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CABINET

PUBLIC EXPENDITURE: OBJECTIVES FOR 1982 SURVEY

Memorandum by the Chief Secretary, Treasury

1. We now need to start considering the public expenditure programmes for 1983-84 and the two following years. The Report of the Public Expenditure Survey Committee (PESC) which gives the material is available in Departments.

THE AIM

2. The aim which I propose is to hold to the present planning totals, that is, for 1983-84 and 1984-85 the cash totals for the aggregate of programmes plus contingency reserve which we agreed last November and published in the March White Paper, as modified by the decisions announced in the Budget and with some minor estimating changes. For 1985-86 there is no cash programme yet. In discussion of colleagues' programmes for that year, consistently with the aim I am suggesting for the previous years, I propose to aim for the total currently shown in the PESC baseline.

3. The present planning totals for 1983-84 and 1984-85 stand at £120.5 billion and £127.7 billion. These totals include the additions of £7 billion and £5 billion respectively which we agreed last year on top of the previous plans which had been converted to cash using general inflation factors of 6 per cent and 5 per cent. For 1985-86, the PESC baseline is £133.3 billion.

4. To hold to these plans should leave room for modest tax reductions next year, which could benefit industry and aid economic recovery. The economic prospects are discussed in the separate paper C(82) 27 by the Chancellor of the Exchequer. We must beware of new commitments which would add to our problems after the next Election.

THE PROBLEM IN 1983-84

5. To achieve the aim of holding the planning totals will be difficult. We can accommodate some limited additions to certain programmes by committing now some of the contingency reserves of £4 billion for 1983-84 and £6 billion for 1984-85. But we must keep an adequate reserve for unforeseen contingencies.

The need to do this has of course been particularly vividly demonstrated by the Falklands experience. At the beginning of the current year 1982-83 we had a reserve of £2.4 billion, and already it is clear that we shall find it hard to live within this.

6. For 1983-84 we have to recognise the probability of a substantial increase in local authority current spending, simply because, even with a very tough Rate Support Grant settlement, we have no means of preventing some increased spending occurring, however much we may deplore it. In addition it looks as if our statutory social security commitments will cost £0.6 billion more than is allowed for in current plans. Including these amounts, the proposals put forward so far during the preparatory work for the Survey already amount to about £6 billion extra for 1983-84 and about £7.75 billion for 1984-85; a summary of the main items is at Annex. The Falklands will require certain additions to present programmes. So holding the planning totals will mean offsetting savings in some programmes.

INFLATION

7. This year's Survey is the first to be carried out in cash at all stages. As I have indicated, the baseline figures originally incorporated an overall provision for inflation (pay and other prices together) of 6 per cent in 1983-84 and 5 per cent in 1984-85. The latest forecast for overall inflation, not just in the public sector, is about 7 per cent for 1983-84, but I shall report any revision in September. No precise forecast can usefully be made for later years, but it will remain our firm objective that the rate of inflation should continue to decline. In these circumstances I propose no general revaluation of the cash programmes. In the case of public services pay, which we have discussed separately, we shall certainly want to aim at very much lower figures, and it will be necessary later in the year to review the relevant programme figures.

CIVIL SERVICE MANPOWER

8. The PESC Report this year sets out the approved and proposed manpower figures for each Department. We are on course to achieve and hold the 1984 target of 630,000 civil servants. The position is tight. Any significant increases above what is now proposed would frustrate achievement of the 1984 target. There is no room for any new initiatives with sizeable manpower implications in the lifetime of this Parliament.

9. I propose that we now regard the figures in the Report for 1 April 1984 as firm limits in the next stages of the Survey. Within these limits, I will take up points with colleagues where some further reduction seems possible by April 1984 or where their figures for April 1983 seem too high to leave a feasible last step to their target for April 1984.

CONCLUSION

10. I invite the Cabinet:

1. To agree that our aim should be to hold to the present planning totals for expenditure in 1983-84 and 1984-85.

2. To note that this means only the minimum inescapable additions to programmes in the course of the current Survey, and requires reductions in certain programmes in order to leave room for these inescapable additions.

3. To agree that the Civil Service manpower totals for 1 April 1984 proposed in the report should now be regarded as firm limits.

4. To agree that within the general framework of 1. and 2., I should hold bilateral discussions with spending Ministers about additions and reductions to their programmes and report back to Cabinet in October.

L B

Treasury Chambers

8 July 1982

BIDS FOR ADDITIONS TO PROGRAMMES IN 1983-84 AND 1984-85

The main bids received so far are as follows.

	£m		
	1983-84	1984-85	
Defence	526	Including Armed Forces Pay, 3% real growth and relative prices	1200
	[250+]	Falklands consequences excluding garrisoning+	[250+]
Industry	272	Mainly regional development grants and launch aid for civil aircraft/engine.	400
ECGD	218	Effect of higher interest rate assumptions on export subsidies.	-
Housing	980	To maintain capital at 1982-83 level assuming rent increases in line with RPI.	825
Health	397	Inflation, relative prices, demography, health authority capital and some improvement in service.	532
Social Security	810	of which £560 million in 1983-84 and £661 million in 1984-85 for existing statutory obligation.	1233
Nationalised industry	1136	Increased external financing	1130
Local authority current	1100	Guess at likely expenditure over plan.	1250
Other	560		1180
	<u>6250</u>		<u>8000</u>

+Provisional and partial estimate - not in PESC report

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**PUBLIC
EXPENDITURE
TO 1985 - 86**

1982 Report by the Public Expenditure
Survey Committee

July 1982

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PUBLIC EXPENDITURE 1983-84 TO 1985-86
1982 REPORT BY THE PUBLIC EXPENDITURE
SURVEY COMMITTEE

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Public Expenditure 1983-84 to 1985-86**1982 Report by the Public Expenditure Survey Committee****Introduction**

1. This interdepartmental report by officials brings together most of the detailed factual and analytical material which provides the basis for the 1982 public expenditure survey. It excludes the options for reductions and offsetting savings, the material on which is not being distributed generally, though it is available to the Departments concerned. A separate report will deal with the financing requirements of the nationalised industries.

2. Each Departmental chapter sets out:

(i) the plans in cash for the years up to 1984-85. These are taken from the March 1982 White Paper, adjusted for the changes announced in the Budget, for any agreed minor switches and for classification changes. This forms the baseline for the survey. Any subsequent Ministerial decisions are shown below the baseline as agreed changes.

(ii) initial figures for the new final year of the survey, constructed mechanically by increasing the 1984-85 figures for each Department by 4 per cent. The only exception is defence, where the 1985-86 figures reflect Ministers' decision to aim for a further 3 per cent real growth in that year.

(iii) any reduced requirements and proposals for additional expenditure.

3. Although the guidelines agreed by Ministers required (except in the case of defence) the submission of full offsetting savings for additional bids and the appropriate options for reductions, these requirements have not been complied with in many cases. Further, many of the proposed savings offered are simply unrealistic.

4. On manpower, Departments' bids for staff for 1 April 1984 total 628,500 - some 1,500 below the announced target of 630,000. Thereafter the totals continue to decline to 624,700 at 1 April 1985 and 622,400 at 1 April 1986. These figures are

generally satisfactory. The bids for 1 April 1983 (656,000) are however too high and significant reductions will need to be sought in the 1983-84 Estimates scrutiny.

5. Excesses and shortfalls on announced targets for 1 April 1984 for each of the main Departments are shown in the programme chapters. Additional savings in some Departments make it possible to accommodate the overshoots within the 630,000 target - subject to there being no change in the defence figures as a result of the Falklands conflict, and no significant upward shift in the unemployment assumptions.

6. A separate chapter (28) is included this year drawing together the material on local authority current expenditure relevant for rate support grant. Material on local authority current expenditure is also included in the appropriate Departmental chapters. However the expenditure sub-groups have not yet finalised their work, which is not therefore fully reflected in the report. This omission is pointed out in the text where necessary.

7. Supplementary analyses are also included. Annexes A to D aggregate the information described in the previous paragraphs to show the position for public expenditure as a whole, including the broad economic analysis (including the construction element). Annexes E and F provide background information on public service manpower and local authority expenditure.

8. The assumptions about unemployment underlying the figures in this report are unchanged from those in the White Paper.

1. Ministry of Defence

Table 1

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Defence Budget	9,231.6	11,184.3	12,621.2	14,057.5	15,277.8	16,429.2	17,598.8
Royal Ordnance Factories	-4.2	-4.2	-4.2	15.0	-	-5.0	-2.5
Total baseline (1)	9,227.4	11,180.1	12,617.0	14,072.5	15,277.8	16,424.2	17,596.3
Additional bids:							
i. Cost of 1982 AFPRB and TSRB awards in later years					41.5	43.5	45.3
ii. restoration of 3% commitment					215.0	566.0	605.0
iii. allowance for defence non- pay relative price effect					264.0	585.0	957.0
iv. ROFs (net borrowing)					5.4	5.2	2.5
Total additional bids					525.9	1,199.7	1,609.8
Unquantified bids							
South Atlantic operations and any consequent new longer term commitments							

(1) The figures up to and including this line are the last White Paper (Cmnd 8494) except for 1985-86 where the figures are based on existing policies. The figures also include changes agreed since Cmnd 8494.

Introduction

1. The defence budget is central government expenditure. Nearly all of it is on goods and services. It includes expenditure by the Property Services Agency on defence works services. The Royal Ordnance Factory figures represent net transactions with the National Loans Fund.

Implications of the baseline

2. The keystone of UK defence policy is the NATO Alliance. The Government is committed to plan to implement in full up to 1985-86 the NATO aim of real increases in defence spending in the region of 3 per cent a year, as announced in Cmnd 8288 and reaffirmed in Cmnd 8494. The Cmnd 8494 cash figures for 1983-84 and 1984-85 are provisional and to be reviewed in the 1982 survey in the light of this commitment, economic circumstances and prospects at the time and all other relevant factors.

3. The manpower requirements reflect the planned reductions in both Service and civilian personnel announced in Cmnd 8288, the savings from which are taken into account in the Cmnd 8494 figures. Because of the Falklands conflict, adjustments, eg to the planned rundown of Service personnel and dockyard capacity, are now inevitable.

4. The MOD will formulate bids in due course for additional funds to cover extra costs arising directly from operations in the South Atlantic. Furthermore, the conflict creates a new situation with major military and political implications, which the MOD foresee will require significant increases in defence resources beyond the NATO 3 per cent aim.

Additional bids by MOD

5. The MOD makes additional quantified bids as follows:

- (a) MOD has sought an increase to the 1982-83 cash provision to allow for the cost of the 1982 armed forces and top salaries pay awards over and above the 4 per cent provision in supply estimates. The additional bid up to 1985-86 represents the carry-through of the 1982-83 bid in later years;
- (b) MOD consider that the provision made in Cmnd 8494 for 1983-84 and 1984-85 fell short of the NATO 3 per cent target. On the basis of the Budget forecast of general inflation the provision allowed for only about 1 per cent annual real growth in those years. In order to meet the Government's commitment to plan to implement the NATO 3 per cent target in full, additional cash is sought in 1983-84 and later years;
- (c) over the last 15 years defence non-pay prices, though fluctuating from year to year, have increased faster than overall prices on average. They are predicted by the MOD to rise faster than overall prices by an average of nearly 3 per cent a year over the survey period. Additional provision of this order is sought to ensure that the 3 per cent a year real growth, on which Ministers have agreed, can be achieved.

MOD will also seek additional provision, as yet unquantifiable, over and above the 3 per cent NATO commitment to meet the extra costs arising over the survey period as a result of:

- (d) the South Atlantic operations;
- (e) any consequent new longer term commitments.

6. In addition to the bids mentioned above, the MOD would expect any other changes in the 1982-83 cash provision as a result of higher pay and price movements to be carried forward in future provision.

Offsetting savings and options for reductions

7. No offsetting savings or options for reductions are proposed as these would derogate from the Ministerial decisions to plan to implement in full real growth of 3 per cent a year up to 1985-86.

Royal Ordnance Factories

Implications of the White Paper figures

8. The increased net borrowing is required because of loss of Iranian orders and a general reduction in the level of sales.

Additional bids for the ROFs

9. These are needed because of a rephrasing of the borrowing requirements assumed in the baseline figures. It is too early to assess the effect of the outcome of the current studies on privatisation.

Treasury comments

10. The Treasury does not accept the MOD bids. The 1982 Public Expenditure White Paper stated that current defence provision is intended to reflect the Government's firm decision to aim for real increases in the region of 3 per cent a year in line with

the NATO target. In the absence of any commitment to aim for real growth in excess of the NATO target, the Treasury sees no reason to increase the Cmnd 8494 cash provision for defence.

Manpower

	1.4.83	1.4.84	1.4.85	1.4.86
(a) Service ⁽¹⁾	332,000	332,000	325,000	320,000
(b) Civilian				
(i) provision in baseline	212,000	200,000	200,000	-
(ii) net change	-2,000	-	-2,000	-
(iii) provision now proposed ⁽¹⁾	210,000	200,000	198,000	197,000
(iv) 1.4.84 target	-	200,000	-	-
(v) claim on/credit to contingency margin	-	-	-	-

- (1) In the view of the Ministry of Defence, additional manpower, as yet unquantified, will be required as a result of the Falklands conflict and consequent new long-term commitments.

2. FCO - Overseas Development Administration

Table 2

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Overseas aid							
Net aid programme	787.8	888.4	972.5	950.0	1,014.8	1,066.6	1,109.3
Overseas aid administration	14.6	18.6	22.5	21.5	22.8	23.9	24.8
Other external relations	51.0	63.0	69.8	79.2	83.9	88.1	91.6
Total	853.4	970.0	1,064.8	1,050.7	1,121.5	1,178.6	1,225.7
Special assistance to Crown Agents			-2.4	-0.4	-0.7	-0.9	-0.9
Total baseline	853.4	970.0	1,062.3	1,050.2	1,120.8	1,177.6	1,224.7
CDC market and overseas borrowing				15.0	15.0	15.0	15.6
Reduced requirements							
Net aid programme					-0.6	-1.2	-1.6
Additional bids							
Net aid programme					20.0	25.0	25.0
Other external relations - superannuation					5.6	7.6	9.4
Crown Agents					0.2	0.3	0.2
Total additional bids					25.8	32.9	34.6

Overseas aid

In addition to the public expenditure allocation (the net aid programme) total Government expenditure on aid (the gross aid programme) includes sums equal to capital repayments on past aid loans, recycled as new aid expenditure, as follows:-

	£ million cash			
	1982-83	1983-84	1984-85	1985-86
Net aid programme	949.988	1014.829	1066.608	1109.272
Recycled principal	69.821	73.080	72.959	74.096
Gross aid programme	1019.809	1087.909	1139.567	1183.368

2. Spending covers bilateral financial and manpower assistance to developing countries; contributions to multilateral institutions, including the World Bank, the UN development agencies and the UK share of development aid from the EC Budget; and concessional finance to the Commonwealth Development Corporation. Policy aims are to concentrate aid on the poorest countries, and to give greater emphasis to UK political and commercial interests alongside the programme's basic developmental

objective. These aims have been taken to imply a shift to bilateral aid. Past commitments to multilateral institutions within a programme which has declined sharply in cost terms have however shifted the balance away from bilateral aid as the following table shows:-

Gross aid programme	Cost terms (base year 1980-81)							
	1978-79		1979-80		1980-81		1981-82	
	£ million	%	£ million	%	£ million	%	£ million	%
Multilateral	263	25	274	28	272	28	368	40
Bilateral	810	75	710	72	696	72	556	60
Total	1073		984		968		924	

	1982-83		1983-84		1984-85		1985-86	
	£ million	%	£ million	%	£ million	%	£ million	%
Multilateral	325	38	351	42	368	44	357	43
Bilateral	521	62	493	58	463	56	473	57
Total	846		844		831		830	

Within the bilateral programme, however, the percentage of aid going to the poorest countries is planned to remain high, as follows:-

1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	Per cent 1985-86
64	60	64	62	65	67	69	70

Additional bids

3. In March Ministers decided that the regular aid programme to India would be increased from £82.5 million to £110 million in 1983-84. For 1984-85 and 1985-86 the Indians were offered assurances of "best endeavours" to increase aid to them with no mention of specific sums. Ministers agreed that the bulk of the increased allocation of £27.5 million to India in 1983-84 would be provided by an overall increase in the total aid programme because of other pressures on it then identified. The bids for 1984-85 and 1985-86 are the additions to the aid programme which are required if Ministers wish to maintain aid to India at £110 million a year without further reductions in programmes to other countries.

Reduced requirements

4. In the Treasury's view, not accepted by ODA, there are reduced requirements of £0.6 million in 1983-84, £1.2 million in 1984-85 and £1.6 million in 1985-86 arising from the treatment of pensions supplements - see paragraph 8 below.

Overseas aid administration

5. This programme covers ODA's staff and administrative costs in operating the aid programme and in disbursing pensions.

Other external relations (part) - superannuation

6. This part of the programme covers pension supplements for about 29,500 pensioners, rising to 31,000 in 1985-86, for service in developing countries. Pension increases are paid in line with British public sector pension increases.

Additional bids

7. The additional bids partly reflect increased estimates of the numbers of pensioners; but also the fact that this sub-programme includes the supplements only and not the basic pensions to which the supplements are added; and certain other technical factors relating to the revaluation of pensions. The percentage increases from year to year required in this sub-programme are thus greater than the percentage increases in pensions and substantially greater than the increases incorporated in the baseline.

8. Some of the basic pensions to which these supplements apply are financed by the UK from the aid programme. The Treasury view is that, since the whole of the increases in these pensions is being met from the superannuation sub-programme, there should be a reduction in the net aid programme of the amount of the increases from year to year provided in the baseline which are attributable to the basic pensions; otherwise there will be double-counting. The amounts of the reduced requirements proposed by the Treasury are set out in paragraph 4 above. The ODA view is that this

is only one small factor affecting the aid programme among many working in the opposite direction, and that no reduced requirements can be identified in the programme taken as a whole.

Crown Agents

9. The figures from 1981-82 onwards are repayments to Government of the commencing capital debt incurred by the Crown Agents upon incorporation on 1 January 1980. The 1981-82 figure excludes a premature repayment of £6.77 million, reducing the commencing capital debt, but which has been scored as part of the disposals programme.

Commonwealth Development Corporation (CDC)

10. Ministers have agreed that the CDC may borrow £15 million a year commercially overseas in 1982-83, 1983-84 and 1984-85, but have not yet considered whether borrowing will be allowed in 1985-86. In the meantime neither ODA nor the Treasury are committed to the figure shown for 1985-86, which is simply 4 per cent higher than that for 1984-85.

Manpower

Details are given in paragraph 10 of chapter 3.

