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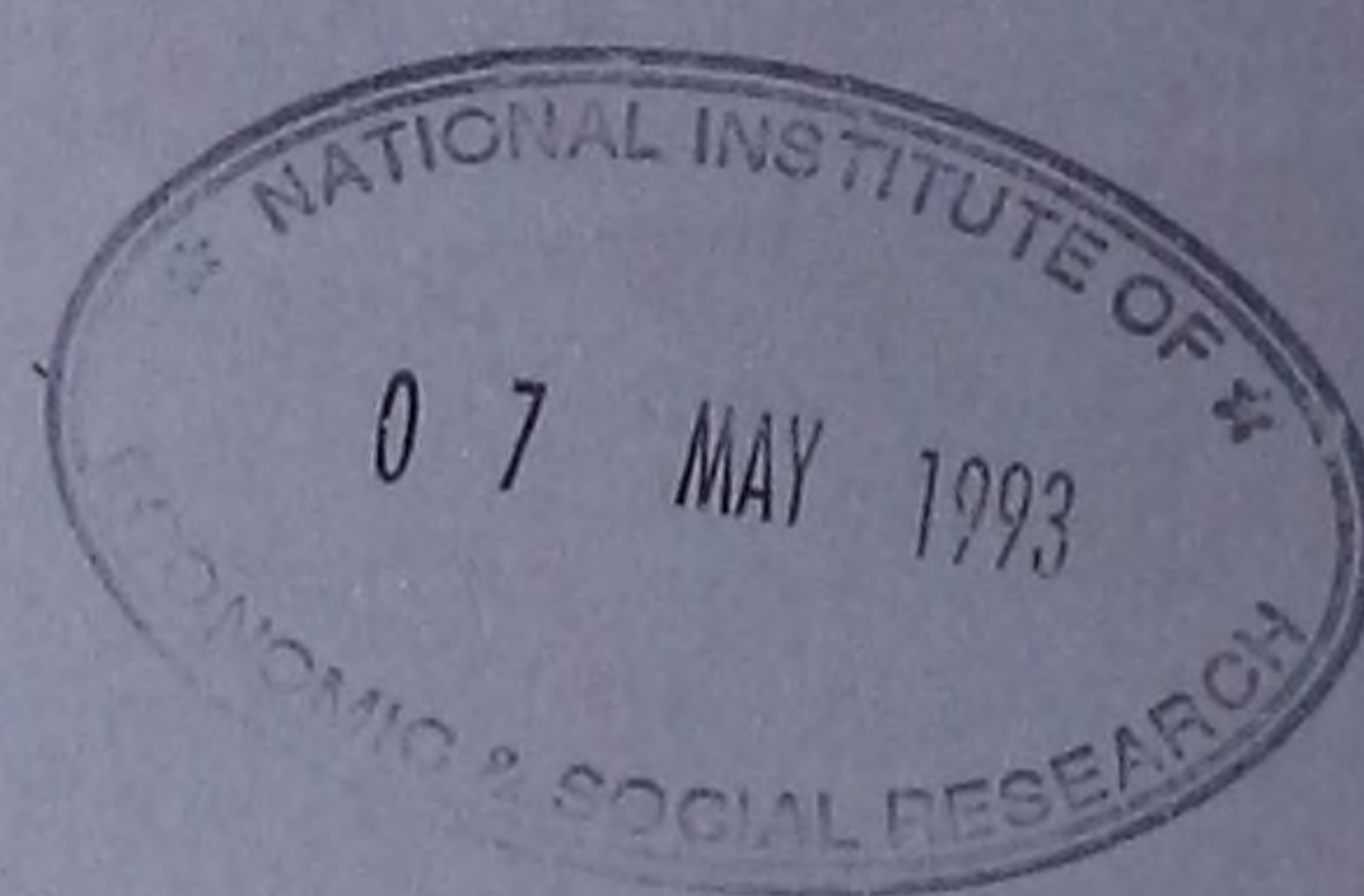
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# Public Expenditure Analyses to 1995–96

Statistical Supplement to the 1992 Autumn Statement

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This Supplement summarises the more detailed information on the outcome of the 1992 Public Expenditure Survey published in the series of departmental reports which present the Government's expenditure plans for 1993-94 to 1995-96. The 1993 departmental reports are listed below.

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- Cm 2201 Ministry of Defence
- Cm 2202 Foreign and Commonwealth Office (including Overseas Development Administration)
- Cm 2203 Ministry of Agriculture, Fisheries and Food and Intervention Board
- Cm 2204 Trade and Industry
- Cm 2205 Department of Employment
- Cm 2206 Department of Transport
- Cm 2207 Environment
- Cm 2208 Home Office (including Charity Commission)
- Cm 2209 Lord Chancellor's and Law Officers' Departments
- Cm 2210 Department for Education
- Cm 2211 Department of National Heritage
- Cm 2212 Department of Health and Office of Population Censuses and Surveys
- Cm 2213 Department of Social Security
- Cm 2214 Scotland and Forestry Commission
- Cm 2215 Wales
- Cm 2216 Northern Ireland
- Cm 2217 Chancellor of the Exchequer's Departments  
Net payments to European Community institutions
- Cm 2218 Cabinet Office, Privy Council Office and Parliament



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# Public Expenditure Analyses to 1995-96

Statistical Supplement to the 1992 Autumn Statement

*Presented to Parliament by the Chancellor of the Exchequer  
by Command of Her Majesty January 1993*





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### General government expenditure

1.4 The Government's medium term objective for public spending, defined as general government expenditure excluding privatisation proceeds is that, over time, it should allow declining share of national income, while value for money is constantly improved. To meet this objective public spending needs to grow more slowly than the economy as a whole. On present assumptions this means that the government will be aware that the real growth of public spending is no higher than 2 per cent on average, within the potential growth rate of the economy. This does not mean however that the growth in public spending will be 2 per cent or less every year. Cyclical variations in certain areas may lead to a growth rate of more than 2 per cent in some years.

1.5 The relationship between spending and national income is expressed in terms of the ratio of general government expenditure (GGE), excluding privatisation proceeds, to gross domestic product (GDP). Chart 1.1 shows how the GGE/GDP ratio has moved in the past and is expected to move in the future. The ratio fell sharply between 1984-85 and 1988-89. These were years of exceptionally strong economic growth and GDP rose by about 18 per cent, while GGE was virtually



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# 1. Introduction

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1.1 Each year the Government carries out a review—the Public Expenditure Survey—of its spending plans for the next three years. The results of the 1992 Survey were announced by the Chancellor on 12 November 1992. More information was presented in the printed Autumn Statement, published on 18 November 1992.

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 public corporations for which it is responsible, following the allocation of the totals agreed in the Public Expenditure Survey. They also give details, where appropriate, of central government support for local authorities. 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 1993 reports is given inside the front cover of this Supplement.

1.3 This Supplement provides a summary of the detailed plans presented in these 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 1.12**) and some analyses of expenditure by territorial area 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 differences which reflect a number of technical adjustments. In particular the spending sector totals for the Welsh Office, Scottish Office and Northern Ireland Office and Departments, for which only a provisional allocation was available at the time of the Autumn Statement, have been revised, and new provision for spending under the Common Agriculture Policy has been allocated to the relevant territorial minister's department. The figures for past years and the current year have been updated to reflect the latest information on spending.

## General government expenditure

1.4 The Government's medium term objective for public spending, defined as general government expenditure excluding privatisation proceeds is that, over time, it should take a declining share of national income, while value for money is constantly improved. To meet this objective public spending needs to grow more slowly than the economy as a whole. On present assumptions this means that the government aims to ensure that the real growth of public spending is no higher than 2 per cent on average, within the potential growth rate of the economy. This does not mean however that the growth in public spending will be 2 per cent or less every year. Cyclical variation in certain items may lead to a growth rate of more than 2 per cent in some years.

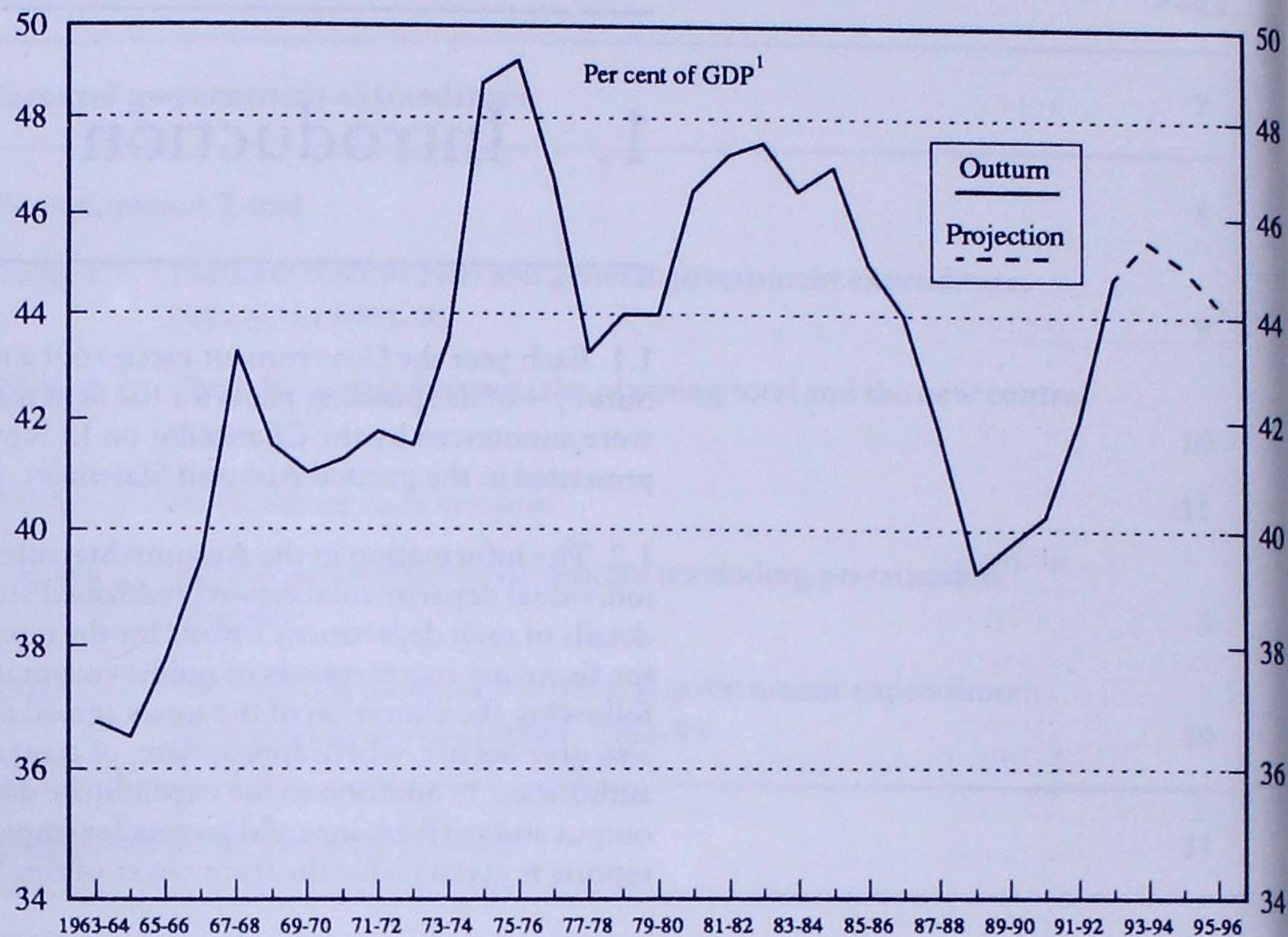
1.5 The relationship between spending and national income is expressed in terms of the ratio of general government expenditure (GGE), excluding privatisation proceeds, to gross domestic product (GDP). **Chart 1.1** shows how the GGE/GDP economic ratio has moved in the past and is expected to move in the future. The ratio fell sharply between 1984–85 and 1988–89. These were years of exceptionally strong economic growth; real GDP rose by about 18 per cent, while GGE was virtually



## 1. Introduction

unchanged in real terms for most of the period. The effect of the cycle in the past was to increase spending in areas such as social security and to reduce national income relative to trend. The cycle is expected to push up the ratio to 45½ per cent in 1993–94, after which it is expected to resume its downwards trend. Most of the increase in the ratio is accounted for by lower national income rather than by higher public spending.

**Chart 1.1 General government expenditure (excluding privatisation proceeds), 1963–64 to 1995–96**



(1) Adjusted to remove the distortion caused by the abolition of domestic rates.

## New control total

1.6 A number of changes to the system of public expenditure control were made in the 1992 Survey as part of a more explicit “top-down” approach. The Government now seeks to achieve its wider objective for public expenditure by planning and controlling cash totals for a new measure of expenditure, the new control total. This covers expenditure by central government departments excluding cyclical social security, (defined as unemployment benefit and income support to non-pensioners), all expenditure by local authorities (including self-financed expenditure as well as expenditure supported by central government) and the financing requirements of the national industries and public corporations. This new concept differs from the planning total which it replaces by including local authority self-financed expenditure (LASFE) and excluding cyclical social security expenditure and privatisation proceeds. The exclusion of cyclical social security means the control total will be much less affected by the cycle than was the planning total. GGE is a wider aggregate than the new control total, including also central government gross debt interest, cyclical social security and privatisation proceeds. There are also a number of other technical differences between the two aggregates; these differences (accounting adjustments) are described in **Appendix B**.



1.7 Cash plans for expenditure within the new control total over the period 1993–94 to 1995–96 and new projections for items of expenditure outside the new control total are summarised in **Table 1.1**. The table also shows changes from the plans and projections set out in last year's Budget Report.

1.8 The new control total was set in the Autumn Statement at £243.8 billion for 1993–94, £253.6 billion in 1994–95 and £263.3 billion for 1995–96. Between 1992–93 and 1995–96, real growth in the control total averages a little under 1½ per cent a year. More detailed information on the changes from previous plans is given in **Section 7**.

	Outturn Estimated					£ million		
	Outturn		New plans/ projections <sup>(1)</sup>			Changes from previous plans/projections <sup>(2)</sup>		
	1991–92	1992–93	1993–94	1994–95	1995–96	1992–93	1993–94	1994–95
Central government expenditure <sup>(3)(4)</sup>	144,555	158,733	166,350	172,150	176,950	2,700	200	300
Central government support for local authorities <sup>(4)</sup>	53,342	59,364	58,400	61,550	63,850	900	–200	–500
Local authority self-financed expenditure	10,978	10,400	11,100	11,000	10,800	900	1,000	800
Financing requirements of nationalised industries	2,512	3,395	3,883	1,909	1,694		1,050	–250
Reserve			4,000	7,000	10,000	–4,000	–4,000	–5,000
Adjustment <sup>(5)</sup>		–200				–200		
<b>New control total</b>	<b>211,387</b>	<b>231,700</b>	<b>243,800</b>	<b>253,600</b>	<b>263,300</b>	<b>300</b>	<b>–1,900</b>	<b>–4,700</b>
Cyclical social security	10,933	13,200	15,500	16,500	17,000	1,700	3,000	3,500
Central government debt interest	16,344	17,700	20,000	24,500	27,500	100	500	3,000
Accounting adjustments	5,355	6,000	7,500	8,500	9,000			
<b>General government expenditure excluding privatisation proceeds</b>	<b>244,019</b>	<b>268,700</b>	<b>286,600</b>	<b>302,500</b>	<b>316,400</b>	<b>2,200</b>	<b>1,600</b>	<b>1,700</b>
Privatisation proceeds	–7,923	–8,000	–5,500	–5,500	–1,000			
GGE (excluding privatisation proceeds) as a percentage of GDP	42	44¾	45½	45	44¼			

(1) The table shows new plans for the new control 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 1992 Financial Statement and Budget Report (HC 319).

(3) Includes the financing requirements of trading funds and public corporations other than the nationalised industries, and excludes cyclical social security.

(4) Comparisons between 1992–93 and 1993–94 are distorted by the effects of transfers between departments and spending sectors. The main changes reflect the transfer of responsibility for community care to local authorities, the transfer of responsibility for the funding of further education colleges and sixth form colleges from local authorities to the new Further Education Councils and the transfer of responsibility or funding Scottish and Welsh Universities from the Department of Education to the Scottish and Welsh Higher Education Funding Councils.

(5) See paragraph 14 of Appendix A.

1.9 The new control total set for 1993–94 implies a planning total of £244.5 billion, consistent with the figure set out in the 1991–92 Autumn Statement after taking account of classification changes. **Table 1.2** sets out for 1992–93 and 1993–94 a reconciliation between the planning total levels set out in the 1992 Budget report and the levels for the new control totals shown in this Supplement.



# 1. Introduction

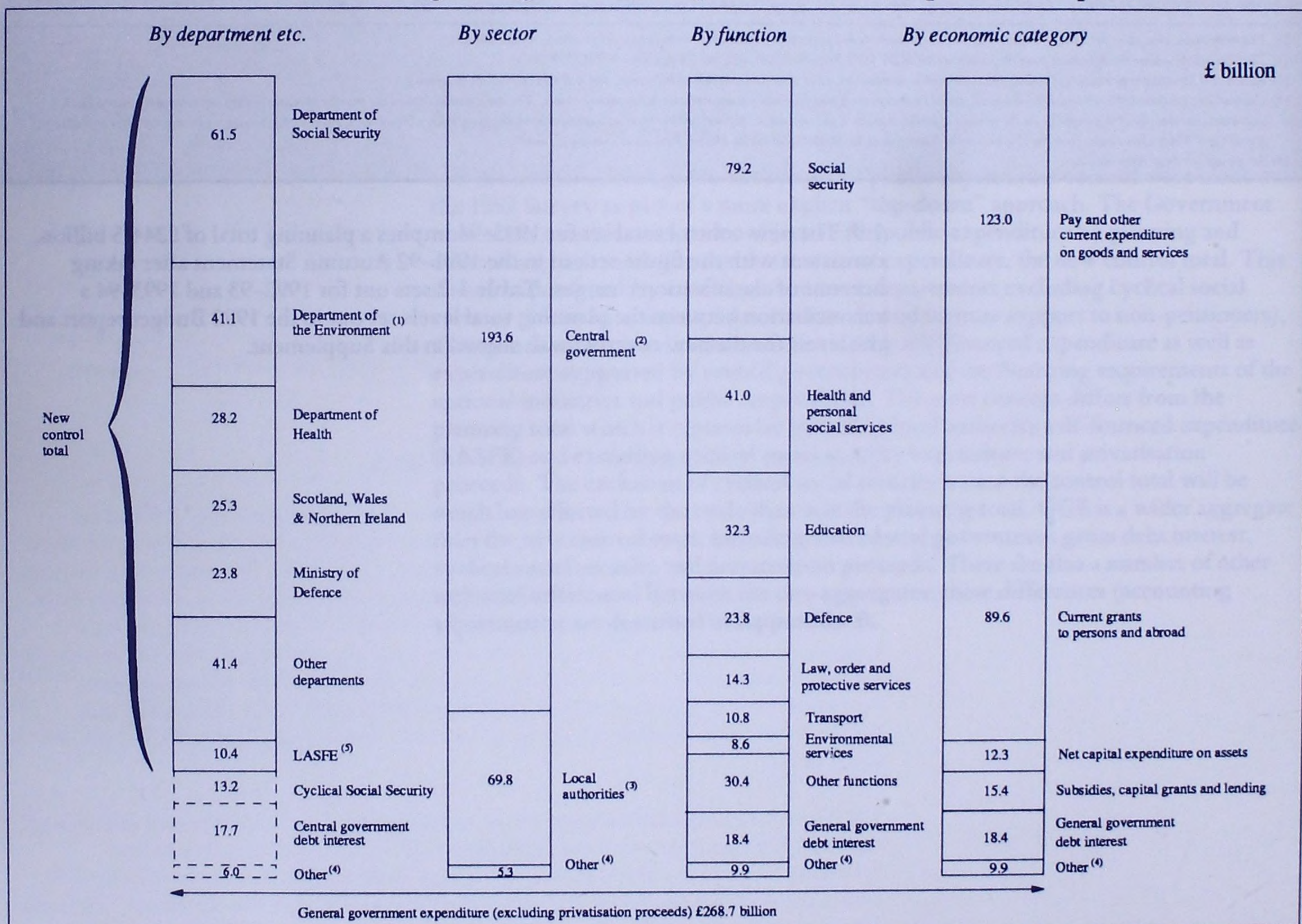
	1992-93 Estimated outturn	1993-94 New plans and projections
Planning total in 1992 Budget Report	226.6	244.5
Changes	1.2	
New levels, consistent with 1992 Budget Report	227.8	244.5
Classification changes made since the 1992 Budget Report <sup>(1)</sup>	-1.3	-2.0
Planning total consistent with this Statement	226.5	242.5
plus Local authority self-financed expenditure	10.4	11.1
less Cyclical social security	13.2	15.5
less privatisation proceeds	-8.0	-5.5
<b>New control total</b>	<b>231.7</b>	<b>243.8</b>

(1) The principal classification changes are described in Section 7.

1.10 The latest estimate for the planning total in 1992-93 is £226.5 billion, as shown in Table 1.2, consistent with an estimate of the new control total of £231.7 billion.

1.11 **Chart 1.2** shows, for 1992-93, the departments responsible for planning the largest parts of the new control 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 1.2 The new control total and general government expenditure: How it is planned and spent, 1992-93**



(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 (£17.7 billion)  
 (3) The total is made up of £59.4 billion financed by support from central government and £10.4 billion financed from local authorities own resources. It includes local authority debt interest (£5.3 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.  
 (5) Local authority self-financed expenditure.



## Capital Spending: Public sector asset creation

1.12 A number of the sections in the Supplement 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 1993–94 to 1995–96, is given in **Section 4** (paragraphs 4.7 to 4.8) and **Section 6** (Table 6.3). Total Public sector asset creation in 1992–93 is £30.3 billion. Public sector asset creation in 1993–94 is projected to be £30.4 billion (see Table 1.3).

**Table 1.3 Public sector asset creation<sup>(1)</sup>**

	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 estimated outturn	£ million 1993–94 projection
<b>Central government<sup>(2)</sup></b>	<b>12,246</b>	<b>13,597</b>	<b>14,690</b>	<b>16,574</b>	<b>17,693</b>	<b>18,380</b>	<b>18,500</b>
<b>Local authorities</b>	<b>7,136</b>	<b>8,218</b>	<b>10,747</b>	<b>8,193</b>	<b>7,774</b>	<b>8,463</b>	<b>8,900</b>
<b>Nationalised industries<sup>(3)(4)</sup></b>	<b>3,190</b>	<b>3,168</b>	<b>4,004</b>	<b>4,055</b>	<b>2,778</b>	<b>3,467</b>	<b>3,100</b>
<b>Total public sector</b>	<b>22,573</b>	<b>24,982</b>	<b>29,440</b>	<b>28,822</b>	<b>28,245</b>	<b>30,310</b>	<b>30,400</b>
Real terms (base year 1991–92) <sup>(5)</sup>	29,794	30,736	33,987	30,814	28,245	29,074	28,400

(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.

(2) Including public corporations other than the nationalised industries.

(3) Excludes those industries other than the non-nuclear electricity industries that were privatised before 31 March 1992.

(4) 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 privatisations 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.

(5) Cash figures adjusted to 1991–92 price levels by excluding the effect of general inflation. The deflator used is that for the GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 13 of Appendix A.

## Organisation of the Supplement

1.13 The structure of the Supplement is as follows:

**Section 2** presents analyses of general government expenditure;

**Section 3** presents analyses of the new control total;

**Sections 4 to 6** summarise the plans for central government expenditure, central government support for local authorities and the financing requirements of the nationalised industries respectively;

**Section 5** also gives some analyses of local authorities expenditure 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 the new control total, one on territorial and regional expenditure data, a glossary of the technical terms used and an index to the departmental reports.

1.14 The purpose of this Supplement is to present detailed summaries of the new expenditure plans. Most of the analyses show the new control total and its constituents for years from 1987–88. However to give a longer perspective, some analyses of GGE and components of the new control total present figures back to 1978–79. Longer runs of figures for the new control 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, have not been generated for years prior to 1984–85, and figures for cyclical social security are only available back to 1984–85.

1.15 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 Mrs Helen Patterson at the following address:

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



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## 2. Public spending trends

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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 1.4**, 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 1995–96. 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 1991–92 are taken from the national accounts compiled by the Central Statistical Office (CSO). Figures for 1992–93 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 council tax will be treated in the national accounts in the same way as 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 new control total for the years since 1984–85. Corresponding figures are not available for earlier years. The current definition of the new control total was introduced for the 1992 Survey. Proxies for the elements of central government support for local authorities were only generated for 1984–85 and later years, and cyclical security expenditure which is excluded from the new control total but was included in the planning total is only identifiable from 1984–85 onwards.

### 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 GDP. A more detailed analysis, covering the period 1987–88 to 1992–93 is given in **Table 2.5**.



**Table 2.1 Public expenditure, 1963–64 to 1995–96**

	New control total <sup>(1)</sup>		Planning total <sup>(1)</sup>		General government expenditure (excluding privatisation proceeds)			Privatisation proceeds	General government expenditure		Money GDP <sup>(2)</sup>		Adjusted GDP deflator	
	£ billion	Real terms <sup>(3)</sup> £ billion	£ billion	Real terms <sup>(3)</sup> £ billion	£ billion	Real terms <sup>(3)</sup> £ billion	per cent. of GDP <sup>(2)</sup> £ billion	£ billion	Total £ billion	spending on goods and services £ billion	£ billion	Adjusted series (1990–91 = 100) <sup>(3)</sup>	Index series (1991–92 = 100)	
1963–64					11.3	116.7	36¾		11.3	6.5	31.4	5.6	9.7	
1964–65					12.3	120.8	36½		12.3	7.0	34.2	6.1	10.1	
1965–66					13.6	128.0	37¾		13.6	7.7	36.6	6.5	10.6	
1966–67					15.1	135.9	39½		15.1	8.5	38.9	6.9	11.1	
1967–68					17.5	153.1	43¾		17.5	9.4	41.2	7.3	11.4	
1968–69					18.2	152.3	41½		18.2	9.9	44.6	7.9	12.0	
1969–70					19.3	153.4	41		19.3	10.4	48.0	8.5	12.6	
1970–71					21.6	158.5	41¼		21.6	11.9	53.2	9.4	13.6	
1971–72					24.4	163.7	41¾		24.4	13.4	59.3	10.5	14.9	
1972–73					27.6	171.7	41½		27.6	15.2	67.6	12.0	16.1	
1973–74					32.0	185.8	43½		32.0	17.9	75.0	13.3	17.2	
1974–75					42.9	208.1	48¾		42.9	22.9	89.4	15.8	20.6	
1975–76					53.8	208.2	49¼		53.8	29.4	111.2	19.7	25.9	
1976–77					59.6	203.0	46¾		59.6	32.9	130.1	23.0	29.4	
1977–78					64.4	193.0	43¾	–0.5	63.9	35.2	151.4	26.8	33.4	
1978–79					75.0	202.7	44		75.0	39.1	173.7	30.8	37.0	
1979–80					90.4	209.3	44	–0.4	90.0	46.6	208.6	36.9	43.2	
1980–81					108.8	213.1	46½	–0.2	108.6	56.8	237.7	42.1	51.1	
1981–82					121.0	216.0	47¼	–0.5	120.5	61.1	260.9	46.2	56.0	
1982–83					133.1	221.8	47½	–0.5	132.7	67.5	285.6	50.6	60.0	
1983–84					141.4	225.3	46½	–1.1	140.3	73.0	309.8	54.9	62.8	
1984–85	126.0	191.0	127.0	192.5	152.9	231.8	47	–2.0	150.9	78.6	332.2	58.8	66.0	
1985–86	129.5	186.2	130.6	187.7	161.3	231.8	45	–2.7	158.6	82.6	364.4	64.5	69.6	
1986–87	136.0	189.4	135.8	189.1	169.2	235.7	44	–4.5	164.8	87.4	392.7	69.5	71.8	
1987–88	148.6	196.1	142.4	187.9	178.4	235.4	41¾	–5.1	173.2	94.5	435.2	77.1	75.8	
1988–89	156.1	192.1	145.4	178.9	186.8	229.8	39¼	–7.1	179.8	99.7	484.2	85.7	81.3	
1989–90	175.2	202.3	162.1	187.1	205.0	236.7	39¾	–4.2	200.8	112.6	525.2	93.1	86.6	
1990–91	192.2	205.5	179.6	192.0	222.6	238.0	40¼	–5.3	217.3	124.4	554.7	100.0	93.5	
1991–92	211.4	211.4	203.4	203.4	244.0	244.0	42	–7.9	236.1	137.4	581.4		100	
1992–93	231.7	222.2	226.5	217.3	268.7	257.7	44¾	–8.0	260.7	<sup>(4)</sup>	601		104.3	
1993–94	243.8	227.6	242.5	226.4	286.6	267.5	45½	–5.5	281.1	<sup>(4)</sup>	629		107.1	
1994–95	253.6	229.3			302.5	273.5	45	–5.5	297.0	<sup>(4)</sup>	674		110.6	
1995–96	263.3	231.7			316.4	278.4	44¼	–1.0	315.4	<sup>(4)</sup>	717		113.6	

(1) Figures for the control total and planning total are only available on a consistent basis for the years shown. Figures are estimated outturn for 1992–93 and plans for 1993–94 onwards.

(2) An adjusted series for money GDP is used in the calculation of the ratio for years up to 1989–90. This has been constructed to remove the distortion caused by the abolition of domestic rates. A description of the adjustment method was given in Annex C to chapter 1 of the 1990 Autumn Statement. The adjusted series is shown here as an index, based on the level of money GDP in 1990–91.

(3) Cash figures adjusted to price levels of 1991–92.

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



## 2. Public spending trends

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 authorities. An analysis by function of central government expenditure, which covers the plan years as well as outturn years, is given in **Table 4.4**.



**Table 2.2 General government expenditure by function, 1978-79 to 1992-93**

	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 outturn	£ billion 1992-93 estimated outturn
Defence <sup>(1)</sup>	7.6	9.4	11.5	12.8	14.6	15.7	17.4	18.2	18.4	18.9	19.2	20.8	21.8	23.0	23.8
Overseas services, including overseas aid	1.1	1.2	1.3	1.5	1.6	1.7	1.7	1.9	2.0	2.0	2.3	2.6	2.7	3.1	3.6
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	2.2	2.9	3.1	3.3
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	7.7	7.8	7.1	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	3.1	3.2	3.4
Transport	3.0	3.7	4.3	4.8	5.3	5.5	5.7	5.5	5.7	5.7	5.9	6.8	8.3	9.2	10.8
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	5.0	5.8	6.2
Other environmental services	2.5	3.1	3.7	3.7	4.2	4.3	4.2	4.2	5.0	5.2	5.3	6.4	7.1	7.8	8.6
Law, order and protective services	2.6	3.3	4.0	4.7	5.2	5.8	6.4	6.6	7.2	8.1	9.0	10.2	11.5	13.0	14.3
Education	9.1	10.5	12.8	13.9	15.0	15.8	16.4	17.0	18.7	20.4	22.0	24.6	26.5	29.6	32.3
National Heritage	0.7	0.9	1.0	1.2	1.3	1.3	1.4	1.5	1.6	1.8	2.0	2.3	2.5	2.5	2.7
Health and personal social services	9.2	11.1	14.1	15.8	17.2	18.3	19.6	20.7	22.3	24.5	27.0	29.5	33.1	37.4	41.0
<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	31.5	34.6
Social security	17.0	20.1	24.3	29.6	33.6	36.9	40.0	43.5	46.8	48.9	50.2	53.2	59.2	70.0	79.2
Miscellaneous expenditure <sup>(2)</sup>	2.8	3.2	3.0	3.3	3.9	3.4	3.9	3.8	4.4	5.3	5.0	6.9	7.0	5.9	7.2
<b>Total expenditure on services</b>	<b>65.3</b>	<b>77.3</b>	<b>92.1</b>	<b>103.4</b>	<b>116.1</b>	<b>122.7</b>	<b>131.6</b>	<b>138.4</b>	<b>146.4</b>	<b>154.3</b>	<b>161.6</b>	<b>178.4</b>	<b>195.4</b>	<b>217.6</b>	<b>240.4</b>
General government debt interest	7.4	9.4	11.4	13.3	13.9	14.3	16.2	17.9	17.6	17.9	18.5	18.8	18.4	17.1	18.4
Other accounting adjustments <sup>(3)</sup>	2.3	3.6	5.4	4.3	3.2	4.4	5.2	5.0	5.2	6.2	6.7	7.8	8.7	9.4	9.9
Adjustment <sup>(4)</sup>															-0.2
Local authority capital receipts package addition <sup>(5)</sup>															0.2
<b>Total general government expenditure excluding privatisation proceeds</b>	<b>75.0</b>	<b>90.4</b>	<b>108.8</b>	<b>121.0</b>	<b>133.1</b>	<b>141.4</b>	<b>152.9</b>	<b>161.3</b>	<b>169.2</b>	<b>178.4</b>	<b>186.8</b>	<b>205.0</b>	<b>222.6</b>	<b>244.0</b>	<b>268.7</b>
Privatisation proceeds		-0.4	-0.2	-0.5	-0.5	-1.1	-2.0	-2.7	-4.5	-5.1	-7.1	-4.2	-5.3	-7.9	-8.0
General government expenditure	75.0	90.0	108.6	120.5	132.7	140.3	150.9	158.6	164.8	173.2	179.8	200.8	217.3	236.1	260.7

(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 13 of Appendix A.

(5) Additional gross capital expenditure in 1992-93 from the relaxation of the receipts rules announced in the 1992 Autumn Statement.



Table 2.3 General government expenditure by function in real terms<sup>(1)</sup>, 1978-79 to 1992-93.

	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 outturn	£ billion 1992-93 estimated outturn
Defence <sup>(2)</sup>	20.5	21.8	22.4	22.9	24.4	25.1	26.3	26.2	25.7	25.0	23.6	24.0	23.3	23.0	22.8
Overseas services, including overseas aid	2.9	2.8	2.6	2.6	2.6	2.7	2.6	2.7	2.7	2.7	2.8	3.0	2.9	3.1	3.5
Agriculture, fisheries, food and forestry	2.8	3.0	3.2	3.0	3.6	3.9	3.7	4.2	3.1	3.2	2.7	2.5	3.1	3.1	3.2
Trade and industry energy and employment	11.2	9.7	9.4	11.2	13.5	11.4	12.3	11.9	11.5	9.0	10.1	8.9	8.3	7.1	7.0
<i>of which: Employment and training</i>	2.9	3.0	3.8	4.0	3.8	4.4	4.5	4.3	4.8	4.5	4.2	3.6	3.3	3.2	3.3
Transport	8.1	8.5	8.4	8.6	8.8	8.7	8.6	7.9	8.0	7.5	7.2	7.9	8.9	9.2	10.4
Housing	12.4	13.1	11.2	7.6	6.5	7.2	6.9	6.0	5.7	5.6	4.1	6.1	5.3	5.8	5.9
Other environmental services	6.8	7.1	7.3	6.6	7.1	6.8	6.4	6.0	6.9	6.8	6.5	7.4	7.6	7.8	8.3
Law order and protective services	7.0	7.6	7.8	8.3	8.7	9.2	9.8	9.5	10.0	10.7	11.0	11.8	12.3	13.0	13.7
Education	24.7	24.4	25.1	24.9	25.0	25.2	24.9	24.4	26.0	26.9	27.1	28.4	28.4	29.6	31.0
National Heritage	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.4	2.5	2.7	2.6	2.5	2.6
Health and personal social services	24.9	25.6	27.7	28.2	28.7	29.1	29.7	29.8	31.0	32.3	33.3	34.0	35.4	37.4	39.4
<i>of which: Health</i>	21.2	21.6	23.4	24.1	24.4	24.7	25.3	25.4	26.3	27.3	28.1	28.5	29.6	31.5	33.2
Social security	46.0	46.6	47.5	52.8	56.0	58.8	60.6	62.5	65.2	64.6	61.7	61.5	63.3	70.0	75.9
Miscellaneous expenditure <sup>(3)</sup>	7.4	7.4	5.8	5.8	6.5	5.4	5.9	5.5	6.1	7.0	6.1	8.0	7.5	5.9	6.9
<b>Total expenditure on services</b>	<b>176.5</b>	<b>179.1</b>	<b>180.2</b>	<b>184.5</b>	<b>193.5</b>	<b>195.4</b>	<b>199.4</b>	<b>199.0</b>	<b>203.8</b>	<b>203.7</b>	<b>198.9</b>	<b>206.0</b>	<b>208.9</b>	<b>217.6</b>	<b>230.6</b>
General government debtinterest	20.1	21.9	22.3	23.7	23.1	22.8	24.5	25.7	24.6	23.6	22.8	21.7	19.7	17.1	17.6
Other accounting adjustments <sup>(4)</sup>	6.2	8.3	10.5	7.8	5.3	7.0	7.9	7.1	7.3	8.1	8.2	9.0	9.4	9.4	9.5
Adjustment <sup>(5)</sup>															-0.2
Local authority capital receipts package addition <sup>(6)</sup>															0.2
<b>Total general government expenditure excluding privatisation proceeds</b>	<b>202.7</b>	<b>209.3</b>	<b>213.1</b>	<b>216.0</b>	<b>221.8</b>	<b>225.3</b>	<b>231.8</b>	<b>231.8</b>	<b>235.7</b>	<b>235.4</b>	<b>229.8</b>	<b>236.7</b>	<b>238.0</b>	<b>244.0</b>	<b>257.7</b>
Privatisation proceeds	-0.9	-0.4	-0.4	-0.9	-0.8	-1.8	-3.1	-3.9	-6.2	-6.8	-8.7	-4.9	-5.7	-7.9	-7.7
General government expenditure	202.7	208.4	212.6	215.1	221.1	223.5	228.7	227.9	229.5	228.7	221.1	231.8	232.3	236.1	250.1

(1) Cash figures adjusted to 1991-92 price levels by excluding the effect of general inflation. The deflator used is that for GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(2) 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 13 of Appendix A.

(6) See footnote 5 to table 2.2.



