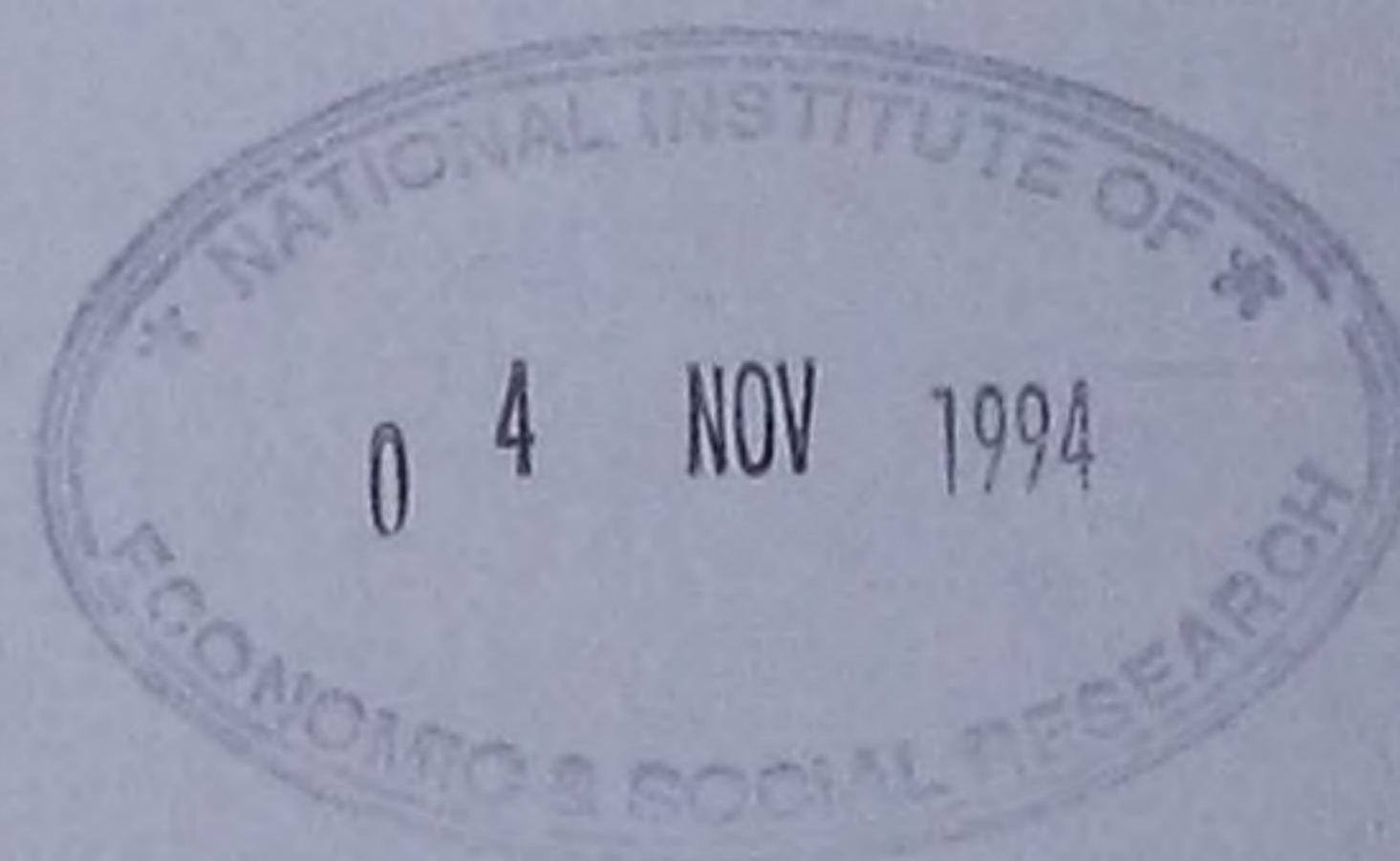

Public Expenditure

Statistical Supplement to the Financial Statement and Budget
Report 1994-95



HM TREASURY
FEBRUARY, 1994

Cm 2519

This Supplement summarises the more detailed information on the outcome of the 1993 Public Expenditure Survey published in the series of departmental reports, listed below. They present the Government's expenditure plans for 1994–95 to 1996–97.

- Cm 2501 Ministry of Defence
- Cm 2502 Foreign and Commonwealth Office (including Overseas Development Administration)
- Cm 2503 Ministry of Agriculture, Fisheries and Food and Intervention Board
- Cm 2504 Trade and Industry
- Cm 2505 Department of Employment
- Cm 2506 Department of Transport
- Cm 2507 Environment
- Cm 2508 Home Office (including Charity Commission)
- Cm 2509 Lord Chancellor's and Law Officers' departments
- Cm 2510 Department for Education
- Cm 2511 Department of National Heritage
- Cm 2512 Department of Health and Office of Population Censuses and Surveys
- Cm 2513 Department of Social Security
- Cm 2514 Scotland and Forestry Commission
- Cm 2515 Wales
- Cm 2516 Northern Ireland
- Cm 2517 Chancellor of the Exchequer's departments
Net payments to European Community institutions
- Cm 2518 Cabinet Office, Privy Council Office and Parliament



Public Expenditure

**Statistical Supplement to the Financial Statement
and Budget Report 1994–95**

*Presented to Parliament by the Chancellor of the Exchequer
by Command of Her Majesty February 1994*



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1. Trends in public sector expenditure and capital spending

Introduction

1.1 This Supplement sets out more detail on the new public expenditure plans announced in the Budget on 30 November 1993, and summarises some of the information which will be provided in the departmental reports, published over the next two weeks.

1.2 The figures for the future years reflect the new plans published in the Budget. However, they take account of detailed allocation decisions made by departments and may differ in composition from those in the Budget. This particularly affects the plans for Scotland, Wales and Northern Ireland, for which only a provisional allocation was available at the time of the Budget. 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 the Supplement is reviewed regularly. This year it has been simplified and shortened, to concentrate on the most significant topics. Any comments on the coverage or presentation should be sent to Mrs Helen Patterson at the following address:

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

General government expenditure

1.4 The Government's medium term objective for public spending, defined as general government expenditure (GGE) excluding privatisation proceeds, is that, over time, it should take a declining share of national income; GGE excluding privatisation proceeds is expected to grow by just under 1 per cent a year on average between 1993–94 and 1996–97, substantially below the expected growth of the economy.

1.5 **Chart 1.1** shows how the ratio of GGE to GDP has moved in the past and is expected to move in the future. The ratio is now estimated to have peaked at around 45 per cent in 1993–94. With the restraint planned in public spending and the economic recovery gathering pace, the ratio is projected to fall to 43¾ per cent in 1994–95 and to 42½ per cent by 1996–97.

1.6 **Table 1.1** shows trends in general government expenditure, including and excluding privatisation proceeds, over the years 1963–64 to 1996–97, 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 1992–93 are taken from the national accounts compiled by the Central Statistical Office (CSO). Figures for 1993–94 onwards are projections produced by the Treasury.

General government expenditure by function

1.7 **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 1988–89 to 1993–94 is given in **Table 1.5**.

1.8 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

1.9 The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. **Table 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; and
- (ix) **General government debt interest**

1.10 **Chart 1.2** shows, for 1993–94, the largest departmental blocks within the new control total, the main function areas on which general government expenditure is incurred, who spends the money and what it is spent on.

Capital spending

1.11 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** brings together outturns and projections for capital spending by the public sector as a whole. Capital spending in **Table 1.7** follows the national accounts definition. A reconciliation is provided with public sector asset creation, ie. the measure used in previous supplements.

The national accounts measure of public sector capital includes:

- (i) gross domestic fixed capital formation (GDFCF), 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. Trends in public sector expenditure and capital spending

1.12 The capital figures for future years reflect departments detailed decisions on the allocation of expenditure following the 1993 public expenditure Survey.

1.13 **Table 1.8** 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. The fall in capital spending in 1994–95 reflects in part the effect on the profile of local authority capital spending of the temporary relaxation of the rules governing the spending of capital receipts. In 1995–96 the total is depressed by receipts from the expected sale of married quarters by the Ministry of Defence.

Sales and purchases of land and buildings

1.14 **Table 1.9** gives figures for sales and purchases of land and existing buildings by general government for the years 1978–79 to 1993–94.

Table 1.1 Public expenditure, 1963–64 to 1996–97		General government expenditure (excluding privatisation proceeds)			Privatisation proceeds	General government expenditure		Money GDP ⁽²⁾	Adjusted GDP deflator		
New Control total ⁽¹⁾		per cent of GDP ⁽²⁾				Total spending on capital			Adjusted series (1990–91 =1000)	Index series (1992–93 =1000)	
£ billion	Real terms ⁽³⁾ £ billion	£ billion	Real terms ⁽³⁾ £ billion	£ billion	£ billion	£ billion	£ billion	£ billion			
1963–64		11.3	120.1	36¼		11.3	1.4	31.4	5.5	9.4	
1964–65		12.3	124.2	36½		12.3	1.6	34.2	6.0	9.9	
1965–66		13.6	131.6	37¼		13.6	1.7	36.6	6.5	10.3	
1966–67		15.1	139.8	39½		15.1	2.0	38.9	6.9	10.8	
1967–68		17.5	157.5	43¼		17.5	2.6	41.2	7.3	11.1	
1968–69		18.2	156.6	41½		18.2	2.9	44.6	7.9	11.6	
1969–70		19.3	157.7	41		19.3	3.1	48.0	8.5	12.3	
1970–71		21.6	162.9	41¼		21.6	3.4	53.2	9.4	13.3	
1971–72		24.4	168.3	41¼		24.4	3.5	59.3	10.5	14.5	
1972–73		27.6	176.5	41½		27.6	3.9	67.6	11.9	15.7	
1973–74		32.0	191.1	43½		32.0	5.0	75.0	13.2	16.7	
1974–75		42.9	214.2	48¼		42.9	5.6	89.4	15.8	20.0	
1975–76		53.8	214.4	49¼		53.8	6.5	111.2	19.6	25.1	
1976–77		59.6	209.1	46¼		59.6	6.8	130.0	23.0	28.5	
1977–78		64.4	198.9	43¼	–0.5	63.9	6.6	151.3	26.7	32.4	
1978–79		75.0	208.4	44		75.0	6.6	173.7	30.7	36.0	
1979–80		90.4	215.1	44	–0.4	90.0	7.3	208.6	36.8	42.0	
1980–81		108.8	219.0	46½	–0.2	108.6	8.0	237.7	42.0	49.7	
1981–82		121.0	222.0	47¼	–0.5	120.5	6.8	261.0	46.1	54.5	
1982–83		133.1	228.0	47½	–0.5	132.7	8.4	285.8	50.5	58.4	
1983–84		141.6	231.7	46½	–1.1	140.4	9.9	310.0	54.7	61.1	
1984–85	126.0	196.4	152.8	238.2	46¼	–2.0	150.8	10.7	332.1	58.6	64.2
1985–86	129.6	191.3	161.2	238.0	45	–2.7	158.5	10.8	365.1	64.5	67.7
1986–87	136.0	195.1	169.3	242.8	44	–4.5	164.8	10.2	392.7	69.3	69.7
1987–88	148.6	202.4	178.4	242.9	41¼	–5.1	173.2	10.7	434.7	76.8	73.4
1988–89	156.1	199.1	186.9	238.5	39¼	–7.1	179.8	10.4	484.1	85.5	78.4
1989–90	175.1	208.9	205.0	244.7	39¼	–4.2	200.8	18.9	525.7	92.9	83.8
1990–91	193.4	213.5	223.5	246.7	40¼	–5.3	218.1	20.2	556.2	100.0	90.6
1991–92	212.5	220.7	244.1	253.5	42¼	–7.9	236.2	20.3	579.5		96.3
1992–93	232.3	232.3	269.1	269.1	44¼	–8.2	260.9	21.4	602.5		100.0
1993–94	244.5	236.8	286.4	277.3	45	–5.4	281.0		636		103.2
1994–95	251.3	234.0	297.3	276.8	43¼	–5.5	291.8		678		107.4
1995–96	263.0	236.1	313.1	281.0	43¼	–1.0	312.1		723		111.4
1996–97	272.3	238.5	325.2	284.7	42½	–1.0	324.2		766		114.2

(1) Figures for the new control total are only available on a consistent basis for the years shown. Figures are estimated outturn for 1993–94 and plans for 1994–95 onwards.

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

(3) Cash figures adjusted to price levels of 1992–93.

Table 1.2 General government expenditure by function, 1978–79 to 1993–94

£ billion

	1978–79 outturn	1979–80 outturn	1980–81 outturn	1981–82 outturn	1982–83 outturn	1983–84 outturn	1984–85 outturn	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 outturn	1993–94 estimated outturn
Defence ⁽¹⁾	7.6	9.4	11.5	12.8	14.6	15.7	17.4	18.2	18.4	18.9	19.2	20.8	21.8	23.0	23.6	23.4
Overseas services, including overseas aid	1.1	1.2	1.3	1.5	1.6	1.7	1.7	1.9	2.0	2.0	2.3	2.6	2.7	3.1	3.5	3.7
Agriculture, fisheries, food and forestry	1.0	1.3	1.6	1.7	2.2	2.4	2.4	2.9	2.2	2.4	2.2	2.2	2.9	3.1	3.2	4.4
Trade, industry, energy and employment	4.1	4.1	4.7	6.2	8.0	7.0	8.0	8.1	8.1	6.6	8.0	7.6	8.8	8.2	8.6	9.5
<i>of which: Employment and training</i>	1.0	1.2	1.9	2.1	2.2	2.7	2.9	2.9	3.3	3.3	3.2	3.0	3.0	3.1	3.3	3.6
Transport	3.0	3.7	4.3	4.8	5.3	5.5	5.7	5.8	5.7	5.7	5.9	6.8	8.3	9.2	10.7	10.5
Housing	4.5	5.6	5.6	4.2	3.8	4.4	4.4	4.1	3.9	4.1	3.2	5.1	4.8	5.6	6.2	5.5
Other environmental services	2.7	3.3	3.8	3.9	4.5	4.6	4.4	4.5	5.3	5.5	5.6	6.7	7.4	8.3	9.0	9.6
Law, order and protective services	2.6	3.2	4.0	4.6	5.2	5.7	6.4	6.6	7.2	8.0	9.0	10.2	11.5	13.0	14.2	14.9
Education	9.1	10.5	12.8	13.9	15.0	15.8	16.4	17.0	18.7	20.4	22.0	24.6	26.5	29.4	32.2	33.7
National Heritage	0.7	0.9	1.0	1.2	1.3	1.3	1.4	1.5	1.6	1.8	2.0	2.3	2.5	2.6	2.6	2.7
Health and personal social services	9.2	11.1	14.1	15.8	17.2	18.3	19.6	20.7	22.3	24.5	27.0	29.5	33.1	37.4	41.1	43.6
<i>of which: Health</i>	7.8	9.3	12.0	13.5	14.7	15.5	16.7	17.6	18.9	20.7	22.9	24.7	27.7	31.5	34.7	36.2
Social security	17.0	20.1	24.3	29.6	33.6	36.9	40.0	43.5	46.8	48.9	50.2	53.2	59.2	70.0	79.7	87.1
Miscellaneous expenditure ⁽²⁾	2.8	3.2	3.0	3.3	3.9	3.4	3.9	3.8	4.4	5.3	5.0	6.9	7.0	5.9	7.2	7.4
Total expenditure on services	65.4	77.4	92.2	103.5	116.2	122.8	131.7	138.6	146.5	154.3	161.7	178.4	196.7	218.8	241.7	255.9
General government debt interest	7.4	9.4	11.4	13.3	13.9	14.3	16.2	17.9	17.6	17.9	18.4	18.7	18.3	16.8	17.9	19.9
Other accounting adjustments ⁽³⁾	2.2	3.5	5.3	4.2	3.0	4.4	5.0	4.7	5.1	6.1	6.8	7.9	8.5	8.5	9.4	10.9
Adjustment ⁽⁴⁾																-0.3
General government expenditure excluding privatisation proceeds	75.0	90.4	108.8	121.0	133.1	141.6	152.8	161.2	169.3	178.4	186.9	205.0	223.5	244.1	269.1	286.4
Privatisation proceeds		-0.4	-0.2	-0.5	-0.5	-1.1	-2.0	-2.7	-4.5	-5.1	-7.1	-4.2	-5.3	-7.9	-8.2	-5.4
General government expenditure	75.0	90.0	108.6	120.5	132.7	140.4	150.8	158.5	164.8	173.2	179.8	200.8	218.1	236.2	260.9	281.0

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

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

(4) See paragraph 6 of Appendix A.

Table 1.3 General government expenditure by function in real terms⁽¹⁾, 1978–79 to 1993–94

	£ billion															
	1978–79 outturn	1979–80 outturn	1980–81 outturn	1981–82 outturn	1982–83 outturn	1983–84 outturn	1984–85 outturn	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 outturn	1993–94 estimated outturn
Defence ⁽²⁾	21.1	22.4	23.0	23.5	25.1	25.8	27.1	26.9	26.4	25.8	24.5	24.8	24.1	23.9	23.6	22.7
Overseas services, including overseas aid	3.0	2.9	2.7	2.7	2.7	2.8	2.7	2.8	2.8	2.7	3.0	3.1	3.0	3.2	3.5	3.6
Agriculture, fisheries, food and forestry	2.9	3.0	3.3	3.1	3.7	4.0	3.8	4.3	3.2	3.3	2.8	2.6	3.2	3.2	3.2	4.2
Trade and industry energy and employment	11.3	9.8	9.5	11.3	13.7	11.5	12.5	12.0	11.6	9.0	10.3	9.1	9.7	8.6	8.6	9.2
<i>of which: Employment and training</i>	2.8	2.8	3.7	3.9	3.7	4.3	4.4	4.3	4.7	4.5	4.1	3.6	3.3	3.2	3.3	3.5
Transport	8.3	8.7	8.6	8.8	9.1	8.9	8.8	8.6	8.2	7.8	7.5	8.1	9.2	9.5	10.7	10.1
Housing	12.5	13.3	11.3	7.7	6.5	7.2	6.9	6.0	5.7	5.6	4.1	6.0	5.3	5.9	6.2	5.3
Other environmental services	7.4	7.7	7.7	7.2	7.7	7.5	6.8	6.6	7.6	7.5	7.2	8.0	8.2	8.6	9.0	9.3
Law order and protective services	7.1	7.7	8.0	8.5	8.8	9.4	9.9	9.7	10.3	10.9	11.4	12.2	12.7	13.5	14.2	14.4
Education	25.4	25.0	25.8	25.6	25.7	25.9	25.6	25.1	26.8	27.8	28.1	29.3	29.3	30.6	32.2	32.6
National Heritage	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.5	2.6	2.8	2.7	2.7	2.6	2.6
Health and personal social services	25.6	26.3	28.4	29.0	29.5	29.9	30.5	30.6	31.9	33.3	34.5	35.2	36.5	38.8	41.1	42.2
<i>of which: Health</i>	21.8	22.2	24.1	24.7	25.1	25.4	26.0	26.1	27.1	28.2	29.2	29.5	30.6	32.7	34.7	35.0
Social security	47.3	47.9	48.9	54.3	57.6	60.4	62.3	64.2	67.2	66.6	64.0	63.5	65.4	72.7	79.7	84.4
Miscellaneous expenditure ⁽³⁾	7.7	7.6	6.0	6.0	6.8	5.6	6.1	5.7	6.3	7.3	6.4	8.2	7.7	6.1	7.2	7.2
Total expenditure on services	181.6	184.3	185.4	189.8	199.0	201.0	205.2	204.7	210.2	210.2	206.3	212.9	217.2	227.2	241.7	247.8
General government debt interest	20.6	22.5	22.9	24.4	23.8	23.4	25.2	26.4	25.3	24.4	23.5	22.3	20.2	17.5	17.9	19.3
Other accounting adjustments ⁽⁴⁾	6.1	8.3	10.7	7.8	5.2	7.3	7.8	6.9	7.4	8.4	8.6	9.4	9.3	8.8	9.4	10.5
Adjustment ⁽⁵⁾																-0.3
General government expenditure excluding privatisation proceeds	208.4	215.1	219.0	222.0	228.0	231.7	238.2	238.0	242.8	242.9	238.5	244.7	246.7	253.5	269.1	277.3
Privatisation proceeds		-0.9	-0.4	-0.9	-0.8	-1.9	-3.2	-4.0	-6.4	-7.0	-9.0	-5.0	-5.9	-8.2	-8.2	-5.2
General government expenditure	208.4	214.2	218.6	221.1	227.2	229.8	235.0	234.0	236.5	235.9	229.4	239.6	240.8	245.3	260.9	272.1

(1) Cash figures adjusted to 1992–93 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) 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 new control total with general government expenditure because of the different treatment of debt interest and the exclusion of market and overseas borrowing of public corporations from expenditure on services.

(5) See paragraph 6 of Appendix A.

Table 1.4 General government expenditure as a percentage of GDP, 1978–79 to 1993–94

	percentages															
	1978–79 outturn	1979–80 outturn	1980–81 outturn	1981–82 outturn	1982–83 outturn	1983–84 outturn	1984–85 outturn	1985–86 outturn	1986–87 outturn	1987–88 outturn	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 outturn	1993–94 estimated outturn
Defence ⁽¹⁾	4.5	4.6	4.9	5.0	5.2	5.2	5.3	5.1	4.8	4.4	4.0	4.0	3.9	4.0	3.9	3.7
Overseas services, including overseas aid	0.6	0.6	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
Agriculture, fisheries, food and forestry	0.6	0.6	0.7	0.6	0.8	0.8	0.7	0.8	0.6	0.6	0.5	0.4	0.5	0.5	0.5	0.7
Trade, industry, energy and employment	2.4	2.0	2.0	2.4	2.9	2.3	2.5	2.3	2.1	1.6	1.7	1.5	1.6	1.4	1.4	1.5
<i>of which: Employment and training</i>	0.6	0.6	0.8	0.8	0.8	0.9	0.9	0.8	0.9	0.8	0.7	0.6	0.5	0.5	0.5	0.6
Transport	1.8	1.8	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
Housing	2.6	2.7	2.4	1.6	1.4	1.4	1.4	1.1	1.0	1.0	0.7	1.0	0.9	1.0	1.0	0.9
Other environmental services	1.6	1.6	1.6	1.5	1.6	1.5	1.3	1.3	1.4	1.3	1.2	1.3	1.3	1.4	1.5	1.5
Law, order and protective services	1.5	1.6	1.7	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
Education	5.4	5.1	5.5	5.4	5.4	5.2	5.0	4.7	4.8	4.8	4.6	4.8	4.8	5.1	5.3	5.3
National Heritage	0.4	0.4	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
Health and personal social services	5.4	5.4	6.1	6.2	6.1	6.0	6.0	5.8	5.8	5.7	5.7	5.7	6.0	6.5	6.8	6.8
<i>of which: Health</i>	4.6	4.6	5.1	5.3	5.2	5.1	5.1	4.9	4.9	4.9	4.8	4.8	5.0	5.4	5.8	5.7
Social security	10.0	9.8	10.4	11.5	12.0	12.1	12.3	12.1	12.1	11.5	10.5	10.3	10.7	12.1	13.2	13.7
Miscellaneous expenditure ⁽²⁾	1.6	1.6	1.3	1.3	1.4	1.1	1.2	1.1	1.1	1.3	1.0	1.3	1.3	1.0	1.2	1.2
Total expenditure on services	38.3	37.8	39.5	40.4	41.4	40.3	40.4	38.7	38.0	36.1	34.0	34.5	35.4	37.8	40.1	40.2
General government gross debt interest	4.3	4.6	4.9	5.2	4.9	4.7	5.0	5.0	4.6	4.2	3.9	3.6	3.3	2.9	3.0	3.1
Other accounting adjustments ⁽³⁾	1.3	1.7	2.3	1.7	1.1	1.5	1.5	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.7
Adjustment ⁽⁴⁾																0.0
General government expenditure excluding privatisation proceeds	44.0	44.1	46.6	47.2	47.4	46.5	46.9	44.9	43.9	41.8	39.3	39.7	40.2	42.1	44.7	45.0
Privatisation proceeds	0.0	-0.2	-0.1	-0.2	-0.2	-0.4	-0.6	-0.8	-1.2	-1.2	-1.5	-0.8	-1.0	-1.4	-1.4	-0.8
General government expenditure	44.0	43.9	46.5	47.0	47.3	46.1	46.2	44.2	42.7	40.6	37.8	38.8	39.2	40.8	43.3	44.2

(1) See footnote 1 to table 1.2.

(2) See footnote 2 in table 1.2.

(3) See footnote 3 in table 1.2.

(4) See footnote 4 in table 1.2.

