



# Public Expenditure

## Statistical Analyses 1998-99

*Presented to Parliament by  
the Chancellor of the Exchequer  
by Command of Her Majesty, April 1998*

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# Appendix A

## Conventions and economic assumptions

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

### Rounding conventions

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

- i. LASFE, the Reserve, the Allowance for Shortfall and the Control Total are rounded to the nearest £100 million from 1997-98 onwards;
- ii. figures for items between the Control Total, GGE(X) and GGE, and GGE(X) and GGE themselves are rounded to the nearest £100 million in 1997-98 and 1998-99;
- iii. figures for public sector capital expenditure and receipts from sales of assets are rounded to the nearest £100 million in 1998-98;
- iv. figures in the tables covering years before 1992-93 are rounded to the nearest £100 million; and
- v. figures for control limits in section 2 are rounded to the nearest £1 thousand.

### Receipts

3. GGE and the Control Total are both measured net of certain receipts. Most government receipts, eg taxes, national insurance contributions, interest, dividends and trading surpluses are treated as revenue. However receipts from the sales of fixed assets, the repayment of loans and certain fees and charges are treated as negative expenditure rather than revenue. Privatisation proceeds are treated as negative expenditure in GGE but are outside the Control Total. The treatment of certain receipts differs between the Control Total and GGE-see Appendix B for further details.

### Real terms

4. A number of the tables in this publication give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 1996-97 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 I of the 1990 Autumn Statement.

### Plan Year Data

5. Throughout this publication figures are presented for one plan year only (1998-99).

Expenditure allocation for 1999-2000 and future years is subject to the Comprehensive Spending Review. Further details on

the Comprehensive Spending Review can be found in Section 1 - paragraphs 1.7 to 1.8.

## Current year outturn

6. The estimated outturns for individual departments in the current year information are based on the latest information available from departments. The estimated outturn for the Control Total for the current year includes an allowance for shortfall reflecting the difference between the sum of individual departments' estimates of outturn and the Treasury's overall assessment. Similarly, as the outturn for local authorities' expenditure in the last completed financial year is not yet available, the estimated outturn for local authority expenditure in 1996-97 and 1997-98 also include an allowance for shortfall representing the difference between the total budgeted for by local authorities and the Treasury's latest estimate. An allowance for shortfall has also been incorporated in the capital expenditure of public corporations and nationalised industries, reflecting the Treasury's latest assessment.

## Historical data

7. Most of the analyses in this publication show plans or projections for 1998-99 alongside the estimated outturn for 1997-98 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 due to changes in coverage and classification changes. This publication presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period. Information is not available for all elements of the Control Total for years prior to 1984-85. For example, proxies for some elements of central government support for local authorities, which was not included in the planning total prior to the 1989 Survey, were not generated for years prior to 1984-85.

## Economic assumptions

8. The following economic assumptions underlie the figures in this publication.

- a. Income related social security benefits are uprated annually in April in line with the change in the Rossi (a modified measure of inflation based on the Retail Prices Index) in the year up to the previous September. Other non income-related benefits are also uprated in April, but in line with the change in the Retail Prices Index over the same period. For 1998-99, the uprating factors used were 2.4 per cent and 3.6 per cent for the Rossi and RPI respectively. These figures represent the change in the respective indices between September 1996 and September 1997 as published by the Office for National Statistics.
- b. The level of unemployment (excluding students and those temporarily stopped work in Great Britain) is assumed to average 1.34 million in 1998-99. For Northern Ireland, the number of wholly unemployed adults is assumed to average 61,000 in 1998-99. These assumptions are derived from a flat projection of the January 1998 figures, and are not intended as forecasts.
- c. Other minor assumptions on "Spend to Save", privatisations, trend output growth, equity and oil prices, and interest rates, introduced in the 1997 July Budget, are audited by the National Audit Office. Further details of these minor assumptions can be found in the Pre Budget Report (Cm 3804).

## Economic Growth and Inflation

9. General inflation as measured by the GDP deflator is forecast to be 23/4 per cent in 1997-98 and 3 per cent 1998-99. Details of GDP deflators used for years prior to 1997-98 are shown in Table 3.1. 10. GDP at market prices (money GDP) is projected as £797 billion in 1997-98, and £834 billion in 1998-99. Money GDP figures for years prior to 1997-98 and the adjusted series, in index form, are also shown in Table 3.1.



**New system of national accounts: ESA 95**

In September 1998 the Office for National Statistics (ONS) will publish for the first time UK national accounts according to the definitions in the European System of Accounts 1995-ESA95. There will be consequential changes to public expenditure statistics which follow national accounting conventions. All Treasury publications issued after September 1998 will be presented on an ESA95 basis.

**GGE** was defined by the ONS in terms of components from the existing system of national accounts. ONS are proposing to define GGE in terms of ESA95 components in such a way as to maintain continuity and thereby help sustain its relevance to the policy debate. Along with the rest of the national accounts, the new GGE definition will be calculated for back years to allow consistent comparisons. Definitions of current and capital expenditure and receipts will also be affected. For example, the concept of capital expenditure will be broadened to include military dual-use assets and computer software.

More information on ESA95 can be found in the *Illustrative Guide to the National Accounts* published by ONS last year together with several other ESA95 publications. A full set of explanatory documents will be issued when the Blue Book is published in September, including an article in *Economic Trends*.

# Appendix B

## Differences between the Control Total, GGE and GGE(X)

1. The national accounts follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. The measures of public expenditure should be readily related to this framework. General Government Expenditure (GGE) is drawn from national accounts. GGE is produced by the Office for National Statistics (ONS).
2. However, there are certain aspects of the national accounts measures which cannot sensibly be read across to a Control Total defined for the management of public expenditure. And sometimes other factors lead to an alternative approach—for example issues of data availability and incentive frameworks.
3. So a number of adjustments are needed to relate the Control Total to GGE and the variant measure GGE(X).
4. The relationship between the Control Total, GGE and GGE(X) is shown in Table B1.
5. **Recent Changes.** As usual, there have been a number of changes in the definition of the Control Total since the March 1997 PESA. The main ones are:
  - expenditure under two new programmes—Welfare to Work and the Capital Receipts Initiative—is outside the Control Total. This decision was set out in the July 1997 Financial Statement and Budget Report (HC 85);
  - local authority debt interest ultimately financed by central government housing subsidy (housing element) is now outside the Control Total. This change avoids double counting a single flow of expenditure—details were set out in the November 1997 The Economy and the Public Finances: Supplementary Material; and
  - the receipts of licence fees collected by the utility regulators (OFFER, OFGAS, OFTEL and OFWAT) and used to finance their regulatory activity are now treated as negative public expenditure in the Control Total. This change simplifies the budgetary control mechanism in respect of these bodies. The licence fees continue to be treated as taxes in the national accounts.
6. There have also been other changes in the accounting adjustments:
  - a new adjustment removes for GGE the double counting in the Control Total of grants given by non-departmental public bodies (NDPBs) in the central government sector to local authorities and also the local authority expenditure financed by these grants. Since both local authorities and these NDPBs are in general government, the expenditure should only score once when the money finally leaves general government;
  - a new adjustment clarifies that the proceeds from the sale of student loans are recorded in line with the PSBR treatment. General Government Expenditure treats part of the proceeds as repayment of lending and the part representing the capitalised value of future subsidies as a transaction in financial liabilities. Details were set out in the November 1997 The Economy and The Public Finances: Supplementary Material;
  - the former accounting adjustment in respect of Crown Estate Office (CEO) capital expenditure is no longer needed now that the ONS have reclassified the CEO as a public corporation;
  - the former accounting adjustment in respect of Scottish Enterprise and the Welsh Development Agency has been found no longer to be necessary; and

- the adjustments for local authority finance leases and for tolls only apply to years before 1992-93 and are no longer listed.

7. In addition, there were a number of new or modified national accounts adjustments that were incorporated in the figurework for the March 1997 PESA but where the corresponding new or amended descriptions were not shown in the text. These are marked with a \* below. The omission of the descriptions was due to an oversight. HM Treasury regrets the inconvenience to users of PESA.

8. Control Total to GGE. The stages in moving from the Control Total to GGE in Table BI are as follows (some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the start of the table above):-

- i. Add cyclical social security payments.
- ii. Add expenditure by general government under the Welfare to Work Initiative.
- iii. Add expenditure by general government under the Capital Receipts Initiative (CRI).
- iv. Add expenditure financed by the proceeds of the National Lottery.
- v. Add central government gross debt interest.
- vi. Add the value of non-trading capital consumption (ie. depreciation).
- vii. Add the pension increase elements of the pensions paid to members of the teachers and National Health Service superannuation schemes.
- viii. Deduct accruing superannuation liability charges for the civil service, armed forces and security and intelligence services superannuation schemes, and add pensions in payment.
- ix. Add the element of NHS Trusts' charges to health authorities which Trusts use to remunerate their debt to central government.
- x. Add the distribution of fossil fuel levy receipts to the renewables generators.
- xi. Add local authorities' net cash expenditure on company securities.
- xii. Add the capital value of assets and deduct the principal element of repayments on finance leases taken out by central government before 1 April 1996\*.
- xiii. Add expenditure by the Financial Services Authority, formerly known as the Securities and Investments Board.
- xiv. Remove the deduction of donations which are treated as negative public expenditure in the Control Total and as revenue in national accounts.\*.
- xv. Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative public expenditure in the Control Total and as revenue in national accounts.\*
- xvi. Remove the deduction of VAT refunded to central government departments in respect of contracted out services for non-business purposes and VAT refunds to local authorities in respect of non-business activities. The Control Total is measured net of these VAT refunds, but for GGE this expenditure is recorded including the VAT paid.
- xvii. Add VAT refunds paid to NHS trusts in respect of contracted out services in connexion with activities that are non-business for VAT purposes. GGE records these refunds as grants to NHS trusts.
- xviii. Add VAT refunds paid to the BBC and ITN in respect of non-business activities and to DIY housebuilders which are treated as grants in GGE.\*

- xix. Deduct privatisation proceeds (net of certain privatisation expenses) which reduce GGE, but not the Control Total.
- xx. Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in the Control Total but as revenue in the national accounts.
- xxi. Remove the deduction of rent received from private contractors for HM Dockyards and rent received for other MOD land, which is treated as negative expenditure in the Control Total but as revenue in national accounts.
- xxii. Remove the deduction of receipts from licences with a significant degree of service to individual applicants which are treated as negative expenditure in the Control Total and as revenue in national accounts. Such licences include driving licences, visas and passports.
- xxiii. Remove the deduction of receipts from licences imposed by the utility regulators (OFFER, OFGAS, OFTEL and OFWAT) and used to finance their regulatory activity which are treated as negative expenditure in the Control Total, and as revenue in national accounts.
- xxiv. Deduct the capital expenditure of New Town Corporations and the Commission for the New Towns (CNT); add the grants and loans made to New Towns and the CNT by central government.
- xxv. Deduct the capital expenditure of Passenger Transport Executives; add capital grants and loans made to Passenger Transport Executives.
- xxvi. The Control Total includes most local authority debt interest (LADI) including most of that paid to central government; GGE includes all, and only, LADI paid to sectors other than general government. In the adjustments it is therefore necessary to:
 

Subtract Local Authority debt interest (LADI) paid to central government (other than LADI ultimately funded by central government Housing Subsidy (Housing Element) (HS), and LADI associated with the CRI) and add LADI ultimately funded by HS or associated with the CRI and paid to sectors outside general government.
- xxvii. 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.
- xxviii. Remove the deduction of the element of the receipt from the sale of student loan books that is not treated as negative net lending in GGE (the Control Total follows the PSBR scoring of the receipt).
- xxix. Deduct increases in the value of stocks held by Forestry Enterprise.
- xxx. Deduct grants paid to local authorities by non-departmental public bodies classified to the central government sector.
- xxxi. Add adjustments to put certain central government expenditure on an accruals basis.
- xxxii. Add, for outturn years, the residual difference between GGE as measured by ONS for national accounts and Treasury sources. 9. **GGE to GGE(X)**. The steps in moving from GGE to GGE(X) are:
  - a. Subtract receipts of interest and dividends from public corporations, the private sector and overseas.
  - b. Deduct expenditure financed out of the proceeds of the national lottery.
  - c. Remove the deduction of privatisation proceeds (net of privatisation expenses).

10. **Treatment of Classification Changes.** The national accounts and the Control Total are generally consistent in their treatment of changes, although there are occasionally timing lags. Changes which stem from amending past recording practice or movements in the way expenditure is measured are termed classification changes and are normally applied to all years. Substantive changes in the level of activity are termed policy or estimating changes and are not applied to figures before the date when they occurred. The only major difference in this area between the national accounts and the Control Total is that the national accounts regard switches of function between government departments as policy changes whereas, to avoid unhelpful discontinuities in the figures, they are

treated as classification changes in the Control Total.

# Appendix C

## Departmental groupings

1. A number of the tables in this publication 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 1998 departmental reports and the 1998-99 Estimates, are set out below.

| Title  | Departments included  |
|--|---|
| Ministry of Defence  | Ministry of Defence   |
| Foreign and Commonwealth Office                                    | Foreign and Commonwealth Office   |
| Department for International Development                           | Department for International Development  |
| Ministry of Agriculture, Fisheries and Food                        | Ministry of Agriculture, Fisheries and Food<br>The Intervention Board   |
| Trade and Industry   | Department of Trade and Industry<br>Office of Electricity Regulation<br>Office of Fair Trading<br>Office of Gas Supply<br>Office of Telecommunications  |
| ECGD   | Export Credits Guarantee Department   |
| DETR-Transport   | Department of the Environment, Transport and the Regions-Transport<br>Office of Passenger Rail Franchising<br>Office of the Rail Regulator  |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | Department of the Environment, Transport and the Regions-Housing, Construction, Regeneration, Countryside and Wildlife  |
| DETR-Other Environmental Services                                  | Department of the Environment, Transport and the Regions-Other Environmental Services<br>Office of Water Services<br>Ordnance Survey<br>PSA Services<br>Health and Safety Executive   |
| DETR-Local Government and Regional Policy                          | Department of the Environment, Transport and the Regions-mainly block and transitional grants to English local authorities, also includes preparation costs for the Greater London Authority and for Regional Development Agencies                          |
| Home Office  | Home Office   |
| Lord Chancellor's and Law Officers' Departments                    | Lord Chancellor's Department<br>Crown Office, Scotland and Lord Advocate's Department<br>Crown Prosecution Service<br>Northern Ireland Court Service<br>Public Record Office<br>Serious Fraud Office<br>Treasury Solicitor's Department<br>HM Land Registry |
| Department for Culture, Media and Sport                            | Department for Culture, Media and Sport<br>Office of the National Lottery   |
| Department of Health   | Department of Health  |

|                               |  |
|-------------------------------|--|
| Department of Social Security | Department of Social Security  |
| Scotland                      | Scottish Office<br>Forestry Commission<br>General Register Office (Scotland)<br>Scottish Courts Administration<br>Scottish Records Office<br>Registers of Scotland   |
| Wales                         | Welsh Office<br>Office of Her Majesty's Chief Inspector of Schools in Wales  |
| Northern Ireland              | Northern Ireland Office and departments  |
| Chancellor's Departments      | HM Treasury Office for National Statistics<br>Crown Estate Office<br>National Savings<br>Government Actuary's Department<br>HM Customs and Excise<br>Inland Revenue<br>National Investment and Loans Office<br>Paymaster General's Office<br>Registry of Friendly Societies<br>Royal Mint                    |
| Cabinet Office                | Office of Public Service Central Office of Information<br>Cabinet Office<br>House of Commons<br>House of Lords<br>National Audit Office<br>The Office of the Parliamentary Commissioner for Administration and Health Service Commissioners<br>Privy Council Office<br>Property Advisors to the Civil Estate |
| European Communities          | Net payments to European Union institutions  |

# Appendix D

## Executive Agencies

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

### Responsible Minister

Secretary of State for Defence

### Agency

Army Base Repair Organisation  
 Army Base Storage and Distribution Agency  
 Armed Forces Personnel Administration Agency  
 Army Individual Training Organisation  
 Army Personnel Centre  
 Army Technical Support Agency  
 Army Training and Recruiting Agency  
 Defence Analytical Services Agency  
 Defence Animal Centre  
 Defence Bills Agency  
 Defence Clothing and Textiles Agency  
 Defence Codification Agency  
 Defence Communication Services Agency  
 Defence Dental Agency  
 Defence Estates Organisation  
 Defence Evaluation and Research Agency  
 Defence Intelligence and Security Centre  
 Defence Postal and Courier Service Agency  
 Defence Secondary Care Agency  
 Defence Transport Movements Executive  
 Defence Vetting  
 Disposal Sales Agency  
 Duke of York's Royal Military School  
 Hydrographic Office  
 Joint Air Reconnaissance Intelligence Centre  
 Logistics Information Systems Agency  
 Medical Supply Agency  
 Medical Training Organisation  
 Meteorological Office  
 Military Survey  
 Ministry of Defence Police  
 Naval Aircraft Repair Organisation  
 Naval Bases and Supply Agency  
 Naval Manning Agency  
 Naval Recruiting and Training Agency  
 Pay and Personnel Agency  
 Queen Victoria School  
 RAF Logistic Support Services  
 RAF Maintenance Group  
 RAF Personnel Management Agency  
 RAF Signals Engineering Establishment  
 RAF Training Group



|   |   |
|---|---|
| Secretary of State for Foreign and Commonwealth Affairs           | Ships Support Agency<br>Service Children's Education (NWE)<br>Specialist Procurement Services<br>Wilton Park Conference Centre  |
| Minister of Agriculture, Fisheries and Food                       | Centre for Environment, Fisheries and Aquaculture Science<br>Central Science Laboratory<br>Farming and Rural Conservation Agency<br>Intervention Board<br>Meat Hygiene Service<br>Pesticides Safety Directorate<br>Veterinary Laboratories Agency<br>Veterinary Medicines Directorate |
| President of the Board of Trade                                   | Companies House<br>Employment Tribunals Service<br>Insolvency Service<br>National Weights and Measures Laboratory<br>Patent Office<br>Radiocommunications Agency  |
| Secretary of State for the Environment, Transport and the Regions | Driver and Vehicle Licensing Agency<br>Driving Standards Agency<br>Highways Agency<br>Maritime and Coastguard Agency<br>Vehicle Certification Agency<br>Vehicle Inspectorate<br>Ordnance Survey<br>Planning Inspectorate<br>Queen Elizabeth II Conference Centre                      |
| Secretary of State for the Home Department                        | Fire Service College<br>Forensic Science Service<br>HM Prison Service<br>UK Passport Agency   |
| Lord Chancellor   | Court Service<br>HM Land Registry<br>Public Record Office<br>Public Trust Office  |
| Attorney General  | Crown Prosecution Service<br>Government Property Lawyers<br>Serious Fraud Office<br>Treasury Solicitor's Department   |
| Secretary of State for Education and Employment                   | Employment Service  |
| Secretary of State for Culture, Media and Sport                   | Royal Parks Agency  |
| Secretary of State for Health                                     | Medicines Control Agency<br>Medical Devices Agency<br>NHS Estates<br>NHS Pensions   |
| Secretary of State for Social Security                            | Child Support Agency<br>Social Security Benefits Agency<br>Social Security Contributions Agency<br>Social Security Information<br>Technology Services Agency<br>Social Security War Pensions Agency   |
| Secretary of State for Scotland                                   | Fisheries Research Services<br>Forestry Commission Research Agency  |

Forest Enterprises  
Historic Scotland  
Registers of Scotland  
Scottish Agriculture Science Agency  
Scottish Court Service  
Scottish Fisheries Protection Service  
Scottish Office Pensions Agency  
Scottish Prison Service  
Scottish Record Officer  
Student Awards Agency for Scotland

CADW (Welsh Historic Monuments)

Business Development Service

Compensation Agency

Construction Service

Driver and Vehicle Licensing (NI)

Driver and Vehicle Testing Agency

Environment and Heritage Service

Forensic Science Agency of Northern Ireland

Forest Service

Government Purchasing Agency

Health Estates

Industrial Research and Technology Unit

Land Registers of Northern Ireland

Northern Ireland Child Support Agency

Northern Ireland Health and Northern Ireland Statistics and  
Research Agency

Ordnance Survey of Northern Ireland

Planning Service

Prison Service (NI)

Public Record Office (NI)

Rate Collection Agency

Rivers Agency

Roads Service

Social Security Agency (NI)

Training and Employment Agency (NI)

Valuation and Lands Agency

Water Service

HM Customs and Excise

Inland Revenue

National Savings

Royal Mint

Valuation Office

Office for National Statistics

CCTA

Central Office of Information

Civil Service College

Government Car and Despatch Agency

Securities Facilities Executive

The Buying Agency

Secretary of State for Wales

Secretary of State for Northern Ireland

Chancellor of the Exchequer

Chancellor of the Duchy of Lancaster

# 1. Public expenditure overview

## The Government's approach to the economy

1.1. This is the first publication of the Public Expenditure Statistical Analyses under the new Government elected in May 1997. It needs to be seen within the context of the new Government's spending policy and its approach to the economy as a whole.

1.2. The Government aims to improve the underlying rate of growth and employment by:

- creating economic stability based on low inflation and low government borrowing;
- improving the environment for long-term investment;
- modernising the welfare state;
- ensuring high quality public services are delivered in the most effective way;
- delivering a tax system which is fair and seen to be fair; and
- ensuring that economic development takes place in a way which is consistent with high standards of environmental protection.

1.3. A key element of the Government's fiscal strategy is the adoption of two rules:

- the golden rule: over the economic cycle the Government will only borrow to invest and not to fund current expenditure;
- public debt as a proportion of national income will be held over the economic cycle at a stable and prudent level.

## The Government's approach to public spending

1.4. Within these parameters, the Government's spending objectives are to set levels of public expenditure which can be financed by a fair and efficient tax system that promotes incentives to work, save and invest and secure high quality, cost-effective public services which deliver expenditure priorities and policies.

1.5. In order to meet the first of these objectives while reducing government borrowing, the new Government committed itself to sticking within the Control Totals set over the two years 1997-98 and 1998-99 by the previous Government in November 1996 (see box for explanation of different spending terms). Within the overall Control Total, there has been reallocation towards Government priorities and frontline services. This was illustrated by the drawing down of £2.2 billion from the planned Reserve for 1998-99 towards health and education in the July 1997 Budget to meet the priorities of the new Government. Due to the Government's prudent management of public spending in 1997-98, in the March Budget, the Government was able to carry forward savings of £1.5 billion from 1997-98 to 1998-99. The Government was able to use this money to allocate an additional £500 million for health and £250 for education, with the remainder going to transport, social security, a New Deal for Communities and an increased Reserve.

1.6. In addition, in July 1997 the Government launched its Welfare to Work programme, financed from the proceeds of the windfall tax on privatised utilities. The Welfare to Work package provides for programmes to reduce youth and long-term unemployment, to encourage lone parents to return to work and to provide for capital investment in schools. The

Government also announced in July 1997 the Capital Receipts Initiative, which provides resources to meet its commitment to reinvest capital receipts from the sale of council housing. This ring-fenced spending on both Welfare to Work and the Capital Receipts Initiative is classified as outside the Control Total but within General Government Expenditure (GGE).

## The Comprehensive Spending Review

1.7. With a view to the longer term achievement of its objectives, the new Government launched the Comprehensive Spending Review (CSR) in May 1997, due for completion in the summer of this year. The CSR will lead to plans for 1999-2000 to 2001-02. Until the CSR has been concluded it will not be possible to list spending totals for these years, **so the forward plans in this publication cover only one year as compared to the normal three.**

1.8. The CSR will enable the Government to put its public spending principles into practice and to ensure that department by department, it implements its commitment to investment, employment, opportunity and fairness. Under the review, departments have been examining all aspects of central and local government expenditure to assess what their priorities should be under the new Government, whether the Government can spend taxpayers' money more effectively and whether departments are making the most efficient use of their assets. The review is then examining how these different departmental objectives and spending contribute towards achieving the Government's overall objectives.

## GGE, GGE(X) AND THE CONTROL TOTAL

The starting point is the national accounts aggregate which measures public expenditure for Government as a whole, General Government Expenditure (GGE). GGE broadly comprises net lending and transactions in company securities and current and capital expenditure by central government and local authorities, and includes grants, subsidies and government loans paid to nationalised industries and other public corporations; it therefore excludes all public corporations' own expenditure. The previous Government expressed its medium-term objective, however, in a variant of this aggregate: GGE(X), which is GGE with three adjustments. GGE(X) excludes privatisation proceeds and expenditure financed out of the proceeds of the National Lottery; and receipts of interest and dividends from public corporations and the private sector are netted off.

To help achieve its objectives for the control of spending, taxation and borrowing, the Government controls expenditure through a different aggregate, the Control Total. Compared with GGE, the Control Total excludes cyclical elements such as central government debt interest, the cyclical element of social security, and also includes the market and overseas borrowing of public corporations (in order that the financing requirements of public corporations which affect the Public Sector Borrowing Requirement are adequately reflected in the overall control framework). The differences between the Control Total, GGE(X) and GGE are set out more fully in Appendix B.

## General Government expenditure and the Control Total

1.9. Table 1.1 shows the relationship between the Control Total and GGE(X) between 1996-97 and 1998-99. The table shows cash plans for the Control Total for 1998-99, and also changes from plans or projections set out in the Public Expenditure Statistical Analyses 1997-98 (Cm 3601).

1.10. The Control Total for 1998-99 stands at £274.9 billion. In real terms, this total implies an annual growth of 1.2 per cent. The real terms growth of the Control Total from 1985-86 to 1997-98 and projected real growth for 1998-1999 can be seen in Chart 1.1.

1.11. The estimated outturns for the Control Total, GGE(X) and GGE for 1997-98 take account of the information available up to mid-March.

1.12. Table 1.2 gives a departmental breakdown of the Control Total over the 7 year period 1992-93 to 1998-1999, and this information is presented in real terms in Table 1.3. Each individual line on the tables covers all the expenditure for which the department concerned has direct responsibility. They thus include not only central government expenditure but also,

1.13. Public expenditure overview where relevant, support for local authorities and the financing requirements of nationalised industries. The remainder of local authority expenditure within the Control Total is shown in the line for local authority self-financed expenditure. The separate contributions of different spending sectors - the department and accompanying non-departmental public bodies (NDPBs), local authorities, public corporations - to each departmental total are shown in the detailed cash plans tables in each departmental report.

1.13. Tables 1.4 and 1.5 show the breakdown by department of spending under the Welfare to Work programme and the Capital Receipts Initiative, described in paragraph 1.6 above. More details of central government and local authority expenditure under both Welfare to Work and the Capital Receipts Initiative are set out in some of the tables in sections 5 and 6, and full details of individual departments' programmes are again given in departmental reports.

## Asset Sales

1.14. One of the priorities for the Government since coming to office has been to increase the efficiency of government in delivering public services and to eradicate waste. A key theme of the Government's ongoing Comprehensive Spending Review has been this drive for greater efficiency at delivering frontline services. This concern underlies the National Asset Register, published in November 1997. The NAR is informing the work of the Comprehensive Spending Review, in providing the basis for every government department to ask itself whether it is making the most efficient use of the assets it owns, or if not, whether there are more effective ways of using these assets or whether it would be more appropriate to dispose of some of them. The Government has put in place measures to ensure that departments have the right incentives to do this.

1.15. Table 1.6 shows General Government receipts from asset sales from 1992-93 up to 1998-99. Significant one-off items which are included in departments' Control Total figures are identified separately. It is important to take account of these significant items in looking at trends in departmental spending in Table 1.2 and other tables in this publication.

## The Control Total and Supply expenditure

1.16. Tables 1.7 and 1.8 show how the Control Total breaks down into Supply and other expenditure. Table 1.7 shows the split of the Control Total between money voted in Estimates, which accounts for about two-thirds, and other expenditure. About 70 per cent of central government expenditure is voted in Estimates. Most of the remainder is expenditure from the National Insurance Fund. About 95 per cent of central government support for local authorities is voted. Most of the rest is accounted for by credit approvals. The relationship between the Control Total and Supply expenditure is explained in more detail in the introductory sections of the Supply Estimates 1998-99 (HC 635).

1.17. Table 1.8 shows the relationship between the Control Total for 1998-99 and the various control aggregates which operate during the year. It summarises the departmental figures given in the various departmental reports, illustrating how they are split between central government expenditure (whether voted in Estimates or not), central government support for local authorities (also either voted or non-voted) and the financing requirements of nationalised industries. Detailed proposals for the level of voted expenditure will be put forward as part of the Supply Estimates for 1998-99, and will also be spelt out in departmental reports.

## Content of this publication

1.18. This annual publication summarises some of the information about spending by particular departments, which is provided in their departmental reports, and provides supporting information to the Supply Estimates 1998-99 (HC 635), which will shortly be presented to the House of Commons. The figures are consistent with those which appeared in the March 1998 Financial Statement and Budget Report.

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

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**Table 1.1 Control Total and general government expenditure, 1996-97 to 1998-1999**

|   | <b>£ million</b> |                |  |  |              |
|---|------------------|----------------|--|--|--------------|
|   | Outturn          | Estimated      | New plans/<br>projections <sup>(1)</sup> | Changes from<br>previous<br>plans/projections <sup>(2)</sup> |              |
|   | 1996-<br>97      | 1997-98        | 1998-99                                  | 1997-98  | 1998-99      |
| Central government expenditure <sup>(3)</sup>           | 184,765          | 188,307        | 193,366                                  | 1,023  | 2,579        |
| Local authority expenditure <sup>(4)</sup>              | 75,576           | 75,700         | 78,000                                   | 400  | 600          |
| Financing requirements of nationalised industries       | -507             | 528            | 531                                      | -213   | 257          |
| Reserve   |                  |                | 3,000                                    | -2,300   | -2,000       |
| Allowance for shortfall <sup>(5)</sup>                  |                  | -400           |  | -400   |              |
| <b>Control Total</b>                                    | <b>259,834</b>   | <b>264,100</b> | <b>274,900</b>                           | <b>-1,500</b>  | <b>1,500</b> |
| Welfare to Work   |                  | 200            | 1,100                                    | 200  | 1,100        |
| Capital Receipts Initiative                             |                  | 200            | 700                                      | 200  | 700          |
| Cyclical social security                                | 13,951           | 12,800         | 13,000                                   | -1,400   | -1,300       |
| Central government net debt interest                    | 21,963           | 24,300         | 24,600                                   | -600   | 200          |
| Accounting adjustments                                  | 12,157           | 11,000         | 12,200                                   | 1,000  | 2,100        |
| <b>General government expenditure (X)<sup>(6)</sup></b> | <b>307,904</b>   | <b>312,600</b> | <b>326,400</b>                           | <b>-2,000</b>  | <b>4,200</b> |
| General government interest and dividend receipts       | 5,243            | 5,100          | 4,500                                    |  | -500         |
| National lottery  | 364              | 1,100          | 1,600                                    | -100   | 100          |
| Privatisation proceeds                                  | -4,404           | -1,800         |  | 200  | 1,500        |
| <b>Total general government expenditure</b>             | <b>309,107</b>   | <b>317,100</b> | <b>332,500</b>                           | <b>-1,900</b>  | <b>5,300</b> |
| GGE (as a percentage of GDP)                            | 41.1             | 39.8           | 39.9                                     | -0.2   | 0.7          |

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

(2) The changes shown are the differences from the figures set out in the Public Expenditure Statistical Analyses 1997-98, Cm 3601, after adjusting for classification changes.

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

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

(5) See paragraph 6 of Appendix A.

*(6) The figure for GGE (X) for 1998-99 reflects a minor correction to the figure shown in table B11 of the March 1998 Financial Statement and Budget Report (HC 620).*



**Table 1.2 Control Total by department,<sup>(1)</sup> 1992-93 to 1998-99<sup>(2)</sup>**

|   | <b>£ million</b> |             |             |             |             |                                 |                      |
|---|------------------|-------------|-------------|-------------|-------------|---------------------------------|----------------------|
|   | 1992-<br>93      | 1993-<br>94 | 1994-<br>95 | 1995-<br>96 | 1996-<br>97 | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| Ministry of Defence <sup>(3)</sup>                                      | 22,910           | 22,757      | 22,562      | 21,517      | 21,383      | 21,135                          | 22,240               |
| Foreign and Commonwealth Office   | 1,242            | 1,244       | 1,257       | 1,333       | 1,053       | 1,091                           | 1,037                |
| Department for International<br>Development                             | 2,126            | 2,235       | 2,385       | 2,338       | 2,344       | 2,260                           | 2,311                |
| Ministry of Agriculture, Fisheries and<br>Food                          | 2,195            | 2,958       | 2,462       | 2,839       | 4,229       | 3,617                           | 3,365                |
| Trade and Industry  | 4,105            | 3,993       | 3,366       | 3,224       | 2,670       | 2,998                           | 2,822                |
| ECGD  | 117              | -60         | -26         | 16          | 15          | 44                              | 57                   |
| DETR-Transport  | 6,557            | 5,959       | 5,973       | 4,617       | 4,734       | 5,206                           | 4,753                |
| DETR-Housing Construction,<br>Regeneration, Countryside and<br>Wildlife | 9,898            | 9,672       | 8,948       | 8,245       | 7,542       | 6,753                           | 6,774                |
| DETR-Other Environment Services   | 470              | 608         | 680         | 664         | 699         | 644                             | 622                  |
| DETR-Local Government and<br>Regional Policy <sup>(4)(5)(6)</sup>       | 31,175           | 29,378      | 29,913      | 30,298      | 31,321      | 31,378                          | 32,764               |
| Home Office   | 5,787            | 5,920       | 6,212       | 6,432       | 6,486       | 6,885                           | 6,895                |
| Lord Chancellor's and Law Officers'<br>Departments                      | 2,334            | 2,415       | 2,585       | 2,684       | 2,674       | 2,736                           | 2,686                |
| Department for Education and<br>Employment <sup>(5)(6)(7)</sup>         | 10,762           | 13,616      | 14,364      | 14,449      | 14,495      | 14,622                          | 13,072               |
| Department for Culture, Media and<br>Sport                              | 1,004            | 976         | 978         | 1,026       | 959         | 913                             | 912                  |
| Department of Health <sup>(5)</sup>                                     | 28,211           | 29,762      | 31,574      | 32,906      | 33,816      | 35,342                          | 37,170               |
| Department of Social Security <sup>(5)</sup>                            | 61,130           | 67,091      | 69,457      | 72,764      | 76,905      | 79,620                          | 83,621               |
| Scotland <sup>(4)(5)(7)</sup>   | 12,723           | 13,580      | 14,082      | 14,312      | 14,421      | 14,516                          | 14,581               |
| Wales <sup>(4)(5)</sup>   | 5,992            | 6,296       | 6,551       | 6,719       | 6,816       | 6,954                           | 6,969                |
| Northern Ireland <sup>(7)</sup>   | 6,606            | 7,108       | 7,426       | 7,717       | 8,026       | 8,284                           | 8,402                |
| Chancellor of the Exchequer's<br>Departments                            | 3,478            | 3,393       | 3,329       | 3,288       | 3,190       | 3,254                           | 3,100                |
| Cabinet Office <sup>(2)</sup>   | 1,012            | 1,054       | 966         | 1,248       | 1,157       | 971                             | 1,306                |
| European Communities  | 1,912            | 1,877       | 1,268       | 3,370       | 1,717       | 1,783                           | 2,443                |

|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Local authority self-financed expenditure | 8,877          | 8,050          | 10,761         | 13,131         | 13,182         | 13,600         | 14,000         |
| Reserve                                   |                |                |                |                |                |                | 3,000          |
| Allowance for shortfall <sup>(8)</sup>    |                |                |                |                |                | -400           |                |
| <b>Control Total</b>                      | <b>230,623</b> | <b>239,882</b> | <b>247,072</b> | <b>255,139</b> | <b>259,834</b> | <b>264,100</b> | <b>274,900</b> |

- (1) *A full list of departments included in each departmental grouping is given in Appendix C.*
- (2) *Comparisons of figures for 1997-98 and 1998-99 are distorted due to a transfer winding up a system of rents for Civil Estate property paid to Cabinet Office and introducing Capital Charges. See section 4, paragraph 4.5 for details.*
- (3) *Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 1.6.*
- (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 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, the transfer of responsibility for funding Scottish and Welsh Universities from the Department for Education to the Scottish and Welsh Higher Education Funding Councils, the transfer of responsibility for funding training from the former Department of Employment to the Welsh Office and the transfer for responsibility for community care from central government to local authorities.*
- (6) *Figures for the Department for Education and Employment in 1996-97 include central government spending on the Nursery Vouchers scheme, while the equivalent spending in 1998-99 is central government support to local authorities in the Department of the Environment, Transport and the Regions (Local Government and Regional Policy). See paragraph 4.6, point 6 for further details.*
- (7) *Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. See table 1.6 for further details.*
- (8) *See paragraph 6 of Appendix A.*

**Table 1.3 Control Total by department<sup>(1)</sup> in real terms<sup>(2)</sup>, 1992-93 to 1998-99<sup>(3)</sup>**

|  | <b>£ million</b> |             |             |             |             |                                 |                      |
|--|------------------|-------------|-------------|-------------|-------------|---------------------------------|----------------------|
|  | 1992-<br>93      | 1993-<br>94 | 1994-<br>95 | 1995-<br>96 | 1996-<br>97 | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
|  | outturn          | outturn     | outturn     | outturn     | outturn     |                                 |                      |
| Ministry of Defence <sup>(4)</sup>                                       | 25,316           | 24,437      | 23,868      | 22,147      | 21,383      | 20,580                          | 21,045               |
| Foreign and Commonwealth Office  | 1,372            | 1,335       | 1,330       | 1,372       | 1,053       | 1,062                           | 981                  |
| Department for International<br>Development                              | 2,349            | 2,400       | 2,523       | 2,406       | 2,344       | 2,201                           | 2,187                |
| Ministry of Agriculture, Fisheries and<br>Food                           | 2,425            | 3,176       | 2,604       | 2,923       | 4,229       | 3,522                           | 3,184                |
| Trade and Industry   | 4,536            | 4,287       | 3,560       | 3,319       | 2,670       | 2,919                           | 2,671                |
| ECGD   | 129              | -64         | -28         | 16          | 15          | 43                              | 54                   |
| DETR-Transport   | 7,245            | 6,398       | 6,319       | 4,753       | 4,734       | 5,070                           | 4,497                |
| DETR-Housing, Construction,<br>Regeneration, Countryside and<br>Wildlife | 10,937           | 10,386      | 9,466       | 8,486       | 7,542       | 6,575                           | 6,410                |
| DETR-Other Environmental Services  | 519              | 653         | 720         | 683         | 699         | 627                             | 589                  |
| DETR-Local Government and<br>Regional Policy <sup>(5)(6)(7)</sup>        | 34,448           | 31,546      | 31,643      | 31,185      | 31,321      | 30,553                          | 31,004               |
| Home Office  | 6,395            | 6,357       | 6,572       | 6,620       | 6,486       | 6,704                           | 6,524                |
| Lord Chancellor's and Law Officers'<br>Departments                       | 2,579            | 2,593       | 2,734       | 2,763       | 2,674       | 2,664                           | 2,542                |
| Department for Education and<br>Employment <sup>(6)(7)(8)</sup>          | 11,892           | 14,621      | 15,195      | 14,873      | 14,495      | 14,238                          | 12,369               |
| Department for Culture, Media and<br>Sport                               | 1,110            | 1,048       | 1,034       | 1,056       | 959         | 889                             | 863                  |
| Department of Health <sup>(6)</sup>                                      | 31,173           | 31,959      | 33,401      | 33,870      | 33,816      | 34,413                          | 35,173               |
| Department of Social Security <sup>(6)</sup>                             | 67,549           | 72,042      | 73,475      | 74,896      | 76,905      | 77,527                          | 79,128               |
| Scotland <sup>(5)(6)(8)</sup>  | 14,059           | 14,582      | 14,897      | 14,731      | 14,421      | 14,134                          | 13,797               |
| Wales <sup>(5)(6)</sup>  | 6,622            | 6,761       | 6,930       | 6,916       | 6,816       | 6,771                           | 6,595                |
| Northern Ireland <sup>(8)</sup>  | 7,300            | 7,632       | 7,856       | 7,943       | 8,026       | 8,067                           | 7,951                |
| Chancellor of the Exchequer's<br>Departments                             | 3,844            | 3,643       | 3,522       | 3,385       | 3,190       | 3,168                           | 2,934                |
| Cabinet Office <sup>(3)</sup>  | 1,118            | 1,132       | 1,022       | 1,285       | 1,157       | 945                             | 1,236                |
| EUROPEAN COMMUNITIES   | 2,113            | 2,015       | 1,341       | 3,469       | 1,717       | 1,736                           | 2,311                |

|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Local authority self-financed expenditure | 9,809          | 8,644          | 11,384         | 13,516         | 13,182         | 13,200         | 13,200         |
| Reserve                                   |                |                |                |                |                |                | 2,900          |
| Allowance for shortfall <sup>(9)</sup>    |                |                |                |                |                | -400           |                |
| <b>Control Total</b>                      | <b>254,838</b> | <b>257,583</b> | <b>261,367</b> | <b>262,613</b> | <b>259,834</b> | <b>257,200</b> | <b>260,200</b> |

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

(2) *Cash figures adjusted to 1996-97 price levels by excluding the effect of general inflation using the GDP deflator.*

(3) *See footnote (2) to table 1.2.*

(4) *See footnote (3) to table 1.2.*

(5) *See footnote (4) to table 1.2.*

(6) *See footnote (5) to table 1.2.*

(7) *See footnote (6) to table 1.2.*

(8) *See footnote (7) to table 1.2.*

(9) *See paragraph 6 of Appendix A.*

**Table 1.4 Welfare to Work programmes financed by the Windfall Tax, 1997-98 to 1998-99**

|  | <b>£ million</b>                |                  |
|--|---------------------------------|------------------|
|  | 1997-98<br>estimated<br>outturn | 1998-99<br>plans |
| <b>A New Deal for the young unemployed</b>         |                                 |                  |
| Home Office  |                                 | 2                |
| Department for Education and Employment            | 86                              | 534              |
| Department of Social Security <sup>(1)</sup>       | 13                              | 12               |
| Scotland   | 1                               |                  |
| Wales  |                                 |                  |
| Northern Ireland                                   | 3                               | 31               |
| <b>Total New Deal for the young unemployed</b>     | <b>103</b>                      | <b>579</b>       |
| <b>A New Deal for the long-term unemployed</b>     |                                 |                  |
| Department for Education and Employment            |                                 | 114              |
| Northern Ireland                                   |                                 | 5                |
| <b>Total New Deal for the long-term unemployed</b> |                                 | <b>119</b>       |
| <b>A New Deal for lone parents</b>                 |                                 |                  |
| Department for Education and Employment            | 3                               | 18               |
| Department of Social Security                      |                                 | 30               |
| Northern Ireland                                   |                                 | 2                |
| <b>Total New Deal for lone parents</b>             | <b>3</b>                        | <b>49</b>        |
| <b>A New Deal for the sick and disabled</b>        |                                 |                  |
| Department for Education and Employment            |                                 | 5                |
| Department of Social Security                      |                                 | 5                |
| <b>Total New Deal for the sick and disabled</b>    |                                 | <b>10</b>        |
| <b>A New Deal for schools</b>                      |                                 |                  |
| Department for Education and Employment            | 84                              | 250              |
| Scotland   | 9                               | 27               |
| Wales  | 5                               | 15               |
| Northern Ireland                                   | 3                               | 8                |
| <b>Total New Deal for schools</b>                  | <b>100</b>                      | <b>300</b>       |
| <b>Childcare</b>                                   |                                 |                  |

|  |            |              |
|--|------------|--------------|
| Department for Education and Employment                                    |            | 25           |
| Department of Social Security  |            | 6            |
| Scotland   |            | 3            |
| Wales  |            | 2            |
| Northern Ireland   |            | 1            |
| <b>Total Childcare</b>   |            | <b>36</b>    |
| <b>University for Industry</b>   |            |              |
| Department for Education and Employment                                    |            | 5            |
| <b>Total University for Industry</b>                                       |            | <b>5</b>     |
| <b>Total expenditure under the Welfare to Work programme<sup>(2)</sup></b> | <b>206</b> | <b>1,097</b> |

