creation with a consequential reduction in direct spending by central government. There are also significant increases in provision in 1992–93 and 1993–94 for the Departments of Environment, Education and Science and Social Security. The reductions in planned expenditure on asset creation by the Ministry of Defence in 1992–93 and 1993–94 reflect the new force structure confirmed in the Statement of Defence Estimates 1991 (Cm 1559).

Table 4.7 Central government expenditure on asset creation⁽¹⁾: differences from previous plans⁽²⁾ by department

	£ million			
	Differences from plans presented in:			
	1990 public expenditure White Paper (Cm 1021)	Statistical Supplement to the 1990 Autumn Statement (Cm 1520)		
	1990–91 outturn	1991–92 estimated outturn	1992–93 plans	1993–94 plans
Central government's own expenditure				
Ministry of Defence ⁽³⁾	+190	–50	–410	–180
Department of Transport	–1	–13	+1	+5
DOE-Housing	+112	–95	+60	+54
Department of Education and Science	+66	+71	+66	+35
Department of Health and Office of Population Censuses and Surveys ⁽⁴⁾	+127		–133	–102
Territorial departments ⁽⁵⁾	–148	+19	+3	+79
Other departments	+11	+87	+268	+382
Total central government's own expenditure⁽³⁾	+357	+18	–144	+274
Public corporations (excluding nationalised industries)	–21	–37	+497	+832
Total central government expenditure⁽³⁾	+336	–19	+353	+1,106

(1) See paragraphs 4.7 and 8.3 for the definition of public sector asset creation.

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

(3) The changes for the Ministry of Defence have been calculated from revised base; a re-examination of the previously published plans has shown that they included expenditure on certain items which fall outside the NATO definition of capital expenditure.

(4) The falls from previous plans for 1992–93 and 1993–94 reflect transfers to the public corporations sector arising from the setting up of NHS Trusts. The changes for these years including the NHS Trusts are increases of £350 million and £750 million.

(5) Including Forestry Commission

Central government's own expenditure by department

4.10 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 detailed breakdown by department of central government's own expenditure. **Table 4.9** gives summary data back to 1978–79.

Table 4.8 Central government's own expenditure⁽¹⁾ by department⁽²⁾

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ million 1994-95 plans
Ministry of Defence ⁽³⁾	18,168	18,856	19,079	20,760	21,800	22,853	24,181	24,516	24,800
Foreign and Commonwealth Office	1,920	1,978	2,246	2,489	2,626	2,988	3,239	3,420	3,499
Ministry of Agriculture, Fisheries and Food	1,527	1,744	1,503	1,481	2,192	2,345	2,310	2,354	2,441
Trade and Industry	2,129	1,077	1,784	1,660	1,455	1,282	1,117	1,034	1,015
Energy	885	544	530	433	463	462	468	457	493
Department of Employment	3,596	3,640	3,585	3,419	3,364	3,208	3,458	3,463	3,511
Department of Transport	1,269	1,379	1,405	1,874	2,307	2,454	2,622	2,725	2,804
DOE—Housing	1,278	1,291	1,295	1,595	2,641	3,016	2,774	2,971	3,054
DOE—Other environmental services	291	433	462	473	580	691	639	597	581
DOE—Local government	4	5	6	10	50	256	268	230	236
Home Office (including Charity Commission)	1,077	1,222	1,363	1,625	1,982	2,175	2,249	2,399	2,456
Lord Chancellor's and Law Officers' Departments	651	773	902	1,125	1,326	1,709	1,765	1,841	1,914
Department of Education and Science ⁽⁴⁾	2,493	2,733	2,991	4,332	4,548	4,555	4,863	5,107	5,339
Office of Arts and Libraries	343	368	414	446	496	561	609	600	620
Department of Health and Office of Population Censuses and Surveys	15,216	16,703	18,440	19,898	22,392	25,493	27,815	29,632	31,191
Department of Social Security	41,706	43,550	44,462	46,915	51,960	61,276	65,964	71,150	74,500
Scotland	3,366	3,515	3,875	4,080	4,534	5,379	5,807	6,070	6,270
Wales	1,461	1,553	1,738	1,840	2,104	2,405	2,693	2,866	2,987
Northern Ireland	4,169	4,441	5,108	5,455	5,651	6,215	6,720	7,101	7,411
Chancellor of the Exchequer's Departments	3,216	3,444	3,709	4,199	4,603	4,797	5,025	5,221	5,437
Cabinet Office, Privy Council Office and Parliament	228	251	273	300	349	400	451	469	484
European Communities	1,074	1,661	1,006	2,316	2,013	913	2,463	2,569	2,910
Total central government's own expenditure⁽¹⁾⁽⁴⁾	106,067	111,165	116,175	126,725	139,436	155,434	167,500	176,800	183,950

(1) Excluding 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) The outturns for the Ministry of Defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(4) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are now controlled by 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

4.11 The majority of the expenditure figures in this Supplement are net figures—i.e. 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 4.10** provides an analysis of central government's own sales and purchases of land and existing buildings by department.

	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 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ billion 1994-95 plans
Ministry of Defence ⁽³⁾	7.5	9.2	11.2	12.6	14.4	15.5	17.1	18.0	18.2	18.9	19.1	20.8	21.8	22.9	24.2	24.5	24.8
Foreign and Commonwealth Office	1.0	1.2	1.3	1.4	1.5	1.7	1.8	1.8	1.9	2.0	2.2	2.5	2.6	3.0	3.2	3.4	3.5
Ministry of Agriculture, Fisheries and Food	0.6	0.7	1.0	1.0	1.5	1.8	1.8	2.2	1.5	1.7	1.5	1.5	2.2	2.3	2.3	2.4	2.4
Trade and Industry	1.2	0.8	1.0	1.7	1.8	1.4	1.7	1.4	2.1	1.1	1.8	1.7	1.5	1.3	1.1	1.0	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	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	3.4	3.2	3.5	3.5	3.5
Department of Transport	0.5	0.6	0.7	0.9	1.1	1.0	1.2	1.2	1.3	1.4	1.4	1.9	2.3	2.5	2.6	2.7	2.8
DOE—Housing	1.5	1.8	2.2	1.6	1.4	1.1	1.1	1.2	1.3	1.3	1.3	1.6	2.6	3.0	2.8	3.0	3.1
DOE—Other environmental services	0.5	0.5	0.6	0.6	0.7	0.1	0.3	0.2	0.3	0.4	0.5	0.5	0.6	0.7	0.6	0.6	0.6
DOE—Local government													0.1	0.3	0.3	0.2	0.2
Home Office (including Charity Commission)	0.4	0.5	0.6	0.7	0.7	0.9	0.9	1.0	1.1	1.2	1.4	1.6	2.0	2.2	2.2	2.4	2.5
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	1.3	1.7	1.8	1.8	1.9
Department of Education and Science ⁽⁴⁾	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	4.9	5.1	5.3
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	0.6
Department of Health and Office of Population, Censuses and Surveys	6.3	7.5	9.7	10.9	11.8	12.5	13.4	14.2	15.2	16.7	18.4	19.9	22.4	25.5	27.8	29.6	31.2
Department of Social Security	16.2	19.1	23.1	28.0	31.4	33.1	35.7	38.8	41.7	43.6	44.5	46.9	52.0	61.3	66.0	71.2	74.5
Scotland	1.7	2.0	2.5	2.7	2.9	2.9	3.0	3.2	3.4	3.5	3.9	4.1	4.5	5.4	5.8	6.1	6.3
Wales	0.7	0.8	1.0	1.1	1.2	1.2	1.3	1.3	1.5	1.6	1.7	1.8	2.1	2.4	2.7	2.9	3.0
Northern Ireland	1.9	2.2	2.6	2.9	3.2	3.4	3.6	3.8	4.2	4.4	5.1	5.5	5.7	6.2	6.7	7.1	7.4
Chancellor of the Exchequer's Departments	1.5	1.7	2.0	2.5	2.7	2.5	2.6	2.9	3.2	3.4	3.7	4.2	4.6	4.8	5.0	5.2	5.4
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	0.3	0.4	0.5	0.5	0.5
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	2.0	0.9	2.5	2.6	2.9
Total central government expenditure⁽¹⁾	44.9	52.7	64.1	73.8	82.4	86.1	93.2	99.6	106.1	111.2	116.2	126.7	139.4	155.4	167.5	176.8	184.0

(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) The outturns for the Ministry of Defence in 1990-91 and 1991-92 are net of other governments' contributions to the cost of the Gulf conflict.

(4) Comparisons between years up to and including 1988-89 and later years are affected by the transfer of the financing of institutions which are now controlled by 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).

Table 4.10 Central government's own sales and purchases of land and existing buildings by department⁽¹⁾

							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Receipts from sales									
Ministry of Defence	-76	-78	-151	-72	-83	-129	-141	-144	-148
Foreign and Commonwealth Office	-6	-5	-4	-7	-15	-16	-7	-5	-10
Ministry of Agriculture Fisheries and Food	-6	-1			-2	-3	-8	-3	-3
Trade and Industry									
Energy									
Department of Employment	-1	-6	-1	-2	-6	-1			
Department of Transport	-13	-14	-53	-17	-28	-30	-32	-33	-34
DOE—Housing									
DOE—Other environmental services	-39	-36	-53	-35	-29	-19	-44	-51	-53
Home Office (including Charity Commission)	-12	-10	-55	-52	-23	-19	-9	-14	-13
Lord Chancellor's and Law Officers' Departments		-1							
Department of Education and Science	-2	-4	-2	-13	-8	-6	-3	-3	-3
Office of Arts and Libraries									
Department of Health and Office of Population Censuses and Surveys	-144	-199	-271	-229	-173	-208	-198	-198	-198
Department of Social Security									
Scotland	-9	-12	-15	-27	-22	-20	-10	-10	-10
Wales	-3	-2	-2	-6	-2	-7	-7	-8	-8
Northern Ireland	-15	-18	-28	-25	-21	-12	-12	-8	-8
Chancellor of the Exchequer's Departments									
Cabinet Office, Privy Council Office and Parliament									
Total receipts from sales	-326	-387	-635	-486	-413	-469	-472	-478	-488
Purchases									
Ministry of Defence	16	8	7	34	10	12	14	15	15
Foreign and Commonwealth Office	30	33	36	39	44	42	53	61	61
Ministry of Agriculture Fisheries and Food							1	2	
Trade and Industry	1			1	1	4			
Energy									
Department of Employment	1	2	2		1	1	5	4	1
Department of Transport	48	51	66	95	169	175	185	190	194
DOE—Housing									
DOE—Other environmental services	1	92	2	5	3	3	2	3	3
Home Office (including Charity Commission)	4	3	16	9	1	6	3	1	1
Lord Chancellor's and Law Officers' Departments	5	4	1	10	5	10	16	1	
Department of Education and Science						1	29	29	30
Office of Arts and Libraries									
Department of Health and Office of Population Censuses and Surveys	15	30	17	20	14	86	76	66	51
Department of Social Security									
Scotland	4	6	3	20	26	15	16	17	17
Wales	5	5	4	3	8	7	7	7	7
Northern Ireland	5	11	11	14	12	11	12	12	12
Chancellor of the Exchequer's Departments		1	1	3	3	3			
Cabinet Office, Privy Council Office and Parliament									
Total purchases	136	246	168	252	298	375	419	408	392

4. Central government expenditure

Table 4.10 Central government's own sales and purchases of land and existing buildings by department ⁽¹⁾ (continued)							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Receipts from sales net of purchases									
Ministry of Defence	-60	-70	-144	-39	-73	-116	-126	-130	-133
Foreign and Commonwealth Office	24	28	32	32	29	26	46	56	51
Ministry of Agriculture Fisheries and Food	-6	-1			-2	-3	-7	-3	-3
Trade and Industry	1			1	1	4			
Energy									
Department of Employment		-4	1	-2	-5		5	4	
Department of Transport	35	37	13	78	141	145	153	157	161
DOE—Housing									
DOE—Other environmental services	-39	56	-50	-30	-25	-16	-42	-49	-50
Home Office (including Charity Commission)	-8	-7	-39	-43	-22	-12	-5	-13	-12
Lord Chancellor's and Law Officers' Departments	5	3	1	10	5	10	16	1	
Department of Education and Science	-2	-4	-2	-13	-8	-5	25	26	27
Office of Arts and Libraries									
Department of Health and Office of Population Censuses and Surveys	-129	-169	-254	-209	-159	-122	-122	-132	-148
Department of Social Security									
Scotland	-5	-6	-11	-8	4	-5	6	7	7
Wales	2	3	2	-2	6			-1	-1
Northern Ireland	-10	-8	-16	-11	-10	-1		4	4
Chancellor of the Exchequer's Departments		1	1	3	3	3			
Cabinet Office, Privy Council Office and Parliament									
Total receipts from sales net of purchases	-190	-141	-467	-233	-115	-94	-53	-70	-96

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

Running Costs

4.12 Since 1986-87, departments' current expenditure on personnel, goods and other services used in their own administration has been defined as running costs. These are normally controlled gross, although 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 "The Financing and Accountability of Next Steps Agencies" (Cm 914).

4.13 For 1986-87 and 1987-88 Civil Service resources were controlled both through running costs 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 4.13**.

4.14 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 of their running costs each year. Agreed three-year management plans are associated with three-year running costs settlements and departments will monitor the delivery of their planned efficiency improvements. Most departments have agreed management plans and firm three-year running costs settlements covering 1992-93, 1993-94 and 1994-95.

4.15 **Table 4.11** 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 1990-91 and the estimated outturn for the current year. The year on year increases in gross running costs in 1992-93 and subsequent years are 5.9 per cent, 3.0 per cent and 3.0 per cent. These increases reflect changes in workload and pay and prices, offset by efficiency savings.

4.16 **Table 4.11** includes the gross running costs of areas controlled net. Therefore, in many cases, the gross figures for the coming year in this table do not correspond directly to the figures which will be translated into control limits when the Main Estimates are presented to Parliament. The individual departmental reports do, however, identify the gross and net running costs provisions which will relate to the control limits to be published in the Main Estimates.

4.17 Changes in coverage since last year's Supplement are reflected in all years. In particular, four areas have become trading funds (see **paragraph 4.19**) and are no longer within running costs control.

4.18 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 4.11 Running costs by department	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Gross running costs⁽¹⁾									
Ministry of Defence ⁽²⁾	3,976	4,009	4,249	4,445	4,890	5,318	5,318	5,318	5,318
FCO-Diplomatic Wing	320	342	346	418	426	480	520	533	570
FCO-Overseas Development Administration	38	40	45	49	50	64	68	71	74
Ministry of Agriculture, Fisheries and Food	208	216	229	258	288	330	369	381	396
Intervention Board	10	13	17	20	22	29	29	29	33
Trade and Industry⁽³⁾									
Department of Trade and Industry	248	264	290	317	348	372	369	397	422
Office of Fair Trading	8	9	10	11	14	17	17	19	19
Office of Telecommunications	3	4	4	4	5	6	7	7	7
Total Trade and Industry	259	277	304	331	367	396	393	423	448
Energy									
Department of Energy	22	22	24	35	38	43	46	49	51
Office of Electricity Regulation				1	7	8	10	10	10
Office of Gas Supply	1	1	1	1	2	2	2	2	2
Total Energy	22	23	26	37	47	53	58	61	63
Department of Employment									
Department of Employment ⁽⁴⁾	752	823	834	879	931	1,102	1,217	1,268	1,297
Advisory, Conciliation and Arbitration Service	15	16	16	17	18	20	21	23	25
Health and Safety Commission	89	94	100	109	121	147	168	188	202
Total Department of Employment	856	932	950	1,005	1,070	1,270	1,407	1,479	1,523
Department of Transport	268	275	296	323	361	381	412	421	442
Department of Environment:									
Housing and other Environmental Services	128	136	149	173	182	218	242	247	251
Office of Water Services				1	4	5	7	7	7
Ordnance Survey	49	52	53	55	58	61	66	72	75
Property Holdings and Central Services	29	34	42	45	38	63	64	67	71
PSA Services	448	521	567	588	637	632	523	425	395
Total Department of Environment	653	743	811	862	919	980	901	818	799

4. Central government expenditure

Table 4.11 Running costs by department (continued)							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Home Office (including Charity Commission)									
Home Office	760	842	889	964	1,119	1,300	1,465	1,573	1,651
Charity Commission	5	6	7	9	13	18	21	21	22
Total Home Office (including Charity Commission)	765	848	896	973	1,132	1,317	1,486	1,595	1,673
Lord Chancellor's and Law Officers' Departments									
Lord Chancellor's Department	178	197	216	237	276	355	404	435	465
Crown Office, Scotland	15	17	19	21	23	26	29	30	30
Crown Prosecution Service	54	88	105	124	145	166	189	194	197
Land Registry	85	100	128	150	154	180	193	220	248
Northern Ireland Court Service	10	11	11	12	13	14	15	16	17
Public Record Office	11	11	12	15	17	19	22	23	23
Serious Fraud Office			4	5	6	8	10	9	9
Treasury Solicitor's Department	11	11	13	14	17	23	24	24	25
Total Lord Chancellor's and Law Officers' Departments	363	434	507	577	651	793	887	950	1,014
Department of Education and Science	55	58	66	72	79	97	105	108	113
Office of Arts and Libraries	6	7	1	2	2	2	2	2	3
Department of Health and Office of Population Censuses Surveys									
Department of Health	134	140	149	161	201	237	278	280	289
Office of Population Censuses and Surveys	33	34	38	43	61	114	61	57	58
Total Department of Health and Office of Population Censuses and Surveys	167	174	187	203	262	351	339	337	347
Department of Social Security	1,346	1,515	1,593	1,724	1,983	2,170	2,502	2,717	2,827
Scotland									
Scottish Office	166	181	196	212	228	262	286	305	322
General Register Office for Scotland	4	4	5	6	8	14	9	9	9
Registers of Scotland	9	10	11	13	19	25	29	32	32
Scottish Courts Administration	16	18	22	24	31	35	38	39	41
Scottish Record Office	2	2	2	3	3	3	4	4	4
Total Scotland	197	215	236	258	289	339	366	389	408
Wales	36	39	41	46	52	59	64	68	70
Northern Ireland ⁽⁵⁾	424	463	486	529	596	655	712	694	712
Chancellor of the Exchequer's Departments									
HM Treasury	72	73	76	82	92	110	120	126	130
Central Office of Information	18	18	20	21	22	1	1	1	1
Central Statistical Office	15	15	20	20	27	32	37	40	42
Government Actuary's Department	2	2	2	3	3	4	5	5	6
Department for National Savings	151	154	159	159	167	177	184	188	193
HM Customs and Excise	372	408	461	502	571	633	694	744	778
Inland Revenue	925	1,012	1,074	1,197	1,319	1,604	1,712	1,763	1,865
National Investment and Loans Office	1	1	1	1	1	1	1	1	1
Paymaster General's Office	13	14	15	16	18	19	22	22	23
Registry of Friendly Societies	3	4	4	5	5	7	9	8	8
Total Chancellor of the Exchequer's Departments	1,573	1,701	1,831	2,005	2,226	2,589	2,786	2,898	3,047

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Cabinet Office and Privy Council Office									
Cabinet Office	14	14	15	17	18	22	24	20	20
Office of the Minister for the Civil Service	36	40	42	45	48	62	59	63	66
Privy Council Office	1	1	1	1	2	2	2	2	2
Total Cabinet Office and Privy Council Office	51	55	58	64	68	87	85	86	89
Gross running costs total	11,594	12,380	13,175	14,202	15,780	17,759	18,808	19,380	19,968
Intra-departmental and inter-departmental running costs receipts	-611	-684	-746	-813	-900	-858	-788	-732	-730
Running costs total	10,984	11,695	12,430	13,389	14,880	16,901	18,020	18,648	19,238
Other related receipts ⁽⁶⁾	-1,339	-1,482	-1,576	-1,588	-1,661	-2,156	-2,256	-2,352	-2,446
Running costs net of all related receipts	9,644	10,213	10,854	11,801	13,219	14,745	15,765	16,296	16,793

(1) The gross figures are net of any VAT refunds on contracted out services.

(2) Running costs coverage includes the pay of Armed Forces personnel only where they are engaged in support activities (some 57,000) and excludes certain civil servants engaged in non-support areas (some 23,000).

(3) 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 in the same way as other departments.

(4) 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 (£436 million in 1991-92) and manpower are included in the Department of Employment figures.

(5) Figures cover both the Northern Ireland Office and the Northern Ireland Departments.

(6) Receipts for services charged against departmental running costs, eg fees.

4.19 **Table 4.12** gives figures for the gross cost of departmental administrative activities analysed between those operating gross control and those under net control. In addition to the net controlled areas listed in last year's Supplement and the two areas for which agreement to move to net control was reached too late for inclusion in last year's Supplement—the Civil Service Catering Organisation (HM Treasury) and the Central Services Division of the DTI—six further areas will operate under net control from 1 April 1992. The areas concerned are: the National Engineering Laboratory and the Accounts Services Agency of the Department of Trade and Industry; the Agricultural Development Advisory Service of the Ministry of Agriculture, Fisheries and Food; the Medicines Control Agency of the Department of Health; Wilton Park Executive Agency of the Foreign and Commonwealth Office; and the Valuation Office of the Inland Revenue. The Central Office of Information and the Vehicle Inspectorate became Trading Funds with effect from 1 April 1991; Companies House and the Patent Office became trading funds from 1 October 1991. A full list of net controlled areas is published in the Summary and Guide to the Main Estimates.

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Gross provision controlled gross	10,652	11,321	12,006	12,940	14,417	16,301	17,455	18,096	18,658
Gross provision controlled net	943	1,059	1,169	1,263	1,363	1,458	1,353	1,284	1,310
Total gross running costs	11,594	12,380	13,175	14,202	15,780	17,759	18,808	19,380	19,968
of which:									
Civil Service paybill ⁽²⁾	6,212	6,630	7,029	7,630	8,438	9,407			
Civil Service manpower in running costs ⁽³⁾ (thousands whole-time equivalents)	585	577	567	559	557	558			

(1) The gross figures are net of any VAT refunds on contracted out services.

(2) This covers the pay costs, including earnings related national insurance contributions, of civil servants in running costs.

(3) This covers total civil service manpower, as shown in Table 4.13, plus the manpower of the Northern Ireland Office and Northern Ireland Departments, less civil servants outside running costs, i.e. trading funds, the Crown Estate Office, ECGD, the Driving Standards Agency and Ministry of Defence civilians engaged in non-support areas.

4.20 The Chancellor's statement of 24 July 1991 on civil service pay proposed further delegation to departments of pay and grading, including greater emphasis on performance pay, greater flexibility within centrally agreed pay settlements and, in appropriate cases, full delegation. In the light of this development greater attention will be given to departments' paybill outturns. These are published in the departmental reports, together with the related civil service manpower, and the aggregate figures are given in **Table 4.12**.

4.21 Of the 57 Next Steps Executive Agencies already established 18 will operate net running costs control under the policy referred to in **paragraph 4.12** and this number is expected to increase in future years. The gross costs of the net control areas are included in **Table 4.12** and details are given in the individual departmental reports. Seven further Next Steps Agencies—HMSO, the Royal Mint, the Central Office of Information, the Vehicle Inspectorate, the Buying Agency, Companies House and the Patent Office are trading funds which are not covered by running costs controls. These agencies are covered in the material on public corporations later in this section (see **paragraphs 4.32 to 4.37**).

Central government manpower

4.22 **Table 4.13** provides a summary of central government manpower (including the Armed Forces) for 1978-79 and 1986-87 to 1991-92. The table shows Civil Service manpower plans for the period 1992-93 to 1994-95, together with, for comparison, the 1991-92 manpower plans as given in last year's Statistical Supplement. 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 1990-91 Civil Service numbers fell by 175,000, a reduction of 24 per cent. The figures in **Table 4.13** for the Civil Service take account of the changes in individual departmental plans since last year's Supplement. In the light of the increase in numbers receiving unemployment and related benefits, significant increases in manpower have been agreed for the Departments of Employment and Social Security to help maintain service standards in benefit offices. The manpower figures in the Supplement are based on the conventional flat unemployment assumption, but these increases in manpower will be reversed when unemployment falls. Offsetting reductions have been made in Ministry of Defence manpower.