**Table 2.5 General government expenditure by function, 1987-88 to 1992-93**  
(continued)

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	£ million 1992-93 estimated outturn
<b>Housing</b>						
Central government subsidies to local authority housing	570	578	699	1,466	1,260	1,129
Other central government subsidies	29	22	26	30	42	41
Central government administration	47	52	56	71	91	97
Local authority expenditure						
<i>Current</i>	760	715	697	330	333	356
<i>Gross capital</i>	4,075	4,410	6,040	3,988	3,498	3,385
<i>Capital receipts</i>	-2,642	-3,841	-3,824	-2,771	-1,871	-2,013
Other capital	179	237	114	148	193	254
<i>of which: capital receipts</i>	-15	-11	-10	-11	-9	-9
Finance for public corporations	470	419	532	557	641	604
Housing corporations	740	738	907	1,153	1,638	2,304
<b>Total housing</b>	<b>4,228</b>	<b>3,330</b>	<b>5,247</b>	<b>4,972</b>	<b>5,824</b>	<b>6,157</b>
<b>Other environmental services</b>						
Local environmental services	3,227	3,400	4,367	5,256	5,685	6,367
Urban programme	371	352	369	403	453	521
Inner city task force						
Energy efficiency	19	19	15	18	41	59
Other	515	535	608	702	908	1,091
Finance for public corporations	1,048	1,005	1,029	714	684	606
<b>Total other environmental services</b>	<b>5,180</b>	<b>5,311</b>	<b>6,388</b>	<b>7,093</b>	<b>7,772</b>	<b>8,644</b>
<b>Law, order and protective services</b>						
Administration of justice	1,112	1,290	1,499	1,758	2,192	2,601
The penal system	1,320	1,487	1,712	2,025	2,231	2,348
<i>of which: capital receipts</i>	-14	-57	-53	-24	-20	-10
Police	4,182	4,593	5,181	5,770	6,442	6,974
Immigration and citizenship	99	112	131	152	174	236
Fire	945	1,013	1,146	1,236	1,348	1,442
Civil defence	78	88	109	108	87	86
Community services	28	30	28	37	39	45
Central and miscellaneous services	319	347	418	456	533	588
<b>Total law, order and protective services</b>	<b>8,082</b>	<b>8,959</b>	<b>10,225</b>	<b>11,543</b>	<b>13,046</b>	<b>14,320</b>
<b>Education</b>						
Local authority schools						
<i>Current</i>						
Primary schools	4,576	5,045	5,627	6,144	6,925	7,494
Secondary schools	5,710	6,036	6,403	6,731	7,485	8,095
Special schools and schools support services	1,769	1,805	1,989	2,233	2,409	2,596
<i>Capital</i>	350	395	621	621	616	807
Central government schools						
<i>Current</i>	478	515	573	638	735	858
<i>Capital</i>	87	120	159	211	213	247
Universities Funding Council						
<i>Current</i>	1,468	1,585	1,690	1,661	1,575	1,588
<i>Capital</i>	129	141	160	175	207	216
Polytechnics and colleges funding council						
<i>Current</i>			1,063	1,061	872	938
<i>Capital</i>			90	88	156	137
Other central government further and higher education						
<i>Current</i>	458	488	431	467	451	496
<i>Capital</i>	53	54	58	63	52	50
Local authority further and higher education						
<i>Current</i>	2,362	2,585	2,016	2,133	2,346	2,463
<i>Capital</i>	119	157	134	107	123	142
Student awards and fees	1,126	1,208	1,357	1,755	2,640	3,259
Student Loans and Access Funds				57	137	218
Miscellaneous educational services, research and administration	1,723	1,900	2,188	2,375	2,624	2,724
<b>Total education</b>	<b>20,408</b>	<b>22,034</b>	<b>24,561</b>	<b>26,520</b>	<b>29,565</b>	<b>32,328</b>



## 2. Public spending trends

<b>Table 2.5 General government expenditure by function, 1987-88 to 1992-93</b>						
<b>(continued)</b>						
	1987-88	1988-89	1989-90	1990-91	1991-92	<b>£ million</b> 1992-93 estimated outturn
	outturn	outturn	outturn	outturn	outturn	
<b>National heritage</b>						
Museums and galleries	248	296	343	387	408	448
Other arts and heritage	316	336	342	376	442	487
Libraries	602	646	732	835	844	903
Films	13	15	16	17	20	22
Tourism	44	49	47	43	45	46
Sport and recreation	575	645	823	804	759	749
Broadcasting	2	1	1	2	2	2
Administration	12	7	7	8	9	19
<b>Total national heritage</b>	<b>1,813</b>	<b>1,996</b>	<b>2,312</b>	<b>2,472</b>	<b>2,529</b>	<b>2,678</b>
<b>Health and personal social services</b>						
<b>Health</b>						
National Health Service hospitals, community health, family health (cash limited) and related services	15,749	17,383	18,891	21,199	24,143	26,546
<i>of which: capital receipts</i>	-207	-291	-259	-199	-179	-218
Family health (non-cash limited)	4,280	4,735	5,017	5,572	6,202	6,547
Central health and other services	687	728	821	934	1,103	1,267
NHS Trusts					39	241
<b>Total health</b>	<b>20,716</b>	<b>22,847</b>	<b>24,728</b>	<b>27,705</b>	<b>31,488</b>	<b>34,601</b>
<b>Personal social services</b>						
Local authority services	3,626	4,049	4,603	5,206	5,698	6,183
Central government services	136	144	160	183	221	251
<b>Total personal social Services</b>	<b>3,762</b>	<b>4,193</b>	<b>4,762</b>	<b>5,389</b>	<b>5,918</b>	<b>6,434</b>
<b>Total health and personal social services</b>	<b>24,478</b>	<b>27,040</b>	<b>29,491</b>	<b>33,094</b>	<b>37,406</b>	<b>41,036</b>
<b>Social security</b>						
Pension benefits (contributory)	19,170	19,782	21,279	23,323	26,279	27,579
Widows' benefits	869	880	884	921	1,046	1,066
Unemployment (cyclical)	1,517	1,148	765	899	1,642	1,806
Unemployment, incapacity and other benefits (non-cyclical)	4,170	4,627	5,189	5,810	6,568	7,400
Industrial injury benefits	529	529	549	602	674	683
Family benefits (contributory)	254	287	329	362	392	415
Pension benefits (non-contributory)	49	48	47	48	49	50
War pensions	599	610	641	708	842	968
Disability benefits	2,139	2,251	2,560	3,040	3,834	4,775
Income Support (cyclical)	6,598	6,037	5,939	6,936	9,291	11,436
Income Support (non-cyclical)	1,705	1,901	2,110	2,374	2,810	3,690
Social Fund	29	149	130	155	210	231
Family benefits (non-contributory)	5,137	5,294	5,371	5,528	6,302	7,184
Housing benefits	3,857	4,130	4,696	5,463	6,628	7,975
Administration and miscellaneous services	2,314	2,481	2,745	3,057	3,416	3,909
<b>Total social security</b>	<b>48,935</b>	<b>50,156</b>	<b>53,233</b>	<b>59,227</b>	<b>69,982</b>	<b>79,167</b>



**Table 2.5 General government expenditure by function, 1987–88 to 1992–93**  
(continued)

	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	£ million 1992–93 estimated outturn
<b>Miscellaneous expenditure<sup>(3)</sup></b>						
Other public services	3,450	3,716	4,384	4,768	5,152	5,467
Common services	219	274	203	210	52	-97
Contributions to European Communities <sup>(4)</sup>	1,661	1,006	2,316	2,027	705	1,769
Finance for public corporations	-7	-7	-7	-6	-5	55
<b>Total miscellaneous expenditure<sup>(3)</sup></b>	<b>5,324</b>	<b>4,989</b>	<b>6,896</b>	<b>6,998</b>	<b>5,903</b>	<b>7,194</b>
<b>Total expenditure on services</b>	<b>154,307</b>	<b>161,631</b>	<b>178,417</b>	<b>195,436</b>	<b>217,550</b>	<b>240,374</b>
General government gross debt interest	17,907	18,527	18,778	18,432	17,080	18,364
Other accounting adjustments <sup>(5)</sup>	6,165	6,662	7,836	8,747	9,389	9,900
Local authority capital receipts package addition <sup>(6)</sup>						200
Adjustment <sup>(7)</sup>						-200
<b>Total general government expenditure excluding privatisation proceeds</b>	<b>178,379</b>	<b>186,819</b>	<b>205,031</b>	<b>222,615</b>	<b>244,019</b>	<b>268,700</b>
Privatisation proceeds	-5,140	-7,069	-4,226	-5,346	-7,923	-8,000
<b>Total general government expenditure</b>	<b>173,239</b>	<b>179,750</b>	<b>200,805</b>	<b>217,269</b>	<b>236,096</b>	<b>260,700</b>

(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 control 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 footnote (5) to table 2.2.

(7) See paragraph 14 of Appendix A.

## 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 overseas government's 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 1987–88 to 1992–93.

	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	£ million 1992–93 estimated outturn
Pay	50,614	55,378	58,800	64,448	69,410	123,031
Other current expenditure on goods and services	30,273	31,780	35,135	39,588	46,323	
Subsidies	5,950	4,963	5,296	5,965	6,393	6,674
Current grants to the private sector	53,049	53,940	57,755	64,039	75,066	84,759
Current transfers abroad <sup>(1)</sup>	3,525	3,069	4,697	3,959	1,927	4,888
Net capital expenditure on assets	7,141	6,485	10,699	11,067	11,779	12,269
Capital grants	3,606	4,262	7,484	6,646	6,311	7,555
Lending and other financial transactions	149	1,754	-1,448	-276	340	1,197
General government debt interest	17,907	18,527	18,778	18,432	17,080	18,400
Other accounting adjustments <sup>(2)</sup>	6,165	6,662	7,836	8,747	9,389	9,900
LA capital receipts package addition <sup>(3)</sup>						200
Adjustment <sup>(4)</sup>						-200
<b>Total general government expenditure excluding privatisation proceeds</b>	<b>178,379</b>	<b>186,819</b>	<b>205,031</b>	<b>222,615</b>	<b>244,019</b>	<b>268,700</b>
Privatisation proceeds	-5,140	-7,069	-4,226	-5,346	-7,923	-8,000
<b>Total general government expenditure</b>	<b>173,239</b>	<b>179,750</b>	<b>200,805</b>	<b>217,269</b>	<b>236,096</b>	<b>260,700</b>

(1) The outturns for current transfers abroad for 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 new control 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 footnote (5) to table 2.2.

(4) See paragraph 14 of Appendix A.



## Section Three The new control total

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## 3. The new control total

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3.1 The new control total was introduced in the 1992 Survey, replacing the planning total. The new control total differs from the planning total in 3 ways:

- (i) Cyclical social security does not score in the new control total but did score in the planning total.
- (ii) Local authority self-financed expenditure scores in the new control total but did not score in the planning total.
- (iii) Privatisation proceeds are excluded from the new control total but they did score in the planning total.

The definition of GGE remains unchanged, further details of the new control total and comparisons with the planning total are given in Appendix F.

3.2 This section presents a number of analyses of the new control 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 the 1992 Financial Statement and Budget Report (HC319).

### **The new control total by spending sector.**

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



Table 3.1 New control total by spending sector							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Central government expenditure</b>									
Central government's own expenditure <sup>(1)(2)</sup>	102,854	108,847	119,470	131,109	143,337	157,004	164,800	170,600	175,350
Financing requirements of Public corporations (excluding nationalised industries) <sup>(3)</sup>	557	311	830	1,192	1,218	1,728	1,572	1,560	1,592
<b>Total</b>	<b>103,411</b>	<b>109,159</b>	<b>120,301</b>	<b>132,301</b>	<b>144,555</b>	<b>158,733</b>	<b>166,350</b>	<b>172,150</b>	<b>176,950</b>
<b>Central government support for local authorities</b>									
Revenue/rate support grant <sup>(2)(4)</sup>	12,554	12,776	12,982	13,127	13,603	21,739	22,310	37,897	39,822
Non-domestic rate payments <sup>(5)</sup>	9,764	10,554	11,355	12,143	14,280	14,065	13,215		
Current specific grants	8,914	8,890	9,710	12,238	19,734	17,420	17,000	17,850	18,300
Capital grants	673	710	873	1,107	1,334	1,596	1,751	1,554	1,565
Credit approvals <sup>(6)</sup>	3,872	3,676	3,419	3,936	4,391	4,545	4,152	4,236	4,189
<b>Total</b>	<b>35,777</b>	<b>36,606</b>	<b>38,338</b>	<b>42,551</b>	<b>53,342</b>	<b>59,364</b>	<b>58,400</b>	<b>61,550</b>	<b>63,850</b>
<b>Local authority self-financed expenditure</b>	<b>9,227</b>	<b>10,808</b>	<b>15,593</b>	<b>15,104</b>	<b>10,978</b>	<b>10,400</b>	<b>11,100</b>	<b>11,000</b>	<b>10,800</b>
Financing requirements of nationalised industries <sup>(3)</sup>	190	-451	969	2,257	2,512	3,395	3,883	1,909	1,694
Reserve Adjustment <sup>(7)</sup>						-200	4,000	7,000	10,000
<b>New control total</b>	<b>148,605</b>	<b>156,122</b>	<b>175,201</b>	<b>192,213</b>	<b>211,387</b>	<b>231,700</b>	<b>243,800</b>	<b>253,600</b>	<b>263,300</b>

(1) Excludes cyclical social security.

(2) Comparisons between 1992-93 and 1993-94 are distorted by the effects of transfers between departments and spending sectors. The main changes reflect the transfer of responsibility for community care to local authorities, the transfer of responsibility for the funding of further education colleges and sixth form colleges from local authorities to the new Further Education Funding Councils and the Scottish Office and the transfer of responsibility for funding Scottish and Welsh universities from the Department of Education to the Scottish and the Welsh Higher Education Funding Councils.

(3) 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.

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

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

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

(7) See paragraph 14 of Appendix A.



### 3. New control total

Table 3.2 New control total by spending sector in real terms <sup>(1)</sup>							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Central government expenditure</b>									
Central government's own expenditure <sup>(2)(3)</sup>	135,757	133,918	137,921	140,168	143,337	150,604	153,850	154,250	154,300
Financing requirements of Public corporations (excluding nationalised industries) <sup>(4)</sup>	735	383	959	1,274	1,218	1,658	1,468	1,411	1,401
<b>Total</b>	<b>136,493</b>	<b>134,301</b>	<b>138,880</b>	<b>141,443</b>	<b>144,555</b>	<b>152,262</b>	<b>155,300</b>	<b>155,650</b>	<b>155,700</b>
<b>Central government support for local authorities</b>									
Revenue/rate support grant <sup>(3)(5)</sup>	16,570	15,719	14,987	14,034	13,603	20,853	20,827	34,265	35,042
Non-domestic rate payments <sup>(6)</sup>	12,888	12,984	13,108	12,982	14,280	13,491	12,337		
Current specific grants	11,766	10,938	11,210	13,084	19,734	16,709	15,850	16,150	16,100
Capital grants	888	874	1,008	1,184	1,334	1,531	1,635	1,405	1,377
Credit approvals <sup>(7)</sup>	5,110	4,522	3,947	4,208	4,391	4,360	3,876	3,830	3,686
<b>Total</b>	<b>47,222</b>	<b>45,038</b>	<b>44,259</b>	<b>45,491</b>	<b>53,342</b>	<b>56,944</b>	<b>54,550</b>	<b>55,650</b>	<b>56,200</b>
<b>Local authority self-financed expenditure</b>	<b>12,179</b>	<b>13,297</b>	<b>18,001</b>	<b>16,147</b>	<b>10,978</b>	<b>10,000</b>	<b>10,400</b>	<b>9,900</b>	<b>9,500</b>
Financing requirements of nationalised industries <sup>(4)</sup>	251	-555	1,118	2,412	2,512	3,257	3,625	1,726	1,491
Reserve Adjustment <sup>(8)</sup>						-200	3,734	6,329	8,800
<b>New control total</b>	<b>196,144</b>	<b>192,081</b>	<b>202,259</b>	<b>205,494</b>	<b>211,387</b>	<b>222,200</b>	<b>227,600</b>	<b>229,300</b>	<b>231,700</b>

- (1) Cash figures adjusted to 1991-92 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 cyclical social security.
- (3) See footnote (2) to table 3.1.
- (4) Excludes grants and subsidies from central government which are generally available to the private sector; these grants are treated as contributing to internal resources and are included in central government's own expenditure.
- (5) Rate support grant up to 1 April 1989 in Scotland and 1 April 1990 in England and Wales.
- (6) For the years before 1990-91 the estimated yield of non-domestic rates has been used as a proxy for non-domestic rates payments.
- (7) 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.
- (8) See paragraph 14 of Appendix A.

3.4 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.



## New control by department

**Departmental aggregates** 3.5 Expenditure plans are formulated on a departmental basis, the lines shown in the departmental analyses in this Supplement correspond to the coverage of the individual departmental reports.

**Coverage of departmental expenditure** 3.6 **Table 3.3** gives a departmental breakdown of the new control total over the nine year period 1987–88 to 1995–96. **Table 3.4** presents this information in real terms. The figures cover all spending for which the department concerned has direct responsibility and thus include not only central government expenditure but also, where relevant, support for local authorities and the financing 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 central support for local authorities' spending on roads and on the provision of local transport. The separate contributions of different spending sectors to the departmental totals are shown in the detailed cash plans table in each departmental report.

**Table 3.3 New control total<sup>(1)</sup> by department<sup>(2)</sup>**

	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 estimated outturn	1993–94 plans	1994–95 plans	1995–96 plans
									<b>£ million</b>
Ministry of Defence <sup>(3)</sup>	18,922	19,221	20,777	21,797	23,025	23,800	23,523	23,750	23,220
Foreign and Commonwealth Office	718	772	898	968	1,132	1,359	1,220	1,213	1,219
Overseas Development Administration	1,293	1,544	1,672	1,748	1,989	2,251	2,267	2,308	2,362
Ministry of Agriculture, Fisheries and Food	1,833	1,607	1,487	2,137	2,160	2,274	2,695	2,769	2,919
Trade and Industry	894	936	1,626	2,342	1,878	1,692	2,595	1,128	1,057
ECGD	153	115	358	372	215	118	-35	-64	-30
Department of Employment	3,891	3,828	3,744	3,787	3,636	3,574	3,747	3,705	3,733
Department of Transport	2,587	2,734	3,536	4,695	5,361	6,777	6,426	6,063	5,862
DOE—Housing <sup>(4)</sup>	2,984	2,914	3,113	6,907	7,729	8,609	7,884	8,186	8,186
DOE—Other environmental services	903	620	965	1,194	1,218	1,482	1,445	1,212	1,132
DOE—PSA				60	50	-33	118	25	46
DOE—Local government <sup>(5)(7)</sup>	18,238	18,823	19,531	20,392	28,177	31,024	29,361	30,896	32,556
Home Office (including Charity Commission)	3,376	3,635	4,137	4,911	5,576	5,955	6,119	6,329	6,489
Lord Chancellor's and Law Officers' Departments	983	1,142	1,373	1,635	2,000	2,429	2,589	2,783	2,937
Department for Education <sup>(6)(7)</sup>	3,227	3,518	4,865	5,655	6,341	7,200	9,523	10,115	10,497
Department of National Heritage	631	687	713	782	888	1,010	991	1,012	1,038
Department of Health and Office of Population Censuses and Surveys <sup>(7)</sup>	16,799	18,486	20,003	22,523	25,658	28,230	29,883	31,241	32,298
Department of Social Security <sup>(4)(7)</sup>	41,221	42,806	46,000	48,821	54,821	61,503	65,000	67,150	70,750
Scotland <sup>(7)</sup>	7,887	8,532	8,992	9,781	11,752	12,712	13,540	14,085	14,551
Wales <sup>(7)</sup>	3,272	3,580	3,801	4,441	5,307	6,026	6,316	6,582	6,809
Northern Ireland <sup>(7)</sup>	4,474	5,086	5,380	5,497	5,987	6,577	6,919	7,109	7,354
Chancellor of the Exchequer's Departments	2,480	2,692	3,154	3,346	3,394	3,582	3,396	3,562	3,650
Cabinet Office—Office of Public Service and Science	731	789	904	990	1,061	1,131	1,255	1,321	1,349
Cabinet Office—other services, Privy Council Office and Parliament	218	240	264	303	349	441	472	482	486
Local authority self-financed expenditure <sup>(8)</sup>	9,227	10,808	15,593	15,104	10,978	10,400	11,100	11,000	10,800
European Communities	1,661	1,006	2,316	2,027	705	1,769	1,407	2,654	2,002
Reserve Adjustment <sup>(9)</sup>						-200	4,000	7,000	10,000
<b>New control total</b>	<b>148,605</b>	<b>156,122</b>	<b>175,201</b>	<b>192,213</b>	<b>211,387</b>	<b>231,700</b>	<b>243,800</b>	<b>253,600</b>	<b>263,300</b>

(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 for 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 rates 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 Polytechnic 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 footnote (2) to table 3.1.

(8) Local authority self-financed expenditure cannot be disaggregated by department.

(9) See paragraph 14 of Appendix A.



### 3. New control total

**Table 3.4 New control total<sup>(1)</sup> by department<sup>(2)</sup> in real terms<sup>(3)</sup>**

							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
Ministry of Defence <sup>(4)</sup>	24,975	23,648	23,986	23,303	23,025	22,830	21,960	21,474	20,433
Foreign and Commonwealth Office	948	950	1,036	1,035	1,132	1,303	1,139	1,097	1,073
Overseas Development Administration	1,707	1,900	1,930	1,869	1,989	2,159	2,116	2,087	2,079
Ministry of Agriculture, Fisheries and Food	2,420	1,977	1,716	2,284	2,160	2,182	2,516	2,504	2,568
Trade and Industry	1,180	1,151	1,877	2,504	1,878	1,623	2,422	1,020	930
ECGD	202	142	413	397	215	114	-32	-58	-27
Department of Employment	5,136	4,710	4,322	4,049	3,636	3,428	3,498	3,350	3,285
Department of Transport	3,415	3,364	4,082	5,020	5,361	6,501	5,999	5,482	5,158
DOE—Housing <sup>(5)</sup>	3,939	3,585	3,594	7,384	7,729	8,258	7,360	7,402	7,203
DOE—Other environmental services	1,192	763	1,114	1,276	1,218	1,421	1,349	1,096	996
DOE—PSA				64	50	-32	110	22	41
DOE—Local government <sup>(6)(8)</sup>	24,073	23,158	22,547	21,801	28,177	29,759	27,410	27,935	28,649
Home Office (including Charity Commission)	4,456	4,472	4,776	5,250	5,576	5,712	5,712	5,722	5,710
Lord Chancellor's and Law Officers' Departments	1,297	1,405	1,585	1,748	2,000	2,330	2,417	2,516	2,585
Department for Education <sup>(7)(8)</sup>	4,259	4,328	5,616	6,045	6,341	6,906	8,890	9,146	9,237
Department of National Heritage	833	845	823	836	888	969	925	915	914
Department of Health and Office of Population Censuses and Surveys <sup>(8)</sup>	22,173	22,744	23,092	24,079	25,658	27,079	27,897	28,247	28,421
Department of Social Security <sup>(5)(8)</sup>	54,408	52,665	53,104	52,194	54,821	58,996	60,700	60,700	62,250
Scotland <sup>(8)</sup>	10,409	10,497	10,381	10,457	11,752	12,194	12,641	12,735	12,804
Wales <sup>(8)</sup>	4,319	4,405	4,388	4,748	5,307	5,780	5,897	5,951	5,992
Northern Ireland <sup>(8)</sup>	5,905	6,258	6,211	5,876	5,987	6,309	6,460	6,428	6,471
Chancellor of the Exchequer's Departments	3,274	3,312	3,641	3,577	3,394	3,436	3,170	3,221	3,212
Cabinet Office—Office of Public Service and Science	965	971	1,044	1,058	1,061	1,085	1,171	1,194	1,187
Cabinet Office—other services, Privy Council Office and Parliament	287	295	305	323	349	423	440	436	428
Local authority self-financed expenditure <sup>(9)</sup>	12,179	13,297	18,001	16,147	10,978	10,000	10,400	9,900	9,500
European Communities	2,193	1,238	2,673	2,167	705	1,697	1,314	2,400	1,762
Reserve Adjustment <sup>(10)</sup>						-200	3,734	6,329	8,800
<b>New control total</b>	<b>196,144</b>	<b>192,081</b>	<b>202,259</b>	<b>205,494</b>	<b>211,387</b>	<b>222,200</b>	<b>227,600</b>	<b>229,300</b>	<b>231,700</b>

(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 1991-92 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 for 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 rates 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 footnote (2) to table 3.1

(9) Local authority self-financed expenditure cannot be disaggregated by department.

(10) See paragraph 14 of Appendix A.



### Allocation of grants to departmental programmes

3.7 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. 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 within the new control total. Most capital grants to local authorities score within the new control total, and are 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**.

### New control total historical data

3.8 The majority of analyses in this Supplement provide information for 1987-88 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 new control 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 and cyclical social security is only identifiable from 1984-85.

3.9 **Table 3.5** gives figures for the new control total for the years 1984-85 to 1995-96. 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 is given in **Section 4**. An analysis of nationalised industries external financing since 1978-79 by main industry is given in **Section 6**.



Table 3.5 New control total by spending sector, 1984-85 to 1995-96												
	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ billion 1995-96 plans
<b>Central government expenditure<sup>(1)(2)</sup></b>												
Ministry of Defence <sup>(3)</sup>	17.4	18.3	18.4	18.9	19.2	20.8	21.8	23.0	23.8	23.5	23.8	23.2
Department of Health and Office of Population Censuses and Surveys <sup>(8)</sup>	13.5	14.2	15.3	16.7	18.4	19.9	22.4	25.5	28.0	29.1	30.4	31.5
Department of Social Security <sup>(2)(8)</sup>	29.2	31.5	33.5	36.0	37.8	40.7	44.7	51.0	56.4	59.6	61.1	64.4
Scotland <sup>(8)</sup>	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.5	7.3	7.7	7.9
Wales <sup>(8)</sup>	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.6	3.1	3.4	3.5	3.6
Northern Ireland <sup>(8)</sup>	3.7	3.9	4.1	4.4	5.0	5.3	5.4	5.9	6.5	6.9	7.0	7.3
Other departments	19.2	20.0	21.6	21.9	22.7	27.1	30.7	30.5	34.4	36.6	38.7	38.9
<b>Total</b>	<b>87.6</b>	<b>92.8</b>	<b>98.0</b>	<b>103.4</b>	<b>109.2</b>	<b>120.3</b>	<b>132.3</b>	<b>144.6</b>	<b>158.7</b>	<b>166.4</b>	<b>172.2</b>	<b>177.0</b>
<b>Central government support for local authorities</b>												
Revenue/Rate Support Grant <sup>(4)(8)</sup>	11.3	11.2	11.8	12.6	12.8	13.0	13.1	13.6	21.7	22.3	37.9	39.8
Non-domestic rate payments <sup>(5)</sup>	7.6	8.2	9.1	9.8	10.6	11.4	12.1	14.3	14.1	13.2		
Current grants	6.9	7.4	8.2	8.9	8.9	9.7	12.2	19.7	17.4	17.0	17.9	18.3
Capital grants	0.9	0.6	0.7	0.7	0.7	0.9	1.1	1.3	1.6	1.8	1.6	1.6
Credit approvals <sup>(6)</sup>	4.1	3.8	3.6	3.9	3.7	3.4	3.9	4.4	4.5	4.2	4.2	4.2
<b>Total</b>	<b>30.8</b>	<b>31.2</b>	<b>33.4</b>	<b>35.8</b>	<b>36.6</b>	<b>38.3</b>	<b>42.6</b>	<b>53.3</b>	<b>59.4</b>	<b>58.4</b>	<b>61.5</b>	<b>63.9</b>
<b>Local authority self-financed expenditure</b>	<b>3.8</b>	<b>3.9</b>	<b>4.3</b>	<b>9.2</b>	<b>10.8</b>	<b>15.6</b>	<b>15.1</b>	<b>11.0</b>	<b>10.4</b>	<b>11.1</b>	<b>11.0</b>	<b>10.8</b>
<b>Financing requirements of nationalised industries<sup>(7)</sup></b>	<b>3.9</b>	<b>1.7</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.5</b>	<b>1.0</b>	<b>2.3</b>	<b>2.5</b>	<b>3.4</b>	<b>3.9</b>	<b>1.9</b>	<b>1.7</b>
Reserve Adjustment <sup>(9)</sup>									-0.2	4.0	7.0	10.0
<b>New control total</b>	<b>126.0</b>	<b>129.5</b>	<b>136.0</b>	<b>148.6</b>	<b>156.1</b>	<b>175.2</b>	<b>192.2</b>	<b>211.4</b>	<b>231.7</b>	<b>243.8</b>	<b>253.6</b>	<b>263.3</b>

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

(2) Excludes cyclical social security.

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

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

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

(7) 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.

(8) See footnote (2) to table 3.1.

(9) See paragraph 13 of Appendix A.



## Relationship between plans and control totals

### Relationship with Supply

3.10 **Table 3.6** shows the split of the new control total between money voted in Estimates, which accounts for about two thirds of the new control 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. About 90 per cent of central government's support for local authorities is voted; most of the rest is accounted for by credit approvals.

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Voted in Estimates</b>									
Central government expenditure <sup>(1)(2)</sup>	71,184	75,902	83,108	93,111	103,639	111,745	116,150	119,400	122,350
Central government support for local authorities <sup>(3)(4)</sup>	30,623	31,595	33,746	37,427	47,696	53,729	53,195	57,400	59,750
Financing requirements for nationalised industries	2,159	3,266	5,347	3,705	2,392	3,089	3,895	2,228	2,351
<b>Total voted in Estimates<sup>(1)(4)</sup></b>	<b>103,966</b>	<b>110,764</b>	<b>122,201</b>	<b>134,243</b>	<b>153,726</b>	<b>168,562</b>	<b>173,250</b>	<b>179,000</b>	<b>184,500</b>
<b>Other</b>									
Central government expenditure <sup>(1)(2)</sup>	32,227	33,256	37,193	39,190	40,916	46,998	50,200	52,750	54,550
Central government support for local authorities <sup>(2)(3)</sup>	5,154	5,011	4,592	5,124	5,646	5,635	5,219	4,118	4,088
Local authority self-financed expenditure	9,227	10,808	15,593	15,104	10,978	10,400	11,100	11,000	10,800
Financing requirements for nationalised industries	-1,969	-3,717	-4,379	-1,449	121	306	-12	-319	-657
<b>Total other<sup>(1)(4)</sup></b>	<b>44,638</b>	<b>45,358</b>	<b>52,999</b>	<b>57,969</b>	<b>57,661</b>	<b>63,300</b>	<b>66,600</b>	<b>67,600</b>	<b>68,800</b>
Reserve Adjustment <sup>(5)</sup>						-200	4,000	7,000	10,000
<b>New control total</b>	<b>148,605</b>	<b>156,122</b>	<b>175,201</b>	<b>192,213</b>	<b>211,387</b>	<b>231,700</b>	<b>243,800</b>	<b>253,600</b>	<b>263,300</b>

(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) Excluding cyclical social security.  
(3) 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.  
(4) Plans for 1994-95 and 1995-96 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.  
(5) See paragraph 14 of Appendix A.

3.11 **Table 3.7** shows the relationship between the new control total for 1993-94 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.

3.12 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 1993-94. 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

3.13 About half of the new control total is directly covered by cash limits. **Table 3.7** shows that about two thirds of central government expenditure voted in Estimates will be subject to cash limits in 1993-94. 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.

3.14 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 new control 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 3.7 New control total by department<sup>(1)</sup> and spending sector, 1993-94

	Central government expenditure			Central government support for local authorities			Financing requirements of nationalised industries			New control total			Total
	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		
Ministry of Defence	23,425		99							23,425	99	23,523	
Foreign and Commonwealth Office	1,220									1,220		1,220	
Overseas Development Agency	1,810	124	333							1,810	124	333	2,267
Ministry of Agriculture, Fisheries and Food	750	1,876	215	24	29	-199				774	1,905	16	2,695
Trade and Industry	1,299	73	-4		20			1,938	-730	1,299	2,030	-734	2,595
ECCGD		-35									-35		-35
Department of Employment	3,188		235	323		1				3,511	236		3,747
Department of Transport	2,651	95	-9	452		647		1,892	699	3,103	1,987	1,337	6,426
DOE - Housing and construction	277	2,846	-80	78	3,369	1,393				356	6,215	1,313	7,884
DOE - Other environmental services	600	529	-388	16	349	290	49			665	878	-98	1,445
DOE - PSA	168		-50							168		-50	118
DOE - Local government	50	117	66	28,642	461	25				28,692	578	91	29,361
Home Office (including Charity Commission)	2,287	202	2	1,354	2,127	148				3,640	2,328	150	6,119
Lord Chancellor's and Law Officers' Departments	790	1,418	59	307		14				1,098	1,418	73	2,589
Department for Education	6,079	251		207	2,604	382				6,286	2,855	382	9,523
Department of National Heritage	916	65				10				916	65	10	991
Department of Health and Office of Population Censuses and Surveys	22,635	6,471	17	629		132				23,263	6,471	148	29,883
Department of Social Security	2,850	17,600	39,100	150	5,250					3,000	22,900	39,100	65,000
Scotland	5,640	1,738	-40	3,718	468	1,981	15		19	9,374	2,207	1,960	13,540
Wales	2,490	913	-15	2,218	374	335				4,709	1,288	320	6,316
Northern Ireland	902		5,955			63				902		6,018	6,919
Chancellor of the Exchequer's Departments	2,909	383	103							2,909	383	103	3,396
Cabinet Office - Office of Public Service and Science	1,255		-1							1,255		-1	1,255
Cabinet Office - other services, Privy Council Office and Parliament	225	247								225	247		472
European Communities	-402	-2,791	4,600							-402	-2,791	4,600	1,407
Reserve			4,000									4,000	4,000
Local authority self-financed expenditure <sup>(3)</sup>												11,100	11,100
<b>New control total</b>	<b>84,000</b>	<b>32,150</b>	<b>54,200</b>	<b>38,100</b>	<b>15,050</b>	<b>5,219</b>	<b>65</b>	<b>3,830</b>	<b>-12</b>	<b>122,208</b>	<b>51,033</b>	<b>70,000</b>	<b>243,800</b>

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

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

(3) Local authority self-financed expenditure cannot be disaggregated by department.



## Section Four Central government expenditure

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## 4. Central government expenditure

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4.1 This section provides a number of summary analyses of central government expenditure, ie. central government's own expenditure (excluding cyclical social security) 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 are given in **Section 7**.

4.2 Central government's own expenditure, which accounts for about 70 per cent of the new control total, includes the expenditure of government departments on their own activities and their funding of other public non-trading bodies. In addition it covers subsidies to a small number of trading bodies.

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 new control 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 new control 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 1987–88 to 1995–96. The table shows that three departments—Social Security, Health and Defence—together account for about 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 1995–96 in cash and real terms respectively.



Table 4.1 Central government expenditure within the new control total <sup>(1)</sup> by department <sup>(2)</sup>	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	£ million
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	1995-96 plans
Ministry of Defence <sup>(3)</sup>	18,921	19,221	20,777	21,797	23,025	23,800	23,523	23,750	23,220
Foreign and Commonwealth Office	718	772	898	968	1,132	1,359	1,220	1,213	1,219
Overseas Development Administration	1,293	1,544	1,672	1,748	1,989	2,251	2,267	2,308	2,362
Ministry of Agriculture, Fisheries and Food	1,753	1,530	1,505	2,219	2,253	2,389	2,841	2,933	3,088
Trade and Industry	1,507	2,199	1,609	1,634	1,438	1,491	1,367	1,347	1,354
ECGD	153	115	358	372	215	118	-35	-64	-30
Department of Employment	3,632	3,562	3,383	3,396	3,209	3,185	3,423	3,433	3,490
Department of Transport	1,402	1,430	1,895	2,331	2,383	2,624	2,736	2,837	2,759
DOE—Housing	1,375	1,374	1,665	2,698	3,034	3,590	3,044	2,970	2,837
DOE—Other environmental services	183	94	415	708	646	828	741	575	503
DOE—PSA				60	50	-33	118	25	46
DOE—Local government	5	6	10	50	184	238	233	239	242
Home Office (including Charity Commission)	1,353	1,500	1,740	2,109	2,346	2,519	2,490	2,588	2,613
Lord Chancellor's and Law Officers' Departments	817	951	1,169	1,373	1,710	2,125	2,268	2,443	2,589
Department for Education <sup>(4)(5)</sup>	2,041	2,245	3,467	3,599	3,554	3,828	6,330	6,819	7,249
Department of National Heritage	592	648	674	743	848	980	981	1,002	1,024
Department of Health and Office of Population Censuses and Surveys	16,730	18,405	19,912	22,408	25,495	28,015	29,122	30,363	31,544
Department of Social Security <sup>(6)</sup>	36,000	37,848	40,733	44,704	51,029	56,390	59,600	61,100	64,450
Scotland <sup>(4)(5)</sup>	3,801	4,108	4,491	5,024	6,009	6,535	7,338	7,684	7,947
Wales <sup>(4)(5)</sup>	1,620	1,839	1,961	2,246	2,565	3,057	3,389	3,543	3,634
Northern Ireland <sup>(5)(6)</sup>	4,424	5,040	5,331	5,450	5,933	6,521	6,857	7,046	7,291
Chancellor of the Exchequer's Departments	2,480	2,692	3,154	3,346	3,394	3,582	3,396	3,562	3,650
Cabinet Office, Office of Public Service and Science	731	789	904	990	1,061	1,131	1,255	1,321	1,349
Cabinet Office—other services, Privy Council Office and Parliament	218	240	264	303	349	441	472	482	486
European Communities	1,661	1,006	2,316	2,027	705	1,769	1,407	2,654	2,002
<b>Total central government expenditure<sup>(4)</sup></b>	<b>103,411</b>	<b>109,159</b>	<b>120,301</b>	<b>132,301</b>	<b>144,555</b>	<b>158,733</b>	<b>166,400</b>	<b>172,150</b>	<b>176,950</b>
<i>of which:</i>									
Central government's own expenditure <sup>(6)</sup>	102,854	108,847	119,470	131,109	143,337	157,004	164,800	170,600	175,350
Public corporations (excluding nationalised industries)	557	311	830	1,192	1,218	1,728	1,572	1,560	1,592

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).

(5) See footnote to table 3.1

(6) Excludes cyclical social security.



Table 4.2 Central government expenditure<sup>(1)(6)</sup> by department<sup>(2)</sup>, 1978-79 to 1995-96

	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 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
Ministry of Defence <sup>(3)</sup>	7.6	9.4	11.5	12.8	14.6	15.7	17.4	18.3	18.4	18.9	19.2	20.8	21.8	23.0	23.8	23.5	23.8	23.2
Foreign Office	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.8	0.9	1.0	1.1	1.4	1.2	1.2	1.2
Overseas Development Administration	0.8	0.8	1.0	1.1	1.0	1.2	1.2	1.2	1.3	1.3	1.5	1.7	1.7	2.0	2.3	2.3	2.3	2.4
Ministry of Agriculture, Fisheries and Food	0.6	0.7	1.1	1.1	1.5	1.8	1.8	2.2	1.5	1.8	1.5	1.5	2.2	2.3	2.4	2.8	2.9	3.1
Trade and Industry	1.1	1.1	1.6	2.1	2.0	1.6	1.6	1.9	2.7	1.5	2.2	1.6	1.6	1.4	1.5	1.4	1.3	1.4
ECGD	0.4		-0.2	0.1	0.3	0.3	0.5	0.3	0.3	0.2	0.1	0.4	0.4	0.2	0.1		-0.1	
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	3.2	3.4	3.4	3.5
Department of Transport	0.5	0.6	0.8	0.9	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.9	2.3	2.4	2.6	2.7	2.8	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	3.0	3.6	3.0	3.0	2.8
DOE-Other environmental services	0.7	0.8	0.9	0.9	0.8	0.3	0.4	0.4	0.3	0.2	0.1	0.4	0.7	0.6	0.8	0.7	0.6	0.5
DOE-PSA													0.1	0.1		0.1		
DOE-Local government <sup>(5)</sup>													0.1	0.2	0.2	0.2	0.2	0.2
Home Office (including Charity Commission)	0.4	0.5	0.7	0.8	0.8	1.0	1.1	1.1	1.2	1.4	1.5	1.7	2.1	2.3	2.5	2.5	2.6	2.6
Lord Chancellor's and Law Officers' Departments	0.2	0.2	0.3	0.4	0.4	0.5	0.5	0.6	0.7	0.8	1.0	1.2	1.4	1.7	2.1	2.3	2.4	2.6
Department for Education <sup>(4)(5)</sup>	0.8	1.0	1.2	1.3	1.5	1.6	1.7	1.8	1.8	2.0	2.2	3.5	3.6	3.6	3.8	6.3	6.8	7.2
Department of National Heritage	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.0	1.0
Department of Health and Office of Population Censuses and Surveys	6.3	7.5	9.7	10.9	11.9	12.6	13.5	14.2	15.3	16.7	18.4	19.9	22.4	25.5	28.0	29.1	30.4	31.5
Department of Social Security <sup>(5)(6)</sup>	16.3	19.2	23.2	28.1	31.6	33.2	35.9	39.0	41.9	43.8	44.6	47.1	52.2	61.5	69.1	74.3	76.9	80.7
Scotland <sup>(5)</sup>	1.9	2.2	2.7	3.0	3.2	3.1	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.5	7.3	7.7	7.9
Wales <sup>(5)</sup>	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	2.6	3.0	3.4	3.5	3.6
Northern Ireland <sup>(6)</sup>	2.1	2.5	2.8	3.2	3.5	3.7	4.0	4.2	4.5	4.8	5.3	5.6	5.8	6.3	7.0	7.4	7.6	7.9
Chancellor of the Exchequer's Departments	1.2	1.4	1.7	1.9	2.1	1.8	1.9	2.0	2.3	2.5	2.7	3.2	3.3	3.4	3.6	3.4	3.6	3.6
Cabinet Office, OPSS	0.3	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.3	1.3	1.3
Cabinet Office, etc		0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	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	0.7	1.8	1.4	2.7	2.0
<b>Total central government expenditure<sup>(4)</sup></b>	<b>45.9</b>	<b>54.0</b>	<b>65.6</b>	<b>75.0</b>	<b>83.5</b>	<b>87.3</b>	<b>94.4</b>	<b>100.6</b>	<b>106.7</b>	<b>111.5</b>	<b>116.3</b>	<b>127.0</b>	<b>140.1</b>	<b>155.5</b>	<b>171.8</b>	<b>185.7</b>	<b>195.5</b>	<b>203.8</b>

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

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

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

(5) See footnote 2 to table 3.1.

(6) Includes cyclical social security. Cyclical social security for 1987-88 to 1995-96 is £8.1, £7.2, £6.7, £7.8, £10.9, £13.2, £15.3, £16.4, £16.9 billion.