(1) *Includes administrative costs of the New Deal for the Long Term Unemployed.*

(2) *Total expenditure under the Welfare to Work programme differs from that shown in table 3.1 of the March 1998 Financial Statement and Budget Report (HC620) due to rounding and other factors.*

**Table 1.5 Expenditure under the Capital Receipts Initiative, 1997-98 to 1998-99**

|  | <b>£ million</b>                |                  |
|--|---------------------------------|------------------|
|  | 1997-98<br>estimated<br>outturn | 1998-99<br>plans |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 174                             | 605              |
| DETR-Local Government and Regional Policy                          |                                 | 5                |
| Scotland   | 12                              | 44               |
| Wales  | 10                              | 33               |
| Northern Ireland   | 4                               | 13               |
| <b>Total expenditure under the Capital Receipts Initiative</b>     | <b>200</b>                      | <b>700</b>       |

**Table 1.6 General Government receipts from sales of assets, 1992-93 to 1998-99**

|  | <b>£ million</b> |              |              |              |              |                                 |   |
|--|------------------|--------------|--------------|--------------|--------------|---------------------------------|---|
|  | 1992-<br>93      | 1993-<br>94  | 1994-<br>95  | 1995-<br>96  | 1996-<br>97  | 1997-98<br>estimated<br>outturn | 1998-99<br>plans/<br>outturn<br>projections |
| <b>Receipts within the Control Total</b>   |                  |              |              |              |              |                                 |   |
| <b>Sales of fixed assets</b>   |                  |              |              |              |              |                                 |   |
| Ministry of Defence: sale of married quarters  |                  |              |              |              | 962          | 700                             |   |
| Department of Social Security: PRIME and Newcastle estate  |                  |              |              |              |              | 71                              | 400   |
| Other Central Government   | 521              | 545          | 615          | 769          | 851          | 799                             | 800   |
| Local Authorities  | 2,379            | 3,600        | 2,825        | 2,430        | 2,609        | 2,405                           | 2,500                                       |
| <b>Total sales of fixed assets</b>   | <b>2,901</b>     | <b>4,145</b> | <b>3,441</b> | <b>3,200</b> | <b>4,421</b> | <b>3,975</b>                    | <b>3,700</b>                                |
| <i>to which: receipts from sales of land existing buildings</i>  |                  |              |              |              |              |                                 |   |
| <i>Central Government</i>  | <i>255</i>       | <i>371</i>   | <i>375</i>   | <i>527</i>   | <i>1,656</i> | <i>1,437</i>                    |   |
| <i>Local Authorities</i>   | <i>2,367</i>     | <i>3,578</i> | <i>2,811</i> | <i>2,415</i> | <i>2,592</i> | <i>2,387</i>                    |   |
| <b>Debt Sales, etc.<sup>(1)</sup></b>  |                  |              |              |              |              |                                 |   |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife: sale of Housing Corporation loan portfolio |                  |              |              |              | 500          | 654                             |   |
| Wales: sale of Housing for Wales loan portfolio  |                  |              |              |              | 73           |                                 |   |
| DETR-Transport: sale of ROSCOs   |                  |              |              | 787          | 1,002        |                                 |   |
| Department for Education and Employment: sale of student loans portfolio                                       |                  |              |              |              |              | 855                             | 2,000                                       |
| Scotland: sale of student loans portfolio  |                  |              |              |              |              | 110                             | 200   |
| Northern Ireland: sale of student loans portfolio  |                  |              |              |              |              | 35                              | 100   |
| <b>Total Debt Sales, etc.</b>  |                  |              |              | <b>787</b>   | <b>1,575</b> | <b>1,654</b>                    | <b>2,300</b>                                |
| <b>Total receipts within the Control Total</b>   | <b>2,901</b>     | <b>4,145</b> | <b>3,441</b> | <b>3,987</b> | <b>5,996</b> | <b>5,629</b>                    | <b>6,000</b>                                |
| <b>Receipts outside the Control Total</b>  |                  |              |              |              |              |                                 |   |



|  |               |              |              |              |               |              |              |
|--|---------------|--------------|--------------|--------------|---------------|--------------|--------------|
| Privatisation Proceeds                     | 8,189         | 5,453        | 6,429        | 2,439        | 4,404         | 1,778        |              |
| <b>Total receipts from sales of Assets</b> | <b>11,089</b> | <b>9,598</b> | <b>9,870</b> | <b>6,425</b> | <b>10,400</b> | <b>7,407</b> | <b>6,000</b> |

(1) *Loan repayments: loan book sales, ROSCO sales.*

**Table 1.7 Control Total: voted and other expenditure by spending sector, 1992-93 to 1998-99**

|   | <b>£ million</b>       |                        |                        |                        |                        |                                 |                      |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------------|----------------------|
|   | 1992-<br>93<br>outturn | 1993-<br>94<br>outturn | 1994-<br>95<br>outturn | 1995-<br>96<br>outturn | 1996-<br>97<br>outturn | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Voted in Estimates</b>                                       |                        |                        |                        |                        |                        |                                 |                      |
| Central government expenditure <sup>(1)(2)</sup>                | 111,165                | 117,015                | 122,758                | 125,806                | 130,<br>102            | 131,059                         | 132,052              |
| Central government support for local authorities <sup>(2)</sup> | 53,615                 | 55,872                 | 57,385                 | 58,274                 | 59,517                 | 59,517                          | 61,387               |
| Financing requirements for nationalised industries              | 3,297                  | 3,296                  | 1,610                  | 1,169                  | 1,413                  | 737                             | 631                  |
| <b>Total Voted in Estimates</b>                                 | <b>168,077</b>         | <b>176,184</b>         | <b>181,753</b>         | <b>185,250</b>         | <b>191,032</b>         | <b>191,314</b>                  | <b>194,070</b>       |
| <b>Other</b>  |                        |                        |                        |                        |                        |                                 |                      |
| Central government expenditure <sup>(1)(2)</sup>                | 46,990                 | 51,439                 | 51,376                 | 54,836                 | 54,662                 | 57,248                          | 61,314               |
| Central government support for local authorities <sup>(2)</sup> | 5,646                  | 3,949                  | 3,844                  | 3,495                  | 2,878                  | 2,653                           | 2,618                |
| Local authority self-financed expenditure                       | 8,877                  | 8,050                  | 10,761                 | 13,131                 | 13,182                 | 13,600                          | 14,000               |
| Financing requirements for nationalised industries              | 1,034                  | 260                    | -663                   | -1,574                 | -1,920                 | -209                            | -100                 |
| <b>Total other</b>  | <b>62,547</b>          | <b>63,698</b>          | <b>65,319</b>          | <b>69,889</b>          | <b>68,802</b>          | <b>73,300</b>                   | <b>77,800</b>        |
| Reserve   |                        |                        |                        |                        |                        |                                 | 3,000                |
| Allowance for shortfall <sup>(3)</sup>                          |                        |                        |                        |                        |                        | -400                            |                      |
| <b>Control Total</b>  | <b>230,623</b>         | <b>239,882</b>         | <b>247,072</b>         | <b>255,139</b>         | <b>259,834</b>         | <b>264,100</b>                  | <b>274,900</b>       |

(1) Includes the financing requirements of trading funds and public corporations other than the nationalised industries.

(2) See footnote (5) to table 1.2.

(3) See paragraph 6 of Appendix A.

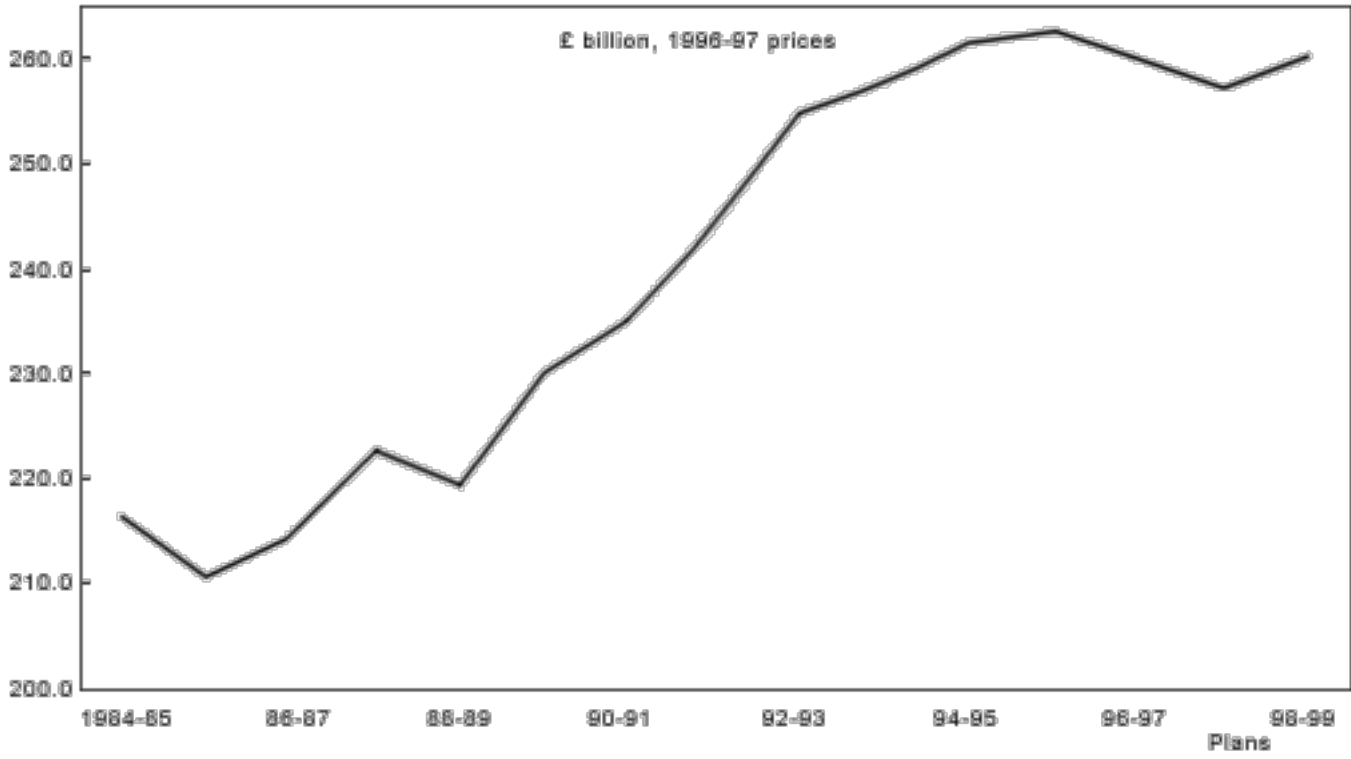
**Table 1.8 Control Total: Voted and other expenditure by department<sup>(1)</sup> and spending sector, 1998-99**

|  | <b>£ million</b>               |       |  |       |   |       |                    |       |        |
|--|--------------------------------|-------|--|-------|---|-------|--------------------|-------|--------|
|  | Central government expenditure |       | Central government support for local authorities |       | Financing requirements of nationalised industries |       | Control Total      |       |        |
|  | Voted in Estimates             | Other | Voted in Estimates                               | Other | Voted in Estimates                                | Other | Voted in Estimates | Other | Total  |
| Ministry of Defence  | 22,240                         |       |  |       |   |       | 22,240             |       | 22,240 |
| Foreign and Commonwealth Office                                    | 1,034                          | 3     |  |       |   |       | 1,034              | 3     | 1,037  |
| Department for International Development                           | 1,732                          | 579   |  |       |   |       | 1,732              | 579   | 2,311  |
| Ministry of Agriculture, Fisheries and Food                        | 3,317                          | 192   | 32   | -176  |   |       | 3,348              | 17    | 3,365  |
| Trade and Industry   | 2,789                          | 143   | 27   |       | 19  | -156  | 2,836              | -13   | 2,822  |
| ECGD   | 57                             |       |  |       |   |       | 57                 |       | 57     |
| DETR-Transport   | 3,223                          | -4    | 501  | 391   | 583   | 58    | 4,307              | 446   | 4,753  |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 2,306                          |       | 3,868  | 600   |   |       | 6,174              | 600   | 6,774  |
| DETR-Other Environmental Services                                  | 706                            | -104  |  | 20    |   |       | 706                | -84   | 622    |
| DETR-Local Government and Regional Policy                          | 144                            | 80    | 32,157   | 383   |   |       | 32,301             | 463   | 32,764 |
| Home Office  | 2,624                          | 1     | 4,184  | 85    |   |       | 6,808              | 86    | 6,895  |
| Lord Chancellor's and Law Officers' Departments                    | 2,313                          | 84    | 284  | 5     |   |       | 2,597              | 89    | 2,686  |
| Department for Education and Employment                            | 10,418                         | -4    | 2,274  | 384   |   |       | 12,692             | 380   | 13,072 |

|   |                |               |               |              |            |             |                |               |                |
|---|----------------|---------------|---------------|--------------|------------|-------------|----------------|---------------|----------------|
| Department for Culture, Media and Sport   | 887            |               |               | 25           |            |             | 887            | 25            | 912            |
| Department of Health                      | 36,422         | 118           | 576           | 54           |            |             | 36,998         | 172           | 37,170         |
| Department of Social Security             | 28,482         | 45,917        | 9,221         |              |            |             | 37,703         | 45,917        | 83,621         |
| Scotland                                  | 8,399          | 180           | 5,446         | 530          | 28         | -2          | 13,873         | 707           | 14,581         |
| Wales                                     | 3,925          | 3             | 2,815         | 225          |            |             | 6,741          | 228           | 6,969          |
| Northern Ireland                          | 928            | 7,383         |               | 92           |            |             | 928            | 7,475         | 8,402          |
| Chancellor of the Exchequer's Departments | 3,025          | 75            |               |              |            |             | 3,025          | 75            | 3,100          |
| Cabinet Office                            | 1,307          |               |               |              |            |             | 1,307          |               | 1,306          |
| European Communities                      | -4,225         | 6,668         |               |              |            |             | -4,225         | 6,668         | 2,443          |
| Local authority self-financed expenditure |                |               |               |              |            |             |                | 14,000        | 14,000         |
| Reserve                                   |                | 3,000         |               |              |            |             |                | 3,000         | 3,000          |
| <b>Control Total</b>                      | <b>132,052</b> | <b>64,400</b> | <b>61,387</b> | <b>2,618</b> | <b>631</b> | <b>-100</b> | <b>194,070</b> | <b>80,900</b> | <b>274,900</b> |

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

Chart 1.1: Control Total in real terms, 1984-85 to 1998-99



## 2. Public expenditure controls

2.1. In addition to the use of the Control Total described in section 1, the government controls public expenditure during a given financial year using several other measures, in particular cash limits, running costs limits and external finance limits. Cash limits are described in Section 3 of the Supply Estimates 1998-99, shortly to be presented to the House of Commons as HC 635, which also gives figures for cash limits on Voted expenditure. The other main control limits for 1998-99 are described and announced here.

### Running Costs

2.2. Running costs controls cover departments' current expenditure on staff, accommodation and other services used in the administration of central government and the direct delivery of services by departments. Current expenditure on assessing and paying benefits, assessing and collecting taxes, running prisons and helping people return to work amounts to about half the total. The primary aim of running costs control is to promote economical and efficient administration and service delivery in central government. This is largely achieved by containing gross administrative costs. Running costs controls leave departmental managers with the flexibility to decide how to effectively use the funds available for administration and service delivery to meet their objectives.

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

2.4. Running costs are normally controlled gross, although for areas where expenditure and receipts vary in line with demand and which have suitably robust monitoring and management systems, net running costs control may be agreed as set out in "The Financing and Accountability of Next Steps Agencies" (Cm 914). From 1 April 1998, 23 bodies, mainly Executive Agencies, will be subject to net running costs controls. The UK Passport Agency and the Scottish Agricultural Science Agency will begin to operate under net control from that date, but Historic Scotland will revert back to gross running costs control and the Historic Royal Palaces Agency will become a Non-Departmental Public Body whose administration costs lie outside running costs controls.

2.5. Where running costs are controlled gross, departments can, with Treasury approval, offset certain receipts against the gross running costs limit. These are receipts:

- i. from a body under running costs control in respect of services provided (see paragraph 2.7 below);
- ii. from sub-letting property;
- iii. from another running costs controlled area in respect of staff seconded there;
- iv. from employment subsidies received under the Welfare to Work package (see paragraph 2.8 below); and
- v. related to running costs expenditure incurred in selling services into wider markets (see paragraph 2.6 below).

These receipts are shown in the "Allowable receipts" column of Table 2.1. In addition, VAT refunds on eligible contracted out services and European Fast Stream receipts are offset against the "Gross Expenditure" column of Table 2.1.

2.6. The inclusion within the gross running costs limit of certain receipts from selling services into wider markets represents a change from the presentation of running costs in PESA 1997-98. This change results from the announcement of the

Government's new policy on maximising value from public assets which coincided with the publication of the National Asset Register on 24 November 1997. Allowing departments to offset running costs related wider market receipts against their running costs limits is designed to encourage departments to make the best use of their physical and non-physical assets.

2.7. Another change to the way running costs limits are calculated arises from the treatment of receipts for services purchased by a running costs controlled body from a body under gross running costs control. Previously, the gross expenditure of both customer and provider department was included within their running costs limits. Allowing these receipts to be offset against expenditure avoids counting running costs expenditure twice, and thus ends the distortion within the running costs totals in Section 2 and Section 5.

2.8. The third change to the treatment of receipts within running costs limits stems from the Government's announcement in the July 1997 Budget of the Welfare to Work package which includes New Deals for the Young and Long Term Unemployed. Running costs controlled bodies will be able to offset New Deal subsidies and training payments paid to them against their running costs limit providing the payments relate to expenditure on running costs.

2.9. Running costs expenditure on Welfare to Work is financed from the windfall tax on privatised utilities and is classified as outside the Control Total but within General Government Expenditure (GGE). The separate limits shown as "outside the Control Total" in table 2.1 are limits on running costs expenditure relating to the Welfare to Work package.

2.10. A seven year span of outturn data and provision for running costs by department is provided in section 5, which also includes outturns and projections for departmental staffing levels.

## Nationalised Industries

2.11. 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. Nationalised Industry External Finance Limits for 1998-99 are given in this section; recent trends in external finance are given in section 3. 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.

2.12. The government's primary aim for the nationalised industries is to ensure their effectiveness and efficiency in line with its objectives for the economy as a whole. The Government attaches importance to the development of partnerships between the nationalised industries and the private sector.

## Recent developments

2.13. The performance of the individual nationalised industries is reviewed in detail in the individual departmental reports published at broadly the same time as this document. The Government has announced reviews into the future organisation of a number of nationalised industries. Reviews are currently underway on:

- London Transport: where partnership options to improve London Underground, safeguard the public interest and guarantee value of money for taxpayers and passengers are being considered;
- Post Office: where options designed to give the Post Office greater commercial freedom are being considered;
- Civil Aviation Authority: where a range of options for the future structure of National Air Traffic Services are being considered.

In addition, the merger took place on 30 January between BNFL and Magnox Electric. British Waterways has been re-classified from a Nationalised Industry to an Other Public Corporation. The majority of the British Coal Corporation's responsibilities were transferred to the Department of Trade and Industry in December 1997. A few residual liabilities

remaining with the Corporation should be settled over the next two to three years.

## The control framework

2.14. 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). 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.
- **External financing limits (EFLs)** were introduced in 1976 as an important short-term control on the amount of external finance, whether grant, subsidy, government lending or market and overseas borrowing including the capital value of assets acquired under finance leases which an industry may raise during the financial year to supplement the income from its trading activities. The industries' external finance is included in the Control Total. Where an industry generates a positive cash flow, after financing new investment, it is expected to repay outstanding debt, or if no debt is outstanding to invest in financial assets which are liabilities of the public sector. Industries are set an EFL for the year immediately ahead and provisional figures for external finance for the rest of the plan period are also set. 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 2.3 shows the External Finance Limit which has been set for each industry for 1998-99, together with the estimated outturn for 1997-98. Figures for nationalised industries' external finance requirements for earlier years are shown in section 3, table 3.10.
- **Financial targets and performance aims.** Financial targets (distinct from EFLs), which are usually set for three year periods, are a further control on the industries. They vary in form, according to the circumstances of the industry. 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.
- **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.
- **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.

## Other public corporations

2.15. Almost all public corporations accountable to central government other than nationalised industries have external finance treatment within the public expenditure Control Total in the same way as nationalised industries do. And, again like nationalised industries, other public corporations should be set External Finance Limits, strategic objectives, financial targets and performance aims, and their performance should be monitored and evaluated. 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 appropriate. And investment programmes may also need partly to be financed by borrowing.

2.16. For historical reasons there have been different scoring arrangements for a few public corporations. The Control Total currently includes subsidies to, and the capital expenditure of, the Commission for New Towns.

2.17. Table 2.3 shows, for public corporations which have external finance treatment in the Control Total, the External Finance Limit which has been set for 1998-99, together with estimated outturn for 1997-98. All expenditure scoring in the Control Total for public corporations (excluding nationalised industries) from 1992-93 to plans for 1998-99 is shown in section 3, table 3.11.



## Trading Funds

2.18. A number of government departments, executive agencies and other parts of central government departments have been set up as trading funds. Trading funds are not subject to central government running costs controls. Instead, they are given external finance treatment in the Control Total like nationalised industries and other public corporations. Trading funds' external finance requirements are also subject to External Finance Limits. In the figures for other public corporations in Table 2.3, the trading funds are identified by a footnote.

## Relationship with external finance requirements

2.19. A public corporation's requirement for external finance represents the financing of the difference between what it will spend and what income it can generate. External finance requirements (EFRs) are controlled by setting an external finance limit at the start of a financial year and normally but not always at the level of the planned EFR. There may, therefore, be differences between the limits set in Table 2.3 and the EFRs set out in Tables 3.10 and 3.11.

## Cash limits on expenditure not voted in Estimates

2.20. The 1998-99 cash limits on expenditure which is not voted in Estimates, or not subject to cash limit in Estimates, including, where appropriate, central government support to local authorities, are given in Table 2.4.

2.21. Outturn figures for 1997-98 are not yet available and will be given in the 1997-98 public expenditure provisional outturn White Paper. Final non-voted cash limits in 1997-98 are £370 million higher than original limits.

**Table 2.1 Gross Running Costs limits 1998-99**

|   | <b>£ thousand</b>                   |                       |                              |
|---|-------------------------------------|-----------------------|------------------------------|
|   | Gross <sup>(1)</sup><br>expenditure | Allowable<br>receipts | Gross running<br>costs limit |
| Foreign and Commonwealth Office                                       | 525,703                             | -14,659               | 511,044                      |
| Department for International Development                              | 59,874                              |                       | 59,874                       |
| Ministry of Agriculture, Fisheries and Food                           | 355,997                             | -767                  | 355,230                      |
| Intervention Board  | 57,590                              |                       | 57,590                       |
| Department of Trade and Industry                                      | 368,519                             | -19,347               | 349,172                      |
| Office of Fair Trading  | 19,301                              |                       | 19,301                       |
| Office of Telecommunications  | 10,468                              |                       | 10,468                       |
| Office of Gas Supply  | 11,124                              |                       | 11,124                       |
| Office of Electricity Regulation                                      | 20,000                              |                       | 20,000                       |
| Department of the Environment, Transport and the<br>Regions           | 604,280                             | -627                  | 603,653                      |
| Office of Passenger Rail Franchising                                  | 7,577                               |                       | 7,577                        |
| Office of the Rail Regulator  | 8,400                               |                       | 8,400                        |
| Health and Safety Commission  | 156,696                             |                       | 156,696                      |
| Office of Water Services  | 10,194                              |                       | 10,194                       |
| Home Office   | 1,884,061                           | -611                  | 1,883,450                    |
| Home Office: outside the Control Total                                | 1,350                               |                       | 1,350                        |
| Charity Commission  | 19,979                              |                       | 19,979                       |
| Lord Chancellor's Department  | 466,600                             | -8,500                | 458,100                      |
| Northern Ireland Court Service  | 28,280                              | -320                  | 27,960                       |
| Public Record Office  | 24,968                              |                       | 24,968                       |
| Crown Prosecution Service   | 217,847                             | -849                  | 216,998                      |
| Serious Fraud Office  | 10,174                              |                       | 10,174                       |
| Treasury Solicitor's Department                                       | 26,416                              | -18,732               | 7,684                        |
| Crown Office  | 47,455                              | -8                    | 47,447                       |
| Department for Education and Employment                               | 1,008,006                           | -21,515               | 986,491                      |
| Department for Education and Employment: outside<br>the Control Total | 123,783                             |                       | 123,783                      |
| Office of Her Majesty's Chief Inspector of Schools<br>in England      | 31,026                              | -20                   | 31,006                       |
| Department of Culture, Media and Sport                                | 28,721                              |                       | 28,721                       |
| Office of the National Lottery  | 2,226                               |                       | 2,226                        |

|   |                   |                 |                   |
|---|-------------------|-----------------|-------------------|
| Department of Health  | 259,548           | -1,058          | 258,490           |
| Department of Social Security                               | 2,990,822         | -15,143         | 2,975,679         |
| Department of Social Security: outside the Control Total    | 27,620            |                 | 27,620            |
| Scottish Office   | 320,986           | -671            | 320,315           |
| Scottish Office: outside the Control Total                  | 100               |                 | 100               |
| Scottish Courts Administration                              | 64,960            | -2,742          | 62,218            |
| Scottish Record Office                                      | 3,966             |                 | 3,966             |
| General Register Office for Scotland                        | 7,703             | -30             | 7,673             |
| Welsh Office  | 74,275            | -662            | 73,613            |
| Office of Her Majesty's Chief Inspector of Schools in Wales | 3,502             | -355            | 3,147             |
| Northern Ireland <sup>(2)</sup>                             | 785,955           | -36,672         | 749,283           |
| Northern Ireland: outside the Control Total                 | 6,041             |                 | 6,041             |
| HM Treasury   | 61,238            | -1,308          | 59,930            |
| Customs and Excise  | 756,497           | -592            | 755,905           |
| Inland Revenue  | 1,738,203         | -11,907         | 1,726,296         |
| Department for National Savings                             | 171,976           | -33             | 171,943           |
| Registry of Friendly Societies                              | 7,203             |                 | 7,203             |
| National Investment and Loans Office                        | 1,507             | -55             | 1,452             |
| Office for National Statistics                              | 104,294           | -1,495          | 102,799           |
| Office of Public Service                                    | 82,937            | -27,874         | 55,063            |
| Cabinet Office (other services)                             | 51,929            | -9,235          | 42,694            |
| Security and Intelligence Services                          | 375,845           |                 | 375,845           |
| Privy Council Office  | 2,734             |                 | 2,734             |
| <b>Total for gross running costs areas:</b>                 |                   |                 |                   |
| <b>Outside the Control Total</b>                            | <b>158,894</b>    |                 | <b>158,894</b>    |
| <b>Inside the Control Total</b>                             | <b>13,877,562</b> | <b>-195,787</b> | <b>13,681,775</b> |
| MOD Operating Costs <sup>(3)</sup>                          | 17,826,253        | -1,727,872      | 16,098,381        |

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

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

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

**Table 2.2 Net Running Costs limits 1998-99**

|  | <b>£ thousand</b>                   |                 |                              |
|--|-------------------------------------|-----------------|------------------------------|
|  | Gross <sup>(1)</sup><br>expenditure | Receipts        | Gross running<br>costs limit |
| Wilton Park (FCO)                              | 1,817                               | -1,225          | 592                          |
| Farming and Rural Conservation Agency (MAFF)   | 18,781                              | -18,781         | 0                            |
| Veterinary Laboratories Agency (MAFF)          | 43,114                              | -43,114         | 0                            |
| Central Science Laboratory (MAFF)              | 29,261                              | -29,261         | 0                            |
| Veterinary Medicines Directorate (MAFF)        | 6,933                               | -6,933          | 0                            |
| Radiocommunications Agency (DTI)               | 28,662                              | -28,662         | 0                            |
| Central Services (DTI)                         | 13,986                              | -13,986         | 0                            |
| National Weights and Measures Laboratory (DTI) | 2,458                               | -2,458          | 0                            |
| Vehicle Certification Agency (DETR)            | 4,598                               | -4,477          | 121                          |
| Health and Safety Laboratory (HSE)             | 13,638                              | -13,638         | 0                            |
| Ordnance Survey                                | 82,565                              | -82,565         | 0                            |
| Forensic Science Service (HO)                  | 57,759                              | -57,759         | 0                            |
| UK Passport Agency (HO)                        | 48,059                              | -48,059         | 0                            |
| NHS Estates Agency (DH)                        | 10,384                              | -10,384         | 0                            |
| Information Technology Services Agency (DSS)   | 282,331                             | -282,331        | 0                            |
| Scottish Agricultural Science Agency (SO)      | 4,963                               | -6,348          | -1,385                       |
| Land Registers of Northern Ireland (NI)        | 4,004                               | -4,004          | 0                            |
| Valuation Office (IR)                          | 149,784                             | -149,784        | 0                            |
| Customer Funded Services (ONS)                 | 17,607                              | -17,808         | -201                         |
| Government Actuary's Department                | 6,715                               | -6,324          | 391                          |
| Civil Service College (OPS)                    | 19,000                              | -19,000         | 0                            |
| Security Facilities Executive (OPS)            | 20,009                              | -20,009         | 0                            |
| Government Car and Dispatch Agency (OPS)       | 9,941                               | -9,941          | 0                            |
| <b>Total for net running costs areas</b>       | <b>876,369</b>                      | <b>-876,851</b> | <b>-482</b>                  |

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

**Table 2.3 External finance limits<sup>(1)</sup> of nationalised industries and other public corporations 1998-99**

|   | <b>£ thousand</b>               |                  |
|---|---------------------------------|------------------|
|   | 1997-98<br>Estimated<br>outturn | 1998-99<br>limit |
| <b>Nationalised Industries</b>                                  |                                 |                  |
| <b>Department of Trade and Industry</b>                         |                                 |                  |
| British Coal  | 58,800                          | 19,000           |
| British Nuclear Fuels <sup>(2)</sup>                            | 138,420                         | 178,910          |
| British Shipbuilders  | -25,564                         | 0                |
| Post Office   | -313,000                        | -335,000         |
| Trade and Industry Total  | -141,344                        | -137,090         |
| <b>Department of the Environment, Transport and the Regions</b> |                                 |                  |
| National Railways   | 69,700                          | 157,943          |
| Civil Aviation Authority  | -34,474                         | -39,559          |
| London Transport  | 608,750                         | 523,250          |
| Environment, Transport and the Regions Total                    | 643,976                         | 641,634          |
| <b>Scotland</b>   |                                 |                  |
| Highlands & Islands Airports                                    | 7,000                           | 9,300            |
| Caledonian MacBrayne  | 18,500                          | 17,000           |
| Scotland Total  | 25,500                          | 26,300           |
| <b>Total Nationalised Industries</b>                            | <b>528,132</b>                  | <b>530,844</b>   |
| <b>Other public corporations and trading funds</b>              |                                 |                  |
| Air Travel Trust Fund   |                                 | 4,000            |
| Audit Commission  |                                 | 0                |
| BBC Monitoring Service  | -1,183                          | -1,423           |
| British Waterways Board <sup>(3)</sup>                          | 50,890                          | 52,690           |
| The Buying Agency <sup>(4)</sup>                                |                                 | 0                |
| Central Office of Information <sup>(4)</sup>                    |                                 | 0                |
| Commonwealth Development Corporation <sup>(5)</sup>             | -17,700                         | -15,000          |
| Companies House <sup>(4)</sup>                                  | 2,840                           | 1,226            |
| Covent Garden Market Authority                                  |                                 | 0                |
| Crown Agents Holding and Realisation Board <sup>(6)</sup>       |                                 | 0                |

|  |                  |                  |
|--|------------------|------------------|
| Defence Evaluation and Research Agency <sup>(4)</sup>    | -34,808          | -29,371          |
| Development Board for Rural Wales                        | 9,480            | 8,980            |
| Docklands Light Railway                                  | 32,500           | 52,000           |
| Driving Standards Agency <sup>(4)</sup>                  | 1                | -138             |
| Driver Vehicle Testing Agency <sup>(4)</sup>             | 1                | -599             |
| Fire Service College <sup>(4)</sup>                      | 732              | -1,446           |
| Highlands and Islands Enterprise                         | 49,576           | 48,435           |
| Housing Action Trusts                                    | 89,200           | 87,500           |
| Hydrographic Office <sup>(4)</sup>                       |                  | 0                |
| Laganside  | 7,574            | 7,574            |
| Land Authority For Wales                                 |                  | -1,000           |
| Land Registry <sup>(4)</sup>                             | -7,198           | 0                |
| Medicines Control Agency <sup>(4)</sup>                  |                  | 700              |
| Meteorological Office <sup>(4)</sup>                     | -3,231           | -8,383           |
| National Health Service Trusts (England)                 | 167,115          | 121,920          |
| National Health Service Trusts (Scotland)                | -39,587          | -24,871          |
| National Health Service Trusts (Wales)                   | 59,800           | 34,308           |
| National Health Service Trusts (Northern Ireland)        | 3,659            | 4,878            |
| Northern Ireland Housing Executive <sup>(7)</sup>        | 195,419          | 170,752          |
| of which: financed by Capital Receipts initiative        | 3,720            | 13,020           |
| Northern Ireland Public Trust Port Authorities           |                  | 0                |
| Northern Ireland Transport Holding Company               | 20,431           | 20,411           |
| Oil and Pipelines Agency                                 |                  | 0                |
| The Patent Office <sup>(4)</sup>                         | -13,207          | -7,858           |
| Queen Elizabeth II Conference Centre <sup>(4)</sup>      | -152             | -152             |
| Registers of Scotland <sup>(4)</sup>                     | 1                | 1                |
| Remploy Ltd  | 94,161           | 94,161           |
| Royal Mint <sup>(4)</sup>                                |                  | 0                |
| Scottish Enterprise                                      | 229,161          | 230,290          |
| Scottish Transport Group                                 |                  | 1                |
| Scottish Water Authorities <sup>(4)</sup>                | 228,406          | 224,756          |
| Urban Regeneration Agency (English Partnerships)         | 250,779          | 295,971          |
| Urban Development Corporations (England)                 | 168,711          | 0                |
| Urban Development Corporations (Wales)                   | 47,919           | 44,919           |
| Vehicle Inspectorate <sup>(4)</sup>                      | 1                | -60              |
| The Welsh Fourth Channel Authority                       | 18,414           | 75,127           |
| Welsh Development Agency                                 | 106,504          | 125,031          |
| <b>Total other public corporations and trading funds</b> | <b>1,716,209</b> | <b>1,615,330</b> |
| <b>Total external finance</b>                            | <b>2,244,341</b> | <b>2,146,174</b> |

- (1) *Some bodies shown in Table 3.10 and 3.11 are omitted from this table. These are bodies which have been privatised or are planned to be privatised by the end of financial year 1997-98, or for which no EFL has yet been agreed. Figures for External Finance Limits shown here may differ from external finance requirements shown in tables 3.10 and 3.11 as explained in paragraph 2.19.*
- (2) *British Nuclear Fuels and Magnox Electric merged on 30 January 1998. A single EFL is shown for both years.*
- (3) *The British Waterways Board became an Other Public Corporation in 1997-98 (it was formerly a nationalised industry).*
- (4) *Government department or part of department constituted as a trading fund and treated as a public corporation for planning and control purposes.*
- (5) *The EFL for Commonwealth Development Corporation may be adjusted as part of the process of creating the new Public/Private Partnership and a decision is pending while further work on the Partnership is completed.*
- (6) *The Crown Agents has been privatised.*
- (7) *Limit for NI Housing Executive includes expenditure financed by the Capital Receipts Initiative which is outside the Control Total.*

**Table 2.4 Cash limits on expenditure not voted in Estimates, 1997-98 and 1998-99**

| Cash Block        | Description  | £ million                    |                           |                              |
|-------------------|--|------------------------------|---------------------------|------------------------------|
|                   |  | 1997-98<br>Original<br>limit | 1997-98<br>Final<br>limit | 1998-99<br>Original<br>limit |
| BOE               | Bank of England costs for banknote production and issue, debt management and the Exchange Equalisation Account.  | 74.961                       | 74.961                    | 67.898                       |
| DETR/HC           | Grants and capital expenditure financed by the Housing Corporation in England.   | 673.050                      | 720.907                   | 709.773                      |
| DETR/CRI          | Supplementary credit approvals to local authorities in England under the Capital Receipts Initiative and associated revenue support.   | -                            | 174.270                   | 609.940                      |
| DETR/NT           | Net capital expenditure by the Commission for the New Towns and Letchworth Garden City Development Corporation for housing, roads, commercial and industrial investment and certain water services. <sup>(1)</sup>   | -105.000                     | -112.278                  | -103.000                     |
| DETR/DLG          | Supplementary Credit Approvals to local authorities under the single Regeneration Budget. <sup>(2)</sup>   | 0.500                        | 0.500                     | -                            |
| DETR/LGR          | Supplementary Credit Approvals to certain local authorities for all capital purposes to offset: certain transitional costs of local government reorganisation; some cases of commutation losses. Borrowing provision for the Local Government Residuary Body (England).  | 155.314                      | 158.250                   | 126.550                      |
| DETR/LACAP<br>(E) | Basic credit approvals to local authorities in England for housing, transport (except passenger transport authorities), education, health, other services and (for counties only) fire services. Supplementary credit approvals, specified capital grants and certain other grants to local authorities in England for housing and regeneration. | 1,056.007                    | 1,056.007                 | 924.998                      |
| DETR/LACAP<br>(T) | Supplementary credit approvals for transport in England. Supplementary credit approvals for other environmental services in England. Basic credit approvals for passenger transport authorities.   | 316.022                      | 343.172                   | 319.340                      |
| DETR/OES          | Supplementary credit approvals for other environmental services in England: Contaminated land, Smoke Control, Air quality, Lee Valley Regional Park Authority, Isle of Scilly water and sewerage and Recycling (up to 1997-98 only)  | 21.042                       | 23.070                    | 19.872                       |



|            |   |           |           |           |
|------------|---|-----------|-----------|-----------|
| DETR/ERDF  | Supplementary credit approvals for capital expenditure by local authorities and payments to public and private sector bodies in England funded by ERDF grant.                             | 179.503   | 171.493   | 208.550   |
| DETR/CC    | Supplementary Credit Approvals to the successful local authorities for Capital Challenge.   | 150.000   | 150.000   | 250.000   |
| DFEE/LACAP | Supplementary credit approvals for education in England.  | 72.505    | 72.107    | 43.982    |
| DFEE/ERDF  | Payments for approved education and training projects prefunded by the ERDF.  | 26.912    | 54.793    | 26.912    |
| DCMS/ERDF  | Payment of ERDF grants, including supplementary credit approvals in respect of capital expenditure by local authorities.  | 34.000    | 34.000    | 31.000    |
| DOH/LACAP  | Supplementary credit approvals for health in England.   | 68.160    | 68.589    | 14.700    |
| HO/LACAP   | Supplementary credit approvals for probation, fire, police and basic credit approvals for fire (joint FCDA's and combined FAs only) in England and Wales.                                 | 89.606    | 89.056    | 81.299    |
| LCD/LACAP  | Supplementary credit approvals for magistrates' courts (England and Wales.)   | 4.606     | 4.606     | 5.400     |
| MAFF/LACAP | Supplementary credit approvals for flood defence, coast protection and harbour improvements in England.   | 12.345    | 12.345    | 15.391    |
| NID1       | Services in Northern Ireland broadly analogous to services in Great Britain covered by cash limits but including family practitioner services.  | 4,132.783 | 4,223.316 | 4,243.776 |
| NID2       | Grant to the Independent bodies - Social Security.  | 5.198     | 7.700     | 5.711     |
| NID3       | Social Fund Discretionary Payments in Northern Ireland.   | 12.989    | 12.555    | 12.989    |
| NID4       | Expenditure in Northern Ireland on national agriculture capital grant schemes, certain assistance for production, marketing and processing and the fishing industry.                      | 30.274    | 30.716    | 16.682    |
| NID5       | Discretionary Rent Allowance Payments in Northern Ireland.  | 0.689     | 0.250     | 0.984     |
| SO/LA1     | Net capital allocations and grants to local authorities in Scotland for roads and transport, non-HRA housing, police, education, social work services, general services, urban programme. | 389.428   | 351.893   | 369.295   |
| SO/LA2     | Net capital allocations and grants to local authorities in Scotland for housing including HRA.  | 179.928   | 182.226   | 179.928   |
| SO/CRI     | Net capital allocations to local authorities to support spending on New Housing Partnerships, under the Capital Receipts Initiative.  | 12.470    | 12.470    | 43.660    |
| SO/ERDF    | Payments of grants to local authorities and other bodies in Scotland on approved projects which match forecast European Regional Development Fund receipts.                               | 95.900    | 126.200   | 78.187    |
| WO/LACAP   | Basic credit approvals for local authorities in Wales<br>Supplementary credit approvals for all services (except  | 422.680   | 427.821   | 370.441   |

|              |   |                  |                  |                  |
|--------------|---|------------------|------------------|------------------|
|              | ERDF projects). Grants for housing, Strategic Development Scheme, Capital Challenge and rural support.  |                  |                  |                  |
| WO/TC        | Capital grants and net lending both to the Tai Cymru and by Tai Cymru to registered social landlords; and Supported Housing Revenue Grant. <sup>(3)</sup>       | 70.335           | 70.335           | 74.364           |
| WO/ERDF      | Payments of European Regional Development Fund grants in Wales including supplementary credit approvals in respect of capital expenditure by local authorities. | 44.750           | 46.148           | 36.046           |
| WO/CRI       | Supplementary Credit Approvals to local authorities under the Capital Receipts Initiative and associated revenue support.                                       | -                | 9.540            | 33.380           |
| <b>Total</b> |   | <b>8,226.957</b> | <b>8,597.018</b> | <b>8,818.048</b> |

(1) Receipts on this cash limit are expected to exceed capital expenditure in each year, hence the negative limit.