Armed Forces 4.24 Armed Forces manpower continued to fall in 1990-91 because the reduction of recruitment targets, and thus intake, more than offset a slight overall improvement in retention. 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 decreased by 0.3 per cent since September 1979, after adjusting for the reduction in nurses working hours in 1980. At 30 September 1990 there were more whole-time front-line staff than ever before—8,000 more doctors and dentists, 28,000 more professional and technical staff, and 25,000 more nursing and midwifery staff than at 30 September 1979. However, Health Authorities' initiatives and cost improvements continue to provide the means to improve the use of manpower. On 30 September 1991 125,000 staff in the NHS were employed in NHS Trusts. Although these employees remain in the National Health Service they are classified as part of the public corporations sector. The number of staff will grow as subsequent waves of Trusts become operational.

Table 4.13 Central government manpower, 1978-79 and 1986-87 to 1994-95

	1978-79	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1991-92	thousands (whole time equivalents) ⁽¹⁾		
	actual	actual	actual	actual	actual	actual	estimated outturn	original plans	1992-93 plans	1993-94 plans	1994-95 plans
Central government departments⁽¹⁾											
Ministry of Defence ⁽²⁾	226.1	167.4	148.9	142.2	140.8	140.6	139.6	141.3	135.6	131.2	126.2
FCO—Diplomatic Wing	9.8	8.0	8.0	8.0	8.0	8.1	8.2	8.3	8.4	8.4	8.4
FCO—Overseas Development Administration	2.3	1.5	1.5	1.5	1.5	1.6	1.7	1.7	1.7	1.7	1.7
Ministry of Agriculture, Fisheries and Food	14.0	10.7	10.4	10.2	9.9	10.0	10.0	10.5	10.7	10.6	10.4
Intervention Board	0.5	0.8	0.8	0.8	0.8	0.9	1.1	1.1	1.0	1.0	1.0
Trade and Industry (including OFT and OFTEL)	17.4	12.2	12.2	12.2	12.3	12.2	11.0	11.2	10.1	10.1	10.2
Export Credits Guarantee Department	2.0	1.7	1.7	1.6	1.5	1.3	1.2	1.3	0.7	0.6	0.6
Energy (including OFFER and OFGAS)	1.3	1.0	1.0	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.2
Department of Employment Group (including ACAS and HSC)	53.6	58.1	60.2	56.6	53.5	49.8	53.1	52.9	57.5	57.6	56.6
Department of Transport	14.2	13.2	12.8	12.8	13.2	13.6	11.7	11.9	11.6	11.6	11.6
Department of the Environment (incl. OFWAT and Ordnance Survey)	16.2	8.8	8.8	8.7	8.7	8.7	9.0	9.0	8.8	8.7	8.4
Property Holdings ⁽³⁾	} 36.8	1.7	1.7	1.7	1.7	1.7	1.9	1.9	2.2	2.2	2.2
PSA—Services ⁽³⁾		21.5	20.8	19.0	17.8	17.3	14.2	15.0	11.6	9.5	8.8
Home Office (including Charity Commission)	34.0	38.4	39.2	41.6	43.4	46.0	48.9	48.1	52.3	53.8	54.3
Lord Chancellor's and Law Officers' Departments	17.9	21.5	23.9	26.5	28.1	28.3	29.1	29.8	30.3	30.9	31.6
Department of Education and Science	3.7	2.4	2.5	2.6	2.6	2.6	2.7	2.7	2.8	2.8	2.8
Office of Arts and Libraries		0.1	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 ⁽⁴⁾	} 100.2	6.0	6.0	5.9	6.4	6.6	6.8	7.5	7.2	6.9	6.8
Department of Social Security ⁽⁴⁾		85.9	91.2	87.8	81.6	80.3	79.2	77.2	86.5	87.6	88.4
Scotland	12.8	12.0	12.0	12.1	12.4	12.7	13.0	13.3	13.5	13.4	13.7
Wales	2.5	2.3	2.2	2.2	2.2	2.3	2.4	2.3	2.4	2.5	2.4
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 4.13 Central government manpower, 1978-79 and 1986-87 to 1994-95 (continued)									thousands (whole time equivalents) ⁽¹⁾		
	1978-79 actual	1986-87 actual	1987-88 actual	1988-89 actual	1989-90 actual	1990-91 actual	1991-92 estimated outturn	1991-92 original plans	1992-93 plans	1993-94 plans	1994-95 plans
Central government departments⁽¹⁾											
HM Customs and Excise	28.8	25.3	26.0	26.3	26.6	26.9	26.9	27.5	26.8	26.3	26.2
Inland Revenue	84.9	68.8	66.9	66.6	66.6	65.5	67.0	69.0	70.8	70.7	70.5
Chancellor's other Departments	14.2	14.0	13.5	13.2	13.0	12.8	11.6	12.0	11.8	11.7	11.5
Cabinet Office, and Privy Council Office	5.7	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.7
Trading funds, Crown Estate Office and Driving Standards Agency	34.9	8.2	8.1	7.8	7.4	6.9	9.8	11.1	11.2	11.1	10.8
Total Civil Service	734.0	593.2	582.0	570.7	562.8	559.5	563.0	569.6	578.5	573.7	568.2
Armed Forces ⁽⁵⁾	326.2	331.1	328.0	323.5	318.9	310.9	300.7	300.7	288.1		
National Health Service ⁽⁶⁾	923	981	976	977	973	970					
Northern Ireland Departments (NI Civil Service) ⁽⁶⁾		25.8	25.8	25.5	25.0	25.1	25.4	25.7	26.5	23.4	23.1
Northern Ireland Office (NI Civil Service Group and Prison Service) ⁽⁶⁾	28.4	4.4	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.6	4.6
Other NI Government Service ⁽⁶⁾	115.6	119.3	118.2	118.9	117.5	116.6					
Research Councils ⁽⁷⁾	17	11	11	12	12	11					
Other central government ⁽⁷⁾	50	47	46	46	48	56					
Total central government	2,194	2,113	2,091	2,078	2,062	2,054					

(1) Unless otherwise indicated all figures are 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) Including locally engaged personnel. Armed Forces numbers after 1 April 1992 are subject to review.

(6) At 30 September.

(7) At 1 July.

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. Since 1988-89, the Government's aim has been to concentrate resources on basic strategic research. 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 4.14**. Details of past expenditure and future plans will continue to be published in the Annual Review of government-funded Research and Development.

Table 4.14 Central government's own expenditure on science and technology by department

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence	2,186	2,156	2,123	2,302	2,266	2,410	2,547	2,504	2,413
Foreign and Commonwealth Office	26	32	34	38	40	50	56	59	61
Ministry of Agriculture, Fisheries and Food	139	125	134	132	139	152	158	159	176
Trade and Industry ⁽¹⁾	366	388	334	307	324	340	352	363	374
Energy (including United Kingdom Atomic Energy Authority)	165	155	189	173	190	159	150	145	144
Department of Employment	42	45	49	48	29	36	34	35	36
Department of Transport	24	26	26	28	31	34	34	34	37
Department of Environment and Ordnance Survey	60	63	64	64	86	102	108	112	115
Home Office	13	14	14	15	14	18	18	19	20
Department of Education and Science (including Research Councils and University Funding Council)	1,316	1,440	1,575	1,718	1,828	1,931	2,071	2,179	2,276
Office of Arts and Libraries	11	12	12	16	15	17	19	20	20
Department of Health and Office of Population Censuses and Surveys	51	48	56	63	70	79	95	98	101
Scotland	53	51	54	55	60	62	65	70	71
Northern Ireland	25	26	33	42	44	50	52	54	56
Other departments ⁽²⁾	14	13	15	14	15	16	20	19	18
Total departmental expenditure	4,492	4,596	4,712	5,016	5,152	5,457	5,780	5,870	5,918
<i>Of which:</i>									
<i>Civil science and technology</i>	<i>2,306</i>	<i>2,440</i>	<i>2,589</i>	<i>2,714</i>	<i>2,886</i>	<i>3,047</i>	<i>3,233</i>	<i>3,366</i>	<i>3,505</i>
Indicative UK contribution to EC budget in respect of Research and Development ⁽³⁾	96	109	130	172	217	219	226	239	281
Total	4,588	4,705	4,842	5,188	5,369	5,676	6,007	6,110	6,198

(1) The Trade and Industry figures exclude provision for, and receipts from, launch aid.

(2) Including Wales, Forestry Commission, HM Treasury, HM 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 4.14** record total net central government expenditure on Science and Technology. Like those in the Annual Review of government-funded Research and Development the figures represent expenditure on research and development activities covered by the internationally accepted Frascati manual. The "Frascati" definition, however, measures expenditure in terms of full economic costs (inclusive of superannuation, but exclusive 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 1990-1 the £/ecu exchange rate has been used. Figures for later years are based on the central ERM rate of (£=1.435) ecu and an estimate of payments from successive budgets. The UK's contribution to the EC budget is 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 mainly comprise 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 and the electricity generating boards. The figures do not include Research and Development by the nationalised industries.

4.31 **Table 4.14** shows that total expenditure on civil Research and Development and technology transfer is planned to increase from £3.3 billion in 1991-92 to £3.8 billion in 1994-95, a real increase of 2 per cent. Total science and technology expenditure in 1992-93 will be £6 billion, a 0.6 per cent real increase on 1991-92. Provision for the Research Councils in 1992-93 will be 2.9 per cent higher in real terms than 1991-92, and it is planned to continue to rise in real terms in later years.

Public corporations (excluding 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. They include the seven Executive Agencies operating as trading funds under the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990. 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 is controlled through the capital control regime for local authorities and 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, NHS Trusts, Scottish Homes and the BBC. A full list of public corporations other than nationalised industries is given in **Table 4.15**.

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 4.3** 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 IBA (up to 1990-91) and the National Dock Labour Board (up to 1988-89). It also includes subsidies to, and the

capital 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 4.15** lists the individual public corporations and shows their contributions to the planning total for each of the years 1986–87 to 1994–95. **Table 4.16** provides more details of the financing requirements for 1991–92 and 1992–3.

Table 4.15 Financing requirements ⁽¹⁾ of individual public corporations (excluding nationalised industries)	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 estimated outturn	£ million		
							1992–93 plans	1993–94 plans	1994–95 plans
Public corporations whose external finance is included in the planning total⁽²⁾									
The Audit Commission									
British Technology Group									
The Buying Agency ⁽³⁾⁽⁴⁾									
Central Office of Information ⁽³⁾⁽⁴⁾						27			
Commonwealth Development Corporation	25		32	50	52	42	30	30	31
Companies House ⁽³⁾						5	3	4	-1
Covent Garden Market Authority	-1	-17	-1						
The Crown Agents	-1	-1	2						
The Crown Agents Holding and Realisation Board									
The Crown Suppliers									
Development Board for Rural Wales	10	9	11	12	12	14	16	16	16
English Industrial Estates Corporation	13	13	7		17	-15	1		25
General Practice Finance Corporation	27	12	-49						
Her Majesty's Stationery Office ⁽³⁾	-7	-7	-7	-7	-6	-5	4	-2	-4
Highlands and Islands Enterprise ⁽⁴⁾	26	26	32	34	33	44	48	49	51
Housing Action Trusts						10	40	87	88
Land Authority For Wales	-5	2	1	1	1				
Letchworth Garden City	2	-6	1	-2			-1		
National Film Finance Corporation									
National Health Service Trusts						38	125	172	295
Northern Ireland Electricity Service	-28	21	-42	-45	-73	-76			
Northern Ireland Housing Executive	299	301	299	238	218	225	216	221	231
Northern Ireland Public Trust Port Authorities	1	1							
Northern Ireland Transport Holding Company	22	14	24	24	21	19	24	24	25
Oil and Pipelines Agency									
The Patent Office ⁽³⁾						4	-5	-4	-9
The Pilotage Commission									
Royal Mint ⁽³⁾									
Royal Ordnance plc	-12								
Scottish Enterprise ⁽⁶⁾	88	92	87	81	93	157	183	175	220
Scottish Homes ⁽⁷⁾				199	257	311	300	312	322
Scottish Special Housing Association ⁽⁷⁾	38	59	16						
United Kingdom Atomic Energy Authority	9	-4	-24		44	24	18	8	-4
Urban Development Corporations	89	145	253	468	593	541	374	373	361
Vehicle Inspectorate ⁽³⁾						2	-7	-8	-8
Welsh Development Agency	35	57	66	69	85	89	76	64	66
The Welsh Fourth Channel Authority									
Total	630	718	706	1,120	1,348	1,457	1,442	1,521	1,704

4. Central government expenditure

Table 4.15 Financing requirements⁽¹⁾ of individual public corporations (excluding nationalised industries) (continued)							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Public corporations given other treatments in the planning total⁽⁸⁾									
Bank of England									
British Broadcasting Corporation									
Independent Broadcasting Authority ⁽⁹⁾									
National Dock Labour Board	4	4	2						
New Town Development Corporations and the Commission for New Towns	17	-200	-419	-331	-210	-218	-217	-217	-242
Public Trusts Ports									
Total	21	-195	-416	-330	-210	-218	-217	-217	-242
Total public corporations (excluding nationalised industries)	651	523	290	790	1,138	1,239	1,225	1,304	1,462

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

(2) For details of contributions to the planning total see Table 4.16.

(3) Government department or part of a department constituted as a trading fund and treated as a public corporation for planning and control purposes.

(4) The Buying Agency was set up on 1 April 1991 to carry on some of the activities of the Crown Suppliers which was wound up on 31 March 1991.

(5) Formerly the Highlands and Islands Development Board.

(6) Formerly the Scottish Development Agency.

(7) 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.

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

(9) The Independent Broadcasting Authority was wound up at the end of 1989-90.

Table 4.16 Financing requirements of individual public corporations (excluding nationalised industries) whose external finance is included in the planning total, 1991-92 and 1992-93

	1991-92 estimated outturn			1992-93 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
The Audit Commission								
British Technology Group								
The Buying Agency ⁽²⁾								
Central Office of Information ⁽²⁾	27			27				
Commonwealth Development Corporation		42		42	30			30
Companies House ⁽²⁾		6	-1	5	2			3
Covent Garden Market Authority								
The Crown Agents								
The Crown Agents Holding and Realisation Board								
Development Board for Rural Wales	14			14	16			16
English Industrial Estates Corporation	-15			-15	1			1
Her Majesty's Stationery Office ⁽²⁾		-5		-5		4		4
Highlands and Islands Enterprise ⁽³⁾	44			44	48			48
Housing Action Trusts	9	2		10	38	2		40
Land Authority for Wales								
Letchworth Garden City							-1	-1
National Health Service Trusts		35	-3	38		125		125
Northern Ireland Electricity Service			-76	-76				
Northern Ireland Housing Executive	162	64		225	160	56		216
Northern Ireland Public Trust								
Port Authorities								
Northern Ireland Transport Holding Company	23	-4		19	22	2		24
Oil and Pipelines Agency								
The Patent Office ⁽²⁾		7	-4	4		-1	-4	-5
The Pilotage Commission								
Royal Mint ⁽²⁾								
Scottish Enterprise ⁽⁴⁾	151	6		157	183			183
Scottish Homes	443	-132		311	304	-4		300
United Kingdom Atomic Energy Authority		29	-6	24		18		18
Urban Development Corporations	541			541	374			374
Vehicle Inspectorate ⁽²⁾	2			2	-7			-7
Welsh Development Agency	87	-1	2	89	72	2	2	76
The Welsh Fourth Channel Authority								
Total	1,489	49	-81	1,457	1,209	235	-2	1,442

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

(2) Government department or part of a department constituted as a trading fund and treated as a public corporation for and planning and control purposes.

(3) Formerly the Highlands and Islands Development Board.

(4) Formerly the Scottish Development Agency.

4. Central government expenditure

4.37 **Table 4.17** provides a departmental analysis of the financing requirements of other public corporations for the period 1986-87 to 1994-95.

Table 4.17 Financing requirements ⁽¹⁾ of public corporations (excluding nationalised industries) by department	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Ministry of Defence	-12								
Foreign and Commonwealth Office	24	-1	34	49	52	42	30	30	31
Ministry of Agriculture Fisheries and Food	-1	-17	-1						
Trade and Industry	13	13	7		17	-7	-2		15
Energy	9	-4	-24		44	24	18	8	
Department of Employment	4	4	2						
Department of Transport						2	-7	-8	-8
DOE-Housing	85	83	79	69	56	55	62	96	88
DOE-Other environmental services	-50	-203	-324	-27	220	171	38	41	7
Department of Health	27	12	-49			38	125	172	295
Scotland	223	242	196	374	451	580	584	591	649
Wales	43	63	97	111	132	135	127	125	132
Northern Ireland	293	336	282	220	173	176	246	250	261
Chancellor of the Exchequer's Department's	-7	-7	-7	-7	-6	22	4	-2	-4
Total public corporations (excluding nationalised industries)	651	523	290	790	1,138	1,239	1,225	1,304	1,462

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

Section Five Local Authorities

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5. Local Authorities

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 1991–92 is estimated to be £63.8 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 for Northern Ireland (Cm 1917)). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section. Details of the changes to plans for support for local authorities since last year's Statistical Supplement are given in **Section 7**.

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.

5.4 The Government has announced that the community charge is to be replaced, from April 1993, by a new Council Tax. Each household will receive a single bill, based on the value of the property and the number of adults living in it. The Government's basic proposals were set out in the consultation paper, "A New Tax for Local Government", published in April 1991, and the primary legislation necessary to implement the tax is contained in the Local Government Finance Bill currently before Parliament. The plans set out here allow for the costs of the necessary preparation for the Council Tax in 1992–93 and its introduction from April 1993.

5.5 Legislation is also before Parliament to provide for the reform of the structure of Local Government in England. The Government has consulted on proposals for the reform of Local Government in Wales and will be having further discussions with the local authority associations and other interested parties about next steps. The Government is considering responses to its consultation papers on proposals for reforming local government structure in Scotland, and on the internal management of local authorities in England and Wales. These proposals are not expected to have any significant impact on public expenditure.

Central government support for local authorities

5.6 Central government support for expenditure by local authorities is provided in three forms: grants, for both capital and current expenditure; non-domestic rate payments; and permissions to borrow or enter into credit arrangements for capital expenditure (credit approvals in England and Wales or net capital allocations in Scotland). Grants may be non-specific, eg Revenue Support Grant, or related to specific services, eg police grant. These are all included within the public expenditure planning total, with the exception of certain grants, such as European Community grants in support of capital expenditure, which are excluded to avoid double-counting with credit approvals/net capital allocations.

5.7 **Table 5.1** shows, by territory, the local authority components of the planning total for the years 1986–87 to 1994–95.

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

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
£ million									
England									
Revenue support grant ⁽¹⁾⁽²⁾	9,256	9,899	9,754	9,586	9,489	9,674	16,537	} 32,241	33,727
Non-domestic rate payments ⁽²⁾⁽³⁾	7,686	8,188	8,896	9,721	10,428	12,408	12,306		
Current specific grants within AEF ⁽⁴⁾⁽⁵⁾	1,997	2,294	2,440	2,829	3,334	8,471	4,565	4,065	4,250
Current specific grants outside AEF ⁽⁴⁾	5,029	5,354	5,184	5,502	7,268	8,715	9,911	9,200	9,750
Credit approvals ⁽⁶⁾	2,645	2,790	2,621	2,350	2,919	3,210	3,353	3,305	3,386
Capital grants	594	612	653	795	918	1,159	1,312	1,335	1,373
Total	27,207	29,136	29,549	30,783	34,357	43,636	47,984	50,150	52,450
<i>Of which: AEF⁽²⁾⁽⁴⁾</i>	<i>18,939</i>	<i>20,380</i>	<i>21,091</i>	<i>22,137</i>	<i>23,252</i>	<i>30,552</i>	<i>33,408</i>	<i>36,306</i>	<i>37,977</i>
Scotland									
Revenue support grant ⁽¹⁾⁽²⁾	1,713	1,705	2,007	2,346	2,496	2,693	3,452	} 5,121	5,345
Non-domestic rate payments ⁽²⁾⁽³⁾	1,108	1,238	1,290	1,219	1,189	1,347	1,264		
Current specific grants within AEF ⁽⁴⁾	187	203	220	245	272	751	356	346	357
Current specific grants outside AEF ⁽⁴⁾	544	617	586	655	759	808	974	900	950
Net capital allocations ⁽⁶⁾	682	785	762	764	779	814	826	838	953
Capital grants	26	17	20	38	32	61	75	86	29
Total	4,259	4,565	4,885	5,268	5,527	6,474	6,947	7,300	7,650
<i>Of which: AEF⁽²⁾⁽⁴⁾</i>	<i>3,007</i>	<i>3,146</i>	<i>3,517</i>	<i>3,810</i>	<i>3,957</i>	<i>4,791</i>	<i>5,072</i>	<i>5,467</i>	<i>5,702</i>
Wales									
Revenue support grant ⁽¹⁾⁽²⁾	878	950	1,015	1,049	1,141	1,236	1,617	} 2,319	2,420
Non-domestic rate payments ⁽²⁾⁽³⁾	308	338	368	414	443	525	536		
Current specific grants within AEF ⁽⁴⁾	103	120	131	140	165	453	222	205	215
Current specific grants outside AEF ⁽⁴⁾	292	301	304	321	424	490	545	550	550
Credit approvals ⁽⁶⁾	276	297	292	304	260	317	344	314	306
Capital grants	33	34	32	34	156	150	205	211	226
Total	1,890	2,040	2,141	2,262	2,589	3,172	3,468	3,600	3,750
<i>Of which: AEF⁽²⁾⁽⁴⁾</i>	<i>1,289</i>	<i>1,408</i>	<i>1,513</i>	<i>1,602</i>	<i>1,749</i>	<i>2,214</i>	<i>2,375</i>	<i>2,525</i>	<i>2,635</i>
Great Britain									
Revenue support grant ⁽¹⁾⁽²⁾	11,847	12,554	12,776	12,982	13,127	13,602	21,606	} 39,682	41,493
Non-domestic rate payments ⁽²⁾⁽³⁾	9,102	9,764	10,554	11,354	12,060	14,280	14,106		
Current specific grants within AEF ⁽⁴⁾⁽⁵⁾	2,287	2,616	2,791	3,214	3,771	9,675	5,143	4,617	4,821
Current specific grants outside AEF ⁽⁴⁾	5,864	6,272	6,074	6,479	8,451	10,013	11,429	10,600	11,250
Credit approvals ⁽⁶⁾	3,604	3,872	3,676	3,419	3,959	4,341	4,524	4,457	4,645
Capital grants	653	664	705	867	1,106	1,370	1,592	1,632	1,628
Total	33,356	35,742	36,575	38,314	42,474	53,282	58,399	61,000	63,800
<i>Of which: AEF⁽²⁾⁽⁴⁾</i>	<i>23,236</i>	<i>24,934</i>	<i>26,121</i>	<i>27,549</i>	<i>28,958</i>	<i>37,557</i>	<i>40,854</i>	<i>44,298</i>	<i>46,314</i>
Northern Ireland									
Current specific grants	31	41	41	42	44	48	50	52	55
Capital grants	6	9	5	7	3	10	9	9	9
Total	37	50	46	50	47	58	59	62	63
United Kingdom									
Revenue support grant ⁽¹⁾⁽²⁾	11,847	12,554	12,776	12,982	13,127	13,602	21,606	} 39,682	41,493
Non-domestic rate payments ⁽²⁾⁽³⁾	9,102	9,764	10,554	11,354	12,060	14,280	14,106		
Current specific grants within AEF ⁽⁴⁾⁽⁵⁾	2,287	2,616	2,791	3,214	3,771	9,675	5,143	4,617	4,821
Current specific grants outside AEF ⁽⁴⁾	5,895	6,313	6,114	6,521	8,495	10,062	11,479	10,700	11,300
Credit approvals ⁽⁶⁾	3,604	3,872	3,676	3,419	3,959	4,341	4,524	4,457	4,645
Capital grants	659	673	710	874	1,109	1,380	1,601	1,641	1,637
Total	33,393	35,792	36,621	38,363	42,521	53,340	58,458	61,050	63,900
<i>Of which: AEF⁽²⁾⁽⁴⁾</i>	<i>23,236</i>	<i>24,934</i>	<i>26,121</i>	<i>27,549</i>	<i>28,958</i>	<i>37,557</i>	<i>40,854</i>	<i>44,298</i>	<i>46,314</i>

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

(2) The figures for 1993-94 and 1994-95 include Council Tax transitional relief although, like other transitional payments, this will not be part of Aggregate External Finance.