**Table 4.3 Central government expenditure<sup>(1)(7)</sup> by department<sup>(2)</sup> in real terms<sup>(3)</sup>, 1978–79 to 1995–96**

	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	£ billion	
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence <sup>(4)</sup>	20.5	21.8	22.4	22.9	24.4	25.1	26.4	26.2	25.6	25.0	23.6	24.0	23.3	23.0	22.8	21.9	21.5	20.4
Foreign Office	0.8	0.7	0.8	0.7	0.8	0.8	0.9	0.9	0.8	0.9	0.9	1.0	1.0	1.1	1.3	1.1	1.1	1.1
Overseas Development Administration	2.2	1.9	1.4	1.9	1.7	1.9	1.8	1.6	2.0	1.7	1.9	1.9	1.9	2.0	2.2	2.1	2.1	2.1
Ministry of Agriculture, Fisheries and Food	1.7	1.7	2.1	1.9	2.5	2.8	2.7	3.2	2.2	2.3	1.9	1.7	2.4	2.3	2.3	2.7	2.7	2.7
Trade and Industry	2.9	2.5	3.1	3.5	3.3	2.5	2.4	2.7	3.8	2.0	2.7	1.9	1.7	1.4	1.4	1.3	1.2	1.2
ECGD	1.1		-0.4	0.2	0.5	0.5	0.8	0.4	0.4	0.2	0.1	0.4	0.4	0.2	0.1		-0.1	
Department of Employment	2.8	2.8	3.7	3.9	3.9	4.5	4.6	4.5	5.0	4.8	4.4	3.9	3.6	3.2	3.1	3.2	3.1	3.1
Department of Transport	1.4	1.4	1.6	1.7	1.9	1.8	1.9	1.8	1.8	1.9	1.8	2.2	2.5	2.4	2.5	2.6	2.6	2.4
DOE-Housing	4.4	4.5	4.5	3.2	2.6	1.9	1.9	1.9	1.9	1.8	1.7	1.9	2.9	3.0	3.4	2.8	2.7	2.5
DOE-Other environmental services	2.0	1.9	1.7	1.6	1.4	0.5	0.7	0.5	0.4	0.2	0.1	0.5	0.8	0.6	0.8	0.8	0.5	0.5
DOE-Local government <sup>(6)</sup>													0.1	0.2	0.2	0.2	0.2	0.2
DOE-(PSA)													0.1	0.1	0.1	0.1	0.1	0.1
Home Office (including Charity Commission)	1.1	1.2	1.3	1.3	1.4	1.6	1.6	1.6	1.7	1.8	1.8	2.0	2.3	2.3	2.4	2.3	2.3	2.3
Lord Chancellor's and Law Officers' Departments	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.2	1.3	1.5	1.7	2.0	2.1	2.2	2.3
Department for Education <sup>(4)(6)</sup>	2.2	2.3	2.4	2.3	2.6	2.6	2.5	2.5	2.6	2.7	2.8	4.0	3.8	3.6	3.7	5.9	6.2	6.4
Department of National Heritage	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9
Department of Health and Office of Population Censuses and Surveys	17.1	17.5	19.1	19.5	19.8	20.0	20.4	20.5	21.2	22.1	22.6	23.0	24.0	25.5	26.9	27.2	27.5	27.8
Department of Social Security <sup>(6)(7)</sup>	43.9	44.5	45.4	50.2	52.6	52.9	54.4	56.0	58.3	57.8	55.0	54.4	55.8	61.5	66.3	69.4	69.5	71.0
Scotland <sup>(6)</sup>	5.1	5.2	5.4	5.3	5.3	4.9	5.0	5.0	5.0	5.0	5.1	5.2	5.4	6.0	6.3	6.9	6.9	7.0
Wales <sup>(6)</sup>	1.9	1.9	2.1	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.3	2.3	2.4	2.6	2.9	3.2	3.2	3.2
Northern Ireland <sup>(6)(7)</sup>	5.8	5.7	5.6	5.6	5.8	5.9	6.1	6.1	6.2	6.3	6.6	6.6	6.2	6.3	6.7	6.9	6.9	7.0
Chancellor of the Exchequer's departments	3.2	3.2	3.4	3.4	3.4	2.9	2.8	2.9	3.2	3.3	3.3	3.6	3.6	3.4	3.4	3.2	3.2	3.2
Cabinet Office, OPSS	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2
Cabinet Office, etc	0.1	0.3	0.2	0.3	0.3	0.3	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	2.0	1.9	0.3	0.2	1.0	1.3	1.5	1.2	1.5	2.2	1.2	2.7	2.2	0.7	1.7	1.3	2.4	1.8
<b>Total central government expenditure<sup>(4)</sup></b>	<b>124.1</b>	<b>125.0</b>	<b>128.4</b>	<b>133.9</b>	<b>139.2</b>	<b>139.0</b>	<b>143.1</b>	<b>144.6</b>	<b>148.6</b>	<b>147.2</b>	<b>143.1</b>	<b>146.6</b>	<b>149.8</b>	<b>155.5</b>	<b>164.8</b>	<b>169.6</b>	<b>170.5</b>	<b>170.6</b>

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

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

(3) Cash figures adjusted to 1991–92 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.

(4) The outturns for the Ministry of Defence in 1990–91 and 1991–92 are net of other governments' contributions to the costs 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). Figures for 1993–94 and beyond are affected by the transfer of higher education/sixth from colleges out of the local authority sector into the central government sector.

(6) See footnote 2 to table 3.1.

(7) Includes cyclical social security. Cyclical social security for 1987–88 to 1995–96 is: £10.7, £8.8, £7.7, £8.4, £10.9, £12.7, £14.3, £14.8, £14.9 billion.



#### 4. Central government expenditure

### Central government expenditure by function

4.5 As explained in **paragraph 2.7** the territorial coverage of departmental expenditure varies. **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.

<b>Table 4.4 Central government expenditure<sup>(1)</sup> within the new control total by function</b>							<b>£ million</b>		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Defence</b>									
Defence budget	18,921	19,221	20,777	22,295	24,550	23,800	23,523	23,750	23,220
Other governments' contributions to the cost of the Gulf conflict				-498	-1,525				
<b>Total defence</b>	<b>18,921</b>	<b>19,221</b>	<b>20,777</b>	<b>21,797</b>	<b>23,025</b>	<b>23,800</b>	<b>23,523</b>	<b>23,750</b>	<b>23,220</b>
<b>Overseas services, including overseas aid</b>									
Overseas aid <sup>(2)</sup>	1,229	1,406	1,569	1,638	1,870	2,131	2,143	2,185	2,239
Other overseas services	780	907	998	1,077	1,251	1,479	1,344	1,336	1,342
<b>Total overseas services, including overseas aid</b>	<b>2,009</b>	<b>2,313</b>	<b>2,567</b>	<b>2,715</b>	<b>3,121</b>	<b>3,610</b>	<b>3,487</b>	<b>3,521</b>	<b>3,582</b>
<b>Agriculture, fisheries, food and forestry</b>									
Market regulation and production support	1,369	1,134	990	1,615	1,636	1,732	2,300	2,438	2,616
Structural measures for agriculture	226	209	237	259	279	303	298	326	340
Animal health	16	18	27	42	50	59	50	35	28
Other agriculture and food services including commissioned research and development	154	174	172	187	253	309	324	324	334
Support for the fishing industry	49	44	37	32	40	44	51	51	51
Arterial drainage, flood and coast protection (excluding Water Authorities)	14	15	26	25	25	26	29	30	31
Departmental research, advisory services and administration	316	342	373	405	408	409	444	439	456
Forestry	55	58	64	78	91	103	102	105	105
National Rivers Authority			96	168	202	243	268	295	298
<b>Total agriculture, fisheries, food and forestry</b>	<b>2,200</b>	<b>1,993</b>	<b>2,022</b>	<b>2,812</b>	<b>2,985</b>	<b>3,227</b>	<b>3,866</b>	<b>4,042</b>	<b>4,259</b>
<b>Trade, industry, energy and employment</b>									
Regional and general industrial support	754	869	786	727	651	664	712	711	691
Scientific and technological assistance	470	545	474	521	525	541	525	546	571
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	456	1,287	708	390	224	198	95	35	16
Trade and technological support	277	273	518	571	417	346	176	134	162
Energy	21	-42	-45	-73	-92				
Employment	1,917	1,438	719	752	961	1,191	1,225	1,225	1,260
Training	1,390	1,829	2,296	2,179	1,942	1,823	1,928	1,994	2,038
Departmental administration and other services	695	717	868	1,032	1,126	1,137	1,185	1,154	1,153
<b>Total trade, industry, energy and employment</b>	<b>5,980</b>	<b>6,917</b>	<b>6,324</b>	<b>6,101</b>	<b>5,754</b>	<b>5,899</b>	<b>5,847</b>	<b>5,800</b>	<b>5,891</b>



Table 4.4 Central government expenditure <sup>(1)</sup> within the new control total by function (continued)							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Transport</b>									
National road systems									
<i>Current</i>	223	253	269	306	348	406	424	439	449
<i>Capital</i>	1,124	1,095	1,500	2,050	2,055	2,224	2,354	2,426	2,343
Local transport	30	22	27	32	32	32	27	28	29
Ports	3	4	4	4	3	3	2	1	1
Shipping and civil aviation services	35	25	122	74	44	49	35	45	47
Driver and vehicle licensing	125	128	138	156	158	172	165	169	172
Other transport services	260	325	293	252	284	344	345	363	367
<b>Total transport</b>	<b>1,800</b>	<b>1,853</b>	<b>2,352</b>	<b>2,873</b>	<b>2,925</b>	<b>3,229</b>	<b>3,352</b>	<b>3,471</b>	<b>3,408</b>
<b>Housing</b>									
Subsidies to local authority housing	791	779	1,043	1,883	1,771	1,653	1,521	1,477	1,440
Other general subsidies	29	22	26	30	42	41	44	47	48
New Towns	-16	-101	-99	-24	-130	-28	-41	-91	-110
Housing Action Trusts					10	27	87	88	90
Administration	47	52	56	71	94	102	107	109	104
Other capital	1,058	1,089	1,113	1,359	1,860	2,548	2,002	2,011	1,925
<b>Total housing</b>	<b>1,909</b>	<b>1,840</b>	<b>2,139</b>	<b>3,320</b>	<b>3,648</b>	<b>4,344</b>	<b>3,720</b>	<b>3,640</b>	<b>3,496</b>
<b>Other environmental services</b>									
Local environmental services	160	130	120	128	40	65	116	138	146
Urban Development Corporation	-41	-65	234	401	384	404	297	179	136
Urban programme	22	45	63	94	98	132	165	155	131
City Challenge						14	55	55	55
Energy efficiency	19	19	15	18	41	59	69	71	71
Inner city task forces									
Other	451	484	614	733	1,061	1,204	1,157	1,243	1,270
<b>Total other environmental services</b>	<b>610</b>	<b>613</b>	<b>1,045</b>	<b>1,374</b>	<b>1,625</b>	<b>1,877</b>	<b>1,859</b>	<b>1,841</b>	<b>1,810</b>
<b>Law, order and protective services</b>									
Administration of justice	880	1,035	1,197	1,430	1,817	2,218	2,420	2,590	2,766
The penal system	1,117	1,262	1,461	1,734	1,900	1,981	1,914	1,978	2,016
Police	488	495	517	607	664	730	759	789	807
Immigration and citizenship	99	112	131	152	174	236	261	250	261
Fire	38	41	46	48	52	52	53	52	53
Civil defence	54	63	78	77	54	51	27	27	35
Community services	28	30	28	37	39	45	57	55	56
Central and miscellaneous services	290	316	385	420	494	556	584	616	574
<b>Total law, order and protective services</b>	<b>2,995</b>	<b>3,354</b>	<b>3,845</b>	<b>4,506</b>	<b>5,194</b>	<b>5,870</b>	<b>6,076</b>	<b>6,355</b>	<b>6,569</b>
<b>Education</b>									
Schools									
<i>Current</i>	506	546	607	673	773	884	1,176	1,309	1,446
<i>Capital</i>	60	88	126	176	174	221	246	300	363
Universities Funding Council									
<i>Current</i>	1,468	1,585	1,690	1,661	1,575	1,588			
<i>Capital</i>	129	141	160	175	207	216			
Polytechnics and Colleges Funding Council									
<i>Current</i>			1,020	1,012	837	899			
<i>Capital</i>			90	88	156	137			
Higher Education Funding Council									
<i>Current</i>							2,323	2,386	2,373
<i>Capital</i>							319	322	329
Other further and higher education									
<i>Current</i>	451	479	422	455	442	516	3,411	3,641	3,872
<i>Capital</i>	53	54	58	63	52	50	244	255	260
Student awards and fees	158	171	195	262	400	470	510	535	557
Student Loans and Access Funds				63	152	244	280	339	398
Miscellaneous educational services, research and administration	202	241	274	319	368	396	447	501	533
<b>Total education<sup>(3)</sup></b>	<b>3,026</b>	<b>3,307</b>	<b>4,642</b>	<b>4,948</b>	<b>5,136</b>	<b>5,623</b>	<b>8,957</b>	<b>9,588</b>	<b>10,131</b>



#### 4. Central government expenditure

<b>Table 4.4 Central government expenditure<sup>(1)</sup> within the new control total by function (continued)</b>									
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	£ million 1995-96
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>National heritage</b>									
Museums and galleries	153	186	197	225	246	262	263	273	277
Other arts and heritage	291	309	311	342	405	446	445	441	447
Libraries	97	104	127	145	165	173	160	180	182
Films	13	15	16	17	20	22	24	28	28
Tourism	44	49	47	43	45	46	46	44	43
Sport and recreation	37	38	42	44	47	50	55	56	57
Broadcasting	2	1	1	2	2	61	67	71	76
Administration	12	7	7	8	9	19	27	23	24
<b>Total national heritage</b>	<b>650</b>	<b>710</b>	<b>748</b>	<b>826</b>	<b>939</b>	<b>1,080</b>	<b>1,086</b>	<b>1,115</b>	<b>1,133</b>
<b>Health and personal social services</b>									
<b>Health</b>									
National Health Service hospitals, community health, family health (cash limited) and related services	15,749	17,383	18,891	21,199	24,143	26,546	27,235	28,167	29,064
Family health (non-cash limited)	4,268	4,805	5,017	5,572	6,202	6,547	7,209	7,619	8,017
National Health Service Trusts					-23	210	187	325	390
Central health and other services	684	724	817	930	1,098	1,261	1,264	1,310	1,371
General Practice Finance Corporation	12	-70							
<b>Total health<sup>(3)</sup></b>	<b>20,713</b>	<b>22,843</b>	<b>24,724</b>	<b>27,700</b>	<b>31,420</b>	<b>34,564</b>	<b>35,894</b>	<b>37,422</b>	<b>38,842</b>
Personal social services	136	144	159	182	220	251	292	338	382
<b>Total health and personal social services<sup>(3)</sup></b>	<b>20,848</b>	<b>22,986</b>	<b>24,884</b>	<b>27,882</b>	<b>31,640</b>	<b>34,815</b>	<b>36,186</b>	<b>37,759</b>	<b>39,224</b>
<b>Social security<sup>(4)</sup></b>									
Pension benefits (contributory)	19,170	19,782	21,279	23,323	26,279	27,579	29,000	29,160	30,640
Widows' benefits	869	880	884	921	1,046	1,066	1,100	1,100	1,100
Unemployment, incapacity and other benefits	4,170	4,627	5,189	5,810	6,568	7,400	8,100	8,700	9,450
Industrial injury benefits	529	529	549	602	674	683	650	650	650
Family benefits (contributory)	254	287	329	362	392	415	450	450	450
Pension benefits (non-contributory)	49	48	47	48	49	50	50	50	50
War pensions	599	610	641	708	842	968	1,050	1,000	1,000
Disability benefits	2,139	2,251	2,560	3,040	3,834	4,775	5,200	5,750	6,350
Income Support	1,705	1,901	2,110	2,374	2,810	3,690	3,700	3,600	3,600
Social Fund	29	149	130	155	210	231	200	200	250
Family benefits (non-contributory)	5,137	5,294	5,371	5,528	6,302	7,184	7,550	7,850	8,250
Housing benefits	175	220	223	218	238	271	300	350	350
Administration and miscellaneous services	2,314	2,481	2,745	3,057	3,416	3,909	4,200	4,197	4,303
<b>Total social security<sup>(3)</sup></b>	<b>37,138</b>	<b>39,061</b>	<b>42,057</b>	<b>46,147</b>	<b>52,659</b>	<b>58,220</b>	<b>61,500</b>	<b>63,000</b>	<b>66,450</b>
<b>Miscellaneous expenditure<sup>(5)</sup></b>									
Other public services	3,444	3,710	4,380	4,764	5,150	5,466	5,459	5,718	5,833
Common services	219	274	203	210	52	-97	20	-114	-89
Contributions to European Communities <sup>(6)</sup>	1,661	1,006	2,316	2,027	705	1,769	1,407	2,654	2,002
<b>Total miscellaneous expenditure<sup>(5)</sup></b>	<b>5,325</b>	<b>4,990</b>	<b>6,899</b>	<b>7,000</b>	<b>5,906</b>	<b>7,138</b>	<b>6,886</b>	<b>8,258</b>	<b>7,746</b>
<b>Total central government expenditure<sup>(3)</sup></b>	<b>103,411</b>	<b>109,159</b>	<b>120,301</b>	<b>132,301</b>	<b>144,555</b>	<b>158,733</b>	<b>166,400</b>	<b>172,150</b>	<b>176,950</b>

(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). See also footnote (2) to table 3.1.

(4) Excludes cyclical social security.

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

(6) 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 elements are 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 means that some expenditure previously classified as pay and capital expenditure is now 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 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.

Table 4.5 Central government expenditure <sup>(1)</sup> within the new control total by economic category	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1993–94 plans	1994–95 plans	1995–96 plans
<b>Central government's own expenditure</b>									
Pay	25,827	28,205	30,094	33,181	35,099	75,887	78,109	80,760	82,104
Other current expenditure on goods and services	24,349	25,730	27,957	30,702	36,532				
Subsidies <sup>(2)</sup>	2,678	2,520	2,813	3,748	3,622	3,558	3,976	4,076	4,313
Current grants to the private sector	40,277	41,801	45,433	49,582	55,606	61,105	67,200	69,200	73,950
Current transfers abroad <sup>(3)</sup>	3,525	3,069	4,697	3,959	1,927	4,888	4,442	5,800	5,250
Net capital expenditure on assets	3,838	3,967	5,430	6,906	7,025	7,052	6,777	6,303	6,164
Capital grants	2,087	2,642	2,314	2,951	3,373	4,061	3,956	3,953	3,956
Lending and other financial transactions	273	913	732	81	154	450	372	494	537
<b>Total central government's own expenditure</b>	<b>102,854</b>	<b>108,847</b>	<b>119,470</b>	<b>131,109</b>	<b>143,337</b>	<b>157,004</b>	<b>164,800</b>	<b>170,600</b>	<b>175,350</b>
<b>Public corporations (excluding nationalised industries)<sup>(4)(5)</sup></b>									
<b>(a) External finance</b>									
Subsidies	254	265	274	294	415	455	447	452	476
Capital grants	364	482	854	1,046	1,220	1,277	936	959	967
Lending and other financial transactions	134	-19	33	63	-129	83	290	368	434
<b>(b) Expenditure</b>									
Subsidies	129	125	118	108	69	35	41	24	23
Net capital expenditure on assets	-318	-537	-445	-315	-352	-118	-140	-240	-304
Lending and other financial transactions	-7	-4	-3	-3	-4	-3	-3	-3	-3
<b>Total public corporations (excluding nationalised industries)</b>	<b>557</b>	<b>311</b>	<b>830</b>	<b>1,192</b>	<b>1,218</b>	<b>1,728</b>	<b>1,572</b>	<b>1,560</b>	<b>1,592</b>
<b>Total central government expenditure</b>	<b>103,411</b>	<b>109,159</b>	<b>120,301</b>	<b>132,301</b>	<b>144,555</b>	<b>158,733</b>	<b>166,400</b>	<b>172,150</b>	<b>176,950</b>

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

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

(3) Excludes cyclical social security.

(4) For most public corporations it is their external finance that is included in the planning total. For these, 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 control total. The split between economic categories for these is given in section (b).

(5) 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 1992-93 are given in **Section 8**.

	Table 4.6 Central government expenditure <sup>(1)</sup> on asset creation <sup>(2)</sup> by department <sup>(3)</sup>						£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Central government's own expenditure</b>									
Ministry of Defence	5,480	5,758	5,523	5,671	6,002	5,642	5,750	5,950	6,050
Foreign and Commonwealth Office	31	38	40	54	78	104	116	79	78
Ministry of Agriculture, Fisheries and Food	84	92	93	111	140	153	182	189	209
Trade and Industry	334	928	325	262	183	215	186	188	184
ECGD	2	7	1	1	1	1	1		
Department of Employment	57	72	101	157	162	138	135	140	150
Department of Transport	898	903	1,238	1,642	1,656	1,768	1,899	1,952	1,857
DOE-Housing and construction	752	680	988	1,521	1,999	2,430	1,914	1,838	1,753
DOE—Other environmental services	272	299	260	271	265	293	394	408	408
DOE—PSA	9	18	23	77	145	66	52		
DOE—Local government		1	3	1	1	6	1	1	1
Home Office (including Charity Commission)	169	247	442	518	475	405	351	337	310
Lord Chancellor's and Law Officers' Departments	75	104	134	177	176	183	217	214	196
Department for Education	187	224	365	414	494	508	641	698	768
Department of National Heritage	82	103	108	131	161	161	134	152	161
Department of Health and Office of Population Censuses and Surveys <sup>(4)</sup>	1,101	1,208	1,442	1,601	1,372	1,430	1,251	932	957
Department of Social Security	98	147	302	293	334	332	393	313	301
Scotland <sup>(4)</sup>	584	620	544	605	656	705	712	673	654
Wales <sup>(4)</sup>	353	399	413	484	534	625	594	604	611
Northern Ireland	436	438	472	492	511	530	565	576	556
Chancellor of the Exchequer's Departments	134	118	145	206	318	286	278	270	245
Cabinet Office: Office of Public Service and Science	108	122	203	200	153	158	132	133	135
Cabinet Office, Other Services, Privy Council Office and Parliament	1	4	4	6	7	13	21	22	17
<b>Total central government own expenditure</b>	<b>11,247</b>	<b>12,529</b>	<b>13,171</b>	<b>14,895</b>	<b>15,823</b>	<b>16,151</b>	<b>15,919</b>	<b>15,669</b>	<b>15,602</b>
<b>Public corporations (excluding nationalised industries)<sup>(4)</sup></b>	<b>1,000</b>	<b>1,068</b>	<b>1,519</b>	<b>1,679</b>	<b>1,870</b>	<b>2,229</b>	<b>2,558</b>	<b>2,923</b>	<b>2,960</b>
<b>Total central government expenditure</b>	<b>12,246</b>	<b>13,597</b>	<b>14,690</b>	<b>16,574</b>	<b>17,693</b>	<b>18,380</b>	<b>18,477</b>	<b>18,592</b>	<b>18,571</b>
Real terms <sup>(5)</sup> (base year 1991-92)	16,164	16,729	16,959	17,719	17,693	17,631	17,249	16,310	16,342

The figures for 1993-94, 1994-95 and 1995-96 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 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 1991-92 prices by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.



4.8 **Table 4.7** shows the changes between the figures for central government expenditure on asset creation in the years 1991–92 to 1994–95 given in this Supplement and the corresponding plans in the the 1991 supplement and last year's Supplement. The table shows that extra provision has been allocated in 1993–94 and 1994–95. Further expansion of the NHS trust sector contributes to the growth in public corporations spending, with a consequential reduction in central government spending by the Department of Health. Lower central government funding of housing associations is expected to be offset by higher finance from the private sector. The increase for the department for Education reflects a projected increase in the number of Grant Maintained Schools and extra provision for further education and sixth form colleges which become independent of the local authority sector on 1 April 1993. In addition to the contribution from NHS trusts, the higher public corporations figures also reflect increased spending by Scottish Homes.

4.9 The increase in central government asset creation spending in 1992–93 reflects the £0.75 billion housing package announced in the Autumn Statement. The increase in defence asset creation in 1991–92 and 1992–93 is due to the Gulf conflict.

	<b>Table 4.7 Central government expenditure on asset creation<sup>(1)</sup>: differences from previous plans<sup>(2)</sup> by department.</b>			
	<b>£ million</b>			
	Differences from plans presented in:			
	Statistical Supplement to the 1990 Autumn Statement (Cm 1520)	Statistical Supplement to the 1991 Autumn Statement (Cm 1920)		
	1991–92 outturn	1992–93 estimated outturn	1993–94 plans	1994–95 plans
<b>Central government's own expenditure</b>				
Ministry of Defence <sup>(3)</sup>	+272	+122		+30
Department of Transport	-74	-47	-14	-17
DOE-Housing	-100	+542	-133	-256
Department for Education	+61	+10	+107	+157
Department of Health and Office of Population Censuses and Surveys <sup>(4)</sup>	-247	-85	-62	-90
Scottish Office, Welsh Office and Northern Ireland Office and Departments <sup>(5)</sup>	-86	+32	-69	-44
Other departments	+95	-9	+113	+113
<b>Total central government's own expenditure<sup>(3)</sup></b>	<b>-80</b>	<b>+565</b>	<b>-58</b>	<b>-102</b>
<b>Public corporations (excluding nationalised industries)</b>	<b>+69</b>	<b>+332</b>	<b>+284</b>	<b>+306</b>
<b>Total central government expenditure<sup>(3)</sup></b>	<b>-11</b>	<b>+898</b>	<b>+226</b>	<b>+204</b>
<small>(1) See paragraphs 4.7 and 8.3 for the definition of public sector asset creation.</small>				
<small>(2) After adjustment of previous plans to the definition and classifications used in this Supplement.</small>				
<small>(3) The changes for the Ministry of Defence have been calculated from a 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.</small>				
<small>(4) The falls from previous plans for 1992–93, 1993–94, 1994–95 reflect transfers to the public corporations sector arising from the setting up of NHS trusts.</small>				
<small>(5) Including Forestry Commission.</small>				

### 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.



## 4. Central government expenditure

**Table 4.8 Central government's own expenditure within the new control<sup>(1)</sup> by department<sup>(2)</sup>**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
Ministry of Defence <sup>(3)</sup>	18,921	19,221	20,777	21,797	23,025	23,800	23,523	23,750	23,220
Foreign and Commonwealth Office	718	772	898	968	1,132	1,339	1,220	1,213	1,219
Overseas Development Administration	1,294	1,511	1,622	1,696	1,952	2,201	2,218	2,308	2,363
Ministry of Agriculture, Fisheries and Food	1,770	1,531	1,505	2,219	2,253	2,389	2,841	2,933	3,088
Trade and Industry	1,497	2,216	1,608	1,573	1,428	1,475	1,347	1,339	1,349
ECGD	153	115	358	372	215	118	-35	-64	-30
Department of Employment	3,628	3,560	3,382	3,396	3,209	3,185	3,423	3,433	3,490
Department of Transport	1,402	1,430	1,895	2,331	2,383	2,624	2,736	2,837	2,759
DOE—Housing	1,292	1,296	1,596	2,642	2,981	3,555	2,941	2,882	2,747
DOE—Other environmental services	352	396	402	434	416	437	521	485	474
DOE—PSA				60	50	-33	118	25	46
DOE—Local government	5	6	10	50	184	238	233	239	242
Home Office (including Charity Commission)	1,353	1,500	1,740	2,109	2,346	2,517	2,488	2,588	2,613
Lord Chancellor's and Law Officers' Departments	817	951	1,169	1,373	1,710	2,125	2,268	2,444	2,589
Department for Education <sup>(4)</sup>	2,041	2,245	3,467	3,599	3,554	3,828	6,330	6,819	7,249
Department of National Heritage	592	648	674	743	848	921	916	936	953
Department of Health and Office of Population Censuses and Surveys	16,717	18,454	19,912	22,408	25,517	27,803	28,950	30,068	31,243
Department of Social Security <sup>(4)(5)</sup>	36,000	37,848	40,733	44,704	51,029	56,390	59,600	61,100	64,450
Scotland	3,559	3,913	4,116	4,574	5,417	5,938	6,765	7,071	7,304
Wales	1,557	1,743	1,851	2,114	2,432	2,932	3,255	3,381	3,432
Northern Ireland <sup>(4)</sup>	4,088	4,758	5,111	5,277	5,769	6,276	6,620	6,804	7,040
Chancellor of the Exchequer's Departments	2,481	2,692	3,154	3,346	3,394	3,582	3,396	3,562	3,650
Cabinet Office—Office of Public Service and Science	738	796	911	995	1,038	1,135	1,258	1,324	1,349
Cabinet Office—other services, Privy Council Office and Parliament	218	240	264	303	349	441	472	482	486
European Communities	1,661	1,006	2,316	2,027	705	1,769	1,407	2,654	2,002
<b>Total central government's own expenditure<sup>(4)(5)</sup></b>	<b>102,854</b>	<b>108,847</b>	<b>119,470</b>	<b>131,109</b>	<b>143,337</b>	<b>157,004</b>	<b>164,800</b>	<b>170,600</b>	<b>175,350</b>

(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 costs 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). See also footnote 2 to table 3.1.

(5) Excludes cyclical social security.

## 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.



Table 4.9 Central government's own expenditure<sup>(1)</sup> by department<sup>(2)</sup>, 1978-79 to 1995-96

	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	£ billion		
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
Ministry of Defence <sup>(3)</sup>	7.6	9.4	11.5	12.8	14.6	15.7	17.4	18.3	18.4	18.9	19.2	20.8	21.8	23.0	23.8	23.5	23.8	23.2
Foreign and Commonwealth Office	1.1	1.2	1.4	1.5	1.5	1.7	1.8	1.9	2.0	2.0	2.3	2.5	2.7	3.1	3.6	3.4	3.5	3.6
Ministry of Agriculture, Fisheries and Food	0.6	0.7	1.1	1.1	1.5	1.8	1.8	2.2	1.5	1.8	1.5	1.5	2.2	2.3	2.4	2.8	2.9	3.1
Trade and Industry	1.4	1.0	1.3	2.1	2.2	1.9	2.2	2.3	3.0	1.7	2.3	2.0	1.9	1.6	1.6	1.3	1.3	1.3
Department of Employment	1.0	1.2	1.9	2.2	2.3	2.8	3.0	3.1	3.6	3.6	3.6	3.4	3.4	3.2	3.2	3.4	3.4	3.5
Department of Transport	0.5	0.6	0.7	0.9	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.9	2.3	2.4	2.6	2.7	2.8	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	3.6	2.9	2.9	3.7
DOE-Other environmental services	0.5	0.5	0.6	0.6	0.7	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.7
DOE-Local government													0.1	0.2	0.2	0.3	0.3	0.3
Home Office (including Charity Commission)	0.4	0.5	0.7	0.8	0.8	1.0	1.1	1.1	1.2	1.4	1.5	1.7	2.1	2.3	2.5	2.5	2.6	2.6
Lord Chancellor's and Law Officers' Departments	0.2	0.2	0.3	0.4	0.4	0.5	0.5	0.6	0.7	0.8	1.0	1.2	1.4	1.7	2.1	2.3	2.4	2.6
Department for Education <sup>(4)</sup>	0.8	1.0	1.2	1.3	1.5	1.6	1.7	1.8	1.8	2.0	2.2	3.5	3.6	3.6	3.8	6.3	6.8	7.2
Department of National Heritage	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.8	0.9	0.9	0.9	1.0
Department of Health and Office of Population Censuses and Surveys	6.3	7.5	9.7	10.9	11.9	12.6	13.5	14.2	15.3	16.7	18.5	19.9	22.4	25.5	27.8	29.0	30.1	31.2
Department of Social Security <sup>(5)</sup>	16.3	19.2	23.2	28.1	31.6	33.2	35.9	39.0	41.9	43.8	44.6	47.1	52.2	61.5	69.1	74.3	76.9	80.7
Scotland	1.7	2.0	2.5	2.7	2.9	2.9	3.1	3.2	3.4	3.5	3.9	4.1	4.6	5.4	5.9	6.8	7.1	7.3
Wales	0.7	0.8	1.0	1.1	1.2	1.2	1.3	1.3	1.5	1.6	1.7	1.9	2.1	2.4	2.9	3.3	3.4	3.4
Northern Ireland <sup>(5)</sup>	1.9	2.2	2.6	2.9	3.1	3.4	3.6	3.8	4.2	4.4	5.1	5.5	5.7	6.2	6.7	7.1	7.4	7.6
Chancellor of the Exchequer's Departments	1.2	1.4	1.7	1.9	2.1	1.8	1.9	2.0	2.3	2.5	2.7	3.2	3.3	3.4	3.6	3.4	3.6	3.7
Cabinet Office, Privy Council Office and Parliament	0.4	0.5	0.6	0.6	0.7	0.7	0.8	0.9	0.9	0.9	1.0	1.2	1.3	1.4	1.5	1.7	1.8	1.9
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	0.7	1.8	1.4	2.7	2.0
<b>Total central government's own expenditure<sup>(4)</sup></b>	<b>45.0</b>	<b>52.9</b>	<b>64.4</b>	<b>73.9</b>	<b>82.6</b>	<b>86.3</b>	<b>93.3</b>	<b>99.6</b>	<b>106.0</b>	<b>111.0</b>	<b>116.0</b>	<b>126.2</b>	<b>138.9</b>	<b>154.3</b>	<b>170.2</b>	<b>180.1</b>	<b>187.0</b>	<b>192.3</b>

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

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

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

(5) Includes cyclical social security. Cyclical social security for 1987-88 onwards is: £8.1, £7.2, £6.7, £7.8, £10.9, £13.2, £15.3, £16.4, £16.9 billion.



#### 4. Central government expenditure

<b>Table 4.10 Central government's own sales and purchases of land and existing buildings by department<sup>(1)</sup></b>									
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
<b>Receipts from sales</b>									
Ministry of Defence	-78	-151	-72	-83	-104	-131	-144	-148	-151
Foreign and Commonwealth Office	-5	-4	-7	-14	-2	-6	-17	-9	-10
Overseas Development Administration									
Ministry of Agriculture Fisheries and Food	-1			-2	-3	-8	-6	-5	-4
Trade and Industry						-2			
Department of Employment	-6	-1	-2	-6	-9				
Department of Transport	-14	-53	-17	-28	-22	-33	-33	-34	-34
DOE—Housing and Construction									
DOE—Other environmental services	-34	-50	-30	-28	-8	-44	-15	-33	-44
Home Office (including Charity Commission)	-10	-55	-52	-23	-18	-9	-6	-2	-1
Lord Chancellor's and Law Officers' Departments	-1								
Department for Education	-1			-2	-1				
Department of National Heritage									
Department of Health and Office of Population Censuses and Surveys	-199	-271	-229	-173	-164	-201	-198	-198	-202
Department of Social Security									
Scotland	-12	-15	-27	-22	-13	-17	-14	-12	-12
Wales	-2	-2	-6	-2	-3	-7	-7	-6	-6
Northern Ireland	-18	-28	-25	-21	-17	-13	-6	-7	-7
Chancellor of the Exchequer's Departments									
Cabinet Office—Office of Public Service and Science	-3	-2	-13	-6	-2	-3	-3	-3	-3
Cabinet Office—Other Services, Privy Council Office and Parliament									
<b>Total receipts from sales</b>	<b>-385</b>	<b>-633</b>	<b>-481</b>	<b>-413</b>	<b>-366</b>	<b>-473</b>	<b>-450</b>	<b>-456</b>	<b>-474</b>
<b>Purchases</b>									
Ministry of Defence	8	7	34	10	26	8	15	15	15
Foreign and Commonwealth Office	33	36	39	44	46	54	75	60	62
Overseas Development Administration									
Ministry of Agriculture Fisheries and Food						1	2		
Trade and Industry			1	1	3				
Department of Employment	2	2		1	6	5	6	3	3
Department of Transport	51	66	95	169	180	233	190	194	198
DOE—Housing and Construction									
DOE—Other environmental services	92	2	5	3		12	12	14	
Home Office (including Charity Commission)	3	16	9	1	2		1	1	1
Lord Chancellor's and Law Officers' Departments	4	1	10	5	10	16	3	2	8
Department for Education									
Department of National Heritage					1	1	3	3	3
Department of Health and Office of Population Censuses and Surveys	30	17	20	14	75	71	62	46	47
Department of Social Security									
Scotland	6	3	20	26	22	29	18	18	18
Wales	5	4	3	8	8	7	7	7	7
Northern Ireland	11	11	14	12	14	10	11	12	10
Chancellor of the Exchequer's Departments	1	1	3	3	3				
Cabinet Office: Office of Public Service and Science							29	30	31
Cabinet Office—Other Services, Privy Council Office and Parliament									
<b>Total purchases</b>	<b>246</b>	<b>168</b>	<b>252</b>	<b>298</b>	<b>396</b>	<b>447</b>	<b>433</b>	<b>406</b>	<b>405</b>



**Table 4.10 Central government's own sales and purchases of land and existing buildings by department<sup>(1)</sup> (continued)**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
<b>Receipts from sales net of purchases</b>									
Ministry of Defence	-70	-144	-39	-73	-78	-124	-130	-133	-136
Foreign and Commonwealth Office	28	32	32	29	43	48	58	52	52
Overseas Development Administration									
Ministry of Agriculture Fisheries and Food				-2	-3	-7	-3	-5	-4
Trade and Industry			1	1	3	-2			
Department of Employment	-4	1	-2	-5	-3	5	6	3	3
Department of Transport	37	13	78	141	158	200	157	161	164
DOE—Housing and Construction									
DOE—Other environmental services	58	-48	-26	-25	-8	-32	-3	-18	-44
Home Office (including Charity Commission)	-7	-39	-43	-22	-16	-8	-5	-1	
Lord Chancellor's and Law Officers' Departments	3	1	10	5	10	16	3	2	8
HD Department for Education	-1			-2	-1				
Department of National Heritage					1	1	3	3	3
Department of Health and Office of Population Censuses and Surveys	-169	-254	-209	-159	-89	-130	-136	-153	-155
Department of Social Security									
Scotland	-6	-11	-8	4	9	12	4	7	6
Wales	3	2	-2	6	5			1	1
Northern Ireland	-8	-16	-11	-10	-4	-2	5	5	4
Chancellor of the Exchequer's Departments	1	1	3	3	3				
Cabinet Office—Office of Public Services and Science	-3	-2	-13	-6	-2	-3	26	27	27
Cabinet Office—Other Services, Privy Council Office and Parliament									
<b>Total receipts from sales net of purchases</b>	<b>-138</b>	<b>-465</b>	<b>-229</b>	<b>-115</b>	<b>30</b>	<b>-26</b>	<b>-16</b>	<b>-50</b>	<b>-70</b>

(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 staff, 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 staffing limits set for the beginning of each financial year. Central staffing limits have not been set since 1 April 1988, although departments' future staffing plans are shown in **Table 4.13**.

4.14 Since the 1987 Survey all departments have been required to plan for 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. Three-year running costs settlements have been agreed for most departments for 1993-94, 1994-95 and 1995-96, based on a commitment to the delivery of planned efficiency improvements.

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 1987-88 to 1991-92 and the estimated outturn for the current year. The year on year decrease in 1993-94 is 2.8 per cent and the increases in subsequent years are, 1.4 per cent and 1.8 per cent. These reflect changes in workload and pay and prices, offset by efficiency savings.



#### 4. Central government expenditure

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 the relevant years. In particular, the Fire Service College has become a trading fund and is no longer within running costs control.

4.18 In appropriate cases, departments' running costs provision includes a provision for the transitional costs of relocating work under the Government's relocation policy. During the past year a number of further planned relocations have been announced by departmental Ministers. The Government reports periodically on overall progress to Parliament.

Table 4.11 Gross Running costs by department <sup>(1)</sup>	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence <sup>(2)</sup>	4,733	5,009	5,192	5,709	6,012	6,223	5,475	5,475	5,475
FCO-Diplomatic Wing	373	379	446	457	511	561	574	605	601
FCO-Overseas Development Administration	43	48	52	54	64	74	74	77	80
Ministry of Agriculture, Fisheries and Food	240	256	281	314	347	403	425	435	495
Intervention Board	14	19	22	24	29	31	31	33	34
<b>Trade and Industry<sup>(3)</sup></b>									
Department of Trade and Industry	309	340	372	408	434	465	470	486	492
Office of Fair Trading	10	10	11	14	17	18	18	19	19
Office of Telecommunications	4	4	4	6	7	8	8	8	8
Office of Electricity Regulation			1	9	10	11	11	12	12
Office of Gas Supply	1	1	1	2	2	3	3	3	3
Total Trade and Industry	324	355	390	439	470	505	511	528	535
<b>Department of Employment</b>									
Department of Employment <sup>(4)</sup>	928	940	957	1,014	1,260	1,335	1,437	1,423	1,429
Advisory, Conciliation and Arbitration Service	16	16	17	18	20	21	23	23	24
Health and Safety Commission	94	100	109	121	143	168	177	183	189
Total Department of Employment	1,037	1,055	1,083	1,152	1,422	1,525	1,636	1,630	1,643
Department of Transport	316	340	364	405	417	487	492	512	522
<b>Department of Environment:</b>									
Housing and other environmental services	159	178	200	209	256	284	285	290	295
Property Holdings	17	26	27	21	32	28	29	30	31
Office of Water Services			1	5	6	7	9	10	8
Ordnance Survey	58	60	60	63	67	72	77	80	87
PSA Services	565	613	592	668	682	554	290	94	53
Total Department of Environment	799	876	881	967	1,043	945	690	504	474



Table 4.11 Gross Running costs by department <sup>(1)</sup> (continued)							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
Home Office (including Charity Commission)									
Home Office	979	1,032	1,084	1,253	1,439	1,623	1,675	1,752	1,805
Charity Commission	7	8	10	14	18	22	22	23	24
Total Home Office (including Charity Commission)	986	1,040	1,094	1,268	1,458	1,645	1,697	1,775	1,829
Lord Chancellor's and Law Officers' Departments									
Lord Chancellor's Department	213	239	257	294	360	419	431	459	479
Crown Office, Scotland	19	21	23	26	29	33	34	35	36
Crown Prosecution Service	98	117	134	158	180	209	220	229	238
Land Registry	100	128	150	154	180	190	199	214	229
Northern Ireland Court Service	12	12	13	14	15	16	17	19	19
Public Record Office	12	13	16	18	20	24	24	26	28
Serious Fraud Office	1	5	6	7	9	11	11	12	11
Treasury Solicitor's Department and Legal Secretariat to the Law Officers	13	14	16	18	23	26	28	28	29
Total Lord Chancellor's and Law Officers' Departments	466	549	614	688	816	927	964	1,021	1,068
Department for Education <sup>(7)</sup>	64	72	77	85	100	112	120	118	118
Department of National Heritage	24	18	19	20	30	32	40	41	43
Department of Health and Office of Population Censuses Surveys									
Department of Health	151	160	171	213	238	299	276	279	291
Office of Population Censuses and Surveys	40	44	48	67	121	68	68	69	71
Total Department of Health and Office of Population Censuses and Surveys	191	204	219	281	359	367	344	347	362
Department of Social Security	1,679	1,764	1,864	2,142	2,329	2,741	2,904	2,978	3,077
Scotland									
Scottish Office	212	230	242	260	297	326	329	342	352
Scottish Courts Administration	20	24	26	33	37	41	44	48	49
Scottish Record Office	2	3	3	3	4	4	4	5	5
General Register Office for Scotland	4	5	6	9	14	10	8	8	8
Registers of Scotland	11	13	15	21	26	30	30	30	31
Total Scotland	250	275	291	326	377	411	415	432	444
Wales <sup>(7)</sup>	43	46	50	57	63	80	81	85	88
Northern Ireland <sup>(5)</sup>	465	488	531	597	652	716	723	752	805
Chancellor of the Exchequer's Departments									
HM Treasury	58	60	64	73	91	97	111	115	118
HM Customs and Excise	463	520	553	629	692	764	764	801	817
Inland Revenue	1,153	1,228	1,329	1,463	1,690	1,847	1,825	1,922	1,963
Department for National Savings	167	173	170	179	189	198	195	195	200
Central Statistical Office	17	22	21	29	35	41	42	44	44
Government Actuary's Department	2	2	3	3	5	6	6	6	6
Registry of Friendly Societies	4	5	5	6	7	9	8	8	9
Paymaster General's Office	15	16	17	19	21	24	25	26	27
National Investment and Loans Office	1	1	1	1	1	1	1	1	1
Total Chancellor of the Exchequer's Departments	1,881	2,028	2,164	2,403	2,730	2,987	2,977	3,119	3,185



#### 4. Central government expenditure

Table 4.11 Gross Running costs by department <sup>(1)</sup> (continued)							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
Cabinet Office—Office of Public Service and Science									
<i>Cabinet Office—Office of Public Service and Science</i>	68	72	77	82	99	106	117	121	111
<i>Central Office of Information</i>	18	20	21	22	1	1	1	1	1
<b>Total Cabinet Office—Office of Public Service and Science</b>	<b>86</b>	<b>92</b>	<b>97</b>	<b>104</b>	<b>100</b>	<b>107</b>	<b>119</b>	<b>122</b>	<b>113</b>
Cabinet Office—Other services, Privy Council Office and Parliament									
<i>Cabinet Office</i>	15	15	17	19	22	22	22	20	20
<i>Privy Council Office</i>	1	1	1	2	2	2	2	2	2
<b>Total Cabinet Office—Other services, Privy Council Office and Parliament</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>24</b>	<b>25</b>	<b>24</b>	<b>23</b>	<b>23</b>
<b>Gross running costs total</b>	<b>14,031</b>	<b>14,929</b>	<b>15,751</b>	<b>17,512</b>	<b>19,356</b>	<b>20,904</b>	<b>20,317</b>	<b>20,595</b>	<b>20,959</b>
Intra-departmental and inter-departmental running costs receipts	-769	-847	-881	-960	-977	-846	-550	-398	-397
<b>Running costs total</b>	<b>13,262</b>	<b>14,082</b>	<b>14,870</b>	<b>16,552</b>	<b>18,378</b>	<b>20,057</b>	<b>19,767</b>	<b>20,197</b>	<b>20,562</b>
Other related receipts <sup>(6)</sup>	-1,574	-1,666	-1,664	-1,748	-2,241	-2,170	-2,626	-2,739	-2,852
<b>Running costs net of all related receipts</b>	<b>11,688</b>	<b>12,416</b>	<b>13,206</b>	<b>14,805</b>	<b>16,137</b>	<b>17,888</b>	<b>17,140</b>	<b>17,459</b>	<b>17,710</b>

(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 67,000 in 1992-93) and excludes certain civil servants engaged in non-support areas (some 22,000 in 1992-93).

