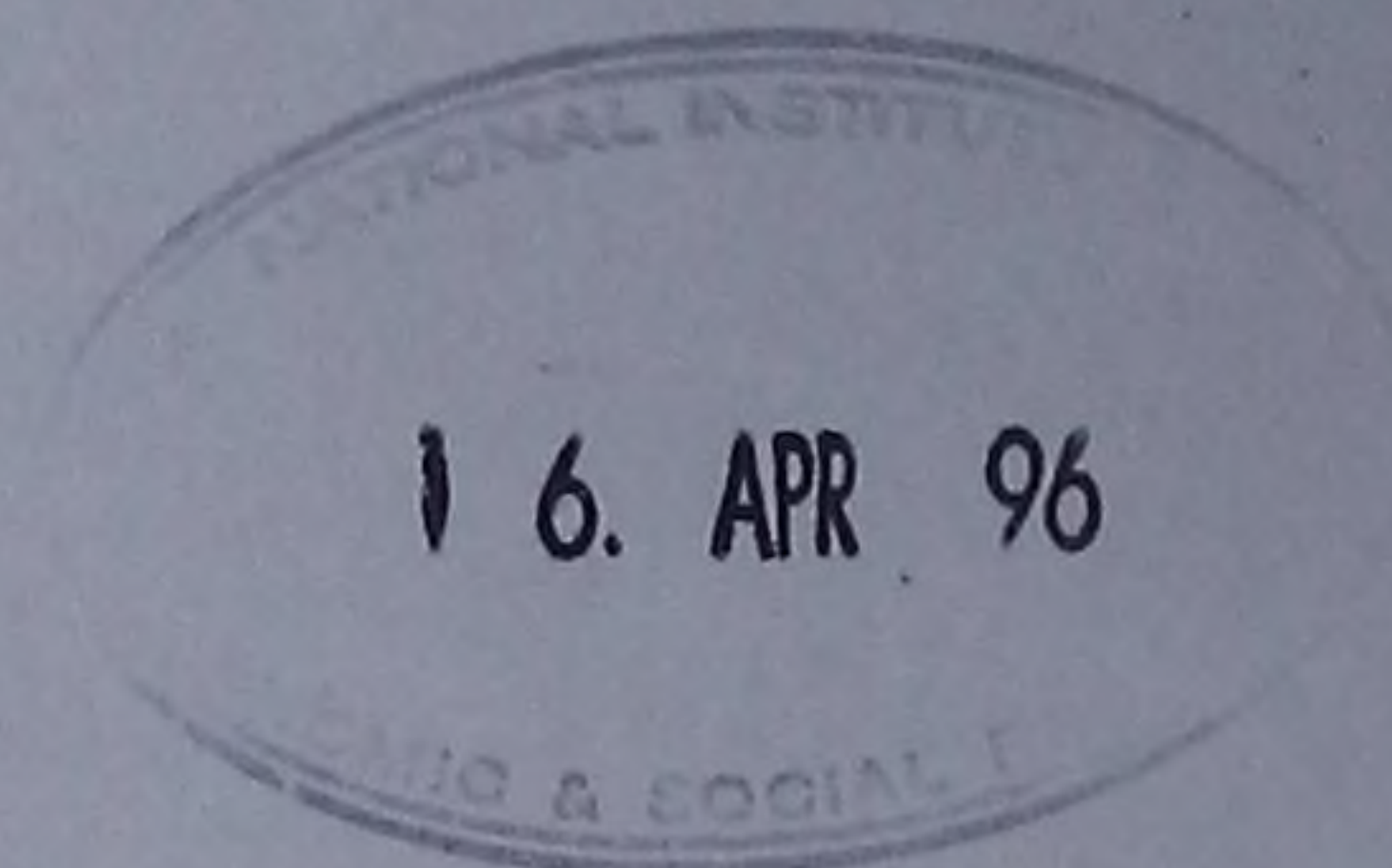


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# Public Expenditure

Statistical Analyses 1996–97

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HM TREASURY  
MARCH, 1996

Cm 3201



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This Analyses summarises the more detailed information on the outcome of the 1995 Public Expenditure Survey published in the series of departmental reports, listed below. They present the Government's expenditure plans for 1996–97 to 1998–99.

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- Cm 3202 Ministry of Defence
- Cm 3203 Foreign and Commonwealth Office (including Overseas Development Administration)
- Cm 3204 Ministry of Agriculture, Fisheries and Food and Intervention Board
- Cm 3205 Trade and Industry
- Cm 3206 Department of Transport
- Cm 3207 Environment
- Cm 3208 Home Office (including Charity Commission)
- Cm 3209 Lord Chancellor's and Law Officers' Departments
- Cm 3210 Department for Education and Employment
- Cm 3211 Department for National Heritage
- Cm 3212 Department of Health
- Cm 3213 Department of Social Security
- Cm 3214 Scottish Office and Forestry Commission
- Cm 3215 Wales
- Cm 3216 Northern Ireland
- Cm 3217 Chancellor of the Exchequer's smaller Departments and Net Payments to European Community institutions
- Cm 3218 Customs & Excise
- Cm 3219 Inland Revenue
- Cm 3220 Cabinet Office, Privy Council Office Parliament

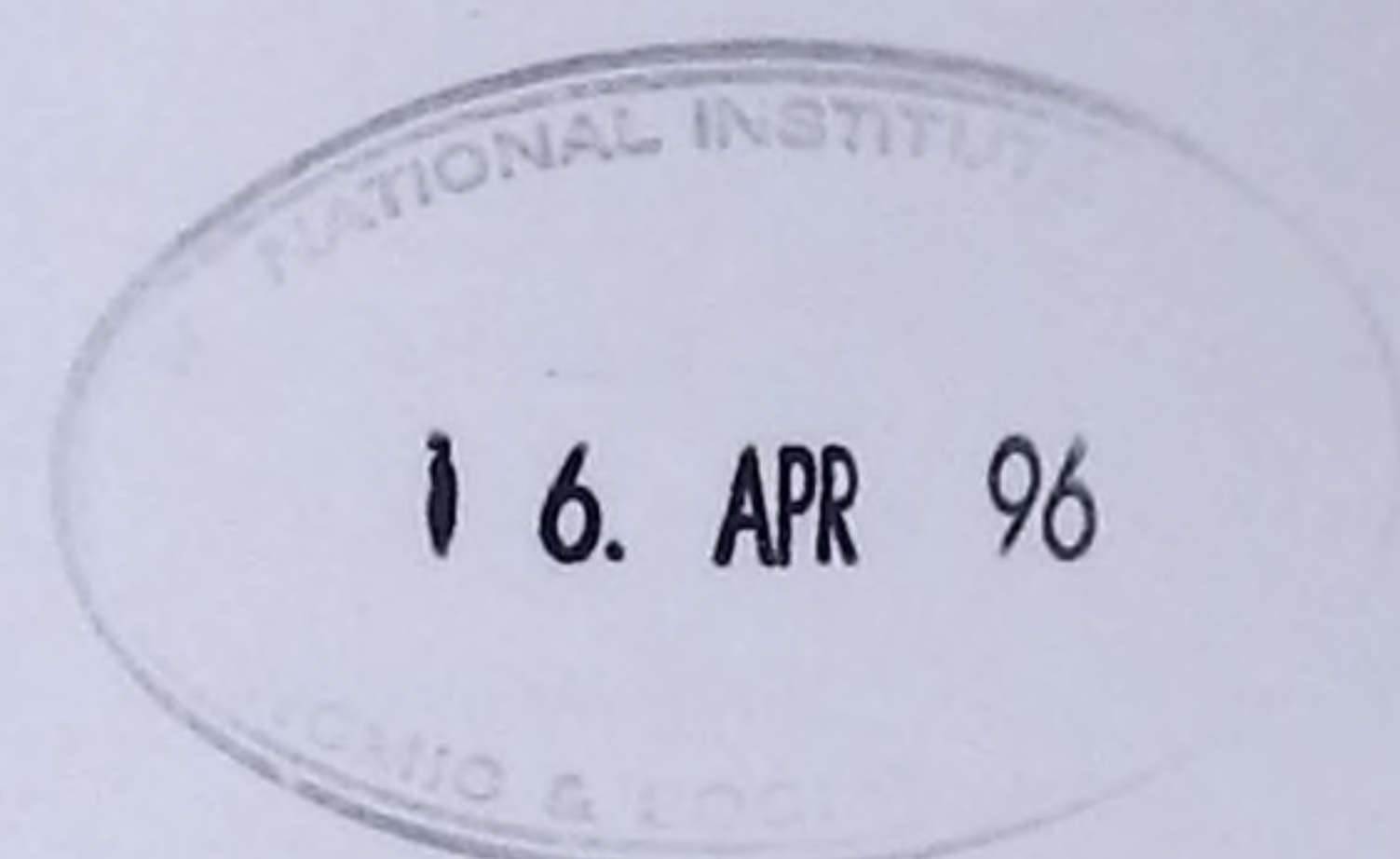




# Public Expenditure

Statistical Analyses 1996–97

*Presented to Parliament by the Chancellor of the Exchequer  
by Command of Her Majesty March 1996*





Cm 3201

ISBN 010 132012 4

**CORRECTIONS**

Page 23  
 Table 2.2  
 Department of Social Security 1996-97  
 amend 76,250  
 to read 76,274

Page 24  
 Table 2.3  
 Department of Social Security 1996-97  
 amend 72,250  
 to read 72,245

March 1996  
 LONDON: HMSO

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**PUBLIC EXPENDITURE STATISTICAL ANALYSES 1996-97**

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# 1. Trends in public sector expenditure

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## Introduction

1.1. This annual publication, formerly known as the Statistical Supplement to the Financial Statement and Budget Report, sets out more detail on the new public expenditure plans announced in the Budget, and summarizes some of the information which will be provided in the departmental reports, published over the next two weeks.

1.2. This is the first year in which the figures in this document and in the departmental reports will correspond to those published in the Supply Estimates 1996–97. The figures for 1996–97 therefore differ from the plans published in the Budget, as they reflect later policy decisions and estimating changes as well as switches between departments. Figures for all of the future years are also affected by detailed allocation decisions taken by departments, in particular the Scotland, Wales and Northern Ireland departments, for which only a provisional allocation was available at the time of the Budget Statement. The figures for past years and the current year have been updated to reflect the latest information on spending.

1.3. The organisation and content of this publication is reviewed annually. Any comments on the coverage or presentation should be sent to Dr Eleanor Emberson at the following address:

GES Division,  
HM Treasury,  
Room 18/3,  
Treasury Chambers,  
Parliament Street,  
London SW1P 3AG.

Telephone 0171 270 5639  
Fax 0171 270 4317

## General government expenditure

1.4. The Government's medium term objective for public spending is that, over time, it should take a declining share of national income. In June 1995 the Chancellor announced two technical adjustments to the definition of the Government's public expenditure objective, formerly general government expenditure (GGE) excluding privatisation proceeds. The first was to exclude expenditure financed out of the proceeds of the National Lottery. The second was to measure debt interest net of interest and dividends from public corporations and the private sector. The resulting measure, referred to as GGE(X), is expected to grow by less than 0.5 per cent a year on average between 1996–97 and 1998–99, substantially below the expected growth of the economy.

1.5. **Table 1.1** shows trends in general government expenditure and GGE(X) over the years 1963–64 to 1998–99, in cash and in real terms and as a percentage of gross domestic product (GDP). The figures for general government expenditure for the years up to 1994–95 are taken from the national accounts compiled by the Office for National Statistics (ONS). Figures for 1995–96 onwards are projections produced by the Treasury. General government comprises central and local government; it therefore excludes public corporations.



## General government expenditure by function

1.6. **Table 1.2** gives a functional analysis of general government spending in the UK in the years since 1978–79, allocating expenditure for which the respective Secretaries of State for Scotland, Wales and Northern Ireland are responsible to the appropriate function. **Tables 1.3** and **1.4** present this material in real terms and as a percentage of GDP. A more detailed analysis, covering the period 1990–91 to 1995–96 is given in **Table 1.5**.

1.7. These tables cover outturn years only because future levels of local authority expenditure on particular services are the responsibility of individual authorities.

## General government spending by economic category

1.8. The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. **Table 1.6** breaks down general government expenditure into the following economic 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.
- (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 the value of net changes in the level of stocks;
- (vii) **Capital grants**—grants to the private sector, nationalised industries and other public corporations;
- (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.
- (ix) **General government debt interest.**

## Capital spending

1.9. Capital expenditure is undertaken by all levels of the public sector: ie. central and local government and public corporations, including nationalised industries. **Table 1.7** gives a functional breakdown of capital expenditure for outturn years. For future years, a functional split of local authority capital spending is not available as the allocation of spending between services is a matter for determination by individual local authorities. Capital spending in **Table 1.7** follows the national accounts definition, which includes:—

- (i) gross domestic fixed capital formation, net of receipts for disposals,
- (ii) grants in support of capital spending by the private sector,
- (iii) the value of the physical increase in stocks (for central government, primarily agricultural commodity stocks).

1.10. The capital figures for future years reflect departments detailed decisions on the allocation of expenditure following the 1995 Public Expenditure Survey. Total public sector capital spending is expected to be £22.2 billion in 1995–96. Capital spending directly financed by the public sector is planned to fall to £20 billion in 1996–97, beyond which the level of capital spending is particularly uncertain, although it is expected to continue to decline over the next two years. This is the result of the government reforms of the way in which public services are delivered; the main programme of contracting out through the Competing for Quality initiative, and privately financed capital under the Private Finance Initiative.



## Private Finance Initiative

1.11 Under the Private Finance Initiative the public sector contracts to buy services rather than purchase assets. It is up to the private sector to decide how best to provide those services but often this will involve the private sector in significant amounts of capital investment. Under a PFI contract the private sector party will be in control of the asset and bear the risks of its performance. It is therefore classified as private sector capital expenditure and is not included in the figures in table 1.7 or indeed in other analyses in this publication.

1.12. By the end of 1998–99 departments are expected to have agreed PFI contracts involving private sector capital expenditure worth some £14 billion. Further details of this capital expenditure were given in the Financial Statement and Budget Report and in “Private Opportunity Public Benefit” both published in November 1995.

## Sales and purchases of land and buildings

1.13. **Table 1.8** gives figures for sales and purchases of land and existing buildings by general government for the years 1978–79, 1981–82 to 1995–96.



Table 1.1 Public expenditure, 1963-64 to 1998-99

	Control Total <sup>(1)</sup>		GGE(X)			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	per cent of GDP <sup>(2)</sup> £ billion	Total £ billion	£ billion	Index series (1994-95) =100)
1963-64			10.9	121.4	35½	11.3	31.4	9.0
1964-65			11.8	126.0	35	12.3	34.2	9.4
1965-66			13.1	132.9	36½	13.6	36.6	9.8
1966-67			14.5	141.0	38	15.1	38.9	10.3
1967-68			16.8	159.1	41½	17.5	41.2	10.6
1968-69			17.5	157.8	40	18.2	44.6	11.1
1969-70			18.5	158.6	39¼	19.3	48.0	11.7
1970-71			20.7	163.7	39½	21.6	53.2	12.6
1971-72			23.3	168.8	40	24.4	59.3	13.8
1972-73			26.4	177.0	39¼	27.6	67.6	14.9
1973-74			30.5	191.4	41½	32.0	75.0	15.9
1974-75			41.0	215.2	46¼	42.9	89.4	19.1
1975-76			51.6	215.8	47¼	53.8	111.2	23.9
1976-77			57.0	210.1	44¼	59.6	130.0	27.1
1977-78			61.7	199.9	41½	63.9	151.3	30.8
1978-79			72.0	210.1	42¼	75.0	173.7	34.3
1979-80			87.0	217.3	42½	90.0	208.6	40.0
1980-81			104.8	221.3	44¼	108.6	237.7	47.3
1981-82			116.3	224.0	45½	120.5	261.0	51.9
1982-83			127.8	229.8	45½	132.7	285.8	55.6
1983-84			136.6	234.7	44¼	140.4	310.0	58.2
1984-85	126.0	206.2	147.7	241.6	45¼	150.8	332.1	61.1
1985-86	129.6	200.9	154.9	240.2	43¼	158.5	364.9	64.5
1986-87	136.0	204.8	163.3	245.8	42¼	164.6	392.7	66.4
1987-88	148.6	212.4	172.9	247.1	40½	173.5	434.8	70.0
1988-89	156.1	209.1	180.7	242.1	38	179.8	484.1	74.6
1989-90	175.1	219.3	198.0	248.0	38¼	200.9	525.8	79.9
1990-91	193.6	224.4	217.3	251.9	39	218.2	556.8	86.3
1991-92	213.3	232.7	238.7	260.4	41	236.2	580.5	91.6
1992-93	231.7	242.9	263.6	276.4	43½	260.6	605.2	95.4
1993-94	240.9	245.4	277.9	283.1	43½	277.3	639.9	98.2
1994-95	248.5	248.5	289.7	289.7	42¼	288.0	677.8	100.0
1995-96	255.9	249.1	299.6	291.6	42	302.6	712	102.8
1996-97	260.2	246.4	306.1	289.9	40½	308.3	754	105.6
1997-98	268.2	247.8	315.5	291.5	39¼	319.5	795	108.2
1998-99	275.6	249.1	324.0	292.8	38¼	328.7	836	110.6

(1) Figures for the Control Total are only available on a consistent basis for the years shown. Figures are estimated outturn for 1995-96 and plans for 1996-97 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.

(3) Cash figures adjusted to price levels of 1994-95.



**Table 1.2 General government expenditure by function, 1978–79, 1981–82 to 1995–96**

£ billion

	1978–79 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 outturn	1993–94 outturn	1994–95 outturn	1995–96 estimated outturn
Defence <sup>(1)</sup>	7.6	12.8	14.6	15.7	17.4	18.2	18.4	18.9	19.2	20.8	21.7	22.9	22.9	22.8	22.6	21.2
Overseas services, including overseas aid	1.1	1.5	1.6	1.7	1.7	1.9	2.0	2.0	2.3	2.6	2.7	3.1	3.4	3.5	3.6	3.8
Agriculture, fisheries, food and forestry	1.0	1.7	2.2	2.4	2.4	2.9	2.2	2.4	2.2	2.2	2.9	3.1	3.2	4.1	3.7	4.3
Trade, industry, energy and employment <sup>(2)</sup>	4.2	6.3	8.2	7.3	8.2	8.4	8.4	7.0	8.4	8.0	9.3	8.9	9.4	9.6	9.1	9.1
<i>of which: Employment and training</i>	1.1	2.3	2.3	2.9	3.1	3.1	3.6	3.6	3.6	3.4	3.0	3.1	3.3	3.4	3.6	3.8
Transport	3.0	4.8	5.3	5.5	5.7	5.8	5.7	5.7	5.9	6.8	8.3	9.2	10.7	10.0	10.3	9.3
Housing	4.5	4.2	3.8	4.4	4.5	4.1	4.0	4.1	3.2	5.1	4.8	5.7	6.2	5.2	5.1	4.8
Other environmental services	2.7	3.9	4.5	4.6	4.4	4.5	5.3	5.5	5.6	6.7	7.4	8.2	8.7	8.4	9.5	9.7
Law, order and protective services	2.6	4.6	5.2	5.7	6.4	6.6	7.2	8.0	9.0	10.2	11.5	13.0	14.2	14.8	15.4	16.0
Education	9.1	13.9	15.0	15.8	16.4	17.0	18.7	20.4	22.0	24.6	26.5	29.4	31.8	33.4	35.1	35.9
National Heritage	0.7	1.2	1.2	1.3	1.4	1.5	1.6	1.8	2.0	2.3	2.5	2.6	2.6	2.6	2.7	2.9
Health and personal social services	9.2	15.8	17.2	18.3	19.6	20.7	22.3	24.5	27.0	29.5	33.1	37.4	41.0	43.1	46.3	49.0
<i>of which: Health</i>	7.8	13.5	14.7	15.5	16.7	17.6	18.9	20.7	22.9	24.7	27.7	31.5	34.6	35.9	37.8	39.7
Social security <sup>(2)</sup>	16.9	29.4	33.4	36.7	39.7	43.3	46.5	48.6	49.7	52.8	59.1	70.2	79.5	86.8	89.2	93.3
Miscellaneous expenditure <sup>(3)</sup>	2.8	3.3	3.9	3.4	3.9	3.8	4.4	5.3	5.0	6.9	7.0	5.9	7.9	8.1	7.3	9.4
<b>Total expenditure on services</b>	<b>65.4</b>	<b>103.5</b>	<b>116.2</b>	<b>122.8</b>	<b>131.7</b>	<b>138.6</b>	<b>146.5</b>	<b>154.3</b>	<b>161.7</b>	<b>178.4</b>	<b>196.9</b>	<b>219.6</b>	<b>241.5</b>	<b>252.5</b>	<b>259.9</b>	<b>268.8</b>
General government net debt interest	4.4	8.6	8.6	9.3	10.9	11.4	11.8	12.1	12.3	11.7	12.1	11.4	12.8	14.9	17.7	20.4
Other accounting adjustments <sup>(4)</sup>	2.2	4.2	3.0	4.4	5.0	4.8	4.9	6.5	6.8	7.9	8.3	7.7	9.3	10.4	12.1	11.5
Allowance for shortfall <sup>(5)</sup>																-1.2
<b>General government expenditure(X)</b>	<b>72.0</b>	<b>116.3</b>	<b>127.8</b>	<b>136.6</b>	<b>147.7</b>	<b>154.9</b>	<b>163.3</b>	<b>172.9</b>	<b>180.7</b>	<b>198.0</b>	<b>217.3</b>	<b>238.7</b>	<b>263.6</b>	<b>277.9</b>	<b>289.7</b>	<b>299.6</b>
General government interest and dividend receipts	3.0	4.7	5.3	5.0	5.1	6.4	5.8	5.8	6.2	7.0	6.3	5.5	5.1	4.9	5.1	5.2
National Lottery																0.3
Privatisation proceeds		-0.5	-0.5	-1.1	-2.0	-2.7	-4.5	-5.1	-7.1	-4.2	-5.4	-7.9	-8.2	-5.5	-6.8	-2.5
<b>General government expenditure</b>	<b>75.0</b>	<b>120.5</b>	<b>132.7</b>	<b>140.4</b>	<b>150.8</b>	<b>158.5</b>	<b>164.6</b>	<b>173.5</b>	<b>179.8</b>	<b>200.9</b>	<b>218.2</b>	<b>236.2</b>	<b>260.6</b>	<b>277.3</b>	<b>288.0</b>	<b>302.6</b>

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

(2) See footnote to table 1.5.

(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 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.

(5) See paragraph 5 of Appendix A.



**Table 1.3 General government expenditure by function in real terms<sup>(1)</sup>, 1978–79, 1981–82 to 1995–96**

	£ billion															
	1978–79	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	outturn	estimated outturn
Defence <sup>(2)</sup>	22.2	24.7	26.3	27.0	28.4	28.3	27.7	27.0	25.7	26.0	25.2	25.0	24.0	23.2	22.6	20.7
Overseas services, including overseas aid	3.1	2.8	2.8	3.0	2.8	2.9	3.0	2.9	3.1	3.2	3.1	3.4	3.6	3.6	3.6	3.7
Agriculture, fisheries, food and forestry	3.0	3.2	3.9	4.2	4.0	4.5	3.4	3.5	3.0	2.7	3.4	3.4	3.4	4.2	3.7	4.2
Trade, industry, energy and employment <sup>(3)</sup>	12.1	12.2	14.7	12.5	13.5	13.0	12.6	10.0	11.3	10.0	10.8	9.7	9.8	9.8	9.1	8.9
<i>of which: Employment and training</i>	3.1	4.4	4.2	5.0	5.0	4.9	5.4	5.2	4.9	4.3	3.4	3.4	3.4	3.4	3.6	3.7
Transport	8.8	9.2	9.5	9.4	9.3	9.0	8.6	8.2	7.9	8.6	9.7	10.0	11.2	10.2	10.3	9.0
Housing	13.2	8.1	6.9	7.6	7.3	6.3	6.0	5.9	4.3	6.4	5.6	6.2	6.5	5.3	5.1	4.7
Other environmental services	7.7	7.5	8.1	7.8	7.1	7.0	7.9	7.9	7.5	8.4	8.6	9.0	9.2	8.6	9.5	9.5
Law order and protective services	7.4	8.9	9.3	9.9	10.4	10.2	10.8	11.5	12.0	12.8	13.4	14.2	14.9	15.1	15.4	15.6
Education	26.6	26.9	27.0	27.2	26.8	26.3	28.1	29.2	29.5	30.8	30.7	32.1	33.3	34.0	35.1	35.0
National Heritage	2.1	2.2	2.2	2.3	2.3	2.3	2.4	2.6	2.7	2.9	2.9	2.8	2.8	2.7	2.7	2.8
Health and personal social services	26.9	30.5	31.0	31.4	32.1	32.1	33.5	35.0	36.2	36.9	38.4	40.8	43.0	43.9	46.3	47.7
<i>of which: Health</i>	22.8	26.0	26.4	26.7	27.3	27.4	28.4	29.6	30.6	31.0	32.1	34.3	36.3	36.6	37.8	38.7
Social security <sup>(3)</sup>	49.4	56.7	60.1	63.0	65.0	67.1	70.0	69.4	66.6	66.1	68.5	76.6	83.3	88.4	89.2	90.8
Miscellaneous expenditure <sup>(4)</sup>	8.1	6.3	7.1	5.9	6.4	5.9	6.6	7.6	6.7	8.6	8.1	6.4	8.3	8.2	7.3	9.2
<b>Total expenditure on services</b>	<b>190.7</b>	<b>199.3</b>	<b>208.9</b>	<b>211.0</b>	<b>215.4</b>	<b>215.0</b>	<b>220.6</b>	<b>220.6</b>	<b>216.6</b>	<b>223.5</b>	<b>228.3</b>	<b>239.6</b>	<b>253.2</b>	<b>257.3</b>	<b>259.9</b>	<b>261.6</b>
General government net debt interest	13.0	16.5	15.4	16.0	17.8	17.7	17.7	17.2	16.4	14.7	14.1	12.4	13.4	15.2	17.7	19.9
Other accounting adjustments <sup>(5)</sup>	6.4	8.2	5.5	7.6	8.1	7.5	7.4	9.3	9.0	9.9	9.6	8.4	9.8	10.6	12.1	11.2
Allowance for shortfall <sup>(6)</sup>																-1.2
<b>General government expenditure (X)</b>	<b>210.1</b>	<b>224.0</b>	<b>229.8</b>	<b>234.7</b>	<b>241.6</b>	<b>240.2</b>	<b>245.8</b>	<b>247.1</b>	<b>242.1</b>	<b>248.0</b>	<b>251.9</b>	<b>260.4</b>	<b>276.4</b>	<b>283.1</b>	<b>289.7</b>	<b>291.6</b>
General government interest and dividend receipts	8.7	9.1	9.6	8.5	8.4	9.9	8.7	8.3	8.3	8.8	7.3	6.0	5.4	5.0	5.1	5.1
National Lottery																0.3
Privatisation proceeds		-0.9	-0.8	-2.0	-3.4	-4.2	-6.7	-7.3	-9.5	-5.3	-6.2	-8.6	-8.6	-5.6	-6.8	-2.4
<b>General government expenditure</b>	<b>218.7</b>	<b>232.1</b>	<b>238.5</b>	<b>241.3</b>	<b>246.7</b>	<b>245.8</b>	<b>247.7</b>	<b>248.0</b>	<b>240.9</b>	<b>251.5</b>	<b>252.9</b>	<b>257.8</b>	<b>273.2</b>	<b>282.5</b>	<b>288.0</b>	<b>294.5</b>

(1) Cash figures adjusted to 1994–95 price levels by excluding the effect of general inflation.

(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) See footnote 3 to table 1.5.

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

(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 paragraph 5 of Appendix A.



**Table 1.4 General government expenditure as a percentage of GDP, 1978–79, 1981–82 to 1995–96**

	percentages															
	1978–79 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 outturn	1993–94 outturn	1994–95 outturn	1995–96 estimated outturn
Defence <sup>(1)</sup>	4.5	5.0	5.2	5.2	5.3	5.1	4.8	4.4	4.0	4.0	3.9	3.9	3.8	3.6	3.3	3.0
Overseas services, including overseas aid	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.5	0.5
Agriculture, fisheries, food and forestry	0.6	0.6	0.8	0.8	0.7	0.8	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.6	0.5	0.6
Trade, industry, energy and employment <sup>(2)</sup>	2.4	2.5	2.9	2.4	2.5	2.3	2.2	1.6	1.8	1.6	1.7	1.5	1.5	1.5	1.3	1.3
<i>of which: Employment and training</i>	0.6	0.9	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.5	0.5	0.5	0.5	0.5	0.5
Transport	1.8	1.9	1.9	1.8	1.7	1.6	1.5	1.3	1.2	1.3	1.5	1.6	1.8	1.6	1.5	1.3
Housing	2.6	1.6	1.4	1.4	1.4	1.1	1.0	1.0	0.7	1.0	0.9	1.0	1.0	0.8	0.7	0.7
Other environmental services	1.6	1.5	1.6	1.5	1.3	1.3	1.4	1.3	1.2	1.3	1.3	1.4	1.4	1.3	1.4	1.4
Law, order and protective services	1.5	1.8	1.8	1.9	2.0	1.8	1.9	1.9	1.9	2.0	2.1	2.2	2.4	2.3	2.3	2.2
Education	5.4	5.4	5.4	5.2	5.0	4.7	4.8	4.8	4.6	4.8	4.8	5.1	5.3	5.2	5.2	5.1
National Heritage	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Health and personal social services	5.4	6.2	6.1	6.0	6.0	5.8	5.8	5.7	5.7	5.7	5.9	6.4	6.8	6.7	6.8	6.9
<i>of which: Health</i>	4.6	5.3	5.2	5.1	5.1	4.9	4.9	4.9	4.8	4.8	5.0	5.4	5.7	5.6	5.6	5.6
Social security <sup>(2)</sup>	10.0	11.5	11.9	12.0	12.2	12.1	12.1	11.4	10.5	10.2	10.6	12.1	13.1	13.6	13.2	13.1
Miscellaneous expenditure <sup>(3)</sup>	1.6	1.3	1.4	1.1	1.2	1.1	1.1	1.3	1.0	1.3	1.2	1.0	1.3	1.3	1.1	1.3
<b>Total expenditure on services</b>	<b>38.3</b>	<b>40.4</b>	<b>41.4</b>	<b>40.3</b>	<b>40.4</b>	<b>38.7</b>	<b>38.0</b>	<b>36.1</b>	<b>34.0</b>	<b>34.5</b>	<b>35.4</b>	<b>37.8</b>	<b>39.9</b>	<b>39.5</b>	<b>38.3</b>	<b>37.8</b>
General government net debt interest	2.6	3.4	3.0	3.1	3.3	3.2	3.1	2.8	2.6	2.3	2.2	2.0	2.1	2.3	2.6	2.9
Other accounting adjustments <sup>(4)</sup>	1.3	1.7	1.1	1.5	1.5	1.3	1.3	1.5	1.4	1.5	1.5	1.3	1.5	1.6	1.8	1.6
Allowance for shortfall <sup>(5)</sup>																-0.2
<b>General government expenditure(X)</b>	<b>42.2</b>	<b>45.4</b>	<b>45.5</b>	<b>44.9</b>	<b>45.3</b>	<b>43.2</b>	<b>42.3</b>	<b>40.5</b>	<b>38.0</b>	<b>38.3</b>	<b>39.0</b>	<b>41.1</b>	<b>43.6</b>	<b>43.4</b>	<b>42.7</b>	<b>42.1</b>
General government interest and dividend receipts	1.7	1.8	1.9	1.6	1.6	1.8	1.5	1.4	1.3	1.4	1.1	0.9	0.8	0.8	0.7	0.7
National Lottery																0.0
Privatisation proceeds		-0.2	-0.2	-0.4	-0.6	-0.8	-1.2	-1.2	-1.5	-0.8	-1.0	-1.4	-1.4	-0.9	-1.0	-0.4
<b>General government expenditure</b>	<b>43.9</b>	<b>47.0</b>	<b>47.3</b>	<b>46.1</b>	<b>46.2</b>	<b>44.2</b>	<b>42.7</b>	<b>40.6</b>	<b>37.8</b>	<b>38.9</b>	<b>39.2</b>	<b>40.7</b>	<b>43.1</b>	<b>43.3</b>	<b>42.5</b>	<b>42.5</b>

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

(2) See footnote 3 to table 1.5.

(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 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.

(5) See paragraph 5 of Appendix A.