1. Trends in public sector expenditure and capital spending

Table 1.5 General government expenditure by function, 1988-89 to 1993-94						
	£ million					
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
Defence						
Defence budget	19,221	20,777	22,314	24,557	23,620	23,440
<i>of which: capital receipts⁽¹⁾</i>	-165	-94	-129	-127	-91	-126
Other governments' contributions to the cost of the Gulf conflict			-498	-1,525		
Total defence	19,221	20,777	21,816	23,032	23,620	23,440
Overseas services, including overseas aid⁽²⁾						
Overseas aid	1,375	1,520	1,586	1,832	1,976	2,095
Other overseas services	905	998	1,077	1,251	1,490	1,584
Finance for public corporations	34	49	52	37	51	49
Total overseas services, including overseas aid	2,313	2,567	2,715	3,121	3,517	3,728
Agriculture, fisheries, food and forestry						
Market regulation and production support	1,163	1,019	1,646	1,669	1,729	2,729
Structural measures for agriculture	210	238	260	279	274	279
Animal health	18	27	42	50	63	74
Other agriculture and food services including commissioned research and development	142	147	180	239	292	335
Support for the fishing industry	38	36	29	37	28	40
Arterial drainage, flood and coast protection (excluding Water Authorities)	222	162	121	113	91	108
Departmental research, advisory services and administration	347	379	411	415	401	454
Forestry	59	65	79	92	104	94
<i>of which: capital receipts</i>	-102	-107	-106	-103	-110	-112
Finance for public corporations	19	102	167	194	229	252
Total agriculture, fisheries food and forestry	2,216	2,175	2,936	3,089	3,211	4,365
Trade, industry, energy and employment						
Regional and general industrial support	793	713	619	580	516	650
Scientific and technological assistance	545	474	521	525	564	525
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	1,280	703	385	215	177	97
Trade and technological support	366	625	691	555	475	342
Employment	1,431	719	825	1,034	1,396	1,357
Training	1,817	2,287	2,162	2,064	1,860	2,216
Departmental administration and other services	742	873	995	1,108	1,081	1,154
Finance for public corporations	185	191	262	162	184	137
Nationalised industries' external finance	875	1,006	2,325	2,002	2,355	2,990
Total trade, industry, energy and employment	8,035	7,590	8,785	8,244	8,609	9,468

1. Trends in public sector expenditure and capital spending

Table 1.5 General government expenditure by function, 1988-89 to 1993-94 (continued)						
	£ million					
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Transport						
National road systems						
<i>Current</i>	254	270	308	352	422	439
<i>Capital</i>	1,114	1,523	2,034	2,062	2,197	2,353
<i>of which: capital receipts</i>	-95	-63	-77	-107	-110	-153
Local roads						
<i>Current</i>	1,621	1,770	2,051	2,102	2,227	2,163
<i>Capital</i>	953	1,101	1,027	1,195	1,306	1,566
Local transport						
<i>Current</i>	623	634	660	714	724	725
<i>Capital</i>	73	204	164	130	217	200
Ports	4	4	9	9	13	4
Marine, coastguard, shipping and civil aviation services	27	125	75	46	31	39
Driver and vehicle licensing	113	123	137	141	163	170
National rail services						5
Other transport services	305	283	252	282	313	321
Finance for public corporations	784	781	1,596	2,125	3,085	2,482
Total transport	5,870	6,818	8,313	9,156	10,698	10,467
Housing						
Central government subsidies to local authority housing	578	699	1,466	1,260	1,097	951
Other central government subsidies	41	55	71	108	140	146
Central government administration	51	55	69	88	93	95
Local authority expenditure						
<i>Current</i>	715	697	329	336	388	408
<i>Gross capital</i>	4,270	5,850	3,805	3,334	3,088	3,131
<i>Capital receipts</i>	-3,841	-3,824	-2,771	-1,877	-1,714	-1,754
Other capital	218	85	110	130	170	130
<i>of which: capital receipts</i>	-11	-10	-11	-9	-12	-8
Finance for public corporations	419	532	557	631	583	576
Housing corporations	738	907	1,153	1,638	2,305	1,786
Total housing	3,190	5,058	4,789	5,647	6,151	5,469
Other environmental services						
Environmental protection	2,182	2,311	2,720	2,892	2,874	3,009
Countryside and water	674	763	924	947	1,051	1,111
Urban	673	730	744	897	1,047	1,225
Other public corporations	993	1,006	704	677	635	621
Other	1,106	1,928	2,356	2,842	3,365	3,610
Total other environmental services	5,628	6,738	7,448	8,255	8,972	9,576
Law, order and protective services						
Administration of justice	1,290	1,499	1,758	2,179	2,537	2,755
The penal system	1,487	1,712	2,025	2,234	2,301	2,311
<i>of which: capital receipts</i>	-57	-53	-24	-20	-12	-6
Police	4,593	5,181	5,772	6,411	6,994	7,336
Immigration and citizenship	114	133	154	177	210	264
Fire	1,013	1,147	1,237	1,342	1,447	1,514
Civil defence	84	105	104	80	59	37
Community services	30	28	37	39	39	46
Central and miscellaneous services	345	414	453	528	627	629
Total law, order and protective services	8,955	10,220	11,540	12,991	14,214	14,892

1. Trends in public sector expenditure and capital spending

Table 1.5 General government expenditure by function, 1988-89 to 1993-94 (continued)

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	£ million 1993-94 estimated outturn
Education						
Local authority schools						
<i>Current</i>						
Primary schools	5,045	5,627	6,145	6,896	7,419	7,592
Secondary schools	6,036	6,388	6,676	7,247	7,827	7,430
Special schools and schools support services	1,805	1,989	2,233	2,448	2,619	2,657
<i>Capital</i>	408	636	626	692	709	852
Central government schools						
<i>Current</i>	530	600	705	903	1,266	1,663
<i>Capital</i>	85	122	172	168	190	243
Further education: Funding Councils and central government						
<i>Current</i>	100	99	117	125	152	3,002
<i>Capital</i>	185	169	156	148	156	222
Higher education: Funding Councils and central government						
<i>Current</i>	1,983	3,098	3,084	2,794	2,920	3,139
<i>Capital</i>	188	300	317	408	403	404
Local authority further and higher education						
<i>Current</i>	2,779	2,242	2,368	2,562	2,702	502
<i>Capital</i>	12	11	6	8	8	2
Student awards and fees	1,178	1,324	1,722	2,582	3,272	3,358
Student loans and Access Funds			63	152	212	330
Miscellaneous educational services, research and administration	1,708	1,963	2,148	2,289	2,337	2,309
Total education	22,041	24,569	26,538	29,421	32,194	33,705
National heritage						
Museums and galleries	296	343	387	411	439	455
Other arts and heritage	336	342	376	441	491	484
Libraries	646	732	835	849	892	908
Films	15	16	17	20	22	24
Tourism	49	47	43	44	46	46
Sport and recreation	650	828	809	819	683	757
Broadcasting	1	1	2	2	2	3
Administration	8	8	9	10	18	27
ERDF						5
Total national heritage	2,001	2,317	2,477	2,596	2,593	2,709

Table 1.5 General government expenditure by function, 1988–89 to 1993–94 (continued)

	£ million					
	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94
	outturn	outturn	outturn	outturn	outturn	estimated outturn
Health and personal social services						
Health						
National Health Service						
hospitals, community health, family health (cash limited) and related services	17,355	18,861	21,165	24,100	26,468	27,996
<i>of which: capital receipts</i>	-292	-262	-201	-181	-125	-174
Family health (non-cash limited)	4,735	5,017	5,572	6,202	6,683	6,619
Central health and other services	762	858	976	1,155	1,286	1,186
NHS Trusts				39	224	372
Total health	22,853	24,735	27,712	31,496	34,661	36,172
Personal social services						
Local authority services	4,049	4,603	5,207	5,682	6,155	7,079
Central government services	140	155	178	215	237	303
Total personal social services	4,189	4,758	5,385	5,898	6,392	7,382
Total health and personal social services	27,042	29,493	33,097	37,393	41,052	43,555
Social security						
Pension benefits (contributory)	19,782	21,279	23,323	26,279	27,419	28,810
Widows' benefits	880	884	921	1,046	1,044	1,070
Unemployment (cyclical)	1,148	765	899	1,642	1,801	1,786
Unemployment, incapacity and other benefits (non-cyclical)	4,627	5,189	5,810	6,568	7,536	8,357
Industrial injury benefits	529	549	602	674	689	690
Family benefits (contributory)	287	329	362	392	457	482
Pension benefits (non-contributory)	48	47	48	49	51	51
War pensions	610	641	708	842	1,032	1,223
Disability benefits	2,251	2,560	3,040	3,834	4,873	5,782
Income support (cyclical)	6,035	5,943	6,925	9,264	11,484	12,170
Income support (non-cyclical)	1,903	2,105	2,386	2,837	3,875	4,206
Social Fund	149	130	155	210	212	225
Family benefits (non-contributory)	5,294	5,371	5,528	6,302	7,148	7,673
Housing benefits	4,130	4,696	5,463	6,571	8,229	9,491
Administration and miscellaneous services	2,486	2,751	3,067	3,463	3,891	4,267
Adjustment ⁽⁷⁾						812
Total social security	50,160	53,239	59,237	69,972	79,742	87,093

Table 1.5 General government expenditure by function, 1988–89 to 1993–94 (continued)

	1988–89 outturn	1989–90 outturn	1990–91 outturn	1991–92 outturn	1992–93 outturn	£ million 1993–94 estimated outturn
Miscellaneous expenditure⁽³⁾						
Other public services	3,714	4,381	4,761	5,147	5,296	5,506
Common services	264	190	197	33	-73	67
Contributions to European Communities ⁽⁴⁾	1,006	2,316	2,027	705	1,898	1,778
Finance for public corporations	-7	-7	-6	-5	52	61
Total miscellaneous expenditure⁽³⁾	4,977	6,880	6,979	5,880	7,173	7,413
Total expenditure on services	161,651	178,440	196,670	218,796	241,747	255,880
General government gross debt interest	18,439	18,709	18,333	16,847	17,900	19,900
Other accounting adjustments ⁽⁵⁾	6,777	7,900	8,464	8,488	9,434	10,900
Adjustment ⁽⁶⁾						-300
Total general government expenditure excluding privatisation proceeds	186,867	205,049	223,467	244,131	269,081	286,400
Privatisation proceeds	-7,069	-4,228	-5,346	-7,921	-8,183	-5,400
Total general government expenditure	179,798	200,821	218,121	236,210	260,898	281,000

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

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

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

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

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

(6) See paragraph 6 of Appendix A.

(7) Adjustment arising from the Spring Supplementary Estimates.

Table 1.6 General government expenditure by economic category, 1988–89 to 1993–94						
	1988–89	1989–90	1990–91	1991–92	1992–93	£ million 1993–94 estimated outturn
	outturn	outturn	outturn	outturn	outturn	outturn
Pay	55,376	58,795	64,460	68,882	76,171	124,866
Other current expenditure on goods and services	31,908	35,210	39,672	46,803	46,627	
Subsidies	4,958	5,293	5,963	6,330	6,844	7,400
Current grants to the private sector	53,950	57,763	64,043	74,981	85,494	95,764
Current transfers abroad (1)	3,069	4,697	3,959	1,927	4,957	5,028
Net capital expenditure on assets	6,391	10,664	11,035	11,939	11,769	12,274
Capital grants	4,249	7,464	7,816	7,575	8,428	8,149
Lending and other financial transactions	1,751	-1,446	-278	359	1,457	2,400
General government debt interest	18,439	18,709	18,333	16,847	17,900	19,900
Other accounting adjustments ⁽²⁾	6,777	7,900	8,464	8,488	9,434	10,900
Adjustment ⁽³⁾						-300
Total general government expenditure excluding privatisation proceeds	186,867	205,049	223,467	244,131	269,081	286,400
Privatisation proceeds	-7,069	-4,228	-5,346	-7,921	-8,183	-5,400
Total general government expenditure	179,798	200,821	218,121	236,210	260,898	281,000

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

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

(3) See paragraph 6 of Appendix A.

1. Trends in public sector expenditure and capital spending

Table 1.7 Public sector capital expenditure, 1988-89 to 1996-97

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	£ million 1996-97
	outturn	outturn	outturn	outturn	outturn	outturn	projections	projections	projections
Central government	6,033	7,744	9,565	10,344	11,132	10,923	9,500	9,000	9,800
Local authorities	3,622	6,944	5,931	6,957	7,039	7,641	6,500	6,250	6,250
Public corporations	4,928	5,556	5,208	4,248	5,030	5,299	5,500	5,300	5,400
Allocation from the Reserve							400	700	1,000
Total public sector	14,583	20,254	20,704	21,549	23,201	23,863	22,000	21,250	22,500
less national accounts adjustments ⁽²⁾	-241	1,008	407	604	1,076	1,036	1,000	900	1,000
plus MOD current asset creation	5,278	4,908	5,040	5,206	4,922	4,510	4,900	4,900	5,000
plus net land and buildings, other receipts and stocks	6,482	6,168	3,772	2,607	2,169	2,194	2,800	3,800	3,300
less privatised industries capital and British Coals capital expenditure ⁽³⁾	1,984	1,150	287	308	173	202	0	0	0
Public Sector Asset Creation ⁽³⁾	24,602	29,172	28,820	28,450	29,042	29,328	28,750	29,250	29,750

(1) 1994-95 to 1996-97, local authority and totals rounded to nearest £¼ billion, other items rounded to nearest £100 million.

(2) Primarily VAT refunds. Central government departments and local authorities account for expenditure net of VAT refunds. National accounts records spending gross. Also includes accruals adjustment on stockbuilding.

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

Table 1.8 Public sector capital by spending sector and function, 1988–89 to 1996–97

	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	£ million 1996–97
	outturn	outturn	outturn	outturn	outturn	estimated outturn	projections	projections	projections
Central government own									
Defence	322	555	512	614	649	730	700	-100	600
Overseas services including overseas aid	70	71	81	119	147	179	100	100	100
Agriculture, fisheries, food and forestry	138	145	573	478	429	469	300	200	200
Trade, industry, energy and employment	1,335	668	679	581	531	646	700	800	800
<i>of which:</i>									
Regional and general industrial support	488	418	357	301	224	273	300	300	300
National roads	1,118	1,528	2,040	2,061	2,196	2,352	2,200	2,200	2,200
Other transport	60	57	31	32	36	45			
Housing	838	1,010	1,640	2,111	2,559	2,110	1,700	1,600	1,600
Other environmental services	157	194	200	231	404	463	300	300	300
Prisons	180	377	477	434	355	302	300	300	200
Other Law, order and protective services	183	213	252	267	294	287	300	300	300
Education	298	453	521	609	629	870	900	1,100	1,200
National heritage	123	134	163	192	191	176	300	500	500
Hospital and community health services	1,128	1,400	1,601	1,528	1,402	1,099	600	600	600
Other Health and personal social services	40	119	137	157	185	140	100	100	100
Social security	155	311	300	339	356	398	300	300	300
Miscellaneous ⁽²⁾	304	427	569	631	419	514	500	500	500
Total central government⁽³⁾	6,450	7,662	9,776	10,384	10,781	10,780	9,400	8,900	9,700
Local authorities									
Agriculture, fisheries, food and forestry	19	36	50	44	9	34			
Trade, industry, energy employment	9	12	9	12	9	27			
Local roads	926	1,071	1,001	1,169	1,283	1,542			
Other transport	52	206	158	134	186	186			
Housing	758	2,207	1,280	1,891	1,688	1,507			
Other environmental services	440	1,053	1,096	1,283	1,370	1,630			
Law, order and protective services	234	315	275	318	359	372			
Education	637	870	829	879	904	931			
National heritage	259	427	347	289	234	306			
Personal social services	136	191	182	166	166	212			
Total local authorities⁽³⁾	3,469	6,388	5,225	6,186	6,208	6,747	5,750	5,500	5,500
Public corporations									
Electricity industries	1,867	2,178	2,251	759	542	440	300	100	100
British Rail	424	574	933	1,286	1,523	1,102	900	800	700
Other nationalised industries	2,304	1,797	1,118	1,025	1,366	1,441	1,300	1,400	1,500
Other public corporations ⁽⁴⁾	310	647	993	1,305	1,705	2,316	3,000	3,000	3,100
Total public corporations	4,905	5,196	5,296	4,375	5,136	5,299	5,500	5,300	5,400
Allocation from the reserve plus national accounts adjustment	-241	1,008	407	604	1,076	1,036	400	700	1,000
							1,000	900	1,000
Total public sector	14,583	20,254	20,704	21,549	23,201	23,861	22,000	21,250	22,500
Real terms ⁽⁵⁾ (base year 1992–93)	18,610	24,166	22,861	22,376	23,201	23,112	20,500	19,250	19,750

(1) 1994–95 to 1996–97, local authority and totals rounded to nearest £¼ billion, other items rounded to nearest £100 million.

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

(3) Differs from national accounts figures in Table 1.7 as figures given net of VAT refunds. In the national accounts VAT refunds are added back to reflect valuation at market prices. (See Annex B).

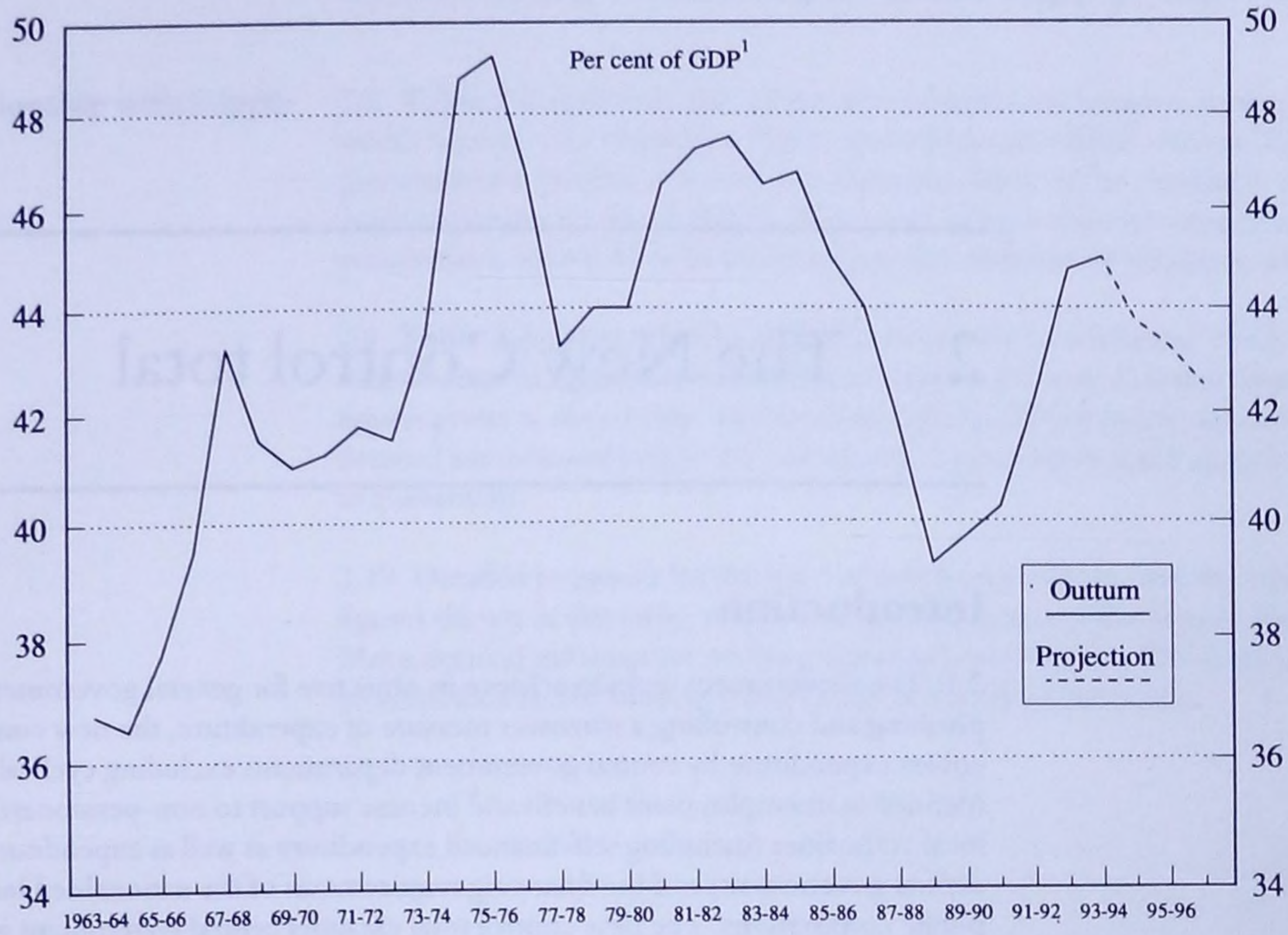
(4) Figures taken from the National accounts for 1988–89 to 1992–93.

(5) Real terms figures are cash outturns adjusted to 1992–93 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 1.9 General government sales and purchases of land and existing buildings by spending sector, 1978-79 to 1993-94

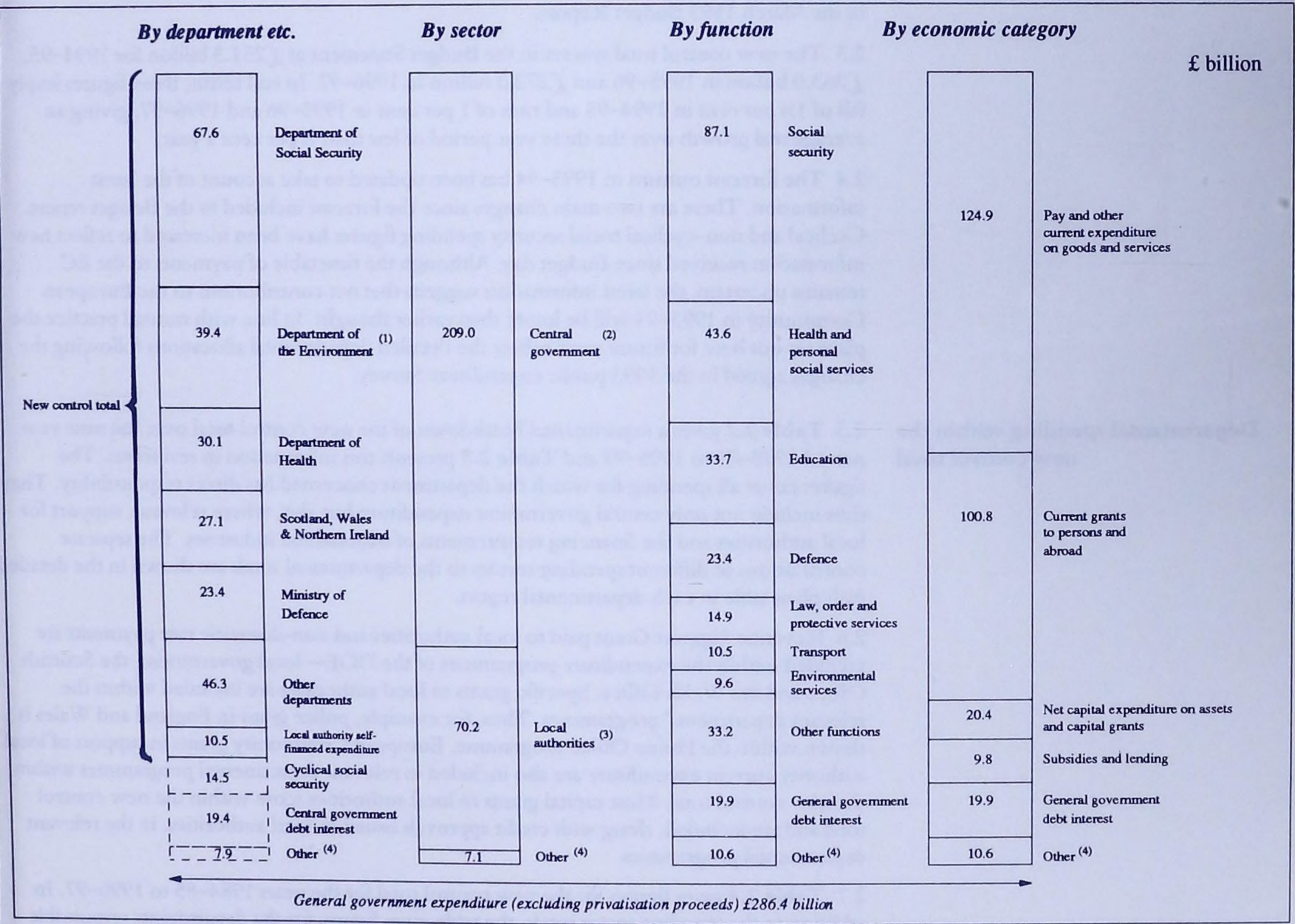
	£ billion															
	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
Receipts from sales																
Central government	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.6	-0.5	-0.4	-0.4	-0.3	-0.4
Total local authorities	-0.5	-0.7	-1.0	-1.8	-2.5	-2.1	-2.0	-2.1	-2.6	-3.7	-5.5	-5.4	-3.6	-2.5	-2.4	-2.4
<i>of which:</i>																
DOE—Housing					-1.9	-1.4	-1.3	-1.2	-1.4	-1.9	-3.0	-3.0	-2.2	-1.4	-1.2	-1.3
DOE—Other environmental services	-0.4	-0.6	-0.9	-1.5	-0.2	-0.2	-0.3	-0.4	-0.6	-1.0	-1.4	-1.3	-0.6	-0.5	-0.5	-0.5
Total general government	-0.6	-0.8	-1.2	-1.9	-2.6	-2.2	-2.2	-2.3	-2.9	-4.0	-6.2	-5.9	-3.9	-2.9	-2.6	-2.7
Purchases																
Central government	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.4	0.6	0.6
Local authorities	0.3	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.6	0.7	0.8	1.1	0.5	0.6	0.5	0.6
<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	0.1	0.1
DOE—Other environmental services	0.2	0.2	0.2	0.2	0.1	0.1		0.1	0.2	0.2	0.2	0.3	0.1	0.2	0.1	0.2
Total general government	0.4	0.5	0.5	0.4	0.5	0.5	0.4	0.6	0.7	1.0	1.0	1.3	0.8	1.0	1.1	1.2
Receipts less purchases																
Central government				-0.1				-0.1	-0.2	-0.1	-0.5	-0.2	-0.1		0.3	0.2
Local authorities	-0.1	-0.3	-0.7	-1.5	-2.1	-1.7	-1.7	-1.6	-2.0	-3.0	-4.7	-4.3	-3.0	-1.9	-1.9	-1.8
<i>of which:</i>																
DOE—Housing					-1.8	-1.3	-1.2	-1.0	-1.1	-1.5	-2.6	-2.5	-2.0	-1.2	-1.1	-1.2
DOE—Other environmental services	-0.2	-0.4	-0.7	-1.3	-0.1	-0.1	-0.3	-0.3	-0.4	-0.9	-1.1	-1.0	-0.4	-0.3	-0.3	-0.3
Total general government	-0.1	-0.3	-0.7	-1.6	-2.1	-1.8	-1.8	-1.8	-2.2	-3.1	-5.2	-4.6	-3.1	-1.9	-1.5	-1.6

Chart 1.1 General government expenditure (excluding privatisation proceeds), 1963-64 to 1996-97



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

Chart 1.2 The new control total and general government expenditure: How it is planned and spent, 1993-94



(1) Includes revenue support grants and non-domestic rate payments and certain transitional grants to local authorities in England. Comparable items are included in the figures for Scotland and Wales.
 (2) Includes the financing requirements of public corporations (including nationalised industries). It also includes central government debt interest (£19.4 billion)
 (3) The total is made up of £59.7 billion financed by support from central government and £10.5 billion financed from local authorities own resources. It includes local authority debt interest (£4.4 billion)
 (4) Includes the national accounts adjustments. The differences in these figures reflect the different treatment of local authority debt interest and market and overseas borrowing of public corporations in the analyses of GGE by function and economic category.

2. The New Control total

Introduction

2.1 The Government seeks to achieve its objective for general government expenditure by planning and controlling a narrower measure of expenditure, the new control total. This covers expenditure by central government departments excluding cyclical social security (defined as unemployment benefit and income support to non-pensioners), all expenditure by local authorities (including self-financed expenditure as well as expenditure supported by central government) and the financing requirements of the nationalised industries and other public corporations. The new control total excludes central government gross debt interest and privatisation proceeds. There are also a number of other technical differences between the two aggregates; ("accounting adjustments"), described in **Appendix B**.

2.2 Cash plans for expenditure within the new control total over the period 1994–95 to 1996–97 and projections for items of expenditure outside the new control total are summarised in **Table 2.1**. The table also shows changes from the plans and projections set out in the March 1993 Budget Report.

2.3 The new control total was set in the Budget Statement at £251.3 billion for 1994–95, £263.0 billion in 1995–96 and £272.3 billion in 1996–97. In real terms, these figures imply a fall of 1¼ per cent in 1994–95 and rises of 1 per cent in 1995–96 and 1996–97, giving an average real growth over the three year period of less than ¼ per cent a year.

2.4 The forecast outturn in 1993–94 has been updated to take account of the latest information. There are two main changes since the forecast included in the Budget report. Cyclical and non-cyclical social security spending figures have been increased to reflect new information received since Budget day. Although the timetable of payments to the EC remains uncertain, the latest information suggests that net contributions to the European Community in 1993–94 will be lower than earlier thought. In line with normal practice the plans set out here for future years reflect the detailed departmental allocations following the changes agreed in the 1993 public expenditure Survey.

Departmental spending within the new control total

2.5 **Table 2.2** gives a departmental breakdown of the new control total over the nine year period 1988–89 to 1996–97 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 new control total. Most capital grants to local authorities score within the new control total and are included, along with credit approvals issued to local authorities, in the relevant departmental programmes.

2.7 **Table 2.4** gives figures for the new control total for the years 1984–85 to 1996–97. 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 new 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 90 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 new control total for 1994–95 and the various control aggregates which operate during the year. It summarises the departmental figures given in the various departmental reports. Departments' allocations are subject to detailed amendment before the operational control totals and Supply Estimates are presented to Parliament.

2.10 Detailed proposals for the level of voted expenditure, and the relationship with the figures shown in this table, will be put forward as part of the Supply Estimates for 1994–95. More detailed information on the relationship between the Estimates and the figures here will be contained in the Summary and Guide to the Main Estimates.

2. The New Control total

Table 2.1 The new control total and general government expenditure, 1992-93 to 1996-97

£ million

	Outturn	Estimated outturn	New plans/ projections ⁽¹⁾			Changes from previous plans/projections ⁽²⁾		
	1992-93	1993-94	1994-95	1995-96	1996-97	1993-94	1994-95	1995-96
Central government expenditure ⁽³⁾⁽⁴⁾	158,165	169,853	172,750	179,850	184,400	3,200	200	2,600
Local authority expenditure ⁽⁴⁾⁽⁵⁾	69,422	70,200	71,800	73,700	75,600	900	-400	-600
Financing requirements of nationalised industries	4,757	4,711	3,194	2,434	1,859	-400	30	-430
Reserve			3,500	7,000	10,500	-4,000	-3,500	-3,000
Adjustment ⁽⁶⁾		-300				-300		
New control total	232,345	244,500	251,300	263,000	272,300	-500	-3,600	-1,500
Cyclical social security	13,285	14,500	15,000	15,500	16,000	-500	-1,500	-1,500
Central government debt interest	17,405	19,400	22,500	24,500	25,500		-1,000	-1,500
Accounting adjustments	6,046	7,900	9,000	10,000	11,000	300		500
General government expenditure excluding privatisation proceeds	269,081	286,400	297,300	313,100	325,200	-800	-5,700	-3,600
Privatisation proceeds	-8,183	-5,400	-5,500	-1,000	-1,000			
GGE (excluding privatisation proceeds) as a percentage of GDP	44.75	45	43.75	43.25	42.5			

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

(2) The changes shown are the differences from the figures set out in the 1993 Financial Statement and Budget Report (HC 547).