(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 as do 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 (£580 million in 1992-93) 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.

(7) The figure for Department for Education and Welsh Office include the the running costs of the Office of Her Majesty's Chief Inspector of Schools in England and Wales.

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—Transport Research Laboratory and the Drivers', Vehicles' and Operators' Information Technology Directorate (both of the Department of Transport)—one further area, the Transport and Security Services Division of Property Holdings, and possibly others will operate under net control from 1 April 1993. From the same date the Nuclear Installations Inspectorate of the Department of Employment will return to gross control. A full list of net controlled areas is published in the Summary and Guide to the Main Estimates. The Fire Service College became a Trading Fund with effect from 1 April 1992.



	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
Gross provision controlled gross	12,857	13,638	14,415	16,045	17,822	19,419	19,075	19,494	19,867
Gross provision controlled net	1,174	1,291	1,336	1,467	1,534	1,485	1,242	1,101	1,092
<b>Total running costs</b>	<b>14,031</b>	<b>14,929</b>	<b>15,751</b>	<b>17,512</b>	<b>19,356</b>	<b>20,904</b>	<b>20,317</b>	<b>20,595</b>	<b>20,959</b>
<i>of which:</i>									
Civil Service paybill <sup>(2)</sup>	7,888	8,357	8,735	9,700	10,776	11,727			
Civil Service manpower in running costs <sup>(3)</sup> (thousands wholetime equivalents)	611	598	587	592	597	608			

(1) The gross figures are net of any VAT refunds on contracted out services.  
(2) This covers the pay costs, including charges for the accruing liability for Civil Service superannuation and for earnings related national insurance contributions, of civil servants, including casual staff, 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 and MOD civilians engaged in non-support areas. Included in the total are full-time equivalent figures for overtime and casual staff.

4.20 Departments' paybill outturns are published in the departmental reports together with the related civil service staffing. Aggregate civil service figures are included in **Table 4.12**. These will assume greater significance as the policy of further delegation to departments of pay and grading arrangements, including greater emphasis on performance related pay, is fully implemented.

4.21 Of the 76 Executive Agencies already established 23 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. Currently eight further Executive Agencies—HMSO, the Royal Mint, the Central Office of Information, the Vehicle Inspectorate, the Buying Agency, Companies House, the Patent Office and the Fire Service College are trading funds and as such outside running costs controls. These eight agencies are covered in the material on public corporations later in this section (see **paragraphs 4.34 to 4.38**).

## Central government staffing

4.22 **Table 4.13** provides a summary of central government staffing (including the Armed Forces) for 1978-79 and 1987-88 to 1992-93. The table shows Civil Service staffing plans for the period 1993-94 to 1995-96, together with, for comparison, the 1992-93 staffing 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 1991-92 Civil Service numbers fell by 176,000, 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 staffing have been agreed for the Departments of Employment and Social Security, to help maintain service standards in benefit offices. The staffing figures in the Supplement are based on the conventional flat unemployment assumption, but these increases in staffing will be reversed when unemployment falls. Additional staffing has been agreed for the Home Office in respect of the Prison Service and the Immigration and Nationality Department. The Inland Revenue also received extra resources to deal with the abolition of composite rate tax on bank and building society interest. Offsetting manpower reductions have been made in the Ministry of Defence and PSA Services. Civil service staffing is planned to fall over the Survey period.



#### 4. Central government expenditure

**Armed Forces** 4.24 Armed forces staffing continued to fall in 1991–92 and will show a substantial reduction between 1992–93 and 1995–96 as a result of the transition to the new force structure set out in the 1991 statement on the Defence Estimates—“Britain’s Defence for the 1990’s”.

**National Health Service** 4.25 The number of whole time equivalent staff in post in the National Health Service in Great Britain has increased by over 3 per cent since September 1979, after adjusting for the reduction in nurses working hours in 1980. For this comparison, NHS trust staff are included in the total for 1991. If they are excluded, as in Table 4.13, the 1979–1991 comparison yields an apparent 7.5 per cent fall. Including trust staff, as at 30 September 1991, increases in the number of whole-time equivalent front line staff were as follows: 10,000 more hospital and community doctors and dentists, 31,500 more professional and technical staff, and 21,000 more nursing and midwifery staff than at 30 September 1979 after adjusting for the reduction in nurses working hours in 1980. However, Health Authorities’ initiatives and cost improvements continue to provide the means to improve the use of staffing. On 30 September 1991 102,000 whole-time equivalent staff and on 30 September 1992, 252,000 whole-time equivalent staff in the NHS were employed in NHS trusts (this last figure excludes locum and agency staff). 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 staffing, 1978-79 and 1987-88 to 1995-96

	1978-79 actual	1987-88 actual	1988-89 actual	1989-90 actual	1990-91 actual	1991-92 actual	1992-93 estimated outturn	1992-93 original plans	thousands (whole time equivalents)		
									1993-94 plans	1994-95 plans	1995-96 plans
<b>Central government departments<sup>(1)</sup></b>											
Ministry of Defence <sup>(2)</sup>	226.1	148.9	142.2	140.8	140.6	140.1	138.0	135.6	130.5	125.8	121.2
FCO-Diplomatic Wing	9.8	8.0	8.0	8.0	8.1	8.3	8.2	8.4	8.2	8.2	8.2
FCO-Overseas Development Administration	2.3	1.5	1.5	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.7
Ministry of Agriculture, Fisheries and Food	14.0	10.4	10.2	9.9	10.0	10.0	10.2	10.8	11.0	10.7	12.4
Intervention Board	0.5	0.8	0.8	0.8	0.9	1.0	1.0	1.0	1.0	0.9	0.9
Trade and Industry (including OFT, OFTEL, OFGAS and OFFER)	17.4	10.8	10.8	10.8	10.8	10.8	10.8	11.2	11.0	10.9	10.8
Export Credits Guarantee Department	2.0	1.7	1.6	1.5	1.3	1.0	0.7	0.7	0.6	0.6	0.6
Employment Group (including ACAS and HSC)	5.36	60.1	56.5	53.4	49.7	53.0	58.4	57.4	61.2	59.3	57.9
Department of Transport	14.2	11.3	11.1	11.5	12.0	11.3	11.5	11.6	11.0	11.0	11.0
Department of the Environment (incl Office of Water Services) and Ordnance Survey	16.2	8.4	8.3	8.3	8.1	8.4	8.2	8.5	8.5	8.3	8.0
Property Holdings <sup>(3)</sup>	} 36.8 {	1.6	1.6	1.6	1.5	1.7	1.7	1.9	1.8	1.8	1.8
PSA Services		20.8	19.0	17.8	17.3	14.1	10.5	11.6	7.0	2.4	0.1
Home Office (including Charity Commission)	34.0	39.1	41.8	43.3	45.9	48.4	51.6	52.1	53.3	54.1	54.6
Lord Chancellor's and Law Officers' Departments	17.9	24.0	26.6	28.5	28.8	29.3	29.5	30.3	30.0	30.2	30.4
Department for Education and Office of Her Majesty's Chief Inspector of Schools in England	3.7	2.4	2.5	2.5	2.5	2.6	2.7	2.7	2.8	2.5	2.5
Department of National Heritage		0.9	0.8	0.8	1.1	1.1	0.8	0.8	0.8	0.8	0.8
Department of Health and Office of Population, Censuses and Surveys <sup>(4)</sup>	} 100.2 {	6.0	5.9	6.4	6.6	6.8	6.9	7.2	6.9	6.9	6.9
Department of Social Security <sup>(4)</sup>		91.2	87.8	81.6	80.3	78.1	82.6	86.5	90.6	89.4	90.5
Scotland	12.8	12.0	12.1	12.4	12.7	13.1	13.4	13.6	13.7	13.8	13.9
Wales	2.5	2.2	2.1	2.2	2.3	2.4	2.4	2.4	2.4	2.4	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
HM Customs and Excise	28.8	26.0	26.3	26.6	26.9	26.8	25.9	26.8	26.0	25.7	25.4
Inland Revenue	84.9	66.9	66.6	66.6	65.5	67.3	68.4	70.8	70.0	68.6	67.2
Chancellor's other departments <sup>(5)</sup>	14.2	11.9	11.7	11.5	11.2	10.8	10.6	10.8	10.7	10.4	10.4
Cabinet Office, OPSS and Privy Council Office	5.7	3.2	3.1	3.1	3.2	2.4	2.4	2.5	2.6	2.6	2.6
Trading funds <sup>(6)</sup> and Crown Estate Office	34.9	8.1	7.8	7.4	6.9	10.0	11.2	11.4	11.0	10.7	10.5
<b>Total Civil Service</b>	<b>734.0</b>	<b>578.2</b>	<b>567.1</b>	<b>559.1</b>	<b>556.0</b>	<b>560.6</b>	<b>569.4</b>	<b>578.4</b>	<b>574.7</b>	<b>560.1</b>	<b>553.0</b>



## 4. Central government expenditure

	Table 4.13 Central government staffing, 1978-79 and 1987-88 to 1995-96 (continued)								thousands (whole time equivalents)		
	1978-79 actual	1987-88 actual	1988-89 actual	1989-90 actual	1990-91 actual	1991-92 actual	1992-93 estimated outturn	1992-93 original plans	1993-94 plans	1994-95 plans	1995-96 plans
Armed Forces	326.2	328.0	323.5	318.9	310.9	305.2	292.7	288.3	274.3	256.3	249.8
National Health Service <sup>(9)</sup>	923	976	973	973	969	872					
NI Civil Service <sup>(7)(9)</sup>	} 28.4 {	27.1	26.6	26.1	26.0	26.0	26.2	27.1	25.7	25.3	25.0
NI Prison Service <sup>(9)</sup>		3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Other NI Government Service <sup>(8)(9)</sup>	115.6	116.8	116.5	115.4	114.4	113.3					
Research Councils <sup>(10)</sup>	17	11	12	12	11	13					
Other central government <sup>(10)</sup>	50	46	46	48	56	48					
<b>Total Central Government</b>	<b>2,194</b>	<b>2,086</b>	<b>2,068</b>	<b>2,056</b>	<b>2,047</b>	<b>1,941</b>					

(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 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 these two bodies is not available for 1978-79.

(4) The allocation of staff between Department of Health and Department of Social Security is not available for 1978-79.

(5) The Chancellor of the Exchequer assumed responsibility for the Central Statistical Office when it was established as a separate department on 31 July 1989.

(6) Excludes Royal Ordnance Factories manpower since incorporation as a Companies Act company in January 1985.

(7) Comprising staff of the Northern Ireland Office in Northern Ireland, the Northern Ireland Departments and the Northern Ireland Court Service.

(8) Comprising N.I. Audit Office, Fire Service, N.I. Assembly Parliamentary Commission, RUC (Including (PANI)) and Staff of Education and Library and Health Boards.

(9) At 30 September.

(10) 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 science 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	1987-88	1988-89	1989-90	1990-91	1991-92	£ million			
	outturn	outturn	outturn	outturn	outturn	1992-93 plans	1993-94 plans	1994-95 plans	1995-96 plans
Ministry of Defence	2,156	2,123	2,302	2,337	2,410	2,791	2,619	2,653	2,580
Foreign and Commonwealth Office	32	34	38	40	50	56	59	61	62
Ministry of Agriculture, Fisheries and Food	142	152	153	156	162	171	180	188	193
Trade and Industry <sup>(4)</sup>	560	535	500	494	480	491	487	451	449
DTI Launch Aid	27	76	91	89	-4	-38	-48	-59	-75
Department of Employment	55	58	61	54	68	67	68	69	70
Department of Transport	29	29	31	33	40	39	37	38	38
Environment and Ordnance Survey	63	64	71	81	107	113	117	123	120
Home Office	14	14	15	14	18	18	19	18	18
Education	743	803	824	838	924	982	988	1,012	1,021
Funding Councils <sup>(1)</sup>	27	36	38	50	62	59	60	61	57
Office of Science and Technology	660	714	832	914	943	1,057	1,171	1,238	1,272
Department of National Heritage	9	12	11	12	14	15	16	16	17
Department of Health and Office of Population Censuses and Surveys	47	54	61	68	78	77	82	83	85
Scotland	52	55	56	60	66	65	71	72	73
Northern Ireland <sup>(2)</sup>	44	48	54	58	67	72	74	89	95
Other departments <sup>(3)</sup>	13	15	14	15	17	19	18	18	18
<b>Total departments</b>	<b>4,675</b>	<b>4,822</b>	<b>5,152</b>	<b>5,314</b>	<b>5,500</b>	<b>6,055</b>	<b>6,017</b>	<b>6,130</b>	<b>6,094</b>
<i>of which</i>									
<b>Civil science and technology</b>	<b>2,492</b>	<b>2,623</b>	<b>2,759</b>	<b>2,888</b>	<b>3,094</b>	<b>3,302</b>	<b>3,446</b>	<b>5,536</b>	<b>3,589</b>
Indicative UK contributions to EC budget in respect of Research and Development <sup>(5)</sup>	107	126	167	196	160	236	269	245	258
<b>Total Civil Science and Technology</b>	<b>2,598</b>	<b>2,749</b>	<b>2,926</b>	<b>3,084</b>	<b>3,254</b>	<b>3,538</b>	<b>3,715</b>	<b>3,781</b>	<b>3,847</b>

(1) Proportion of expenditure by higher education funding councils for England, Scotland and Wales attributable to science and technology. The figures are estimates only and are therefore subject to a significant margin of uncertainty.

(2) Including expenditure by Northern Ireland Higher Education Institutions.

(3) Includes Wales, Forestry Commission, HM Treasury, HM Customs and Excise, Inland Revenue and OPSS.

(4) Excluding Launch Aid, where the profile of receipts distorts year on year expenditure.

(5) 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, and are adjusted to take account of public sector receipts.

4.28 The figures in **Table 4.14**, like those in the Annual Review of government-funded research and development, in the main represent expenditure on research and development activities covered by the internationally accepted Frascati manual. The "Frascati" definitions (details of which are given in the OECD publication 'The measurement of Scientific and Technical Activities') measures expenditure in terms of full economic costs (inclusive of superannuation, but exclusive of VAT). The figures in **Table 4.14** are, however, on a cash basis, except where indicated (ie exclusive of superannuation and inclusive of VAT). In accordance with "Frascati", some of the research covered is in the humanities and social sciences. In addition to expenditure on these "Frascati" activities the table covers support for technology transfer, a key element in increasing the economic return for public funded research and development: this includes certain advisory services and technology demonstration projects because of their importance in the application of Research and Development in the private sector.

4.29 The table includes the indicative UK contribution to the EC budget in respect of Research and Development. The figures assume a UK contribution to Research and Development in the same proportion as the UK 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 1991-92 the actual exchange rate has been used. Figures for later years are based on a central rate £1 = 1.32 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. Central government expenditure

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 table reflects machinery of government changes with the Research Councils shown separately under the Office of Science and Technology and also the new Department of National Heritage. The Funding Councils line covers research supported in universities through block grants allocated on the advice of the Higher Education Funding Council (formerly the Universities Funding Council): the figures are based on a notional attribution of expenditure between research and other activities (including teaching). "Other Education" is mainly expenditure undertaken centrally by the Department for Education. 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 £3.5 billion in 1992-93 to £3.8 billion in 1995-96. Total expenditure on science and technology expenditure in 1993-94 will be £6.3 billion, a real decrease of 2.8 per cent over 1992-93 (almost entirely accounted for by a significant real reduction in expenditure by the Ministry of Defence).

### Central government cyclical social security

4.32 For the purposes of the new public expenditure control arrangements, cyclical social security has been defined as unemployment benefit and income support paid to people of working age. The Government concluded after careful consideration that other benefits did not exhibit sufficiently marked cyclical variations to outweigh the practical difficulties which would be involved in isolating cyclical and non-cyclical components.

4.33 Planned spending on cyclical social security is £15½ billion in 1993-94, £16½ billion in 1994-95 and £17 billion in 1995-96. These plans allow for the latest estimates of the number of beneficiaries and provide for further uprating of benefits in April 1994 and April 1995. For these purposes, the RPI is assumed to rise by 2 per cent in the year to September 1993 (for upratings in April 1994) and 3½ per cent in the year September 1994 (for upratings in April 1995) The number of unemployed people in Great Britain is assumed to average 2.8 million in each of the three survey years.

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

4.34 Public corporations are publicly owned bodies, usually set up under their own statutes, which operate with a substantial degree of independence. They include the eight 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 new control total.

4.35 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**.



4.36 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 new control total.

4.37 Over the years an increasing number of public corporations have been given this type of treatment. However, there are a few exceptions where, for a variety of reasons, other treatments apply. The new control 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 new control total to the extent that the Treasury pays the Bank of England for certain services.

4.38 **Table 4.15** lists the individual other public corporations and shows their contributions to the new control total for each of the years 1987–88 to 1995–96. **Table 4.16** provides more details of the financing requirements for 1992–93 and 1993–94.



#### 4. Central government expenditure

**Table 4.15 Financing requirements<sup>(1)</sup> of individual public corporations  
(excluding nationalised industries)**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
<b>Public corporations whose external finance is included in the new control total<sup>(2)</sup></b>									
The Audit Commission									
British Technology Group									
The Buying Agency <sup>(3)(4)</sup>									
Central Office of Information <sup>(3)</sup>						27			
Commonwealth Development Corporation		32	50	52	37	50	49		
Companies House <sup>(3)</sup>					1	3		1	
Covent Garden Market Authority	-17	-1							
The Crown Agents	-1	2							
The Crown Agents Holding and Realisation Board									
The Crown Suppliers									
Development Board for Rural Wales	9	11	12	12	13	15	16	17	17
Docklands Light Railway	35	21	41	54	93	93	26	39	30
English Industrial Estates Corporation	13	7		17	-16	1	25	25	26
Fire Service College <sup>(3)</sup>						2	2		
General Practice Finance Corporation	12	-49							
Her Majesty's Stationery Office <sup>(3)</sup>	-7	-7	-7	-6	-5	-4	-3	-3	
Highlands and Islands Enterprise <sup>(5)</sup>	26	32	34	33	59	63	61	62	62
Housing Action Trusts					10	27	87	88	90
Land Authority For Wales	2	1	1	1	1				
Letchworth Garden City	-6	1	-2			-1			
National Film Finance Corporation									
National Health Service Trusts					-23	210	187	325	390
Northern Ireland Electricity Service	21	-42	-45	-73	-92				
Northern Ireland Housing Executive	301	299	238	219	226	213	208	213	221
Northern Ireland Public Trust Port Authorities	1								
Northern Ireland Transport Holding Company	14	24	24	21	22	26	21	22	23
Oil and Pipelines Agency									
The Patent Office <sup>(3)</sup>					1	-5	-4	-9	-9
The Pilotage Commission									
Royal Mint <sup>(3)</sup>									
Royal Ordnance plc									
Scottish Enterprise <sup>(6)</sup>	92	87	81	93	156	173	178	221	231
Scottish Homes <sup>(7)</sup>			199	257	319	308	305	312	314
Scottish Special Housing Association <sup>(7)</sup>	59	16							
United Kingdom Atomic Energy Authority	-4	-24		44	24	18	-2	-9	-12
Urban Development Corporations	145	253	468	593	549	468	365	314	317
Vehicle Inspectorate <sup>(3)</sup>									
Welsh Development Agency	57	66	69	85	86	76	62	64	67
The Welsh Fourth Channel Authority						59	65	66	71
<b>Total</b>	<b>752</b>	<b>727</b>	<b>1,161</b>	<b>1,402</b>	<b>1,489</b>	<b>1,794</b>	<b>1,646</b>	<b>1,747</b>	<b>1,838</b>



**Table 4.15 Financing requirements<sup>(1)</sup> of individual public corporations  
(excluding nationalised industries) (continued)**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
<b>Public corporations given other treatments in the new control total(8)</b>									
Bank of England									
British Broadcasting Corporation									
Independent Broadcasting Authority <sup>(9)</sup>									
National Dock Labour Board	4	2							
New Town Development Corporations and the Commission for New Towns	-200	-419	-331	-210	-270	-65	-74	-187	-246
Public Trust Ports									
<b>Total</b>	<b>-195</b>	<b>-416</b>	<b>-330</b>	<b>-210</b>	<b>-270</b>	<b>-65</b>	<b>-74</b>	<b>-187</b>	<b>-246</b>
<b>Total public corporations (excluding nationalised industries)</b>	<b>557</b>	<b>311</b>	<b>830</b>	<b>1,192</b>	<b>1,218</b>	<b>1,728</b>	<b>1,572</b>	<b>1,560</b>	<b>1,592</b>

(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 new control 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 4.37.

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



Central government expenditure

**Table 4.16 Financing requirements<sup>(1)</sup> of individual public corporations (excluding nationalised industries) whose external finance is included in the new control total, 1992-93 and 1993-94.**

	1992-93 estimated outturn			1993-94 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 <sup>(2)</sup>								
Central Office of Information <sup>(2)</sup>								
Commonwealth Development Corporation		50		50		49		49
Companies House <sup>(2)</sup>		2		3			1	
Covent Garden Market Authority								
The Crown Agents								
The Crown Agents Holding and Realisation Board								
Development Board for Rural Wales	16	-1		15	16			16
Docklands Light Railway	93			93	26			26
English Industrial Estates Corporation	1			1	25			25
Fire Service College <sup>(2)</sup>		2		2		2		2
Her Majesty's Stationery Office <sup>(2)</sup>		-4		-4		-3		-3
Highlands and Islands Enterprise <sup>(3)</sup>	63			63	61			61
Housing Action Trusts	27			27	78	9		87
Land Authority For Wales								
Letchworth Garden City			-1	-1				
National Health Service Trusts		241	-31	210		209	-22	187
Northern Ireland Electricity Service								
Northern Ireland Housing Executive	154	59		213	153	55		208
Northern Ireland Public Trust								
Port Authorities								
Northern Ireland Transport Holding Company	24	2		26	23	-2		21
Oil and Pipelines Agency								
The Patent Office <sup>(2)</sup>		-1	-4	-5		-1	-3	-4
The Pilotage Commission								
Royal Mint <sup>(2)</sup>								
Scottish Enterprise	169	4		173	178			178
Scottish Homes	563	-254		308	309	-4		305
United Kingdom Atomic Energy Authority		18		18		-2		-2
Urban Development Corporations	468			468	365			365
Vehicle Inspectorate <sup>(2)</sup>								
Welsh Development Agency	75		1	76	58	2	2	62
The Welsh Fourth Channel Authority	59			59	65			65
<b>Total</b>	<b>1,710</b>	<b>118</b>	<b>-35</b>	<b>4,794</b>	<b>1,356</b>	<b>313</b>	<b>-22</b>	<b>1,646</b>

(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 planning and control purposes.

(3) Formerly the Highlands and Islands Development Board.

(4) Formerly the Scottish Development Agency.



4.39 **Table 4.17** provides a departmental analysis of the financing requirements of other public corporations for the period 1987–88 to 1995–96.

Table 4.17 Financing requirements <sup>(1)</sup> of public corporations (excluding nationalised industries) by department	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	£ million
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	1995–96 plans
Ministry of Defence									
Foreign and Commonwealth Office	-1	34	49	52	37	50	49		
Ministry of Agriculture, Fisheries and Food	-17	-1							
Trade and Industry	9	-17		61	9	16	20	8	5
ECGD									
Department of Employment	4	2							
Department of Transport									
DOE—Housing	83	79	69	56	53	35	103	88	90
DOE—Other environmental services	-168	-303	13	274	230	391	220	89	29
PSA									
Home Office <sup>(1)</sup>									
Department of Health	12	-49			-23	212	172	295	301
Department of National Heritage									
Scotland	242	196	374	451	593	597	573	612	643
Wales	63	96	111	131	133	125	134	162	202
Northern Ireland	336	282	220	173	164	245	237	243	251
Office of Public Service and Science	-7	-7	-7	-6	22	-4	-3	-3	
Chancellor of the Exchequer's Department's									
<b>Total public corporations (excluding nationalised industries)</b>	<b>557</b>	<b>311</b>	<b>830</b>	<b>1,192</b>	<b>1,218</b>	<b>1,728</b>	<b>1,572</b>	<b>1,560</b>	<b>1,592</b>

(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

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### Introduction

5.1 Local authorities account for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities in 1992–93 is estimated to be £69.8 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 2216)). 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 From April 1993, the community charge will be replaced by the Council Tax. Each household will receive a single bill, based on the broad valuation band into which the property falls and the number of adults living in it. The new tax is being introduced under the Local Government Finance Act 1992. The plans set out here include provision for the Council Tax Transitional Reduction scheme, which will offer transitional protection for at least two years to those householders who face the largest increases in their local tax bills. Arrangements for transitional reductions will be reviewed after a year in the light of experience.

5.5 The Local Government Commission for England has begun to look at the structure of local government in England and will report to the Secretary of State for the Environment with recommendations for the reform of local government structure in individual areas. The Secretary of State for Wales has announced his plans to create single-tier authorities in Wales (from 1995). The Secretary of State for Scotland has also announced his intention to move to single-tier authorities in Scotland. 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 new control total, with the exception of certain grants which are excluded to avoid double-counting with credit approvals/net capital allocations.



## 5. Local authorities

5.7 European Community grants in support of capital expenditure are an example of the grants which are excluded from the control total. Credit approvals/net capital allocations are set at a level which includes the expected value of these grants, so that government support is higher than it otherwise would have been. When local authorities actually receive these grants they have to set them aside to repay debt rather than further to increase capital spending, since their level of spending has already taken the grants into account.

5.8 **Table 5.1** shows, by territorial area, the central government support to local authorities component of the new control total for the years 1987-88 to 1995-96.

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5.30 The central government's support to local authorities

## Central government support for local authorities

5.31 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 raise other resources 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 new control total with the exception of certain grants which are excluded as so-called 'double-counting' with credit approvals/net capital allocations.



<b>Table 5.1 Central government support for local authorities in the United Kingdom by territorial area and type</b>									
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
	<b>£ million</b>								
<b>England</b>									
Revenue support grant <sup>(1)(2)</sup>	9,899	9,754	9,586	9,489	9,675	16,679	17,052	} 30,634	32,298
Non-domestic rate payments <sup>(2)(3)</sup>	8,188	8,896	9,721	10,428	12,408	12,306	11,559		
Current specific grants within AEF <sup>(4)</sup>	2,294	2,440	2,829	3,334	8,475	4,456	4,639	4,748	4,696
Current specific grants outside AEF <sup>(4)</sup>	5,354	5,185	5,502	7,268	8,707	10,796	10,250	10,850	11,250
Credit approvals <sup>(5)</sup>	2,790	2,621	2,350	2,897	3,309	3,358	3,004	2,986	2,880
Capital grants	612	653	793	916	1,102	1,293	1,352	1,212	1,219
<b>Total</b>	<b>29,136</b>	<b>29,550</b>	<b>30,782</b>	<b>34,333</b>	<b>43,675</b>	<b>48,888</b>	<b>47,837</b>	<b>50,450</b>	<b>52,350</b>
<i>Of which: AEF<sup>(2)(4)</sup></i>	<i>20,380</i>	<i>21,091</i>	<i>22,137</i>	<i>23,252</i>	<i>30,558</i>	<i>33,441</i>	<i>33,250</i>	<i>35,382</i>	<i>36,994</i>
<b>Scotland</b>									
Revenue support grant <sup>(1)(2)</sup>	1,705	2,007	2,346	2,496	2,692	3,500	3,590	} 5,013	5,167
Non-domestic rate payments <sup>(2)(3)</sup>	1,238	1,290	1,220	1,271	1,347	1,223	1,186		
Current specific grants within AEF <sup>(4)</sup>	208	225	252	281	751	360	386	408	429
Current specific grants outside AEF <sup>(4)</sup>	596	563	631	728	805	897	900	1,000	1,050
Net capital allocations <sup>(5)</sup>	785	762	764	779	783	864	795	897	927
Capital grants	17	20	38	32	57	77	160	102	103
<b>Total</b>	<b>4,550</b>	<b>4,869</b>	<b>5,252</b>	<b>5,587</b>	<b>6,434</b>	<b>6,920</b>	<b>7,050</b>	<b>7,400</b>	<b>7,650</b>
<i>Of which: AEF<sup>(2)(4)</sup></i>	<i>3,152</i>	<i>3,523</i>	<i>3,818</i>	<i>4,048</i>	<i>4,790</i>	<i>5,082</i>	<i>5,163</i>	<i>5,421</i>	<i>5,596</i>
<b>Wales</b>									
Revenue support grant <sup>(1)(2)</sup>	950	1,015	1,049	1,141	1,236	1,616	1,668	} 2,251	2,357
Non-domestic rate payments <sup>(2)(3)</sup>	338	368	414	443	525	536	470		
Current specific grants within AEF <sup>(4)</sup>	120	131	140	165	455	229	207	211	218
Current specific grants outside AEF <sup>(4)</sup>	301	304	314	419	493	574	550	600	600
Credit approvals <sup>(5)</sup>	297	292	304	260	299	323	352	353	382
Capital grants	34	32	34	156	170	222	226	229	233
<b>Total</b>	<b>2,040</b>	<b>2,141</b>	<b>2,255</b>	<b>2,584</b>	<b>3,179</b>	<b>3,500</b>	<b>3,472</b>	<b>3,600</b>	<b>3,750</b>
<i>Of which: AEF<sup>(2)(4)</sup></i>	<i>1,408</i>	<i>1,513</i>	<i>1,602</i>	<i>1,749</i>	<i>2,216</i>	<i>2,381</i>	<i>2,345</i>	<i>2,462</i>	<i>2,575</i>
<b>Great Britain</b>									
Revenue support grant <sup>(1)(2)</sup>	12,554	12,776	12,982	13,127	13,603	21,739	22,310	} 37,897	39,822
Non-domestic rate payments <sup>(2)(3)</sup>	9,764	10,554	11,355	12,143	14,280	14,065	13,215		
Current specific grants within AEF <sup>(4)</sup>	2,622	2,797	3,221	3,780	9,681	5,101	5,233	5,368	5,343
Current specific grants outside AEF <sup>(4)</sup>	6,251	6,053	6,447	8,415	10,005	12,267	11,700	12,400	12,900
Credit approvals <sup>(5)</sup>	3,872	3,676	3,419	3,936	4,391	4,545	4,152	4,236	4,189
Capital grants	664	705	865	1,104	1,329	1,591	1,738	1,543	1,555
<b>Total</b>	<b>35,727</b>	<b>36,560</b>	<b>38,289</b>	<b>42,504</b>	<b>53,288</b>	<b>59,308</b>	<b>58,350</b>	<b>61,450</b>	<b>63,800</b>
<i>Of which: AEF<sup>(2)(4)</sup></i>	<i>24,940</i>	<i>26,127</i>	<i>27,557</i>	<i>29,049</i>	<i>37,563</i>	<i>40,905</i>	<i>40,757</i>	<i>43,265</i>	<i>45,165</i>
<b>Northern Ireland</b>									
Current specific grants	41	41	42	44	49	52	50	52	53
Capital grants	9	5	7	3	5	4	13	11	10
<b>Total</b>	<b>50</b>	<b>46</b>	<b>50</b>	<b>47</b>	<b>54</b>	<b>56</b>	<b>63</b>	<b>63</b>	<b>63</b>
<b>United Kingdom</b>									
Revenue support grant <sup>(1)(2)</sup>	12,554	12,776	12,982	13,127	13,603	21,739	22,310	} 37,897	39,822
Non-domestic rate payments <sup>(2)(3)</sup>	9,764	10,554	11,355	12,143	14,280	14,065	13,215		
Current specific grants within AEF <sup>(4)</sup>	2,622	2,797	3,221	3,780	9,681	5,101	5,233	5,368	5,343
Current specific grants outside AEF <sup>(4)</sup>	6,292	6,094	6,490	8,458	10,054	12,319	11,750	12,450	12,950
Credit approvals <sup>(5)</sup>	3,872	3,676	3,419	3,936	4,391	4,545	4,152	4,236	4,189
Capital grants	673	710	873	1,107	1,334	1,596	1,754	1,555	1,565
<b>Total</b>	<b>35,777</b>	<b>36,606</b>	<b>38,338</b>	<b>42,551</b>	<b>53,342</b>	<b>59,364</b>	<b>58,400</b>	<b>61,550</b>	<b>63,850</b>
<i>Of which: AEF<sup>(2)(4)</sup></i>	<i>24,940</i>	<i>26,127</i>	<i>27,557</i>	<i>29,049</i>	<i>37,563</i>	<i>40,905</i>	<i>40,757</i>	<i>43,265</i>	<i>45,165</i>

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

(2) The figure for 1994-95 includes 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) 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) 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

5.9 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 local taxation, 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 local tax levels. The main examples are housing benefit and mandatory student awards.

5.10 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 head of population. 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 1995–96, **Inner London Education Grant,** which assists Inner London Boroughs which took on education responsibility for the first time in April 1990;

—for 1993–94 to 1995–96, **community care special grant** to support local authorities in respect of their new responsibilities for the provision of care in the community.

—other special grants to reduce the impact of excessive increases in individual household bills and to compensate local authorities whose Standard Spending Assessments (SSAs) have significantly decreased as a direct result of the use of the new census data.

5.11 From 1 April 1993 responsibility for the provision of further education will be transferred from local authorities to the Further Education Funding Councils, and the Scottish Office. For 1993–94, after adjusting for this transfer, aggregate external finance (AEF) and the Council Tax transitional arrangements taken together (for Great Britain) are planned to be about 3.3 per cent higher than AEF and the Community Charge Reduction Scheme in 1992–93. In addition £635 million will be provided within AEF to cover local authorities' new responsibilities for care in the community.



Table 5.2 Aggregate External Finance in Great Britain by territorial area and grant									
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
<b>England</b>									
Revenue support grant <sup>(1)(2)</sup>	9,899	9,754	9,586	9,489	9,675	16,679	17,052	} 30,634	32,298
Non-domestic rate payments <sup>(2)(3)</sup>	8,188	8,896	9,721	10,428	12,408	12,306	11,559		
Community charge grant					4,346	301	95		
Area protection grant				88	485	309			
Urban Programme	60	50	48	49	45	62	41	24	21
Magistrates courts	127	143	156	200	219	224	238	250	257
Community services	93	89	115	135	113	129	121	103	90
Probation and after care	145	158	174	208	246	259	274	292	307
Police	1,568	1,675	1,903	2,149	2,480	2,607	2,775	2,891	3,007
Grants for education support and training	138	146	199	206	221	204	165	163	144
Administration of housing benefit	105	111	110	103	119	124	133	139	141
Inner London Education grant		3	23	102	70	50	20	10	
Community Care special grant							539	652	518
Other grants	57	67	102	95	131	188	238	225	211
<b>Total<sup>(2)</sup></b>	<b>20,380</b>	<b>21,091</b>	<b>22,137</b>	<b>23,252</b>	<b>30,558</b>	<b>33,441</b>	<b>33,250</b>	<b>35,382</b>	<b>36,994</b>
<b>Scotland</b>									
Revenue support grant <sup>(1)(2)(4)</sup>	1,705	2,007	2,346	2,496	2,692	3,500	3,590	} 5,013	5,167
Non-domestic rate payments <sup>(2)(3)</sup>	1,238	1,290	1,220	1,271	1,347	1,223	1,186		
Community charge grant					437	24			
Urban Programme	21	22	27	32	41	51	49	51	52
Police	155	169	192	214	234	243	257	272	285
Administration of housing benefit	10	10	12	11	13	13	13	13	14
Other grants	22	25	21	24	26	29	67	72	78
<b>Total<sup>(2)</sup></b>	<b>3,152</b>	<b>3,523</b>	<b>3,818</b>	<b>4,048</b>	<b>4,790</b>	<b>5,082</b>	<b>5,163</b>	<b>5,421</b>	<b>5,596</b>
<b>Wales</b>									
Revenue support grant <sup>(1)(2)</sup>	950	1,015	1,049	1,141	1,236	1,616	1,668	} 2,251	2,357
Non-domestic rate payments <sup>(2)(3)</sup>	338	368	414	443	525	536	470		
Community charge grant					268	27	3		
Police	79	85	90	108	123	132	136	141	147
Other grants	41	46	50	57	64	70	68	70	71
<b>Total<sup>(2)</sup></b>	<b>1,408</b>	<b>1,513</b>	<b>1,602</b>	<b>1,749</b>	<b>2,216</b>	<b>2,381</b>	<b>2,345</b>	<b>2,462</b>	<b>2,575</b>
<b>Total Great Britain<sup>(2)</sup></b>	<b>24,940</b>	<b>26,127</b>	<b>27,557</b>	<b>29,049</b>	<b>37,563</b>	<b>40,905</b>	<b>40,757</b>	<b>43,265</b>	<b>45,165</b>

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

(2) The figure for 1994-95 includes 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) 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.

5.12 Table 5.3 shows, by territorial area, for the years 1987-88 to 1995-96, current specific grants outside AEF.



## 5. Local authorities

**Table 5.3 Current specific grants outside Aggregate External Finance in Great Britain by territorial area and grant**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	£ million 1995-96 plans
<b>England</b>									
Skills and competence for work	56	34	93	111	134	120	53	35	36
Work-related further education	106	105	97	97	99	95	96	99	101
Technical and vocational education initiative	51	80	110	114	132	107	111	72	42
Mandatory student awards	643	682	760	1,216	1,865	2,391	2,448	2,605	2,646
Rent rebates	1,971	2,021	2,147	2,313	2,610	3,084	3,100	3,550	3,750
Rent allowances	879	892	1,023	1,341	1,925	2,665	2,750	3,200	3,250
Rate/community charge rebates	1,537	1,286	1,299	1,830	956	1,277	1,341	1,400	1,450
Community charge transitional relief				253	17	2			
Community charge reduction scheme					1,024	1,057	60		
Council tax transitional reduction grant <sup>(1)</sup>							306		
Non-domestic rates: City of London offset				26	30	31	25	23	17
Other grants <sup>(2)</sup>	111	86	-26	-32	-86	-33	-75	-99	-75
<b>Total</b>	<b>5,354</b>	<b>5,185</b>	<b>5,502</b>	<b>7,268</b>	<b>8,707</b>	<b>10,796</b>	<b>10,250</b>	<b>10,850</b>	<b>11,250</b>
<b>Scotland</b>									
Rent rebates	284	297	337	378	412	460	550	600	650
Rent allowances	86	93	92	116	121	158	150	200	200
Rate/community charge rebates	215	161	184	190	105	141	150	150	200
Community charge transitional relief				24	2				
Community charge reduction scheme					144	107	17		
Other grants	12	13	18	19	22	32	28	24	20
<b>Total</b>	<b>596</b>	<b>563</b>	<b>631</b>	<b>728</b>	<b>805</b>	<b>897</b>	<b>900</b>	<b>1,000</b>	<b>1,050</b>
<b>Wales</b>									
Mandatory student awards	41	44	48	78	119	153	156	166	169
Rent rebates	132	136	149	157	161	183	200	200	200
Rent allowances	47	51	56	72	107	133	150	150	150
Rate/community charge rebates	69	63	53	79	21	38	38	50	50
Community charge transitional relief				20					
Community charge reduction scheme					65	40			
Other grants	12	12	8	13	19	28	19	17	9
<b>Total</b>	<b>301</b>	<b>304</b>	<b>314</b>	<b>419</b>	<b>493</b>	<b>574</b>	<b>550</b>	<b>600</b>	<b>600</b>
<b>Total Great Britain</b>	<b>6,251</b>	<b>6,053</b>	<b>6,447</b>	<b>8,415</b>	<b>10,005</b>	<b>12,267</b>	<b>11,700</b>	<b>12,400</b>	<b>12,900</b>

(1) Included within the Aggregate External Finance envelope calculation for that year.