1. Trends in public sector expenditure

<b>Table 1.5 General government expenditure by function, 1990-91 to 1995-96</b>						
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
	outturn	outturn	outturn	outturn	outturn	estimated outturn
	£ million					
<b>Defence</b>						
Defence budget	22,207	24,438	22,910	22,757	22,562	21,221
<i>of which: capital receipts<sup>(1)</sup></i>	-129	-127	-91			
Other governments' contributions to the cost of the Gulf conflict	-498	-1,525				
<b>Total defence</b>	<b>21,709</b>	<b>22,913</b>	<b>22,910</b>	<b>22,757</b>	<b>22,562</b>	<b>21,221</b>
<b>Overseas services, including overseas aid<sup>(2)</sup></b>						
Overseas aid	1,586	1,832	1,963	2,078	2,235	2,238
Other overseas services	1,077	1,251	1,397	1,396	1,353	1,545
Finance for public corporations	52	37	51	49	5	19
<b>Total overseas services, including overseas aid</b>	<b>2,715</b>	<b>3,121</b>	<b>3,411</b>	<b>3,522</b>	<b>3,593</b>	<b>3,802</b>
<b>Agriculture, fisheries, food and forestry</b>						
Intervention Board and market support	1,592	1,586	1,610	2,395	1,969	2,385
Other agriculture, fisheries and food	1,274	1,408	1,493	1,611	1,599	1,821
Forestry	79	92	104	100	94	64
<b>Total agriculture, fisheries, food and forestry</b>	<b>2,945</b>	<b>3,087</b>	<b>3,207</b>	<b>4,106</b>	<b>3,661</b>	<b>4,270</b>
<b>Trade, industry, energy and employment</b>						
Regional and other industrial support	609	569	505	590	616	724
Trade, scientific and technological support	1,215	1,083	1,047	818	812	948
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	385	215	177	75	73	351
Employment and Training	2,956	3,096	3,259	3,368	3,576	3,747
Departmental administration and other services <sup>(3)</sup>	1,521	1,732	1,810	1,901	1,921	1,932
Finance for public corporations	264	165	186	147	141	91
Nationalised industries' external finance	2,325	2,002	2,368	2,730	2,014	1,302
<b>Total trade, industry, energy and employment<sup>(3)</sup></b>	<b>9,274</b>	<b>8,862</b>	<b>9,353</b>	<b>9,629</b>	<b>9,152</b>	<b>9,095</b>



Table 1.5 General government expenditure by function, 1990-91 to 1995-96 (continued)	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>Transport</b>						
National roads	2,339	2,431	2,604	2,733	2,727	2,435
Local roads	3,068	3,285	3,533	3,628	3,729	3,866
Local transport	813	833	885	779	1,007	1,036
Ports	9	9	7	4	3	3
Marine, coastguard, shipping and civil aviation services	77	81	86	118	95	94
Driver and vehicle licensing	146	156	179	154	168	175
National rail services	187	309	365	398	1,991	2,099
Other transport services	276	274	298	268	292	-417
Finance for public corporations	1,410	1,816	2,720	1,935	273	-38
<b>Total transport</b>	<b>8,325</b>	<b>9,193</b>	<b>10,677</b>	<b>10,017</b>	<b>10,285</b>	<b>9,254</b>
<b>Housing</b>						
Central government subsidies to local authority housing	1,459	1,248	1,097	896	834	823
Other central government subsidies	68	105	137	147	202	202
Other housing and central government administration	207	274	321	308	336	339
Local authority expenditure	1,363	1,793	1,791	1,538	1,678	1,757
Finance for public corporations	557	631	583	576	561	534
Housing corporations	1,154	1,639	2,285	1,761	1,463	1,130
<b>Total housing</b>	<b>4,808</b>	<b>5,690</b>	<b>6,213</b>	<b>5,226</b>	<b>5,072</b>	<b>4,785</b>
<b>Other environmental services</b>						
Environmental protection	2,620	2,792	2,669	2,628	2,961	3,033
Countryside and water	930	965	1,040	1,048	1,085	1,146
Urban	725	877	1,050	1,232	1,087	924
Other public corporations	706	680	636	581	598	601
Other	2,458	2,914	3,344	2,947	3,764	4,019
<b>Total other environmental services</b>	<b>7,439</b>	<b>8,228</b>	<b>8,739</b>	<b>8,436</b>	<b>9,495</b>	<b>9,722</b>
<b>Law, order and protective services</b>						
Administration of justice	1,750	2,169	2,540	2,690	2,864	3,007
Prisons and offender programmes	1,993	2,198	2,258	2,212	2,336	2,421
Police	5,769	6,408	6,979	7,370	7,631	7,980
Immigration and citizenship	155	178	211	247	246	264
Fire	1,237	1,342	1,442	1,507	1,556	1,587
Civil defence	94	82	73	48	45	49
Constitutional and community services	39	61	52	50	91	49
Central and miscellaneous services	507	572	674	672	657	641
<b>Total law, order and protective services</b>	<b>11,544</b>	<b>13,010</b>	<b>14,230</b>	<b>14,796</b>	<b>15,427</b>	<b>15,997</b>



**Table 1.5 General government expenditure by function, 1990-91 to 1995-96 (continued)**

	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>Education</b>						
Local authority schools	15,683	17,314	18,456	17,969	18,500	18,696
Central government schools	881	1,074	1,449	2,129	2,622	2,704
Further education: Funding Councils and central government	154	153	200	3,126	3,264	3,427
Higher education: Funding Councils and central government	3,383	3,168	3,238	3,332	4,076	4,314
Local authority further Local authority further and higher education	2,476	2,657	2,761	603	541	523
Student awards and fees	1,722	2,581	3,206	3,472	3,077	2,691
Student loans and Access Funds	63	151	211	323	496	772
Miscellaneous educational services, research and administration	2,163	2,293	2,262	2,455	2,574	2,813
<b>Total education</b>	<b>26,525</b>	<b>29,392</b>	<b>31,784</b>	<b>33,409</b>	<b>35,150</b>	<b>35,940</b>
<b>National heritage</b>						
Museums and galleries	394	413	437	453	459	458
Other arts and heritage	376	443	490	484	494	519
Libraries	840	855	891	896	927	959
Films	17	20	22	24	26	26
Tourism	43	44	46	46	44	45
Sport and recreation	792	814	731	696	767	826
Broadcasting	1	2	2	3	4	3
Administration	7	8	16	23	22	23
ERDF						6
<b>Total national heritage</b>	<b>2,470</b>	<b>2,599</b>	<b>2,636</b>	<b>2,624</b>	<b>2,743</b>	<b>2,866</b>



Table 1.5 General government expenditure by function, 1990-91 to 1995-96 (continued)	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>Health and personal social services</b>						
Health						
National Health Service						
hospitals, community health, family health (cash limited) and related services	21,451	24,432	26,845	27,953	29,571	31,358
Family health (non-cash limited)	5,581	6,215	6,698	6,728	6,745	6,913
Central health, administration and other services	660	784	860	865	881	939
NHS Trusts		39	224	342	565	520
<b>Total health</b>	<b>27,692</b>	<b>31,470</b>	<b>34,627</b>	<b>35,888</b>	<b>37,762</b>	<b>39,730</b>
Personal social services						
Local authority services	5,212	5,688	6,132	6,953	8,157	8,926
Central government services	187	227	256	295	350	394
<b>Total personal social services</b>	<b>5,398</b>	<b>5,915</b>	<b>6,387</b>	<b>7,248</b>	<b>8,507</b>	<b>9,321</b>
<b>Total health and personal social services</b>	<b>33,091</b>	<b>37,385</b>	<b>41,015</b>	<b>43,135</b>	<b>46,269</b>	<b>49,051</b>
<b>Social security</b>						
Pension benefits						
(contributory)	23,309	26,220	27,413	28,937	29,502	30,925
Widows' benefits	921	1,045	1,044	1,076	1,058	1,097
Unemployment (cyclical)	899	1,642	1,801	1,690	1,312	1,128
Unemployment, incapacity and other benefits (non-cyclical)	5,824	6,803	7,555	8,414	8,462	8,480
Industrial injury benefits	602	674	688	707	728	736
Family benefits (contributory)	362	456	485	467	490	505
Pension benefits (non-contributory)	48	49	53	54	51	56
War pensions	821	967	1,158	1,286	1,147	1,247
Disability benefits	3,040	3,834	4,874	6,127	6,888	7,944
Income support (cyclical)	6,934	9,281	11,499	12,648	12,930	13,378
Income support (non-cyclical)	2,376	2,819	3,860	4,086	4,118	3,997
Social Fund	155	210	212	234	218	250
Family benefits (non-contributory)	5,528	6,302	7,148	7,826	8,139	8,636
Housing benefits	5,664	7,054	8,508	9,868	10,865	11,563
Administration and miscellaneous services <sup>(3)</sup>	2,570	2,840	3,186	3,397	3,265	33,397
<b>Total social security<sup>(3)</sup></b>	<b>59,054</b>	<b>70,195</b>	<b>79,484</b>	<b>86,818</b>	<b>89,172</b>	<b>93,340</b>



**Table 1.5 General government expenditure by function, 1990-91 to 1995-96 (continued)**

	£ million					
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
	outturn	outturn	outturn	outturn	outturn	estimated outturn
<b>Miscellaneous expenditure<sup>(4)</sup></b>						
Other public services	4,738	5,116	5,973	6,206	6,014	6,147
Common services	227	69	-68	-34	47	289
Contributions to European Communities	2,027	707	1,912	1,877	1,267	2,916
Finance for public corporations	-6	-5	52	55	60	68
<b>Total miscellaneous expenditure<sup>(4)</sup></b>	<b>6,986</b>	<b>5,888</b>	<b>7,869</b>	<b>8,103</b>	<b>7,338</b>	<b>9,420</b>
<b>Total expenditure on services</b>	<b>196,885</b>	<b>219,562</b>	<b>241,525</b>	<b>252,580</b>	<b>259,969</b>	<b>268,763</b>
General government net debt interest	12,125	11,376	12,795	14,879	17,675	20,400
Other accounting adjustments <sup>(5)</sup>	8,252	7,712	9,322	10,397	12,097	11,600
Allowance for shortfall <sup>(6)</sup>						-1,200
<b>General government expenditure (X)</b>	<b>217,261</b>	<b>238,651</b>	<b>263,642</b>	<b>277,856</b>	<b>289,740</b>	<b>299,600</b>
General government interest and dividend receipts	6,255	5,504	5,119	4,909	5,065	5,200
National lottery						300
Privatisation proceeds	-5,347	-7,924	-8,189	-5,453	-6,820	-2,500
<b>Total general government expenditure</b>	<b>218,169</b>	<b>236,231</b>	<b>260,572</b>	<b>277,312</b>	<b>287,985</b>	<b>302,600</b>
<p>(1) On the standard national accounts public expenditure classification of capital expenditure</p> <p>(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.</p> <p>(3) Expenditure by the Employment Service on the administration of unemployment benefit and job seekers' allowance is included in "Trade, industry, energy and employment", although it was shown under "Social Security" in previous years' Supplements. The transfer involved is described in chapter 6, paragraph 4.</p> <p>(4) 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.</p> <p>(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.</p> <p>(6) See paragraph 5 of Appendix A.</p>						



**Table 1.6 General government expenditure by economic category, 1990-91 to 1995-96**

	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
Pay	64,412	68,821	71,641	65,066	59,465	132,022
Other current expenditure on goods and services	39,713	46,870	50,190	58,387	69,310	
Subsidies	7,633	6,110	6,751	7,442	7,965	8,189
Current grants to the private sector	64,335	75,808	85,892	96,368	99,418	104,190
Current transfers abroad <sup>(1)</sup>	3,960	1,927	4,958	5,069	4,592	6,444
Net capital expenditure on assets	11,047	11,954	12,167	10,786	10,466	10,771
Capital grants	6,477	7,293	8,249	8,066	7,916	7,473
Lending and other financial transactions	-691	780	1,677	1,397	837	-327
General government net debt interest	12,125	11,376	12,795	14,879	17,675	20,411
Other accounting adjustments <sup>(2)</sup>	8,252	7,712	9,322	10,397	12,097	11,634
Allowance for Shortfall <sup>(3)</sup>						-1,200
<b>Total general government expenditure (X)</b>	<b>217,261</b>	<b>238,651</b>	<b>263,642</b>	<b>277,856</b>	<b>289,740</b>	<b>299,600</b>
General government interest and dividend receipts	6,255	5,504	5,119	4,909	5,065	5,200
National Lottery						300
Privatisation proceeds	-5,347	-7,924	-8,189	-5,453	-6,820	-2,500
<b>Total general government expenditure</b>	<b>218,169</b>	<b>236,231</b>	<b>260,572</b>	<b>277,312</b>	<b>287,985</b>	<b>302,600</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 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 paragraph 5 of Appendix A.



## 1. Trends in public sector expenditure

**Table 1.7 Public sector capital by spending sector and function, 1990–91 to 1998–99**

	£ million								
	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Central government's own</b>									
Defence	512	614	649	701	727	742	500	600	600
Overseas services including overseas aid	81	119	116	118	93	135	100	100	100
Agriculture, fisheries, food and forestry	522	443	384	305	-1	151	200	200	100
Trade, industry, energy, and employment	712	582	518	536	580	589	600	600	600
<i>of which:</i>									
<i>Regional and general industrial support</i>	353	303	230	225	260	283	300	300	300
National roads	2,031	2,058	2,198	2,297	2,294	1,998	1,700	1,600	1,500
Other transport	39	37	38	35	49	58			
Housing	1,631	2,111	2,529	2,002	1,631	1,286	1,200	1,100	1,100
Other environmental services	157	172	250	319	321	367	400	300	300
Prisons	472	430	350	302	334	347	200	100	100
Other Law, order and protective services	264	281	320	310	267	277	200	200	200
Education	515	600	624	872	958	937	700	700	600
National heritage	153	184	199	173	200	223	100	100	100
National Health Service, hospital community health, family health and related services	1,707	1,646	1,528	844	397	352	100	100	100
Other Health and personal social services	31	40	59	30	27	22			
Social security	239	273	295	337	250	154	100	100	100
Miscellaneous <sup>(1)</sup>	608	704	767	789	772	660	600	600	600
Other accounting adjustments	-108	51	66	98	153	468	1,100	1,300	1,300
<b>Total central government's own</b>	<b>9,565</b>	<b>10,344</b>	<b>10,891</b>	<b>10,067</b>	<b>9,054</b>	<b>8,767</b>	<b>7,800</b>	<b>7,600</b>	<b>7,400</b>
<b>Local authorities</b>									
Agriculture, fisheries, food and forestry	50	44	17	-25	-18	35			
Trade, industry, energy employment	9	12	10	18	21	45			
Local roads	1,001	1,170	1,372	1,541	1,436	1,578			
Other transport	158	134	173	172	164	180			
Housing	1,189	1,618	1,602	1,565	1,406	1,492			
Other environmental services	1,097	1,289	1,463	1,031	1,547	1,577			
Law, order and protective services	275	319	380	372	368	416			
Education	839	886	921	747	824	834			
National heritage	347	298	216	197	264	312			
Personal social services	182	166	165	157	184	211			
Other accounting adjustments	786	1,021	832	921	895	867			
<b>Total local authorities</b>	<b>5,931</b>	<b>6,956</b>	<b>7,150</b>	<b>6,697</b>	<b>7,091</b>	<b>7,548</b>	<b>6,500</b>	<b>6,200</b>	<b>5,900</b>
Public corporations <sup>(2)</sup>	5,208	4,300	5,471	4,840	5,142	5,865	5,600	5,200	5,000
<i>of which:</i>									
<i>NHS Trusts</i>		208	584	1,113	1,750	1,716	1,800	1,700	1,600
<b>Total public corporations</b>	<b>5,208</b>	<b>4,300</b>	<b>5,471</b>	<b>4,840</b>	<b>5,142</b>	<b>5,865</b>	<b>5,600</b>	<b>5,200</b>	<b>5,000</b>
Allocation from the reserve							200	500	800
<b>Total public sector</b>	<b>20,704</b>	<b>21,600</b>	<b>23,512</b>	<b>21,603</b>	<b>21,287</b>	<b>22,180</b>	<b>20,200</b>	<b>19,500</b>	<b>19,000</b>
Real terms <sup>(3)</sup>	24,001	23,569	24,652	22,008	21,287	21,586	19,100	18,100	17,200

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

(2) Figures for 1990–91 to 1994–95 are taken from the national accounts.

(3) Real terms figures are cash outturns adjusted to 1994–95 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.



**Table 1.8 General government sales and purchases of land and existing buildings by spending sector, 1978–79, 1980–81 to 1995–96**

	£ billion															
	1978–79 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 outturn	1993–94 outturn	1994–95 outturn	1995–96 estimated outturn
<b>Receipts from sales</b>																
Central government	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.6	-0.5	-0.4	-0.4	-0.3	-0.4	-0.4	-0.6
Total local authorities	-1.0	-1.8	-2.5	-2.1	-2.0	-2.1	-2.6	-3.7	-5.5	-5.4	-3.6	-2.6	-2.4	-3.6	-2.9	-2.6
<i>of which:</i>																
DOE—Housing			-1.9	-1.4	-1.3	-1.2	-1.4	-1.9	-3.0	-3.0	-2.2	-1.4	-1.2	-1.6	-1.4	-1.3
DOE—Other environmental services	-0.4	-1.5	-0.2	-0.2	-0.3	-0.4	-0.6	-1.0	-1.4	-1.3	-0.6	-0.5	-0.4	-0.9	-0.6	-0.5
<b>Total general government</b>	<b>-0.6</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>-2.9</b>	<b>-2.6</b>	<b>-4.0</b>	<b>-3.3</b>	<b>-3.2</b>
<b>Purchases</b>																
Central government	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.4	0.5	0.6	0.4	0.4
Local authorities	0.3	0.3	0.4	0.3	0.3	0.4	0.6	0.7	0.8	1.1	0.6	0.7	0.6	0.8	0.7	1.8
<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	0.3	0.1	0.1
DOE—Other environmental services	0.2	0.2	0.1	0.1		0.1	0.2	0.2	0.2	0.3	0.1	0.2	0.1	0.2	0.2	0.2
<b>Total general government</b>	<b>0.4</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>1.4</b>	<b>0.8</b>	<b>1.1</b>	<b>1.1</b>	<b>1.3</b>	<b>1.1</b>	<b>2.2</b>
<b>Receipts less purchases</b>																
Central government		-0.1				-0.1	-0.2	-0.1	-0.5	-0.2	-0.1	0.0	0.3	0.2	0.0	-0.2
Local authorities	-0.1	-1.5	-2.1	-1.7	-1.7	-1.6	-2.0	-3.0	-4.7	-4.3	-3.0	-1.8	-1.8	-2.8	-2.1	-0.7
<i>of which:</i>																
DOE—Housing			-1.8	-1.3	-1.2	-1.0		-1.5	-2.6	-2.5	-2.0	-1.1	-1.1	-1.4	-1.3	-1.3
DOE—Other environmental services	-0.2	-1.3	-0.1	-0.1	-0.3	-0.3	-0.4	-0.9	-1.1	-1.0	-0.4	-0.3	-0.3	-0.8	-0.4	-0.3
<b>Total general government</b>	<b>-0.1</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>-4.5</b>	<b>-3.1</b>	<b>-1.8</b>	<b>-1.5</b>	<b>-2.6</b>	<b>-2.1</b>	<b>-0.9</b>



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## 2. The Control Total

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### Introduction

2.1. The Government seeks to achieve its objective for general government expenditure (X) by planning and controlling a narrower measure of expenditure, the Control Total. This covers expenditure by central government departments excluding cyclical social security (defined as jobseekers' allowance and income support paid to people of working age), all expenditure by local authorities (including self-financed expenditure as well as expenditure supported by central government) and the financing requirements of the nationalised industries and other public corporations. The Control Total excludes central government gross debt interest and privatisation proceeds. There are also a number of other differences, known as accounting adjustments, between the two aggregates, and these are described in **Appendix B**.

2.2. Cash plans for expenditure within the Control Total over the period 1994–95 to 1998–99 and projections for items of expenditure outside the Control Total are summarised in **Table 2.1**. The table also shows changes from the plans and projections set out in the Statistical Supplement to the Financial Statement and Budget Report 1995–96.

2.3. The Control Total has been set at £260.2 billion for 1996–97, £268.2 billion in 1997–98 and £275.6 billion in 1998–99. In real terms, these figures imply a fall of 1 per cent in 1996–97 and rises of ½ per cent in 1997–98 and 1998–99. Over the three years together the Control Total is expected to be broadly unchanged in real terms.

2.4. The forecast outturn in 1995–96 has been updated to take account of the latest information. This is slightly lower than the forecast published in the Budget report. In line with normal practice the plans set out here for future years reflect the detailed departmental allocations following the changes agreed in the 1995 Public Expenditure Survey.

#### Departmental spending within the Control Total

2.5. **Table 2.2** gives a departmental breakdown of the Control Total over the nine year period 1990–91 to 1998–99 and **Table 2.3** presents this information in real terms. The figures cover all spending for which the department concerned has direct responsibility. They thus include not only central government expenditure but also, where relevant, support for local authorities and the financing requirements of nationalised industries. The separate contributions of different spending sectors to the departmental totals are shown in the detailed cash plans table in each departmental report.

2.6. Revenue Support Grant paid to local authorities and non-domestic rate payments are included within the expenditure programmes of the DOE—local government, the Scottish Office and the Welsh Office. 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 Control Total. Most capital grants to local authorities score within the Control Total and are included, along with credit approvals issued to local authorities, in the relevant departmental programmes.

2.7. **Table 2.4** gives figures for the Control Total for the years 1984–85 to 1998–99. 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.



## Relationship between plans and Supply expenditure

### Relationship with Supply

2.8. **Table 2.5** shows the split of the Control Total between money voted in Estimates, which accounts for about two thirds, 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 94 per cent of central government's support for local authorities is voted. Most of the rest is accounted for by credit approvals.

2.9. **Table 2.6** shows the relationship between the Control Total for 1996–97 and the various control aggregates which operate during the year. It summarises the departmental figures given in the various departmental reports. Detailed proposals for the level of Voted expenditure will be put forward as part of the Supply Estimates for 1996–97. This year the figures will, for the first time, correspond with those published in this document and in the departmental reports.



## 2. The Control Total

**Table 2.1 The Control Total and general government expenditure, 1994-95 to 1998-99**

	£ million							
	Outturn	Estimated outturn	New plans/ projections <sup>(1)</sup>			Changes from previous plans/projections <sup>(2)</sup>		
	1994-95	1995-96	1996-97	1997-98	1998-99	1995-96	1996-97	1997-98
Central government expenditure <sup>(3)</sup>	174,097	181,743	184,168	188,150	192,000	1,800		300
Local authority expenditure <sup>(4)</sup>	73,359	74,800	74,600	74,900	76,300	1,300	200	-500
Financing requirements of nationalised industries	995	-8	-636	178	-94	300	150	540
Reserve			2,100	5,000	7,499	-3,000	-3,600	-3,700
Allowance for shortfall <sup>(5)</sup>		-600				-600		
<b>Control Total</b>	<b>248,452</b>	<b>255,900</b>	<b>260,200</b>	<b>268,200</b>	<b>275,600</b>	<b>-200</b>	<b>-3,200</b>	<b>-3,400</b>
Cyclical social security	14,242	14,500	13,900	14,200	14,700	400	-100	-300
Central government net debt interest	17,548	20,500	22,400	24,000	24,000		500	2,100
Accounting adjustments	9,499	8,700	9,600	9,100	9,600	-100	-700	-1,800
<b>General government expenditure (X)</b>	<b>289,740</b>	<b>299,600</b>	<b>306,100</b>	<b>315,500</b>	<b>324,000</b>	<b>-100</b>	<b>-3,500</b>	<b>-3,500</b>
GGE (X) (as a percentage of GDP)	42¼	42	40½	39¼	38¾	¼	-½	-¼

(1) The table shows new plans for the 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 Statistical Supplement to the Financial Statement and Budget Report 1995-96.

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

(4) Comprises total central government support for local authorities and local authority self-financed expenditure.

(5) See paragraph 5 of Appendix A.



Table 2.2 Control Total by department<sup>(1)</sup>

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence	21,709	22,913	22,910	22,757	22,562	21,221	21,425	21,923	22,624
Foreign and Commonwealth Office	968	1,132	1,278	1,276	1,236	1,431	1,111	1,130	1,124
Overseas Development Administration	1,737	1,994	2,126	2,235	2,386	2,381	2,293	2,366	2,421
Ministry of Agriculture, Fisheries and Food	2,137	2,160	2,204	2,949	2,436	2,904	3,039	2,980	2,946
Trade and Industry	4,610	4,416	4,108	4,011	3,384	3,727	2,902	2,934	2,847
ECGD	372	215	117	-60	-26	29	10	4	-14
Department of Transport	4,696	5,391	6,604	6,009	6,021	4,757	4,185	4,663	4,413
DOE—Housing	6,725	7,451	8,158	7,735	7,169	6,685	5,844	5,655	6,050
DOE—Urban and environment	1,774	1,893	2,213	2,548	2,463	2,407	2,381	2,244	2,009
DOE—Local government <sup>(2)(3)</sup>	20,522	28,356	31,175	29,378	29,913	30,311	31,323	31,372	31,531
Home Office (including Charity Commission)	4,845	5,525	5,830	5,972	6,267	6,574	6,526	6,637	6,758
Lord Chancellor's and Law Officers' Departments	1,640	2,001	2,334	2,415	2,585	2,711	2,711	2,752	2,887
Department for Education and Employment <sup>(3)</sup>	9,433	9,895	10,737	13,590	14,338	14,900	14,590	15,049	15,060
Department of National Heritage	778	883	1,004	976	978	1,030	962	939	939
Department of Health <sup>(3)</sup>	22,461	25,544	28,213	29,773	31,585	33,134	33,815	34,213	34,998
Department of Social Security <sup>(3)</sup>	48,437	54,598	61,131	67,092	69,425	72,962	76,250	79,050	81,700
Scotland <sup>(2)(3)</sup>	9,742	11,723	12,723	13,580	14,107	14,472	14,558	14,691	14,804
Wales <sup>(2)(3)</sup>	4,441	5,309	5,991	6,295	6,550	6,743	6,805	6,830	6,865
Northern Ireland	5,525	6,018	6,580	7,085	7,405	7,823	8,015	8,210	8,273
Chancellor of the Exchequer's Departments	3,405	3,502	3,478	3,393	3,332	3,342	3,206	3,125	3,106
Cabinet Office	265	308	1,018	1,069	971	1,251	1,308	970	961
Local authority self-financed expenditure	15,332	11,346	9,863	8,926	12,097	12,800	12,500	13,000	13,300
European Communities	2,027	707	1,912	1,877	1,267	2,900	2,300	2,500	2,500
Reserve							2,100	5,000	7,500
Allowance for shortfall <sup>(4)</sup>						-600			
<b>Control Total</b>	<b>193,581</b>	<b>213,279</b>	<b>231,705</b>	<b>240,880</b>	<b>248,452</b>	<b>259,900</b>	<b>260,200</b>	<b>268,200</b>	<b>275,600</b>

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

(2) 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.)

(3) Comparisons between years up to and including 1992-93 and later years are distorted by the effects of transfers between departments and spending sectors. The main changes reflect the transfer of responsibility for funding further education and sixth form colleges from local authorities to the Further Education Funding Council and the Scottish Office, and the transfer of responsibility for funding Scottish and Welsh Universities from the Department for Education to the Scottish and Welsh Higher Education Funding Councils, and the transfer for responsibility for community care from central government to local authorities.

(4) See paragraph 5 of Appendix A.



## 2. The Control Total

**Table 2.3 Control Total by department<sup>(1)</sup> in real terms<sup>(2)</sup>**

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence	25,167	25,002	24,021	23,184	22,562	20,653	20,293	20,258	20,446
Foreign and Commonwealth Office	1,123	1,235	1,340	1,300	1,236	1,393	1,052	1,044	1,016
Overseas Development Administration	2,013	2,176	2,229	2,277	2,386	2,318	2,171	2,186	2,188
Ministry of Agriculture, Fisheries and Food	2,477	2,357	2,310	3,004	2,436	2,827	2,879	2,754	2,663
Trade and Industry	5,344	4,819	4,307	4,087	3,384	3,627	2,749	2,711	2,573
ECGD	431	234	123	-61	-26	28	10	4	-13
Department of Transport	5,444	5,883	6,924	6,122	6,021	4,629	3,964	4,309	3,988
DOE—Housing	7,796	8,131	8,554	7,880	7,169	6,506	5,536	5,226	5,468
DOE—Urban and environment	2,057	2,066	2,320	2,596	2,463	2,343	2,255	2,073	1,816
DOE—Local government <sup>(3)(4)</sup>	23,791	30,941	32,687	29,929	29,913	29,500	29,668	28,991	28,496
Home Office (including Charity Commission)	5,617	6,028	6,113	6,084	6,267	6,398	6,182	6,133	6,108
Lord Chancellor's and Law Officers' Departments	1,901	2,184	2,447	2,460	2,585	2,639	2,568	2,543	2,609
Department for Education and Employment <sup>(4)</sup>	10,936	10,796	11,258	13,845	14,338	14,502	13,820	13,906	13,610
Department of National Heritage	902	963	1,053	994	978	1,003	911	868	849
Department of Health <sup>(4)</sup>	26,038	27,872	29,581	30,332	31,585	32,247	32,029	31,616	31,629
Department of Social Security <sup>(4)</sup>	56,151	59,575	64,095	68,351	69,425	71,010	72,250	73,050	73,850
Scotland <sup>(3)(4)</sup>	11,294	12,791	13,340	13,835	14,107	14,085	13,789	13,576	13,379
Wales <sup>(3)(4)</sup>	5,149	5,793	6,282	6,413	6,550	6,563	6,445	6,312	6,204
Northern Ireland	6,405	6,567	6,899	7,217	7,405	7,613	7,592	7,587	7,477
Chancellor of the Exchequer's Departments	3,948	3,821	3,647	3,457	3,332	3,253	3,037	2,888	2,807
Cabinet Office	307	336	1,067	1,089	971	1,218	1,239	896	868
Local authority self-financed expenditure	17,774	12,380	10,341	9,094	12,097	12,400	11,900	12,000	12,000
European Communities	2,350	771	2,005	1,912	1,267	2,838	2,186	2,309	2,260
Reserve							2,000	4,600	6,800
Allowance for shortfall <sup>(5)</sup>						-600			
<b>Control Total</b>	<b>224,413</b>	<b>232,721</b>	<b>242,942</b>	<b>245,400</b>	<b>248,452</b>	<b>249,100</b>	<b>246,400</b>	<b>247,800</b>	<b>249,100</b>

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

(2) Cash figures adjusted to 1994-95 price levels by excluding the effect of general inflation.

(3) See footnote (2) to table 2.2.

(4) See footnote (3) to table 2.2.

(5) See paragraph 5 of Appendix A.



**Table 2.4 Control Total by spending sector, 1984–85 to 1998–99**

	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 outturn	1993–94 outturn	1994–95 outturn	1995–96 estimated outturn	1996–97 plans	1997–98 plans	1998–99 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	21.7	22.9	22.9	22.8	22.6	21.2	21.4	21.9	22.6
Department of Health	13.4	14.2	15.2	16.7	18.4	19.9	22.3	25.4	28.0	29.0	30.6	32.2	33.1	33.9	34.7
Department of Social Security	29.0	31.2	33.2	35.6	37.4	40.3	44.3	50.8	56.1	60.8	62.1	65.2	68.2	70.4	72.2
Scotland	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.6	7.3	7.8	7.9	8.5	8.6	8.7
Wales	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.6	3.0	3.4	3.6	3.7	3.7	3.8	3.9
Northern Ireland	3.7	3.9	4.1	4.4	5.1	5.3	5.5	6.0	6.5	7.0	7.3	7.8	7.9	8.1	8.2
Other departments	19.5	20.3	22.0	22.4	23.2	27.5	31.3	31.2	35.1	38.2	40.1	43.7	41.4	41.4	41.7
<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>144.9</b>	<b>158.2</b>	<b>168.5</b>	<b>174.1</b>	<b>181.7</b>	<b>184.2</b>	<b>188.1</b>	<b>192.0</b>
<b>Central government support for local authorities<sup>(2)</sup></b>															
Revenue/Rate Support Grant <sup>(4)</sup>	11.3	11.2	11.8	12.6	12.8	13.0	13.1	13.6	21.8	22.3	24.0	23.8	23.4	} 38.3	38.4
Non-domestic rate payments <sup>(5)</sup>	7.6	8.2	9.1	9.8	10.5	11.3	12.1	14.2	14.1	13.2	12.3	13.1	14.5		
Current grants	6.9	7.4	8.2	8.9	8.9	9.7	12.3	19.8	17.3	18.3	19.7	19.7	19.1	19.0	20.0
Capital grants	0.9	0.6	0.7	0.7	0.7	0.9	1.1	1.3	1.5	1.8	1.3	1.7	1.8	1.7	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	4.1	4.0	3.7	3.2	3.0	2.9
<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>42.5</b>	<b>53.3</b>	<b>59.3</b>	<b>59.8</b>	<b>61.3</b>	<b>62.0</b>	<b>62.1</b>	<b>61.9</b>	<b>63.0</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>10.7</b>	<b>15.5</b>	<b>15.3</b>	<b>11.3</b>	<b>9.9</b>	<b>8.9</b>	<b>12.1</b>	<b>12.8</b>	<b>12.5</b>	<b>13.0</b>	<b>13.3</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>0.9</b>	<b>3.5</b>	<b>3.8</b>	<b>4.4</b>	<b>3.6</b>	<b>1.0</b>		<b>-0.6</b>	<b>0.2</b>	<b>-0.1</b>
Reserve Allowance for shortfall <sup>(8)</sup>												-0.6	2.1	5.0	7.5
<b>Control Total</b>	<b>126.0</b>	<b>129.6</b>	<b>136.0</b>	<b>148.6</b>	<b>156.1</b>	<b>175.1</b>	<b>193.6</b>	<b>213.3</b>	<b>231.7</b>	<b>240.9</b>	<b>248.5</b>	<b>255.9</b>	<b>260.2</b>	<b>268.2</b>	<b>275.6</b>

(1) See footnote (3) to table 2.1.

(2) Comparisons between years up to and including 1992–93 are distorted by the effects of transfers between spending sectors. The main changes reflect the transfer of responsibility for the funding of further education and sixth form colleges from local authorities to central government and the transfer of responsibility for community care from central government to local authorities.

(3) The outturns for the Ministry of Defence 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.

(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.

(8) See paragraph 5 of Appendix A.