3. Foreign and Commonwealth Office - Other

Table 3

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Overseas representation	200.3	229.0	267.8	296.8	310.3	326.1	339.2
Overseas information	74.6	94.3	103.8	110.9	122.9	131.0	136.2
Other external relations	58.3	39.0	62.7	71.9	77.0	80.9	84.1
Military aid	7.2	10.0	10.2	13.7	13.4	13.0	13.6
Total baseline	340.4	372.3	444.6	493.3	523.6	551.0	573.1
Additional bids							
(i) Payments to the Post Office for the issue of BVPs					4.9	0.5	0.5
(ii) Specialised building					1.2	0.3	-
(iii) Grant in aid of the BBC External Services							
Current					3.2	3.3	3.5
Capital							1.9
(iv) International subscriptions					-	-	1.4
(v) British Antarctic Survey					5.0	5.3	5.5
Total additional bids					14.3	9.4	12.8

Introduction

1. Overseas representation, which will account for 59 per cent of all FCO (non-Aid) expenditure in 1983-84, covers the cost of running the Foreign and Commonwealth Office and the Diplomatic Service at home and abroad, including expenditure on accommodation overseas. Rather less than half of the expenditure on overseas representation is directly attributed to UK based staff salaries and allowances but almost all of it is manpower related.

2. Grants to the BBC External Services (14 per cent); the British Council (7 per cent); and subscriptions to international organisations (13 per cent) make up most of the remainder of FCO (non-Aid) expenditure.

Implications of the baseline

Overseas representation

3. The provision reflects the achievement of the FCO's agreed target for reducing manpower by 1 April 1984. There are no other significant changes.

Overseas information

4. Grants to the BBC External Services and the British Council are as follows:

	£ million cash			
	1982-83	1983-84	1984-85	1985-86
BBC External Services	68.0	75.6	81.3	84.6
British Council	36.3	37.8	39.7	41.3

From 1983-84 the grant for the BBC's broadcasting services includes additional funds for the expanded audibility programme and further modernisation of Bush House agreed by Ministers in 1981.

5. Other expenditure on this programme is for the FCO's official information services and includes the costs of the broadcasting relay stations operated by the FCO on behalf of the BBC External Services.

Other external relations

6. Subscriptions to international organisations account for about 90 per cent of this programme. It remains the policy of FCO Ministers to try to keep expenditure on these organisations at zero real growth and wherever possible to achieve real reductions. No significant changes are planned in the level of grants in aid or other miscellaneous payments.

Military aid

7. This provides for the continuation of military training assistance to foreign and Commonwealth Governments at the level agreed by Ministers for 1980-81.

Additional bids

8. These represent:
- (i) extra provision for payments to the Post Office resulting from the increased demand for British Visitors Passports for 1981;
 - (ii) construction of a new Central Receiving Station at Hanslope Park already agreed in principle in the mid '70's;
 - (iii) current - the shortfall arising from the BBC's 1981 and 1982 pay awards; capital - the extra provision required for the continuation of the capital programme referred to in paragraph 4 above;
 - (iv) the extent to which cumulative increased costs are expected to exceed the totals arrived at by application of the cash limit factors.
 - (v) extra provision to permit an increase in the activities of the British Antarctic Survey; including an enlarged team and the re-establishment of a full base at Grytviken on South Georgia.
9. The scope for offsetting savings to match these bids is included in the paper on options for reductions.

Manpower

10. Details of staff numbers in the Foreign and Commonwealth Office, including the Overseas Development Administration, are as follows:

3. Foreign and Commonwealth Office - Other

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	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	11,489	11,100	11,100	-
(ii) Net change (ie difference between baseline and bid)	-68	+26*	-166	-
(iii) Proposed manpower requirement	11,421	11,126	10,934	10,908
(iv) 1.4.84 target	-	11,126	-	-
(v) Claim on/credit to contingency margin	-	-	-	-

* target revised to take account of transfer of the Government Hospitality Fund from the former Civil Service Department.

4. European Community

Table 4

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Net payments to European Community Institutions							
Net payments to EC Budget	884	285	160	630	710	730	
Less amounts scored under aid programme	45	60	100	110	120	130	
Capital subscriptions to European Investment Bank	15	4	12	12	17	17	
Public sector receipts from European Coal and Steel Community	3	59	27	32	27	18	
Total baseline (1)	851	288	45	500	580	600	624
Reduced requirements					-150	-86	
Additional bids				135			63

(1) The figures up to and including this line are based on the last White Paper (Cmd 8494), except for 1985-86 (see survey guidelines in introduction)

Net payments to European Community Institutions

1. Programme 2.7 comprises United Kingdom net payments to the European Community budget (excluding amounts attributed to the aid programme); capital subscriptions to the European Investment Bank; and United Kingdom public sector receipts from the European Coal and Steel Community. Both the Community budget and the European Investment Bank subscription are denominated in European currency units (ecus); for the years ahead conversions into sterling have been made at the 1982 FSR rate of exchange for 1982-83 of 1.73 ecus to the £ and at a rate of 1.7 ecus to the £ thereafter.

2. Projections of United Kingdom net payments to the Community budget are subject to a wide margin of forecasting error. The government has only an indirect influence over the size of the EC budget and UK contributions to and receipts from it. Our net payments will also depend over the survey period on the outcome of the current negotiations over UK budget refunds. The net payment in the current year is now expected to be some £135 million more than foreseen in Cmnd 8494. This mainly reflects the new agreement of 25 May 1982 on UK budget refunds (see below). The net payments in 1983-84 and 1984-85 are now expected to be some £75-150 million less than in Cmnd 8494. This reflects revised estimates of Community budget expenditure and of the phasing of UK budget refunds.
3. As in Cmnd 8494, the new projections assume that the Community will contain expenditure, in particular CAP guarantee expenditure, so as to keep the budget total within the 1 per cent VAT ceiling.
4. The major development since Cmnd 8494 has been the conclusion of a new agreement on refunds for the United Kingdom in respect of the Community's 1982 budget. Cmnd 8494 assumed that the United Kingdom would receive each year net refunds equivalent to 66 per cent of our net contribution before refunds to the allocated budget. This assumption was based on the precedent set by the 30 May 1980 agreement. The new agreement for 1982 provides for the United Kingdom to receive net refunds of approaching £500 million during 1983 (55½ per cent of the Commission's estimate of our net contribution in respect of the 1982 budget), with adjustments during 1984 if the Commission's estimate turns out to be wrong. In the Treasury's view, the Commission forecast is too low, and we ought to receive during 1984 a further £222 million of gross refunds in respect of the 1982 budget. On the assumption that we receive half of this extra sum before the end of March 1984, the effect of the new agreement will be to increase our net payments, by £236 million during 1982-83 but reduce it by £95 million during 1983-84 and by £20 million during 1984-85. These figures underlie the changes from the baseline, but have been modified by other changes to produce the net changes shown in Table 4.
5. The level of our net refunds in respect of the 1983 and subsequent budgets will depend on the outcome of the continuing negotiations on a long term solution to the

Community budget problem. The estimates in this report assume that the UK will again receive each year refunds equivalent to 66 per cent of our net contribution before refunds to the allocated budget of the previous year - as assumed in Cmnd 8494 (see previous paragraph). In addition, no allowance is made for any extra payments which the UK may be obliged to make to take account of the unexpectedly favourable outcome for the UK for 1980 and 1981. If the less favourable 1982 refunds percentage were applied to the later years and we repaid over a three-year period (say) half the amount by which our net contribution after refunds fell short of expectations for 1980 and 1981, then our net budget contribution would rise on average by a further £250 million in each of the later years.

6. As in previous surveys, it will be necessary to review the figures for the UK net contribution in the autumn.

5. Intervention Board for Agricultural Produce

Table 5

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Market support under the Common Agricultural Policy of the EEC	361.7	607.5	605.9	674.6	677.0	701.8	729.9
Central and miscellaneous services	7.7	9.3	15.9	16.3	17.3	18.1	18.8
Total baseline	369.4	616.8	621.8	691.0	694.3	720.0	748.8
Reduced requirements							
Volume changes pre May 1982 CAP price fixing					-14.1	-42.0	-48.8
Additional bids							
Effects of May 1982 CAP price fixing					60.0	60.0	60.0

Introduction

1. Expenditure by IBAP is incurred on market regulation under the Common Agricultural Policy (CAP). The main components are intervention buying and selling, various production, storage and animal feed subsidies and payments on imports and exports. Almost all of it is mandatory under European Community (EC) Regulations and most is 100 per cent funded from the EC Budget. This programme covers IBAP's gross expenditure, the associated receipts from the EC being credited to the EC programme (Chapter 4) where they serve to reduce the United Kingdom's net contribution to the EC. Expenditure is particularly unpredictable as it depends, inter alia, on trade volumes, world commodity prices, exchange rates and day to day operations of the CAP instruments of market management.

2. The Board's central and miscellaneous services expenditure is mainly in respect of the Board's staff costs and those of agencies undertaking work on its behalf.

Implications of the baseline

3. The figures provide for expenditure on the Board's various operations based on a view of market trends and world prices taken in September 1981. The figures provide for the continuation of the UK butter subsidy and the beef variable premium although these are subject to annual renegotiation.

Additional bids

4. The reduced requirements indicate the changes forecast before the CAP price fixing of May 1982. These include higher expenditure on purchases into intervention of butter but lower expenditure on purchases of cereals and beef. Lower sales of cereals and beef were forecast mainly because of reduced stocks following lower than expected purchases in 1981-82. Strong market prices led to reduced expenditure on the beef and sheepmeat variable premium schemes.

5. With the exception of a very small part of the Board's expenditure increased prices result from the annual CAP price fixing. Because of the nature of many CAP schemes, however, there is no straightforward relationship between the percentage addition to support prices and the expenditure consequences. An initial estimate of the expenditure consequences of the price fixing decisions of May 1982 has been made, but for subsequent years it is not known what the average level of CAP prices increases will be or how these will affect expenditure patterns. Hence at this stage it has been assumed that expenditure in terms of 1982-83 prices will increase in line with the increased cash provision in the later years.

6. The CAP price fixing decisions of May 1982 increased CAP prices by some 10.5 per cent with the increases coming into effect at the beginning of the relevant commodity marketing years. The effect on expenditure is expected to be greater than the increase in cash provision allowed for between 1981-82 and 1982-83. Detailed estimates have not yet been prepared but an approximate aggregate allowance of £60 million a year has been made at this stage. Payments on the beef and sheepmeat

variable premium schemes are expected to be higher; the EC Budget will be meeting 40 per cent of the cost of beef premiums instead of 25 per cent as in the past although these receipts will be credited to the EC programme. Some new schemes have been agreed and the rules on others have been changed and it is not yet possible to assess with any degree of certainty the uptake levels and expenditure involved.

7. No additional bid is being made at this stage in respect of central and miscellaneous services. Bids may be necessary, however, to take account of future developments in two areas. New and revised support arrangements were agreed in the course of the 1982 price fixing but the implications for the Board's staff and agency costs have not yet been fully assessed. A decision is expected to be taken in the fairly near future on implementation of the recommendations contained in a report by private consultants on the Board's future computing needs. The report indicates potential for substantial staff savings but implementation would involve a small increase in overall staffing levels in the early stages.

Manpower

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	588	588	588	-
(ii) Net change (ie difference between baseline and bid)	-	-	-	-
(iii) Proposed manpower requirement	588	588	588	588
(iv) 1.4.84 target	-	595	-	-
(v) Credit to contingency margin	-	7	-	-

6. Ministry of Agriculture, Fisheries and Food

Table 6 - MAFF Expenditure alone

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Price guarantees on products not supported by CAP, production grants and subsidies	30.1	70.6	68.7	51.1	64.4	77.9	81.0
Support for capital and other improvements	113.6	139.1	119.5	117.4	117.9	114.7	119.3
Support for agriculture in special areas	41.7	43.1	38.6	39.9	41.4	41.0	42.6
Other assistance to agricultural production food processing and marketing	75.4	79.1	91.8	96.7	100.4	102.7	106.8
Central and miscellaneous services	108.3	124.2	152.1	152.6	159.6	171.1	177.9
Food subsidies		0.3					
Support for the fishing industry	14.4	28.9	40.1	52.4	50.1	53.3	55.4
Land drainage and urban and rural flood protection	89.1	107.3	110.6	126.0	127.7	130.6	135.7
Thames tidal defences	131.1	124.8	127.0	122.1	44.4	7.4	7.7
Civil defence	17.4	6.2	8.4	8.5	9.7	8.8	9.2
Total baseline	621.1	723.6	756.8	766.7	715.6	707.6	735.8
Reduced requirements							
A Agriculture, fisheries and food					-7.5	-9.1	-20.3
B Other MAFF programmes							-5.2
Total reduced requirements					-7.5	-9.1	-25.5
Additional bids							
(i) Estimating increases							
Agriculture, fisheries and food					2.5	3.0	13.0
Other programmes					1.6	3.7	0.3
(ii) Other (Agriculture, fisheries and food)							
Marketing					0.5	1.4	2.3
Orchard restructuring					0.5	0.9	1.3
Horticultural crop adaptation aid (oil subsidy)					1.5	-	-
MAFF fisheries research vessel					1.7	2.4	0.6
Total additional bids					8.3	11.4	17.5

6. Ministry of Agriculture, Fisheries and Food

CONFIDENTIAL

Ministry of Agriculture, Fisheries and Food
Department of Agriculture and Fisheries for Scotland
Welsh Office Agriculture Department

Table 6.1

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Pre-funded EC schemes							
EC schemes funded through IBAP					97.8	124.4	129.3
EC agency payments schemes					9.6	6.7	7.0
Total baseline					107.4	131.1	136.3
Reduced requirements (net)					-6.4	-5.1	-1.3

Table 6.2

Other expenditure

A. Agriculture, Fisheries and Food
(MAFF/DAFS/WOAD)

Agricultural support, including animal health	314.9	314.4	327.0
Other agricultural assistance	128.8	139.0	144.5
Support for the fishing industry	67.8	71.5	74.3
Departmental administration (MAFF only)	156.8	164.8	171.4
B. Other MAFF programmes			
Land drainage and flood protection			
(i) Capital expenditure	47.9	50.8	52.7
(ii) Current expenditure by local authorities	79.9	79.8	83.0
Thames tidal defences	44.4	7.4	7.7
Civil defence	9.7	8.8	9.2
Total baseline	850.2	836.5	869.8

Reduced requirements

A. Agriculture, Fisheries and Food

Agricultural support, including animal health	-5.5	-5.3	-15.4
Other agricultural assistance	-1.8	-1.5	-2.1
Support for the fishing industry	-1.1	-2.9	-1.2
Departmental administration (MAFF only)		-0.5	-3.1
B. Other MAFF programmes			
Thames tidal defences			-5.2
Total reduced requirements	-8.4	-10.2	-27.0

Additional bids

(i) Estimating increases

A. Agriculture, Fisheries and Food

Other agricultural assistance	2.3	4.6	4.5
Support for the fishing industry	0.7	0.1	12.9
Departmental administration (MAFF only)	0.1	0.1	0.1
B. Other MAFF programmes			
Civil defence	0.1	0.2	0.3
Re-phasing of the Thames tidal defences	1.5	3.5	
Sub total	4.7	8.5	17.8

(ii) Other

Agriculture, Fisheries and Food

Marketing	0.5	1.4	2.3
Horticultural protected crop adaptation aid	1.5		
Orchard restructuring	0.5	0.9	1.3
MAFF fisheries research vessel	1.7	2.4	0.6
WOAD marketing and office at Welsh Show Ground	0.2		
Sub-total	4.4	4.7	4.2
Total additional bids	9.1	13.2	22.0

Introduction

1. Table 6 shows expenditure by MAFF alone. But MAFF expenditure on agriculture, fisheries and food has to be considered together with corresponding expenditure by DAFS and WOAD which is included in the Scottish and Welsh programmes.

2. Expenditure by the Intervention Board for Agricultural Produce (IBAP), under the guarantee section of the European Agricultural Guidance and Guarantee Fund, is included in Chapter 5 with the exception of premium schemes for ewes, suckler cows and the non-marketing of milk. For practical reasons these are administered by MAFF, DAFS and WOAD but in the survey they fall to be considered in the context of IBAP expenditure generally (see Chapter 5). The amounts in question are shown in Table 6.1.

3. Also shown in Table 6.1 is expenditure on marketing and processing, individual projects and inshore fisheries restructuring by the Agricultural Departments acting as agents of the EC Commission. The latter exercises full control over the level of payments and their timing.

4. The combined figures for the remaining expenditure by MAFF, DAFS and WOAD are summarised in Table 6.2

A. AGRICULTURE, FISHERIES AND FOOD (MAFF/DAFS/WOAD)

5. The agriculture, fisheries and food services are described in chapter 2.3 of Cmnd 8494-II (paragraphs 9, 11 and 14). For 1983-84 and 1984-85 the baseline provision assumes a continuation of existing policies and includes expenditure that will arise from a common fisheries policy. For 1985-86 the existing provision for 1984-85 has been carried forward with a 4 per cent addition. In areas of declining expenditure this has resulted in over-provision; in other areas bids are being submitted to maintain present plans. Subject to the cash provision being adequate to cover future levels of inflation the Agricultural Departments expect to be able to maintain the planned level of services within the baseline.

6. It was agreed during the last survey that the provision for hill livestock compensatory allowances should be based on the money rates of allowance paid in 1982; these are due to be reviewed this autumn.

7. The provision for MAFF wages and salaries is based on the manpower levels agreed for 1 April 1983 and from 1 April 1984 onwards. Provision is also made for the implementation of plans for contracting out or privatising certain areas of MAFF's work.

8. Work is in progress to develop appropriate output measures in relation to capital grants, ADAS services and research and development expenditure.

Estimating changes - reduced requirements and additional bids.

9. Reduced requirements more than offset the additional bids which arise from the maintenance of existing policies. These fall largely on demand-determined expenditure, for which forecasts are subject to change. The main increases arise in 1985-86 and relate to planning of expenditure on the replacement of MOD fisheries protection vessels, partly financed by the Agricultural Departments, and the replacement of a protection vessel operated by DAFS.

Additional bids

Central Marketing Organisation

10. Proposals have been put to the Treasury for establishing a central marketing organisation for the food and agriculture industries. Some funds are already available within MAFF's marketing Vote for this purpose and the bid is needed to bring total Government support to about £2 million in 1983-84, £3 million in 1984-85 and £4 million in 1985-86.

Horticultural adaptation aid

11. This aid for heating protected crops is to help growers adjust to the distortions of competition brought about by the preferential gas tariff for horticulturalists in Holland.

The Commission has now agreed to extend its guidelines beyond the end of 1982 to allow national adaptation aids to be given on oil used up to 31 March 1983. If the present estimate of the cost of the aid (£4 million) on oil used in 1982 proves to be correct, the consequences of such an extension would be additional expenditure of about £1.5 million in 1983-84.