(3) 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.

(4) 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 community charge. (Low rateable value areas grant and Area protection grant).

(5) Since the Autumn Statement, it has been decided that the current specific grant towards local authorities costs of preparing for the Council Tax will be outside AEF.

(6) Credit approvals were introduced in England and Wales with the present capital control system in 1990-91; there was no precise equivalent previously. The figures for 1989-90 and earlier years are proxies based on outturn figures for loans for these years and it is not possible to make fully consistent comparisons with subsequent years. The system is different in Scotland; figures for net capital allocations are included with credit approvals in the overall totals.

Support for current spending

5.8 Local authority current spending can broadly be 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.

5.9 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;

- for 1990-91 to 1994-95, **Inner London Education Grant,** which assists Inner London Boroughs which took on education responsibility for the first time in April 1990;

- **Area Protection Grant,** which 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 current system of local government finance. This grant replaced, from 1991-92, the contributions to the area safety net paid during 1990-91 by authorities that benefited from the new system. It will also be paid in 1992-93. It 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.

5.10 Aggregate External Finance in England has been set at £33,408 million for 1992-93, an increase of £3,015 million over the 1991-92 level. AEF in Scotland for 1992-93 will be £5,072 million, an increase of £280 million over 1991-92. AEF in Wales will be £2,375 million, an increase of £171 million over 1991-92. In each case the 1992-93 figures include payment of community charge grant in respect of 1991-92 community charge. The AEF figures for 1993-94 and 1994-95 show planned real terms growth of 2 per cent and 1½ per cent respectively, after adjustment for payment of community charge grant. **Table 5.2** shows, by territory, the breakdown of AEF for the years 1986-87 to 1994-95.

Table 5.2 Aggregate External Finance in Great Britain by territory and grant							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
England									
Revenue support grant ⁽¹⁾⁽²⁾	9,256	9,899	9,754	9,586	9,489	9,674	16,537	} 32,241	33,727
Non-domestic rate payments ⁽²⁾⁽³⁾	7,686	8,188	8,896	9,721	10,428	12,408	12,306		
Community charge grant						4,346	302		
Area protection grant					88	485	309		
Urban Programme	73	60	50	48	49	52	63	54	55
Magistrates courts	110	127	143	156	200	218	224	239	251
Community services	104	93	89	115	135	116	133	141	144
Probation and after care	126	145	158	174	208	246	259	279	300
Police	1,395	1,568	1,675	1,903	2,149	2,478	2,623	2,796	2,951
Education support	25	59	56	69	67	98			
In-service teacher training	17	79	89	130	139	108			
Grants for education support and training							207	212	218
Administration of housing benefit	94	105	111	110	103	119	122	126	130
Inner London Education grant			3	23	102	70	50	20	10
Other grants ⁽⁴⁾	55	57	67	102	95	133	274	198	190
Total⁽²⁾	18,939	20,380	21,091	22,137	23,252	30,552	33,408	36,306	37,977
Scotland									
Revenue support grant ⁽¹⁾⁽²⁾⁽⁵⁾	1,713	1,705	2,007	2,346	2,496	2,693	3,452	} 5,121	5,345
Non-domestic rate payments ⁽²⁾⁽³⁾	1,108	1,238	1,290	1,219	1,189	1,347	1,264		
Community charge grant						439	24		
Urban Programme	20	21	22	27	32	46	51	53	54
Police	142	155	169	192	214	234	243	254	261
Administration of housing benefit	9	10	10	12	11	13	13	13	13
Other grants	15	16	19	14	15	20	26	27	28
Total⁽²⁾	3,007	3,146	3,517	3,810	3,957	4,791	5,072	5,467	5,702
Wales									
Revenue support grant ⁽¹⁾⁽²⁾	878	950	1,015	1,049	1,141	1,236	1,617	} 2,319	2,420
Non-domestic rate payments ⁽²⁾⁽³⁾	308	338	368	414	443	525	536		
Community charge grant						268	27		
Police	71	79	85	90	108	123	128	136	144
Other grants	31	41	46	50	57	62	67	69	71
Total⁽²⁾	1,289	1,408	1,513	1,602	1,749	2,214	2,375	2,525	2,635
Total Great Britain⁽²⁾	23,236	24,934	26,121	27,549	28,958	37,557	40,854	44,298	46,314

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

(2) The figures for 1993-94 and 1994-95 include Council Tax transitional relief although, like other transitional relief payments, this will not be part of Aggregate External finance.

(3) 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.

(4) Includes council tax preparation costs in 1992-93. See footnote (5) to Table 5.1.

(5) Area protection grant in Scotland is amalgamated with revenue support grant for distribution purposes. The amounts involved in the years 1990-91 to 1992-93 are £30 million, £15 million, £8 million respectively.

5.11 The Government is also providing specific help for individuals with the transition to the community charge, through the Community Charge Reduction Scheme. In England, the scheme means that the increase in the local tax bill for an individual or couple should be no more than £1 per week, between the 1989-90 rate bill for their present property and the community charge bill determined under the scheme rules (in 1991-92, this was the 1991-92 community charge as set by authorities and reduced by the Chancellor's budget). Special rules apply for larger households. A similar scheme operates in Scotland. In Wales, the scheme operates at the community level, so that all chargepayers in communities which had particularly low rateable values will benefit. Throughout Great Britain, the Reduction Scheme subsumes the transitional relief scheme which applied for 1990-91.

5.12 **Table 5.3** shows, by territory, for the years 1986-87 to 1994-95, current specific grants outside AEF.

Table 5.3 Current specific grants outside Aggregate External Finance in Great Britain by territory and grant	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	£ million		
							1992-93 plans	1993-94 plans	1994-95 plans
England									
Skills and competence for work	31	56	34	93	111	151	120	126	130
Work-related further education	104	106	105	97	97	99	101	104	107
Technical and vocational education initiative	61	51	80	110	114	119	117	122	109
Mandatory student awards	594	643	682	760	1,216	1,844	2,089	2,271	2,401
Rent rebates	1,902	1,971	2,021	2,147	2,313	2,643	3,019	3,000	3,150
Rent allowances	836	879	892	1,023	1,341	1,760	2,117	2,350	2,600
Rate/community charge rebates	1,433	1,537	1,286	1,299	1,830	1,082	1,268	1,300	1,350
Community charge transitional relief					253	27	2		
Community charge reduction scheme						1,041	1,140		
Non-domestic rates: City of London offset					26	30	31	32	33
Other grants ⁽¹⁾	67	111	84	-26	-32	-81	-95	-120	-139
Total	5,029	5,354	5,184	5,502	7,268	8,715	9,911	9,200	9,750
Scotland									
Rent rebates	251	284	297	337	378	415	510	500	550
Rent allowances	68	86	93	92	116	126	152	150	200
Rate/community charge rebates	215	235	183	209	221	164	173	200	200
Community charge transitional relief					24	5			
Community charge reduction scheme						77	107		
Other grants	10	12	13	18	19	21	31	23	22
Total	544	617	586	655	759	808	974	900	950
Wales									
Mandatory student awards	38	41	44	48	78	118	133	145	153
Rent rebates	131	132	136	149	157	162	201	200	200
Rent allowances	47	47	51	56	72	90	109	100	150
Rate/community charge rebates	62	69	63	53	79	30	35	50	50
Community charge transitional relief					20				
Community charge reduction scheme						65	40		
Other grants	13	12	12	15	19	26	26	20	20
Total	292	301	304	321	424	490	545	550	550
Total Great Britain	5,864	6,272	6,074	6,479	8,451	10,013	11,429	10,600	11,250

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

Support for local authority capital programmes

5.13 Central government provides support for local authority capital programmes in the form of:

- capital grants**, which finance part, or all, of the expenditure on eligible capital projects;
- credit approvals** (England and Wales), which authorise local authorities to borrow or enter into credit arrangements to finance capital expenditure;
- net capital allocations**, which are the equivalent of credit approvals in Scotland.

Table 5.4 shows this government support by territory and cash block.

5.14 Credit approvals are issued either as Basic Credit Approvals (BCAs) or as Supplementary Credit Approvals (SCAs). The difference is that SCAs are earmarked for particular projects or services, whereas local authorities can use BCAs to finance any capital spending. Most credit approvals are issued as BCAs.

5.15 In addition to government support, local authorities have two other main sources of finance from their own resources which they can use to fund their capital programmes. These are:

- capital receipts; and
- contributions from revenue.

Local authorities in England and Wales must set aside “reserved parts” of their capital receipts to repay debt but are free to use the remainder or to carry it forward to the following year. In Scotland, local authorities can use all of their receipts in-year but cannot carry them forward to the following year. Total gross local authority capital expenditure is shown in **Table 5.9**. In 1991-92, government support accounted for 65 per cent of estimated gross local authority capital expenditure.

5.16 The distribution of BCAs takes account of local authorities’ capital spending needs and their ability to finance their capital programmes from their capital receipts. BCAs are distributed to local authorities through Annual Capital Guidelines (ACGs), which are made up of each department’s BCA provision, plus their service share of the total amount of local authorities’ Receipts Taken Into Account (RTIA). Each department allocates its ACG between authorities on the basis of relative capital spending needs; each authority’s total ACG is then the sum of the individual departmental ACGs for that authority. Finally, each authority’s BCA allocation is calculated as its total ACG less its RTIA, where its RTIA is calculated as a proportion of its usable receipts. This process, therefore, gives more BCAs to authorities which have few receipts and less BCAs to authorities which have many receipts.

5. Local authorities

Table 5.4 Central government capital support for local authorities in Great Britain by territory, cash block⁽¹⁾ and service							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
England									
ELAB⁽²⁾									
Credit approvals⁽³⁾									
Housing	1,468	1,437	1,318	1,091	1,561	1,586	1,493	1,474	1,513
Transport	319	411	477	412	482	567	630	621	630
Education	390	398	425	392	475	531	584	597	610
Personal social services	65	68	73	67	84	106	128	124	127
Fire services	20	32	14	17	43	45	51	56	57
Ministry of Agriculture, fisheries and food ⁽⁴⁾	12	12	9	11	13	17	17	17	18
Other Services ⁽⁵⁾⁽⁶⁾	265	319	179	222	157	222	286	244	255
Total credit approvals	2,539	2,676	2,496	2,212	2,816	3,075	3,188	3,133	3,210
Capital grants									
Housing	145	147	190	326	289	375	431	440	451
Transport	168	183	193	213	265	345	395	404	418
Education	10	4	12	14	13	14	14	14	14
Personal social services		1	1	2	2	3	3	3	3
Ministry of Agriculture, fisheries and food ⁽⁴⁾	22	17	18	17	17	24	24	23	24
Other Services ⁽⁶⁾									
Environment	7	8	7	8	9	11	16	15	16
Other	4	4	4	3	4	5	8	5	4
Total Other Services	11	12	11	11	13	16	24	20	20
Total capital grants	356	363	425	583	600	777	891	904	930
TOTAL ELAB⁽²⁾	2,895	3,039	2,921	2,795	3,416	3,853	4,079	4,037	4,140
Home Office Protective Services									
England									
Credit approvals ⁽³⁾	45	56	67	81	52	79	92	98	102
Capital grants	37	25	31	23	126	173	180	192	198
Wales									
Credit approvals ⁽³⁾	4	6	4	2	2	5	4	5	5
Capital grants	1	1	1	2	4	6	10	11	11
Total Home Office Protective Services	88	88	104	107	185	262	286	305	316
Urban Programme									
Credit approvals ⁽³⁾	61	58	58	57	51	55	74	74	75
Capital grants	199	223	195	187	190	207	239	238	243
Total Urban Programme	261	280	252	244	241	263	313	311	318
Memo item: not in cash blocks ⁽⁷⁾									
Capital grants	2	2	2	2	1	2	2	2	2
England - Total	3,239	3,402	3,274	3,145	3,837	4,369	4,665	4,640	4,760

Table 5.4 Central government capital support for local authorities in Great Britain by territory, cash block⁽¹⁾ and service (continued)

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Scotland									
SO/LA1 - non-housing									
Net capital allocations ⁽⁸⁾	369	372	426	453	456	493	545	556	631
Capital grants	24	15	18	35	31	59	73	84	27
SO/LA2 - housing									
Net capital allocations ⁽⁸⁾	311	410	335	310	323	319	280	281	321
Capital grants	2	2	2	3	2	2	2	2	3
Memo item: not in cash limit ⁽⁹⁾									
Net capital allocations	2	3	1	1	1	2			1
Scotland - Total									
Total net capital allocations	682	785	762	764	779	814	826	838	953
Total capital grants	26	17	20	38	32	61	75	86	29
Wales									
WOLAB⁽¹⁰⁾									
Credit approvals⁽³⁾									
Welsh Office	268	287	286	301	255	310	337	306	297
Other departments ⁽¹¹⁾	4	4	2	2	3	3	3	4	4
Total credit approvals	272	291	288	302	258	313	340	310	301
Capital grants									
Welsh Office	32	33	30	33	152	144	195	200	215
Total WOLAB⁽¹⁰⁾⁽¹²⁾	304	324	318	335	410	457	535	510	516
Wales - Total	309	331	324	339	416	467	549	525	531
Total Great Britain									
<i>of which:</i>									
Credit approvals ⁽³⁾⁽¹³⁾	3,604	3,872	3,676	3,419	3,959	4,341	4,524	4,457	4,645
Capital grants	653	664	705	867	1,106	1,370	1,592	1,632	1,628

(1) The blocks reflect the arrangements for distributing central government support for local authority capital expenditure and for monitoring this expenditure.

(2) ELAB is the English Local Authorities Block, containing credit approvals and capital grants. All the credit approvals in ELAB are contained in the non-voted cash limits: DOE/LACAP, DTP/LACAP, DES/LACAP, DOH/LACAP, MAFF/LACAP and DOE/OES. All the capital grants are cash limited on the relevant departments' Votes, except for housing capital grants which are included in the non-voted cash limit DOE/LACAP.

(3) Credit approvals were introduced in England and Wales with the present capital control system in 1990-91; there was no precise equivalent previously. The figures for 1989-90 and earlier years are proxies based on outturn figures for loans for these years and it is not possible to make fully consistent comparisons with subsequent years.

(4) Support for expenditure on flood and coast protection and harbour improvements. Support for other agriculture, fisheries and food expenditure is included in "Other Services".

(5) Provision for 1992-93 includes an element in respect of the capital costs of preparing for the council tax.

(6) 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.

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

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

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

(10) WOLAB is the Welsh Local Authorities Block, containing credit approvals and capital grants. All the credit approvals in WOLAB are contained in the non-voted cash limit WO/LACAP. All capital grants are cash limited on the relevant Welsh office votes, except for housing capital grants which are included in the non-voted cash limit WO/LACAP.

(11) Includes transport, employment and Home Office.

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

(13) Including net capital allocations in Scotland.

5. Local authorities

5.17 **Table 5.5** gives a departmental breakdown of central support for current and capital expenditure by local authorities.

Table 5.5 Central government support for local authorities in the United Kingdom by department							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Current									
Ministry of Agriculture, fisheries and food	29	31	29	-55	-113	-128	-159	-181	-202
Department of Trade and Industry					1	12	15	11	12
Department of Employment	238	255	263	358	387	424	397	411	407
Department of Transport	2	2	2	2	2	2	2	2	2
DOE - Housing ⁽¹⁾	21	22	26	26	2,351	2,602	2,980	2,948	3,076
DOE - Environment	93	75	66	64	61	66	87	79	82
DOE - Local government	17,047	18,234	18,817	19,521	20,342	28,022	30,714	32,274	33,761
Home Office	1,852	2,066	2,206	2,476	2,834	3,224	3,414	3,643	3,847
Department of Education and Science	674	823	875	1,030	1,606	2,245	2,487	2,656	2,790
Department of Health			7	21	29	57	84	80	78
Department of Social Security ⁽¹⁾	4,905	5,221	4,958	5,267	4,117	3,840	4,590	4,950	5,300
Scotland	3,034	3,165	3,533	3,820	4,000	4,912	5,214	5,495	5,728
Wales	1,207	1,315	1,416	1,498	1,794	2,291	2,458	2,559	2,670
Northern Ireland	31	41	41	42	44	48	50	52	55
Total current	29,131	31,247	32,235	34,070	37,453	47,619	52,333	54,950	57,600
Capital									
Ministry of Agriculture, fisheries and food	36	30	28	29	31	43	43	42	43
Department of Trade and Industry	1	1	1	1		1			
Department of Employment	3	4	3	3	5	6	9	5	5
Department of Transport	489	596	671	627	747	914	1,025	1,025	1,048
DOE - Housing	1,613	1,584	1,508	1,417	1,851	1,962	1,924	1,914	1,964
DOE - Environment	533	607	439	474	408	496	573	571	589
DOE - Local government							41		
Home Office	111	124	120	125	230	309	339	364	376
Department of Education and Science	400	402	438	406	488	545	598	611	625
Department of Health	65	69	74	69	86	109	131	128	131
Scotland	706	800	781	801	811	873	901	924	982
Wales	300	320	316	334	407	454	531	506	512
Northern Ireland	6	9	5	7	3	10	9	9	9
Total capital⁽²⁾	4,263	4,545	4,386	4,293	5,067	5,721	6,125	6,098	6,282
Total	33,393	35,792	36,621	38,363	42,521	53,340	58,458	61,050	63,900

(1) Support for rent rebates is included against DOE-Housing from 1990-91 and the Department of Social Security in earlier years.

(2) Includes small amounts of capital support in years up to 1988-89 by Ministry of Defence and the Foreign and Commonwealth Office which are not shown in the table (less than £0.5 million in each year).

Local authority expenditure

5.18 **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.

Table 5.6 Local authority expenditure in the United Kingdom by territory						
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
	outturn	outturn	outturn	outturn	outturn	estimated
						outturn
	£ million					
England						
Current expenditure	28,272	30,692	32,864	35,474	39,575	43,974
Capital expenditure	3,019	2,633	2,100	5,008	3,656	4,324
<i>of which:</i>						
<i>Gross capital expenditure</i>	5,991	6,452	7,518	10,087	6,944	6,909
<i>Capital receipts</i>	-2,972	-3,818	-5,418	-5,079	-3,288	-2,585
Total England	31,291	33,325	34,964	40,482	43,231	48,298
Scotland						
Current expenditure	3,552	3,846	4,135	4,565	5,000	5,567
Capital expenditure	723	829	793	814	807	876
<i>of which:</i>						
<i>Gross capital expenditure</i>	909	1,090	1,161	1,252	1,134	1,203
<i>Capital receipts</i>	-186	-261	-368	-438	-327	-328
Total Scotland	4,274	4,675	4,928	5,379	5,808	6,442
Wales						
Current expenditure	1,681	1,802	1,983	2,193	2,466	2,787
Capital expenditure	349	401	308	417	459	515
<i>of which:</i>						
<i>Gross capital expenditure</i>	450	526	533	658	584	620
<i>Capital receipts</i>	-101	-125	-225	-241	-125	-106
Total Wales	2,030	2,203	2,291	2,610	2,925	3,302
Great Britain						
Current expenditure	33,505	36,339	38,982	42,232	47,041	52,328
Capital expenditure	4,091	3,864	3,201	6,240	4,922	5,714
<i>of which:</i>						
<i>Gross capital expenditure</i>	7,350	8,068	9,213	11,997	8,661	8,733
<i>Capital receipts</i>	-3,259	-4,204	-6,011	-5,758	-3,739	-3,019
Total Great Britain	37,596	40,203	42,183	48,471	51,963	58,042
Northern Ireland						
Current expenditure	96	98	114	115	122	131
Capital expenditure	26	28	29	31	32	35
<i>of which:</i>						
<i>Gross capital expenditure</i>	27	29	30	32	33	36
<i>Capital receipts</i>	-1	-1	-1	-1	-1	-1
Total Northern Ireland	122	126	143	146	154	166
United Kingdom						
Current expenditure	33,601	36,438	39,095	42,347	47,163	52,459
Capital expenditure	4,117	3,891	3,230	6,270	4,955	5,749
<i>of which:</i>						
<i>Gross capital expenditure</i>	7,377	8,097	9,242	12,029	8,695	8,769
<i>Capital receipts</i>	-3,259	-4,205	-6,012	-5,758	-3,740	-3,020
Local authority debt interest	4,389	4,663	4,923	5,020	5,256	5,600
Total United Kingdom	42,107	44,992	47,249	53,637	57,374	63,800
<i>of which:</i>						
<i>Expenditure excluding debt interest</i>	37,718	40,329	42,326	48,617	52,118	58,208

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

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
	outturn	outturn	outturn	outturn	outturn	estimated outturn
	£ million					
England						
Pay	19,150	21,179	23,238	24,508	27,241	} 36,569
Other current expenditure on goods and services	4,325	4,612	4,605	5,382	6,288	
Subsidies	948	919	791	797	417	460
Current grants to persons	3,850	3,982	4,231	4,788	5,629	6,945
Net capital expenditure on assets	2,768	2,211	1,594	4,220	3,161	3,752
Capital grants	639	708	740	891	761	773
Lending and other financial transactions	-388	-286	-234	-102	-266	-202
Total England	31,291	33,325	34,964	40,482	43,231	48,298
Scotland						
Pay	2,089	2,276	2,463	2,758	3,044	} 4,740
Other current expenditure on goods and services	908	1,000	1,091	1,183	1,302	
Subsidies	179	136	124	85	77	91
Current grants to persons	377	433	457	539	578	736
Net capital expenditure on assets	612	691	638	672	680	772
Capital grants	123	146	153	149	133	105
Lending and other financial transactions	-12	-8	2	-7	-5	-1
Total Scotland	4,274	4,675	4,928	5,379	5,808	6,442
Wales						
Pay	1,138	1,243	1,365	1,470	1,644	} 2,371
Other current expenditure on goods and services	280	302	349	427	492	
Subsidies	19	13	4	4		
Current grants to persons	243	243	266	292	329	416
Net capital expenditure on assets	306	354	258	352	369	430
Capital grants	65	71	68	81	98	97
Lending and other financial transactions	-22	-23	-18	-16	-8	-12
Total Wales	2,030	2,203	2,291	2,610	2,925	3,302
Great Britain						
Pay	22,377	24,698	27,065	28,735	31,929	} 43,680
Other current expenditure on goods and services	5,513	5,915	6,044	6,991	8,082	
Subsidies	1,145	1,069	919	886	494	551
Current grants to persons	4,470	4,658	4,954	5,619	6,536	8,097
Net capital expenditure on assets	3,685	3,256	2,490	5,244	4,210	4,954
Capital grants	827	925	961	1,120	992	975
Lending and other financial transactions	-421	-317	-250	-125	-279	-216
Total Great Britain	37,596	40,203	42,183	48,471	51,963	58,042
Northern Ireland						
Pay	79	91	109	111	115	} 131
Other current expenditure on goods and services	16	8	4	5	7	
Subsidies						
Current grants to persons						
Net capital expenditure on assets	26	28	29	30	32	34
Capital grants			1	1	1	1
Lending and other financial transactions						
Total Northern Ireland	122	126	143	146	154	166

	£ million					
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
	outturn	outturn	outturn	outturn	outturn	estimated outturn
United Kingdom						
Pay	22,456	24,788	27,175	28,846	32,044	} 43,811
Other current expenditure on goods and services	5,529	5,923	6,048	6,996	8,089	
Subsidies	1,145	1,069	919	886	494	551
Current grants to persons	4,470	4,658	4,954	5,619	6,536	8,097
Net capital expenditure on assets	3,712	3,284	2,519	5,274	4,242	4,989
Capital grants	827	925	962	1,121	992	976
Lending and other financial transactions	-421	-317	-250	-125	-279	-216
Local authority debt interest	4,389	4,663	4,923	5,020	5,256	5,600
Total United Kingdom	42,107	44,992	47,249	53,637	57,374	63,800
<i>of which:</i>						
<i>Expenditure excluding debt interest</i>	<i>37,718</i>	<i>40,329</i>	<i>42,326</i>	<i>48,617</i>	<i>52,118</i>	<i>58,208</i>

5.19 Current expenditure in the United Kingdom in 1991-92 is expected to be £52.5 billion, an increase of £5.3 billion over 1990-91.