## 2. The Control Total

**Table 2.5 Control Total: voted and other expenditure by spending sector**

	£ million								
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Voted in Estimates</b>									
Central government expenditure	93,216	103,795	111,198	117,034	122,597	126,288	127,700	129,850	131,900
Central government support for local authorities	37,457	47,728	53,617	55,880	57,426	58,423	58,972	59,000	60,050
Financing requirements for nationalised industries	3,705	2,404	3,291	3,318	1,874	1,633	1,129	773	503
<b>Total voted in Estimates</b>	<b>134,379</b>	<b>153,927</b>	<b>168,106</b>	<b>176,232</b>	<b>181,897</b>	<b>186,345</b>	<b>187,801</b>	<b>189,600</b>	<b>192,450</b>
<b>Other</b>									
Central government expenditure	39,080	41,086	47,004	51,486	51,500	55,455	56,467	58,300	60,050
Central government support for local authorities <sup>(1)</sup>	5,043	5,555	5,646	3,949	3,836	3,556	3,088	2,967	2,902
Local authority self-financed expenditure	15,332	11,346	9,863	8,926	12,097	12,800	12,500	13,000	13,300
Financing requirements for nationalised industries	-252	1,364	1,087	287	-879	-1,600	-1,800	-600	-600
<b>Total other</b>	<b>59,203</b>	<b>59,352</b>	<b>63,599</b>	<b>64,648</b>	<b>66,554</b>	<b>70,200</b>	<b>70,300</b>	<b>73,600</b>	<b>75,700</b>
Reserve							2,100	5,000	7,500
Allowance for shortfall <sup>(2)</sup>						-600			
<b>Control Total</b>	<b>193,581</b>	<b>213,279</b>	<b>231,705</b>	<b>240,880</b>	<b>248,452</b>	<b>255,900</b>	<b>260,200</b>	<b>268,200</b>	<b>275,600</b>

(1) See paragraph 5 of Appendix A.



**Table 2.6 Control Total by department<sup>(1)</sup> and spending sector, 1996–97**

£ million

	Central government expenditure		Central government support for local authorities		Financing requirements of nationalised industries		Control total		Total
	Voted in Estimates	Other	Voted in Estimates	Other	Voted in Estimates	Other	Voted in Estimates	Other	
Ministry of Defence	21,425						21,425		21,425
Foreign and Commonwealth Office	1,107	4					1,107	4	1,111
Overseas Development Administration	1,712	581					1,712	581	2,293
Ministry of Agriculture, Fisheries and Food	2,980	186	44	-172			3,025	15	3,039
Trade and Industry	3,010	155	37		104	-403	3,151	-248	2,902
ECGD	10						10		10
Department of Transport	3,812	3	286	500	953	-1,369	5,051	-866	4,185
DOE—Housing	2,063	-498	3,471	808			5,534	310	5,844
DOE—Urban and environment	1,497	-100	789	148	47		2,333	48	2,381
DOE—Local government	146	77	30,985	115			31,131	191	31,323
Home Office (including Charity Commission)	2,518	1	3,894	113			6,412	114	6,526
Lord Chancellor's and Law Officers' Departments	2,340	74	290	7			2,630	81	2,711
Department for Education and Employment	11,943	-69	2,287	429			14,230	360	14,590
Department of National Heritage	940			22			940	22	962
Department of Health	33,092	-9	629	103			33,721	95	33,815
Department of Social Security	25,475	42,750	8,049				33,523	42,750	76,274
Scotland	8,375	98	5,466	587	25	6	13,867	691	14,558
Wales	3,780	-61	2,743	343			6,523	282	6,805
Northern Ireland	858	7,072		85			858	7,157	8,015
Chancellor of the Exchequer's Departments	3,123	82					3,123	82	3,206
Cabinet Office	1,688	-380					1,688	-380	1,308
European Communities	-4,192	6,501					-4,192	6,501	2,308
Reserve		2,100						2,100	2,100
Local authority self-financed expenditure								12,500	12,500
<b>Control Total</b>	<b>127,700</b>	<b>58,600</b>	<b>58,972</b>	<b>3,088</b>	<b>1,129</b>	<b>-1,765</b>	<b>187,801</b>	<b>72,400</b>	<b>260,200</b>

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



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## 3. Central government expenditure and running costs

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### Introduction

3.1. This section provides 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) and trading funds.

3.2. Central government expenditure, which accounts for about 70 per cent of the Control Total, includes the expenditure of government departments on their own activities and their funding of other non-trading central government bodies. In addition it covers subsidies to a small number of trading bodies.

3.3. Public corporations' and trading funds' activities are generally subject to commercial disciplines. For this reason different conventions are applied to the measurement of their contribution to the Control Total from those applying to central government's own expenditure. The guiding principle is that public expenditure should be measured to reflect the burden on national resources and should, therefore, not include expenditure financed by revenue from trading activities. Accordingly for most public corporations and trading funds it is their external finance—grants, subsidies and loans from central government, market and overseas borrowing and the capital value of assets acquired under finance leases—which is included in the Control Total. NHS Trusts, although part of the National Health Service, are classified as public corporations because of the financial framework within which they operate and their greater freedom in day to day management. Public corporations' and trading funds' external financing requirements represent just under 1 per cent of the Control Total.

### Central government expenditure by department

3.4. **Table 3.1** gives a departmental breakdown of central government expenditure for the period 1990–91 to 1998–99. Social Security, Health and Defence together account for two thirds of the total. For other departments a large proportion of expenditure is carried out by local authorities, with only a relatively small proportion spent directly by central government, for example education, transport and law and order. **Tables 3.2** and **3.3** give figures for central government expenditure, by department, for the years 1978–79, 1981–82 to 1998–99 in cash and real terms respectively.

### Central government expenditure by function

3.5. **Table 3.4** shows central government spending by function. This allocates to the appropriate function the expenditure for which the respective Secretaries of State are responsible in Scotland, Wales and Northern Ireland.

### Central government expenditure by economic category

3.6. **Table 3.5** shows central government expenditure by economic category. 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 or as capital expenditure is now classified as



other current expenditure on goods and services. This reflects health authorities' purchase of health care from providers—mostly from NHS Trusts but also from 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's own expenditure.

**Table 3.6** shows central government current, capital and other spending by department.

## Running Costs

3.7. Departments' current expenditure on staff, goods and other services used in their own administration is defined as running costs. The primary objective of running costs control is to promote economic and efficient administration in central government by containing gross pay and administrative costs and maintaining downward pressure on the size of the Civil Service. Running costs controls leave departmental managers with flexibility to decide how they can use the funds available for administration most effectively to meet their objectives. The coverage and administration of running costs has evolved with developments within departments, including the establishment of executive agencies.

3.8. Running costs expenditure is controlled during the year through running costs limits which are notified to Parliament. Once set, these limits are not intended to be changed. The only general exception is that gross limits may be increased under the end-year flexibility scheme for running costs. This scheme allows underspends to be carried forward, thereby assisting departments to manage their running costs budgets and encouraging improvements in efficiency and value for money. Otherwise, any in-year increases will be exceptional, will require the specific approval of the Treasury and will be notified to Parliament.

3.9. Running costs 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 set out in "The Financing and Accountability of Next Steps Agencies" (Cm 914).

3.10. Plans for each department were agreed during the 1995 Public Expenditure Survey and appear in the series of published departmental reports. **Table 3.7** compares departmental plans for gross expenditure on running costs (whether controlled gross or net) with the outturn for past years and the estimated outturn for the current year. The table also shows total expenditure net of related receipts. These plans form the basis for the running costs limits.

3.11. The aggregate figures for gross expenditure in the tables differ from those announced in the Financial Statement and Budget Report. This is mainly due to changes in coverage, which, together with other changes in coverage since last year's Statistical Supplement, have been reflected in all years.

3.12. From 1 April 1996, 23 bodies, mainly Executive Agencies, will be subject to net running costs control. The National Weights and Measures Laboratory, the Health and Safety Laboratory and the Veterinary Laboratories Agency will begin to operate under net control from that date.

3.13. **Table 3.7** includes the gross running costs of all areas whether controlled gross or net, so the figures in this table do not correspond directly to the control limits. **Tables 3.8a and 3.8b** show the running costs limits for gross controlled and net controlled areas respectively. Details of the Ministry of Defence's operating costs are also shown.

3.14. Departments' paybill outturns are published in the departmental reports, together with the related staff numbers. From 1 April 1996, all departments and agencies will have responsibility for negotiating pay and grading arrangements appropriate for their own staff.



#### Civil Service staffing

3.15. **Table 3.9** provides a summary of Civil Service staffing for 1978–79 and 1990–91 to 1995–96, with plans for the period 1996–97 to 1998–99. The figures comprise all permanent staff but exclude temporary and casual staff. The figures are measured as “full-time equivalent” staff, with part time staff recorded according to the proportion of a full week for which they are contracted to work. This method of calculating full-time equivalent staff is a new one introduced since last year’s Statistical Supplement. Previously, part-time staff working 10 hours or more per week were counted as half and those working fewer than 10 hours were ignored. The overall effect of this change in methodology has been to add to the staffing figures for each year (about 6,700 in 1994–95). This change has chiefly affected the Department for Social Security and the Department for Education and Employment. The figures also reflect Machinery of Government changes for all years, affecting mainly the Department of Education and Employment, the Department of Trade and Industry, the Department of the Environment and the Cabinet Office (Office of Public Service).

3.16. Between 1994–95 and 1995–96, Civil Service staffing was reduced by 23,000 (4 per cent) to 508,000. This results mainly from reductions at the Ministry of Defence following Options for Change and Front Line First; in the Department of the Environment for the wind down of PSA Services; reductions in the Inland Revenue due to continued implementation of the department’s change programme; and reductions in the Department for Education and Employment following the merger of the Department for Education and the Department of Employment resulting in some rationalisation of functions, plus reductions as a result of falling unemployment.

3.17. Since 1978–79, Civil Service staffing has fallen by 230,000, a reduction of 31 per cent.

3.18. Departments’ plans for future years imply further reductions over the Survey period, to 455,000 by 1998–99. This is consistent with the expectation announced in the Civil Service White Paper (Cm 2627), that staffing would fall significantly below 500,000 over the next few years.

3.19. Historically, outturn has been lower than original plans by about 3 per cent. Figures for 1995–96 continue this pattern.

3.20. Figures on public sector staffing were published in Economic Trends (No. 508, February 1996).

#### Trading Funds

3.21. Twelve Executive Agencies have been set up as trading funds—HMSO, the Royal Mint, the Central Office of Information, the Vehicle Inspectorate, the Buying Agency, Companies House, the Land Registry, the Patent Office, the Fire Service College, the Defence Evaluation and Research Agency, the Medicines Control Agency and Chessington Computer Centre. Subject to Parliamentary approval the government proposes to set up a further three agencies as trading funds with effect from 1 April 1996—the Hydrographic Office, the Meteorological Office and Registers of Scotland. Trading funds are not subject to central government running cost controls and are covered in the text on Public Corporations (see paragraphs 3.22 to 3.23).

#### Public corporations

3.22. The Control Total also includes the financing requirements of those public corporations and trading funds which are accountable to central government. 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, while investment programmes may also need to be partly financed by borrowing. The Control Total therefore generally includes the requirements of these bodies for external finance, rather than their expenditure.

3.23. Almost all public corporations have external finance treatment within the public expenditure Control Total. However, there are a few exceptions where, for a variety of reasons, other treatments apply. The Control Total includes subsidies to, and the capital expenditure of, the New Town Development Corporations and the Commission for New Towns. Grants, loans and subsidies to the BBC would also score in the Control Total. **Table 3.10** shows the contribution to the Control Total for all public corporations (excluding nationalised industries) and trading funds given external finance treatment.



Table 3.1 Central government expenditure within the control total <sup>(1)</sup> by department <sup>(2)</sup>

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence <sup>(3)</sup>	21,709	22,913	22,910	22,757	22,562	21,221	21,425	21,923	22,624
Foreign and Commonwealth Office	968	1,132	1,278	1,276	1,236	1,431	1,111	1,130	1,124
Overseas Development Administration	1,737	1,994	2,126	2,235	2,386	2,381	2,293	2,366	2,421
Ministry of Agriculture, Fisheries and Food	2,219	2,253	2,334	3,100	2,562	3,023	3,167	3,110	3,076
Trade and Industry	2,706	2,710	2,803	2,728	2,799	3,290	3,164	3,077	3,059
ECGD	372	215	117	-60	-26	29	10	4	-14
Department of Transport	2,326	2,422	2,581	2,663	4,471	4,160	3,815	3,652	3,622
DOE—Housing	2,698	3,025	3,524	2,834	2,529	2,182	1,565	1,527	1,993
DOE—Urban and environment	1,156	1,162	1,284	1,421	1,462	1,427	1,397	1,310	1,208
DOE—Local government	53	187	239	235	243	233	223	223	212
Home Office (including Charity Commission)	2,117	2,356	2,480	2,411	2,536	2,625	2,519	2,546	2,550
Lord Chancellor's and Law Officers' Departments	1,379	1,716	2,038	2,114	2,265	2,379	2,414	2,463	2,590
Department for Education and Employment <sup>(5)</sup>	6,988	6,683	6,931	9,904	11,059	12,019	11,874	12,415	12,330
Department of National Heritage	739	844	974	966	978	1,030	940	911	909
Department of Health <sup>(4)</sup>	22,345	25,380	28,003	28,987	30,613	32,216	33,083	33,935	34,725
Department of Social Security <sup>(4)(5)</sup>	44,320	50,806	56,050	60,804	62,121	65,173	68,250	70,400	72,150
Scotland <sup>(5)</sup>	5,039	6,034	6,555	7,347	7,775	7,940	8,473	8,625	8,732
Wales <sup>(5)</sup>	2,246	2,567	3,041	3,438	3,606	3,711	3,719	3,831	3,887
Northern Ireland <sup>(4)</sup>	5,480	5,967	6,524	7,021	7,349	7,762	7,930	8,108	8,203
Chancellor of the Exchequer's Departments	3,405	3,502	3,478	3,393	3,332	3,342	3,206	3,125	3,106
Cabinet Office	265	308	1,018	1,069	971	1,251	1,308	970	961
European Communities	2,027	707	1,912	1,877	1,267	2,916	2,308	2,499	2,500
<b>Total central government expenditure<sup>(4)(5)(6)</sup></b>	<b>132,296</b>	<b>144,881</b>	<b>158,203</b>	<b>168,520</b>	<b>174,097</b>	<b>181,743</b>	<b>184,168</b>	<b>188,150</b>	<b>192,000</b>
Of which:									
Central government's own expenditure <sup>(4)(5)(6)</sup>	131,115	143,675	156,587	166,798	172,019	179,928	182,070	186,250	190,200
Public corporations (excluding nationalised industries)	1,181	1,207	1,615	1,722	2,078	1,815	2,098	1,907	1,769

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) Excludes cyclical social security.

(5) See footnote (3) to table 2.2.



Table 3.2 Central government expenditure within the Control Total by department, <sup>(1)</sup> 1978–79, 1981–82 to 1998–99

	£ billion																		
	1978–79	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence <sup>(2)</sup>	7.6	12.8	14.6	15.7	17.4	18.3	18.4	18.9	19.2	20.8	21.7	22.9	22.9	22.8	22.6	21.2	21.4	21.9	22.6
Foreign and Commonwealth Office	0.3	0.4	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.3	1.3	1.2	1.4	1.1	1.1	1.1
Overseas Development Administration	0.8	1.0	1.0	1.2	1.2	1.3	1.3	1.3	1.5	1.7	1.7	2.0	2.1	2.2	2.4	2.4	2.3	2.4	2.4
Ministry of Agriculture, Fisheries and Food	0.6	1.1	1.5	1.8	1.8	2.2	1.5	1.8	1.5	1.5	2.2	2.3	2.3	3.1	2.6	3.0	3.2	3.1	3.1
Trade and Industry	1.5	3.0	2.9	2.7	2.6	3.0	3.7	2.3	3.0	2.5	2.7	2.7	2.8	2.7	2.8	3.3	3.2	3.1	3.1
ECGD	0.4	0.1	0.3	0.2	0.5	0.3	0.3	0.2	0.1	0.4	0.4	0.2	0.1	-0.1					
Department of Transport	0.5	0.9	1.1	1.1	1.3	1.2	1.3	1.4	1.5	1.9	2.3	2.4	2.6	2.7	4.5	4.2	3.8	3.7	3.6
DOE—Housing	1.6	1.8	1.6	1.2	1.3	1.3	1.4	1.4	1.4	1.7	2.7	3.0	3.5	2.8	2.5	2.2	1.6	1.5	2.0
DOE—Urban and Environment	0.9	1.1	1.1	0.6	0.8	0.7	0.7	0.5	0.5	0.8	1.2	1.2	1.3	1.4	1.5	1.4	1.4	1.3	1.2
DOE—Local government											0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Home Office (including Charity Commission)	0.4	0.8	0.8	1.0	1.1	1.1	1.2	1.4	1.5	1.7	2.1	2.4	2.5	2.4	2.5	2.6	2.5	2.5	2.6
Lord Chancellor's and Law Officers' Departments	0.2	0.4	0.4	0.5	0.6	0.6	0.7	0.8	1.0	1.2	1.4	1.7	2.0	2.1	2.3	2.4	2.4	2.5	2.6
Department for Education and Employment <sup>(3)</sup>	1.7	2.9	3.3	3.9	4.2	4.4	5.1	5.6	5.8	6.9	7.0	6.7	6.9	9.9	11.1	12.0	11.9	12.4	12.3
Department of National Heritage	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.8	1.0	1.0	1.0	1.0	0.9	0.9	0.9
Department of Health	6.3	10.9	11.8	12.5	13.4	14.2	15.2	16.7	18.4	19.9	22.3	25.4	28.0	29.0	30.6	32.2	33.1	33.9	34.7
Department of Social Security <sup>(4)</sup>	16.2	28.0	31.4	33.0	35.6	38.7	41.6	43.4	44.3	46.6	51.8	61.3	68.9	74.6	75.8	79.1	81.5	83.9	86.2
Scotland <sup>(3)</sup>	1.9	3.0	3.2	3.1	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.6	7.3	7.8	7.9	8.5	8.6	8.7
Wales <sup>(3)</sup>	0.7	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	3.6	3.7	3.7	3.8	3.9
Northern Ireland	2.1	3.2	3.5	3.7	4.0	4.3	4.5	4.8	5.4	5.7	5.9	6.4	7.0	7.5	7.9	8.3	8.5	8.7	8.9
Chancellor of the Exchequer's departments	1.2	2.0	2.1	1.8	1.9	2.1	2.3	2.5	2.7	3.2	3.4	3.5	3.5	3.4	3.3	3.3	3.2	3.1	3.1
Cabinet Office		0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	1.0	1.1	1.0	1.3	1.3	1.0	1.0
European Communities	0.8	0.1	0.6	0.8	1.0	0.8	1.1	1.7	1.0	2.3	2.0	0.7	1.9	1.9	1.3	2.9	2.3	2.5	2.5
<b>Total central government expenditure<sup>(4)</sup></b>	<b>45.9</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>116.4</b>	<b>127.0</b>	<b>140.1</b>	<b>155.8</b>	<b>171.5</b>	<b>182.9</b>	<b>188.3</b>	<b>196.2</b>	<b>198.1</b>	<b>202.3</b>	<b>206.7</b>

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

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

(3) See footnote (3) to table 2.2.

(4) Includes cyclical social security, which for 1990–91 to 1998–99 is:

£7.8    £10.9    £13.3    £14.3    £14.2    £14.5    £13.9    £14.2    £14.7



**Table 3.3 Central government expenditure within the Control Total by department<sup>(1)</sup> in real terms<sup>(2)</sup>, 1978–79, 1981–82 to 1998–99**

£ billion

	1978–79	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence <sup>(3)</sup>	22.2	24.7	26.3	27.0	28.6	28.3	27.7	27.1	25.8	26.0	25.2	25.0	24.0	23.2	22.6	20.7	20.3	20.3	20.4
Foreign and Commonwealth Office	0.9	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.3	1.2	1.4	1.1	1.0	1.0
Overseas Development Administration	2.2	2.0	1.8	2.0	2.0	1.9	2.0	1.8	2.1	2.1	2.0	2.2	2.2	2.3	2.4	2.3	2.2	2.2	2.2
Ministry of Agriculture, Fisheries and Food	1.8	2.0	2.7	3.1	2.9	3.5	2.3	2.5	2.0	1.9	2.6	2.5	2.4	3.2	2.6	2.9	3.0	2.9	2.8
Trade and Industry	4.5	5.7	5.2	4.6	4.3	4.6	5.6	3.3	4.0	3.2	3.1	3.0	2.9	2.8	2.8	3.2	3.0	2.8	2.8
ECGD	1.0	0.2	0.6	0.4	0.9	0.5	0.4	0.2	0.2	0.4	0.4	0.2	0.1	-0.1					
Department of Transport	1.5	1.8	2.1	2.0	2.1	1.9	2.0	2.0	2.0	2.4	2.7	2.6	2.7	2.7	4.5	4.0	3.6	3.4	3.3
DOE—Housing	4.7	3.4	2.8	2.1	2.1	2.0	2.1	2.0	1.9	2.1	3.1	3.3	3.7	2.9	2.5	2.1	1.5	1.4	1.8
DOE—Urban and Environment	2.6	2.2	2.0	1.1	1.2	1.1	1.0	0.8	0.6	1.0	1.3	1.3	1.3	1.4	1.5	1.4	1.3	1.2	1.1
DOE—Local government											0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Home Office (including Charity Commission)	1.2	1.5	1.5	1.7	1.7	1.8	1.8	1.9	2.0	2.2	2.5	2.6	2.6	2.5	2.5	2.6	2.4	2.4	2.3
Lord Chancellor's and Law Officers' Departments	0.6	0.7	0.7	0.8	0.9	0.9	1.0	1.2	1.3	1.5	1.6	1.9	2.1	2.2	2.3	2.3	2.3	2.3	2.3
Department for Education and Employment <sup>(4)</sup>	4.8	5.6	5.9	6.7	6.9	6.9	7.6	8.0	7.7	8.6	8.1	7.3	7.3	10.1	11.1	11.7	11.2	11.5	11.1
Department of National Heritage	0.5	0.5	0.6	0.5	0.6	0.6	0.6	0.8	0.9	0.8	0.9	0.9	1.0	1.0	1.0	1.0	0.9	0.8	0.8
Department of Health	18.4	20.9	21.3	21.5	22.0	22.0	22.9	23.9	24.6	24.9	25.9	27.7	29.4	29.5	30.6	31.4	31.3	31.4	31.4
Department of Social Security <sup>(5)</sup>	47.2	53.9	56.4	56.7	58.3	60.0	62.6	62.0	59.3	58.4	60.0	66.9	72.2	76.0	75.8	77.0	77.2	77.5	77.9
Scotland <sup>(4)</sup>	5.5	5.8	5.7	5.3	5.4	5.4	5.5	5.4	5.5	5.6	5.8	6.6	6.9	7.5	7.8	7.7	8.0	8.0	7.9
Wales <sup>(4)</sup>	2.1	2.3	2.2	2.2	2.1	2.1	2.3	2.3	2.5	2.5	2.6	2.8	3.2	3.5	3.6	3.6	3.5	3.5	3.5
Northern Ireland <sup>(5)</sup>	6.2	6.1	6.2	6.4	6.6	6.6	6.7	6.9	7.3	7.1	6.8	7.0	7.3	7.7	7.9	8.1	8.1	8.1	8.0
Chancellor of the Exchequer's departments	3.5	3.8	3.8	3.2	3.1	3.2	3.5	3.6	3.7	4.0	3.9	3.8	3.6	3.5	3.3	3.3	3.0	2.9	2.8
Cabinet Office	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	1.1	1.1	1.0	1.2	1.2	0.9	0.9
European Communities	2.2	0.2	1.1	1.4	1.6	1.3	1.6	2.4	1.3	2.9	2.4	0.8	2.0	1.9	1.3	2.8	2.2	2.3	2.3
<b>Total central government expenditure<sup>(4)</sup></b>	<b>134.0</b>	<b>144.5</b>	<b>150.2</b>	<b>150.0</b>	<b>154.5</b>	<b>156.1</b>	<b>160.7</b>	<b>159.5</b>	<b>155.9</b>	<b>159.1</b>	<b>162.4</b>	<b>171.1</b>	<b>179.8</b>	<b>186.3</b>	<b>188.3</b>	<b>191.0</b>	<b>187.6</b>	<b>186.9</b>	<b>188.8</b>

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

(2) Cash figures adjusted to price levels of 1994–95.

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

(4) See footnote (6) to table 2.2.

(5) Includes cyclical social security, cyclical social security for 1990–91 to 1998–99 is:

9.1 11.9 13.9 14.6 14.2 14.1 13.2 13.1 13.3



### 3. Central government expenditure and running costs

Table 3.4 Central government expenditure <sup>(1)</sup> within the Control Total by function									
	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Defence</b>									
Defence budget	22,207	24,438	22,910	22,757	22,562	21,221	21,425	21,923	22,624
Other governments' contributions to the cost of the Gulf conflict	-498	-1,525							
<b>Total defence</b>	<b>21,709</b>	<b>22,913</b>	<b>22,910</b>	<b>22,757</b>	<b>22,562</b>	<b>21,221</b>	<b>21,425</b>	<b>21,923</b>	<b>22,624</b>
<b>Overseas services, including overseas aid</b>									
Overseas aid <sup>(2)</sup>	1,638	1,870	2,014	2,127	2,240	2,257	2,172	2,225	2,297
Other overseas services	1,065	1,257	1,390	1,384	1,381	1,556	1,231	1,271	1,249
<b>Total overseas services, including overseas aid</b>	<b>2,704</b>	<b>3,126</b>	<b>3,404</b>	<b>3,511</b>	<b>3,621</b>	<b>3,813</b>	<b>3,403</b>	<b>3,496</b>	<b>3,546</b>
<b>Agriculture, fisheries, food and forestry</b>									
Intervention Board and market support	1,561	1,554	1,574	2,363	1,953	2,369	2,578	2,553	2,537
Other agriculture, fisheries and food	1,188	1,336	1,445	1,607	1,573	1,744	2,104	2,003	1,956
Forestry	79	92	104	100	94	64	63	62	62
<b>Total agriculture, fisheries, food and forestry</b>	<b>2,827</b>	<b>2,982</b>	<b>3,123</b>	<b>4,070</b>	<b>3,620</b>	<b>4,177</b>	<b>4,745</b>	<b>4,618</b>	<b>4,555</b>
<b>Trade, industry, energy and employment</b>									
Regional and other industrial support	690	650	577	651	655	711	790	831	882
Trade, scientific and technological support	1,140	968	902	642	646	758	705	684	660
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	385	215	177	75	73	351	243	116	78
Energy	-73	-92	-55						
Employment and Training	2,768	2,906	3,060	3,162	3,372	3,603	3,513	3,538	3,568
Departmental administration and other services <sup>(3)</sup>	1,602	1,779	1,858	1,949	1,966	1,978	1,892	1,732	1,707
<b>Total trade, industry, energy and employment</b>	<b>6,512</b>	<b>6,427</b>	<b>6,519</b>	<b>6,480</b>	<b>6,712</b>	<b>7,402</b>	<b>7,142</b>	<b>6,900</b>	<b>6,896</b>
<b>Transport</b>									
National road systems	2,339	2,426	2,599	2,727	2,719	2,247	2,152	2,029	2,031
Local transport	11	14	10	11	12	15	16	16	16
Marine, coastguard, shipping and civil aviation services	76	82	88	119	95	95	91	88	87
Driver and vehicle licensing	146	156	179	154	168	175	176	176	168
National rail services		1		6	1,813	1,733	1,663	1,575	1,569
Other transport services	297	298	320	291	313	327	283	277	273
<b>Total transport</b>	<b>2,871</b>	<b>2,976</b>	<b>3,196</b>	<b>3,307</b>	<b>5,121</b>	<b>4,772</b>	<b>4,381</b>	<b>4,162</b>	<b>4,144</b>



Table 3.5 Central government expenditure<sup>(1)</sup> within the Control Total by function (continued)

£ million

	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Housing</b>									
Subsidies to local authority housing	1,842	1,707	1,532	1,339	1,279	1,240	1,165	1,241	1,269
Other general subsidies	68	105	137	147	202	202	127	213	173
New Towns	-228	-305	-123	-171	-117	-227	-102	-190	-190
Housing Corporations	1,154	1,639	2,285	1,761	1,463	1,130	522	421	917
Administration	93	139	157	175	221	246	178	233	222
Other capital	206	222	257	213	187	172	168	170	160
<b>Total housing</b>	<b>3,135</b>	<b>3,506</b>	<b>4,244</b>	<b>3,464</b>	<b>3,235</b>	<b>2,762</b>	<b>2,058</b>	<b>2,089</b>	<b>2,551</b>
<b>Other environmental services</b>									
Environmental protection	92	94	95	106	103	113	202	171	156
Countryside and water	257	258	289	290	307	333	275	271	267
Urban	230	267	292	384	330	252	227	294	318
Other public corporations	626	587	520	405	406	410	360	355	267
Other	380	464	544	540	553	574	570	569	549
<b>Total other environmental services</b>	<b>1,586</b>	<b>1,669</b>	<b>1,741</b>	<b>1,725</b>	<b>1,699</b>	<b>1,681</b>	<b>1,635</b>	<b>1,660</b>	<b>1,556</b>
<b>Law, order and protective services</b>									
Administration of justice	1,422	1,807	2,156	2,294	2,438	2,568	2,675	2,776	2,872
Prisons and offender programmes	1,702	1,863	1,894	1,819	1,914	1,990	1,845	1,818	1,859
Police	605	661	734	777	772	777	765	790	781
Immigration and citizenship	155	178	211	247	246	264	272	275	276
Fire	49	52	52	53	52	55	60	61	60
Civil defence	64	51	41	23	24	26	22	20	21
Constitutional and community services	39	61	52	50	91	49	54	52	50
Central and miscellaneous services	471	535	635	634	614	598	554	546	540
<b>Total law, order and protective services</b>	<b>4,506</b>	<b>5,208</b>	<b>5,775</b>	<b>5,897</b>	<b>6,152</b>	<b>6,326</b>	<b>6,246</b>	<b>6,337</b>	<b>6,459</b>
<b>Education</b>									
Schools	827	917	1,017	1,125	1,259	1,273	1,357	1,458	1,516
Further education	111	115	152	3,048	3,211	3,417	3,506	3,479	3,443
Higher education	3,335	3,129	3,203	3,317	4,055	4,293	4,107	4,049	4,001
Student awards and fees	262	400	479	521	466	432	423	422	424
Student Loans and Access Funds	63	151	211	323	496	772	845	815	740
Miscellaneous educational services, research and administration	352	410	487	825	905	1,129	1,173	1,956	1,943
<b>Total education<sup>(4)</sup></b>	<b>4,949</b>	<b>5,123</b>	<b>5,549</b>	<b>9,158</b>	<b>10,391</b>	<b>11,316</b>	<b>11,413</b>	<b>12,179</b>	<b>12,068</b>
<b>National heritage</b>									
Museums and galleries	224	246	259	262	270	273	262	257	255
Other arts and heritage	376	443	490	484	494	525	501	484	481
Libraries	145	165	172	159	186	214	149	136	126
Films	17	20	22	24	26	26	24	23	23
Tourism	43	44	46	46	44	45	46	45	45
Sport and recreation	44	47	50	54	53	54	52	50	50
Broadcasting	1	2	57	61	68	71	75	77	79
Administration	7	8	16	23	22	23	21	28	37
<b>Total national heritage</b>	<b>858</b>	<b>975</b>	<b>1,114</b>	<b>1,113</b>	<b>1,163</b>	<b>1,232</b>	<b>1,130</b>	<b>1,101</b>	<b>1,097</b>



### 3. Central government expenditure and running costs

**Table 3.4 Central government expenditure<sup>(1)</sup> within the Control Total by function (continued)**

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Health and personal social services<sup>(4)</sup></b>									
Health									
National Health Service hospitals, community health, family health (cash limited) and related services	21,451	24,432	26,845	27,953	29,571	31,358	32,699	31,586	32,254
Family health (non-cash limited)	5,581	6,214	6,698	6,717	6,744	6,909	6,685	8,919	9,253
National Health Service Trusts		-24	222	302	565	495	473	391	314
Central health and other services	659	782	859	863	880	938	936	944	953
<b>Total health</b>	<b>27,691</b>	<b>31,405</b>	<b>34,623</b>	<b>35,835</b>	<b>37,760</b>	<b>39,700</b>	<b>40,793</b>	<b>41,841</b>	<b>42,774</b>
Personal social services	187	227	256	295	350	394	431	445	464
<b>Total health and personal social services</b>	<b>27,878</b>	<b>31,632</b>	<b>34,879</b>	<b>36,129</b>	<b>38,110</b>	<b>40,094</b>	<b>41,224</b>	<b>42,286</b>	<b>43,238</b>
<b>Social security<sup>(4)(5)</sup></b>									
Pension benefits (contributory)	23,309	26,220	27,413	28,937	29,502	30,925	32,770	34,350	35,700
Widows' benefits	921	1,045	1,044	1,076	1,058	1,097	1,150	1,200	1,200
Unemployment, incapacity and other benefits	5,824	6,803	7,555	8,414	8,462	8,480	8,100	7,550	7,350
Industrial injury benefits	602	674	688	707	728	736	750	750	750
Family benefits (contributory)	362	456	485	467	490	505	550	550	550
Pension benefits (non-contributory)	48	49	53	54	51	56	50	50	50
War pensions	821	967	1,158	1,286	1,147	1,247	1,400	1,450	1,500
Disability benefits	3,040	3,834	4,874	6,127	6,888	7,944	9,100	10,150	11,000
Income Support	2,376	2,819	3,860	4,086	4,118	3,997	3,550	3,350	3,300
Social Fund	155	210	212	234	218	250	250	250	250
Family benefits (non-contributory)	5,528	6,302	7,148	7,826	8,139	8,636	9,300	9,750	9,950
Housing benefits	218	238	259	287	301	328	350	350	350
Administration and miscellaneous services <sup>(3)</sup>	2,570	2,840	3,186	3,397	3,265	3,397	3,464	3,300	2,950
<b>Total social security</b>	<b>45,775</b>	<b>52,456</b>	<b>57,935</b>	<b>62,898</b>	<b>64,366</b>	<b>67,599</b>	<b>70,769</b>	<b>73,000</b>	<b>74,900</b>
<b>Miscellaneous expenditure<sup>(6)</sup></b>									
Other public services	4,732	5,112	5,969	6,167	6,030	6,144	5,962	5,927	5,910
Common services	227	69	-68	-34	47	289	327	-59	-64
Contributions to European Communities <sup>(7)</sup>	2,027	707	1,912	1,877	1,267	2,916	2,308	2,499	2,500
<b>Total miscellaneous expenditure<sup>(6)</sup></b>	<b>6,986</b>	<b>5,888</b>	<b>7,813</b>	<b>8,010</b>	<b>7,344</b>	<b>9,349</b>	<b>8,598</b>	<b>8,367</b>	<b>8,346</b>
<b>Total central government expenditure<sup>(5)</sup></b>	<b>132,296</b>	<b>144,881</b>	<b>158,203</b>	<b>168,520</b>	<b>174,097</b>	<b>181,743</b>	<b>184,168</b>	<b>188,150</b>	<b>192,000</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) Expenditure by the Employment Service on the administration of unemployment benefit and job seekers' allowance is included in "Trade, industry, energy and employment", although it was shown under "Social Security" in previous years' Supplements. The transfer involved is described in chapter 6 paragraph 4.