Grants for orchard restructuring

12. The UK orchard area is declining, with a consequent drop in output and an increase in imports. If the UK apple and pear industry is to maintain its present share of the home market a large proportion of existing old orchards should be replaced. Agriculture Departments consider that aid for this purpose should be given by an extension of the capital grant schemes. A 5 year pump-priming programme is envisaged. Subordinate legislation would be required.

Fisheries research vessel (MAFF)

13. Present plans provide for a phased reduction in the fisheries research vessels from 7 in 1981 to 2 by the end of 1984-85. It will not, however, be possible to meet essential departmental needs unless one of these 2 is a new, more versatile vessel which provides a range of specialist facilities. The Rayner scrutiny team recommendations, currently under consideration, do not affect the need for one new vessel.

WOAD bids

14. WOAD require a small increase in provision to cover the cost of marketing projects in Wales and for an office at the Royal Welsh Showground.

Marginal Land

15. Consideration is being given to the possibility of a further additional bid in relation to proposals to extend the UK agriculture less favoured areas.

B. OTHER PROGRAMMES (MAFF ONLY)

16. The 1985-86 figures for arterial drainage, civil defence (food stockpile) and Thames tidal defences are based on the existing provision for 1984-85 increased by 4 per cent. Expenditure on the Thames tidal defences is falling as work moves towards completion.

Estimating changes - reduced requirements and additional bids.

17. Estimating changes arise primarily on the Thames tidal defences. Increases in the early years reflect rephasing of expenditure and are followed by larger reduced requirements in 1985-86.

18. Work cannot be deferred to offset the increases that arise in 1983-84 and 1984-85.

Offsetting savings

19. Additional bids are covered by offsetting savings as described in the separate material.

Manpower (MAFF only)

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	12,090	11,550	11,550	
(ii) Net change (ie difference between baseline and bid)	-	-	-	
(iii) Proposed manpower requirement	12,090	11,550	11,550	11,550
(iv) 1.4.84 target		11,550		
(v) Claim on/credit to contingency margin				

7. Forestry Commission

Table 7

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Forestry	46.2	45.2	58.7	61.4	63.2	63.5	66.1
Total baseline	46.2	45.2	58.7	61.4	63.2	63.5	66.1
Reduced requirements					-0.3	-0.7	-0.9
Additional bids							
Grants to private woodland owners					-	-	0.9

Introduction

1. This item covers the Forestry Commission's activities in promoting the interests of forestry, the establishment and maintenance of adequate reserves of growing trees, the production and supply of timber and the development of the recreational potential of the forests they manage. The activities divide between the Forestry Enterprise (a government trading service) and the Forestry Authority.

Implications of the baseline

2. For the survey period the figures provide for an annual programme of new planting declining from 9300 hectares to 5200 hectares, no new development of recreation facilities, the acquisition of some 7300 hectares of land for planting during the survey period, the purchase of machinery and construction of roads for an annual harvesting programme increasing from 2.7 million cubic metres to 3.1 million cubic metres, and an annual provision for grants for planting by private owners rising from £4.9 million to £6.3 million by 1985-86.

3. The figures do not include receipts from sales of land and buildings (included in the total for special sales of assets) which will be surrendered to the Consolidated

Fund. These are expected to amount to £20.0 million, £19.9 million, £18.2 million and £17.0 million respectively in the years 1982-83 to 1985-86.

4. From 1983-84 timber receipts are lower consequent upon a switch from working timber by FC own labour to selling it standing to timber merchants. The shortfall has been fully met by reductions in labour, machinery, materials, services and administrative expenses.

5. A report on the Commission's management structure has been completed and decisions in principle will be taken later this year which may have an effect on the PES provisions, particularly from 1984-85 onwards.

Reduced requirements

6. The policy of non-recruitment of labour except where absolutely necessary, and the switch in timber working, has led to a significant fall in numbers (mainly through natural wastage) giving rise to the reduced requirement set out.

Additional bids

7. Private sector planting is expected to rise in 1985-86 above the level assumed in the existing baseline. Grant payments are expected to be £7.2 million compared with the £6.3 million provided giving rise to an additional bid of £0.9 million: offsetting savings have been identified.

Manpower

	1983	1984	1985
Manpower levels at 1 April implied by Cmnd 8494	7776	7816	7801
Revised Manpower levels	7416	7398	7381

8. Department of Industry

Table 8

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Regional and general industrial support							
Regional development grants	311.9	473.7	598.0	530.0	518.2	420.0	436.8
Provision of land and buildings	24.5	30.0	45.1	23.4	28.1	29.5	30.7
Selective assistance to industry in assisted areas	53.5	41.6	52.1	50.5	47.9	49.7	49.5
Other regional support	0.6	0.5	0.6	0.6	0.8	0.8	0.8
Residual expenditure under repealed sections of the Local Employment Act 1972	-6.6	-2.7	-1.1	-0.1			
Selective assistance to individual industries firms and undertakings	52.6	49.3	61.5	72.8	80.6	74.6	75.2
British Technology Group	69.8	49.3	41.2	24.6	9.6	8.8	9.1
Investment grants	1.4	0.4	0.3	-0.3	0.1		
Other support services	1.4	1.7	3.4	3.9	4.3	4.2	3.4
Future industrial support			6.2	12.0	8.8	24.3	30.1
Total	509.1	643.8	807.2	717.1	698.4	611.9	635.6
Scientific and technological assistance							
General industrial R and D	86.3	102.4	112.9	175.3	206.8	220.3	229.1
Aircraft and aeroengine general R and D	18.7	23.7	25.2	32.6	35.0	36.1	37.5
Space	37.1	43.6	58.4	54.0	61.3	65.1	67.7
Total	142.1	169.8	196.5	262.0	303.1	321.4	334.3
Support for aerospace shipbuilding steel and vehicle manufacture							
Concorde development and production	23.2	35.9	31.9	19.4	13.5	6.9	5.3
Finance for Rolls Royce Ltd	103.9	117.3	193.2	91.4	-13.2	-38.9	-40.5
Other aircraft and aeroengine projects and assistance	-0.4	-0.4	5.2	-0.5	-0.3	4.5	7.9
Refinancing of home shipbuilding lending	-29.7	-31.1	-45.0	-38.0	-37.0	-35.0	-36.4
Interest support costs	58.7	67.3	55.1	58.5	24.4	24.6	25.6
Assistance to the shipbuilding industry	48.1	70.2	174.0	72.1	52.3	29.5	30.7
Assistance to the steel industry	22.4	39.7	100.3	43.4	20.8	8.9	9.3
Finance for BL Ltd	149.5	300.0	620.0	360.0			
Total	375.7	558.9	1,134.6	606.2	60.5	0.5	1.8
Other central and miscellaneous services	35.2	42.2	48.7	52.6	51.9	51.5	53.0
Total baseline	1,062.1	1,454.7	2,187.1	1,637.9	1,113.9	985.2	1,024.7
Additional bids							
Regional development grants					55.8	153.0	160.2
Assistance to individual industries					31.7	35.1	
British Technology Group					15.0	21.5	20.3
Scientific and technological assistance (STAMG)					11.8	21.4	34.0
Rolls Royce					16.2	21.9	18.5
Assistance to the shipbuilding industry					46.1	34.6	23.7
Assistance to the steel industry					8.1	3.2	1.1
Departmental administration							0.7
Future industrial support (Wedge)					6.2	3.7	4.8
Launch Aid					100.0	125.0	125.0
Total additional bids					290.9	419.4	388.3

Introduction

1. The principal support measures under this programme are regional development grants, regional and national selective assistance, support for general industrial R and D, space technology and aircraft and aeroengine development, various shipbuilding measures, and support for BL and Rolls Royce.

Implications of the baseline

2. About half of the extra costs indicated by the additional bids listed in Table 8 arise from external factors, for example demand or the level of interest rates. The other additional bids principally concern launch aid which was not covered in Cmnd 8494 and more support for high technology. The extra funds allowed in the 1982 Budget "innovation package" have already been added to the Cmnd 8494 provision.

3. Neither the White Paper nor the additional bids involve provision for financing BL and Rolls Royce beyond the end of 1982-83 but it will be difficult to avoid expenditure on such "problem companies". Furthermore, no allowance is made for any further phase of the shipbuilding intervention fund beyond July 1983.

Additional bids

4. (i) Regional Development Grants (RDGs)

Restoration is sought of the £50 million a year cut included in Cmnd 8494; Ministers subsequently agreed not to proceed with the changes to RDGs which had been proposed. In addition a bid for a further £80-90 million a year in 1984-85 and 1985-86 is necessary to cover increased demand apparently arising from a reversal in the previously downward trend in the share of UK investment going to the assisted areas. Finally a bid of £9 million a year is necessary following changes in Assisted Areas agreed by Ministers in June 1982.

(ii) Assistance to Industry in Assisted Areas

A bid of £10 million a year is needed to cover expenditure necessary to match the proposed ERDF assistance to small and medium-sized undertakings in areas affected by steel, shipbuilding and textile closures.

(iii) Assistance to Individual Industries

This bid arises from the net effect of modifications in forecast expenditure under the various support measures under this heading, (for example, slippage in support under the now closed Selective Investment Scheme and an upturn in forecast support under the Micro-electronics Industries Support Programme), provision for calls under the Small Firms Loan Guarantee Scheme, together with a loss in receipts arising from loans having lapsed or having been repaid earlier. Additional expenditure of £7 million in 1983-84 and £2 million in 1984-85 on the Small Engineering Firms Investment Scheme has been provided for by transfers from the "wedge" (see (ix) below). Additional provision is also sought for building up a public sector stockpile of certain strategic materials to guard against future disruptions in supply; the costs of a six month stockpile are provisionally put at £27 million in 1983-84, £28 million in 1984-85 and £2 million in 1985-86.

(iv) British Technology Group (comprising the National Enterprise Board and the National Research Development Corporation)

Ministers agreed in July 1979 to provide the NEB with a continuing £10 million a year for its regional/small firms role and £140 million (cash) over the three years to March 1983 for its high technology role. The additional bids would allow the NEB £13 million, £12 million and £10 million in 1983-84, 1984-85 and 1985-86 respectively for a high technology role. The NRDC finances will be seriously affected by the winding down in receipts on the expiry of its cephalosporin patents and extra funds are sought to maintain its investment. All of these bids assume the current examination of the Corporate Plan of the British Technology Group results in approval of these plans.

(v) Scientific and Technological Assistance (STAMG)

This bid is made up of a number of components. First, additional provision is sought for research establishments to cover extra expenditure, including renewing capital equipment, for the National Maritime Institute which is shortly to be privatised; in

in addition general economic conditions have contributed to forecast receipts for research establishments being lower. Second, additional provision is sought for industrial R and D, in particular to allow for the large potential expenditure on the IT87 project, formerly referred to as "Fifth Generation Computers". Third, extra provision is sought for space technology, to cover commitments under the L-Sat (large communications satellite) programme in 1983-84 and an expansion of the "national" space programme (as opposed to support through the European Space Agency).

(vi) Finance for Rolls Royce

The cancellation by Lockheed of its Tristar project, which used RB 211 engines, and the general recession in the airline industry have led to a sharp downturn in receipts to the Department through levies on sales of engines developed with Departmental support.

(vii) Launch Aid

Substantial support will be needed if various projects are to go ahead including the Westlands 30 helicopter, British Aerospace involvement in the A320, Rolls Royce participation in the RJ-500 engine, and the Rolls Royce development of the 535-E4 version of the RB 211.

(viii) Assistance to the Shipbuilding Industry

Additional provision is sought for refinance of home shipbuilding lending, for interest support costs and for assistance to shipbuilding via the Intervention Fund and the Shipbuilding Redundancy Scheme. Some loans under the (now closed) facility for Refinance of Home Shipbuilding Lending have been repaid early with consequent benefit to the PSBR in earlier years, and so receipts in future years will be reduced; of these bids, up to £8 million a year is related to the continuation in 1982-83 of the special early repayment scheme agreed by Ministers. Additional provision is sought to cover increases in interest support costs on Home Shipbuilding Lending, where interest rate assumptions have been increased, more than offsetting a reduction in forecast orders. The bids for assistance to shipbuilding reflect the agreed £40 million tranche of Intervention Fund assistance for the period July 1982 to July 1983, and the extension of the Shipbuilding Redundancy Scheme for two years from July 1983.

(ix) Assistance to the Steel Industry

Higher expenditure is now forecast for the readaptation benefits scheme because more redundant steel workers are choosing the costlier option of training. In addition, a further UK contribution to the European Coal and Steel Community Budget is envisaged. (Nearly half the costs under this heading are refunded by the ECSC, the receipts being taken into account in the programme dealing with the European Community, see chapter 4).

(x) Departmental Administration

The effects of the 1982 Civil Service pay settlement cannot be wholly offset in 1985-86.

(xi) Future Industrial Support (the wedge)

The wedge is an unallocated provision to cover future expenditure on new schemes or to accommodate larger than expected expenditure on existing ones. Additional provision of £6.3 million, £3.7 million and £4.8 million is sought to restore the wedge to levels of £15 million, £28 million and £35 million over the PES years.

Manpower

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	7878	7320	7320	-
(ii) Net change (ie difference between baseline and bid)	-15	-15	-15	-
(iii) Proposed manpower requirement	7863	7305	7305	7305
(iv) 1.4.84 target	-	7320	-	-
(v) Credit to contingency margin	-	15	-	-

(Figures include ASD transferring to Energy in 182/183)

9. Department of Energy

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Regional and general industrial support	19.9	27.9	25.6	26.8	20.9	18.3	19.1
Selective assistance to individual firms and undertakings	1.9	1.8	1.9	5.5	5.2	5.8	6.0
Other support services							
Total	21.8	29.7	27.4	32.3	26.1	24.1	25.0
Scientific and technological assistance	27.9	33.5	44.6	41.7	40.4	41.6	43.3
Non nuclear R and D	145.6	187.0	219.6	221.9	232.2	242.0	251.6
Nuclear							
Total	173.5	220.4	264.3	263.6	272.6	283.6	294.9
Support for other nationalised industries - other than transport industries							
Coal Industry Acts - social grants	63.0	76.8	93.1	103.9	114.2	120.8	125.7
Coal Industry Acts - operational grants	181.4	166.8	246.4	599.4	2.3	-	-
Assistance to the coal industry - RMPS (other than external financing)	16.1	15.8	48.8	62.7	76.3	95.8	99.6
Pneumoconiosis scheme	5.5	4.9	9.1	12.3	11.1	10.9	11.3
Other compensation							
Total	266.0	264.4	397.4	778.3	203.9	227.5	236.6
Other central and miscellaneous services	-16.5	17.6	25.2	25.8	28.8	29.1	30.2
Total baseline	444.8	532.1	714.3	1,100.0	531.4	564.3	586.8
Reduced requirements							
Selective assistance to industrial firms & undertakings							-1.5
Other compensation							-8.8
Total reduced requirements							-10.3
Additional bids							
Coal Industry Acts - social grants					2.0	4.0	7.0
Redundant mineworkers payments scheme					15.0	15.0	25.0
Total additional bids					17.0	19.0	32.0

1. Assistance to the coal industry and nuclear research and development account for 80 per cent of the Department's baseline. No major new items of expenditure are proposed. Requirements in the last year are reduced by the rundown of expenditure on the terminated Offshore Supplies Interest Relief Grant scheme and the limit of £50 million for payments for the advance ordering of Drax B power station. No provision is included for further work on a Severn Barrage.

2. The provision for nuclear research and development in each year is some 6-11 per cent in equivalent cost terms below the 1982-83 provision. The reductions agreed to last year's plans have led to a cutback in work on the fast reactor, affecting the negotiations with potential partners for international collaboration, to limits on independent fusion research, and to the deferral of construction and refurbishment of plant and laboratories. Ministers are expected to take a decision this year on the future of fast reactor work. None of the options which they will be considering is likely to result in an additional bid during the period of the survey.
3. The provision for operational and deficit grants to the coal industry is as published in Cmnd 8494 and is realistic only for 1982-83. Figures for subsequent years reflect the former financial strategy and do not take account of the change in policy since February 1981. The amount to be provided for future years will be considered in the Investment and Financing Review of the nationalised industries.
4. The baseline provision for payments to redundant mineworkers was agreed last September on the assumption that about 7,000 men might be made redundant in 1981-82 following the improvements in benefits which took effect from March 1981. This would have been more than double the number of redundancies in 1980-81. In the event the National Coal Board was able to make some 10,000 men redundant in 1981-82 with consequential benefits for productivity and financial performance. Benefits under the redundancy scheme continue for 5 years or more so the increase in the number of redundancies last year requires additional bids of £15 million in 1983-84, £15 million in 1984-85 and £25 million in 1985-86. About £5 million a year should be offset by higher receipts from the European Coal and Steel Community which will be credited to programme 2.7. Associated, but smaller, additional bids of £2 million in 1983-84, £4 million in 1984-85 and £7 million in 1985-86 for social grants to the National Coal Board for pit closures etc result from the same increase in redundancies. These, unlike the redundancy payments, count towards the NCB's external financing requirements.
5. These figures are subject to considerable uncertainty since they depend not only on redundancies that have already taken place but also on the future rate of redundancies. No change is at present being made to last September's forecasts that there would be an average of 5,500 redundancies a year in 1982-83 and subsequent years. This assumption will need to be reconsidered later in the year.

Manpower

The manpower numbers for the Department of Energy are shown below. They reflect the transfer of 15 accountants from Department of Industry.

	<u>1.4.83</u>	<u>1.4.84</u>	<u>1.4.85</u>	<u>1.4.86</u>
(i) Manpower numbers in the baseline	1140	1096	1096	-
(ii) Net change (ie difference between baseline and bid)	+15	+15	+15	-
(iii) Proposed manpower requirement	1155	1111	1111	1111
(iv) 1.4.84 target	-	1096	-	-
(v) Claim on/contingency margin	-	15	-	-

(Figures exclude ASD staff transferring from Industry in 82/83)

10. Department of Trade

£ million cash

Table 10

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Food subsidies	-0.2						
Regional and general industrial support							
Promotion of tourism	22.5	25.2	28.7	32.9	33.1	34.6	36.0
Other support services	0.5	1.0					
Total	22.8	26.2	28.7	32.9	33.1	34.6	36.0
Export promotion and trade co-operation	21.6	19.2	19.9	23.8	26.2	27.6	28.7
Regulation of domestic trade and consumer protection	45.3	55.5	64.1	68.7	73.4	78.6	81.7
Shipping services	20.4	25.4	31.3	30.9	26.8	25.5	26.5
Civil Aviation Authority	25.1	35.4	19.9	17.5		13.2	13.7
Capital investment by local authorities on aerodromes	16.4	21.7	31.2	41.6	41.2	36.9	38.4
Other civil aviation services	6.5	-1.4	-1.0	-1.5	3.3	4.6	4.8
Other central and miscellaneous services	37.8	51.6	53.8	51.5	54.2	57.0	59.3
Total baseline	195.9	233.7	247.8	265.2	258.2	278.1	289.2
Civil Aviation Authority (net overseas and market borrowing)	10.0	17.8	17.6	13.4	20.3	1.5	1.6
Reduced requirements							
(i) Export promotion					-0.2	-0.1	-
(ii) Protection of innovation					-5.2	-6.5	-7.2
(iii) Civil aviation services					-	-1.5	-1.0
Total reduced requirements					-5.4	-8.1	-8.2
Additional bids							
(i) Tourism					1.7	1.8	1.9
(ii) Export promotion					-	-	0.1
(iii) Trade co-operation					0.1	0.1	0.2
(iv) Regulation of domestic trade and industry and consumer protection					2.4	2.3	3.4
(v) Standards					0.3	0.6	0.9
(vi) Departmental administration					1.4	1.2	0.5
(vii) Shipping services					1.1	1.8	8.8
(viii) Civil aviation services					1.1	-	-
Total additional bids					8.1	7.8	15.8

Introduction

1. The Department of Trade's expenditure covers a number of small programmes including assistance to tourism, export promotion, regulation of domestic trade, trading standards, shipping and civil aviation services. Local authority expenditure on

local airports and on consumer protection activities is included for PES purposes in the Department's programmes. Administration forms a substantial proportion of the expenditure under departmental control.