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

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

(6) See paragraph 6 of Appendix A.

Table 2.2 New control total by department⁽¹⁾

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Ministry of Defence ⁽²⁾	19,221	20,777	21,816	23,032	23,620	23,440	23,489	22,702	22,798
Foreign and Commonwealth Office	772	898	968	1,132	1,371	1,453	1,222	1,240	1,243
Overseas Development Administration	1,544	1,672	1,748	1,989	2,146	2,276	2,308	2,363	2,363
Ministry of Agriculture, Fisheries and Food	1,607	1,487	2,137	2,159	2,198	3,059	2,803	2,984	2,985
Trade and Industry	921	1,615	3,507	3,143	3,034	3,668	2,273	1,806	1,386
ECGD	115	358	372	215	117	-35	-86	-82	-67
Department of Employment	3,660	3,594	3,656	3,486	3,508	3,627	3,770	3,656	3,654
Department of Transport	2,752	3,559	4,679	5,355	6,586	6,180	5,854	5,572	5,370
DOE—Housing ⁽³⁾	2,774	2,923	6,724	7,451	8,179	7,652	7,429	7,583	7,558
DOE—Other environmental services	985	1,374	1,598	1,700	2,129	2,323	1,967	1,638	1,623
DOE—PSA			60	50	-69	114	113	64	36
DOE—Local government ⁽⁴⁾⁽⁵⁾⁽⁶⁾	18,823	19,531	20,392	28,177	30,990	29,346	29,923	30,888	32,469
Home Office (including Charity Commission)	3,586	4,074	4,836	5,514	5,818	6,039	6,257	6,432	6,431
Lord Chancellor's and Law Officers' Departments	1,142	1,373	1,635	2,000	2,328	2,489	2,734	2,878	2,985
Department for Education ⁽⁵⁾⁽⁶⁾	3,520	4,866	5,656	6,342	7,124	9,872	10,487	11,059	11,393
Department of National Heritage	688	714	783	887	1,008	993	976	998	971
Department of Health and Office of Population Censuses and Surveys ⁽⁶⁾	18,487	20,003	22,524	25,657	28,266	30,119	31,725	32,949	33,268
Department of Social Security ⁽³⁾	42,806	46,000	48,820	54,858	61,669	67,602	68,750	72,900	76,150
Scotland ⁽⁶⁾	8,530	8,948	9,743	11,736	12,656	13,674	14,114	14,523	14,822
Wales ⁽⁶⁾	3,579	3,800	4,441	5,308	5,994	6,334	6,644	6,890	7,031
Northern Ireland	5,111	5,398	5,535	6,036	6,596	7,109	7,389	7,737	7,940
Chancellor of the Exchequer's Departments	2,692	3,154	3,346	3,394	3,431	3,438	3,434	3,373	3,404
Cabinet Office—Office of Public Service and Science	787	903	988	1,059	1,124	1,247	1,318	1,354	1,359
Cabinet Office—other services, Privy Council Office and Parliament	240	264	302	349	430	473	499	501	552
Local authority self-financed expenditure	10,711	15,515	15,085	10,780	10,192	10,500	11,000	11,100	11,200
European Communities	1,006	2,316	2,027	705	1,898	1,778	1,354	2,894	2,927
Reserve Adjustment ⁽⁷⁾						-300	3,500	7,000	10,500
New control total	156,058	175,115	193,378	212,513	232,345	244,500	251,300	263,000	272,300

(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 governments' contributions to the cost of the Gulf conflict.

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

(4) Includes revenue/rate support grant and non-domestic 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.)

(5) Comparisons between years 1988-89 and later years are affected by the transfer of the financing of polytechnics and colleges (first through the Polytechnic and Colleges Funding Council, since 1993-94 through the higher education funding council in England) from local authorities to central government; figures for 1990-91 and beyond are affected by a change in the proportion of higher education funding met through student fees.

(6) 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 of responsibility for community care from central government to local authorities.

(7) See paragraph 6 of Appendix A.

2. The New Control total

Table 2.3 New control total by department⁽¹⁾ in real terms⁽²⁾

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Ministry of Defence ⁽³⁾	24,528	24,790	24,088	23,916	23,620	22,702	21,875	20,378	19,965
Foreign and Commonwealth Office	985	1,071	1,069	1,175	1,371	1,407	1,138	1,113	1,089
Overseas Development Administration	1,971	1,995	1,930	2,065	2,146	2,204	2,150	2,121	2,069
Ministry of Agriculture, Fisheries and Food	2,050	1,774	2,359	2,242	2,198	2,963	2,611	2,679	2,614
Trade and Industry	1,175	1,927	3,872	3,264	3,034	3,552	2,117	1,621	1,214
ECGD	147	427	410	223	117	-34	-80	-73	-59
Department of Employment	4,671	4,288	4,037	3,620	3,508	3,513	3,511	3,282	3,200
Department of Transport	3,512	4,247	5,167	5,561	6,586	5,986	5,452	5,002	4,703
DOE—Housing ⁽⁴⁾	3,540	3,488	7,424	7,737	8,179	7,411	6,918	6,807	6,618
DOE—Other environmental services	1,257	1,640	1,764	1,765	2,129	2,250	1,832	1,470	1,421
DOE—PSA			66	52	-69	110	106	58	31
DOE—Local government ⁽⁵⁾⁽⁶⁾⁽⁷⁾	24,020	23,303	22,516	29,258	30,990	28,422	27,867	27,725	28,433
Home Office (including Charity Commission)	4,576	4,861	5,340	5,726	5,818	5,849	5,827	5,773	5,632
Lord Chancellor's and Law Officers' Departments	1,457	1,638	1,805	2,077	2,328	2,411	2,547	2,584	2,614
Department for Education ⁽⁶⁾⁽⁷⁾	4,491	5,806	6,245	6,586	7,124	9,561	9,766	9,927	9,977
Department of National Heritage	878	852	864	921	1,008	962	909	896	850
Department of Health and Office of Population Censuses and Surveys ⁽⁷⁾	23,591	23,867	24,869	26,642	28,266	29,171	29,545	29,575	29,133
Department of Social Security ⁽⁴⁾	54,626	54,886	53,904	56,964	61,669	65,474	64,050	65,450	66,700
Scotland ⁽⁷⁾	10,885	10,677	10,758	12,186	12,656	13,244	13,144	13,036	12,980
Wales ⁽⁷⁾	4,568	4,534	4,904	5,512	5,994	6,135	6,187	6,185	6,157
Northern Ireland	6,523	6,441	6,111	6,267	6,596	6,885	6,881	6,945	6,953
Chancellor of the Exchequer's Departments	3,435	3,763	3,694	3,524	3,431	3,329	3,198	3,028	2,981
Cabinet Office—Office of Public Service and Science	1,005	1,077	1,091	1,099	1,124	1,207	1,227	1,216	1,190
Cabinet Office—other services, Privy Council Office and Parliament	306	315	334	362	430	458	465	449	483
Local authority self-financed expenditure	13,668	18,512	16,656	11,194	10,192	10,200	10,200	10,000	9,800
European Communities	1,284	2,763	2,238	732	1,898	1,722	1,261	2,598	2,563
Reserve							3,259	6,283	9,195
Adjustment ⁽⁸⁾						-300			
New control total	199,150	208,940	213,517	220,671	232,345	236,800	234,000	236,100	238,500

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

(2) Cash figures adjusted to 1992-93 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 footnote (4) to table 2.2.

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

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

(8) See paragraph 6 of Appendix A.

Table 2.4 New control total by spending sector, 1984–85 to 1996–97

£ billion

	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 estimated outturn	1994–95 plans	1995–96 plans	1996–97 plans
Central government expenditure⁽¹⁾⁽²⁾													
Ministry of Defence ⁽³⁾	17.4	18.3	18.4	18.9	19.2	20.8	21.8	23.0	23.6	23.4	23.5	22.7	22.8
Department of Health and OPCS	13.5	14.2	15.3	16.7	18.4	19.9	22.4	25.5	28.1	29.3	30.7	32.1	33.0
Department of Social Security ⁽²⁾	29.2	31.5	33.5	36.0	37.8	40.7	44.7	51.1	56.6	61.3	62.0	65.3	67.8
Scotland	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.5	7.4	7.8	8.1	8.3
Wales	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.6	3.0	3.4	3.6	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	7.7	7.9
Other departments	19.2	20.0	21.6	21.9	22.8	27.2	30.7	30.6	33.9	38.0	37.9	40.3	40.8
Total	87.6	92.8	98.0	103.4	109.2	120.3	132.3	144.6	158.2	169.9	172.8	179.9	184.4
Central government support for local authorities													
Revenue/Rate Support Grant ⁽⁴⁾	11.3	11.2	11.8	12.6	12.8	13.0	13.1	13.6	21.8	22.3	24.0	37.9	39.6
Non-domestic rate payments ⁽⁵⁾	7.6	8.2	9.1	9.8	10.5	11.3	12.1	14.2	14.1	13.2	12.3		
Current grants	6.9	7.4	8.2	8.9	8.9	9.7	12.3	19.8	17.3	18.2	19.0	19.2	19.2
Capital grants	0.9	0.6	0.7	0.7	0.7	0.9	1.1	1.3	1.5	1.8	1.5	1.6	1.6
Credit approvals ⁽⁶⁾	4.1	3.8	3.6	3.9	3.7	3.4	3.9	4.4	4.5	4.1	4.0	3.9	4.0
Total	30.8	31.2	33.4	35.8	36.6	38.3	42.5	53.3	59.2	59.7	60.8	62.6	64.4
Local authority self-financed expenditure	3.8	3.9	4.3	9.2	10.7	15.5	15.1	10.8	10.2	10.5	11.0	11.1	11.2
Financing requirements of nationalised industries⁽⁷⁾	3.9	1.7	0.3	0.2	-0.5	0.9	3.5	3.8	4.8	4.7	3.2	2.4	1.9
Reserve Adjustment ⁽⁸⁾											3.5	7.0	10.5
New control total	126.0	129.6	136.0	148.6	156.1	175.1	193.4	212.5	232.3	244.5	251.3	263.0	272.3

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

(2) Excludes cyclical social security.

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

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

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

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

(7) Includes central government support for nationalised industries other than grants and subsidies which are generally available to the private sector; these are treated as contributing to internal resources.

(8) See paragraph 6 of Appendix A.

2. The New Control total

Table 2.5 New control total: voted and other expenditure by spending sector

	£ million								
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Voted in Estimates									
Central government expenditure ⁽¹⁾⁽²⁾	75,956	83,124	93,171	103,732	110,999	117,555	120,750	123,950	126,950
Central government support for local authorities	31,615	33,767	37,453	47,728	53,617	55,755	56,900	58,750	60,400
Financing requirements for nationalised industries	3,266	5,347	3,705	2,404	3,278	3,544	3,318	3,106	3,047
Total voted in Estimates⁽¹⁾	110,838	122,238	134,329	153,865	167,894	176,854	180,950	185,850	190,400
Other									
Central government expenditure ⁽¹⁾	33,233	37,203	39,144	40,900	47,166	52,298	52,000	55,900	57,450
Central government support for local authorities	4,994	4,575	5,074	5,603	5,614	3,950	3,950	3,850	4,000
Local authority self-financed expenditure	10,711	15,515	15,085	10,780	10,192	10,500	11,000	11,100	11,200
Financing requirements for nationalised industries	-3,717	-4,416	-253	1,366	1,479	1,167	-124	-672	-1,188
Total other⁽¹⁾	45,221	52,877	59,049	58,648	64,451	68,000	66,800	70,200	71,400
Reserve Adjustment ⁽³⁾							3,500	7,000	10,500
						-300			
New control total	156,058	175,115	193,378	212,513	232,345	244,500	251,300	263,000	272,300

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

(2) Excluding cyclical social security.

(3) See paragraph 6 of Appendix A.

Table 2.6 New control total by department⁽¹⁾ and spending sector, 1994-95

£ million

	Central government expenditure		Central government support for local authorities		Financing requirements of nationalised industries		New control total		Total
	Voted in Estimates	Other (non-voted)	Voted in Estimates	Other (non-voted)	Voted in Estimates	Other (non-voted)	Voted in Estimates	Other (non-voted)	
Ministry of Defence	23,372	117					23,372	117	23,489
Foreign and Commonwealth Office	1,222						1,222		1,222
Overseas Development Agency	1,977	331					1,977	331	2,308
Ministry of Agriculture, Fisheries and Food	2,737	178	52	-163			2,789	14	2,803
Trade and Industry	1,316	-17	21		698	255	2,035	238	2,273
ECGD	-86						-86		-86
Department of Employment	3,232	233	304	1			3,537	234	3,770
Department of Transport	2,661	-1	348	632	2,550	-336	5,559	295	5,854
DOE - Housing and construction	2,586	-3	3,933	913			6,519	910	7,429
DOE - Other environmental services	1,297	-393	444	570	48		1,789	177	1,967
DOE - PSA	124	-10					124	-10	113
DOE - Local government	173	69	29,654	26			29,827	96	29,923
Home Office (including Charity Commission)	2,500	44	3,567	146			6,067	190	6,257
Lord Chancellor's and Law Officers' Departments	2,333	63	324	14			2,657	77	2,734
Department for Education	7,640	-22	2,496	372			10,136	351	10,487
Department of National Heritage	976						976		976
Department of Health and Office of Population Censuses and Surveys	30,760	-10	835	140			31,595	131	31,725
Department of Social Security	22,200	39,800	6,800				29,000	39,800	68,750
Scotland	7,884	-38	5,406	885	22	-44	13,311	803	14,114
Wales	3,637	-18	2,695	330			6,332	312	6,644
Northern Ireland	929	6,398		62			929	6,460	7,389
Chancellor of the Exchequer's Departments	3,334	100					3,334	100	3,434
Cabinet Office - Office of Public Service and Science	1,319	-1					1,319	-1	1,318
Cabinet Office - other services, Privy Council Office and Parliament	499						499		499
Local authority self-financed expenditure								11,000	11,000
European Communities	-3,841	5,195					-3,841	5,195	1,354
Reserve		3,500						3,500	3,500
New control total	120,750	55,500	56,900	3,929	3,318	-124	180,950	70,300	251,300

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

3. Central government expenditure and running costs

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's expenditure, which accounts for about 70 per cent of the new control total, includes the expenditure of government departments on their own activities and their funding of other 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 new 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 financing leases—which is included in the new control total. NHS Trusts, although part of the National Health Service, are classified as public corporations because of their greater freedom in day to day management. Public corporation's and trading fund's external financing requirements represent just under 1 per cent of the new control total.

Central government expenditure by department

3.4 **Table 3.1** gives a departmental breakdown of central government expenditure for the period 1988–89 to 1996–97. Social Security, Health and Defence together account for about 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 to 1996–97 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 and capital expenditure is now classified as other current expenditure on goods and services. This reflects health authorities' purchase of health care from providers—either from NHS Trusts or hospitals managed by health authorities—under contracts. In the case of contracts with NHS Trusts, which are public corporations, it is the payments for the goods and services provided rather than the trusts' actual expenditure which is recorded in central government expenditure.

Running Costs

3.7 Since 1986–87, departments' current expenditure on staff, goods and other services used in their own administration has been defined as running costs. These are normally controlled gross, although for areas where expenditure and receipts vary in line with demand and which have suitably robust monitoring and management systems, net running costs control may be agreed as set out in "The Financing and Accountability of Next Steps Agencies" (Cm 914). Where robust efficiency controls exist, the Treasury is prepared to enter bilateral agreements with departments or agencies subject to gross running costs control, allowing flexibility to cope with higher workloads ("demand-financing").

3.8 Formal departmental staffing limits have not been set since 1 April 1988, although vestigial controls are retained through plans agreed in the Public Expenditure Survey, see **Table 8.2**.

3.9 As part of the annual Public Expenditure Survey, departments are required to plan for efficiency gains, in terms of either reduced costs or improved quality, equal in cash terms to at least 2 per cent on average of their running costs each year. Three-year running costs figures have been agreed for most departments for 1994–95, 1995–96 and 1996–97, based on a commitment to the delivery of planned efficiency improvements.

3.10 **Table 3.6** compares the individual 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.

3.11 Because **Table 3.6** includes the gross running costs of areas controlled net, the figures in this table do not correspond directly to the figures which will be translated into control limits when the Main Estimates are presented to Parliament. The individual departmental reports do, however, identify the gross and net running costs provisions which will relate to the control limits to be published in the Main Estimates.

3.12 Changes in coverage since last year's Supplement are reflected in all years.

3.13 In appropriate cases, departments' running costs include provision for the transitional costs of relocating work under the Government's relocation policy. During the past year, a number of further planned relocations have been announced by departmental Ministers.

3.14 **Table 3.7** gives figures for the gross cost of departmental administrative activities analysed between those operating under gross control and those under net control. Details are given in the individual departmental reports. In addition to the net controlled areas listed in last year's Supplement, plus the Forensic Science Service of the Home Office for which agreement was reached too late for inclusion in last year's Supplement, five further areas will operate under net running costs control from 1 April 1994. They are: the Central Science Laboratory and the Veterinary Medicines Directorate (both of the Ministry of Agriculture, Fisheries and Food), the Social Security Information Technology Services Agency, the Driver and Vehicle Testing Agency (Northern Ireland) and the Paymaster Agency. From the same date, the Natural Resources Institute of the Overseas Development Administration will return to gross control. During 1993–94, Warren Spring Laboratory (Department of Trade and Industry) merged with the UK Atomic Energy Authority, and DVOIT and Forward (formerly of the Department of Transport and HM Treasury respectively) moved to the private sector. Twenty four Executive Agencies will, from 1 April 1994, be subject to net running costs control under the policy referred to in **paragraph 3.7**. The gross costs of the areas controlled net are included in **Table 3.7**.

3.15 Twelve further Executive Agencies—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 Research Agency, the Medicines Control Agency and Chessington Computer Centre, are trading funds which are not subject to running costs controls. These agencies are covered in the text on Public Corporations (see **paragraphs 3.17 to 3.18**).

3. Central government expenditure and running costs

3.16 Departments' paybill outturns are published in the Departmental Reports together with the related staff numbers. From 1 April 1994, larger agencies (employing over half the total number of civil servants) will have responsibility for negotiating pay and grading arrangements appropriate for their own staff.

Public corporations

3.17 The new 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 new control total therefore generally includes the requirements of these bodies external finance, rather than their expenditure.

3.18 Over the years an increasing number of public corporations have been given external finance treatment within the public expenditure new control total. However, there are a few exceptions where, for a variety of reasons, other treatments apply. The new control total includes any grants, loans and subsidies to the BBC, the IBA (up to 1990-91) and the National Dock Labour Board (up to 1988-89). It also includes subsidies to, and the capital expenditure of, the New Town Development Corporations and the Commission for New Towns. The Bank of England also features in the new control total to the extent that the Treasury pays the Bank of England for certain services. **Table 3.8** shows the contribution to the new control total for individual public corporations and trading funds.

Table 3.1 Central government expenditure within the new control total⁽¹⁾ by department⁽²⁾

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Ministry of Defence ⁽³⁾	19,221	20,777	21,816	23,032	23,620	23,440	23,489	22,702	22,798
Foreign and Commonwealth Office	772	898	968	1,132	1,371	1,453	1,222	1,240	1,243
Overseas Development Administration	1,544	1,672	1,748	1,989	2,146	2,276	2,308	2,363	2,363
Ministry of Agriculture, Fisheries and Food	1,530	1,505	2,219	2,252	2,329	3,207	2,915	3,106	3,108
Trade and Industry	2,184	1,597	1,603	1,437	1,350	1,363	1,299	1,300	1,287
ECGD	115	358	372	215	117	-35	-86	-82	-67
Department of Employment	3,394	3,232	3,264	3,059	3,075	3,398	3,465	3,380	3,402
Department of Transport	1,448	1,918	2,315	2,385	2,564	2,735	2,660	2,591	2,594
DOE—Housing and construction	1,374	1,665	2,698	3,024	3,545	2,906	2,583	2,505	2,442
DOE—Other environmental services	265	566	850	792	1,013	1,148	904	682	670
DOE—PSA			60	50	-69	114	113	64	36
DOE—Local government	6	10	50	184	236	232	243	235	237
Home Office (including Charity Commission)	1,500	1,739	2,108	2,346	2,468	2,477	2,543	2,597	2,518
Lord Chancellor's and Law Officers' Departments	951	1,169	1,373	1,710	2,032	2,188	2,396	2,518	2,626
Department for Education ⁽⁴⁾⁽⁵⁾	2,246	3,469	3,601	3,555	3,749	6,543	7,618	8,570	9,024
Department of National Heritage	649	675	744	848	978	983	976	998	971
Department of Health and Office of Population Censuses and Surveys ⁽⁵⁾	18,406	19,912	22,408	25,493	28,057	29,328	30,750	32,055	33,015
Department of Social Security ⁽⁶⁾	37,848	40,734	44,703	51,065	56,588	61,288	61,950	65,300	67,850
Scotland ⁽⁴⁾⁽⁵⁾	4,108	4,486	5,017	6,010	6,531	7,390	7,846	8,136	8,287
Wales ⁽⁴⁾⁽⁵⁾	1,839	1,960	2,246	2,566	3,044	3,441	3,619	3,781	3,875
Northern Ireland ⁽⁶⁾	5,065	5,349	5,488	5,982	6,538	7,044	7,327	7,675	7,878
Chancellor of the Exchequer's Departments	2,692	3,154	3,346	3,394	3,431	3,438	3,434	3,373	3,404
Cabinet Office, Office of Public Service and Science	787	903	988	1,059	1,124	1,247	1,318	1,354	1,359
Cabinet Office—other services, Privy Council Office and Parliament	240	264	302	349	430	473	499	501	552
European Communities	1,006	2,316	2,027	705	1,898	1,778	1,354	2,894	2,927
Total central government expenditure⁽⁴⁾⁽⁵⁾⁽⁶⁾	109,189	120,326	132,314	144,632	158,165	169,853	172,750	179,850	184,400
Of which:									
Central government's own expenditure ⁽⁴⁾⁽⁵⁾⁽⁶⁾	108,879	119,496	131,123	143,416	156,528	167,861	170,700	177,950	182,450
Public corporations (excluding nationalised industries)	311	830	1,191	1,216	1,637	1,992	2,050	1,935	1,923

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 1988-89 and later years are affected by the transfer of the financing of polytechnics and colleges (first through the Polytechnics and Colleges Funding Council, from 1993-94 through the higher education funding council in England) from local authorities to central government; figures for 1990-91 and beyond are affected by a change in the proportion of higher education met through student fees.

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

(6) Excludes cyclical social security.

Table 3.2 Central government expenditure⁽¹⁾ within the new control total by department⁽²⁾, 1978–79 to 1996–97

	£ billion																		
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn estimated	plans	plans	plans	
Ministry of Defence ⁽³⁾	7.6	9.4	11.5	12.8	14.6	15.7	17.4	18.3	18.4	18.9	19.2	20.8	21.8	23.0	23.6	23.4	23.5	22.7	22.8
Foreign Office	0.3	0.4	0.4	0.4	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.4	1.5	1.2	1.2	1.2
Overseas Development Association	0.8	0.9	1.0	1.0	1.0	1.2	1.2	1.3	1.3	1.3	1.5	1.7	1.7	2.0	2.1	2.3	2.3	2.4	2.4
Ministry of Agriculture, Fisheries and Food	0.6	0.7	1.1	1.1	1.5	1.8	1.8	2.2	1.5	1.8	1.5	1.5	2.2	2.3	2.3	3.2	2.9	3.1	3.1
Trade and Industry	1.1	1.1	1.5	2.0	1.9	1.7	1.7	1.9	2.8	1.5	2.2	1.6	1.6	1.4	1.4	1.4	1.3	1.3	1.3
ECGD	0.4	0.0	-0.2	0.1	0.3	0.2	0.5	0.3	0.3	0.2	0.1	0.4	0.4	0.2	0.1	0.0	-0.1	-0.1	-0.1
Department of Employment	0.9	1.1	1.8	2.1	2.2	2.7	2.9	3.0	3.4	3.5	3.4	3.2	3.3	3.1	3.1	3.4	3.5	3.4	3.4
Department of Transport	0.5	0.6	0.8	0.9	1.1	1.1	1.2	1.2	1.3	1.4	1.4	1.9	2.3	2.4	2.6	2.7	2.7	2.6	2.6
DOE – Housing	1.6	1.9	2.3	1.8	1.6	1.2	1.3	1.3	1.4	1.4	1.4	1.7	2.7	3.0	3.5	2.9	2.6	2.5	2.4
DOE – Other environmental services	0.8	0.9	1.0	1.0	1.0	0.5	0.6	0.5	0.5	0.3	0.3	0.6	0.9	0.8	1.0	1.1	0.9	0.7	0.7
DOE – PSA													0.1	0.1	-0.1	0.1	0.1	0.1	0.0
DOE – Local government													0.1	0.2	0.2	0.2	0.2	0.2	0.2
Home Office (including Charity Commission)	0.4	0.5	0.7	0.8	0.8	1.0	1.1	1.1	1.2	1.4	1.5	1.7	2.1	2.3	2.5	2.5	2.5	2.6	2.5
Lord Chancellor's and Law Officers' Departments	0.2	0.2	0.3	0.4	0.4	0.5	0.5	0.6	0.7	0.8	1.0	1.2	1.4	1.7	2.0	2.2	2.4	2.5	2.6
Department for Education ⁽⁴⁾⁽⁵⁾	0.8	1.0	1.2	1.3	1.5	1.6	1.7	1.8	1.8	2.0	2.2	3.5	3.6	3.6	3.7	6.5	7.6	8.6	9.0
Department of National Heritage	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.7	0.8	1.0	1.0	1.0	1.0	1.0
Department of Health and Office of Population Censuses and Surveys ⁽⁴⁾⁽⁵⁾	6.3	7.5	9.7	10.9	11.9	12.6	13.5	14.2	15.3	16.7	18.4	19.9	22.4	25.5	28.1	29.3	30.7	32.1	33.0
Department of Social Security ⁽⁶⁾	16.3	19.2	23.2	28.1	31.6	33.2	35.9	39.0	41.9	43.8	44.7	47.1	52.2	61.6	69.4	75.3	76.2	80.2	83.4
Scotland ⁽⁴⁾⁽⁵⁾	1.9	2.2	2.7	3.0	3.2	3.1	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.5	7.4	7.8	8.1	8.3
Wales ⁽⁴⁾⁽⁵⁾	0.7	0.8	1.1	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.6	3.0	3.4	3.6	3.8	3.9
Northern Ireland ⁽⁶⁾	2.1	2.5	2.9	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
Chancellor of the Exchequer's Departments	1.2	1.4	1.7	1.9	2.1	1.8	1.9	2.0	2.3	2.5	2.7	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4
Cabinet Office, OPSS	0.3	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3	1.4	1.4
Cabinet Office, etc	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.5	0.5	0.6
European Communities	0.8	0.8	0.2	0.1	0.6	0.8	1.0	0.8	1.1	1.7	1.0	2.3	2.0	0.7	1.9	1.8	1.4	2.9	2.9
Total central government expenditure⁽⁴⁾⁽⁵⁾⁽⁶⁾	45.9	54.0	65.6	75.0	83.5	87.3	94.5	100.6	106.7	111.5	116.4	127.0	140.1	155.5	171.5	184.4	187.5	195.4	200.6

(1) See footnote (1) to table 3.1. (2) See footnote (2) to table 3.1.

(3) See footnote (3) to table 3.1.

(4) See footnote (4) to Table 3.1. (5) See footnote (5) to table 2.2.