(4) Comparisons between years up to and including 1992-93 and later years are distorted by the effects of transfers between departments and spending sectors. The main changes reflect 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 Welsh Higher Education Funding Councils, and the transfer of responsibility for community care from central government to local authorities.

(5) Excludes cyclical social security.

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

(7) 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.



Table 3.5 Central government expenditure<sup>(1)</sup> within the Control Total by economic category

£ million

	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Central government's own expenditure</b>									
Pay	33,139	34,912	35,387	31,637	24,678	81,695	83,495	84,590	86,220
Other current expenditure on goods and services	30,841	36,821	39,807	45,945	55,089				
Subsidies	3,709	3,564	3,473	4,088	5,774	6,171	6,257	6,169	6,075
Current grants to the private sector <sup>(3)</sup>	49,679	55,968	61,638	69,538	72,046	76,240	79,413	82,650	84,850
Current transfers abroad <sup>(2)</sup>	3,960	1,927	4,958	5,069	4,592	6,444	5,710	6,000	6,100
Net capital expenditure on assets	6,822	6,964	7,053	6,369	5,541	5,268	3,983	3,715	3,538
Capital grants	2,887	3,369	3,825	3,661	3,481	3,106	2,796	2,680	2,600
Lending and other financial transactions	77	150	447	491	819	1,003	415	426	824
<b>Total central government's own expenditure</b>	<b>131,115</b>	<b>143,675</b>	<b>156,587</b>	<b>166,798</b>	<b>172,019</b>	<b>179,928</b>	<b>182,070</b>	<b>186,250</b>	<b>190,200</b>
<b>Public corporations (excluding nationalised industries)<sup>(4)(5)</sup></b>									
<b>(a) External finance</b>									
Subsidies	296	388	424	467	468	492	605	611	601
Capital grants	1,045	1,215	1,281	1,156	1,108	1,025	933	854	839
Lending and other financial transactions	51	-125	18	284	643	553	692	631	519
<b>(b) Expenditure</b>									
Subsidies	108	86	54	52	42	39	37	1	1
Net capital expenditure on assets	-315	-352	-159	-234	-180	-292	-165	-190	-190
Lending and other financial transactions	-3	-4	-3	-4	-3	-3	-4		
<b>Total public corporations (excluding nationalised industries)</b>	<b>1,181</b>	<b>1,207</b>	<b>1,615</b>	<b>1,722</b>	<b>2,078</b>	<b>1,815</b>	<b>2,098</b>	<b>1,907</b>	<b>1,769</b>
<b>Total central government expenditure</b>	<b>132,296</b>	<b>144,881</b>	<b>158,203</b>	<b>168,520</b>	<b>174,097</b>	<b>181,743</b>	<b>184,168</b>	<b>188,150</b>	<b>192,000</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 control total. The split between economic categories is given in section (a). For a few corporations their capital expenditure and subsidies to them are included in the 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.



### 3. Central government expenditure and running costs

**Table 3.6 Central government capital and current expenditure<sup>(1)</sup> by department<sup>(2)</sup>**

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Current<sup>(6)</sup></b>									
Ministry of Defence <sup>(3)</sup>	21,197	22,299	22,262	21,921	21,748	20,441	20,885	21,275	22,001
Foreign and Commonwealth Office	896	1,018	1,166	1,162	1,147	1,301	1,046	1,060	1,057
Overseas Development Administration	1,527	1,737	1,820	1,954	1,998	2,078	2,102	2,157	2,198
Ministry of Agriculture, Fisheries and Food	1,803	1,931	2,046	2,880	2,641	2,920	2,999	2,970	2,964
Trade and Industry	2,141	2,397	2,556	2,497	2,499	3,066	2,974	2,904	2,920
ECGD	370	211	116	-60	-27	28	10	4	-15
Department of Transport	622	681	755	730	2,536	2,485	2,399	2,341	2,361
DOE—Housing	1,489	1,344	1,227	1,063	1,068	1,052	1,033	1,079	1,035
DOE—Urban and environment	722	927	1,052	1,160	1,099	1,009	985	1,016	986
DOE—Local government									
Home Office (including Charity Commission)	1,622	1,899	2,092	2,059	2,165	2,249	2,335	2,371	2,383
Lord Chancellor's and Law Officers' Departments	1,196	1,529	1,845	1,975	2,146	2,230	2,332	2,417	2,549
Department for Education and Employment <sup>(4)</sup>	6,406	5,940	6,140	8,863	9,810	10,498	10,461	11,128	11,184
Department of National Heritage	617	694	755	778	750	783	770	763	764
Department of Health <sup>(4)</sup>	20,920	24,132	26,634	28,103	29,724	31,460	32,627	33,533	34,405
Department of Social Security <sup>(4)(5)</sup>	44,056	50,492	55,727	60,430	61,834	64,979	68,043	70,250	72,050
Scotland <sup>(4)</sup>	3,963	4,748	5,231	6,061	6,550	6,867	7,066	7,250	7,379
Wales <sup>(4)</sup>	1,653	1,928	2,341	2,738	2,912	3,088	3,238	3,353	3,412
Northern Ireland <sup>(5)</sup>	4,716	5,205	5,741	6,216	6,544	6,963	7,194	7,363	7,454
Chancellor of the Exchequer's Departments	3,187	3,175	3,191	3,105	3,132	3,121	2,998	2,954	2,943
Cabinet Office	200	196	655	764	635	1,016	1,069	712	716
European Communities	2,027	707	1,912	1,877	1,267	2,916	2,308	2,499	2,500
<b>Total current expenditure<sup>(6)</sup></b>	<b>121,329</b>	<b>133,193</b>	<b>145,263</b>	<b>156,277</b>	<b>162,179</b>	<b>170,551</b>	<b>174,875</b>	<b>179,400</b>	<b>183,250</b>
<b>Capital<sup>(6)</sup></b>									
Ministry of Defence <sup>(3)</sup>	512	614	649	701	727	742	478	636	612
Foreign and Commonwealth Office	74	115	113	115	90	132	65	70	68
Overseas Development Administration	7	5	3	2	3	4	4	2	2
Ministry of Agriculture, Fisheries and Food	417	323	289	220	-79	102	168	140	112
Trade and Industry	431	287	276	300	338	273	265	289	297
ECGD	2	4		1		1	1	1	1
Department of Transport	1,708	1,741	1,834	1,910	1,918	1,669	1,413	1,307	1,257
DOE—Housing	1,475	1,927	2,331	1,821	1,487	1,149	1,041	955	965
DOE—Urban and environment	195	196	85	210	214	258	272	251	256
DoE—Local government									
Home Office (including Charity Commission)	494	457	386	349	370	374	182	174	167
Lord Chancellor's and Law Officers' Departments	183	187	194	174	153	152	82	46	41
Department for Education and Employment <sup>(4)</sup>	551	630	627	781	836	877	716	616	538
Department of National Heritage	123	150	163	130	164	179	97	73	68
Department of Health <sup>(4)</sup>	1,425	1,273	1,146	576	299	274	16	8	3
Department of Social Security <sup>(4)(5)</sup>	231	267	287	332	248	151	136	81	64
Scotland <sup>(4)</sup>	617	692	721	686	582	495	467	441	436
Wales <sup>(4)</sup>	481	530	580	568	520	486	406	354	326
Northern Ireland <sup>(5)</sup>	484	507	513	528	553	557	496	494	488
Chancellor of the Exchequer's Departments	220	327	287	288	200	221	208	171	163
Cabinet Office	71	89	367	307	339	236	239	258	244
European Communities									
<b>Total capital expenditure<sup>(6)</sup></b>	<b>9,701</b>	<b>10,319</b>	<b>10,851</b>	<b>9,998</b>	<b>8,963</b>	<b>8,332</b>	<b>6,750</b>	<b>6,350</b>	<b>6,100</b>



Table 3.6 Central government's capital and current expenditure<sup>(1)</sup> by department<sup>(2)</sup> (continued)

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Other transactions<sup>(6)</sup></b>									
Ministry of Defence <sup>(3)</sup>									
Foreign and Commonwealth Office	-1	-1	-1	-1	-1	-1			
Overseas Development Administration	162	210	258	241	351	270	200	218	236
Ministry of Agriculture, Fisheries and Food	-1	-1	-1		-1	1			
Trade and Industry	90	1	-34	-51	-37	-27	-56	-99	-149
ECGD									
Department of Transport	-4		-8	23	17	6	4	4	4
DOE—Housing	-322	-289	-46	-59	-25	-19	-509	-507	-7
DOE—Urban and environment			6		31	18	13	13	12
DoE—Local government									
Home Office (including Charity Commission)	1			1		1	1	1	1
Lord Chancellor's and Law Officers' Departments									
Department for Education and Education <sup>(4)</sup>	32	112	164	259	413	644	697	671	609
Department of National Heritage	-1								
Department of Health <sup>(4)</sup>									
Department of Social Security <sup>(4)(5)</sup>	33	47	37	42	40	43	46	45	45
Scotland <sup>(4)</sup>	8	18	24	38	59	108	123	118	106
Wales <sup>(4)</sup>	-19	-24	-8	-13	-5	-17	-82	-7	-7
Northern Ireland <sup>(5)</sup>	108	91	81	42	36	19	7	-1	5
Chancellor of the Exchequer's Departments									
Cabinet Office, Office of Public Service and Science	-1								
Cabinet Office—other services, Privy Council Office and Parliament									
European Communities									
<b>Total other transactions expenditure<sup>(6)</sup></b>	<b>86</b>	<b>163</b>	<b>474</b>	<b>522</b>	<b>877</b>	<b>1,046</b>	<b>444</b>	<b>450</b>	<b>850</b>
<b>Total central government expenditure</b>	<b>131,115</b>	<b>143,675</b>	<b>156,587</b>	<b>166,798</b>	<b>172,019</b>	<b>179,928</b>	<b>182,070</b>	<b>186,250</b>	<b>190,200</b>

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 1992-93 and later years 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, and 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 for Education to the Scottish and Welsh Higher Education Funding Councils.

(5) Excludes cyclical social security.

(6) Current expenditure includes pay, procurement, subsidies and current grants to the private sector and abroad; capital expenditure includes net capital expenditure on assets the value of the physical increase in stocks and capital grants and other transactions includes lending and other financial transactions.



### 3. Central government expenditure and running costs

**Table 3.7 Gross administrative expenditure by department<sup>(1)</sup>**

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Foreign and Commonwealth Office <sup>(2)</sup>	457	511	494	476	490	514	520	540	539
Overseas Development Administration	54	64	66	73	71	74	57	58	58
Ministry of Agriculture, Fisheries and Food	338	378	410	431	438	482	469	466	468
Trade and Industry <sup>(3)</sup>	490	527	540	540	507	502	444	435	432
Department of Transport	367	368	421	397	405	435	395	395	376
Environment Departments	1,038	1,112	992	757	591	545	515	511	501
Home Office (including Charity Commission)	1,289	1,482	1,641	1,671	1,726	1,809	1,864	1,865	1,907
Lord Chancellor's and Law Officers' Departments	694	823	907	735	755	791	777	776	775
Department for Education and Employment	1,067	1,283	1,378	1,470	1,493	1,434	1,304	1,193	1,189
Department of National Heritage	20	29	31	35	40	42	40	39	39
Department of Health	265	293	331	310	300	302	287	278	278
Department of Social Security	2,399	2,628	2,987	3,216	3,270	3,463	3,524	3,426	3,105
Scotland	324	375	386	403	407	415	378	378	374
Wales	56	62	75	80	81	80	76	76	76
Northern Ireland <sup>(4)</sup>	649	710	755	776	778	826	794	794	792
Chancellor of the Exchequer's Departments:									
Inland Revenue	1,459	1,687	1,766	1,823	1,816	1,852	1,814	1,793	1,784
Customs and Excise	629	692	738	735	745	749	720	731	729
Other	392	493	456	452	430	426	405	405	406
Cabinet Office including Office of Public Service <sup>(2)</sup>	156	176	565	616	624	600	568	566	567
<b>Total gross expenditure on civil departments' running costs</b>	<b>12,143</b>	<b>13,693</b>	<b>14,939</b>	<b>14,997</b>	<b>14,966</b>	<b>15,344</b>	<b>14,952</b>	<b>14,725</b>	<b>14,395</b>
Ministry of Defence gross operating costs <sup>(2)(5)</sup>	18,060	19,759	19,366	18,836	19,009	18,369	17,963	18,121	17,790
<b>Gross total</b>	<b>30,203</b>	<b>33,452</b>	<b>34,304</b>	<b>33,833</b>	<b>33,975</b>	<b>33,714</b>	<b>32,915</b>	<b>32,846</b>	<b>32,185</b>
<i>of which:</i>									
Paybill <sup>(6)</sup>	16,425	18,319	19,511	18,764	18,625	18,216			
Intra-departmental and inter-departmental receipts (paid from running costs)	-1,133	-1,174	-1,049	-791	-575	-543	-594	-592	-594
<b>Net total</b>	<b>29,070</b>	<b>32,278</b>	<b>33,255</b>	<b>33,042</b>	<b>33,400</b>	<b>33,171</b>	<b>32,321</b>	<b>32,255</b>	<b>31,591</b>
Other related receipts <sup>(7)</sup>	-3,042	-3,570	-3,763	-4,108	-3,813	-3,946	-3,304	-3,426	-3,312
<b>Total net of all related receipts</b>	<b>26,027</b>	<b>28,709</b>	<b>29,492</b>	<b>28,935</b>	<b>29,587</b>	<b>29,225</b>	<b>29,017</b>	<b>28,829</b>	<b>28,279</b>

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

(2) Expenditure relating to the Security and Intelligence Services prior to 1992-93 is included in the figures for Foreign and Commonwealth Office and Ministry of Defence.

(3) Excluding Export Credits Guarantee Department (ECGD) whose running costs are met from trading income and are therefore not included in the Control Total. However, ECGD sets running costs plans.

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

(5) Figures cover all Ministry of Defence costs (including service and civilian pay) other than purchase of new equipment and associated research.

(6) This covers the pay costs of civil servants and others (including casual staff) covered by running costs plus Ministry of Defence's operating costs regime, and includes superannuation charges and national insurance contributions.

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



Table 3.8a Gross Running Costs limits 1996-97

	Gross <sup>(1)</sup> expenditure	Receipts	Running costs limit £ thousand
Foreign and Commonwealth Office	519,058		519,058
Overseas Development Administration	56,708		56,708
Ministry of Agriculture, Fisheries and Food	304,702		304,702
Intervention Board	34,515		34,515
Department of Trade and Industry	359,237		359,237
Office of Fair Trading	18,405		18,405
Office of Telecommunications	8,677		8,677
Office of Gas Supply	7,627		7,627
Office of Electricity Regulation	10,694		10,694
Department of Transport	376,099	-1	376,098
Office of Passenger Rail Franchising	7,556		7,556
Office of the Rail Regulator	7,817	-1	7,816
Department of the Environment	218,078		218,078
Health and Safety Commission	157,308		157,308
Office of Water Services	8,901		8,901
Home Office	1,802,255	-190	1,802,065
Charity Commission	20,587		20,587
Lord Chancellor's Department	437,349		437,349
Northern Ireland Court Service	18,674		18,674
Public Record Office	22,711		22,711
Crown Prosecution Service	220,491	-830	219,661
Serious Fraud Office	9,685		9,685
Treasury Solicitor's Department	25,603		25,603
Crown Office	42,718		42,718
Department for Education and Employment	1,276,856		1,276,856
Office of Her Majesty's Chief Inspector of Schools in England (OFSTED)	27,429		27,429
Department of National Heritage	26,137		26,137
Office of the National Lottery	2,396		2,396
Department of Health	276,204	-2	276,202
Department of Social Security	3,161,911		3,161,911
Scottish Office	325,687		325,687
Scottish Courts Administration	40,744		40,744
Scottish Record Office	4,563		4,563
General Register Office for Scotland	6,781		6,781
Welsh Office	72,753	-86	72,667
Office of Her Majesty's Chief Inspector of Schools in Wales	3,485	-335	3,150
Northern Ireland <sup>(2)</sup>	787,407		787,407
HM Treasury	58,122		58,122
Customs and Excise	720,093		720,093
Inland Revenue	1,657,575	-3,040	1,654,535
Department for National Savings	178,306		178,306
Registry of Friendly Societies	7,799		7,799
National Investment and Loans Office	1,262		1,262
Office for National Statistics	99,839		99,839
Office of Public Service	88,512		88,512
Cabinet Office (other services)	39,845		39,845
Security and Intelligence Services	386,973		386,973
Privy Council Office	2,309		2,309
<b>Total for gross running costs areas</b>	<b>13,948,443</b>	<b>-4,485</b>	<b>13,943,958</b>
Plus net areas (Table 3.8b)	1,003,643	-992,510	11,133
<b>Total running costs</b>	<b>14,952,086</b>	<b>-996,995</b>	<b>13,955,091</b>
<b>MOD Operating Costs<sup>(3)</sup></b>	<b>17,962,548</b>	<b>-1,525,555</b>	<b>16,436,993</b>

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

(2) Provision for running costs of the Northern Ireland Office will be controlled within the overall gross running cost limit of the Northern Ireland Departments.

(3) Figures cover all MOD costs (including service and civilian pay) other than purchase of new equipment and associated research, and offset by related receipts.



### 3. Central government expenditure and running costs

**Table 3.8b Net Running Costs limits 1996-97**

	£ thousand		
	Gross <sup>(1)</sup> expenditure	Receipts	Running costs limit
Wilton Park (Foreign and Commonwealth Office)	1,392	-1,174	218
ADAS Agency (MAFF)	70,900	-65,250	5,650
Veterinary Laboratories Agency (MAFF)	31,873	-31,873	0
Central Science Laboratory (MAFF)	20,033	-20,033	0
Veterinary Medicines Directorate (MAFF)	7,280	-7,280	0
Radiocommunications Agency (DTI)	23,278	-23,278	0
Central Services (DTI)	13,189	-13,189	0
National Weights and Measures Laboratory (DTI)	2,469	-2,469	0
Vehicle Certification Agency (DoT)	3,959	-3,859	100
QEII Conference Centre (DOE)	12,400	-5,991	6,409
Building Research Establishment (DOE)	30,489	-30,489	0
Health and Safety Laboratory (HSE)	12,900	-12,900	0
Ordnance Survey	75,167	-68,895	6,272
Forensic Science Service (HO)	41,195	-41,195	0
Historic Royal Palaces Agency (DNH)	11,173	-11,171	2
NHS Estates Agency (DH)	10,601	-10,601	0
Information Technology Services Agency (DSS)	361,843	-361,843	0
Valuation Office (IR)	156,321	-164,024	-7,703
Paymaster Agency	25,149	-25,149	0
Customer Funded Services (ONS)	28,379	-28,583	-204
Government Actuary's Department	6,530	-6,141	389
Civil Service College (OPS)	20,000	-20,000	0
Security Facilities Executive (OPS)	30,200	-30,200	0
Driver Vehicle Testing Agency (NI) <sup>(2)</sup>	6,923	-6,923	0
<b>Total for net running costs areas</b>	<b>1,003,643</b>	<b>-992,510</b>	<b>11,133</b>

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

(2) The Driver Vehicle Testing Agency is expected to become a Trading Fund with effect from 1 April 1996.



Table 3.9 Staff of Central Government Departments, 1978-79 and 1990-91 to 1998-99

	thousands (full-time equivalents) <sup>(1)(2)</sup>									
	1978-79 actual	1990-91 actual	1991-92 actual	1992-93 actual	1993-94 actual	1994-95 actual	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
Ministry of Defence <sup>(3)</sup>	227.3	141.0	140.8	132.6	113.9	109.1	100.5	99.7	91.5	88.5
Foreign and Commonwealth Office <sup>(3)</sup>	9.8	8.2	8.3	6.6	6.4	6.2	5.9	6.0	5.9	5.9
Overseas Development Administration	2.3	1.6	1.7	1.7	1.6	1.5	1.4	1.0	1.0	1.0
Ministry of Agriculture, Fisheries and Food	14.1	10.0	10.0	10.0	10.3	10.0	10.3	10.4	10.1	9.9
Intervention Board	0.5	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9
Trade and Industry (including ACAS, OFT, OFTEL, OFGAS and OFFER)	19.6	14.6	13.4	12.3	12.0	11.1	9.9	9.1	8.7	8.5
Export Credits Guarantee Department	2.0	1.3	1.0	0.7	0.6	0.5	0.5	0.5	0.4	0.4
Department of Transport (including OPRAF and ORR)	14.3	13.4	11.3	11.2	10.8	10.2	9.3	8.3	8.3	7.9
Department of the Environment (including PSA Services, HSC, OFWAT and Ordnance Survey) <sup>(4)</sup>	57.3	29.7	26.7	22.9	16.8	13.1	11.6	11.0	10.5	10.2
Home Office (including Charity Commission)	33.8	46.1	48.6	51.6	51.4	50.7	51.0	51.0	50.4	50.0
Lord Chancellor's and Law Officers' Departments	18.0	29.3	30.0	30.6	21.4	21.1	20.6	20.3	20.0	19.8
Department for Education and Employment (including OFSTED) <sup>(5)</sup>	52.8	47.5	51.1	55.7	53.6	50.0	44.4	41.2	37.5	37.1
Department of National Heritage (including OFLOT)		1.1	1.1	0.9	1.0	1.1	1.0	1.1	1.1	1.1
Department of Health <sup>(6)</sup>		5.2	4.7	4.9	4.5	4.4	3.8	4.8	4.8	4.8
Department of Social Security <sup>(6)</sup>	97.9	81.4	79.6	83.6	89.0	89.8	90.0	89.8	84.4	74.8
Scotland	12.9	12.7	13.0	13.3	13.4	12.7	12.1	10.9	10.7	10.5
Wales	2.6	2.3	2.4	2.5	2.4	2.3	2.2	1.9	1.8	1.8
Northern Ireland	32.9	28.7	28.7	29.0	28.6	26.7	26.1	26.0	25.3	24.8
HM Customs and Excise	28.8	27.0	26.9	25.8	25.3	24.8	23.5	22.9	22.4	21.3
Inland Revenue	85.3	66.5	68.4	69.4	65.9	62.0	58.6	55.5	53.5	51.3
Chancellor's other departments	15.7	13.7	13.5	12.9	12.3	11.2	10.3	9.8	9.3	9.0
Cabinet Office, OPS, COI and Privy Council Office <sup>(4)</sup>	7.0	4.6	4.0	4.0	3.5	3.3	3.4	3.3	3.2	3.1
Security and Intelligence Services <sup>(3)</sup>				10.8	10.6	10.4	9.4	8.9	8.4	8.2
Trading funds, DSA and Crown Estate Office	34.9	7.0	10.1	11.0	29.9	29.3	31.1	34.1	33.5	33.2
<b>Total<sup>(1)(2)</sup></b>	<b>769.9</b>	<b>593.8</b>	<b>596.4</b>	<b>604.8</b>	<b>586.3</b>	<b>562.3</b>	<b>537.7</b>	<b>528.1</b>	<b>503.8</b>	<b>484.0</b>
of which:										
Home Civil Service	737.2	564.7	567.2	570.9	552.8	530.8	507.5	498.1	474.5	455.2

(1) Unless otherwise indicated all figures are financial year averages for permanent staff in central government departments. This includes the staff of the Home Civil Service, the Northern Ireland Civil Service and the Security and Intelligence Services.

(2) A new method of calculating full-time staff has been introduced since last year's Statistical Supplement. Part-time staff are now counted in proportion to their net conditioned hours.

(3) Prior to 1992-93, staff of the Security and Intelligence Services are included within the Ministry of Defence and FCO-Diplomatic Wing.

(4) 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. Property Holdings will be restructured to become an executive agency, PACE, from April 1996 and transfer to the Office of Public Service.

(5) OFSTED is the official name of the Office of Her Majesty's Chief Inspector of Schools in England.

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



### 3. Central government expenditure and running costs

**Table 3.10 Financing requirements<sup>(1)</sup> of individual public corporations and trading funds (excluding nationalised industries)**

	£ million									
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
	outturn	outturn	outturn	outturn	outturn	estimated	plans	plans	plans	plans
						outturn				
<b>Public corporations and trading funds whose external finance is included in the Control Total <sup>(2)</sup></b>										
Audit Commission										
The Buying Agency <sup>(2)(3)</sup>										
Central Office of Information <sup>(2)</sup>		27								
Chessington Computer Centre				1		-1				
Commonwealth Development Corporation	42	42	47	34	30	29	-15	-10	-15	
Companies House <sup>(2)</sup>		1	-4	-3	-3		-2	-1	-1	
Covent Garden Market Authority										
The Crown Agents	-1	1	-3	3	3	1	2			
Crown Agents Holding and Realisation Board										
Defence Evaluation and Research Agency <sup>(2)</sup>				135	87	37	32	12	10	
Development Board for Rural Wales	12	13	14	15	15	10	4	10	10	
Docklands Light Railway	54	93	84	28	29	37	18	19	20	
English Industrial Estates Corporation	17	-16	6	13						
Fire Service College <sup>(2)</sup>			2	2	1	1	1			
Her Majesty's Stationery Office <sup>(2)</sup>	-6	-5	-4	-3	-3					
Highlands and Islands Enterprise <sup>(4)</sup>	33	43	49	48	45	46	45	44	44	
Housing Action Trusts		10	26	78	92	90	89	89	89	
Hydrographic Office <sup>(2)</sup>										
Laganside	6	7	5	5	6	8	8	8	8	
Land Authority For Wales	1	1	1	1			-2			
Land Registry <sup>(2)</sup>				-36	-34	-3				
Letchworth Garden City			-3	-2	1					
Medicines Control Agency <sup>(2)</sup>				5		1	1	1	1	
Meteorological Office <sup>(2)</sup>							29			
National Health Service Trusts		-24	222	313	613	547	520	407	314	
Northern Ireland Electricity Service	-73	-92	-55							
Northern Ireland Housing Executive	219	226	216	208	195	202	212	233	236	
Northern Ireland Public Trust Port Authorities										
Northern Ireland Transport Holding Company	21	22	22	24	21	22	20	20	20	
Oil and Pipelines Agency										
Ordnance Survey										
The Patent Office <sup>(2)</sup>		1	-7	-12	-10	-10	-11	-12	-11	
Registers of Scotland <sup>(2)</sup>										
Royal Mint <sup>(2)</sup>										
Scottish Enterprise <sup>(5)</sup>	93	156	173	195	239	239	236	217	218	
Scottish Homes <sup>(6)</sup>	257	319	312	316	323	293	162	246	253	
Scottish Water							364	302	291	
United Kingdom Atomic Energy Authority	44	24	17	-3	12	-13	-6	-3	2	
Urban Regeneration Agency	2	2	2	24	118	156	158	168	178	
Urban Development Corporations	586	541	467	390	310	269	235	216	117	
Vehicle Inspectorate <sup>(2)</sup>								1		
Welsh Development Agency	84	87	78	72	64	40	56	56	98	
The Welsh Fourth Channel Authority			56	58	64	68	73	75	77	
<b>Total</b>	<b>1,391</b>	<b>1,477</b>	<b>1,723</b>	<b>1,908</b>	<b>2,218</b>	<b>2,071</b>	<b>2,230</b>	<b>2,096</b>	<b>1,959</b>	
<b>Public corporations whose capital spending and subsidies are in the Control Total</b>										
New Town Development Corporations and the Commission for New Towns	-210	-270	-107	-185	-140	-255	-131	-189	-189	
<b>Total</b>	<b>-210</b>	<b>-270</b>	<b>-107</b>	<b>-185</b>	<b>-140</b>	<b>-255</b>	<b>-131</b>	<b>-189</b>	<b>-189</b>	
<b>Total public corporations (excluding nationalised industries)</b>	<b>1,181</b>	<b>1,207</b>	<b>1,615</b>	<b>1,722</b>	<b>2,078</b>	<b>1,815</b>	<b>2,098</b>	<b>1,907</b>	<b>1,769</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) Government department or part of a department constituted as a trading fund and treated as a public corporation for planning and control purposes.

(3) 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.

(4) Formerly the Highlands and Islands Development Board.

(5) Formerly the Scottish Development Agency.

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



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## 4. Local authority expenditure

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### Introduction

4.1 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 3216). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

4.2. 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.

4.3. Single tier local Government is being introduced in Scotland and Wales (from April 1996) and in some shire areas of England (progressively from April 1995).

4.4. Local authorities account for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities in 1995–96 is estimated to be £74.8 billion. This Treasury estimate of outturn is £600 million less than the amount for which authorities budgeted. The projections for the later years are set out in **Table 4.1**. **Table 4.2** sets out total local authority expenditure by department for 1990–91 to 1995–96. **Table 4.3** shows total local authority expenditure for the outturn years, broken down by country and economic category.

4.5. 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 credit approvals (net capital allocations in Scotland). Support may be non-specific, eg Revenue Support Grant, or related to specific services, eg police grant. Grants are all included within the Control Total, with the exception of certain grants which are excluded to avoid double-counting with credit approvals/net capital allocations.

4.6. European Community grants in England and Wales in support of capital expenditure are an example of grants which are excluded from the Control Total. When local authorities receive these grants they are set-aside to repay debt rather than used to finance capital spending. However credit approvals are set at a level which includes the expected value of these grants, so that government support, and local authority spending, is higher than it would otherwise have been. The grants are excluded from the Control Total as the related credit approvals have already been taken into account.

4.7. **Table 4.4** gives a departmental breakdown of central government support for current and capital expenditure by local authorities.

### Current expenditure

4.8. Local authority current spending can broadly be divided into two categories.

#### Main local services

4.9. 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 in some cases subject also to central government regulation and inspection of the service provided.



## 4. Local authority expenditure

4.10. The Government announces, as part of the local authority settlement, the level of Total Standard Spending (TSS) which represents the amount of revenue spending which it judges appropriate on the main services. For 1996–97, TSS in England will be £44.8 billion, and in Wales £2.9 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure, will be £6.2 billion. The Government has also provided service breakdowns of TSS in England and GSE in Scotland, giving an indication of the level of spending on each main service which would be consistent with the overall figure. The actual allocation of spending between services is a matter for determination by local authorities. **Table 4.5** sets out Total Standard Spending and Government Supported Expenditure for 1996–97.

4.11. Government support for expenditure on the main services above is provided through the envelope of AEF. This comprises:

- Revenue Support Grant (RSG);
- non-domestic rate payments: there are separate National Non-Domestic Rate (NNDR) poundages, set by central government for England, Wales and (from 1995–96) Scotland, with the proceeds pooled and distributed to local authorities in the country concerned on a per capita basis;
- certain current specific and special grants, which fund part of the expenditure on a specific service or activity.

4.12. **Table 4.6** shows AEF in Great Britain by territorial area and grant.

### Other spending

4.13. This is financed wholly, or almost wholly, by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and mandatory student awards. **Table 4.7** shows, by country, for the years 1990–91 to 1998–99, current specific grants outside AEF.

## Capital expenditure

4.14. Local authorities have several ways of paying for capital expenditure:

- central government support (see paragraph 4.5);
- own resources: capital receipts, and revenue.

Local authorities in England, Wales and Scotland (from 1996–97) must set aside part of their capital receipts to repay debt but they are free to spend the remainder on capital programmes at any time.

4.15. The Government has prepared an illustrative projection for capital expenditure for the year ahead only. Gross capital spending is projected to be of the order of £8¼ billion in 1996–97, somewhat lower than the levels in recent years, which were inflated by the temporary relaxation of the capital receipts rules announced in the 1992 Autumn Statement. The inflow of capital receipts for 1996–97 is projected to be of the order of £3 billion.

4.16. Gross capital expenditure to 1995–96 is shown in **Table 4.8** by service. Local authority gross capital spending in the United Kingdom in 1994–95 totalled £9.2 billion with offsetting receipts of £3.1 billion. In 1995–96 gross capital spending is expected to increase to £9.4 billion with offsetting receipts of £2.7 billion, giving net capital spending of around £6.7 billion. These estimates take account of the returns from local authorities on capital expenditure. **Table 4.9** shows local authority receipts by service.

## Support for local authority capital programmes

4.17. Central government support for local authority capital expenditure comprises grants and credit approvals (net capital allocations in Scotland). Credit approvals and net capital allocations authorise local authorities to borrow or use other forms of credit to finance capital expenditure. **Table 4.10** shows this government support by country and by service.

4.18. Most credit approvals are issued as Basic Credit Approvals (BCAs) and can be used for any local authority service. The remainder—Supplementary Credit Approvals (SCAs)—are for particular projects or services. The distribution of BCAs takes account of local authorities' relative capital spending needs and their ability to finance their capital programmes from their capital receipts.