Implications of the baseline

2. The figures reflect the planned levels of these activities set out in Cmnd 8494 as a result of last year's survey.

Reduced requirements

3. The Department has identified reduced requirements on its programmes totalling £5.4 million in 1983-84, £8.1 million in 1984-85 and £8.2 million in 1985-86.

Additional bids

Promotion of tourism

4. Additional net bids of £1.7 million in 1983-84, £1.8 million in 1984-85 and £1.9 million in 1985-86 are required for the continuation of additional promotional effort commenced in 1982-83 by both the British Tourist Authority and the English Tourist Board; to restore BTA's purchasing power following losses due to exchange rate movements in previous years; and to meet VAT liabilities for the Authority and the Board arising from a recent Customs and Excise decision to alter the basis on which they are assessed. These additions are partially offset by reduced provision for assistance under Section 4 of the Development of Tourism Act 1969. The Treasury notes that funds for the additional promotional effort in 1982-83 were found from savings identified by the Department after the baseline was set. The Treasury had previously made it clear that this once-for-all adjustment had no implications for expenditure in future years. Secondly, BTA has been given authority to purchase forward foreign currency to minimise exchange rate losses. The Treasury considers that BTA should not be insulated entirely from market fluctuations. Thirdly it is the Treasury view that additional bids in respect of VAT liabilities should (as last year) be offset by savings elsewhere.

Export promotion

5. An additional requirement of £0.1 million in 1985-86 arises from an allowance for overseas cost increases which has been built into the trade fair provision. The Treasury considers that it is not possible to predict these costs so far ahead and that the additional bid should be rejected.

Trade co-operation

6. Additional bids of £0.1 million in 1983-84 and 1984-85 and £0.2 million in 1985-86 arise on UK contributions to GATT and are due to exchange rate fluctuations, particularly in respect of depreciation of sterling against the Swiss franc. The Treasury considers that these additional bids should be offset or withdrawn.

Regulation of domestic trade and industry and consumer protection

7. Additional bids of £2.4 million in 1983-84, £2.3 million in 1984-85 and £3.4 million 1985-86 arise from increased provision for the grant in aid to the National Association of Consumer Advice Bureaux; increased provision for the fees and expenses of professional advisers to the Monopolies and Mergers Commission; and forecast shortfalls on fees receipts at the Companies Registration Office and the effect in 1983-84 of the 1981 pay settlement. The Treasury point out that it was made clear at the time that the 1982-83 increase for NACAB was without prejudice to future years and on the basis that the addition was offset by savings elsewhere in the programme. The Treasury take the view that the proposed increases in NACAB grant in aid should if accepted, be fully offset and that the additional bid in 1983-84 for pay should be absorbed.

Standards

8. Additional bids of £0.3 million in 1983-84, £0.6 million in 1984-85 and £0.9 million in 1985-86 arise from the inclusion in the standards programme of provision for assistance with the travel costs of UK delegates to international standards meetings (previously borne on the Export Promotion programme); purchase of testing apparatus; and additional grant in aid to the British Standards Institute in 1985-86 to match expected increases in industrial subscription income. The Treasury points out that the relevant part of the Export Promotion programme was reduced by

less than the additional bids shown here; it is the Treasury view that these bids be reduced accordingly. This and the other additional bids should be fully offset.

Departmental administration

9. Additional bids of £1.4 million in 1983-84, £1.2 million in 1984-85 and £0.5 million in 1985-86 arise from additional and replacement computer requirements and the effect in later years of the 1981 pay settlement. The Treasury takes the view that the additional bids for the effect of the 1981 pay settlement should be absorbed and that the additional bid for computers, although acceptable in principle, should be fully offset.

Shipping services

10. Additional bids of £1.1 million in 1983-84, £1.8 million in 1984-85 and £8.8 million in 1985-86 arise wholly from the funding for civil hydrography - £2.0 million in 1983-84 and 1984-85, and around £9.0 million in 1985-86, the first year that the Department assumes it will bear the cost of the whole service, which is at present the responsibility of the Ministry of Defence. The civil hydrography bids are partially offset by reduced requirements within the Shipping Services programme. The Treasury points out that the future funding for civil hydrography has not been finally settled. The Treasury considers the funding for the first two years by the Department should be fully offset and the bid for the final year withdrawn until the policy has been settled.

Civil aviation services

11. The additional bid of £1.1 million in 1983-84 arises from changes in the Eurocontrol budget.

Manpower

	<u>1.4.83</u>	<u>1.4.84</u>	<u>1.4.85</u>	<u>1.4.86</u>
(i) Manpower numbers in the baseline	6,965	6,711	6,708	-
(ii) Net change (ie difference between baseline and bid)	-	-	-	-
(iii) Proposed manpower requirement	6,965	6,711	6,708	6,708
(iv) 1.4.84 target	-	6,321	-	-
(v) Claim on contingency margin	-	390	-	-

11. Export Credits Guarantee Department

11. Export Credits Guarantee Department

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
International trade							
Refinancing of fixed rate export credits	-407.1	-629.0	-430.0	-245.0	-215.0	-27.0	-28.1
Cost escalation guarantees	0.2	12.8	27.7	34.7	11.4	12.4	12.8
Interest support costs	357.1	461.2	486.7	571.8	385.0	321.8	334.7
Mixed credit matching facility	-	-	0.5	5.1	5.4	5.7	5.9
Total baseline	-49.8	-155.0	84.9	366.5	186.8	312.8	325.3
Reduced requirements							
Refinancing of fixed rate export credits					-	-26.9	-
Cost escalation guarantees - charges					-3.6	-3.7	-
- subsidy					-	-1.5	-11.4
Interest support costs					-	-4.5	-80.5
Total reduced requirements					-3.6	-36.6	-91.9
Additional bids							
Refinancing of fixed rate export credits					37.0	-	30.2
Cost escalation guarantees - charges					-	-	0.2
- subsidy					5.7	-	-
Interest support costs					175.5	-	-
Total additional bids					218.2	-	30.4

1. ECGD is responsible for four public expenditure programmes. The Department:-
 - (i) makes loans to banks to refinance a proportion of their fixed rate export lending undertaken for commitments entered into before 1 April 1980;
 - (ii) makes interest support payments to banks to provide them with a commercial rate of return on their unrefinanced fixed rate export lending;
 - (iii) offers exporters protection through the cost escalation scheme, against increases in certain costs of export contracts for large capital goods.
 - (iv) is prepared to use its "mixed credits matching facility" to provide support to British exporters faced with foreign competition offering concessionary terms.

2. Following the termination of refinance for new sterling commitments from April 1980, a substantial net receipt of refinance is expected over the survey period. The timing of the net receipts is subject to past commitments entered into with the lending

banks, and arrangements made with the Trustee Savings Banks. The changes in the timing of expected net receipts are due to the more accurate predictions which are being made as the scheme runs down.

3. Expenditure forecasts for the interest support and cost escalation programmes must be tentative, since they are demand responsive and highly sensitive to changes in economic assumptions.

4. The changes in interest support costs take account of recent changes in the sterling exchange rate, interest rate expectations and the latest estimates of increasing outstanding export credits over the period. The increase in 1982-83 interest support costs is particularly affected by an expected increase in the volume of outstanding export credits of 16 per cent.

5. It is estimated that the flow of exports supported by the fixed rate export lending arrangements (items (i) and (ii) above) will be approximately £4.2 billion in 1982-83 and that this figure will rise to £4.3 billion, £4.9 billion and £5.5 billion in 1983-84, 1984-85 and 1985-86 respectively.

6. The cost escalation programme projections are affected by price increases and some delays in the signing of agreements under which premium income is mainly received in the earlier period. The estimate relates to commitments made and expected to be made by 26 March 1983; Parliament recently approved an extension of the Department's annual authority to that date.

7. The figure for the mixed credit matching facility is based on the existing provision for 1982-83 carried forward through to 1985-86.

Manpower

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	1845	1840	1840	-
(ii) Net change (ie difference between baseline and bid)	-	-	-	-
(iii) Proposed manpower requirement	1845	1840	1840	1840
(iv) 1.4.84 target	-	1840	-	-
(v) Claim on/credit to contingency margin	-	-	-	-

12. Department of Employment

Table 12

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Employment and training							
General labour market services	106.6	113.8	167.7	254.8	252.7	281.8	293.4
Services for the seriously disabled	50.2	66.8	76.6	82.2	86.5	90.1	93.7
Redundancy and maternity fund payments	161.6	350.6	513.2	425.9	306.6	265.7	278.9
Special employment measures	209.7	538.5	445.9	442.9	501.0	463.5	481.7
Central services	27.5	38.3	24.0	31.9	40.0	44.0	49.5
Advisory Conciliation and Arbitration Service	10.5	12.2	12.7	13.1	13.4	13.8	14.4
Health and safety at work	55.9	69.9	72.1	81.3	88.6	93.0	96.7
Manpower Services Commission	611.0	743.9	940.4	1,326.7	1,470.2	1,647.7	1,713.6
Careers service grant	3.1	4.7	6.9	10.8	11.4	12.1	12.5
Total baseline ⁽¹⁾	1,236.1	1,938.7	2,259.4	2,669.6	2,770.4	2,911.6	3,034.4
Other agreed changes					-10.0	-5.0	-5.2
Loans to the NDLB							
Reduced requirements							
(a) Temporary short time working scheme					-12.6	-	-6.9
(b) Community Enterprise Programme grants					-	-16.4	-17.0
(c) Job Release Scheme					-29.7	-43.1	-168.3
(d) Manpower Services Commission					-	-	-8.8
(e) Miscellaneous minor items					-2.0	-2.2	-2.3
Total reduced requirements					-44.3	-61.7	-203.3
Additional bids							
(i) Estimating							
(a) Redundancy payments					3.2	64.9	67.5
(b) Maternity pay					3.3	3.5	3.6
(ii) Other							
(a) Careers service strengthening					3.3	3.5	3.6
(b) Maternity pay					8.6	9.0	9.3
(c) Employment Bill Compensation payments					1.5	-	-
(d) Grants to voluntary bodies for sheltered employment					0.6	0.7	0.7
(e) Local authority expenditure on sheltered employment					-	0.7	0.7
(f) Local authority expenditure on careers service					1.5	2.9	3.0
Total additional bids					22.0	85.2	88.4

(1) Excluding any provision for the employment scheme announced in the Budget which has not yet been costed.

Introduction

1. Some 97 per cent of this expenditure is incurred by the Department of Employment Group throughout Great Britain. The remainder is spent by local authorities on the careers service in England and on the provision of sheltered employment in Great Britain. The sub-programmes exclude the unemployment benefit service which is covered in the DHSS report.

Implications of the baseline

2. Provision for general labour market services maintains the Community Enterprise Programme and Community Industry at the present level of filled places. But it is insufficient to maintain existing staff numbers in the general careers service. Sheltered employment for the seriously disabled could continue only at broadly the present level.
3. The provision for redundancy payments and maternity pay would be inadequate to cover the forecast number of payments and/or the increase in the average cost of payments.
4. The allocation for special employment measures operated by the Department is sufficient to meet remaining expenditure on the Temporary Short Time Working Scheme (which is scheduled to close in March 1984); and continuing payments under the Young Workers Scheme. It also allows for the maintenance until March 1984 of the Job Release Scheme with eligibility ages of 62 for men and 59 for women. After March 1984 the provision takes account of an increase in the entry age for men to 64. There is also continuing provision for trade union ballots, compensation for pneumoconiosis and for loans to the National Dock Labour Board (which are not required beyond 1982-83).
5. The provision for central services, the Advisory Conciliation and Arbitration Service (ACAS) and the Health and Safety Commission (HSC) all reflect planned reductions in staff.
6. The allocation for the MSC within the baseline is sufficient to cover the Commission's planned activities, including expenditure on the employment service (taking account of the introduction of voluntary registration); on adult training programmes; and on the new Youth Training scheme, which will replace the Youth Opportunities Programme from September 1983. A fall in MSC staffing levels of some 4½ per cent between 1981 and 1985 is assumed.

Additional bids

7. The cost of the additional bids shown in the table can be met in full from reduced requirements in 1983-84 and 1985-86. In 1984-85 around 80 per cent of the bids are estimating changes on payments from the redundancy and maternity pay funds. These are demand led, and unit costs reflect general movements in wages. Overall the bids in 1984-85 exceed reduced requirements by £23.5 million; offsetting savings of this amount have been specified. The bids are described below in the order in which they appear in the table.

Estimating increases

8. (a) Unit costs of redundancy payments are currently some 7 per cent higher than assumed in Cmnd 8494. Latest forecasts suggest that the number of payments will fall from 628,000 in 1982-83 to around 400,000 in later years. In 1983-84 this is lower than provided for in Cmnd 8494, and the increased requirement stems solely from a higher level of average payments. In 1984-85, however, the bid covers both higher unit costs and greater volume.
- (b) The bid for maternity pay reflects average payments which are currently some 6 per cent higher than forecast in Cmnd 8494.

Other increases

9. (a) The bid for the Careers Strengthening Scheme is classified as central government expenditure since it is a direct grant to local authorities to meet the demand placed on the careers service by the Youth Opportunities Programme and the new Youth Training Scheme. A further 300 posts are sought for Great Britain because of greater than forecast demands on the service stemming from the Government's proposals for a new training initiative.
- (b) The maternity pay bid is to raise the level of payment from 90 to 100 per cent of normal earnings less flat-rate maternity allowance, to compensate for the withdrawal from 1982 of earnings related supplement to maternity

allowance. The Department is committed to making this increase when expenditure constraints permit.

(c) This bid is necessary to cover the provision in the new Employment Bill for compensation in certain past cases of dismissal for failure to conform to the requirements of a union membership agreement.

(d) Voluntary bodies are finding it increasingly difficult to maintain their sheltered employment facilities. This bid is to increase the grant to such bodies; the cost of alternative provision for sheltered employment would be much greater.

(e) and (f) Following the containment of local authority expenditure in Cmnd 8494, and given an expected increase in unit costs, bids are required to maintain the general careers service and local authority provision for sheltered employment at broadly the 1981-82 level. By 1984-85, the baseline for the careers service supports some 140 fewer careers officers than currently employed.

10. In addition to the bids outlined above there will be a bid for all three years to bring the accommodation in unemployment benefit offices up to an acceptable standard. There may also be bids or other changes resulting from the current annual review of special employment measures.

Manpower

11. The following table shows all permanent staff in the Department of Employment group. It therefore includes some staff whose costs are borne on Programme 12.

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	60939	57715	57495	-
(ii) Net change (ie difference between baseline and bid)	-1449	+249	+217	-
(iii) Proposed manpower requirement	59490	57964	57712	56715
(iv) 1.4.84 target	-	48959	-	-
(v) Claim on contingency margin	-	9005	-	-

12. The increases above the target figures are required for administration of the unemployment benefit service and of special employment measures. The difference between the baseline figures and the proposed manpower numbers represents the net effect of an increased unemployment assumption, some reductions in the volume of work on special measures and efficiency savings in the unemployment benefit service and elsewhere.

13. Department of Transport		£ million cash					
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Motorways and trunk roads							
New construction and improvement	341.2	407.0	449.8	535.5	570.3	600.5	624.5
Maintenance	105.6	117.1	178.5	166.1	160.5	174.3	181.3
Total	446.8	524.1	628.3	701.6	730.8	774.8	805.8
Local transport							
Capital:							
Roads - new construction and improvement	353.0	428.6	334.6	468.9	518.7	559.6	582.0
Car parks	13.1	20.2	15.0	20.8	22.0	23.1	24.1
Public transport investment	217.1	230.0	250.0	264.6	263.0	265.3	275.9
Current:							
Roads - maintenance	566.7	659.7	692.0	787.0	827.2	867.1	901.8
Car parks	-9.0	-15.0	-18.0	-23.0	-25.2	-27.2	-28.3
Road safety etc	7.8	8.8	13.0	11.7	12.9	13.9	14.5
Local authority administration	180.9	226.6	230.0	170.0	173.8	178.7	185.9
Passenger transport subsidies:							
British Rail	32.0	39.5	47.0	54.0	57.0	60.0	62.4
Bus, underground and ferry services	197.4	279.9	376.8	260.3	261.0	259.0	269.4
Concessionary fares	111.5	136.6	157.0	163.0	173.0	181.0	188.2
Total	1,670.5	2,014.7	2,097.4	2,177.3	2,283.4	2,380.5	2,475.7
Central government subsidies to transport industries							
British Rail subsidies							
Passenger subsidies	641.0	657.5	814.3	844.8	882.9	926.5	963.6
Replacement allowance	-	0.3	52.0	72.5	75.5	81.2	84.4
Level crossing grant	11.3	9.0	7.7	8.7	9.4	9.9	10.3
Other subsidies							
Total subsidies	652.3	666.8	873.9	926.0	967.8	1,017.6	1,058.1
British Rail pension funds							
National Freight Company							
New bus grants to nationalised industries and private operators	33.7	35.6	25.2	18.5	9.2	1.5	1.6
Freight facilities grant	3.7	4.8	4.0	6.0	7.4	7.8	8.1
Total	689.7	707.2	903.3	950.4	984.3	1,027.0	1,068.1
Ports							
Other transport services	59.9	81.2	106.1	168.0	147.9	107.3	111.6
Other transport services							
Roads and transport administration	31.4	39.6	41.6	43.6	46.8	49.7	51.7
Transport research and other services	18.1	41.4	31.0	25.7	33.8	35.2	36.6
Total	49.5	81.1	72.6	69.3	80.6	84.9	88.3
Driver and vehicle licensing	50.3	65.0	72.8	79.7	91.6	95.8	99.6
Total baseline	2,966.7	3,473.3	3,880.5	4,146.4	4,318.6	4,470.2	4,649.0
Additional bids							
Motorways and trunk roads					25.0	25.0	25.0
Driver and vehicle licensing					3.0	4.0	3.0
British Rail pensions					7.0	3.0	4.0
Total additional bids					35.0	32.0	32.0

Introduction

1. The Department of Transport's expenditure programmes relate mainly to England. Subsidies to British Rail and ports spending extend also to Scotland and Wales, and driver and vehicle licensing throughout the UK.