(2) DETR/DLG has been subsumed within DETR/LACAP (E).

(3) Formerly known as WO/HFW.

## 3. Trends in public sector expenditure

3.1. Comparisons of current and planned government expenditure with outturn figures stretching as far back as possible are always of particular interest. Over time, preparing figures on a consistent basis becomes increasingly difficult, as responsibilities transfer between departments and the basis for controlling public expenditure is modified to meet changing needs. The analyses in this chapter attempt to give a picture of changes in government expenditure over recent years, adjusted as far as possible so that figures for outturn years are based on current allocations of responsibilities between departments and on current definitions for the aggregate spending measures. Some significant discontinuities remaining in the figures are explained in footnotes.

### General Government Expenditure

3.2. Table 3.1 shows trends in general government expenditure and GGE(X) over the years 1963-64 to 1998-99 in cash and in real terms and as a percentage of gross domestic product (GDP). The figures for general government expenditure for the years up to 1996-97 are taken from the national accounts compiled by the Office for National Statistics (ONS). Figures for 1997-98 onwards are projections produced by the Treasury. General government comprises central and local government; it therefore excludes public corporations.

### General government expenditure by function

3.3. Table 3.2 gives a functional analysis of general government spending in the UK in the years since 1982-83, allocating expenditure for which the respective Secretaries of State for Scotland, Wales and Northern Ireland are responsible to the appropriate function. Tables 3.3 and 3.4 present this material in real terms and as a percentage of GDP. A more detailed analysis, covering the period 1992-93 to 1997-98 is given in Table 3.5.

3.4. 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

3.5. The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 3.6 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 Union institutions, payments from the UK's Development assistance, subscriptions to international organisations and pensions paid to overseas residents;

- vi. Net capital expenditure on assets-comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from sales of similar assets and the value of net changes in the level of stocks;
- vii. Capital grants-grants to the private sector, nationalised industries and other public corporations;
- viii. Lending and other financial transactions-comprising net lending to the private sector and public corporations, net lending and investment abroad from the UK's Aid Programme;
- ix. General government debt interest.

## Capital spending

3.6. Capital expenditure is undertaken by all levels of the public sector: ie. central and local government and public corporations, including nationalised industries. Table 3.7 gives a functional breakdown of the capital expenditure of central and local government for outturn years. For 1998-99, 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 capital expenditure of each nationalised industry is shown, and other public corporations with substantial capital spending are also shown separately. The capital expenditure of nationalised industries declines from 1995-96 to 1996-97, and although there is a slight rise in 1997-98 based on the latest estimate of outturn, the planned level falls again in 1998-99, mainly reflecting the transfer of Railtrack and other rail businesses to the private sector.

3.7. Capital spending in Table 3.7 follows the national accounts definition which includes:-

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

3.8. The capital figures for 1998-99 years reflect departments' detailed decisions on the allocation of expenditure. Total public sector capital spending is expected to be £17.0 billion in 1997-98. Capital spending directly financed by the public sector is planned to rise to around £17.8 billion in 1998-99.

## Private Finance Initiative

3.9. Under the Private Finance Initiative (PFI), the public sector purchases services from a private sector partner, which undertakes any capital investment required, and assumes responsibility for the financing, building and operating of the assets. In this way, the public sector can exploit the full range of private sector management, commercial and creative skills, resulting in higher quality and more cost effective public services.

3.10. Private sector capital investment resulting from PFI contracts is expected to amount to £1.5 billion in 1997-98 and rise to £3.0 billion in 1998-99.

## Sales and purchases of land and buildings

3.11. Table 3.8 gives figures for sales and purchases of land and existing buildings by general government for the years 1982-83 to 1997-98.

## The Control Total

3.12. The Control Total was introduced as the government's measure for planning and controlling public expenditure in 1992. It differs from earlier planning aggregates mainly in the treatment of local authority expenditure, cyclical social security and privatisation proceeds. Its relationship with GGE and GGE(X) is outlined in section 1 and explained in detail in Appendix B. Table 3.9 shows outturn figures for the Control Total calculated on the current basis back to 1984-85, and plans for 1998-99. In addition to 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.

## Nationalised industries, other public corporations and trading funds

3.13. The external finance regime for nationalised industries, other public corporations and trading funds is explained in section 2, and external finance limits for nationalised industries, other public corporations and trading funds in 1998-99 are set out in Table 2.3. Table 3.10 shows the overall requirement for external finance for nationalised industries by department and industry from 1992-93 to 1998-99.

3.14. Table 3.11 shows the contribution to the Control Total for all public corporations (excluding nationalised industries) and trading funds for 1992-93 to 1998-99. As explained in section 2, the Commission for New Towns does not have external finance treatment. The figures shown at the bottom of Table 3.11 for this body, and for the former New Town Development Corporations which had equivalent treatment, reflect their contribution to the Control Total, made up of their capital expenditure and subsidies they receive.

## Privatisation

3.15. Tables 3.2 to 3.6 include figures for privatisation proceeds from 1982-83 to 1997-98. The Government maintained the previous Administration's proceeds target for 1997-98 but has set no targets for future years. Proceeds in 1997-98 of £1.8 billion primarily reflect receipts from final instalments of previously completed privatisations.

**Table 3.1 Public expenditure, 1963-64 to 1998-99**

|         | Control Total <sup>(1)</sup> |                           | GGE(X) |  | General government expenditure |  | Money GDP <sup>(4)</sup> | Adjusted GDP deflator |       |      |
|---------|------------------------------|---------------------------|--------|--|--------------------------------|--|--------------------------|-----------------------|-------|------|
|         | £                            | Real terms <sup>(2)</sup> | £      | Real terms <sup>(2)</sup> per cent of GDP <sup>(3)</sup> | £                              | Real terms <sup>(2)</sup> per cent of GDP <sup>(3)</sup> |                          |                       |       |      |
| 1963-64 |                              |                           | 10.9   | 128.0  | 35.4                           | 11.3   | 133.2                    | 36.8                  | 31.4  | 8.5  |
| 1964-65 |                              |                           | 11.8   | 132.7  | 35.1                           | 12.3   | 137.8                    | 36.5                  | 34.2  | 8.9  |
| 1965-66 |                              |                           | 13.1   | 140.5  | 36.4                           | 13.6   | 145.9                    | 37.8                  | 36.6  | 9.3  |
| 1966-67 |                              |                           | 14.5   | 149.3  | 38.0                           | 15.1   | 155.0                    | 39.4                  | 38.9  | 9.7  |
| 1967-68 |                              |                           | 16.8   | 168.1  | 41.5                           | 17.5   | 174.7                    | 43.1                  | 41.2  | 10.0 |
| 1968-69 |                              |                           | 17.5   | 166.7  | 39.9                           | 18.2   | 173.7                    | 41.6                  | 44.6  | 10.5 |
| 1969-70 |                              |                           | 18.5   | 167.5  | 39.3                           | 19.3   | 174.9                    | 41.0                  | 48.0  | 11.0 |
| 1970-71 |                              |                           | 20.7   | 173.1  | 39.6                           | 21.6   | 180.7                    | 41.4                  | 53.2  | 12.0 |
| 1971-72 |                              |                           | 23.3   | 178.5  | 40.0                           | 24.4   | 186.7                    | 41.8                  | 59.3  | 13.1 |
| 1972-73 |                              |                           | 26.4   | 187.0  | 39.7                           | 27.6   | 195.8                    | 41.6                  | 67.6  | 14.1 |
| 1973-74 |                              |                           | 30.5   | 202.2  | 41.4                           | 32.0   | 211.9                    | 43.4                  | 75.0  | 15.1 |
| 1974-75 |                              |                           | 41.0   | 227.2  | 46.7                           | 42.9   | 237.5                    | 48.8                  | 89.4  | 18.0 |
| 1975-76 |                              |                           | 51.6   | 227.9  | 47.2                           | 53.8   | 237.8                    | 49.3                  | 111.2 | 22.6 |
| 1976-77 |                              |                           | 57.0   | 222.0  | 44.7                           | 59.6   | 231.9                    | 46.7                  | 130.0 | 25.7 |
| 1977-78 |                              |                           | 61.7   | 211.2  | 41.5                           | 63.9   | 218.8                    | 43.0                  | 151.3 | 29.2 |
| 1978-79 |                              |                           | 72.0   | 221.9  | 42.2                           | 75.0   | 231.1                    | 44.0                  | 173.7 | 32.5 |
| 1979-80 |                              |                           | 87.0   | 229.6  | 42.4                           | 90.0   | 237.6                    | 43.9                  | 208.6 | 37.9 |

|                        |       |       |       |       |      |       |       |      |       |       |
|------------------------|-------|-------|-------|-------|------|-------|-------|------|-------|-------|
| 1980-81                |       |       | 104.8 | 233.8 | 44.9 | 108.6 | 242.4 | 46.5 | 237.7 | 44.8  |
| 1981-82                |       |       | 116.3 | 236.6 | 45.4 | 120.5 | 245.2 | 47.0 | 261.0 | 49.2  |
| 1982-83                |       |       | 127.8 | 242.7 | 45.5 | 132.7 | 252.0 | 47.3 | 285.8 | 52.7  |
| 1983-84                |       |       | 136.7 | 248.0 | 44.9 | 140.5 | 255.0 | 46.1 | 310.0 | 55.1  |
| 1984-85                | 125.2 | 216.4 | 147.8 | 255.4 | 45.3 | 150.9 | 260.8 | 46.3 | 332.1 | 57.9  |
| 1985-86                | 128.6 | 210.8 | 154.9 | 253.8 | 43.2 | 158.6 | 259.8 | 44.3 | 364.9 | 61.0  |
| 1986-87                | 135.0 | 214.7 | 163.3 | 259.7 | 42.3 | 164.6 | 261.8 | 42.7 | 392.7 | 62.9  |
| 1987-88                | 147.6 | 222.9 | 172.9 | 261.1 | 40.5 | 173.6 | 262.2 | 40.7 | 434.8 | 66.2  |
| 1988-89                | 155.1 | 219.5 | 180.7 | 255.8 | 38.0 | 179.9 | 254.6 | 37.8 | 484.1 | 70.7  |
| 1989-90                | 174.0 | 230.2 | 198.0 | 261.9 | 38.3 | 200.9 | 265.8 | 38.9 | 525.9 | 75.6  |
| 1990-91                | 192.1 | 235.3 | 217.2 | 266.1 | 39.0 | 218.2 | 267.3 | 39.2 | 556.7 | 81.6  |
| 1991-92                | 212.0 | 244.1 | 238.6 | 274.7 | 41.0 | 236.2 | 272.0 | 40.6 | 581.3 | 86.9  |
| 1992-93                | 230.6 | 254.8 | 263.6 | 291.3 | 43.4 | 260.6 | 288.0 | 42.9 | 606.8 | 90.5  |
| 1993-94                | 239.9 | 257.6 | 276.8 | 297.2 | 43.2 | 276.5 | 296.9 | 43.2 | 640.2 | 93.1  |
| 1994-95                | 247.1 | 261.4 | 289.6 | 306.3 | 42.7 | 288.3 | 305.0 | 42.5 | 678.5 | 94.5  |
| 1995-96                | 255.1 | 262.6 | 301.5 | 310.3 | 42.3 | 304.9 | 313.8 | 42.7 | 713.4 | 97.2  |
| 1996-97                | 259.8 | 259.8 | 307.9 | 307.9 | 40.9 | 309.1 | 309.1 | 41.1 | 752.3 | 100.0 |
| 1997-98                | 264.1 | 257.2 | 312.6 | 304.4 | 39.2 | 317.1 | 308.8 | 39.8 | 796.8 | 102.7 |
| 1998-99 <sup>(5)</sup> | 274.9 | 260.2 | 326.4 | 308.9 | 39.2 | 332.5 | 314.6 | 39.9 | 833.6 | 105.7 |

(1) *Figures for the Control Total are only available on a consistent basis for the years shown. Figures are estimated outturn for 1997-98 and plans for 1998-99.*

(2) *Cash figures adjusted to price levels of 1996-97.*

(3) *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.*

- (4) *GDP as published. This differs from the adjusted series used in calculations of ratios-see footnote (2).*
- (5) *See footnote (6) to table 1.1.*



**Table 3.2 General government expenditure by function, 1982-83 to 1997-98**



|  |              |              |              |              |              |              |              |              |              |              |              |           |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| security   | 33.4         | 36.7         | 39.7         | 43.3         | 46.5         | 48.6         | 49.7         | 52.8         | 59.1         | 70.2         | 79.5         | 8         |
| Central administration and associated expenditure <sup>(4)</sup> | 3.9          | 3.4          | 3.9          | 3.8          | 4.4          | 5.3          | 5.0          | 6.9          | 7.0          | 4.9          | 6.7          |           |
| <b>Total expenditure on services</b>                             | <b>116.2</b> | <b>122.5</b> | <b>131.6</b> | <b>138.4</b> | <b>146.4</b> | <b>154.1</b> | <b>161.5</b> | <b>178.1</b> | <b>196.6</b> | <b>219.3</b> | <b>241.1</b> | <b>25</b> |
| General government net debt interest                             | 8.6          | 9.3          | 10.9         | 11.4         | 11.8         | 12.1         | 12.3         | 11.7         | 12.1         | 11.3         | 12.8         | 1         |
| Other accounting adjustments <sup>(5)</sup>                      | 3.1          | 4.8          | 5.3          | 5.1          | 5.1          | 6.7          | 6.9          | 8.2          | 8.5          | 8.0          | 9.7          | 1         |
| Allowance for shortfall <sup>(6)</sup>                           | -0.7         | -1.7         |              |              |              |              |              |              |              |              |              |           |
| <b>General government expenditure (X)</b>                        | <b>127.8</b> | <b>136.7</b> | <b>147.8</b> | <b>154.9</b> | <b>163.3</b> | <b>172.9</b> | <b>180.7</b> | <b>198.0</b> | <b>217.2</b> | <b>238.6</b> | <b>263.6</b> | <b>27</b> |
| General government interest and dividend receipts                | 5.3          | 5.1          | 5.1          | 6.4          | 5.8          | 5.9          | 6.2          | 7.1          | 6.5          | 5.5          | 5.2          |           |
| National Lottery   | 0.2          | 0.4          | 1.1          |              |              |              |              |              |              |              |              |           |
| Privatisation proceeds   | -0.4         | -1.3         | -2.0         | -2.7         | -4.5         | -5.2         | -7.0         | -4.2         | -5.5         | -7.9         | -8.2         | -         |
| <b>General government expenditure</b>                            | <b>132.7</b> | <b>140.5</b> | <b>150.9</b> | <b>158.6</b> | <b>164.6</b> | <b>173.6</b> | <b>179.9</b> | <b>200.9</b> | <b>218.2</b> | <b>236.2</b> | <b>260.6</b> | <b>27</b> |

(1) The outturns for defence for 1990-91 and 1991-92 are net of other governments' contributions to the cc 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for

(2) See footnote (7) to table 1.2.

(3) Figures for general government expenditure on health have been revised to remove double counting. Contributions to local authorities, which are within total NHS expenditure are no longer included under health local authority spending they finance is included here under personal social services. Figures for health those in previous publications and from those for spending within the Control total on the National Health

(4) Includes contributions to the European Communities and activities required for the general maintenance and the registration of population.

(5) These adjustments differ from those shown in tables linking the Control Total with general government treatment of debt interest and the exclusion of market and overseas borrowing of public corporations for

(6) *See paragraph 6 of Appendix A.*

**Table 3.3 General government expenditure by function in real terms<sup>(1)</sup>, 1982-83 to 1997-98**

|   | 1982-<br>83 | 1983-<br>84 | 1984-<br>85 | 1985-<br>86 | 1986-<br>87 | 1987-<br>88 | 1988-<br>89 | 1989-<br>90 | 1990-<br>91 | 1991-<br>92 | 1992-<br>93 | 1993-<br>94 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Defence <sup>(2)</sup>  | 27.8        | 28.6        | 30.0        | 29.9        | 29.3        | 28.6        | 27.2        | 27.5        | 26.6        | 26.4        | 25.3        | 24.2        |
| International development assistance and other international services               | 3.0         | 3.1         | 2.9         | 3.1         | 3.2         | 3.0         | 3.3         | 3.3         | 3.3         | 3.6         | 3.7         | 3.7         |
| Agriculture, fisheries, food and forestry   | 4.1         | 4.4         | 4.2         | 4.8         | 3.5         | 3.7         | 3.1         | 2.9         | 3.6         | 3.6         | 3.5         | 3.5         |
| Trade, industry, energy, employment and training                                    | 15.5        | 13.2        | 14.2        | 13.7        | 13.4        | 10.6        | 11.9        | 10.6        | 11.4        | 11.3        | 11.4        | 11.4        |
| Transport   | 10.1        | 9.8         | 9.9         | 9.5         | 9.1         | 8.6         | 8.4         | 9.0         | 10.2        | 10.7        | 11.8        | 11.8        |
| Housing   | 7.3         | 8.0         | 7.7         | 6.7         | 6.3         | 6.2         | 4.5         | 6.7         | 5.9         | 6.5         | 6.9         | 6.9         |
| Other environmental services  | 8.5         | 8.3         | 7.5         | 7.3         | 8.4         | 8.3         | 7.9         | 8.9         | 9.1         | 9.6         | 9.8         | 9.8         |
| Law order and protective services   | 9.9         | 10.3        | 11.1        | 10.8        | 11.5        | 12.2        | 12.7        | 13.5        | 14.1        | 15.0        | 15.7        | 15.7        |
| Education <sup>(3)</sup>  | 28.5        | 28.7        | 28.4        | 27.8        | 29.7        | 30.8        | 31.2        | 32.5        | 32.5        | 33.8        | 35.0        | 35.0        |
| <i>Memo:<br/>Education<br/>excluding the<br/>sale of student<br/>loan portfolio</i> | 28.5        | 28.7        | 28.4        | 27.8        | 29.7        | 30.8        | 31.2        | 32.5        | 32.5        | 33.8        | 35.0        | 35.0        |
| Culture, Media and Sport  | 2.5         | 2.4         | 2.4         | 2.5         | 2.5         | 2.7         | 2.8         | 3.0         | 3.1         | 3.0         | 3.0         | 3.0         |
| Health and personal social services <sup>(4)</sup>                                  | 32.4        | 32.9        | 33.6        | 33.6        | 35.1        | 36.7        | 38.0        | 38.7        | 40.2        | 42.7        | 45.0        | 45.0        |
| <i>of which:<br/>Health<sup>(4)</sup></i>   | 27.6        | 27.9        | 28.5        | 28.6        | 29.7        | 31.0        | 32.0        | 32.4        | 33.6        | 35.9        | 38.0        | 38.0        |
| Social security   | 63.5        | 66.5        | 68.7        | 70.9        | 74.0        | 73.3        | 70.4        | 69.9        | 72.3        | 80.8        | 87.8        | 87.8        |

|  |              |              |              |              |              |              |              |              |              |              |              |           |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| Central administration and associated expenditure <sup>(3)</sup> | 7.5          | 6.2          | 6.8          | 6.3          | 7.0          | 8.1          | 7.0          | 9.1          | 8.6          | 5.6          | 7.5          |           |
| <b>Total expenditure on services</b>                             | <b>220.6</b> | <b>222.4</b> | <b>227.3</b> | <b>226.8</b> | <b>232.8</b> | <b>232.8</b> | <b>228.6</b> | <b>235.6</b> | <b>240.8</b> | <b>252.5</b> | <b>266.5</b> | <b>27</b> |
| General government net debt interest                             | 16.2         | 16.9         | 18.9         | 18.7         | 18.7         | 18.2         | 17.4         | 15.5         | 14.9         | 13.0         | 14.2         | 1         |
| Other accounting adjustments <sup>(4)</sup>                      | 5.8          | 8.3          | 9.0          | 8.0          | 8.0          | 9.9          | 9.8          | 10.5         | 10.4         | 9.2          | 10.7         | 1         |
| Allowance for shortfall <sup>(7)</sup>                           | -0.7         | -1.7         |              |              |              |              |              |              |              |              |              |           |
| <b>General government expenditure (X)</b>                        | <b>242.7</b> | <b>248.0</b> | <b>255.4</b> | <b>253.8</b> | <b>259.7</b> | <b>261.1</b> | <b>255.8</b> | <b>261.9</b> | <b>266.1</b> | <b>274.7</b> | <b>291.3</b> | <b>29</b> |
| General government interest and dividend receipts                | 10.1         | 9.3          | 8.9          | 10.4         | 9.2          | 8.9          | 8.8          | 9.4          | 8.0          | 6.4          | 5.7          |           |
| National Lottery   | 0.2          | 0.4          | 1.1          |              |              |              |              |              |              |              |              |           |
| Privatisation proceeds   | -0.9         | -2.1         | -3.5         | -4.4         | -7.1         | -7.8         | -10.0        | -5.6         | -6.6         | -9.1         | -9.0         | -         |
| <b>General government expenditure</b>                            | <b>252.0</b> | <b>255.0</b> | <b>260.8</b> | <b>259.8</b> | <b>261.8</b> | <b>262.2</b> | <b>254.6</b> | <b>265.7</b> | <b>267.3</b> | <b>272.0</b> | <b>288.0</b> | <b>29</b> |

(1) Cash figures adjusted to 1996-97 price levels by excluding the effect of general inflation.

(2) The outturns for defence for 1990-91 and 1991-92 are net of other governments' contributions to the cc 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for

(3) See footnote (7) to table 1.2.

(4) See footnote (3) to table 3.2.

(5) Includes contributions to the European Union and activities required for the general maintenance of gc the registration of population.

(6) These adjustments differ from those shown in tables linking the Control Total with general government treatment of debt interest and the exclusion of market and overseas borrowing of public corporations for

(7) See paragraph 6 of Appendix A.

**Table 3.4 General government expenditure by function as a percentage of GDP, 1982-83 to 1997-98**



|  | 1982-<br>83 | 1983-<br>84 | 1984-<br>85 | 1985-<br>86 | 1986-<br>87 | 1987-<br>88 | 1988-<br>89 | 1989-<br>90 | 1990-<br>91 | 1991-<br>92 | 1992-<br>93 | 19   |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------|
|  | outturn     | outturn     | outturn     | outturn     | outturn     | outturn     | outturn     | outturn     | outturn     | outturn     | outturn     | outt |
| Defence <sup>(1)</sup>   | 5.2         | 5.2         | 5.3         | 5.1         | 4.8         | 4.4         | 4.0         | 4.0         | 3.9         | 3.9         | 3.8         |      |
| International<br>development<br>assistance and<br>other<br>international<br>services | 0.6         | 0.6         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | 0.6  |
| Agriculture,<br>fisheries, food<br>and forestry                                      | 0.8         | 0.8         | 0.7         | 0.8         | 0.6         | 0.6         | 0.5         | 0.4         | 0.5         | 0.5         | 0.5         | 0.5  |
| Trade,<br>industry,<br>energy,<br>employment<br>and training                         | 2.9         | 2.4         | 2.5         | 2.3         | 2.2         | 1.6         | 1.8         | 1.6         | 1.7         | 1.7         | 1.7         | 1.7  |
| Transport  | 1.9         | 1.8         | 1.7         | 1.6         | 1.5         | 1.3         | 1.2         | 1.3         | 1.5         | 1.6         | 1.6         | 1.8  |
| Housing  | 1.4         | 1.4         | 1.4         | 1.1         | 1.0         | 1.0         | 0.7         | 1.0         | 0.9         | 1.0         | 1.0         | 1.0  |
| Other<br>environmental<br>services   | 1.6         | 1.5         | 1.3         | 1.3         | 1.4         | 1.3         | 1.2         | 1.3         | 1.3         | 1.4         | 1.4         | 1.5  |
| Law, order<br>and protective<br>services   | 1.9         | 1.9         | 2.0         | 1.8         | 1.9         | 1.9         | 1.9         | 2.0         | 2.1         | 2.2         | 2.2         | 2.3  |
| Education <sup>(2)</sup>   | 5.4         | 5.2         | 5.0         | 4.7         | 4.8         | 4.8         | 4.6         | 4.8         | 4.8         | 5.0         | 5.0         | 5.2  |
| <i>Memo:<br/>Education<br/>excluding the<br/>sale of student<br/>loan portfolio</i>  | 5.4         | 5.2         | 5.0         | 4.7         | 4.8         | 4.8         | 4.6         | 4.8         | 4.8         | 5.0         | 5.0         | 5.2  |
| Culture,<br>Media and<br>Sport   | 0.5         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.4  |
| Health and<br>personal<br>social<br>services <sup>(3)</sup>                          | 6.1         | 6.0         | 6.0         | 5.7         | 5.7         | 5.7         | 5.6         | 5.7         | 5.9         | 6.4         | 6.4         | 6.7  |
| <i>of which:<br/>Health</i>  | 5.2         | 5.0         | 5.1         | 4.9         | 4.8         | 4.8         | 4.8         | 4.7         | 4.9         | 5.4         | 5.4         | 5.7  |
| Social<br>security   | 11.9        | 12.0        | 12.2        | 12.1        | 12.1        | 11.4        | 10.5        | 10.2        | 10.6        | 12.1        | 13.1        | 1    |

|  |             |             |             |             |             |             |             |             |             |             |             |          |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|
| Central administration and associated expenditure <sup>(4)</sup> | 1.4         | 1.1         | 1.2         | 1.1         | 1.1         | 1.3         | 1.0         | 1.3         | 1.3         | 0.8         | 1.1         |          |
| <b>Total expenditure on services</b>                             | <b>41.4</b> | <b>40.3</b> | <b>40.3</b> | <b>38.6</b> | <b>38.0</b> | <b>36.1</b> | <b>34.0</b> | <b>34.4</b> | <b>35.3</b> | <b>37.7</b> | <b>39.7</b> | <b>3</b> |
| General government net debt interest                             | 3.0         | 3.1         | 3.3         | 3.2         | 3.1         | 2.8         | 2.6         | 2.3         | 2.2         | 1.9         | 2.1         |          |
| Other accounting adjustments <sup>(5)</sup>                      | 1.1         | 1.5         | 1.6         | 1.4         | 1.3         | 1.5         | 1.5         | 1.5         | 1.5         | 1.4         | 1.6         |          |
| Allowance for shortfall <sup>(6)</sup>                           | -0.1        | -0.2        |             |             |             |             |             |             |             |             |             |          |
| <b>General government expenditure (X)</b>                        | <b>45.5</b> | <b>44.9</b> | <b>45.3</b> | <b>43.2</b> | <b>42.3</b> | <b>40.5</b> | <b>38.0</b> | <b>38.3</b> | <b>39.0</b> | <b>41.0</b> | <b>43.4</b> | <b>4</b> |
| General government interest and dividend receipts                | 1.9         | 1.7         | 1.6         | 1.8         | 1.5         | 1.4         | 1.3         | 1.4         | 1.2         | 1.0         | 0.9         |          |
| National Lottery   |             | 0.1         |             |             |             |             |             |             |             |             |             |          |
| Privatisation proceeds   | -0.2        | -0.4        | -0.6        | -0.8        | -1.2        | -1.2        | -1.5        | -0.8        | -1.0        | -1.4        | -1.3        | -        |
| <b>General government expenditure</b>                            | <b>47.3</b> | <b>46.1</b> | <b>46.3</b> | <b>44.3</b> | <b>42.7</b> | <b>40.6</b> | <b>37.8</b> | <b>38.9</b> | <b>39.2</b> | <b>40.6</b> | <b>42.9</b> | <b>4</b> |

(1) The outturns for defence for 1990-91 and 1991-92 are net of other governments' contributions to the cc 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for

(2) See footnote (7) to table 1.2.

(3) See footnote (3) to table 3.2.

(4) Includes contributions to the European Communities and activities required for the general maintenance and the registration of population.

(5) These adjustments differ from those shown in tables linking the Control Total with general government treatment of debt interest and the exclusion of market and overseas borrowing of public corporations for

(6) See paragraph 6 of Appendix A.

**Table 3.5 General government expenditure by function, 1992-93 to 1997-98**

|  | <b>£ million</b> |               |               |               |               |                                 |
|--|------------------|---------------|---------------|---------------|---------------|---------------------------------|
|  | 1992-<br>93      | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-<br>97   | 1997-98<br>estimated<br>outturn |
| <b>Defence</b>   |                  |               |               |               |               |                                 |
| Defence budget   | 22,910           | 22,757        | 22,562        | 21,517        | 22,345        | 21,835                          |
| Receipts from sale of married quarters                                       |                  |               |               |               | -962          | -700                            |
| <b>Total defence</b>   | <b>22,910</b>    | <b>22,757</b> | <b>22,562</b> | <b>21,517</b> | <b>21,383</b> | <b>21,135</b>                   |
| <b>International development assistance and other international services</b> |                  |               |               |               |               |                                 |
| International development assistance <sup>(1)</sup>                          | 2,014            | 2,127         | 2,239         | 2,216         | 2,179         | 2,107                           |
| Other international services   | 1,361            | 1,363         | 1,375         | 1,446         | 1,173         | 1,253                           |
| <b>Total international development assistance and other services</b>         | <b>3,375</b>     | <b>3,490</b>  | <b>3,614</b>  | <b>3,663</b>  | <b>3,352</b>  | <b>3,360</b>                    |
| <b>Agriculture, fisheries, food and forestry</b>                             |                  |               |               |               |               |                                 |
| Market support under CAP   | 1,621            | 2,396         | 1,969         | 2,317         | 2,352         | 2,300                           |
| Other agriculture, fisheries and food  | 1,482            | 1,626         | 1,605         | 1,754         | 2,097         | 1,943                           |
| Forestry   | 103              | 100           | 94            | 60            | 53            | 53                              |
| BSE  |                  |               |               |               | 1,506         | 927                             |
| <b>Total agriculture, fisheries, food and forestry</b>                       | <b>3,206</b>     | <b>4,122</b>  | <b>3,667</b>  | <b>4,131</b>  | <b>6,008</b>  | <b>5,222</b>                    |
| <i>Of which: Agriculture, fisheries, food and forestry excluding BSE</i>     | <i>3,206</i>     | <i>4,122</i>  | <i>3,667</i>  | <i>4,131</i>  | <i>4,502</i>  | <i>4,295</i>                    |
| <b>Trade, industry, energy, employment and training</b>                      |                  |               |               |               |               |                                 |
| Regional and other industrial support  | 3,403            | 3,726         | 3,037         | 2,227         | 1,791         | 1,396                           |
| Trade, scientific and technological support                                  | 2,079            | 1,963         | 2,025         | 2,197         | 2,180         | 2,260                           |
| Support for aerospace, shipbuilding, coal, steel and vehicle manufacture     | 177              | 75            | 73            | 351           | 256           | 158                             |
| Employment   | 2,605            | 2,743         | 2,922         | 2,880         | 2,702         | 2,814                           |
| Training   | 1,618            | 1,719         | 1,726         | 1,537         | 1,672         | 1,659                           |
| Departmental administration and other services                               | 420              | 440           | 457           | 489           | 474           | 486                             |
| <b>Total trade, industry, energy, employment and training</b>                | <b>10,303</b>    | <b>10,668</b> | <b>10,240</b> | <b>9,682</b>  | <b>9,075</b>  | <b>8,773</b>                    |

**Transport**

|  |               |              |               |              |              |              |
|--|---------------|--------------|---------------|--------------|--------------|--------------|
| National roads   | 2,601         | 2,729        | 2,721         | 2,414        | 2,162        | 2,002        |
| Local roads  | 3,532         | 3,627        | 3,786         | 3,624        | 3,520        | 3,374        |
| Local transport  | 3,678         | 2,718        | 1,232         | 1,122        | 1,820        | 1,614        |
| Ports  | 7             | 4            | 3             | 5            | 2            | 2            |
| Marine, coastguard, shipping and civil aviation services |               | 58           | 33            | 21           | 23           | 40           |
| Driver and vehicle licensing                             | 147           | 122          | 141           | 141          | 148          | 153          |
| National rail services                                   | 365           | 398          | 1,991         | 2,005        | 1,876        | 1,494        |
| UK Maritime Agency                                       | 72            | 77           | 79            | 83           | 89           | 84           |
| Other transport services                                 | 312           | 261          | 284           | -513         | -682         | 313          |
| <b>Total transport<sup>(2)</sup></b>                     | <b>10,715</b> | <b>9,995</b> | <b>10,269</b> | <b>8,901</b> | <b>8,957</b> | <b>9,076</b> |

**Housing**

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Central government subsidies to local authority housing | 1,388        | 1,198        | 1,219        | 1,161        | 1,040        | 861          |
| Other central government subsidies                      | 137          | 147          | 202          | 200          | 219          | 215          |
| Other housing and central government administration     | 2,063        | 1,774        | 1,982        | 2,172        | 2,074        | 2,176        |
| Support for Social Housing                              | 336          | 337          | 340          | 299          | 279          | 315          |
| Housing Corporations                                    | 2,285        | 1,762        | 1,463        | 1,131        | 517          | -48          |
| Capital Receipts Initiative                             |              |              |              |              |              | 4            |
| <b>Total housing</b>                                    | <b>6,209</b> | <b>5,218</b> | <b>5,206</b> | <b>4,962</b> | <b>4,130</b> | <b>3,523</b> |

**Other environmental services**

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Environmental protection                  | 2,851        | 2,823        | 2,948        | 3,252        | 3,288        | 3,537        |
| Countryside and water                     | 1,128        | 1,146        | 1,198        | 1,208        | 933          | 927          |
| Urban                                     | 1,516        | 1,690        | 1,577        | 1,425        | 1,441        | 1,556        |
| Other                                     | 3,343        | 2,946        | 3,577        | 3,810        | 3,771        | 3,683        |
| <b>Total other environmental services</b> | <b>8,837</b> | <b>8,605</b> | <b>9,299</b> | <b>9,695</b> | <b>9,433</b> | <b>9,712</b> |

**Law, order and protective services**

|   |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Administration of justice                       | 2,689         | 2,839         | 2,972         | 3,065         | 3,128         | 3,223         |
| Prisons and offender programmes                 | 2,259         | 2,213         | 2,321         | 2,378         | 2,364         | 2,526         |
| Police  | 7,012         | 7,401         | 7,675         | 7,921         | 8,281         | 8,768         |
| Immigration and citizenship                     | 171           | 197           | 193           | 208           | 220           | 229           |
| Fire  | 1,443         | 1,508         | 1,547         | 1,587         | 1,647         | 1,736         |
| Civil defence                                   | 73            | 48            | 46            | 43            | 43            | 38            |
| Constitutional and community services           | 42            | 37            | 84            | 36            | 35            | 36            |
| Central and miscellaneous services              | 524           | 524           | 525           | 496           | 484           | 484           |
| <b>Total law, order and protective services</b> | <b>14,213</b> | <b>14,767</b> | <b>15,362</b> | <b>15,734</b> | <b>16,203</b> | <b>17,040</b> |

## Education

|   |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Under fives   | 1,213         | 1,291         | 1,372         | 1,428         | 1,489         | 2,113         |
| Schools <sup>(3)</sup>  | 18,355        | 18,615        | 19,496        | 20,037        | 20,754        | 20,941        |
| Further Education <sup>(4)</sup>                                | 3,727         | 4,541         | 4,660         | 4,855         | 4,885         | 4,872         |
| Higher Education  | 3,815         | 3,784         | 4,497         | 4,856         | 4,772         | 4,727         |
| Student support (inc mandatory awards & access fund)            | 3,066         | 3,399         | 3,185         | 2,982         | 2,937         | 2,156         |
| Miscellaneous educational services, research and administration | 1,529         | 1,688         | 1,749         | 1,755         | 1,797         | 1,867         |
| <b>Total education<sup>(5)</sup></b>                            | <b>31,704</b> | <b>33,319</b> | <b>34,959</b> | <b>35,913</b> | <b>36,633</b> | <b>36,675</b> |

*Memo: Education excluding sale of student loans portfolio*

31,704 33,319 34,959 35,913 36,633 37,675

## Culture, media and sport

|                                       |              |              |              |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Museums and galleries                 | 437          | 453          | 465          | 478          | 465          | 464          |
| Other arts and heritage               | 490          | 484          | 494          | 510          | 493          | 504          |
| Libraries                             | 891          | 896          | 938          | 998          | 926          | 909          |
| Films                                 | 22           | 24           | 26           | 26           | 24           | 23           |
| Tourism                               | 70           | 71           | 71           | 74           | 73           | 73           |
| Sport and recreation                  | 731          | 696          | 746          | 741          | 768          | 717          |
| Broadcasting                          | 57           | 61           | 67           | 71           | 74           | 19           |
| Administration                        | 16           | 23           | 22           | 27           | 38           | 30           |
| <b>Total Culture, media and sport</b> | <b>2,715</b> | <b>2,707</b> | <b>2,829</b> | <b>2,926</b> | <b>2,859</b> | <b>2,740</b> |

## Health and personal social services

### Health

National Health Service hospitals, community health, family health (cash limited) and related services

26,574 27,653 29,235 30,927 32,649 34,493

Family health (non-cash limited)

6,698 6,750 6,792 6,915 6,864 6,957

Central health, and other services

1,085 1,203 1,441 1,340 1,134 1,143

### **Total health<sup>(6)</sup>**

**34,357 35,607 37,468 39,182 40,647 42,593**

Personal social services

6,387 7,248 8,496 9,389 10,134 10,656

### **Total health and personal social services**

**40,744 42,854 45,964 48,571 50,781 53,248**

## Social security

Pension benefits (contributory)

27,413 28,937 29,503 30,750 32,824 34,363

Widows' benefits

1,044 1,076 1,057 1,051 1,016 1,045

Unemployment (cyclical)

1,801 1,690 1,331 1,131 615 16

Unemployment, incapacity and other benefits (non- cyclical)

7,555 8,414 8,456 8,292 8,094 7,789

Industrial injury benefits

688 707 728 753 765 776

|  |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Family benefits (contributory)   | 484            | 467            | 525            | 572            | 393            | 540            |
| Pension benefits (non-contributory)  | 53             | 54             | 51             | 54             | 49             | 48             |
| War pensions   | 1,158          | 1,286          | 1,147          | 1,258          | 1,351          | 1,281          |
| Disability benefits  | 4,874          | 6,127          | 6,888          | 8,019          | 9,214          | 10,158         |
| Income support (cyclical)  | 11,499         | 12,648         | 12,923         | 13,327         | 13,336         | 12,762         |
| Income support (non-cyclical)  | 3,860          | 4,086          | 4,114          | 4,032          | 3,959          | 3,912          |
| Social Fund  | 212            | 234            | 217            | 268            | 239            | 201            |
| Family benefits (non-contributory)   | 7,148          | 7,826          | 8,138          | 8,691          | 9,361          | 9,469          |
| Housing benefits   | 8,484          | 9,855          | 10,776         | 11,633         | 12,135         | 12,519         |
| Administration and miscellaneous services                                    | 3,182          | 3,395          | 3,263          | 3,335          | 3,463          | 3,678          |
| <b>Total social security</b>   | <b>79,455</b>  | <b>86,802</b>  | <b>89,116</b>  | <b>93,165</b>  | <b>96,813</b>  | <b>98,558</b>  |
| <b>Central administration and associated expenditure<sup>(7)</sup></b>       |                |                |                |                |                |                |
| Other public services  | 4,903          | 5,009          | 4,746          | 4,732          | 4,611          | 4,648          |
| Common services  | -64            | -32            | 49             | 278            | 206            | 3              |
| Contributions to European Communities  | 1,912          | 1,877          | 1,268          | 3,370          | 1,717          | 1,783          |
| Finance for public corporations  | -4             | -3             | -3             | 7              | -7             |                |
| <b>Total Central administration and associated expenditure<sup>(7)</sup></b> | <b>6,747</b>   | <b>6,850</b>   | <b>6,059</b>   | <b>8,388</b>   | <b>6,527</b>   | <b>6,434</b>   |
| <b>Total expenditure on services</b>   | <b>241,131</b> | <b>252,155</b> | <b>259,148</b> | <b>267,247</b> | <b>272,154</b> | <b>275,496</b> |
| General government net debt interest   | 12,820         | 14,617         | 17,574         | 20,083         | 21,845         | 23,800         |
| Other accounting adjustments <sup>(8)</sup>                                  | 9,675          | 10,033         | 12,865         | 14,173         | 14,627         | 15,000         |
| Allowance for shortfall <sup>(9)</sup>                                       |                |                |                |                | -722           | -1,700         |
| <b>General government expenditure (X)</b>                                    | <b>263,626</b> | <b>276,805</b> | <b>289,587</b> | <b>301,504</b> | <b>307,904</b> | <b>312,600</b> |
| General government interest and dividend receipts                            | 5,174          | 5,171          | 5,129          | 5,663          | 5,243          | 5,100          |
| National lottery   |                |                |                | 159            | 364            | 1,100          |
| Privatisation proceeds   | -8,189         | -5,453         | -6,429         | -2,439         | -4,404         | -1,800         |
| <b>Total general government expenditure</b>                                  | <b>260,611</b> | <b>276,523</b> | <b>288,287</b> | <b>304,887</b> | <b>309,107</b> | <b>317,100</b> |

(1) In addition to development assistance 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.

(2) Figures in 1995-96 and 1996-97 include receipts from the sale of ROSCOs. See Table 1.6 for further details.

(3) Includes a small amount of expenditure on the under fives in Wales that cannot be reliably distinguished.

(4) Includes a small amount of higher education expenditure in Wales that cannot be reliably distinguished.