Table 4.1 Financing of local authority expenditure in the United Kingdom

£ million

	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Current</b>									
<b>Aggregate External Finance <sup>(1)(2)</sup></b>									
<b>England</b>									
Revenue support grant	9,489	9,675	16,679	17,052	18,497	18,314	18,024	} 31,142	31,312
Non-domestic rate payments	10,428	12,408	12,306	11,559	10,685	11,354	12,736		
Specific and special grants	3,360	8,505	4,496	4,642	5,168	5,034	4,914		
<b>Total England</b>	<b>23,278</b>	<b>30,587</b>	<b>33,481</b>	<b>33,252</b>	<b>34,349</b>	<b>34,702</b>	<b>35,674</b>	<b>35,513</b>	<b>35,806</b>
<b>Scotland<sup>(3)</sup></b>									
Revenue support grant	2,496	2,692	3,499	3,624	3,773	3,782	3,639	} 4,877	4,832
Non-domestic rate payments	1,195	1,262	1,247	1,186	1,109	1,193	1,313		
Specific and special grants	299	775	380	404	412	402	425		
<b>Total Scotland</b>	<b>3,990</b>	<b>4,729</b>	<b>5,126</b>	<b>5,214</b>	<b>5,295</b>	<b>5,377</b>	<b>5,376</b>	<b>5,298</b>	<b>5,263</b>
<b>Wales<sup>(3)</sup></b>									
Revenue support grant	1,141	1,236	1,616	1,657	1,740	1,718	1,792	} 2,242	2,268
Non-domestic rate payments	443	525	536	470	464	520	459		
Specific and special grants	165	455	224	211	212	229	267		
<b>Total Wales</b>	<b>1,749</b>	<b>2,216</b>	<b>2,376</b>	<b>2,338</b>	<b>2,416</b>	<b>2,468</b>	<b>2,518</b>	<b>2,486</b>	<b>2,519</b>
<b>Great Britain</b>									
Revenue support grant	13,127	13,603	21,795	22,332	24,010	23,815	23,455	} 38,262	38,412
Non-domestic rate payments	12,066	14,195	14,089	13,215	12,258	13,067	14,508		
Specific and special grants	3,824	9,735	5,100	5,257	5,792	5,665	5,605		
<b>Total Aggregate External Finance</b>	<b>29,017</b>	<b>37,533</b>	<b>40,983</b>	<b>40,805</b>	<b>42,060</b>	<b>42,547</b>	<b>43,568</b>	<b>43,297</b>	<b>43,588</b>
Other current grants <sup>(4)</sup>	8,438	10,028	12,200	13,075	13,883	14,005	13,530	14,000	14,850
<b>Total current grants</b>	<b>37,455</b>	<b>47,561</b>	<b>53,183</b>	<b>53,880</b>	<b>55,943</b>	<b>56,551</b>	<b>57,098</b>	<b>57,250</b>	<b>58,450</b>
<b>Capital</b>									
Capital grants	1,112	1,334	1,544	1,801	1,325	1,739	1,790	1,670	1,565
Credit approvals	3,933	4,389	4,535	4,148	3,994	3,689	3,172	3,000	2,925
<b>Total capital support</b>	<b>5,045</b>	<b>5,723</b>	<b>6,079</b>	<b>5,949</b>	<b>5,319</b>	<b>5,428</b>	<b>4,962</b>	<b>4,670</b>	<b>4,489</b>
<b>Total central government support to local authorities</b>	<b>42,500</b>	<b>53,284</b>	<b>59,262</b>	<b>59,829</b>	<b>61,263</b>	<b>61,979</b>	<b>62,060</b>	<b>61,950</b>	<b>62,950</b>
<b>Local Authority self-financed expenditure</b>	<b>15,332</b>	<b>11,346</b>	<b>9,863</b>	<b>8,926</b>	<b>12,097</b>	<b>12,800</b>	<b>12,500</b>	<b>13,000</b>	<b>13,300</b>
<b>Total local authority expenditure</b>	<b>57,832</b>	<b>64,629</b>	<b>69,125</b>	<b>68,755</b>	<b>73,359</b>	<b>74,800</b>	<b>74,600</b>	<b>74,900</b>	<b>76,300</b>

(1) Aggregate External Finance (AEF) is described in para 4.11 above.

(2) Comparisons between years 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 and the transfer of responsibility for the funding of further education colleges and sixth form colleges from local authorities to the new Further Education Funding Council and the Scottish Office.

(3) Scottish and Welsh figures for 1997-98 and 1998-99 are illustrative; final figures will depend on the decisions of the Secretaries of State on the allocation of resources.

(4) See paragraph 4.13 above.



Table 4.2 Local authority expenditure in the United Kingdom by department

	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>Current</b>						
Ministry of Agriculture, Fisheries and Food	63	58	64	57	56	54
Trade and Industry	119	133	151	156	162	165
Department of Transport	2,208	2,277	2,288	2,205	2,498	2,475
DOE—Housing	306	316	330	308	358	343
DOE—Environment	3,829	4,275	4,460	4,524	4,968	5,056
Home Office	5,952	6,591	7,125	7,521	7,849	8,189
Lord Chancellor's and Law Officers' Departments	249	285	289	303	335	331
Department for Education and Employment	17,480	19,842	21,537	20,002	20,380	20,118
Department of National Heritage	1,149	1,201	1,231	1,234	1,238	1,246
Department of Health	4,221	4,627	4,979	5,665	6,648	7,327
Department of Social Security	5,446	6,815	8,249	9,582	10,564	11,235
Scotland	4,453	4,763	5,111	5,134	5,495	5,578
Wales	1,800	2,000	2,134	2,053	2,188	2,265
Northern Ireland	122	140	149	160	165	175
Allowance for shortfall						-600
<b>Total current</b>	<b>47,396</b>	<b>53,324</b>	<b>58,097</b>	<b>58,906</b>	<b>62,903</b>	<b>64,000</b>
<b>Capital</b>						
Ministry of Agriculture, Fisheries and Food	39	24	6	-23	-23	2
Trade and Industry	1	1	1	3	4	3
Department of Transport	924	1,019	1,251	1,304	1,250	1,404
DOE—Housing	542	972	937	707	772	835
DOE—Environment	758	886	971	563	1,021	1,095
Home Office	201	254	290	291	290	320
Lord Chancellor's and Law Officers' Departments	51	46	62	55	55	71
Department for Education and Employment	684	707	712	543	629	676
Department of National Heritage	336	287	197	180	246	303
Department of Health	147	133	132	118	148	170
Scotland	856	920	1,014	1,101	1,044	1,048
Wales	451	515	589	506	610	721
Northern Ireland	32	33	40	46	50	54
<b>Total capital</b>	<b>5,022</b>	<b>5,797</b>	<b>6,200</b>	<b>5,393</b>	<b>6,095</b>	<b>6,702</b>
Debt interest	5,414	5,508	4,828	4,456	4,361	4,108
<b>Total</b>	<b>57,832</b>	<b>64,629</b>	<b>69,125</b>	<b>68,755</b>	<b>73,359</b>	<b>74,800</b>



Table 4.3 Local authority expenditure in the United Kingdom by country and economic category

£ million

	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>England</b>						
Pay	26,649	28,734	30,728	27,965	29,050	} 42,019
Other current expenditure on goods and services	6,890	8,069	8,262	10,273	11,848	
Subsidies	351	366	422	461	676	699
Current grants to persons	5,892	7,819	9,663	11,054	11,607	11,851
Net capital expenditure on assets	3,088	3,710	3,707	3,002	3,491	3,975
Capital grants	716	750	961	1,105	995	934
Lending and other financial transactions	-131	-147	-134	-387	-108	-45
<b>Total England</b>	<b>43,455</b>	<b>49,300</b>	<b>53,609</b>	<b>53,472</b>	<b>57,560</b>	<b>59,433</b>
<b>Scotland</b>						
Pay	2,898	3,267	3,516	3,532	3,714	} 5,459
Other current expenditure on goods and services	1,466	1,392	1,488	1,492	1,663	
Subsidies	77	83	83	83	88	88
Current grants to persons	587	658	742	812	875	907
Net capital expenditure on assets	730	820	909	997	929	942
Capital grants	132	107	111	105	117	106
Lending and other financial transactions	-5	-6	-4	2	-3	
<b>Total Scotland</b>	<b>5,885</b>	<b>6,323</b>	<b>6,846</b>	<b>7,024</b>	<b>7,384</b>	<b>7,503</b>
<b>Wales</b>						
Pay	1,611	1,768	1,859	1,772	1,859	} 2,673
Other current expenditure on goods and services	508	587	635	675	707	
Subsidies						
Current grants to persons	343	440	549	626	649	685
Net capital expenditure on assets	374	428	460	373	456	532
Capital grants	93	115	159	174	180	212
Lending and other financial transactions	-8	-13	-9	-24	-11	-8
<b>Total Wales</b>	<b>2,923</b>	<b>3,326</b>	<b>3,653</b>	<b>3,596</b>	<b>3,840</b>	<b>4,095</b>
<b>Great Britain</b>						
Pay	31,158	33,770	36,104	33,270	34,624	} 50,151
Other current expenditure on goods and services	8,864	10,049	10,384	12,440	14,219	
Subsidies	429	449	505	543	765	788
Current grants to persons	6,823	8,917	10,954	12,492	13,130	13,444
Net capital expenditure on assets	4,193	4,958	5,076	4,373	4,877	5,450
Capital grants	941	972	1,231	1,383	1,291	1,252
Lending and other financial transactions	-144	-165	-146	-408	-122	-54
<b>Total Great Britain</b>	<b>52,263</b>	<b>58,949</b>	<b>64,108</b>	<b>64,093</b>	<b>68,783</b>	<b>71,031</b>
<b>Northern Ireland</b>						
Pay	115	139	151	159	163	} 175
Other current expenditure on goods and services	7	1	-1	2	3	
Subsidies						
Current grants to persons						
Net capital expenditure on assets	32	32	38	44	48	53
Capital grants	1	1	1	1	1	1
Lending and other financial transactions						
<b>Total Northern Ireland</b>	<b>154</b>	<b>172</b>	<b>189</b>	<b>206</b>	<b>215</b>	<b>229</b>
<b>United Kingdom</b>						
Pay	31,273	33,909	36,254	33,428	34,787	} 50,326
Other current expenditure on goods and services	8,871	10,049	10,383	12,442	14,221	
Subsidies	429	449	505	543	765	788
Current grants to persons	6,823	8,917	10,954	12,492	13,130	13,444
Net capital expenditure on assets	4,224	4,990	5,114	4,417	4,925	5,503
Capital grants	942	972	1,232	1,384	1,292	1,253
Lending and other financial transactions	-144	-165	-146	-408	-122	-54
Local authority debt interest	5,414	5,508	4,828	4,456	4,361	4,108
Allowance for shortfall						-600
<b>Total United Kingdom</b>	<b>57,832</b>	<b>64,629</b>	<b>69,125</b>	<b>68,755</b>	<b>73,359</b>	<b>74,800</b>
<i>of which:</i>						
Expenditure excluding debt interest	52,418	59,121	64,297	64,299	68,998	70,700



#### 4. Local government expenditure

Table 4.4 Central government support for local authorities in the United Kingdom by department									
	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Current</b>									
Ministry of Agriculture, fisheries and food	-113	-129	-158	-184	-162	-169	-169	-172	-172
Trade and Industry	1	4	5	5	8	18	37	57	65
Department of Transport	2	2	2	2	295	242	2	2	2
DOE—Housing	2,351	2,633	3,017	3,366	3,425	3,341	3,189	3,072	3,030
DOE—Environment	140	127	154	185	171	161	194	175	152
DOE—Local government	20,342	27,993	30,714	29,094	29,619	30,013	30,992	31,142	31,312
Home Office	2,549	2,933	3,086	3,271	3,449	3,654	3,762	3,852	3,980
Lord Chancellor's and Law Officers' Departments	210	232	235	246	261	258	259	268	278
Department for Education and Employment	1,991	2,701	3,223	3,283	2,884	2,467	2,273	2,213	2,310
Department of Health	29	56	82	652	827	752	537	128	128
Department of Social Security	4,117	3,792	5,080	6,288	7,304	7,790	8,049	8,700	9,550
Scotland	4,007	4,883	5,250	5,248	5,386	5,490	5,372	5,293	5,257
Wales	1,788	2,287	2,442	2,368	2,424	2,477	2,519	2,460	2,480
Northern Ireland	42	47	50	56	53	57	83	99	67
<b>Total current</b>	<b>37,455</b>	<b>47,561</b>	<b>53,183</b>	<b>53,880</b>	<b>55,943</b>	<b>56,551</b>	<b>57,098</b>	<b>57,250</b>	<b>58,450</b>
<b>Capital</b>									
Ministry of Agriculture, fisheries and food	31	36	27	33	37	50	42	42	42
Trade and Industry									
Department of Transport	752	917	1,022	1,099	859	807	785	757	757
DOE—Housing	1,675	1,793	1,617	1,534	1,215	1,162	1,091	1,056	1,027
DOE—Environment <sup>(1)</sup>	430	554	727	893	781	769	743	713	602
DOE—Local government	127	176	222	49	50	66	108	7	7
Home Office	179	235	264	289	282	294	245	239	228
Lord Chancellor's and Law Officer's departments	51	53	60	55	58	75	38	21	20
Department for Education and Employment	454	510	582	403	396	414	442	420	420
Department of National Heritage	39	39	30	10			22	28	30
Department of Health	86	108	128	134	145	166	195	150	145
Scotland	811	841	886	951	973	1,066	681	694	710
Wales	407	455	508	489	519	555	567	540	498
Northern Ireland	3	5	6	8	4	4	3	3	3
<b>Total capital</b>	<b>5,045</b>	<b>5,723</b>	<b>6,079</b>	<b>5,949</b>	<b>5,319</b>	<b>5,428</b>	<b>4,962</b>	<b>4,670</b>	<b>4,489</b>
<b>Total</b>	<b>42,500</b>	<b>53,284</b>	<b>59,262</b>	<b>59,829</b>	<b>61,263</b>	<b>61,979</b>	<b>62,060</b>	<b>61,950</b>	<b>62,950</b>

(1) Includes support for Estate Action schemes, which is now within the Single Regeneration Budget but was until February 1994's Statistical Supplement included in DOE-housing.



Table 4.5 Total Standard Spending for 1996-97 by main service block

£ million

<b>Total Standard Spending</b>	
<b>England</b>	
Education	17,967
Personal social services	7,447
Police	6,185
Fire and civil defence	1,185
Highway maintenance	1,759
Other services	8,563
Capital financing	1,721
<b>Total England</b>	<b>44,827</b>
<b>Total Wales<sup>(1)</sup></b>	<b>2,868</b>
<b>Total Government Supported Expenditure</b>	
<b>Scotland</b>	
Education, Libraries and Museums	2,623
Health and personal social services	950
Law, order, and protective services	783
Roads and transport	437
Environmental services	535
Other services	62
Loans and Leasing Charges	778
<b>Total Scotland</b>	<b>6,168</b>

(1) No service split for Wales is published.



#### 4. Local authority expenditure

**Table 4.6 Aggregate External Finance in Great Britain by country and grant**

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>England</b>									
Revenue support grant <sup>(1)</sup>	9,489	9,675	16,679	17,052	18,497	18,314	18,024	} 31,142	31,312
Non-domestic rate payments	10,428	12,408	12,306	11,559	10,685	11,354	12,736		
Community charge grant		4,346	329	84	36	42			
Magistrates courts	200	219	222	233	247	244	245	253	263
Community services	135	113	130	123	107	51	53	44	40
Probation and after care	208	246	254	274	290	303	314	312	312
Police	2,149	2,480	2,605	2,771	2,908	3,036	3,183	3,288	3,415
Grants for education support and training	206	221	209	165	168	134	145	152	146
Administration of housing benefit	103	119	124	127	133	141	130	125	125
Community Care special grant				565	736	648	418		
Health and Social Services	29	56	82	87	91	104	116	125	125
Sheltered Employment	33	38	38	18	24	24	25	25	25
National Parks	10	12	15	16	16	16	16	15	15
Other grants	289	656	488	179	412	291	268	30	30
<b>Total</b>	<b>23,278</b>	<b>30,587</b>	<b>33,481</b>	<b>33,252</b>	<b>34,349</b>	<b>34,702</b>	<b>35,674</b>	<b>35,513</b>	<b>35,806</b>
<b>Scotland</b>									
Revenue support grant <sup>(1)</sup>	2,496	2,692	3,499	3,624	3,773	3,782	3,639	} 4,877	4,832
Non-domestic rate payments	1,195	1,262	1,247	1,186	1,109	1,193	1,313		
Community charge grant		437	16	9	7	4			
Urban Programme	32	41	43	48	55	51	51	49	45
Police	214	234	252	270	273	293	316	322	336
Administration of housing benefit	11	13	13	13	15	16	14	14	14
Other grants	43	50	57	64	63	38	43	36	36
<b>Total</b>	<b>3,990</b>	<b>4,729</b>	<b>5,126</b>	<b>5,214</b>	<b>5,295</b>	<b>5,377</b>	<b>5,376</b>	<b>5,298</b>	<b>5,263</b>
<b>Wales</b>									
Revenue support grant <sup>(1)</sup>	1,141	1,236	1,616	1,657	1,740	1,718	1,792	} 2,242	2,268
Non-domestic rate payments	443	525	536	470	464	520	459		
Community charge grant		268	27	7	2	2			
Police	108	123	132	136	140	156	166	171	178
Other grants	57	64	65	68	69	71	99	72	73
<b>Total</b>	<b>1,749</b>	<b>2,216</b>	<b>2,376</b>	<b>2,338</b>	<b>2,416</b>	<b>2,468</b>	<b>2,518</b>	<b>2,486</b>	<b>2,519</b>
<b>Total Great Britain</b>	<b>29,017</b>	<b>37,533</b>	<b>40,983</b>	<b>40,805</b>	<b>42,060</b>	<b>42,547</b>	<b>43,568</b>	<b>43,297</b>	<b>43,588</b>

(1) 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.



**Table 4.7 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant**  
£ million

	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>England</b>									
Skills and competence for work	108	131	151	185	36	62	47	51	51
Work-related further education <sup>(1)</sup>	103	105	101						
Careers service	1	1	7	20	117	83			
Technical and vocational education initiative	122	141	118	119	83	53	22	7	7
Mandatory student awards	1,216	1,865	2,386	2,584	2,298	1,969	1,884	1,840	1,937
Rent rebates	2,313	2,610	3,088	3,406	3,453	3,404	3,200	3,050	2,950
Rent allowances	1,341	1,925	2,630	3,443	4,217	4,509	4,628	5,050	5,650
Rate/community charge rebates	1,830	956	1,298	1,525	1,663	1,766	1,826	1,950	2,100
Community charge transitional relief	253	17	-2	-1					
Community charge reduction scheme		1,024	1,001	-19	-6				
Council tax preparation costs			57	29					
Council tax transitional reduction grant				358	121	35	3		
Other grants	-27	-83	-102	-119	243	373	177	208	251
<b>Total</b>	<b>7,259</b>	<b>8,693</b>	<b>10,734</b>	<b>11,531</b>	<b>12,223</b>	<b>12,255</b>	<b>11,787</b>	<b>12,150</b>	<b>12,950</b>
<b>Scotland</b>									
Rent rebates	378	412	438	503	505	516	531	550	550
Rent allowances	116	121	147	189	222	244	275	300	350
Rate/community charge rebates	194	109	137	162	194	207	218	250	250
Community charge transitional relief	24	2							
Community charge reduction scheme		144	107	3					
Council Tax reduction scheme				17	3				
Other grants	20	23	35	28	105	130	19	18	18
<b>Total</b>	<b>732</b>	<b>810</b>	<b>863</b>	<b>903</b>	<b>1,029</b>	<b>1,097</b>	<b>1,044</b>	<b>1,100</b>	<b>1,150</b>
<b>Wales</b>									
Mandatory student awards	78	119	152	165	139	126	121	118	124
Rent rebates	157	161	193	197	187	193	193	200	200
Rent allowances	72	107	117	160	191	199	232	250	300
Rate/community charge rebates	79	21	38	53	58	60	52	50	50
Other grants <sup>(2)</sup>	19	69	52	10	2	18	19	-2	-2
<b>Total</b>	<b>405</b>	<b>478</b>	<b>552</b>	<b>585</b>	<b>578</b>	<b>596</b>	<b>617</b>	<b>600</b>	<b>650</b>
<b>Northern Ireland Current Specific Grants</b>									
	42	47	50	56	53	57	83	99	67
<b>Total United Kingdom</b>	<b>8,438</b>	<b>10,028</b>	<b>12,200</b>	<b>13,075</b>	<b>13,883</b>	<b>14,005</b>	<b>13,530</b>	<b>14,000</b>	<b>14,850</b>

(1) Responsibility for work-related further education moved to central government in 1993-94.

(2) Includes community charge transitional relief & reduction scheme.



## 4. Local authority expenditure

**Table 4.8 Local authority gross capital expenditure in the United Kingdom by country and service**

	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>England</b>						
Housing	2,751	2,365	2,089	2,334	2,003	2,045
Transport	964	1,087	1,282	1,430	1,315	1,425
Education	813	797	797	732	724	735
Personal social services	168	160	162	179	184	203
Fire services	48	51	58	66	68	67
Agriculture, Fisheries and Food <sup>(1)</sup>	54	51	32	34	31	51
Sport and recreation	277	234	149	140	194	249
Protective services <sup>(2)</sup>	226	262	307	316	312	352
Urban and regeneration programmes	440	541	693	761	652	597
Single Regeneration Budget —Environment <sup>(3)</sup>	393	496	639	684	598	547
Single Regeneration Budget —Other departments	40	40	45	65	47	50
Other—Environment	7	4	9	12	8	1
Other services <sup>(4)</sup> :						
Environment	938	839	736	787	1,008	1,011
Other departments	65	58	56	69	70	75
Housing Association Grant	187	156	280	374	307	208
<b>England—Total</b>	<b>6,930</b>	<b>6,602</b>	<b>6,641</b>	<b>7,222</b>	<b>6,869</b>	<b>7,019</b>
<b>Scotland</b>						
Scottish Office:						
Non housing	674	766	875	981	954	935
Housing	612	575	561	562	585	544
Other departments <sup>(5)</sup>	1	1	3	3		
<b>Scotland—Total</b>	<b>1,288</b>	<b>1,343</b>	<b>1,440</b>	<b>1,546</b>	<b>1,539</b>	<b>1,479</b>
<b>Wales</b>						
Welsh Office	572	599	664	654	694	831
Other departments <sup>(6)</sup>	11	18	23	23	20	19
<b>Wales—Total</b>	<b>583</b>	<b>617</b>	<b>687</b>	<b>678</b>	<b>714</b>	<b>850</b>
<b>Local authority gross capital expenditure in Great Britain</b>	<b>8,800</b>	<b>8,561</b>	<b>8,768</b>	<b>9,446</b>	<b>9,121</b>	<b>9,348</b>
<b>Local authority gross capital expenditure in Northern Ireland</b>	<b>33</b>	<b>35</b>	<b>44</b>	<b>52</b>	<b>56</b>	<b>61</b>
<b>Local authority gross capital expenditure in the United Kingdom</b>	<b>8,833</b>	<b>8,597</b>	<b>8,812</b>	<b>9,497</b>	<b>9,177</b>	<b>9,409</b>

(1) Includes expenditure by internal drainage boards but excludes expenditure on smallholdings.

(2) Includes police, probation and aftercare, civil defence and magistrates' courts.

(3) Includes expenditure on Estate Action schemes, which until the 1994 Statistical Supplement was included under Housing.

(4) Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.

(5) Includes expenditure on ports and airports and career services which are related to programmes of the Department of Transport and Department for Education and Employment and are outside the responsibilities of the Secretary of State for Scotland.

(6) Includes expenditure on services which are related to programmes of the Home Office, Lord Chancellor's Department, Department for Education and Employment and Department of Transport and which are outside the responsibilities of the Secretary of State for Wales.



**Table 4.9 Local authority capital receipts in the United Kingdom by country and service**

	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn
<b>England</b>						
Housing	2,396	1,549	1,432	2,001	1,538	1,418
Transport	52	81	44	144	81	39
Education	141	107	104	221	117	83
Personal social services	27	34	38	69	41	38
Fire services	2	3	2	6	2	3
Agriculture, Fisheries and Food <sup>(1)</sup>	3	9	4	12	11	11
Sport and recreation	9	5	10	28	11	12
Protective services <sup>(2)</sup>	29	25	32	47	46	40
Other services <sup>(3)</sup> :						
Environment	580	453	413	920	593	464
Other departments	19	24	28	54	50	47
<b>England—Total</b>	<b>3,257</b>	<b>2,290</b>	<b>2,107</b>	<b>3,502</b>	<b>2,491</b>	<b>2,155</b>
<b>Scotland</b>						
Scottish Office:						
Non Housing	143	158	136	164	214	178
Housing	288	263	287	278	281	253
<b>Scotland—Total</b>	<b>431</b>	<b>421</b>	<b>423</b>	<b>442</b>	<b>495</b>	<b>431</b>
<b>Wales</b>						
Welsh Office	121	84	75	149	83	110
Other departments <sup>(4)</sup>	2	2	2	6	6	4
<b>Wales—Total</b>	<b>123</b>	<b>86</b>	<b>77</b>	<b>154</b>	<b>89</b>	<b>114</b>
<b>Local authority capital receipts in Great Britain</b>	<b>3,811</b>	<b>2,797</b>	<b>2,607</b>	<b>4,098</b>	<b>3,075</b>	<b>2,699</b>
<b>Local authority capital receipts in Northern Ireland</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>7</b>
<b>Local authority capital receipts in the United Kingdom</b>	<b>3,811</b>	<b>2,799</b>	<b>2,611</b>	<b>4,104</b>	<b>3,082</b>	<b>2,706</b>
<small>(1) Excludes receipts from smallholdings.</small>						
<small>(2) Includes police, probation and aftercare.</small>						
<small>(3) Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.</small>						
<small>(4) Includes receipts associated with Home Office services in Wales.</small>						



## 4. Local authority expenditure

Table 4.10 Central government capital support for local authorities in the United Kingdom by country and service

	£ million								
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>England<sup>(1)</sup></b>									
<b>Credit approvals</b>									
Housing	1,384	1,441	1,194	1,120	872	822	789	752	717
Transport	482	570	630	653	658	628	500	482	482
Education	436	492	560	383	379	397	428	405	405
Personal social services	84	106	126	132	140	145	103	103	103
Fire services	43	45	51	54	58	51	31	32	32
Agriculture, Fisheries and Food <sup>(2)</sup>	13	14	12	13	11	17	14	15	15
Sport and recreation <sup>(3)</sup>	39	39	30	10			22	28	30
Protective services	52	73	88	96	94	96	80	75	70
Urban and regeneration programmes	226	328	436	497	490	135	123	130	130
<i>Single Regeneration Budget</i>									
—Environment <sup>(4)</sup>	224	327	434	402	386	2	1		
Other—Environment	2	1	3	95	104	133	122	130	130
Other services <sup>(5)</sup>	135	197	226	60	42	35	25	22	19
DOE—local government <sup>(6)</sup>			40	32	37	66	108	7	7
<b>Total credit approvals</b>	<b>2,894</b>	<b>3,305</b>	<b>3,392</b>	<b>3,049</b>	<b>2,783</b>	<b>2,392</b>	<b>2,223</b>	<b>2,052</b>	<b>2,010</b>
<b>Capital grants</b>									
Housing	292	352	423	415	343	340	303	304	311
Transport	270	347	392	446	201	179	285	274	274
Education	13	14	14	14	13	12	10	10	10
Employment	4	3	8	5	3	4	4	4	4
Personal social services	2	2	1	2	5	21	92	47	42
Agriculture, Fisheries and Food <sup>(2)</sup>	17	22	15	20	26	33	27	27	27
Protective services	126	156	168	175	171	202	154	137	130
Urban and regeneration programmes	194	202	244	351	257	596	592	560	452
<i>Single Regeneration Budget</i>									
—Environment <sup>(4)</sup>	189	199	237	340	249	589	592	560	452
Other—Environment	5	3	7	12	8	7			
Other services <sup>(5)</sup>	2	2	3	2	4	3	3	1	1
<b>Total capital grants</b>	<b>921</b>	<b>1,102</b>	<b>1,269</b>	<b>1,432</b>	<b>1,023</b>	<b>1,389</b>	<b>1,469</b>	<b>1,364</b>	<b>1,251</b>
<b>England—Total</b>	<b>3,815</b>	<b>4,407</b>	<b>4,661</b>	<b>4,481</b>	<b>3,806</b>	<b>3,782</b>	<b>3,693</b>	<b>3,416</b>	<b>3,262</b>
<b>Scotland</b>									
<b>Scottish Office: HRA Housing</b>									
Net capital allocations <sup>(7)</sup>	200	204	144	170	188	289	177	178	177
Capital grants	2	2	2	1	2	3	3	3	3
<b>Scottish Office: Other</b>									
Net capital allocations <sup>(7)</sup>	578	580	668	630	695	674	409	420	417
Capital grants	31	55	71	151	88	101	92	94	114
<b>Other departments <sup>(8)</sup></b>									
Capital consent allocations	1	1			1	1	1	1	1
Total net capital allocations <sup>(9)</sup>	779	785	812	800	883	963	587	598	595
Total capital grants	32	57	74	152	90	104	94	97	116
<b>Scotland—Total</b>	<b>811</b>	<b>842</b>	<b>886</b>	<b>952</b>	<b>973</b>	<b>1,066</b>	<b>681</b>	<b>695</b>	<b>711</b>



**Table 4.10 Central government capital support for local authorities in the United Kingdom by country and service (continued)**

	£ million								
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Wales</b>									
<b>Credit approvals</b>									
Welsh Office	255	292	322	289	320	325	352	341	311
Other departments <sup>(10)</sup>	5	7	8	10	8	8	10	9	8
<b>Total credit approvals</b>	<b>260</b>	<b>299</b>	<b>331</b>	<b>299</b>	<b>328</b>	<b>333</b>	<b>362</b>	<b>350</b>	<b>319</b>
<b>Capital grants</b>									
Welsh Office	152	163	186	200	199	231	215	198	187
Other departments <sup>(10)</sup>	4	7	10	10	9	12	9	8	8
<b>Total capital grants</b>	<b>156</b>	<b>170</b>	<b>196</b>	<b>210</b>	<b>208</b>	<b>243</b>	<b>224</b>	<b>206</b>	<b>195</b>
<b>Wales—Total</b>	<b>416</b>	<b>470</b>	<b>527</b>	<b>509</b>	<b>536</b>	<b>577</b>	<b>585</b>	<b>557</b>	<b>514</b>
<b>Northern Ireland capital grants</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total United Kingdom</b>	<b>5,045</b>	<b>5,723</b>	<b>6,079</b>	<b>5,949</b>	<b>5,319</b>	<b>5,428</b>	<b>4,962</b>	<b>4,670</b>	<b>4,489</b>
<i>of which:</i>									
Credit approvals <sup>(11)</sup>	3,933	4,389	4,535	4,148	3,994	3,689	3,172	3,000	2,925
Capital grants	1,112	1,334	1,544	1,801	1,325	1,739	1,790	1,670	1,565

(1) All the credit approvals in England are contained in the non-voted cash limits. 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.

(2) Support for expenditure on flood and coast protection including internal drainage boards, harbour improvements and fishing industry.

(3) Includes from 1996-97 credit approvals for projects (also including museums, galleries and libraries) attracting grants from the ERDF.

(4) Includes support for Estate Action schemes which was until the 1994 Statistical Supplement included under Housing.

(5) Includes support for expenditure on environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries. Prior to 1993-94, credit approvals for other services' projects attracting grants from ERDF are included in this row. From 1993-94, such credit approvals are included in the Urban and regeneration programmes: Other—Environment row.

(6) Credit approvals for council tax preparation costs, commutation losses, Housing Revenue Account subsidy abatements for deemed debt, restructuring costs and local government residuary body borrowing powers.

(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) Including capital consent allocations for other departments in Scotland.

(10) Includes Home Office, Lord Chancellors' and Law Officers' Departments, Department of Transport and Department for Education and Employment.

(11) Including net capital allocations in Scotland.



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## 5. Nationalised industries and Privatisation

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### Introduction

5.1. 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

5.2. 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

5.3. 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 Rail and took powers to restructure and privatise British Rail in the Railways Act 1993. The provision and operation of rail services will pass increasingly to the private sector through franchising of passenger services, the flotation of Railtrack as a private sector company in May 1996, and the ongoing sales of smaller BR businesses. In November 1995 the Government agreed in principle to the setting up of National Air Traffic Services as a subsidiary of the Civil Aviation Authority. This will achieve a greater degree of separation between service provision and regulation, paving the way for future privatisation which remains the Government's longer term objective. The Government remains of the view that privatisation of Royal Mail and Parcelforce would be in the best interests of both the Post Office and its customers, but recognises that this is no longer an option for this Parliament. In May 1995 the Government announced a number of changes to the Post Office's control regime (e.g. the abolition of the capex limit and the prospect of expansion into adjacent markets) to allow it an additional degree of operational flexibility in the public sector. Following a review of the prospects for nuclear power in the UK, the government has announced plans to privatise Nuclear Electric and Scottish Nuclear's AGR and PWR stations through the creation of a holding company, British Energy. HM Government intends to privatise British Energy in the summer of 1996. The Magnox stations will remain in the public sector, operating as Magnox Electric.



5.4. The Citizen's Charter published in July 1991 (Cm 1599), followed up most recently by the Citizen's Charter Second Report (Cm 2540), published in March 1994, 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

5.5. 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. 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. Industries are set an EFL for the year immediately ahead and 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

5.6. The strategic objectives for the main nationalised industries are:

- **British Nuclear Fuels:** The Government has set the following objectives for BNFL:
  - (i) to continue to reduce costs and increase profits across the business;
  - (ii) to take opportunities to exploit decommissioning, fuel cycle and waste clean-up expertise profitably in major international markets.
- **British Rail:** The Secretary of State for Transport has set BR objectives for a one year period to April 1996 covering safety, quality, finance and privatisation. These objectives were published in British Rail's Annual Report and Accounts for 1994-95. New objectives will be set for 1996-97.