2. Cash limits are applied to the total of local authority capital expenditure; to Government grants to local authorities; to the motorway and trunk road programme, and to almost all DTp's other central spending.

Motorways and trunk roads

3. The priorities for the motorway and trunk road programme are: first, the construction of roads which aid economic recovery and development; second the construction of roads bringing environmental benefits; third, preserving investment already made.

4. As presently provided, the annual increase in cash for the programme, which is in effect managed as a unit, is 4 per cent from 1982-83 to 1983-84; 6 per cent from 1983-84 to 1984-85; and 4 per cent from 1984-85 to 1985-86.

Motorway and trunk road construction

5. The programme in the Roads White Paper (Cmnd 8496) envisaged a rate of new road construction as follows:

Under construction at 1 April 1983	-	200 miles
Opened during 1983-84	-	110 miles
Opened during 1984-85	-	100 miles
Opened during 1985-86	-	160 miles
Under construction at 31 March 1986	-	290 miles

Over 110 communities will be relieved of through traffic in the three years 1983-84 to 1985-86. The M25 will be virtually completed by the end of the period, so the emphasis will switch to lower standard and less expensive roads.

6. Most of the schemes take between 2 and 3 years to complete. Once contracts are let, the rate of spending depends on the speed of work and the movement of costs. As most of the expenditure in any year is on contracts let in earlier years, the only means of managing the programme within the cash limit is by deferring the letting of new contracts.

7. The most important factor affecting the level of output possible is therefore the movement of costs. Unit costs in 1981-82 were about 1½ per cent below the average for 1980-81. The future trend is difficult to forecast. The Department's view is that a cyclical upturn is almost certain in the next 1 or 2 years. It estimates that the rise in unit costs between average 1982-83 and average 1983-84 is likely to be in the range of one half to eight per cent; the rise in tender prices for new work would be higher. The prospects for later years are even more uncertain.

8. Given this forecast, the Department believes that £560 million needs to be set aside in 1983-84 to ensure the planned capital programme can be achieved. The Treasury's view is that it should be possible to achieve the desired output well within the cash presently provided. The position can be kept under review as further information becomes available about movements in construction prices.

Motorway and trunk road maintenance

9. In terms of cost and purpose major maintenance schemes are similar to new construction projects. They are likewise subject to considerable uncertainty about future price movements. A study in 1980 showed that 80 miles of motorway required reconstruction annually over 5 years. In 1981-82 only 62 miles were reconstructed. The National Road Maintenance Condition Survey in March 1982 showed some evidence of a decline in the standard of trunk roads also.

10. These problems have been emerging despite a level of spending in 1981-82 higher than is likely to be available in any year of the survey. Continued growth is forecast in traffic. In view of these factors the Department has entered an additional bid of £20 million in each year. The Treasury believes that there is scope for efficiency

savings, and that the construction programme can be carried out with less cash; so that for 1983-84 at least, extra money for maintenance can be found within the total cash already available.

Additional bids (total £25 million a year)

11. (i) Motorway and trunk road maintenance: £20 millions a year. Discussed in paragraph 10 above.
- (ii) Severn Bridge: £5 million a year. The Department has proposed a token £5 million each year for unexpectedly early repairs and renewals.

Local transport capital

12. This covers local authority and New Town roads, DTp's contribution to the Urban Programme; construction of local authority car parks; local investment in public transport.

13. The major priorities for local authorities, which are reinforced through the Transport Supplementary Grant system, are bypasses and relief roads (part of the 'Armitage' package); local roads linking to the trunk road network; and rehabilitation of inner city areas.

14. As presently provided, the annual increase in cash for the whole programme is 6½ per cent from 1982-83 to 1983-84; 5½ per cent from 1983-84 to 1984-85; and 4 per cent from 1984-85 to 1985-86.

15. As with motorways and trunk roads, future price movements are difficult to forecast. The Department's view is that the rise in unit costs between average 1982-83 and average 1983-84 is likely to be in the range of 2 to 9 per cent. A significant upturn in prices would reduce output against the background that in 1982-83 local authorities will start fewer than half the bypass schemes which they have ready, and no major new public transport scheme. The Treasury's view is however that until unit costs are shown to be on a rising trend the programme should continue within its present level.

Local transport current

16. This covers local authorities' current spending on transport, mainly subsidies to public transport operators, concessionary fares and highway maintenance.

17. Local authorities' budgets for 1982-83 show that they are planning to overspend Cmnd 8494 provision for local transport by £341 millions, mainly arising from excessive revenue support for public transport in the metropolitan areas, but also reflecting loss of business during the recession.

18. It may be necessary to increase PES provision to reflect more realistically the needs of authorities. This expenditure falls to be considered in the separate review of local authority current expenditure to which Ministers have agreed. The Department of Transport is therefore not in a position to include any specific bid in a survey of their other programmes. The forecast level of spending will also need to take into account Ministerial decisions following the review of the future control of public transport in London and the other conurbations by an official group (MISC 70).

19. The Department has therefore offered no commentary in this part of the survey on the baseline provision, nor entered any additional bids or offsetting savings. The Department has not included local authority current expenditure in its analysis of the required options for reductions.

British Rail

20. The Government compensates the British Railways Board (BRB) for the costs which they incur in providing passenger railway services comparable with those provided in 1974. The grant includes an element to cover the cost of replacing assets in the railway business. A separate grant is paid towards the cost of level crossings.

Implications of the baseline

21. In view of the sudden and serious deterioration in BRB's finances in 1981, exacerbated by the industrial dispute in the early months of 1982, the Government has

set in hand a review of railway finances under an independent chairman. Its report is expected in the autumn and decisions about grant to British Rail will need to be based on its findings.

22. In the meantime, the baseline provision reflects the working assumption that grant levels for the years of the survey period will be broadly constant at the level now agreed for 1982. That represents a reduction of about 2 per cent per year on the 1981 level which reflected an exceptional increase of £110 million (18 per cent) over earlier levels because of the effects of the recession on British Rail. The assumption used here is not intended to imply that grant at the 1982 level is necessarily appropriate for the later years. British Rail's overall financing requirement, of which grant forms a large part, will be discussed in the nationalised industries' Investment and Financing Review.

Other grants

23. Payments are made to the pension funds of the BRB and National Freight Company (NFC) to meet emerging costs of unfunded historic pension liabilities. Grants are also payable for rail travel concessions of certain NFC staff, for the provision of freight haulage facilities by rail and inland waterways and towards the purchase of new buses, the last-mentioned scheme being phased out by 1984.

Additional bid: BRB pensions

24. BRB implemented in 1982-83 an early retirement scheme for administrative staff leading to an increase in the number of pensioners who benefit under these arrangements. The additional cost is estimated at £7 million in 1983-84, £3 million in 1984-85 and £4 million in 1985-86. Expenditure on these pension liabilities, including the additional costs identified here, is a statutory obligation. Offsetting savings in respect of this additional bid from elsewhere in Programme 6 are discussed separately in the Options for Reductions paper.

Ports

25. This sub-programme covers net lending to the private sector, investment by local authority and public trust ports and grant and loss assistance to the effectively bankrupt Port of London Authority and Mersey Docks and Harbour Company. Officials are currently considering the possibility of reclassifying the expenditure of public trust ports so that public expenditure totals reflect finance rather than capital expenditure. Depending on the form of any new classification adopted, such a change could reduce the baseline by £20 to £25 million a year.

Other transport services

26. This item covers expenditure on central government administration, transport research and net expenditure on driver and vehicle testing.

Driver and vehicle licensing

27. This covers the cost of licensing and registration of drivers and vehicles and of collecting driving licence fees and motor vehicle excise duties. The Department has proposed additional bids of £3 million in 1983-84, £4 million in 1984-85 and £3 million in 1985-86. These are to cover extra wage costs as staff move up the incremental scales and to pay for up to 180 extra posts which the Department says it will need for its new computer system. These staff will be required to cover a period of parallel running during the introduction of the new system. The new computer will produce substantial staff savings but these will not be realised until after 1985-86. The Treasury is considering with the Department how the extra costs might be contained. It is not possible to estimate the effects of the new agency agreement with the Post Office and no addition to Cmnd 8494 has been proposed at this stage.

Manpower

	<u>1.4.83</u>	<u>1.4.84</u>	<u>1.4.85</u>	<u>1.4.86</u>
(i) Manpower numbers in the baseline	12,890	11,622	11,622	-
(ii) Net change (ie difference between baseline and bid)	-	-	+180	-
(iii) Proposed manpower requirement	12,890	11,622	11,802*	11,722
(iv) 1.4.84 target	-	11,453	-	-
(v) Claim on contingency margin	-	+169	-	-

*Additional finance required is covered in additional bids for finance.

14. Department of the Environment - Housing

Table 14

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Current expenditure							
General subsidies							
Central government subsidies to local authority housing	1,274.3	1,423.3	915.8	592.0			
Rate fund contributions to local authority housing	320.8	429.9	392.1	324.7			
Subsidies to new towns	100.6	114.8	116.2	118.8			
Housing association revenue deficit grants	24.0	27.5	37.5	38.1			
Total	1,719.7	1,995.5	1,461.6	1,073.6			
Option mortgage scheme	184.0	222.3	254.0	300.0			
Administration - central government	18.9	21.6	29.8)	121.0			
local authorities	95.5	116.9	88.7)				
Total current expenditure	2,018.1	2,356.3	1,834.1	1,494.6			
Capital expenditure							
Local authority gross expenditure							
Land	46.0	26.7	30.0				
New dwellings	1,077.7	977.8	700.0				
Acquisitions	59.0	25.8	20.0				
Improvement investment	760.9	697.8	615.0				
Other	67.6	91.6	60.5				
Improvement grants	133.9	144.0	215.0				
Gross lending to private persons for house purchase and improvement	260.5	116.1	55.0				
Loans and grants to the housing associations	188.5	169.8	130.0				
Total local authority gross expenditure	2,594.1	2,249.6	1,825.6	2,552.9			
New towns gross investment							
Land	7.6	3.8	7.0				
New dwellings	149.4	155.8	102.0				
Improvements	3.8	9.7	10.0				
Total new towns gross investment	160.8	165.3	119.0	73.0			

14. Department of the Environment - Housing

CONFIDENTIAL

Table 14

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Sale and repayments							
Land and dwellings, local authorities	-510.8	-751.7	-1,330.0				
New towns	-33.3	-40.2	-50.0				
Associated lending-gross	364.9	491.9	750.0				
Repayments	-44.1	-54.0	-81.9				
Repayments of loans to private persons for house purchase and improvements	-241.3	-216.3	-255.0				
Repayment of loans to housing associations	-3.6	-16.4	-20.0				
Total sales and repayments	-468.2	-586.7	-986.9	-1,097.8			
Housing corporation schemes - net loans and grants to housing associations							
	397.1	494.7	491.0	530.0			
Savings bonus and loans scheme for first time purchasers (net) and other lending (net)							
	-3.0	0.5	0.1	7.9			
Total capital expenditure	2,680.8	2,323.4	1,448.6	2,066.0			
Total baseline	4,698.9	4,679.7	3,282.7	3,560.6	2,750.8	2,855.1	2,969.3
Additional bids							
Capital					860.0	700.0	700.0
Current					120.0	125.0	130.0
Reduced requirements (interest rates)					-52.0	-46.0	-200.0

Introduction

1. The table shows the figures in Cmnd 8494 adjusted for the Budget and other agreed changes. For 1983-84 and later years a single total figure is shown; decisions on how the total provision will be distributed will be made in the autumn preceding each year. The principal decisions to be taken on the housing programme relate to rent increases and the level of capital expenditure. Decisions on rents have three effects: they determine the requirement for housing subsidy which is current expenditure within the housing programme; they indicate the possible level of surpluses on local authorities' housing revenue accounts which reduce the PSBR and may be seen as an offset to public expenditure; and they affect the requirement for Housing Benefit within the Social Security programme.

Capital expenditure

2. The provision for gross capital expenditure in 1982-83 (£3190 million) is only 18 per cent above the outturn for 1978-79 although costs in the economy as a whole are estimated to have increased over the same period by some 65 per cent. The output from housing capital expenditure has therefore fallen sharply: public sector housing starts were down from 93,000 in 1978 to 31,000 in 1981; and public sector improvements down from 74,000 to 64,000. An increase in forecast capital receipts from sales of council houses and the construction package in the 1982 Budget meant that planned gross provision for housing capital expenditure could increase by 10 per cent between 1981-82 and 1982-83. In addition, there was a marked underspend in 1981-82 mainly because local authorities were uncertain about the likely level of capital receipts so that gross provision in 1982-83 is some 30 per cent above outturn for 1981-82. None the less the Department believes that there is a strong case for a further increase in 1983-84. The Department points particularly to

- (i) the need to follow through the momentum on home improvement that will gradually build up in 1982-83 as a result of the Chancellor's budget measures. If HIP allocations are cut back in 1983-84, discretionary improvement grants could be halted or drastically cut back in many authorities.
- (ii) the English House Condition Survey in England and Wales. The results of the survey which will be published later in the year may show significant deterioration in the state of the housing stock and to add to public demand for greater expenditure on home improvement.
- (iii) equally urgent needs for home improvement expenditure in the public sector. Many post-war dwellings constructed using industrialised methods (including Airey and Bison homes) are causing serious problems. Local authorities will need either to repair these dwellings or demolish them, rehousing the tenants. The Department does not believe that central government can stand back from the expenditure implications.
- (iv) the employment and materials industry benefits of public sector housing capital expenditure.

- (v) the fact that, in 1981-82, for the first time since the 1940s fewer homes were added to the stock than the estimated increase in households. About 180,000 dwellings a year are needed to maintain the current household/dwelling balance. Although a large crude surplus of houses remains, it includes second homes, and there are still shortages in areas to which people want to move; a surplus is needed for labour mobility. Private sector completions could provide up to 120,000 dwellings a year in 1982-83. The Department therefore believes that a continuing contribution of 60,000 houses a year is required from the public sector. The Treasury points out, however, that private sector starts have increased since 1980 and that the private sector contribution could and should be considerably greater in the mid 1980s; a temporary adverse movement in the household/dwellings balance may be a necessary price to pay in the context of the economic strategy as a whole.

Current expenditure

3. Reductions in housing current expenditure have, with the reduced capital provision, made a major contribution to the Government's public expenditure savings over the last four years. This has been mainly because of the unprecedented rate of increase in rents: 26 per cent in 1980-81; 41 per cent in 1981-82; and a further 22 per cent asked for in 1982-83 (although the Treasury notes that it is unclear whether local authorities will implement this increase in full). These increases would have taken rents from the lowest post-war proportion of average adult male manual earnings (7.0 per cent in 1979-80) to the highest (10.5 per cent in 1982-83, if rents increase as asked). The Department does not believe that it is realistic to expect rents to rise much faster than the RPI in 1983-84.

Implications of the present baseline

4. The present baseline for 1983-84 is 23 per cent below the provision for 1982-83 partly because of the ending of the option mortgage scheme which reduces requirements by some £300 million. For the later years the baseline rises again by 3.8 per cent in 1984-85 and 4 per cent in 1985-86. The 1983-84 baseline would require, at the extreme, either

- (i) rent increases which the Department estimate would need to average

£6 per week in order to maintain the same level of output from capital expenditure as in 1982-83 (ie a cash increase in gross capital provision of 6 per cent); or

- (ii) a reduction of some £300 million (compared with 1982-83) in net capital provision (which, because of the likely reduction in receipts from sales of council houses, could mean a larger reduction in gross capital provision, of some £740 million) in order to keep rent increases in line with prices.

Additional bid

5. The Department does not consider either option, or any combination of rent increases and capital reductions within the present baseline, practical in the last year of this Parliament. The Department feels that an increase in the output from capital expenditure should be allowed for, as in 1982-83 ie an increase of some 10 per cent in gross cash capital spending; and that rents should not be increased faster than prices. The Treasury notes, however, the important contribution which reductions in the housing programme agreed in earlier surveys make to the planning total for 1983-84. It therefore considers that a higher rent increase or a reduction in capital expenditure, or a combination of both, will be necessary.

6. The level of expenditure on management and maintenance consistent with the 1983-84 baseline rests on the assumption that costs would rise in line with survey assumptions. The Department argues that management and maintenance costs should be recalculated by applying more realistic factors for cost increases between 1981-82 and 1982-83 (10 per cent for prices and 6 per cent for wages). This requires an additional £120 million of current expenditure; the scope for savings being greatly limited, in the Department's view, at least in the short term by the extent to which disrepair and inadequate management of council estates are contributing to social problems and the loss of rent income through voids and vandalism. The Treasury stresses, however, the importance of controlling current expenditure in this field. It argues that the overspending should be penalised both through the housing subsidy system and, if necessary, through a reduction in capital expenditure.

7. To give effect to these proposals, the Department estimates that an addition of £980 million to the housing programme total in 1983-84 would be required. This

assumes that experience in 1982-83 will show that rents have been increased as required in that year. If not, the addition required to meet the Department's objectives would be higher still. It also assumes some reduction in receipts from sales of land and council houses. The Treasury notes that the bid does not cover the later years. But if the bid is accepted for 1983-84 the housing programme will again show a marked downward swing in 1984-85. The logic of the Department's bid points to substantial increases in 1984-85 and 1985-86. To maintain the level of output from capital expenditure implied by the Department's bid, while increasing rents in line with prices would, the Treasury estimates, require increases of some £825 million in 1984-85 and £630 million in 1985-86 after allowing for the reduced requirements mentioned in paragraphs 8 and 9 below.

Reduced requirements

8. The cost of housing subsidies is largely dependent on loan charges paid from local authorities' Housing Revenue Accounts, and hence on interest rates. The Treasury has agreed with the Department that the effect of changes in interest rates in housing current expenditure should be accepted as automatic. The latest forecasts of interest rates in 1983-84 and 1984-85 are slightly lower than the forecasts used for Cmnd 8494 and the resulting agreed changes are shown in the table.

9. For similar reasons the baseline for 1985-86 is higher than required. Because interest rates forecast for 1985-86 are lower than those for 1984-85, an increase of 4 per cent in the baseline is not required to achieve the same levels of output. A reduction of £200 million in the baseline for 1985-86 is therefore appropriate. This would be consistent with rents and capital expenditure increasing by 4 per cent between 1984-85 and 1985-86.