5.20 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 1986-87 to 1991-92.

	£ million					
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
	outturn	outturn	outturn	outturn	outturn	estimated outturn
England						
Agriculture, fisheries, food and forestry	154	163	171	96	54	60
Trade, industry, energy and employment	176	186	204	212	250	276
Roads and transport	1,792	1,806	1,790	1,926	2,288	2,383
Housing	609	704	672	671	314	344
Other environmental services	2,376	2,558	2,696	3,028	3,898	4,197
Law, order and protective services	3,890	4,250	4,681	5,284	5,901	6,595
Education	13,228	14,506	15,572	16,242	17,813	19,947
Arts and libraries	437	467	498	551	614	659
Personal social services	2,631	2,968	3,301	3,717	4,178	4,587
Social security	2,979	3,085	3,279	3,747	4,265	4,925
Total current expenditure in England	28,272	30,692	32,864	35,474	39,575	43,974
Scotland						
Agriculture, fisheries, food and forestry	4	4	3	3	3	4
Trade, industry, energy and employment	13	14	20	19	24	26
Roads and transport	289	304	318	339	348	394
Housing	79	44	29	11	9	7
Other environmental services	387	403	434	460	518	575
Law, order and protective services	375	416	444	502	559	607
Education	1,650	1,805	1,959	2,161	2,348	2,534
Arts and libraries	56	60	65	73	86	94
Personal social services	350	393	440	499	566	633
Social security	349	404	422	497	539	693
Total current expenditure in Scotland	3,552	3,846	4,135	4,565	5,000	5,567

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

	£ million					
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn
Wales						
Agriculture, fisheries, food and forestry	10	10	10	12	12	13
Trade, industry, energy and employment	12	13	14	17	17	20
Roads and transport	111	122	128	139	151	160
Housing	10	11	13	14	14	17
Other environmental services	194	203	223	253	308	353
Law, order and protective services	204	225	246	279	307	342
Education	796	856	941	1,025	1,134	1,276
Arts and libraries	20	21	24	26	29	32
Personal social services	135	149	176	200	237	274
Social security	190	192	209	228	257	299
Total current expenditure in Wales	1,681	1,802	1,983	2,193	2,466	2,787
Total current expenditure in Great Britain	33,505	36,339	38,982	42,232	47,041	52,328

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

Table 5.9 Local authority gross capital expenditure in Great Britain by territory, cash block and service⁽¹⁾

	£ million					
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn
England						
ELAB⁽²⁾						
Housing	2,874	3,124	3,402	4,784	2,843	2,673
Transport	695	755	961	1,138	918	1,037
Education	728	758	975	1,237	1,150	1,003
Personal Social Services	113	144	171	218	163	159
Home Office	49	53	60	69	50	50
Ministry of Agriculture, Fisheries and Food ⁽³⁾	29	29	41	49	34	47
Other Services						
Environment	846	884	1,126	1,582	916	982
Other departments ⁽⁴⁾	61	60	76	111	76	71
Total Other Services	907	943	1,201	1,693	992	1,053
Housing Association Grant	120	122	169	314	278	298
ELAB⁽²⁾	5,515	5,928	6,980	9,501	6,427	6,320
Law and Order Services (Home Office)						
England	149	169	197	242	220	270
Wales	8	10	13	16	7	14
Total Law and Order Services	158	179	210	258	227	284
Urban Programme						
Other environmental services	295	318	306	308	276	301
Other departments	25	29	30	30	17	16
Total Urban Programme	319	347	335	339	293	317
Memo item: not in cash blocks ⁽⁵⁾	8	8	6	5	3	2
England-Total	5,991	6,452	7,518	10,087	6,944	6,909

Table 5.9 Local authority gross capital expenditure in Great Britain by territory, cash block and service ⁽¹⁾ (continued)

	£ million					
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn
Scotland						
SO/LA1 - non housing	466	493	544	616	521	593
SO/LA2 - housing	440	596	616	635	612	610
Memo item: not in cash blocks ⁽⁶⁾	2	2	1	1	1	1
Scotland-Total	909	1,090	1,161	1,252	1,134	1,203
Wales						
WOLAB⁽²⁾						
Transport						
Employment						
Home Office	3	4	2	3	5	
Welsh Office	438	513	518	639	572	606
Total WOLAB⁽²⁾	442	517	520	642	577	606
Wales-Total	450	526	533	658	584	620
Local authority gross capital expenditure in Great Britain	7,350	8,068	9,213	11,997	8,661	8,733

(1) The blocks reflect the arrangements for distributing central government support for local authority capital expenditure and for monitoring this expenditure.

(2) ELAB is English Local Authorities Block and WOLAB is 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 territory, cash block and service ⁽¹⁾

	£ million					
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn
England						
ELAB⁽²⁾						
Housing	2,034	2,369	3,423	3,318	2,451	1,801
Transport	49	76	161	109	50	93
Education	142	186	300	216	149	64
Personal Social Services	32	56	68	67	24	31
Home Office	5	4	5	1	2	2
Ministry of Agriculture, Fisheries and Food ⁽³⁾						
Other Services						
Environment	592	1,040	1,359	1,289	568	531
Other departments ⁽⁴⁾	35	30	46	43	17	44
Total other services	627	1,070	1,405	1,332	585	575
Total ELAB⁽²⁾	2,889	3,761	5,363	5,043	3,260	2,565

Table 5.10 Local authority capital receipts in Great Britain by territory, cash block and service ⁽¹⁾ (continued)

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn
£ million						
Law and Order Services (Home Office)						
England	83	57	56	35	27	20
Wales	1	1	3	2	1	1
Total Law and Order Services	85	59	59	38	28	21
England-Total	2,972	3,818	5,418	5,079	3,288	2,585
Scotland						
SO/LA1 - non housing	58	77	89	116	39	39
SO/LA2 - housing	128	184	279	322	288	288
Scotland-Total	186	261	368	438	327	328
Wales						
WOLAB ⁽²⁾	99	124	222	239	123	105
Wales-Total	101	125	225	241	125	106
Local authority capital receipts in Great Britain	3,259	4,204	6,011	5,758	3,739	3,019

(1) The blocks reflect the arrangements for distributing central government support for local authority capital expenditure and for monitoring this expenditure.

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

5.22 Local authority gross capital spending in Great Britain in 1990-91 totalled £8.7 billion with offsetting receipts of £3.7 billion. In 1991-92 gross capital spending is also expected to be £8.7 billion with offsetting receipts of £3.0 billion. The outturn for net capital spending in 1991-92 is estimated at around £5.7 billion. These estimates take account of returns from local authorities on capital expenditure in the first and second quarters of 1991-92.

1992-93 to 1994-95

5.23 The Government does not make plans 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.

5.24 The latest estimate of total local authority expenditure in 1991-92 is £63.8 billion, some £0.4 billion higher than the estimate given in the Autumn Statement. The reduction in local authority self-financed expenditure in 1991-92 reflects the increase in central government support announced in the 1991 Budget, to reduce community charges by £140. This measure had no effect on local authority expenditure, so the increase in central government support was reflected in a reduction in self-financed expenditure.

5.25 All the projections for the later years are as in the Autumn Statement. The path of local authority spending over the next three years will be distorted by the Government's proposal to simplify the accounting arrangements for loan charges on local authority borrowing. Under the present arrangements, the Government is committed to paying substantial grants towards these loan charges over many years. It is proposed however to replace these future grants commitments next year with single commutation grants based on the net present values of the streams of future grants. This will allow local authorities to reduce their outstanding debts. Neither these grants nor the grants which they will replace are included in the public expenditure planning total. Future payments of debt interest by local authorities will

fall in line with their reduced stock of debt, thus causing a once-and-for-all reduction in total local authority expenditure which will produce a distortion in the series. This will have a negligible effect on GGE as most of local authorities' debt interest payments are to central government.

5.26 After adjustment for this distortion, the Autumn Statement projections assumed that local authority spending will rise by 1½ per cent in real terms next year, with further real terms rises of 1½ per cent and 1 per cent in the two succeeding years. The Autumn Statement projections and the latest outturn information are set out in **Table 5.11**.

Table 5.11 Local Authority expenditure in the United Kingdom⁽¹⁾

	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
	outturn	outturn	outturn	outturn	outturn	estimated outturn	projections	projections	projections
Total local authority expenditure	42,107	44,992	47,249	53,637	57,374	63,800	67,000	70,500	73,000
less central government support	33,393	35,792	36,621	38,363	42,521	53,300	58,500	61,100	63,900
equals local authority self-financed expenditure	8,713	9,200	10,627	15,274	14,853	10,500	8,500	9,000	9,000

(1) The estimated outturn figures for 1991-92 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.

5.27 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.

5.28 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 5.8 (a)** above), that is those funded from AEF and the community charge. For 1992-93, TSS in England has been £41.8 billion, and in Wales at £2.6 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure, is £5.8 billion. 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.

5.29 **Table 5.12** sets out Total Standard Spending and its equivalents for 1992-93.

Table 5.12 Total Standard Spending for 1992-93 by main service block

	£ million	
England and Wales: Total Standard Spending		
	England	Wales
Education	18,730	1,184
Personal social services	4,850	260
Police	5,282	261
Fire and civil defence	1,126	65
Highway maintenance	1,806	153
Other services	8,069	472
Capital financing	1,948	209
Total	41,811	2,604
Scotland: Total Government Supported Expenditure		
	Scotland	
Education	2,598	
Arts and libraries	95	
Health and personal social services	658	
Law, order, and protective services	638	
Roads and transport	416	
Other environmental services	641	
Tourism	7	
Housing	5	
Other services	44	
Capital financing	697	
Total	5,800	

5.30 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 £8½ billion. The inflow of capital receipts for 1992–93 is projected to be of the order of £3½ billion.

Financing of local authority spending

5.31 **Table 5.13** shows how local government expenditure in the United Kingdom was financed in the years up to 1990–91. 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⁽¹⁾, 1986–87 to 1990–91

	1986–87	1987–88	1988–89	1989–90	£ million 1990–91
Local authority public expenditure in the United Kingdom (as in Table 5.6)	42,110	44,990	47,250	53,640	57,370
National accounts adjustments	3,380	4,190	3,800	4,030	4,380
Local authority expenditure in the UK (on national accounts basis) ⁽²⁾	45,480	49,180	51,050	57,670	61,750
Financed by					
Grants in Aggregate External Finance ⁽³⁾	14,130	15,170	15,570	16,200	16,900
Other government grants ⁽⁴⁾	9,030	9,380	9,240	10,900	13,200
Non-domestic rates	9,100	9,760	10,550	11,350	12,090
Rates (net of all rebates)/Community Charge	6,620	7,370	8,710	9,600	11,580
Trading surpluses, interest and dividends	1,330	1,390	1,680	2,140	1,900
Rents ⁽⁵⁾	3,050	3,010	3,190	3,250	3,460
Borrowing ⁽⁶⁾ :					
from central government (PWLB)	5,720	4,090	4,940	2,260	1,470
from other sources	-5,570	-2,740	-4,600	-940	1,960
Other receipts ⁽⁷⁾	2,080	1,750	1,780	2,900	-800
Total income	45,480	49,180	51,050	57,670	61,750

(1) The information in this table is mainly taken from Tables 4.1, 4.2 and 4.3 of the December 1991 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 capital receipts and 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) This includes notional profits of local authorities council housing activities.

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

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

5.32 The table shows that, over the period in question, about two thirds of local authority spending was financed by central government grants and non-domestic rates. About one sixth of spending was financed by taxes on local residents (domestic rates (net of rebates for those on low incomes and for the disabled) or community charges). The remaining portion of spending was financed from rents, borrowing and surpluses on trading.

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Section Six Nationalised industries

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6. Nationalised industries

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 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 sale of National Power and PowerGen in March 1991 and of Scottish Power and Scottish Hydro-Electric in June 1991 completed the privatisation of the non-nuclear electricity supply industry in Great Britain. The Scottish Transport Group completed the sale of bus companies in 1991; the Group remains in being to deal with pensions and property disposals prior to wind-up. British Shipbuilders has disposed of all its major assets. The Government has announced its intention to deregulate the bus market in London and privatise London Buses Ltd; legislation will be introduced as soon as possible in the new Parliament. The Government has decided that it would be right to privatise British Rail and plans to publish its proposals in a White Paper. The Government is committed to privatising British Coal but has made it clear that no decision on the form or timing of privatisation will be taken until after the next General Election. In 1991 the Monopolies and Mergers Commission published an efficiency audit of the London Underground. The Government published its initial response in September 1991.

6.4 The Citizen's Charter published in July 1991 (Cm 1599) contained proposals for improving quality of service, including better information on performance standards and outturns, and improved procedures for redress. These are being taken forward by Government and the industries themselves.

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, the key document for ensuring good management of the industry.
- 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. In the light of the rise in the rate of return achieved in the private sector in recent years, the required rate for nationalised industries was increased to 8 per cent in April 1989. 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. Such 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 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.

Strategic objectives

6.6 The strategic objectives for the main nationalised industries are:

- British Coal:** The Corporation's overall objective is to develop a mining business that achieves sustainable profitability. To this end the Corporation is required to increase productivity and reduce costs as rapidly as possible. Safety must remain the Corporation's overriding concern.
- British Rail:** In December 1989, the then Secretary of State for Transport set British Rail objectives for a three year period from April 1990 to cover safety, quality and finance. They flow from the existing statutory and financial duties to provide railways and related services in Great Britain, having regard to efficiency, economy and safety. The Government is reviewing British Rail's financial objectives which are no longer attainable within the original timescale.

6. Nationalised industries

- 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 and economies.
- Civil Aviation Authority:** The Authority's main objectives are to secure a high standard of safety in United Kingdom aviation; to continue to operate as an efficient regulatory body for the air traffic system; and to develop an air traffic control system to meet demand as far as is practicable. The Authority will also seek greater integration and compatibility of international, and especially European, air traffic management, communications systems and navigational technology.
- London Transport:** In December 1989, the then Secretary of State for Transport set quality of service objectives to be met by the end of March 1992. New quality of service objectives will be set in March 1992. 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:** In October 1991, the Secretary of State for Energy set company objectives for Nuclear Electric. The company must seek to :
 - (i) increase profit and reduce total and unit costs;
 - (ii) achieve a continued increase in electricity generation, provided that it is economically justified;
 - (iii) achieve a progressive reduction in the company's dependence on the levy;
 - (iv) complete Sizewell B to time and cost; and
 - (v) achieve a reduction in the costs of reprocessing, decommissioning and waste disposal and greater certainty about these costs.All of these objectives should be achieved whilst maintaining the company's excellent safety record.
- 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 aims to make a profit each year in each of its constituent businesses and to ensure that its price structure is sensibly related to costs and avoids cross subsidy, particularly from monopoly to competitive activities.
- Scottish Nuclear:** The primary objectives of Scottish Nuclear are the safe and economic operation of its Advanced Gas Cooled Reactor nuclear power stations at Hunterston B and Torness, including the final commissioning of the fuel route at the latter, and the successful decommissioning of Hunterston A Magnox station. A further objective is to reduce the costs of nuclear power through examination of ways of reducing waste management costs and decommissioning liabilities.

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

Table 6.1 Nationalised industries' financial targets

Industry	Current target	Latest achievement ⁽¹⁾
British Coal	Sustainable profitability	1990-91: Profit of £78 million
British Rail	By 1992-93: Public Service Obligation (PSO) grant for Regional down to £345 million and Network South East to be out of grant. ⁽²⁾ Objectives now under review	1990-91: PSO grant £600 million, of which: Regional £442 million and Network South East £158 million
British Waterways Board	1991-92: Breakeven after grant ⁽³⁾	1990-91: Breakeven after grant
Caledonian MacBrayne		
Civil Aviation Authority	1989-90 to 1991-92: 8 per cent average ⁽⁴⁾⁽⁵⁾	1985-86 to 1988-89: 7.7 per cent average ⁽⁴⁾⁽⁵⁾
London Transport	By 1992-93: £70 million operating surplus ⁽⁶⁾	1990-91: operating deficit £100 million
Nuclear Electric	1991-92: Profit ⁽⁷⁾ target ranges from 1.9 per cent to 3.0 per cent	1990-91: Profit ⁽⁷⁾ of 1.9 per cent
Post Office	1989-90 to 1991-92: 6.4 per cent average ⁽⁸⁾	1990-91: 1.5 per cent ⁽⁸⁾
Scottish Nuclear	1991-92: 2.8 per cent ⁽⁷⁾	1990-91: Breakeven

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

(2) 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.

(3) Targets being set.

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

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

(6) Before depreciation and renewals.

(7) Current cost accounting return on net current costs.

(8) Return on capital employed after interest and exceptional items and before tax. Group target; separate targets are set for the Letters, Parcels and Counters businesses. Capital measured on modified historic cost basis, broadly equivalent to current cost.

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 and subsidies to financing and a departmental split of external financing requirements.

External finance

6.9 Table 6.2 shows that the overall requirement for external finance rose from £350 million in 1986-87 to £2.2 billion in 1990-91. The 1986-87 figure was part of a run of historically low figures which lasted to 1988-89. The subsequent return to more typical levels reflected the privatisation of profitable industries, in particular the non-nuclear electricity industries, and the high levels of investment over the period.

Table 6.2 External financing requirements of nationalised industries ⁽¹⁾	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Total capital requirements less	4,177	4,001	4,698	2,406	4,616	3,222	4,079	3,852	3,915
Total internal resources	3,832	3,730	5,128	1,299	2,380	550	633	997	1,739
Total external finance⁽²⁾	344	271	-430	1,106	2,236	2,672	3,446	2,855	2,175
of which:									
Borrowing (net) ⁽³⁾	-1,629	-1,812	-1,761	-3,325	-818	323	610	147	-270
Subsidies	1,719	1,821	1,136	1,211	1,396	1,769	1,744	1,324	1,262
Capital grants	253	262	194	3,220	1,657	580	1,092	1,383	1,183

(1) Includes nationalised industries subsequently privatised.

(2) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources and are included in central government's own expenditure.

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

6.10 The overall requirement for external finance in 1991-92 is expected to be £2.7 billion. Thereafter, total provision rises to £3.4 billion in 1992-93, reflecting higher investment, especially on surface transport, and lower internal resources, particularly for British Rail and London Transport due mainly to adverse trading circumstances and the fall in the property market. Provision is planned to fall in 1993-94 and 1994-95 as the continuing high level of investment is increasingly financed from improved internal resources.

6. Nationalised industries

Capital requirements

6.11 **Table 6.3** sets out the industries' capital requirements showing each industry's expenditure on fixed assets since 1986–87 and their plans for 1992–93 to 1994–95. 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 increased in each year since 1986–87. 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. The decline in investment, to the still high level of £3.5 billion in 1994–95, mainly reflects the completion by then of Channel Tunnel-related investment by British Rail and the reduction in expenditure as the construction of the Sizewell nuclear power station nears completion.

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 internal 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 1986–87 in improving the contribution to their own financing of the industries still remaining in the public sector.

Table 6.3 Nationalised industries' capital requirements ⁽¹⁾

	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 estimated outturn	1992–93 plans	1993–94 plans	1994–95 plans
£ million									
EXPENDITURE ON FIXED ASSETS IN THE UK ⁽²⁾									
Industries excluding those planned to be privatised by 31 March 1995 and excluding the electricity industries									
British Coal	650	647	564	501	321	338	247	250	250
British Rail ⁽³⁾	428	543	590	715	858	1,095	1,689	1,261	1,030
British Shipbuilders	9	6	1						
British Waterways Board	6	7	7	7	9	10	9	8	9
Caledonian MacBrayne	6	7	10	2	6	9	12	8	3
Civil Aviation Authority	30	32	35	54	78	77	116	154	144
London Transport	248	293	312	366	634	669	1,038	1,319	1,204
Post Office	104	138	164	251	325	309	344	459	486
Subtotal	1,481	1,673	1,682	1,897	2,230	2,507	3,455	3,460	3,125
Industries planned to be privatised between 31 March 1992 and 31 March 1995 ⁽⁴⁾									
Scottish Transport Group	11	8	2	2	1				
Electricity industries ⁽⁵⁾	1,607	1,505	1,699	2,297	2,223	826	694	534	406
of which:									
England and Wales ⁽⁶⁾	1,175	1,219	1,468	2,082	1,968	759	638	483	367
Scotland ⁽⁷⁾	432	286	231	215	255	67	56	51	39
Industries privatised before 31 March 1992 other than the non-nuclear electricity industries ⁽⁸⁾									
	1,983	1,486	1,460	1,031					
Total expenditure on fixed assets	5,082	4,672	4,844	5,227	4,454	3,333	4,149	3,994	3,531
CAPITAL REQUIREMENTS OTHER THAN FIXED ASSETS ⁽⁹⁾									
Changes in working capital	–853	–517	–25	–2,655	407	179	176	71	579
Other capital requirements ⁽¹⁰⁾	–52	–154	–121	–165	–245	–290	–246	–213	–195
Total capital requirements	4,177	4,001	4,698	2,406	4,616	3,222	4,079	3,852	3,915

(1) Nationalised industries' expenditure on asset creation (see paragraph 8.2 for definition), excluding such expenditure by industries that have been or are due to be privatised by 31 March 1992 and the electricity industries, is:

British Rail	427	542	441	503	699	805	1,419	1,051	860
Other nationalised industries	980	1,024	967	1,036	1,186	1,271	1,585	1,961	1,854
The figures for the electricity industries are as follows:	1,597	1,500	1,694	2,283	2,130	730	609	477	359
The figures for industries privatised between 1986–87 and 1991–92 other than the non-nuclear electricity industries are as follows:	1,894	1,424	1,398	973					

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

(3) Rail investment (consistent with general definitions).

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

(5) Separate figures for past years are not available for those parts of the electricity industries which 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 privatised during 1990–91. From 1991–92 comprises Nuclear Electric.

(7) Scottish Power and Scottish Hydro-Electric were privatised during 1991–92. From 1992–93 comprises Scottish Nuclear.

(8) Includes those industries privatised; ie BG, BAB, BAA, BSC, NBC, Girobank and Water (England and Wales). Excludes the non-nuclear electricity industries.

(9) Includes current and privatised nationalised industries.

(10) "Other capital requirements" includes certain BR investment which is not capitalised.

Table 6.4 Nationalised industries' internal resources ⁽¹⁾

	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	£ million 1994-95 plans
CURRENT COST OPERATING PROFIT⁽²⁾ (+ = profit, - = loss)									
Industries excluding those planned to be privatised by 31 March 1995 and excluding the electricity industries									
British Coal ⁽³⁾	-546	-677	-136	-3,033	42	-54	-65	-119	148
British Rail	-926	-714	-512	-649	-783	-1,120	-1,153	-866	-651
British Shipbuilders	-245	-262	10						
British Waterways Board	-39	-40	-42	-43	-48	-47	-48	-46	-42
Caledonian MacBrayne	-7	-6	-5	-7	-6	-5	-5	-5	-5
Civil Aviation Authority	20	17	16	26	33	36	30	34	41
London Transport	-191	-159	-129	-191	-323	-353	-433	-404	-192
Post Office	103	144	95	10	-33	174	200	303	342
Subtotal	-1,832	-1,697	-704	-3,886	-1,118	-1,369	-1,474	-1,103	-359
Industries planned to be privatised between 31 March 1992 and 31 March 1995⁽⁴⁾									
Scottish Transport Group	-3	-11	-2	-14	-6	-2			
Electricity industries⁽⁵⁾									
of which:									
England and Wales ⁽⁶⁾	1,150	545	607	883	1,027	266	274	333	490
Scotland ⁽⁷⁾	200	118	113	231	214	55	-10	-15	-23
Industries privatised before 31 March 1992 other than the non-nuclear electricity industries⁽⁸⁾									
	1,126	1,164	1,133	603					
Total current cost operating profit	642	120	1,149	-2,183	117	-1,051	-1,210	-785	108
Interest, dividends and tax	-1,849	-1,781	-1,607	-1,293	-561	-326	-298	-569	-606
Depreciation etc ⁽⁹⁾	4,199	4,206	4,416	3,747	1,999	1,246	1,669	1,763	1,795
Other receipts and payments ⁽¹⁰⁾	841	1,185	1,171	1,029	825	681	472	588	442
Total internal resources	3,832	3,730	5,128	1,299	2,380	550	633	997	1,739

(1) Including grants and subsidies from central government which are generally available to the private sector. See Table 6.7 for grants and subsidies included within internal resources.