- (5) *See footnote (7) to table 1.2*
- (6) *See footnote (3) to table 3.2*
- (7) *As well as contributions to the European Communities, "Central administration and associated expenditure" includes the activities required for the general maintenance of government, such as tax collection, and the registration of the population.*
- (8) *These adjustments differ from those shown in tables linking the Control Total with general government expenditure because of the different treatment of debt interest and the exclusion of market and overseas borrowing of public corporations from expenditure on services.*
- (9) *See paragraph 6 of Appendix A.*

**Table 3.6 General government expenditure by economic category, 1992-93 to 1997-98**

|  | £ million      |                |                |                |                |                                 |
|--|----------------|----------------|----------------|----------------|----------------|---------------------------------|
|  | 1992-<br>93    | 1993-<br>94    | 1994-<br>95    | 1995-<br>96    | 1996-<br>97    | 1997-98<br>estimated<br>outturn |
| Pay <sup>(1)</sup>   | 71,624         | 65,045         | 58,893         | 59,042         | 61,450         | 60,662                          |
| Other current expenditure on goods and services <sup>(1)</sup> | 49,622         | 57,333         | 68,199         | 71,930         | 74,567         | 78,050                          |
| Subsidies  | 6,463          | 6,722          | 7,786          | 7,351          | 8,581          | 7,642                           |
| Current grants to the private sector                           | 86,008         | 96,941         | 99,950         | 104,093        | 108,651        | 111,363                         |
| Current transfers abroad                                       | 4,992          | 5,152          | 4,769          | 6,925          | 5,362          | 5,527                           |
| Net capital expenditure on assets                              | 12,142         | 10,743         | 10,712         | 10,656         | 7,490          | 7,442                           |
| Capital grants   | 8,265          | 8,082          | 7,945          | 7,363          | 6,848          | 5,191                           |
| Lending and other financial transactions                       | 2,015          | 2,138          | 892            | -113           | -795           | -381                            |
| <b>Total expenditure on services</b>                           | <b>241,131</b> | <b>252,155</b> | <b>259,148</b> | <b>267,247</b> | <b>272,154</b> | <b>275,496</b>                  |
| General government net debt interest                           | 12,820         | 14,617         | 17,574         | 20,083         | 21,845         | 23,800                          |
| Other accounting adjustments <sup>(2)</sup>                    | 9,675          | 10,033         | 12,865         | 14,173         | 14,627         | 15,000                          |
| Allowance for Shortfall <sup>(3)</sup>                         |                |                |                |                | -722           | -1,700                          |
| <b>Total general government expenditure (X)</b>                | <b>263,626</b> | <b>276,805</b> | <b>289,587</b> | <b>301,504</b> | <b>307,904</b> | <b>312,600</b>                  |
| General government interest and dividend receipts              | 5,174          | 5,171          | 5,129          | 5,663          | 5,243          | 5,100                           |
| National Lottery   |                |                |                | 159            | 364            | 1,100                           |
| Privatisation proceeds   | -8,189         | -5,453         | -6,429         | -2,439         | -4,404         | -1,800                          |
| <b>Total general government expenditure</b>                    | <b>260,611</b> | <b>276,523</b> | <b>288,287</b> | <b>304,887</b> | <b>309,107</b> | <b>317,100</b>                  |

(1) Pay figures are direct expenditure on the pay of central government and local authority employees. Other current expenditure on goods and service figures include a large component of procurement from public corporations (including NHS trusts), part of which will be spent on the pay of public corporations' employees.

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

(3) See paragraph 6 of Appendix A.



**Table 3.7 Public sector capital by spending sector and function, 1992-93 to 1998-1999**

|   | <b>£ million</b> |              |              |              |              |                                 |                      |
|---|------------------|--------------|--------------|--------------|--------------|---------------------------------|----------------------|
|   | 1992-<br>93      | 1993-<br>94  | 1994-<br>95  | 1995-<br>96  | 1996-<br>97  | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Central government's own</b>   |                  |              |              |              |              |                                 |                      |
| Defence <sup>(1)</sup>  | 649              | 701          | 727          | 669          | -546         | -362                            | 400                  |
| Overseas services including overseas aid  | 116              | 118          | 93           | 138          | 80           | 84                              | 100                  |
| Agriculture, fisheries, food and forestry   | 405              | 326          | 58           | 134          | 390          | 334                             | 200                  |
| Trade, industry, energy, and employment<br>of which: Regional and other industrial<br>support   | 637              | 673          | 739          | 695          | 612          | 723                             | 700                  |
| National roads  | 2,198            | 2,301        | 2,298        | 1,972        | 1,763        | 1,587                           | 1,300                |
| Other transport   | 38               | 30           | 46           | 33           | 36           | 80                              | 100                  |
| Housing   | 2,558            | 2,035        | 1,683        | 1,343        | 1,205        | 871                             | 900                  |
| Other environmental services  | 235              | 300          | 256          | 251          | 268          | 229                             | 200                  |
| Prisons and offender programmes   | 350              | 302          | 334          | 349          | 248          | 303                             | 200                  |
| Other Law, order and protective services  | 312              | 307          | 259          | 270          | 204          | 187                             | 100                  |
| Education   | 623              | 857          | 943          | 900          | 389          | 381                             | 300                  |
| Culture, Media and Sport  | 199              | 173          | 200          | 212          | 110          | 107                             | 100                  |
| National Health Service, hospitals,<br>community health, family health, and related<br>services | 1,527            | 828          | 357          | 265          | 124          | 93                              | 100                  |
| Other Health and personal social services   | 61               | 32           | 29           | 25           | 27           | 24                              |                      |
| Social security   | 293              | 336          | 250          | 164          | 127          | 11                              | -300                 |
| Miscellaneous <sup>(2)</sup>  | 628              | 640          | 619          | 499          | 447          | 399                             | 400                  |
| Other accounting adjustments  | 40               | -180         | 222          | 658          | 1,032        | 954                             | 1,200                |
| <b>Total central government' own</b>  | <b>10,869</b>    | <b>9,780</b> | <b>9,114</b> | <b>8,578</b> | <b>6,515</b> | <b>6,004</b>                    | <b>6,000</b>         |
| <b>Local authorities<sup>(3)</sup></b>  |                  |              |              |              |              |                                 |                      |
| Agriculture, fisheries, food and forestry   | 17               | -25          | -34          | 18           | 18           | -10                             |                      |
| Trade, industry, energy employment  | 8                | 15           | 13           | 8            | 8            | 10                              |                      |
| Local roads   | 296              | 353          | 352          | 335          | 259          | 241                             |                      |
| Other transport   | 1,249            | 1,360        | 1,376        | 1,359        | 1,184        | 1,186                           |                      |
| Housing   | 1,602            | 1,565        | 1,526        | 1,830        | 1,648        | 1,545                           |                      |
| Other environmental services  | 1,463            | 1,031        | 1,594        | 1,580        | 896          | 1,076                           |                      |

|  |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Law, order and protective services                       | 380          | 372          | 363          | 388          | 298          | 340          |              |
| Education  | 921          | 746          | 890          | 979          | 873          | 918          |              |
| Culture, Media and Sport                                 | 218          | 201          | 245          | 264          | 289          | 242          |              |
| Personal social services                                 | 165          | 157          | 195          | 195          | 176          | 177          |              |
| Other accounting adjustments                             | 832          | 949          | 827          | 229          | 781          | 676          |              |
| <b>Total local authorities<sup>(3)</sup></b>             | <b>7,150</b> | <b>6,724</b> | <b>7,349</b> | <b>7,185</b> | <b>6,430</b> | <b>6,400</b> | <b>7,000</b> |
| <b>Public Corporations</b>                               |              |              |              |              |              |              |              |
| <b>Nationalised Industries</b>                           |              |              |              |              |              |              |              |
| British Coal   | 10           | 175          | 6            |              |              |              |              |
| British Nuclear Fuels <sup>(4)</sup>                     | 475          | 343          | 534          | 373          | 490          | 512          | 500          |
| British Shipbuilders                                     | -3           | -6           | 11           | 1            | 1            |              |              |
| Nuclear Electric   | 488          | 402          | 239          | 125          |              |              |              |
| Post Office  | 293          | 249          | 271          | 311          | 255          | 407          | 400          |
| National Railways  | 1,426        | 1,059        | 805          | 832          | 16           | 5            |              |
| Union Railways   | 30           | 36           | 40           |              |              |              |              |
| European Passenger Services                              |              |              |              |              |              |              |              |
| Civil Aviation Authority                                 | 116          | 144          | 114          | 72           | 47           | 38           |              |
| London Transport   | 786          | 689          | 949          | 1,018        | 823          | 751          | 400          |
| Highlands & Islands Airports                             |              |              |              |              |              |              |              |
| Scottish Hydro-electric                                  |              |              |              |              |              |              |              |
| Scottish Power   |              |              |              |              |              |              |              |
| Scottish Nuclear   | 149          | 72           | -44          | -41          |              |              |              |
| Caledonian MacBrayne                                     | 13           | 12           | 11           | 11           | 11           | 10           |              |
| Scottish Transport Group                                 |              | 44           |              |              |              |              |              |
| <b>Total nationalised industries</b>                     | <b>3,784</b> | <b>3,219</b> | <b>2,937</b> | <b>2,702</b> | <b>1,643</b> | <b>1,724</b> | <b>1,300</b> |
| <b>Other public corporations and trading funds</b>       |              |              |              |              |              |              |              |
| British Waterways Board                                  | 3            |              | 4            | 7            | 4            | 4            |              |
| National Health Service Trusts                           | 586          | 1,198        | 1,684        | 1,776        | 1,383        | 1,387        | 1,400        |
| Northern Ireland Housing Executive                       | 111          | 114          | 104          | 123          | 114          | 115          | 100          |
| Scottish Enterprise                                      | 171          | 148          | 174          | 176          | 135          | 157          | 200          |
| Scottish Homes   | 279          | 294          | 278          | 275          | 264          | 269          | 300          |
| Scottish Water   |              |              |              |              | 274          | 212          | 200          |
| Urban Development Corporations                           | 376          | 341          | 194          | 220          | 184          | 167          | 100          |
| Urban Regeneration Agency                                |              | 20           | 119          | 157          | 210          | 250          | 300          |
| Other  | 386          | 220          | 332          | 276          | 339          | 605          | 600          |
| <b>Total other public corporations and trading funds</b> | <b>1,913</b> | <b>2,336</b> | <b>2,890</b> | <b>3,011</b> | <b>2,908</b> | <b>3,167</b> | <b>3,200</b> |

|  |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Other accounting adjustments <sup>(5)</sup>  | -221          | -726          | -624          | -712          | -80           | -253          |               |
| <b>Total public corporations (including nationalised industries)<sup>(6)</sup></b> | <b>5,476</b>  | <b>4,829</b>  | <b>5,202</b>  | <b>5,001</b>  | <b>4,471</b>  | <b>4,638</b>  | <b>4,500</b>  |
| Allocation from the Reserve  |               |               |               |               |               |               | 300           |
| <b>Total public sector<sup>(6)</sup></b>   | <b>23,495</b> | <b>21,333</b> | <b>21,665</b> | <b>20,764</b> | <b>17,416</b> | <b>17,042</b> | <b>17,800</b> |
| Real terms <sup>(7)</sup>  | 25,962        | 22,907        | 22,918        | 21,372        | 17,416        | 16,594        | 16,800        |

(1) See footnote (2) to table 1.2.

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

(3) 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.

(4) British Nuclear Fuels and Magnox Electric merged on 30 January 1998.

(5) Includes an underspend assumption in 1997-98, reflecting latest available information. See Appendix A, paragraph 6. (6) Figures for total public corporations' capital expenditure and total public sector capital expenditure in 1998-99 reflect a minor correction to the figures shown in table B14 of the March 1998 Financial Statement and Budget Report (HC 620).

(7) Real term figures are cash outturns adjusted to 1996-97 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 3.8 General government sales and purchases of land and existing buildings by spending sector, 1**

|   | 1982-<br>83 | 1983-<br>84 | 1984-<br>85 | 1985-<br>86 | 1986-<br>87 | 1987-<br>88 | 1988-<br>89 | 1989-<br>90 | 1990-<br>91 | 1991-<br>92 | 1992-<br>93 | 1993-<br>94 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Receipts from sales</b>  |             |             |             |             |             |             |             |             |             |             |             |             |
| Central government  | -0.1        | -0.1        | -0.2        | -0.2        | -0.3        | -0.4        | -0.6        | -0.5        | -0.4        | -0.4        | -0.3        | -0.3        |
| Total local authorities   | -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>  |             |             |             |             |             |             |             |             |             |             |             |             |
| <i>DETR-Housing, Construction, Regeneration, Countryside and Wildlife</i> | -1.9        | -1.4        | -1.3        | -1.2        | -1.4        | -1.9        | -3.0        | -3.0        | -2.2        | -1.4        | -1.2        | -1.2        |
| <i>DETR-Other Environmental Services</i>                                  | -0.2        | -0.2        | -0.3        | -0.4        | -0.6        | -1.0        | -1.4        | -1.3        | -0.6        | -0.5        | -0.4        | -0.4        |
| <b>Total general government</b>   | <b>-2.6</b> | <b>-2.2</b> | <b>-2.2</b> | <b>-2.3</b> | <b>-2.9</b> | <b>-4.0</b> | <b>-6.2</b> | <b>-5.9</b> | <b>-4.0</b> | <b>-2.9</b> | <b>-2.6</b> | <b>-2.6</b> |
| <b>Purchases</b>  |             |             |             |             |             |             |             |             |             |             |             |             |
| Central government  | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         | 0.2         | 0.2         | 0.3         | 0.3         | 0.4         | 0.5         | 0.5         |
| Local authorities   | 0.4         | 0.3         | 0.3         | 0.4         | 0.6         | 0.7         | 0.8         | 1.1         | 0.6         | 0.7         | 0.6         | 0.6         |
| <i>of which:</i>  |             |             |             |             |             |             |             |             |             |             |             |             |
| <i>DETR-Housing, Construction, Regeneration, Countryside and Wildlife</i> | 0.1         | 0.1         | 0.1         | 0.2         | 0.3         | 0.3         | 0.4         | 0.6         | 0.1         | 0.2         | 0.2         | 0.2         |
| <i>DETR-Other Environmental Services</i>                                  | 0.1         | 0.1         |             | 0.1         | 0.1         | 0.2         | 0.2         | 0.2         | 0.1         | 0.1         | 0.1         | 0.1         |
| <b>Total general government</b>   | <b>0.5</b>  | <b>0.5</b>  | <b>0.4</b>  | <b>0.6</b>  | <b>0.7</b>  | <b>1.0</b>  | <b>1.0</b>  | <b>1.4</b>  | <b>0.8</b>  | <b>1.1</b>  | <b>1.1</b>  | <b>1.1</b>  |
| <b>Receipts less purchases</b>  |             |             |             |             |             |             |             |             |             |             |             |             |
| Central government  |             |             |             | -0.1        | -0.2        | -0.1        | -0.5        | -0.2        | -0.1        |             |             | 0.3         |

|   |             |             |             |             |             |             |             |             |             |             |             |   |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---|
| Local authorities   | -2.1        | -1.7        | -1.7        | -1.6        | -2.0        | -3.0        | -4.7        | -4.3        | -3.0        | -1.9        | -1.8        | . |
| <i>of which:</i>  |             |             |             |             |             |             |             |             |             |             |             |   |
| <i>DETR-Housing, Construction, Regeneration, Countryside and Wildlife</i> | -1.8        | -1.3        | -1.1        | -1.0        | -1.1        | -1.5        | -2.6        | -2.5        | -2.0        | -1.2        | -1.1        | . |
| <i>DETR-Other Environmental Services</i>                                  | -0.1        | -0.2        | -0.3        | -0.3        | -0.5        | -0.9        | -1.2        | -1.0        | -0.4        | -0.3        | -0.3        | . |
| <b>Total general government</b>   | <b>-2.1</b> | <b>-1.8</b> | <b>-1.8</b> | <b>-1.8</b> | <b>-2.2</b> | <b>-3.1</b> | <b>-5.2</b> | <b>-4.5</b> | <b>-3.1</b> | <b>-1.9</b> | <b>-1.5</b> | . |

**Table 3.9 Control Total by spending sector, 1984-85 to 1998-1999**

|   | 1984-<br>85 | 1985-<br>86 | 1986-<br>87 | 1987-<br>88  | 1988-<br>89  | 1989-<br>90  | 1990-<br>91  | 1991-<br>92  | 1992-<br>93  | 1993-<br>94  | 1994-<br>95  | 1995-<br>96  |
|---|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Central government expenditure<sup>(1)(2)</sup></b>  |             |             |             |              |              |              |              |              |              |              |              |              |
| Ministry of Defence <sup>(3)</sup>                      | 17.4        | 18.3        | 18.4        | 18.9         | 19.2         | 20.8         | 21.7         | 22.9         | 22.9         | 22.8         | 22.6         | 22.7         |
| Department of Health                                    | 13.4        | 14.2        | 15.2        | 16.7         | 18.4         | 19.9         | 22.3         | 25.4         | 28.0         | 29.0         | 30.6         | 31.3         |
| Department of Social Security                           | 29.0        | 31.2        | 33.2        | 35.6         | 37.4         | 40.3         | 44.3         | 50.8         | 56.0         | 60.8         | 62.2         | 63.9         |
| Scotland  | 3.3         | 3.5         | 3.6         | 3.8          | 4.1          | 4.5          | 5.0          | 6.0          | 6.6          | 7.3          | 7.8          | 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          |
| Northern Ireland  | 3.7         | 3.9         | 4.1         | 4.4          | 5.1          | 5.3          | 5.5          | 6.0          | 6.6          | 7.0          | 7.4          | 7.8          |
| Other departments                                       | 19.4        | 20.4        | 21.9        | 22.4         | 23.2         | 27.6         | 31.3         | 31.2         | 35.0         | 38.1         | 40.1         | 41.8         |
| <b>Total</b>  | <b>87.6</b> | <b>92.8</b> | <b>98.0</b> | <b>103.4</b> | <b>109.2</b> | <b>120.3</b> | <b>132.3</b> | <b>144.9</b> | <b>158.2</b> | <b>168.5</b> | <b>174.1</b> | <b>180.1</b> |
| <b>Central government support for local authorities</b> |             |             |             |              |              |              |              |              |              |              |              |              |
| Revenue/Rate Support Grant <sup>(4)</sup>               | 11.3        | 11.2        | 11.8        | 12.6         | 12.8         | 13.0         | 13.1         | 13.6         | 21.8         | 22.3         | 24.0         | 24.7         |
| Non-domestic rate payments <sup>(5)</sup>               | 7.6         | 8.2         | 9.1         | 9.8          | 10.5         | 11.3         | 12.1         | 14.2         | 14.1         | 13.2         | 12.3         | 12.3         |
| Current grants  | 6.9         | 7.4         | 8.2         | 8.9          | 8.9          | 9.7          | 12.3         | 19.8         | 17.3         | 18.3         | 19.5         | 20.0         |
| Capital grants  | 0.8         | 0.6         | 0.7         | 0.7          | 0.7          | 0.9          | 1.1          | 1.3          | 1.5          | 1.8          | 1.4          | 1.4          |
| Credit approvals <sup>(6)</sup>                         | 4.2         | 3.8         | 3.6         | 3.9          | 3.7          | 3.4          | 3.9          | 4.4          | 4.5          | 4.1          | 4.0          | 4.0          |
| <b>Total</b>  | <b>30.7</b> | <b>31.2</b> | <b>33.4</b> | <b>35.8</b>  | <b>36.6</b>  | <b>38.3</b>  | <b>42.5</b>  | <b>53.3</b>  | <b>59.3</b>  | <b>59.8</b>  | <b>61.2</b>  | <b>62.4</b>  |
| <b>Local authority self-financed expenditure</b>        | <b>3.0</b>  | <b>2.9</b>  | <b>3.3</b>  | <b>8.2</b>   | <b>9.7</b>   | <b>14.4</b>  | <b>13.9</b>  | <b>10.1</b>  | <b>8.9</b>   | <b>8.0</b>   | <b>10.8</b>  | <b>11.4</b>  |

**Financing requirements of nationalised industries<sup>(7)</sup>**

**3.9    1.7    0.3    0.2    -0.5    0.9    3.5    3.8    4.3    3.6    0.9    -**

Reserve

Allowance for shortfall<sup>(8)</sup>

**Control**

**Total            125.2   128.6   135.0   147.6   155.1   174.0   192.1   212.0   230.6   239.9   247.1   25**

(1) See footnote (3) to table 1.1.

(2) See footnote (5) to table 1.2.

(3) See footnote (1) to table 3.2.

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

(5) For the years before 1991-92 the estimated yield of non-domestic rates has been used as a proxy for no

(6) Including net capital allocations in Scotland.

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

(8) See paragraph 6 of Appendix A.



**Table 3.10 External financing requirements<sup>(1)</sup> of nationalised industries by department and industry, 1992-93 to 1998-1999**

|   | £ million    |              |             |             |             |                                 |                      |
|---|--------------|--------------|-------------|-------------|-------------|---------------------------------|----------------------|
|   | 1992-<br>93  | 1993-<br>94  | 1994-<br>95 | 1995-<br>96 | 1996-<br>97 | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Department of Trade and Industry</b>                     |              |              |             |             |             |                                 |                      |
| British Coal <sup>(2)</sup>                                 | 791          | 1,400        | 742         | 48          | 41          | 59                              | 19                   |
| British Nuclear Fuels <sup>(3)</sup>                        | -392         | -653         | -422        | -13         | -149        | 138                             | 179                  |
| British Shipbuilders  | -10          | -9           | 10          | -1          | -1          | -26                             |                      |
| Nuclear Electric  | 991          | 726          | 483         | 235         |             |                                 |                      |
| Post Office   | -80          | -186         | -235        | -245        | -285        | -313                            | -335                 |
| <b>Subtotal</b>   | <b>1,300</b> | <b>1,278</b> | <b>577</b>  | <b>25</b>   | <b>-394</b> | <b>-141</b>                     | <b>-137</b>          |
| <b>Department of Environment, Transport and the Regions</b> |              |              |             |             |             |                                 |                      |
| National Railways   | 1,673        | 1,033        | -657        | -1,663      | -1,061      | 70                              | 158                  |
| Union Railways  | 26           | 36           | 46          | 30          | 12          |                                 |                      |
| European Passenger Services                                 | 365          | 392          | 178         | 288         | 15          |                                 |                      |
| Civil Aviation Authority                                    | 51           | 91           | 46          | 34          | -13         | -34                             | -40                  |
| London Transport  | 883          | 693          | 783         | 903         | 917         | 609                             | 523                  |
| <b>Subtotal</b>   | <b>2,998</b> | <b>2,244</b> | <b>396</b>  | <b>-408</b> | <b>-131</b> | <b>644</b>                      | <b>642</b>           |
| <b>Scotland</b>   |              |              |             |             |             |                                 |                      |
| Highlands & Islands Airports                                | 5            | 6            | 8           | 11          | 7           | 7                               | 9                    |
| Scottish Nuclear  | 14           | -28          | -46         | -43         |             |                                 |                      |
| Caledonian MacBrayne  | 13           | 12           | 11          | 11          | 10          | 18                              | 17                   |
| Scottish Transport Group                                    |              | 44           |             |             |             |                                 |                      |
| <b>Subtotal</b>   | <b>32</b>    | <b>34</b>    | <b>-27</b>  | <b>-22</b>  | <b>18</b>   | <b>26</b>                       | <b>26</b>            |
| <b>Total external finance</b>                               | <b>4,330</b> | <b>3,556</b> | <b>947</b>  | <b>-405</b> | <b>-507</b> | <b>528</b>                      | <b>531</b>           |

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

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

(3) British Nuclear Electric and Magnox Electric merged on 30 January 1998.



**Table 3.11 Financing requirements<sup>(1)</sup> of individual public corporations and trading funds (excluding nationalised industries), 1992-93 to 1998-1999**

|  | £ million   |             |             |             |             |                                 |                      |
|--|-------------|-------------|-------------|-------------|-------------|---------------------------------|----------------------|
|  | 1992-<br>93 | 1993-<br>94 | 1994-<br>95 | 1995-<br>96 | 1996-<br>97 | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Public corporations and trading funds<br/>whose external finance is included in the<br/>Control Total <sup>(2)(3)</sup></b> |             |             |             |             |             |                                 |                      |
| Air Travel Trust Fund  |             |             |             |             | 4           |                                 | 4                    |
| Audit Commission   |             |             |             |             |             |                                 |                      |
| BBC Monitoring Service   |             |             |             |             |             | -1                              | -1                   |
| British Waterways Board <sup>(4)</sup>   | 48          | 49          | 48          | 50          | 51          | 51                              | 53                   |
| The Buying Agency <sup>(2)</sup>   |             |             |             |             |             |                                 |                      |
| Central Office of Information <sup>(2)</sup>   |             |             |             |             | 5           |                                 |                      |
| Chessington Computer Centre <sup>(2)(5)</sup>  |             | 1           |             | -1          |             |                                 |                      |
| Commonwealth Development Corporation <sup>(6)</sup>  | 47          | 34          | 30          | 27          | 14          | -18                             | -15                  |
| Companies House <sup>(2)</sup>   | -4          | -3          | -3          | -7          | -3          | 3                               | 1                    |
| Covent Garden Market Authority   |             |             |             |             |             |                                 |                      |
| The Crown Agents   | -3          | 3           | 3           |             | 7           |                                 |                      |
| Crown Agents Holding and Realisation Board   |             |             |             |             | 15          |                                 |                      |
| Defence Evaluation and Research Agency <sup>(2)</sup>  |             | 135         | 87          | 17          | 19          | -35                             | -29                  |
| Development Board for Rural Wales  | 14          | 15          | 15          | 6           | 4           | 9                               | 9                    |
| Docklands Light Railway  | 84          | 28          | 29          | 37          | 21          | 32                              | 52                   |
| Driving Standards Agency <sup>(2)</sup>  |             |             |             |             |             |                                 |                      |
| Driver Vehicle Testing Agency <sup>(2)</sup>   |             |             |             |             |             |                                 | -1                   |
| English Industrial Estates Corporation   | 6           | 13          |             |             |             |                                 |                      |
| Fire Service College <sup>(2)</sup>  | 2           | 2           | 1           | 2           | 2           | 1                               | -1                   |
| Her Majesty's Stationery Office <sup>(2)(5)</sup>  | -4          | -3          | -3          | 7           | -7          |                                 |                      |
| Highlands and Islands Enterprise <sup>(7)</sup>  | 49          | 48          | 45          | 46          | 45          | 50                              | 48                   |
| Housing Action Trusts  | 26          | 78          | 92          | 93          | 90          | 89                              | 88                   |
| Hydrographic Office <sup>(2)</sup>   |             |             |             |             |             |                                 |                      |
| Laganside  | 5           | 5           | 6           | 8           | 8           | 8                               | 8                    |
| Land Authority For Wales   | 1           | 1           |             |             | -3          |                                 | -1                   |
| Land Registry <sup>(2)</sup>   |             | -36         | -34         | -7          | -15         | -7                              |                      |

|  |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Letchworth Garden City   | -3           | -2           | 1            |              |              |              |              |
| Medicines Control Agency <sup>(2)</sup>  |              | 5            |              |              |              |              | 1            |
| Meteorological Office <sup>(2)</sup>   |              |              |              |              | 27           | -3           | -8           |
| National Health Service Trusts   | 222          | 313          | 613          | 455          | 162          | 191          | 136          |
| Northern Ireland Electricity Service   | -55          |              |              |              |              |              |              |
| Northern Ireland Housing Executive <sup>(3)</sup>  | 216          | 208          | 195          | 208          | 207          | 195          | 171          |
| of which:  |              |              |              |              |              |              |              |
| financed by Capital Receipts Initiative  |              |              |              |              |              | 4            | 13           |
| Northern Ireland Public Trust Port Authorities   |              |              |              |              |              |              |              |
| Northern Ireland Transport Holding Company   | 22           | 24           | 21           | 24           | 22           | 20           | 20           |
| Queen Elizabeth II Conference Centre <sup>(2)</sup>                                      |              |              |              |              |              |              |              |
| Oil and Pipelines Agency   |              |              |              |              |              |              |              |
| The Patent Office <sup>(2)</sup>   | -7           | -12          | -10          | -15          | -19          | -13          | -8           |
| Registers of Scotland <sup>(2)</sup>   |              |              |              |              |              |              |              |
| Remploy Ltd  | 84           | 89           | 92           | 94           | 94           | 94           | 94           |
| Royal Mint <sup>(2)</sup>  |              |              |              |              |              |              |              |
| Scottish Enterprise <sup>(8)</sup>   | 173          | 195          | 239          | 239          | 247          | 229          | 230          |
| Scottish Homes   | 312          | 316          | 323          | 293          | 279          | 201          | 246          |
| Scottish Transport Group   |              |              |              |              |              |              |              |
| Scottish Water Authorities <sup>(2)</sup>  |              |              |              |              | 304          | 228          | 225          |
| United Kingdom Atomic Energy Authority   | 17           | -3           | 12           | -13          |              |              |              |
| Urban Regeneration Agency (English Partnerships)   | 2            | 24           | 118          | 156          | 211          | 251          | 296          |
| Urban Development Corporations   | 467          | 390          | 310          | 275          | 249          | 217          | 45           |
| Vehicle Inspectorate <sup>(2)</sup>  |              |              |              |              |              |              |              |
| Welsh Development Agency   | 78           | 72           | 64           | 41           | 66           | 107          | 125          |
| The Welsh Fourth Channel Authority   | 56           | 58           | 64           | 69           | 72           | 18           | 75           |
| <b>Total</b>   | <b>1,854</b> | <b>2,046</b> | <b>2,358</b> | <b>2,106</b> | <b>2,182</b> | <b>1,917</b> | <b>1,861</b> |
| <b>Public corporations whose capital spending and subsidies are in the Control Total</b> |              |              |              |              |              |              |              |
| New Town Development Corporations and the Commission for New Towns                       | -107         | -185         | -140         | -273         | -266         | -110         | -103         |
| <b>Total</b>   | <b>-107</b>  | <b>-185</b>  | <b>-140</b>  | <b>-273</b>  | <b>-266</b>  | <b>-110</b>  | <b>-103</b>  |
| <b>Total public corporations (excluding nationalised industries)</b>                     | <b>1,747</b> | <b>1,860</b> | <b>2,218</b> | <b>1,833</b> | <b>1,916</b> | <b>1,807</b> | <b>1,758</b> |

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

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

- (3) *Figure for NI Housing Executive include expenditure financed by the Capital Receipts Initiative which is outside the Control Total.*
- (4) *The British Waterways Board became an Other Public Corporation in 1997-98 (it was formerly a nationalised industry).*
- (5) *Chessington Computer Centre and HMSO were privatised during 1996-97.*
- (6) *The EFL for CDC may be adjusted as part of the process creating the new Public/Private Partnership and a decision is pending while further work on the Partnership is completed.*
- (7) *Formerly the Highlands and Islands Development Board.*
- (8) *Formerly the Scottish Development Agency.*

## 4. Differences from previous plans

### Introduction

4.1. Since the introduction of Simplified Estimates in 1995, both PESA and departmental reports coincide both in consistency of figures and timing of publication with the Main Supply Estimates. With the move to a Spring Budget, the figures which will be presented in the Supply Estimates for 1998-99, and therefore also in this publication, are this year consistent with those in the Financial Statement and Budget Report 1998-99.

4.2. The main analyses in this section compare the new plans for the Control Total in 1998-99, and estimated outturn for 1997-98, with the plans set out in last year's Public Expenditure Statistical Analyses (Cm 3601). There is also a comparison of outturn for the Control Total in 1996-97 with the plans set out in the Public Expenditure Statistical Analyses 1996-97 (Cm 3201).

4.3. 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, which are due to policy decisions or changes in forecasts of underlying economic factors.

### Classification and transfer changes in the Control Total

4.4. Table 4.1 shows the differences, by spending sector and type of change, between the new plans show in this publication and the corresponding figures from last year's PESA. Tables 4.2 and 4.3 show comparisons with previous plans by department for 1997-98 and 1998-99 respectively.

4.5. Most departmental plans for 1998-99 reflect a transfer introducing capital charges for all Government property on the Civil Estate and replacing a system of rents paid to Cabinet Office. This change is designed to encourage departments to make the most efficient use of their property and does not affect the departments' spending power however the effect of the transfer is an increase in net expenditure by the Cabinet Office in 1998-99 of £321 million, with corresponding reductions in net expenditure on other departments, the most significant of which are: £26 million for the Ministry of Defence; £60 million for the Lord Chancellor's and Law Officers' departments; £59 million for the Department of Social Security and £70 million for the Chancellor of the Exchequer's departments.

4.6. The other main transfers of financing responsibility affecting 1997-98 and 1998-99 are:

- a transfer of responsibility for funding local authorities' Housing Benefit payments from the Department of the Environment, Transport and the Regions (Housing, Construction, Regeneration, Countryside and Wildlife) to the Department of Social Security following Large Scale Voluntary Transfers of housing stock, amounting to £24 million in 1997-98 and £25 million in 1998-99.
- a transfer of £13 million in 1997-98 and £38 million in 1998-99 from the Department of Health to the Department for Education and Employment in connection with the merger of Imperial College and the West London Medical School.

- a transfer of £10 million in 1997-98 and 1998-99 from the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) to the Home Office for the Metropolitan Police Special Payment.
- a transfer to reflect new funding arrangements for Common Police Services of £30 million in 1998-99 from the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) to the Home Office, and a further £2 million to Wales.
- a transfer of £10 million from the Department of the Environment, Transport and the Regions (Transport) and a further £10 million from the Department for Education and Employment to the Home Office to cover grants made under section 11 of the Local Government Act 1966, and distributed by the Home Office.
- a transfer of £527 million in 1998-99 from central government expenditure within plans for the Department for Education and Employment to central government grants to local authorities within plans for the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) following the abolition of the nursery vouchers scheme and the redeployment of the funding for local education authorities' early years development plans.
- a transfer of £350 million in 1998-99 from the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) to the Department of Health to cover the continuation of funding of the Community Care Special Transitional Grant to local authorities into 1998-99.
- a transfer of £13 million in 1998-99 from the Ministry of Defence to the Department of the Environment, Transport and the Regions (Transport) for Royal air travel.
- a transfer of £14 million in 1998-99 from the Home Office to the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) and a further £1 million to Wales for the creation of the National Criminal Intelligence Service and the National Crime Squad service authorities.
- a transfer of £21 million within the Department of the Environment, Transport and the Regions from the Housing, Construction, Regeneration, Countryside and Wildlife programme to the Other Environmental Services programme. This reflects the transfer of assets and liabilities from the remaining Urban Development Corporations, which wind up in 1998, to the Commission for New Towns.

4.7. The main classification changes affecting 1997-98 to 1998-99 are:

- the removal from the Control Total of local authority debt interest ultimately financed by payments of housing subsidy (housing element), which reduces local authority self-financed expenditure by £669 million in 1997-98 and £120 million in 1998-99.
- the Control Total scoring of the transfer of the Department of Social Security Newcastle Estate to the private sector has been put onto a national accounts basis, reducing Department of Social Security expenditure by £71 million in 1997-98 and increasing it by £2 million 1998-99.
- the inclusion in the Control Total of certain licence fee receipts (following a review begun in February 1997). The main changes are reductions in net expenditure for the Home Office of £36 million in 1997-98 and £51 million in 1998-99, for the Department of the Environment, Transport and the Regions (Transport) of £13 million 1997-98 and 1998-99, for the Department of Health of £10 million in 1997-98 and 1998-99, and for the Foreign and Commonwealth Office of £6 million in 1997-98 and £2 million in 1998-99.
- the exclusion from the Control Total of certain Environment Agency receipts which will in future be treated as revenue in the National Accounts. The main result is an increase in net expenditure for the Ministry of Agriculture, Fisheries and Food of £17 million in 1997-98 and £14 million in 1998-99.
- two machinery of government changes which reversed the changes shown in last year's PESA and returned responsibility for the Charity Commission and voluntary services from the Department for Culture, Media and Sport to the Home Office. The total amounts involved were £39 million in 1997-98 and £37 million in 1998-99.
- the reclassification of receipts of licence fees collected by the utility regulators (OFFER, OFGAS, OFTEL &

OFWAT) and used to finance their regulatory activity. These receipts are now treated as negative public expenditure in the Control Total, and the result is a reduction of £35 million in 1997-98 and £28 million in 1998-99 for Trade and Industry, and of £10 in 1997-98 and 1998-99 for the Department of the Environment, Transport and the Regions (Other Environmental Services). There has been no change in the national accounts treatment of these receipts and a new adjustment has been introduced - see Appendix B.

## Other changes to plans for 1998-99

4.8. As announced in the July 1997 Budget, an additional £1.2 billion for the National Health Service and an additional £1 billion for education was allocated within the Control Total from the Reserve for 1998-99. Taking these changes together, 1998-99 planned spending is increased by £1 billion for the Department of Health, £835 million for the Department of the Environment, Transport and the Regions (Local Government and Regional Policy), £196 million for Scotland, £110 million for Wales and £59 million for Northern Ireland.

4.9. Forecast outturn for the Control Total in 1997-98 is £264.1 billion, which represents an underspend on plans, as set out in the November 1996 Budget, of £1.5 billion. The Government has reallocated this underspend in 1997-98 to 1998-99, consistent with its commitment to work within the Control Totals it inherited for the two years.

4.10. From this additional £1.5 billion, the March 1998 Financial Statement and Budget Report announced additional spending amounting to £1 billion: £500 million for the National Health Service, £250 million for education, £125 million for investment in and restructuring of London Underground, £60 million for the Child Support package, £50 million for rural transport and £15 million for the New Deal for Communities. These changes increased 1998-99 plans by £417 million for the Department of Health, £209 million for the Department for Education and Employment, £167 million for the Department of the Environment, Transport and the Regions (Transport), £60 million for the Department of Social Security, £73 million for Scotland, £40 million for Wales, £21 million for Northern Ireland and £13 million for the Department of the Environment, Transport and the Regions (Housing, Construction, Regeneration, Countryside and Wildlife). The remaining £500 million was allocated to the Reserve.

4.11. Plans for 1998-99 also reflect a number of other estimating changes and policy decisions, with these changes as usual offset in the 1998-99 Reserve. The main changes are:

- claims on and benefits to the Reserve for 1998-99 due to revised forecasts of demand-led spending based on the latest economic assumptions for the Budget in March 1998. These amount to increases of £610 million for the Department of Social Security, £56 million for the Export Credits Guarantee Department and £51 million for Northern Ireland, and reductions of £181 million for the Department of the Environment, Transport and the Regions (Housing Construction, Regeneration, Countryside and Wildlife), £44 million for the Cabinet Office, £39 million for the Chancellor of the Exchequer's departments (Inland Revenue) and £28 million for Wales.
- a claim on the Reserve of £429 million due to a higher forecast of local authority self-financed expenditure.
- additional funding of £100 million for London Transport, reflecting capital expenditure carried forward due to underspending in previous years.
- an extra £190 million for the Department of Social Security to cover payments of the Winter Fuel Supplement to pensioners, as announced in the Pre-Budget Report in November 1997.
- a claim on the Reserve of £90 million for the Department of Health to cover payments to local authorities for asylum seekers.
- an additional £68 million for the Home Office, made up of £58 million for compensation and related costs arising from the implementation of the Firearms Amendment Act 1997 and the Firearms Amendment No 2 Act 1997 and £10 million for Section 11 payments.
- a claim on the Reserve of £50 million, reflecting a revised forecast of the UK's net payments to European Community Institutions in 1998-99.



- a net claim on the Reserve of £47 million for Northern Ireland, the main components of which are an additional £66 million for the EU Peace and Reconciliation Programme, offset by a reduction of £23 million because of delays in installing the ERDF gas pipeline link and the electricity interconnector with Scotland.
- an additional £20 million for the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) for the PFI Special Grant in the 1998-99 Local Government Finance Settlement.
- benefits to the Reserve of £516 million from the Department for Education and Employment, £68 million from Scotland and £29 million from Northern Ireland for extra receipts in 1998-99 from the sale of the student loan book.
- a net benefit to the Reserve of £286 million from the Department of Social Security reflecting £345 million receipts from the sale of DSS property under the PRIME project and a claim on the Reserve of £59 million to cover rental costs on property.
- a benefit to the Reserve of £94 million across several departments following the annual EUROPES exercise. EUROPES is a control mechanism which offsets the cost to the UK of extra spending in certain Community programmes and charges these costs to those departments with policy responsibility for the programmes. The most significant changes to departmental spending programmes in 1998-99 are reductions of £29 million for Trade and Industry, £36 million for the Department for Education and Employment and £11 million for the Department of Culture, Media and Sport.
- a net benefit to the Reserve of £97 million following reductions of £128 million in total for reduced expenditure under the CAP and an additional £30 million of funding for BSE. The main changes to individual departments are reductions of £76 million for the Intervention Board, £25 million for Scotland, £25 million for Wales and £2 million for Northern Ireland, and an increase of £30 million for the Ministry of Agriculture, Fisheries and Food.
- a decrease of £48 million in figures for the Department of the Environment, Transport and the Regions (Transport) due to extra receipts from the introduction of fees for photocard driving licences and the first registration of vehicles.
- a net benefit to the Reserve of £16 million from the Foreign and Commonwealth Office, reflecting a reduction of £26 million due to changes in overseas price movements, and an increase of £10 million for international conferences.
- a reduction in plans for the Department of the Environment (Housing, Construction, Regeneration, Countryside and Wildlife) of £10 million due to the decision not to go ahead with the Housing Debt commutation.

## 1996-97 outturn

4.12. Table 4.4 presents differences for 1996-97 for the Control Total from the plans set out in the Public Expenditure Statistical Analyses 1996-97 (Cm 3201, published in March 1996) and, therefore, also reflects transfers and classification changes made between that publication and last year's PESA. After taking account of classification changes, the total outturn for the Control Total in 1996-97 is £259.8 billion, an increase of £0.5 billion on plans.