(6) Includes cyclical social security. Cyclical social security for 1988–89 to 1996–97 is £7.2 £6.7 £7.8 £10.9 £13.3 £14.5 £14.8 £15.5 £16.2 billion.

Table 3.3 Central government expenditure⁽¹⁾ within the new control total by department⁽²⁾ in real terms⁽³⁾, 1978–79 to 1996–97

£ billion

	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96	1996–97
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn estimated outturn	plans	plans	plans	
Ministry of Defence ⁽⁴⁾	21.1	22.4	23.0	23.5	25.1	25.7	27.2	27.0	26.4	25.8	24.5	24.8	24.1	23.9	23.6	22.7	21.9	20.4	20.0
Foreign Office	0.9	0.8	0.8	0.8	0.9	0.9	1.0	0.9	1.0	1.0	1.0	1.1	1.1	1.2	1.4	1.4	1.1	1.1	1.1
Overseas Development Administration	2.1	2.0	1.9	1.9	1.7	1.9	1.9	1.8	1.9	1.8	2.0	2.0	1.9	2.1	2.1	2.2	2.1	2.1	2.1
Ministry of Agriculture, Fisheries and Food	1.8	1.7	2.1	1.9	2.6	2.9	2.8	3.3	2.2	2.4	2.0	1.8	2.5	2.3	2.3	3.1	2.7	2.8	2.7
Trade and Industry	3.1	2.6	3.1	3.6	3.3	2.7	2.6	2.9	4.0	2.1	2.8	1.9	1.8	1.5	1.4	1.3	1.2	1.2	1.1
ECGD	1.0	-0.1	-0.3	0.2	0.6	0.3	0.8	0.5	0.4	0.2	0.1	0.4	0.4	0.2	0.1	0.0	-0.1	-0.1	-0.1
Department of Employment	2.6	2.7	3.6	3.8	3.8	4.4	4.5	4.5	4.9	4.7	4.3	3.9	3.6	3.2	3.1	3.3	3.2	3.0	3.0
Department of Transport	1.5	1.5	1.6	1.7	2.0	1.9	1.9	1.8	1.9	1.9	1.8	2.3	2.6	2.5	2.6	2.6	2.5	2.3	2.3
DOE – Housing	4.5	4.6	4.6	3.2	2.7	2.0	2.0	1.9	2.0	1.9	1.8	2.0	3.0	3.1	3.5	2.8	2.4	2.2	2.1
DOE – Other environmental services	2.3	2.1	1.9	1.8	1.6	0.8	0.9	0.8	0.7	0.4	0.3	0.7	0.9	0.8	1.0	1.1	0.8	0.6	0.6
DOE – Local government													0.1	0.2	0.2	0.2	0.2	0.2	0.2
DOE – (PSA)													0.1	0.1	-0.1	0.1	0.1	0.1	0.0
Home Office (including Charity Commission)	1.2	1.2	1.4	1.4	1.4	1.6	1.6	1.7	1.7	1.8	1.9	2.1	2.3	2.4	2.5	2.4	2.4	2.3	2.2
Lord Chancellor's and Law Officers' Departments	0.5	0.5	0.7	0.7	0.7	0.7	0.9	0.9	1.0	1.1	1.2	1.4	1.5	1.8	2.0	2.1	2.2	2.3	2.3
Department for Education ⁽⁵⁾⁽⁶⁾	2.3	2.4	2.5	2.4	2.6	2.6	2.6	2.6	2.6	2.8	2.9	4.1	4.0	3.7	3.7	6.3	7.1	7.7	7.9
Department of National Heritage	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.8	0.8	0.8	0.8	0.9	1.0	1.0	0.9	0.9	0.9
Department of Health and Office of Population Censuses and Surveys ⁽⁵⁾⁽⁶⁾	17.6	18.0	19.6	20.0	20.3	20.5	21.0	21.0	21.9	22.8	23.5	23.8	24.7	26.5	28.1	28.4	28.6	28.8	28.9
Department of Social Security ⁽⁷⁾	45.2	45.7	46.6	51.6	54.1	54.4	55.9	57.5	60.1	59.6	57.0	56.2	57.6	63.9	69.4	73.0	71.0	72.0	73.1
Scotland ⁽⁵⁾⁽⁶⁾	5.3	5.3	5.5	5.5	5.4	5.1	5.1	5.1	5.2	5.2	5.2	5.4	5.5	6.2	6.5	7.2	7.3	7.3	7.3
Wales ⁽⁵⁾⁽⁶⁾	2.0	2.0	2.2	2.2	2.1	2.1	2.0	2.0	2.2	2.2	2.3	2.3	2.5	2.7	3.0	3.3	3.4	3.4	3.4
Northern Ireland ⁽⁷⁾	5.9	5.9	5.7	5.8	5.9	6.1	6.3	6.3	6.4	6.5	6.9	6.8	6.5	6.6	7.0	7.3	7.3	7.4	7.4
Chancellor of the Exchequer's departments	3.3	3.3	3.5	3.5	3.5	3.0	2.9	3.0	3.3	3.4	3.4	3.8	3.7	3.5	3.4	3.3	3.2	3.0	3.0
Cabinet Office, OPSS	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.2
Cabinet Office, etc	0.1	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5	0.4	0.5
European Communities	2.1	2.0	0.3	0.2	1.0	1.4	1.5	1.2	1.5	2.3	1.3	2.8	2.2	0.7	1.9	1.7	1.3	2.6	2.6
Total central government expenditure⁽⁵⁾⁽⁶⁾⁽⁷⁾	127.6	128.5	132.0	137.6	143.0	142.8	147.2	148.6	153.0	151.9	148.5	151.6	154.7	161.5	171.5	178.6	174.6	175.4	175.7
(1) See footnote (1) to table 3.1. (2) See footnote (2) to table 3.1. (3) Cash figures adjusted to 1992–93 price levels by excluding the effect of general inflation. (4) See footnote (3) to table 3.1. (5) See footnotes (4) to table 3.1. (6) See footnote (6) to table 2.2. (7) Includes cyclical social security, cyclical social security for 1988–89 to 1996–97 is:										£9.2	£8.0	£8.6	£11.3	£13.3	£14.1	£13.8	£13.9	£14.2	billion

3. Central government expenditure and running costs

Table 3.4 Central government expenditure⁽¹⁾ within the new control total by function

	£ million								
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Defence									
Defence budget	19,221	20,777	22,314	24,557	23,620	23,440	23,489	22,702	22,798
Other governments' contributions to the cost of the Gulf conflict			-498	-1,525					
Total defence	19,221	20,777	21,816	23,032	23,620	23,440	23,489	22,702	22,798
Overseas services, including overseas aid									
Overseas aid ⁽²⁾	1,406	1,569	1,638	1,870	2,027	2,144	2,191	2,246	2,240
Other overseas services	907	998	1,077	1,251	1,490	1,584	1,340	1,357	1,366
Total overseas services, including overseas aid	2,313	2,567	2,715	3,121	3,517	3,728	3,531	3,603	3,606
Agriculture, fisheries, food and forestry									
Market regulation and production support	1,134	990	1,615	1,636	1,693	2,696	2,572	2,809	2,844
Structural measures for agriculture	209	237	259	278	273	278	267	288	284
Animal health	18	27	42	50	63	74	56	41	30
Other agriculture and food services including commissioned research and development	174	172	187	253	306	335	324	332	333
Support for the fishing industry	44	37	32	40	37	48	56	60	61
Arterial drainage, flood and coast protection (excluding Water Authorities)	16	27	26	26	26	29	31	31	31
Departmental research, advisory services and administration	347	379	411	415	401	454	454	468	465
Forestry	59	65	79	92	104	94	99	97	96
National Rivers Authority		96	168	202	240	262	227	242	244
Total agriculture, fisheries, food and forestry	2,000	2,029	2,820	2,992	3,144	4,271	4,086	4,367	4,387
Trade, industry, energy and employment									
Regional and general industrial support	860	780	701	661	592	691	724	774	777
Scientific and technological assistance	545	474	521	525	564	525	504	499	507
Support for aerospace, shipbuilding, coal, steel and vehicle manufacture	1,280	703	385	215	177	117	60	32	-18
Trade and technological support	273	518	571	416	314	178	97	100	118
Energy	-42	-45	-73	-92	-55				
Employment	1,284	577	638	845	1,192	1,153	1,247	1,176	1,108
Training	1,817	2,287	2,162	1,908	1,687	2,026	2,064	2,059	2,162
Departmental administration and other services	721	874	1,039	1,131	1,098	1,152	1,104	1,108	1,101
Total trade, industry, energy and employment	6,738	6,167	5,944	5,609	5,570	5,843	5,800	5,747	5,756
Transport									
National road systems									
<i>Current</i>	254	271	309	351	421	438	439	447	450
<i>Capital</i>	1,114	1,523	2,034	2,058	2,192	2,349	2,253	2,211	2,220
Local transport	15	9	8	10	7	8	10	11	11
Marine, coastguard, shipping and civil aviation services	26	123	74	46	33	40	52	51	47
Driver and vehicle licensing	113	123	137	141	163	170	164	167	169
National rail services						5	15	15	15
Other transport services	352	330	298	334	362	371	359	331	331
Total transport	1,874	2,377	2,860	2,939	3,179	3,381	3,291	3,232	3,242

Table 3.4 Central government expenditure⁽¹⁾ within the new control total by function (continued)

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Housing									
Subsidies to local authority housing	760	1,015	1,845	1,709	1,535	1,380	1,342	1,308	1,253
Other general subsidies	41	55	71	108	140	146	191	197	202
New Towns	-101	-99	-24	-130	-31	-35	-53	-51	-49
Housing Action Trusts									
Administration	51	55	69	91	97	100	104	103	103
Other capital	1,089	1,113	1,359	1,860	2,562	1,994	1,673	1,645	1,654
Total housing	1,840	2,139	3,320	3,638	4,303	3,586	3,257	3,201	3,163
Other environmental services									
Environmental protection	115	116	126	150	172	202	242	249	268
Countryside and water	96	179	218	210	238	245	264	273	258
Urban	341	326	347	290	304	503	435	423	415
Other public corporations	-97	211	404	576	606	592	489	335	323
Other	336	369	423	547	624	624	651	633	636
Total other environmental services	790	1,201	1,518	1,773	1,943	2,167	2,082	1,913	1,900
Law, order and protective services									
Administration of justice	1,035	1,198	1,430	1,818	2,148	2,362	2,537	2,722	2,780
The penal system	1,263	1,461	1,734	1,900	1,942	1,921	1,973	2,021	1,987
Police	496	518	608	664	737	761	791	808	827
Immigration and citizenship	114	133	154	177	210	264	239	248	250
Fire	41	46	48	52	52	53	51	53	54
Civil defence	59	74	73	48	26	9	13	23	27
Community services	30	28	37	39	39	46	51	45	49
Central and miscellaneous services	313	382	417	491	586	587	601	555	554
Total law, order and protective services	3,350	3,840	4,501	5,188	5,741	6,003	6,255	6,476	6,528
Education									
Schools									
<i>Current</i>	531	588	655	754	846	931	1,039	1,139	1,245
<i>Capital</i>	85	122	172	168	190	249	261	387	443
Further Education									
<i>Current</i>	100	99	117	125	152	3,002	3,165	3,378	3,433
<i>Capital</i>	10	11	12	11	14	202	214	214	219
Higher Education									
<i>Current</i>	1,983	3,056	3,035	2,754	2,881	3,126	3,894	4,212	4,212
<i>Capital</i>	188	300	317	408	403	404	410	471	516
Student awards and fees	171	195	262	400	478	503	486	467	480
Student Loans and Access Funds			63	152	212	330	556	789	1,015
Miscellaneous educational services, research and administration	247	281	323	371	395	469	504	542	553
Total education⁽³⁾⁽⁴⁾	3,314	4,653	4,958	5,143	5,573	9,215	10,528	11,600	12,116

3. Central government expenditure and running costs

Table 3.4 Central government expenditure⁽¹⁾ within the new control total by function (continued)

	£ million								
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
National heritage									
Museums and galleries	186	197	225	246	259	263	273	274	271
Other arts and heritage	309	311	342	404	452	446	454	462	461
Libraries	104	127	145	165	171	163	182	179	153
Films	15	16	17	20	22	24	26	34	32
Tourism	49	47	43	44	46	46	44	44	44
Sport and recreation	43	46	49	53	56	61	61	61	60
Broadcasting	1	1	2	2	57	68	68	76	76
Administration	8	8	9	10	18	27	27	27	27
Total national heritage	715	753	831	944	1,083	1,098	1,135	1,157	1,124
Health and personal social services⁽⁴⁾									
Health									
National Health Service hospitals, community health, family health (cash limited) and related services	17,355	18,861	21,165	24,100	26,468	27,996	28,268	29,330	30,056
Family health (non-cash limited)	4,805	5,017	5,572	6,202	6,683	6,619	7,822	8,249	8,667
National Health Service Trusts				-24	222	323	563	608	590
Central health and other services	758	854	971	1,150	1,281	1,180	1,177	1,221	1,277
General Practice Finance Corporation	-70								
Total health	22,849	24,731	27,708	31,427	34,653	36,118	37,830	39,408	40,590
Personal social services	140	155	177	215	236	303	394	458	458
Total health and personal social services	22,989	24,886	27,885	31,642	34,889	36,421	38,223	39,866	41,048
Social security⁽⁵⁾									
Pension benefits (contributory)	19,782	21,279	23,323	26,279	27,419	28,810	29,000	30,800	32,550
Widows' benefits	880	884	921	1,046	1,044	1,070	1,100	1,150	1,150
Unemployment, incapacity and other benefits	4,627	5,189	5,810	6,568	7,536	8,357	8,400	8,500	7,900
Industrial injury benefits	529	549	602	674	689	690	700	700	700
Family benefits (contributory)	287	329	362	392	457	482	500	500	550
Pension benefits (non-contributory)	48	47	48	49	51	51	50	50	50
War pensions	610	641	708	842	1,032	1,223	1,050	1,100	1,150
Disability benefits	2,251	2,560	3,040	3,834	4,873	5,782	6,500	7,350	8,200
Income Support	1,903	2,105	2,386	2,837	3,875	4,206	4,150	4,150	4,200
Social Fund	149	130	155	210	212	225	250	250	250
Family benefits (non-contributory)	5,294	5,371	5,528	6,302	7,148	7,673	8,000	8,550	9,000
Housing benefits	220	223	218	238	259	293	350	350	400
Administration and miscellaneous services	2,486	2,751	3,067	3,463	3,891	4,267	4,150	4,200	4,200
Adjustment ⁽⁸⁾						244			
Total social security	39,068	42,059	46,168	52,733	58,487	63,372	64,150	67,650	70,300
Miscellaneous expenditure⁽⁴⁾									
Other public services	3,707	4,374	4,756	5,142	5,292	5,483	5,614	5,575	5,658
Common services	264	190	197	33	-73	67	-45	-137	-177
Contributions to European Communities ⁽⁷⁾	1,006	2,316	2,027	705	1,898	1,778	1,354	2,894	2,927
Total miscellaneous expenditure⁽⁶⁾	4,977	6,880	6,979	5,880	7,117	7,328	6,923	8,332	8,408
Total central government expenditure⁽³⁾⁽⁴⁾	109,189	120,326	132,314	144,632	158,165	169,853	172,750	179,850	184,400

(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) See also footnote (4) to Table 3.1

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

(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.

(8) Adjustment arising from the Spring Supplementary Estimates.

Table 3.5 Central government expenditure⁽¹⁾ within the new control total by economic category

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Central government's own expenditure									
Pay	28,198	30,085	33,186	34,973	35,308	} 78,142	80,770	82,662	83,466
Other current expenditure on goods and services	25,870	28,043	30,801	36,754	40,016				
Subsidies ⁽²⁾	2,515	2,810	3,746	3,618	3,515	4,266	4,252	4,506	4,474
Current grants to the private sector	41,813	45,437	49,598	55,640	61,522	69,277	71,200	75,150	77,900
Current transfers abroad ⁽³⁾	3,069	4,697	3,959	1,927	4,957	5,028	4,550	6,200	6,300
Net capital expenditure on assets	3,873	5,398	6,824	6,976	6,922	6,879	5,795	4,844	5,481
Capital grants	2,627	2,293	2,929	3,374	3,830	3,820	3,459	3,597	3,713
Lending and other financial transactions	913	732	81	154	457	448	722	965	1,152
Total central government's own expenditure	108,879	119,496	131,123	143,416	156,528	167,861	170,700	177,950	182,450
Public corporations (excluding nationalised industries)⁽⁴⁾⁽⁵⁾									
(a) External finance									
Subsidies	265	274	295	403	439	458	438	453	475
Capital grants	481	854	1,044	1,215	1,281	1,045	1,026	1,012	997
Lending and other financial transactions	-19	33	63	-131	24	544	702	725	704
(b) Expenditure									
Subsidies	125	118	108	86	54	62	44	50	56
Net capital expenditure on assets	-537	-445	-315	-352	-159	-114	-157	-302	-306
Lending and other financial transactions	-4	-3	-3	-4	-3	-3	-3	-3	-4
Total public corporations (excluding nationalised industries)	311	830	1,191	1,216	1,637	1,992	2,050	1,935	1,923
Total central government expenditure	109,189	120,326	132,314	144,632	158,165	169,853	172,750	179,850	184,400

(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 new control total. The split between economic categories is given in section (a). For a few corporations their capital expenditure and subsidies are included in the new 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 central government's own expenditure.

3. Central government expenditure and running costs

Table 3.6 Gross running costs by department⁽¹⁾

	£ million									
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans	
Ministry of Defence ⁽²⁾	4,999	5,182	5,698	6,001	6,251	5,530	5,413	5,413	5,413	
FCO – Diplomatic Wing	379	446	457	511	557	579	583	587	592	
FCO – Overseas Development Administration	48	52	54	64	66	74	73	74	75	
Ministry of Agriculture, Fisheries and Food	256	281	314	347	378	417	407	471	474	
Intervention Board	19	22	24	29	30	32	33	33	34	
Trade and Industry⁽³⁾										
Department of Trade and Industry	339	371	407	433	418	464	458	462	467	
Office of Fair Trading	10	11	14	16	17	17	19	20	20	
Office of Telecommunications	4	4	6	7	7	8	8	8	8	
Office of Electricity Regulation		1	9	10	10	11	12	12	12	
Office of Gas Supply	1	1	2	2	2	3	3	3	3	
Total Trade and Industry	354	389	438	468	456	504	499	505	510	
Department of Employment										
Department of Employment ⁽⁴⁾	940	957	1,014	1,260	1,359	1,448	1,397	1,395	1,387	
Advisory, Conciliation and Arbitration Service	16	17	18	20	21	23	22	23	21	
Health and Safety Commission	100	109	121	143	163	178	179	181	182	
Total Employment Group	1,055	1,083	1,152	1,422	1,543	1,649	1,599	1,599	1,590	
Department of Transport										
Department of Transport	317	340	379	386	440	457	443	448	452	
Office of Rail Regulation						2	3	4	4	
Office of Passenger Rail Franchising						1	4	4	4	
Total Department of Transport	317	340	379	386	440	461	450	456	460	
Department of Environment:										
Housing and other environmental services	162	183	193	227	236	256	255	258	261	
Property Holdings	41	44	38	61	54	62	58	58	59	
Office of Water Services		1	5	6	6	9	9	8	8	
Ordnance Survey	60	60	63	67	70	77	76	81	83	
PSA Services	613	592	668	682	530	322	156	70	37	
Total Environment	875	880	967	1,042	897	727	555	476	448	
Home Office (including Charity Commission)										
Home Office	1,033	1,085	1,254	1,440	1,593	1,676	1,742	1,814	1,852	
Charity Commission	8	10	14	18	21	22	22	23	23	
Total Home Office (including Charity Commission)	1,041	1,095	1,268	1,458	1,614	1,698	1,765	1,836	1,875	

Table 3.6 Gross running costs by department⁽¹⁾ (continued)

	£ million								
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
Lord Chancellor's and Law Officers' Departments									
<i>Lord Chancellor's Department</i>	239	257	294	360	406	409	427	440	454
<i>Crown Prosecution Service</i>	117	134	158	180	201	218	225	229	234
<i>Northern Ireland Court Service</i>	12	13	14	15	16	17	17	17	18
<i>Serious Fraud Office</i>	5	6	7	9	11	10	11	11	11
<i>Crown Office, Scotland</i>	21	23	26	29	32	33	34	35	37
<i>Public Record Office</i>	13	16	18	20	23	25	25	26	27
<i>Treasury Solicitor's Department and Legal Secretariat to the Law Officers</i>	14	16	18	23	24	28	28	28	28
<i>Land Registry</i>	128	150	154	180	188				
Total Lord Chancellor's and Law Officers' Departments	549	614	688	816	900	740	768	787	808
Department for Education OFSTED ⁽⁵⁾	72	77	85	100	102	90 32	89 29	90 28	91 28
Total Education	72	77	85	100	102	122	118	118	119
Department of National Heritage Office of the National Lottery	19	19	21	31	32	37 1	39 2	40 2	40 3
Total Department of National Heritage	19	19	21	31	32	38	41	42	43
Department of Health and Office of Population Censuses Surveys									
<i>Department of Health</i>	155	166	207	231	267	253	252	254	257
<i>Office of Population Censuses and Surveys</i>	44	48	67	121	71	69	68	66	66
Total Department of Health and Office of Population Censuses and Surveys	199	213	274	353	338	323	320	321	323
Department of Social Security	1,765	1,866	2,144	2,331	2,670	2,923	2,933	2,962	2,992
Scotland									
<i>Scottish Office</i>	230	242	260	297	308	332	334	337	339
<i>Scottish Courts Administration</i>	24	26	33	37	39	43	45	45	45
<i>Scottish Record Office</i>	3	3	3	4	4	4	5	5	5
<i>General Register Office for Scotland</i>	5	6	9	14	8	8	7	8	8
<i>Registers of Scotland</i>	13	15	21	26	29	30	28	30	30
Total Scotland	275	291	326	377	388	417	418	425	428
Wales									
Office of Her Majesty's Chief Inspector of Schools in Wales	2	2	2	3	5	3	3	3	3
Total Wales	43	47	53	59	71	77	77	78	79
Northern Ireland ⁽⁶⁾	529	575	647	706	755	779	790	796	804
Chancellor of the Exchequer's Departments									
<i>H M Treasury</i>	61	65	73	92	95	113	81	82	82
<i>H M Customs and Excise</i>	520	553	629	692	738	765	767	776	785
<i>Inland Revenue</i>	1,228	1,329	1,463	1,690	1,770	1,858	1,886	1,899	1,916
<i>Department for National Savings</i>	173	170	179	189	198	195	195	197	199
<i>Central Statistical Office</i>	22	21	29	35	41	42	45	44	43
<i>Government Actuary's Department</i>	2	3	3	5	5	6	6	6	6
<i>Registry of Friendly Societies</i>	5	5	6	7	8	8	8	8	8
<i>Office of Paymaster General</i>	16	17	19	21	24	29	29	29	29
<i>National Investment and Loans Office</i>	1	1	1	1	1	1	1	1	1
Total Chancellor of the Exchequer's Departments	2,028	2,165	2,403	2,731	2,880	3,018	3,019	3,043	3,071

3. Central government expenditure and running costs

Table 3.6 Gross running costs by department⁽¹⁾ (continued)

	£ million									
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans	
Cabinet Office: Office of Public Service and Science										
<i>Cabinet Office: Office of Public Service and Science</i>	72	77	82	99	97	106	112	108	109	
<i>Central Office of Information</i>	20	21	22	1	1	1	1	1	1	
Total Cabinet Office: Office of Public Service and Science	92	97	104	100	99	107	114	110	111	
Cabinet Office: Other services, Privy Council Office and Parliament										
<i>Cabinet Office</i>	15	17	19	22	22	26	25	26	26	
<i>Privy Council Office</i>	1	1	2	2	2	2	2	2	2	
Total Cabinet Office: including Privy Council Office	17	18	20	24	24	28	28	28	28	
Gross running costs total	14,932	15,755	17,520	19,361	20,493	20,247	20,007	20,164	20,279	
Intra-departmental and inter-departmental running costs receipts	-850	-885	-968	-985	-880	-573	-397	-378	-374	
Running costs total	14,082	14,871	16,552	18,376	19,614	19,674	19,610	19,786	19,904	
Other related receipts ⁽⁷⁾	-1,711	-1,709	-1,796	-2,323	-2,478	-2,581	-2,474	-2,524	-2,513	
Running costs net of all related receipts	12,371	13,162	14,756	16,053	17,135	17,093	17,136	17,262	17,392	

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

(2) Running costs coverage includes the pay of Armed Forces personnel only where they are engaged in support activities (some 67,000 in 1993-94) and excludes certain civil servants engaged in non-support areas (some 22,000 in 1993-94).

(3) Excluding Export Credits Guarantee Department (ECGD). ECGD's running costs are met from trading income and are therefore not included in the public expenditure planning total. However, ECGD sets running costs plans.

(4) The Employment Service administers the payment of benefits to unemployed people as an agent for the Department of Social Security (DSS). The administration expenditure is borne on the DSS administration Vote but associated running costs (£654 million in 1993-94) and staff numbers are included in the Department of Employment (Employment Service) figures.

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

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

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

Table 3.7 Gross running costs⁽¹⁾ by control regime

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Gross provision (gross controlled areas)	13,589	14,364	15,992	17,759	18,998	19,101	19,088	19,319	19,458
Gross provision (net controlled areas)	1,343	1,391	1,528	1,603	1,496	1,146	919	845	821
Total running costs	14,932	15,755	17,520	19,361	20,493	20,247	20,007	20,164	20,279
<i>of which:</i>									
Civil Service paybill ⁽²⁾	8,368	8,748	9,709	10,689	11,350	10,922			
Civil Service staff numbers covered by running costs ⁽³⁾ (thousands full time equivalents)	600	591	597	599	602	569			

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

(2) This covers the pay costs, including charges for the accruing liability for Civil Service superannuation and for earnings related national insurance contributions, of civil servants, including casual staff, covered by running costs.

(3) This covers total civil service staff numbers, as shown in Table 8.2, plus the staff numbers of the Northern Ireland Office and Northern Ireland Departments, less civil servants not covered by running costs, i.e. trading funds, the Crown Estate Office, ECGD and MOD civilians engaged in non-support areas. Included in the total are full-time equivalent figures for overtime and casual staff. All staff working part time are counted as half.

3. Central government expenditure and running costs

Table 3.8 Financing requirements⁽¹⁾ of individual public corporations and trading funds (excluding nationalised industries)

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Public corporations and trading funds whose external finance is included in the new control total⁽²⁾									
The Buying Agency ⁽²⁾⁽³⁾									
Central Office of Information ⁽²⁾				27					
Chessington Computer Service Corporation						2	-1	-2	-2
Commonwealth Development Corporation	32	50	52	37	51	49			
Companies House ⁽²⁾				1	-4				
Covent Garden Market Authority	-1								
The Crown Agents	2								
Defence Research Agency						186	111	80	77
Development Board for Rural Wales	11	12	12	13	17	16	17	17	17
Docklands Light Railway	21	41	54	93	84	35	39	30	20
English Industrial Estates Corporation	7		17	-16	6	25			
Fire Service College ⁽²⁾					2	2			
General Practice Finance Corporation	-49								
Her Majesty's Stationery Office ⁽²⁾	-7	-7	-6	-5	-4	-3	-3		
Highlands and Islands Enterprise ⁽⁴⁾	32	34	33	59	63	62	58	59	61
Housing Action Trusts				10	26	87	88	90	90
Laganside		3	6	7	5	5	6	8	8
Land Authority For Wales	1	1	1	1	1				
Land Registry						-21			
Letchworth Garden City	1	-2			-3				
Medical Control Agency						6	2	1	1
National Health Service Trusts				-24	222	323	563	608	590
Northern Ireland Electricity Service	-42	-45	-73	-92	-55				
Northern Ireland Housing Executive	299	238	219	226	216	208	205	217	226
Northern Ireland Public Trust Port Authorities									
Northern Ireland Transport Holding Company	24	24	21	22	22	23	21	22	21
The Patent Office ⁽²⁾				1	-7	-4	-9	-9	-9
Royal Mint ⁽²⁾									
Scottish Enterprise ⁽⁵⁾	87	81	93	156	173	191	226	234	238
Scottish Homes ⁽⁶⁾		199	257	319	312	305	323	323	324
Scottish Special Housing Association ⁽⁶⁾	16								
United Kingdom Atomic Energy Authority	-24		44	24	17	-2	-9	-12	-12
Urban Regeneration Agency ⁽⁸⁾						34	181	211	221
Urban Development Corporations	252	465	586	541	467	391	295	274	269
Vehicle Inspectorate ⁽²⁾									
Welsh Development Agency	66	69	85	86	78	62	69	69	69
The Welsh Fourth Channel Authority					56	65	66	71	71
Total	727	1,161	1,401	1,486	1,745	2,047	2,247	2,291	2,282
Public corporations given other treatments in the new control total									
Bank of England									
British Broadcasting Corporation									
Independent Broadcasting Authority ⁽⁷⁾									
National Dock Labour Board	2								
New Town Development Corporations and the Commission for New Towns	-419	-331	-210	-270	-107	-55	-116	-255	-254
Total	-416	-330	-210	-270	-107	-55	-116	-255	-254
Total public corporations (excluding nationalised industries)	311	830	1,191	1,216	1,637	1,992	2,131	2,036	2,028

(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.