(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) Separate figures for past years are not available for those parts of the electricity industries which 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 privatised during 1990-91. From 1991-92 comprises Nuclear Electric.

(7) Scottish Power and Scottish Hydro-Electric were privatised during 1991-92. From 1992-93 comprises Scottish Nuclear.

(8) Includes those industries privatised; ie BG, BAB, BAA, BSC, NBC, Girobank and Water (England and Wales). Excludes the non-nuclear electricity industries.

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

(10) Includes proceeds from sales of fixed assets (where not credited to privatisation proceeds) and other receipts.

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 any assets acquired under financial 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 each nationalised industry for the period 1986-87 to 1994-95. **Table 6.6** sets out a departmental analysis of the external financing requirements.

6. Nationalised industries

Table 6.5 External financing requirements⁽¹⁾ of individual nationalised industries							£ million		
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Industries excluding those planned to be privatised by 31 March 1995 and excluding the electricity industries									
British Coal ⁽²⁾	902	918	840	1,292	890	542	399	500	500
British Rail	777	591	375	673	1,016	1,523	2,041	1,361	975
British Shipbuilders	241	118	144	4	11	-2	-5	-6	-1
British Waterways Board	45	45	45	47	48	48	51	49	46
Caledonian MacBrayne	8	9	9	6	4	9	13	10	7
Civil Aviation Authority	7	1	21	47	66	34	67	99	92
London Transport	279	207	261	326	520	698	1,210	1,394	1,194
Post Office	-136	-79	-60		1	-71	-66	-68	-70
Subtotal	2,123	1,809	1,636	2,394	2,557	2,781	3,710	3,340	2,744
Industries planned to be privatised between 31 March 1992 and 31 March 1995 ⁽³⁾									
Scottish Transport Group		-4	-8			-11			
Electricity industries ⁽⁴⁾	-1,101	-1,132	-1,650	-1,374	-311	-109	-264	-485	-568
of which:									
England and Wales ⁽⁵⁾	-1,325	-1,261	-1,773	-1,262	-210	-84	-278	-459	-532
Scotland ⁽⁶⁾	224	129	123	-112	-101	-25	14	-26	-36
Industries privatised before 31 March 1992 other than the non-nuclear electricity industries									
BAA plc ⁽⁷⁾	17	-9							
British Airways	-113								
British Gas Corporation	-684								
British Steel Corporation	22	-290	-392						
Girobank	-9	-19	-25	-17					
National Bus Company	-19	-118	-2						
Water (England and Wales)	107	34	11	103					
Subtotal	-679	-401	-408	86					
Total external finance	344	271	-430	1,106	2,236	2,672	3,446	2,855	2,175

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

(2) There was a major financial reconstruction of British Coal in 1989-90. Details were given in the Department of Energy's 1990 departmental report.

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

(4) Separate figures for past years are not available for those parts of the electricity industries which 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.

(5) The Regional Electricity Companies, the National Grid Company, PowerGen and National Power were privatised during 1990-91. From 1991-92 comprises Nuclear Electric.

(6) Scottish Power and Scottish Hydro-Electric were privatised during 1991-92. From 1992-93 comprises Scottish Nuclear.

(7) Formerly British Airports Authority.

Table 6.6 External financing requirements⁽¹⁾ of nationalised industries by department							£ million		
	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Agriculture, Fisheries and Food	13	19	20	8					
Trade and Industry	118	-270	-332	-13	12	-73	-71	-74	-71
Energy	-1,107	-343	-933	30	680	458	121	41	-32
Department of Transport	946	669	652	1,043	1,601	2,250	3,313	2,848	2,255
DOE—Other environmental services	121	43	27	127	48	48	51	49	46
Scotland	235	137	127	-103	-105	-12	32	-9	-23
Wales	17	17	9	15					
Total external finance	344	271	-430	1,106	2,236	2,672	3,446	2,855	2,175

(1) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources and are included in central government's own expenditure. Includes the external financing requirements of industries subsequently privatised.

Grants and subsidies

6.15 In general, the industries' requirements for external finance are met by borrowing from a variety of sources. Grants or subsidies are paid either to support specific non-commercial objectives (eg, British Rail's Public Service Obligation grant, 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 and subsidies included in external finance.

Table 6.7 Nationalised industries: contribution of grants and subsidies to external financing and internal resources ⁽¹⁾							£ million		
	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
GRANTS AND SUBSIDIES INCLUDED IN EXTERNAL FINANCE⁽¹⁾⁽²⁾									
Industries excluding those planned to be privatised by 31 March 1995 and excluding electricity industries									
British Coal ⁽³⁾	825	917	480	3,586	1,822	689	534	420	560
British Rail	755	795	556	479	636	903	1,030	831	632
British Shipbuilders	13	10	26	14	3				
British Waterways Board	44	44	46	48	49	49	51	49	46
Caledonian MacBrayne	7	6	5	6	6	6	6	7	7
Civil Aviation Authority	3	3	4	3	2	4	4	7	6
London Transport	295	239	190	287	535	698	1,210	1,394	1,194
Subtotal	1,942	2,014	1,307	4,422	3,053	2,349	2,836	2,708	2,445
Industries privatised before 31 March 1992⁽⁴⁾	31	69	24	9					
Total grants included in external financing	1,972	2,083	1,331	4,431	3,053	2,349	2,836	2,708	2,445
Grants contributing to internal resources ⁽¹⁾⁽⁵⁾	248	307	226	242	305	409	171	152	151

(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 and subsidies specific to individual industries are included within external finance.

(2) Those nationalised industries whose external financing has not and is not planned to include grants or subsidies during this period—the Post Office, the electricity industries and the Scottish Transport Group—are not shown in the table.

(3) There was a major financial reconstruction of British Coal in 1989-90. Details were given in the Department of Energy's 1990 departmental report.

(4) Figures cover those grants and subsidies received by Water (England and Wales); other industries privatised between 1986-87 to 1991-92 did not receive any grants or subsidies during this period.

(5) See note 1 above. 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 £305 million included in internal resources in 1990-91 British Rail accounted for £213 million.

Historical Trends

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

Table 6.8 External financing requirements⁽¹⁾ of nationalised industries, 1978–79 to 1994–95

	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	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	0.4	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	1.0	1.5	2.0	1.4	1.0
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										
Electricity																	
(England and Wales) ⁽²⁾	–0.1	0.2	0.1	–0.2	–0.2	–0.5	0.5	–0.5	–1.3	–1.3	–1.8	–1.3	–0.2	–0.1	–0.3	–0.5	–0.5
Scotland) ⁽³⁾		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	1.2	1.4	1.2
Post Office					–0.1	–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					
Other	0.5	0.2		–0.1		0.1	0.1	0.1		–0.1		0.1	0.1	0.1	0.1	0.2	0.1
Total nationalised industries	2.3	3.0	3.2	3.6	2.1	2.3	3.9	1.7	0.3	0.3	–0.4	1.1	2.2	2.7	3.4	2.9	2.2

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

(2) Following the privatisation of the non-nuclear electricity industries in 1990–91 this covers Nuclear Electric only from 1991–92.

(3) Following the privatisation of the non-nuclear electricity industries in 1991–92 this covers Scottish Nuclear only from 1992–93.

Productivity

6.17 In 1979 the nationalised industries sector accounted for almost 9 per cent of GDP, over 11 per cent of investment and employed 1.7 million people. By the middle of 1990, largely as a result of the privatisation programme (see **Section 8**), its share of GDP had dropped to just over 3 per cent, its investment accounted for 4 per cent of total investment and employment had fallen by more than half 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 improved labour productivity which, since 1978–79 has averaged 4.2 per cent a year, compared with 3.5 per cent a year achieved by the manufacturing sector and 1.9 per cent by the economy as a whole 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⁽¹⁾

	Annual percentage change		
	Nationalised industries ⁽²⁾⁽³⁾	Manufacturing industries	Whole economy ⁽²⁾⁽⁴⁾
1979–80	1.7	0.9	1.2
1980–81	-0.4	-5.3	-3.7
1981–82	0.9	6.9	3.6
1982–83	2.0	6.3	4.8
1983–84	1.3	8.4	4.1
1984–85	6.3	4.5	1.7
1985–86	6.7	2.0	2.2
1986–87	9.6	5.4	4.6
1987–88	8.9	5.9	3.5
1988–89	8.2	5.8	1.4
1989–90	3.7	2.7	0.4
1990–91	1.8	-0.1	-0.1
Average 1979–80 to 1990–91	4.2	3.5	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 1992, excluding all electricity.

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

Section Seven Changes from previous plans

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7. Changes from previous plans

Introduction

7.1 The earlier sections of this Supplement present details of the plans agreed in the 1991 Public Expenditure Survey. This section gives a number of analyses of changes from the plans presented in last year's Statistical Supplement, ie the plans agreed in the 1990 Survey. It also gives details of differences between plans and outturn and revisions to outturn information since last year's Supplement.

Changes to plans

7.2 The Public Expenditure Survey sets plans for three years ahead. The plans for future years are reviewed in each Survey, and changes may be made to reflect, for example, revised economic assumptions. It is also normal for sums to be allocated from the Reserve to departmental programmes as circumstances dictate.

7.3 Changes are also made to detailed plans for technical reasons. There are three specific types of change which may occur. First, changes may be made to reflect transfers of responsibility for particular areas of expenditure between departments. In order to avoid distortions in the comparisons of trends over time the past figures are adjusted to transfer the relevant amounts to the department taking over responsibility for the area of expenditure at the same time as the appropriate provision within plans is transferred. Second, changes are made when repayment is introduced for services which a department was previously providing free of charge to other departments. In such cases the provision within the department's existing plans to meet the costs of providing the service is transferred to the other departments to allow them to pay the charges set. No changes are normally made to past year figures for changes of this sort.

7.4 Third, there may be classification changes as a result of a change in the status of a body or a reassessment of the basis of recording of a particular transaction. Changes of this type can reflect decisions on the coverage of the planning total, for example the inclusion of Statutory Sick Pay and Statutory Maternity Pay within the planning total with effect from the 1989 Survey. As with transfers of responsibility, adjustments are made to both plans and outturn data for classification changes to avoid distortion of trends. Transfers of responsibility are included with classification changes in all of the tables.

Differences between plans and outturn

7.5 Differences between the final published plans and subsequent outturn can arise for a variety of reasons. In addition to differences arising from specific decisions to adjust plans during the year they also reflect differences between the assumptions on which the expenditure plans were based, eg take-up rates of benefits, and the actual outturn. Differences between published plans and outturn can also arise because of transfers of responsibility (see **paragraph 7.3**) and classification changes (see **paragraph 7.4**). However, because these changes generally reflect technical adjustments rather than variations from plans they are generally excluded from or presented separately in any comparisons between plans and outturn.

Planning total

7.6 **Table 7.1** shows the differences, by spending sector and type of change, between the figures in this year's Supplement and the corresponding figures from the previous Supplement. The table shows that there have not been any significant switches between spending sectors or classification changes since the last Supplement.

Table 7.1 Changes to the planning total since last year's Statistical Supplement by spending sector						
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	outturn	outturn	outturn	estimated outturn	plans	plans
	£ million					
Planning total as in Statistical Supplement to the 1990 Autumn Statement	145,582	162,857	181,200	200,309	215,013	226,050
Changes in central government expenditure						
Transfers			-71	33	85	82
Classification changes	10	4	8	3	-3	
Other changes	-1	-11	-577	4,516	7,008	10,100
Total changes in central government expenditure	9	-7	-640	4,552	7,090	10,150
Changes in central government support for local authorities						
January 1991 community charge changes				932	977	800
1991 Budget community charge changes				3,723	5,038	4,650
Transfers			71	-33	-82	-78
Classification changes			1	7	12	9
Other changes	-5	-22	-285	850	2,776	4,550
Total changes in central government support for local authorities	-4	-22	-214	5,479	8,721	9,900
Changes in financing requirements of nationalised industries ⁽¹⁾			-22	345	1,305	885
Changes in the reserve				-3,500	-3,000	-2,500
Changes in privatisation proceeds		-64	-45	-2,500	-2,500	
Adjustment ⁽²⁾			-294	300		
Current planning total figures	145,586	162,764	179,985	205,000	226,629	244,550

(1) There were no switches between sectors or classification changes affecting nationalised industries.

(2) See paragraph 14 of Appendix A.

7.7 The estimated outturn for 1991-92 and the plans for 1992-93 and 1993-94 reflect two initiatives to reduce the levels of community charges paid by charge payers announced before the start of the 1991 Survey discussions. These are the Community Charge Reduction Scheme (announced on 17 January 1991), which replaced the transitional relief scheme operating in 1990-91, and Community Charge Grant (announced in the 1991 Budget). The planning total was increased as a result of these changes, with additions to the spending plans for DOE-Local government, Scotland and Wales. As a consequence of the lower levels of community charges resulting from these initiatives these increases have been partly offset by lower spending on Community Charge Benefit within the Social Security programme. These changes reduced local authority self-financed expenditure and had no significant effect on GGE.

Changes for plan years

7.8 The table shows the overall changes to spending sector totals for 1992–93 and 1993–94 agreed in the 1991 Survey. To a large extent the increases reflect unavoidable pressures arising from the economic cycle. More than 80 per cent of the increases to the plans for central government expenditure in 1992–93 (£7.0 billion) and 1993–94 (£10.1 billion) are accounted for by increases for the Department of Social Security and Employment, reflecting the economic cycle, the Department of Health, reflecting the priority the Government attaches to this area, and the Ministry of Defence, primarily to cover the costs of restructuring the country's armed forces in line with the proposals set out in the Statement on the Defence Estimates 1991 (Cm 1559).

7.9 The increases in plans for 1992–93 and 1993–94 for central government support for local authorities are largely aimed at preserving the new balance between local and central taxation. The increases for nationalised industries are largely to cover British Rail and London Transport's loss of income from passengers and asset sales, reflecting cyclical factors.

Current year outturn

7.10 Forecast outturn in 1991–92 is in line with the plans set out in last year's Supplement, after allowing for the pre-Survey initiatives to reduce the levels of community charges. Higher spending on programmes, largely social security benefits, is offset by privatisation proceeds some £2.5 billion higher than planned last year.

7.11 Departmental analyses of changes since last year's Supplement are given in the remaining tables in this section, **Tables 7.2 to 7.5** cover central government expenditure, **Tables 7.6 and 7.7** covers central government support for local authorities and **Table 7.8** covers the financing requirements of nationalised industries.

Central government expenditure

7.12 **Tables 7.2 and 7.3** show the plans for central government expenditure in 1990–91 and 1991–92, as presented in the 1990 public expenditure White Paper and last year's Supplement respectively, and the outturn and estimated outturn in this Supplement. **Tables 7.4 and 7.5** show the changes in plans for 1992–93 and 1993–94 made since the last Supplement.

7.13 Each of the tables show the differences split between changes arising from transfers between spending sectors or departments, classification changes, net transactions in land and existing buildings and other changes.

Transfers since last year's Supplement

7.14 The main changes arising from switches between departments are as follows :
—a transfer of provision for EC assistance for Eastern Europe and countries of the former Soviet Union in 1992–93 (£109 million) and 1993–94 (£151 million) from the European Communities programme to the Overseas Development Administration (ODA). This consolidates responsibility for UK aid to these regions under the ODA, thus facilitating the co-ordination of bilateral and multilateral aid.

—the transfer of provision for certain pension costs which have been put on a repayment basis from 1 April 1991 from Civil Superannuation (Chancellor's Departments) to most other departments. The amounts involved in the years 1991–92 to 1993–94 are £71 million, £77 million and £83 million respectively.

There have been no significant switches between spending sectors.

Classification changes since last year's Supplement

7.15 There have only been a few classification changes affecting departmental totals for central government expenditure since last year's Supplement. With the exception of (a) the amounts involved are small. They are as follows:

- (a) the transfer of responsibility for New Towns in England from DOE-Housing to DOE-Other environmental services (–£115 million in 1991–92, –£219 million in 1992–93 and –£180 million in 1993–94).
- (b) Responsibility for the payment of election expenses to returning officers etc. which previously rested with HM Treasury was transferred to the Home, Scottish and Northern Ireland Offices in August 1991.
- (c) Responsibility for offshore safety has been transferred from the Department of Energy to the Health and Safety Commission (Department of Employment).
- (d) Transfer of responsibility for the Regional Medical Service and Accommodation Strategy from the Department of Health to the Department of Social Security.
- (e) The inclusion within the planning total of deferred interest on Housing Association Grant in Wales.
- (f) Transfer of responsibility for the training of professions allied to medicine from the Department of Education and Science to the Department of Health.

7. Changes from previous plans

1990–91 outturn

7.16 **Table 7.2** presents differences for 1990–91 from the plans set out in the 1990 public expenditure White Paper and, therefore, also reflects transfers and classification changes made between that White Paper and last year's Supplement. The main classification changes affecting central government expenditure were as follows:

- (a) The inclusion within public expenditure of certain VAT refunds in Northern Ireland (–£39 million);
- (b) The reclassification of Home Office visa and nationality fees from negative public expenditure to revenue (£5 million); and
- (c) The inclusion within public expenditure of the capital expenditure of the Export Credits Guarantee Department (£4 million).

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 (£40 million).

7.17 **Table 7.2** shows that, after taking account of classification changes, the total outturn for central government expenditure in 1990–91 is £140.6 billion, an increase of £1.9 billion over the plans in the 1990 White Paper. The largest increases are in the following areas:

- (a) Ministry of Defence: mainly reflecting increased costs arising from the Gulf conflict, net of contributions from other countries;
- (b) Ministry of Agriculture, Fisheries and Food: associated with higher costs of Common Agricultural Policy market support, mainly for beef and cereal intervention;
- (c) Department of Health: mainly reflecting payments of Pay Review Body awards (£167 million), additional provision to compensate for the termination of VAT refunds on new construction and for other minor capital expenditure (£160 million), commitments for GP practice staff and premises improvements (£110 million) and take up of end-year flexibility (£23 million). These increases were partly offset by a reduction in expenditure in family health services (£134 million); and;
- (d) Department of Environment: mainly resulting from increased costs on Housing Revenue Account subsidy to provide for short term leases (£200 million) and to take account of higher interest rates (£135 million).

Current year outturn

7.18 **Table 7.3** shows that central government expenditure in 1991–92 is currently estimated to be £156.7 billion, an increase of £4.6 billion over the plans set out in last year's Supplement. Significant increases have occurred in the following areas:

- (a) Department of Social Security: The increase is mainly accounted for by greater expenditure on income support and unemployed benefit which arises largely because of a higher level of unemployment than that assumed when the plans were set.
- (b) Department of Health: The main changes are for Pay Review Body awards (£203 million), provision for the increased VAT rate (£105 million), NHS Trusts debt interest payments (£187 million), for increases in family health services (£48 million), payments to haemophiliacs (£47 million) and take up of end-year flexibility (£32 million).
- (c) Department of Employment: The change mainly reflects increased provision for Employment Training and the Employment Service and provision for the introduction of Employment Action to deal with rising unemployment.
- (d) Lord Chancellor's and Law Offices' Departments: The increase mainly reflects higher expenditure on legal aid.

Table 7.2 Differences between plans and outturn for central government expenditure by department⁽¹⁾, 1990–91

	Plans in the 1990 public expenditure White Paper	Classification changes	Changes in net transactions in land and buildings	Other changes	£ million Outturn
Ministry of Defence ⁽²⁾	21,202	+4	+53	+542	21,800
Foreign and Commonwealth Office	2,600		+3	+75	2,678
Ministry of Agriculture, Fisheries and Food ⁽³⁾	1,833		+4	+354	2,192
Trade and Industry	1,454	+4	+1	+13	1,472
Energy	455	-10		+63	507
Department of Employment	3,449	+11	-5	-92	3,364
Department of Transport	2,312	-1		-5	2,307
DOE-Housing	2,107	+71	+206	+313	2,697
DOE—Other environmental services	909	-102	+21	-27	801
DOE—Local government	42	+8			50
Home Office (including Charity Commission)	1,912	+8	-29	+91	1,982
Lord Chancellor's and Law Officers' Departments	1,267		-5	+64	1,326
Department of Education and Science	4,592	+41	-34	-51	4,548
Office of Arts and Libraries	494			+2	496
Department of Health and Office of Population Censuses and Surveys	22,058	-12	+23	+322	22,392
Department of Social Security	52,034	+21		-95	51,960
Scotland ⁽³⁾	4,948	-5	-18	+59	4,984
Wales	2,255	+8	+4	-32	2,236
Northern Ireland	5,914	-39	-15	-36	5,824
Chancellor of the Exchequer's Departments	4,609	-2	+3	-13	4,597
Cabinet Office, Privy Council Office and Parliament	367			-19	349
European Communities	1,870			+143	2,013
Total	138,684	+6	+213	+1,672	140,574

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

(2) The outturn is net of other governments' contributions to the cost of the Gulf conflict.

(3) The plans for the Ministry of Agriculture, Fisheries and Food and Scotland differ from the figures published in the 1990 public expenditure White Paper because the Forestry Commission is now included under Scotland in departmental analyses.

7. Changes from previous plans

	Plans in the Statistical Supplement to the 1990 Autumn Statement	Classification changes	Transfers	Changes in net transactions in land and buildings	Other changes	£ million Estimated outturn
Ministry of Defence ⁽²⁾	22,802		+1	+1	+49	22,853
Foreign and Commonwealth Office	2,932			-4	+102	3,031
Ministry of Agriculture, Fisheries and Food ⁽³⁾	2,279		+7		+59	2,345
Trade and Industry	1,279		+14	-3	-15	1,275
Energy	508	-12			-10	485
Department of Employment	2,972	+14	-17	-1	+240	3,208
Department of Transport	2,463		+10		-16	2,456
DOE—Housing	2,908	+115	+25		+23	3,071
DOE—Other environmental services	805	-115	+6	+127	+39	862
DOE—Local government	176	+1			+79	256
Home Office (including Charity Commission)	2,034		+10	-6	+137	2,175
Lord Chancellor's and Law Officers' Departments	1,459		+17	-2	+235	1,709
Department of Education and Science	4,635	-4	+2	-30	-48	4,555
Office of Arts and Libraries	559				+1	561
Department of Health and Office of Population Censuses and Surveys	24,929	-15	-7	-5	+630	25,531
Department of Social Security	58,233	+27	+14		+3,002	61,276
Scotland ⁽³⁾	5,850	-14	+2	+2	+120	5,959
Wales	2,486	+9	+19		+25	2,540
Northern Ireland	6,366			-2	+27	6,391
Chancellor of the Exchequer's Departments	4,997	-2	-70		-106	4,819
Cabinet Office, Privy Council Office and Parliament	399		-1		+1	400
European Communities	1,051				-137	913
Total	152,121	+3	+33	+77	+4,438	156,673

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

(2) The estimated outturn is net of other governments' contribution to the cost of the Gulf conflict.

(3) The plans for the Ministry of Agriculture, Fisheries and Food and Scotland differ from the figures published in the Statistical Supplement to the 1990 Autumn Statement because the Forestry Commission is now included under Scotland in departmental analyses.