15. Department of the Environment - PSA

Table 15

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Office and general accommodation services							
Capital expenditure	77.5	53.3	60.8	61.1	86.7	90.0	93.5
Rent	100.4	108.3	123.1	134.7	138.9	145.7	146.5
Maintenance and other running costs	129.3	134.9	156.3	159.2	162.5	168.4	175.1
Transport services	8.6	10.0	11.4	11.8	12.6	13.2	13.7
Departmental administration	37.9	45.2	50.1	48.9	52.9	55.7	58.0
Total baseline	353.7	351.7	401.7	415.6	453.6	472.9	486.8
Reduced requirements							
Rent					-	-	-5.0
MOD Dispersal					-8.5	-4.0	-
International Conference Centre					-	-	-16.2
Total reduced requirements					-8.5	-4.0	-21.2
Additional bids							
Richmond Terrace					3.8	7.3	5.0
Improvement to Civil Service Offices					[25.0	25.0	25.0]
Total additional bids					28.8	32.3	30.0

1. The baseline as it stands allows for a small programme of major new works to provide for computerisation requirements of the Inland Revenue, for some other operational requirements of Departments, for a building for MOD staff to be dispersed to Glasgow and for replacement of accommodation where leases cannot be renewed. The new works expenditure will also now include provision for the International Conference Centre following the decision to build it using public finance. Current expenditure assumes a continued run-down in the size of the estate up to 1984-85 following the run-down in the size of the civil service. Provision for maintenance continues to be at a level below that required to ensure adequate maintenance of government property; it is estimated that spending would need to rise by about £15 million a year to arrest this decline and more to reverse it. The Administration line assumes non-industrial staff numbers of 6014 in April 1983 and 5894 from April 1984 to the end of the survey period, with the majority of new buildings being designed by private consultants.

Additional bids

2. There is no provision at present to resume work on Richmond Terrace (at present cocooned in plastic sheeting) and the associated office space, though it cannot be left

for much longer in its present state in the middle of Whitehall. Following the decision on the Conference Centre it is assumed that this scheme should be publicly financed in order to avoid the extra long term cost of private funds. The amounts needed would be

			£ million cash
1983-84	1984-85	1985-86	
3.8	7.3	5.0	

This could be partly financed from the reduced requirements for Glasgow, see below, but any other offsetting savings from this programme could only be at the expense of the essential major new works projects.

3. The MPO may ask that a bid for £25 million a year for work on improving working conditions in accommodation occupied by Departments generally be made in the 1982 survey, and included in this programme. In accordance with the guidelines it is thus technically necessary to illustrate offsetting savings from within this programme. There is no scope for reducing current expenditure and in any event it would not be sensible to finance improvements to accommodation from cuts on maintenance. Any savings would have to be found from the major new works projects described in the survey text. They would amount to around half of total major new works expenditure, and would involve not only stopping schemes that are essential for Departmental operations (such as computerisation of PAYE) but cancelling contracts already let with substantial penalty payments and losses on the work already done.

4. If Ministers should decide to go ahead with a detailed study of proposals for the restructuring of PSA, there may be a bid, not yet quantified, for administrative costs.

Reduced requirements

5. Provision for the MOD dispersal building in Glasgow was included in the last survey on the basis of a very provisional assessment of cost and timing. Now that better estimates and programming details are available the total requirement in the survey period can be reduced by

£ million cash	
1983-84	1984-85
8.5	4.0

This saving, redistributed over the period 1983-84 to 1985-86, could be used to help finance the additional bid for Richmond Terrace. There will as a result be a requirement for some small extra expenditure after 1985-86.

6. The phasing of expenditure on the International Conference Centre between 1984-85 and 1985-86 implies a reduced requirement in the latter year of £16.2 million.
7. The manpower reductions and continued increase in efficiency in estate management are expected to lead to savings of about £5 million in 1985-86.

Property Repayment Scheme

8. The programme described above shown in the baseline represents the existing coverage of the Office and General Accommodation programme, ie, some capital expenditure and most current expenditure on civil accommodation for government departments in the UK. Under the repayment system to be introduced in 1983-84 part of the provisions will be transferred outright to departments to meet expenditure they will incur direct, and will no longer appear in this programme. This will cover mainly furniture and related services, minor maintenance and similar works, and fuel. Part of the provision will be retained by PSA and continue to appear net in this programme to cover services not included in the repayment system, mainly major new works, disposals, and services to existing repayment bodies. The largest part of the provision will be retained, gross, by PSA to meet rents and running costs of accommodation. Departments will pay for these through a standard Accommodation Charge and there will be a transfer to them equal to the anticipated receipts.

9. The amounts to be transferred will be established by September and the transfers made in time to be included in the figures on which final decisions on the 1982 survey are made. It is not possible to calculate the size of the likely transfers accurately in advance of September but the following table illustrates very roughly the sort of adjustments which may then be made (the actual sums to be transferred may however

differ substantially from these figures which are intended only to give an order of cost).

	£ million cash		
	1983-84	1984-85	1985-86
Capital			
Retained by PSA	39	38	39
Transferred to Departments	16	17	18
Accommodation Charge (see note)	16-16	17-17	18-18
Rent			
Retained by PSA	-10	-11	-12
Accommodation charge	149-300	157-312	160-318
Maintenance etc			
Retained by PSA	30	32	33
Transferred to Departments	75	77	80
Accommodation charge	58-58	60-60	62-62
Transport			
Transferred to Departments	13	13	13
Administration			
Retained by PSA	8	8	9
Transferred to Departments	1	1	1
Accommodation Charge	42-47	45-50	46-51

Note. Under Accommodation Charge entries the first figure represents continuing gross expenditure by PSA, the second represents both receipts by PSA and the amount to be transferred to Departments to pay the charge and so produce the receipts.

Manpower

	<u>1.4.83</u>	<u>1.4.84</u>	<u>1.4.85</u>	<u>1.4.86</u>
(i) Manpower numbers in the baseline (ie programme 14.1)	6,014	5,894	5,894	-
(ii) Net change (ie difference between baseline and bid)	-	-	-	-
* (iii) Proposed manpower requirement in respect of programme 14.1	6,014	5,894	5,894	5,894
(iiib) PSA's proposed total manpower requirement (ie including PSA Supplies and staff attributed to other programmes eg Defence programme 1.1)	29,486	28,161	27,661	27,161
(iv) 1.4.84 target	-	28,500	-	-
(v) Credit to contingency margin	-	339	-	-

* The proposed manpower requirement at (iii) is also included in (iiib). All figures exclude staff on USAF work which is steadily increasing.

16. Department of the Environment - Other

Table 16

	£ million cash						
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Water services (other than land drainage and flood protection)	324.1	400.1	327.6	435.9	442.7	468.4	476.4
British Waterways Board	22.6	25.5	28.4	37.7	40.6	44.2	45.9
Local environmental services							
Capital	452.5	589.9	340.2	390.9	408.6	433.2	450.6
Current	1,502.9	1,729.8	1,964.1	1,983.1	2,036.3	2,097.7	2,181.6
Local authority rate collection	101.0	128.1	145.3	145.4	149.3	153.8	159.9
Records and registration of births, deaths and marriages	8.3	10.7	12.4	12.5	12.8	13.2	13.7
Derelict Land	20.9	30.1	33.2	45.7	48.1	50.3	52.3
Urban programme	82.6	111.5	118.1	201.7	187.2	196.3	204.1
Urban development corporations			57.0	63.8	67.3	70.4	73.2
Community ownership of development land	17.7						
Royal palaces and royal parks	12.8	13.5	15.2	16.7	17.5	18.5	19.2
Historic buildings and ancient monuments	17.0	20.2	27.2	27.7	29.6	31.1	32.4
The Heritage	2.7	7.3	2.2	2.5	4.2	4.5	4.6
Regional and general industrial support	15.8	15.6	15.0	21.3	22.9	24.2	25.2
Central and miscellaneous services	111.6	133.8	139.5	153.2	154.9	162.7	169.2
Civil defence	0.1			0.1	0.2	0.2	0.2
Total baseline	2692.6	3186.0	3225.5	3538.3	3622.1	3768.6	3908.7
Water authorities (net overseas and market borrowing)	-51.0	-123.7	-132.8	-87.0	-90.0	-112.0	-121.0
Additional bids							
Local environmental services: capital					15.0	15.0	15.0
Refuse disposal					2.0	1.0	1.0
Coast protection					0.5	0.5	0.5
Energy conservation demonstration projects							
Derelict land					5.0	5.0	5.0
Urban development corporations					5.4	1.8	1.9
Royal palaces and royal parks, historic buildings and ancient monuments, the Heritage					1.5	1.5	1.5
Administration and research					2.0	1.0	1.0
Environmental bodies - Sports Council					2.0	4.0	6.0
Urban programme					50.0	53.0	55.0
Total additional bids					83.4	82.8	86.9

Introduction

1. Local authority current and capital expenditure accounts for the bulk of this programme. It comprises expenditure on refuse collection and disposal, parks and recreational facilities, environmental health, town and country planning, coast

protection, cemeteries and crematoria, municipal offices, civic centres and a miscellany of other services. Central government has no direct means of controlling current expenditure on local environmental services; local authorities' budgets for 1982-83 point to a cash excess of £69 million or 3.1 per cent, compared with a 7.0 per cent excess for local government current expenditure as a whole.

2. It is too early to say whether the present provision for pay and price movement will be sufficient. For the major capital investment programmes (water services and local authority expenditure) the indications are that tender prices are increasing, following the depressed conditions of 1981-82 and the early part of 1982-83.

Regional water authorities

3. A new treatment of Water Authorities has been adopted for this survey. The above table shows NLF borrowing by Authorities and DOE grants; combined with the figures for net overseas and market borrowing and with MAFF grants from Programme 3, they produce the following External Finance Limits:-

						£ million
1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
315.6	331.6	255.3	393.0	385.0	385.0	385.0

No bid is shown here for Water Authorities because their investment and financing requirements will be considered along with the nationalised industries in the Investment and Financing Review. The bid to be considered in the IFR is for the following increases in EFL:-

£ million		
1983-84	1984-85	1985-86
+17	+36	+8

British Waterways Board

4. Grant aid was increased for 1982-83 to enable the extensive backlog of waterways maintenance to be reduced. This increase has been carried through into the

later years. Fundamental decisions about the Board's future, affecting its finances, will be required following the completion in May of a report by management consultants.

Local environmental services: capital

5. Need in this area is difficult to assess but the local authority association argue that the present level of provision leads to problems in local authorities fulfilling their statutory functions. The Department recognises that the need can be shown to exceed provision in the cases of capital expenditure on refuse disposal and coast protection. New investment for alternative arrangements for refuse disposal cannot be deferred and, unless provision is increased, levels of service will deteriorate severely; the Department considers that authorities' known plans for essential works will require an additional £15 million a year. The present 1983-84 provision for coast protection will be inadequate to cope with the substantial backlog of works by some £2 million; the extra provision required in later years is less certain but will be at least £1 million. Additional provision is also required to cover local authorities' expenditure under the Energy Conservation Demonstration Projects Scheme, for which no provision was made when the scheme was introduced. The additional bids are thus:

	£ million		
	1983-84	1984-85	1985-86
Refuse disposal	15.0	15.0	15.0
Coast protection	2.0	1.0	1.0
Energy conservation demonstration projects	0.5	0.5	0.5
Total	<u>17.5</u>	<u>16.5</u>	<u>16.5</u>

The Treasury notes that no offsetting savings to these bids have been submitted as required by the survey guidelines. It is also noted that the foregoing takes no account of the potential for contracting out refuse collection and disposal as a more economic and efficient alternative. The incidence of coast protection work is unpredictable as it is determined by the effects of sea and weather rather than by any long term planning. The Treasury also consider that it should be possible to accommodate the Energy Conservation Demonstration Projects within existing programme totals.

Derelict land

6. Despite the additional £5 million a year agreed last December (to support schemes linked to immediate private sector development) a large number of other new local authority schemes are still awaiting approval, many of which are linked to industrial or commercial end-use and designed to attract developers by providing cleared sites. The Department considers that in order to maintain the impetus of Government policies a further £5 million a year is required.

7. The Treasury notes that no offsetting savings have been identified and also that it was subsumed in the Budget Statement that the cost of the Government's new initiatives and expenditure in this area would be met from within the existing planned provision.

Local environmental services: current

8. In connection with the general proposals to increase the aggregate provision for local authority current expenditure (identified in chapter 28) the Department expects to make an additional bid for realism on this service but it is too early to judge the size of the bid, which will be determined in relation to the overall decisions.

9. A major contributory factor to the cash excess of £69 million indicated for 1982-83 is the shortfall of about £40 million in the income from planning application charges and building control fees.

10. The Department considers that allowance should be made for this when Ministers consider overall adjustments to the total PES provision for LA current expenditure in the light of local authorities' budgets for 1982-83.

11. The Treasury notes that this potential shortfall could be substantially reduced by expediting the planned move to increase fees and charges to meet two thirds of the cost of planning applications and the full administrative cost of the building control system.

Urban Programme

12. Cmnd 8494 provision for 1983-84 represents a decrease over 1982-83 (excluding the special provision for Merseyside). This would mean that, although local authorities are bringing forward many worthwhile proposals to foster economic regeneration, only a very small amount would be available for such projects in view of the fact that up to £50 million has been publicly announced for the new urban development grant scheme and that recent initiatives will generate a high level of committed expenditure in later years. Thus, if this programme is to be maintained at an effective level, additional resources are needed as follows:

			£ million
1983-84	1984-85	1985-86	
50	53	55	

The Treasury notes that no offsetting savings to this bid has been submitted as required by the Survey guidelines. Moreover the Treasury points out that the public announcement of this scheme was specifically limited to the amount which DOE Ministers agreed they could guarantee within existing provisions.

The continuing requirements for Merseyside are under separate review.

Urban Development Corporations

13. Cmnd 8494 provision reflects a slight decline in cost terms. For the London Docklands DC, the provision beyond 1983-84 does not allow for certain major projects (eg involvement in the Royal Docks and a light rapid transit system) on which Ministers have yet to decide; pending decisions no additional bid is being made. For the Merseyside Development Corporation, the Department considers that additional provision is needed in 1983-84 to allow what is regarded as an essential, but delayed, land acquisition to proceed in addition to other works which are already committed. Throughout the period the Department considered that existing provision is inadequate for the continuation and expansion of the UDC's programme of land reclamation,

environmental improvement and infrastructure provision. The total additional resources needed are:

	£ million		
	1983-84	1984-85	1985-86
MDC	5.4	1.8	1.9

New towns, industrial and commercial

14. This programme also includes new towns' net capital expenditure on industrial and commercial development. Wherever possible such development is being carried out by the private sector; the essential minimum of public investment is overwhelmingly being provided by rolling over existing assets; net investment planned for the years 1983-84 and 1984-85 has been cut by more than half since last year. With the difficulties of maintaining receipts from further disposals of assets, there must be doubts whether net investment of £17 million to £20 million a year (cash) will be sufficient to support the continued economic growth of the new towns.

15. The Treasury recognises the importance of maximising the use of private finance, receipts from sales and rental income in sustaining the economic growth of the new towns, but points out that the Department considered it both appropriate and tenable to reduce the new town provision in 1982-83 and in subsequent years by £20 million to £17 million to £20 million a year in order to increase the provision for the urban programme by that amount.

Royal palaces and royal parks, historic buildings and ancient monuments, the Heritage

16. Cmnd 8494 provision implies continuing pressure on the programme of new works and maintenance. For 1983-84 and beyond, additional resources of £1.5 million a year will be needed for the re-listing survey. The Treasury notes that no offsetting savings have been offered to offset this bid. In the Treasury's view the further deferment of the Survey, or its rephasing to permit the cost to be met by economies elsewhere would not have unmanageable consequences. There is a possibility, as yet unquantified, that additional resources will be needed in connection with the

establishment of an agency for ancient monuments and historic buildings. The Treasury notes this possibility for which no offsetting savings have been identified. The Treasury believes that the additional costs associated with the launching of the agency would be limited and capable of being absorbed within existing provisions.

Central and miscellaneous environmental services

Administration

17. Savings on staff and associated general administrative expenses will continue on 1983-84 but prices are increasing by more than 6 per cent and the savings were in any event anticipated in the reductions made in this programme in the 1981 survey. Planning and implementing change-of-status exercises is making additional demands on administration resources, and, in particular, additional provision of £1 million a year will be necessary in respect of the setting up of the Audit Commission, reflecting the switch to a funded pension scheme. Given the amount of expenditure on this sub-programme (£61 million) the Treasury would press for this to be absorbed by means of economies elsewhere.

Environmental research

18. The proposed centralisation of research at the Building Research Establishments Laboratories Garston will, at a capital cost of £1 million in the survey period, produce savings of £2 million from the disposal of surplus sites in later years.

Environmental bodies

19. Within this programme, account will have to be taken of additional requirements arising from the Wildlife and Countryside Act 1981 and for an increase in the UK contribution to the United Nations Environment fund. An additional bid is proposed for the Sports Council to enable it to undertake additional expenditure on projects in inner city areas in line with the Government's initiative on inner cities.

	£ million		
	1983-84	1984-85	1985-85
Sports Council	2	4	6

The Treasury notes that no offsetting savings to this bid have been submitted as required by the survey guidelines. In the Treasury's view the object of this bid, to increase projects in the inner cities, should be met by redeploying existing funds available to the Sports Council.

Manpower numbers

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	8,100	8,000	8,000	-
(ii) Net change (ie difference between baseline and bid)	-	-1,000	-1,000	-
(iii) Proposed manpower requirement	8,100	7,000*	7,000	7,000
(iv) 1.4.84 target	-	8,256	-	-
(v) credit to contingency margin	-	-1,256	-	-

* Subject to legislation transferring to an agency certain responsibilities for Ancient Monuments and Historic Buildings, which will involve the removal of approximately 1,000 from the manpower count.