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

(8) For PES purposes some of these payments are classified as central government support to local authorities.

4. Local authority expenditure

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 2516)). 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 The Local Government Commission for England has begun to look at the structure of local government in England and will report to the Secretary of State for the Environment with recommendations for the reform of local government structure in individual areas. The Secretaries of State for Scotland and Wales are introducing Bills to implement their plans for single-tier authorities from 1996.

4.4 Central government support to local authorities and local authority self-financed expenditure both score in the new control total.

4.5 Local authorities account for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities in 1993–94 is estimated to be £70.2 billion.

1994–95 to 1996–97

4.6 The projections for the later years are set out in **Table 4.1**.

4.7 On the current side the Government announces, as part of the local authority settlement, the level of Total Standard Spending (TSS) which represents the amount it judges appropriate for local authorities to spend on the main services (see **paragraph 4.16 (a)**), that is those funded from AEF and the council tax. For 1994–95, TSS in England has been announced at £42,664 million, and in Wales at £2.7 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure, is £6.0 billion. The Government has also provided a service breakdown of TSS, giving an indication of the level of spending on each main service which would be consistent with the overall figure. The actual allocation of spending between services is a matter for determination by local authorities. **Table 4.2** sets out Total Standard Spending and its equivalents for 1994–95.

4.8 For capital expenditure the Government has prepared projections for the three years ahead. If local authorities were to spend from usable capital receipts and revenue contributions at a rate broadly similar to the current year and taking into account the effects of the capital receipts measure, (described in paragraph 4.11), total capital spending would be of the order of £8½ billion in 1994–95. The inflow of capital receipts for 1994–95 is projected to be of the order of £2¾ billion.

4.9 Central government support accounts for about 80 per cent of local authority revenue spending in 1991–92 to 1993–94. This level of support will be broadly maintained in 1994–95. For 1995–96 and 1996–97 the expenditure plans assume that local authority revenue spending will grow at the same rate as Total Standard Spending.

4.10 Gross capital expenditure is shown in **Table 4.5** by service. Local authorities have several ways of paying for capital expenditure:

- central government support (see paragraph 4.19)
- own resources: mostly capital receipts and revenue.

Local authorities in England and Wales must set aside part of their capital receipts to repay debt but are free to spend the remainder on capital programmes at anytime. In Scotland, local authorities can spend all of their capital receipts in-year but cannot carry them forward to the following year.

4.11 The requirement on local authorities to set aside part of their capital receipts was with certain exceptions suspended from 13 November 1992 to 31 December 1993. Local authorities' in England and Wales are able to spend on capital programmes 100 per cent of virtually all receipts which they received during that period. (Local authorities' latest forecast is that this measure will generate additional spending power of £1.3 billion). Any receipts not spent in 1993–94 will provide support for spending in the following years.

4.12 Local authority gross capital spending in the United Kingdom in 1992–93 totalled £8.6 billion with offsetting receipts of £2.6 billion. In 1993–94 gross capital spending is expected to increase to £9.3 billion with offsetting receipts of £2.6 billion. The outturn for net capital spending in 1993–94 is estimated at around £6.7 billion. This includes the effects of the capital receipts measure outlined in paragraph 4.11. These estimates take account of the returns from local authorities on capital expenditure in the first quarter of 1993–94. **Table 4.6** shows local authority receipts by service.

4.13 **Table 4.3** sets out total local authority expenditure by department for 1988–89 to 1993–94. **Table 4.4** shows total local authority expenditure for the outturn years, broken down by territorial area and economic category.

Central government support for local authorities

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

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

Support for current spending

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

(a) **Main local services.** Local authorities have considerable discretion to determine the level, pattern, and standard of the main services—subject to the financial resources available, including the implications for local taxation, and subject also to central government regulation and inspection of the service provided. Expenditure on these services is broadly equivalent to what was called “relevant current” expenditure, under the previous system of local government finance, and is now generally referred to as “revenue spending”

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

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

—**Revenue Support Grant (RSG);**

—**non-domestic rate payments:** in England and, separately, in Wales there is a National Non-Domestic Rate (NNDR), set by central government at a uniform poundage, with the proceeds pooled and distributed to local authorities on a per capita basis. In Scotland, the Secretary of State prescribes the non-domestic rate poundages for individual authorities;

—**current specific grants**, which fund part of the expenditure on a specific service or activity;

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

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

—other grants concerned with changes in the local tax system and to compensate local authorities whose Standard Spending Assessments (SSAs) have significantly decreased as a direct result of the use of the new census data and changes in the methodology for calculating SSAs.

4.18 **Table 4.7** shows AEF in Great Britain by territorial area and grant. **Table 4.8** shows, by territory, for the years 1988–89 to 1996–97, current specific grants outside AEF.

Support for local authority capital programmes

4.19 Central government support for local authority capital expenditure comprises capital 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 4.9** shows this government support by territory and by service.

4.20 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' capital spending needs and their ability to finance their capital programmes from their capital receipts.

4.21 **Table 4.10** gives a departmental breakdown of central government support for current and capital expenditure by local authorities.

4. Local authority expenditure

Table 4.1 Financing of local authority expenditure in the United Kingdom

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
£ million									
Current									
Aggregate External Finance⁽¹⁾⁽²⁾⁽³⁾									
England									
Revenue support grant	9,754	9,586	9,489	9,675	16,679	17,052	18,497		
Non-domestic rate payments	8,896	9,721	10,428	12,408	12,306	11,559	10,685	30,635	32,213
Specific grants	2,440	2,829	3,334	8,475	4,465	4,621	5,128	4,781	4,191
Total England	21,091	22,137	23,252	30,558	33,450	33,231	34,310	35,416	36,404
Scotland⁽⁴⁾									
Revenue support grant	2,007	2,346	2,496	2,692	3,499	3,624	3,736		
Non-domestic rate payments	1,273	1,203	1,221	1,302	1,213	1,186	1,109	4,976	5,073
Specific grants	240	267	299	775	380	396	434	405	421
Total Scotland	3,520	3,816	4,017	4,769	5,092	5,206	5,280	5,381	5,495
Wales									
Revenue support grant	1,015	1,049	1,141	1,236	1,616	1,657	1,740		
Non-domestic rate payments	368	414	443	525	536	470	464	2,273	2,327
Specific grants	131	140	165	455	224	212	219	222	227
Total Wales	1,513	1,602	1,749	2,216	2,376	2,339	2,423	2,495	2,555
Great Britain									
Revenue support grant	12,776	12,982	13,127	13,603	21,795	22,332	23,973		
Non-domestic rate payments	10,537	11,338	12,093	14,235	14,055	13,215	12,258	37,883	39,614
Specific grants	2,811	3,236	3,798	9,705	5,069	5,229	5,781	5,409	4,840
Total Aggregate External Finance	26,124	27,555	29,018	37,543	40,918	40,776	42,013	43,292	44,454
Other current grants⁽⁵⁾	6,099	6,495	8,466	10,061	12,233	13,007	13,250	13,800	14,350
Total current grants	32,223	34,050	37,484	47,604	53,152	53,783	55,250	57,100	58,800
Capital									
Capital grants	710	873	1,107	1,334	1,544	1,793	1,544	1,612	1,552
Credit approvals	3,676	3,419	3,936	4,393	4,535	4,129	4,025	3,905	4,035
Total Capital	4,386	4,292	5,043	5,727	6,079	5,922	5,569	5,517	5,586
Total central government support to local authorities	36,609	38,342	42,527	53,331	59,230	59,705	60,800	62,600	64,400
Local Authority self-financed expenditure	10,711	15,515	15,085	10,780	10,192	10,500	11,000	11,100	11,200
Total local authority expenditure	47,320	53,857	57,612	64,111	69,422	70,200	71,800	73,700	75,600

(1) Aggregate External Finance (AEF) includes revenue support grant, distribution of non-domestic rate revenue and a number of specific grants which fund a part of the expenditure on a specific service or activity. The figures for 1992-93, 1993-94 and 1994-95 include residual payments of the community charge grant which financed the £140 reduction in community charges in 1991-92 announced in the 1991 Budget. AEF also includes the transitional grants to assist with the transfer of responsibility for education to Inner London boroughs and with the introduction of the new local authority finance system (low rateable area grant and area protection grant).

(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) From 1995-96 onwards contains provision for transitional costs of reorganisation, some of which may be capital costs.

(4) Scottish figures for 1995-96 and 1996-97 are illustrative; final figures will depend on the Secretary of State's decisions on the allocation of resources.

(5) Most current grants outside AEF finance wholly, expenditure on certain national policies which local authorities administer, such as community charge benefit, housing benefit and student awards.

Table 4.2 Total Standard Spending for 1994-95 by main service block

£ million

England and Wales: Total Standard Spending		
	England	Wales ⁽¹⁾
Education	17,087	
Personal social services	6,403	
Police	5,795	
Fire	1,168	
Highway maintenance	1,759	
Other services	8,533	
Capital financing	1,909	
Restructuring	10	
Total	42,664	2,705
Scotland: Total Government Supported Expenditure		
	Scotland	
Education, Libraries and Museums	2,629	
Health and personal social services	866	
Law, order, and protective services	731	
Roads and transport	391	
Environmental services	580	
Micellaneous	12	
Other services	51	
Loans and Leasing Charges	753	
Total	6,014	

(1) Service Split for Wales not available.

Table 4.3 Local authority expenditure in the United Kingdom by department
£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
Current						
Ministry of Agriculture, fisheries and food	175	100	63	58	66	67
Department of Trade and Industry	91	106	119	133	150	160
Department of Employment	137	131	178	177	195	195
Department of Transport	1,790	1,926	2,208	2,277	2,384	2,333
DOE—Housing ⁽¹⁾	672	671	306	316	367	388
DOE—Environment	2,696	3,028	3,829	4,275	4,744	4,785
Home Office	4,735	5,338	5,952	6,591	7,159	7,526
Lord Chancellor's Dept	193	224	249	285	294	308
Department for Education	15,212	15,887	17,302	19,665	21,727	19,843
Department of National Heritage	911	1,008	1,149	1,201	1,161	1,188
Department of Health	3,301	3,717	4,221	4,627	5,004	5,745
Department of Social Security ⁽¹⁾	3,910	4,472	5,245	6,333	7,970	9,198
Scotland	3,695	4,050	4,453	4,763	5,101	5,162
Wales	1,458	1,607	1,800	2,000	2,153	2,110
Northern Ireland	114	115	122	140	153	157
Total current	39,089	42,381	47,195	52,842	58,627	59,166
Capital						
Ministry of Agriculture, fisheries and food	13	23	39	24		19
Department of Trade and Industry	1	2	1	1	1	1
Department of Employment	5	5	2	5	2	2
Department of Transport	812	1,037	924	1,019	1,208	1,402
DOE—Housing	8	1,589	542	972	877	828
DOE—Environment ⁽²⁾	213	791	757	886	929	1,115
Home Office	165	240	201	254	268	292
Lord Chancellor's Dept	43	51	51	46	62	51
Department for Education	493	708	672	701	703	778
Department of National Heritage	251	419	336	277	217	296
Department of Health	109	157	147	133	134	171
Scotland	792	813	856	908	956	1,054
Wales	295	401	451	515	572	632
Northern Ireland	29	31	32	33	36	37
Total capital⁽³⁾	3,230	6,266	5,012	5,773	5,964	6,678
Debt interest	5,001	5,209	5,405	5,496	4,831	4,400
Total	47,320	53,857	57,612	64,111	69,422	70,200
<small>(1) Support for rent rebates is included against DOE-Housing from 1990-91 and the Department of Social Security in earlier years.</small>						
<small>(2) Includes expenditure on Estate Action schemes which is now within the Single Regeneration Budget but was previously in DOE-Housing.</small>						
<small>(3) Includes small amounts of capital support in years up to 1988-89 by the Ministry of Defence and the Foreign Office which are not shown in table (less than £0.5 million in each year).</small>						

Table 4.4 Local authority expenditure in the United Kingdom by territorial area and economic category

	£ million					
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
England						
Pay	23,236	24,503	26,649	28,734	35,321	} 38,990
Other current expenditure on goods and services	4,606	5,429	6,890	8,069	4,467	
Subsidies	791	797	351	366	384	388
Current grants to persons	4,231	4,788	5,715	7,380	9,471	10,596
Net capital expenditure on assets	1,593	4,214	3,078	3,699	3,538	3,945
Capital grants	741	892	807	1,023	1,114	1,083
Lending and other financial transactions	-234	-102	-222	-420	-271	-90
Total England	34,964	40,521	43,268	48,851	54,024	54,913
Scotland						
Pay	2,463	2,623	2,898	3,267	3,512	} 5,051
Other current expenditure on goods and services	1,090	1,317	1,466	1,392	1,485	
Subsidies	125	85	77	83	83	90
Current grants to persons	457	538	571	622	715	801
Net capital expenditure on assets	638	672	727	804	845	942
Capital grants	153	149	134	111	114	112
Lending and other financial transactions	2	-7	-5	-6	-4	
Total Scotland	4,928	5,378	5,868	6,272	6,751	6,995
Wales						
Pay	1,370	1,473	1,611	1,768	1,877	} 2,526
Other current expenditure on goods and services	337	416	508	588	658	
Subsidies	4	4				
Current grants to persons	266	292	336	433	500	566
Net capital expenditure on assets	257	349	374	428	429	472
Capital grants	70	82	93	116	176	184
Lending and other financial transactions	-20	-14	-8	-14	-13	-6
Total Wales	2,284	2,603	2,916	3,319	3,628	3,742
Great Britain						
Pay	27,068	28,599	31,158	33,770	40,711	} 46,567
Other current expenditure on goods and services	6,033	7,162	8,864	10,049	6,610	
Subsidies	919	886	429	449	467	479
Current grants to persons	4,954	5,619	6,622	8,434	10,686	11,963
Net capital expenditure on assets	2,489	5,235	4,180	4,931	4,812	5,359
Capital grants	964	1,123	1,034	1,249	1,405	1,378
Lending and other financial transactions	-253	-123	-235	-440	-288	-97
Total Great Britain	42,176	48,502	52,052	58,442	64,403	65,649

Table 4.4 Local authority expenditure in the United Kingdom by territorial area and economic category (continued)

	£ million					
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
Northern Ireland						
Pay	109	110	115	139	152	} 157
Other current expenditure on goods and services	4	5	7	1	1	
Subsidies						
Current grants to persons						
Net capital expenditure on assets	29	30	32	32	35	36
Capital grants	1	1	1	1	1	1
Lending and other financial transactions						
Total Northern Ireland	143	146	154	172	189	194
United Kingdom						
Pay	27,178	28,710	31,273	33,909	40,863	} 46,724
Other current expenditure on goods and services	6,038	7,167	8,871	10,050	6,611	
Subsidies	919	886	429	449	467	
Current grants to persons	4,954	5,619	6,622	8,434	10,686	11,963
Net capital expenditure on assets	2,517	5,265	4,211	4,963	4,847	5,395
Capital grants	965	1,124	1,035	1,250	1,406	1,379
Lending and other financial transactions	-253	-123	-235	-440	-288	-97
Local authority debt interest	5,001	5,209	5,405	5,496	4,831	4,400
Total United Kingdom	47,320	53,857	57,612	64,111	69,422	70,200
<i>of which:</i>						
<i>Expenditure excluding debt interest</i>	<i>42,319</i>	<i>48,648</i>	<i>52,207</i>	<i>58,615</i>	<i>64,591</i>	<i>65,800</i>

Table 4.5 Local authority gross capital expenditure in the United Kingdom by territorial area and service

	£ million					
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
England						
Housing	3,262	4,594	2,661	2,092	1,855	1,903
Transport	961	1,134	964	1,087	1,261	1,447
Education	766	890	813	798	767	853
Personal social services	171	218	168	160	160	198
Home Office (Fire services)	60	69	48	51	57	72
Ministry of Agriculture, Fisheries and Food ⁽¹⁾	39	47	48	44	22	27
Sport and recreation	209	347	291	235	175	233
Protective services ⁽²⁾	197	242	226	262	280	292
Urban and regeneration programmes	397	440	417	529	668	721
Single Regeneration Budget —Environment ⁽³⁾	346	390	393	496	639	663
Single Regeneration Budget —Other departments	30	30	17	29	28	41
Other—Environment	22	20	7	4	1	16
Other services ⁽⁴⁾						
Environment	1,204	1,670	938	839	758	895
Other departments	78	113	69	62	63	88
Housing Association Grant	169	314	278	429	391	375
Memo item: not included above ⁽⁵⁾	6	5	3	4	3	2
England-Total	7,518	10,083	6,922	6,593	6,460	7,106
Scotland						
Non housing	544	616	674	759	831	838
Housing	616	635	612	575	561	552
Memo item: not included above ⁽⁶⁾	1	1	1	1		
Scotland-Total	1,161	1,252	1,288	1,334	1,393	1,390
Wales						
Home Office (Fire services)	2	3	5	5	5	3
Welsh Office	515	639	576	601	648	700
Protective services ⁽²⁾	13	16	6	13	17	17
Wales-Total	531	658	587	618	670	720
Local authority gross capital expenditure in Great Britain	9,210	11,993	8,797	8,545	8,523	9,216
Local authority gross capital expenditure in Northern Ireland	30	32	33	35	40	42
Local authority gross capital expenditure in the United Kingdom	9,240	12,025	8,830	8,580	8,562	9,258
<p>(1) Includes flood and coast protection and harbour improvements. Other expenditure on agriculture, fisheries and food is included in "Other services".</p> <p>(2) Includes police, probation and aftercare, civil defence and magistrates' courts.</p> <p>(3) Includes expenditure on Estate Action schemes, which was previously included under Housing.</p> <p>(4) Includes environmental services, employment, trade and industry, agriculture, fisheries and food (other than flood and coast protection and harbour improvements), and national heritage (other than sport and recreation).</p> <p>(5) Expenditure by internal drainage boards.</p> <p>(6) Expenditure on ports and airports which is not the responsibility of the Secretary of State for Scotland.</p>						

Table 4.6 Local authority capital receipts in the United Kingdom by territorial area and service

	£ million					
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn
England						
Housing	3,423	3,318	2,396	1,549	1,370	1,450
Transport	161	109	52	81	65	61
Education	284	194	141	107	74	91
Personal social services	68	67	27	34	32	36
Home Office (Fire services)	5	1	2	3	2	2
Sport and recreation	15	22	11	6	12	8
Protective services ⁽¹⁾	56	35	29	25	26	35
Other services ⁽²⁾						
Environment	1,359	1,289	580	453	469	460
Other departments	46	43	22	33	31	24
England-Total	5,418	5,079	3,259	2,291	2,080	2,167
Scotland						
Non Housing	89	116	143	163	150	82
Housing	279	322	288	263	287	255
Scotland-Total	368	438	431	426	437	337
Wales						
Protective services ⁽¹⁾	3	2	1	2	2	3
Welsh Office ⁽³⁾	220	239	126	86	76	68
Wales-Total	223	241	127	88	78	71
Local authority capital receipts in Great Britain	6,009	5,758	3,818	2,805	2,594	2,575
Local authority capital receipts in Northern Ireland	1	1	1	2	4	5
Local authority capital receipts in the United Kingdom	6,010	5,759	3,818	2,807	2,598	2,580

(1) Includes police, probation and aftercare.
(2) Includes environmental services, employment, trade and industry, agriculture, fisheries and food (other than flood and coast protection and harbour improvements), and national heritage (other than sport and recreation).
(3) Includes Home Office fire services.

Table 4.7 Aggregate External Finance in Great Britain by territorial area and grant

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
England									
Revenue support grant ⁽¹⁾	9,754	9,586	9,489	9,675	16,679	17,052	18,497	} 30,635	32,213
Non-domestic rate payments ⁽²⁾	8,896	9,721	10,428	12,408	12,306	11,559	10,685		
Community charge grant				4,346	329	80	35		
Area protection grant			88	485	309				
Urban Programme	50	48	49	45	52	81	73	49	44
Of which:									
Single Regeneration Budget	50	48	49	45	52	80	73	49	44
Other						2			
Magistrates courts	143	156	200	219	222	232	252	261	267
Community services	89	115	135	113	130	121	103	87	87
Probation and after care	158	174	208	246	254	274	291	293	300
Police	1,675	1,903	2,149	2,480	2,605	2,775	2,896	3,024	3,092
Grants for education support and training	146	199	206	221	209	166	155	138	118
Administration of housing benefit	111	110	103	119	124	127	130	131	131
Inner London Education grant	3	23	102	70	50	20	10		
Community Care special grant						565	736	648	
Other grants	67	102	95	131	182	179	447	151	152
Total	21,091	22,137	23,252	30,558	33,450	33,231	34,310	35,416	36,404
Scotland									
Revenue support grant ⁽¹⁾⁽³⁾	2,007	2,346	2,496	2,692	3,499	3,624	3,736	} 4,976	5,073
Non-domestic rate payments ⁽²⁾	1,273	1,203	1,221	1,302	1,213	1,186	1,109		
Community charge grant				437	16	4	8		
Urban Programme	22	27	32	41	43	49	51	52	52
Police	169	192	214	234	252	268	292	303	320
Administration of housing benefit	10	12	11	13	13	13	15	15	15
Other grants	39	36	43	50	57	61	69	35	35
Total	3,520	3,816	4,017	4,769	5,092	5,206	5,280	5,381	5,495
Wales									
Revenue support grant ⁽¹⁾	1,015	1,049	1,141	1,236	1,616	1,657	1,740	} 2,273	2,327
Non-domestic rate payments ⁽²⁾	368	414	443	525	536	470	464		
Community charge grant				268	27	7	5		
Police	85	90	108	123	132	136	144	150	154
Other grants	46	50	57	64	65	68	71	72	73
Total	1,513	1,602	1,749	2,216	2,376	2,339	2,423	2,495	2,555
Total Great Britain	26,124	27,555	29,018	37,543	40,918	40,776	42,013	43,292	44,454

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

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

(3) 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.

4. Local authority expenditure

Table 4.8 Current specific grants outside Aggregate External Finance in the United Kingdom by territorial area and grant
£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
England									
Skills and competence for work	34	93	111	134	154	53	50	47	47
Work-related further education and help for the unemployed ⁽¹⁾	111	102	104	106	108	28	145	151	151
Careers service Technical and vocational education initiative	83	118	122	141	118	119	81	48	24
Mandatory student awards	682	760	1,216	1,865	2,386	2,582	2,176	1,943	1,870
Rent rebates	2,021	2,147	2,313	2,610	3,088	3,364	3,700	3,900	3,850
Rent allowances	892	1,023	1,341	1,925	2,630	3,482	3,650	4,150	4,650
Rate/community charge rebates	1,286	1,299	1,830	956	1,298	1,489	1,650	1,800	1,850
Community charge transitional relief			253	17	-2	-16			
Community charge reduction scheme				1,024	1,001	17			
Council tax preparation costs					57	29			
Council tax transitional reduction grant						359	157		
Non-domestic rates: City of London offset			26	30	31	25	8	8	8
Other grants ⁽²⁾	91	-21	-27	-81	-102	-63	-20	-1	53
Total	5,199	5,520	7,288	8,728	10,768	11,468	11,600	12,000	12,500
Scotland									
Rent rebates	297	337	378	412	438	472	550	600	650
Rent allowances	93	92	116	121	147	189	200	250	300
Rate/community charge rebates	163	187	194	109	137	183	200	200	250
Community charge transitional relief			24	2					
Community charge reduction scheme				144	107	17			
Council Tax reduction scheme						21	6		
Other grants	11	16	17	20	32	28	20	38	10
Total	564	631	729	807	860	910	950	1,100	1,200
Wales									
Mandatory student awards	44	48	78	119	152	165	139	124	119
Rent rebates	136	149	157	161	193	196	250	250	250
Rent allowances	51	56	72	107	117	159	200	200	250
Rate/community charge rebates	63	53	79	21	38	43	47	50	50
Community charge transitional relief			20						
Community charge reduction scheme				65	40				
Other grants	3	-5	-1	4	12	10	2	-3	-3
Total	296	301	405	478	552	572	600	650	650
Northern Ireland Current Specific Grants									
	41	42	44	49	52	57	51	53	53
Total United Kingdom	6,099	6,495	8,466	10,061	12,233	13,007	13,250	13,800	14,350

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

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

Table 4.9 Central government capital support for local authorities in the United Kingdom by territorial area and service
£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
England⁽¹⁾									
Credit approvals⁽²⁾									
Housing	1,189	908	1,384	1,441	1,194	1,011	893	927	1,045
Transport	477	412	482	570	630	653	632	607	602
Education	386	353	436	492	560	382	372	264	244
Personal social services	73	67	84	106	126	132	140	144	148
Home Office (Fire services)	14	17	43	45	51	54	58	61	56
Ministry of Agriculture, Fisheries and Food ⁽³⁾	9	11	13	14	12	15	14	16	16
Sport and recreation	39	39	39	39	30	10			
Protective services	67	81	52	78	89	99	96	100	100
Urban and regeneration programmes	187	240	229	328	441	553	540	488	498
<i>Single Regeneration Budget—Environment⁽⁴⁾</i>	181	235	227	327	439	398	388	355	365
<i>Other—Environment</i>	6	5	2	1	3	155	152	133	133
Other services ⁽⁵⁾	179	222	135	197	226	60	30	33	33
Total credit approvals	2,621	2,350	2,897	3,309	3,359	2,969	2,776	2,639	2,743
Capital grants									
Housing	188	326	292	352	423	413	321	320	269
Transport	193	213	265	346	392	448	346	434	432
Education	12	14	13	14	14	14	13	12	10
Personal social services	1	2	2	2	1	7	9	8	8
Ministry of Agriculture, Fisheries and Food ⁽³⁾	17	17	16	21	14	19	29	23	23
Protective services	31	23	126	156	168	170	187	198	196
Urban and regeneration programmes	203	191	194	202	244	323	277	260	253
<i>Single Regeneration Budget—Environment⁽⁴⁾</i>	186	176	189	199	237	312	269	260	253
<i>Other—Environment</i>	16	15	5	3	7	12	8		
Other services ⁽⁵⁾									
Environment	2	2	2	2	3	2	3	3	3
Other departments	4	2	4	4	8	4	4	5	5
Total capital grants	651	791	915	1,101	1,268	1,400	1,188	1,262	1,198
Memo item: not included above⁽⁶⁾									
Capital grants	2	2	1	1	1	1	1	1	1
Credit approvals					40	4	18	10	10
England—Total	3,274	3,143	3,813	4,411	4,667	4,374	3,983	3,912	3,952
Scotland									
Non-housing									
Net capital allocations ⁽⁷⁾	426	453	456	474	533	538	581	592	602
Capital grants	18	35	31	55	71	158	115	108	114
Housing									
Net capital allocations ⁽⁷⁾	335	310	323	310	272	295	303	306	307
Capital grants	2	3	2	2	2	2	3	3	3
Memo item: not included above⁽⁸⁾									
Net capital allocations	1	1	1	1			1	1	1
Total net capital allocations	762	764	779	785	806	833	885	898	910
Total capital grants	20	38	32	57	74	161	118	111	116
Scotland—Total	783	803	811	842	879	994	1,003	1,009	1,026

4. Local authority expenditure

Table 4.9 Central government capital support for local authorities in the United Kingdom by territorial area and service (continued)

	£ million									
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans	
Wales										
Credit approvals⁽²⁾										
Welsh Office	286	301	255	292	322	313	339	348	364	
Protective services ⁽⁹⁾	4	2	2	5	5	6	4	6	5	
Other departments ⁽¹⁰⁾	2	2	3	3	3	4	3	3	3	
Total credit approvals	292	304	260	299	330	323	346	357	372	
Capital grants										
Welsh Office	30	33	152	163	186	214	216	217	216	
Protective services ⁽⁹⁾	1	2	4	7	10	9	10	13	11	
Total capital grants	32	34	156	170	196	224	226	229	227	
Wales—Total	324	339	416	470	526	547	572	586	599	
Northern Ireland capital grants	5	7	3	5	6	8	11	10	9	
Total United Kingdom	4,386	4,292	5,043	5,727	6,079	5,922	5,569	5,517	5,586	
<i>of which:</i>										
<i>Credit approvals⁽²⁾⁽¹¹⁾</i>	3,676	3,419	3,936	4,393	4,535	4,129	4,025	3,905	4,035	
<i>Capital grants</i>	710	873	1,107	1,334	1,544	1,793	1,544	1,612	1,552	

- (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) Credit approvals were introduced in England and Wales with the present capital control system in 1990-91; there was no precise equivalent previously. The figures for 1989-90 and earlier years are proxies based on outturn figures for loans for these years and it is not possible to make fully consistent comparisons with subsequent years.
- (3) Support for expenditure on flood and coast protection and harbour improvements and fishing industry.
- (4) Includes support for Estate Action schemes which was previously included under Housing.
- (5) In addition to support for expenditure on environmental services, this covers the support that has been provided for programmes which are the responsibility of other Departments: Ministry of Agriculture, Fisheries and Food (smallholdings), Department of Trade and Industry (consumer protection), the Employment Department (careers and sheltered employment) and the Department of National Heritage (services other than sport and recreation). 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) Grants for internal drainage boards and miscellaneous grants from Foreign and Commonwealth Office, credit approvals for Council Tax preparation costs commutation losses, restructuring costs and local government residuary body.
- (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) Includes Home Office and Lord Chancellors' and Law Officers' Departments.
- (10) Includes transport, employment and Home Office (fire services).
- (11) Including net capital allocations in Scotland.