Table 7.4 Changes in plans for central government expenditure since last year's Statistical Supplement by department⁽¹⁾, 1992-93

	Plans in the Statistical Supplement to the 1990 Autumn Statement	Classification changes	Transfers	Changes in net transactions in land and buildings	Other changes	£ million New plans
Ministry of Defence	23,353	-1			+829	24,181
Foreign and Commonwealth Office	3,072		+109	+15	+73	3,268
Ministry of Agriculture, Fisheries and Food ⁽²⁾	2,390		+9	-3	-87	2,310
Trade and Industry	1,136	+4	+17		-41	1,115
Energy	463	-12			+35	486
Department of Employment	2,967	+14	-3	+4	+476	3,458
Department of Transport	2,587	+1	+6		+22	2,615
DOE-Housing	2,867	+219	+38		-287	2,837
DOE-Other environmental services	666	-221	+15	+99	+117	677
DOE-Local government	184	+1			+84	268
Home Office (including Charity Commission)	2,017	+1	+11	+3	+218	2,249
Lord Chancellor's and Law Officers' Departments	1,583		+41	+8	+133	1,765
Department of Education and Science	4,754	-7	-2		+118	4,863
Office of Arts and Libraries	582				+27	609
Department of Health and Office of Population Censuses and Surveys	26,330	-14	+3	+57	+1,564	27,940
Department of Social Security	62,606	+29	-1		+3,330	65,964
Scotland ⁽²⁾	6,082	-17	+11	-26	+341	6,391
Wales	2,605	+5	+39	-4	+175	2,819
Northern Ireland	6,801		-1	-1	+167	6,966
Chancellor of the Exchequer's Departments	5,305	-3	-124		-148	5,029
Cabinet Office, Privy Council Office and Parliament	416		+25		+10	451
European Communities	2,870		-109		-298	2,463
Total	161,635	-3	+85	+151	+6,857	168,725

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

(2) The plans for the Ministry of Agriculture, Fisheries and Food and Scotland differ from the figures published in the Statistical Supplement to the 1990 Autumn Statement because the Forestry Commission is now included under Scotland in departmental analyses.

7. Changes from previous plans

Table 7.5 Changes in plans for central government expenditure since last year's Statistical Supplement by department⁽¹⁾, 1993-94

	Plans in the Statistical Supplement to the 1990 Autumn Statement	Classification changes	Transfers	Changes in net transactions in land and buildings	Other changes	£ million New plans
Ministry of Defence	23,393				+1,122	24,516
Foreign and Commonwealth Office	3,179		+151	+19	+102	3,450
Ministry of Agriculture, Fisheries and Food ⁽²⁾	2,387		+10	+4	-47	2,354
Trade and Industry	984	+4	+17		+30	1,035
Energy	452	-12			+24	465
Department of Employment	3,025	+15	-34	+3	+455	3,463
Department of Transport	2,709		+7		+1	2,717
DOE-Housing	3,063	+180	+38		-215	3,067
DOE-Other environmental services	769	-182	+16	-51	+87	637
DOE-Local government	187	+1			+42	230
Home Office (including Charity Commission)	2,079	+1	+12	-2	+309	2,399
Lord Chancellor's and Law Officers' Departments	1,661		+46	-6	+140	1,841
Department of Education and Science	4,896	-7	-2		+219	5,107
Office of Arts and Libraries	569				+32	600
Department of Health and Office of Population Censuses and Surveys	27,505	-9	+7	+65	+2,236	29,804
Department of Social Security	66,700	+26	+22		+4,450	71,150
Scotland ⁽²⁾	6,287	-14	+12	-15	+390	6,661
Wales	2,711	+2	+41	-4	+242	2,991
Northern Ireland	7,111		-2		+243	7,352
Chancellor of the Exchequer's Departments	5,516	-5	-134		-158	5,219
Cabinet Office, Privy Council Office and Parliament	438		+26		+6	469
European Communities	2,345		-151		+375	2,569
Total	167,950	0	+82	+11	+10,050	178,100

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

(2) The plans for the Ministry of Agriculture, Fisheries and Food and Scotland differ from the figures published in the Statistical Supplement to the 1990 Autumn Statement because the Forestry Commission is now included under Scotland in departmental analyses.

Plan year changes

7.19 **Tables 7.4** and **7.5** give details of the changes to plans for central government expenditure in 1992-93 and 1993-94 since last year's Supplement. The major changes were as follows:

- Ministry of Defence: Increases of £800 million and £1,100 million have been made to plans for 1992-93 and 1993-94 respectively, primarily to cover the costs of transition to the new force structure, in particular expenditure on redundancy and on additional works. Provision is also made in 1994-95 for these transitional costs, which are the key to unlocking savings in future years. The plans take account of continuing costs, £550 million across the period, of recovery from the Gulf conflict.
- Department of Employment: Increases will help meet priorities of long-term unemployed and young people and to support TECS.
- Department of Health: The previous plans have been increased by £1,600 million in 1992-93 and £2,300 million in 1993-94. Within these totals there are significant increase for capital expenditure to enable the health service to make faster progress with programmes to upgrade buildings, including setting up day surgery units, and provide high technology medical equipment such as scanners.
- Department of Social Security: the plans take account of the Budget decision to increase child benefit in October 1991 and allow for improvements in benefits for less well off older and disabled pensioners, for disabled people and for people caring for them. There is also increased provision for discretionary payments from the social fund. In addition, the plans take account of the revision of the index used to uprate income-related benefits. Expenditure on the administration of benefits has also been increased, in order to ensure that the level of service to the public is maintained.

Details of these and other significant changes to plans were given in the 1991 Autumn Statement (paragraphs 1.37 to 1.81).

Central government support for local authorities

7.20 **Tables 7.6** and **7.7** set out details of changes in figures for support for local authorities since last year's Supplement. **Table 7.6** presents an analysis of changes by territory and type of grant. **Table 7.7** presents an analysis of changes by department. Both tables identify separately the additional support for reducing community charge bills that was announced in January 1991 and in the 1991 Budget. The following significant transfers have occurred since last year's Supplement:

- a transfer of £100 million in both 1992-93 and 1993-94 from Revenue Support Grant (DOE-Local government) to Department of Transport (£50 million for each of Transport Supplementary Grant and credit approvals) for road maintenance by local authorities.
- a transfer of provision for housing benefit in 1991-92 (£30 million), 1992-93 (£33 million) and 1993-94 (£35 million) from DOE-Housing to the Department of Social Security following transfers of local authority housing stock to the private sector.
- the transfer of credit approvals (£40 million per year) from DOE-Other environmental services to the Department of Education and Science, following changes of Ministerial responsibility.

7.21 The main changes from last year's Supplement are as follows:

- (a) DOE-Housing: There have been a number of substantial increases in the rent rebate element of the Housing Revenue Account Subsidy in each year 1991-92 to 1993-94 (£185 million, £500 million and £400 million respectively). The increases are the consequences of local authorities raising rents by 6 per cent above DOE guidelines (£185 million in each year); transfers from DSS (£150 million in 1992-93 and £50 million in 1993-94); and effects of the new guideline rent increase of 5 per cent from 1992-93 (£165 million in each of the last two years). There have also been increases in credit approvals for Worst Estates (£80 million in 1992-93 and £100 million in 1993-94).
- (b) DOE-Local Government: The Government announced in the 1991 Budget that the special Community Charge Grant to finance the £140 reduction in Community Charge levels would be consolidated into RSG from 1992-93 onwards. In July, the Government announced that the combined total in England would be increased by 7.2 per cent compared with the 1991-92 level. For 1993-94, the RSG/NNDR figure includes Council Tax transitional relief, although, like other transitional relief payments, this will not be part of AEF. The combined total for 1993-94, after adjustments for the timing of payments of Community Charge Grant, has been increased to allow for growth on 1992-93 of 2 per cent in real terms, so as broadly to maintain the balance between local and central taxation which resulted from the Budget changes.
- (c) DSS support for local authorities is now planned to be lower than that assumed in the 1990 Autumn Statement £764 million in 1991-92, £460 million in 1992-93 and £550 million in 1993-94. This is because of lower expenditure on Community Charge Benefit resulting from the measures announced in January 1991 and the 1991 Budget which is partly offset by higher housing benefit expenditure because of a higher level of unemployment than that assumed in the 1990 Autumn Statement.

Table 7.6 Differences from previous plans⁽¹⁾ for central government support for local authorities by territory and type of support

	£ million		
	1991-92 estimated outturn	1992-93 plans	1993-94 plans
England			
Revenue Support Grant/non-domestic rate payments			
Pre-Survey Community Charge changes		5,039	5,228
Other changes		768	3,271
Current specific grants within AEF			
Pre-Survey Community Charge changes	4,340	482	
Other changes	162	53	-38
Current specific grants outside AEF			
Pre-Survey Community Charge changes	-345	-362	-550
Other changes	607	1,273	400
Capital grants	-87	64	69
Credit approvals	49	208	205
Total	4,727	7,524	8,550
Scotland			
Revenue Support Grant/non-domestic rate payments			
Pre-Survey Community Charge changes		510	529
Other changes		76	349
Current specific grants within AEF			
Pre-Survey Community Charge changes	439	156	75
Other changes	-1	-120	-61
Current specific grants outside AEF			
Pre-Survey Community Charge changes	-61	-146	-150
Other changes	62	236	100
Capital grants		1	3
Net capital allocations	32	-12	-35
Total	472	701	850
Wales			
Revenue Support Grant/non-domestic rate payments			
Pre-Survey Community Charge changes		311	323
Other changes		90	254
Current specific grants within AEF			
Pre-Survey Community Charge changes	268	30	
Other changes	10	8	12
Current specific grants outside AEF			
Pre-Survey Community Charge changes	-31	-28	-50
Other changes	9	21	
Capital grants	-4	52	56
Credit approvals	26	13	-93
Total	278	496	500
Northern Ireland			
Current specific grants			
Capital grants	1	1	1
Total differences			
Pre-Survey Community Charge changes ⁽²⁾	4,655	6,015	5,450
Other changes	824	2,706	4,500
Total	5,479	8,721	9,900

(1) As given in the Statistical Supplement to the 1990 Autumn Statement.

(2) Includes a small allocation to capital support not shown separately above.

Table 7.7 Differences from previous plans⁽¹⁾ for central government support for local authorities by department

	£ million		
	1991-92 estimated	1992-93 plans outturn	1993-94 plans
Ministry of Agriculture, Fisheries and Food	1	-29	-46
Trade and Industry	7	8	3
Department of Employment		-3	4
Department of Transport		99	117
DOE - Housing	194	555	488
DOE - Other environmental services	-48	-9	-27
DOE - Local government			
Pre-Survey Community Charge changes	4,970	6,331	5,723
Other changes	-41	602	2,276
Home Office	168	139	147
Department of Education and Science	132	249	379
Department of Health		34	33
Department of Social Security			
Pre-Survey Community Charge changes	-1,160	-1,368	-1,250
Other changes	396	908	700
Scotland			
Pre-Survey Community Charge changes	517	646	592
Other changes	33	47	253
Wales			
Pre-Survey Community Charge changes	328	406	376
Other changes	-19	107	149
Northern Ireland	1	1	1
Total			
Pre-Survey Community Charge changes	4,655	6,015	5,450
Other changes	824	2,706	4,500
Total changes	5,479	8,721	9,900

(1) As given in the Statistical Supplement to the 1990 Autumn Statement.

Financing requirements of nationalised industries

7.22 **Table 7.8** sets out details of changes in figures for the financing requirements of nationalised industries since last year's Supplement. There have been no classification changes or transfers affecting nationalised industries.

7.23 The main changes from last years supplement are as follows:

- (a) **British Rail:** There have been substantial increases in external financing for British Rail in each of the years 1991-92 to 1993-94 (£400 million, £970 million and £660 million respectively). The increases have been made to avoid the reductions in income from passengers and asset sales associated with the current stage of the economic cycle affecting British Rail's substantial investment programme.
- (b) **London Transport:** Substantial increases have been made to the external financing requirements of London Transport for 1992-93 and 1993-94 (£440 million and £360 million). The increases are again intended to allow the substantial investment programme to continue.

Table 7.8 Differences from previous plans⁽¹⁾ for financing requirements of nationalised industries by industry

	£ million		
	1991-92 estimated outturn	1992-93 plans	1993-94 plans
British Coal		-79	
British Rail	401	969	655
British Shipbuilders	-8	12	7
British Waterways Board	-1	4	4
Caledonian MacBrayne		6	3
Civil Aviation Authority	-10	-1	30
Electricity (Scotland)	-60		
London Transport	29	441	355
Nuclear Electric		-27	-149
Post Office	-6		
Scottish Nuclear		-20	-20
Total	345	1,305	885

(1) As given in the Statistical Supplement to the 1990 Autumn Statement.

Section Eight Additional analyses

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8. Additional analyses

8.1 This section presents a number of analyses of additional aspects of expenditure for the years up to 1991–92. It also includes a summary analysis of public sector manpower for the period 1978–79 to 1990–91.

Public sector asset creation

8.2 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 they are on a net basis and exclude most of the capital expenditure of public corporations.

8.3 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.

8.4 **Tables 8.1 to 8.3** 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.

8.5 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 8.1 to 8.3** exclude expenditure by those public corporations, other than the electricity industries, which were privatised before 31 March 1992. 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 by the nationalised industries omitted from the tables is shown in a footnote to **Table 8.2**. The analyses include expenditure by the whole of the electricity industries; this is because separate figures are not available for the parts of the electricity industries which have been privatised.

8.6 **Table 8.1** shows the various components of the public sector asset creation aggregate. **Table 8.2**, 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.

Table 8.1 Public sector asset creation, 1986-87 to 1991-92						
	1986-87	1987-88	1988-89	1989-90	1990-91	£ million 1991-92 estimated outturn
	outturn	outturn	outturn	outturn	outturn	outturn
Expenditure within the planning total						
Gross expenditure on dwellings and improvements	129	117	147	175	198	1,133
Gross expenditure on construction ⁽¹⁾	2,582	2,838	3,312	4,036	5,106	4,547
Gross expenditure on vehicles, plant and machinery	1,198	1,255	1,240	1,845	1,746	1,827
Capital grants to the private sector	2,294	2,139	2,693	2,392	2,998	3,626
Public sector asset creation within the planning total	6,202	6,350	7,392	8,448	10,048	11,133
Adjustments to move to total public sector asset creation						
<i>less</i> – MOD expenditure included above	424	444	480	615	631	754
<i>add</i> – MOD capital expenditure under NATO definition ⁽¹⁾	5,434	5,480	5,758	5,523	5,990	5,680
<i>add</i> – local authority asset creation ⁽¹⁾	6,510	7,116	8,216	10,751	8,144	8,153
<i>add</i> – public corporations ⁽²⁾⁽³⁾ asset creation on:						
– dwellings	188	198	214	240	180	160
– construction ⁽¹⁾	1,213	1,324	1,203	1,399	2,089	2,403
– vehicles, plant and machinery	2,274	2,295	2,519	3,186	2,899	1,555
<i>add</i> – public corporations ⁽²⁾ capital grants to the private sector	91	87	87	321	263	276
Total public sector asset creation⁽³⁾	21,489	22,406	24,909	29,253	28,982	28,607
<small>(1) 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.</small>						
<small>(2) Excludes those industries other than the non-nuclear electricity industries that were privatised before 31 March 1992.</small>						
<small>(3) These figures include asset creation expenditure by all of the electricity industries when they were within the public sector. This means that there is a discontinuity in the figures between 1990-91 and 1991-92 arising from privatisation of the non-nuclear industries. Details of the series for asset creation excluding all the electricity industries are given in footnote (4) to Table 8.2.</small>						

8.7 The asset creation figures exclude projects which are 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 Queen Elizabeth II Bridge at Dartford.

8.8 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 1990 the public sector spent about £9½ billion on repair and maintenance, including housing improvements.

8.9 **Table 8.3** illustrates the trends in public sector asset creation in the years since 1978-79.

Table 8.2 Public sector asset creation⁽¹⁾ by spending sector and function, 1986–87 to 1991–92

	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	£ million 1991–92 estimated outturn
Central government's own expenditure						
Defence	5,434	5,480	5,758	5,523	5,990	5,680
Overseas services including overseas aid	22	31	38	40	54	90
Agriculture, fisheries, food and forestry	206	190	176	192	218	253
of which:						
Structural measures for agriculture	131	95	83	88	96	100
Trade, industry, energy and employment	986	760	1,389	752	742	683
of which:						
Regional and general industrial support	866	626	675	560	489	465
Transport	988	1,147	1,171	1,515	1,994	2,071
of which:						
National Roads	958	1,104	1,134	1,476	1,961	2,022
Housing	897	957	926	1,112	1,687	2,200
Other environmental services	135	189	168	196	195	250
Law, order and protective services	260	291	404	643	744	709
of which:						
Prisons	144	140	220	421	500	438
Education and science	357	369	424	663	723	802
Arts and libraries	38	54	60	88	115	129
Health and personal social services	1,298	1,328	1,454	1,754	1,915	2,038
of which:						
Hospital and community health services	1,249	1,288	1,406	1,705	1,851	1,960
Social security	78	101	149	306	297	352
Miscellaneous ⁽²⁾	334	329	406	377	525	625
Total central government's own expenditure	11,033	11,227	12,523	13,162	15,200	15,883
Local authorities						
Agriculture, fisheries, food and forestry	48	49	60	76	52	71
Trade, industry, energy and employment	9	7	7	11	8	8
Transport	801	801	1,057	1,237	979	1,125
of which:						
Local roads	726	726	956	1,008	791	928
Housing	3,150	3,586	3,912	5,382	3,915	3,684
Other environmental services	1,249	1,303	1,522	1,973	1,392	1,540
Law, order and protective services	223	257	290	347	295	349
Education and science	841	895	1,100	1,394	1,248	1,119
Arts and libraries	53	53	64	92	65	66
Personal social services	136	167	203	240	189	192
Total local authorities	6,510	7,116	8,216	10,751	8,144	8,153
Total general government	17,543	18,343	20,738	23,913	23,344	24,036
Public corporations⁽³⁾						
Electricity industries ⁽⁴⁾	1,597	1,500	1,694	2,283	2,130	730
British Rail	427	542	441	503	699	805
Other nationalised industries ⁽³⁾	980	1,024	967	1,036	1,186	1,271
Other public corporations	942	997	1,069	1,519	1,623	1,764
Total public corporations⁽³⁾⁽⁴⁾	3,945	4,063	4,171	5,340	5,638	4,571
Total public sector⁽⁴⁾	21,489	22,406	24,909	29,253	28,982	28,607
Real terms ⁽⁵⁾ (base year 1990–91)	28,053	27,742	28,775	31,735	28,982	26,736

(1) See paragraph 8.3 and Table 8.1 for the definition of public sector 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.

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

(3) Excluding those industries, other than the non-nuclear electricity industries, that were privatised before 31 March 1992. The total figures for these industries for the years 1986–87 to 1991–92 are as follows:

1986–87	1,894	1,424	1,398	973	0	0
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(4) There is a discontinuity in the figures between 1990–91 and 1991–92 arising from the privatisation of the non-nuclear electricity industries. The totals for public sector asset creation in the years 1985–86 to 1991–92 excluding all electricity industries are as follows:

1985–86	19,891	20,905	23,215	26,970	26,852	27,876
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(5) Real terms figures are cash outturns adjusted to 1990–91 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 13 of Appendix A.

Table 8.3 Public sector asset creation⁽¹⁾, 1978–79 to 1991–92														£ billion
	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
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn
Central government's own expenditure														
Defence	1.8	2.4	3.2	3.7	4.2	4.7	5.4	5.6	5.4	5.5	5.8	5.5	6.0	5.7
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	1.7
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	1.5	2.0
Other	2.1	2.3	2.8	3.1	3.4	3.4	3.6	3.8	4.1	4.0	5.1	5.4	6.0	6.5
Total central government's own expenditure	4.8	5.6	7.0	7.8	8.8	9.6	10.5	10.9	11.0	11.2	12.5	13.2	15.2	15.9
Local authorities														
Transport	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.7	0.6	0.6	0.9	1.0	0.8	0.9
DOE – Housing	1.9	2.1	2.1	1.8	2.3	3.0	2.9	2.5	2.5	2.8	3.1	4.4	3.1	2.9
DOE – Other environmental services	0.4	0.4	0.5	0.5	0.6	0.7	0.8	0.8	1.0	1.0	1.2	1.6	1.0	1.1
Other	1.3	1.6	1.8	1.7	2.0	2.2	2.2	2.2	2.4	2.8	3.1	3.7	3.3	3.3
Total local authorities	3.9	4.6	5.0	4.6	5.7	6.7	6.9	6.3	6.5	7.1	8.2	10.8	8.1	8.2
Total general government	8.7	10.2	12.0	12.4	14.4	16.3	17.4	17.2	17.5	18.3	20.7	23.9	23.3	24.0
Public corporations														
Nationalised industries ⁽²⁾⁽³⁾	1.8	2.1	2.5	2.7	2.9	3.0	2.7	3.1	3.0	3.1	3.1	3.8	4.0	2.8
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	1.6	1.8
Total public corporations⁽³⁾	2.4	2.9	3.4	3.6	3.8	3.9	3.6	4.1	3.9	4.1	4.2	5.3	5.6	4.5
Total public asset creation sector⁽³⁾	11.1	13.1	15.3	16.1	18.2	20.2	21.0	21.3	21.5	22.4	24.9	29.3	29.0	28.6
Real terms ⁽⁴⁾ (base year 1990–91)	28.1	28.5	28.2	26.9	28.5	30.2	29.9	28.7	28.1	27.7	28.8	31.7	29.0	26.7

(1) See paragraph 8.3 and Table 8.1 for the definition of public sector 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.

(2) Excludes those industries, other than the non-nuclear electricity industries, that were privatised by 31 March 1992.

(3) These figures include asset creation expenditure by all of the electricity industries when they were within the public sector. This means that there is a discontinuity in the figures between 1990–91 and 1991–92 arising from privatisation of the non-nuclear industries. Details of the series for asset creation excluding all the electricity industries are given in footnote (4) to Table 8.2.

(4) Cash figures adjusted to 1990–91 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 13 of Appendix A.

Privatisation proceeds

8.10 The state sector of industry, predominantly the nationalised industries, accounted for 11 per cent of GDP in 1979. Forty-six major (and dozens of smaller) companies have been privatised since then. By the middle of 1990 the nationalised industries' share of GDP had fallen to just over 3 per cent, down from just under 9 per cent in 1979; over the same period the numbers employed in nationalised industries has more than halved to 660,000 and more than 920,000 jobs have been transferred to the private sector.

8.11 Privatisations include Scottish Power, Scottish Hydro-Electric, the two electricity generating companies, the twelve Regional Electricity Companies in England and Wales, the ten Water Companies in England and Wales, British Steel, Rover Group, BAA, Rolls-Royce, Royal Ordnance, British Airways, British Gas, BT, 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 British Technology Group and Northern Ireland Electricity. Work is in hand on the future privatisations of British Coal and British Rail.

8.12 **Table 8.4** gives a breakdown of net privatisation proceeds from 1979–80 to 1991–92. Total proceeds are projected at £8 billion in 1992–93 and £5½ billion in both 1993–94 and 1994–95. Detailed estimates for future receipts from privatisation proceeds are not shown because they are dependent on commercially sensitive assumptions about further sales.

Sales and purchase of land and buildings

8.13 **Table 8.5** gives figures for sales and purchases of land and existing buildings by general government for the years 1978–79 to 1991–92; 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 sales and purchases of land and buildings by central government for the period 1986–87 to 1994–95 are given in **Table 4.9**. Further information about local authority receipts is given in the local authority section of this Supplement.

8.14 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 1991–92 their receipts from sales of land and existing buildings are estimated to be £510 million. These sales are offset by purchases of £29 million producing net receipts of £481 million.

8.15 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 of sales of physical assets. General government expenditure is also reduced by receipts from 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 £100 million in 1991–92.