**Table 4.1 Changes to the Control Total since last year's PESA by spending sector, 1994-95 to 1998-99**

|   | £ million              |                        |                        |                                 |                      |
|---|------------------------|------------------------|------------------------|---------------------------------|----------------------|
|   | 1994-<br>95<br>outturn | 1995-<br>96<br>outturn | 1996-<br>97<br>outturn | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Control Total as in last years PESA</b>                                | <b>247,848</b>         | <b>255,270</b>         | <b>261,040</b>         | <b>266,500</b>                  | <b>273,700</b>       |
| <b>Changes in central government expenditure</b>                          |                        |                        |                        |                                 |                      |
| Transfers and Classification Changes                                      | -42                    | -50                    | -46                    | -100                            | -700                 |
| Other changes   | 1                      | 99                     | -1,306                 | 1,000                           | 2,600                |
| <b>Total changes in central government expenditure</b>                    | <b>-41</b>             | <b>49</b>              | <b>-1,352</b>          | <b>900</b>                      | <b>1,900</b>         |
| <b>Changes in central government support for local authorities</b>        |                        |                        |                        |                                 |                      |
| Transfers and Classification Changes                                      | -12                    | -10                    | -9                     |                                 | 600                  |
| Other changes   | -1                     | 4                      | -284                   | -100                            | 200                  |
| <b>Total changes in central government support for local authorities</b>  | <b>-13</b>             | <b>-6</b>              | <b>-293</b>            | <b>-100</b>                     | <b>800</b>           |
| <b>Changes in Local authority self-financed expenditure</b>               | <b>-673</b>            | <b>-125</b>            | <b>22</b>              | <b>-200</b>                     | <b>300</b>           |
| <b>Total changes in Local Authority Expenditure</b>                       | <b>-686</b>            | <b>-130</b>            | <b>-271</b>            | <b>-200</b>                     | <b>1,100</b>         |
| <b>Changes in financing requirements of nationalised industries</b>       |                        |                        |                        |                                 |                      |
| Transfers and Classification Changes                                      | -48                    | -50                    | -51                    |                                 |                      |
| Other changes   |                        |                        | -92                    | -200                            | 300                  |
| <b>Total changes in financing requirements of nationalised industries</b> | <b>-48</b>             | <b>-50</b>             | <b>-143</b>            | <b>-300</b>                     | <b>200</b>           |
| <b>Changes in the reserve</b>   |                        |                        |                        | <b>-2,300</b>                   | <b>-2,000</b>        |
| <b>Changes to allowance for shortfall</b>                                 |                        |                        | <b>560</b>             | <b>-400</b>                     |                      |
| <b>Control Total</b>  | <b>247,072</b>         | <b>255,139</b>         | <b>259,834</b>         | <b>264,100</b>                  | <b>274,900</b>       |

**Table 4.2 Control Total by department in 1997-98, differences from previous plans**

|   | <b>£ million</b>             |  |                  |                  |                      |
|---|------------------------------|--|------------------|------------------|----------------------|
|   | Plans in<br>PESA 1997-<br>98 | Transfers and<br>Classification<br>Changes | Revised<br>Plans | Other<br>Changes | Estimated<br>Outturn |
| Ministry of Defence <sup>(1)</sup>                                    | 21,122                       | 3  | 21,125           | 10               | 21,135               |
| Foreign and Commonwealth Office                                       | 1,078                        | -10  | 1,068            | 22               | 1,091                |
| Department for International Development                              | 2,187                        |  | 2,187            | 73               | 2,260                |
| Ministry of Agriculture, Fisheries and Food                           | 3,739                        | 18   | 3,756            | -139             | 3,617                |
| Trade and Industry  | 3,059                        | -32  | 3,027            | -29              | 2,998                |
| ECGD  | 9                            |  | 9                | 35               | 44                   |
| DETR-Transport  | 5,207                        | -16  | 5,191            | 16               | 5,206                |
| DETR-Housing, Construction, Regeneration,<br>Countryside and Wildlife | 6,894                        | -29  | 6,865            | -113             | 6,753                |
| DETR-Other Environmental Services                                     | 668                          | -8   | 660              | -16              | 644                  |
| DETR-Local Government and Regional Policy                             | 31,378                       |  | 31,378           |                  | 31,378               |
| Home Office   | 6,889                        | -4   | 6,884            | 1                | 6,885                |
| Lord Chancellor's and Law Officers' Departments                       | 2,708                        | 10   | 2,718            | 18               | 2,736                |
| Department for Education and Employment                               | 13,876                       | 16   | 13,892           | 730              | 14,622               |
| Department for Culture, Media and Sport                               | 924                          | -37  | 887              | 25               | 913                  |
| Department of Health  | 34,938                       | -20  | 34,918           | 425              | 35,342               |
| Department of Social Security   | 79,843                       | -52  | 79,792           | -172             | 79,620               |
| Scotland  | 14,337                       | 1  | 14,338           | 178              | 14,516               |
| Wales   | 6,894                        | 3  | 6,897            | 57               | 6,954                |
| Northern Ireland  | 8,227                        | -1   | 8,225            | 59               | 8,284                |
| Chancellor of the Exchequer's Departments                             | 3,168                        |  | 3,168            | 86               | 3,254                |
| Cabinet Office  | 1,045                        | -7   | 1,038            | -68              | 971                  |
| European Communities  | 2,247                        |  | 2,247            | -464             | 1,783                |
| Local authority self-financed expenditure                             | 13,700                       | -700                                       | 13,100           | 500              | 13,600               |
| Reserve   | 2,300                        |  | 2,300            | -2,300           |                      |
| Allowance for shortfall   |                              |  |                  | -400             | -400                 |
| <b>Total</b>  | <b>266,500</b>               | <b>-800</b>                                | <b>265,600</b>   | <b>-1,500</b>    | <b>264,100</b>       |

(1) See footnote (3) to table 1.2.

**Table 4.3 Control Total by department in 1998-99, differences from previous plans**

|  | <b>£ million</b> |                |                |              |                |
|--|------------------|----------------|----------------|--------------|----------------|
|  | Plans in         |                |                |              |                |
|  | PESA             | Transfers and  | Revised        | Other        | Estimated      |
|  | 1997-            | Classification | Plans          | Changes      | Outturn        |
|  | 98               | Changes        |                |              |                |
| Ministry of Defence  | 22,276           | -36            | 22,240         |              | 22,240         |
| Foreign and Commonwealth Office                                      | 1,074            | -21            | 1,053          | -16          | 1,037          |
| Department for International Development                             | 2,321            |                | 2,322          | -10          | 2,311          |
| Ministry of Agriculture, Fisheries and Food                          | 3,416            | -5             | 3,411          | -46          | 3,365          |
| Trade and Industry   | 2,874            | -30            | 2,844          | -21          | 2,822          |
| ECGD   | 1                |                | 1              | 56           | 57             |
| DETR-Transport   | 4,602            | -14            | 4,588          | 164          | 4,753          |
| DETR-Housing, Construction Regeneration,<br>Countryside and Wildlife | 7,039            | -45            | 6,995          | -221         | 6,774          |
| DETR-Other Environmental Services                                    | 543              | 3              | 546            | 76           | 622            |
| DETR-Local Government and Regional Policy                            | 31,746           | 155            | 31,901         | 863          | 32,764         |
| Home Office  | 6,809            | 21             | 6,830          | 65           | 6,895          |
| Lord Chancellor's and Law Officers' Departments                      | 2,747            | -55            | 2,692          | -5           | 2,686          |
| Department for Education and Employment                              | 13,945           | -531           | 13,414         | -342         | 13,072         |
| Department for Culture, Media and Sport                              | 959              | -37            | 922            | -10          | 912            |
| Department of Health   | 35,372           | 297            | 35,669         | 1,502        | 37,170         |
| Department of Social Security  | 83,075           | -32            | 83,043         | 578          | 83,621         |
| Scotland   | 14,424           | -23            | 14,401         | 180          | 14,581         |
| Wales  | 6,877            | -3             | 6,873          | 96           | 6,969          |
| Northern Ireland   | 8,256            |                | 8,256          | 146          | 8,402          |
| Chancellor of the Exchequer's Departments                            | 3,199            | -65            | 3,135          | -35          | 3,100          |
| Cabinet Office   | 1,034            | 314            | 1,349          | -42          | 1,306          |
| European Communities   | 2,392            |                | 2,392          | 51           | 2,443          |
| Local authority self-financed expenditure                            | 13,700           | -100           | 13,600         | 400          | 14,000         |
| Reserve  | 5,000            |                | 5,000          | -2,000       | 3,000          |
| <b>Total</b>   | <b>273,700</b>   | <b>-200</b>    | <b>273,400</b> | <b>1,500</b> | <b>274,900</b> |

**Table 4.4 Differences between plans and outturn for the Control Total by department, 1996-97****£ million**

|  | Plans in<br>1997-<br>98 | PESA<br>Transfers and<br>Classification<br>Changes | Revised<br>Plans | Other<br>Changes | Estimated<br>Outturn |
|--|-------------------------|--|------------------|------------------|----------------------|
| Ministry of Defence <sup>(1)</sup>                                     | 21,425                  | -11  | 21,414           | -31              | 21,383               |
| Foreign and Commonwealth Office  | 1,111                   | -48  | 1,063            | -10              | 1,053                |
| Department for International Development                               | 2,293                   | -6   | 2,286            | 57               | 2,344                |
| Ministry of Agriculture, Fisheries and Food                            | 3,039                   | 14   | 3,053            | 1,176            | 4,229                |
| Trade and Industry   | 2,902                   | -11  | 2,892            | -222             | 2,670                |
| ECGD   | 10                      | 0  | 10               | 5                | 15                   |
| DETR-Transport   | 4,185                   | -42  | 4,143            | 590              | 4,734                |
| DETR- Housing, Construction, Regeneration,<br>Countryside and Wildlife | 7,482                   | -47  | 7,435            | 107              | 7,542                |
| DETR-Other Environmental Services                                      | 743                     | -10  | 734              | -35              | 699                  |
| DETR-Local Government and Regional Policy                              | 31,323                  | 0  | 31,323           | -2               | 31,321               |
| Home Office  | 6,526                   | -51  | 6,476            | 10               | 6,486                |
| Lord Chancellor's and Law Officers' Departments                        | 2,711                   | 0  | 2,712            | -38              | 2,674                |
| Department for Education and Employment                                | 14,590                  | -36  | 14,555           | -60              | 14,495               |
| Department for Culture, Media and Sport                                | 962                     | 3  | 965              | -6               | 959                  |
| Department of Health   | 33,815                  | -10  | 33,805           | 11               | 33,816               |
| Department of Social Security  | 76,274                  | 79   | 76,353           | 552              | 76,905               |
| Scotland   | 14,558                  | -10  | 14,548           | -127             | 14,421               |
| Wales  | 6,805                   | 3  | 6,808            | 9                | 6,816                |
| Northern Ireland   | 8,015                   | 38   | 8,053            | -27              | 8,026                |
| Chancellor of the Exchequer's Departments                              | 3,206                   | 1  | 3,207            | -17              | 3,190                |
| Cabinet Office   | 1,308                   | -7   | 1,301            | -144             | 1,157                |
| European Communities   | 2,308                   | 0  | 2,308            | -592             | 1,717                |
| Local authority self-financed expenditure                              | 12,500                  | -700   | 11,900           | 1,300            | 13,200               |
| Reserve  | 2,100                   | 0  | 2,100            | -2,100           | 0                    |
| <b>Control Total</b>   | <b>260,200</b>          | <b>-800</b>  | <b>259,400</b>   | <b>500</b>       | <b>259,800</b>       |

(1) See footnote (3) to table 1.2.

## 5. Central government expenditure

### Introduction

5.1. This section provides summary analyses of central government expenditure, ie. central government's own expenditure and the financing requirements of public corporations (excluding nationalised industries) and trading funds.

5.2. Central government expenditure, which accounts for about 70 per cent of the Control Total, includes the expenditure of government departments on their own activities and their funding of other non-trading central government bodies. In addition it covers subsidies to a small number of trading bodies. Some important elements of central government spending-cyclical social security, central government debt interest, privatisation proceeds, spending under the Welfare to Work programme and central government spending in support of the Capital Receipts Initiative-are excluded from the public expenditure Control Total because they are funded and controlled in different ways. The relationship between GGE and GGE(X)-which include these elements of central government spending-and the Control Total is described in Section 1.

5.3. Public corporations' and trading funds' activities are generally subject to commercial disciplines. For this reason different conventions are applied to the measurement of their contribution to the Control Total from those applying to central government's own expenditure. The guiding principle is that public expenditure should be measured to reflect the burden on national resources and should, therefore, not include expenditure financed by revenue from trading activities. Accordingly for most public corporations and trading funds it is their external finance-grants, subsidies and loans from central government, market and overseas borrowing and the capital value of assets acquired under finance leases as described in section 2 - which is included in the Control Total. NHS Trusts, although part of the National Health Service, are classified as public corporations because of the financial framework within which they operate and their greater freedom in day to day management. Public corporations and trading funds external financing requirements represent just under 1 per cent of the Control.

### Central government expenditure by department

5.4. Table 5.1 gives a departmental breakdown of central government expenditure for the period 1992-93 to 1998-1999. Social Security, Health and Defence together account for two thirds of the total. For other departments a large proportion of expenditure in the area they cover 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. Figures are also set out for those elements of central government spending which are outside the Control Total, as explained in paragraph 5.2 above, and the total for central government expenditure on a National Accounts basis. Tables 5.2 and 5.3 give figures for central government expenditure within the Control Total and cyclical social security by department for the years 1982-83 to 1998-99 in cash and real terms respectively.

### Central government expenditure by function

5.5. Table 5.4 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. The figures in this table include expenditure outside the Control Total under the appropriate functional headings.

### Central government expenditure by economic category

5.6. Table 5.5 shows central government expenditure by economic category (for an explanation of these categories see section 3 paragraph 5). Figures are presented separately for central government's own expenditure and for public corporations (excluding nationalised industries). The largest elements are spending on pay (mainly the Armed Forces and the National Health Service) and other current expenditure on goods and services. The creation of NHS Trusts and the NHS internal market on 1 April 1991 means that some expenditure previously classified as pay or as capital expenditure is now classified as other current expenditure on goods and services. This reflects health authorities' purchase of health care from providers—mostly from NHS Trusts but also from hospitals managed by health authorities—under contracts. In the case of contracts with NHS Trusts, which are public corporations, it is the payments for the goods and services provided rather than the trusts' actual expenditure which is recorded in central government's own expenditure.

5.7. Table 5.6 shows how central government expenditure within the Control Total has, for each department, broken down between capital, current and other spending and finance for public corporations and trading funds (excluding nationalised industries) since 1992-93 and shows also departmental plans for 1998-99.

## Running Costs

5.8. Running costs plans for 1998-99 were agreed for each department during the 1996 Public Expenditure Survey and confirmed by the new Government, although these plans have been amended by various reclassifications, transfers between and within departments and by changes in anticipated workloads and receipts. Plans for each department and agency appear in the series of published departmental reports, as do plans for expenditure on the administration costs of the larger executive NDPBs.

5.9. Table 5.7 shows departmental plans for gross administrative expenditure (whether controlled gross or net) after eliminating double counting and offsetting VAT refunds on eligible contracted out services. It compares plans for 1998-99 with the outturn for past years and the estimated outturn for 1997-98. Although the figures in this table form a basis for the running costs limits set out in Table 2.1 and Table 2.2, they do not correspond directly.

5.10. The figures show that total administrative expenditure in central government has been held broadly constant in cash terms over recent years and plans show that administration costs for 1998-99 will be 10 per cent lower in real terms than in 1994-95. The totals disguise the fact that expenditure on the Prison Service (Home Office) has risen sharply in recent years to cope with a growing prison population.

5.11. Table 5.7 also shows the gross operating costs of the Ministry of Defence (MOD). This expenditure falls outside the running costs regime and covers all MOD costs (including service and civilian pay) other than the purchase of new equipment and associated research.

5.12. From 1 April 1998 capital charges will replace rents paid by departments on freehold and historic leasehold properties on the Civil Estate. Where the level of capital charge is higher or lower than the expected level of rent, the figures for 1998-99 in Table 5.7 will be increased or decreased accordingly relative to the 1997-98 figures. The 1998-99 figures will also be correspondingly higher or lower than the figures shown for 1998-99 in PESA 1997-98.

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

## Civil Service staffing

5.14. Table 5.8 provides a summary of Civil Service staffing for 1983 and 1992-93 to 1996-97, with an estimated outturn for 1997-98 and plans for 1998-99. The figures comprise all permanent staff and exclude temporary and casual staff. The figures are measured as "full time equivalent" staff, with part time staff recorded according to the proportion of a full week for which they are contracted to work.

5.15. There was a fall in the level of Home Civil Service staffing between 1996-97 and the estimated outturn for 1997-98 of

16,000 (3 per cent) to 471,400. The largest falls were in the Department for Education and Employment (Employment Service), Ministry of Defence and the Department of Social Security. Departments' plans for 1998-99 imply further reductions to 468,000.

5.16. Historically, outturn has been slightly lower than plans. The estimated outturn for 1997-98 is around 1 per cent lower than the plans for the same year shown in PESA 1997-98. This compares with an outturn which was 2 per cent lower in 1996-97 than plans at the start of the year.

5.17. Figures on public sector staffing were published in Economic Trends (No 532, March 1998).



**Table 5.1 Central government expenditure by department,<sup>(1)</sup> 1992-93 to 1998-99<sup>(2)</sup>**

|  | <b>£ million</b> |             |             |             |             |                                 |                      |
|--|------------------|-------------|-------------|-------------|-------------|---------------------------------|----------------------|
|  | 1992-<br>93      | 1993-<br>94 | 1994-<br>95 | 1995-<br>96 | 1996-<br>97 | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Central government expenditure within the Control Total</b>     |                  |             |             |             |             |                                 |                      |
| Ministry of Defence <sup>(3)</sup>                                 | 22,910           | 22,757      | 22,562      | 21,517      | 21,383      | 21,135                          | 22,240               |
| Foreign and Commonwealth Office                                    | 1,242            | 1,244       | 1,257       | 1,333       | 1,053       | 1,091                           | 1,037                |
| Department for International Development                           | 2,126            | 2,235       | 2,385       | 2,338       | 2,344       | 2,260                           | 2,311                |
| Ministry of Agriculture, Fisheries and Food                        | 2,325            | 3,108       | 2,588       | 2,963       | 4,350       | 3,752                           | 3,509                |
| Trade and Industry   | 2,800            | 2,710       | 2,780       | 3,193       | 3,052       | 3,104                           | 2,932                |
| ECGD   | 117              | -60         | -26         | 16          | 15          | 44                              | 57                   |
| DETR-Transport   | 2,534            | 2,613       | 4,423       | 4,035       | 4,059       | 3,569                           | 3,219                |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 4,435            | 3,749       | 3,402       | 2,856       | 2,276       | 1,892                           | 2,306                |
| DETR-Other Environmental Services                                  | 423              | 564         | 647         | 630         | 671         | 622                             | 602                  |
| DETR-Local Government and Regional Policy <sup>(4)(5)</sup>        | 239              | 235         | 243         | 230         | 219         | 226                             | 224                  |
| Home Office  | 2,437            | 2,360       | 2,481       | 2,494       | 2,482       | 2,773                           | 2,625                |
| Lord Chancellor's and Law Officers' Departments                    | 2,038            | 2,114       | 2,265       | 2,366       | 2,381       | 2,455                           | 2,397                |
| Department for Education and Employment <sup>(4)(5)(6)</sup>       | 6,953            | 9,927       | 11,081      | 11,576      | 11,759      | 11,937                          | 10,414               |
| Department for Culture, Media and Sport                            | 974              | 966         | 978         | 1,026       | 952         | 885                             | 887                  |
| Department of Health <sup>(4)</sup>                                | 28,002           | 28,976      | 30,602      | 31,988      | 33,073      | 34,721                          | 36,540               |
| Department of Social Security <sup>(4)</sup>                       | 56,050           | 60,803      | 62,153      | 64,996      | 68,505      | 71,186                          | 74,400               |
| Scotland <sup>(4)(6)</sup>   | 6,555            | 7,347       | 7,774       | 7,830       | 8,414       | 8,515                           | 8,579                |
| Wales <sup>(4)</sup>   | 3,042            | 3,440       | 3,608       | 3,692       | 3,749       | 3,927                           | 3,928                |
| Northern Ireland <sup>(6)</sup>                                    | 6,550            | 7,045       | 7,369       | 7,658       | 7,964       | 8,206                           | 8,311                |
| Chancellor of the Exchequer's Departments                          | 3,478            | 3,393       | 3,329       | 3,288       | 3,190       | 3,254                           | 3,100                |

|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cabinet Office <sup>(2)</sup>   | 1,012          | 1,054          | 966            | 1,248          | 1,157          | 971            | 1,306          |
| European Communities  | 1,912          | 1,877          | 1,268          | 3,370          | 1,717          | 1,783          | 2,443          |
| <b>Total central government expenditure<sup>(4)(7)</sup> within the Control Total</b>       | <b>158,155</b> | <b>168,455</b> | <b>174,135</b> | <b>180,643</b> | <b>184,765</b> | <b>188,307</b> | <b>193,366</b> |
| Of which: Central government's own expenditure <sup>(4)</sup>                               | 156,409        | 166,595        | 171,917        | 178,810        | 182,848        | 186,504        | 191,621        |
| Public corporations (excluding nationalised industries)                                     | 1,747          | 1,860          | 2,218          | 1,833          | 1,916          | 1,803          | 1,745          |
| <b>Cyclical social security</b>   |                |                |                |                |                |                |                |
| Department of Social Security   | 12,822         | 13,822         | 13,718         | 13,906         | 13,383         | 12,210         | 12,363         |
| Northern Ireland  | 478            | 516            | 536            | 552            | 567            | 567            | 596            |
| <b>Total cyclical social security</b>   | <b>13,300</b>  | <b>14,338</b>  | <b>14,254</b>  | <b>14,458</b>  | <b>13,951</b>  | <b>12,778</b>  | <b>12,958</b>  |
| <b>Central government expenditure on Welfare to Work financed by the Windfall Tax</b>       |                |                |                |                |                |                |                |
| Home Office   |                |                |                |                |                |                | 2              |
| Department for Education and Employment   |                |                |                |                |                | 88             | 701            |
| Department of Social Security   |                |                |                |                |                | 13             | 50             |
| Scotland  |                |                |                |                |                | 1              | 3              |
| Wales   |                |                |                |                |                |                | 3              |
| Northern Ireland  |                |                |                |                |                | 6              | 46             |
| <b>Total central government expenditure on Welfare to Work financed by the Windfall Tax</b> |                |                |                |                |                | <b>108</b>     | <b>803</b>     |
| <b>Central government expenditure under the Capital Receipts Initiative<sup>(8)</sup></b>   |                |                |                |                |                |                |                |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife                          |                |                |                |                |                |                | 35             |
| Scotland  |                |                |                |                |                |                |                |
| Wales   |                |                |                |                |                |                | 2              |
| Northern Ireland  |                |                |                |                |                | 4              | 13             |
| <b>Total central government expenditure under the Capital Receipts Initiative</b>           |                |                |                |                |                | <b>4</b>       | <b>50</b>      |
| Reserve   |                |                |                |                |                |                | 3,000          |
| Allowance for shortfall <sup>(9)</sup>  |                |                |                |                |                | -400           |                |
| Central government debt interest  | 17,428         | 19,291         | 22,127         | 25,030         | 26,574         | 28,500         | 28,100         |

|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Nationalised industries external finance    | 4,330          | 3,556          | 947            | -405           | -507           | 500            | 500            |
| Privatisation proceeds                      | -8,189         | -5,453         | -6,429         | -2,439         | -4,404         | -1,800         |                |
| Other accounting adjustments                | 6,566          | 8,610          | 9,974          | 11,859         | 12,569         | 12,100         | 13,300         |
| <b>Total central government expenditure</b> | <b>191,591</b> | <b>208,797</b> | <b>215,007</b> | <b>229,147</b> | <b>232,947</b> | <b>240,200</b> | <b>252,200</b> |

- (1) *A full list of the departments included in each departmental grouping is given in Appendix C.*
- (2) *See footnote (2) to table 1.2.*
- (3) *See footnote (3) to table 1.2.*
- (4) *See footnote (5) to table 1.2.*
- (5) *See footnote (6) to table 1.2.*
- (6) *See footnote (7) to table 1.2. (7) Includes the financing requirements of trading funds and public corporations other than the nationalised industries.*
- (8) *Covers central government housing subsidies in England, Scotland and Wales, and support for the Northern Ireland Housing Executive, which is a public corporation. (9) See paragraph 6 of Appendix A.*



|  |             |             |             |              |              |              |              |              |              |              |              |
|--|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Health <sup>(3)</sup>  | 11.8        | 12.5        | 13.4        | 14.2         | 15.2         | 16.7         | 18.4         | 19.9         | 22.3         | 25.4         | 28.0         |
| Department of Social Security <sup>(3)(4)</sup>              | 31.4        | 33.0        | 35.6        | 38.7         | 41.6         | 43.4         | 44.3         | 46.6         | 51.8         | 61.3         | 68.9         |
| Scotland <sup>(3)</sup>                                      | 3.2         | 3.1         | 3.3         | 3.5          | 3.6          | 3.8          | 4.1          | 4.5          | 5.0          | 6.0          | 6.6          |
| Wales <sup>(3)</sup>   | 1.2         | 1.3         | 1.3         | 1.4          | 1.5          | 1.6          | 1.8          | 2.0          | 2.2          | 2.6          | 3.0          |
| Northern Ireland   | 3.5         | 3.7         | 4.0         | 4.3          | 4.5          | 4.8          | 5.4          | 5.7          | 5.9          | 6.4          | 7.0          |
| Chancellor of the Exchequer's departments                    | 2.1         | 1.8         | 1.9         | 2.1          | 2.3          | 2.5          | 2.7          | 3.2          | 3.4          | 3.5          | 3.5          |
| Cabinet Office   | 0.1         | 0.2         | 0.2         | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.3          | 0.3          | 1.0          |
| European Communities   | 0.6         | 0.8         | 1.0         | 0.8          | 1.1          | 1.7          | 1.0          | 2.3          | 2.0          | 0.7          | 1.9          |
| <b>Total central government expenditure<sup>(4)(5)</sup></b> | <b>83.5</b> | <b>87.3</b> | <b>94.4</b> | <b>100.6</b> | <b>106.7</b> | <b>111.5</b> | <b>116.3</b> | <b>127.0</b> | <b>140.1</b> | <b>155.8</b> | <b>171.5</b> |

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

(2) See footnote (1) to table 3.2.

(3) See footnote (5) to table 1.2.

(4) Includes cyclical social security, cyclical social security for 1992-93 to 1998-99 is: 13.3

(5) The figures for 1998-99 do not include any allocation from the Reserve.

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**Table 5.3 Central government expenditure within the Control Total by department<sup>(1)</sup> in real terms<sup>(2)</sup>, 1982-83 to 1992-93**

|  | 1982-83 | 1983-84 | 1984-85 | 1985-86 | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 | 1992-93 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ministry of Defence <sup>(3)</sup>                       | 27.8    | 28.6    | 30.2    | 29.9    | 29.3    | 28.6    | 27.2    | 27.5    | 26.6    | 26.4    | 25.3    |
| Foreign and Commonwealth Office                          | 0.9     | 1.0     | 1.0     | 1.0     | 1.0     | 1.1     | 1.1     | 1.2     | 1.2     | 1.3     | 1.4     |
| Department for International Development                 | 1.9     | 2.1     | 2.1     | 2.0     | 2.1     | 2.0     | 2.2     | 2.2     | 2.1     | 2.3     | 2.3     |
| Ministry of Agriculture, Fisheries and Food              | 2.9     | 3.3     | 3.1     | 3.7     | 2.5     | 2.7     | 2.2     | 2.0     | 2.7     | 2.6     | 2.6     |
| Trade and Industry                                       | 5.5     | 4.9     | 4.5     | 4.9     | 5.9     | 3.5     | 4.3     | 3.4     | 3.3     | 3.1     | 3.1     |
| ECGD   | 0.6     | 0.4     | 0.9     | 0.6     | 0.5     | 0.2     | 0.2     | 0.5     | 0.5     | 0.2     | 0.1     |
| DETR-Transport   | 2.1     | 2.0     | 2.1     | 2.0     | 2.0     | 2.1     | 2.0     | 2.5     | 2.8     | 2.7     | 2.8     |
| DETR-Local Government and Regional Policy <sup>(4)</sup> |         |         |         |         |         |         |         |         | 0.1     | 0.2     | 0.3     |
| DETR-Other   | 5.2     | 3.4     | 3.6     | 3.4     | 3.3     | 3.0     | 2.7     | 3.3     | 4.8     | 4.9     | 5.4     |
| Home Office  | 1.5     | 1.7     | 1.8     | 1.8     | 1.9     | 2.0     | 2.1     | 2.3     | 2.5     | 2.7     | 2.7     |
| Lord Chancellor's and Law Officers' Departments          | 0.8     | 0.8     | 1.0     | 1.0     | 1.1     | 1.2     | 1.4     | 1.6     | 1.7     | 2.0     | 2.3     |
| Department for Education and Employment <sup>(4)</sup>   | 6.3     | 7.1     | 7.3     | 7.2     | 8.0     | 8.4     | 8.2     | 9.1     | 8.6     | 7.7     | 7.7     |
| Department for Culture, Media and Sport                  | 0.6     | 0.6     | 0.6     | 0.6     | 0.7     | 0.9     | 0.9     | 0.9     | 0.9     | 1.0     | 1.1     |

|  |              |              |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Department of Health <sup>(4)</sup>                          | 22.5         | 22.7         | 23.2         | 23.3         | 24.2         | 25.2         | 26.0         | 26.3         | 27.4         | 29.2         | 30.9         |
| Department of Social Security <sup>(4)(5)</sup>              | 59.6         | 59.9         | 61.6         | 63.4         | 66.1         | 65.5         | 62.7         | 61.7         | 63.4         | 70.6         | 76.1         |
| Scotland <sup>(4)</sup>                                      | 6.0          | 5.6          | 5.7          | 5.7          | 5.8          | 5.7          | 5.8          | 5.9          | 6.2          | 6.9          | 7.2          |
| Wales <sup>(4)</sup>   | 2.4          | 2.3          | 2.3          | 2.3          | 2.4          | 2.4          | 2.6          | 2.6          | 2.8          | 3.0          | 3.4          |
| Northern Ireland <sup>(5)</sup>                              | 6.6          | 6.8          | 7.0          | 7.0          | 7.2          | 7.3          | 7.7          | 7.6          | 7.2          | 7.4          | 7.8          |
| Chancellor of the Exchequer's departments                    | 4.0          | 3.3          | 3.3          | 3.4          | 3.7          | 3.8          | 3.9          | 4.2          | 4.2          | 4.0          | 3.8          |
| Cabinet Office   | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.3          | 0.4          | 1.1          |
| European Communities   | 1.1          | 1.5          | 1.7          | 1.3          | 1.7          | 2.5          | 1.4          | 3.1          | 2.5          | 0.8          | 2.1          |
| <b>Total central government expenditure<sup>(4)(6)</sup></b> | <b>158.6</b> | <b>158.4</b> | <b>163.2</b> | <b>164.8</b> | <b>169.7</b> | <b>168.4</b> | <b>164.7</b> | <b>168.0</b> | <b>171.6</b> | <b>179.4</b> | <b>189.5</b> |

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

(2) Cash prices adjusted to price levels of 1996-97.

(3) See footnote (1) to table 3.2.

(4) See footnote (5) to table 1.2.

(5) Includes cyclical social security, cyclical social security for 1992-93 to 1998-1999 is: 14.7

(6) The figures for 1998-99 do not include any allocation from the Reserve.

**Table 5.4 Central government expenditure by function, 1992-93 to 1998-1999**

|  | <b>£ million</b> |               |               |               |                      |                      |                      |
|--|------------------|---------------|---------------|---------------|----------------------|----------------------|----------------------|
|  | 1992-<br>93      | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-97<br>estimated | 1997-98<br>estimated | 1998-<br>99<br>plans |
|  | outturn          | outturn       | outturn       | outturn       | outturn              | outturn              |                      |
| <b>Defence</b>   |                  |               |               |               |                      |                      |                      |
| Defence budget   | 22,910           | 22,757        | 22,562        | 21,517        | 22,345               | 21,835               | 22,240               |
| Receipts from sale of married quarters                                       |                  |               |               |               | -962                 | -700                 |                      |
| <b>Total defence</b>   | <b>22,910</b>    | <b>22,757</b> | <b>22,562</b> | <b>21,517</b> | <b>21,383</b>        | <b>21,135</b>        | <b>22,240</b>        |
| <b>International development assistance and other international services</b> |                  |               |               |               |                      |                      |                      |
| Overseas development assistance <sup>(1)</sup>                               | 2,014            | 2,127         | 2,239         | 2,216         | 2,179                | 2,107                | 2,198                |
| Other overseas services  | 1,361            | 1,363         | 1,375         | 1,446         | 1,173                | 1,253                | 1,152                |
| <b>Total international development assistance and other services</b>         | <b>3,375</b>     | <b>3,490</b>  | <b>3,614</b>  | <b>3,663</b>  | <b>3,352</b>         | <b>3,360</b>         | <b>3,350</b>         |
| <b>Agriculture, fisheries, food and forestry</b>                             |                  |               |               |               |                      |                      |                      |
| Market support under CAP   | 1,585            | 2,365         | 1,953         | 2,302         | 2,340                | 2,291                | 2,280                |
| Other agriculture, fisheries and food  | 1,434            | 1,621         | 1,606         | 1,702         | 2,039                | 1,912                | 1,813                |
| Forestry   | 103              | 100           | 94            | 60            | 53                   | 53                   | 54                   |
| BSE  |                  |               |               |               | 1,506                | 927                  | 689                  |
| <b>Total agriculture, fisheries, food and forestry</b>                       | <b>3,122</b>     | <b>4,086</b>  | <b>3,653</b>  | <b>4,064</b>  | <b>5,938</b>         | <b>5,182</b>         | <b>4,835</b>         |
| <i>Of which: Agriculture, fisheries, food and forestry excluding BSE</i>     | <i>3,122</i>     | <i>4,086</i>  | <i>3,653</i>  | <i>4,064</i>  | <i>4,432</i>         | <i>4,256</i>         | <i>4,146</i>         |
| <b>Trade, industry, energy, employment and training</b>                      |                  |               |               |               |                      |                      |                      |
| Regional and other industrial support  | 934              | 913           | 925           | 869           | 909                  | 1,157                | 1,143                |
| Trade, scientific and technological support                                  | 1,955            | 1,801         | 1,873         | 2,018         | 2,007                | 2,085                | 2,020                |
| Support for aerospace, shipbuilding, coal, steel and vehicle manufacture     | 177              | 75            | 73            | 351           | 256                  | 158                  | 90                   |
| Employment   | 2,406            | 2,536         | 2,733         | 2,763         | 2,637                | 2,753                | 3,141                |
| Training   | 1,618            | 1,719         | 1,726         | 1,537         | 1,672                | 1,659                | 1,586                |



|   |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Departmental administration and other services                | 468          | 501          | 516          | 542          | 519          | 536          | 521          |
| <b>Total trade, industry, energy, employment and training</b> | <b>7,559</b> | <b>7,547</b> | <b>7,845</b> | <b>8,082</b> | <b>7,999</b> | <b>8,348</b> | <b>8,502</b> |
| <b>Transport</b>  |              |              |              |              |              |              |              |
| National roads  | 2,595        | 2,722        | 2,713        | 2,406        | 2,154        | 1,993        | 1,814        |
| Local roads   | -1           | -3           | -2           | -3           | 2            | 1            | 1            |
| Local transport   | 117          | 63           | 62           | 76           | 58           | 69           | 95           |
| Ports   | 2            | 2            | 1            | 3            | 2            | 2            | 2            |
| Marine, coastguard, shipping and civil aviation services      | -11          | 34           | 10           | -7           | 2            | 12           | 18           |
| Driver and vehicle licensing                                  | 147          | 122          | 141          | 141          | 148          | 153          | 96           |
| National rail services  |              | 6            | 1,813        | 1,717        | 1,861        | 1,454        | 1,271        |
| UK Maritime Agency  | 72           | 77           | 79           | 83           | 89           | 84           | 87           |
| Other transport services                                      | 313          | 262          | 285          | 275          | 321          | 314          | 346          |
| <b>Total transport</b>  | <b>3,234</b> | <b>3,286</b> | <b>5,103</b> | <b>4,692</b> | <b>4,637</b> | <b>4,082</b> | <b>3,729</b> |
| <b>Housing</b>  |              |              |              |              |              |              |              |
| Central government subsidies to local authority housing       | 1,108        | 908          | 847          | 715          | 731          | 768          | 681          |
| Other central government subsidies                            | 137          | 147          | 202          | 200          | 219          | 215          | 232          |
| Other housing and central government administration           | 533          | 505          | 510          | 540          | 453          | 362          | 451          |
| Support for Social Housing                                    | 336          | 337          | 340          | 299          | 279          | 315          | 264          |
| Housing Corporations  | 2,285        | 1,762        | 1,463        | 1,131        | 517          | 66           | 710          |
| Capital Receipts Initiative                                   |              |              |              |              |              | 4            | 13           |
| <b>Total housing</b>  | <b>4,399</b> | <b>3,659</b> | <b>3,362</b> | <b>2,885</b> | <b>2,200</b> | <b>1,730</b> | <b>2,351</b> |
| <b>Other environmental services</b>                           |              |              |              |              |              |              |              |
| Environmental protection                                      | 277          | 300          | 296          | 298          | 369          | 357          | 342          |
| Countryside and water   | 341          | 341          | 359          | 380          | 327          | 317          | 311          |
| Urban   | 731          | 763          | 706          | 625          | 626          | 645          | 534          |
| Other   | 546          | 570          | 600          | 584          | 580          | 559          | 525          |
| <b>Total other environmental services</b>                     | <b>1,895</b> | <b>1,975</b> | <b>1,961</b> | <b>1,887</b> | <b>1,902</b> | <b>1,878</b> | <b>1,712</b> |
| <b>Law, order and protective services</b>                     |              |              |              |              |              |              |              |
| Administration of justice                                     | 2,305        | 2,444        | 2,561        | 2,648        | 2,729        | 2,827        | 2,745        |
| Prisons and offender programmes                               | 1,894        | 1,820        | 1,915        | 1,961        | 1,924        | 2,086        | 2,031        |
| Police  | 767          | 808          | 821          | 824          | 834          | 971          | 886          |
| Immigration and citizenship                                   | 171          | 197          | 193          | 208          | 220          | 229          | 223          |
| Fire  | 53           | 54           | 53           | 58           | 59           | 60           | 58           |
| Civil defence   | 41           | 23           | 24           | 21           | 23           | 19           | 18           |

|  |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Constitutional and community services  | 42            | 37            | 84            | 36            | 35            | 36            | 36            |
| Central and miscellaneous services   | 486           | 486           | 485           | 454           | 440           | 441           | 419           |
| <b>Total law, order and protective services</b>  | <b>5,758</b>  | <b>5,868</b>  | <b>6,136</b>  | <b>6,210</b>  | <b>6,265</b>  | <b>6,667</b>  | <b>6,416</b>  |
| <b>Education</b>   |               |               |               |               |               |               |               |
| Under fives  |               |               |               |               | 9             | 657           | 136           |
| Schools  | 1,021         | 1,177         | 1,317         | 1,379         | 1,493         | 1,705         | 1,694         |
| Further education  | 153           | 3,035         | 3,204         | 3,404         | 3,575         | 3,563         | 3,635         |
| Higher education   | 3,613         | 3,769         | 4,484         | 4,844         | 4,753         | 4,705         | 4,622         |
| Student support (inc mandatory awards & access fund)   | 338           | 448           | 595           | 759           | 819           | 57            | -731          |
| Miscellaneous educational services, research and administration  | 339           | 637           | 701           | 720           | 734           | 812           | 785           |
| <b>Total education<sup>(2)(3)</sup></b>  | <b>5,465</b>  | <b>9,065</b>  | <b>10,301</b> | <b>11,105</b> | <b>11,383</b> | <b>11,499</b> | <b>10,141</b> |
| <i>Memo: Education excluding sale of student loans portfolio</i>                                       | <i>5,465</i>  | <i>9,065</i>  | <i>10,301</i> | <i>11,105</i> | <i>11,383</i> | <i>12,499</i> | <i>12,452</i> |
| <b>Culture, Media and Sport</b>  |               |               |               |               |               |               |               |
| Museums and galleries  | 259           | 262           | 270           | 268           | 264           | 264           | 253           |
| Other arts and heritage  | 490           | 484           | 494           | 516           | 508           | 510           | 472           |
| Libraries  | 172           | 159           | 186           | 216           | 151           | 141           | 127           |
| Films  | 22            | 24            | 26            | 26            | 24            | 23            | 23            |
| Tourism  | 60            | 59            | 62            | 62            | 64            | 64            | 64            |
| Sport and recreation   | 50            | 54            | 53            | 54            | 52            | 50            | 49            |
| Broadcasting   | 57            | 61            | 67            | 71            | 74            | 19            | 76            |
| Administration   | 16            | 23            | 22            | 21            | 22            | 24            | 23            |
| <b>Total Culture, Media and Sport</b>  | <b>1,127</b>  | <b>1,127</b>  | <b>1,180</b>  | <b>1,235</b>  | <b>1,159</b>  | <b>1,096</b>  | <b>1,088</b>  |
| <b>Health and personal social services<sup>(2)</sup></b>   |               |               |               |               |               |               |               |
| <b>Health</b>  |               |               |               |               |               |               |               |
| National Health Service hospitals, community health, family health (cash limited) and related services | 26,574        | 27,675        | 29,283        | 30,977        | 32,696        | 34,553        | 37,097        |
| Family health (non-cash limited)   | 6,698         | 6,728         | 6,744         | 6,864         | 6,817         | 6,896         | 6,573         |
| Central health and other services  | 1,084         | 1,202         | 1,440         | 1,339         | 1,133         | 1,142         | 919           |
| <b>Total health</b>  | <b>34,356</b> | <b>35,605</b> | <b>37,467</b> | <b>39,181</b> | <b>40,645</b> | <b>42,591</b> | <b>44,589</b> |
| Personal social services   | 256           | 295           | 350           | 396           | 403           | 460           | 450           |
| <b>Total health and personal social services<sup>(2)</sup></b>   | <b>34,611</b> | <b>35,899</b> | <b>37,816</b> | <b>39,576</b> | <b>41,048</b> | <b>43,051</b> | <b>45,039</b> |

|  |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Social security</b>   |                |                |                |                |                |                |                |
| Pension benefits (contributory)  | 27,413         | 28,937         | 29,503         | 30,750         | 32,824         | 34,363         | 36,527         |
| Widows' benefits   | 1,044          | 1,076          | 1,057          | 1,051          | 1,016          | 1,045          | 1,071          |
| Unemployment, incapacity and other benefits                                  | 9,355          | 10,103         | 9,787          | 9,423          | 8,709          | 7,805          | 7,775          |
| Industrial injury benefits   | 688            | 707            | 728            | 753            | 765            | 776            | 815            |
| Family benefits (contributory)   | 484            | 467            | 525            | 572            | 393            | 540            | 593            |
| Pension benefits (non-contributory)  | 53             | 54             | 51             | 54             | 49             | 48             | 48             |
| War pensions   | 1,158          | 1,286          | 1,147          | 1,258          | 1,351          | 1,281          | 1,259          |
| Disability benefits  | 4,874          | 6,127          | 6,888          | 8,019          | 9,214          | 10,158         | 11,355         |
| Income Support   | 15,360         | 16,735         | 17,037         | 17,359         | 15,129         | 12,745         | 13,158         |
| Social Fund  | 212            | 234            | 217            | 268            | 239            | 201            | 206            |
| Jobseeker's Allowance  |                |                |                |                | 2,166          | 3,928          | 3,704          |
| Family benefits (non-contributory)   | 7,148          | 7,826          | 8,138          | 8,691          | 9,361          | 9,469          | 10,006         |
| Housing benefits   | 259            | 286            | 290            | 308            | 310            | 614            | 601            |
| Administration and miscellaneous services                                    | 3,182          | 3,395          | 3,263          | 3,335          | 3,463          | 3,678          | 3,085          |
| <b>Total social security</b>   | <b>71,230</b>  | <b>77,233</b>  | <b>78,630</b>  | <b>81,839</b>  | <b>84,988</b>  | <b>86,652</b>  | <b>90,203</b>  |
| <b>Central administration and associated expenditure<sup>(4)</sup></b>       |                |                |                |                |                |                |                |
| Other public services  | 4,899          | 5,005          | 4,743          | 4,739          | 4,604          | 4,648          | 4,522          |
| Common services  | -64            | -32            | 49             | 278            | 206            | 3              | 297            |
| Contributions to European Communities <sup>(5)</sup>                         | 1,912          | 1,877          | 1,268          | 3,370          | 1,717          | 1,783          | 2,443          |
| <b>Total Central administration and associated expenditure<sup>(4)</sup></b> | <b>6,747</b>   | <b>6,850</b>   | <b>6,059</b>   | <b>8,388</b>   | <b>6,527</b>   | <b>6,434</b>   | <b>7,261</b>   |
| <b>Total central government expenditure on services</b>                      | <b>171,431</b> | <b>182,842</b> | <b>188,224</b> | <b>195,142</b> | <b>198,783</b> | <b>201,115</b> | <b>206,864</b> |
| Reserve  |                |                |                |                |                |                | 3,000          |
| Allowance for shortfall <sup>(6)</sup>                                       |                |                |                |                |                | -400           |                |
| Central government debt interest   | 17,428         | 19,291         | 22,127         | 25,030         | 26,574         | 28,500         | 28,100         |
| Nationalised industries external finance                                     | 4,330          | 3,556          | 947            | -405           | -507           | 500            | 500            |
| Privatisation Proceeds   | -8,189         | -5,453         | -6,429         | -2,439         | -4,404         | -1,800         |                |
| Other accounting adjustments   | 6,590          | 8,560          | 10,138         | 11,818         | 12,502         | 12,200         | 13,600         |
| <b>Total central government expenditure</b>                                  | <b>191,591</b> | <b>208,797</b> | <b>215,007</b> | <b>229,147</b> | <b>232,947</b> | <b>240,200</b> | <b>252,200</b> |