## 5. Nationalised industries and Privatisation

- **Railtrack:** Railtrack assumed responsibility for the rail infrastructure formerly controlled by British Rail in April 1994. It has been set objectives by the Secretary of State covering safety, quality of service, progress with restructuring the railway and finance.
- **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. It aims to broaden its customer base and increase private sector participation in the business.
- **Caledonian MacBrayne:** Its strategic objective is to support remote island communities, through the provision of cost effective services. Cost effectiveness is ensured in part through new targets for covering operating costs from fares income.
- **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 provide 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.
- **Highlands and Islands Airports:** Its primary purpose is to provide an efficient, economic and safe infrastructure for nine airports. These airports provide facilities for essential air services in the Highlands and Islands. Its aims are to increase passenger numbers and the number of air movements; to reduce costs per passenger and to increase the involvement of the private sector, for example, through participation in the PFI.
- **London Transport:** The Government will shortly set new financial objectives for each area of London Transport's business. These objectives will continue to stress the requirement for cost reduction, and the maximisation of revenue, across the whole range of London Transport's activities. In most cases objectives set are for the medium term, that is those set in the autumn of 1996 will be for achievement in 1998–99.  
New objectives have also been set for quality of service on London Underground and London Transport bus services.
- **Nuclear Electric and Scottish Nuclear:** The Government will review objectives for Magnox Electric (which will own and operate those of Nuclear Electric and Scottish Nuclear's power stations remaining in the public sector) after the nuclear industry has been restructured.
- **Post Office:** Its objective is to provide universally available, quality postal and counter services at the lowest possible cost. To achieve this it seeks to reduce costs by detailed cost control, increasing efficiency and through increasing volumes processed through its networks. 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.

### Financial targets

5.7. **Table 5.1** sets out the current financial targets for the existing nationalised industries alongside their latest achievements.

### Financial plans

5.8. This passage summarises the financial plans for all the nationalised industries; it shows their capital spending and the external financing requirements for each industry and provides further tables, including analyses of the contribution of grants to financing and a departmental split.

5.9. 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.

### Need for external finance

5.10. Individual nationalised industries' requirements for external finance depend on the size of their investment programmes and on their ability to generate their own funds.



**External finance** 5.11. **Table 5.2** shows the overall requirement for external finance by department and industry.

5.12. The overall requirement for external finance and grants to the Railways industry in 1995–96 is expected to be £1.7 billion. Thereafter, total provision is £ 1.1 billion in 1996–97 rising to £1.8 billion in 1997–98 and falling again to £1.5 billion in 1998–99.

**Table 5.3** shows the external finance requirement by industry back to 1978–79.

**Capital requirements** 5.13. **Table 5.4** sets out the industries' capital spending on a national accounts basis showing each industry's expenditure since 1990–91 and their plans for 1996–97 to 1998–99. Planned investment declines in 1996–97 to 1998–99 mainly reflecting the transfer of Railtrack and other rail businesses to the private sector.

### Treatment within the Control Total

**Grants and subsidies** 5.14. 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. grant to London Transport to support public passenger services, to assist an industry in restructuring or where an industry's circumstances make access to the NLF inappropriate (eg. grants to some loss-making industries). **Table 5.5** sets out further details, by industry, of grants included in external finance, along with details of borrowing.

### Privatisation

5.15. The state sector of industry, predominantly the nationalised industries, accounted for 11 per cent of GDP in 1979. Forty-eight major (and dozens of smaller) companies have been privatised since then. By 1993 the nationalised industries' share of GDP had fallen to 2.3 per cent. Between 1979 and 1995 the numbers employed in nationalised industries have fallen by more than two thirds to 0.4 million and more than 950,000 jobs have been transferred to the private sector. Privatisations include Scottish Power, Scottish Hydro-Electric, the two electricity generating companies, and 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 mining businesses of British Coal were privatised at the end of 1994. The privatisation of British Rail is in hand. Railtrack will be sold by flotation in the lifetime of this Parliament; the sale is planned for Spring 1996. Nuclear Electric and Scottish Nuclear's AGR and PWR stations will be privatised through the creation of a holding company, British Energy, which will be privatised in the summer of 1996.

5.16. **Table 5.6** gives a breakdown of privatisation proceeds from 1979–82 to 1995–96. Total proceeds are projected to be £4 billion in 1996–97, £2.5 billion in 1997–98 and £1.5 billion in 1998–99. Detailed estimates for future receipts from privatisation proceeds are not shown because they are dependent on commercially sensitive assumptions about further sales.



Table 5.1 Nationalised industries: financial targets

Industry	Current target	Latest achievement <sup>(1)</sup>
<b>British Nuclear fuels</b>	In 1995–96: rate of return 11.1%.	In 1994–95 rate of return 5.6%.
<b>British Rail</b>	No formal financial objectives in 1995–96. (Targets implicit in EFL).	Underlying working expenses reduced by 2.3% in passengers businesses and by 11.7% in infrastructure services.
<b>Railtrack</b>	No formal financial objectives in 1995–96. (Targets implicit in requirement to maintain profitability whilst access charges are reduced by RPI–8% in 1995–96).	No targets set for 1994–95.
<b>British Waterways Board</b>	New target regime being set.	No targets set for 1994–95.
<b>Caledonian MacBrayne</b>	1995–96: Fares income to cover at least 58% of operating costs.	1994–95 target of 59% exceeded.
<b>Civil Aviation Authority</b>	1992–93 to 1994–95: 8% average. <sup>(2)(3)</sup>	1992–93 to 1994–95: 8.6% average. <sup>(2)(3)</sup>
<b>Highlands and Islands Airports</b>	No targets set for 1995–96	No targets set for 1994–95.
<b>London Transport</b>	Medium term objective: train costs per km to be £10.70 at 1994–95 prices. Objectives set for other areas of LT business progress reported in LT Annual Report 1994–95.	1994–95: performance: £10.66 per km.
<b>Nuclear Electric</b>	1995–96: profits from nil to £50 million.	1994–95: profits £33 million.
<b>Post Office</b>	Royal Mail Letters (RML): 16% <sup>(5)</sup> Post Office Counters Ltd (POCL): 9.3% <sup>(5)</sup> Parcelforce: Breakeven after restructuring costs	1994–95 rates of return RML: 29.2% POCL: 11.3% Parcelforce: –5.0% <sup>(6)</sup>
<b>Scottish Nuclear</b>	1995–96: rate of return 7.4%. <sup>(7)</sup>	1994–95: rate of return 4.8%.

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

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

(3) Excludes activities where CAA's charges are determined by international agreement. The Highlands and Islands Airports are also excluded.

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

(5) Return on Capital Employed average over 1992–93 to 1994–95.

(6) Parcelforce 1993–94 target: breakeven.

(7) Current cost accounting return on net current assets, after adding back depreciation.



Table 5.2 External financing requirements<sup>(1)</sup> of nationalised industries by department and industry

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Department of Trade and Industry</b>									
British Coal <sup>(2)</sup>	890	605	791	1,400	742	59	104	46	
British Nuclear Fuels			-392	-653	-422	218	-114	-109	-109
British Shipbuilders	28	-9	-10	-9	10	-2	-21	-1	-1
Electricity industry <sup>(3)</sup>	-209								
Nuclear Electric <sup>(3)</sup>	1,194	1,180	991	726	483	357	31	181	143
Post Office		-74	-80	-186	-235	-213	-298	-317	-310
<b>Department of Trade and Industry total</b>	<b>1,903</b>	<b>1,702</b>	<b>1,300</b>	<b>1,278</b>	<b>577</b>	<b>419</b>	<b>-299</b>	<b>-200</b>	<b>-277</b>
<b>Department of Transport</b>									
National Railways <sup>(4)</sup>	890	1,135	1,673	1,033	1,272	-16	271	1,161	1,161
Union Railways <sup>(4)</sup>		21	26	36	46	46			
European Passenger Services	187	308	365	392	178	365			
Civil Aviation Authority	65	33	51	91	46	34	-13	-23	-23
London Transport	474	554	883	693	783	924	953	660	441
<b>Departmental of Transport total</b>	<b>1,616</b>	<b>2,051</b>	<b>2,998</b>	<b>2,244</b>	<b>2,326</b>	<b>1,352</b>	<b>1,210</b>	<b>1,798</b>	<b>1,579</b>
<b>Department of the Environment</b>									
British Waterways Board	48	50	48	49	48	49	47	46	46
<b>Department of the Environment total</b>	<b>48</b>	<b>50</b>	<b>48</b>	<b>49</b>	<b>48</b>	<b>49</b>	<b>47</b>	<b>46</b>	<b>46</b>
<b>Scotland</b>									
Highlands and Islands Airports	2	4	5	6	8	8	8	8	4
Scottish Hydro-electric <sup>(5)</sup>	3	-23							
Scottish Power <sup>(5)</sup>	-109	-48							
Scottish Nuclear	-2	25	14	-28	-46	-43	12	61	89
Caledonian MacBrayne	5	9	13	12	11	11	11	10	10
Scottish Transport Group	-13	-2		44					
<b>Scotland total</b>	<b>-114</b>	<b>-34</b>	<b>32</b>	<b>34</b>	<b>-27</b>	<b>-24</b>	<b>32</b>	<b>80</b>	<b>104</b>
<b>Total external finance</b>	<b>3,453</b>	<b>3,768</b>	<b>4,378</b>	<b>3,605</b>	<b>2,925</b>	<b>1,797</b>	<b>990</b>	<b>1,724</b>	<b>1,452</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) Figures for 1995-96 onwards largely reflect departmental costs of meeting coal related liabilities.

(3) Separate figures for past years are not available for those parts of the electricity industries which remain in the public sector. So in order to allow meaningful comparisons to be made over time for the rest of the nationalised industries, all the electricity industries are grouped together in this table. The Regional Electricity Companies, the National Grid Company, PowerGen and National Power were privatised during 1990-91. From 1991-92 comprises Nuclear Electric.

(4) Provision for national railways includes the external financing requirements of British Rail and Railtrack, grants from the Office of Passenger Rail Franchising and Metropolitan Railway Grant, also some effects of rail privatisation.

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

(6) This differs from the Nationalised Industries lines in the tables in Section 2 as it includes the railway grants mentioned above.



Table 5.3 External financing requirements<sup>(1)</sup> of nationalised industries, 1978-79, 1981-82 to 1998-99

	£ billion																			
	1978-79	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	
	outturn	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		-0.2	-0.3	-0.2	-0.1													
British Nuclear Fuels													-0.4	-0.7	-0.4	0.2	-0.1	-0.1	-0.1	
British Coal <sup>(2)</sup>	0.6	1.2	1.0	1.2	1.7	0.4	0.9	0.9	0.8	1.3	0.9	0.6	0.8	1.4	0.7	0.1	0.1			
British Gas Corporation	-0.4		-0.2		-0.2	-0.2	-0.7													
National Railways <sup>(3)</sup>	0.6	1.0	0.8	0.8	1.0	0.9	0.8	0.5	0.4	0.6	0.9	1.1	1.7	1.0	1.3		0.3	1.2	1.2	
European Passenger Services										0.1	0.2	0.3	0.4	0.4	0.2	0.4				
British Shipbuilders	0.1	0.1	0.1	0.3	0.2		0.2	0.1	0.1											
British Steel Corporation	0.8	0.8	0.6	0.3	0.5	0.4		-0.3	-0.4											
British Telecom	-0.1	0.2	-0.3	-0.2	-0.3															
Electricity																				
(England and Wales)	-0.1	-0.2	-0.2	-0.5	0.5	-0.5	-1.3	-1.3	-1.8	-1.3	1.0	1.2	1.0	0.7	0.5	0.4		0.2	0.1	
Electricity (Scotland)		0.1	0.1	0.2	0.3	0.2	0.2	0.1	0.1	-0.1	-0.1							0.1	0.1	
London Transport							0.3	0.3	0.2	0.2	0.3	0.5	0.6	0.9	0.7	0.8	0.9	1.0	0.7	0.4
Post Office			-0.1	-0.1		-0.1	-0.1	-0.1	-0.1				-0.1	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3
Water (England and Wales)	0.3	0.3	0.3	0.4	0.3	0.2	0.1													
Other	0.5	0.1		0.1	0.1	0.1		-0.1		0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1		
<b>Total nationalised industries<sup>(4)</sup></b>	<b>2.3</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>0.9</b>	<b>3.5</b>	<b>3.8</b>	<b>4.4</b>	<b>3.6</b>	<b>2.9</b>	<b>1.8</b>	<b>1.0</b>	<b>1.7</b>	<b>1.5</b>	

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

(2) Figures for 1995-96 onwards largely reflect departmental costs of meeting coal related liabilities.

(3) See footnote 4 to table 5.2; from 1978-79 to 1988-89 British Rail figures shown excluding European Passenger Services.

(4) This differs from the Nationalised Industries lines in the tables in Section 2 as it includes the railway grants mentioned in footnote 4 of table 5.2.



Table 5.4 Capital spending<sup>(1)</sup> by department and industry

	£ million								
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Department of Trade and Industry</b>									
British Coal	287	301	10	175	6				
British Nuclear Fuels			475	343	534	467	468	482	493
British Shipbuilding	34	-3	-3	-6	11	1			
Electricity	1,407								
Nuclear Electric	612	706	488	402	239	175	31	32	21
Post Office	308	220	293	249	271	250	375	400	425
<b>Department of Trade and Industry total</b>	<b>2,648</b>	<b>1,224</b>	<b>1,263</b>	<b>1,163</b>	<b>1,061</b>	<b>893</b>	<b>874</b>	<b>914</b>	<b>939</b>
<b>Department of Transport</b>									
National Railways	933	1,264	1,494	1,003	798	660	60	55	50
Union Railways		22	30	36	40	90			
European Passenger Services									
Civil Aviation Authority	74	88	116	144	114	72	72	55	61
London Transport	490	417	786	689	954	1,012	1,072	808	624
<b>Department of Transport total</b>	<b>1,497</b>	<b>1,791</b>	<b>2,426</b>	<b>1,872</b>	<b>1,907</b>	<b>1,834</b>	<b>1,204</b>	<b>918</b>	<b>735</b>
<b>Department of the Environment</b>									
British Waterways	5	2	3		4	7	4	4	4
<b>Department of the Environment total</b>	<b>5</b>	<b>2</b>	<b>3</b>		<b>4</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Scotland</b>									
Highlands and Islands Airports Ltd									
Scottish Electricity <sup>(2)</sup>	197								
Scottish Nuclear	3	72	149	72	-44	-41	8	43	43
Caledonian Macbrayne	5	9	13	12	11	11	11	10	10
Scottish Transport Group	-13	-2		44					
<b>Scotland total</b>	<b>192</b>	<b>79</b>	<b>162</b>	<b>128</b>	<b>-33</b>	<b>-30</b>	<b>19</b>	<b>54</b>	<b>54</b>
<b>Total Capital Spending</b>	<b>4,342</b>	<b>3,095</b>	<b>3,854</b>	<b>3,164</b>	<b>2,939</b>	<b>2,704</b>	<b>2,102</b>	<b>1,890</b>	<b>1,732</b>

(1) On a national accounts basis, see paragraph 1.9.

(2) Includes South of Scotland Electricity Board and North of Scotland Hydro-Electric Board which became Scottish Power and Scottish Hydro-Electric respectively in 1990 and were privatised during 1991-1992.



## 5. Nationalised industries and Privatisation

**Table 5.5 Grants and borrowing by department and nationalised industry**

	£ million								
	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
<b>Grants to nationalised industries</b>									
Trade and Industry									
British Coal	2,509	866	1,151	1,616	805	186	104	46	
British Shipbuilders	3								
Nuclear Electric	1,195	1,266	1,280	1,229	1,255	1,159	581	222	-13
Department of Transport									
National Railways <sup>(1)</sup>	449	595	829	545	1,964	1,842	1,626	1,546	1,546
Union Railways						46			
European Passenger Services						365			
London Transport	481	572	883	693	786	924	953	660	441
Department of the Environment									
British Waterways Board	49	51	51	49	49	49	47	46	46
Scotland									
Highlands & Islands Airports	2	4	5	6	8	8	8	8	4
Caledonian MacBrayne	6	6	6	17	14	14	16	14	11
<b>Total Grants</b>	<b>4,695</b>	<b>3,360</b>	<b>4,205</b>	<b>4,155</b>	<b>4,880</b>	<b>4,593</b>	<b>3,135</b>	<b>2,541</b>	<b>2,035</b>
<b>Borrowing by nationalised industries</b>									
Trade and Industry									
British Coal	-1,619	-261	-360	-216	-63	-127			
British Shipbuilders	25	-9	-10	-9	10	-2	-21	-1	-1
Electricity Industry	-209								
Post Office		-74	-80	-186	-235	-213	-298	-317	-310
Nuclear Electric	-1	-86	-289	-503	-772	-802	-550	-41	156
British Nuclear Fuels <sup>(1)</sup>			-392	-653	-422	218	-114	-109	-109
Department of Transport									
National Railways <sup>(2)</sup>	441	540	844	488	-692	-1,858	-1,355	-385	-385
Union Railways		21	26	36	46				
European Passenger Services	187	308	365	392	178				
Civil Aviation Authority	65	33	51	91	46	34	-13	-23	-23
London Transport	-7	-18			-2				
Department of the Environment									
British Waterways Board	-1	-1	-4	-1	-1				
Scotland									
Highlands & Islands Airports									
Scottish Hydro-electric	3	-23							
Scottish Power	-109	-48							
Scottish Nuclear	-2	25	14	-28	-46	-43	12	61	89
Caledonian MacBrayne	-1	3	7	-5	-2	-4	-6	-3	-1
Scottish Transport Group	-13	-2		44					
<b>Total Borrowing</b>	<b>-1,241</b>	<b>408</b>	<b>173</b>	<b>-550</b>	<b>-1,956</b>	<b>-2,796</b>	<b>-2,145</b>	<b>-818</b>	<b>-583</b>
<b>Total<sup>(3)</sup></b>	<b>3,453</b>	<b>3,768</b>	<b>4,378</b>	<b>3,605</b>	<b>2,925</b>	<b>1,797</b>	<b>990</b>	<b>1,724</b>	<b>1,452</b>

(1) Includes receipts of some £25-30 million p.a. from the fossil fuel levy.

(2) Provision for national railways includes the external financing requirements of British Rail and Railtrack, grants from the Office of Passenger Rail Franchising and Metropolitan Railway Grant, also some effects of rail privatisation.

(3) This differs from the nationalised Industries lines in the tables in Section 2 as it includes the railway grants mentioned above.



**Table 5.6 Privatisation proceeds<sup>(1)</sup>, 1979–80 to 1995–96**

£ million

	1979–80 to 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 outturn	1993–94 outturn	1994–95 outturn	1995–96 estimated outturn <sup>(2)</sup>
Amersham International	64														
Associated British Ports Holdings plc		46		51											
BAA plc							534	689						47	
Belfast International Airport															
British Aerospace plc	43				347										
British Airways plc						435	419								
British Coal															
British Gas plc															
—sale of shares						1,820	1,758	1,555	4	150	4				
—redemption of debt						750		250	800	350		350			
British Petroleum plc	284		543				863 <sup>(3)</sup>	3,000 <sup>(3)</sup>	1,363						
British Steel plc								1,138	1,287						
British Sugar Corporation	44														
British Telecommunications															
—sale of shares				1,358	1,246 <sup>(4)</sup>	1,081					1,666	3,544	3,773	1,519	
—loan stock				44	61	53	23	85	92	100	106	113	124	130	130
—redemption of preference shares						250	250	250							
Britoil plc		334 <sup>(5)</sup>	293		426										
BTG											25				
Cable and Wireless plc	181		263		577									5	
DTEls														12	
DVOIT															
Electricity industries															
—sale of shares															
(England and Wales)										3,134	2,329	1,465	13	1,724	1,029
—sale of shares (Scotland)											1,112	907	703	2	
—redemption of debt											1,106	110	654	390	
Enterprise Oil plc				384											
Forestry Commission		14	21	28	15	16	13	12	15	11	16	10	17	11	
Forward													4		
General Practice Finance Corporation								67							
Harland and Wolff									8						
Insurance Services Group											13				
Land Settlement			2	12	5	2				1					
Motorway Service Area leases		4	1			2	1		2	5	5	4			
National Enterprise Board Holdings	122			168	30		34								
National Freight Consortium	5 <sup>(6)</sup>														
National Seed Development Organisation							65 <sup>(7)</sup>								
National Transcommunications Ltd											70				



Table 5.6 Privatisation proceeds<sup>(1)</sup>, 1979–80 to 1995–96 (continued)

	£ million														
	1979–80 to 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 outturn	1993–94 outturn	1994–95 outturn	1995–96 estimated outturn <sup>(2)</sup>
Northern Ireland Electricity															
—sale of shares												350	148	187	
—redemption of debt													70		
Nuclear Power Industry															–25
Privatised companies' debt												1,337		1,617	517
Professional and Executive Recruitment								5							
Residual Share Sales															851
Rolls-Royce plc							1,029	3							
Rover Group plc										150 <sup>(8)</sup>					
Royal Ordnance							186								
Short Brothers										30					
Water companies															
—sale of shares										423	1,487	1,485			
—redemption of debt										73					
Wytch Farm						18				130					
Miscellaneous <sup>(9)</sup>	337	57	16	5	–1	–3	–1	15	–22	–21	–12	–6	–63	–10	–2
<b>Total</b>	<b>1,080<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>4,225</b>	<b>5,347</b>	<b>7,925</b>	<b>8,184</b>	<b>5,460</b>	<b>6,428</b>	<b>2,500</b>

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

Year	Company	£ million	Year	Company	£ million	Year	Company	£ million		
1982–83	International Aeradio (BA)	60	1986–87	Leeds tank factory (RO)	15	1990–91	Girobank (Post Office)	112		
	British Rail Hotels	30		British Airways Helicopters	14		National Bus Company subsidiaries	124		
	Victaulic (BSC)	8		Unipart (Rover)	up to 52		Scottish Transport Group subsidiaries	27		
1983–84	British Rail Hotels	45	1987–88	Leyland Bus (Rover)	4	1991–92	Scottish Transport Group subsidiaries	15		
				British Coal subsidiaries	1		1992–93	Scottish Transport Group subsidiaries	5	
				1984–85	Jaguar (BL)			297	1993–94	Westlink (London Buses)
Sealink (BR)	40	1987–88	British Transport Advertising		40					
Wytch Farm (BGC)	82		Istel (Rover)	48						
1985–86	Warship yards (BS)	54	1988–89	National Bus Company subsidiaries	24					
				Sealink (BR)	26	Travellers Fare (BR)	12			
				1989–90	National Bus Company subsidiaries	1				
BREL (BR)	14									
Scottish Transport Group subsidiaries	2									
				339						

(2) Figures are only given for privatisations 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 net 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)).



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## 6. Differences from previous plans

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### Introduction

6.1. This section compares the new plans for the Control Total in 1996–97 and 1997–98, and estimated outturn in 1995–96, with the plans set out in last year's Supplement (Tables 6.1 to 6.4). It also shows how outturn for the Control Total in 1994–95 differs from the plans in the Statistical Supplement to the Financial Statement and Budget Report 1994–95 (Table 6.5).

6.2. The comparisons distinguish between:

- transfers of financing responsibility between departments and spending sectors;
- classification changes, ie. changes in the way public expenditure is scored or reallocation of functions between departments; and
- other changes.

### Changes in the Control Total

6.3. **Table 6.1** 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. Tables 6.2 to 6.4 show comparisons with previous plans by department for 1995–96 to 1997–98 respectively.

6.4. The main transfers of financing responsibility affecting 1995–96 to 1997–98 are:

- a transfer of £62 million in 1996–97 and 1997–98 from the Department of Transport (central government) to the Department of the Environment (local government) as a result of the consolidation within Revenue Support Grant of support for rail services operated by Passenger Transport Executives previously paid as Metropolitan Rail Grant.
- transfers totalling £31 million in 1996–97 and £49 million in 1997–98 from the Department of the Environment—Local government and the Welsh Office to the Home Office in respect of police funding.
- a transfer of £26 million in 1995–96, £29 million in 1996–97 and £33 million in 1997–98 from the former Department of Employment to the Scottish Office in respect of expenditure financed from the European Social Fund.
- a transfer of responsibility from central government (Department of the Environment—Housing) to local authorities (Department of Social Security) for Large Scale Voluntary Transfers amounting to £42 million in 1995–96, £53 million in 1996–97 and £59 million in 1997–98.
- a transfer of responsibility for City Challenge provision from the Department of the Environment—Housing grouping to the Single Regeneration Budget in Department of the Environment—Urban and Environment. The amounts involved are £19 million in both 1995–96 and 1996–97.
- a transfer of £24 million in 1996–97 and £47 million in 1997–98 from the Department of Social Security to the Department for Education and Employment for the introduction of Job Seeker's Allowance.
- a transfer of £13 million in both 1996–97 and 1997–98 from the Department of the Environment—Urban and environment to the Ministry of Agriculture, Fisheries and Food and the Intervention Board for countryside stewardship.



## 6. Differences from previous plans

- a transfer of £582 million in 1995–96, £526 million in 1996–97 and £534 million in 1997–98 from the Department of Social Security to the Department for Education and Employment for the administration of the new Job Seeker's Allowance, ending the financing arrangement under which the Benefits Agency of DSS paid the Employment Service for the administration of unemployment benefit.

6.5. The most significant classification change over the last year was the machinery of government change announced in July 1995 which reallocated the responsibilities of the former Department of Employment. In this move, the Health and Safety Executive transferred to the Department of the Environment, which received £191 million in 1995–96, 1996–97 and 1997–98. The Department of Trade and Industry took on responsibility for the Advisory, Conciliation and Arbitration Service, and received £250 million in 1995–96, £240 million in 1996–97 and £238 million in 1997–98. The statistical functions of the former Department of Employment are now carried out by the Central Statistical Office, which received £14 million in each of the three years. The remainder of the allocation, amounting to around £2,993 million in 1995–96, £3,249 million in 1996–97 and £3,177 million in 1997–98, transferred to the new Department for Education and Employment.

6.6. The other main classification changes are:

- a further machinery of government change announced in July, which transferred responsibility for science from the Office of Public Service and Science to the Department of Trade and Industry. The amounts involved are £1,298 million in 1995–96, £1,308 million in 1996–97 and £1,337 million in 1997–98.
- a revision to the last year's plans for British Nuclear Fuels Ltd to reflect changes in the basis on which external finance is calculated. The amounts involved are £778 million in 1995–96, £552 million in 1996–97 and £178 million in 1997–98.
- the transfer of responsibility for energy efficiency from the Department of the Environment—Housing grouping to the Department of the Environment—Urban and environment grouping of £135 million in 1995–96, £133 million in 1996–97 and £134 million in 1997–98.
- from April 1996 water and sewerage services in Scotland will be provided by a public corporation, Scottish Water. The effect of this change is to switch £1 million in 1996–97 and £51 million in 1997–98 from the Scottish Office support to local authorities to local authority self-financed expenditure.
- the Central Statistical Office and the Office of Population Censuses and Surveys will merge from April 1996 to form the new Office for National Statistics, which will be one of the Chancellor of the Exchequer's departments. As a result, the OPCS is no longer shown in the same line as the Department of Health, resulting in a corresponding switch from that line of £36 million in 1995–96, £38 million in 1996–97 and £39 million in 1997–98.
- a transfer of responsibility from the Department of Health to the Home Office for Juvenile Remand Centres amounting to £12 million in 1995–96 and £14 million in 1996–97 and 1997–98.

6.7. There have also been several changes affecting the "Department of the Environment—PSA Services etc." grouping. On 1 April 1996, as a result of the Efficiency Scrutiny Review of the Management of the Government's Civil Estate, Departments will take responsibility for the buildings they occupy. This resulted in a series of transfers between Property Holdings and Departments amounting to £58 million in 1996–97 and £27 million in 1997–98. On the same day Property Holdings will be succeeded by a new agency, Property Advisers to the Civil Estate (PACE), who together with Security Facilities Executive (SAFE) and the Buying Agency, (TBA) who transferred on 1 January 1996, will become part of the Cabinet Office. The amounts involved in the classification change for these three switches were—£227 million in 1995–96,—£335 million in 1996–97 and—£322 million in 1997–98. PSA services have been transferred to the "Department of the Environment—Urban and Environment" grouping. The amounts involved in this transfer were £36 million in 1995–96, £28 million in 1996–97, and £24 million in 1997–98. The remainder of the Department of the Environment—PH, PSA Services etc" grouping (Ordnance Survey and office of Water Services) have been amalgamated with the "Department of the Environment—Urban and Environment" grouping. The amounts involved are £18 million in 1995–96, £10 million in 1996–97 and £10 million in 1997–98.



6.8. The plans in the Financial Statement and Budget Report included £60 million to meet the costs of new arrangements for long term care. The allocation between departments has now been agreed, resulting in increases of £25 million for the Department of Health, £29 million for the Department of Social Security, £3 million for the Scottish Office, £2 million for the Welsh Office and £1 million for the Northern Ireland Department for Health and Social Services.

#### 1996–97 changes since the Budget

6.9. The figures for 1996–97 also reflect some estimating changes and policy decisions made since the publication of the Financial Statement and Budget Report 1996–97 in November 1995. These changes are offset by reductions in the 1996–97 Reserve. The main differences are:

- an extra £17 million for the Foreign Office to cover overseas price movements.
- an increase of £40 million for the Department for Education and Employment and a decrease of £5 million for the Department of Social Security in connection with the transfer of administration expenditure for Job Seeker's Allowance (see paragraph 6.4 above).
- an increase of £370 million for the Cabinet Office to cover the costs of central funding of early departures.
- an increase of £47 million for extra costs of the new long care arrangements (see paragraph 6.8 above). This adds £40 million to the Department of Health, £4 million to the Scottish Office, £2 million to the Welsh Office and £1 million to the Northern Ireland Department for Health and Social Services.
- A reduction of £14 million for the Cabinet Office reflecting extra VAT refunds.

#### 1994–95 outturn

6.10. **Table 6.5** presents differences for 1994–95 for the Control Total from the plans set out in the Supplement to the Financial Statement and Budget Report 1994–95 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 Control Total in 1994–95 is £248.5 billion, a decrease of £2.4 billion on the plans in the Supplement to the Financial Statement and Budget Report 1994–95.