17. Home Office

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Administration of justice							
Court services etc							
Capital	6.6	7.4	12.9	18.5	32.6	34.2	35.6
Current	95.9	126.0	142.0	151.1	167.0	174.8	181.8
Total	102.5	133.4	154.9	169.6	199.6	209.0	217.3
Revenues from fees and fines in magistrates courts	-83.4	-101.8	-116.5	-131.0	-136.5	-147.0	-152.9
Total	19.1	31.6	38.4	38.6	63.1	61.9	64.4
Treatment of offenders							
Prisons							
Capital	24.2	32.4	36.6	39.7	61.5	83.0	86.3
Current	278.5	366.4	406.4	462.8	465.5	490.8	510.5
Probation and after-care							
Capital	1.3	3.0	3.0	4.2	5.4	5.7	5.9
Current	84.2	112.0	128.6	136.9	148.3	158.2	164.5
Total	388.2	513.9	574.5	643.6	680.7	737.6	767.1
General protective services							
Police							
Capital	45.1	57.3	88.3	94.7	117.0	130.8	136.0
Current	1,437.3	1,708.8	2,041.0	2,217.1	2,364.9	2,457.2	2,555.5
Fire							
Capital	11.1	27.0	16.2	17.8	20.2	22.2	23.1
Current	343.6	403.0	430.0	480.5	501.3	519.7	540.4
Other							
Current	1.7	2.1	2.8	3.2	3.2	3.2	3.3
Total	1,838.8	2,198.2	2,578.3	2,813.3	3,006.6	3,133.0	3,258.3
Civil defence							
Capital	1.2	1.4	3.1	9.6	15.2	15.9	16.6
Current	8.4	12.6	19.5	24.8	24.6	25.8	26.8
Total	9.6	14.0	22.6	34.4	39.8	41.7	43.4
Community services							
Capital	0.1	0.3	0.3	0.3	0.3	0.4	0.4
Current	18.3	24.2	24.1	22.9	21.6	22.7	23.6
Total	18.4	24.5	24.4	23.2	22.0	23.1	24.0
Central and miscellaneous services							
Capital	0.9	1.5	4.5	2.0	3.6	3.1	3.2
Current	63.8	85.1	99.0	94.1	103.7	108.7	113.0
Total	64.7	86.6	103.5	96.1	107.3	111.8	116.3
Total baseline	2,338.8	2,868.8	3,341.8	3,649.2	3,919.5	4,109.1	4,273.5
Additional bids							
Magistrates' courts: fine revenue					15.0	16.0	17.0
Prisons:							
1982 pay settlement					6.5	6.8	7.1
Manpower					24.2	26.0	32.4
Reduced receipts					19.9	20.7	16.3
Building and design PSA					3.4	4.1	6.1
Prison industries, capital					2.8	3.3	1.5
Other (mainly telecommunications)					1.1	1.1	1.3

	£ million cash						
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Police:							
Pay for Cmnd 8494 manpower							38.1
10% award					40.6	34.1	64.6
Manpower (up to 121,500)					57.1	62.2	26.9
Manpower (above 121,500)					-	17.9	1.0
Civilians					-	-	4.6
WARC					1.5	3.9	0.6
Civil defence					5.0	5.4	4.5
Administrative Computers					-	2.4	-
Local authority services (realism)							3.9
Magistrates' courts					3.6	3.7	3.6
Other courts					3.2	3.4	11.8
Probation					10.7	11.3	47.7
Police					43.0	46.0	2.1
School crossing patrols					1.9	2.0	68.0
Fire: current*					50.5	62.5	22.0
capital					20.0	21.0	1.7
Registration of electors					1.9	1.6	-
					311.9	353.5	381.2

* Still under discussion between Home Office and Treasury

Introduction

1. The law and order services (police, prisons, magistrates' courts and probation and after-care) account for more than 80 per cent of the total programme; the fire service and civil defence for about another 15 per cent. Almost 85 per cent of the total is incurred initially by local authorities.

2. The Cmnd 8494 plans were intended to allow some growth in the law and order services, consistent with the Government's priority in this field. If the assumptions made about future inflation are well-founded, and if bids (detailed below) to take account of exceptionally high pay and price inflation, eg for police pay, are allowed, that intention can be fulfilled.

Additional bids

Magistrates' courts receipts

3. Experience of 1981-82 suggests that, perhaps as a result of general economic circumstances, revenue from the magistrates' courts is not rising in line with inflation, or indeed with the growth in courts business. Cmnd 8494 assumed much higher receipts than are now thought likely to materialise.

Prisons

4. Existing provision is sufficient to provide 2,700 new and 300 refurbished places through building schemes already in progress, and to allow the planned programme of 2 new starts a year to continue into 1985-86 yielding an additional 2,800 places gross by 1991. Further provision is sought for the design costs of the new prisons building programme extending to the early 1990s. Provision is also sought for additional staff rising to 1900 by the end of the period to meet new commitments such as the opening of new prisons, to carry forward the works programme and to reduce the shortfall on the staffing levels authorised by the Home Office, the basis of calculation of which is the subject of a joint Home Office/Treasury review. A small bid is also included for equipping prison workshops. Lastly, provision is sought for the validation of civil service pay awards and price inflation on telecommunications, and to make good larger losses by prison industries than expected.

Police

5. Net additional provision will be necessary for the 1982 police pay award assumed to be 10 per cent (gross). This is partly offset by estimated savings of about £20 million a year from increased contributions to pensions and about £20 million rising to about £30 million a year from reduced rent allowances.

6. A bid is made for an increase in police establishment (from 121,500 to 123,500); the bid assumes that within the increased establishment an extra 1,000 policemen will be recruited in both 1983-84 and 1984-85. The extra police are to improve the readiness of police forces to respond to public disorder, and to increase foot patrols. The bid does not allow for the implications of the Scarman Report on police training (which are still being reviewed) but would permit some movement towards other policies recommended by Scarman.

7. Additional provision is also sought for 100 more civilian support staff in 1985-86, making 44,400 by the end of the period, to allow for continued civilianisation of posts which need not be filled by police officers, and for the cost to the Metropolitan Police of the accelerated programme of equipment replacement following the decisions of the World Administrative Radio Conference (WARC) in 1979.

Civil defence

8. There is a bid for expenditure by Central Government on warning systems and civil defence communications. Costs are rising much more rapidly than was allowed for in Cmnd 8494. The bid can be offset fully by deliverable savings from civil defence expenditure by local authorities (which is controlled by the Home Office) and from provision for capital expenditure on the Fire Service College.

Central and miscellaneous services**Administrative computing**

9. Provision is sought for growth in the two later years of the period to enable important computer applications to go ahead, notably to improve the effectiveness of immigration control and increase efficiency in the prisons service.

Local authority services generally

10. The bids include amounts to make realistic provision for Home Office local authority services, taking account of recent consultations with the authorities' representatives. If accepted, they would validate the 1982 pay award for the APT and C grades (estimated at 6 per cent) and fire service awards, including the 1982 settlement (estimated at 9 per cent); allow for incremental drift in the probation and police services, and meet higher levels of inflation than are assumed in Cmnd 8494. In particular, Cmnd 8494 provision for current expenditure on fire underestimates the current level and trends in expenditure, and in the view of the Home Office is at odds with the Home Secretary's responsibilities for the maintenance of minimum standards of fire cover. There is also a bid, on grounds of realism, for fire capital expenditure, which, within the total local authority allocation, has been running at a higher level than provided for in Cmnd 8494.

Property repayment services

11. It may be necessary to make an additional bid to cover the costs of accommodation if the transfer from Property Services Agency is insufficient.

Manpower

	<u>1.4.83</u>	<u>1.4.84</u>	<u>1.4.85</u>	<u>1.4.86</u>
(i) Manpower numbers [†] in the baseline	35,260	35,260	35,260	-
(ii) Net change (ie difference between baseline and bid)	-	+900	+1,400	-
(iii) Proposed manpower requirement	35,260	36,160*	36,660*	37,160
(iv) 1.4.84 target	-	34,900	-	-
(v) Claim on contingency margin	-	+1,260	-	-

[†] ie as reflected in baseline financial provision

* Additional finance required is covered in additional bids for finance.

12. Apart from prisons, the Home Office allocations will keep manpower on line for its 1 April 1984 target, with no increase in the two following years.

18. Lord Chancellor's Department

Table 18

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Administration of justice							
Court services							
Capital	20.2	29.7	31.1	22.8	31.7	49.6	51.6
Current	62.7	68.0	103.1	108.4	121.1	127.9	133.0
Legal aid	110.4	151.7	204.0	237.5	272.2	299.2	311.2
Other legal services	13.2	16.2	20.0	22.9	25.0	26.8	27.9
Total baseline	206.5	265.6	358.2	391.5	450.0	503.5	523.7
Reduced requirements							
Court Building Programme					-2.0		
Additional bids							
Legal services							40.0

Introduction

1. This programme covers expenditure on court services in higher courts in England and Wales; costs from central funds (mainly police prosecution in indictable cases); legal aid for criminal and civil cases; and legal advice and assistance. All the expenditure is undertaken by central government, and about 32 per cent is cash limited.

Background

2. Current expenditure on civil court business is partially (approximately 65 per cent) offset by fees. The plans are intended to provide for a continuing increase in criminal business, which is forecast to rise from a current level of some 60,000 committals to 72,000 in 1985-86. During 1980 the average backlog in waiting time for defendants in custody was reduced to 7.9 weeks (10 weeks in 1980) and for defendants on bail from 18.9 weeks to 16.1 weeks. In London proportionately greater improvements were achieved for both categories.

3. The expenditure on legal aid is demand-determined, and not easily predicted. The forecasts allow for the legal aid effects of the proposed Police and Criminal

Procedures Bill. The forecasts assume that the financial conditions for civil legal aid and advice and assistance will remain broadly at their present level in real terms and that the growth of expenditure on criminal legal aid etc, will continue to increase annually as a reflection of higher levels of disposal in the criminal courts.

Additional bid

4. The additional bid for legal aid etc. in 1985-86 is mainly attributable to the fact that forecasts for the year are based on latest assumptions about the continuation, as in the preceding years, of increases in demand. This compares with provision under the ground rules which made no allowance for such growth in calculating the baseline.

Implications of manpower figures

5. The provision for manpower is in line with the Government's target for the size of the civil service at 1 April 1984.

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	9925	9900	9900	-
(ii) Net change (ie difference between baseline and bid)	-	-	-	-
(iii) Proposed manpower requirement	9925	9900	9900	9900
(iv) 1.4.84 target	-	9900	-	-
(v) Claim on/credit to contingency margin	-	-	-	-

19. Department of Education and Science

Table 19

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Schools							
Under fives							
Capital	10.2	8.8	10.4	10.2	11.2	12.2	12.7
Current	176.6	221.5	245.2	253.6	266.7	271.9	282.7
Primary, secondary and other							
Capital	312.7	375.5	303.3	254.0	236.6	231.1	240.3
Primary							
Current	1,705.7	2,086.5	2,268.9	2,309.0	2,339.9	2,363.0	2,457.5
Secondary							
Current	2,354.4	2,951.6	3,317.6	3,487.5	3,622.4	3,694.2	3,841.9
Special schools							
Current	248.9	309.0	346.2	362.4	375.8	388.2	403.7
Other (supporting services, and fees at non maintained schools)							
Current	130.0	149.6	163.8	169.7	183.3	190.7	198.3
Transport	135.9	160.2	183.3	195.2	205.3	210.4	218.8
Meals	409.3	391.2	372.0	314.5	261.5	252.5	262.6
Milk	12.4	6.2	10.0	10.5	10.6	10.3	10.7
Higher and further education (including teacher training)							
Universities							
Capital	106.7	115.8	121.4	121.6	128.2	132.3	137.6
Non-universities							
Capital	76.8	109.0	89.6	79.6	76.3	74.4	77.4
Universities							
Current	787.0	1,015.3	1,044.7	1,263.0	1,300.0	1,317.8	1,370.5
Voluntary and direct grant							
Current	52.9	68.6	71.9	84.5	85.0	90.9	94.6
Maintained sector							
advanced							
Current	370.4	443.8	470.9	538.9	527.9	533.5	554.8
Non-advanced (except adult education)							
Current	580.9	713.4	801.9	845.3	868.3	889.9	925.5
Adult education	63.0	69.3	74.0	72.0	66.8	69.4	72.2
Student awards (1)	629.0	770.5	911.8	760.4	778.3	844.6	878.4
Miscellaneous educational services, research and administration							
Youth service							
Capital	8.5	8.1	5.6	6.5	7.2	7.5	7.8
Current	65.4	77.6	86.5	89.8	94.5	96.6	100.5
Research and other services (2)							
Capital	7.1	13.7	4.2	4.4	4.6	4.7	4.9
Current	41.0	46.8	51.2	48.7	54.0	55.8	58.0
Administration							
Capital		0.1	0.2	0.5	1.1	0.9	1.0
Current	321.7	395.6	437.3	454.1	468.1	480.7	500.0

(1) Expenditure on student awards includes the cost of reducing the contributions from parents of students to compensate them for the phased withdrawal of child tax allowances which began in April 1977. This is balanced by corresponding increases in tax revenue following the reductions in child tax allowances for the parents concerned. This is a corollary of the arrangements for introducing child benefit (see programme 12). In addition expenditure on student support no longer includes the salaries of teachers of induction and inservice training courses, which have been transferred to primary and secondary school's current expenditure.

(2) Includes recreational, social and physical training.

Table 19

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Total education							
Capital	522.0	631.0	534.7	476.8	465.3	463.1	481.7
Current	8,084.5	9,876.7	10,857.3	11,259.0	11,508.4	11,760.4	12,230.8
Total	8,606.5	10,507.7	11,392.0	11,735.8	11,973.7	12,223.5	12,712.5
Research councils, etc							
Capital	63.6	71.6	67.4	74.8	79.2	83.2	86.5
Current	276.1	321.2	383.8	406.6	431.4	453.0	471.1
Total education and science							
Capital	585.6	702.6	602.1	551.6	544.5	546.3	568.1
Current	8,360.6	10,197.9	11,241.1	11,665.6	11,939.8	12,213.4	12,702.0
Total Education and Science baseline	8,946.2	10,900.5	11,843.3	12,217.2	12,484.3	12,759.7	13,270.1
Additional bids							
(i) Additional cash for realism							
(a) Local authority(3)							70.0
(b) Vote					30.0	65.0	
(ii) Additional school teachers							
(a) Local authority					70.0	125.0	90.0
(b) Vote					10.0	25.0	35.0
(iii) Voluntary schools, capital							5.0
Vote					5.0	5.0	
(iv) Higher education							
(a) Maintain planned rate of contraction for universities							65.0
Vote					55.0	55.0	
(b) Realistic run-down for maintained higher education							
Local authority					20.0	5.0	
(c) Support for science research in universities, especially recruitment of the most able young researchers							30.0
Vote					20.0	30.0	
(d) Index parental contribution scale and minimum maintenance level for student awards							10.0
Vote					5.0	10.0	
(v) New technologies							
(a) Support for science							35.0
Vote					15.0	25.0	
(b) Qualified manpower							25.0
Mainly vote					10.0	15.0	
Total additional bids					240.0	360.0	365.0

(3) see paragraph 17 (i)

1. This programme covers:-
 - (a) education in England
 - (b) some education elsewhere - mandatory awards also in Wales and universities also in Wales and Scotland
 - (c) science throughout the United Kingdom.

Provision for arts and libraries within the responsibility of the Office of Arts and Libraries is discussed in Chapter 20. Over 95 per cent of the programme is expenditure on education and four-fifths of this is spending by local authorities. Central government expenditure goes mainly on higher education and the Research Councils. It also goes on student awards which is the largest part of the programme not subject to cash limits. The main charges in the programme are for tuition fees in higher and further education (which are however paid from public funds for those who receive awards) and for school meals (where the charge is now determined by local authorities).

2. The White Paper plans provide for an increase in cash for education and science of just over 8 per cent between 1981-82 and 1984-85. Since salary costs account for some 70 per cent of the programme, the cash factors assumed for the purposes of the 1981 survey amount to some 17½ per cent over the same period. Mainly on this basis, the plans allow for a continuation of the policies in Cmnd 8175 with savings from school meals, the contraction of higher education and a tightening of staffing standards in all sectors of education.

3. Those policies are designed to minimise the adverse effect of resource constraints on the quality of education, which it is the Government's objective to maintain and improve. Local authorities however, are not obliged to follow those policies. In recent years, authorities in general have preferred to reduce their teaching forces rather less fast than falling school rolls, and school closures and savings on school meals have fallen short of the Government's hopes. Other important areas of expenditure, for example on books and maintenance, as well as the range of the curriculum, have suffered.

4. Paragraphs 5-14 below comment on some implications of the Cmnd 8494 plans, rolled forward to 1985-86, on the assumption that the pay and price increases match the Government's cash factors noted above. They should be read together with the Cmnd 8494 text. However, the Department believes that cost increases are likely to exceed the cash factors. Paragraphs 15-16 therefore discuss the impact of the cash plans with alternative pay and price assumptions.

Education

Schools under fives

5. The participation rate is expected to fall steadily from 40 per cent in 1980-81 to 33 per cent in 1984-85 and 1985-86 (the same level as in 1976) as numbers in the relevant age groups rise and numbers of under-5's admitted to primary schools fall.

Primary and secondary

6. The plans assume a faster contraction of the teacher force than the projected decline in pupil numbers, weighted by age, between 1981-82 and 1984-85 (9.5 per cent and 7.9 per cent respectively). Some 40,000 teaching posts would need to be given up in the period 1981-82 to 1984-85. 8,000 compulsory redundancies (costing some £50 million within the plans) would be required even if authorities re-deployed surplus teachers as far as possible and many teachers left under premature retirement arrangements.

7. The overall pupil teacher ratio would worsen from 18.5 in 1981-82 to 18.7 in 1984-85 and remain in that range in 1985-86. The effect, up to 1984-85, would be exacerbated by the shift in balance of the school population to older age-groups, which require greater staff input, and by diseconomies of scale as pupil numbers fall. In the Department's view, teacher numbers would not allow the release of sufficient teachers for essential in-service training (see paragraph 17(ii)) and, by 1984-85, would also be 12,000 below the figure required to maintain the effective levels of provision per pupil of 1978-79.

8. The plans for non-teaching costs imply after 1983-84 inter alia a further worsening of the already unsatisfactory standards of repair and maintenance. These can only lead to increased need for capital expenditure in future.

9. Taking into account current trends in tender prices and building costs, the capital expenditure plans should accommodate a modest increase in improvement projects, as 'roofs over heads' requirements decline, thus helping authorities to meet the Government's surplus place targets for the later years.

School meals and milk

10. The plans for school meals assume large cash reductions each year. Assuming that authorities continue to provide the present number of free school meals (most but not all of which they are statutorily obliged to provide) these can only be achieved by 1984-85, if paid meals are charged for at about 85 per cent of their actual cost compared with just over 50 per cent now. The local authority associations regard this target as unrealistic.

Higher and further education

11. The planned contraction of higher education in Cmnd 8494 would mean the loss of about 10,000 teaching posts (1 in 6), a significant number by redundancy or early retirement. No allowance has been made for the higher average cost of staff salaries as recruitment is constrained. It is assumed that, in line with past trends, universities' costs other than pay will rise some 2 percentage points higher than non-pay costs generally. The revised projections of student numbers below* are consistent with the White Paper and 1985-86 expenditure figures: in 1984-85, about one applicant out of ten who would be successful today would no longer find a place. Final decisions on enrolments rest with the institutions.

12. Planned expenditure on student awards assumes that the parental contribution scale and minimum maintenance award will be frozen in 1983-84 at the 1982-83 levels (so that parental contributions will rise faster than incomes) but that they will be increased in line with assumed pay and price movements thereafter. The value of a full award is assumed to be increased by 6 per cent, 5 per cent, and 4 per cent respectively each year from 1983-84 onwards.