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

## Revenue spending and support

The published figures for spending and support are affected by important changes in local authorities' responsibilities (including new responsibilities for Care in the Community and the transfer of responsibility for Further Education to the Further Education Funding Council). After adjusting for these transfers, the Aggregate External Finance "envelope" (ie AEF and transitional arrangements taken together) account for around 80 per cent of local authority revenue spending in 1990-91 and 1991-92. In 1992-93 it is estimated that the AEF envelope will again fund around 80 per cent of revenue spending. For 1994-95 and 1995-96 the expenditure plans assume that local authority revenue spending will grow at the same rate as the AEF envelope (again after adjustment for transfer of responsibility for function transfers).



## 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 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 territorial area 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 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 70 per cent of estimated gross local authority capital expenditure. The requirement to set aside “reserved parts” of receipts is with certain exceptions suspended from 13 November 1992 to 31 December 1993. Local authorities in England and Wales will be able to spend 100 per cent of new receipts which they receive during that period on capital programmes. This measure is expected to stimulate additional spending of £1 billion. Any receipts not spent during the relaxation period will provide support for spending in the following years.

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 distributes 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 fewer BCAs to authorities which have many receipts.



## 5. Local authorities

<b>Table 5.4 Central government capital support for local authorities in Great Britain by territorial area, cash block<sup>(1)</sup> and service</b>							<b>£ million</b>		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>England</b>									
<b>ELAB<sup>(2)</sup></b>									
<b>Credit approvals<sup>(3)</sup></b>									
Housing	1,437	1,318	1,091	1,561	1,705	1,538	1,375	1,413	1,367
Transport	411	477	412	482	570	630	647	640	652
Education	359	386	353	436	492	554	382	330	266
Personal social services	68	73	67	84	106	128	132	135	140
Fire services	32	14	17	43	45	51	55	53	55
Ministry of Agriculture, fisheries and food <sup>(4)</sup>	12	9	11	13	13	17	16	18	16
National Heritage	39	39	39	39	39	30	10	10	14
Other services <sup>(5)</sup>	319	179	222	135	197	204	211	231	213
<b>Total credit approvals</b>	<b>2,676</b>	<b>2,496</b>	<b>2,212</b>	<b>2,793</b>	<b>3,168</b>	<b>3,153</b>	<b>2,826</b>	<b>2,829</b>	<b>2,724</b>
<b>Capital grants</b>									
Housing	147	190	326	289	346	423	393	291	274
Transport	183	193	213	265	346	394	450	457	458
Education	4	12	14	13	14	14	14	14	15
Personal social services	1	1	2	2	2	4	3	3	4
Ministry of Agriculture, fisheries and food <sup>(4)</sup>	17	18	17	17	21	23	23	24	24
Other Services <sup>(6)</sup>									
Environment	7	8	8	10	12	17	16	16	16
Other	4	3	2	4	3	8	4	3	3
Total Other Services	12	11	11	13	15	25	20	19	20
<b>Total capital grants</b>	<b>363</b>	<b>425</b>	<b>583</b>	<b>600</b>	<b>745</b>	<b>884</b>	<b>903</b>	<b>809</b>	<b>794</b>
<b>TOTAL ELAB<sup>(2)</sup></b>	<b>3,039</b>	<b>2,921</b>	<b>2,795</b>	<b>3,394</b>	<b>3,913</b>	<b>4,037</b>	<b>3,729</b>	<b>3,638</b>	<b>3,518</b>
<b>Protective Services</b>									
England									
Credit approvals <sup>(3)</sup>	56	67	81	52	78	91	99	96	99
Capital grants	25	31	23	126	156	178	183	189	195
Wales									
Credit approvals <sup>(3)</sup>	6	4	2	2	5	5	5	5	6
Capital grants	1	1	2	4	7	10	10	11	11
<b>Total Protective Services</b>	<b>88</b>	<b>104</b>	<b>107</b>	<b>185</b>	<b>245</b>	<b>283</b>	<b>298</b>	<b>301</b>	<b>311</b>
<b>Urban Programme</b>									
Credit approvals <sup>(3)</sup>	58	58	57	51	63	74	79	61	57
Capital grants	223	195	185	189	199	229	264	212	229
<b>Total Urban Programme</b>	<b>280</b>	<b>252</b>	<b>243</b>	<b>239</b>	<b>263</b>	<b>303</b>	<b>343</b>	<b>274</b>	<b>286</b>
Memo item: not in cash blocks <sup>(6)</sup>									
Capital grants	2	2	2	1	1	2	1	1	1
Credit approvals						41			
<b>England - Total</b>	<b>3,402</b>	<b>3,274</b>	<b>3,143</b>	<b>3,813</b>	<b>4,411</b>	<b>4,651</b>	<b>4,356</b>	<b>4,198</b>	<b>4,100</b>



Table 5.4 Central government capital support for local authorities in Great Britain by territorial area, cash block <sup>(1)</sup> and service (continued)							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Scotland</b>									
<b>SO/LA1 - non-housing</b>									
Net capital allocations <sup>(7)</sup>	372	426	453	456	477	578	507	588	607
Capital grants	15	18	35	31	55	75	158	100	101
<b>SO/LA2 - housing</b>									
Net capital allocations <sup>(7)</sup>	410	335	310	323	305	286	288	308	319
Capital grants	2	2	3	2	2	2	2	3	3
Memo item: not in cash limit <sup>(8)</sup>									
Net capital allocations	3	1	1	1	1			1	1
<b>Scotland - Total</b>									
Total net capital allocations	802	783	803	811	840	941	956	999	1,030
Total capital grants	785	762	764	779	783	864	795	897	927
	17	20	38	32	57	77	160	102	103
<b>Wales</b>									
<b>WOLAB<sup>(9)</sup></b>									
<b>Credit approvals<sup>(3)</sup></b>									
Welsh Office	287	286	301	255	292	315	344	344	372
Other departments <sup>(10)</sup>	4	2	2	3	3	3	4	4	4
<b>Total credit approvals</b>	<b>291</b>	<b>288</b>	<b>302</b>	<b>258</b>	<b>295</b>	<b>318</b>	<b>347</b>	<b>348</b>	<b>376</b>
<b>Capital grants</b>									
Welsh Office	33	30	33	152	163	212	216	218	222
<b>Total WOLAB<sup>(9)(11)</sup></b>	<b>324</b>	<b>318</b>	<b>335</b>	<b>410</b>	<b>458</b>	<b>530</b>	<b>563</b>	<b>566</b>	<b>597</b>
<b>Wales - Total</b>	<b>331</b>	<b>324</b>	<b>339</b>	<b>416</b>	<b>470</b>	<b>545</b>	<b>578</b>	<b>582</b>	<b>614</b>
<b>Total Great Britain</b>									
<i>of which:</i>	<b>4,536</b>	<b>4,381</b>	<b>4,284</b>	<b>5,040</b>	<b>5,720</b>	<b>6,136</b>	<b>5,890</b>	<b>5,779</b>	<b>5,744</b>
<i>Credit approvals<sup>(3)(12)</sup></i>	3,872	3,676	3,419	3,936	4,391	4,545	4,152	4,236	4,189
<i>Capital grants</i>	664	705	865	1,104	1,329	1,591	1,738	1,543	1,555

(1) The blocks reflect the arrangements for monitoring capital 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, DFE/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) 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 national heritage.

(6) Grants for internal drainage boards and miscellaneous grants from Foreign and Commonwealth Office, Credit approvals for Council Tax preparation costs.

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

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

(9) 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.

(10) Includes transport, employment and Home Office.

(11) 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.

(12) 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.

<b>Table 5.5 Central government support for local authorities in the United Kingdom by department</b>									
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	£ million
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	1995-96
						outturn			plans
<b>Current</b>									
Ministry of Agriculture, fisheries and food	31	29	-55	-113	-129	-157	-186	-207	-212
Department of Trade and Industry		1		1	4	15	20	26	25
Department of Employment	255	263	358	387	422	380	319	267	239
Department of Transport	2	2	2	2	2	2	2	2	2
DOE - Housing <sup>(1)</sup>	22	26	26	2,351	2,635	3,045	3,060	3,499	3,695
DOE - Environment	75	66	64	61	60	91	98	81	79
DOE - Local government	18,234	18,817	19,521	20,342	27,993	30,744	29,128	30,657	32,314
Home Office	1,931	2,055	2,311	2,623	2,995	3,168	3,343	3,459	3,584
Lord Chancellor's Department	134	150	164	210	232	236	251	265	271
Department of Education	823	875	1,030	1,606	2,282	2,804	2,797	2,952	2,967
Department of Health		7	21	29	56	84	625	740	610
Department of Social Security <sup>(1)</sup>	5,221	4,958	5,267	4,117	3,792	5,113	5,400	6,050	6,300
Scotland	3,149	3,516	3,804	4,060	4,938	5,204	5,212	5,425	5,596
Wales	1,315	1,416	1,491	1,788	2,287	2,441	2,368	2,476	2,581
Northern Ireland	41	41	42	44	49	52	50	52	53
<b>Total current</b>	<b>31,232</b>	<b>32,220</b>	<b>34,047</b>	<b>37,508</b>	<b>47,617</b>	<b>53,223</b>	<b>52,500</b>	<b>55,750</b>	<b>58,100</b>
<b>Capital</b>									
Ministry of Agriculture, fisheries and food	30	28	29	31	36	43	39	43	42
Department of Trade and Industry	1	1							
Department of Employment	4	3	3	5	4	9	5	5	5
Department of Transport	596	671	627	747	914	1,024	1,097	1,098	1,110
DOE - Housing	1,588	1,514	1,422	1,858	2,060	1,974	1,780	1,717	1,654
DOE - Environment	602	434	467	377	463	512	557	507	502
DOE - Local government						41			
Home Office	92	79	86	179	235	269	285	282	293
Chancellor's department	31	40	40	51	57	68	70	75	76
Department of Education	363	399	367	449	506	568	396	344	281
Department of National Heritage	39	39	39	39	39	30	10	10	14
Department of Health	69	74	69	86	108	132	135	138	144
Scotland	800	781	801	811	839	941	955	999	1,029
Wales	320	316	334	407	455	527	560	563	594
Northern Ireland	9	5	7	3	5	4	13	11	10
<b>Total capital<sup>(2)</sup></b>	<b>4,545</b>	<b>4,386</b>	<b>4,292</b>	<b>5,043</b>	<b>5,725</b>	<b>6,141</b>	<b>5,903</b>	<b>5,790</b>	<b>5,754</b>
<b>Total</b>	<b>35,777</b>	<b>36,606</b>	<b>38,338</b>	<b>42,551</b>	<b>53,342</b>	<b>59,364</b>	<b>58,415</b>	<b>61,550</b>	<b>63,850</b>

(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 territorial area. **Table 5.7** shows the same information broken down by economic category.

<b>Table 5.6 Local authority expenditure in the United Kingdom by territorial area</b>						
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
	outturn	outturn	outturn	outturn	outturn	estimated
						outturn
	£ million					
<b>England</b>						
Current expenditure	30,692	32,864	35,517	39,605	44,809	49,142
Capital expenditure	2,653	2,100	5,004	3,663	4,172	4,546
<i>of which:</i>						
Gross capital expenditure	6,472	7,518	10,083	6,922	6,445	6,781
Capital receipts	-3,818	-5,418	-5,079	-3,259	-2,274	-2,235
<b>Total England</b>	<b>33,345</b>	<b>34,964</b>	<b>40,521</b>	<b>43,268</b>	<b>48,801</b>	<b>53,688</b>
<b>Scotland</b>						
Current expenditure	3,847	4,135	4,564	5,012	5,411	5,778
Capital expenditure	829	793	814	810	840	940
<i>of which:</i>						
Gross capital expenditure	1,090	1,161	1,252	1,241	1,142	1,238
Capital receipts	-261	-368	-438	-431	-302	-297
<b>Total Scotland</b>	<b>4,676</b>	<b>4,928</b>	<b>5,378</b>	<b>5,822</b>	<b>6,251</b>	<b>6,719</b>
<b>Wales</b>						
Current expenditure	1,802	1,983	2,193	2,465	2,800	3,040
Capital expenditure	401	308	417	460	518	647
<i>of which:</i>						
Gross capital expenditure	526	533	658	587	610	724
Capital receipts	-125	-225	-241	-127	-92	-77
<b>Total Wales</b>	<b>2,203</b>	<b>2,291</b>	<b>2,610</b>	<b>2,925</b>	<b>3,310</b>	<b>3,687</b>
<b>Great Britain</b>						
Current expenditure	36,340	38,982	42,274	47,082	53,017	57,960
Capital expenditure	3,884	3,201	6,236	4,933	5,530	6,133
Capital Receipts Package						
Addition <sup>(1)</sup>						200
<i>of which:</i>						
Gross capital expenditure	8,088	9,213	11,994	8,751	8,197	8,943
Capital receipts	-4,204	-6,011	-5,758	-3,818	-2,667	-2,610
<b>Total Great Britain</b>	<b>40,224</b>	<b>42,183</b>	<b>48,509</b>	<b>52,016</b>	<b>58,547</b>	<b>64,293</b>
<b>Northern Ireland</b>						
Current expenditure	98	114	115	122	127	135
Capital expenditure	28	29	31	32	33	36
<i>of which:</i>						
Gross capital expenditure	29	30	32	33	34	37
Capital receipts	-1	-1	-1	-1	-1	-1
<b>Total Northern Ireland</b>	<b>126</b>	<b>143</b>	<b>146</b>	<b>154</b>	<b>160</b>	<b>172</b>
<b>United Kingdom</b>						
Current expenditure	36,438	39,096	42,389	47,205	53,145	58,095
Capital expenditure	3,911	3,230	6,266	4,965	5,563	6,370
<i>of which:</i>						
Gross capital expenditure	8,117	9,242	12,025	8,784	8,231	8,980
Capital receipts	-4,205	-6,012	-5,759	-3,818	-2,668	-2,611
Local authority debt						
interest	4,654	5,088	5,276	5,485	5,612	5,300
<b>Total United Kingdom</b>	<b>45,004</b>	<b>47,414</b>	<b>53,931</b>	<b>57,655</b>	<b>64,319</b>	<b>69,800</b>
<i>of which:</i>						
Expenditure excluding debt						
interest	40,350	42,326	48,655	52,170	58,707	64,500

(1) Additional gross capital expenditure in 1992-93 from relaxation of receipts rules—see paragraph 5.15.



<b>Table 5.7 Local authority expenditure in the United Kingdom by territorial area and economic category</b>						
	1987-88	1988-89	1989-90	1990-91	1991-92	£ million 1992-93 estimated outturn
	outturn	outturn	outturn	outturn	outturn	
<b>England</b>						
Pay	21,178	23,236	24,503	26,649	29,118	} 39,488
Other current expenditure on goods and services	4,613	4,606	5,429	6,890	7,814	
Subsidies	919	791	797	351	431	454
Current grants to persons	3,982	4,231	4,788	5,715	7,442	9,200
Net capital expenditure on assets	2,230	1,593	4,214	3,078	3,578	3,888
Capital grants	709	741	892	807	1,015	1,051
Lending and other financial transactions	-286	-234	-102	-222	-421	-393
<b>Total England</b>	<b>33,345</b>	<b>34,964</b>	<b>40,521</b>	<b>43,268</b>	<b>48,978</b>	<b>53,688</b>
<b>Scotland</b>						
Pay	2,276	2,463	2,623	2,898	3,276	} 4,986
Other current expenditure on goods and services	1,000	1,090	1,317	1,466	1,398	
Subsidies	137	125	85	77	82	85
Current grants to persons	433	457	538	571	655	707
Net capital expenditure on assets	691	638	672	681	745	825
Capital grants	146	153	149	134	102	120
Lending and other financial transactions	-8	2	-7	-5	-7	-5
<b>Total Scotland</b>	<b>4,676</b>	<b>4,928</b>	<b>5,378</b>	<b>5,822</b>	<b>6,251</b>	<b>6,719</b>
<b>Wales</b>						
Pay	1,243	1,365	1,470	1,605	1,794	} 2,535
Other current expenditure on goods and services	302	349	427	523	575	
Subsidies	13	4	4	2		1
Current grants to persons	243	266	292	336	431	504
Net capital expenditure on assets	354	258	352	370	399	469
Capital grants	71	68	81	93	130	178
Lending and other financial transactions	-23	-18	-16	-4	-11	
<b>Total Wales</b>	<b>2,203</b>	<b>2,291</b>	<b>2,610</b>	<b>2,925</b>	<b>3,318</b>	<b>3,687</b>
<b>Great Britain</b>						
Pay	24,697	27,063	28,596	31,152	34,189	} 47,009
Other current expenditure on goods and services	5,916	6,045	7,173	8,879	9,786	
Subsidies	1,070	919	886	430	514	540
Current grants to persons	4,658	4,954	5,619	6,622	8,528	10,412
Net capital expenditure on assets	3,275	2,489	5,239	4,130	4,722	5,182
Capital grants	926	962	1,122	1,034	1,246	1,349
Lending and other financial transactions	-317	-250	-125	-231	-438	-398
Capital receipts package addition <sup>(1)</sup>						200
<b>Total Great Britain</b>	<b>40,224</b>	<b>42,183</b>	<b>48,509</b>	<b>52,016</b>	<b>58,547</b>	<b>64,293</b>
<b>Northern Ireland</b>						
Pay	91	109	110	115	122	} 135
Other current expenditure on goods and services	8	4	5	7	5	
Subsidies						
Current grants to persons						
Net capital expenditure on assets	28	29	30	32	32	36
Capital grants		1	1	1	1	1
Lending and other financial transactions						
<b>Total Northern Ireland</b>	<b>126</b>	<b>143</b>	<b>146</b>	<b>154</b>	<b>160</b>	<b>172</b>



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

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
	outturn	outturn	outturn	outturn	outturn	estimated outturn
	£ million					
<b>United Kingdom</b>						
Pay	24,787	27,172	28,706	31,267	34,311	} 47,144
Other current expenditure on goods and services	5,923	6,050	7,178	8,886	9,791	
Subsidies	1,070	919	886	430	514	540
Current grants to persons	4,658	4,954	5,619	6,622	8,345	10,412
Net capital expenditure on assets	3,303	2,518	5,269	4,161	4,754	5,218
Capital grants	926	963	1,123	1,035	1,247	1,350
Lending and other financial transactions	-317	-250	-125	-231	-438	-398
Capital receipts package addition						200
Local authority debt interest	4,654	5,088	5,276	5,485	5,612	5,300
<b>Total United Kingdom</b>	<b>45,004</b>	<b>47,414</b>	<b>53,931</b>	<b>57,655</b>	<b>64,319</b>	<b>69,800</b>
<i>of which:</i>						
<i>Expenditure excluding debt interest</i>	<i>40,350</i>	<i>42,326</i>	<i>48,655</i>	<i>52,170</i>	<i>58,707</i>	<i>64,500</i>

(1) See footnote (1) to table 5.6.

5.19 Current expenditure in 1992-93 is expected to be £58.1 billion, an increase of £5.0 billion over 1991-92.

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 1987-88 to 1992-93.

**Table 5.8 Local authority current expenditure in the United Kingdom territorial area and function**

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
	outturn	outturn	outturn	outturn	outturn	estimated outturn
	£ million					
<b>England</b>						
Agriculture, fisheries, and food	163	171	96	58	58	63
Trade, industry, and employment	186	204	212	269	285	311
Roads and transport	1,806	1,790	1,926	2,208	2,389	2,455
Housing	704	672	671	306	316	338
Other environmental services	2,558	2,696	3,028	3,829	4,215	4,510
Law, order and protective services	4,250	4,681	5,284	5,894	6,578	7,086
Education	14,124	15,158	15,828	17,223	19,731	21,522
National heritage	848	911	1,008	1,149	1,134	1,161
Personal social services	2,968	3,301	3,717	4,221	4,639	5,005
Social security	3,085	3,279	3,747	4,449	5,461	6,691
<b>Total current expenditure in England</b>	<b>30,692</b>	<b>32,864</b>	<b>35,517</b>	<b>39,605</b>	<b>44,806</b>	<b>49,142</b>



**Table 5.8 Local authority current expenditure in the United Kingdom territorial area and function (continued)**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	£ million 1992-93 estimated outturn
<b>Scotland</b>						
Agriculture, fisheries, food and forestry	4	3	3	3	4	4
Trade, industry, and employment	14	20	19	23	25	21
Roads and transport	304	318	340	352	377	400
Housing	45	30	11	8	5	5
Other environmental services	403	434	458	507	560	588
Law, order and protective services	416	444	502	563	607	650
Education	1,805	1,959	2,162	2,355	2,509	2,673
National heritage	60	65	73	87	92	97
Personal social services	393	440	499	574	619	680
Social security	404	422	497	540	613	659
<b>Total current expenditure in Scotland</b>	<b>3,847</b>	<b>4,135</b>	<b>4,564</b>	<b>5,012</b>	<b>5,411</b>	<b>5,778</b>
<b>Wales</b>						
Agriculture, fisheries, and food	10	10	12	11	13	14
Trade, industry, and employment	13	14	17	19	21	22
Roads and transport	122	128	139	151	159	169
Housing	11	13	14	16	13	13
Other environmental services	203	223	253	300	339	372
Law, order and protective services	225	246	279	307	344	370
Education	856	941	1,025	1,139	1,292	1,386
National heritage	21	24	26	29	32	34
Personal social services	149	176	200	236	272	304
Social security	192	209	228	257	307	355
<b>Total current expenditure in Wales</b>	<b>1,802</b>	<b>1,983</b>	<b>2,193</b>	<b>2,465</b>	<b>2,800</b>	<b>3,040</b>
<b>Total current expenditure in Northern Ireland</b>	<b>98</b>	<b>114</b>	<b>115</b>	<b>122</b>	<b>127</b>	<b>135</b>
<b>Total current expenditure the United Kingdom</b>	<b>36,438</b>	<b>39,096</b>	<b>42,389</b>	<b>47,205</b>	<b>53,145</b>	<b>58,095</b>

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

**Table 5.9 Local authority gross capital expenditure in the United Kingdom territorial area, cash block and service<sup>(1)</sup>**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	£ million 1992-93 estimated outturn
<b>England</b>						
<b>ELAB<sup>(2)</sup></b>						
Housing	3,124	3,402	4,784	2,843	2,262	2,176
Transport	775	961	1,134	964	1,040	1,112
Education	592	766	890	813	793	940
Personal Social Services	144	171	218	168	157	180
Home Office	53	60	69	48	46	55
Ministry of Agriculture, Fisheries and Food <sup>(3)</sup>	29	41	49	50	35	26
Sport and recreation	166	209	347	291	249	240
Other Services						
Environment	944	1,204	1,670	938	858	1,049
Other departments <sup>(4)</sup>	60	76	111	68	54	87
Housing Association Grant	122	169	314	278	429	376
<b>ELAB<sup>(2)</sup></b>	<b>6,008</b>	<b>7,058</b>	<b>9,586</b>	<b>6,459</b>	<b>5,923</b>	<b>6,240</b>



**Table 5.9 Local authority gross capital expenditure in the United Kingdom territorial area, cash block and service <sup>(1)</sup> (continued)**

	£ million					
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Law and Order Services</b>						
England	169	197	242	226	270	277
Wales	10	13	16	6	13	17
<b>Total Law and Order Services</b>	<b>179</b>	<b>210</b>	<b>258</b>	<b>232</b>	<b>283</b>	<b>294</b>
<b>Urban Programme</b>						
Other environmental services	257	228	220	217	233	239
Other departments	29	30	30	17	16	22
<b>Total Urban Programme</b>	<b>286</b>	<b>257</b>	<b>250</b>	<b>234</b>	<b>249</b>	<b>261</b>
<b>Memo item: not in cash blocks <sup>(5)</sup></b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>2</b>
<b>England-Total</b>	<b>6,472</b>	<b>7,518</b>	<b>10,083</b>	<b>6,922</b>	<b>6,445</b>	<b>6,781</b>
<b>Scotland</b>						
SO/LA1—non housing	493	544	616	628	572	691
SO/LA2—housing	596	616	635	612	569	547
Memo item: not in cash blocks <sup>(6)</sup>	2	1	1	1	1	
<b>Scotland-Total</b>	<b>1,090</b>	<b>1,161</b>	<b>1,252</b>	<b>1,241</b>	<b>1,142</b>	<b>1,238</b>
<b>Wales</b>						
<b>WOLAB <sup>(2)</sup></b>						
Home Office	4	2	3	5	5	5
Welsh Office	513	518	639	576	592	703
<b>Total WOLAB <sup>(2)</sup></b>	<b>517</b>	<b>520</b>	<b>642</b>	<b>581</b>	<b>597</b>	<b>707</b>
<b>Wales-Total</b>	<b>526</b>	<b>533</b>	<b>658</b>	<b>587</b>	<b>610</b>	<b>724</b>
<b>Capital receipts package addition <sup>(7)</sup></b>						<b>200</b>
<b>Local authority gross capital expenditure in Great Britain</b>	<b>8,088</b>	<b>9,213</b>	<b>11,994</b>	<b>8,751</b>	<b>8,197</b>	<b>8,943</b>
<b>Local authority gross Capital expenditure in Northern Ireland</b>	<b>29</b>	<b>30</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>37</b>
<b>Local authority gross capital expenditure in the United Kingdom</b>	<b>8,117</b>	<b>9,242</b>	<b>12,025</b>	<b>8,784</b>	<b>8,231</b>	<b>8,980</b>

(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 environmental services, employment, trade and industry, agriculture, fisheries and food (other than flood and coast protection and harbour improvements) and national heritage (other than sport and recreation).

(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.

(7) See footnote (1) to table 5.6.



**Table 5.10 Local authority capital receipts in the United Kingdom by territorial area, cash block and service <sup>(1)</sup>**

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn
<b>£ million</b>						
<b>England ELAB<sup>(2)</sup></b>						
Housing	2,369	3,423	3,318	2,396	1,545	1,700
Transport	76	161	109	52	72	43
Education	186	300	216	152	96	43
Personal Social Services	56	68	67	27	25	22
Home Office	4	5	1	2	3	2
Ministry of Agriculture, Fisheries and Food <sup>(3)</sup>						
Sport and recreation	10	15	22	11	6	5
Other Services <sup>(4)</sup>						
Environment	1,040	1,359	1,289	580	476	389
Other departments	30	46	43	22	31	12
<b>Total ELAB<sup>(2)</sup></b>	<b>3,771</b>	<b>5,378</b>	<b>5,066</b>	<b>3,242</b>	<b>2,254</b>	<b>2,215</b>
<b>Law and Order Services</b>						
England	57	56	35	29	25	25
Wales	1	3	2	1	2	1
<b>Total Law and Order Services</b>	<b>59</b>	<b>59</b>	<b>38</b>	<b>30</b>	<b>28</b>	<b>26</b>
<b>England-Total</b>	<b>3,818</b>	<b>5,418</b>	<b>5,079</b>	<b>3,259</b>	<b>2,274</b>	<b>2,235</b>
<b>Wales WOLAB<sup>(2)</sup></b>	<b>124</b>	<b>222</b>	<b>239</b>	<b>126</b>	<b>89</b>	<b>76</b>
<b>Wales-Total</b>	<b>125</b>	<b>225</b>	<b>241</b>	<b>127</b>	<b>92</b>	<b>77</b>
<b>Scotland</b>						
SO/LA1—non housing	77	89	116	143	39	39
SO/LA2—housing	184	279	322	288	263	258
<b>Scotland-Total</b>	<b>261</b>	<b>368</b>	<b>438</b>	<b>431</b>	<b>302</b>	<b>297</b>
<b>Local authority capital receipts in Great Britain</b>	<b>4,214</b>	<b>6,027</b>	<b>5,780</b>	<b>3,829</b>	<b>2,673</b>	<b>2,615</b>
<b>Local authority capital receipts in Northern Ireland</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Local authority capital receipts in the United Kingdom</b>	<b>4,205</b>	<b>6,012</b>	<b>5,759</b>	<b>3,818</b>	<b>2,668</b>	<b>2,611</b>

(1) The blocks reflect the arrangements for controlling and distributing central government support for local authorities and the arrangements for monitoring local authority capital 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 agriculture, fisheries and food receipts are included in the "Other Services".

(4) Includes environmental services, employment, trade and industry, agriculture, fisheries and food (other than flood and coast protection and harbour improvements) and national heritage (other than sport and recreation).

5.22 Local authority gross capital spending in Great Britain in 1991-92 totalled £8.2 billion with offsetting receipts of £2.7 billion. In 1992-93 gross capital spending is expected to increase to £9.0 billion with offsetting receipts of £2.6 billion. The outturn for net capital spending in 1992-93 is estimated at around £6.4 billion. This includes the effects of the capital receipts measure outlined in paragraph 5.15 which will release additional receipts for capital spending from 13 November 1992. These estimates take account of the returns from local authorities on capital expenditure in the first quarter of 1992-93.

**1993-94 to 1995-96** 5.23 Central government support to local authorities and local authority self-financed expenditure both score in the new control total. Total local authority expenditure is the sum of central government support for local authorities and local authority self-financed expenditure.



5.24 The latest estimate of total local authority expenditure in 1992–93 is £69.8 billion.

5.25 The projections for the later years are as in the Autumn Statement. The figures are set out in **Table 5.11**.

	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	£ million		
	outturn	outturn	outturn	outturn	outturn	estimated outturn	1993–94 plans	1994–95 plans	1995–96 plans
Central government support	35,777	36,606	38,338	42,551	53,342	59,364	58,400	61,550	63,850
Local authority self-financed expenditure	9,227	10,808	15,593	15,104	10,978	10,400	11,100	11,000	10,800
<b>Total local authority expenditure<sup>(1)</sup></b>	<b>45,004</b>	<b>47,414</b>	<b>53,931</b>	<b>57,655</b>	<b>64,319</b>	<b>69,800</b>	<b>69,500</b>	<b>72,500</b>	<b>74,700</b>

(1) The estimated outturn figures for 1992–93 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 £100 million.

5.26 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 5.9 (a)** above), that is those funded from AEF and the community charge. For 1993–94, TSS in England has been £41.1 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.

5.27 **Table 5.12** sets out Total Standard Spending and its equivalents for 1993–94.

		£ million	
<b>England and Wales: Total Standard Spending</b>			
	England	Wales <sup>(1)</sup>	
Education	16,854		
Personal social services	5,559		
Police	5,552		
Fire and civil defence	1,157		
Highway maintenance	1,736		
Other services	8,278		
Capital financing	2,006		
<b>Total</b>	<b>41,142</b>	<b>2,598</b>	
<b>Scotland: Total Government Supported Expenditure</b>			
	Scotland		
Education, Libraries and Museums	2,585		
Health and personal social services	746		
Law, order, and protective services	673		
Roads and transport	415		
Environmental services	606		
Miscellaneous	12		
Other services	47		
Loans and Leasing Charges	736		
<b>Total</b>	<b>5,820</b>		

(1) Service Split for Wales not yet available.



5.28 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 and taking into account the effects of the capital receipts measure (described in paragraph 5.15), total capital spending would be of the order of £9½ billion. The inflow of capital receipts for 1993–94 is projected to be of the order of £2¾ billion.

5.29 **Table 5.13** sets out total local authority expenditure by department for 1987–88 to 1992–93.

	£ million					
	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 estimated outturn
<b>Current</b>						
Ministry of Agriculture, fisheries and food	168	175	100	63	62	68
Department of Trade and Industry	83	91	106	119	138	154
Department of Employment	120	137	131	178	178	192
Department of Transport	1,806	1,790	1,926	2,208	2,389	2,455
DOE—Housing <sup>(1)</sup>	704	672	671	306	316	338
DOE—Environment	2,558	2,696	3,028	3,829	4,215	4,510
DOE—Local government						
Home Office	4,295	4,735	5,338	5,952	6,637	7,165
Lord Chancellor's Department	179	193	224	249	285	291
Department of Education	14,173	15,212	15,887	17,302	19,850	21,674
Department of National Heritage	848	911	1,008	1,149	1,134	1,161
Department of Health	2,988	3,301	3,717	4,211	4,639	5,005
Department of Social Security <sup>(1)</sup>	3,681	3,910	4,472	5,245	6,389	7,705
Scotland	3,430	3,695	4,050	4,453	4,777	5,094
Wales	1,327	1,465	1,615	1,810	2,007	2,146
Northern Ireland	98	114	115	122	127	135
<b>Total current</b>	<b>36,438</b>	<b>39,096</b>	<b>42,389</b>	<b>47,205</b>	<b>53,145</b>	<b>58,095</b>
<b>Capital</b>						
Ministry of Agriculture, fisheries and food	17	13	23	39	14	21
Department of Trade and Industry	1	1	2	1	1	1
Department of Employment	4	5	5	2	2	2
Department of Transport	711	812	1,037	924	980	1,085
DOE—Housing	878	148	1,779	725	1,146	852
DOE—Environment	161	73	601	575	614	899
DOE—Local government						
Home Office	139	165	240	201	244	266
Lord Chancellor's Department	34	43	51	51	59	60
Department of Education	427	493	708	672	703	902
Department of National Heritage	201	251	419	336	288	314
Department of Health	94	109	157	147	138	164
Scotland	827	792	813	810	839	940
Wales	389	296	401	451	503	627
Northern Ireland	28	29	31	32	33	36
Capital receipts package addition <sup>(2)</sup>						200
<b>Total capital<sup>(3)</sup></b>	<b>3,911</b>	<b>3,230</b>	<b>6,266</b>	<b>4,965</b>	<b>5,563</b>	<b>6,370</b>
<b>Debt interest</b>	<b>4,654</b>	<b>5,088</b>	<b>5,276</b>	<b>5,485</b>	<b>5,612</b>	<b>5,286</b>
<b>Total</b>	<b>45,004</b>	<b>47,414</b>	<b>53,931</b>	<b>57,655</b>	<b>64,319</b>	<b>69,800</b>

(1) Support for rent rebates is included against DOE—Housing from 1990–91 and the Department of Social Security in earlier years.  
(2) See footnote (1) to table 5.6.  
(3) Includes small amounts of capital support in years up to 1988–89 by Ministry of Defence and the Foreign Office which are not shown in the table (less than £0.5 million in each year).



## Financing of local authority spending

5.30 **Table 5.14** shows how local government expenditure in the United Kingdom was financed in the years up to 1991–92. 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 5.14 Financing of local authority expenditure in the United Kingdom<sup>(1)</sup>, 1987–88 to 1991–92**

	1987–88	1988–89	1989–90	1990–91	£ million 1991–92
<b>Local authority public expenditure in the United Kingdom</b> (as in Table 5.6)	45,000	47,410	53,930	57,660	64,320
National accounts adjustments	4,170	3,800	4,050	4,760	5,210
<b>Local authority expenditure in the UK</b> (on national accounts basis) <sup>(2)</sup>	49,170	51,210	58,120	62,400	69,400
<b>Financed by</b>					
Grants in Aggregate External Finance <sup>(3)</sup>	15,180	15,570	16,200	16,910	23,840
Other government grants <sup>(4)</sup>	9,370	9,230	10,890	13,180	14,920
Non-domestic rates	9,760	10,550	11,360	12,140	14,280
Rates (net of all rebates)/Community Charge	7,370	8,710	9,560	11,350	7,250
Trading surpluses, interest and dividends	1,240	1,480	2,020	1,800	1,470
Rents <sup>(5)</sup>	3,010	3,190	3,250	3,430	3,660
Borrowing <sup>(6)</sup> :					
from central government (PWLB)	4,090	4,940	2,260	1,470	640
from other sources	-2,740	-4,600	-940	1,970	1,050
Other receipts <sup>(7)</sup>	1,890	2,140	3,520	150	2,280
<b>Total income</b>	49,170	51,210	57,940	62,400	69,400

(1) The information in this table is mainly taken from Tables 4.1, 4.2 and 4.3 of the December 1992 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.

5.31 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

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### Introduction

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

### Objectives

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

### Recent developments

6.3 The performance of the individual nationalised industries is reviewed in detail in the individual departmental reports published at broadly the same time as this Supplement. The Government is committed to privatising British Coal and published proposals for the privatisation of British Rail in a White Paper in July 1992. In July 1992, the Government announced its intention to privatise Parcelforce. It also launched a review of the organisation and structure of the remaining Post Office businesses—Royal Mail Letters and Post Office Counters Ltd. The Scottish Transport Group is to be wound up in 1993–94. The Government has announced plans to privatise the subsidiaries of London Buses Limited before deregulation of the London bus market.

6.4 The Citizen's Charter published in July 1991 (Cm 1599), followed up by the Citizen's Charter first report, published in November 1992 (Cm 2101), 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 the 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 control 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 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 the capitalised value of some forms of leasing transactions. It is the industries' external finance which is included in the control 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 control 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 control, 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, and normally 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:** In January 1992 the Corporation was set the overall objective of developing a deep mine business that achieves sustainable profitability. To this end the Corporation aims to increase productivity and reduce costs as rapidly as possible. Safety is the Corporation's overriding concern. On 21 October 1992 a wide ranging review of the industry in the context of the Government's energy policy was announced.
- 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 cover 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 the objectives to apply from April 1993 when the period of the existing objectives expires.
- 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:** New quality of service objectives were set by the Secretary of State for Transport 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: new objectives are under review. 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 plc. 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.

<b>Table 6.1 Nationalised industries' financial targets</b>		
<b>Industry</b>	<b>Current target</b>	<b>Latest achievement<sup>(1)</sup></b>
<b>British Coal</b>	Sustainable profitability <sup>(2)</sup>	1991–92: profit of £170 million
<b>British Rail</b>	By 1992–93: Public Service Obligation (PSO) grant for Regional Railways down to £345 million and Network South East to be out of grant. <sup>(3)</sup>	1991–92: PSO grant £900 million, of which: Regional Railways £550 million and Network South East £350 million <sup>(3)</sup>
<b>British Waterways Board</b>	1992–93: breakeven after grant <sup>(4)</sup>	1991–92: breakeven after grant
<b>Caledonian MacBrayne</b>		
<b>Civil Aviation Authority</b>	1992–93 to 1994–95: 8 per cent average <sup>(5)(6)</sup>	1989–90 to 1991–92: 7.1 per cent average <sup>(5)(6)</sup>
<b>London Transport</b>	By 1992–93: £70 million operating surplus <sup>(7)</sup>	1991–92: operating deficit £123 million
<b>Nuclear Electric</b>	1992–93: rate of return target ranges from 6.1 per cent to 7.4 per cent <sup>(8)</sup>	1991–92: rate of return 5.4 per cent <sup>(8)</sup>
<b>Post Office</b>	<sup>(4)</sup>	1989–90 to 1991–92: 5.7 per cent average <sup>(9)(10)</sup>
<b>Scottish Nuclear</b>	1992–93: rate of return 4.3 per cent <sup>(11)</sup>	1991–92: rate of return 2.8 per cent

(1) On same basis as current target, except where specified.  
(2) Agreed in January 1992. The President of the Board of Trade announced to the House of Commons on 21 October 1992 that he had put in hand a full and wide ranging review of the prospects for 21 of the 31 pits proposed for closure by British Coal, in the context of the Government's energy policy.  
(3) In 1989–90 prices, separate targets for BR non-supported sectors of: 1992–93 profits of £95 million for Inter-City and £50 million for Railfreight.  
(4) Targets being set.  
(5) Current cost accounting return on average net assets.  
(6) Excludes activities where CAA's charges are determined by international agreement. The Highlands and Islands Airports are also excluded.  
(7) Before depreciation and renewals.  
(8) Current cost accounting return on net assets.  
(9) Return on capital employed after interest and exceptional items and before tax. Group figures; separate targets are set for the Letters, Parcels and Counters businesses. Capital measured on modified historic cost basis, broadly equivalent to current cost.  
(10) Outturn after exceptional items. Ignoring exceptional items, outturn was 7.4 per cent average.  
(11) Current cost accounting return on net current assets, after adding back depreciation.



## 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 (EFRs) for each industry and provides further tables, including analyses of the contribution of grants to financing and a departmental split.

**External finance** 6.9 **Table 6.2** shows that the overall requirement for external finance rose from £190 million in 1987–88 to £2.5 billion in 1991–92.

Table 6.2 External financing requirements of nationalised industries <sup>(1)</sup>	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Total capital requirements	4,173	4,882	2,372	4,850	3,235	4,289	4,092	3,470	3,485
less									
Total internal resources	3,983	5,333	1,403	2,594	722	894	209	1,561	1,791
<b>Total external finance<sup>(2)</sup></b>	<b>190</b>	<b>-451</b>	<b>969</b>	<b>2,257</b>	<b>2,512</b>	<b>3,395</b>	<b>3,883</b>	<b>1,909</b>	<b>1,694</b>
<i>of which:</i>									
Borrowing (net) <sup>(3)</sup>	-1,859	-1,761	-3,430	-743	267	444	806	-206	-459
Subsidies	1,818	1,134	1,205	1,386	1,775	2,087	2,142	1,163	1,221
Capital grants	230	176	3,193	1,614	471	864	935	952	933

(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 1992–93 is expected to be £3.4 billion. Thereafter, total provision is £ 3.9 billion in 1993–94 before falling to £1.9 billion in 1994–95 and £ 1.7 billion in 1995–96.