<b>Table 6.1 Changes to the Control Total since last year's Statistical Supplement by spending sector</b>						
	<b>£ million</b>					
	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans
<b>Control total as in last years statistical supplement</b>	231,481	241,867	249,541	255,500	262,800	271,500
<b>Changes in central government expenditure</b>						
Transfers and Classification						
Changes	11	1	60	200	700	600
Other changes	69	27	-2,243	1,800		300
<b>Total changes in central government expenditure</b>	80	27	-2,182	2,000	700	800
<b>Changes in central government support for local authorities</b>						
Transfers and Classification						
Changes	1				-300	-400
Other changes	-17	98	-197	300	-300	-1,200
<b>Total changes in central government support for local authorities</b>	-17	98	-197	300	-600	-1,600
<b>Changes in LASFE</b>	148	-1,005	263	1,100	600	800
<b>Total changes in Local Authority Expenditure</b>	132	-907	65	1,400	-100	-800
<b>Changes in financing requirements of nationalised industries</b>						
Transfers and Classification						
Changes			-44	400	200	-100
Other changes	13	-107	72	300	200	500
<b>Total changes in financing requirements of nationalised industries</b>	13	-108	28	700	300	500
<b>Changes in the reserve</b>				-3,000	-3,600	-3,700
<b>Changes to allowance for shortfall</b>			1,000	-600		
<b>Control Total</b>	231,705	240,880	248,452	255,900	260,200	268,200



**Table 6.2 Control Total by department in 1995–96, differences from previous plans**

	£ million				
	Plans in Statistical Supplement to the FSBR 1995–96	Transfers and Classification Changes	Revised Plans	Other Changes	Estimated Outturn
Ministry of Defence	21,723	-2	21,721	-500	21,221
Foreign and Commonwealth Office	1,158	2	1,160	271	1,431
Overseas Development Administration	2,363		2,364	18	2,381
Ministry of Agriculture, Fisheries and Food	3,026	11	3,036	-132	2,904
Trade and Industry	1,379	2,320	3,698	29	3,727
ECGD	-16		-16	45	29
Department of Transport	4,387	-1	4,386	371	4,757
DOE—Housing	6,895	-194	6,702	-17	6,685
DOE—Urban and Environment	1,777	555	2,332	75	2,407
DOE—Local government	30,307		30,307	4	30,311
Home Office (including Charity Commission)	6,415	15	6,430	144	6,574
Lord Chancellor's and Law Officers' Departments	2,796	5	2,801	-90	2,711
Department for Education and Employment	14,417	87	14,504	396	14,900
Department of National Heritage	1,001	1	1,002	28	1,030
Department of Health	32,957	-34	32,923	211	33,134
Department of Social Security	72,798	-809	71,989	973	72,962
Scotland	14,412	25	14,437	36	14,472
Wales	6,778	-1	6,777	-34	6,743
Northern Ireland	7,711	5	7,716	107	7,823
Chancellor of the Exchequer's Departments	3,223	48	3,271	72	3,342
Cabinet Office	2,462	-1,516	946	305	1,251
European Communities	2,821	17	2,838	78	2,916
LASFE	11,700		11,700	1,100	12,800
Reserve	3,000		3,000	-3,000	
Allowance for shortfall				-600	-600
<b>Total</b>	<b>255,500</b>	<b>500</b>	<b>256,000</b>	<b>-100</b>	<b>255,900</b>



**Table 6.3 Control Total by department in 1996–97, differences from previous plans**

	£ million				
	Plans in Statistical Supplement to the FSBR 1995–96	Transfers and Classification Changes	Revised Plans	Other Changes	New Plans
Ministry of Defence	21,924	1	21,925	-500	21,425
Foreign and Commonwealth Office	1,160	10	1,169	-58	1,111
Overseas Development Administration	2,419		2,419	-126	2,293
Ministry of Agriculture, Fisheries and Food	3,003	20	3,022	17	3,039
Trade and Industry	795	2,092	2,887	16	2,902
ECGD	11		11	-1	10
Department of Transport	4,445	-66	4,379	-193	4,185
DOE—Housing	6,907	-207	6,701	-856	5,844
DOE—Urban and Environment	1,698	630	2,328	53	2,381
DOE—Local government	30,904	-14	30,890	432	31,323
Home Office (including Charity Commission)	6,416	67	6,484	42	6,526
Lord Chancellor's and Law Officers' Departments	2,875	7	2,882	-171	2,711
Department for Education and Employment	14,707	277	14,983	-393	14,590
Department of National Heritage	961	8	969	-8	962
Department of Health	33,271	-45	33,226	589	33,815
Department of Social Security	75,953	-710	75,243	1,031	76,274
Scotland	14,577	36	14,613	-56	14,558
Wales	6,871	4	6,875	-70	6,805
Northern Ireland	7,868	7	7,874	141	8,015
Chancellor of the Exchequer's Departments	3,185	81	3,267	-60	3,206
Cabinet Office	2,491	-1,641	850	458	1,308
European Communities	2,765		2,765	-457	2,308
LASFE	12,000		12,000	500	12,500
Reserve	5,700		5,700	-3,600	2,100
<b>Total</b>	<b>262,900</b>	<b>600</b>	<b>263,500</b>	<b>-3,300</b>	<b>260,200</b>



	Plans in Statistical Supplement to the FSBR 1995-96	Transfers and Classification Changes	Revised Plans	Other Changes	New Plans
Ministry of Defence	22,317	5	22,322	-400	21,923
Foreign and Commonwealth Office	1,183	5	1,187	-58	1,130
Overseas Development Administration	2,478	-1	2,477	-111	2,366
Ministry of Agriculture, Fisheries and Food	2,959	18	2,977	3	2,980
Trade and Industry	748	1,747	2,495	439	2,934
ECGD	6		6	-2	4
Department of Transport	5,075	-67	5,008	-345	4,663
DOE—Housing	8,592	442	9,034	-1,135	7,899
DOE—Urban Environment					
DOE—Local government	30,865	-25	30,840	532	31,372
Home Office (including Charity Commission)	6,565	83	6,648	-11	6,637
Lord Chancellor's and Law Officers' Departments	2,878	11	2,889	-137	2,752
Department for Education and Employment	14,681	243	14,924	124	15,049
Department of National Heritage	924	4	928	11	939
Department of Health	34,114	-54	34,060	153	34,213
Department of Social Security					
	79,200	-700	78,550	550	79,050
Scotland	14,688	-15	14,673	18	14,691
Wales	6,927	3	6,930	-99	6,830
Northern Ireland	8,014	7	8,021	189	8,210
Chancellor of the Exchequer's Departments	3,144	76	3,221	-95	3,125
Cabinet Office	2,544	-1,657	886	-84	970
European Communities	2,639		2,639	-140	2,499
LASFE	12,200		12,200	800	13,000
Reserve	8,700		8,700	-3,700	5,000
Allowance for shortfall					
<b>Total</b>	<b>271,400</b>	<b>100</b>	<b>271,500</b>	<b>-3,300</b>	<b>268,200</b>



**Table 6.5 Difference between plans and outturn for the Control  
Total by department, 1994-95**

	£ million				
	Plans in Statistical Supplement to the FSBR 1994-95	Transfer of responsibility between departments and classification changes	Revised plans	Other changes	Outturn
Ministry of Defence	23,489	-716	22,773	-210	22,562
Foreign and Commonwealth Office	1,222	-92	1,130	105	1,236
Overseas Development Administration	2,308	1	2,309	77	2,386
Ministry of Agriculture, Fisheries and Food	2,803	12	2,815	-379	2,436
Trade and Industry	2,273	1,103	3,376	8	3,384
ECGD	-86		-86	60	-26
Department of Transport	5,854	-43	5,811	210	6,021
DOE-Housing	7,429	-46	7,383	-214	7,169
DOE-Urban and environment	2,080	463	2,544	-80	2,463
DOE-Local government	29,923	5	29,928	-15	29,913
Home Office (including Charity Commission)	6,257	15	6,271	-4	6,267
Lord Chancellor's and Law Officers' Departments	2,734	8	2,742	-157	2,585
Department for Education and Employment	14,257	251	14,508	-170	14,338
Department of National Heritage	976	-3	973	4	978
Department of Health	31,725	-50	31,675	-90	31,585
Department of Social Security	68,771	-653	68,118	1,307	69,425
Scotland	14,114	117	14,232	-124	14,107
Wales	6,644	-5	6,639	-89	6,550
Northern Ireland	7,389	3	7,391	14	7,405
Chancellor of the Exchequer's Departments	3,434	45	3,478	-146	3,332
Cabinet Office	1,817	-839	978	-7	971
European Communities	1,354	16	1,370	-103	1,267
LASFE	11,000		11,000	1,100	12,100
Reserve	3,500		3,500	-3,500	0
<b>Control Total</b>	<b>251,300</b>	<b>-400</b>	<b>250,900</b>	<b>-2,400</b>	<b>248,500</b>



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## 7. Analysis of General government expenditure by country and region

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### Introduction

7.1. This section presents analyses of public expenditure outturn by country and region. For these purposes expenditure is allocated to specific countries where it can be identified from available records as having been incurred for the benefit of the relevant population.

7.2. It is important to recognise the limitations of this approach. 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.

### General government expenditure by country

7.3. Public expenditure is planned and controlled on a departmental basis. This means that in several areas expenditure is planned on a national basis rather than by country. 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 geographic division of expenditure than is available from Public Expenditure Survey data, an annual exercise is carried out to collect data on expenditure by country, 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 a wider coverage of expenditure than that for which the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

7.4. The analysis divides expenditure into "identifiable expenditure", ie expenditure which can be identified from official records as having been incurred on behalf of a particular population, and "non-identifiable expenditure", ie expenditure which is deemed to be incurred on behalf of the United Kingdom as a whole (eg defence expenditure and overseas aid), or which cannot be separated between individual territories from existing records. The coverage of the exercise has not changed since last year.

7.5. The data presented in this appendix were collected in the summer of 1995 and are therefore not entirely consistent with other figures in this publication. They do, however, provide an indication of the distribution by country of expenditure on each main function. **Table 7.1** summarises general government expenditure for the years 1990–91 to 1994–95. Fuller details of each of the five years covered in the 1995 analysis are given in **Tables 7.2 to 7.6**. The final table gives a further breakdown of 1994–95 identifiable expenditure and also shows the non-identifiable elements by function (**Table 7.7**).



7. Analysis of General government expenditure by country and region

**Table 7.1 Identifiable general government expenditure<sup>(1)</sup> by country, 1990-91 to 1994-95**

	£ million				
	1990-91	1991-92	1992-93	1993-94	1994-95
England	124,499	142,719	155,314	165,489	176,043
Scotland	16,308	17,959	20,193	21,645	23,120
Wales	8,495	9,479	11,004	11,683	12,258
Northern Ireland	6,107	6,696	7,288	7,797	8,169
<b>Total</b>	<b>155,410</b>	<b>176,853</b>	<b>193,797</b>	<b>206,614</b>	<b>219,590</b>
	£ per head				
England	2,611	2,983	3,210	3,410	3,614
Scotland	3,204	3,520	3,951	4,227	4,505
Wales	2,957	3,290	3,796	4,020	4,208
Northern Ireland	3,858	4,213	4,503	4,778	4,976
<b>Total</b>	<b>2,715</b>	<b>3,080</b>	<b>3,341</b>	<b>3,551</b>	<b>3,760</b>

(1) See paragraphs 3 and 4.



## 7. Analysis of General government expenditure by country and region

Table 7.2A 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	647	238	123	183	1,190	54	20	10	15
Trade, industry, energy and employment	3,230	746	418	470	4,863	66	15	9	10
Transport	5,609	725	418	151	6,903	81	10	6	2
Housing	3,549	649	323	245	4,766	74	14	7	5
Other environmental services	5,878	796	497	301	7,472	79	11	7	4
Law, order and protective services	8,728	931	399	766	10,825	81	9	4	7
Education	21,779	3,111	1,312	1,050	27,253	80	11	5	4
National Heritage <sup>(1)</sup>	1,039	125	55		1,219	85	10	4	
Health and personal social services	26,666	3,586	1,739	1,053	33,044	81	11	5	3
Social security	47,374	5,259	3,161	1,844	57,638	82	9	6	3
Miscellaneous expenditure <sup>(2)</sup>		143	51	43	237		60	21	18
<b>Total expenditure on services</b>	<b>124,499</b>	<b>16,308</b>	<b>8,495</b>	<b>6,107</b>	<b>155,410</b>	<b>80</b>	<b>11</b>	<b>6</b>	<b>4</b>

Table 7.2B Identifiable general government expenditure, 1990-91, per head

	£ 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	47	43	116	21	65	224	206	555
Trade, industry, energy and employment	68	146	145	297	85	80	172	171	349
Transport	118	142	145	96	121	98	118	121	79
Housing	74	128	112	155	83	89	153	135	186
Other environmental services	123	156	173	190	131	94	120	132	146
Law, order and protective services	183	183	139	484	189	97	97	73	256
Education	457	611	457	664	476	96	128	96	139
National Heritage <sup>(1)</sup>	22	25	19		21	102	115	89	
Health and personal social services	559	704	605	665	577	97	122	105	115
Social security	993	1,033	1,100	1,165	1,007	99	103	109	116
Miscellaneous expenditure <sup>(2)</sup>		28	18	27	4		679	425	660
<b>Total expenditure on services</b>	<b>2,611</b>	<b>3,204</b>	<b>2,957</b>	<b>3,858</b>	<b>2,715</b>	<b>96</b>	<b>118</b>	<b>109</b>	<b>142</b>

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

(2) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.



## 7. Analysis of General government expenditure by country and region

**Table 7.3A 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	779	290	170	200	1,438	54	20	12	14
Trade, industry, energy and employment	3,320	705	387	481	4,893	68	14	8	10
Transport	6,014	766	436	172	7,388	81	10	6	2
Housing	4,332	697	347	255	5,630	77	12	6	4
Other environmental services	6,612	899	573	233	8,316	80	11	7	3
Law, order and protective services	8,978	1,028	402	855	11,262	80	9	4	8
Education	24,116	3,338	1,501	1,182	30,137	80	11	5	4
National Heritage <sup>(1)</sup>	1,061	134	58		1,254	85	11	5	
Health and personal social services	30,153	4,016	1,999	1,166	37,334	81	11	5	3
Social security	57,355	5,915	3,550	2,100	68,920	83	9	5	3
Miscellaneous expenditure <sup>(2)</sup>		172	57	51	280		61	20	18
<b>Total expenditure on services</b>	<b>142,719</b>	<b>17,959</b>	<b>9,479</b>	<b>6,696</b>	<b>176,853</b>	<b>81</b>	<b>10</b>	<b>5</b>	<b>4</b>

**Table 7.3B Identifiable general government expenditure, 1991-92, per head**

	£ 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	57	59	126	25	65	227	235	502
Trade, industry, energy and employment	69	138	134	303	85	81	162	157	355
Transport	126	150	151	108	129	98	117	118	84
Housing	91	137	120	160	98	92	139	123	163
Other environmental services	138	176	199	146	145	95	122	137	101
Law, order and protective services	188	201	140	538	196	96	103	71	274
Education	504	654	521	744	525	96	125	99	142
National Heritage <sup>(1)</sup>	22	26	20		22	102	120	93	
Health and personal social services	630	787	694	734	650	97	121	107	113
Social security	1,199	1,159	1,232	1,321	1,200	100	97	103	110
Miscellaneous expenditure <sup>(2)</sup>		34	20	32	5		690	406	662
<b>Total expenditure on services</b>	<b>2,983</b>	<b>3,520</b>	<b>3,290</b>	<b>4,213</b>	<b>3,080</b>	<b>97</b>	<b>114</b>	<b>107</b>	<b>137</b>

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

(2) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.



Table 7.4A Identifiable general government expenditure, 1992-93

	£ 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	967	316	176	208	1,669	58	19	11	12
Trade, industry, energy and employment	3,652	729	412	460	5,253	70	14	8	9
Transport	6,703	834	485	175	8,197	82	10	6	2
Housing	4,816	651	428	261	6,155	78	11	7	4
Other environmental services	6,975	989	634	257	8,856	79	11	7	3
Law, order and protective services	9,640	1,118	431	970	12,159	79	9	4	8
Education	24,600	3,438	1,556	1,267	30,861	80	11	5	4
National Heritage <sup>(1)</sup>	1,112	155	58		1,325	84	12	4	
Health and personal social services	33,046	4,414	2,233	1,256	40,949	81	11	6	3
Social security	63,801	7,369	4,532	2,383	78,084	82	9	6	3
Miscellaneous expenditure <sup>(2)</sup>		178	58	52	288		62	20	18
<b>Total expenditure on services</b>	<b>155,314</b>	<b>20,193</b>	<b>11,004</b>	<b>7,288</b>	<b>193,797</b>	<b>80</b>	<b>10</b>	<b>6</b>	<b>4</b>

Table 7.4B Identifiable general government expenditure, per head, 1992-93

	£ 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	62	61	129	29	70	215	212	448
Trade, industry, energy and employment	76	143	142	284	91	83	158	157	314
Transport	139	163	167	108	141	98	116	118	76
Housing	100	127	148	161	106	94	120	139	152
Other environmental services	144	194	219	159	153	94	127	143	104
Law, order and protective services	199	219	149	599	210	95	104	71	286
Education	508	673	537	783	532	96	126	101	147
National Heritage <sup>(1)</sup>	23	30	20		23	101	133	87	
Health and personal social services	683	864	770	776	706	97	122	109	110
Social security	1,319	1,442	1,564	1,472	1,346	98	107	116	109
Miscellaneous expenditure <sup>(2)</sup>		35	20	32	5		703	401	646
<b>Total expenditure on services</b>	<b>3,210</b>	<b>3,951</b>	<b>3,796</b>	<b>4,503</b>	<b>3,341</b>	<b>96</b>	<b>118</b>	<b>114</b>	<b>135</b>

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

(2) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.



## 7. Analysis of General government expenditure by country and region

**Table 7.5A Identifiable general government expenditure, 1993-94**

	£ 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	1,621	414	212	242	2,489	65	17	8
Trade, industry, energy and employment	3,636	728	377	481	5,223	70	14	7	9
Transport	6,541	860	497	185	8,083	81	11	6	2
Housing	3,875	647	388	237	5,148	75	13	8	5
Other environmental services	6,617	1,063	616	280	8,577	77	12	7	3
Law, order and protective services	9,893	1,203	477	1,015	12,588	79	10	4	8
Education	27,194	3,870	1,682	1,320	34,065	80	11	5	4
National Heritage <sup>(1)</sup>	1,122	165	60		1,347	83	12	4	
Health and personal social services	34,721	4,622	2,375	1,339	43,057	81	11	6	3
Social security	70,270	7,878	4,936	2,636	85,720	82	9	6	3
Miscellaneous expenditure <sup>(2)</sup>		194	64	61	319		61	20	19
<b>Total expenditure on services</b>	<b>165,489</b>	<b>21,645</b>	<b>11,683</b>	<b>7,797</b>	<b>206,614</b>	<b>80</b>	<b>10</b>	<b>6</b>	<b>4</b>

**Table 7.5B Identifiable general government expenditure, per head, 1993-94**

	£ 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	33	81	73	148	43	78	189	170
Trade, industry, energy and employment	75	142	130	295	90	84	158	145	329
Transport	135	168	171	114	139	97	121	123	82
Housing	80	126	134	145	88	90	143	151	164
Other environmental services	136	208	212	172	147	92	141	144	117
Law, order and protective services	204	235	164	622	216	94	109	76	288
Education	560	756	579	809	585	96	129	99	138
National Heritage <sup>(1)</sup>	23	32	20		23	100	139	88	
Health and personal social services	715	903	817	821	740	97	122	110	111
Social security	1,448	1,539	1,698	1,615	1,473	98	104	115	110
Miscellaneous expenditure <sup>(2)</sup>		38	22	38	6		689	403	686
<b>Total expenditure on services</b>	<b>3,410</b>	<b>4,227</b>	<b>4,020</b>	<b>4,778</b>	<b>3,551</b>	<b>96</b>	<b>119</b>	<b>113</b>	<b>135</b>

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

(2) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.



## 7. Analysis of General government expenditure by country and region

Table 7.6A Identifiable general government expenditure, 1994-95

	£ 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	1,708	453	231	288	2,680	64	17	9	11
Trade, industry, energy and employment	3,808	811	378	482	5,479	70	15	7	9
Transport	8,697	957	490	187	10,332	84	9	5	2
Housing	3,726	769	380	229	5,105	73	15	8	4
Other environmental services	7,492	1,119	756	289	9,657	78	12	8	3
Law, order and protective services	10,427	1,216	467	1,006	13,116	80	9	4	8
Education	28,792	3,980	1,768	1,369	35,909	80	11	5	4
National Heritage <sup>(1)</sup>	1,345	187	74		1,606	84	12	5	
Health and personal social services	37,307	4,935	2,520	1,429	46,191	81	11	6	3
Social security	72,742	8,497	5,121	2,824	89,184	82	10	6	3
Miscellaneous expenditure <sup>(2)</sup>		197	71	64	332		59	21	19
<b>Total expenditure on services</b>	<b>176,043</b>	<b>23,120</b>	<b>12,258</b>	<b>8,169</b>	<b>219,590</b>	<b>80</b>	<b>10</b>	<b>6</b>	<b>4</b>

Table 7.6B Identifiable general government expenditure, per head, 1994-95

	£ 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	35	88	79	175	46	76	192	173	382
Trade, industry, energy and employment	78	158	130	294	94	83	168	138	313
Transport	179	186	168	114	177	101	105	95	64
Housing	76	150	131	140	87	88	171	149	160
Other environmental services	154	218	260	176	165	93	132	157	107
Law, order and protective services	214	237	160	613	225	95	105	71	273
Education	591	776	607	834	615	96	126	99	136
National Heritage <sup>(1)</sup>	28	36	26		28	100	132	93	
Health and personal social services	766	962	865	870	791	97	122	109	110
Social security	1,493	1,656	1,758	1,720	1,527	98	108	115	113
Miscellaneous expenditure <sup>(2)</sup>		38	24	39	6		675	427	690
<b>Total expenditure on services</b>	<b>3,614</b>	<b>4,505</b>	<b>4,208</b>	<b>4,976</b>	<b>3,760</b>	<b>96</b>	<b>120</b>	<b>112</b>	<b>132</b>

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

(2) Expenditure includes the costs of the central administration of the offices of the Secretaries of State of the territorial departments.



Table 7.7 General government expenditure: Total expenditure on services<sup>(1)</sup> analysed by country and function, 1994-95

	£ million												
	Identifiable expenditure										Total	Non Identified	United Kingdom
	England	Scotland			Wales			Northern Ireland					
	Total	Scottish Departments	Other	Total	Welsh Office	Other	Total	Northern Ireland Departments	Other <sup>(2)</sup>				
Defence												22,562	22,562
Overseas services												5,636	5,636
Agriculture, fisheries, food and forestry	1,708	453	450	3	231	220	11	288	288		2,680	1,002	3,681
Trade, industry, energy and employment	3,808	811	652	159	378	296	83	482	488	-6	5,479	4,328	9,807
Roads and transport	8,697	957	957		490	490		187	187		10,332	12	10,344
Housing	3,726	769	762	7	380	376	4	229	229		5,105	-62	5,043
Other environmental services	7,492	1,119	1,119		756	756		289	289		9,657	-78	9,579
Law, order and protective services	10,427	1,216	1,172	43	467		467	1,006	959	47	13,116	572	13,688
Education	28,792	3,980	3,980		1,768	1,605	164	1,369	1,369		35,909	2,411	38,320
National Heritage <sup>(3)</sup>	1,345	187	187		74	74					1,606	17	1,623
Health and personal social services	37,307	4,935	4,935		2,520	2,520		1,429	1,429		46,191	-318	45,872
Social security	72,742	8,497		8,497	5,121		5,121	2,824	2,806	18	89,184	1,008	90,192
Miscellaneous expenditure <sup>(4)</sup>		197	197		71	71		64	64		332	3,108	3,435
<b>Total</b>	<b>176,043</b>	<b>23,120</b>	<b>14,411</b>	<b>8,708</b>	<b>12,258</b>	<b>6,408</b>	<b>5,850</b>	<b>8,169</b>	<b>8,109</b>	<b>60</b>	<b>219,590</b>	<b>40,199</b>	<b>259,785</b>

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

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

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

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



**Regional analysis of public expenditure:—**

7.6. An analysis of spending by region was undertaken during the summer of 1995. In this exercise identifiable expenditure is defined as expenditure which can be identified from official records as having been spent in a particular region. The results are set out in Tables 7.8 to 7.9.

7.7. **Table 7.8** sets out figures for expenditure by region in 1993–94. In addition to the regional expenditure figures the tables also give the corresponding figures from the 1995 territorial analysis. They show that just over 85 per cent of expenditure identifiable to England in 1993–94 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1993–94 about 93 per cent of expenditure on health and personal social services, about 97 per cent on transport and over 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.

7.8. **Table 7.9** presents the figures on a per capita basis. Spending in 1993–94 allocated by region varies from £2,572 per head in East Anglia to £3,122 in the North West. These figures should be treated with caution. Identifiable expenditure which cannot be allocated by region averages about £500 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 7.9**. 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.

7.9. The analyses of regional spending in England set out in **Tables 7.8** and **7.9** reflect (i) the spending of local authorities by region of authority; (ii) estimated spending by regional health authorities and family health service authorities 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; (vii) main housing subsidy; (viii) Support for London Transport and (ix) support for the Higher Education Funding Council (includes the combined expenditure of the University Funding Council and the Polytechnics and Colleges Funding Council).

7.10. 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.



Table 7.8 Identifiable general government expenditure, by region and function, 1993-94

	Allocation of expenditure by region									Totals from 1995 territorial analysis <sup>(1)</sup>					
	Northern Region	Yorkshire and Humberside		East Midlands	East Anglia	South East	South West	West Midlands	North West	Total of all Regions	Unallo- cated <sup>(2)</sup>	England	Scotland	Wales	Northern Ireland
		6	5												
Agriculture, fisheries, food and forestry		6	5	1	5	-13	2		2	1,618	1,621	414	212	242	
Trade, industry, energy and employment	75	64	27	14	118	44	50	77	469	3,167	3,636	728	377	481	
Roads and transport	335	654	422	245	2,754	474	632	837	6,353	188	6,541	860	497	185	
Housing	129	230	143	52	1,267	112	211	433	2,575	1,300	3,875	647	388	237	
Other environmental services	498	538	432	189	2,201	479	600	824	5,761	856	6,617	1,063	616	280	
Law, order and protective services	490	724	519	250	3,395	614	750	1,032	7,774	2,118	9,893	1,203	477	1,015	
Education	1,444	2,398	1,887	905	8,601	2,056	2,464	3,160	22,916	4,278	27,194	3,870	1,682	1,320	
National Heritage	58	80	74	37	393	79	96	113	928	194	1,122	165	60		
Health and personal social services	2,089	3,356	2,511	1,272	12,405	3,020	3,279	4,405	32,337	2,383	34,721	4,622	2,375	1,339	
Social security	4,506	6,372	4,764	2,421	22,123	5,894	6,675	9,140	61,909	8,361	70,270	7,878	4,936	2,636	
Miscellaneous expenditure												194	64	61	
<b>Total</b>	<b>9,624</b>	<b>14,421</b>	<b>10,785</b>	<b>5,385</b>	<b>53,277</b>	<b>12,758</b>	<b>14,754</b>	<b>20,021</b>	<b>141,026</b>	<b>24,464</b>	<b>165,489</b>	<b>21,645</b>	<b>11,683</b>	<b>7,797</b>	

(1) Figures show the identifiable spending by function from the Treasury's last territorial analysis (see Table 7.5A). 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 1995 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

£ million



Table 7.9 Identifiable general government expenditure, per head, by region and function, 1993-94

	Allocation of expenditure by region									Totals from 1995 territorial analysis <sup>(1)</sup>					£ per head
	Northern Region	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands	North West	Total of all Regions	Unallo- cated <sup>(2)</sup>	England	Scotland	Wales	Northern Ireland	
Agriculture, fisheries, food and forestry		1	1	1		-3				33	33	81	73	148	
Trade, industry, energy and employment	24	13	7	7	7	9	10	12	10	65	75	142	130	295	
Roads and transport	108	130	103	117	155	99	119	130	131	4	135	168	171	114	
Housing	42	46	35	25	71	23	40	68	53	27	80	126	134	145	
Other environmental services	160	107	106	90	124	100	113	128	119	18	136	208	212	172	
Law, order and protective services	158	144	127	120	191	129	142	161	160	44	204	235	164	622	
Education	466	478	462	432	484	431	466	493	472	88	560	756	579	809	
National Heritage	18	16	18	18	22	17	18	18	19	4	23	32	20		
Health and personal social services	673	669	615	607	698	633	620	687	666	49	715	903	817	821	
Social security	1,452	1,271	1,167	1,156	1,246	1,236	1,262	1,425	1,276	172	1,448	1,539	1,698	1,615	
Miscellaneous expenditure												38	22	38	
<b>Total</b>	<b>3,102</b>	<b>2,876</b>	<b>2,642</b>	<b>2,572</b>	<b>2,998</b>	<b>2,676</b>	<b>2,789</b>	<b>3,122</b>	<b>2,906</b>	<b>504</b>	<b>3,410</b>	<b>4,227</b>	<b>4,020</b>	<b>4,778</b>	

(1) Figures show the identifiable spending by function from the Treasury's last territorial analysis (see Table 7.5A). 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 1995 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.



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## Appendix A Conventions and economic assumptions

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1. This appendix gives details of the various conventions used for the figures presented in this supplement.

**Rounding conventions**

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

- (i) figures for the last two plan years (1996–97 and 1997–98) for social security benefits and totals including these benefits are rounded to the nearest £50 million; totals for central government's own expenditure, central government expenditure are all also rounded to the nearest £50 million in these two years. LASFE is rounded to the nearest £100 million from 1995–96 onwards, and, the Control Total from 1995–96 onwards is also rounded to the nearest £100 million;
- (ii) projections for the three plan years for cyclical social security, debt interest and other national accounts adjustments are rounded to the nearest £100 million;
- (iii) estimated outturns in the current year for the Control Total, GGE(X) and GGE, and items between them, are rounded to the nearest £100 million and,
- (iv) figures in the tables covering years before 1990–91 are rounded to the nearest £100 million.

**Receipts**

3. GGE and the 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. Privatisation proceeds are treated as negative expenditure in GGE but not the Control Total.

**Real terms**

4. A number of the tables in this publication 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. The real terms figures in this publication are given in 1994–95 prices. The deflator series used is adjusted to remove the distortion cause by the abolition of domestic rates. A description of the method of adjustment was set out in Annex C to Chapter 1 of the 1990 Autumn Statement.

**Current year outturn information**

5. 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 allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment.

**Historical data**

6. Most of the analyses in this publication 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 planning total prior to the 1989 Survey, were not generated for years prior to 1984–85.



**Economic assumptions** The following economic assumptions underlie the figures in this supplement.

- (a) For the purpose of projecting social security benefit expenditure it is assumed that the uprating in April 1997 will be based on a  $2\frac{1}{4}$  per cent increase in the Retail Price Index from September 1995 to September 1996 and the uprating in April 1998 will be based on a 2 per cent increase in the year to September 1996.
- (b) The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to average 2.1 million in 1996–97. Following the usual convention it is assumed to remain at the same level in 1997–98 and 1998–99. For Northern Ireland the number of wholly unemployed adults is assumed to average 87,000 in 1996–97. Again similar assumptions have been made for 1997–98 and 1998–99. 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 1995–96,  $2\frac{3}{4}$  per cent in 1996–97,  $2\frac{1}{2}$  per cent in 1997–98 and  $2\frac{1}{4}$  per cent in 1998–99. Details of GDP deflators used for years prior to 1995–96 are shown in **Table 1.1**.
- (d) GDP at market prices (money GDP) is assumed to be £712 billion in 1995–96, £754 billion in 1996–97, £795 billion in 1997–98 and £836 billion in 1998–99. Money GDP figures for years prior to 1995–96 and the adjusted series, in index form, are also shown in **Table 1.1**.



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## Appendix B Differences between the Control Total and GGE(X)

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1. The definitions used for public expenditure control are closely related to national accounts practice. The national accounts provide a widely accepted framework for analysing and forecasting the economic activity of the country. It is, therefore, important that public expenditure can readily be related to this framework. Consequently the definitions of public expenditure are closely allied to the national accounting concepts which themselves broadly follow international guidelines.
2. 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. A number of adjustments are needed to relate the public expenditure Control Total to the broader concept of GGE.
3. The relationship between the public expenditure Control Total and GGE (X) is shown in **Table B1**.



Table B1 The Control Total and general government expenditure

	£ million								
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 estimated outturn	1996-97 plans	1997-98 plans	1998-99 plans
<b>Control Total</b>	<b>193,581</b>	<b>213,279</b>	<b>231,705</b>	<b>240,880</b>	<b>248,452</b>	<b>255,900</b>	<b>260,200</b>	<b>268,200</b>	<b>275,600</b>
<b>Add</b>									
Cyclical social security	7,833	10,923	13,300	14,338	14,351	14,500	13,900	14,200	14,700
<b>Add</b>									
Central government net debt interest	12,413	11,500	12,902	14,823	17,548	20,500	22,400	24,000	24,000
<b>Add</b>									
Other national accounts adjustments	3,434	2,949	5,735	7,815	9,389	8,700	9,600	9,100	9,600
Of which:									
Capital consumption	3,838	3,743	3,636	3,463	3,321				
VAT refunded	2,813	3,175	3,307	3,409	3,614				
Pension increase payments	1,031	1,247	1,327	1,389	1,414				
Civil superannuation-charging	300	298	322	848	937				
Defence superannuation-charging	307	344	578	745	893				
Adjustments for public corporations	1,527	800	642	1,214	1,637				
Trust debt remuneration		134	397	755	1,050				
Local authority debt interest to central government	-4,586	-4,881	-4,347	-3,949	-3,727				
Local authority interest and dividend receipts	-1,116	-751	-588	-451	-506				
Other	-680	-1,160	461	392	756				
<b>General government expenditure (X)</b>	<b>217,261</b>	<b>238,651</b>	<b>263,642</b>	<b>277,856</b>	<b>289,740</b>	<b>299,600</b>	<b>306,100</b>	<b>315,500</b>	<b>324,000</b>

The main stages in moving from the Control Total to GGE(X) are as follows:—

- (i) Add cyclical social security.
- (ii) Add central government net debt interest. (ie. net of interest and dividend receipts).
- (iii) Add the value of non-trading capital consumption (ie. depreciation).
- (iv) Add VAT refunded to local authorities and central government departments. The Control Total is measured net of VAT refunds. National accounts expenditure includes VAT even where it is refunded.
- (v) Add the pension increase elements of the pensions paid to members of the teachers and National Health Service superannuation schemes.
- (vi) Add the difference between pensions in payment and accruing superannuation liability charges for the civil service and armed forces superannuation schemes.
- (vii) Add the element of NHS Trusts' charges to health authorities which trusts use to remunerate their debt to central government.
- (viii) 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.
- (ix) Deduct interest and dividend receipts of Local Authorities.
- (x) Add the surpluses of local authority trading services, which are treated as negative expenditure in the Control Total but as revenue in the national accounts.
- (xi) Add the distribution of fossil fuel levy receipts to the renewables generators which will score as government expenditure outside the Control Total.
- (xii) Deduct the capital expenditure of New Town Corporations and the Commission for the New Towns.
- (xiii) Add the grants and loans made to New Towns by central government.
- (xiv) Deduct the capital expenditure of Passenger Transport Executives.
- (xv) Add capital grants and loans made to Passenger Transport Executives.
- (xvi) Deduct local authority debt interest payments to central government which are included in the Control Total.
- (xvii) Add local authorities' net cash expenditure on company securities.



## Appendix B Differences between the Control Total and GGE(X)

- (xviii) Add the capital value of assets and deduct rents on financial leases taken out by central government.
- (xix) Deduct the capital value of certain property leases involving local authorities and add rents on such leases.
- (xx) 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.
- (xxi) Add expenditure by the Securities and Investments Board.
- (xxii) Add the development costs of the Joint European Torus project.
- (xxiii) 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.
- (xxiv) Add adjustments to put certain central government expenditure on an accruals basis.
- (xxv) Add the capital expenditure of the Crown Estate Office.
- (xxvi) Add capital expenditure in respect of work carried out by Scottish Enterprise and the Welsh Development Agency on behalf of local authorities.
- (xxvii) Deduct increases in the value of stocks held by Forestry Enterprise.
- (xxviii) Add, for outturn years, the residual difference between general government expenditure as measured by national accounts and Treasury sources.

5. The national accounts and the Control Total are generally consistent in their treatment of changes, although there are occasionally timing lags. 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 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 Control Total.



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## Appendix C Departmental groupings

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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 1996 departmental reports and the 1996–97 Estimates, are set out below.