(1) In addition to development assistance 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.*

- (2) *See footnote (5) to Table 1.2*
- (3) *See footnote (7) to Table 1.2*
- (4) *"Central administration and associated expenditure" includes the activities required for general maintenance of government, such as tax collection, and the registration of the population.*
- (5) *UK contributions to the European Community aid budget and the UK share of assistance to Eastern Europe and the former Soviet Union are included in overseas aid. (6) See paragraph 6 of Appendix A.*

**Table 5.5 Central government expenditure by economic category, 1992-93 to 1998-1999**

|  | £ million      |                |                |                |                |                      |                      |
|--|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
|  | 1992-<br>93    | 1993-<br>94    | 1994-<br>95    | 1995-<br>96    | 1996-<br>97    | 1997-98<br>estimated | 1998-<br>99<br>plans |
| <b>Central government's own expenditure within the Control Total</b>                                     |                |                |                |                |                |                      |                      |
| Pay <sup>(1)</sup>   | 35,369         | 31,616         | 24,683         | 23,768         | 23,057         | 22,705               | 87,421               |
| Other current expenditure on goods and services <sup>(1)</sup>   | 39,239         | 44,891         | 54,014         | 56,932         | 60,369         | 62,642               |                      |
| Subsidies  | 3,405          | 3,989          | 5,676          | 5,787          | 7,066          | 6,126                | 5,574                |
| Current grants to the private sector   | 62,053         | 70,425         | 72,978         | 76,472         | 81,123         | 84,976               | 88,394               |
| Current transfers abroad   | 4,992          | 5,152          | 4,769          | 6,925          | 5,362          | 5,527                | 6,106                |
| Net capital expenditure on assets  | 7,033          | 6,327          | 5,488          | 4,995          | 3,216          | 2,916                | 2,800                |
| Capital grants   | 3,823          | 3,664          | 3,461          | 2,963          | 2,280          | 2,147                | 1,985                |
| Lending and other financial transactions   | 494            | 531            | 849            | 969            | 374            | -535                 | -658                 |
| <b>Total central government's own expenditure within the Control Total</b>                               | <b>156,409</b> | <b>166,595</b> | <b>171,917</b> | <b>178,810</b> | <b>182,848</b> | <b>186,504</b>       | <b>191,621</b>       |
| <b>Public corporations (excluding nationalised industries) within the Control Total<sup>(2)(3)</sup></b> |                |                |                |                |                |                      |                      |
| <b>(a) External finance</b>  |                |                |                |                |                |                      |                      |
| Subsidies  | 545            | 591            | 593            | 650            | 788            | 698                  | 663                  |
| Capital grants   | 1,295          | 1,170          | 1,124          | 1,015          | 1,033          | 1,073                | 979                  |
| Lending and other financial transactions   | 14             | 284            | 642            | 441            | 361            | 142                  | 207                  |
| <b>(b) Expenditure</b>   |                |                |                |                |                |                      |                      |
| Subsidies  | 54             | 52             | 42             | 37             | 14             |                      |                      |
| Net capital expenditure on assets  | -159           | -234           | -180           | -307           | -277           | -110                 | -103                 |
| Lending and other financial transactions   | -3             | -4             | -3             | -3             | -4             |                      |                      |
| <b>Total public corporations (excluding nationalised industries) within the Control Total</b>            | <b>1,747</b>   | <b>1,860</b>   | <b>2,218</b>   | <b>1,833</b>   | <b>1,916</b>   | <b>1,803</b>         | <b>1,745</b>         |
| <b>Total central government expenditure within the Control Total<sup>(4)</sup></b>                       | <b>158,155</b> | <b>168,455</b> | <b>174,135</b> | <b>180,643</b> | <b>184,765</b> | <b>188,307</b>       | <b>193,366</b>       |

**Cyclical social security**

|                                       |               |               |               |               |               |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current grants to the private sector  | 13,300        | 14,338        | 14,254        | 14,458        | 13,951        | 12,778        | 12,958        |
| <b>Total cyclical social security</b> | <b>13,300</b> | <b>14,338</b> | <b>14,254</b> | <b>14,458</b> | <b>13,951</b> | <b>12,778</b> | <b>12,958</b> |

**Central government expenditure on Welfare to Work financed by the Windfall Tax**

|   |  |  |  |  |  |            |            |
|---|--|--|--|--|--|------------|------------|
| Pay and other current expenditure on goods and services                                     |  |  |  |  |  | 73         | 694        |
| Subsidies   |  |  |  |  |  | 1          |            |
| Current grants to the private sector  |  |  |  |  |  | 7          | 77         |
| Net capital expenditure on assets   |  |  |  |  |  | 27         | 28         |
| Capital grants  |  |  |  |  |  | 1          | 4          |
| <b>Total central government expenditure on Welfare to Work financed by the Windfall Tax</b> |  |  |  |  |  | <b>108</b> | <b>803</b> |

**Central government expenditure under the Capital Receipts Initiative**

|   |  |  |  |  |  |          |           |
|---|--|--|--|--|--|----------|-----------|
| Subsidies   |  |  |  |  |  |          | 37        |
| Capital grants to public corporations <sup>(5)</sup>                              |  |  |  |  |  | 4        | 13        |
| <b>Total central government expenditure under the Capital Receipts Initiative</b> |  |  |  |  |  | <b>4</b> | <b>50</b> |

|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reserve                                     |                |                |                |                |                |                | 3,000          |
| Allowance for shortfall <sup>(6)</sup>      |                |                |                |                |                | -400           |                |
| Central government debt interest            | 17,428         | 19,291         | 22,127         | 25,030         | 26,574         | 28,500         | 28,100         |
| Nationalised industries external finance    | 4,330          | 3,556          | 947            | -405           | -507           | 500            | 500            |
| Privatisation proceeds                      | -8,189         | -5,453         | -6,429         | -2,439         | -4,404         | -1,800         |                |
| Other accounting adjustments                | 6,566          | 8,610          | 9,974          | 11,859         | 12,569         | 12,100         | 13,300         |
| <b>Total central government expenditure</b> | <b>191,591</b> | <b>208,797</b> | <b>215,007</b> | <b>229,147</b> | <b>232,947</b> | <b>240,200</b> | <b>252,200</b> |

- (1) Pay figures are direct expenditure on the pay of central government. Other current expenditure on goods and services figures include a large component of procurement from public corporations (including NHS trusts), part of which will be spent on the pay of public corporations' employees.
- (2) For most public corporations it is their external finance that is included in the Control Total. The split between economic categories is given in section (a). For a few corporations their capital expenditure and subsidies to them are included in the Control Total. The split between economic categories for these is given in section (b).
- (3) Excludes grants and subsidies from central government which are generally available to the private sector; these are treated as contributing to internal resources and are included in central government's own expenditure.
- (4) Includes financing requirements of trading funds and public corporations other than the nationalised industries.

(5) *Includes some capital grants to the Northern Ireland Housing Executive, which are included in the external finance requirement but do not score in the Control Total. (6) See paragraph 6 of Appendix A.*

**Table 5.6 Central government capital and current expenditure<sup>(1)</sup> within the Control Total by department<sup>(2)</sup>, 1992-93 to 1998-99<sup>(3)</sup>**

|  | £ million |         |         |         |         |                      |                  |
|--|-----------|---------|---------|---------|---------|----------------------|------------------|
|  | 1992-93   | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98<br>estimated | 1998-99<br>plans |
| <b>Central government's current expenditure</b>                    |           |         |         |         |         |                      |                  |
| Ministry of Defence  | 22,262    | 21,921  | 21,748  | 20,831  | 21,883  | 21,536               | 21,922           |
| Foreign and Commonwealth Office                                    | 1,130     | 1,129   | 1,169   | 1,200   | 980     | 1,012                | 953              |
| Department for International Development                           | 1,772     | 1,914   | 1,997   | 2,039   | 2,093   | 2,076                | 2,040            |
| Ministry of Agriculture, Fisheries and Food                        | 2,035     | 2,885   | 2,655   | 2,884   | 3,997   | 3,457                | 3,270            |
| Trade and Industry   | 2,553     | 2,479   | 2,480   | 2,968   | 2,890   | 2,826                | 2,722            |
| ECGD   | 116       | -60     | -27     | 15      | 15      | 43                   | 57               |
| DETR-Transport   | 708       | 680     | 2,488   | 2,395   | 2,577   | 2,203                | 2,093            |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 1,483     | 1,353   | 1,330   | 1,129   | 1,149   | 1,173                | 1,044            |
| DETR-Other Environmental Services                                  | 562       | 642     | 598     | 546     | 573     | 554                  | 540              |
| DETR-Local government and Regional Policy                          | 234       | 234     | 243     | 230     | 219     | 226                  | 224              |
| Home Office  | 2,051     | 2,010   | 2,112   | 2,108   | 2,204   | 2,432                | 2,437            |
| Lord Chancellor's and Law Officers' Departments                    | 1,845     | 1,975   | 2,146   | 2,225   | 2,315   | 2,400                | 2,355            |
| Department for Education and Employment <sup>(4)(5)</sup>          | 6,098     | 8,818   | 9,766   | 10,070  | 10,709  | 11,670               | 10,941           |
| Department for Culture, Media and Sport                            | 755       | 778     | 749     | 781     | 805     | 798                  | 768              |
| Department of Health <sup>(4)</sup>                                | 26,633    | 28,092  | 29,713  | 31,307  | 32,819  | 34,451               | 36,313           |
| Department of Social Security <sup>(4)(6)</sup>                    | 55,727    | 60,430  | 61,865  | 64,793  | 68,342  | 71,141               | 74,651           |
| Scotland <sup>(4)(6)</sup>   | 5,232     | 6,063   | 6,542   | 6,847   | 7,151   | 7,404                | 7,599            |
| Wales <sup>(4)</sup>   | 2,342     | 2,754   | 2,953   | 3,145   | 3,317   | 3,439                | 3,465            |
| Northern Ireland <sup>(6)</sup>                                    | 5,768     | 6,240   | 6,565   | 6,892   | 7,260   | 7,482                | 7,612            |
| Chancellor of the Exchequer's Departments                          | 3,191     | 3,105   | 3,130   | 3,070   | 2,982   | 3,081                | 2,969            |



|   |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cabinet Office  | 648            | 756            | 628            | 1,039          | 981            | 789            | 1,076          |
| European Communities  | 1,912          | 1,877          | 1,268          | 3,370          | 1,717          | 1,783          | 2,443          |
| <b>Total Central government's current expenditure<sup>(7)</sup></b> | <b>145,058</b> | <b>156,073</b> | <b>162,120</b> | <b>169,883</b> | <b>176,977</b> | <b>181,976</b> | <b>187,494</b> |
| <b>Central government's capital expenditure</b>                     |                |                |                |                |                |                |                |
| Ministry of Defence <sup>(8)</sup>                                  | 649            | 701            | 727            | 669            | -546           | -362           | 355            |
| Foreign and Commonwealth Office                                     | 113            | 115            | 90             | 134            | 73             | 80             | 86             |
| Department for International Development                            | 3              | 2              | 3              | 3              | 7              | 4              | 2              |
| Ministry of Agriculture, Fisheries and Food                         | 291            | 224            | -66            | 79             | 353            | 296            | 239            |
| Trade and Industry  | 275            | 299            | 338            | 290            | 232            | 276            | 265            |
| ECGD  |                | 1              |                | 1              |                | 1              | 1              |
| DETR-Transport  | 1,834          | 1,910          | 1,918          | 1,630          | 1,475          | 1,405          | 1,144          |
| DETR-Housing, Construction, Regeneration,                           |                |                |                |                |                |                |                |
| Countryside and Wildlife  | 2,429          | 1,959          | 1,568          | 1,219          | 1,131          | 805            | 815            |
| DETR-Other Environmental Services                                   | -18            | 74             | 135            | 161            | 161            | 128            | 113            |
| DETR-Local government and Regional Policy                           | 5              |                |                |                |                |                |                |
| Home Office   | 384            | 347            | 369            | 383            | 275            | 340            | 188            |
| Lord Chancellor's and Law Officers' Departments                     | 194            | 174            | 153            | 148            | 81             | 62             | 41             |
| Department for Education and Employment <sup>(4)</sup>              | 607            | 761            | 810            | 834            | 312            | 271            | 244            |
| Department for Culture, Media and Sport                             | 163            | 130            | 164            | 176            | 75             | 68             | 43             |
| Department of Health <sup>(4)</sup>                                 | 1,146          | 576            | 299            | 281            | 153            | 102            | 105            |
| Department of Social Security <sup>(4)</sup>                        | 286            | 332            | 247            | 162            | 124            | 7              | -293           |
| Scotland <sup>(4)</sup>   | 720            | 685            | 593            | 445            | 439            | 445            | 351            |
| Wales <sup>(4)</sup>  | 580            | 553            | 481            | 399            | 328            | 277            | 262            |
| Northern Ireland  | 513            | 528            | 521            | 486            | 424            | 467            | 441            |
| Chancellor of the Exchequer's Departments                           | 287            | 288            | 199            | 219            | 209            | 173            | 131            |
| Cabinet Office  | 368            | 301            | 341            | 203            | 178            | 181            | 230            |
| European Communities  |                |                |                |                |                |                |                |
| <b>Total Central government's capital expenditure<sup>(7)</sup></b> | <b>10,829</b>  | <b>9,960</b>   | <b>8,892</b>   | <b>7,921</b>   | <b>5,483</b>   | <b>5,022</b>   | <b>4,763</b>   |
| <b>Central government's other transactions expenditure</b>          |                |                |                |                |                |                |                |

|   |            |            |            |              |            |             |             |
|---|------------|------------|------------|--------------|------------|-------------|-------------|
| Ministry of Defence   |            |            |            |              |            |             |             |
| Foreign and Commonwealth Office   | -1         | -1         | -1         | -1           |            |             |             |
| Department for International Development  | 306        | 282        | 351        | 269          | 207        | 198         | 284         |
| Ministry of Agriculture, Fisheries and Food                                       | -1         |            | -1         |              |            |             |             |
| Trade and Industry  | -34        | -51        | -37        | -31          | -49        | 12          | -48         |
| ECGD  |            |            |            |              |            |             |             |
| DETR-Transport  | -8         | 23         | 17         | 10           | 4          | -39         | -22         |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife                | -40        | -59        | 6          | 5            | -515       | -626        | 12          |
| DETR-Local government and Regional Policy   |            |            |            |              |            |             |             |
| Home Office   |            | 1          |            | 1            | 1          | 1           | 1           |
| Department for Education and Employment <sup>(9)</sup>                            | 164        | 259        | 413        | 578          | 644        | -98         | -865        |
| Department for Culture, Media and Sport   |            |            |            |              |            |             |             |
| Department of Health  |            |            |            |              |            |             |             |
| Department of Social Security   | 37         | 42         | 40         | 42           | 38         | 38          | 41          |
| Scotland  | 24         | 38         | 54         | 84           | 83         | -2          | -95         |
| Wales   | -8         | -13        | -5         | -1           | -74        | -12         | -11         |
| Northern Ireland  | 81         | 42         | 68         | 50           | 50         | 34          | 68          |
| <b>Total Central government's other transactions expenditure<sup>(7)</sup></b>    | <b>521</b> | <b>562</b> | <b>905</b> | <b>1,006</b> | <b>388</b> | <b>-495</b> | <b>-635</b> |
| <b>Public corporations (excluding nationalised industries) and trading bodies</b> |            |            |            |              |            |             |             |
| Ministry of Defence   |            | 135        | 87         | 17           | 46         | -38         | -38         |
| Foreign and Commonwealth Office   |            |            |            |              |            | -1          | -1          |
| Department for International Development  | 44         | 37         | 33         | 27           | 36         | -18         | -15         |
| Trade and Industry  | 6          | -18        | -1         | -34          | -21        | -10         | -7          |
| DETR-Transport  |            |            |            |              | 4          |             | 4           |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife                | 563        | 495        | 497        | 502          | 511        | 541         | 435         |
| DETR-Other Environmental Services   | -121       | -152       | -87        | -77          | -64        | -59         | -51         |
| Home Office   | 2          | 2          | 1          | 2            | 2          | 1           | -1          |
| Lord Chancellor's and Law Officers'   |            |            |            |              |            |             |             |

|  |                |                |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Departments  |                | -36            | -34            | -7             | -15            | -7             |                |
| Department for Education and Employment  | 84             | 89             | 92             | 94             | 94             | 94             | 94             |
| Department for Culture, Media and Sport  | 56             | 58             | 64             | 69             | 72             | 18             | 75             |
| Department of Health   | 223            | 308            | 590            | 401            | 102            | 167            | 123            |
| Department of Social Security  |                |                |                |                |                |                |                |
| Scotland   | 579            | 561            | 584            | 454            | 742            | 669            | 725            |
| Wales  | 128            | 146            | 180            | 149            | 178            | 224            | 212            |
| Northern Ireland   | 188            | 235            | 216            | 229            | 230            | 223            | 190            |
| Cabinet Office   | -4             | -2             | -3             | 6              | -2             |                |                |
| <b>Total Public corporations (excluding nationalised industries) and trading funds</b> | <b>1,747</b>   | <b>1,860</b>   | <b>2,218</b>   | <b>1,833</b>   | <b>1,916</b>   | <b>1,803</b>   | <b>1,745</b>   |
| <b>Total Central government expenditure within Control Total</b>                       | <b>158,155</b> | <b>168,455</b> | <b>174,135</b> | <b>180,643</b> | <b>184,765</b> | <b>188,307</b> | <b>193,366</b> |

This table does not include any allocation from the Reserve for the plan year.

- (1) *Excluding support for local authorities and the financing requirements of nationalised industries, other public corporations and trading funds.*
- (2) *A full list of the departments included in each departmental grouping is given in Appendix C.*
- (3) *See footnote (2) to table 1.2.*
- (4) *See footnote (5) to table 1.2.*
- (5) *See footnote (6) to table 1.2.*
- (6) *Excludes cyclical social security.*
- (7) *Current expenditure includes pay, procurement, subsidies and current grants to the private sector and abroad; Capital expenditure includes net capital expenditure on assets the value of the physical increase in stocks and capital grants and other transactions includes lending and other financial transactions.*
- (8) *See footnote (3) to table 1.2.*
- (9) *See footnote (7) to table 1.2.*

**Table 5.7 Gross administrative expenditure by department, 1992-93 to 1998-1999<sup>(1)(2)</sup>**

|  | <b>£ million</b> |               |               |               |               |                                 |                      |
|--|------------------|---------------|---------------|---------------|---------------|---------------------------------|----------------------|
|  | 1992-<br>93      | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-<br>97   | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| Foreign & Commonwealth Office                                      | 488              | 466           | 475           | 491           | 493           | 511                             | 513                  |
| Department for International Development                           | 66               | 73            | 71            | 72            | 56            | 58                              | 60                   |
| Ministry of Agriculture, Fisheries and Food                        | 403              | 440           | 445           | 479           | 516           | 477                             | 511                  |
| Trade and Industry <sup>(3)</sup>                                  | 482              | 494           | 479           | 469           | 447           | 445                             | 443                  |
| DETR-Transport   | 425              | 401           | 410           | 421           | 444           | 434                             | 434                  |
| DETR-Environment   | 477              | 562           | 547           | 501           | 469           | 426                             | 420                  |
| Home Office  | 1,626            | 1,655         | 1,709         | 1,747         | 1,835         | 1,943                           | 2,008                |
| <i>of which: outside the Control Total</i>                         |                  |               |               |               |               |                                 | <i>1</i>             |
| Lord Chancellor's and Law Officers' Departments                    | 882              | 709           | 728           | 752           | 741           | 752                             | 794                  |
| Department for Education and Employment                            | 1,261            | 1,360         | 1,379         | 1,285         | 1,203         | 1,123                           | 1,141                |
| <i>of which: outside the Control Total</i>                         |                  |               |               |               |               | <i>52</i>                       | <i>124</i>           |
| Department for Culture, Media and Sport                            | 21               | 24            | 28            | 29            | 30            | 32                              | 31                   |
| Department of Health   | 321              | 297           | 289           | 284           | 270           | 258                             | 262                  |
| Department of Social Security                                      | 2,668            | 2,853         | 2,937         | 3,080         | 3,147         | 3,272                           | 3,003                |
| <i>of which: outside the Control Total</i>                         |                  |               |               |               |               | <i>13</i>                       | <i>28</i>            |
| Scotland   | 389              | 407           | 412           | 409           | 400           | 386                             | 399                  |
| <i>of which: outside the Control Total</i>                         |                  |               |               |               |               |                                 |                      |
| Wales  | 74               | 79            | 80            | 78            | 74            | 74                              | 77                   |
| Northern Ireland <sup>(4)</sup>                                    | 731              | 745           | 744           | 742           | 746           | 785                             | 756                  |
| <i>of which: outside the Control Total</i>                         |                  |               |               |               |               | <i>2</i>                        | <i>6</i>             |
| Chancellor of the Exchequer's departments:                         |                  |               |               |               |               |                                 |                      |
| Inland Revenue   | 1,766            | 1,810         | 1,801         | 1,819         | 1,824         | 1,872                           | 1,882                |
| Customs and Excise   | 739              | 736           | 746           | 747           | 735           | 761                             | 756                  |
| Others   | 444              | 439           | 424           | 419           | 382           | 369                             | 361                  |
| Cabinet Office including Office of Public Service                  | 483              | 526           | 542           | 510           | 505           | 447                             | 477                  |
| <b>Total gross expenditure on civil departments' running costs</b> | <b>13,745</b>    | <b>14,077</b> | <b>14,245</b> | <b>14,333</b> | <b>14,319</b> | <b>14,426</b>                   | <b>14,329</b>        |
| <i>of which: included in the Control Total</i>                     | <i>13,745</i>    | <i>14,077</i> | <i>14,245</i> | <i>14,333</i> | <i>14,319</i> | <i>14,358</i>                   | <i>14,170</i>        |

|  |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|
| <i>outside the Control Total</i>                               |        |        |        |        |        | 67     | 159    |
| <i>Running Costs Paybill<sup>(5)</sup></i>                     | 9,254  | 9,201  | 9,090  | 8,886  | 8,851  | 8,867  |        |
| <i>Other related receipts<sup>(6)</sup></i>                    | -2,565 | -2,815 | -2,493 | -2,292 | -2,214 | -2,141 | -2,087 |
| <i>Ministry of Defence gross operating costs<sup>(7)</sup></i> | 19,366 | 18,940 | 19,009 | 18,269 | 18,850 | 17,986 | 17,826 |
| <i>of which: Ministry of Defence Paybill<sup>(8)</sup></i>     | 10,171 | 9,432  | 9,441  | 8,858  | 8,934  | 8,540  |        |

- (1) *The gross figures are net of any refundable VAT on eligible contracted out services, intra and interdepartmental running costs related receipts paid from running costs.*
- (2) *See footnote (2) to table 1.2.*
- (3) *Excluding Export Credits Guarantee Department (ECGD) whose administration costs are met from trading income and are therefore not included in the public expenditure control total. However, ECGD sets administration costs plans.*
- (4) *Figures cover both the Northern Ireland Office and Northern Ireland Departments.*
- (5) *This covers the pay costs of civil servants and others (including casual staff) covered by running costs, and includes superannuation charges and national insurance contributions. It excludes all civil servants, armed forces and other employees of the Ministry of Defence.*
- (6) *Includes all running costs related receipts not netted off the gross figures above (see footnote 1).*
- (7) *Figures cover all Ministry of Defence costs (including service and civilian pay) other than purchase of new equipment and associated research.*
- (8) *This covers pay costs of the armed forces, civil servants and others (including casual staff) employed by the Ministry of Defence.*

**Table 5.8 Staff of central government departments, 1983 and 1992-93 to 1998-99<sup>(1)</sup>**

|  | thousands (full-time equivalents) |                       |                       |                       |                       |                       |                                 |                      |
|--|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|----------------------|
|  | 1983<br>actual <sup>(2)</sup>     | 1992-<br>93<br>actual | 1993-<br>94<br>actual | 1994-<br>95<br>actual | 1995-<br>96<br>actual | 1996-<br>97<br>actual | 1997/98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| Ministry of Defence <sup>(3)</sup>   | 191.7                             | 132.6                 | 113.9                 | 109.1                 | 101.8                 | 94.9                  | 92.8                            | 91.3                 |
| Foreign and Commonwealth Office <sup>(3)(4)</sup>  | 9.1                               | 6.6                   | 6.4                   | 6.2                   | 5.9                   | 5.7                   | 5.6                             | 5.6                  |
| Development for International<br>Development   | 1.9                               | 1.7                   | 1.6                   | 1.5                   | 1.4                   | 1.0                   | 1.0                             | 1.2                  |
| Ministry of Agriculture, Fisheries and Food<br>Intervention Board  | 12.2                              | 10.0                  | 10.3                  | 10.0                  | 10.3                  | 10.1                  | 8.5                             | 10.8                 |
| Trade and Industry (including ACAS, OFT,<br>OFTEL, OFGAS and OFFER) <sup>(5)</sup>   | 16.6                              | 12.3                  | 12.0                  | 11.1                  | 9.9                   | 8.6                   | 8.4                             | 8.7                  |
| Export Credits Guarantee Department  | 1.8                               | 0.7                   | 0.6                   | 0.5                   | 0.5                   | 0.4                   | 0.4                             | 0.4                  |
| Department of the Environment, Transport<br>and the Regions (including OPRAF, ORR,<br>PSA Services, HSC, OFWAT and Ordnance<br>Survey) | 55.2                              | 34.1                  | 27.6                  | 23.2                  | 20.6                  | 19.0                  | 18.3                            | 18.9                 |
| Home Office (including Charity<br>Commission)  | 35.3                              | 51.6                  | 51.4                  | 50.7                  | 51.0                  | 50.5                  | 50.6                            | 49.4                 |
| Lord Chancellor's and Law Officers'<br>Departments   | 18.0                              | 30.6                  | 21.4                  | 21.1                  | 20.6                  | 19.8                  | 18.8                            | 18.7                 |
| Department for Education and Employment<br>(including OFSTED) <sup>(6)</sup>   | 55.7                              | 55.7                  | 53.6                  | 50.0                  | 44.3                  | 37.4                  | 33.7                            | 32.4                 |
| Department for Culture, Media and Sport<br>(including OFLOT) <sup>(7)</sup>  | 1.1                               | 0.9                   | 1.0                   | 1.1                   | 1.0                   | 1.0                   | 1.1                             | 0.7                  |
| Department of Health <sup>(8)</sup>  | 9.3                               | 4.9                   | 4.5                   | 4.4                   | 3.9                   | 4.4                   | 4.2                             | 4.1                  |
| Department of Social Security <sup>(9)</sup>   | 85.4                              | 83.6                  | 89.0                  | 89.8                  | 90.2                  | 93.6                  | 91.6                            | 89.9                 |
| Scotland   | 12.2                              | 13.3                  | 13.4                  | 12.7                  | 12.1                  | 10.7                  | 10.9                            | 10.9                 |
| Wales  | 2.2                               | 2.5                   | 2.4                   | 2.3                   | 2.2                   | 2.1                   | 2.1                             | 1.9                  |
| Northern Ireland   | 0.2                               | 28.7                  | 28.4                  | 26.4                  | 25.7                  | 24.8                  | 24.5                            | 24.4                 |
| HM Customs and Excise<br>Inland Revenue  | 25.6                              | 25.8                  | 25.3                  | 24.8                  | 23.5                  | 22.9                  | 23.3                            | 22.8                 |
| Chancellor's other departments   | 73.6                              | 69.4                  | 65.9                  | 62.0                  | 57.6                  | 55.4                  | 53.8                            | 54.1                 |
| Cabinet Office, OPS, COI and PCO <sup>(10)</sup>   | 15.8                              | 12.9                  | 12.3                  | 11.2                  | 10.3                  | 9.3                   | 8.4                             | 8.5                  |
| Security and Intelligence Services <sup>(3)</sup>  | 2.8                               | 4.0                   | 3.5                   | 3.3                   | 2.5                   | 2.9                   | 2.4                             | 2.5                  |
|  | -                                 | 10.8                  | 10.6                  | 10.4                  | 9.4                   | 8.6                   | 8.3                             | 8.3                  |

|                                     |              |              |              |              |              |              |              |              |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Trading funds, DSA <sup>(11)</sup>  | 26.2         | 11.1         | 30.0         | 29.5         | 29.8         | 32.0         | 29.7         | 29.9         |
| <b>Total<sup>(1)</sup></b>          | <b>652.5</b> | <b>604.6</b> | <b>586.1</b> | <b>562.2</b> | <b>535.3</b> | <b>516.1</b> | <b>499.5</b> | <b>496.3</b> |
| <i>of which: Home Civil Service</i> | <i>652.5</i> | <i>571.0</i> | <i>552.9</i> | <i>530.9</i> | <i>505.4</i> | <i>487.4</i> | <i>471.4</i> | <i>468.2</i> |

- (1) *Unless otherwise indicated all figures are financial year averages for permanent staff in central government departments. This includes the staff of the Home Civil Service, the Northern Ireland Civil Service and the Security and Intelligence Services.*
- (2) *Figure as at 1 January. No figures are available for Northern Ireland civil servants.*
- (3) *Prior to 1992-93, staff of the Security and Intelligence Services are included within the Ministry of Defence and the Foreign and Commonwealth Office.*
- (4) *Passport Office staff are included in Foreign and Commonwealth Office figure for 1983 but transferred to the Home Office on 1 April 1984.*
- (5) *1983 figures for Department of Trade and Industry include Department of Energy staff.*
- (6) *The Office of Her Majesty's Chief Inspector of Schools in England conducts business under the name of Office for Standards in Education (OFSTED).*
- (7) *The figure for 1983 include staff at the Victoria and Albert and Science Museums (classified as civil servants until 1 April 1984) only.*
- (8) *1983 figures for Department of Health include staff in Special Hospitals who were classified as civil servants until 1 April 1990.*
- (9) *From 1996-97 figures include transfers in from the Employment Service due to the introduction of the Job Seekers' Allowance.*
- (10) *1983 figures for Cabinet Office include staff transferred to the Office for National Statistics on 31 July 1989.*
- (11) *Includes figures for Royal Ordnance Factories (became a company on 2 January 1985) and PSA Services. Also includes figure for Crown Estate Office up to 1 April 1997, when they were excluded from the staff count.*

## 6. Local authority expenditure

### Introduction

6.1. This section describes central government support for local authorities within the Control Total from 1992-93 to 1998-99, and local authority expenditure for outturn years. It also details the support and expenditure under initiatives announced in the July 1997 Budget, which are outside the Control Total. 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 - Cm3916). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

6.2. 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.

6.3. Single tier local government was introduced in Scotland and Wales (in April 1996). It is also being progressively introduced in some shire areas of England.

6.4. Local authorities account for around one quarter of general government expenditure. Total current and capital spending (including debt interest) by local authorities within the Control Total in 1996-97 and 1997-98 is estimated to be £75.6 billion and £75.7 billion respectively. These Treasury estimates of outturn are around £700 million and £1,200 million less than the amounts which authorities budgeted for in 1996-97 and 1997-98 respectively. Final outturn information for 1996-97 local authority expenditure will not become available until later this year. Outturn figures and projections for the later years are set out on a National Accounts basis in Table 6.1. Table 6.2 sets out total local authority expenditure within the Control Total by department for 1992-93 to 1997-98. Table 6.3 shows total local authority expenditure within the Control Total for the outturn years, broken down by country and economic category. Local authority expenditure on the new initiatives announced in the 1997 July Budget is shown in Table 6.4, also broken down by country and economic category.

6.5. Central government support for expenditure by local authorities is provided in three forms: grants, for both capital and current expenditure; non-domestic rate payments; and credit approvals (net capital allocations in Scotland). Support may be non-specific, eg Revenue Support Grant, or related to specific services, eg police grant. Grants are all included within the Control Total, with certain exceptions described below.

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

6.7. Support for the New Deal for Schools and Capital Receipts Initiative programmes are also excluded from the Control Total. See paragraphs 6.22 and 6.23 for further details.

6.8. Table 6.5 gives a departmental breakdown of central government support within the Control Total for current and capital expenditure by local authorities.

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

### Main local services



6.10. Local authorities have considerable discretion to determine the level, pattern, and standard of the main services - subject to the financial resources available, including the implications for local taxation, and in some cases subject also to central government regulation and inspection of the service provided.

6.11. The Government announces, as part of the local authority settlement, the level of Total Standard Spending (TSS) which represents the amount of revenue spending which it judges appropriate on the main services. For 1998-99, TSS in England will be £48.1 billion, and in Wales £3.1 billion. In Scotland, the equivalent figure, known as Government Supported Expenditure, will be £6.2 billion. The Government has also provided service breakdowns of TSS in England and GSE in Scotland, giving an indication of the level of spending on each main service which would be consistent with the overall figure. The actual allocation of spending between services is a matter for determination by local authorities. Table 6.6 sets out Total Standard Spending and Government Supported Expenditure for 1998-99.

6.12. Government support for expenditure on the main services above is provided through Aggregate External Finance (AEF). This comprises:

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

6.13. Table 6.7 shows AEF in Great Britain by country and grant.

## Other spending

6.14. This is financed wholly, or almost wholly, by central government through specific grants outside AEF, with little or no impact on local tax levels. The main examples are rent allowances and mandatory student awards. Table 6.8 shows current specific grants outside AEF by country, for the years 1992-93 to 1998-99.

## Capital expenditure

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

- central government support (see paragraph 6.5);
- own resources: capital receipts, and revenue.

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

6.16. The Government has prepared an preliminary forecast for capital expenditure in the year ahead only. Gross capital spending, including expenditure on the Welfare to Work and Capital Receipts Initiative programmes, is projected to be of the order of £81/4 billion in 1998-99 with corresponding capital receipts of around £23/4 billion.

6.17. Gross capital expenditure within the Control Total, split by country and service from 1992-93 to 1997-98, is shown in Table 6.9. Local authority gross capital spending within the Control Total in the United Kingdom in 1996-97 totalled £8.3 billion with offsetting receipts of £2.8 billion. In 1997-98 gross capital spending within the Control Total is expected to fall to £7.9 billion with offsetting receipts of £2.6 billion, giving net capital spending of around £5.3 billion. These estimates take account of the returns from local authorities on capital expenditure. Table 6.10 shows local authority receipts within the Control Total, again by country and service.

## Support for local authority capital programmes

6.18. Central government support for local authority capital expenditure comprises grants and credit approvals (net capital allocations in Scotland). Credit approvals and net capital allocations authorise local authorities to borrow or use other forms of credit to finance capital expenditure. Table 6.11 shows the component of this government support within the Control Total by country and by service. The component of this government support on the Welfare to Work and Capital Receipts Initiative programmes, which are outside the Control Total, is detailed in Table 6.12, broken down by country and programme. 6.19. Most credit approvals are issued as Basic Credit Approvals (BCAs) and can be used for any local authority service. The remainder - Supplementary Credit Approvals (SCAs) - are for particular projects or services. The distribution of BCAs takes account of local authorities' relative capital spending needs and their ability to finance their capital programmes from their capital receipts.

6.20. The Government has announced that it is willing to support up to £500 million of Private Finance Initiative (PFI) investment in the local authority sector over the next year on top of the £250 million it is supporting this year. Local authorities are working on numerous projects with the private sector including the provision of schools, roads, police stations and headquarters and magistrates' courts. Several projects have now been signed, covering services such as schools, waste, and information technology. Whereas the actual investment is outside GGE, and thus will not appear in the figures in this section, the payments to the private sector (supported through the revenue support grant) for the services associated with these projects are included in the figures presented throughout this chapter.

6.21. Tables 6.1, 6.7, 6.8 and 6.12 show government support for the two initiatives announced in the 1997 July Budget.

## New Deal For Schools

6.22. Part of the Welfare to Work package financed by the windfall tax has been directed towards the New Deal for Schools, repairing and improving the infrastructure of schools and school buildings across the UK, with £100 million of funding in 1997-98 and a further £300 million over each of the next four years.

## Capital Receipts Initiative

6.23. The government is meeting its commitment to reinvest capital receipts from the sale of council houses by allowing increased expenditure of £200 million this year and a further £700 million next year. The investment will be used to improve social housing stock, provide new social housing, and to fund housing related regeneration projects.

**Table 6.1 Financing of local authority expenditure in the United Kingdom, 1992-93 to 1998-1999**

|   | £ million     |               |               |               |               |                                 |                      |
|---|---------------|---------------|---------------|---------------|---------------|---------------------------------|----------------------|
|   | 1992-<br>93   | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-<br>97   | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>Expenditure within the Control Total</b>         |               |               |               |               |               |                                 |                      |
| <b>Current</b>                                      |               |               |               |               |               |                                 |                      |
| <b>Aggregate External Finance <sup>(1)(2)</sup></b> |               |               |               |               |               |                                 |                      |
| <b>England</b>                                      |               |               |               |               |               |                                 |                      |
| Revenue support grant                               | 16,679        | 17,052        | 18,497        | 18,314        | 18,024        | 18,675                          | 19,500               |
| Non-domestic rate payments                          | 12,306        | 11,559        | 10,685        | 11,354        | 12,736        | 12,027                          | 12,524               |
| Specific and special grants                         | 4,497         | 4,643         | 5,169         | 5,029         | 4,990         | 5,232                           | 5,487                |
| <b>Total England</b>                                | <b>33,482</b> | <b>33,254</b> | <b>34,351</b> | <b>34,697</b> | <b>35,751</b> | <b>35,934</b>                   | <b>37,511</b>        |
| <b>Scotland</b>                                     |               |               |               |               |               |                                 |                      |
| Revenue support grant                               | 3,499         | 3,624         | 3,773         | 3,782         | 3,665         | 3,518                           | 3,460                |
| Non-domestic rate payments                          | 1,247         | 1,186         | 1,109         | 1,193         | 1,313         | 1,326                           | 1,395                |
| Specific and special grants                         | 380           | 404           | 412           | 395           | 409           | 431                             | 435                  |
| <b>Total Scotland</b>                               | <b>5,126</b>  | <b>5,214</b>  | <b>5,295</b>  | <b>5,370</b>  | <b>5,386</b>  | <b>5,276</b>                    | <b>5,290</b>         |
| <b>Wales</b>  |               |               |               |               |               |                                 |                      |
| Revenue support grant                               | 1,616         | 1,657         | 1,740         | 1,718         | 1,792         | 1,733                           | 1,798                |
| Non-domestic rate payments                          | 536           | 470           | 464           | 520           | 459           | 584                             | 612                  |
| Specific and special grants                         | 224           | 211           | 212           | 228           | 265           | 261                             | 293                  |
| <b>Total Wales</b>                                  | <b>2,376</b>  | <b>2,338</b>  | <b>2,416</b>  | <b>2,466</b>  | <b>2,516</b>  | <b>2,578</b>                    | <b>2,703</b>         |
| <b>Great Britain</b>                                |               |               |               |               |               |                                 |                      |
| Revenue support grant                               | 21,795        | 22,332        | 24,010        | 23,815        | 23,481        | 23,926                          | 24,758               |
| Non-domestic rate payments                          | 14,089        | 13,215        | 12,258        | 13,067        | 14,508        | 13,937                          | 14,531               |
| Specific and special grants                         | 5,101         | 5,259         | 5,793         | 5,652         | 5,664         | 5,924                           | 6,214                |
| <b>Total Aggregate External Finance</b>             | <b>40,985</b> | <b>40,806</b> | <b>42,061</b> | <b>42,533</b> | <b>43,653</b> | <b>43,788</b>                   | <b>45,504</b>        |
| Other current grants <sup>(3)</sup>                 | 12,196        | 13,065        | 13,725        | 13,848        | 14,076        | 14,068                          | 14,512               |
| <b>Total current grants</b>                         | <b>53,181</b> | <b>53,871</b> | <b>55,786</b> | <b>56,381</b> | <b>57,729</b> | <b>57,855</b>                   | <b>60,016</b>        |
| <b>Capital</b>                                      |               |               |               |               |               |                                 |                      |
| Capital grants                                      | 1,544         | 1,802         | 1,441         | 1,752         | 1,655         | 1,569                           | 1,331                |

|  |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Credit approvals   | 4,535         | 4,148         | 4,002         | 3,637         | 3,010         | 2,746         | 2,659         |
| <b>Total capital support</b>   | <b>6,079</b>  | <b>5,950</b>  | <b>5,443</b>  | <b>5,389</b>  | <b>4,665</b>  | <b>4,315</b>  | <b>3,990</b>  |
| <b>Total central government support to local authorities within the Control total</b>  | <b>59,260</b> | <b>59,821</b> | <b>61,229</b> | <b>61,770</b> | <b>62,394</b> | <b>62,170</b> | <b>64,006</b> |
| <b>Local Authority self-financed expenditure</b>                                       | <b>8,877</b>  | <b>8,050</b>  | <b>10,761</b> | <b>13,131</b> | <b>13,182</b> | <b>13,600</b> | <b>14,000</b> |
| <b>Total local authority expenditure within the Control Total</b>                      | <b>68,138</b> | <b>67,870</b> | <b>71,991</b> | <b>74,901</b> | <b>75,576</b> | <b>75,700</b> | <b>78,000</b> |
| <b>Central Government support to local authorities outside the Control Total</b>       |               |               |               |               |               |               |               |
| <b>Current</b>   |               |               |               |               |               |               |               |
| Revenue support grant in England and Wales <sup>(4)</sup>                              |               |               |               |               |               |               | 7             |
| Other current grants   |               |               |               |               |               |               | 2             |
| <b>Total current grants</b>  |               |               |               |               |               |               | <b>9</b>      |
| <b>Capital</b>   |               |               |               |               |               |               |               |
| Capital grants   |               |               |               |               |               | 97            | 290           |
| Credit approvals   |               |               |               |               |               | 196           | 645           |
| <b>Total capital support</b>   |               |               |               |               |               | <b>294</b>    | <b>935</b>    |
| <b>Total central government support to local authorities outside the Control Total</b> |               |               |               |               |               | <b>294</b>    | <b>944</b>    |
| Local authority debt interest outside the Control Total                                | 1,049         | 861           | 799           | 663           | 682           | 700           | 600           |
| Other accounting adjustments   | -167          | -1,005        | 490           | 176           | -98           | 100           | 800           |
| <b>Total local authority expenditure</b>   | <b>69,020</b> | <b>67,726</b> | <b>73,280</b> | <b>75,740</b> | <b>76,160</b> | <b>76,900</b> | <b>80,300</b> |

(1) Aggregate External Finance (AEF) is described in paragraph 6.12 above.