### Capital requirements

6.11 **Table 6.3** sets out the industries' capital requirements showing each industry's expenditure on fixed assets since 1987–88 and their plans for 1993–94 to 1995–96. 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 risen by about 85 per cent over the period from 1987–88 to 1992–93. Substantial investment by those industries remaining within the public sector will continue, with planned investment of around £3.5 billion in 1993–94. Planned investment declines in 1994–95 and 1995–96, mainly reflecting the completion by then of Channel Tunnel related investment by British Rail and 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 1987–88 in improving the contribution to their own financing of the industries still remaining in the public sector.



Table 6.3 Nationalised industries' capital requirements <sup>(1)</sup>							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>EXPENDITURE ON FIXED ASSETS IN THE UK <sup>(2)</sup></b>									
<b>Current industries excluding electricity industries</b>									
British Coal <sup>(3)</sup>	647	564	501	321	286	217	187	130	100
British Rail	693	725	892	1,049	1,318	1,704	1,178	933	1,069
British Shipbuilders	6	1							
British Waterways Board	7	7	7	9	11	9	8	9	9
Caledonian MacBrayne	7	10	2	6	9	12	10	9	7
Civil Aviation Authority	33	35	54	74	88	116	164	151	141
London Transport	247	270	350	495	420	914	1,094	1,065	1,094
Post Office	138	164	251	325	266	344	321	291	290
Scottish Transport Group	8	2	2						
<b>Subtotal</b>	<b>1,785</b>	<b>1,778</b>	<b>2,060</b>	<b>2,279</b>	<b>2,398</b>	<b>3,315</b>	<b>2,963</b>	<b>2,587</b>	<b>2,711</b>
<b>Electricity industries <sup>(4)</sup></b>	<b>1,505</b>	<b>1,699</b>	<b>2,297</b>	<b>2,220</b>	<b>793</b>	<b>659</b>	<b>499</b>	<b>371</b>	<b>193</b>
of which:									
England and Wales <sup>(5)</sup>	1,219	1,468	2,082	1,968	728	604	448	332	153
Scotland <sup>(6)</sup>	286	231	215	252	65	55	51	39	40
<b>Industries privatised before 31 March 1992 other than the non-nuclear electricity industries <sup>(7)</sup></b>	<b>1,486</b>	<b>1,460</b>	<b>965</b>						
<b>Total expenditure on fixed assets</b>	<b>4,777</b>	<b>4,937</b>	<b>5,322</b>	<b>4,499</b>	<b>3,190</b>	<b>3,974</b>	<b>3,462</b>	<b>2,958</b>	<b>2,904</b>
<b>CAPITAL REQUIREMENTS OTHER THAN FIXED ASSETS <sup>(8)</sup></b>									
Changes in working capital	-552	2	-2,894	427	111	486	777	665	762
Other capital requirements <sup>(9)</sup>	-52	-57	-56	-76	-66	-170	-147	-153	-181
<b>Total capital requirements</b>	<b>4,173</b>	<b>4,882</b>	<b>2,372</b>	<b>4,850</b>	<b>3,235</b>	<b>4,289</b>	<b>4,092</b>	<b>3,470</b>	<b>3,485</b>
<i>(1) Nationalised industries' expenditure on asset creation (see paragraph 8.2 for definition), excluding such expenditure by industries that have been privatised and the electricity industries, is:</i>									
British Rail	692	576	680	827	1,053	1,704	1,178	933	1,069
Other nationalised industries	998	898	1,041	1,051	970	1,131	1,403	1,238	1,054
<i>The figures for the electricity industries are as follows:</i>	1,500	1,694	2,283	2,177	755	632	480	352	177
<i>The figures for other industries privatised between 1987-88 and 1992-93 are as follows:</i>	1,424	1,398	973						
<i>(2) Including the capitalised value of certain leased assets.</i>									
<i>(3) Future figures are provisional, pending the outcome of the Coal Review.</i>									
<i>(4) Separate figures for past years are not available for those parts of the electricity industries which remain in the public sector. So, to enable meaningful comparisons to be made over time for the rest of the nationalised industries, all the electricity industries are grouped together in this table.</i>									
<i>(5) The regional electricity companies, the National Grid Company, PowerGen and National Power were privatised during 1990-91. From 1991-92 comprises Nuclear Electric.</i>									
<i>(6) Scottish Power and Scottish Hydro-Electric were privatised during 1991-92. From 1992-93 comprises Scottish Nuclear.</i>									
<i>(7) Includes those industries privatised or abolished i.e. BAA, BSC, NBC, Girobank and Water (England and Wales). Excludes non-nuclear electricity industries.</i>									
<i>(8) Includes current and privatised nationalised industries.</i>									
<i>(9) "Other capital requirements" includes certain BR investment which is not capitalised.</i>									



## 6. Nationalised industries

Table 6.4 Nationalised industries' internal resources <sup>(1)</sup>							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>CURRENT COST OPERATING PROFIT<sup>(2)</sup> (+ = profit, - = loss)</b>									
<b>Current industries excluding electricity industries</b>									
British Coal <sup>(3)</sup>	-677	-136	-3,033	52	-208	30	-1,171	98	87
British Rail	-390	-229	-323	-479	-719	-704	-708	-540	-300
British Shipbuilders	-262	10							
British Waterways Board	-40	-42	-43	-48	-49	-49	-46	-46	-44
Caledonian MacBrayne	-6	-5	-7	-6	-4	-6	-6	-5	-5
Civil Aviation Authority	-4	2	12	13	23	42	33	39	46
London Transport	-220	-210	-231	-319	-346	-536	-358	-255	-212
Post Office	144	94	10	-33	195	213	275	259	237
Scottish Transport Group	-11	-2	-14	-8	-1				
<b>Subtotal</b>	<b>-1,465</b>	<b>-517</b>	<b>-3,627</b>	<b>-827</b>	<b>-1,169</b>	<b>-1,010</b>	<b>-1,981</b>	<b>-449</b>	<b>-191</b>
<b>Electricity industries<sup>(4)</sup></b>	<b>663</b>	<b>720</b>	<b>1,114</b>	<b>1,235</b>	<b>345</b>	<b>523</b>	<b>493</b>	<b>493</b>	<b>343</b>
<i>of which:</i>									
England and Wales <sup>(5)</sup>	545	607	883	1,027	280	525	597	662	532
Scotland <sup>(6)</sup>	118	113	231	208	65	-2	-104	-169	-190
<b>Industries privatised before 31 March 1992 other than the non-nuclear electricity industries<sup>(7)</sup></b>									
	<b>1,164</b>	<b>1,133</b>	<b>484</b>						
<b>Total current cost operating profit</b>	<b>362</b>	<b>1,337</b>	<b>-2,030</b>	<b>407</b>	<b>-824</b>	<b>-487</b>	<b>-1,489</b>	<b>44</b>	<b>152</b>
Interest, dividends and tax	-1,781	-1,607	-1,191	-553	-289	-297	-504	-546	-556
Depreciation etc <sup>(8)</sup>	4,229	4,440	3,687	2,027	1,303	1,307	1,759	1,669	1,776
Other receipts and payments <sup>(9)</sup>	1,172	1,163	937	713	531	372	443	393	419
<b>Total internal resources</b>	<b>3,983</b>	<b>5,333</b>	<b>1,403</b>	<b>2,594</b>	<b>722</b>	<b>894</b>	<b>209</b>	<b>1,561</b>	<b>1,791</b>

(1) Including grants and subsidies from central and local 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. Future figures are provisional, pending the outcome of the Coal Review.

(4) Separate figures for past years are not available for those parts of the electricity industries which remain in the public sector. So, 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) Includes those industries privatised, ie BAA, BSC, NBC, Girobank and Water (England and Wales). Excludes non-nuclear electricity industries.

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

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



Table 6.5 External financing requirements <sup>(1)</sup> of individual nationalised industries							£ million		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>Current industries excluding electricity industries</b>									
British Coal <sup>(2)</sup>	918	840	1,292	890	605	538	1,900	500	500
British Rail	545	376	711	1,077	1,464	2,000	1,495	1,080	960
British Shipbuilders	118	144	4	28	-9	-7	-8	-4	-1
British Waterways Board	45	45	46	48	50	51	49	49	48
Caledonian MacBrayne	9	9	6	5	9	13	12	11	11
Civil Aviation Authority		21	47	66	38	66	97	90	92
London Transport	172	240	259	474	562	1,067	1,005	964	947
Post Office	-79	-60			-74	-68	-181	-176	-158
Scottish Transport Group	-4	-8		-13	-2		44		
<b>Subtotal</b>	<b>1,724</b>	<b>1,607</b>	<b>2,364</b>	<b>2,574</b>	<b>2,644</b>	<b>3,659</b>	<b>4,414</b>	<b>2,515</b>	<b>2,399</b>
<b>Electricity industries<sup>(3)</sup></b>									
of which:									
England and Wales <sup>(4)</sup>	-1,132	-1,650	-1,374	-318	-131	-264	-532	-606	-705
Scotland <sup>(5)</sup>	-1,261	-1,773	-1,262	-210	-86	-278	-503	-565	-663
	129	123	-112	-108	-45	14	-28	-41	-42
<b>Industries privatised before 31 March 1992 other than the non-nuclear electricity industries</b>									
BAA plc <sup>(6)</sup>	-9								
British Steel Corporation	-290	-392							
Girobank	-19	-25	-17						
National Bus Company	-118	-2							
Water (England and Wales)	34	11	-5						
<b>Subtotal</b>	<b>-401</b>	<b>-408</b>	<b>-21</b>						
<b>Total external finance</b>	<b>190</b>	<b>-451</b>	<b>969</b>	<b>2,257</b>	<b>2,512</b>	<b>3,395</b>	<b>3,883</b>	<b>1,909</b>	<b>1,694</b>

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

(2) Future figures are provisional, pending the outcome of the Coal Review. In particular, future levels of restructuring and operating expenditures are unclear and will need to be reassessed once the outcome of the Review is known.

(3) Separate figures for past years are not available for those parts of the electricity industries which remain in the public sector. So, 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.

(4) The regional electricity companies, the National Grid Company, PowerGen and National Power were privatised during 1990-91. From 1991-92 comprises Nuclear Electric.

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

(6) Formerly British Airports Authority.

### Treatment within the control total

6.13 A substantial part of the nationalised industries' activities is subject to commercial disciplines. Consequently their contribution to the control total is measured differently from central government's own expenditure. It is the industries' external finance which is included in the control total. External finance consists of government finance (grants, subsidies, loans and equity), market and overseas borrowing and the capital value of some assets acquired under financial leases. Each nationalised industry's external finance is subject to an annual 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 EFRs of each nationalised industry for the period 1987-88 to 1995-96. **Table 6.6** sets out a departmental analysis of the EFRs.



## 6. Nationalised industries

	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
Ministry of Agriculture, Fisheries and Food	19	20	8						
Trade and Industry	-613	-1,265	17	708	436	185	1,208	-245	-322
Department of Transport	588	631	1,013	1,615	2,060	3,128	2,591	2,128	1,993
DOE—Other environmental services	43	27	19	48	50	51	49	49	48
Scotland <sup>(2)</sup>	137	127	-103	-114	-34	32	34	-24	-25
Wales	17	9	15						
<b>Total external finance</b>	<b>190</b>	<b>-451</b>	<b>969</b>	<b>2,257</b>	<b>2,512</b>	<b>3,395</b>	<b>3,883</b>	<b>1,909</b>	<b>1,694</b>

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

(2) An element of the External Financing Requirement for the Civil Aviation Authority, which supports the Highlands and Islands Airports Ltd, is shown under Scotland in this table.

### Grants and subsidies

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

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



<b>Table 6.7 Nationalised industries: contribution of grants and subsidies to external financing and internal resources<sup>(1)</sup></b>							<b>£ million</b>		
	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 estimated outturn	1993-94 plans	1994-95 plans	1995-96 plans
<b>GRANTS AND SUBSIDIES INCLUDED IN EXTERNAL FINANCE<sup>(1)(2)</sup></b>									
<b>Current industries</b>									
British Coal <sup>(3)</sup>	917	480	3,586	1,822	709	712	1,120	400	355
British Rail	795	556	479	636	903	1,110	886	687	788
British Shipbuilders	10	26	14	3					
British Waterways Board	44	46	48	49	51	51	49	49	48
Caledonian MacBrayne	6	5	6	6	6	6	9	7	7
Civil Aviation Authority	3	4	3	2	4	5	7	8	8
London Transport	204	169	246	481	572	1,067	1,006	964	946
<b>Subtotal</b>	<b>1,980</b>	<b>1,286</b>	<b>4,382</b>	<b>2,999</b>	<b>2,246</b>	<b>2,951</b>	<b>3,077</b>	<b>2,115</b>	<b>2,153</b>
<b>Industries privatised before 31 March 1992<sup>(4)</sup></b>									
	<b>69</b>	<b>24</b>	<b>17</b>						
<b>Total grants and subsidies included in external financing</b>	<b>2,049</b>	<b>1,310</b>	<b>4,399</b>	<b>2,999</b>	<b>2,246</b>	<b>2,951</b>	<b>3,077</b>	<b>2,115</b>	<b>2,153</b>
Grants and subsidies contributing to internal resources <sup>(1)(5)</sup>	305	223	230	223	352	180	145	139	136

(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 finance, 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 finance 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 this table.

(3) Future figures are provisional, pending the outcome of the Coal Review. In particular, future levels of restructuring and operating expenditures are unclear and will need to be reassessed once the outcome of the Review is known.

(4) Figures cover grants and subsidies received by Water (England and Wales); other industries privatised between 1987-88 and 1992-93 did not receive any grants or subsidies during this period.

(5) The bulk of these grants is made by local authorities, eg Passenger Transport Executives, to British Rail to meet local transport objectives. Out of total grants of £352 million included in internal resources in 1991-92 British Rail accounted for £348 million.

## Historical Trends

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



Table 6.8 External financing requirements<sup>(1)</sup> of nationalised industries, 1978-79 to 1995-96

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
	outturn	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	0.6	0.5	1.9	0.5	0.5
British Gas	-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	0.5	0.4	0.7	1.1	1.5	2.0	1.5	1.1	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	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)	-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	-0.6	-0.7
Electricity (Scotland)		0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.1	0.1	-0.1	-0.1					
London Transport								0.3	0.3	0.2	0.2	0.3	0.5	0.6	1.1	1.0	1.0	0.9
Post Office					-0.1	-0.1		-0.1	-0.1	-0.1	-0.1			-0.1	-0.1	-0.2	-0.2	-0.2
Water (England and Wales)	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.1									
Other	0.5	0.2		-0.1		0.1	0.1	0.1		-0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
<b>Total nationalised industries</b>	<b>2.3</b>	<b>3.0</b>	<b>3.2</b>	<b>3.6</b>	<b>2.1</b>	<b>2.3</b>	<b>3.9</b>	<b>1.7</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.5</b>	<b>1.0</b>	<b>2.3</b>	<b>2.5</b>	<b>3.4</b>	<b>3.9</b>	<b>1.9</b>	<b>1.7</b>

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



## 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 1.8 million people. By 1991, largely as a result of the privatisation programme (see **Section 8**), its share of GDP had dropped to just under 2.5 per cent, its investment accounted for just over 3 per cent of total investment and employment had fallen by more than two thirds to 0.5 million. Nevertheless, 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 1979–80 has averaged 3.9 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.

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

	Annual percentage change		
	Nationalised industries <sup>(2)(3)</sup>	Manufacturing industries	Whole economy <sup>(2)(4)</sup>
1979–80	1.8	0.9	1.1
1980–81	-0.4	-5.3	-3.8
1981–82	0.9	6.9	3.9
1982–83	2.0	6.3	4.9
1983–84	1.3	8.4	4.3
1984–85	6.3	4.5	1.9
1985–86	6.7	2.0	2.3
1986–87	9.7	5.4	4.8
1987–88	8.6	5.9	3.6
1988–89	8.2	5.8	1.6
1989–90	3.3	2.7	0.1
1990–91	1.6	0.3	-0.3
1991–92	0.8	1.9	0.6
Average 1979–80 to 1991–92	3.9	3.5	1.9

(1) Output per person employed.  
 (2) Adjusted for the coal strike.  
 (3) Industries in the public sector at 31 March 1992, excluding all electricity.  
 (4) Excluding north sea and non-trading public sector.



## Section Seven Differences from previous plans

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## 7. Differences from previous plans

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### Introduction

7.1 The earlier sections of this Supplement present details of the plans agreed in the 1992 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 1991 Survey. It also gives details of differences between plans and outturn and revisions to outturn information since last year's Supplement.

Details of the differences between the planning total and the new control total are discussed in Appendix F.

### 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. 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.

7.3 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 or basis of measurement of the planning total/new control total. An example in this year's Survey is the change in the basis for the measurement of the costs of Civil Service and Armed Forces pensions. As with transfers of responsibility, adjustments are made to both plans and outturn data for classification changes to avoid distortion of trends.

### Differences between plans and outturn

7.4 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 7.2**) and classification changes (see **paragraph 7.3**). 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

7.5 **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.



<b>Table 7.1 Changes to the planning total since last year's Statistical Supplement by spending sector</b>					
	1989-90	1990-91	1991-92	1992-93	1993-94
	outturn	outturn	outturn	estimated	plans
	£ million				
	outturn				
<b>Planning total as in 1992 Budget Report</b>	<b>162,764</b>	<b>179,985</b>	<b>205,000</b>	<b>226,629</b>	<b>244,550</b>
Changes in central government expenditure					
Transfers					2,500
Classification changes	-526	-535	-683	-1,200	-2,000
Other changes	+15	+100	-194	4,400	3,100
<b>Total changes in central government expenditure</b>	<b>-511</b>	<b>-435</b>	<b>-877</b>	<b>3,300</b>	<b>3,600</b>
Changes in central government support for local authorities					
Transfers					-2,500
Classification changes	-13	-22	-25		
Other changes	-12	-53	27	900	-200
<b>Total changes in central government support for local authorities</b>	<b>-25</b>	<b>31</b>	<b>2</b>	<b>900</b>	<b>-2,700</b>
Changes in financing requirements of nationalised industries					
Classification changes	-41	-54	-94	-100	
Other changes	-97	75	-66		1,100
<b>Total changes in financing requirements of nationalised industries</b>	<b>-138</b>	<b>21</b>	<b>-160</b>	<b>-100</b>	<b>1,000</b>
Changes in the reserve				-4,000	-4,000
Changes in privatisation proceeds	-7	-3	77		
Adjustment <sup>(1)</sup>			-300	-200	
<b>Planning total</b>	<b>162,085</b>	<b>179,598</b>	<b>203,419</b>	<b>226,500</b>	<b>242,500</b>
plus local authority self-financed expenditure	15,593	15,104	10,978	10,400	11,100
less cyclical social security	6,703	7,835	10,933	13,200	15,300
less privatisation proceeds	-4,226	-5,346	-7,923	-8,000	-5,500
<b>New control total</b>	<b>175,201</b>	<b>192,213</b>	<b>211,387</b>	<b>231,700</b>	<b>243,800</b>

(1) See paragraph 14 of Appendix A.

The table shows that there have been several significant switches between spending sectors and classification changes since the last Supplement. The two main switches are:

- (a) From 1993-94 local authorities will be responsible for provision of residential care for people who need it under the arrangements announced in the 1989 White Paper 'Caring for people' (Cm 849). In preparing for this change provision has been transferred from the Department of Social Security (central government expenditure) to the Department of Environment, the Department of Health, the Scottish Office and the Welsh Office, who will provide additional finance required by local authorities and the NHS. Similar changes have been applied to Northern Ireland.
- (b) Responsibility for the funding of further education colleges and sixth form colleges formerly under the control of local authorities will transfer from 1993-94 to the new Further Education Funding Councils in England and Wales and to the Scottish Office as appropriate. As a result of this change, additional provision will be made available to the Department for Education, the Scottish Office and the Welsh Office. This is offset by equivalent reductions in Revenue Support Grant and support for capital expenditure in England, Scotland and Wales.



The main classification changes are:

- i. The change in the basis for the measurement of the costs of Civil Service and Armed Forces Pensions which reduces the planning total and control total in all years. Further details of this change can be found in Annex B to chapter 2 of the 1992 Autumn Statement.
- ii. The removal of the cost element in respect of NHS trusts' debt remuneration payments which reduces the planning total and control total in all years.

The effects of these changes are shown below:

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
								<b>£ million</b>
Changes in treatment of civil service pensions								
Additions to departments' paybills	1,280	1,351	1,132	1,255	1,360	1,480	1,210	1,250
Removal of pensions in payment	-1,265	-1,342	-1,456	-1,555	-1,658	-1,800	-1,860	-1,960
<b>Net effect of change</b>	15	9	-324	-300	-298	-320	-650	-710
Changes in treatment of Armed Forces' pensions								
Additions to Armed Forces' paybills	831	878	927	995	1,114	1,100	1,090	1,060
Removal of pensions in payment	-1,070	-1,050	-1,183	-1,301	-1,458	-1,610	-1,800	-1,910
<b>Net effect of change</b>	-239	-172	-256	-307	-344	-510	-700	-850
NHS trusts' debt remuneration					-134	-410	-670	-870
Other changes	2	2		-2	-23	-20	-20	-20
<b>Total classification changes affecting the planning and new control total</b>	<b>-222</b>	<b>-161</b>	<b>-580</b>	<b>-609</b>	<b>-799</b>	<b>-1,290</b>	<b>-2,000</b>	<b>-2,400</b>

There are other changes which affect departmental totals which are discussed in the later sections of this chapter.

### Changes for plan years

7.6 Table 1.1 shows the overall changes to spending sector totals for 1993-94 and 1994-95 agreed in the 1992 Survey.

7.7 The new plans imply a planning total for 1993-94 of £244.5 billion, the figure set out in the 1991 Autumn Statement. Classification changes reduce this figure to £242.5 billion. The control totals for 1993-94 and 1994-95 have been set at £243.8 billion and £253.6 billion respectively. Compared with previous plans central government expenditure is £230 million higher in 1993-94 and £270 million in 1994-95 after adjusting for classification changes. Central government support for local authorities is £150 million lower than planned in the 1991 Autumn Statement in 1993-94 and £450 million lower in 1994-95. The distribution between spending sectors has been changed since the 1992 Autumn Statement due to a revision in the financing of housing subsidy. More will be paid directly from central government and less will be paid from local authorities.

### Current year outturn

7.8 The planning total for the current year, 1992-93, is £226.5 billion, £0.4 billion above the plans set in last years Autumn Statement after allowing for classification changes and the £0.8 billion cost in 1992-93 of the housing measures announced by the Chancellor on 12 November 1992. **Table 7.3** presents differences for the planning total in 1992-93 from the plans set out in the Supplement to the 1991 Autumn Statement. After classification changes the main changes are:

- (a) Department of Social Security: The increase mainly reflects higher income support for pensioners, increased housing benefit, higher take up and higher unemployment.
- (b) Trade and Industry: Reflecting restructuring grant to British Coal.
- (c) Health: The main changes are review body pay awards and increased dentists pay and higher drugs bills.
- (d) Lord Chancellors and Law Officers department: The increase reflects increased legal aid expenditure.
- (e) Environment—Other Environmental Services: Reflecting reduced new towns receipts.



## 7. Differences from previous plans

- (f) Environment—Housing: The increase is due to the housing package announced in the Autumn Statement; and an increase in rent rebates as a consequence of local authorities setting rents above DOE guidelines and the impact of higher unemployment.
- (g) Education: Largely reflects the additional support costs of increased numbers of higher education students.
- (h) These increases have been partly offset by lower EC gross contributions and extra EC receipts.

### 1991–92 outturn

7.9 **Table 7.4** presents differences for the planning total in 1991–92 from the plans set out in the Supplement to the 1990 Autumn Statement and, therefore, also reflects transfers and classification changes made between that Supplement and last year's Supplement. After taking account of classification changes, the total outturn for the planning total in 1991–92 is £203.6 billion, a decrease of £0.8 billion over the plans in the 1991 Budget Report. The largest changes in the departmental programmes are in the following areas:

- (a) Department of Social Security: The increase is mainly accounted for by greater expenditure on income support and unemployment benefit which arises largely because of the 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, and provision for an increased VAT rate and increased costs of dental services.
- (c) Department of Employment: The change mainly reflects increased provision for Employment Training and the Redundancy Fund.
- (d) Lord Chancellor's and Law Officers' Departments: The increase mainly reflects higher expenditure on legal aid.
- (e) DOE—Housing: There has been an increase in the rent rebate element of the Housing Revenue Account Subsidy.
- (f) Department of Transport: Increase in provision for British Rail and London Transport.
- (g) Home Office: Increase in provision for police and prisons.
- (h) Lower net EC contributions.
- (i) Privatisation proceeds were £2.4 billion higher than planned.



**Table 7.3 Planning total: forecast outturn in 1992-93, differences from previous plans**

	Plans in Statistical Supplement to 1991 Autumn Statement	Technical adjustments			Revised plans	Other changes	Estimated outturn
		Transfers of function between departments	Change in treatment of pensions costs	Other classification changes and transfers			
Ministry of Defence <sup>(3)</sup>	24,181		-160		24,020	-220	23,800
Foreign and Commonwealth Office	1,121		+40		1,160	+200	1,359
Overseas Development	2,147				2,150	+100	2,251
Ministry of Agriculture, Fisheries and Food	2,194		+20		2,220	+60	2,274
Trade and Industry	943	+560	+20		1,530	+160	1,692
<i>Energy</i>	607	-610					
ECGD	117				120		118
Department of Employment	3,864	-100	+50	-240	3,570		3,574
Department of Transport	6,955	-80	+20	-20	6,880	-100	6,777
DOE-Housing	7,741			-10	7,730	+880	8,609
DOE—Other environmental services	1,319	-20	+20	-40	1,280	+200	1,482
DOE—PSA	69				70	-100	-33
DOE—Local government	31,023				31,020		31,024
Home Office (including Charity Commission)	6,002	-340	+160	-10	5,820	+130	5,955
Lord Chancellor's and Law Officers' Departments	1,765	+310	+40	+10	2,130	+300	2,430
<i>Education and Science</i>	7,947	-7,950					
Department for Education		+6,810	+10		6,820	+380	7,200
<i>Arts and Libraries</i>	609	-610					
Department of National Heritage		+960			960	+50	1,010
Department of Health and Office of Population Censuses and Surveys	28,154		+20	-410	27,770	+460	28,230
Department of Social Security	70,554		+270	+120	70,900	+3,300	74,231
Scotland	12,538		+40	-20	12,560	+160	12,712
Wales	5,809		+10	+160	5,970	+50	6,026
Northern Ireland	7,025				7,030	+70	7,092
Chancellor of the Exchequer's Departments	5,029	-20	-1,400	-10	3,590	-10	3,582
<i>Cabinet Office, etc</i>	451	-450					
Cabinet Office: OPSS		+1,090		+50	1,130		1,131
Cabinet Office: Other, etc		+450		-10	450	-10	441
European Communities	2,463				2,460	-690	1,769
Reserve	4,000				4,000	-4,000	
Privatisation proceeds	-8,000				-8,000		-8,000
Adjustment						-200	-200
<b>Planning total</b>	<b>226,628</b>	<b>0</b>	<b>-830</b>	<b>-430</b>	<b>225,380</b>	<b>+1,160</b>	<b>226,530</b>



Table 7.4 Planning total in 1991-92: Differences from plans in 1991 Budget Report

	Plans in 1991 Budget Report	Technical adjustments			Revised plans	Changes transactions in land and buildings	Other changes	Estimated outturn	£ million
		Transfer of responsibility between departments	Changes in treatment of pension costs	Other Classification changes and transfers					
Ministry of Defence <sup>(3)</sup>	22,802		-12	+1	22,791	+39	+195	23,025	
Foreign and Commonwealth Office	1,021		+33	+2	1,056	+14	+62	1,132	
Overseas Development	1,911		+4	-1	1,913		+75	1,989	
Ministry of Agriculture, Fisheries and Food	2,276	-83	+24	+7	2,224		-64	2,160	
Trade and Industry	979	+960	+23	+2	1,964		-85	1,878	
<i>Energy</i>	966	-966							
ECGD	246				246	-4	-27	215	
Department of Employment	3,402	-112	+59	-3	3,346	-3	+293	3,636	
Department of Transport	5,210	-93	+21	+9	5,148	+13	+200	5,361	
DOE-Housing	7,277			+95	7,372		+357	7,728	
DOE—Other environmental services	1,372	-58	+19	-130	1,203	+114	-97	1,219	
DOE—PSA	91	+1			92	-5	-36	50	
DOE—Local government	28,239			+1	28,240		-63	28,176	
Home Office (including Charity Commission)	5,399	-303	+145	+10	5,251	-9	+334	5,576	
Lord Chancellor's and Law Officers' Departments	1,459	+293	+35	+21	1,808	-2	+194	2,000	
<i>Education and Science</i>	7,293	-7,293							
Department for Education		+6,297	+9	+1	6,307	-30	+64	6,341	
<i>Arts and Libraries</i>	559	-559							
Department of National Heritage		+882			883		+5	887	
Department of Health and Office of Population Censuses and Surveys	25,095	+5	+19	-161	24,958	+28	+673	25,658	
Department of Social Security	61,677		+230	+71	61,978		+3,335	65,313	
Scotland	11,575	+83	+35	-30	11,663	+6	+83	11,752	
Wales	5,261		+6	+28	5,294	+5	+8	5,307	
Northern Ireland	6,422				6,422	-4	+10	6,428	
Chancellor of the Exchequer's Departments	4,997	-67	-1,295	-72	3,564		-170	3,394	
<i>Cabinet Office, etc</i>	399	-399							
Cabinet Office: OPSS		+1,055	+2	+1	1,058	+2	-2	1,058	
Cabinet Office, Other, etc		+356	+2	-1	357		-8	350	
European Communities	1,051				1,051		-346	705	
Reserve	3,500				3,500		-3,500		
Privatisation proceeds	-5,500				-5,500		-2,423	-7,923	
<b>Planning total</b>	<b>204,979</b>	<b>0</b>	<b>-641</b>	<b>-149</b>	<b>204,189</b>	<b>+162</b>	<b>-934</b>	<b>203,419</b>	



## New control total

**Tables 7.5** and **7.6** show changes in the new control total for 1993–94 and 1994–95, from the equivalent figure in the 1992 Financial Statement and Budget Report. Further details of these changes, by spending sector are discussed in the remainder of the chapter.

7.10 Departmental analyses of changes since last year's Supplement are given in the remaining tables in this section, **Tables 7.7** to **7.9** cover central government expenditure, **Tables 7.10** and **7.11** covers central government support for local authorities and **Table 7.12** covers the financing requirements of nationalised industries.



Table 7.5 Departmental spending within the new control total in 1993–94, differences from previous plans

	Plans in Statistical Supplement to 1991 Autumn Statement	Technical adjustments				Revised plans	Other changes	New plans
		Transfers of function between departments	Change in treatment of pensions costs	Other classification changes and transfers	Cyclical social security			
Ministry of Defence <sup>(3)</sup>	24,516		-430			24,090	-570	23,523
Foreign and Commonwealth Office	1,187		+30			1,220		1,220
Overseas Development	2,263					2,270		2,267
Ministry of Agriculture, Fisheries and Food	2,215		+20			2,230	+460	2,695
Trade and Industry	902	+450	+20			1,370	+1,220	2,595
<i>Energy</i>	506	-510						
ECGD	71					710	-110	-35
Department of Employment	3,879	-100	+50	-250		3,580	+170	3,747
Department of Transport	6,591	-20	+20	+110		6,700	-270	6,426
DOE-Housing	7,929			-10		7,920	-40	7,884
DOE-Other environmental services	1,301	-80	+10	-20		1,210	+230	1,445
DOE-PSA	35					30	+80	117
DOE-Local government	32,504			-2,610		29,890	-530	29,361
Home Office (including Charity Commission)	6,406	-410	+140	-10		6,130	-10	6,119
Lord Chancellor's and Law Officers' Departments	1,841	+330	+30	+10		2,200	+380	2,589
<i>Education and Science</i>	8,373	-8,370						
Department for Education		+7,100	+10	2,120		9,230	+300	9,523
<i>Arts and Libraries</i>	600	-600						
Department of National Heritage		+1,020				1,020	-30	991
Department of Health and Office of Population Censuses and Surveys	30,011		+20	-260		29,770	+120	29,883
Department of Social Security	76,107		+220	-340	-11,900	64,110	+910	65,000
Scotland	13,070		+30	+280		13,380	+160	13,540
Wales	6,056		+10	+290		6,350	-30	6,316
Northern Ireland	7,413				-550	6,860	+60	6,919
Chancellor of the Exchequer's Departments	5,219	-20	-1,530	-30		3,630	-240	3,396
<i>Cabinet Office, etc</i>	469	-470						
Cabinet Office: OPSS		+1,220		+40		1,260	-10	1,255
Cabinet Office: Other, etc		470				460	+10	472
European Communities	2,570					2,570	-1,160	1,407
<b>Total</b>	<b>242,034</b>	<b>0</b>	<b>-1,350</b>	<b>-690</b>	<b>-12,400</b>	<b>227,650</b>	<b>1,120</b>	<b>228,700</b>



**Table 7.6 Departmental spending within the new control total in 1994–95, differences from previous plans**

	Plans in Statistical Supplement to 1991 Autumn Statement	Technical adjustments				Revised plans	Other changes	New plans
		Transfers of function between departments	Change in treatment of pensions costs	Other classification changes and transfers	Cyclical social security			
Ministry of Defence <sup>(3)</sup>	24,800		-570			24,230	-480	23,750
Foreign and Commonwealth Office	1,196		+30			1,230	-10	1,213
Overseas Development	2,334					2,340	-30	2,308
Ministry of Agriculture, Fisheries and Food	2,282		+20			2,300	+470	2,769
Trade and Industry	934	+400	+20			1,350	-230	1,128
<i>Energy</i>	456	-460						
ECGD	38					40	-100	-64
Department of Employment	3,922	-110	+50	-250		3,620	+90	3,705
Department of Transport	6,100	-20	+20	+120		6,220	-160	6,063
DOE-Housing	8,181			-10		8,170	+10	8,186
DOE-Other environmental services	1,290	-70	+10	-30		1,200	+20	1,212
DOE-PSA	15					10	+10	25
DOE-Local government	33,997			-2,350		31,650	-750	30,896
Home Office (including Charity Commission)	6,680	-430	+150	-10		6,390	-70	6,329
Lord Chancellor's and Law Officers' Departments	1,914	+340	+30	+10		2,290	+490	2,783
<i>Education and Science</i>	8,753	-8,750						
Department for Education		+7,390	+10	+2,240		9,640	+470	10,115
<i>Arts and Libraries</i>	620	-620						
Department of National Heritage		-1,040				1,040	-30	1,012
Department of Health and Office of Population Censuses and Surveys	31,694		+20	-200		31,500	-260	31,241
Department of Social Security	79,800		+240	-1,100	-12,400	66,500	590	67,100
Scotland	13,606		+30	+350		13,990	-90	14,085
Wales	6,300		+10	+330		6,640	-50	6,582
Northern Ireland	7,736				-600	7,140	-30	7,109
Chancellor of the Exchequer's Departments	5,433	-20	-1,610	-30		3,760	-200	3,562
<i>Cabinet Office, etc</i>	484	-480						
Cabinet Office: OPSS		1,310		40		1,350	-30	1,321
Cabinet Office: Other, etc		480				480		482
European Communities	2,910					2,910	-260	2,654
<b>Total</b>	<b>251,500</b>		<b>-1,600</b>	<b>-1,850</b>	<b>-13,000</b>	<b>236,000</b>	<b>-450</b>	<b>235,600</b>



## Central government expenditure

7.11 **Table 7.7** shows the plans for central government expenditure in 1992–93, as presented in last year's Supplement and the estimated outturn in the Supplement. **Tables 7.8** and **7.9** show the changes in plans for 1993–94 and 1994–95 made since the last Supplement.

7.12 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 between departments

7.13 The main changes arising from changes of responsibility between departments are as follows:

- a transfer of provision of £2.8 billion in 1993–94 and £2.9 billion in 1994–95 central government's own expenditure in the Scottish Office, Department for Education and Welsh Office from local authority support in the Department of Environment, the Scottish Office and the Welsh Office for the transfer of responsibility for Sixth form colleges/higher education colleges.
- a transfer of provision for the funding of Scottish and Welsh Universities of £361 million in 1993–94 and £371 million in 1994–95 from the Department for Education to the Welsh Office and the Scottish Office.
- a transfer for provision for training in Wales in 1992–93 of £146 million, in 1993–94 of £146 million and in 1994–95 of £142 million from the Department of Employment to the Welsh Office.
- the transfer of provision for community care from the Department of Social Security central government spending to local authority spending with central government support in the Department of Environment, Department of Health and the Welsh Office. The amounts involved in the years 1993–94 and 1994–95 are £472 million, and £1,235 million respectively.
- a transfer of provision for the responsibility of parliamentary works from the Department of Environment to Cabinet Office—Other of £33 million in 1992–93, £32 million in 1993–94, and £34 million in 1994–95.
- a transfer of provision for the responsibility of the Office of Her Majesty's Inspectors from the Department of Environment to the Department for Education. The amounts involved are £20 million in 1993–94 and £60 million in 1994–95.

### Classification changes

7.14 There have been several classification changes affecting departmental totals for central government expenditure made since last year's Supplement. The main ones are as follows:

- (a) The change in the basis for the measurement of the costs of Civil Service and Armed forces pensions which reduces central government expenditure. The amounts involved are £320 million in 1992–93, £650 million in 1993–94 and £710 million in 1994–95 for civilian superannuation and £510 million in 1992–93, £700 million in 1993–94, and £850 million in 1994–95 for armed forces superannuation.
- (b) Removal of the cost element in respect of NHS trusts' debt remuneration payments. The amount involved are £410 million in 1992–93, £670 million in 1993–94 and £870 million in 1994–95.
- (c) The removal of cyclical social security from central government expenditure within the new control total. Central government expenditure is reduced by £11.5 billion in 1992–93, £12.4 billion in 1993–94 and £13.0 billion in 1994–95.
- (d) The creation of the Department of National Heritage; involving the following transfers:
  - i. Transfer of responsibility for promotion of tourism out of Department of Employment. The amounts involved are £49 million in 1992–93, £53 million in 1993–94 and £54 million in 1994–95.
  - ii. Transfer of responsibility for Historic Royal Palaces, historic buildings and ancient monuments and other small transfers totalling £195 million in 1992–93, £201 million in 1993–94 and £202 million in 1994–95, from the Department of Environment—Other Environmental Services.



- iii. Transfer of responsibility for sports and recreation from the Department for Education to the Department of National Heritage, £50 million in 1992–93, £52 million in 1993–94 and £53 million in 1994–95.
  - iv. Transfer of responsibility, for broadcasting from the Home Office of £21 million in 1992–93, £75 million in 1993–94 and £81 million in 1994–95.
  - v. The Office of Arts and Libraries has been subsumed within the Department of National Heritage. The amounts involved are £609 million in 1992–93, £600 million in 1993–94 and £620 million in 1994–95.
- (e) The creation of the Office of Public Service and Science, involving the following transfers:
- i. Transfer of responsibility for science from the Department for Education to the Office of Public Service and Science amounting to £1058 million in 1992–93, £1188 million in 1993–94 and £1277 million in 1994–95.
  - ii. Transfer of responsibility of the Citizens Charter Unit, PCPU, Next Steps and Efficiency Units, COI, Her Majesty's Stationery Office, Central Office of Information, Chessington Computer Centre and CCTA to the Office of Public Service and Science. (The transfers are all less than £30 million.)
- (f) The closing of the Department of Energy involving the following transfers:
- i. Transfer of responsibility for Energy Efficiency to the Department of Environment. The amounts involved are £63 million in 1992–93, £74 million in 1993–94 and £79 million in 1994–95.
  - ii. The other responsibilities of the Department of Energy have been transferred to the Department of Trade and Industry. These amount to £544 million in 1992–93, £332 million in 1993–94 and £377 million in 1994–95.
- (g) The responsibility for the inner city taskforce has been transferred from the Department of Trade and Industry to the Department of Environment—Other Environmental Services. The amounts involved are £27 million in 1993–94, £28 million in 1994–95.
- (h) The responsibility for the Docklands light railway has been transferred from the Department of Transport to the Department of Environment—Other Environmental Services. The amounts involved are £82 million in 1992–93, £22 million in 1993–94 and £19 million in 1994–95. Docklands light railway was a nationalised industry but has been reclassified to the other public corporations sector and now scores as part of central government expenditure.
- (i) Transfer of responsibility for small firm activities from Department of Employment to the Department of Trade and Industry. The numbers involved are £57 million in 1992–93, £56 million in 1993–94 and £57 million in 1994–95.
- (j) Other small changes of less than £20 million a year are:-
- i. The responsibility of the financial services transferred from Department of Trade and Industry to Her Majesty's Treasury.
  - ii. The responsibility for women's issues transferred from the Home Office to the Department of Employment.
  - iii. The responsibility for policy on Magistrate Courts transferred from the Home Office to the Lord Chancellor's Departments.
  - iv. Transfer of responsibility for Black Country from Department of Transport to Department of Environment.

**Current year changes**

7.15 **Table 7.7** shows that central government expenditure in 1992–93 is currently estimated to be £158.7 billion, an increase of £2.7 billion over the plans set out in last years Supplement. Significant increases have occurred in the following areas:

- (a) Department of Social Security : The increase is mainly accounted for by increased income support for pensioners and higher take up, and higher unemployment.
- (b) Department of Health : The change mainly reflects review body pay awards, increased dentists pay, and higher drugs bills.