Table 8.4 Privatisation proceeds⁽¹⁾, 1979–80 to 1991–92

	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 outturn	£ million 1991–92 estimated outturn ⁽²⁾
Amersham International plc			64										
Associated British Ports Holdings plc				46			51						
BAA plc									534	689			
British Aerospace plc		43					347						
British Airways plc								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	350	
British Petroleum plc	276		8		543				863 ⁽³⁾	3,030 ⁽³⁾	1,363		
British Steel plc										1,138	1,287		
British Sugar Corporation			44										
British Telecommunications plc – sale of shares						1,358	1,246 ⁽⁴⁾	1,081					
British Telecommunications plc – loan stock						44	61	53	23	85	85	100	
British Telecommunications plc – redemption of preference shares								250	250	250			
Britoil plc				334 ⁽⁵⁾	293		426						
Cable and Wireless plc			181		263		577						
Electricity industries – sale of shares (England and Wales) – sale of shares (Scotland) – redemption of debt												3,134	2,310 1,105 1,105
Enterprise Oil plc						384							
Forestry Commission				14	21	28	15	16	13	12	15	11	16
General Practice Finance Corporation										67			
Harland and Wolff											6		10
Insurance Services													
Land Settlement						12	5	2				1	
Motorway Service Area leases				4	1			2					
National Enterprise Board Holdings	37	83	2			168	30	34	1		2	5	5
National Freight Consortium			5 ⁽⁶⁾										
National Transcommunications Ltd													
Professional and Executive Recruitment										5			68
Plant Breeding Institute									65 ⁽⁷⁾				
Rolls-Royce plc									1,029	3			
Rover Group plc											150 ⁽⁸⁾		
Royal Ordnance plc									186				
Short Brothers											30		
Water plcs											496	1,484	1,490
Wytch Farm								18				130	
Miscellaneous ⁽⁹⁾	64	84	189	57	15	4	-2	-4	-2	-13	-18	-18	1,891
Total	377⁽¹⁰⁾	210⁽¹⁰⁾	493⁽¹⁰⁾	455	1,139	2,050	2,706	4,458	5,140	7,069	4,219	5,345	8,000

(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		1990–91	Girobank (Post Office)	112
	British Rail Hotels	30			Unipart (Rover)	up to 52			National Bus Company subsidiaries	124
1983–84	British Rail Hotels	15			Leyland Bus (Rover)	4			Scottish Transport Group subsidiaries	27
					British Coal subsidiaries	1				
1984–85	Jaguar (BL)	297		1987–88	British Transport Advertising	40		1991–92	Scottish Transport Group subsidiaries	13
	Sealink (BR)	40			Istel (Rover)	48				
	Wytch Farm (BGC)	82								
				1988–89	National Bus Company subsidiaries	24				
1985–86	Warship yards (British Shipbuilders)	54		1989–90	National Bus Company subsidiaries	1				
	Sealink (BR)	26								

(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 this Supplement. Proceeds for 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 interest.

(6) £49 million of the £54 million proceeds paid into the pension fund to cover a deficit.

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

(8) Does not take into account the cost of deferring payments of consideration.

(9) 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.

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

Table 8.5 General government sales and purchases of land and existing buildings by spending sector, 1978-79 to 1991-92

	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 outturn	1991-92 estimated outturn
£ billion														
Receipts from sales														
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	-0.4	-0.5
Total local authorities	-0.5	-0.7	-1.0	-1.8	-2.5	-2.1	-2.0	-2.1	-2.6	-3.7	-5.6	-5.4	-3.5	-2.8
of which:														
DOE - Housing					-1.9	-1.4	-1.3	-1.2	-1.4	-1.9	-3.0	-3.0	-2.2	-1.6
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	-1.3	-0.6	-0.5
Total general government	-0.6	-0.8	-1.2	-1.9	-2.6	-2.2	-2.2	-2.3	-2.9	-4.1	-6.2	-5.9	-3.9	-3.3
Purchases														
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	0.3	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	1.1	0.6	0.6
of which:														
DOE - Housing					0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.1	0.1
DOE - Other environmental services	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.2
Total general government	0.4	0.5	0.5	0.4	0.5	0.5	0.4	0.6	0.7	1.0	1.0	1.3	0.9	1.0
Receipts less purchases														
Central government				-0.1				-0.1	-0.2	-0.1	-0.5	-0.2	-0.1	-0.1
Local authorities	-0.1	-0.3	-0.7	-1.5	-2.1	-1.7	-1.7	-1.6	-2.0	-3.0	-4.7	-4.3	-2.9	-2.2
of which:														
DOE - Housing					-1.8	-1.3	-1.2	-1.0	-1.1	-1.5	-2.6	-2.5	-2.1	-1.5
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	-1.0	-0.4	-0.3
Total general government	-0.1	-0.3	-0.7	-1.6	-2.1	-1.8	-1.8	-1.8	-2.2	-3.1	-5.2	-4.6	-3.0	-2.3

Public sector manpower

8.16 **Table 8.6** provides a summary of public sector manpower for the period 1978–79 to 1990–91 to supplement the more detailed table on central government manpower in **Table 4.13**. 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.

Local authorities

8.17 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 benefit). Local authorities in Great Britain reduced staff numbers by 1.3 per cent between March 1988 and March 1990. The numbers of staff in 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

8.18 The overall number of staff employed in public corporations has fallen by 62 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.

Table 8.6 Public sector manpower, 1978–79 to 1990–91

	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	1990–91
Civil Service	734	719	697	678	658	636	621	597	593	582	571	563	560
Armed forces	326	330	335	341	334	333	336	334	331	328	324	319	311
National Health Service	923	943	979	998	1,009	1,009	998	993	981	976	977	973	970
Other central government	211	210	207	205	210	210	207	207	208	205	207	207	213
Total central government	2,194	2,202	2,218	2,222	2,211	2,189	2,162	2,131	2,113	2,091	2,078	2,062	2,054
Local authorities community programme ⁽¹⁾⁽²⁾						22	45	52	76	72	67		
Local authorities (other non-trading) ⁽¹⁾⁽³⁾	2,073	2,115	2,092	2,064	2,040	2,043	2,041	2,040	2,054	2,089	2,097	2,052	2,068
Local authorities (trading) ⁽¹⁾⁽³⁾	252	253	251	242	234	235	234	234	222	216	215	213	212
Total local authorities	2,325	2,368	2,343	2,306	2,274	2,300	2,320	2,326	2,352	2,377	2,379	2,265	2,280
Nationalised industries⁽¹⁾	1,843	1,818	1,785	1,656	1,538	1,444	1,396	1,124	1,049	856	781	709	665
Public corporations⁽¹⁾⁽⁴⁾	203	204	205	190	185	185	181	117	126	118	118	110	108
Total public sector	6,565	6,592	6,551	6,374	6,208	6,118	6,059	5,698	5,640	5,442	5,356	5,146	5,107

(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 from 1986–87.

Appendix A Conventions and economic assumptions

1. This appendix gives details of the various conventions used for the figures presented in this Supplement. It also sets out the economic assumptions which underlie the figures in the 1991 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) figures for the last two plan years (1993–94 and 1994–95) for social security benefits and totals including these benefits are rounded to the nearest £50 million; totals for central government's own expenditure, central government expenditure, central government support for local authorities and the planning total are all also rounded to the nearest £50 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;
 - (iii) estimated outturn in the current year for the planning total, items between the planning total and GGE and GGE are rounded to the nearest £100 million; and
 - (iv) figures in the tables covering years before 1986–87 are rounded to the nearest £0.1 billion.

The rounding convention at (i) represents a change from last year's Supplement and its predecessors. Previously, figures for social security benefits for the last two plan years were rounded to the nearest £100 million and all other figures for expenditure within the planning total were rounded to the nearest £10 million for these two years.

Receipts

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

4. A number of the tables in the Supplement give information on those government receipts treated as negative expenditure. **Tables 4.10** and **8.5** show receipts from sales of land and existing buildings for central and general government respectively. **Table 8.4** sets out figures for privatisation proceeds. The detailed functional analyses of general government expenditure (**Table 2.5**) and central government expenditure (**Table 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 13**). The real terms figures in this Supplement are given in 1990–91 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 general 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 a tax on expenditure. This has the effect of reducing the level of money GDP and the GDP deflator by around 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 facilitate consistent comparisons over time, future levels of money GDP and the GDP deflator in publications up to and including the 1990 Financial Statement and Budget Report were presented on a basis which took no account of the change. From the time the new local authority finance regime came into operation, ie with effect from the 1990 Autumn Statement, figures for 1990–91 and later years have been presented on the new basis.

9. To enable consistent comparisons over time to continue to be made the Central Statistical Office (CSO) produces 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 is 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 published 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. The adjusted GDP series is shown in index form in **Table 2.1** (1990–91=100). From 1990–91 onwards the adjusted and unadjusted series are identical.

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. This series is again shown in **Table 2.1**.

12. The adjusted series are produced solely for the purpose of allowing consistent comparisons over time of the ratio of GGE to GDP and real GGE and its components. The adjustment procedures do not effect 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 to GDP ratio calculated using the adjusted series are increased by ¾ per cent for years up to and including 1989–90.

13. The projections for both GDP and the GDP deflator are based on the assumption that the Council Tax will be treated in the national accounts in the same way as the community charge.

Current year outturn information

14. The estimated outturns for individual departments in the current year are based on the latest information available from departments. The overall 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

15. 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. Where possible such analyses give figures for years since 1978–79. However, information is not available for all elements of the planning total for years prior to 1984–85. For example proxies for some elements of central government support for local authorities, which was not included in the planning total prior to the 1989 Survey, were not generated for years prior to 1984–85.

Economic assumptions

16. The following economic assumptions underlie the figures in the 1991 Autumn Statement and this Supplement:
- (a) For the purpose of projecting social security benefit expenditure it is assumed that the uprating in April 1993 will be based on a $4\frac{1}{4}$ per cent increase in the Retail Price Index from September 1991 to September 1992 and the uprating in April 1994 will be based on a 4 per cent increase in the year to September 1993.
 - (b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to average 2.4 million in 1992-93. Following the usual convention it is assumed to remain at the same level in 1993-94 and 1994-95. For Northern Ireland the number of wholly unemployed adults is assumed to average 105,000 in 1992-93. Again similar assumptions have been made for 1993-94 and 1994-95. These assumptions are not intended to be forecasts.
 - (c) General inflation as measured by the GDP deflator is assumed to be 7 per cent in 1991-92, $4\frac{1}{2}$ per cent in 1992-93, $3\frac{3}{4}$ per cent in 1993-94 and 3 per cent in 1994-95. Details of GDP deflators used for years prior to 1991-92 are shown in **Table 2.1**.
 - (d) GDP at market prices (money GDP) is assumed to be £588 billion in 1991-92, £631 billion in 1992-93, £675 billion in 1993-94 and £718 billion in 1994-95. Money GDP figures for years prior to 1991-92 and the adjusted series, in index form, are also shown in **Table 2.1**.

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. There are two principal reasons for differences between the public expenditure planning total and general government expenditure: firstly the planning total is defined primarily for use as a control total; secondly the planning total covers the external financing requirements of public corporations in addition to the expenditure of central and local government. 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	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1992-93 plans	1993-94 plans	1994-95 plans
Planning total	135,998	142,610	145,586	162,764	179,985	205,000	226,600	244,500	258,000
Add Local authority expenditure	42,107	44,992	47,249	53,637	57,374	63,800	67,000	70,500	73,000
Less Central government support for local authorities	33,393	35,792	36,621	38,363	42,521	53,300	58,500	61,100	63,900
Equals Local authority self-financed expenditure	8,713	9,200	10,627	15,274	14,853	10,500	8,500	9,000	9,000
Add Central government debt interest	16,447	17,034	17,548	17,824	17,508	16,700	16,500	17,500	18,500
Add Other national accounts adjustments	3,484	4,387	5,832	4,674	3,790	4,300	4,500	5,000	5,500
Of which:									
Capital consumption	2,643	2,867	3,196	3,521	3,747				
VAT refunded	1,604	1,691	1,880	2,350	2,813				
Pension increase payments	732	786	815	898	1,020				
Adjustments for public corporations	1,845	2,141	3,162	1,219	440				
Local authority debt interest to central government	-3,355	-3,781	-4,119	-4,317	-4,568				
Other	15	683	898	1,003	338				
General government expenditure	164,642	173,231	179,594	200,536	216,136	236,400	256,400	276,600	291,200

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 readily be 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. In particular, the planning total focuses on central government support for local authorities rather than local authority expenditure itself. Consequently, a number of adjustments are needed to relate the public expenditure planning total to the broader concept 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.
- (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 here 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 Executives.
- (xi) Add grants and loans made to Passenger Transport Executives.
- (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) Add the capital value of assets and deduct rents on financial leases taken out by central government.
- (xv) Deduct the capital value of property leases involving local authorities and add rents on such leases.
- (xvi) Deduct the net increase in local authorities' special funds.
- (xvii) Deduct net lending to the General Practice Finance Corporation.
- (xviii) Add rent received from private contractors for HM Dockyards and rent received for other MOD land, which is treated as negative expenditure in the planning total but as revenue in national accounts.
- (xix) Add expenditure by the Securities and Investments Board.
- (xx) Add the development costs of the Joint European Torus project.
- (xxi) Add the tolls received on the Severn Road Bridge and the Erskine Road Bridge which are treated as negative expenditure in the planning total but as revenue in national accounts.
- (xxii) 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.
- (xxiii) Add adjustments to put certain central government expenditure on an accruals basis.
- (xxiv) Add adjustments related to different timings of expenditures (other than that described in (xxii)).
- (xxv) Add the capital expenditure of the Crown Estate Office.
- (xxvi) Deduct the capital expenditure of the Export Credits Guarantee Department.
- (xxvii) Add capital expenditure in respect of work carried out by the Scottish Development Agency and Welsh Development Agency on behalf of local authorities.
- (xxviii) Deduct increases in the value of stocks held by Forestry Enterprise.
- (xxix) Add, for outturn years, the residual difference between general government expenditure as measured by national accounts and Treasury sources.

Not all of the adjustments are applicable in every year.

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 the planning total.

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 the tables in this Supplement present analyses 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 reflect the coverage of the 1992 departmental reports and the 1992-93 Estimates, are set out below. There is one change from the groupings used in last year's Supplement in that the Forestry Commission is now included under Scotland rather than the Ministry of Agriculture, Fisheries and Food.

<i>Title</i>	<i>Departments included</i>
Ministry of Defence	Ministry of Defence
Foreign and Commonwealth Office	Diplomatic Wing Overseas Development Administration
Ministry of Agriculture, Fisheries and Food	Ministry of Agriculture, Fisheries and Food Intervention Board
Trade and Industry	Department of Trade and Industry Export Credits Guarantee Department Office of Fair Trading Office of Telecommunications
Energy	Department of Energy Office of Electricity Regulation Office of Gas Supply
Department of Employment	Department of Employment Advisory, Conciliation and Arbitration Service Health and Safety Commission
Department of Transport	Department of Transport
DOE-Housing	Department of Environment (Housing)
DOE-Other environmental services	Department of Environment (Other environmental services) Office of Water Services Ordnance Survey Property Holdings and Central Support Services PSA Services
DOE-Local government	Department of Environment (Local government)
Home Office (including Charity Commission)	Home Office Charity Commission
Lord Chancellor's and Law Officers' Departments	Lord Chancellor's Department Crown Office, Scotland Crown Prosecution Service Land Registry Northern Ireland Court Service Public Record Office Serious Fraud Office Treasury Solicitor's Department
Department of Education and Science	Department of Education and Science
Office of Arts and Libraries	Office of Arts and Libraries
Department of Health and Office of Population Censuses and Surveys	Department of Health Office of Population Censuses and Surveys
Department of Social Security	Department of Social Security

<i>Title</i>	<i>Departments included</i>
Scotland	Scottish Office Forestry Commission General Register Office for Scotland Registers of Scotland Scottish Courts Administration Scottish Record Office
Wales	Welsh Office
Northern Ireland	Northern Ireland Office and Departments
Chancellor of the Exchequer's Departments	HM Treasury Central Office of Information Central Statistical Office Crown Estate Office Department for National Savings Govertment Actuary's Department HM Customs and Excise HM Stationary Office Inland Revenue National Investment and Loans Office Paymaster General's Office Registry of Friendly Societies Royal Mint
Cabinet Office, Privy Council Office and Parliament	Cabinet Office 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
European Communities	Net contributions to European Community institutions

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 costs of Inland Revenue tax allowances and reliefs in 1991-92. All figures, except those specifically referred to in the footnotes, are on the basis of accruals, not receipts, in 1991-92. Updated estimates of the figures for 1990-91 given in last year's Supplement were published in Table 1.7 of Inland Revenue Statistics 1991. In interpreting the costings, 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 1991-92
Income Tax	
Personal allowance ⁽¹⁾	25,900
Married couple's allowance ⁽²⁾	4,900
Age related allowances ⁽³⁾	635
Additional personal allowance for one parent family ⁽⁴⁾	240
Widow's bereavement allowance	50
Blind person's allowance	5
Relief for:	
Occupational pension schemes ^{(5) (6)}	9,100
Contributions to personal pensions (including retirement annuity premia and FSAVCs) ⁽⁶⁾⁽⁷⁾	1,300*
Life assurance premiums (where insurance contract made before 14 March 1984) ⁽⁸⁾	310
Private medical insurance premiums for the over 60's ⁽⁸⁾	60
Qualifying interest on loans for purchase or improvement of owner-occupied etc property ⁽⁸⁾	6,100
Approved profit sharing schemes ⁽⁹⁾	100
Approved savings-linked share option schemes ⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	80*
Approved share option schemes ⁽¹⁰⁾⁽¹²⁾	45*
Instalment relief on share options exercised outside approved schemes	neg
Personal Equity Plans	80*
Business Expansion Scheme	130*
Profit-related pay	40
Expenditure on property managed as one estate	neg
Foreign pensions	5*
Special security measures	neg
Schedule E work expenses allowed as a deduction ⁽¹³⁾	370
Half of Class 4 National Insurance Contributions	120
Exemption of:	
First £70 of National Savings Bank, ordinary account interest	10*
Interest on National Savings Certificates including index-linked Certificates	200*
Premium Bond prizes	35*
SAYE	50*
Tax Exempt Special Savings Account interest	200*
Income of charities ⁽¹⁴⁾	575
Charitable donations under the payroll giving scheme	5
British government securities where owner not ordinarily resident in United Kingdom	300*
Foreign service allowance paid to Crown Servants abroad	50*
Student maintenance awards	70*
NI child dependency additions	15*
Sickness benefit ⁽¹⁵⁾	20*
Invalidity benefit and severe disablement allowance	450*
Industrial disablement benefits	70*
Allowances to rehabilitees	neg
Attendance allowance	110*
Mobility allowance	60*
Maternity allowance ⁽¹⁶⁾	5*
£10 Christmas bonus for pensioners	5*
War disablement benefits	90*
War widow's pension	20*
Children's allowance to Forces' widows	neg
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

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

	£ million Estimated cost for 1991-92
Income Tax and Corporation Tax	
Capital allowances: ^{(17) (18)}	
Income tax relief	800*
Corporation tax relief	11,400*
of which:	
North Sea oil and gas production	1,200*
Public corporations	250*
Other	9,900*
Double taxation relief: ⁽¹⁹⁾	
Income tax and corporation tax	2,300
Corporation tax:	
Small companies reduced rate of corporation tax	550*
Relief to investment companies for losses on unquoted shares in trading companies	10*
Reduced rate of corporation tax on policy holders' fraction of profits	150
Payments to ESOP trusts	neg
Petroleum Revenue Tax⁽²⁰⁾	
Uplift on qualifying expenditure ⁽²¹⁾	20
Relief for exploration and appraisal expenditure	550
Cross field allowance for 10 per cent of development expenditure on certain new fields	40
Oil allowance	190
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	55
Tariff receipts allowance	70
Exemption for gas sold to British Gas under pre-July 1975 contracts	180*
Capital Gains Tax	
Exemption of:	
First £5,500 of gains of individuals and first £2,750 of gains of trustees	300*
Gains accrued but unrealised at death	280*
Gains arising on disposal of a person's only or main residence ⁽²²⁾	2,000*
Relief for:	
Land acquired by authorities with compulsory purchase powers	5*
Holdover relief for gifts (including transfers out of trusts)	30*
Trading losses against capital gains	50*
Inheritance Tax	
Nil rate band for chargeable transfers not exceeding £140,000	4,000*
Exemption of:	
Transfers on death to surviving spouses ⁽²³⁾	750*
Transfers to charities on death	130
Reliefs for:	
Agricultural property	35
Business property	20
Heritage property and maintenance funds ⁽²⁴⁾	130*
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 1991-92
Stamp duty	
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 the threshold ⁽²⁵⁾	210

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) This figure represents the cost of the amount of the excess of the aged personal and aged married couples allowances over the corresponding allowances for non-aged taxpayers. It includes £35 million for the cost of the higher aged allowances for those aged 75 or over.
- (4) Including £5 million for the additional personal allowance available to a married man with children whose wife is totally incapacitated.
- (5) The estimate has been calculated using unapproved schemes as a benchmark with which to compare the present regime of tax reliefs. The cost of tax relief on capital gains of funds is not included as lack of information on the length of time that pension funds hold various types of assets means that a reliable estimate cannot be made.
- (6) The cost of tax relief for employers' contributions is included on the basis that under present arrangements employers' contributions are not taxable as a benefit in kind of the employee.
- (7) 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.
- (8) Including the cost of deductions at source for non-taxpayers.
- (9) Takes into account that a proportion of the value of appropriations granted in each year is denied tax relief where the participant sells his shares within 5 years of the date of appropriation.
- (10) Takes into account that relief from income tax is partially offset by liability to capital gains tax arising from disposals of shares acquired under the scheme.
- (11) 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.
- (12) The figure quoted assumes that prices of shares over which options are exercised follow those in the market generally.
- (13) Of which about £25 million allowable under S.201 of ICTA 1988.
- (14) 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, payments by companies under S.339 ICTA 1988 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.
- (15) Excludes the taxable Statutory Sick Pay (SSP) which is payable in most cases for the first twenty eight weeks of sickness.
- (16) This figure excludes taxable Statutory Maternity Pay (SMP).
- (17) The figures for capital allowances are net of balancing charges.
- (18) 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.
- (19) Relates to accounting periods ending 1988-89, the latest year for which fairly full information is available.
- (20) The figures are net of any consequential effect on corporation tax and represent the effect on 1991 calendar year accruals.
- (21) 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 £3,200 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.
- (22) 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.
- (23) This cost is in respect only of transfers for which an account is submitted to the Capital Taxes Offices.
- (24) This is the cost in respect of claims made in the year.
- (25) For transfers executed between 1 April and 19 December 1991 the threshold was £30,000. The threshold was raised to £250,000 for transfers executed on or after 20 December 1991 and before 20 August 1992. If the threshold had remained at £30,000 throughout 1991-92 the estimated cost would have been £45 million.

Appendix E General government expenditure by territory and region

1. This appendix presents analyses of general government expenditure outturn by territory and region. For the purpose of these analyses expenditure is allocated to specific territories or regions where it can be identified from available records as having been incurred for the benefit of the relevant population.
2. It is important to recognise the limitations of these analyses. In addition to practical difficulties which limit the extent of disaggregation possible, there are also significant definitional problems associated with allocating expenditure to particular areas on the basis of "who benefits". 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.

Territorial analysis of general government expenditure

3. Public expenditure is planned and controlled on a departmental basis. This means that in several areas expenditure is planned on a national rather than a territorial basis. For example, the Department of Social Security is responsible for the operation of the social security benefit system throughout Great Britain. In order to provide more information on the territorial division of expenditure than is available from Public Expenditure Survey data, an annual exercise is carried out to collect data on expenditure by territory, covering outturn years only. In this exercise departments are asked to allocate, where possible, expenditure to England, Scotland, Wales or Northern Ireland. The figures, therefore, include 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.
4. 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 which cannot be separated between individual territories from existing records. All support for nationalised industries is counted as non-identifiable.
5. The data presented in this appendix were collected in the summer of 1991 and 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. **Table E1** summarises general government expenditure by territorial area for the years 1986–87 to 1990–91. Fuller details for each of the five years covered in the 1991 analysis are given in **Tables E2 to E6**. **Table E7** gives a further breakdown of 1990–91 identifiable expenditure and also shows the non-identifiable elements by function.

Table E1 Identifiable general government expenditure⁽¹⁾ by territorial area, 1986-87 to 1990-91

	£ million				
	1986-87	1987-88	1988-89	1989-90	1990-91
England	90,646	95,901	100,708	111,508	123,701
Scotland	12,528	13,402	13,997	15,053	16,308
Wales	6,192	6,624	7,106	7,701	8,541
Northern Ireland ⁽²⁾	4,620	4,898	5,586	5,879	6,106
Total	113,986	120,824	127,397	140,140	154,656
	£ per head				
	1986-87	1987-88	1988-89	1989-90	1990-91
England	1,918	2,023	2,119	2,338	2,586
Scotland	2,446	2,622	2,748	2,957	3,196
Wales	2,195	2,335	2,487	2,680	2,964
Northern Ireland ⁽²⁾	2,949	3,110	3,540	3,714	3,842
Total	2,008	2,122	2,232	2,448	2,694

(1) See paragraphs 3 and 4.