Table 4.10 Central government support for local authorities in the United Kingdom by department

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Current									
Ministry of Agriculture, fisheries and food	29	-55	-113	-129	-158	-182	-157	-163	-164
Department of Trade and Industry	1		1	4	5	20	21	36	52
Department of Employment	263	358	388	423	425	224	301	272	248
Department of Transport	2	2	2	2	2	2	2	2	2
DOE—Housing ⁽¹⁾	22	24	2,351	2,635	3,017	3,322	3,632	3,832	3,802
DOE—Environment	123	134	140	127	154	187	165	125	118
DOE—Local government	18,817	19,521	20,342	27,993	30,714	29,110	29,662	30,643	32,221
Home Office	2,007	2,249	2,549	2,933	3,086	3,276	3,429	3,540	3,619
Lord Chancellor's Department	150	164	210	232	235	245	266	276	283
Department for Education	875	1,030	1,606	2,282	2,802	2,934	2,484	2,213	2,115
Department of Health	7	21	29	56	82	652	826	741	96
Department of Social Security ⁽¹⁾	4,958	5,267	4,117	3,792	5,080	6,314	6,800	7,550	8,300
Scottish Office	3,514	3,801	4,030	4,919	5,214	5,256	5,288	5,401	5,486
Welsh Office	1,416	1,491	1,788	2,287	2,442	2,366	2,470	2,545	2,576
Northern Ireland	41	42	44	49	52	57	51	53	53
Total current	32,223	34,050	37,484	47,604	53,152	53,783	55,250	57,100	58,800
Capital									
Ministry of Agriculture, fisheries and food	28	29	31	36	27	35	45	41	41
Department of Trade and Industry	1								
Department of Employment	3	3	5	4	9	5	5	5	5
Department of Transport	671	627	747	917	1,022	1,100	978	1,041	1,034
DOE—Housing	1,377	1,234	1,675	1,793	1,617	1,424	1,214	1,246	1,314
DOE—Environment ⁽²⁾	570	655	559	730	914	939	850	783	787
DOE—Local government					40	4	18	10	10
Home Office	79	86	179	235	264	286	284	295	294
Lord Chancellor's department	40	40	51	57	61	56	72	85	76
Department for Education	399	367	449	506	574	396	385	276	254
Department of National Heritage	39	39	39	39	30	10			
Department of Health	74	69	86	108	128	139	149	152	157
Scottish Office	781	801	811	841	879	993	1,003	1,009	1,026
Welsh Office	316	334	407	455	508	527	555	565	580
Northern Ireland	5	7	3	5	6	8	11	10	9
Total capital⁽³⁾	4,386	4,292	5,043	5,727	6,079	5,922	5,569	5,517	5,586
Total	36,609	38,342	42,527	53,331	59,230	59,705	60,800	62,600	64,400

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

(2) Includes support for Estate Action schemes, which is now within the Single Regeneration Budget but was previously included in DOE-housing.

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

5. Nationalised industries

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 intends to privatise British Coal; the Coal Industry Bill published in December 1993 takes forward this commitment. The Government is committed to privatising British Rail and took powers to restructure and privatise British Rail in the Railways Act 1993. In July 1992, the Government announced its intention to privatise Parcelforce. It also launched a review of the organisation and structure of the remaining Post Office businesses—Royal Mail Letters and Post Office Counters Ltd. That review is continuing. The Scottish Transport Group is to be wound up in 1994. In May 1993 the Government announced a review of assistance to shipping services in Scotland, including a study of options for the future of Caledonian MacBrayne, including possible privatisation. The Government has announced plans to privatise the London Bus subsidiaries before deregulation of the London bus market. In November 1993 the Government announced a study of privatisation options for the National Air Traffic Services, part of the Civil Aviation Authority.

5.4 The Citizen's Charter published in July 1991 (Cm 1599) contained proposals for improving quality of service, including better information on performance standards and outturns, and improved procedures for redress. These are being taken forward by the Government and the industries themselves. The efficiency scrutiny by the Monopolies and Mergers Commission of the British Waterways Board was published in January 1994 (Cm 2431).

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 new control total. Where an industry generates a positive cash flow, after financing new investment, it is generally 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 Coal:** The Corporation's key objective is to achieve the successful privatisation of the industry. Safety remains the Corporation's overriding concern.
- British Rail:** In March 1993 the Secretary of State for Transport set BR objectives for a one year period to April 1994 to cover safety, quality and finance. They cover the existing statutory and financial duties to provide railways and related services in Great Britain, having regard to efficiency, economy and safety. The Government is reviewing the objectives to apply from April 1994 in the restructured railway industry.
- 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 objectives are to provide cost-effective lifeline services to remote island communities, with the ultimate objective of maintaining island populations and economies.
- Civil Aviation Authority:** The Authority's main objectives are to secure a high standard of safety in United Kingdom aviation; to continue to operate as an efficient regulatory body for the air traffic system; and to develop an air traffic control system to meet demand as far as is practicable. The Authority will also seek greater integration and compatibility of international, and especially European, air traffic management, communications systems and navigational technology.

—**London Transport:** Objectives set by the Secretary of State supplement LT's statutory duty to provide or secure public transport services for London, having due regard to efficiency, economy and safety of operation. Quality of service objectives were first set for the London Underground (LUL) and for LT bus services in 1989. In May 1992, LUL were set new objectives in 12 key areas of service to be met over the period to April 1994; fresh quality of service objectives for 1994–95 are now being drawn up. New objectives for quality of service for bus services will also be set to replace those set in 1992. In November 1993, new objectives were set for the financial performance of each of the LT businesses for the period up to March 1996. Particular emphasis was placed on the reduction of LUL operating costs. Following the Government's announcement on future arrangements for London bus services, new financial targets will shortly be set for LT bus services. LT's own safety objectives are reviewed annually by the Secretary of State.

—**Nuclear Electric:** In October 1991, the Secretary of State for Energy set company objectives for Nuclear Electric plc. The company must seek to :

- (i) increase profit and reduce total and unit costs;
- (ii) achieve a continued increase in electricity generation, provided that it is economically justified;
- (iii) achieve a progressive reduction in the company's dependence on the levy;
- (iv) complete Sizewell B to time and cost; and
- (v) achieve a reduction in the costs of reprocessing, decommissioning and waste disposal and greater certainty about these costs.

All of these objectives should be achieved whilst maintaining the company's excellent safety record.

—**Post Office:** Its objectives are to continue to work towards the separation of its businesses; and to seek to secure maximum efficiency through sustained and detailed cost control. The Post Office aims to make a profit each year in each of its constituent businesses and to ensure that its price structure is sensibly related to costs and avoids cross subsidy, particularly from monopoly to competitive activities.

—**Scottish Nuclear:** In February 1994 the Secretary of State for Scotland set company objectives for the Scottish Nuclear plc. The company must seek to:

- (i) continue the safe operation of its power stations at Hunterston and Torness, to deal safely with the associated spent fuel and nuclear waste, and to consolidate and develop the stations' operating performance;
- (ii) decommission successfully Hunterston "A" power station;
- (iii) achieve an improved financial performance;
- (iv) improve the image and public perception of nuclear power generation;
- (v) investigate improved generating methods, particularly reactor and related technologies for the future;
- (vi) consider prudent and relevant diversification which make sensible use of the company's skills.

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 external financing requirements (EFRs) by department, their capital requirements and the extent to which they are met by internal resources; it shows the EFRs for each industry and provides further tables, including analyses of the contribution of grants to financing.

External finance 5.9 **Table 5.2** sets out a departmental analysis of the EFRs for nationalised industries. The total external finance rose from -£451 million in 1988–89 to £4.8 billion in 1992–93.

5.10 The overall requirement for external finance in 1993–94 is expected to be £4.7 billion. Thereafter, total provision is £3.2 billion in 1994–95 before falling to £2.4 billion in 1995–96 and £1.9 billion in 1996–97.

Capital requirements 5.11 **Table 5.3** sets out the industries' capital requirements showing each industry's expenditure on fixed assets since 1988–89 and their plans for 1994–95 to 1996–97. When the electricity industries and industries which have been privatised are excluded from the total it can be seen that investment in fixed assets has generally increased in each year since 1988–89. Substantial investment by those industries remaining within the public sector will continue,

with planned investment of around £2.8 billion in 1994–95. Planned investment declines in 1994–95 to 1996–97, mainly reflecting the completion by then of channel tunnel related investment by British Rail and reduction in expenditure as the construction of the Sizewell B nuclear power station nears completion.

Internal resources 5.12 **Table 5.4** shows how the individual industries' profits have contributed to the growth of internal resources and the progress that has been made since 1988–89 in improving the contribution to their own financing of the industries still remaining in the public sector.

Treatment within the new control total 5.13 A substantial part of the nationalised industries' activities is subject to commercial disciplines. Consequently their contribution to the new control total is measured differently from central government's own expenditure. It is the industries' external finance which is included in the new control total. External finance consists of government finance (grants, subsidies, loans and equity), market and overseas borrowing and the capital value of some assets acquired under financial leases. Each nationalised industry's external finance is subject to an annual EFL.

Need for external finance 5.14 Individual nationalised industries' requirements for external finance depend on the size of their investment programmes and on their ability to generate their own funds. **Table 5.5** gives details of the EFRs of each nationalised industry for the period 1988–89 to 1996–97.

Grants and subsidies 5.15 In general, the industries' requirements for external finance are met by borrowing from a variety of sources. Grant is paid either to support specific non-commercial objectives (eg. British Rail's Public Service Obligation grant, grant to London Transport to support public passenger services), to assist an industry in restructuring (eg. grants to British Coal) for where an industry's circumstances make access to the NLF inappropriate (eg. grants to some loss-making industries). **Table 5.6** sets out further details, by industry, of grants included in external finance.

Historical Trends

5.16 **Table 5.7** shows the contribution to the new control total of the main nationalised industries in the period since 1978–79.

Productivity

5.17 In 1979 the nationalised industries sector accounted for almost 9 per cent of GDP, over 11 per cent of investment and employed 1.7 million people. By 1991, largely as a result of the privatisation programme (see **Section 9**), its share of GDP had dropped to just under 2.5 per cent, its investment accounted for just over 3 per cent of total investment and employment had fallen by more than two thirds to 0.5 million. Nevertheless, the nationalised industries still number among some of the largest employers in the country and their performance is important. **Table 5.8** sets out the labour productivity record of the nationalised industries as a whole. Since 1980, the nationalised industries have made significant progress in reducing overstaffing and improving overall efficiency. This has been reflected in improved labour productivity which, since 1979–80 has averaged 4.2 per cent a year, compared with 3.6 per cent a year achieved by the manufacturing sector and 1.9 per cent by the economy as a whole over the same period. Since 1984–85 the rate of increase in output per head in the nationalised industries has also risen faster than in either of these sectors.

Table 5.1 Nationalised industries: financial targets

Industry	Current target	Latest achievement ⁽¹⁾
British Coal	Sustainable profitability.	1992-93: operating profit after interest £433 million. After exceptional restructuring items £588 million.
British Rail	In 1993-94: reduce underlying working expenses by 5% in real terms on 1992-93; profit/(loss) targets before grant: InterCity £12 million, Network SouthEast £(128) million, Regional Railways £(411) million.	No data available for current targets.
British Waterways Board	New targets regime being set.	No targets set for 1993-94.
Caledonian MacBrayne	1993-94: Fares income to cover at least 59% of operating costs.	No target set before 1993-94.
Civil Aviation Authority	1992-93 to 1994-95: 8% average. ⁽²⁾⁽³⁾	1989-90 to 1991-92: 7.1% average. ⁽²⁾⁽³⁾
London Transport	Separate targets set for each of the LT businesses. Key objective: reduction by 1995-96 of London Underground operating costs to £16.20 per train mile.	Forecast for 1993-94: £18.26.
Nuclear Electric	1993-94: rate of return target ranges from 13.0% to 15.0%. ⁽⁴⁾	1992-93: rate of return 9.8% ⁽⁴⁾
Post Office	Royal Mail Letters (RML): 16% ⁽⁵⁾ Post Office Counters Ltd (POCL): 9.3% ⁽⁵⁾ Parcelforce: Breakeven. ⁽⁶⁾	1992-93 RML: 16% POCL: 9.6% Parcelforce (5.7%). ⁽⁷⁾
Scottish Nuclear	1992-93: rate of return 4.3%. ⁽⁸⁾	1991-92: rate of return 2.8%.

(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 assets.

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

(6) One year target for 1993-94.

(7) Parcelforce from 1992-93: breakeven.

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

Table 5.2 External financing requirements⁽¹⁾ of nationalised industries by department

	£ million									
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans	
Ministry of Agriculture, Fisheries and Food	20	8								
Trade and Industry ⁽²⁾	-1,265	17	1,903	1,702	1,679	2,285	953	470	47	
Department of Transport	631	1,013	1,615	2,052	2,998	2,343	2,214	1,938	1,740	
DOE—Other environmental services	27	19	48	50	48	49	48	48	48	
Scotland	127	-140	-114	-34	32	34	-22	-22	23	
Wales	9	15								
Total external finance	-451	932	3,452	3,770	4,757	4,711	3,194	2,434	1,859	

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

Table 5.3 Nationalised industries capital requirements

	£ million								
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
EXPENDITURE ON FIXED ASSETS IN THE UK⁽¹⁾									
Current industries excluding electricity industries									
British Rail ⁽²⁾	725	892	1,049	1,340	1,573	1,207	1,020	860	780
British Shipbuilders	1	0	0	0	0	0	0	0	0
British Waterways Board	7	7	9	11	9	9	8	8	8
Caledonian MacBrayne	10	2	6	9	12	10	8	8	8
Civil Aviation Authority	35	54	76	88	118	164	120	86	104
London Transport	270	350	495	420	789	805	997	1,022	1,106
Post Office	164	251	325	266	343	325	320	290	290
Subtotal	1,211	1,558	1,959	2,134	2,844	2,520	2,473	2,274	2,297
Real terms (1992-93 prices)	1,546	1,859	2,163	2,216	2,844	2,441	2,303	2,041	2,011
Industries where privatisation plans have been announced									
British Coal ⁽³⁾	564	501	321	286	193	161	83		
Scottish Transport Group	2	2	1	0	0	0	0		
Electricity industries⁽⁴⁾	1,690	2,294	2,217	791	615	469	319	182	178
<i>of which:</i>									
England and Wales ⁽⁵⁾	1,464	2,080	1,965	728	560	418	280	142	138
Scotland ⁽⁶⁾	226	214	252	64	55	51	39	40	40
Other industries privatised before 31 March 1993 other than the non-nuclear electricity industries⁽⁷⁾									
	1,460	965							
Total expenditure on fixed assets	4,928	5,319	4,498	3,211	3,652	3,150	2,800	2,381	2,475
CAPITAL REQUIREMENTS OTHER THAN FIXED ASSETS⁽⁸⁾									
Changes in working capital	10	-2,929	430	108	426	1,368	882	298	230
Other capital requirements ⁽⁹⁾	-57	-56	-76	-72	-226	-152	-112	-186	-239
Total capital requirements	4,882	2,334	4,852	3,247	3,852	4,366	3,571	2,492	2,465

(1) Including the capital value of certain leased assets.

(2) The figures shown for British Rail include expenditure by Railtrack and Union Railways. They also include investment in rolling stock leased by British Rail of £75 million in each of 1994-95 and 1995-96. This investment is not financed from British Rail's EFR.

(3) British Coal is due to be privatised during 1994-95, hence there are no figures for later years.

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

(5) The Regional Electricity Companies, The National Grid Company, PowerGen and National Power were privatised during 1990-91. From 1992-93 comprises Nuclear Electric.

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

(7) Includes those industries privatised or abolished ie BSC, NBC, Girobank and Water (England and Wales). Excludes electricity industries.

(8) Includes current and privatised nationalised industries.

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

5. Nationalised industries

Table 5.4 Nationalised industries' internal resources⁽¹⁾

	£ million								
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
	outturn	outturn	outturn	outturn	outturn	estimated outturn	plans	plans	plans
CURRENT COST OPERATING PROFIT⁽²⁾ (- = loss)									
Current industries excluding electricity industries									
British Rail ⁽³⁾	-229	-323	-479	-762	-820	-609	-1,270	-1,000	-825
British Shipbuilders	10	0	0	0	0	0	0	0	0
British Waterways Board	-42	-43	-48	-49	-49	-47	-45	-44	-44
Caledonian MacBrayne	-5	-7	-6	-4	-6	-6	-6	-6	-6
Civil Aviation Authority	2	12	16	23	20	46	30	40	46
London Transport	-210	-231	-319	-346	-621	-351	-264	-261	-272
Post Office	94	10	-33	195	198	278	310	308	312
Subtotal	-379	-581	-869	-944	-1,278	-688	-1,245	-963	-789
Industries where privatisation plans have been announced									
British Coal ⁽⁴⁾⁽⁵⁾	-136	-3,033	52	-208	-268	-656	130		
Scottish Transport Group	-2	-14	-8	-1	0	0	0		
Electricity industries⁽⁵⁾⁽⁶⁾	720	1,069	116	-920	-691	-324	-612	-482	-457
<i>of which:</i>									
England and Wales ⁽⁷⁾	607	883	-168	-986	-732	-295	-476	-337	-304
Scotland ⁽⁸⁾	113	186	284	66	41	-29	-136	-145	-153
Industries privatised before 31 March 1993 other than the non-nuclear electricity industries⁽⁹⁾									
	1,134	484							
Total current cost operating profit	1,337	-2,075	-710	-2,072	-2,238	-1,669	-1,727	-1,445	-1,246
Interest, dividends and tax	-1,607	-1,270	-631	-288	-243	-346	-463	-361	-321
Depreciation etc ⁽¹⁰⁾	4,440	3,810	2,028	1,306	1,219	1,137	2,114	2,051	2,211
Other receipts and payments ⁽¹¹⁾	1,163	937	713	530	357	533	453	274	303
Total internal resources	5,333	1,402	1,400	-524	-905	-345	377	518	947

(1) Including grants and subsidies from central and local government which are generally available to the private sector. See table 5.6 for grants and subsidies included within internal resources.

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

(3) The figures for British Rail includes the profits of Railtrack and Union Railways.

(4) Figures based on historic costs.

(5) British Coal is due to be privatised during 1994-95, hence there are no figures for later years.

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

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

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

(9) Includes those industries privatised, ie BSC, NBC, Girobank and Water (England and Wales). Excludes non-nuclear electricity industries.

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

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

Table 5.5 External financing requirements⁽¹⁾ of individual nationalised industries

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
Current industries excluding electricity industries									
British Rail ⁽²⁾	376	711	1,077	1,464	2,064	1,530	1,262	975	740
British Shipbuilders	144	4	28	-9	-10	-8	-4	-1	-1
British Waterways Board	45	46	48	50	48	49	48	48	48
Caledonian MacBrayne	9	6	5	9	13	12	11	11	11
Civil Aviation Authority	21	47	66	38	56	97	60	42	22
London Transport	240	259	474	554	883	722	900	930	987
Post Office	-60	0	0	-74	-80	-183	-226	-213	-178
Subtotal	775	1,073	1,698	2,033	2,974	2,220	2,052	1,792	1,630
Electricity industries⁽⁵⁾									
<i>of which:</i>									
England and Wales ⁽⁶⁾	-1,773	-1,262	985	1,180	991	726	483	224	-114
Scotland ⁽⁷⁾	123	-149	-108	-45	14	-28	-41	-42	3
Industries where privatisation plans have been announced									
British Coal ⁽³⁾⁽⁴⁾	840	1,292	890	605	778	1,750	700	460	340
Scottish Transport Group	-8	0	-13	-2	0	44	0	0	0
Industries privatised before 31 March 1993 other than the non-nuclear electricity industries									
British Steel Corporation	-392								
Girobank	-25	-17							
National Bus Company	-2								
Water (England and Wales)	11	-5							
Subtotal	-408	-22							
Total external finance	-451	932	3,452	3,770	4,757	4,711	3,194	2,434	1,859

(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) The external financing requirement of British Rail will be divided between BR, Railtrack, Union Railways and the budget of OPRAF (the Office of Passenger Rail Franchising).

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

(4) Expenditure in 1995-96 and 1996-97 represents residual Government expenditure for support to the coal industry.

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

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

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

5. Nationalised industries

Table 5.6 Nationalised industries: contribution of grants and subsidies to external financing and internal resources

£ million

	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
GRANTS AND SUBSIDIES INCLUDED IN EXTERNAL FINANCE⁽¹⁾⁽²⁾									
Current industries excluding electricity industries									
British Rail	556	479	636	903	1,194	948	1,677	1,678	1,688
British Shipbuilders	26	14	3	0	0	0	0	0	0
British Waterways Board	46	48	49	51	51	49	48	48	48
Caledonian MacBrayne	5	6	6	6	6	17	14	10	14
Civil Aviation Authority	4	3	2	4	5	7	8	8	8
London Transport	169	246	481	572	883	722	900	930	987
Subtotal	806	796	1,177	1,537	2,139	1,743	2,647	2,675	2,746
Industries where privatisation plans have been announced									
British Coal ⁽³⁾⁽⁴⁾	480	3,586	1,822	709	860	1,066	640		
Electricity Industries⁽⁵⁾									
of which:									
England and Wales ⁽⁶⁾	0	0	1,195	1,266	1,280	1,229	1,255	1,174	1,116
Industries privatised before 31 March 1993 other than the non-nuclear electricity industries⁽⁷⁾									
	24	17							
Total grants and subsidies included in external financing	1,310	4,399	4,194	3,512	4,279	4,038	4,542	3,849	3,862
Grants contributing to internal resources⁽¹⁾⁽⁸⁾	223	230	223	352	197	236	132	132	140

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

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

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

(4) British Coal is due to be privatised during 1994-95, hence there are no figures for later years.

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

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

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

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

Table 5.7 External financing requirements⁽¹⁾ of individual nationalised industries, 1978-79 to 1996-97

	£ billion																		
	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 outturn	1984-85 outturn	1985-86 outturn	1986-87 outturn	1987-88 outturn	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
British Airways	0.1	0.2	0.3	0.2		-0.2	-0.3	-0.2	-0.1										
British Coal	0.6	0.7	0.8	1.2	1.0	1.2	1.7	0.4	0.9	0.9	0.8	1.3	0.9	0.6	0.8	1.8	0.7	0.5	0.3
British Gas Corporation	-0.4	-0.4	-0.4		-0.2		-0.2	-0.2	-0.7										
British Rail	0.6	0.7	0.8	1.0	0.8	0.8	1.0	0.9	0.8	0.5	0.4	0.7	1.1	1.5	2.1	1.5	1.3	1.0	0.7
British Shipbuilders	0.1	0.2	0.2	0.1	0.1	0.3	0.2		0.2	0.1	0.1								
British Steel Corporation	0.8	0.6	1.1	0.8	0.6	0.3	0.5	0.4		-0.3	-0.4								
British Telecom	-0.1	0.3	-0.1	0.2	-0.3	-0.2	-0.3												
Electricity (England and Wales)	-0.1	0.2	0.1	-0.2	-0.2	-0.5	0.5	-0.5	-1.3	-1.3	-1.8	-1.3	1.0	1.2	1.0	0.7	0.5	0.2	-0.1
Electricity (Scotland)		0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.1	0.1	-0.1	-0.1						
London Transport								0.3	0.3	0.2	0.2	0.3	0.5	0.6	0.9	0.7	0.9	0.9	1.0
Post Office					-0.1	-0.1		-0.1	-0.1	-0.1	-0.1			-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Water (England and Wales)	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.1										
Other	0.5	0.2		0.1		0.1	0.1	0.1		-0.1		0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1
Total nationalised industries	2.3	3.0	3.2	3.6	2.1	2.3	3.9	1.7	0.3	0.2	-0.5	0.9	3.5	3.8	4.8	4.7	3.2	2.4	1.9

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

Table 5.8 Nationalised industries' productivity⁽¹⁾

	Annual percentage change		
	Nationalised industries ⁽²⁾	Manufacturing industries	Whole economy ⁽³⁾
1979-80	1.8	0.8	0.5
1980-81	-0.4	-5.1	-4.2
1981-82	0.9	6.4	3.6
1982-83	2.0	5.9	4.6
1983-84	1.3	7.9	4.0
1984-85	6.3	4.5	0.6
1985-86	6.7	2.2	4.0
1986-87	9.7	5.2	5.0
1987-88	8.6	5.4	3.4
1988-89	8.2	5.7	1.4
1989-90	3.3	3.1	-0.2
1990-91	1.6	1.7	-0.2
1991-92	0.8	2.1	0.5
1992-93	7.9	5.8	3.3
Average 1979-80 to 1992-93	4.2	3.6	1.9

(1) Output per person employed.

(2) Industries planned to be in the public sector at 31 March 1992, excluding all electricity.

(3) Excluding north sea and non-trading public sector. NHS Trusts classified as trading public sector from 1991 Q2.

6. Differences from previous plans

Introduction

6.1 This section compares the new plans for the new control total in 1994–95 and 1995–96, and estimated outturn in 1993–94, with the plans set out in last year's supplement (Table 6.1 to 6.4). It also shows how outturn for the planning total in 1992–93 differs from the plans in the 1992 Financial Statement and Budget report (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 new 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 1993–94 to 1995–96 respectively.