## 7. Differences from previous plans

- (c) Department of Employment : This reflects increased expenditure on employment service running costs and expenditure funded by European Social Fund receipts.
- (d) Lord Chancellors' and Law Officers' Department: the increase is mainly due to increased legal aid expenditure.
- (e) Department of Environment—Other Environmental Services: the increase is mainly due to reduced new town receipts.
- (f) Department of Environment—Housing: The increase is due to the housing package announced in the Autumn Statement
- (g) Overseas Development Administration: the increase reflects changes in provision made in original plans for emergency and refugee relief and food aid, to Southern Africa, Somalia and the former Yugoslavia; Commonwealth Development Corporation operations; and higher forecast of EC attribution provision.
- (h) These increases have been partly offset by lower gross EC contributions and higher EC receipts.



**Table 7.7 Differences between plans and outturn for central government expenditure by department<sup>(1)</sup>, 1992-93**

	Plans in Statistical Supplement to 1991 Autumn Statement	Transfers of function between departments	Change in treatment of pensions costs	Other classification changes and transfers	Cyclical social security	Revised plans	Changes in transactions in land and buildings	Other changes	£ million New plans
Ministry of Defence <sup>(3)</sup>	24,181		-160			24,020		-230	23,800
Foreign and Commonwealth Office	1,121		+40			1,160		+200	1,359
Overseas Development	2,147					2,150		+100	2,251
Ministry of Agriculture, Fisheries and Food	2,310		+20			2,330		+60	2,389
Trade and Industry	998	+440	+20			1,470		+30	1,491
<i>Energy</i>	486	-490							
ECGD	117					120			118
Department of Employment	3,458	-100	+50	-230		3,180			3,185
Department of Transport	2,615		+20	-20		2,620	+50	-40	2,624
DOE-Housing	2,837					2,840		+750	3,590
DOE-Other environmental services	608	-20	+20	-20		580	+190	+60	828
DOE-PSA	69			-10		60		-100	-33
DOE-Local government	268					270		-30	238
Home Office (including Charity Commission)	2,249	-30	+160			2,380		+140	2,519
Lord Chancellor's and Law Officers' Departments	1,765	+10	+40	+10		1,820		+300	2,125
<i>Education and Science</i>	4,863	-4,860							
Department for Education		+3,750	+10			3,760	-30	+90	3,828
<i>Arts and Libraries</i>	609	-610							
Department of National Heritage		+930				930		+50	980
Department of Health and Office of Population Censuses and Surveys	27,940		+20	+410		27,550	-10	+470	28,015
Department of Social Security	65,964		+270	+90	-11,000	55,300		+1,080	56,400
Scotland	6,391		+40			6,430	+10	+100	6,535
Wales	2,819		+10	+150		2,980		+80	3,057
Northern Ireland	6,966				-510	6,460		+70	6,521
Chancellor of the Exchequer's Departments	5,029	-20	-1,400	-10		3,590		-10	3,582
<i>Cabinet Office, etc</i>	451	-450							
Cabinet Office: OPSS		+1,090		+50		1,130			1,131
Cabinet Office: Other, etc		+450				450		-10	441
European Communities	2,463					2,460		-690	1,769
<b>Total central government expenditure</b>	<b>168,725</b>	<b>80</b>	<b>-830</b>	<b>-400</b>	<b>-11,500</b>	<b>156,100</b>	<b>+200</b>	<b>-2,480</b>	<b>158,700</b>

(1) The principal changes are described in paragraph 7.15.



Table 7.8 Differences in plans for central government expenditure since last year's Statistical supplement by department<sup>(1)</sup>, 1993-94

	Plans in Statistical Supplement to 1991 Autumn Statement	Transfers of function between departments	Change in treatment of pensions costs	Other classification changes and transfers	Cyclical social security	Revised plans	Changes in transactions in land and buildings	Other changes	£ million Estimated outturn
Ministry of Defence <sup>(3)</sup>	24,516		-430			24,090		-570	23,523
Foreign and Commonwealth Office	1,187		+30			1,220			1,220
Overseas Development	2,263					2,270			2,267
Ministry of Agriculture, Fisheries and Food	2,354		+20			2,370		+470	2,841
Trade and Industry	964	+410	+20			1,390		-30	1,367
Energy	465	-460							
ECGD	71					70		-110	-35
Department of Employment	3,463	-100	+50	-230		3,170		+250	3,423
Department of Transport	2,717		+20	-10		2,720		+10	2,736
DOE-Housing	3,067					3,070		-20	3,044
DOE-Other environmental services	602	-80	+10	-10		530	+210		741
DOE-PSA	35					30		+80	118
DOE-Local government	230					230			233
Home Office (including Charity Commission)	2,399	-90	+140			2,450	+10	+30	2,490
Lord Chancellor's and Law Officers' Departments	1,841	+10	+30	+10		1,880		+380	2,268
Education and Science	5,107	-5,110							
Department for Education		+3,870	+10	+2,200		6,070		+260	6,330
Arts and Libraries	600	-600							
Department of National Heritage		+990				990		-10	981
Department of Health and Office of Population Censuses and Surveys	29,804		+20	-660		29,160		-30	29,122
Department of Social Security	71,150		+220	-360	-11,900	59,100		+440	59,600
Scotland	6,661		+30	+460		7,150	-20	+210	7,338
Wales	2,991		+10	+410		3,400		-20	3,389
Northern Ireland	7,352				-550	6,800		+60	6,857
Chancellor of the Exchequer's Departments	5,219	-20	-1,530	-30		3,630		-240	3,396
Cabinet Office, etc	469	-470							
Cabinet Office: OPSS		1,220		+40		1,260		-10	1,254
Cabinet Office: Other, etc		470				460		+10	472
European Communities	2,569					2,570		-1,160	1,407
<b>Total central government expenditure</b>	<b>178,108</b>	<b>20</b>	<b>-1,350</b>	<b>+1,810</b>	<b>-12,400</b>	<b>166,100</b>	<b>+200</b>	<b>+30</b>	<b>166,400</b>

(1) The principal changes are described in paragraph 7.16.



**Table 7.9 Differences in plans for central government expenditure since last year's Statistical supplement by department<sup>(1)</sup>, 1994-95**

	Plans in Statistical Supplement to 1991 Autumn Statement	Transfers of function between departments	Change in treatment of pensions costs	Other classification changes and transfers	Cyclical social security	Revised plans	Changes in transactions in land and buildings	Other changes	£ million Estimated outturn
Ministry of Defence <sup>(3)</sup>	24,800		-570			24,230		-480	23,750
Foreign and Commonwealth Office	1,196		+30			1,230		-20	1,213
Overseas Development	2,334					2,340		-30	2,308
Ministry of Agriculture, Fisheries and Food	2,441		+20			2,460		+480	2,933
Trade and Industry	993	+430	+20			1,450		-100	1,347
<i>Energy</i>	488	-490							
ECGD	38					40		-100	-64
Department of Employment	3,511	-110	+50	-230		3,220		+210	3,433
Department of Transport	2,795		+20			2,810		+30	2,837
DOE-Housing	3,141					3,140		-170	2,970
DOE-Other environmental services	573	-80	+10	-20		490	+130	-50	574
DOE-PSA	15					10		+10	25
DOE-Local government	236					240			239
Home Office (including Charity Commission)	2,456	-90	+150			2,510	+10	+60	2,588
Lord Chancellor's and Law Officers' Departments	1,914		+30	+10		1,960		+490	2,444
<i>Education and Science</i>	5,339	-5,340							
Department for Education		+4,010	+10	+2,330		6,350		+470	6,819
<i>Arts and Libraries</i>	620	-620							
Department of National Heritage		+1,010				1,010		-10	1,002
Department of Health and Office of Population Censuses and Surveys	31,486		+20	-860		30,640		-280	30,363
Department of Social Security	74,500		+240	-1,120	-12,400	61,200		-140	61,100
Scotland	6,919		+30	+480		7,430	-20	+280	7,685
Wales	3,118		+10	+420		3,540			3,543
Northern Ireland	7,672				-600	7,070		-30	7,046
Chancellor of the Exchequer's Departments	5,433	-20	-1,610	-30		3,760		-200	3,562
<i>Cabinet Office, etc</i>	484	-480							
Cabinet Office: OPSS		+1,310		+40		1,350		-30	1,320
Cabinet Office: Other, etc		+480				480			482
European Communities	2,910					2,910			2,654
<b>Total central government expenditure</b>	<b>185,433</b>	<b>20</b>	<b>-1,550</b>	<b>+1,000</b>	<b>-13,000</b>	<b>171,900</b>	<b>+120</b>	<b>+150</b>	<b>172,200</b>

(1) The principal changes are described in paragraph 7.16.



## 7. Differences from previous plans

- Plan year changes** 7.16 **Tables 7.8** and **7.9** give details of the changes to plans for central government expenditure in 1993–94 and 1994–95 since last year's Supplement. The major changes were as follows:
- (a) Social security: the increase of £440 million in 1993–94 allows for higher benefit rates from April 1993 announced by the Secretary of State on 12 November. It also allows for the increased benefits for less well off pensioners announced in the 1992 Budget. The plans allow for revised estimates of the number of beneficiaries and provide for further uprating of benefits in April 1994. These increases are partly offset in 1993–94 and more than offset in 1994–95 by the savings from the measures which do not affect legitimate claimants
  - (b) Education: the increase of £260 million and £470 million in 1993–94 and 1994–95 reflecting mainly provision for grant maintained schools
  - (c) Employment: the increase of £250 million and £210 million in 1993–94 and 1994–95 mainly allows for an increase in programmes directly affected by increased unemployment (the expansion of ES measures and provision for payment of benefit) and for higher redundancy payments.
  - (d) Defence: the reduction of £570 million and £480 million in 1993–94 and 1994–95 respectively reflect the effect of lower pay and inflation.
  - (e) Ministry of Agriculture Fisheries and Food: the increases of £470 million in 1993–94 and £480 million in 1994–95 reflects significantly increased direct payments to farmers intended to compensate them for reduced support prices. There are also increases in the sterling value of CAP subsidies in the UK as a result of recent exchange rate mechanisms.
  - (f) Lord Chancellor's and Law Officers' Departments: the increases of £380 million in 1993–94 and £490 million in 1994–95 are mainly for increased legal aid expenditure.
  - (g) Chancellor's Departments: the decreases of £240 million in 1993–94 and £200 million in 1994–95 reflect planned savings on running costs and continuing efficiency gains.
  - (h) Net EC contributions: are lower by £1,160 million in 1993–94 and £260 million in 1994–95 than previous plans because of a reduction in the UK's gross contributions as a consequence of a lower forecast of agricultural expenditure and a lower UK contribution share than previously forecast. In addition the Government expects substantially higher agricultural guarantee receipts as a consequence of CAP reform.
  - (i) Export Credit Guarantee Department: the decrease of £110 million in 1993–94 and £100 million in 1994–95 reflect changes in the estimated cost of interest support.
  - (j) Department of Environment—Other Environmental Services: the increase of £210 million in 1993–94 reflects additional resources for City Challenge and additional provision for the take up of European Regional Development Fund (ERDF) grants. There are also reductions in expected New Towns and Property Holdings receipts compared with previous plans.

### Central government support for local authorities

7.17 **Tables 7.10** and **7.11** set out details of changes in figures for support for local authorities since last year's Supplement. **Table 7.10** presents an analysis of changes by territorial area and type of grant. **Table 7.11** presents an analysis of changes by department. Several significant transfers have occurred since last year's Supplement as well as the community care transfer and the further education/sixth form college transfer. These are:-

— Transfer of responsibility for magistrates courts from the Home Office to the Lord Chancellor's and Law Officer's Departments. This amounts to £304 million in 1992–93, £322 million in 1993–94 and £337 million in 1994–95.

— Transfer of responsibility for sport from the Department for Education to the Department of National Heritage. This amounts to £30 million in 1992–93, £31 million in 1993–94 and £32 million in 1994–95.

— Transfer of responsibility for highway maintenance from Department of the Environment to Department of Transport. These amount to £120 million in 1993–94 and £124 million in 1994–95.

There were no other significant classification changes or transfers.



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

- (a) DSS support for local authorities is now planned to be £460 million higher in 1993–94 and £730 million higher in 1994–95 mainly due to increased payments of housing benefit and council tax benefit.
- (b) DOE—Housing. There have been a number of increases in the rent rebate element of the Housing Revenue Account Subsidy in 1993–94 and in 1994–95 of £110 million and £400 million respectively. Reductions in other programmes more than offset this increase in 1993–94 and partly offset in 1994–95.
- (c) DOE—Local government: reductions of £540 million in 1993–94 and £750 million in 1994–95 mainly due to a reduction in RSG/NNDR grant.
- (d) The Scottish Office and the Welsh Office have also had similar reduction made to their RSG/NNDR grant.
- (e) Department of Health: an extra £140 million grant will be paid in 1993–94 to cover the extra cost of community care.
- (f) Department of Employment: reductions of £80 million in 1993–94 and £120 million in 1994–95 are partly due to reductions in Technical and Vocational Educational Initiative.
- (g) Home Office: reductions of £50 million in 1993–94 and £140 million in 1994–95 mainly due to reduction in support for police and community services.



	<b>£ million</b>		
	1992-93 estimated outturn	1993-94 plans	1994-95 plans
<b>England</b>			
Classification changes and transfers	-24	-2,199	-1,686
Other changes of which			
Revenue Support Grant/non- domestic rate payments	86	-1,022	-742
Current specific grants within AEF	-48	+190	-137
Current specific grants outside AEF	899	+1,050	+1,150
Capital grants	-17	-43	-223
Credit approvals	+9	-285	-385
<b>Total</b>	<b>+906</b>	<b>-2,309</b>	<b>-2,023</b>
<b>Scotland</b>			
Classification changes and transfers	-15	-181	-122
Other changes of which			
Revenue Support Grant/non- domestic rate payments	7	-179	-226
Current specific grants within AEF	-3	+82	+51
Current specific grants outside AEF	-55	+7	+53
Capital grants	+2	+74	+73
Net capital allocations	+38	-43	-56
<b>Total</b>	<b>-26</b>	<b>-240</b>	<b>-227</b>
<b>Wales</b>			
Classification changes and transfers	+10	-118	-82
Other changes of which			
Revenue Support Grant/non- domestic rate payments		-53	-80
Current specific grants within AEF	+6	+2	-4
Current specific grants outside AEF	+20	+8	+9
Capital grants	+17	+15	+3
Credit approvals	-22	+38	+47
<b>Total</b>	<b>+31</b>	<b>-108</b>	<b>-107</b>
<b>Northern Ireland</b>			
Classification changes and transfers	+2	+9	+7
Other changes of which			
Current specific grants		-3	
Capital grants	-5	-4	-5
<b>Total</b>	<b>-3</b>	<b>+2</b>	<b>+2</b>
<b>Total classification changes and transfers</b>	<b>-28</b>	<b>-2,500</b>	<b>-1,900</b>
<b>Total other changes</b>	<b>+934</b>	<b>-167</b>	<b>-473</b>
<b>Total changes</b>	<b>+906</b>	<b>-2,657</b>	<b>-2,357</b>

(1) As given in the Statistical Supplement to the 1991 Autumn Statement.

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



**Table 7.11 Differences from previous plans<sup>(1)</sup> for central government support for local authorities by department**

	1992-93 estimated outturn	1993-94 plans	£ million 1994-95 plans
Ministry of Agriculture, Fisheries and Food	+2	-8	-5
Trade and Industry		+9	+14
Department of Employment	-2	-77	-126
Department of Transport	+1	-48	-74
DOE—Housing	+126	-14	+185
DOE—Other environmental services	-45	+17	-69
DOE—Local government	+31	-537	-752
Home Office	-9	-51	-139
Department of Education and Science	+318	+40	-1
Department of National Heritage		-21	-22
Department of Health	+1	+154	+18
Department of Social Security	+499	+462	+726
Scotland	+47	-68	-163
Wales	-29	-18	-59
Northern Ireland	-4	-7	-7
<b>Total changes</b>	<b>+934</b>	<b>-167</b>	<b>-473</b>

(1) As given in the Statistical Supplement to the 1991 Autumn Statement, adjusted for classification changes and transfers.

## Financing requirements of nationalised industries

7.19 **Table 7.12** sets out details of changes in figures for the financing requirements of nationalised industries since last year's Supplement. Since the last Supplement Docklands Light Railway has been reclassified out of the Nationalised Industry sector into the other public corporations sector. The amounts involved are £82 million in 1992-93, £22 million in 1993-94 and £19 million in 1994-95.

7.20 The main changes from last year's supplement are as follows:

- An increase in the British Coal EFR of £1.4 billion in 1993-94, for higher restructuring and/or operating costs than assumed in last years plans.
- A reduction in the LT EFR of £0.4 billion in 1993-94 and £0.2 billion in 1994-95. These plans take account of the costs in these years of the Jubilee Line Extension.
- An increase of £0.1 billion in both 1993-94 and 1994-95 in the British Rail EFR for new rolling stock, modernising services in Kent and for the channel tunnel link.
- A reduction of £0.1 billion in both 1993-94 and 1994-95 in the Post Office EFR due to an increase in the cash surpluses.

**Table 7.12 Differences from previous plans<sup>(1)</sup> for financing requirements of nationalised industries by industry**

	1992-93 estimated outturn	1993-94 plans	£ million 1994-95 plans
British Coal	139	1,400	
British Rail	-41	129	100
British Shipbuilders	-1	-2	-3
British Waterways Board	-1		+3
Caledonian MacBrayne		2	4
Civil Aviation Authority	-2	-2	-4
Nuclear Electric		-44	-33
London Transport	-62	-362	-203
Post Office	-2	-113	-106
Scottish Transport Group		+48	+4
Scottish Nuclear		-3	-5
<b>Total</b>	<b>+31</b>	<b>+1,053</b>	<b>-244</b>

(1) As given in the Statistical Supplement to the 1991 Autumn Statement, adjusted for transfers and classification changes.



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## Section Eight Additional analyses

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## 8. Additional analyses

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8.1 This section presents a number of analyses of additional aspects of expenditure for the years up to 1992–93. It also includes a summary analysis of public sector staffing for the period 1978–79 to 1991–92.

### Public sector asset creation

8.2 The economic category analyses of general government 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 it is on a net basis and excludes 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 control 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 control 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 industries 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.

	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	£ million 1992–93 estimated outturn
<b>Expenditure within the new control total</b>						
Gross expenditure on dwellings and improvements	117	147	175	198	953	968
Gross expenditure on construction <sup>(1)</sup>	2,843	3,312	4,035	5,103	4,456	4,497
Gross expenditure on vehicles, plant and machinery	1,257	1,241	1,847	1,759	1,803	1,948
Capital grants to the private sector	2,153	2,698	2,401	3,001	3,493	4,093
<b>Public sector asset creation within the new control total</b>	<b>6,370</b>	<b>7,398</b>	<b>8,458</b>	<b>10,062</b>	<b>10,705</b>	<b>11,506</b>
<b>Adjustments to move to total public sector asset creation</b>						
<i>less</i> – MOD expenditure included above	444	480	615	631	716	858
<i>add</i> – MOD capital expenditure under NATO definition <sup>(1)</sup>	5,480	5,758	5,523	5,671	6,002	5,642
<i>add</i> – local authority asset creation <sup>(1)</sup>	7,136	8,218	10,747	8,193	7,774	8,463
<i>add</i> – public corporations <sup>(2)</sup> asset creation on:						
– dwellings	199	212	240	187	171	161
– construction <sup>(1)</sup>	1,416	1,290	1,502	1,917	1,843	2,607
– vehicles, plant and machinery	2,328	2,499	3,265	3,104	2,107	2,416
<i>add</i> – public corporations <sup>(2)</sup> capital grants to the private sector	88	86	321	320	360	372
<b>Total public sector asset creation</b>	<b>22,573</b>	<b>24,982</b>	<b>29,440</b>	<b>28,822</b>	<b>28,245</b>	<b>30,310</b>

(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.

(2) Excludes those industries other than the electricity industries that were privatised before 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 electricity industries are given in footnote (4) to Table 8.2

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 M25 Dartford Bridge.

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 1991 the public sector spent about £8.8 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 by spending sector and function, 1987–88 to 1992–93**

	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	£ million 1992–93 estimated outturn
<b>Central government own</b>						
Defence	5,480	5,758	5,523	5,671	6,002	5,642
Overseas services including overseas aid	31	38	40	54	78	104
Agriculture, fisheries, food and forestry	190	175	192	218	243	277
of which:						
Structural measures for agriculture	95	83	88	96	87	96
Trade, industry, energy and employment	752	1,374	746	735	633	608
of which:						
Regional and general industrial support	504	518	446	380	327	291
Transport	1,146	1,170	1,514	1,994	1,999	2,162
of which:						
National roads	1,102	1,111	1,458	1,963	1,966	2,106
Housing	968	928	1,119	1,696	2,195	2,670
Other environmental services	315	341	299	303	334	404
Law, order and protective services	297	406	644	753	718	673
of which:						
Prisons	140	220	421	500	453	385
Education	261	300	457	526	611	640
National heritage	97	122	133	162	190	194
Health and personal social services	1,328	1,454	1,754	1,917	1,786	1,865
of which:						
Hospital and community health services	1,284	1,401	1,700	1,848	1,705	1,759
Social security	101	156	315	296	336	338
Miscellaneous	279	306	436	570	699	575
<b>Total central government</b>	<b>11,247</b>	<b>12,529</b>	<b>13,171</b>	<b>14,895</b>	<b>15,823</b>	<b>16,151</b>
<b>Local authorities</b>						
Agriculture, fisheries, food and forestry	49	60	76	71	57	44
Trade, industry, energy and employment	7	7	11	9	5	8
Transport	821	1,057	1,233	1,059	1,110	1,200
of which:						
Local roads	746	956	1,008	891	906	989
Housing	3,586	3,912	5,382	3,856	3,510	3,437
Other environmental services	1,303	1,522	1,973	1,407	1,363	1,615
Law, order and protective services	257	290	347	295	337	363
Education	736	902	1,062	960	921	1,080
National heritage	211	264	424	340	284	308
Personal social services	167	203	240	196	185	208
Adjustment						200
<b>Total local authorities</b>	<b>7,136</b>	<b>8,218</b>	<b>10,747</b>	<b>8,193</b>	<b>7,774</b>	<b>8,463</b>
<b>Total general government</b>	<b>18,383</b>	<b>20,747</b>	<b>23,918</b>	<b>23,087</b>	<b>23,597</b>	<b>24,614</b>
<b>Public corporations</b>						
Electricity industries	1,500	1,694	2,283	2,177	755	632
British Rail	692	576	680	827	1,053	1,704
Other nationalised industries	998	898	1,041	1,051	970	1,131
Other public corporations	1,000	1,068	1,519	1,679	1,870	2,229
<b>Total public corporations</b>	<b>4,190</b>	<b>4,236</b>	<b>5,523</b>	<b>5,735</b>	<b>4,648</b>	<b>5,696</b>
<b>Total public sector</b>	<b>22,573</b>	<b>24,982</b>	<b>29,440</b>	<b>28,822</b>	<b>28,245</b>	<b>30,310</b>
Real terms (base year 1991–92)	29,794	30,736	33,987	30,814	28,245	29,074

(1) See paragraph 8.3 and Table for the definition of public sector asset creation. The figures for 1989–90 (1990–91 for NHS bodies) and subsequent years included 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 1987–88 to 1992–93 are as follows:

1,424	1,398	973	0	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 1987–88 to 1992–93 excluding all electricity industries are as follows:

21,073	23,288	27,157	26,645	27,490	29,670
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(5) Real terms figures are cash outturns adjusted to 1991–92 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<sup>(1)</sup>, 1978–79 to 1992–93**

	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 outturn	1992–93 estimated outturn
<b>Central government</b>															
Defence	1.8	2.4	3.2	3.7	4.2	4.7	5.4	5.6	5.4	5.5	5.8	5.5	5.7	6.0	5.6
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	1.8
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	2.4
Other	2.1	2.3	2.8	3.1	3.4	3.4	3.6	3.8	4.1	4.1	5.3	5.4	6.1	6.2	6.3
<b>Total central government</b>	<b>4.8</b>	<b>5.6</b>	<b>7.0</b>	<b>7.8</b>	<b>8.8</b>	<b>9.6</b>	<b>10.5</b>	<b>10.9</b>	<b>11.0</b>	<b>11.2</b>	<b>12.5</b>	<b>13.2</b>	<b>14.9</b>	<b>15.8</b>	<b>16.2</b>
<b>Local authorities</b>															
Transport	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.7	0.6	0.6	0.9	1.0	0.8	0.9	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	3.0	2.7	2.6
DOE – Other environmental services	0.4	0.4	0.5	0.5	0.6	0.7	1.0	0.8	1.0	1.0	1.2	1.6	1.0	0.9	1.1
Other	1.3	1.6	1.8	1.7	2.0	2.2	2.1	2.2	2.4	2.8	3.0	3.7	3.4	3.3	3.8
<b>Total local authorities</b>	<b>3.9</b>	<b>4.6</b>	<b>5.0</b>	<b>4.6</b>	<b>5.7</b>	<b>6.7</b>	<b>6.9</b>	<b>6.3</b>	<b>6.5</b>	<b>7.1</b>	<b>8.2</b>	<b>10.7</b>	<b>8.2</b>	<b>7.8</b>	<b>8.5</b>
<b>Total general government</b>	<b>8.7</b>	<b>10.2</b>	<b>12.0</b>	<b>12.4</b>	<b>14.4</b>	<b>16.3</b>	<b>17.3</b>	<b>17.2</b>	<b>17.5</b>	<b>18.3</b>	<b>20.7</b>	<b>23.9</b>	<b>23.1</b>	<b>23.6</b>	<b>24.6</b>
<b>Public corporations</b>															
Nationalised industries <sup>(2)</sup>	1.8	2.1	2.5	2.7	2.9	3.0	2.7	3.1	3.0	3.2	3.3	4.0	4.1	2.8	3.5
Other public corporations	0.6	0.8	0.9	0.9	0.9	0.9	1.0	0.9	0.9	1.0	0.9	1.5	1.7	1.9	2.2
<b>Total public corporations</b>	<b>2.4</b>	<b>2.9</b>	<b>3.4</b>	<b>3.6</b>	<b>3.8</b>	<b>3.9</b>	<b>3.6</b>	<b>4.1</b>	<b>3.9</b>	<b>4.2</b>	<b>4.2</b>	<b>5.2</b>	<b>5.7</b>	<b>4.6</b>	<b>5.7</b>
<b>Total public asset creation sector</b>	<b>11.1</b>	<b>13.1</b>	<b>15.3</b>	<b>16.1</b>	<b>18.2</b>	<b>20.2</b>	<b>21.0</b>	<b>21.3</b>	<b>21.5</b>	<b>22.6</b>	<b>24.7</b>	<b>29.4</b>	<b>28.8</b>	<b>28.2</b>	<b>30.3</b>
Real terms <sup>(3)</sup> (base year 1991–92)	30.0	30.3	29.9	28.7	30.3	32.2	31.8	30.6	29.9	29.8	30.4	34.0	30.8	28.2	29.1

(1) See paragraph 8.3 and Table 8.1 for the definition of public sector asset creation. The figures for 1989–90 (excluding 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 electricity industries, that have been or are due to be privatised by 31 March 1992.

(3) Cash figures adjusted to 1991–92 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices, adjusted to remove the distortion caused by the abolition of domestic rates. See paragraphs 7 to 12 of Appendix A.



## Privatisation proceeds.

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 1991 the nationalised industries' share of GDP had fallen to just under 2.5 per cent. Between 1979 and 1991 the numbers employed in nationalised industries has fallen by more than two thirds to 0.5 million and more than 930,000 jobs have been transferred to the private sector. 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 government is committed to privatising British Coal and has also announced proposals for railways privatisation. In July 1992, the government announced the intention to privatise Parcelforce.

8.11 **Table 8.4** gives a breakdown of privatisation proceeds from 1979–80 to 1992–93. Total proceeds are projected at £5½ billion per annum in 1993–94 and 1994–95, and £1 billion in 1995–96. Detailed estimates for future receipts from privatisation proceeds are not shown because they are dependent on commercially sensitive assumptions about further sales.

## Sales and purchases of land and buildings

8.12 **Table 8.5** gives figures for sales and purchases of land and existing buildings by general government for the years 1978–79 to 1992–93; 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 1987–88 to 1995–96 are given in **Table 4.9**. Further information about local authority receipts is given in the local authority section of this Supplement.

8.13 Net sales of land and existing buildings by the New Town Development Corporations and the Commission for New Towns are included in the control total but not in general government expenditure. General government expenditure is 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 1992–93.



Table 8.4 Privatisation proceeds<sup>(1)</sup>, 1979–80 to 1992–93

	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 outturn	£ million 1992–93 estimated outturn <sup>(2)</sup>
Amersham International			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		
—redemption of debt								750		250	800	350		350
British Petroleum plc	276		8		543				863 <sup>(3)</sup>	3,030 <sup>(3)</sup>	1,363			
British Steel plc										1,138	1,289			
British Sugar Corporation			44											
British Telecommunications plc														
—sale of shares						1,358	1,246 <sup>(4)</sup>	1,081					1,666	3,520
—loan stock						44	61	53	23	85	92	100	106	113
—redemption of preference shares								250	250	250				
Britoil plc				334 <sup>(5)</sup>	293		426							
BTG													24	
Cable and Wireless plc—			181		263		577							
Electricity industries														
—sale of shares (England and Wales)												3,134	2,329	1,457
—sale of shares (Scotland)													1,112	825
—redemption of debt													1,106	110
Enterprise Oil plc						384								
Forestry Commission				14	21	28	15	16	13	12	15	11	16	14
General Practice Finance Corporation										67				
Harland and Wolff											8			
Insurance Services Group													12	
Land Settlement					2	12	5	2				1		
Motorway Service leases				4	1			2	1		2	5	5	5
National Enterprise Board Holdings	37	83	2			168	30	34						
National Freight Consortium			5 <sup>(6)</sup>											
National Transcommunications Ltd													70	
Northern Ireland Electricity														350
Privatised companies' debt														1,337
Professional and Executive Recruitment										5				
Plant Breeding Institute									65 <sup>(7)</sup>					
Rolls-Royce plc									1,029	3				
Rover Group plc											150 <sup>(8)</sup>			
Royal Ordnance									186					
Short Brothers											30			
Water plc												423	1,487	1,483
—sale of shares												73		
—redemption of debt														
Wyth Farm								18				130		
Miscellaneous <sup>(9)</sup>	64	84	189	57	15	4	-2	-4	-2	-13	-23	-22	-6	-81
<b>Total</b>	<b>377<sup>(10)</sup></b>	<b>210<sup>(10)</sup></b>	<b>493<sup>(10)</sup></b>	<b>455</b>	<b>1,139</b>	<b>2,050</b>	<b>2,706</b>	<b>4,458</b>	<b>5,140</b>	<b>7,069</b>	<b>4,226</b>	<b>5,346</b>	<b>7,923</b>	<b>8,000</b>



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

		£ million			£ 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	45		Leyland Bus (Rover)	4		Scottish Transport Group subsidiaries	27
				British Coal subsidiaries	1	1991-92	Scottish Transport Group subsidiaries	13
1984-85	Jaguar (BL)	297	1987-88	British Transport Advertising	40			
	Sealink (BR)	40		Istel	48			
	Wytech Farm (BGC)	82	1988-89	National Bus Company subsidiaries	24			
1985-86	Warship yards (BS)	54	1989-90	Giroleasing (Post Office)	339			
	Sealink (BR)	26		National Bus Company subsidiaries	1			
				BREL (BR)	14			

(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 1992-93

	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	£ billion 1992-93 estimated outturn
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	
<b>Receipts from sales</b>															
Central government	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.6	-0.5	-0.4	-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	-3.6	-2.4	-2.4
<i>of which:</i>															
DOE—Housing					-1.9	-1.4	-1.3	-1.2	-1.4	-1.9	-3.0	-3.0	-2.2	-1.3	-1.5
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	-0.4
<b>Total general government</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-1.2</b>	<b>-1.9</b>	<b>-2.6</b>	<b>-2.2</b>	<b>-2.2</b>	<b>-2.3</b>	<b>-2.9</b>	<b>-4.0</b>	<b>-6.2</b>	<b>-5.9</b>	<b>-4.0</b>	<b>-2.8</b>	<b>-2.9</b>
<b>Purchases</b>															
Central government	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.4	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	0.5	0.7	0.7
<i>of which:</i>															
DOE—Housing					0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.1	0.2	0.2
DOE—Other environmental services	0.2	0.2	0.2	0.2	0.1	0.1		0.1	0.2	0.3	0.2	0.3	0.1	0.1	0.2
<b>Total general government</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>1.3</b>	<b>0.8</b>	<b>1.0</b>	<b>1.1</b>
<b>Receipts less purchases</b>															
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	-3.0	-1.8	-1.7
<i>of which:</i>															
DOE—Housing					-1.8	-1.3	-1.2	-1.0	-1.1	-1.5	-2.6	-2.5	-2.0	-1.1	-1.4
DOE—Other environmental services	-0.2	-0.4	-0.7	-1.3	-0.1	-0.1	-0.3	-0.3	-0.4	-0.8	-1.1	-1.0	-0.5	-0.3	-0.2
<b>Total general government</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-0.7</b>	<b>-1.6</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-1.8</b>	<b>-1.8</b>	<b>-2.2</b>	<b>-3.1</b>	<b>-5.2</b>	<b>-4.6</b>	<b>-3.1</b>	<b>-1.7</b>	<b>-1.5</b>



## Public sector staffing

8.14 The table below provides a summary of public sector staffing for the period 1978–79 to 1991–92 to supplement the more detailed table on central government staffing in **Table 4.13**. Figures for the current year and future years are not given since the Government does not directly control staffing numbers in local authorities and public corporations.

### Local authorities

8.15 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 2.6 per cent between March 1987 and March 1992. 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

8.16 The overall number of staff employed in public corporations has fallen by 50.2 per cent since 1978–79. Most of this fall is accounted for by a reduction in nationalised industries staffing, 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 staffing, 1978–79 to 1991–92**

	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	1991–92
Civil Service	734	719	697	678	658	636	621	597	593	578	567	559	556	560
Armed Forces	326	330	335	341	334	333	336	334	331	328	324	319	311	305
National Health Services	923	943	979	998	1,009	1,009	998	993	981	976	973	973	969	872
Other central government	211	210	207	205	210	210	207	207	208	204	204	205	211	203
<b>Total central government</b>	<b>2,194</b>	<b>2,202</b>	<b>2,218</b>	<b>2,222</b>	<b>2,211</b>	<b>2,188</b>	<b>2,162</b>	<b>2,131</b>	<b>2,113</b>	<b>2,086</b>	<b>2,068</b>	<b>2,056</b>	<b>2,047</b>	<b>1,941</b>
Local Authorities community programme <sup>(1)(2)</sup>						22	45	52	76	72	67			
Local Authorities (other non-trading) <sup>(1)(3)</sup>	2,073	2,115	2,092	2,064	2,040	2,043	2,041	2,040	2,054	2,089	2,097	2,052	2,068	2,067
Local Authorities (trading) <sup>(1)(3)</sup>	252	253	251	242	234	235	234	234	222	216	215	213	212	200
<b>Total local authorities</b>	<b>2,325</b>	<b>2,368</b>	<b>2,343</b>	<b>2,306</b>	<b>2,274</b>	<b>2,300</b>	<b>2,320</b>	<b>2,326</b>	<b>2,352</b>	<b>2,377</b>	<b>2,379</b>	<b>2,265</b>	<b>2,280</b>	<b>2,267</b>
<b>Nationalised industries <sup>(1)</sup></b>	<b>1,843</b>	<b>1,818</b>	<b>1,785</b>	<b>1,656</b>	<b>1,538</b>	<b>1,444</b>	<b>1,396</b>	<b>1,124</b>	<b>1,049</b>	<b>856</b>	<b>781</b>	<b>709</b>	<b>665</b>	<b>501</b>
<b>Public corporations <sup>(1)(4)</sup></b>	<b>203</b>	<b>204</b>	<b>205</b>	<b>190</b>	<b>185</b>	<b>185</b>	<b>181</b>	<b>117</b>	<b>126</b>	<b>118</b>	<b>118</b>	<b>110</b>	<b>108</b>	<b>101</b>
<b>Total Public Sector</b>	<b>6,565</b>	<b>6,592</b>	<b>6,551</b>	<b>6,374</b>	<b>6,208</b>	<b>6,117</b>	<b>6,059</b>	<b>5,698</b>	<b>5,640</b>	<b>5,347</b>	<b>5,346</b>	<b>5,140</b>	<b>5,100</b>	<b>4,810</b>

(1) At 1 July.

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

(3) Including Northern Ireland.

(4) Includes United Kingdom Atomic Energy Authority 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 1992 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 three plan years (1993–94 to 1995–96) for social security benefits and totals including these benefits are rounded to the nearest £50 million; totals for central government's own expenditure and central government expenditure are all also rounded to the nearest £50 million in these three years. LASFE is rounded to the nearest £100 million from 1992–93 onwards, and the new control total from 1992–93 onwards is also rounded to the nearest £100 million. This practice reflects the greater degree of uncertainty about the figures for social security benefits and LASFE;
- (ii) projections for the three plan years for cyclical social security, debt interest and other national accounts adjustments are rounded to the nearest £0.5 billion;
- (iii) estimated outturn in the current year for the control total, items between the control total and GGE, and GGE are rounded to the nearest £100 million; and
- (iv) figures in the tables covering years before 1987–88 are rounded to the nearest £0.1 billion.

### Receipts

3. GGE and the new control 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 which score in GGE but not the new control total are also treated as negative expenditure.

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 12**). The real terms figures in this Supplement are given in 1991–92 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 1 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 has been in 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 ratio calculated using the adjusted series are increased by per cent for years up to and including 1989–90.

13. Council Tax will be treated in the national accounts in the same way as 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 estimated outturn for the control 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. Information is not available for all elements of the control 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 control 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 1992 Autumn Statement and this Supplement:

- (a) For the purpose of projecting social security benefit expenditure it is assumed that the uprating in April 1994 will be based on a 2 per cent increase in the retail price index from September 1992 to September 1993 and the uprating in April 1995 will be based on a 3½ per cent increase in the year to September 1994.



- (b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to average 2.8 million in 1993–94. Following the usual convention it is assumed to remain at the same level in 1994–95 and 1995–96. For Northern Ireland the number of wholly unemployed adults is assumed to average 110,000 in 1993–94. Again similar assumptions have been made for 1994–95 and 1995–96. These assumptions are not intended to be forecasts.
- (c) General inflation as measured by the GDP deflator is assumed to be  $2\frac{3}{4}$  per cent in 1993–94,  $3\frac{1}{4}$  per cent in 1994–95 and  $2\frac{3}{4}$  per cent in 1995–96. Details of GDP deflators used for years prior to 1993–94 are shown in **Table 2.1**.
- (d) GDP at market prices (money GDP) is assumed to be £629 billion in 1993–94, £674 billion in 1994–95 and £717 billion in 1995–96. Money GDP figures for years prior to 1993–94 and the adjusted series, in index form, are also shown in **Table 2.1**.



## Appendix B Differences between the new control 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 new public expenditure control total and general government expenditure: firstly the new control total is defined primarily for use as a control total; secondly the new control 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 new control total and general government expenditure**

	£ million									
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	
						outturn				
<b>New control total</b>	<b>148,605</b>	<b>156,122</b>	<b>175,201</b>	<b>192,213</b>	<b>211,387</b>	<b>231,700</b>	<b>243,800</b>	<b>253,600</b>	<b>263,300</b>	
Add										
Cyclical social security	8,115	7,185	6,703	7,835	10,933	13,200	15,500	16,500	17,000	
Privatisation proceeds	-5,140	-7,069	-4,226	-5,346	-7,923	-8,000	-5,500	-5,500	-1,000	
Add										
Central government debt interest	17,035	17,557	17,821	17,517	16,344	17,700	20,000	24,500	27,500	
Add										
Other national accounts										
adjustments	4,627	5,956	5,307	5,050	5,355	6,000	7,500	8,500	9,000	
Of which:										
Capital consumption	2,867	3,196	3,539	3,857	3,898					
VAT refunded	1,691	1,880	2,350	2,813	3,175					
Pension increase payments	784	814	900	1,031	1,226					
Civil superannuation-charging	-15	-9	324	300	298					
Defence superannuation-charging	239	172	256	307	344					
Adjustments for public corporations	1,926	2,848	1,356	555	486					
Local authority debt interest to central government	-3,781	-4,120	-4,316	-4,568	-4,877					
Other	916	1,175	898	-438	805					
<b>General government expenditure</b>	<b>173,239</b>	<b>179,750</b>	<b>200,805</b>	<b>217,269</b>	<b>236,096</b>	<b>260,700</b>	<b>281,100</b>	<b>297,000</b>	<b>315,400</b>	

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

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

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

- (i) Add cyclical social security.
- (ii) Add privatisation proceeds.