(2) See footnote (5) to table 1.2.

(3) See paragraph 6.14 above.

(4) Revenue Support Grant outside the Control Total includes support for debt interest payments, and is still included in AEF - see paragraph 6.12 above.

**Table 6.2 Local authority expenditure within the Control Total in the United Kingdom by department, 1992-93 to 1997-98**

|  | £ million     |               |               |               |                      |                      |
|--|---------------|---------------|---------------|---------------|----------------------|----------------------|
|  | 1992-93       | 1993-94       | 1994-95       | 1995-96       | 1996-97<br>estimated | 1997-98<br>estimated |
| <b>Current</b>   |               |               |               |               |                      |                      |
| Ministry of Agriculture, Fisheries and Food                        | 64            | 57            | 44            | 46            | 49                   | 47                   |
| Trade and Industry   | 151           | 156           | 162           | 166           | 173                  | 175                  |
| DETR-Transport   | 2,288         | 2,205         | 2,396         | 2,333         | 2,374                | 2,388                |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 351           | 408           | 502           | 487           | 518                  | 569                  |
| DETR-Other Environmental Services                                  | 4,440         | 4,424         | 4,488         | 4,803         | 5,187                | 5,276                |
| Home Office  | 7,125         | 7,521         | 7,821         | 8,060         | 8,530                | 8,868                |
| Lord Chancellor's and Law Officers' Departments                    | 289           | 303           | 319           | 320           | 329                  | 326                  |
| Department for Education and Employment <sup>(1)</sup>             | 21,537        | 20,002        | 20,199        | 20,118        | 20,622               | 20,510               |
| Department for Culture, Media and Sport                            | 1,231         | 1,234         | 1,254         | 1,270         | 1,255                | 1,247                |
| Department of Health <sup>(1)</sup>                                | 4,979         | 5,665         | 6,622         | 7,331         | 8,001                | 8,415                |
| Department of Social Security <sup>(1)</sup>                       | 8,225         | 9,569         | 10,485        | 11,325        | 11,825               | 11,905               |
| Scotland <sup>(1)</sup>  | 5,111         | 5,134         | 5,495         | 5,673         | 5,755                | 5,675                |
| Wales <sup>(1)</sup>   | 2,134         | 2,053         | 2,163         | 2,266         | 2,328                | 2,322                |
| Northern Ireland   | 149           | 160           | 165           | 171           | 187                  | 196                  |
| <b>Total current</b>   | <b>58,073</b> | <b>58,893</b> | <b>62,114</b> | <b>64,369</b> | <b>67,200</b>        | <b>67,900</b>        |
| <b>Capital</b>   |               |               |               |               |                      |                      |
| Ministry of Agriculture, Fisheries and Food                        | 6             | -23           | -44           | 12            | 10                   | -17                  |
| Trade and Industry   | 1             | 3             | 3             |               |                      |                      |
| DETR-Transport   | 1,251         | 1,304         | 1,331         | 1,357         | 1,168                | 1,185                |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 1,585         | 1,403         | 1,476         | 1,542         | 1,567                | 1,533                |
| DETR-Other Environmental Services                                  | 323           | -133          | 440           | 568           | 248                  | 295                  |
| Home Office  | 290           | 291           | 288           | 302           | 223                  | 278                  |
| Lord Chancellor's and Law Officers' Departments                    | 62            | 55            | 55            | 56            | 34                   | 22                   |
| Department for Education and Employment <sup>(1)</sup>             | 712           | 542           | 693           | 719           | 694                  | 644                  |
| Department for Culture, Media and Sport                            | 197           | 180           | 225           | 234           | 283                  | 238                  |

|  |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Department of Health <sup>(1)</sup>    | 132           | 118           | 156           | 160           | 146           | 144           |
| Scotland <sup>(1)</sup>                | 1,014         | 1,101         | 1,066         | 1,194         | 527           | 454           |
| Wales <sup>(1)</sup>                   | 589           | 506           | 634           | 627           | 581           | 501           |
| Northern Ireland                       | 40            | 46            | 50            | 50            | 53            | 55            |
| <b>Total capital</b>                   | <b>6,200</b>  | <b>5,392</b>  | <b>6,373</b>  | <b>6,822</b>  | <b>5,535</b>  | <b>5,331</b>  |
| Debt interest                          | 3,864         | 3,585         | 3,504         | 3,710         | 3,630         | 3,700         |
| Allowance for shortfall <sup>(2)</sup> |               |               |               |               | -722          | -1,200        |
| <b>Total</b>                           | <b>68,138</b> | <b>67,870</b> | <b>71,991</b> | <b>74,901</b> | <b>75,576</b> | <b>75,700</b> |

(1) See footnote (5) to table 1.2.

(2) See paragraph 6 of Appendix A.

**Table 6.3 Local authority expenditure within the Control Total in the United Kingdom by country and economic category, 1992-93 to 1997-98**

|   | <b>£ million</b> |               |               |               |                      |                      |
|---|------------------|---------------|---------------|---------------|----------------------|----------------------|
|   | 1992-<br>93      | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-97<br>estimated | 1997-98<br>estimated |
|   | outturn          | outturn       | outturn       | outturn       | outturn              | outturn              |
| <b>England<sup>(1)</sup></b>                    |                  |               |               |               |                      |                      |
| Pay   | 30,728           | 27,965        | 28,491        | 29,311        | 32,306               | 31,801               |
| Other current expenditure on goods and services | 8,262            | 10,273        | 11,822        | 12,574        | 11,730               | 12,965               |
| Subsidies                                       | 422              | 461           | 598           | 514           | 567                  | 620                  |
| Current grants to persons                       | 9,643            | 11,045        | 11,518        | 11,899        | 12,192               | 12,192               |
| Net capital expenditure on assets               | 3,707            | 3,005         | 3,740         | 4,062         | 3,359                | 3,438                |
| Capital grants                                  | 961              | 1,101         | 1,031         | 1,014         | 1,125                | 976                  |
| Lending and other financial transactions        | -134             | -387          | -163          | -140          | -124                 | -112                 |
| <b>Total England</b>                            | <b>53,589</b>    | <b>53,463</b> | <b>57,038</b> | <b>59,233</b> | <b>61,155</b>        | <b>61,881</b>        |
| <b>Scotland<sup>(1)</sup></b>                   |                  |               |               |               |                      |                      |
| Pay   | 3,516            | 3,532         | 3,713         | 3,849         | 3,911                | 3,922                |
| Other current expenditure on goods and services | 1,488            | 1,492         | 1,662         | 1,694         | 1,708                | 1,638                |
| Subsidies                                       | 83               | 83            | 88            | 95            | 105                  | 83                   |
| Current grants to persons                       | 742              | 812           | 874           | 929           | 1,000                | 1,056                |
| Net capital expenditure on assets               | 905              | 993           | 949           | 1,090         | 441                  | 399                  |
| Capital grants                                  | 116              | 109           | 119           | 112           | 90                   | 58                   |
| Lending and other financial transactions        | -4               | 2             | -3            | -8            | -4                   | -3                   |
| <b>Total Scotland</b>                           | <b>6,846</b>     | <b>7,024</b>  | <b>7,403</b>  | <b>7,761</b>  | <b>7,251</b>         | <b>7,154</b>         |
| <b>Wales<sup>(1)</sup></b>                      |                  |               |               |               |                      |                      |
| Pay   | 1,859            | 1,772         | 1,843         | 1,945         | 1,992                | 2,007                |
| Other current expenditure on goods and services | 635              | 675           | 699           | 728           | 758                  | 762                  |
| Subsidies                                       |                  |               |               |               |                      |                      |
| Current grants to persons                       | 546              | 622           | 640           | 659           | 677                  | 676                  |
| Net capital expenditure on assets               | 460              | 373           | 487           | 461           | 422                  | 356                  |
| Capital grants                                  | 159              | 174           | 173           | 190           | 178                  | 168                  |

|   |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Lending and other financial transactions        | -9            | -24           | -11           | -8            | -6            | -4            |
| <b>Total Wales</b>                              | <b>3,650</b>  | <b>3,593</b>  | <b>3,831</b>  | <b>3,975</b>  | <b>4,022</b>  | <b>3,964</b>  |
| <b>Great Britain</b>                            |               |               |               |               |               |               |
| Pay   | 36,104        | 33,270        | 34,047        | 35,105        | 38,209        | 37,730        |
| Other current expenditure on goods and services | 10,384        | 12,440        | 14,183        | 14,997        | 14,195        | 15,366        |
| Subsidies                                       | 505           | 543           | 686           | 609           | 672           | 703           |
| Current grants to persons                       | 10,931        | 12,479        | 13,032        | 13,487        | 13,870        | 13,924        |
| Net capital expenditure on assets               | 5,071         | 4,371         | 5,176         | 5,612         | 4,222         | 4,192         |
| Capital grants                                  | 1,236         | 1,384         | 1,324         | 1,316         | 1,393         | 1,202         |
| Lending and other financial transactions        | -146          | -408          | -177          | -157          | -134          | -119          |
| <b>Total Great Britain</b>                      | <b>64,085</b> | <b>64,080</b> | <b>68,272</b> | <b>70,970</b> | <b>72,428</b> | <b>72,999</b> |
| <b>Northern Ireland</b>                         |               |               |               |               |               |               |
| Pay   | 151           | 159           | 163           | 170           | 184           | 192           |
| Other current expenditure on goods and services | -1            | 2             | 3             | 1             | 3             | 4             |
| Subsidies                                       |               |               |               |               |               |               |
| Current grants to persons                       |               |               |               |               |               |               |
| Net capital expenditure on assets               | 38            | 44            | 48            | 49            | 52            | 54            |
| Capital grants                                  | 1             | 1             | 1             | 1             | 2             | 2             |
| Lending and other financial transactions        |               |               |               |               |               |               |
| <b>Total Northern Ireland</b>                   | <b>189</b>    | <b>206</b>    | <b>215</b>    | <b>221</b>    | <b>240</b>    | <b>252</b>    |
| <b>United Kingdom</b>                           |               |               |               |               |               |               |
| Pay   | 36,254        | 33,428        | 34,210        | 35,275        | 38,393        | 37,923        |
| Other current expenditure on goods and services | 10,383        | 12,442        | 14,185        | 14,998        | 14,198        | 15,369        |
| Subsidies                                       | 505           | 543           | 686           | 609           | 672           | 703           |
| Current grants to persons                       | 10,931        | 12,479        | 13,032        | 13,487        | 13,870        | 13,924        |
| Net capital expenditure on assets               | 5,110         | 4,416         | 5,225         | 5,661         | 4,274         | 4,246         |
| Capital grants                                  | 1,237         | 1,385         | 1,326         | 1,317         | 1,395         | 1,204         |
| Lending and other financial transactions        | -146          | -408          | -177          | -157          | -134          | -119          |
| Local authority debt interest                   | 3,864         | 3,585         | 3,504         | 3,710         | 3,630         | 3,716         |
| Allowance for shortfall                         |               |               |               |               | -722          | -1,200        |
| <b>Total United Kingdom</b>                     | <b>68,138</b> | <b>67,870</b> | <b>71,991</b> | <b>74,901</b> | <b>75,576</b> | <b>75,700</b> |
| <i>of which:</i>                                |               |               |               |               |               |               |
| <i>Expenditure excluding debt interest</i>      | <i>64,274</i> | <i>64,285</i> | <i>68,487</i> | <i>71,191</i> | <i>71,946</i> | <i>72,000</i> |

(1) See footnote (5) to table 1.2.





**Table 6.4 Local Authority expenditure on the Welfare to Work and Capital Receipts Initiative programmes in the United Kingdom, by country and economic category, 1997-98**

|   | <b>£ million</b>                |
|---|---------------------------------|
|   | 1997-98<br>estimated<br>outturn |
| <b>New Deal for Schools</b>   |                                 |
| <b>Net capital expenditure</b>  |                                 |
| England   | 84                              |
| Scotland  | 9                               |
| Wales   | 5                               |
| <b>Total New Deal for Schools</b>   | <b>97</b>                       |
| <b>Capital Receipts Initiative</b>  |                                 |
| <b>Net capital expenditure</b>  |                                 |
| England   | 174                             |
| Scotland  | 12                              |
| Wales   | 10                              |
| <b>Total Capital Receipts Initiative</b>  | <b>196</b>                      |
| <b>Total Local Authority Expenditure on Welfare to Work and Capital Receipts Initiative</b> | <b>294</b>                      |

**Table 6.5 Central government support for local authorities within the Control Total in the United Kingdom by department, 1992-93 to 1998-99**

|  | <b>£ million</b> |               |               |               |                                 |                                 |                  |
|--|------------------|---------------|---------------|---------------|---------------------------------|---------------------------------|------------------|
|  | 1992-93          | 1993-94       | 1994-95       | 1995-96       | 1996-97<br>estimated<br>outturn | 1997-98<br>estimated<br>outturn | 1998-99<br>plans |
| <b>Current</b>   |                  |               |               |               |                                 |                                 |                  |
| Ministry of Agriculture, Fisheries and Food                        | -158             | -184          | -162          | -170          | -174                            | -177                            | -183             |
| Trade and Industry   | 5                | 5             | 8             | 7             | 12                              | 35                              | 27               |
| DETR-Transport   | 2                | 2             | 148           | 73            | 21                              | 271                             | 298              |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 3,166            | 3,540         | 3,584         | 3,592         | 3,561                           | 3,452                           | 3,290            |
| DETR-Other Environmental Services                                  |                  |               |               |               | 2                               |                                 |                  |
| DETR-Local government and Regional Policy <sup>(1)(2)</sup>        | 30,714           | 29,094        | 29,619        | 30,000        | 30,988                          | 30,846                          | 32,164           |
| Home Office  | 3,086            | 3,271         | 3,449         | 3,642         | 3,760                           | 3,894                           | 4,082            |
| Lord Chancellor's and Law Officers' Departments                    | 235              | 246           | 261           | 252           | 260                             | 258                             | 263              |
| Department for Education and Employment <sup>(1)(2)</sup>          | 3,226            | 3,286         | 2,887         | 2,461         | 2,286                           | 2,271                           | 2,173            |
| Department of Health <sup>(1)</sup>                                | 82               | 652           | 827           | 752           | 611                             | 540                             | 568              |
| Department of Social Security <sup>(1)</sup>                       | 5,080            | 6,288         | 7,304         | 7,768         | 8,401                           | 8,434                           | 9,221            |
| Scotland <sup>(1)</sup>  | 5,250            | 5,248         | 5,385         | 5,472         | 5,425                           | 5,396                           | 5,381            |
| Wales <sup>(1)</sup>   | 2,442            | 2,368         | 2,424         | 2,475         | 2,515                           | 2,559                           | 2,642            |
| Northern Ireland   | 50               | 56            | 53            | 57            | 60                              | 76                              | 90               |
| <b>Total current</b>   | <b>53,181</b>    | <b>53,871</b> | <b>55,786</b> | <b>56,381</b> | <b>57,729</b>                   | <b>57,855</b>                   | <b>60,016</b>    |
| <b>Capital</b>   |                  |               |               |               |                                 |                                 |                  |
| Ministry of Agriculture, Fisheries and Food                        | 27               | 34            | 36            | 46            | 53                              | 42                              | 39               |
| DETR-Transport   | 1,022            | 1,099         | 1,006         | 917           | 785                             | 723                             | 594              |
| DETR-Housing, Construction, Regeneration, Countryside and Wildlife | 2,297            | 2,384         | 1,963         | 1,797         | 1,705                           | 1,409                           | 1,178            |
| DETR-Other Environmental Services                                  | 47               | 44            | 34            | 34            | 26                              | 21                              | 20               |
| DETR-Local government and Regional Policy <sup>(1)</sup>           | 222              | 49            | 50            | 68            | 113                             | 307                             | 377              |
| Home Office  | 264              | 289           | 282           | 295           | 244                             | 217                             | 188              |
| Lord Chancellor's and Law Officers'                                |                  |               |               |               |                                 |                                 |                  |

|   |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Departments   | 60            | 55            | 58            | 67            | 33            | 23            | 27            |
| Department for Education and<br>Employment <sup>(1)</sup> | 582           | 403           | 396           | 412           | 449           | 414           | 485           |
| Department for Culture, Media and Sport                   | 30            | 10            |               |               | 8             | 28            | 25            |
| Department of Health <sup>(1)</sup>                       | 128           | 134           | 145           | 166           | 132           | 82            | 62            |
| Scotland <sup>(1)</sup>                                   | 886           | 951           | 951           | 1,031         | 564           | 580           | 595           |
| Wales <sup>(1)</sup>                                      | 508           | 489           | 519           | 552           | 553           | 468           | 398           |
| Northern Ireland  | 6             | 8             | 4             | 2             | 2             | 2             | 2             |
| <b>Total capital</b>                                      | <b>6,079</b>  | <b>5,950</b>  | <b>5,443</b>  | <b>5,389</b>  | <b>4,665</b>  | <b>4,315</b>  | <b>3,990</b>  |
| <b>Total</b>  | <b>59,260</b> | <b>59,821</b> | <b>61,229</b> | <b>61,770</b> | <b>62,394</b> | <b>62,170</b> | <b>64,006</b> |

(1) See footnote (4) to table 1.2.

(2) See footnote (6) to table 1.2.

**Table 6.6 Total Standard Spending for 1998-99 by main service block**

|   | <b>£ million</b> |
|---|------------------|
| <b>Total Standard Spending</b>                |                  |
| <b>England</b>                                |                  |
| Education                                     | 19,805           |
| Personal social services                      | 8,293            |
| Police  | 6,607            |
| Fire and civil defence                        | 1,299            |
| Highway maintenance                           | 1,767            |
| Other services                                | 8,782            |
| Capital financing                             | 1,519            |
| <b>Total England</b>                          | <b>48,072</b>    |
| <b>Total Wales<sup>(1)</sup></b>              | <b>3,091</b>     |
| <b>Total Government Supported Expenditure</b> |                  |
| <b>Scotland</b>                               |                  |
| Education, Libraries and Museums              | 2,721            |
| Health and personal social services           | 1,050            |
| Law, order, and protective services           | 873              |
| Roads and transport                           | 322              |
| Environmental services                        | 466              |
| Miscellaneous                                 | 14               |
| Other services                                | 49               |
| Loans and Leasing Charges                     | 729              |
| <b>Total Scotland</b>                         | <b>6,224</b>     |

(1) *No service split for Wales is published.*

**Table 6.7 Aggregate External Finance in Great Britain by country and grant, 1992-93 to 1998-1999**

|   | <b>£ million</b> |               |               |               |               |                      |                      |
|---|------------------|---------------|---------------|---------------|---------------|----------------------|----------------------|
|   | 1992-<br>93      | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-<br>97   | 1997-98<br>estimated | 1998-<br>99<br>plans |
| <b>England</b>                            |                  |               |               |               |               |                      |                      |
| Revenue support grant <sup>(1)</sup>      | 16,679           | 17,052        | 18,497        | 18,314        | 18,024        | 18,675               | 19,506               |
| Non-domestic rate payments                | 12,306           | 11,559        | 10,685        | 11,354        | 12,736        | 12,027               | 12,524               |
| Community charge grant                    | 329              | 84            | 36            | 42            | -2            |                      |                      |
| Magistrates courts                        | 222              | 233           | 247           | 238           | 246           | 244                  | 248                  |
| Community services                        | 130              | 123           | 107           | 50            | 54            | 69                   | 78                   |
| Probation and after care                  | 254              | 274           | 290           | 302           | 313           | 312                  | 312                  |
| Police                                    | 2,605            | 2,771         | 2,908         | 3,036         | 3,183         | 3,302                | 3,470                |
| Grants for education support and training | 209              | 165           | 168           | 134           | 144           | 167                  | 182                  |
| Administration of housing benefit         | 124              | 127           | 133           | 141           | 130           | 135                  | 135                  |
| Community Care special grant              |                  | 565           | 736           | 648           | 482           | 325                  | 350                  |
| Health and Social Services                | 82               | 87            | 91            | 104           | 128           | 215                  | 218                  |
| Sheltered Employment                      | 38               | 18            | 24            | 25            | 26            | 26                   | 26                   |
| National Parks                            | 15               | 16            | 16            | 16            | 16            | 16                   | 16                   |
| Other grants <sup>(1)</sup>               | 490              | 181           | 414           | 290           | 269           | 422                  | 455                  |
| <b>Total England</b>                      | <b>33,482</b>    | <b>33,254</b> | <b>34,351</b> | <b>34,697</b> | <b>35,751</b> | <b>35,934</b>        | <b>37,519</b>        |
| <b>Scotland</b>                           |                  |               |               |               |               |                      |                      |
| Revenue support grant <sup>(1)(2)</sup>   | 3,499            | 3,624         | 3,773         | 3,782         | 3,665         | 3,518                | 3,460                |
| Non-domestic rate payments                | 1,247            | 1,186         | 1,109         | 1,193         | 1,313         | 1,326                | 1,395                |
| Community charge grant                    | 16               | 9             | 7             | 4             |               |                      |                      |
| Urban Programme                           | 43               | 48            | 55            | 52            | 56            | 45                   | 43                   |
| Police                                    | 252              | 270           | 273           | 287           | 296           | 334                  | 339                  |
| Administration of housing benefit         | 13               | 13            | 15            | 16            | 15            | 15                   | 15                   |
| Other grants <sup>(1)</sup>               | 57               | 64            | 63            | 37            | 42            | 37                   | 38                   |
| <b>Total Scotland</b>                     | <b>5,126</b>     | <b>5,214</b>  | <b>5,295</b>  | <b>5,370</b>  | <b>5,386</b>  | <b>5,276</b>         | <b>5,290</b>         |
| <b>Wales</b>                              |                  |               |               |               |               |                      |                      |
| Revenue support grant <sup>(1)</sup>      | 1,616            | 1,657         | 1,740         | 1,718         | 1,792         | 1,733                | 1,800                |

|                             |               |               |               |               |               |               |               |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Non-domestic rate payments  | 536           | 470           | 464           | 520           | 459           | 584           | 612           |
| Community charge grant      | 27            | 7             | 2             | 2             |               |               |               |
| Police                      | 132           | 136           | 140           | 156           | 166           | 171           | 180           |
| Other grants <sup>(1)</sup> | 65            | 68            | 69            | 70            | 100           | 90            | 111           |
| <b>Total Wales</b>          | <b>2,376</b>  | <b>2,338</b>  | <b>2,416</b>  | <b>2,466</b>  | <b>2,516</b>  | <b>2,578</b>  | <b>2,705</b>  |
| <b>Total Great Britain</b>  | <b>40,985</b> | <b>40,806</b> | <b>42,061</b> | <b>42,533</b> | <b>43,653</b> | <b>43,788</b> | <b>45,513</b> |

(1) *These lines include support for programmes outside the Control Total, further details of which can be found in table 6.1.*

(2) *Area protection grant in Scotland is amalgamated with revenue support grant for distribution purposes. The amount involved in the year 1992-93 is £1638 million.*

**Table 6.8 Current specific grants outside Aggregate External Finance in the United Kingdom by country and grant, 1992-93 to 1998-1999**

|   | £ million     |               |               |               |               |                                 |                      |
|---|---------------|---------------|---------------|---------------|---------------|---------------------------------|----------------------|
|   | 1992-<br>93   | 1993-<br>94   | 1994-<br>95   | 1995-<br>96   | 1996-<br>97   | 1997-98<br>estimated<br>outturn | 1998-<br>99<br>plans |
| <b>England</b>                                |               |               |               |               |               |                                 |                      |
| Skills and competence for work                | 154           | 188           | 39            | 58            | 45            | 50                              | 30                   |
| Work-related further education <sup>(1)</sup> | 101           |               |               |               |               |                                 |                      |
| Careers service                               | 7             | 20            | 117           | 67            | 9             |                                 |                      |
| Technical and vocational education initiative | 118           | 119           | 83            | 52            | 22            | 5                               |                      |
| Mandatory student awards                      | 2,386         | 2,584         | 2,298         | 1,981         | 1,887         | 1,868                           | 1,843                |
| Rent rebates                                  | 3,088         | 3,406         | 3,453         | 3,457         | 3,397         | 3,229                           | 3,029                |
| Rent allowances                               | 2,630         | 3,443         | 4,217         | 4,497         | 4,904         | 4,793                           | 5,173                |
| Community charge rebates/Council tax benefit  | 1,298         | 1,525         | 1,663         | 1,749         | 1,825         | 1,852                           | 2,154                |
| Community charge transitional relief          | -2            | -1            |               |               |               |                                 |                      |
| Community charge reduction scheme             | 1,001         | -19           | -6            |               |               |                                 |                      |
| Council tax preparation costs                 | 57            | 29            |               |               |               |                                 |                      |
| Council tax transitional reduction grant      |               | 358           | 121           | 22            | -1            |                                 |                      |
| Other grants <sup>(2)</sup>                   | -108          | -132          | 80            | 194           | 150           | 272                             | 309                  |
| <b>Total England</b>                          | <b>10,730</b> | <b>11,521</b> | <b>12,064</b> | <b>12,077</b> | <b>12,238</b> | <b>12,068</b>                   | <b>12,537</b>        |
| <b>Scotland</b>                               |               |               |               |               |               |                                 |                      |
| Rent rebates                                  | 438           | 503           | 505           | 528           | 565           | 586                             | 607                  |
| Rent allowances                               | 147           | 189           | 222           | 252           | 290           | 291                             | 317                  |
| Community charge rebates/Council tax benefit  | 137           | 162           | 194           | 207           | 230           | 269                             | 298                  |
| Community charge reduction scheme             | 107           | 3             |               |               |               |                                 |                      |
| Council Tax reduction scheme                  |               | 17            | 3             |               |               |                                 | 1                    |
| Other grants <sup>(2)</sup>                   | 35            | 28            | 104           | 118           | 59            | 144                             | 114                  |
| <b>Total Scotland</b>                         | <b>863</b>    | <b>903</b>    | <b>1,028</b>  | <b>1,105</b>  | <b>1,145</b>  | <b>1,290</b>                    | <b>1,338</b>         |
| <b>Wales</b>                                  |               |               |               |               |               |                                 |                      |
| Mandatory student awards                      | 152           | 165           | 139           | 126           | 121           | 126                             | 39                   |



|   |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rent rebates                                    | 193           | 197           | 187           | 190           | 189           | 199           | 164           |
| Rent allowances                                 | 117           | 160           | 191           | 209           | 222           | 217           | 233           |
| Community charge rebates/Council tax benefit    | 38            | 53            | 58            | 67            | 81            | 93            | 110           |
| Other grants <sup>(2)(3)</sup>                  | 52            | 10            | 4             | 17            | 20            | -2            |               |
| <b>Total Wales</b>                              | <b>552</b>    | <b>585</b>    | <b>580</b>    | <b>609</b>    | <b>632</b>    | <b>633</b>    | <b>547</b>    |
| <b>Northern Ireland Current Specific Grants</b> | <b>50</b>     | <b>56</b>     | <b>53</b>     | <b>57</b>     | <b>60</b>     | <b>76</b>     | <b>90</b>     |
| <b>Total United Kingdom</b>                     | <b>12,196</b> | <b>13,065</b> | <b>13,725</b> | <b>13,848</b> | <b>14,076</b> | <b>14,068</b> | <b>14,512</b> |

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

(2) Includes support for programmes outside the Control Total, for further details see table 6.1.

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

**Table 6.9 Local authority gross capital expenditure within the Control Total in the United Kingdom by country and service, 1992-93 to 1997-98**

|  | £ million    |              |              |              |                                 |                                 |
|--|--------------|--------------|--------------|--------------|---------------------------------|---------------------------------|
|  | 1992-<br>93  | 1993-<br>94  | 1994-<br>95  | 1995-<br>96  | 1996-97<br>estimated<br>outturn | 1997-98<br>estimated<br>outturn |
| <b>England</b>                                 |              |              |              |              |                                 |                                 |
| Housing  | 2,089        | 2,334        | 2,070        | 2,004        | 1,856                           | 1,830                           |
| Transport                                      | 1,282        | 1,430        | 1,440        | 1,379        | 1,229                           | 1,221                           |
| Education                                      | 798          | 732          | 802          | 786          | 791                             | 768                             |
| Personal social services                       | 162          | 179          | 195          | 198          | 188                             | 189                             |
| Fire services                                  | 58           | 66           | 72           | 63           | 49                              | 55                              |
| Agriculture, Fisheries and Food <sup>(1)</sup> | 32           | 34           | 33           | 53           | 55                              | 50                              |
| Sport and recreation                           | 149          | 140          | 175          | 192          | 231                             | 194                             |
| Protective services <sup>(2)</sup>             | 307          | 316          | 314          | 341          | 287                             | 306                             |
| Urban and regeneration programmes              | 693          | 760          | 665          | 573          | 573                             | 614                             |
| Single Regeneration Budget-DETR                | 639          | 684          | 608          | 535          | 541                             | 579                             |
| Single Regeneration Budget-Other programmes    | 45           | 64           | 48           | 37           | 32                              | 35                              |
| Other-DETR                                     | 9            | 12           | 9            | 1            |                                 |                                 |
| Other services <sup>(3)</sup>                  |              |              |              |              |                                 |                                 |
| DETR   | 736          | 787          | 903          | 927          | 863                             | 767                             |
| Other programmes                               | 56           | 69           | 68           | 61           | 70                              | 60                              |
| Housing Association Grant                      | 280          | 374          | 331          | 364          | 340                             | 320                             |
| <b>Total England</b>                           | <b>6,641</b> | <b>7,221</b> | <b>7,069</b> | <b>6,940</b> | <b>6,532</b>                    | <b>6,374</b>                    |
| <b>Scotland</b>                                |              |              |              |              |                                 |                                 |
| Scottish Office:                               |              |              |              |              |                                 |                                 |
| Non housing                                    | 875          | 981          | 988          | 1,043        | 538                             | 597                             |
| Housing  | 569          | 570          | 594          | 663          | 521                             | 294                             |
| Other departments <sup>(4)</sup>               | 3            | 3            |              |              |                                 |                                 |
| <b>Total Scotland</b>                          | <b>1,447</b> | <b>1,553</b> | <b>1,582</b> | <b>1,706</b> | <b>1,059</b>                    | <b>892</b>                      |
| <b>Wales</b>                                   |              |              |              |              |                                 |                                 |
| Welsh Office                                   | 664          | 654          | 723          | 737          | 654                             | 548                             |
| Other departments <sup>(5)</sup>               | 23           | 23           | 21           | 19           | 16                              | 22                              |

|                               |              |              |              |              |              |              |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Wales</b>            | <b>687</b>   | <b>678</b>   | <b>744</b>   | <b>756</b>   | <b>670</b>   | <b>570</b>   |
| <b>Total Great Britain</b>    | <b>8,775</b> | <b>9,452</b> | <b>9,394</b> | <b>9,402</b> | <b>8,260</b> | <b>7,836</b> |
| <b>Total Northern Ireland</b> | <b>44</b>    | <b>52</b>    | <b>56</b>    | <b>58</b>    | <b>61</b>    | <b>63</b>    |
| <b>Total United Kingdom</b>   | <b>8,819</b> | <b>9,503</b> | <b>9,450</b> | <b>9,460</b> | <b>8,321</b> | <b>7,899</b> |

*Memo:*

|  |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Gross capital expenditure including Welfare to Work and the Capital Receipts Initiative<sup>(6)</sup></i> | <i>8,819</i> | <i>9,503</i> | <i>9,450</i> | <i>9,460</i> | <i>8,321</i> | <i>8,193</i> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|

- (1) Includes expenditure by internal drainage boards but excludes expenditure on smallholdings.*
- (2) Includes police, probation and aftercare, civil defence and magistrates' courts.*
- (3) Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.*
- (4) Includes expenditure on ports and airports and career services which are related to programmes of the DETR and Department for Education and Employment and are outside the responsibilities of the Secretary of State for Scotland.*
- (5) Includes expenditure on services which are related to programmes of the Home Office, Lord Chancellor's Department, Department of Education and Employment and DETR and which are outside the responsibilities of the Secretary of State for Wales.*
- (6) Expenditure on Welfare to Work and the Capital Receipts Initiative programmes is outside the Control Total (see para 6.23).*

**Table 6.10 Local authority capital receipts within the Control Total in the United Kingdom by country and service, 1992-93 to 1997-98**

|   | £ million    |              |              |              |                      |                      |
|---|--------------|--------------|--------------|--------------|----------------------|----------------------|
|   | 1992-93      | 1993-94      | 1994-95      | 1995-96      | 1996-97<br>estimated | 1997-98<br>estimated |
| <b>England</b>  |              |              |              |              |                      |                      |
| Housing   | 1,432        | 2,001        | 1,542        | 1,362        | 1,170                | 1,196                |
| Transport   | 44           | 144          | 126          | 39           | 76                   | 51                   |
| Education   | 105          | 221          | 128          | 75           | 104                  | 134                  |
| Personal social services                                      | 38           | 69           | 45           | 40           | 44                   | 45                   |
| Fire services   | 2            | 6            | 3            | 3            | 5                    | 4                    |
| Agriculture, Fisheries and Food <sup>(1)</sup>                | 4            | 12           | 16           | 9            | 10                   | 15                   |
| Sport and recreation  | 10           | 28           | 13           | 15           | 14                   | 15                   |
| Protective services <sup>(2)</sup>                            | 32           | 47           | 56           | 58           | 87                   | 76                   |
| Other services <sup>(3)</sup>                                 |              |              |              |              |                      |                      |
| Environment   | 413          | 920          | 463          | 359          | 615                  | 472                  |
| Other departments   | 28           | 54           | 69           | 45           | 47                   | 64                   |
| <b>England-Total</b>  | <b>2,107</b> | <b>3,502</b> | <b>2,460</b> | <b>2,005</b> | <b>2,172</b>         | <b>2,072</b>         |
| <b>Scotland</b>   |              |              |              |              |                      |                      |
| Scottish Office: Non Housing                                  | 136          | 164          | 225          | 254          | 287                  | 221                  |
| Housing   | 294          | 285          | 291          | 258          | 244                  | 217                  |
| <b>Scotland-Total</b>   | <b>430</b>   | <b>449</b>   | <b>516</b>   | <b>512</b>   | <b>531</b>           | <b>438</b>           |
| <b>Wales</b>  |              |              |              |              |                      |                      |
| Welsh Office  | 75           | 149          | 89           | 110          | 73                   | 47                   |
| Other departments <sup>(4)</sup>                              | 2            | 6            | 5            | 4            | 3                    | 3                    |
| <b>Wales-Total</b>  | <b>77</b>    | <b>154</b>   | <b>94</b>    | <b>114</b>   | <b>76</b>            | <b>50</b>            |
| <b>Local authority capital receipts in Great Britain</b>      | <b>2,614</b> | <b>4,105</b> | <b>3,071</b> | <b>2,630</b> | <b>2,779</b>         | <b>2,560</b>         |
| <b>Local authority capital receipts in Northern Ireland</b>   | <b>5</b>     | <b>6</b>     | <b>7</b>     | <b>8</b>     | <b>7</b>             | <b>8</b>             |
| <b>Local authority capital receipts in the United Kingdom</b> | <b>2,619</b> | <b>4,111</b> | <b>3,077</b> | <b>2,638</b> | <b>2,786</b>         | <b>2,567</b>         |

- (1) *Excludes receipts from smallholdings.*
- (2) *Includes police, probation and aftercare.*
- (3) *Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.*
- (4) *Includes receipts associated with Home Office services in Wales.*

**Table 6.11 Central government capital support for local authorities within the Control Total in the United Kingdom by country and service, 1992-93 to 1998-1999**

|  | £ million    |              |              |              |                      |                      |              |
|--|--------------|--------------|--------------|--------------|----------------------|----------------------|--------------|
|  | 1992-93      | 1993-94      | 1994-95      | 1995-96      | 1996-97              | 1997-98              | 1998-99      |
|  | outturn      | outturn      | outturn      | outturn      | estimated<br>outturn | estimated<br>outturn | plans        |
| <b>England<sup>(1)</sup></b>                   |              |              |              |              |                      |                      |              |
| <b>Credit approvals</b>                        |              |              |              |              |                      |                      |              |
| Housing  | 1,194        | 1,120        | 872          | 820          | 751                  | 492                  | 416          |
| Transport                                      | 630          | 653          | 658          | 625          | 500                  | 459                  | 391          |
| Education                                      | 560          | 383          | 379          | 397          | 435                  | 402                  | 383          |
| Personal social services                       | 126          | 132          | 140          | 145          | 105                  | 69                   | 54           |
| Fire services                                  | 51           | 54           | 58           | 51           | 31                   | 29                   | 28           |
| Agriculture, Fisheries and Food <sup>(2)</sup> | 12           | 13           | 10           | 14           | 16                   | 12                   | 17           |
| Sport and recreation <sup>(3)</sup>            | 30           | 10           |              |              | 7                    | 28                   | 25           |
| Protective services                            | 88           | 96           | 94           | 95           | 78                   | 69                   | 58           |
| Urban and regeneration programmes              | 436          | 497          | 490          | 69           | 80                   | 93                   | 121          |
| <i>Single Regeneration Budget-DETR</i>         | <i>434</i>   | <i>402</i>   | <i>386</i>   | <i>2</i>     |                      |                      |              |
| <i>Other-DETR</i>                              | <i>3</i>     | <i>95</i>    | <i>104</i>   | <i>67</i>    | <i>80</i>            | <i>92</i>            | <i>121</i>   |
| Other services <sup>(4)</sup>                  | 226          | 60           | 42           | 35           | 27                   | 21                   | 20           |
| DETR-local government <sup>(5)</sup>           | 40           | 32           | 37           | 66           | 110                  | 307                  | 377          |
| <b>Total credit approvals</b>                  | <b>3,392</b> | <b>3,049</b> | <b>2,782</b> | <b>2,316</b> | <b>2,139</b>         | <b>1,980</b>         | <b>1,890</b> |
| <b>Capital grants</b>                          |              |              |              |              |                      |                      |              |
| Housing  | 423          | 415          | 343          | 338          | 331                  | 315                  | 255          |
| Transport                                      | 392          | 446          | 348          | 292          | 285                  | 264                  | 203          |
| Education                                      | 14           | 14           | 13           | 12           | 10                   | 8                    | 98           |
| Employment                                     | 8            | 5            | 3            | 2            | 3                    | 3                    | 3            |
| Personal social services                       | 1            | 2            | 5            | 21           | 27                   | 13                   | 8            |
| Agriculture, Fisheries and Food <sup>(2)</sup> | 15           | 21           | 26           | 33           | 37                   | 30                   | 23           |
| Protective services                            | 168          | 175          | 171          | 196          | 150                  | 130                  | 118          |
| Urban and regeneration programmes              | 244          | 351          | 257          | 570          | 544                  | 508                  | 385          |
| <i>Single Regeneration Budget-DETR</i>         | <i>237</i>   | <i>340</i>   | <i>249</i>   | <i>563</i>   | <i>544</i>           | <i>508</i>           | <i>385</i>   |
| <i>Other-DETR</i>                              | <i>7</i>     | <i>11</i>    | <i>7</i>     | <i>7</i>     |                      |                      |              |
| Other services <sup>(4)</sup>                  | 3            | 3            | 5            | 1            | 2                    | 1                    | 1            |
| <b>Total capital grants</b>                    | <b>1,269</b> | <b>1,432</b> | <b>1,170</b> | <b>1,465</b> | <b>1,388</b>         | <b>1,272</b>         | <b>1,094</b> |

|  |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total England</b>                               | <b>4,661</b> | <b>4,481</b> | <b>3,952</b> | <b>3,782</b> | <b>3,528</b> | <b>3,252</b> | <b>2,983</b> |
| <b>Scotland</b>                                    |              |              |              |              |              |              |              |
| <b>Scottish Office: HRA Housing</b>                |              |              |              |              |              |              |              |
| Net capital allocations <sup>(6)</sup>             | 144          | 170          | 188          | 290          | 113          | 175          | 177          |
| Capital grants                                     | 2            | 1            | 2            | 1            | 1            | 3            | 3            |
| <b>Scottish Office: Other</b>                      |              |              |              |              |              |              |              |
| Net capital allocations <sup>(6)</sup>             | 668          | 630          | 703          | 684          | 399          | 301          | 352          |
| Capital grants                                     | 71           | 151          | 57           | 56           | 51           | 100          | 63           |
| <b>Other departments<sup>(7)</sup></b>             |              |              |              |              |              |              |              |
| Capital consent allocations                        |              |              | 1            | 1            | 1            | 1            | 1            |
| <b>Total net capital allocations<sup>(8)</sup></b> | <b>812</b>   | <b>800</b>   | <b>892</b>   | <b>975</b>   | <b>513</b>   | <b>477</b>   | <b>530</b>   |
| <b>Total capital grants</b>                        | <b>74</b>    | <b>152</b>   | <b>59</b>    | <b>57</b>    | <b>51</b>    | <b>103</b>   | <b>65</b>    |
| <b>Total Scotland</b>                              | <b>886</b>   | <b>952</b>   | <b>951</b>   | <b>1,032</b> | <b>564</b>   | <b>580</b>   | <b>595</b>   |
| <b>Wales</b>                                       |              |              |              |              |              |              |              |
| <b>Credit approvals</b>                            |              |              |              |              |              |              |              |
| Welsh Office                                       | 322          | 289          | 320          | 336          | 347          | 282          | 234          |
| Other departments <sup>(9)</sup>                   | 8            | 10           | 8            | 10           | 11           | 7            | 5            |
| <b>Total credit approvals</b>                      | <b>331</b>   | <b>299</b>   | <b>328</b>   | <b>346</b>   | <b>358</b>   | <b>289</b>   | <b>240</b>   |
| <b>Capital grants</b>                              |              |              |              |              |              |              |              |
| Welsh Office                                       | 186          | 200          | 199          | 216          | 205          | 186          | 164          |
| Other departments <sup>(9)</sup>                   | 10           | 10           | 9            | 11           | 8            | 6            | 6            |
| <b>Total capital grants</b>                        | <b>196</b>   | <b>210</b>   | <b>208</b>   | <b>227</b>   | <b>214</b>   | <b>193</b>   | <b>170</b>   |
| <b>Total Wales</b>                                 | <b>527</b>   | <b>509</b>   | <b>536</b>   | <b>573</b>   | <b>572</b>   | <b>481</b>   | <b>409</b>   |
| <b>Northern Ireland capital grants</b>             | <b>6</b>     | <b>8</b>     | <b>4</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     | <b>2</b>     |
| <b>Total United Kingdom</b>                        | <b>6,080</b> | <b>5,950</b> | <b>5,443</b> | <b>5,389</b> | <b>4,665</b> | <b>4,315</b> | <b>3,990</b> |
| <i>of which:</i>                                   |              |              |              |              |              |              |              |
| <i>Credit approvals<sup>(10)</sup></i>             | <i>4,535</i> | <i>4,148</i> | <i>4,002</i> | <i>3,637</i> | <i>3,010</i> | <i>2,746</i> | <i>2,659</i> |
| <i>Capital grants</i>                              | <i>1,544</i> | <i>1,802</i> | <i>1,441</i> | <i>1,752</i> | <i>1,655</i> | <i>1,569</i> | <i>1,331</i> |

- (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 DETR/LACAP(E).
- (2) Support for expenditure on flood and coast protection including internal drainage boards, harbour improvements and fishing industry.
- (3) Includes from 1996-97 credit approvals for projects (also including museums, galleries and libraries) attracting grants from the ERDF.
- (4) Includes support for expenditure on environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries. Prior to 1993-94, Credit approvals for 'other services' projects attracted 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.*

- (5) Credit approvals for council tax preparation costs, commutation losses, Housing Revenue Account subsidy abatements for deemed debt, restructuring costs and local government residuary body borrowing powers.*
- (6) Net capital allocations are the equivalent of credit approvals in England and Wales.*
- (7) Includes Training Agency projects. Also includes provision for ports and airports projects which are not the responsibility of the Secretary of State for Scotland.*
- (8) Including capital consent allocations for other departments in Scotland.*
- (9) Includes Home Office, Lord Chancellors' and Law Officers' Departments, Department of Transport and Department for Education and Employment.*
- (10) Including net capital allocations in Scotland.*



**Table 6.12 Central government capital support for local authorities as part of the Welfare to Work and Capital Receipts Initiative programmes in the United Kingdom by country and programme, 1997-98 to 1998-99**

|  | <b>£ million</b>                |                  |
|--|---------------------------------|------------------|
|  | 1997-98<br>estimated<br>outturn | 1998-99<br>plans |
| <b>England</b>                                       |                                 |                  |
| <b>Credit Approvals</b>                              |                                 |                  |
| Capital Receipts Initiative                          | 174                             | 570              |
| <b>Capital Grants</b>                                |                                 |                  |
| New Deal for schools                                 | 84                              | 250              |
| <b>Total England</b>                                 | <b>258</b>                      | <b>821</b>       |
| <b>Scotland</b>                                      |                                 |                  |
| <b>Net Capital Allocations</b>                       |                                 |                  |
| Capital Receipts Initiative                          | 12                              | 44               |
| <b>Capital Grants</b>                                |                                 |                  |
| New Deal for schools                                 | 9                               | 27               |
| <b>Total Scotland</b>                                | <b>21</b>                       | <b>70</b>        |
| <b>Wales</b>   |                                 |                  |
| <b>Credit Approvals</b>                              |                                 |                  |
| Capital Receipts Initiative                          | 10                              | 31               |
| <b>Capital Grants</b>                                |                                 |                  |
| New Deal for schools                                 | 5                               | 13               |
| <b>Total Wales</b>                                   | <b>15</b>                       | <b>44</b>        |
| <b>Total UK capital support to local authorities</b> | <b>294</b>                      | <b>935</b>       |
| <i>of which:</i>                                     |                                 |                  |
| <i>Credit Approvals</i>                              | <i>196</i>                      | <i>645</i>       |
| <i>Capital Grants</i>                                | <i>97</i>                       | <i>290</i>       |

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

### Introduction

7.1. This section presents analyses of public expenditure outturn by country and region. For these purposes expenditure is allocated to specific countries where it can be recognized 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. This analysis divides expenditure into identifiable and non-identifiable expenditure. Identifiable expenditure is that which can be recognized as having been incurred on behalf of a particular population. Non-identifiable expenditure is that 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 countries from information sources available.