6.4 The main transfers of financing responsibility affecting 1993–94 to 1995–96 are:

- A transfer of responsibility for skills and competence for work, from local authorities to central government, amounting to just over £100 million in each year from 1993–94 to 1995–96;
- A transfer of responsibility for student fees, from local authorities (Department for Education) to central government (Department for Education and Scottish and Welsh offices) amounting to £151 million in 1993–94, £234 million in 1994–95 and £240 million in 1995–96;
- a transfer of provision to all departments, from the Cabinet Office—OPSS totalling about £10 million a year for computing services as Chessington Computer Centre moves to a repayment basis;
- a transfer of responsibility for the Arts Councils in Scotland and Wales, from the Department of National Heritage to the Scottish Office and Welsh Office. The amounts involved are £36 million a year in 1994–95 and 1995–96;
- a transfer of the grant for the career service, from within revenue support grant to a current grant outside AEF. This involves a transfer of about £120 million a year for 1994–95 and 1995–96, from the Department of Environment—local government to the Department of Employment;
- a transfer, from the Department of Environment—Housing to the Department of Social Security in respect of housing benefit costs resulting from the privatisation of local authority housing stock. The amounts involved are £29 million in 1993–94, £41 million in 1994–95, and £46 million in 1995–96;

6. Differences from previous plans

- a transfer of funds for increased maintenance charges from DOE-other environmental services to all departments. The total amount transferred out of DOE-other environmental services is just over £10 million a year from 1993-94 to 1995-96.

6.5 The main classification changes are:

- A change in the treatment of fossil fuel levy reflecting the changed national accounting treatment introduced in the 1993 Blue Book. The benefit of the fossil fuel levy arrangements to Nuclear Electric is no longer treated as contributing to the industry's internal resources. As a consequence Nuclear Electric's recorded external finance is increased by the amount of their receipts derived from the levy. The amounts involved are £1,229 million in 1993-94, £1,255 million in 1994-95 and £1,174 million in 1995-96.
- A change in the basis for the measurement of the costs of Civil Service pensions in Northern Ireland, scoring accruing liability rather than pensions in payments as before. This increases the new control total in each year by just under £20 million a year between 1993-94 and 1995-96.
- The creation of the Single Regeneration Budget resulted in transfers to the Department of Environment—OES from the Department of Employment, the Department of Environment—Housing, the Home Office and the Department of Trade and Industry. The amounts transferred from the Department of Employment are £162 million in 1993-94, £110 million in 1994-95, and £115 million in 1995-96. The amounts transferred from Department of Environment—Housing are £443 million in 1993-94, £461 million in 1994-95, £452 million in 1995-96. The amounts transferred from the Home Office are £78 million in 1993-94, £71 million in 1994-95 and £66 million in 1995-96. The amounts transferred from the Department of Trade and Industry are £34 million in 1993-94, £36 million in 1994-95 and £37 million in 1995-96.

1992-93 outturn

6.6 **Table 6.5** presents differences for 1992-93 for the planning total from the plans set out in the Supplement to the 1991 Autumn Statement and, therefore, also reflects transfers and classification changes made between that Supplement and last year's Supplement. After taking account of classification changes, the total outturn for the planning total in 1992-93 is £227.3 billion, an increase of £0.6 billion over the plans in the 1992 Financial Statement and Budget Report.

Table 6.1 Changes to the new control total since last year's Statistical Supplement by spending sector						
	£ million					
	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans
New control total as in last year's statistical supplement	192,213	211,387	231,679	243,800	253,600	263,300
Changes in central government expenditure						
Transfers				300	300	400
Classification changes	14	21	9			
Other changes	-1	56	-577	3,200	200	2,600
Total changes in central government expenditure	13	77	-567	3,500	600	2,900
Changes in central government support for local authorities						
Transfers				-300	-300	-400
Classification changes	-24	-10	21			
Other changes		-1	-155	1,500	-400	-900
Total changes in central government support for local authorities	-24	-11	-133	1,300	-700	-1,300
Changes in LASFE	-19	-198	-195	-600		300
Total changes in Local Authority Expenditure	-43	-208	-328	700	-700	-1,000
Changes in financing requirements of nationalised industries						
Classification changes	1,195	1,266	1,280	1,200	1,300	1,200
Other changes		-8	82	-400	30	-430
Total changes in financing requirements of nationalised industries	1,196	1,258	1,362	800	1,300	700
Changes in the reserve				-4,000	-3,500	-3,000
Changes to adjustments			200	-300		
New control total	193,378	212,513	232,345	244,500	251,300	263,000

Table 6.2 New Control Total by department in 1993-94, differences from previous plans

£ million

	Plans in Statistical Supplement to the 1992 Autumn Statement	Transfers of function between department	Classi- fication changes	Revised plans	Other changes	Estimated outturn
Ministry of Defence	23,523	-6		23,517	-77	23,440
Foreign and Commonwealth Office	1,220	3		1,223	230	1,453
Overseas Development Administration	2,267	1		2,268	8	2,276
Ministry of Agriculture, Fisheries and Food	2,695	1		2,696	364	3,059
Trade and Industry	2,595	1	1,194	3,790	-122	3,668
ECGD	-35			-35		-35
Department of Employment	3,747		-162	3,585	42	3,627
Department of Transport	6,426	4	12	6,442	-262	6,180
DOE—Housing and construction	7,884	-37	-443	7,403	249	7,652
DOE—Other environmental services	1,445	-10	724	2,159	164	2,323
DOE—PSA	118	-3		114	-1	114
DOE—Local government	29,361	3		29,364	-18	29,346
Home Office (including Charity Commission)	6,119	-4	-78	6,036	3	6,039
Lord Chancellor's and Law Officers' Departments	2,589	3		2,592	-103	2,489
Department for Education	9,523	-10	-4	9,509	363	9,872
Department of National Heritage	991		1	991	2	993
Department of Health and Office of Population Censuses and Surveys	29,883	8	1	29,891	228	30,119
Department of Social Security	65,015	38		65,053	2,549	67,602
Scottish Office	13,540	5		13,545	129	13,674
Welsh Office	6,316	11		6,327	8	6,334
Northern Ireland	6,919	-3	17	6,934	174	7,109
Chancellor of the Exchequer's Departments	3,396	4		3,400	38	3,438
Cabinet Office—Office of Public Service and Science	1,255	-8	-2	1,245	2	1,247
Cabinet Office—other services, Privy Council Office and Parliament	472			471	2	473
European Communities	1,407			1,407	371	1,778
LASFE	11,100			11,100	-600	10,500
Reserve	4,000			4,000	-4,000	
Adjustment					-300	-300
New Control Total	243,800		1,259	245,100	-500	244,500

Table 6.3 New control total by department in 1994-95, differences from previous plans

£ million

	Plans in Statistical Supplement to the 1992 Autumn Statement	Transfers of function between department	Classi- fication changes	Revised plans	Other changes	New plans
Ministry of Defence	23,750	4		23,754	-265	23,489
Foreign and Commonwealth Office	1,213	-1		1,212	10	1,222
Overseas Development Administration	2,308			2,308		2,308
Ministry of Agriculture, Fisheries and Food	2,769	1		2,770	33	2,803
Trade and Industry	1,128	2	1,218	2,348	-75	2,273
ECGD	-64			-64	-23	-86
Department of Employment	3,705	111	-110	3,705	65	3,770
Department of Transport	6,063	2		6,066	-212	5,854
DOE—Housing and construction	8,186	-41	-466	7,678	-249	7,429
DOE—Other environmental services	1,212	-10	683	1,886	81	1,967
DOE—PSA	25	-2		23	90	113
DOE—Local government	30,896	-119	6	30,782	-859	29,923
Home Office (including Charity Commission)	6,329	-3	-71	6,254	2	6,257
Lord Chancellor's and Law Officers' Departments	2,783	3		2,786	-51	2,734
Department for Education	10,115	-15	-2	10,098	389	10,487
Department of National Heritage	1,012	-36		977	-1	976
Department of Health and Office of Population Censuses and Surveys	31,241	6	1	31,247	478	31,725
Department of Social Security	67,150	50		67,200	1,600	68,750
Scottish Office	14,085	28		14,113	1	14,114
Welsh Office	6,582	30		6,611	33	6,644
Northern Ireland	7,109	-6	18	7,122	267	7,389
Chancellor of the Exchequer's Departments	3,562	4		3,566	-133	3,434
Cabinet Office—Office of Public Service and Science	1,321	-9	-2	1,309	9	1,318
Cabinet Office—other services, Privy Council Office and Parliament	482			482	17	499
European Communities	2,654			2,654	-1,300	1,354
LASFE	11,000			11,000		11,000
Reserve	7,000			7,000	-3,500	3,500
New control Total	253,600		1,274	254,800	-3,600	251,300

	Plans in Statistical Supplement to the 1992 Autumn Statement	Transfers of function between department	Classi- fication changes	Revised plans	Other changes	New plans
Ministry of Defence	23,220	2		23,222	-519	22,702
Foreign and Commonwealth Office	1,219	1		1,220	20	1,240
Overseas Development Administration	2,362			2,363		2,363
Ministry of Agriculture, Fisheries and Food	2,919	2		2,920	64	2,984
Trade and Industry	1,057	2	1,136	2,194	-389	1,806
ECGD	-30			-30	-51	-82
Department of Employment	3,733	128	-115	3,747	-90	3,656
Department of Transport	5,862	2		5,864	-292	5,572
DOE—Housing and construction	8,186	-46	-458	7,681	-98	7,583
DOE—Other environmental services	1,132	-11	671	1,792	-154	1,638
DOE—PSA	46			46	18	64
DOE—Local government	32,556	-128	6	32,434	-1,546	30,888
Home Office (including Charity Commission)	6,489	6	-66	6,429	3	6,432
Lord Chancellor's and Law Officers' Departments	2,937			2,937	-59	2,878
Department for Education	10,497	-15	2	10,484	575	11,059
Department of National Heritage	1,038	-36		1,003	-5	998
Department of Health and Office of Population Censuses and Surveys	32,298	5	1	32,304	645	32,949
Department of Social Security	70,750	50		70,800	2,100	72,900
Scottish Office	14,551	29		14,579	-56	14,523
Welsh Office	6,809	29		6,838	52	6,890
Northern Ireland	7,354	-6	17	7,365	372	7,737
Chancellor of the Exchequer's Departments	3,650	4		3,654	-281	3,373
Cabinet Office—Office of Public Service and Science	1,349	-10	-2	1,337	17	1,354
Cabinet Office—other services, Privy Council Office and Parliament	486			486	14	501
European Communities	2,002			2,002	892	2,894
LASFE	10,800			10,800	300	11,100
Reserve	10,000			10,000	-3,000	7,000
New control Total	263,300		1,192	264,500	-1,500	263,000

Table 6.5 Differences between plans and estimated outturn for the the planning total by department, 1992-93

£ million

	Plans in the 1992 Financial Statement and Budget report	Transfer of responsibility between departments	Changes in treatment of pension costs	Other Classification changes and transfers	Revised plans	Other changes	Estimated outturn
Ministry of Defence ⁽³⁾	24,181		-157	1	24,025	-405	23,620
Foreign and Commonwealth Office	1,121	1	35	2	1,159	212	1,371
Overseas Development	2,147		4	1	2,152	-6	2,146
Ministry of Agriculture, Fisheries and Food	2,194	2	22	-2	2,216	-18	2,198
Trade and Industry	943	563	24	1,268	2,798	236	3,034
Energy	607	-607					
ECGD	117				117		117
Department of Employment	3,864	-100	54	-375	3,444	65	3,508
Department of Transport	6,955	-81	23	-16	6,880	-294	6,586
DOE—Housing	7,741			-391	7,350	828	8,179
DOE—Other environmental services	1,319	-23	19	566	1,882	247	2,129
DOE—PSA	69			-6	69	-132	-69
DOE—Local government	31,023				31,023	-33	30,990
Home Office (including Charity Commission)	6,002	-336	165	-82	5,749	69	5,818
Lord Chancellor's and Law Officers' Departments	1,765	310	40	12	2,126	202	2,328
Department for Education		6,809	10	-1	6,818	306	7,124
Department for Education and Science	7,947	-7,947					
Arts and Libraries	609	-609					
Department of National Heritage		960		1	960	48	1,008
Department of Health and Office of Population Censuses and Surveys	28,154		20	-405	27,769	498	28,266
Department of Social Security	70,554		265	114	70,934	3,556	74,491
Scottish Office	12,538		37	-23	12,552	104	12,656
Welsh Office	5,809	-3	6	162	5,974	20	5,994
Northern Ireland	7,025		30		7,055	3	7,059
Chancellor of the Exchequer's Departments	5,029	-29	-1,403	-5	3,591	-160	3,431
Cabinet Office, etc	451	-451					
Cabinet Office: OPSS		1,086	2	44	1,132	-8	1,124
Cabinet Office: Other, etc		456	2	-13	446	-16	430
European Communities	2,463				2,463	-565	1,898
Reserve	4,000				4,000	-4,000	
Privatisation proceeds	-8,000				-8,000	-183	-8,183
Adjustment							
Planning total	226,628	0	-800	851	226,679	576	227,255

7. Regional analysis of general government expenditure

Introduction

7.1 This section presents analyses of public expenditure outturn by country and region. For these purposes expenditure is allocated to specific countries or regions 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 1993 and are therefore, not entirely consistent with other figures in this Supplement. 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 1988–89 to 1992–93. Fuller details of each of the five years covered in the 1993 analysis are given in **Tables 7.2 to 7.6**. The final table gives a further breakdown of 1992–93 identifiable expenditure and also shows the non-identifiable elements by function (**Table 7.7**).

Table 7.1 Identifiable general government expenditure⁽¹⁾ by territorial area, 1988-89 to 1992-93

	£ million				
	1988-89	1989-90	1990-91	1991-92	1992-93
England	101,681	112,825	124,628	143,174	158,591
Scotland	13,975	15,062	16,337	17,899	20,267
Wales	7,121	7,684	8,556	9,567	10,997
Northern Ireland	5,633	5,929	6,121	6,737	7,324
Total	128,410	141,500	155,641	177,377	197,179
				£ per head	
England	2,145	2,373	2,613	2,993	3,290
Scotland	2,734	2,957	3,209	3,508	3,968
Wales	2,511	2,690	2,978	3,320	3,803
Northern Ireland	3,576	3,757	3,867	4,239	4,594
Total	2,256	2,480	2,719	3,090	3,411

(1) See paragraphs 3 and 4.

7. Regional analysis of general government expenditure

Table 7.2A Identifiable general government expenditure, 1988–89

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	746	211	104	149	1,209	62	17	9	12
Trade, industry, energy and employment	3,595	788	487	772	5,641	64	14	9	14
Transport	3,924	599	335	136	4,993	79	12	7	3
Housing	2,055	441	185	335	3,015	68	15	6	11
Other environmental services	4,378	688	393	254	5,713	77	12	7	4
Law, order and protective services	6,769	743	323	639	8,473	80	9	4	8
Education	18,089	2,573	1,108	854	22,623	80	11	5	4
National Heritage ⁽¹⁾	797	92	43		932	85	10	5	
Health and personal social services	21,819	2,969	1,406	882	27,076	81	11	5	3
Social security	39,567	4,599	2,695	1,580	48,440	82	9	6	3
Miscellaneous expenditure ⁽²⁾	-57	275	43	35	295	-19	93	14	12
Total expenditure on services	101,681	13,975	7,121	5,633	128,410	79	11	6	4

Table 7.2B Identifiable general government expenditure, per head, 1988–89

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	16	41	36	94	21	74	194	172	445
Trade, industry, energy and employment	76	154	172	490	99	77	155	173	494
Transport	83	117	118	86	88	94	134	135	98
Housing	43	86	65	212	53	82	163	123	401
Other environmental services	92	135	139	161	100	92	134	138	160
Law, order and protective services	143	145	114	405	149	96	98	76	272
Education	382	503	391	542	397	96	127	98	136
National Heritage ⁽¹⁾	17	18	15		16	103	110	92	
Health and personal social services	460	581	496	560	476	97	122	104	118
Social security	835	900	950	1,003	851	98	106	112	118
Miscellaneous expenditure ⁽²⁾	-1	54	15	22	5	-23	1,036	290	428
Total expenditure on services	2,145	2,734	2,511	3,576	2,256	95	121	111	159

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

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

Table 7.3A Identifiable general government expenditure, 1989-90

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	822	226	110	181	1,339	61	17	8	14
Trade, industry, energy and employment	3,315	810	477	740	5,341	62	15	9	14
Transport	4,770	685	348	154	5,957	80	12	6	3
Housing	3,926	589	249	268	5,032	78	12	5	5
Other environmental services	5,315	711	437	271	6,733	79	11	6	4
Law, order and protective services	7,791	832	368	698	9,690	80	9	4	7
Education	20,336	2,836	1,209	939	25,320	80	11	5	4
National Heritage ⁽¹⁾	910	102	50		1,062	86	10	5	
Health and personal social services	23,710	3,256	1,538	951	29,454	80	11	5	3
Social security	41,940	4,877	2,843	1,688	51,348	82	9	6	3
Miscellaneous expenditure ⁽²⁾	-10	138	57	39	225	-4	61	25	17
Total expenditure on services	112,825	15,062	7,684	5,929	141,500	80	11	5	4

Table 7.3B Identifiable general government expenditure, per head, 1989-90

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	17	44	39	115	23	74	189	164	489
Trade, industry, energy and employment	70	159	167	469	94	75	170	178	501
Transport	100	134	122	97	104	96	129	117	93
Housing	83	116	87	170	88	94	131	99	192
Other environmental services	112	140	153	171	118	95	118	129	145
Law, order and protective services	164	163	129	442	170	97	96	76	260
Education	428	557	423	595	444	96	125	95	134
National Heritage ⁽¹⁾	19	20	17		19	103	108	94	
Health and personal social services	499	639	538	603	516	97	124	104	117
Social security	882	957	995	1,070	900	98	106	111	119
Miscellaneous expenditure ⁽²⁾		27	20	25	4	-5	688	506	633
Total expenditure on services	2,373	2,957	2,690	3,757	2,480	96	119	108	152

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

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

7. Regional analysis of general government expenditure

Table 7.4A Identifiable general government expenditure, 1990-91

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	972	251	139	189	1,551	63	16	9	12
Trade, industry, energy and employment	3,291	794	476	480	5,042	65	16	9	10
Transport	5,626	730	418	151	6,926	81	11	6	2
Housing	3,547	649	323	245	4,763	74	14	7	5
Other environmental services	5,850	796	490	301	7,437	79	11	7	4
Law, order and protective services	8,768	932	401	767	10,868	81	9	4	7
Education	21,756	3,096	1,315	1,051	27,219	80	11	5	4
National Heritage ⁽¹⁾	1,029	125	55		1,209	85	10	5	
Health and personal social services	26,676	3,586	1,739	1,052	33,052	81	11	5	3
Social security	47,113	5,229	3,148	1,844	57,333	82	9	5	3
Miscellaneous expenditure ⁽²⁾		148	53	41	242		61	22	17
Total expenditure on services	124,628	16,337	8,556	6,121	155,641	80	10	5	4

Table 7.4B Identifiable general government expenditure, per head, 1990-91

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	20	49	48	119	27	75	182	179	440
Trade, industry, energy and employment	69	156	166	303	88	78	177	188	344
Transport	118	143	146	96	121	97	119	120	79
Housing	74	127	112	155	83	89	153	135	186
Other environmental services	123	156	170	190	130	94	120	131	146
Law, order and protective services	184	183	140	484	190	97	96	74	255
Education	456	608	458	664	476	96	128	96	140
National Heritage ⁽¹⁾	22	25	19		21	102	116	90	
Health and personal social services	559	704	605	665	577	97	122	105	115
Social security	988	1,027	1,096	1,165	1,002	99	103	109	116
Miscellaneous expenditure ⁽²⁾		29	18	26	4		689	432	616
Total expenditure on services	2,613	3,209	2,978	3,867	2,719	96	118	110	142

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

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

Table 7.5A Identifiable general government expenditure, 1991-92

	£ million					As a percentage of United Kingdom identifiable expenditure			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
	Agriculture, fisheries, food and forestry	1,047	307	185	205	1,744	60	18	11
Trade, industry, energy and employment	3,268	713	432	489	4,902	67	15	9	10
Transport	6,002	771	436	172	7,381	81	10	6	2
Housing	4,341	687	345	255	5,626	77	12	6	5
Other environmental services	6,630	899	565	233	8,327	80	11	7	3
Law, order and protective services	9,892	1,026	461	855	12,233	81	8	4	7
Education	24,021	3,326	1,500	1,216	30,063	80	11	5	4
National Heritage ⁽¹⁾	1,051	133	58		1,243	85	11	5	
Health and personal social services	30,177	4,016	1,999	1,168	37,360	81	11	5	3
Social security	56,746	5,855	3,527	2,098	68,227	83	9	5	3
Miscellaneous expenditure ⁽²⁾		166	60	47	272		61	22	17
Total expenditure on services	143,174	17,899	9,567	6,737	177,377	81	10	5	4

Table 7.5B Identifiable general government expenditure, per head, 1991-92

	£ per head					Index (United Kingdom identifiable expenditure = 100)			
	England	Scotland	Wales	Northern Ireland	United Kingdom	England	Scotland	Wales	Northern Ireland
	Agriculture, fisheries, food and forestry	22	60	64	129	30	72	198	212
Trade, industry, energy and employment	68	140	150	307	85	80	164	175	360
Transport	125	151	151	108	129	98	118	118	84
Housing	91	135	120	160	98	93	137	122	164
Other environmental services	139	176	196	146	145	96	122	135	101
Law, order and protective services	207	201	160	538	213	97	94	75	252
Education	502	652	521	765	524	96	124	99	146
National Heritage ⁽¹⁾	22	26	20		22	102	121	93	
Health and personal social services	631	787	694	735	651	97	121	107	113
Social security	1,186	1,148	1,224	1,320	1,188	100	97	103	111
Miscellaneous expenditure ⁽²⁾	0	32	21	30	5		685	437	622
Total expenditure on services	2,993	3,508	3,320	4,239	3,090	97	114	107	137

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

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

7. Regional analysis of general government expenditure

Table 7.6A 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	1,298	331	194	216	2,039	64	16	10	11
Trade, industry, energy and employment	3,520	730	438	460	5,147	68	14	9	9
Transport	6,764	816	481	170	8,231	82	10	6	2
Housing	4,788	652	420	261	6,120	78	11	7	4
Other environmental services	7,104	1,048	627	266	9,046	79	12	7	3
Law, order and protective services	10,804	1,122	506	973	13,405	81	8	4	7
Education	26,026	3,647	1,643	1,256	32,573	80	11	5	4
National Heritage ⁽¹⁾	1,111	157	58		1,326	84	12	4	
Health and personal social services	33,091	4,405	2,235	1,261	40,990	81	11	5	3
Social security	64,088	7,178	4,331	2,406	78,003	82	9	6	3
Miscellaneous expenditure ⁽²⁾	-2	181	64	55	299	-1	60	22	19
Total expenditure on services	158,591	20,267	10,997	7,324	197,179	80	10	6	4

Table 7.6B 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	27	65	67	135	35	76	184	190	383
Trade, industry, energy and employment	73	143	152	289	89	82	160	170	324
Transport	140	160	166	106	142	99	112	117	75
Housing	99	128	145	164	106	94	121	137	154
Other environmental services	147	205	217	167	157	94	131	139	107
Law, order and protective services	224	220	175	611	232	97	95	75	263
Education	540	714	568	788	564	96	127	101	140
National Heritage ⁽¹⁾	23	31	20		23	100	134	88	
Health and personal social services	686	862	773	791	709	97	122	109	111
Social security	1,329	1,406	1,498	1,509	1,350	99	104	111	112
Miscellaneous expenditure ⁽²⁾		35	22	35	5	-1	685	430	671
Total expenditure on services	3,290	3,968	3,803	4,594	3,411	96	116	111	135

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

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

Table 7.7 General government expenditure: Total expenditure on services⁽¹⁾ analysed by territorial area and function, 1992-93

£ million

	Identifiable expenditure										Total	Non Identified	United Kingdom
	England	Scotland			Wales			Northern Ireland					
		Total	Scottish Departments	Other	Total	Welsh Office	Other	Total	Northern Ireland and Departments	Other ⁽²⁾			
Defence												23,620	23,620
Overseas services												5,420	5,420
Agriculture, fisheries, food and forestry	1,298	331	311	20	194	175	19	216	216		2,039	1,149	3,187
Trade, industry, energy and employment	3,520	730	533	197	438	327	111	460	460		5,147	3,287	8,435
Roads and transport	6,764	816	816		481	481		170	170		8,231	2,351	10,582
Housing	4,788	652	652		420	420		261	261		6,120		6,120
Other environmental services	7,104	1,048	1,048		627	627		266	266		9,046	193	9,239
Law, order and protective services	10,804	1,122	1,077	45	506		506	973	936	38	13,405	875	14,280
Education	26,026	3,647	3,384	264	1,643	1,375	268	1,256	1,256		32,573	318	32,891
National Heritage ⁽³⁾	1,111	157	157		58	58					1,326	242	1,569
Health and personal social services	33,091	4,405	4,405		2,235	2,235		1,261	1,261		40,990	67	41,057
Social security	64,088	7,178	19	7,159	4,331		4,331	2,406	2,388	19	78,003	1,819	79,822
Miscellaneous expenditure ⁽⁴⁾	-2	181	181		64	67	-3	55	55		299	4,966	5,265
Total	158,591	20,267	12,582	7,685	10,997	5,765	5,232	7,324	7,268	56	197,179	44,307	241,486

(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 In response to a request from the Treasury and Civil Service Committee (TCSC) an analysis was carried out in the summer of 1991 of the available data on the regional distribution of public expenditure within England. The work concentrated on a disaggregation by region of the expenditure identified to England in the Treasury's territorial analysis of public spending. A summary of the results, covering 1987-88 was published in Appendix F of the Supplement to the 1990 Autumn Statement (Cm 1520)

7.7 In its report on the first issue of Departmental Reports (5th Report for 1991, HC 290) the TCSC recommended that this analysis be repeated and published in subsequent Supplements to the Autumn Statement and Financial Statements and Budget Reports. The Committee also recommended that the level of unallocated expenditure be reduced and that the scope for providing more up-to-date figures be explored. An analysis of regional spending in 1991-92 was undertaken during the summer of 1993. The results are set out in **Tables 7.8** to **7.9**.

7.8 **Table 7.8** sets out figures for expenditure by region in 1991-92. In addition to the regional expenditure figures the tables also give the corresponding figures from the 1993 territorial analysis. They show that about 82 per cent of expenditure identifiable to England in 1991-92 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1991-92 about 88 per cent of expenditure on health and personal social services and 85 per cent of expenditure on social security have been split by region. However, in a number of other areas, such as agriculture, fisheries and food there is an appreciable core of expenditure which cannot be readily disaggregated by region.

7.9 **Table 7.9** presents the figures on a per capita basis. Spending in 1991-92 allocated by region varies from £2,104 per head in East Anglia to £2,641 in the Northern Region. These figures should be treated with caution. Identifiable expenditure which cannot be allocated by region averages about £546 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.

7.10 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 practitioner committees located within the region (boundaries of RHAs do not align exactly with those of the standard regions, however); (iii) payments of certain social security benefits to residents of each region; (iv) spending on motorways and trunk roads in each region; (v) expenditure on regional preferential assistance by the region in which the recipient industries were located; (vi) grants to Urban Development Corporations; (vii) main housing subsidy and (viii) Support for London Transport.

7.11 Additional information on the regional distribution of spending is also available. Appendix 5 of the TCSC's Second Report for 1987-88 presented a note by the Treasury which includes a list of published information on regional spending.