- (iii) Add central government gross debt interest.
- (iv) Add the value of non-trading capital consumption (ie. depreciation).
- (v) Add VAT refunded to local authorities and central government departments. The control total and 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) Add the difference between pensions in payment and accruing superannuation liability changes for the civil service and armed forces superannuation schemes.
- (viii) Add the debt remuneration element of NHS Trusts' charges.
- (ix) 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.
- (x) Deduct the capital expenditure of New Town Corporations and Commission.
- (xi) Add the grants and loans made to New Towns by central government.
- (xii) Deduct the capital expenditure of Passenger Transport Executives.
- (xiii) Add grants and loans made to Passenger Transport Executives.
- (xiv) Deduct local authority debt interest payments to central government which are included in the new control total.
- (xv) Add local authorities' net cash expenditure on company securities.
- (xvi) Add the capital value of assets and deduct rents on financial leases taken out by central government.
- (xvii) Deduct the capital value of certain property leases involving local authorities and add rents on such leases.
- (xviii) Deduct net lending to the General Practice Finance Corporation.
- (xix) Add rent received from private contractors for HM Dockyards and rent received for other MOD land, which is treated as negative expenditure in the control total but as revenue in national accounts.
- (xx) Add expenditure by the Securities and Investments Board.
- (xxi) Add the development costs of the Joint European Torus project.
- (xxii) Add the tolls received on the Severn Road Bridge and the Erskine Road Bridge which are treated as negative expenditure in the control total but as revenue in national accounts.
- (xxiii) 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.
- (xxiv) Add adjustments to put certain central government expenditure on an accruals basis.
- (xxv) Add adjustments related to different timings of expenditures (other than that described in (xxii)).
- (xxvi) Add the capital expenditure of the Crown Estate Office.
- (xxvii) Deduct the capital expenditure of the Export Credits Guarantee Department.
- (xxviii) Add capital expenditure in respect of work carried out by the Scottish Development Agency and Welsh Development Agency on behalf of local authorities.
- (xxix) Deduct increases in the value of stocks held by Forestry Enterprise.
- (xxx) Add, for outturn years, the residual difference between general government expenditure as measured by national accounts and Treasury sources.



5. The national accounts and the control total are generally consistent in their treatment of changes, although there are occasionally timing lags. For example, the change in treatment of superannuation in the new control total has yet not been followed in the national accounts. 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 new control 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 new control 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 1993 departmental reports and the 1993–94 Estimates, are set out below. There are several changes from the groupings used in last year's supplement. These include the merger of the Department of Energy into the Department of Trade and Industry; the Office of Electricity Regulation and the Office of Gas Supply also appear under Trade and Industry. The Department of Education and Science has become the Department for Education. The Office of Arts and Libraries has become the Department of National Heritage. There is a new departmental grouping formed from the previous Cabinet Office, Privy Council and Parliament. This is Cabinet Office: Office of Public Service and Science, which includes the Office of Public Service and Science (formerly the Office of the Minister for the Civil Service) and the Central Office of Information and Her Majesty's Stationery Office (both formerly under the Chancellor of the Exchequer's Departments). The remaining departments from Cabinet Office, Privy Council and Parliament are grouped under Cabinet Office—Other services, Privy Council and Parliament.

<i>Title</i>	<i>Departments included</i>
Ministry of Defence	Ministry of Defence
Foreign and Commonwealth Office Overseas Development Administration	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 Office of Electricity Regulation Office of Fair Trading Office of Gas Supply Office of Telecommunications
Export Credits Guarantee Department	Export Credits Guarantee Department
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
DOE-PSA	Department of Environment (PSA)
DOE-Local government	Department of Environment (Local government)
Home Office	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 for Education

Department for Education

Department of National Heritage

Department of National Heritage

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

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 Statistical Office  
Department for National Savings  
Government Actuary's Department  
HM Customs and Excise  
Inland Revenue  
National Investment and Loans Office  
Paymaster General's Office  
Registry of Friendly Societies  
Royal Mint

Cabinet Office: Office of  
Public Service and Science

Cabinet Office: Office of  
Public Service and Science  
Central Office of Information  
HM Stationery Office  
Chessington Computer Centre  
Central Computer and  
Telecommunications Agency

Cabinet Office—Other services,  
Privy Council Office and Parliament

Cabinet Office  
House of Commons  
House of Lords  
National Audit Office  
Parliamentary Commissioner and  
Health Service Commissioners  
Privy Council Office

European Communities

Net contributions to  
European Community institutions



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## Appendix D Tax expenditures and structural reliefs

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1. Most of the analyses in this Supplement relate to the Government's public expenditure plans. But the effect of some tax reliefs is to help or encourage particular types of individuals, activities or products. Such reliefs are often alternatives to public expenditure, and have similar effects. They are hence called "tax expenditures".
2. Not all tax reliefs are of this type. Many are an integral part of the structure of the tax and are called "structural reliefs". They may, for example, allow for the costs incurred in generating income, or reflect the broad objectives of the tax, or be designed to simplify compliance or administration.
3. Some other reliefs combine both tax expenditure and structural elements. For example, capital allowances give relief for the depreciation of most business assets in arriving at taxable profits—essentially a structural relief—but in cases where the allowances exceed true economic depreciation there is an element of accelerated relief—a tax expenditure.
4. **Table D1** provides estimates of the revenue costs of some of the main reliefs against tax and national insurance contributions in 1992–93 broken down into those that are primarily tax expenditures, those that are mainly structural, and those containing elements of both. The split is inevitably broadbrush: the distinction between structural reliefs and tax expenditures is not always straightforward.
5. Several points should be noted about the figures:
  - they should only be regarded as broad estimates. As the loss of revenue from reliefs cannot be directly observed, the figures are often based on simplifying assumptions. The cost of a relief also depends on the tax base against which it is measured, which is not always clear-cut;
  - each relief is costed separately. In some cases the combined cost of a number of reliefs will differ significantly from the sum of the figures for the individual reliefs;
  - the estimates do not allow for any behavioural changes as a result of the reliefs. In practice, if a relief were withdrawn, taxpayers' behaviour would often alter so that the actual yield from ending the relief would be different from, and often smaller than, that shown.



Table D1 Costs of principal tax expenditures and structural reliefs <sup>(1)</sup>

	£ million Estimated cost for 1992-93
<b>Tax expenditures</b>	
<b>Income Tax</b>	
Relief for:	
Occupational pension schemes <sup>(2)(3)</sup>	8,100
Contributions to personal pensions (including retirement annuity premia and FSAVCs) <sup>(3)(4)</sup>	1,600
Life assurance premia (for contracts made prior to 14 March 1984) <sup>(5)</sup>	270
Private medical insurance premia for the over 60s <sup>(5)</sup>	70
Mortgage interest <sup>(5)(6)</sup>	5,200
Approved profit sharing schemes <sup>(7)</sup>	85*
Approved savings-linked share option schemes <sup>(8)</sup>	70*
Personal equity plans	120*
Business Expansion Scheme	300*
Profit related pay	150*
Half of Class 4 National Insurance Contributions	110
Exemption of:	
Interest on National Savings Certificates including index-linked Certificates	240*
Tax Exempt Special Savings Account interest	250*
Income of charities <sup>(9)</sup>	525
Foreign service allowance paid to Crown Servants abroad	60*
<b>Income Tax and Corporation Tax</b>	
Accelerated capital allowances for Enterprise Zones	150*
<b>Capital Gains Tax</b>	
Exemption of gains arising on disposal of only or main residence <sup>(10)</sup>	1,000*
<b>Inheritance Tax</b>	
Relief for:	
Agricultural property	60
Business property	50
Exemption of transfers to charities on death	150*
<b>Stamp Duty</b>	
Exemption of transfers of government stocks and loan stocks	1,600*
<b>National Insurance Contributions</b>	
2 per cent incentive for personal pensions and new contracted-out occupational schemes	800
<b>Value Added Tax</b>	
Zero-Rating of:	
Food	7,000
Construction of new dwellings	1,800
Domestic fuel and power	2,600
Domestic passenger transport	1,100
International passenger transport	800
Books, newspapers and magazines	1,100
Children's clothing	600
Water and sewerage services	700
Drugs and medicines on prescription	500
Supplies to charities	200
Ships and aircraft above a certain size	500
<b>Structural Reliefs</b>	
<b>Income Tax</b>	
Personal allowance <sup>(11)</sup>	25,300
<b>Income Tax and Corporation Tax</b>	
Double taxation relief <sup>(12)</sup>	3,100*



Table D1 Costs of principal tax expenditures and structural reliefs <sup>(1)</sup> (continued)

£ million  
Estimated cost  
for 1992-93

<b>Corporation Tax</b>	
Reduced rate of corporation tax on policy holders' fraction of profits	150*
<b>National Insurance Contributions</b>	
Contracted-out rebate for occupational schemes and personal pensions	8,350
<b>Value Added Tax</b>	
Refunds to:	
Local authorities and the Northern Ireland government of VAT incurred on non-business purchases	3,100
The BBC of VAT incurred on non-business purchases	100
Central Government and Health Authorities on contracted-out services	500
<b>Reliefs with Tax Expenditure and Structural Components</b>	
<b>Income Tax</b>	
Married couple's allowance <sup>(13)</sup>	4,600
Age-related allowances <sup>(14)</sup>	675
Additional personal allowance for one parent family <sup>(15)</sup>	260
Exemption of:	
British government securities where owner not ordinarily resident in the United Kingdom	200*
Invalidity benefit and severe disablement allowance	475*
Industrial disablement benefits	60*
Attendance allowance	80*
Disability living allowance (previously mobility allowance)	100*
War disablement benefits	120*
<b>Income Tax and Corporation Tax</b>	
Capital allowances <sup>(16)</sup>	11,500*
<b>Corporation Tax</b>	
Small companies' reduced rate of corporation tax	750*
<b>Capital Gains Tax</b>	
Indexation allowance and rebasing to March 1982 <sup>(17)</sup>	800*
Exemption of:	
First £5,800 of gains of individuals and first £2,900 of gains of trustees	230*
Gains accrued but unrealised at death	275*
<b>Petroleum Revenue Tax<sup>(18)</sup></b>	
Relief for exploration and appraisal expenditure	700
Cross field allowance for 10 per cent of development expenditure on certain new fields	75
Oil allowance	280
Safeguard: a protection for return on capital cost	95
Tariff receipts allowance	80
Exemption for gas sold to British Gas under pre-July 1975 contracts	190*
<b>Inheritance Tax</b>	
Nil rate band for chargeable transfers not exceeding £150,000	4,500*
Exemption of transfers on death to surviving spouses <sup>(19)</sup>	800*
<b>Stamp Duty</b>	
Exemption of transfers of land and property where the consideration does not exceed the threshold <sup>(20)</sup>	280
<b>National Insurance Contributions</b>	
Reduced contributions for self-employed not attributable to reduced benefit eligibility	1,500



Table D1 Costs of principal tax expenditures and structural reliefs <sup>(1)</sup> (continued)

	£ million
	Estimated cost for 1992-93
<b>Valued-Added Tax</b>	
Exemption of <sup>(21)</sup> :	
Rent on domestic dwellings	2,300
Private education	600
Health services	300
Postal services	400
Burial and cremation	100
Finance and insurance <sup>(22)</sup>	2,700
Betting and gaming <sup>(23)</sup>	500
Small traders	100

\* These figures are particularly tentative and subject to a wide margin of error.

- (1) Only reliefs with an estimated cost of at least £50 million are included. Costs are on an accruals basis unless otherwise specified.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) Including the cost of deductions at source for nontaxpayers.
- (6) The relief covers qualifying interest on loans for the purchase or improvement of the main or only residence.
- (7) The cost takes into account that a proportion of the value of appropriations granted in each year is denied tax relief where the participant sells the shares within 5 years of the date of appropriation.
- (8) The cost 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. It assumes that prices of shares over which options are exercised follow those in the market generally. The figure excludes the cost of the tax-free bonus or interest received under a SAYE contract.
- (9) 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;
  - (ii) an estimate of the higher rate relief received by the payers of covenanted sums and single donations under Gift Aid.
- (10) Calculated on the assumption that there would be no relief for gains when disposal proceeds were applied to the purchase of another house. The cost quoted does not represent the yield from abolition of the relief: consequential effects on the housing market would substantially reduce the yield.
- (11) Under Independent Taxation, from 1990-91, every individual taxpayer is entitled to a personal allowance which can be set against any type of income.
- (12) Relates to accounting periods ending in 1989-90.
- (13) From 1990-91 a married man can claim the married couple's allowance in addition to his personal allowance. If the husband's net income is too small to use the whole of the married couple's allowance, the unused allowance can be transferred to his wife.
- (14) This figure represents the cost of the excess of the aged personal and aged married couple's allowances over the corresponding allowances for non-aged taxpayers. It includes £40 million in 1992-93 for the cost of the higher aged allowance for those aged 75 and over.
- (15) Including £5 million in 1992-93 for the additional personal allowance available to a married man with children whose wife is totally incapacitated.
- (16) The figure for capital allowances is net of balancing charges. It includes initial and first year allowances as well as "writing down" and any other allowances. The figure excludes the cost of accelerated capital allowances for Enterprise Zones shown elsewhere as a tax expenditure.
- (17) The estimated cost relates to gains of individuals and trusts only. Company gains are not included because of estimation difficulties.
- (18) The figures are net of any consequential effect on corporation tax and represent the effect on calendar year accruals in 1992. The cost of all types of expenditure relief (ie capital expenditure, including uplift, operating expenditure and exploration and appraisal expenditure) is £3,400 million in 1992-93. This figure reflects the fact that, in the case of PRT, no distinction is made between revenue and capital.
- (19) This cost is in respect only of transfers for which an account is submitted to the Capital Taxes Offices.
- (20) The estimates takes into account the temporary increase in the threshold to £250,000 up to 19 August 1992. If the threshold had remained at £30,000 throughout 1992-93 the estimated cost would have been £45 million. The threshold does not apply to transfers of shares.
- (21) The estimates shown are net of any revenue loss that might arise from removing VAT exemption. Where an exempt trader provides goods or services to registered traders whose output is standard rated, there is likely to be some revenue gain to the Exchequer from the exemption. The taxable supply of the registered trader is likely implicitly to include an element in respect of the value-added by the exempt trader and this element will be liable to VAT.
- (22) A significant proportion of exempt financial services and exempt insurance is classified in the National Accounts as 'other business services'. It is not possible to identify separately expenditure by, and on, these components with any degree of accuracy. No attempt has therefore been made to provide separate estimates for the VAT exemption of finance and insurance. Because of the large volume of transactions between these sectors, however, the sum of individual estimates for the two sectors would exceed the joint estimate provided here.
- (23) Although betting and gaming are exempt from VAT, it is estimated that £1 billion will be raised from betting and gaming duties in 1992-93.



## Appendix E General government expenditure by territorial area and region

1. This appendix presents analyses of public expenditure outturn by territorial area and region. For the purpose of these analyses expenditure is allocated to specific territorial areas 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 territorial area, 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 territorial areas, 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 territorial area, 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 territorial areas from existing records.

In last year's exercise, all support for nationalised industries and public corporations was counted as non-identifiable. To broaden the coverage of identifiable expenditure, the support for those corporations whose activities benefit the residents of a particular country have been counted as identifiable. Support for Nuclear Electricity, British Coal and British Rail have, however, continued to be treated as non-identifiable. The coverage has been broadened further as more expenditure on law, order and protective services has been identified than was possible last year.

5. The data presented in this appendix were collected in the summer of 1992 and therefore, are not entirely consistent with other figures in this Supplement which reflect later information. They do, however, provide an indication of the coverage of expenditure by territorial area on each main function. **Table E1** summarises general government expenditure by territorial area for the years 1987-88 to 1991-92. Fuller details of each of the five years covered in the 1992 analysis are given in **Tables E2 to E6**. The final table gives a further breakdown of 1991-92 identifiable expenditure and also shows the non-identifiable elements by function (**Table E7**).



	£ million				
	1987-88	1988-89	1989-90	1990-91	1991-92
England	96,908	101,672	112,727	124,584	142,427
Scotland	13,277	13,926	14,965	16,336	17,882
Wales	6,627	7,080	7,643	8,508	9,434
Northern Ireland <sup>(2)</sup>	4,910	5,608	5,904	6,090	6,682
<b>Total</b>	<b>121,721</b>	<b>128,286</b>	<b>141,238</b>	<b>155,518</b>	<b>176,424</b>
	£ per head				
England	2,044	2,139	2,364	2,604	2,963
Scotland	2,597	2,734	2,940	3,202	3,506
Wales	2,336	2,478	2,660	2,953	3,268
Northern Ireland <sup>(2)</sup>	3,117	3,554	3,730	3,832	4,191
<b>Total</b>	<b>2,138</b>	<b>2,248</b>	<b>2,468</b>	<b>2,709</b>	<b>3,060</b>

(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, 1987-88**

	£ 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	660	202	98	151	1,110	59	18	9	14
Trade, industry, energy and employment	3,619	681	413	365	5,078	71	13	8	7
Transport	3,852	598	334	118	4,902	79	12	7	2
Housing	2,957	562	231	337	4,086	72	14	6	8
Other environmental services	3,998	625	410	221	5,254	76	12	8	4
Law, order and protective services	5,941	669	288	591	7,488	79	9	4	8
Education	16,750	2,389	1,015	787	20,941	80	11	5	4
National Heritage <sup>(1)</sup>	671	78	38		787	85	10	5	
Health and personal social services	19,712	2,666	1,256	798	24,433	81	11	5	3
Social security	38,797	4,581	2,506	1,504	47,388	82	10	5	3
Miscellaneous expenditure <sup>(1)</sup>	-49	227	39	38	254	-19	89	15	15
<b>Total expenditure on services</b>	<b>96,908</b>	<b>13,277</b>	<b>6,627</b>	<b>4,910</b>	<b>121,721</b>	<b>80</b>	<b>11</b>	<b>5</b>	<b>4</b>

**Table E2B Identifiable general government expenditure, per head, 1987-88**

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	14	40	35	96	20	71	202	177	491
Trade, industry, energy and employment	76	133	146	232	89	86	149	163	260
Transport	81	117	118	75	86	94	136	137	87
Housing	62	110	81	214	72	87	153	113	298
Other environmental services	84	122	145	141	92	91	133	157	152
Law, order and protective services	125	131	102	375	132	95	99	77	285
Education	353	467	358	500	368	96	127	97	136
National Heritage <sup>(1)</sup>	14	15	13		14	102	110	96	
Health and personal social services	416	522	443	507	429	97	122	103	118
Social security	818	896	884	955	832	98	108	106	115
Miscellaneous expenditure <sup>(2)</sup>	-1	44	14	24	5	-23	994	306	537
<b>Total expenditure on services</b>	<b>2,044</b>	<b>2,597</b>	<b>2,336</b>	<b>3,117</b>	<b>2,138</b>	<b>96</b>	<b>122</b>	<b>109</b>	<b>146</b>

(1) Expenditure on national heritage in Northern Ireland is included with Education.

(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 E3A 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	746	212	111	143	1,211	62	18	9	12
Trade, industry, energy and employment	3,758	738	441	767	5,705	66	13	8	13
Transport	3,912	605	335	131	4,982	79	12	7	3
Housing	2,195	440	185	334	3,153	70	14	6	11
Other environmental services	4,072	689	401	244	5,406	75	13	7	5
Law, order and protective services	6,775	739	323	635	8,473	80	9	4	8
Education	18,090	2,573	1,101	852	22,616	80	11	5	4
National Heritage	796	92	43		931	86	10	5	
Health and personal social services	21,819	2,969	1,406	881	27,074	81	11	5	3
Social security	39,567	4,600	2,693	1,574	48,435	82	10	6	3
Miscellaneous expenditure <sup>(1)</sup>	-57	271	42	46	301	-19	90	14	15
<b>Total expenditure on services</b>	<b>101,672</b>	<b>13,926</b>	<b>7,080</b>	<b>5,608</b>	<b>128,286</b>	<b>79</b>	<b>11</b>	<b>6</b>	<b>4</b>

**Table E3B 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	16	42	39	91	21	74	196	182	427
Trade, industry, energy and employment	79	145	154	486 <sup>(1)</sup>	100	79	145	154	486
Transport	82	119	117	83	87	94	136	134	95
Housing	46	86	65	212	55	84	156	117	383
Other environmental services	86	135	140	155	95	90	143	148	164
Law, order and protective services	143	145	113	403	149	96	98	76	271
Education	381	505	386	540	396	96	127	97	136
National Heritage <sup>(2)</sup>	17	18	15		16	103	111	92	
Health and personal social services	459	583	492	558	474	97	123	104	118
Social security	832	903	943	998	849	98	106	111	118
Miscellaneous expenditure <sup>(1)</sup>	-1	53	15	29	5	-23	1,006	277	553
<b>Total expenditure on services</b>	<b>2,139</b>	<b>2,734</b>	<b>2,478</b>	<b>3,554</b>	<b>2,248</b>	<b>95</b>	<b>122</b>	<b>110</b>	<b>158</b>

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

(2) Expenditure on National Heritage in Northern Ireland is included with education.

(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 E4a Identifiable general government expenditure, 1989-90

	£ 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	822	226	118	175	1,341	61	17	9	13
Trade, industry, energy and employment	3,406	722	424	735 <sup>(1)</sup>	5,287	64	14	8	14
Transport	4,753	693	348	148	5,942	80	12	6	3
Housing	4,116	589	249	268	5,221	79	11	5	5
Other environmental services	4,977	711	451	261	6,399	78	11	7	4
Law, order and protective services	7,800	831	368	695	9,693	81	9	4	7
Education	20,305	2,835	1,202	938	25,280	80	11	5	4
National Heritage <sup>(2)</sup>	909	102	50		1,062	86	10	5	
Health and personal social services	23,709	3,256	1,538	950	29,452	81	11	5	3
Social security	41,939	4,874	2,846	1,682	51,341	82	10	6	3
Miscellaneous expenditure <sup>(3)</sup>	-10	127	50	54	221	-4	57	23	24
<b>Total expenditure on services</b>	<b>112,727</b>	<b>14,965</b>	<b>7,643</b>	<b>5,904</b>	<b>141,238</b>	<b>80</b>	<b>11</b>	<b>5</b>	<b>4</b>

Table E4b Identifiable general government expenditure, per head, 1989-90

	£ 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	17	44	41	111	23	74	189	176	472
Trade, industry, energy and employment	71	142	148	464 <sup>(1)</sup>	92	77	153	160	503
Transport	100	136	121	93	104	96	131	117	90
Housing	86	116	87	169	91	95	127	95	185
Other environmental services	104	140	157	165	112	93	125	140	147
Law, order and protective services	164	163	128	439	169	97	96	76	259
Education	426	557	418	593	442	96	126	95	134
National Heritage <sup>(2)</sup>	19	20	17		19	103	109	94	
Health and personal social services	497	640	535	600	515	97	124	104	117
Social security	879	958	991	1,063	897	98	107	110	119
Miscellaneous expenditure <sup>(3)</sup>		25	18	34	4	-5	644	453	879
<b>Total expenditure on services</b>	<b>2,364</b>	<b>2,940</b>	<b>2,660</b>	<b>3,730</b>	<b>2,468</b>	<b>96</b>	<b>119</b>	<b>108</b>	<b>151</b>

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

(2) Expenditure on national heritage in Northern Ireland is included with education.

(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 E5a 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	972	251	146	182	1,550	63	16	9	12
Trade, industry, energy and employment	3,359	826	422	475 <sup>(1)</sup>	5,083	66	16	8	9
Transport	5,641	726	418	145	6,930	81	10	6	2
Housing	3,730	649	324	245	4,948	75	13	6	5
Other environmental services	5,529	777	497	290	7,092	78	11	7	4
Law, order and protective services	8,781	928	401	762	10,871	81	9	4	7
Education	21,761	3,087	1,308	1,049	27,205	80	11	5	4
National Heritage	1,035	125	54		1,214	85	10	4	
Health and personal social services	26,674	3,585	1,739	1,051	33,047	81	11	5	3
Social security	47,103	5,242	3,145	1,836	57,326	82	9	6	3
Miscellaneous expenditure <sup>(2)</sup>		142	55	55	252		56	22	22
<b>Total expenditure on services</b>	<b>124,584</b>	<b>16,336</b>	<b>8,508</b>	<b>6,090</b>	<b>155,518</b>	<b>80</b>	<b>11</b>	<b>6</b>	<b>4</b>

Table E5b 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	20	49	51	115	27	75	182	187	424
Trade, industry, energy and employment	70	162	147	299	89	79	183	166	338
Transport	118	142	145	91	121	98	118	120	76
Housing	78	127	112	154	86	91	148	130	179
Other environmental services	116	152	172	182	124	94	123	140	148
Law, order and protective services	184	182	139	480	189	97	96	73	253
Education	455	605	454	660	474	96	128	96	139
National Heritage <sup>(1)</sup>	22	25	19		21	102	116	89	
Health and personal social services	558	703	603	661	576	97	122	105	115
Social security	985	1,027	1,092	1,155	999	99	103	109	116
Miscellaneous expenditure <sup>(2)</sup>		28	19	35	4		634	434	791
<b>Total expenditure on services</b>	<b>2,604</b>	<b>3,202</b>	<b>2,953</b>	<b>3,832</b>	<b>2,709</b>	<b>96</b>	<b>118</b>	<b>109</b>	<b>141</b>

(1) Expenditure on national heritage in Northern Ireland is included with education.

(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 E6a Identifiable general government expenditure, 1991-92

	£ 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	1,045	300	193	198	1,736	60	17	11	11
Trade, industry, energy and employment	3,260	708	376	479	4,823	68	15	8	10
Transport	6,037	755	433	161	7,386	82	10	6	2
Housing	4,503	700	343	255	5,800	78	12	6	4
Other environmental services	6,154	891	565	229	7,838	79	11	7	3
Law, order and protective services	9,092	1,024	403	855	11,374	80	9	4	8
Education	24,261	3,296	1,477	1,172	30,206	80	11	5	4
National Heritage	1,045	132	57		1,234	85	11	5	
Health and personal social services	30,315	4,016	1,996	1,165	37,492	81	11	5	3
Social security	56,712	5,893	3,529	2,104	68,237	83	9	5	3
Miscellaneous expenditure <sup>(1)</sup>	4	168	62	65	299	1	56	21	22
<b>Total expenditure on services</b>	<b>142,427</b>	<b>17,882</b>	<b>9,434</b>	<b>6,682</b>	<b>176,424</b>	<b>81</b>	<b>10</b>	<b>5</b>	<b>4</b>

Table E6b Identifiable general government expenditure, per head, 1991-92

	£ 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	22	59	67	124	30	72	196	228	412
Trade, industry, energy and employment	68	139	130	300	84	81	166	156	359
Transport	126	148	150	101	128	98	116	117	79
Housing	94	137	119	160	101	93	136	118	159
Other environmental services	128	175	196	144	136	94	128	144	106
Law, order and protective services	189	201	140	536	197	96	102	71	272
Education	505	646	512	735	524	96	123	98	140
National Heritage <sup>(1)</sup>	22	26	20		21	102	121	93	
Health and personal social services	631	787	692	731	650	97	121	106	112
Social security	1,180	1,155	1,223	1,319	1,184	100	98	103	112
Miscellaneous expenditure <sup>(2)</sup>	0	33	21	41	5	2	636	412	787
<b>Total expenditure on services</b>	<b>2,963</b>	<b>3,506</b>	<b>3,268</b>	<b>4,191</b>	<b>3,060</b>	<b>97</b>	<b>115</b>	<b>107</b>	<b>137</b>

(1) Expenditure on national heritage in Northern Ireland is included with education.

(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 <sup>(1)</sup> analysed by territorial area and function, 1991-92**

	Identifiable expenditure										£ million		
	England	Scotland			Wales			Northern Ireland			Total	Non Identified	United Kingdom
		Total	Scottish Office	Other	Total	Welsh Office	Other	Total	Northern Ireland Office and Departments	Other <sup>(2)</sup>			
Defence												23,015	23,015
Overseas services												3,110	3,110
Agriculture, fisheries, food and forestry	1,045	300	281	19	193	176	17	198	197	1	1,736	1,491	3,227
Trade, industry, energy and employment	3,260	708	592	116	376	189	187	479	478		4,823	2,435	7,258
Roads and transport	6,037	755	755	1	433	433		161	161		7,386	1,487	8,873
Housing	4,503	700	700		343	343		255	255		5,800		5,800
Other environmental services	6,154	891	891		565	565		229	229		7,841	192	8,033
Law, order and protective services	9,092	1,024	980	44	403		403	855	820	35	11,374	1,707	13,081
Education	24,261	3,296	3,067	229	1,477	1,250	227	1,172	1,172		30,206	238	30,444
National Heritage <sup>(3)</sup>	1,045	132	132		57	57					1,234	240	1,474
Health and personal social services	30,315	4,016	4,016		1,996	1,996		1,165	1,165		37,492	52	37,544
Social security	56,712	5,893		5,893	3,529		3,529	2,104	2,088	16	68,237	1,794	70,031
Miscellaneous expenditure <sup>(4)</sup>	4	168	168		62	62		65	65		99	5,538	5,837
<b>Total</b>	<b>142,427</b>	<b>17,882</b>	<b>11,581</b>	<b>6,301</b>	<b>9,434</b>	<b>5,071</b>	<b>4,363</b>	<b>6,682</b>	<b>6,631</b>	<b>52</b>	<b>176,425</b>	<b>41,300</b>	<b>217,725</b>

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

(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 national heritage in Northern Ireland is included with education.

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



## Regional analysis of public expenditure

6. In response to a request from the Treasury and Civil Service Committee (TCSC) an analysis was carried out in the summer of 1991 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 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 1990–91 was undertaken during the summer of 1992. The results are set out in **Tables E8 and E9**.
8. **Table E8** sets out figures for expenditure by region in 1990–91. In addition to the regional expenditure figures the tables also give the corresponding figures from the 1992 territorial analysis. They show that just under 84 per cent of expenditure identifiable to England in 1990–91 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1990–91 about 94 per cent of expenditure on health and personal social services and almost 88 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. **Table E9** presents the figures on a per capita basis. Spending in 1990–91 allocated by region varies from £1,928 per head in East Anglia to £2,330 in the North West. These figures should be treated with caution. Identifiable expenditure which cannot be allocated by region averages about £418 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 **Table E9**. 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 and E9** 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.
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 its departmental report.



**Table E8 Identifiable general government expenditure, by area and function, 1990–91**

£ million

	Allocation of expenditure by region								Total of all Regions	Unallocated <sup>(2)</sup>	Totals from 1992 territorial analysis <sup>(1)</sup>			
	Northern Region	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands	North West			England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	3	7	9	-1	30	11	1	8	68	904	972	251	146	182
Trade, industry, energy and employment	105	58	25	10	95	40	53	90	476	2,883	3,359	826	422	475
Roads and transport	268	478	404	300	2,303	452	580	684	4,932	709	5,641	726	418	145
Housing	107	202	143	49	1,439	151	199	387	2,678	1,052	3,730	649	324	245
Other environmental services	381	484	264	167	2,293	387	499	560	5,034	499	5,529	777	497	290
Law, order and protective services	380	594	409	194	2,702	491	602	831	6,202	2,579	8,781	927	401	762
Education and science	1,197	1,870	1,494	696	6,522	1,608	2,018	2,516	17,921	3,840	21,761	3,087	1,308	1,049
National Heritage	47	69	51	21	282	56	71	79	676	356	1,035	125	54	(3)
Health and personal social services	1,632	2,601	1,859	987	9,671	2,264	2,668	3,531	25,212	1,462	26,674	3,585	1,739	1,051
Social security	2,971	4,402	3,257	1,546	14,583	3,997	4,425	6,200	41,378	5,725	47,103	5,242	3,145	1,836
Miscellaneous expenditure												142	55	55
<b>Total</b>	<b>7,090</b>	<b>10,765</b>	<b>7,915</b>	<b>3,970</b>	<b>39,919</b>	<b>9,456</b>	<b>11,115</b>	<b>14,886</b>	<b>104,579</b>	<b>20,006</b>	<b>124,584</b>	<b>16,336</b>	<b>8,508</b>	<b>6,090</b>

(1) Figures show the identifiable spending by function from the Treasury's 1992 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 1992 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

(3) Expenditure on national heritage in Northern Ireland is included with education.



Table E 9 Identifiable general government expenditure, per capita, by area and function, 1990-91

	Allocation of expenditure by region									Unallo- cated <sup>(2)</sup>	Totals from 1992 territorial analysis <sup>(1)</sup>			
	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
	£ per head													
Agriculture, fisheries, food and forestry	1	2	2	-1	2	2		1	1	18	20	49	51	115
Trade, industry, energy and employment	34	12	6	5	5	9	10	14	10	60	70	162	147	299
Roads and transport	87	97	101	146	132	97	111	107	104	15	118	142	145	91
Housing	35	41	36	24	82	32	38	61	56	22	78	127	112	154
Other environmental services	124	98	66	81	131	83	96	88	105	10	116	152	172	182
Law, order and protective services	124	120	102	94	155	105	115	131	131	54	184	182	139	480
Education and science	389	378	372	338	374	345	387	395	377	80	455	605	454	660
National Heritage	15	14	13	10	16	12	14	13	14	8	22	25	19	(3)
Health and personal social services	531	525	463	479	554	485	511	554	530	30	558	703	603	661
Social security	966	889	810	751	835	857	848	974	871	120	985	1,027	1,092	1,155
Miscellaneous expenditure												28	19	35
<b>Total</b>	<b>2,306</b>	<b>2,173</b>	<b>1,969</b>	<b>1,928</b>	<b>2,287</b>	<b>2,027</b>	<b>2,130</b>	<b>2,330</b>	<b>2,186</b>	<b>418</b>	<b>2,604</b>	<b>3,202</b>	<b>2,953</b>	<b>3,832</b>

(1) Figures show the identifiable spending by function from the Treasury's last 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 1992 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

(3) Expenditure on national heritage in Northern Ireland is included with education.

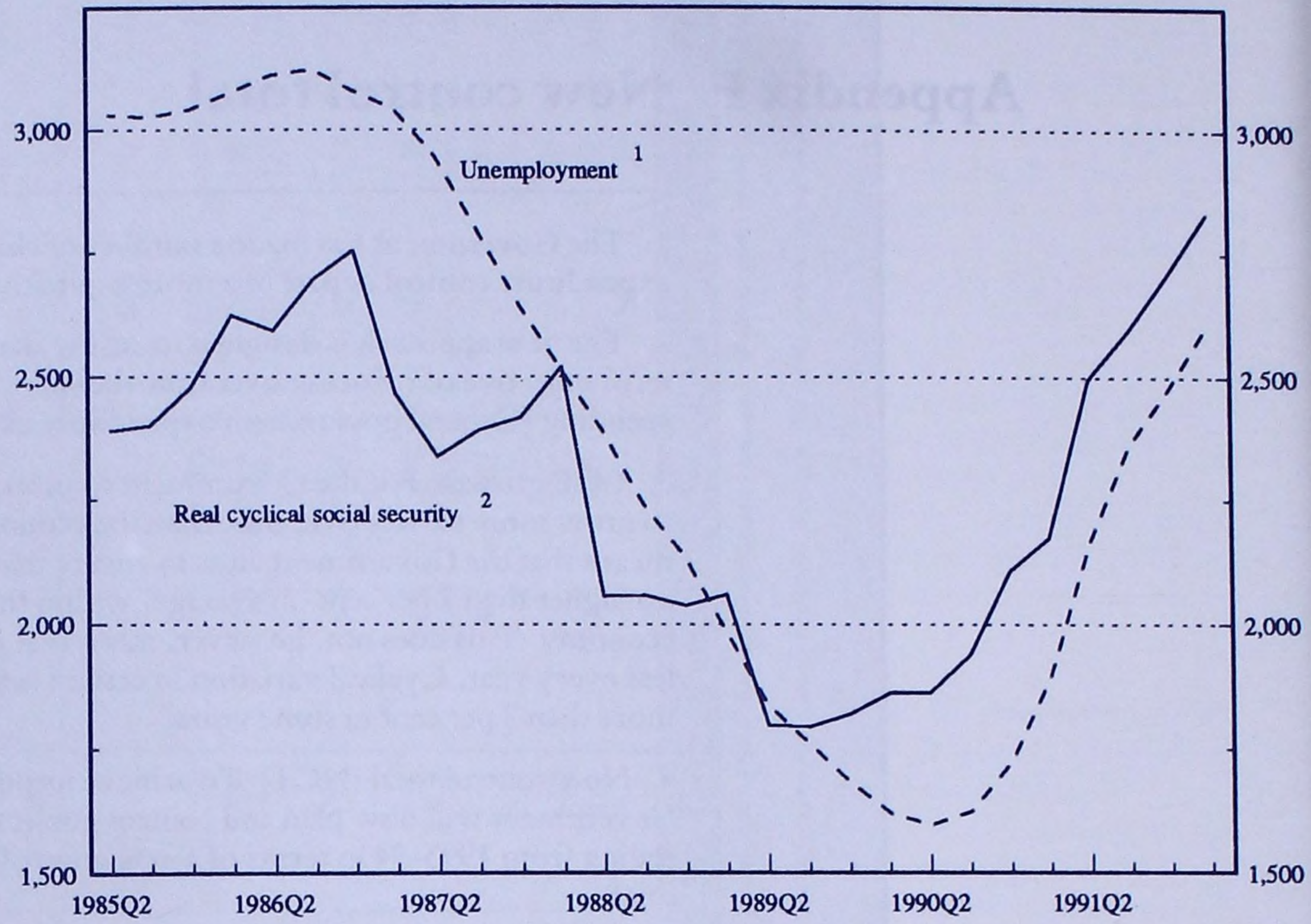


## Appendix F New control total

1. The Government has made a number of changes to the system of public expenditure control as part of a more explicitly "topdown" approach.
2. The new approach is designed to ensure that the Government meets its medium-term objective of reducing over time the share of national income taken by public spending (General government expenditure excluding privatisation proceeds).
3. GGE growth: For the Government to meet this objective, public spending needs to grow more slowly over time than the economy. On present assumptions this means that the Government aims to ensure that the real growth of GGE over time is no higher than 2 per cent on average, within the potential growth rate of the economy. This does not, however, mean that real GGE growth will be 2 per cent or less every year. Cyclical variation in certain items may lead to real GGE growing by more than 2 per cent in some years.
4. New control total (NCT): To achieve its public spending objective the Government will now plan and control public expenditure by setting an annual ceiling from 1993-94 in terms of a new control total (which replaces the planning total).
5. This ceiling will be expressed in cash terms but will reflect a maximum permitted real growth rate of 1½ per cent a year. Assumptions about the trend rate of growth of items outside NCT total but within GGE imply that an average 1½ per cent real growth a year in the NCT would be consistent with real GGE growth over time no higher than 2 per cent. The maximum growth rate set for the NCT will, if necessary, be reviewed in future if the Government's assessment of the medium term growth rates of public spending and output alters. One element in this will be any changes in the underlying growth rates of expenditure outside the NCT.
6. Comparison with planning total: The planning total included central government's own spending, central government support for local authority expenditure, the financing requirements of nationalised industries and other public corporations, and a Reserve and was net of privatisation proceeds. It excludes local authority self financed expenditure (LASFE), central government debt interest and certain accounting adjustments. (These expenditures do, however, form part of GGE).
7. Compared with the planning total, the main changes in the NCT are that it:—excludes the main elements of cyclical social security (unemployment benefit and income support for non-pensioners); includes local authority self-financed expenditure; and excludes privatisation proceeds.
8. In defining the NCT, the Government has been concerned that as much public spending as possible should be included, given the fundamental objective of controlling GGE over time. The Government has, however, also taken steps to ensure that programme spending is to a large extent insulated from the effects of the cycle.
9. LASFE: LASFE was not included in the planning total which consisted only of items of expenditure for which central government was directly responsible. It is included, however, in the NCT. This is because LASFE is a significant component of GGE, is not primarily cyclical and cannot sensibly be allowed to vary without any requirement for offsetting adjustments. Although LASFE is not directly under central government control, the Government influences and restrains local authority expenditure, and hence LASFE, through grant, capping and capital receipts rules.
10. Cyclical social security: There is a tendency for social security spending to rise during a recession thereby squeezing spending on other programmes and to fall when growth in the economy picks up, allowing higher than intended spending in other areas and obscuring underlying trends. The main unemployment-related elements of social security (unemployment benefit and income support for non-pensioners) have been excluded from the NCT to prevent these effects. Other social security spending is included within the NCT. Chart F1 shows the relationship between real cyclical social security and unemployment.



Chart F1 Real Cyclical Social Security and Unemployment



1 In thousands.

2 £ million, unemployment benefit plus income support to non-pensioners, deflated by relevant uprating factor.

11. Central government debt interest: central government debt interest payments are excluded from the NCT, as they have been from the planning total, since they vary from year to year, are affected by the business cycle and the Government's fiscal and monetary policies and would, if included, distort the annual growth rate of the NCT.

12. The relationship between the planning total and the NCT is shown in table 1.2.



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## Glossary

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

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

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

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

**Asset creation** This Supplement includes a number of analyses of 'public sector asset creation' (previously described as 'public sector capital spending'). These analyses show the extent to which the public sector is helping to increase or renew the nation's stock of physical assets. The figures cover gross expenditure on assets, except purchases of existing assets, and capital grants to the private sector. The analyses cover such expenditure by both local authorities and public corporations which falls outside the planning total. 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 capital 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 cash 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 and will be replaced by the council tax on 1st April 1993.

**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.

**Council tax** will replace community charge from April 1993. Each household will receive a single bill based on the broad valuation band into which their property falls and the number of adults living in 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 have been 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)
- (xii) Lending and other financial transactions

These categories are briefly described in paragraph 9 of **Section 2**.

**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 4 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 "National Accounts 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, un-incorporated bodies and companies), to overseas governments, to nationalised industries and other public corporations (including issues of public dividend capital and, up to 1988, issues under section 18 of the Iron and Steel Act 1975) and drawings on UK subscriptions to international lending bodies. All are measured net of repayments of principal.

**New control total** See **paragraph 6 of section 1, and annex F**.

**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 6 of Section 1**.

**Privatisation proceeds** see **paragraphs 10 and 11 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 both fully viable and subject to cyclical fluctuations in their returns as a result of their trading conditions and the nature of their assets.

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

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

**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 12 of **Appendix A**).

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

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

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

The **Reserve** is an amount within the control 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 3 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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