7.5. The coverage of the exercise has been significantly extended this year, in order to improve both the detail and quantity of data collected. Expenditure was disaggregated in finer divisions than in previous exercises, and where precise accounting information was not available allocation has been based on other available indicators: for example, allocation of administration costs in the same proportions as the corresponding programme expenditure.

7.6. The data presented in this section were collected in the summer of 1997 and is therefore not entirely consistent with other figures in this publication and individual departmental reports. It does, 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 1992-93 to 1996-97. Fuller details of each of the five years covered in the 1997 analysis are given in Tables 7.2 to 7.6. Table 7.7 gives a further breakdown of 1996-97 identifiable expenditure and also shows the non-identifiable elements by function.

### Non-identified expenditure

7.7. Due to the increased detail in which data was collected, it is possible to accurately distinguish the expenditure programmes that could not be apportioned on a "who benefits" basis. A breakdown of this non-identified expenditure for

1996-97 is provided in Table 7.8. Just over 0.1 per cent of the non-identified expenditure in 1996-97 can be recognised as having been incurred for the benefit of England and Wales, but is not separable between the countries. Similarly, around 3 per cent is for the benefit of Great Britain, but cannot be further apportioned between England, Scotland, and Wales. The remaining 97 per cent is classified as having been for the benefit of the UK as a whole.

7.8. Were it possible to attribute to England and Wales that small proportion of non-identified expenditure recognised as benefiting both countries, the effect would be marginally to narrow the spending per head differential between these countries and Scotland and Northern Ireland set out in the relevant tables in this chapter. Similarly were it possible to attribute to England, Scotland and Wales the non-identified expenditure recognised as benefiting Great Britain, the effect would be to narrow the spending per head differential between Northern Ireland and these countries set out in the same tables. Consequently, conclusions based on absolute comparisons of expenditure measures in England, Scotland, Wales, and Northern Ireland should take these effects into account.

## Regional analysis of public expenditure

7.9. An analysis of spending by region was undertaken during the autumn and winter of 1997. Identifiable expenditure is again defined as expenditure which can be recognized from available information as having been spent for the benefit of the relevant population. The results are set out in Tables 7.9 and 7.10.

7.10. The regional analysis exercise has also been significantly extended this year in an attempt to increase the share of expenditure that could be apportioned between the English regions. In addition, and in accordance with other government publications of regional statistics, expenditure was divided into Government Office Regions, rather than the old Standard Statistical Regions used in previous years.

7.11. Table 7.9 sets out figures for expenditure by region in 1995-96. In addition to the regional expenditure figures the tables also give the corresponding English totals from Tables 7.5A and 7.5B. They show that nearly 90 per cent of expenditure identifiable to England in 1995-96 can be disaggregated by region. The extent of this regional disaggregation varies widely between functions. For example, in 1995-96 over 99 per cent of the expenditure on health and personal social services, and around 94 per cent of social security expenditure has been split by region. However, in a number of other areas, such as trade, industry, energy, employment and training, there is an appreciable core of expenditure which cannot be readily disaggregated by region.

7.12. Table 7.10 presents the expenditure on a per capita basis. Spending in 1995-96 allocated by region varies from £2,975 per head in the South-East region to £3,814 per head in the North East and £4,228 in London. These figures should be treated with caution. Because identified spending in England cannot be fully apportioned between the English regions, it is not possible to compare directly spending in the English regions with spending in England as a whole, or with Scotland, Wales, and Northern Ireland.

7.13. Identifiable expenditure which cannot be allocated by region averages £381 per head in England as a whole. However, it is in practice unlikely that this unallocated expenditure is distributed evenly over the regions. If it is not, the relative levels of regional per capita spending will differ from those set out in Table 7.10.

7.14. The analyses of regional spending in England set out in Tables 7.9 and 7.10 include:

- i. the spending of local authorities by region of authority;
- ii. estimated spending by regional health authorities and family health service authorities located within the region (boundaries of which do not align exactly with those of the Government Office 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. housing expenditure and subsidies;
- viii. support for London Transport;
- ix. central government's own expenditure on higher and further education;
- x. MAFF and the Intervention Board central government direct expenditure;
- xi. Employment Service programmes (boundaries of the Employment Service districts do not align exactly with those of the Government Office Regions, however);
- xii. Single Regeneration Budget and other development and conservation programmes;
- xiii. Legal Aid (again, the boundaries for the different components of Legal Aid do not align with those of the Government Offices);
- xiv. Careers Service and Training For Work programmes.

7.15. Additional information on the regional distribution of spending is also available. Appendix 5 of the TCSC's Second Report for 1987-88 presented a note by the Treasury which includes a list of published information on regional spending. In addition to the analysis of expenditure on equipment by region, the Ministry of Defence also publish in the Statement on the Defence Estimates, an analysis of the deployment of UK manpower by standard region (eg Table 4.13 of Cm 1022-III).

**Table 7.1 General government expenditure<sup>(1)</sup> by country, 1992-93 to 1996-97**

|   | <b>£ million</b> |                |                |                |                |
|---|------------------|----------------|----------------|----------------|----------------|
|   | 1992-93          | 1993-94        | 1994-95        | 1995-96        | 1996-97        |
| England   | 160,448          | 169,515        | 176,576        | 183,603        | 190,721        |
| Scotland  | 20,833           | 22,091         | 23,302         | 24,048         | 24,748         |
| Wales   | 11,438           | 12,069         | 12,556         | 12,985         | 13,496         |
| Northern Ireland                                    | 7,476            | 7,973          | 8,276          | 8,593          | 9,122          |
| <b>Total identifiable expenditure<sup>(2)</sup></b> | <b>200,195</b>   | <b>211,647</b> | <b>220,710</b> | <b>229,228</b> | <b>238,087</b> |
| Non-identifiable expenditure <sup>(2)</sup>         | 41,032           | 40,578         | 38,484         | 38,231         | 35,407         |
| <b>Total expenditure on services</b>                | <b>241,226</b>   | <b>252,225</b> | <b>259,194</b> | <b>267,459</b> | <b>273,494</b> |
| £ per head  |                  |                |                |                |                |
| England   | 3,317            | 3,493          | 3,625          | 3,754          | 3,885          |
| Scotland  | 4,076            | 4,314          | 4,540          | 4,682          | 4,826          |
| Wales   | 3,946            | 4,152          | 4,310          | 4,452          | 4,620          |
| Northern Ireland                                    | 4,619            | 4,886          | 5,041          | 5,211          | 5,484          |
| <b>Total identifiable expenditure<sup>(2)</sup></b> | <b>3,451</b>     | <b>3,637</b>   | <b>3,780</b>   | <b>3,911</b>   | <b>4,049</b>   |
| Non-identifiable expenditure <sup>(2)</sup>         | 707              | 697            | 659            | 652            | 602            |
| <b>Total expenditure on services</b>                | <b>4,159</b>     | <b>4,334</b>   | <b>4,439</b>   | <b>4,564</b>   | <b>4,651</b>   |

(1) *Figures contained in tables in this section will differ from those in other sections in this publication and individual departmental reports due to timing differences in the collection of data.*

(2) *See paragraphs 7.3 and 7.4.*

**Table 7.2A 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        | 1,954          | 511           | 282           | 354              | 3,101          | 63   | 16        | 9        | 11               |
| Trade, industry, energy, employment and training | 4,896          | 810           | 437           | 457              | 6,600          | 74   | 12        | 7        | 7                |
| Transport  | 6,709          | 848           | 486           | 179              | 8,223          | 82   | 10        | 6        | 2                |
| Housing  | 4,791          | 640           | 425           | 261              | 6,117          | 78   | 10        | 7        | 4                |
| Other environmental services                     | 6,953          | 1,044         | 636           | 294              | 8,926          | 78   | 12        | 7        | 3                |
| Law, order and protective services               | 11,513         | 1,200         | 582           | 1,003            | 14,297         | 81   | 8         | 4        | 7                |
| Education  | 25,229         | 3,603         | 1,643         | 1,150            | 31,624         | 80   | 11        | 5        | 4                |
| Culture, media and sport                         | 2,235          | 264           | 163           | 97               | 2,759          | 81   | 10        | 6        | 3                |
| Health and personal social services              | 32,790         | 4,351         | 2,234         | 1,255            | 40,630         | 81   | 11        | 5        | 3                |
| Social security                                  | 63,378         | 7,404         | 4,490         | 2,376            | 77,647         | 82   | 10        | 6        | 3                |
| Miscellaneous expenditure <sup>(1)</sup>         |                | 160           | 60            | 52               | 272            |  | 59        | 22       | 19               |
| <b>Total</b>                                     | <b>160,448</b> | <b>20,833</b> | <b>11,438</b> | <b>7,476</b>     | <b>200,195</b> | <b>80</b>  | <b>10</b> | <b>6</b> | <b>4</b>         |

**Table 7.2B Identifiable general government expenditure per head, 1992-93**

|  | £ per head   |              |              |                  |                | Index (United Kingdom identifiable expenditure = 100) <sup>(2)</sup> |            |            |                  |
|--|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------------|
|  | England      | Scotland     | Wales        | Northern Ireland | United Kingdom | England  | Scotland   | Wales      | Northern Ireland |
| Agriculture, fisheries, food and forestry        | 40           | 100          | 97           | 219              | 53             | 76   | 187        | 182        | 409              |
| Trade, industry, energy, employment and training | 101          | 159          | 151          | 282              | 114            | 89   | 139        | 133        | 248              |
| Transport  | 139          | 166          | 168          | 111              | 142            | 98   | 117        | 118        | 78               |
| Housing  | 99           | 125          | 147          | 161              | 105            | 94   | 119        | 139        | 153              |
| Other environmental services                     | 144          | 204          | 219          | 181              | 154            | 93   | 133        | 143        | 118              |
| Law, order and protective services               | 238          | 235          | 201          | 620              | 246            | 97   | 95         | 81         | 251              |
| Education  | 521          | 705          | 567          | 711              | 545            | 96   | 129        | 104        | 130              |
| Culture, media and sport                         | 46           | 52           | 56           | 60               | 48             | 97   | 109        | 118        | 125              |
| Health and personal social services              | 678          | 851          | 771          | 776              | 700            | 97   | 122        | 110        | 111              |
| Social security                                  | 1,310        | 1,449        | 1,549        | 1,468            | 1,339          | 98   | 108        | 116        | 110              |
| Miscellaneous expenditure <sup>(1)</sup>         |              | 31           | 21           | 32               | 5              |  |            |            |                  |
| <b>Total</b>                                     | <b>3,317</b> | <b>4,076</b> | <b>3,946</b> | <b>4,619</b>     | <b>3,451</b>   | <b>96</b>  | <b>118</b> | <b>114</b> | <b>134</b>       |

(1) Expenditure includes the costs of the central administration of the Scottish Office, Welsh Office and the Northern Ireland departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

**Table 7.3A Identifiable general government expenditure, 1993-94**

|  | £ million      |               |               |                  |                | As a percentage of United Kingdom identifiable expenditure |           |          |                  |
|--|----------------|---------------|---------------|------------------|----------------|--|-----------|----------|------------------|
|  | England        | Scotland      | Wales         | Northern Ireland | United Kingdom | England  | Scotland  | Wales    | Northern Ireland |
| Agriculture, fisheries, food and forestry        | 2,675          | 619           | 324           | 395              | 4,013          | 67   | 15        | 8        | 10               |
| Trade, industry, energy, employment and training | 5,005          | 766           | 402           | 476              | 6,649          | 75   | 12        | 6        | 7                |
| Transport  | 6,608          | 887           | 498           | 191              | 8,183          | 81   | 11        | 6        | 2                |
| Housing  | 3,850          | 642           | 386           | 237              | 5,115          | 75   | 13        | 8        | 5                |
| Other environmental services                     | 6,768          | 1,157         | 611           | 318              | 8,853          | 76   | 13        | 7        | 4                |
| Law, order and protective services               | 11,921         | 1,285         | 620           | 1,035            | 14,861         | 80   | 9         | 4        | 7                |
| Education  | 26,526         | 3,827         | 1,692         | 1,192            | 33,237         | 80   | 12        | 5        | 4                |
| Culture, media and sport                         | 2,208          | 277           | 168           | 102              | 2,754          | 80   | 10        | 6        | 4                |
| Health and personal social services              | 34,449         | 4,567         | 2,368         | 1,338            | 42,721         | 81   | 11        | 6        | 3                |
| Social security                                  | 69,506         | 7,903         | 4,928         | 2,627            | 84,962         | 82   | 9         | 6        | 3                |
| Miscellaneous expenditure <sup>(1)</sup>         |                | 163           | 73            | 63               | 298            |  | 54        | 24       | 21               |
| <b>Total</b>                                     | <b>169,515</b> | <b>22,091</b> | <b>12,069</b> | <b>7,973</b>     | <b>211,647</b> | <b>80</b>  | <b>10</b> | <b>6</b> | <b>4</b>         |



**Table 7.3B Identifiable general government expenditure per head, 1993-94**

|  | £ per head   |              |              |                  |                | Index (United Kingdom identifiable expenditure = 100) <sup>(2)</sup> |            |            |                  |  |
|--|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------------|--|
|  | England      | Scotland     | Wales        | Northern Ireland | United Kingdom | England  | Scotland   | Wales      | Northern Ireland |  |
| Agriculture, fisheries, food and forestry        | 55           | 121          | 112          | 242              | 69             | 80   | 175        | 162        | 351              |  |
| Trade, industry, energy, employment and training | 103          | 150          | 138          | 292              | 114            | 90   | 131        | 121        | 255              |  |
| Transport  | 136          | 173          | 171          | 117              | 141            | 97   | 123        | 122        | 83               |  |
| Housing  | 79           | 125          | 133          | 145              | 88             | 90   | 143        | 151        | 165              |  |
| Other environmental services                     | 139          | 226          | 210          | 195              | 152            | 92   | 149        | 138        | 128              |  |
| Law, order and protective services               | 246          | 251          | 213          | 634              | 255            | 96   | 98         | 83         | 248              |  |
| Education  | 547          | 747          | 582          | 730              | 571            | 96   | 131        | 102        | 128              |  |
| Culture, media and sport                         | 45           | 54           | 58           | 63               | 47             | 96   | 114        | 122        | 132              |  |
| Health and personal social services              | 710          | 892          | 815          | 820              | 734            | 97   | 121        | 111        | 112              |  |
| Social security                                  | 1,432        | 1,543        | 1,695        | 1,610            | 1,460          | 98   | 106        | 116        | 110              |  |
| Miscellaneous expenditure <sup>(1)</sup>         |              | 32           | 25           | 38               | 5              |  |            |            |                  |  |
| <b>Total</b>                                     | <b>3,493</b> | <b>4,314</b> | <b>4,152</b> | <b>4,886</b>     | <b>3,637</b>   | <b>96</b>  | <b>119</b> | <b>114</b> | <b>134</b>       |  |

(1) Expenditure includes the costs of the administration of the Scottish Office, Welsh Office and the Northern Ireland departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

**Table 7.4A Identifiable general government expenditure, 1994-95**

|  | £ million      |               |               |                  |                | As a percentage of United Kingdom identifiable expenditure |           |          |                  |
|--|----------------|---------------|---------------|------------------|----------------|--|-----------|----------|------------------|
|  | England        | Scotland      | Wales         | Northern Ireland | United Kingdom | England  | Scotland  | Wales    | Northern Ireland |
| Agriculture, fisheries, food and forestry        | 2,308          | 570           | 297           | 378              | 3,553          | 65   | 16        | 8        | 11               |
| Trade, industry, energy, employment and training | 5,098          | 807           | 395           | 475              | 6,775          | 75   | 12        | 6        | 7                |
| Transport  | 6,940          | 995           | 504           | 194              | 8,633          | 80   | 12        | 6        | 2                |
| Housing  | 3,734          | 656           | 379           | 226              | 4,994          | 75   | 13        | 8        | 5                |
| Other environmental services                     | 7,326          | 1,249         | 718           | 328              | 9,620          | 76   | 13        | 7        | 3                |
| Law, order and protective services               | 12,490         | 1,307         | 617           | 1,057            | 15,470         | 81   | 8         | 4        | 7                |
| Education  | 27,904         | 3,941         | 1,775         | 1,240            | 34,861         | 80   | 11        | 5        | 4                |
| Culture, media and sport                         | 2,285          | 296           | 190           | 104              | 2,875          | 79   | 10        | 7        | 4                |
| Health and personal social services              | 37,006         | 4,864         | 2,526         | 1,423            | 45,819         | 81   | 11        | 6        | 3                |
| Social security                                  | 71,487         | 8,450         | 5,070         | 2,777            | 87,784         | 81   | 10        | 6        | 3                |
| Miscellaneous expenditure <sup>(1)</sup>         |                | 167           | 85            | 74               | 325            |  | 51        | 26       | 23               |
| <b>Total</b>                                     | <b>176,576</b> | <b>23,302</b> | <b>12,556</b> | <b>8,276</b>     | <b>220,710</b> | <b>80</b>  | <b>11</b> | <b>6</b> | <b>4</b>         |

**Table 7.4B Identifiable general government expenditure per head, 1994-95**

|  | £ per head   |              |              |                  |                | Index (United Kingdom identifiable expenditure = 100) <sup>(2)</sup> |            |            |                  |
|--|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------------|
|  | England      | Scotland     | Wales        | Northern Ireland | United Kingdom | England  | Scotland   | Wales      | Northern Ireland |
| Agriculture, fisheries, food and forestry        | 47           | 111          | 102          | 230              | 61             | 78   | 182        | 168        | 378              |
| Trade, industry, energy, employment and training | 105          | 157          | 135          | 289              | 116            | 90   | 136        | 117        | 249              |
| Transport  | 142          | 194          | 173          | 118              | 148            | 96   | 131        | 117        | 80               |
| Housing  | 77           | 128          | 130          | 138              | 86             | 90   | 149        | 152        | 161              |
| Other environmental services                     | 150          | 243          | 246          | 199              | 165            | 91   | 148        | 150        | 121              |
| Law, order and protective services               | 256          | 255          | 212          | 644              | 265            | 97   | 96         | 80         | 243              |
| Education  | 573          | 768          | 609          | 755              | 597            | 96   | 129        | 102        | 127              |
| Culture, media and sport                         | 47           | 58           | 65           | 64               | 49             | 95   | 117        | 133        | 129              |
| Health and personal social services              | 760          | 948          | 867          | 866              | 785            | 97   | 121        | 111        | 110              |
| Social security                                  | 1,468        | 1,646        | 1,741        | 1,692            | 1,503          | 98   | 110        | 116        | 113              |
| Miscellaneous expenditure <sup>(1)</sup>         |              | 32           | 29           | 45               | 6              |  |            |            |                  |
| <b>Total</b>                                     | <b>3,625</b> | <b>4,540</b> | <b>4,310</b> | <b>5,041</b>     | <b>3,780</b>   | <b>96</b>  | <b>120</b> | <b>114</b> | <b>133</b>       |

(1) Expenditure includes the costs of the central administration of the Scottish Office, Welsh Office and the Northern Ireland departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

**Table 7.5A Identifiable general government expenditure, 1995-96**

|  | £ 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        | 2,725          | 638           | 319           | 366              | 4,048          | 67   | 16        | 8        | 9                |
| Trade, industry, energy, employment and training | 5,170          | 835           | 394           | 472              | 6,872          | 75   | 12        | 6        | 7                |
| Transport  | 6,770          | 886           | 469           | 194              | 8,318          | 81   | 11        | 6        | 2                |
| Housing  | 3,330          | 725           | 387           | 246              | 4,688          | 71   | 15        | 8        | 5                |
| Other environmental services                     | 7,583          | 1,364         | 744           | 340              | 10,031         | 76   | 14        | 7        | 3                |
| Law, order and protective services               | 12,835         | 1,389         | 652           | 1,042            | 15,919         | 81   | 9         | 4        | 7                |
| Education  | 28,734         | 4,066         | 1,836         | 1,299            | 35,934         | 80   | 11        | 5        | 4                |
| Culture, media and sport                         | 2,388          | 294           | 186           | 108              | 2,975          | 80   | 10        | 6        | 4                |
| Health and personal social services              | 39,119         | 5,082         | 2,674         | 1,521            | 48,396         | 81   | 11        | 6        | 3                |
| Social security                                  | 74,949         | 8,597         | 5,241         | 2,943            | 91,730         | 82   | 9         | 6        | 3                |
| Miscellaneous expenditure <sup>(1)</sup>         |                | 172           | 83            | 62               | 317            |  | 54        | 26       | 19               |
| <b>Total</b>                                     | <b>183,603</b> | <b>24,048</b> | <b>12,985</b> | <b>8,593</b>     | <b>229,228</b> | <b>80</b>  | <b>10</b> | <b>6</b> | <b>4</b>         |

**Table 7.5B Identifiable general government expenditure per head, 1995-96**

|  | £ per head   |              |              |                  |                | Index (United Kingdom identifiable expenditure = 100) <sup>(2)</sup> |            |            |                  |
|--|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------------|
|  | England      | Scotland     | Wales        | Northern Ireland | United Kingdom | England  | Scotland   | Wales      | Northern Ireland |
| Agriculture, fisheries, food and forestry        | 56           | 124          | 109          | 222              | 69             | 81   | 180        | 158        | 321              |
| Trade, industry, energy, employment and training | 106          | 163          | 135          | 286              | 117            | 90   | 139        | 115        | 244              |
| Transport  | 138          | 172          | 161          | 118              | 142            | 98   | 121        | 113        | 83               |
| Housing  | 68           | 141          | 133          | 149              | 80             | 85   | 176        | 166        | 186              |
| Other environmental services                     | 155          | 265          | 255          | 206              | 171            | 91   | 155        | 149        | 121              |
| Law, order and protective services               | 262          | 270          | 224          | 632              | 272            | 97   | 100        | 82         | 233              |
| Education  | 588          | 792          | 629          | 788              | 613            | 96   | 129        | 103        | 128              |
| Culture, media and sport                         | 49           | 57           | 64           | 65               | 51             | 96   | 113        | 125        | 129              |
| Health and personal social services              | 800          | 989          | 917          | 923              | 826            | 97   | 120        | 111        | 112              |
| Social security                                  | 1,533        | 1,674        | 1,797        | 1,785            | 1,565          | 98   | 107        | 115        | 114              |
| Miscellaneous expenditure <sup>(1)</sup>         |              | 34           | 29           | 37               | 5              |  |            |            |                  |
| <b>Total</b>                                     | <b>3,754</b> | <b>4,682</b> | <b>4,452</b> | <b>5,211</b>     | <b>3,911</b>   | <b>96</b>  | <b>120</b> | <b>114</b> | <b>133</b>       |

(1) Expenditure includes the costs of the central administration of the Scottish Office, Welsh Office and the Northern Ireland departments.

(2) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.

**Table 7.6A Identifiable general government expenditure, 1996-97**

|  | £ 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        | 3,096          | 751           | 384           | 429              | 4,660          | 66   | 16        | 8        | 9                |
| Trade, industry, energy, employment and training | 5,327          | 869           | 415           | 530              | 7,140          | 75   | 12        | 6        | 7                |
| Transport <sup>(1)</sup>                         | 7,460          | 1,022         | 533           | 193              | 9,208          | 81   | 11        | 6        | 2                |
| Housing  | 2,944          | 575           | 300           | 248              | 4,067          | 72   | 14        | 7        | 6                |
| Other environmental services                     | 7,623          | 1,249         | 733           | 360              | 9,965          | 76   | 13        | 7        | 4                |
| Law, order and protective services               | 13,381         | 1,450         | 684           | 1,006            | 16,522         | 81   | 9         | 4        | 6                |
| Education  | 29,330         | 4,026         | 1,862         | 1,356            | 36,574         | 80   | 11        | 5        | 4                |
| Culture, media and sport                         | 2,400          | 267           | 186           | 107              | 2,960          | 81   | 9         | 6        | 4                |
| Health and personal social services              | 40,872         | 5,225         | 2,833         | 1,603            | 50,533         | 81   | 10        | 6        | 3                |
| Social security                                  | 78,288         | 9,142         | 5,478         | 3,203            | 96,111         | 81   | 10        | 6        | 3                |
| Miscellaneous expenditure <sup>(2)</sup>         |                | 172           | 88            | 87               | 348            |  | 50        | 25       | 25               |
| <b>Total</b>                                     | <b>190,721</b> | <b>24,748</b> | <b>13,496</b> | <b>9,122</b>     | <b>238,087</b> | <b>80</b>  | <b>10</b> | <b>6</b> | <b>4</b>         |

**Table 7.6B Identifiable general government expenditure per head, 1996-97**

|  | £ per head   |              |              |                  |                | Index (United Kingdom identifiable expenditure = 100) <sup>(2)</sup> |            |            |                  |  |
|--|--------------|--------------|--------------|------------------|----------------|--|------------|------------|------------------|--|
|  | England      | Scotland     | Wales        | Northern Ireland | United Kingdom | England  | Scotland   | Wales      | Northern Ireland |  |
| Agriculture, fisheries, food and forestry        | 63           | 147          | 132          | 258              | 79             | 80   | 185        | 166        | 325              |  |
| Trade, industry, energy, employment and training | 109          | 169          | 142          | 319              | 121            | 89   | 139        | 117        | 263              |  |
| Transport <sup>(1)</sup>                         | 152          | 199          | 183          | 116              | 157            | 97   | 127        | 117        | 74               |  |
| Housing  | 60           | 112          | 103          | 149              | 69             | 87   | 162        | 149        | 216              |  |
| Other environmental services                     | 155          | 244          | 251          | 216              | 169            | 92   | 144        | 148        | 128              |  |
| Law, order and protective services               | 273          | 283          | 234          | 605              | 281            | 97   | 101        | 83         | 215              |  |
| Education  | 597          | 785          | 637          | 815              | 622            | 96   | 126        | 102        | 131              |  |
| Culture, media and sport                         | 49           | 52           | 64           | 64               | 50             | 97   | 103        | 127        | 127              |  |
| Health and personal social services              | 833          | 1,019        | 970          | 964              | 859            | 97   | 119        | 113        | 112              |  |
| Social security                                  | 1,595        | 1,783        | 1,875        | 1,926            | 1,634          | 98   | 109        | 115        | 118              |  |
| Miscellaneous expenditure <sup>(2)</sup>         |              | 34           | 30           | 52               | 6              |  |            |            |                  |  |
| <b>Total</b>                                     | <b>3,885</b> | <b>4,826</b> | <b>4,620</b> | <b>5,484</b>     | <b>4,049</b>   | <b>96</b>  | <b>119</b> | <b>114</b> | <b>135</b>       |  |

(1) Expenditure in 1996-97 includes OPRAF grants paid to private rail companies. Reliable information on equivalent expenditure in prior years is not available.

(2) Expenditure includes the costs of the central administration of the Scottish Office, Welsh Office and the Northern Ireland departments.

(3) An index of miscellaneous expenditure is not included since the administration costs of departments other than the Scottish Office, Welsh Office and the Northern Ireland departments are not separated from the functional expenditure. Such an index would therefore have little meaning.





|                            |                |               |               |              |               |              |              |              |              |            |              |
|----------------------------|----------------|---------------|---------------|--------------|---------------|--------------|--------------|--------------|--------------|------------|--------------|
| expenditure <sup>(6)</sup> | 172            | 172           | 88            | 88           | 87            | 87           | 3            |              |              |            |              |
| <b>Total</b>               | <b>190,721</b> | <b>24,748</b> | <b>14,919</b> | <b>9,830</b> | <b>13,496</b> | <b>6,707</b> | <b>6,789</b> | <b>9,122</b> | <b>8,934</b> | <b>189</b> | <b>238,0</b> |

- (1) *Figures contained in tables in this section will differ from those presented in other sections in this public departmental reports due to timing differences in the collection of the data.*
- (2) *Excluding privatisation proceeds, general government debt interest and accounting adjustments which countries.*
- (3) *Responsibility for most expenditure in Northern Ireland lies with the Northern Ireland Office and Depa includes certain expenditure in support of the agriculture and fishing industries, the NI Court Service a*
- (4) *In 1996-97, around &#16350 million of non-identifiable expenditure was for the benefit of England and million for Great Britain and the remaining &#16334,286 million for the benefit of the United Kingdom*
- (5) *Expenditure in 1996-97 includes OPRAF grants paid to private rail companies. Reliable information o prior years is not available.*
- (6) *Included in the ``Non-identifiable" cell are net payments to EC institutions and expenditure associated of government, such as tax collection and population registration. See table 7.8.*

**Table 7.8 Non-identifiable general government expenditure by programme, 1996-97**

|   | <b>£ million</b>                |
|---|---------------------------------|
| Programme   | Non-identifiable<br>expenditure |
| Defence and international services  | 24,538                          |
| Certain BSE related expenditure   | 1,194                           |
| Forestry  | 47                              |
| Science and technology  | 1,422                           |
| Magnox Electric   | 765                             |
| British Coal Corporation  | 104                             |
| Driver and vehicle licensing  | 151                             |
| Coastguard Agency   | 64                              |
| National railways <sup>(1)</sup>  | -572                            |
| Water and conservation services   | 50                              |
| Health and Safety Executive   | 85                              |
| Net medical payments to European Economic Area countries (mainly fees for the treatment of UK nationals abroad) | 142                             |
| War pensions and pensions paid to UK nationals abroad   | 817                             |
| Statutory Sick and Maternity Pay  | 511                             |
| Net payments to EC institutions   | 1,400                           |
| Parliament and associated expenditure   | 325                             |
| Office for National Statistics  | 114                             |
| Tax collection and funding for Bank of England  | 3,046                           |
| Civil service superannuation  | 342                             |
| Security and intelligence services  | 752                             |
| Smaller programmes  | 112                             |
| <b>Total</b>  | <b>35,407</b>                   |

(1) *Includes receipts from the sale of ROSCOs.*

**Table 7.9 Identifiable general government expenditure, by region and function, 1995-96**

|  | Allocation of expenditure by region |                   |                          |               |               |               |                |               |                   | Total of all Regions U |
|--|-------------------------------------|-------------------|--------------------------|---------------|---------------|---------------|----------------|---------------|-------------------|------------------------|
|  | North East Region                   | North West Region | Yorkshire and Humberside | East Midlands | West Midlands | South West    | Eastern Region | London        | South East Region |                        |
| Agriculture, fisheries, food and forestry        | 60                                  | 154               | 119                      | 95            | 117           | 117           | 118            | 137           | 204               | 1,120                  |
| Trade, industry, energy, employment and training | 163                                 | 202               | 212                      | 127           | 180           | 147           | 132            | 279           | 162               | 1,604                  |
| Transport  | 249                                 | 968               | 594                      | 414           | 652           | 512           | 507            | 1,691         | 948               | 6,470                  |
| Housing <sup>(2)</sup>                           | 103                                 | 360               | 226                      | 172           | 238           | 75            | 188            | 713           | 30                | 2,107                  |
| Other environmental services                     | 496                                 | 850               | 808                      | 527           | 705           | 545           | 531            | 1,364         | 876               | 6,701                  |
| Law, order and protective services               | 522                                 | 1,345             | 886                      | 656           | 924           | 829           | 775            | 2,557         | 1,175             | 9,548                  |
| Education  | 1,467                               | 3,879             | 2,791                    | 2,169         | 2,932         | 2,379         | 2,757          | 4,765         | 4,011             | 26,999                 |
| Culture, media and sport                         | 97                                  | 156               | 198                      | 109           | 141           | 118           | 134            | 252           | 200               | 1,383                  |
| Health and personal social services              | 2,407                               | 5,600             | 3,641                    | 2,990         | 4,057         | 3,642         | 3,723          | 7,447         | 5,359             | 38,786                 |
| Social security                                  | 4,371                               | 11,174            | 7,235                    | 5,528         | 7,447         | 6,812         | 6,901          | 10,423        | 10,379            | 70,270                 |
| <b>Total</b>                                     | <b>9,935</b>                        | <b>24,688</b>     | <b>16,709</b>            | <b>12,786</b> | <b>17,394</b> | <b>15,177</b> | <b>15,766</b>  | <b>29,629</b> | <b>23,344</b>     | <b>164,988</b>         |

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure to be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury country (presented in following column). The unallocated figures include a data discrepancy resulting from the timing of these two exercises, and also small differences of treatment and coverage.

(2) The relatively low South-East figure reflects a high level of capital receipts in this region.

**Table 7.10 Identifiable general government expenditure per head, by region and function, 1995-96**

|  | Allocation of expenditure by region |                   |                          |               |               |              |                |              |                   | Total of all Regions U |
|--|-------------------------------------|-------------------|--------------------------|---------------|---------------|--------------|----------------|--------------|-------------------|------------------------|
|  | North East Region                   | North West Region | Yorkshire and Humberside | East Midlands | West Midlands | South West   | Eastern Region | London       | South East Region |                        |
| Agriculture, fisheries, food and forestry        | 23                                  | 22                | 24                       | 23            | 22            | 24           | 22             | 20           | 26                | 23                     |
| Trade, industry, energy, employment and training | 63                                  | 29                | 42                       | 31            | 34            | 30           | 25             | 40           | 21                | 33                     |
| Transport  | 96                                  | 140               | 118                      | 100           | 123           | 106          | 96             | 241          | 121               | 132                    |
| Housing <sup>(2)</sup>                           | 40                                  | 52                | 45                       | 42            | 45            | 16           | 36             | 102          | 4                 | 43                     |
| Other environmental services                     | 190                                 | 123               | 161                      | 128           | 133           | 113          | 101            | 195          | 112               | 137                    |
| Law, order and protective services               | 200                                 | 195               | 176                      | 159           | 174           | 172          | 147            | 365          | 150               | 195                    |
| Education  | 563                                 | 562               | 555                      | 526           | 553           | 493          | 524            | 680          | 511               | 552                    |
| Culture, media and sport                         | 37                                  | 23                | 39                       | 26            | 27            | 24           | 26             | 36           | 25                | 28                     |
| Health and personal social services              | 924                                 | 812               | 724                      | 725           | 765           | 755          | 708            | 1,063        | 683               | 793                    |
| Social security                                  | 1,678                               | 1,619             | 1,438                    | 1,340         | 1,403         | 1,411        | 1,313          | 1,488        | 1,323             | 1,437                  |
| <b>Total</b>                                     | <b>3,814</b>                        | <b>3,578</b>      | <b>3,322</b>             | <b>3,101</b>  | <b>3,278</b>  | <b>3,144</b> | <b>2,999</b>   | <b>4,228</b> | <b>2,975</b>      | <b>3,374</b>           |

(1) The figures set out in the "unallocated" column show the difference between the functional totals for expenditure to be allocated by region and the equivalent totals for identifiable expenditure in England from the Treasury country (presented in following column). The unallocated figures include a data discrepancy resulting from the timing of these two exercises, and also small differences of treatment and coverage.

(2) The relatively low South-East figure reflects a high level of capital receipts in this region.

**Table B1 The Control Total, general government expenditure and general government expenditure (X)**

|   | <b>£ million</b> |                |                |                |                |                      |                  |
|---|------------------|----------------|----------------|----------------|----------------|----------------------|------------------|
|   | 1992-93          | 1993-94        | 1994-95        | 1995-96        | 1996-97        | 1997-98<br>estimated | 1998-99<br>plans |
| <b>Control Total</b>                                | <b>230,623</b>   | <b>239,882</b> | <b>247,072</b> | <b>255,139</b> | <b>259,834</b> | <b>264,100</b>       | <b>274,900</b>   |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |
| Welfare to Work                                     |                  |                |                |                |                | 200                  | 1,100            |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |
| Capital Receipts Initiative                         |                  |                |                |                |                | 200                  | 700              |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |
| Cyclical social security                            | 13,300           | 14,338         | 14,254         | 14,458         | 13,951         | 12,800               | 13,000           |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |
| Central government net debt interest                | 12,859           | 14,589         | 17,534         | 20,012         | 21,963         | 24,300               | 24,600           |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |
| Other national accounts adjustments                 | 6,843            | 7,996          | 10,727         | 11,895         | 12,157         | 11,000               | 12,200           |
| Of which: Capital consumption                       | 3,599            | 3,290          | 3,283          | 3,481          | 3,710          |                      |                  |
| VAT refunded  | 3,307            | 3,528          | 4,718          | 4,931          | 4,914          |                      |                  |
| Pension increase payments                           | 1,328            | 1,379          | 1,439          | 1,444          | 1,561          |                      |                  |
| Civil superannuation less charges                   | 316              | 942            | 936            | 1,121          | 1,231          |                      |                  |
| Defence superannuation less charges                 | 578              | 819            | 893            | 828            | 1,076          |                      |                  |
| Adjustments for public corporations                 | 1,213            | 1,593          | 1,552          | 1,738          | 1,294          |                      |                  |
| Trust debt remuneration                             | 397              | 755            | 1,050          | 1,162          | 1,319          |                      |                  |
| Local authority debt interest to central government | -3,298           | -3,088         | -2,928         | -2,994         | -3,116         |                      |                  |
| Local authority interest and dividend receipts      | -605             | -469           | -536           | -645           | -621           |                      |                  |
| Other   | 8                | -753           | 320            | 829            | 789            |                      |                  |
| <b>GGE(X)<sup>(1)</sup></b>                         | <b>263,626</b>   | <b>276,805</b> | <b>289,587</b> | <b>301,504</b> | <b>307,904</b> | <b>312,600</b>       | <b>326,400</b>   |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |
| General government interest and dividend receipts   | 5,174            | 5,171          | 5,129          | 5,663          | 5,243          | 5,100                | 4,500            |
| <b>Add</b>  |                  |                |                |                |                |                      |                  |

|                        |                |                |                |                |                |                |                |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| National Lottery       |                |                |                | 159            | 364            | 1,100          | 1,600          |
| <b>Minus</b>           |                |                |                |                |                |                |                |
| Privatisation proceeds | 8,189          | 5,453          | 6,429          | 2,439          | 4,404          | 1,800          |                |
| <b>GGE</b>             | <b>260,611</b> | <b>276,523</b> | <b>288,287</b> | <b>304,887</b> | <b>309,107</b> | <b>317,100</b> | <b>332,500</b> |

(1) See footnote (6) to table 1.1.