Table 7.8 Identifiable general government expenditure, by area and function, 1991–92

£ million														
	Allocation of expenditure by region								Totals from 1993 territorial analysis ⁽²⁾					
	Northern Region	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands	North West	Total of all Regions	Unallocated ⁽²⁾	England	Scotland	Wales	Northern Ireland
Agriculture, fisheries, food and forestry	3	7	4		24	4	-1	5	45	1,002	1,047	307	185	205
Trade, industry, energy and employment	85	48	23	9	101	42	43	85	434	2,834	3,268	713	432	489
Roads and transport	322	528	369	251	2,573	446	642	724	5,855	147	6,002	771	436	172
Housing	135	230	136	38	1,674	182	222	409	3,025	1,316	4,341	687	345	255
Other environmental services	459	540	401	157	2,596	487	619	787	6,049	581	6,630	899	565	233
Law, order and protective services	427	654	453	219	2,995	543	674	883	6,846	3,046	9,892	1,026	461	855
Education	1,345	2,116	1,673	803	7,302	1,826	2,254	2,827	20,146	3,875	24,021	3,326	1,500	1,216
National Heritage	50	73	54	24	292	57	76	86	710	341	1,051	133	58	
Health and personal social services	1,729	2,721	2,025	1,015	10,339	2,215	2,736	3,667	26,443	3,734	30,177	4,016	1,999	1,168
Social security	3,592	5,101	3,762	1,884	16,527	4,700	5,295	7,195	48,064	8,682	56,746	5,855	3,527	2,098
Miscellaneous expenditure												166	60	47
Total	8,145	12,017	8,900	4,399	44,423	10,501	12,560	16,667	117,617	25,557	143,174	17,899	9,567	6,737

(1) Figures show the identifiable spending by function from the Treasury's latest 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 1993 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

Table 7.9 Identifiable general government expenditure, per capita, by area and function, 1991–92

	£ per head														
	Allocation of expenditure by region									Total of all Regions	Unallo- cated ⁽²⁾	Totals from 1993 territorial analysis ⁽²⁾			
	Northern Region	Yorkshire and Humberside	East Midlands	East Anglia	South East	South West	West Midlands	North West	England			Scotland	Wales	Northern Ireland	
Agriculture, fisheries, food and forestry	1	1	1		1	1		1	1	21	22	60	64	129	
Trade, industry, energy and employment	27	10	6	4	6	9	8	13	9	59	68	140	150	307	
Roads and transport	104	107	92	120	147	94	122	114	122	3	125	151	151	108	
Housing	44	46	34	18	95	38	42	64	63	27	91	135	120	160	
Other environmental services	149	109	100	75	148	103	118	123	126	13	139	176	196	146	
Law, order and protective services	138	132	113	105	171	115	128	139	142	65	207	201	160	538	
Education	436	427	416	384	416	387	429	443	419	83	502	652	521	765	
National Heritage	16	15	13	11	17	12	15	13	15	7	22	26	20		
Health and personal social services	561	550	503	485	589	469	521	575	550	81	631	787	694	735	
Social security	1,165	1,030	935	901	941	995	1,008	1,128	1,000	186	1,186	1,148	1,224	1,320	
Miscellaneous expenditure												32	21	30	
Total	2,641	2,426	2,211	2,104	2,530	2,223	2,390	2,613	2,447	546	2,993	3,508	3,320	4,239	

(1) Figures show the identifiable spending by function from the Treasury's latest territorial analysis (see Table 7.5b). 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 1993 territorial analysis. This includes a data discrepancy resulting from differences in timing of the estimates and small differences of treatment or coverage.

8. Public sector staffing

8.1 **Table 8.1** provides a summary of public sector staffing for the period 1978–79 to 1992–93. Figures for the current year and future years are not given since the Government does not directly control staffing numbers in local authorities and public corporations.

Local authorities

8.2 Expenditure on employees accounts for around 70 per cent of local authority gross revenue spending (excluding debt charges, revenue contributions to capital, internal recharging and transfer payments such as housing benefit). Local authorities in Great Britain reduced staff numbers by 2.6 per cent between March 1987 and March 1992. The numbers of staff in education have fallen, reflecting the fall in school rolls and the transfer of Polytechnics and Higher Education Institutions from the local government sector. The numbers of those employed on law and order have been increased in line with the Government's priorities in this area.

Public corporations

8.3 The overall number of staff employed in public corporations has fallen by 50 per cent since 1978–79. Most of this fall is accounted for by a reduction in nationalised industries staffing, reflecting the effects of the privatisation programme and of increased productivity in those industries that remain in the public sector. The increase in other public corporations in 1986–87 was due to the reclassification of the United Kingdom Atomic Energy Authority (UKAEA) from the central government sector.

Armed Forces

8.4 Armed forces staffing continued to fall in 1992–93 and will show a substantial reduction up to and including 1995–96 when the armed forces restructuring described in the 1991 Statement on the Defence Estimates, is due to be completed.

National Health Service

8.5 The number of whole time equivalent staff in post in the National Health Service in Great Britain has increased by over 3 per cent since September 1979, before adjusting for the reduction in nurses working hours in 1980. For this comparison, NHS Trust staff are included in the total for 1991. If they are excluded, the 1979–1991 comparison yields an apparent 6.8 per cent fall. Including Trust staff, as at 30 September 1991, increases in the number of whole-time equivalent front line staff were as follows: 10,000 more hospital and community doctors and dentists, 31,500 more professional and technical staff, and 21,000 more nursing and midwifery staff than at 30 September 1979. However, Health Authorities' initiatives and cost improvements continue to provide the means to improve the use of staffing. On 30 September 1991, 101,000 whole-time equivalent staff and on 30 September 1992, 243,000 whole-time equivalent staff in the NHS were employed in NHS Trusts (this last figure excludes locum and agency staff). Although these employees remain in the National Health Service they are classified as part of the public corporations sector. The number of staff will grow as subsequent waves of Trusts become operational.

Civil Service

8.6 **Table 8.2** provides a summary of Civil Service staffing for 1978–79 and 1988–89 to 1993–94, with plans for the period 1994–95 to 1996–97. The figures comprise all permanent staff but exclude temporary and casual staff.

8.7 The figures for individual departments are shown in **Table 8.2**. Between 1992–93 and 1993–94, Civil Service staffing was reduced by 3 per cent (16,000). This fall results mainly from the contractorisation of Atomic Weapons Establishment, formerly part of the Ministry of Defence, the sale of part of PSA Services and reductions in staffing at the Inland Revenue. The Department of Social Security has increased staffing this year to manage increasing workloads and for the build-up of the Child Support Agency. The figure shown for staff employed in Trading Funds has increased significantly to include the staff of two agencies which became Trading Funds during the year, but corresponding reductions are reflected in the staffing of the Ministry of Defence and the Lord Chancellor's Departments.

8.8 Since 1978–79, Civil Service numbers have fallen by 183,000, a reduction of 25 per cent.

8. Public sector staffing

8.9 Departments' plans for future years imply further reductions over the Survey period, to 524,000 by 1996-97. But historically, outturn has been lower than the original plans by an average of 3 per cent, as shown by the table below.

Original plans and outturn for Civil Service staffing, 1988-89 to 1993-94)						
	thousands (whole time equivalents)					
	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Original plans	590.7	587.0	575.9	569.6	578.4	574.7
Final outturn	570.6	563.1	560.0	561.4	565.1	551.3*
Reduction on planned figures	3.4%	4.1%	2.8%	1.4%	2.3%	4.1%

*Estimated outturn for 1993-94.

8.10 The plans for future years are consistently inflated compared to the staff in post outturns because, in practice, departments tend to operate at less than full complement, but continue to plan on the basis of full complement of posts.

8.11 In addition, the Government has announced that all Agencies and Agency candidates will be subject to prior option reviews during which abolition, privatisation, contracting out for strategic reasons or market testing are considered. The staffing plans announced here do not anticipate the results of these reviews or of the future Competing for Quality programme. Together, these initiatives are likely to reduce Civil Service numbers much further still.

Table 8.1 Public sector staffing, 1978–79 to 1992–93

	thousands (whole time equivalents)														
	1978–79	1979–80	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93
Civil Service	734	719	697	678	658	636	621	597	593	578	571	563	560	561	565
Armed Forces	326	330	335	341	334	333	336	334	331	328	324	319	311	305	293
National Health Services	923	943	979	998	1,009	1,009	998	993	981	976	973	973	969	872	725
Other central government	211	210	207	205	210	210	207	207	208	205	199	200	200	200	203
Total central government	2,194	2,202	2,218	2,222	2,211	2,188	2,162	2,131	2,113	2,087	2,066	2,055	2,039	1,939	1,786
Local Authorities community programme ⁽¹⁾⁽²⁾						22	45	52	76	72	67				
Local Authorities (other non-trading) ⁽¹⁾⁽³⁾	2,073	2,115	2,092	2,064	2,040	2,043	2,041	2,040	2,054	2,089	2,097	2,052	2,068	2,086	2,069
Local Authorities (trading) ⁽¹⁾⁽²⁾	252	253	251	242	234	235	234	234	222	216	215	213	212	205	188
Total local authorities	2,325	2,368	2,343	2,306	2,274	2,300	2,320	2,326	2,352	2,377	2,379	2,265	2,280	2,291	2,257
Nationalised industries⁽¹⁾	1,843	1,818	1,785	1,656	1,538	1,444	1,390	1,118	1,043	850	775	703	659	501	465
Other public corporations⁽¹⁾⁽⁴⁾	203	204	205	190	185	185	181	117	126	118	118	110	108	202	345
Total Public Sector	6,565	6,592	6,551	6,374	6,208	6,117	6,053	5,692	5,634	5,431	5,338	5,133	5,086	4,933	4,853

(1) At 1 July.

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

(3) Including Northern Ireland.

(4) Includes United Kingdom Atomic Energy Authority from 1986–87, and NHS Trusts from 1991–92.

8. Public sector staffing

Table 8.2 Civil Service government staffing, 1978–79 and 1988–89 to 1996–97

	thousands (whole time equivalents) ⁽¹⁾									
	1978–79 actual	1988–89 actual	1989–90 actual	1990–91 actual	1991–92 actual	1992–93 actual	1993–94 estimated outturn	1994–95 plans	1995–96 plans	1996–97 plans
Central government departments⁽¹⁾										
Ministry of Defence ⁽²⁾	226.1	142.2	140.8	140.6	140.1	136.9	118.1	116.2	109.9	104.2
FCO—Diplomatic Wing	9.8	8.0	8.0	8.1	8.3	8.2	8.0	8.0	7.8	7.8
FCO—Overseas Development Administration	2.3	1.5	1.5	1.6	1.7	1.7	1.6	1.7	1.6	1.6
Ministry of Agriculture, Fisheries and Food	14.0	10.2	9.9	10.0	10.0	9.9	10.3	10.8	12.3	12.3
Intervention Board	0.5	0.8	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Trade and Industry (including OFT, OFTEL, OFGAS and OFFER)	18.7	13.0	13.1	13.1	11.9	10.7	10.4	10.3	10.1	10.0
Export Credits Guarantee Department	2.0	1.6	1.5	1.3	1.0	0.7	0.6	0.5	0.5	0.5
Employment Group (including ACAS and HSC)	53.6	56.5	53.4	49.7	53.0	57.9	56.0	57.5	55.3	53.8
Department of Transport including (OPRAF and ORR)	14.2	12.7	13.1	13.7	11.3	11.1	10.7	10.5	10.5	10.5
Department of the Environment (incl Office of Water Services and Ordnance Survey)	16.2	8.3	8.3	8.1	8.4	8.2	8.1	8.0	7.7	7.3
Property Holdings ⁽³⁾	36.8	1.6	1.6	1.5	1.7	1.7	1.6	1.6	1.5	1.5
PSA Services ⁽³⁾⁽⁶⁾		19.0	17.8	17.3	14.1	10.5	7.0	2.5	0.6	0.1
Home Office (including Charity Commission)	34.0	41.6	43.3	45.9	48.4	51.4	51.3	52.5	52.6	52.6
Lord Chancellor's and Law Officers' Departments	17.9	26.6	28.5	28.8	28.9	29.5	20.4	20.4	20.3	20.1
Department for Education (including OFSTED) ⁽⁷⁾	3.7	2.5	2.5	2.5	2.6	2.6	2.7	2.7	2.6	2.6
Department of National Heritage (including OFLOT)		0.8	0.8	1.1	1.1	0.9	1.0	1.1	1.1	1.1
Department of Health and Office of Population, Censuses and Surveys ⁽⁴⁾	100.2	5.9	6.4	6.6	6.8	6.8	6.4	6.4	6.3	6.3
Department of Social Security ⁽⁴⁾		87.8	81.6	80.3	78.1	82.0	88.2	90.7	88.8	86.5
Scotland	12.8	12.1	12.4	12.7	13.1	13.3	13.4	13.4	13.4	13.4
Wales (including OHMCISW)	2.5	2.1	2.2	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Northern Ireland Office	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
HM Customs and Excise	28.8	26.3	26.6	26.9	26.8	25.7	25.2	25.2	24.6	23.8
Inland Revenue	84.9	66.6	66.6	65.5	67.3	68.1	64.9	66.5	65.6	65.3
Chancellor's other departments ⁽⁵⁾	14.2	11.7	11.5	11.2	10.8	10.5	10.1	9.8	9.6	9.4
Cabinet Office, OPSS, COI and Privy Council Office	5.7	3.1	3.1	3.2	2.4	2.3	1.9	2.0	2.0	2.0
Trading funds, Crown Estate Office and DSA	34.9	7.8	7.4	6.9	10.1	10.9	29.7	29.3	28.0	27.5
Total Civil Service	734.0	570.6	563.1	560.0	561.4	565.1	551.3	550.8	536.3	523.8

(1) Unless otherwise indicated all figures are financial year averages for permanent staff in manpower count (part-time staff count as half).

(2) Excludes the privatisation of the Atomic Weapons Establishment on 1 April 1993.

(3) Property Services Agency was restructured to Property Holdings and PSA Services from 1 April 1990. The allocation of staff between these two bodies is not available for 1978–79.

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

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

(6) PSAS Projects was privatised in December 1992.

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

9. Privatisation proceeds

9.1 The state sector of industry, predominantly the nationalised industries, accounted for 11 per cent of GDP in 1979. Forty-seven major (and dozens of smaller) companies have been privatised since then. By 1991 the nationalised industries' share of GDP had fallen to just under 2.5 per cent. Between 1979 and 1991 the numbers employed in nationalised industries has fallen by more than two thirds to 0.5 million and more than 930,000 jobs have been transferred to the private sector. Privatisations include Scottish Power, Scottish Hydro-Electric, the two electricity generating companies, 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 Government is committed to privatising British Coal. The privatisation of British Rail is in hand.

9.2 **Table 9.1** gives a breakdown of privatisation proceeds from 1979–80 to 1993–94. Total proceeds are projected to be £5½ billion in 1994–95, and £1 billion in 1995–96 and 1996–97. Detailed estimates for future receipts from privatisation proceeds are not shown because they are dependent on commercially sensitive assumptions about further sales.

Table 9.1 Privatisation proceeds⁽¹⁾, 1979–80 to 1993–94

	£ million														
	1979–80	1980–81	1981–82	1982–83	1983–84	1984–85	1985–86	1986–87	1987–88	1988–89	1989–90	1990–91	1991–92	1992–93	1993–94
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated outturn ⁽²⁾
Amersham International			64												
Associated British Ports Holdings plc				46		51									
BAA plc									534	689					
British Aerospace plc		43					347								
British Airways plc								435	419						
British Gas plc															
—sale of shares								1,820	1,758	1,555	4	149			
—redemption of debt								750		250	800	350		350	
British Petroleum plc	276		8		543				863 ⁽³⁾	3,000 ⁽³⁾	1,363				
British Steel plc										1,138	1,287				
British Sugar Corporation		44													
British Telecommunications															
—sale of shares						1,358	1,246 ⁽⁴⁾	1,081					1,666	3,544	3,634
—loan stock						44	61	53	23	85	92	100	106	113	124
—redemption of preference shares								250	250	250					
Britoil plc				334 ⁽⁵⁾	293		426								
BTG													25		
Cable and Wireless plc			181		263		577								
Electricity industries															
—sale of shares (England and Wales)												3,134	2,329	1,465	2
—sale of shares (Scotland)													1,112	907	699
—redemption of debt													1,106	110	654
Enterprise Oil plc						384									
Forestry Commission				14	21	28	15	16	13	12	15	11	16	10	
General Practice Finance Corporation										67					
Harland and Wolff											8				
Insurance Services Group													13		
Land Settlement					2	12	5	2							
Motorway Service Area leases				4	1			2	1		2	5	5	4	
National Enterprise Board Holdings	37	83	2			168	30	34							
National Freight Consortium			5 ⁽⁶⁾												
National Seed Development Organisation									65 ⁽⁷⁾						
National Transcommunications Ltd													70		
Northern Ireland Electricity															
—sale of shares														350	147
—redemption of debt															70
Privatised companies' debt														1,337	
Professional and Executive Recruitment										5					
Rolls-Royce plc									1,029	3					

	£ million														
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	estimated
															outturn ⁽²⁾
Rover Group plc											150 ⁽⁸⁾				
Royal Ordnance									186						
Short Brothers											30				
Water companies												423	1,487	1,485	
—sale of shares											73				
—redemption of debt								18				130			
Wyth Farm								-3	-1	15	-19	-20	-12	-7	70
Miscellaneous ⁽⁹⁾	64	84	189	57	16	5	-1								
Total	377⁽¹⁰⁾	210⁽¹⁰⁾	493⁽¹⁰⁾	455	1,139	2,050	2,706	4,458	5,140	7,069	4,228	5,346	7,921	8,183	5,400

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

		£ million			£ million		£ million
19982-83	International Aeradio (BA)	60	1986-87	Leeds tank factory (RO)	15		
	British Rail Hotels	30		British Airways Helicopters	14	1990-91	Girobank (Post Office)
				Unipart (Rover)	up to 52		National Bus Company subsidiaries
				Leyland Bus (Rover)	4		Scottish Transport Group subsidiaries
1983-84	British Rail Hotels	45		British Coal subsidiaries	1		
1984-85	Jaguar (BL)	297	1987-88	British Transport Advertising	40	1991-92	Scottish Transport Group subsidiaries
	Sealink (BR)	40		Istel (Rover)	48		
	Wyth Farm (BGC)	82				1992-93	Scottish Transport Group subsidiaries
			1988-89	National Bus Company subsidiaries	24		
1985-86	Warship yards (BS)	54	1989-90	National Bus Company subsidiaries	1		
	Sealink (BR)	26		BREL (BR)	14		
				Scottish Transport Group subsidiaries	2		
				Giroleasing (Post Office)	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)).

Appendix A Conventions and economic assumptions

1 This appendix gives details of the various conventions used for the figures presented in this Supplement. It also sets out the economic assumptions which underlie the figures in the Financial Statement and Budget Report 1994–95 and this Supplement.

Rounding conventions

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

- (i) figures for the last three plan years (1994–95 to 1996–97) 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 also rounded to the nearest £50 million in these three years. LASFE is rounded to the nearest £100 million from 1993–94 onwards, and, the control total from 1993–94 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 £0.5 billion; and
- (iii) estimated outturn in the current year for the control total, items between the control total and GGE, and GGE are rounded to the nearest £100 million and,
- (iv) figures in the tables covering years before 1988–89 are rounded to the nearest £100 million.

Receipts

3 GGE and the new control total are both measured net of certain receipts. Most government receipts, eg taxes, national insurance contributions, interest, dividends and trading surpluses are treated as revenue. However receipts from the sales of fixed assets, the repayment of loans and certain fees and charges are treated as negative expenditure rather than revenue. Privatisation proceeds which score in GGE but not the new control total are also treated as negative expenditure. They appear as a separate item rather than reducing individual programmes.

4 A number of the tables in the Supplement give information on those government receipts treated as negative expenditure. **Table 1.9** shows receipts from sales of land and existing buildings for general government. **Table 9.1** sets out figures for privatisation proceeds. The detailed functional analyses of general government expenditure (**Table 1.5**) and central government expenditure (**Table 3.4**) also provide some information on receipts.

Real terms

5 A number of the tables in this Supplement give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this Supplement are given in 1992–93 prices. The deflator series used is adjusted to remove the distortion caused 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

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

Historical data 7 Most of the analyses in this Supplement show data for the three plan years alongside the estimated outturn for the current year and outturn for the five previous years. It is not possible to look at trends over a longer period by simply comparing figures in successive public expenditure publications as such figures are not always on a consistent basis, because of changes in coverage and classification changes. This Supplement presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period. Information is not available for all elements of the new 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 8 The following economic assumptions underlie the figures in the Financial Statement and Budget Report, 1994–95, and this Supplement:

- (a) For the purpose of projecting social security benefit expenditure it is assumed that the uprating in April 1995 will be based on a 3¼ per cent increase in the Retail Price Index from September 1993 to September 1994 and the uprating in April 1996 will be based on a 3¼ per cent increase in the year to September 1995.
- (b) The level of unemployment in Great Britain is assumed to average 2.75 million in 1994–95. Following the usual convention it is assumed to remain at the same level in 1995–96 and 1996–97. For Northern Ireland the number of wholly unemployed adults is assumed to average 105,000 in 1994–95. Again similar assumptions have been made for 1995–96 and 1996–97. These assumptions are not intended to be forecasts.
- (c) General inflation as measured by the GDP deflator is assumed to be 3¼ per cent in 1993–94, 4 per cent in 1994–95, 3¼ per cent in 1995–96 and 2½ per cent in 1996–97. Details of GDP deflators used for years prior to 1993–94 are shown in **Table 1.1**.
- (d) GDP at market prices (money GDP) is assumed to be £636 billion in 1993–94, £678 billion in 1994–95, £723 billion in 1995–96 and £766 billion in 1996–97. Money GDP figures for years prior to 1993–94 and the adjusted series, in index form, are also shown in **Table 1.1**.

Appendix B Differences between the new control total, and general government expenditure

1 The definitions used for public expenditure control are closely related to national accounts practice. 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 new control total to the broader concept of general government expenditure.

3 The relationship between the public expenditure new control total and general government expenditure is shown in **Table B1**.

Table B1 The new control total and general government expenditure excluding privatisation proceeds

	£ million								
	1988-89 outturn	1989-90 outturn	1990-91 outturn	1991-92 outturn	1992-93 outturn	1993-94 estimated outturn	1994-95 plans	1995-96 plans	1996-97 plans
New control total	156,058	175,115	193,378	212,513	232,345	244,500	251,300	263,000	272,300
Add									
Cyclical social security	7,183	6,708	7,824	10,906	13,285	14,500	15,000	15,500	16,000
Add									
Central government debt interest	17,557	17,821	17,512	16,226	17,405	19,400	22,500	24,500	25,500
Add									
Other national accounts adjustments	6,069	5,405	4,753	4,486	6,046	7,900	9,000	10,000	11,000
Of which:									
Capital consumption	3,196	3,539	3,838	3,741	3,576				
VAT refunded	1,880	2,350	2,813	3,175	3,307				
Pension increase payments	814	898	1,031	1,250	1,342				
Civil superannuation-charging	-31	301	273	272	293				
Defence superannuation-charging	172	256	307	344	578				
Adjustments for public corporations	3,163	1,529	789	646	792				
Local authority debt interest to central government	-4,119	-4,321	-4,584	-4,875	-4,336				
Other	994	853	286	-67	494				
General government expenditure excluding privatisation proceeds	186,867	205,049	223,467	244,131	269,081	286,400	297,300	313,100	325,200

4. The main stages in moving from the new control total to general government expenditure excluding privatisation proceeds are as follows:—

- (i) Add cyclical social security.
- (ii) Add central government gross debt interest.
- (iii) Add the value of non-trading capital consumption (ie. depreciation).
- (iv) Add VAT refunded to local authorities and central government departments. The new 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 debt remuneration element of NHS Trusts' charges.
- (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) Add the spending of some national lottery proceeds that will score as government expenditure outside the new control total.
- (x) Add the surpluses of local authority trading services, which are treated as negative expenditure in the new control total but as revenue in the national accounts.
- (xi) Add the distribution of fossil fuel levy receipts to BNFL and the renewables generators which will score as government expenditure outside the new control total.
- (xii) Deduct the capital expenditure of New Town Corporations and Commission.
- (xiii) Add the grants and loans made to New Towns by central government.
- (xiv) Deduct the capital expenditure of Passenger Transport Executives.
- (xv) Add grants and loans made to Passenger Transport Executives.
- (xvi) Deduct local authority debt interest payments to central government which are included in the new control total.

- (xvii) Add local authorities' net cash expenditure on company securities.
- (xiii) 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) Deduct net lending to the General Practice Finance Corporation.
- (xxi) Add rent received from private contractors for HM Dockyards and rent received for other MOD land, which is treated as negative expenditure in the new control total but as revenue in national accounts.
- (xxii) Add expenditure by the Securities and Investments Board.
- (xxiii) Add the development costs of the Joint European Torus project.
- (xxiv) Add the tolls received on the Severn Road Bridge and the Erskine Road Bridge which are treated as negative expenditure in the new control total but as revenue in national accounts.
- (xxv) Allow for the effect of differences in timing of transactions with British Coal, whose accounting year ends on the last Saturday in March and starts the day following, rather than 31 March and 1 April.
- (xxvi) Add adjustments to put certain central government expenditure on an accruals basis.
- (xxvii) Add the capital expenditure of the Crown Estate Office.
- (xxviii) Deduct the capital expenditure of the Export Credits Guarantee Department.
- (xxix) Add capital expenditure in respect of work carried out by the Scottish Development Agency and Welsh Development Agency on behalf of local authorities.
- (xxx) Deduct increases in the value of stocks held by Forestry Enterprise.
- (xxxi) 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 new control total are generally consistent in their treatment of changes, although there are occasionally time 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 new control total is that the national accounts regard switches of function between government departments as policy changes whereas, to avoid unhelpful discontinuities in the figures, they are treated as classification changes in the new control total.

6 Table 2.2A of Financial Statistics provides quarterly outturn data of the new control total about three months in arrears. These data on the new control total are derived from national accounts sources.

Appendix C Departmental groupings

1 A number of the tables in this Supplement present analyses by department. It is not possible to show figures for all individual government departments separately and so departments are grouped together in these analyses, broadly on the basis of Ministerial responsibilities. The groupings, which reflect the coverage of the 1994 departmental reports and the 1994–95 Estimates, are set out below.

<u>Title</u>	<u>Departments included</u>
Ministry of Defence	Ministry of Defence
Foreign Office	Foreign and Commonwealth Office—Diplomatic Wing
Overseas Development	Overseas Development Administration
Ministry of Agriculture, Fishseries and Food	Ministry of Agriculture, Fisheries and Food Intervention Board
Trade and Industry	Department of Trade and Industry Office of Electricity Regulation Office of Fair Trading Office of Gas Supply Office of Telecommunications
Export Credits Guarantee Department	Export Credits Guarantee Department
Department of Employment	Department of Employment Advisory, Conciliation and Arbitration Service Health and Safety Commission
Department of Transport	Department of Transport Office of Passenger Rail Franchising Office of the Rail Regulator
DOE—Housing	Department of Environment (Housing)
DOE—Other environmental services	Department of Environment (Other environmental services) Office of Water Services Ordnance Survey Property Holdings
DOE—PSA	PSA Services
DOE—Local government	Department of Environment (Local government)
Home Office (including Charity Commission)	Home Office Charity Commission

<u>Title</u>	<u>Departments included</u>
Lord Chancellor's and Law Officers' departments	Lord Chancellor's Department Crown Office, Scotland Crown Prosecution Service Land Registry Northern Ireland Court Service Public Record Office Serious Fraud Office Treasury Solicitor's Department
Department for Education	Department for Education Office for Standards in Education
Department of National Heritage	Department of National Heritage Office of the National Lottery
Department of Health and Office of Population Censuses and Surveys	Department of Health Office of Population Censuses and Surveys
Department of Social Security	Department of Social Security
Scotland	Scottish Office Forestry Commission General Register Office for Scotland Registers of Scotland Scottish Courts Administration Scottish Record Office
Wales	Welsh Office Office of Her Majesty's Chief Inspector of Schools in Wales
Northern Ireland	Northern Ireland Office and departments
Chancellor of the Exchequer's departments	HM Treasury Central Statistical Office Department for National Savings Government Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Paymaster General's Office Registry of Friendly Societies Royal Mint
Cabinet Office: Office of Public Service and Science	Cabinet Office: Office of Public Service and Science Central Office of Information HM Stationery Office
Cabinet Office—Other services, Privy Council Office and Parliament	Cabinet Office House of Commons House of Lords National Audit Office Parliamentary Commissioner and Health Service Commissioners Privy Council Office
European Communities	Net contributions to European Community institutions



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