(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.

Table E2a Identifiable general government expenditure, 1986-87

	£ 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	206	121	152	1,069	55	19	11	14
Trade, industry, energy and employment	3,966	826	453	380	5,625	71	15	8	7
Transport	3,488	576	293	101	4,457	78	13	7	2
Housing	2,932	586	183	335	4,036	73	15	5	8
Other environmental services	3,828	593	321	202	4,944	77	12	6	4
Law, order and protective services	4,583	571	249	521	5,924	77	10	4	9
Education and science	14,845	2,196	930	729	18,700	79	12	5	4
Arts and libraries ⁽¹⁾	619	72	34		725	85	10	5	
Health and personal social services	17,863	2,444	1,132	733	22,172	81	11	5	3
Social security	37,979	4,358	2,443	1,429	46,208	82	9	5	3
Miscellaneous expenditure ⁽²⁾	-48	99	35	39	125	-38	79	28	31
Total expenditure on services	90,646	12,528	6,192	4,620	113,986	80	11	5	4

Table E2b Identifiable general government expenditure, per head, 1986-87

	£ 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	40	43	97	19	66	213	228	516
Trade, industry, energy and employment	84	161	161	242	99	85	163	162	245
Transport	74	112	104	64	79	94	143	132	82
Housing	62	114	65	214	71	87	161	91	300
Other environmental services	81	116	114	129	87	93	133	131	148
Law, order and protective services	97	112	88	333	104	93	107	84	319
Education and science	314	429	330	465	329	95	130	100	141
Arts and libraries ⁽¹⁾	13	14	12		13	103	110	93	
Health and personal social services	378	477	401	468	391	97	122	103	120
Social security	804	851	866	912	814	99	105	106	112
Miscellaneous expenditure ⁽²⁾	-1	19	12	25	2	-46	880	559	1,123
Total expenditure on services	1,918	2,446	2,195	2,949	2,008	96	122	109	147

(1) Expenditure on arts and libraries in Northern Ireland is included with education and science.

(2) Expenditure 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	635	198	97	151	1,081	59	18	9	14
Trade, industry, energy and employment	3,828	752	445	364	5,390	71	14	8	7
Transport	3,644	589	334	104	4,671	78	13	7	2
Housing	2,956	675	242	337	4,210	70	16	6	8
Other environmental services	3,738	631	326	222	4,917	76	13	7	5
Law, order and protective services	5,083	644	278	592	6,596	77	10	4	9
Education and science	16,233	2,389	1,014	787	20,423	79	12	5	4
Arts and libraries ⁽¹⁾	666	78	38		782	85	10	5	
Health and personal social services	19,695	2,666	1,256	798	24,415	81	11	5	3
Social security	39,472	4,675	2,558	1,506	48,212	82	10	5	3
Miscellaneous expenditure ⁽²⁾	-49	105	35	38	128	-38	82	27	29
Total expenditure on services	95,901	13,402	6,624	4,898	120,824	79	11	5	4

	£ 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	39	34	96	19	71	204	181	505
Trade, industry, energy and employment	81	147	157	231	95	85	155	166	244
Transport	77	115	118	66	82	94	140	143	80
Housing	62	132	85	214	74	84	179	115	289
Other environmental services	79	123	115	141	86	91	143	133	163
Law, order and protective services	107	126	98	376	116	93	109	85	324
Education and science	342	467	358	500	359	95	130	100	139
Arts and libraries ⁽¹⁾	14	15	13		14	102	111	97	
Health and personal social services	415	522	443	506	429	97	122	103	118
Social security	833	915	902	956	847	98	108	107	113
Miscellaneous expenditure ⁽²⁾	-1	20	12	24	2	-46	912	545	1,065
Total expenditure on services	2,023	2,622	2,335	3,110	2,122	95	124	110	147

(1) Expenditure on arts and libraries in Northern Ireland is included with education and science.

(2) Expenditure 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	702	207	110	144	1,163	60	18	9	12
Trade, industry, energy and employment	4,012	749	468	767 ⁽¹⁾	5,996	67	12	8	13
Transport	3,726	596	335	106	4,763	78	13	7	2
Housing	2,194	590	203	334	3,321	66	18	6	10
Other environmental services	3,977	693	342	252	5,264	76	13	6	5
Law, order and protective services	5,727	715	312	637	7,392	77	10	4	9
Education and science	17,499	2,572	1,101	852	22,025	79	12	5	4
Arts and libraries ⁽²⁾	790	92	43		926	85	10	5	
Health and personal social services	21,802	2,969	1,406	879	27,056	81	11	5	3
Social security	40,335	4,703	2,749	1,568	49,355	82	10	6	3
Miscellaneous expenditure ⁽³⁾	-57	111	38	46	137	-42	81	27	33
Total expenditure on services	100,708	13,997	7,106	5,586	127,397	79	11	6	4

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	15	41	38	92	20	72	200	188	449
Trade, industry, energy and employment	84	147	164	486 ⁽¹⁾	105	80	140	156	463
Transport	78	117	117	67	83	94	140	141	81
Housing	46	116	71	212	58	79	199	122	304
Other environmental services	84	136	120	160	92	91	147	130	173
Law, order and protective services	120	140	109	404	130	93	108	84	312
Education and science	368	505	386	540	386	95	131	100	140
Arts and libraries ⁽²⁾	17	18	15		16	103	112	93	
Health and personal social services	459	583	492	557	474	97	123	104	118
Social security	849	923	962	994	865	98	107	111	115
Miscellaneous expenditure ⁽³⁾	-1	22	13	29	2	-50	905	547	1,209
Total expenditure on services	2,119	2,748	2,487	3,540	2,232	95	123	111	159

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

(2) Expenditure on arts and libraries in Northern Ireland is included with education and science.

(3) Expenditure 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	847	224	100	176	1,347	63	17	7	13
Trade, industry, energy and employment	3,751	716	448	734 ⁽¹⁾	5,649	66	13	8	13
Transport	4,558	686	349	124	5,717	80	12	6	2
Housing	3,688	595	259	268	4,810	77	12	5	6
Other environmental services	5,414	719	429	267	6,830	79	11	6	4
Law, order and protective services	6,661	808	371	696	8,536	78	9	4	8
Education and science	19,296	2,835	1,199	938	24,268	80	12	5	4
Arts and libraries ⁽²⁾	909	102	50		1,061	86	10	5	
Health and personal social services	23,643	3,256	1,538	948	29,385	80	11	5	3
Social security	42,750	4,992	2,912	1,675	52,328	82	10	6	3
Miscellaneous expenditure ⁽³⁾	-10	120	47	54	211	-5	57	22	25
Total expenditure on services	111,508	15,053	7,701	5,879	140,140	80	11	5	4

	£ 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	44	35	111	24	75	187	148	471
Trade, industry, energy and employment	79	141	156	464 ⁽¹⁾	99	80	142	158	470
Transport	96	135	121	78	100	96	135	122	78
Housing	77	117	90	169	84	92	139	107	201
Other environmental services	114	141	149	169	119	95	118	125	141
Law, order and protective services	140	159	129	439	149	94	106	87	295
Education and science	405	557	417	592	424	95	131	98	140
Arts and libraries ⁽²⁾	19	20	17		19	103	108	93	
Health and personal social services	496	639	535	599	513	97	125	104	117
Social security	896	981	1,014	1,058	914	98	107	111	116
Miscellaneous expenditure ⁽³⁾		24	16	34	4	-5	639	442	922
Total expenditure on services	2,338	2,957	2,680	3,714	2,448	95	121	109	152

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

(2) Expenditure on arts and libraries in Northern Ireland is included with education and science.

(3) Expenditure 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 E6a Identifiable general government expenditure, 1990-91

	£ 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	930	253	130	185	1,498	62	17	9	12
Trade, industry, energy and employment	3,732	707	391	484	5,314	70	13	7	9
Transport	5,138	733	424	127	6,422	80	11	7	2
Housing	3,770	645	378	247	5,040	75	13	8	5
Other environmental services	6,274	807	451	288	7,821	80	10	6	4
Law, order and protective services	7,538	905	404	768	9,615	78	9	4	8
Education and science	21,048	3,058	1,321	1,046	26,472	80	12	5	4
Arts and libraries ⁽¹⁾	983	120	54		1,158	85	10	5	
Health and personal social services	26,554	3,621	1,740	1,051	32,966	81	11	5	3
Social security	47,734	5,322	3,199	1,851	58,105	82	9	6	3
Miscellaneous expenditure ⁽²⁾	0	136	49	59	244	0	56	20	24
Total expenditure on services	123,701	16,308	8,541	6,106	154,656	80	11	6	4

Table E6b Identifiable general government expenditure, per head, 1990-91

	£ 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	19	50	45	116	26	75	190	173	446
Trade, industry, energy and employment	78	139	136	305	93	84	150	147	329
Transport	107	144	147	80	112	96	128	132	71
Housing	79	126	131	156	88	90	144	149	177
Other environmental services	131	158	156	182	136	96	116	115	133
Law, order and protective services	158	177	140	483	167	94	106	84	288
Education and science	440	599	458	658	461	95	130	99	143
Arts and libraries ⁽¹⁾	21	24	19		20	102	117	94	
Health and personal social services	555	710	604	661	574	97	124	105	115
Social security	998	1,043	1,110	1,164	1,012	99	103	110	115
Miscellaneous expenditure ⁽²⁾	0	27	17	37	4	0	628	401	870
Total expenditure on services	2,586	3,196	2,964	3,842	2,694	96	119	110	143

(1) Expenditure on arts and libraries in Northern Ireland is included with education and science.

(2) Expenditure 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 E7 General government expenditure: Total expenditure on services ⁽¹⁾ analysed by territorial area and function, 1990–91												£ million	
	England	Identifiable expenditure				Wales	Northern Ireland			Total	Non Identified	United Kingdom	
		Total	Scotland	Other	Total		Welsh Office	Other ⁽²⁾	Northern Ireland Office and Departments				
Defence											21,662	21,662	
Overseas services											2,700	2,700	
Agriculture, fisheries, food and forestry	930	253	233	20	130	116	14	185	184	1	1,498	1,386	2,884
Trade, industry, energy and employment	3,732	707	263	444	391	169	222	484	484		5,314	2,253	7,568
Roads and transport	5,138	733	733	1	424	424		127	127		6,422	1,546	7,969
Housing	3,770	645	645		378	378		247	247		5,040		5,040
Other environmental services	6,274	807	807		451	450	1	288	288		7,821	200	8,021
Law, order and protective services	7,538	905	866	38	404		404	768	732	36	9,615	1,992	11,607
Education and science	21,048	3,058	2,783	275	1,321	1,130	191	1,046	1,046		26,472	995	27,467
Arts and libraries ⁽³⁾	983	120	120		54	54					1,158	200	1,358
Health and personal social services	26,554	3,621	3,621		1,740	1,740		1,051	1,051		32,966	48	33,014
Social security	47,734	5,322		5,322	3,199		3,199	1,851	1,836	14	58,105	539	58,644
Miscellaneous expenditure ⁽⁴⁾		136	136		49	49		59	59		244	7,051	7,295
Total	123,701	16,308	10,207	6,101	8,541	4,511	4,030	6,106	6,054	51	154,656	40,572	195,228

(1) Excluding privatisation proceeds, general government debt interest and accounting adjustments which are not allocated to territories.

(2) Responsibility for most expenditure in Northern Ireland rests with the Northern Ireland Office and Departments; this column includes certain expenditure in support of the agriculture and fishing industries, the costs of the NI Court Service and War Pension payments.

(3) Expenditure on arts and libraries in Northern Ireland is included with education and science.

(4) Includes contributions to European Communities and expenditure associated with general maintenance of government, such as tax collection and population registration.

Regional analysis of general government expenditure

6. 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 territorial analysis of public spending. A summary of the results, covering 1987-88 was published in Appendix F of the Statistical Supplement to the 1990 Autumn Statement (Cm 1520).
7. In its report on the first issue of Departmental Reports (5th Report for 1991, HC 290) the TCSC recommended that this analysis be repeated and published in subsequent Supplements to the Autumn Statement. The Committee also recommended that the level of unallocated expenditure be reduced and that the scope for providing more up-to-date figures be explored. An analysis of regional spending in 1988-89 and 1989-90 was undertaken during the summer of 1991. The results are set out in **Tables E8 to E11**. As described in paragraph 10 below, the coverage of this analysis is wider than that achieved in the exercise undertaken in 1990. As in 1990, the exercise followed the broad approach underlying the annual territorial analysis.
8. **Tables E8 and E10** set out figures for expenditure by region in 1988-89 and 1989-90 respectively. In addition to the regional expenditure figures the tables also give the corresponding figures from the 1991 territorial analysis. They show that just under 85 per cent of expenditure identifiable to England in 1988-89 and 1989-90 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1988-89 about 96 per cent of expenditure on health and personal social services and transport and over 85 per cent of expenditure on social security 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.
9. **Tables E9 and E11** present the figures on a per capita basis. Spending in 1989-90 allocated by region varies from £1,697 per head in East Anglia to £2,099 in the Northern Region. These figures should be treated with caution. Identifiable expenditure which cannot be allocated by region averages about £379 per head in 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 **Tables E9 and E11**. 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.
10. The analyses of regional spending in England set out in **Tables E8 to E11** reflect (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 certain social security benefits to residents of each region; (iv) spending on motorways and trunk roads in each region; (v) expenditure on regional preferential assistance by the region in which the recipient industries were located; (vi) grants to Urban Development Corporations; and (vii) housing subsidies to local authorities. The coverage has been extended from that published previously by the inclusion of items (vi) and (vii). The results presented here are, as a consequence, not directly comparable to those set out for 1987-88 in Cm 1520.
11. Additional information on the regional distribution of spending is also 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 publish 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). A regional breakdown of the expenditure of the Chancellor's departments is given in the Chancellor's departments departmental report (Cm 1918).

Table E8 Identifiable general government expenditure, by area and function, 1988–89

	Allocation of expenditure by region									Unallo- cated ⁽²⁾	Totals from 1991 territorial analysis ⁽¹⁾			
	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
	£ million													
Agriculture, fisheries, food and forestry	5	15	13	4	70	15	5	17	144	558	702	207	110	144
Trade, industry, energy and employment	148	71	23	7	74	34	50	106	513	3,499	4,012	749	468	767 ⁽³⁾
Roads and transport	276	373	278	145	1,198	342	472	496	3,579	147	3,726	596	335	106
Housing	114	139	-9	-16	492	-54	77	289	1,031	1,163	2,194	590	203	334
Other environmental services	322	386	210	93	1,289	266	426	569	3,560	417	3,977	693	342	252
Law, order and protective services	309	478	326	153	2,114	381	478	664	4,902	825	5,727	715	312	637
Education and science	1,013	1,629	1,233	558	5,311	1,228	1,617	2,122	14,711	2,788	17,499	2,572	1,101	852
Arts and libraries	36	58	42	19	229	41	56	71	553	237	790	92	43	⁽⁴⁾
Health and personal social services	1,359	2,149	1,539	796	8,035	1,851	2,139	2,956	20,824	977	21,802	2,969	1,406	879
Social security	2,503	3,707	2,701	1,283	12,169	3,336	3,725	5,185	34,607	5,728	40,335	4,703	2,749	1,568
Miscellaneous expenditure										-57	-57	111	38	46
Total	6,083	9,005	6,356	3,041	30,980	7,439	9,044	12,477	84,424	16,284	100,708	13,997	7,106	5,586

(1) Figures show the identifiable spending by function from the Treasury's 1991 territorial analysis (see Table E4a). 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(2)).

(2) 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 1991 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

(3) Includes £390 million for costs associated with the privatisation of Short Brothers plc.

(4) Expenditure on arts and libraries in Northern Ireland is included with education and science.

Table E 9 Identifiable general government expenditure, per capita, by area and function, 1988–89

	Allocation of expenditure by region									Unallo- cated ⁽²⁾	Totals from 1991 territorial analysis ⁽¹⁾			
	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
	Agriculture, fisheries, food and forestry	2	3	3	2	4	3	1	3		3	12	15	41
Trade, industry, energy and employment	48	15	6	3	4	7	10	17	11	74	84	147	164	486 ⁽³⁾
Roads and transport	90	76	70	71	69	74	91	78	75	3	78	117	117	67
Housing	37	28	-2	-8	28	-12	15	45	22	24	46	116	71	212
Other environmental services	105	78	53	45	74	57	82	89	75	9	84	136	120	160
Law, order and protective services	101	97	82	75	122	82	92	104	103	17	120	140	109	404
Education and science	330	332	310	274	306	265	311	333	309	59	368	505	386	540
Arts and libraries	12	12	11	10	13	9	11	11	12	5	17	18	15	⁽⁴⁾
Health and personal social services	442	437	388	391	463	399	411	465	438	21	459	583	492	557
Social security	815	755	680	631	702	720	715	815	728	121	849	923	962	994
Miscellaneous expenditure										-1	-1	22	13	29
Total	1,981	1,833	1,601	1,495	1,786	1,605	1,737	1,961	1,776	343	2,119	2,748	2,487	3,540

(1) Figures show the identifiable spending by function from the Treasury's 1991 territorial analysis (see Table E4b). 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(2)).

(2) 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 1991 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

(3) Includes £247 per head for costs associated with the privatisation of Short Brothers plc.

(4) Expenditure on arts and libraries in Northern Ireland is included with education and science.

Table E10 Identifiable general government expenditure, by area and function, 1989-90

	Allocation of expenditure by region									Unallo- cated ⁽²⁾	Totals from 1991 territorial analysis ⁽¹⁾			
	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
	Agriculture, fisheries, food and forestry	4	19	15	7	80	18	6	17		167	680	847	224
Trade, industry, energy and employment	133	56	28	7	87	33	47	103	494	3,258	3,751	716	448	734 ⁽³⁾
Roads and transport	297	416	279	170	1,563	391	577	563	4,256	302	4,558	686	349	124
Housing	87	123	113	120	1,741	141	166	310	2,801	887	3,688	595	259	268
Other environmental services	410	457	294	139	2,063	393	540	640	4,935	479	5,414	719	429	267
Law, order and protective services	344	536	373	180	2,395	437	542	751	5,558	1,102	6,661	808	371	696
Education and science	1,044	1,641	1,306	594	5,601	1,331	1,713	2,173	15,402	3,894	19,296	2,835	1,199	938
Arts and libraries	40	63	45	23	278	52	65	77	642	267	909	102	50	⁽⁴⁾
Health and personal social services	1,470	2,323	1,672	876	8,798	2,036	2,353	3,167	22,695	948	23,643	3,256	1,538	948
Social security	2,621	3,917	2,857	1,353	12,850	3,523	3,913	5,469	36,502	6,248	42,750	4,992	2,912	1,675
Miscellaneous expenditure										-10	-10	120	47	54
Total	6,451	9,553	6,982	3,469	35,454	8,354	9,921	13,269	93,453	18,055	111,508	15,053	7,701	5,879

(1) Figures show the identifiable spending by function from the Treasury's 1991 territorial analysis (see Table E5a). 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(2)).

(2) 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 1991 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

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

(4) Expenditure on arts and libraries in Northern Ireland is included with education and science.

Table E11 Identifiable general government expenditure, per capita, by area and function, 1989–90

	Allocation of expenditure by region									Unallo- cated ⁽²⁾	Totals from 1991 territorial analysis ⁽¹⁾			
	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
	Agriculture, fisheries, food and forestry	1	4	4	4	5	4	1	3		4	14	18	44
Trade, industry, energy and employment	43	11	7	3	5	7	9	16	10	68	79	141	156	464 ⁽³⁾
Roads and transport	97	84	70	83	90	84	111	88	89	6	96	135	121	78
Housing	28	25	28	59	100	30	32	49	59	19	77	117	90	169
Other environmental services	133	93	74	68	119	84	104	100	103	10	114	141	149	169
Law, order and protective services	112	109	93	88	138	94	104	118	117	23	140	159	129	439
Education and science	340	332	326	290	322	286	328	341	323	82	405	557	417	592
Arts and libraries	13	13	11	11	16	11	12	12	13	6	19	20	17	⁽⁴⁾
Health and personal social services	478	470	418	429	506	438	451	496	476	20	496	639	535	599
Social security	853	793	714	662	739	757	750	857	765	131	896	981	1,014	1,058
Miscellaneous expenditure												24	16	34
Total	2,099	1,934	1,746	1,697	2,039	1,796	1,902	2,080	1,960	379	2,338	2,957	2,680	3,714

(1) Figures show the identifiable spending by function from the Treasury's 1991 territorial analysis (see Table E5b). 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(2)).

(2) 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 1991 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

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

(4) Expenditure on arts and libraries in Northern Ireland is included with education and science.

Glossary

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), 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 "asset creation" (previously described as "public sector capital spending"). These analyses show the extent to which public expenditure 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 such expenditure by local authorities and public corporations falls outside the planning total it is included within the figures for "asset creation". The expenditure on defence which falls within the NATO definition of capital expenditure (but 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 and income in the national accounts but not in the planning total.

Capital spending covers expenditure on physical assets, expenditure on stocks, capital grants and lending. The capital elements of the planning total are as follows:

- (i) Central government expenditure
 - (a) Central government's own expenditure
 - net expenditure on assets (including stock building);
 - capital grants to the private sector; and
 - lending and other financial transactions.
 - (b) Financing requirements of public corporations (excluding nationalised industries)
 - capital grants to the private sector;
 - lending and other financial transactions; and
 - 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, which is not included within the planning total, 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 controlled by departments which do not undertake commercial type activities as a major part of their work. The non-NHS Trusts part of the National Health Service is by far the largest of such bodies. (NHS Trusts are still within the NHS but are classified as public corporations because of their freedom in day to day management.) The central government sector also 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 and control purposes. The financing requirements of trading funds and public corporations (excluding nationalised industries) are presented alongside central government's own expenditure in this Supplement.

Classification changes: see paragraph 4 of **Section 7**.

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. Most 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 central government permissions 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 certain receipts. Notional allowances for non-trading capital consumption (qv) (the "using-up" of schools, hospitals, roads etc) are not included in the planning total. For control reasons, central government expenditure is measured in the planning total 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 in the Supplement net of VAT refunded 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 the 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 the 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 are used in this Supplement:-

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

These categories are briefly described in paragraph 9 of **Section 2** and 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. Such grants are included within central government's own expenditure.

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 is the combined expenditure of the central government and local authority sectors excluding payments between the two sectors (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).

Grants in aid are grants voted in Estimates to a particular organisation or body where any unspent balances of the sums issued during the financial year are not liable to surrender to the Consolidated Fund.

Gross domestic product (GDP) (at market prices) is the value of the goods and services produced by United Kingdom residents, including taxes on 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 under the joint control of two or more local councils.

National accounts adjustments: Although the definitions used in public expenditure planning and control are closely related to national accounts practice there are a number of detailed differences in the bases of the figures. A number of

adjustments therefore have to be made to relate planning total figures to general government expenditure. These adjustments, which are described as "accounting adjustments", are set out in detail in **Appendix B**.

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 Act 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, unin-corporated 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). 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.

Paybill is that part of departmental running costs (qv) which relates to the pay costs, including earnings related national insurance contributions, of civil servants in running costs.

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

Privatisation proceeds: see paragraphs 10 to 12 of **Section 8**.

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 the nationalised industries (see **Section 6**). For public expenditure purposes trading funds are treated as public corporations (see **Section 4**).

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 fully viable but whose trading activities are subject to cyclical fluctuations which make it difficult for the industry to meet regular interest payments.

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**).

Public sector asset creation: see **asset creation**.

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

Real terms figures are cash outturns or plans adjusted for the effect of general inflation as measured by the GDP market price deflator (see paragraphs 7 to 13 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** is an amount within the planning total, not allocated to departmental programmes, which provides a margin for uncertainties and is intended to cover any future additions to departmental programmes, 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).

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

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

Subsidies are payments to trading concerns which reduce the selling prices of goods and services below the factor cost of their 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 annual 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). They are not able to hold reserves, as distinct from working balances, and they are required to account for 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 only a small number of central government trading bodies (eg ECGD and Remploy) 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, as amended by the Government Trading Act 1990. The Acts 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. The existing trading funds are listed in **Table 4.15**.

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

Vote: An individual Supply Estimate (qv).

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

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