<u>Title</u>	<u>Departments included</u>
Ministry of Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office—Diplomatic Wing
Overseas Development Administration	Foreign and Commonwealth Office—Overseas Development Administration
Ministry of Agriculture, Fisheries and Food	Ministry of Agriculture, Fisheries and Food The Intervention Board
Trade and Industry	Department of Trade and Industry Advisory, Conciliation and Arbitration Service 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 Transport	Department of Transport Office of Passenger Rail Franchising Office of the Rail Regulator
DOE—Housing	Department of Environment—Housing
DOE—Urban and Environment	Department of Environment—Other Environmental Services PSA Services Health and Safety Commission Ordnance Survey Office of Water Services
DOE—Local government	Department of Environment—mainly block and transitional grants to English local authorities
Home Office	Home Office Charity Commission



## Appendix C Departmental groupings

<u>Title</u>	<u>Departments included</u>
Legal Departments	Lord Chancellor's Department Crown Office, Scotland and Lord Advocate's Department Crown Prosecution Service Northern Ireland Court Service Public Record Office Serious Fraud Office Treasury Solicitor's Department HM Land Registry
Department for Education and Employment	Department for Education and Employment Office for Standards in Education
Department of National Heritage	Department of National Heritage Office of the National Lottery
Department of Health	Department of Health
Department of Social Security	Department of Social Security
Scotland	Scottish Office Forestry Commission General Register Office (Scotland) Scottish Courts Administration Scottish Record Office Registers of Scotland
Wales	Welsh Office Office of Her Majesty's Chief Inspector of Schools in Wales
Northern Ireland	Northern Ireland Office Northern Ireland Departments
Chancellor's departments	HM Treasury Crown Estate Office Department for National Savings Government Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Office for National Statistics Registry of Friendly Societies Royal Mint Paymaster Agency
Cabinet Office	Office of Public Service Central Office of Information Cabinet Office HM Stationery Office House of Commons House of Lords National Audit Office Parliamentary Commissioner and Health Service Commissioners Privy Council Office Property Advisers to the Civil Estate
European Communities	Net payments to European Community institutions



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## Appendix D Executive Agencies

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This appendix groups the current Executive Agencies, according to the Minister responsible for the Agency. Agencies marked with an asterisk are government departments; the other agencies are all parts of departments.

<u>Responsible Minister</u>	<u>Agency</u>
Secretary of State for Defence	Army Base Repair Organisation
	Army Base Storage and Distribution Agency
	Chemical and Biological Defence Establishment
	Defence Accounts Agency
	Defence Analytical Services Agency
	Defence Clothing and Textiles Agency
	Defence Operational Analysis Center
	Defence Postal and Courier Services
	Defence Evaluation and Research Agency <sup>(1)</sup>
	Defence Transport Movements Executive
	Duke of York's Royal Military School
	Hydrographic Office <sup>(2)</sup>
	Logistic Information Systems Agency
	Maintenance Group Defence Agency
	Meteorological Office <sup>(2)</sup>
	Military Survey
	MOD Police
	Naval Aircraft Repair Organisation
	Queen Victoria School
	RAF Signals Engineering Establishment
RAF Training	
RN Training and Recruitment	
Service Children's Schools (NWE)	
Secretary of State for Foreign and Commonwealth Affairs	Wilton Park Conference Centre
Ministry of Agriculture	ADAS Agency
	Central Science Laboratory
	Intervention Board <sup>*(4)</sup>
	National Medical Hygiene Service
	Pesticide Safety Directorate
	Veterinary Laboratories Agency
	Veterinary Medicines Directorate



## Appendix D Executive Agencies

<u>Responsible Minister</u>	<u>Agency</u>
President of the Board of Trade	Companies House <sup>(1)</sup> Insolvency Service National Weights and Measures Laboratory Patent Office <sup>(1)</sup> Radiocommunications Agency
Secretary of State for Transport	Coastguard Agency Driver and Vehicle Licensing Agency Driving Standards Agency Highways Agency Marine Safety Agency Vehicle Certification Agency Vehicle Inspectorate <sup>(1)</sup>
Secretary of State for the Environment	Building Research Establishment Ordnance Survey* Planning Inspectorate <sup>(3)</sup> Queen Elizabeth II Conference Centre
Secretary of State for the Home Department	Fire Service College <sup>(1)</sup> Forensic Science Service HM Prison Service UK Passport Agency
Lord Chancellor	Court Service Agency HM Land Registry <sup>(1)*</sup> Public Record Office* Public Trust Office
Attorney General	Government Property Lawyers
Secretary of State for Education and Employment	Employment Service Teachers' Pensions Agency
Secretary of State for National Heritage	Historic Royal Palaces Agency Royal Parks Agency
Secretary of State for Health	Medicines Control Agency <sup>(1)</sup> Medical Devices Agency NHS Estates Agency NHS Pensions
Secretary of State for Social Security	Child Support Agency Social Security Benefits Agency Social Security Contributions Agency Social Security Information Technology Service Agency Social Security Resettlement Agency War Pensions Directorate
Secretary of State for Scotland	Forest Enterprises Historic Scotland Registers of Scotland* <sup>(2)</sup> Scottish Agriculture Science Agency Scottish Courts Service Scottish Fisheries Protection Agency Scottish Office Pensions Agency Scottish Prisons Service Scottish Record Office* Student Awards Agency
Secretary of State for Wales	CADW (Welsh Historic Monuments)



<u>Responsible Minister</u>	<u>Agency</u>
Secretary of State for Northern Ireland	Compensation Agency
	Driver and Vehicle Licensing (NI)
	Driver and Vehicle Testing Agency <sup>(2)</sup>
	Northern Ireland Child Support Agency
	Ordnance Survey of Northern Ireland
	Prison Service (NI)
	Public Records Office (NI)
	Rate Collection Agency
	Social Security Agency (NI)
	Training and Employment Agency (NI)
	Valuation and Lands Agency
Chancellor of the Exchequer	Office for National Statistics*
	Paymaster Agency*
	Royal Mint <sup>(1)</sup>
	Valuation Office
Chancellor of the Duchy of Lancaster	Central Office of Information <sup>(1)</sup> *
	Chessington Computer Centre <sup>(1)</sup>
	Civil Service College
	HMSO <sup>(1)</sup>
	Occupational Health Service
	Recruitment and Assessment
	Services Agency
	The Buying Agency <sup>(1)</sup>
Securities Facilities Executive	

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(1) Trading Fund

(2) Expected to become a Trading Fund with effect from 1 April 1996.

(3) Secretary of State for Wales also has a Ministerial role.

(4) Together with the Secretaries of State for Scotland, Wales and Northern Ireland.



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## Appendix E Cash Limits on Expenditure

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1. The 1996–97 cash limits on expenditure which is not voted in Estimates, or not subject to cash limits in Estimates including, where appropriate, central government support to local authorities, are given in table **E1**.
2. Outturn figures for 1995–96 are not yet available and will be given in the 1995–96 public expenditure provisional outturn White Paper.
3. Final non-voted cash limits in 1995–96 are £164.957 million higher than original limits.



Table E1 Cash limits on expenditure not voted in Estimates, 1995-96 and 1996-97

Cash Block	Description	£ million		
		1995-96 Original limit	1995-96 Final limit	1996-97 Original limit
BOE	Bank of England costs for banknote production and issue, debt management and the Exchange Equalisation Account.	83.666	83.666	80.572
DOE/HC	Grants and capital expenditure financed by the Housing Corporation in England. <sup>(1)</sup>	1,149.038	1,149.089	1,030.199
DOE/NT	Net capital expenditure by the Commission for the New Towns and Letchworth Garden City Development Corporation for housing, roads, commercial and industrial investment and certain water services.	-134.301	-134.301	-100.000
DOE/RCW	Supplementary credit approvals to local authorities under the Single Regeneration Budget. <sup>(2)</sup>	1,480.883	1,504.274	0.600
DOE/LGR	Supplementary Credit Approvals to certain Local authorities for all capital purposes to offset: certain transitional costs of local government reorganisation; some cases of commutation losses; and the abatement and recovery of HRA subsidy in respect of deemed debt in 1995-96. Borrowing provision for the Local Government Residuary Body (England).	76.696	65.556	108.050
DOE/LACAP	Basic credit approvals to local authorities in England for housing, transport (except passenger transport authorities), education, health, other services and (for counties only) fire services. Supplementary credit approvals, specified capital grants and certain other grants to local authorities in England for housing.	1,924.064	1,925.713	1,741.558
DOE/OES	Supplementary credit approvals for other environmental services in England, Lee Valley Regional Park Authority and the Isles of Scilly (water and sewerage).	32.832	32.832	25.289
DOE/ERDF	Supplementary credit approvals for capital expenditure by local authorities and payments to public and private sector bodies in England funded by ERDF grant.	184.219	184.219	184.222
DFEE/LACAP	Supplementary credit approvals for education in England.	44.798	47.798	46.823
DFEE/ERDF	Capital payments to local authorities, for approved education and training projects prefunded by the ERDF.	17.000	17.000	26.958
DNH/ERDF	Payment of ERDF grants, including supplementary credit approvals in respect of capital expenditure by local authorities.	6.000	6.000	28.002
DOH/LACAP	Supplementary credit approvals for health in England.	26.700	28.005	14.700
DOT/LACAP	Supplementary credit approvals for transport in England. Basic credit approvals for passenger transport authorities. Supplementary credit approvals to cover local authority expenditure which will be reimbursed by ERDF grant.	347.552	357.701	304.732
HO/LACAP	Supplementary credit approvals for probation, fire and police in England and Wales. Basic credit approvals for fire in England.	116.333	114.265	98.382
HO/MP	Current expenditure by the Metropolitan Police for staff costs (including pensions), premises, transport and other running costs. (joint FCDA's only) in England. <sup>(3)</sup>	1,632.633	1,632.663	—
LCD/LACAP	Supplementary credit approvals for magistrates' courts (England and Wales).	15.336	15.336	6.948
MAFF/LACAP	Supplementary credit approvals for flood defence, coast protection and harbour improvements in England.	14.620	16.497	14.422
NID1	Services in Northern Ireland broadly analogous to services in Great Britain covered by cash limits but including family practitioner services.	3,936.723	4,034.345	4,151.983
NID2	Northern Ireland Grant to the Independent Living Fund.	6.289	5.164	5.414
NID3	Social Fund Discretionary Payments in Northern Ireland.	12.989	12.989	12.989
NID4	Expenditure in Northern Ireland on national agriculture capital grant schemes, certain assistance for production, marketing and processing and the fishing industry.	6.882	8.002	19.957
NID5	Discretionary Rent Allowance Payments in Northern Ireland.	—	—	0.540
SO/LA1	Net capital allocations and grants to local authorities in Scotland for roads and transport, non-HRA housing (from 1996-97), police, education, social work services, general services, urban programme, and (up to 1995-96) water and sewerage.	592.392	599.303	426.120



Table E1 Cash limits on expenditure not voted in Estimates, 1995-96 and 1996-97 (continued)				
		£ million		
Cash Block	Description	1995-96 Original limit	1995-96 Final limit	1996-97 Original limit
SO/LA2	Net capital allocations and grants to local authorities in Scotland for housing (HRA only from 1996-97). Capital expenditure by New Towns in Scotland for housing and other environmental services.	229.973	234.814	111.210
SO/ERDF	Payments of grants to local authorities and other bodies in Scotland on approved projects which match forecast European Regional Development Fund receipts.	110.000	120.025	109.079
WO/LACAP	Basic credit approvals for local authorities in Wales. Supplementary credit approvals for all services (except ERDF projects). Strategic Development Scheme grants (both capital and current) and some housing grants.	500.514	515.533	513.733
WO/HFW	Capital grants and net lending both to Housing for Wales and by housing to Wales to housing associations. Special Needs Management Allowance.	103.210	105.510	96.137
WO/ERDF	Payments of European Regional Development Fund grants in Wales including supplementary credit approvals in respect of capital expenditure by local authorities.	44.406	44.406	36.080
<b>Total</b>		<b>12,561.447</b>	<b>12,726.404</b>	<b>9,094.699</b>
<p>(1) Receipts on this cash limit are expected to exceed capital expenditure in each year, hence the negative limit.</p> <p>(2) From 1996-97 the bulk of the provision covered by DOE/RCW will be cash limited on Class VI, Vote 2.</p> <p>(3) From 1996-97 the provision covered by HO/MP will be cash limited on Class VII, Vote 3.</p>				





# Family Spending

## *A report on the 1994-95 Family Expenditure Survey*

ISBN 0 11 620712 4

### **Errata**

The attached amendments correct errors in items 15.1.1 'Life assurance premiums including mortgage endowment policies', 15.7.3 'Friendly societies' (which is included in 15.3 'Other insurance premiums'), and aggregates which include these items.

The amendments are to pages 24, 25, 41, 92, 93, 116, 146, and 148-150. The bold arrowheads highlight the lines affected on the attached table extracts.

The CSO regrets any inconvenience caused by these errors.

If you have any questions about the changes, please contact the Family Expenditure Survey on 0171-217 4245 (during working hours), or 0171-217 4255 (24 hour answering service).

The amendments are also available free of charge from the CSO Sales Desk as a set of self adhesive stickers to replace the relevant tables and text. If you would like a set please call the Sales Desk on 0171 270 6081.

Central Statistical Office  
February 1996

London: HMSO



### 1.3 Detailed household expenditure by gross income decile group (p24)

	Lowest ten per cent	Second decile group	Third decile group	Fourth decile group	Fifth decile group	Sixth decile group
▶ 15.1 Life assurance, contributions to pension funds	1.50	2.13	3.08	5.87	9.21	15.02
15.2 Medical insurance premiums	..	[0.08]	0.11	0.29	0.35	0.55
15.3 Other insurance premiums	0.08	0.10	0.15	0.30	0.44	0.65
15.4 Income tax, payments less refunds	..	1.54	3.55	9.39	21.73	37.17
15.5 National insurance contributions	0.16	0.23	0.91	3.40	7.77	14.13
15.6 Purchase or alteration of dwellings, mortgages	2.08	1.69	3.70	6.10	8.57	10.72
▶ 15.7 Savings and investments	0.16	0.26	0.28	0.81	3.18	2.51
15.8 Repayment of loans to clear other debts	..	..	..	0.27	0.31	0.46

### 1.3 Detailed household expenditure by gross income decile group (p25)

	Seventh decile group	Eighth decile group	Ninth decile group	Highest ten per cent	All households
▶ 15.1 Life assurance, contributions to pension funds	20.89	26.24	34.94	65.71	18.46
15.2 Medical insurance premiums	0.60	0.85	1.17	2.33	0.64
15.3 Other insurance premiums	0.74	0.93	1.26	1.81	0.65
15.4 Income tax, payments less refunds	53.77	71.45	91.05	234.17	52.36
15.5 National insurance contributions	19.59	25.19	30.68	42.51	14.46
15.6 Purchase or alteration of dwellings, mortgages	12.55	20.81	18.29	36.43	12.09
▶ 15.7 Savings and investments	6.10	7.03	..	22.24	5.80
15.8 Repayment of loans to clear other debts	0.95	1.40	1.83	1.67	0.70

### 2.3 Detailed household expenditure by age of head of household (p41)

	Under 30	30 and under 50	50 and under 65	65 and under 75	75 or over	All households
▶ 15.1 Life assurance, contributions to pension funds	12.89	27.81	23.17	4.29	2.07	18.46
15.2 Medical insurance premiums	0.18	0.59	0.98	0.89	0.37	0.64
15.3 Other insurance premiums	0.55	0.91	0.72	0.32	0.15	0.65
15.4 Income tax, payments less refunds	40.29	77.25	61.21	14.76	12.41	52.36
15.5 National insurance contributions	16.44	22.31	15.22	1.01	0.66	14.46
15.6 Purchase or alteration of dwellings, mortgages	9.42	15.00	14.88	8.07	5.01	12.09
▶ 15.7 Savings and investments	2.40	8.49	7.77	2.68	0.80	5.80
15.8 Repayment of loans to clear other debts	1.29	1.11	0.34	0.07	0.05	0.70



### 5.3 Detailed household expenditure by region (p92)

	United Kingdom	North	Yorks and Humber-side	East Midlands	East Anglia	South East	Greater London	Rest of South East
▶ 15.1 Life assurance, contributions to pension funds	18.46	13.45	22.56	18.39	21.27	20.75	19.68	21.28
15.2 Medical insurance premiums	0.64	0.38	0.41	0.57	0.58	1.06	1.14	1.02
15.3 Other insurance premiums	0.65	0.44	0.87	0.64	0.45	0.82	0.66	0.89
15.4 Income tax, payments less refunds	52.36	37.02	44.63	48.41	46.51	70.53	73.23	69.19
15.5 National insurance contributions	14.46	11.18	13.56	15.70	14.03	16.83	16.69	16.90
15.6 Purchase or alteration of dwellings, mortgages	12.09	13.42	12.87	9.11	14.60	14.92	18.27	13.26
▶ 15.7 Savings and investments	5.80	2.03	3.23	4.72	2.61	9.54	3.42	12.58
15.8 Repayment of loans to clear other debts	0.70	0.48	0.82	0.49	[0.80]	0.84	0.64	0.94

### 5.3 Detailed household expenditure by region (p93)

	South West	West Midlands	North West	England	Wales	Scotland	Northern Ireland
▶ 15.1 Life assurance, contributions to pension funds	18.71	16.77	15.94	18.97	12.54	18.30	12.12
15.2 Medical insurance premiums	0.62	0.48	0.59	0.71	0.39	0.21	..
15.3 Other insurance premiums	0.88	0.48	0.49	0.69	0.42	0.41	0.35
15.4 Income tax, payments less refunds	51.21	40.35	45.80	53.86	28.84	51.11	56.07
15.5 National insurance contributions	14.98	12.98	13.56	14.81	10.51	13.73	12.79
15.6 Purchase or alteration of dwellings, mortgages	8.23	10.29	11.51	12.44	10.42	11.07	5.73
▶ 15.7 Savings and investments	5.45	3.46	6.66	6.14	2.25	3.20	..
15.8 Repayment of loans to clear other debts	0.98	0.73	0.52	0.74	[0.44]	0.58	..

### 7.1 Components of household expenditure including formula one and formula two errors (p116)

	Average weekly expenditure all households (£)	Number of recording households	Percentage standard error	
			Formula one	Formula two
▶ 15.1 Life assurance, contributions to pension funds	18.46	4,878	3.7	3.9
▶ 15.1.1 Life assurance premiums including mortgage endowment policies	8.66	4,447	1.9	2.1
15.1.2 Contributions to pension and superannuation funds deducted by employers	5.16	1,766	2.7	3.0
15.1.3 Personal pensions	4.65	1,336	13.3	13.6
▶ 15.7 Savings and investments	5.80	1,233	18.0	18.1
15.7.1 Savings, investments	5.12	1,089	20.3	20.4
15.7.2 Additional Voluntary Contributions	0.67	242	13.9	13.5



### 10.1 Household expenditure on insurance by tenure (p148)

	Rented unfurnished			Rented furnished	Rent free	Owner occupied	
	Local authority	Housing association	Other			In process of purchase	Owned outright
▶ 15.1.1 Life assurance, mortgage endowment	2.23	1.50	4.53	1.95	4.91	15.97	4.03
	5.9	13.6	18.8	19.1	20.8	1.8	5.5
15.1.3 Personal pensions	0.61	0.44	2.46	1.49	4.45	8.28	3.03
	12.5	30.0	18.3	21.4	48.9	17.1	14.9
15.2 Medical insurance	0.06	..	0.40	0.36	..	0.75	1.09
	31.2	..	36.6	46.3	..	7.1	8.6
15.3 Other insurance premiums inc Friendly Societies	0.20	0.18	0.32	0.34	..	1.07	0.46
	13.7	25.6	20.9	40.7	..	4.7	8.4
▶ All above insurances	5.50	4.21	12.81	8.98	15.33	38.62	17.34
<i>Percentage standard error</i>	4.1	10.0	9.9	9.0	19.4	4.0	3.7

### 10.2 Household expenditure on insurance by age of head of household (p148)

	Under 30	30 and under 50	50 and under 65	65 and under 75	75 or over	All households
▶ 15.1.1 Life assurance, mortgage endowment	6.84	12.95	9.31	3.30	1.56	8.66
	4.6	2.3	4.1	7.4	14.9	1.9
15.1.3 Personal pensions	2.44	6.26	8.15	0.67	[0.22]	4.65
	9.8	9.6	32.9	37.8	37.7	13.3
15.2 Medical insurance	0.18	0.59	0.98	0.89	0.37	0.64
	18.0	8.1	9.7	13.2	22.4	5.4
15.3 Other insurance premiums inc Friendly Societies	0.55	0.91	0.72	0.32	0.15	0.65
	11.8	5.5	7.6	12.7	23.6	3.9
▶ All above insurances	17.48	31.09	29.18	10.90	6.35	23.11
<i>Percentage standard error</i>	3.5	2.5	9.8	4.5	5.8	3.0

### 10.3 Household expenditure on insurance by social class of head of household (p149)

	I	II	III N	III M	IV	V	
	Profes- sional etc.	Manage- rial and technical	Skilled non - manual	Skilled manual	Partly skilled occupa-	Un - skilled occupa-	Retired and un- occupied
▶ 15.1.1 Life assurance, mortgage endowment	19.59	15.33	10.13	10.46	7.49	4.71	3.37
	6.3	3.1	5.4	3.0	5.3	14.4	4.9
15.1.3 Personal pensions	15.26	11.80	3.45	5.33	2.56	1.82	0.33
	16.9	26.3	13.2	6.6	10.1	21.9	20.6
15.2 Medical insurance	1.59	1.22	0.56	0.32	0.18	..	0.51
	15.6	8.7	18.2	14.5	22.6	..	10.2
15.3 Other insurance premiums inc Friendly Societies	1.69	0.97	0.71	0.86	0.78	0.32	0.24
	12.9	7.3	11.8	7.5	12.8	29.4	8.7
▶ All above insurances	53.08	42.30	24.47	27.17	18.46	12.63	9.41
<i>Percentage standard error</i>	6.2	7.8	3.9	2.4	3.8	9.7	2.8



## 10.4 Household expenditure on insurance by gross income quintile group (p149)

	Lowest twenty per cent	Second quintile group	Third quintile group	Fourth quintile group	Highest twenty per cent	All house- holds
▶ 15.1.1 Life assurance, mortgage endowment	1.57	3.36	6.91	11.98	19.47	8.66
	11.0	5.1	3.5	2.7	2.8	1.9
15.1.3 Personal pensions	0.25	0.84	2.68	4.54	14.92	4.65
	29.6	16.0	8.6	6.9	20.5	13.3
15.2 Medical insurance	0.06	0.20	0.45	0.73	1.75	0.64
	32.8	18.8	13.1	9.8	7.6	5.4
15.3 Other insurance premiums inc Friendly Societies	0.09	0.23	0.55	0.83	1.53	0.65
	21.8	10.9	7.7	6.9	6.2	3.9
▶ All above insurances	4.16	9.52	18.77	29.22	53.89	23.11
	5.8	3.1	2.3	1.9	6.1	3.0
	<i>Percentage standard error</i>					

## 10.5 Household expenditure on insurance by region (p150)

	United Kingdom	North	Yorks and Humber- side	East Midlands	East Anglia	South East	Greater London	Rest of South East
▶ 15.1.1 Life assurance, mortgage endowment	8.66	7.22	7.68	7.97	8.96	9.91	9.06	10.33
	1.9	9.5	6.2	6.7	8.7	3.5	6.7	4.0
15.1.3 Personal pensions	4.65	2.46	..	5.01	7.85	4.96	5.13	4.87
	13.3	17.8	..	25.8	46.9	9.6	18.2	11.0
15.2 Medical insurance	0.64	0.38	0.41	0.57	0.58	1.06	1.14	1.02
	5.4	26.9	19.8	22.7	21.2	8.2	15.1	9.6
15.3 Other premiums inc Friendly Societies	0.65	0.44	0.87	0.64	0.45	0.82	0.66	0.89
	3.9	24.8	11.5	13.1	18.2	6.7	13.8	7.6
▶ All above insurances	23.11	17.51	26.71	22.51	25.50	26.76	25.83	27.22
	3.0	6.4	24.8	7.2	16.2	2.9	5.8	3.2
	<i>Percentage standard error</i>							

## 10.5 Household expenditure on insurance by region (p150)

	South West	West Midlands	North West	England	Wales	Scotland	Northern Ireland
▶ 15.1.1 Life assurance, mortgage endowment	9.45	8.53	7.66	8.78	5.77	9.58	6.75
	5.5	6.9	6.6	2.1	7.8	5.4	11.3
15.1.3 Personal pensions	4.26	3.73	2.93	4.94	2.08	3.76	2.51
	25.2	12.5	13.5	14.8	15.8	21.2	28.4
15.2 Medical insurance	0.62	0.48	0.59	0.71	0.39	0.21	..
	16.6	17.7	17.5	5.6	25.8	27.5	..
15.3 Other insurance premiums inc Friendly Societies	0.88	0.48	0.49	0.69	0.42	0.41	0.35
	12.0	11.7	12.7	4.2	17.7	17.2	37.6
▶ All above insurances	24.07	20.77	19.90	23.85	15.32	21.65	18.50
	5.9	5.0	4.5	3.5	5.9	5.5	9.7
	<i>Percentage standard error</i>						

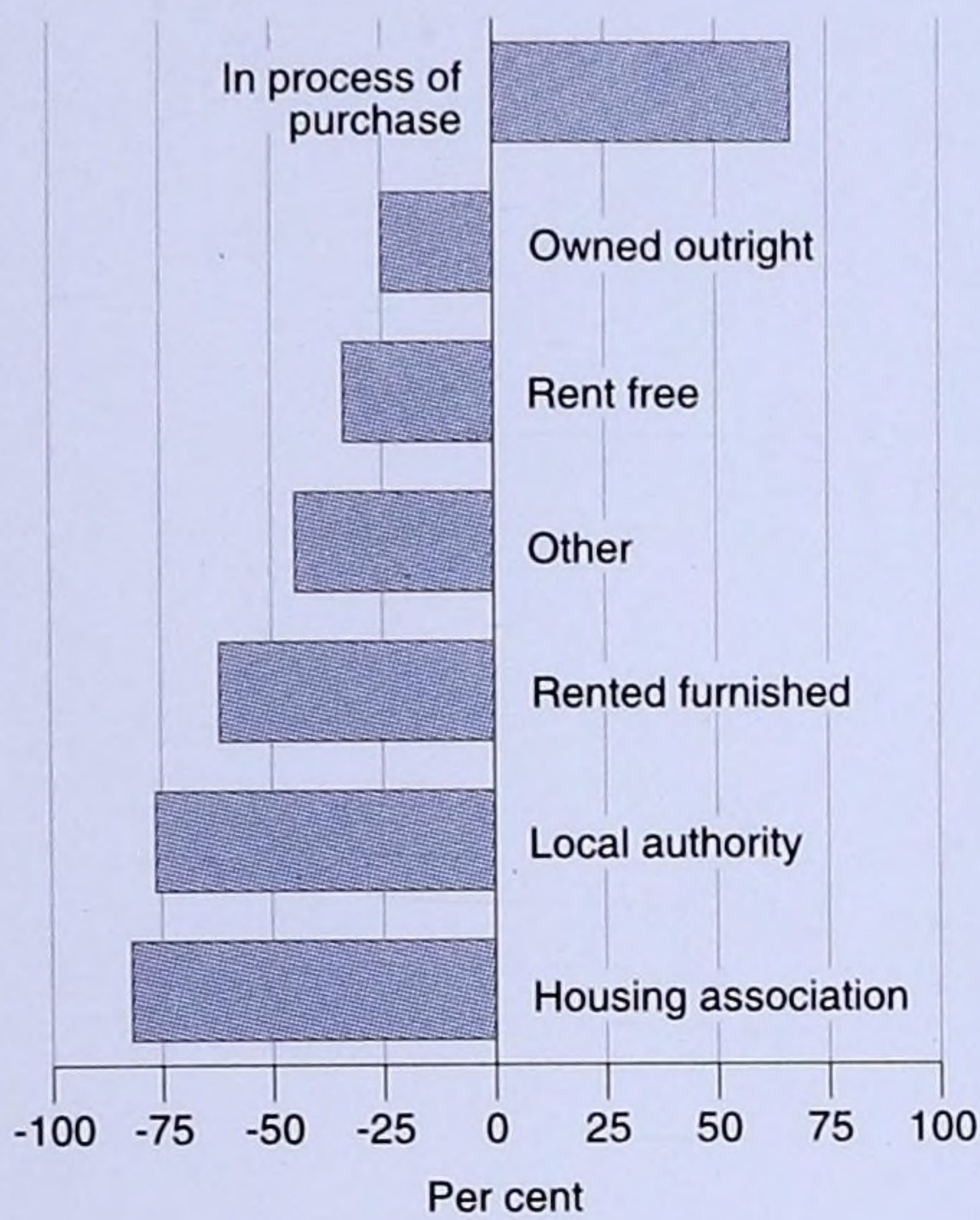


# 10

## Focus on insurance expenditure

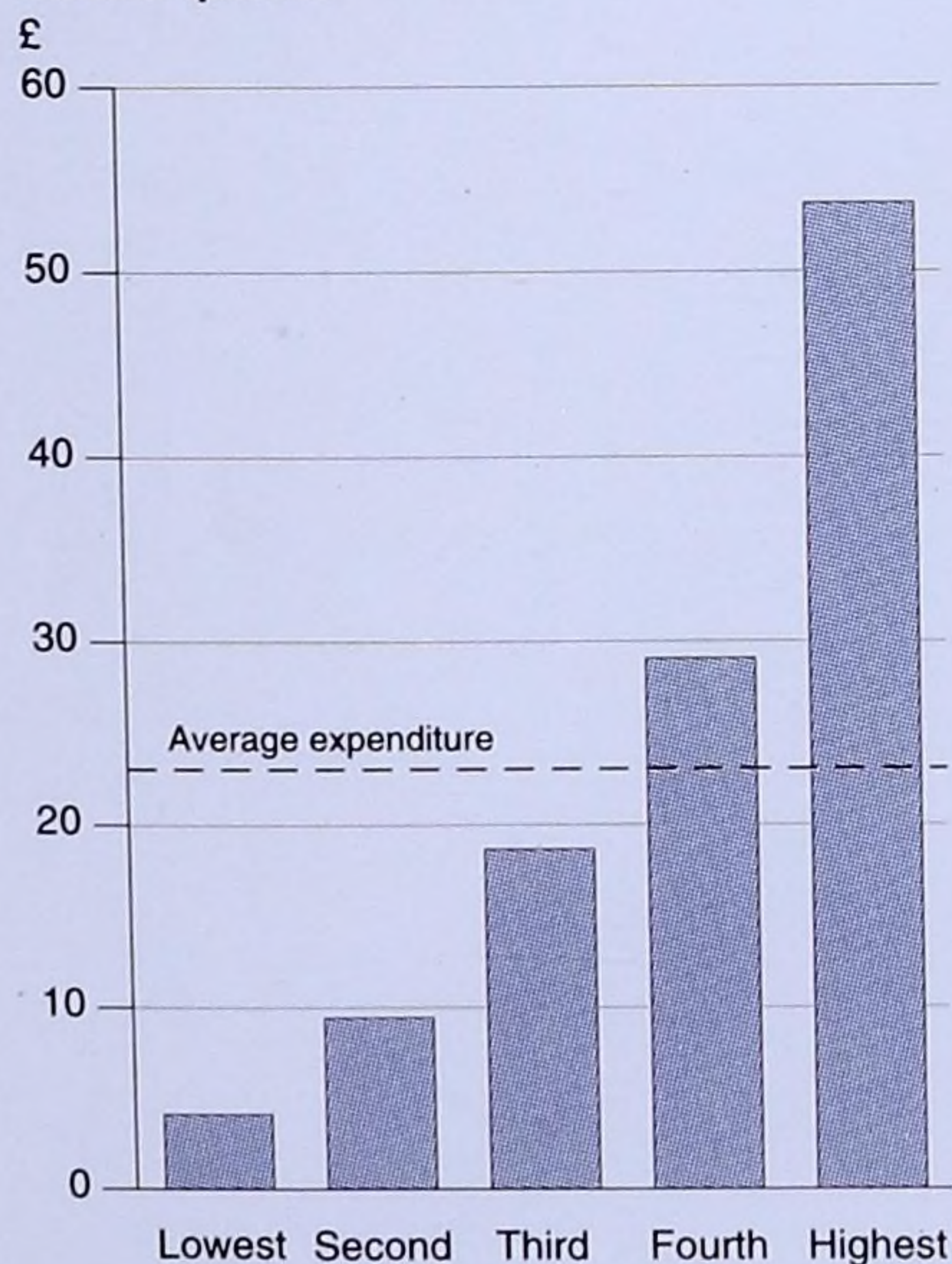
### 10.1

**Weekly expenditure on insurance by tenure in relation to all households expenditure**



### 10.2

**Weekly expenditure on insurance by income quintile**



Information on various types of insurance is spread throughout the report. This chapter draws together this information to provide a focussed picture of insurance expenditure. The analyses here are by tenure type, age of head of household, social class, income and region.

#### All insurances

Average weekly household expenditure on insurance was £23.00. Expenditure was greatest for households in the process of purchasing their home at £38.50, and least for housing association households at £4.20. As Chart 10.1 shows, only owner occupied households in the process of purchase spent more than the all households average expenditure of £23.00.

Table 10.2 shows that average weekly household expenditure on insurance peaked in the age group 30 and under 50 at £31.00. Households where the head was aged 75 or over spent the least at £6.40 per week.

Table 10.3 shows that professional households spent the most on insurance, more than double the average, at £53.00 a week. The lowest expenditure was recorded by retired and unoccupied households at £9.40 a week.

Table 10.4 and Chart 10.2 analyse insurance expenditure by gross income quintile group. Households in the bottom three income quintile groups had an average expenditure less than the all households average. The lowest income quintile group spent 18 per cent of average expenditure while the highest income quintile group spent 133 per cent more than the average (£4.20 compared with £53.70).

Table 10.5 analyses insurance expenditure by region. Expenditure was highest in the South East excluding Greater London at £27.10 a week and lowest in Wales at £15.30 a week.









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