* See overleaf

Thousands (except as indicated)

	Students					
	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
	actual	prov	projected			
Higher Education (full-time and sandwich)						
Universities (GB)						
Home	265.5	264.9	261.3	253.7	248.4	245.6
of which admissions	76.9	74.5	72.1	69.6	69.6	69.6
Overseas ¹	33.2	30.4	27.0	24.7	24.2	24.2
Other institutions (England)						
Home	169.4	184.5	185.3	183.6	176.3	174.0
of which admissions	58.4	66.3	58.4	56.5	56.5	56.5
Overseas ¹	17.5	15.8	14.1	12.6	11.8	11.4
Total (full-time and sandwich)	485.6	495.6	487.7	474.6	460.7	455.2
Age participation rates (%) (young entrants as a percentage of total population aged 18)						
Universities	7.5	7.1	6.7	6.6	6.7	6.8
Other institutions	5.0	5.6	4.8	4.7	4.7	4.8

Notes

- (1) Overseas student numbers are based on estimated intakes in October 1981 and, for higher education, universities' application rates for October 1982. The figures are subject to considerable uncertainty.
- (2) The projected student numbers for 1984-85 are 4,000 higher than in Cmnd 8494 to permit a more realistic pattern of admissions and total numbers up to 1985-86 within the cash plan.

13. The plans for non-advanced further education allow for a 15 per cent increase in home students between 1980-81 and 1985-86 to meet projected demand, assuming a significant tightening of staffing standards. In adult education, the plans assume an increased proportion of expenditure financed through income from fees.

Science

14. The Government has stated its wish to give protection to the support of basic science. The Cmnd 8494 plans for the science budget set a level of provision similar to that for 1981-82, and this is now extended to 1985-86. The science budget is however only one arm of the system of dual support for science. In response to the overall reductions in their funding, universities have reduced and are thought likely to continue to reduce the scale of scientific research they support and to cut down the proportion of able young researchers recruited to academic posts. There is a limit to the extent to which the Research Councils can re-direct their resources to increase support for research in universities. On present plans total support for science will therefore be reduced at a time when the Department considers there to be an increasing need for the system to respond to new opportunities.

Alternative pay and price assumptions

15. The pay and price assumptions used in the above analysis may prove too optimistic. Public sector pay settlements so far reached suggest that salary rates for education staff (except possibly for university non-clinical dons) will rise in 1982-83 by nearer to 6 per cent than 4 per cent. For later years, the Department considers it imprudent to assume that it will be possible to contain cost increases in education and science to a level below the Government's assumptions for the economy as a whole, in the Medium Term Financial Strategy. The analysis below assumes pay settlements of 6 per cent in 1982-83 (except for non-clinical dons) and cost increases of 7 per cent, 6½ per cent, and 4 per cent respectively in the following years.

16. On these assumptions, provision would fall short of that consistent with the level of service described above by

	£ million cash		
	1983-84	1984-85	1985-86
Local authorities	235	385	400
Vote expenditure	30	65	70

Severe contraction is already planned for higher education. Any increase might necessitate closure of complete institutions and additional redundancy costs might, in any case, limit or rule out savings in this sector. In their schools and FE provision, local authorities have to take account of their statutory duties to provide sufficient and efficient schools suitable for the age, abilities and aptitudes of all pupils and to provide full time education on demand for 16-18 year olds. In the Department's view these obligations limit the scope for savings. The fact that authorities' education budgets for 1982-83 exceed provision by 4½ per cent (two-thirds of this attributable to the difference between ILEA's budget and its GRE) also makes it unlikely that reductions in service to comply with the plans on these assumptions could be achieved.

Additional bids

17. The Department considers that additional provision is needed:

- (a) to provide for levels of service consistent with the Government's educational objectives in Cmnd 8494.
- (b) to further the achievement of the Government's existing objectives for education and science and to promote new initiatives.

Significant offsetting savings from further improved efficiency are not to be expected within the survey period because of the time needed to negotiate and implement new working practices.

(i) Additional cash for realism

The bid at (i) (a) will be quantified later in the light of further analysis by the Expenditure Steering Group - Education, taking into account specific bids at (ii) and (iv) (b) below. The bid at (i) (b) is based on the pay and price assumptions set out in paragraph 15 above.

(ii) Additional school teachers

The Department considers that, on their present policies, local authorities are unlikely to reduce teacher numbers by more than 9,000 a year. This is because agreement on new terms for compulsory redundancies for teachers under 50 years old is not in sight and because authorities will in any event be reluctant to declare such redundancies. The bid therefore assumes that teacher numbers will exceed Cmnd 8494 assumptions and their projection to 1985-86 by 12-13,000 in 1983-84 and 1984-85 and 8,000 in 1985-86. Present plans assume that teachers will continue to be released for induction and in-service training at about the present level equivalent to 5,000 full-time teachers per year. The Department considers substantial expansion essential to secure effective teaching (for example of mathematics, science and technology) for the reduced teacher force and to meet new requirements arising, for example, from problems identified in Lord Scarman's Report and from implementation of the Education Act 1981 for those with special needs in ordinary schools. To this end it envisages introduction of a new specific grant to education authorities for in-service training, by Regulations under Section 3 (a) of the Education Act 1962. The bid at (ii) (b) assumes this would result in further release equivalent to another 3,000 full-time teachers a year by 1984-85 (within the increased teacher numbers above).

(iii) Voluntary schools, capital

The Secretary of State is required by law to pay grant at 85 per cent of the cost of repairs at voluntary schools. The Department cannot control these costs directly. A voluntary rationing scheme has been introduced for small repairs in 1982-83, covering about 20 per cent of all repairs expenditure; by itself this will not be sufficient to contain total costs to the levels currently planned for later years.

(iv) Higher education(a) Additional costs for universities, Open University, and voluntary colleges

This bids covers certain unavoidable additional commitments in higher education (mainly the universities) not covered by bid (i)

(v) New technologies

The Department of Industry consider it necessary to increase the supply of specialists in computing and related subjects and research in this area to ensure that the nation can compete in the world's markets with Japanese and other plans for "fifth generation computers". In addition, the demands for extending the basic science required to underpin high priority technological developments (for example space science including climatology and remote sensing, bio-technology and energy research) far exceed the scale and rate at which Research Councils can re-deploy their resources on present plans. Additional resources are sought to meet these demands as outlined below:-

(a) Support of science

Over three years, an additional £30 million is sought to support research mainly in universities into computing and related subjects and £45 million to provide for basic science under-pinning other new technological areas.

(b) Qualified manpower in information technology

The bid would provide for an expansion by some 1500 students on one year post-graduate courses in universities and polytechnics designed to turn relevant graduates into the required specialists - with awards, costing some £10 million annually; and also an up-dating re-training and conversion programme at a cost building up to £5 million for those in mid-career (to be promoted by the Open University and other bodies). Provision at first degree level in universities and polytechnics would be expanded by some 750 entrants (within the projected total student numbers for higher education) at a cost, after three years of some £5 million mainly for additional staff. Finally the bid would provide in further education new opportunities for studies in relation to information technology, for example in electrical engineering and business studies. This would involve the provision of hardware, software and related staff development at a cost building up to £5 million a year.

above, which the Department considers cannot be accommodated on present policies. These include an increase in employers' contributions to the Universities' Superannuation Scheme (mentioned but not quantified in the 1981 survey - since announced as 3.8 per cent from 1 April 1983, costing some £20 million a year with a further increase, still to be settled, of up to 0.75 per cent to cover the cost to the scheme of premature retirement), additional cash to maintain the proportion of universities' income from tuition fees (rising to over £10 million in 1985-86), the estimated cost of rates beyond the assumed 11 per cent allowance for price increases in 1982-83 (over £5 million in each year), salary drift and other miscellaneous additions to net costs. The bid does not cover the consequences for universities generally which would follow if there were an adverse ruling by the Courts in a test case concerning Imperial College's rating valuation.

(b) Slower run-down for maintained higher education

The Department considers that local authorities are unlikely to achieve the reduction in provision assumed in Cmnd 8494, in view of their expenditure in 1981-82 and budgets for 1982-83. The bid allows for what is considered a more realistic rate of contraction.

(c) Research in universities

In response to the overall financial constraints on them, universities are reducing their research capability, particularly by limiting recruitment. This bid would enable universities, if necessary through earmarked funds, to recruit some 3,000 more young researchers than would otherwise have been possible.

(d) Awards

Present plans assume (paragraph 12 above) that the parental contribution scale and minimum maintenance level would be frozen in 1983-84. The bid would enable these to be increased by 6 per cent in 1983-84 so limiting the increase in parental contribution relative to income which would otherwise be required.

(v) New technologies

The Department of Industry consider it necessary to increase the supply of specialists in computing and related subjects and research in this area to ensure that the nation can compete in the world's markets with Japanese and other plans for "fifth generation computers". In addition, the demands for extending the basic science required to underpin high priority technological developments (for example space science including climatology and remote sensing, bio-technology and energy research) far exceed the scale and rate at which Research Councils can re-deploy their resources on present plans. Additional resources are sought to meet these demands as outlined below:-

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Manpower numbers (including OAL)

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline ^f	3511	3511	3511	-
(ii) Net change (ie difference between baseline and bid)	-	-1046	-1046	-
(iii) Proposed manpower requirement	3511	2465	2465	2465
(iv) 1.4.84 target	-	3275	-	-
(v) Credit to contingency margin	-	-810	-	-

^fie as reflected in baseline financial provision.

18. These assume that the Science and Victoria and Albert Museums will be hived off by 1 April 1984 taking their staff off the civil service manpower count.

The 2465 proposed by the DES for 1 April 1984 is 47 higher than that on which the Cmnd 8494 figures for 1983-84 and later years were based. DES justify this increase on grounds of increased pressures in a number of areas which cannot be contained within 2418 on a long term basis.

20. Office of Arts and Libraries

Table 20

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Arts and libraries							
Central government							
Capital	10.2	-0.4	6.1	13.3	17.2	18.3	19.0
Current	143.9	174.8	186.4	204.2	213.6	224.3	233.3
Local authorities							
Capital	15.9	24.8	16.7	17.4	18.4	19.4	20.1
Current	234.2	277.7	310.0	302.0	308.2	318.1	330.8
Total baseline	404.2	476.8	519.2	536.9	557.5	580.1	603.3
Additional bids							
Central government							
Arts Council					5.0	6.0	7.0
National museums & galleries:							
- purchase grants					1.0	2.0	3.0
- conservation & security					1.0	1.0	1.0
National Heritage Memorial Fund & acceptances in lieu of tax					1.0	1.0	2.0
British Film Institute					1.0	2.0	2.0
British Library					1.0	1.0	1.0
Public Lending Right					1.0	1.0	2.0
Total central government					11.0	14.0	18.0
Local authorities					61.0	81.0	92.0
Total central and local government					72.0	95.0	110.0

1. This programme covers central government capital and current expenditure on national museums and galleries in England, the British Library, the Arts Council and other arts bodies (mainly current expenditure); and local authority expenditure in England on public library and museum services. Cmnd 8494 as published does not disaggregate the combined total for central government and local authorities for the years 1983-84 onwards. Firm decisions have yet to be taken on the apportionment of the arts budget for those years. The apportionment shown in the table for those years is therefore illustrative only.

2. On present plans, total expenditure will increase by 8 per cent in the two years between 1982-83 and 1984-85 and by 4 per cent between 1984-85 and 1985-86. This implies a significant reduction in real terms both over the survey period and compared with earlier years. The OAL believe that this effect will be aggravated by a positive relative price effect in the specialist arts field.

3. Arts Council support will have to be withdrawn altogether from some organisations and substantially reduced for virtually all the remainder. This will affect not only the major national companies but support for the arts in the regions (already at risk through reductions in local authority funding). The business sponsorship campaign cannot realistically be expected to compensate for reductions in central government support. The British Film Institute will be unable to sustain its programme to preserve deteriorating national film archive material. Provision for the National Heritage Memorial Fund, for the acceptance of works of art in lieu of tax and national institutions' purchase grants will not keep pace with likely demands from future sales of national heritage items, leading to more major art works being lost to foreign purchasers. Maintenance and redevelopment of the national institutions' historic premises will be constrained or deferred with more costly implications in the longer term; and there will be less conservation work and reduced hours of public opening. The British Library will be restricted in its purchases for inter-library loan stock and in the development of new technology in information retrieval: this will increasingly limit the service given by the public library services nationally in response to educational, business and general public demand.

4. The illustrative provision for local authority expenditure implies widespread staff reductions, further restrictions in opening hours, closures of public libraries and museum departments, substantial cuts in new book and art acquisitions or replacements, a serious decline in standards of conservation and lost opportunities to utilise new information technology, against a growing demand from educational, business and other users.

Additional bids

5. If reductions in the level, range and quality of services are to be avoided, the following additions to the programme will be needed, quite apart from any further possibilities of rationalisation and elimination of waste.

6. Central government

(a) support for living arts (Arts Council): £5 million in 1983-84, rising to £7 million in 1985-86 to maintain grant support for existing organisations in the face of continually rising costs in the arts field.

(b) National museums and galleries: £1 million in 1983-84 rising to £3 million in 1985-86 to restore purchasing power of current purchase grant levels and allow for future art market price trends; and £1 million in each year to improve standards of conservation and security.

(c) National Heritage Memorial Fund and acceptances in lieu of tax: £1 million in 1983-84 and 1984-85, and £2 million in 1985-86 to enable substantial anticipated growth in demand to be met as more major private collections come onto the market.

(d) British Film Institute: an extra £1 million in 1983-84, rising to £2 million in each of the following years, to enable the BFI to preserve the national film archive, as recommended by the Select Committee on Education, Science and the Arts.

(e) British Library: £1 million a year to enable BL book purchases to keep pace with demand and to facilitate further progress with the introduction of new information technology facilities.

(f) Public Lending Right: £1 million a year, rising to £2 million in 1985-86 to restore the real terms value of PLR payments to authors and to allow for extension to reciprocal arrangements with other countries.

7. Local authorities

To bring the planned provision into line with the likely 1982-83 outturn and make some allowance for higher than average inflation in the cost of staffing and maintaining local libraries and museums and of conserving and extending their book and art object collections, would require a further £61 million, £81 million and £92 million in 1983-84, 1984-85 and 1985-86 respectively.

8. The additional bids are summarised in the table. There is no scope for offsetting savings other than the withdrawal of the additional provisions now sought.

Manpower

9. Civil service manpower implications for the OAL are included in the DES chapter of the report.

21. DHSS - Health and Personal Social Services

21. DHSS - Health and Personal Social Services

Table 21

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Hospitals and community health services							
Current	5,291.1	6,830.7	7,544.7	8,142.3	8,632.1	9,065.1	9,427.7
Capital	395.3	540.5	656.2	647.5	689.2	723.7	752.6
Family practitioner services							
Current	1,547.9	1,922.2	2,235.1	2,403.2	2,586.3	2,758.4	2,868.8
Capital	0.8	1.3	1.4	1.8	2.0	2.4	2.5
Central health services							
Current	124.3	162.3	185.8	204.9	220.4	230.6	239.9
Capital	10.4	9.7	20.2	24.7	22.2	18.6	19.3
Central and miscellaneous services							
Current	159.6	197.6	248.9	256.1	261.1	271.2	282.0
Capital	0.7	0.7	2.8	2.9	4.4	1.7	1.8
Total National Health Service							
Current	7,122.9	9,112.8	10,214.5	11,006.5	11,700.0	12,325.4	12,818.4
Capital	407.2	552.2	680.5	676.9	717.9	746.4	776.2
Personal social services							
Local authority services							
Current	1,305.0	1,616.1	1,806.0	1,856.8	1,953.9	2,062.9	2,145.4
Capital	57.3	73.4	67.0	102.0	108.1	113.5	118.0
Central government services							
Current	6.8	8.4	9.5	9.4	9.0	9.4	9.8
Capital	0.9	1.1	1.2	1.8	2.3	2.1	2.2
Total personal social services							
Current	1,311.8	1,624.5	1,815.5	1,866.2	1,962.8	2,072.3	2,155.2
Capital	58.2	74.5	68.2	103.7	110.4	115.6	120.2
Total health and personal social services							
Current	8,434.7	10,737.2	12,030.1	12,872.7	13,662.8	14,397.6	14,973.5
Capital	465.4	626.7	748.7	780.6	828.2	862.0	896.4
Total baseline	8,900.1	11,363.9	12,778.8	13,653.4	14,491.0	15,259.6	15,870.0
Additional bids							
Hospital and Community Health Services (HCHS) and Centrally Financed Services (CFS)							
A. Price bids							
Difference between 1983-84 pay and price factor in Cmd 8494 (6 per cent) and March 1982 Budget deflator (7 per cent)							
HCHS current					81.0	86.0	89.0
HCHS capital					7.0	7.0	7.0
CFS current					5.0	5.0	5.0
CFS capital					0.5	0.5	0.5
RPE of 1.3 per cent on prices:-							
HCHS current					28.0	29.0	30.0
CFS current					3.5	3.5	4.0
Total price bids					125.0	131.0	135.5

21. DHSS - Health and Personal Social Services

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Table 21

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
B. Bids to maintain standards							
Demographic change - costs in excess of assumed efficiency savings (0.3 per cent a year) (HCHS current)					26.0	55.0	86.0
Medical advances (eg dialysis, heart and bone marrow transplants) (0.5 per cent a year) (HCHS current)					44.0	92.0	144.0
Total bids to maintain standards					70.0	147.0	230.0
C. Bids to improve services							
Improvements in Joint Finance (HCHS current)					6.0	6.5	6.5
Improvements in vaccination programme (HCHS current)					1.0	1.0	1.0
Improvements in maternity and neonatal services (HCHS current)					20.0	21.0	22.0
Introduction of new vaccine for Hepatitis B (HCHS current)					2.5	1.0	0.5
Improvement in services for drug misuse (CFS current)					2.0	3.0	3.0
Demonstration of centres for the elderly severely mentally ill (CFS current and capital)					2.0	2.0	2.0
Special schemes to get mentally handicapped children out of hospitals and into community care (CFS current and capital)					3.0	3.0	3.0
Capital expenditure on special hospitals					2.0	3.0	3.0
Intermediate treatment (CFS current)					3.0	6.0	7.0
Improvements in day care services for the under fives (CFS current)					2.0	2.0	2.0
Hostels (CFS current)					0.5	1.0	1.0
Continuation of unemployment volunteering scheme (CFS current)					2.5	-	-
Improvements in longer term care (HCHS current)					9.0	19.0	30.0
- Elderly					12.0	25.5	40.0
- Mental Illness					6.0	13.0	20.0
- Mental Handicap							

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Table 21

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Development of community health (HCHS current)					7.0	18.0	25.0
- District Nurses					2.0	3.0	5.0
- Health Visitors							
Total improvement bids					82.5	128.0	171.0
D. Bid for health authority capital							
HCHS capital					50.0	53.0	56.0
Total additional bids (HCHS and CFS)					327.5	459.0	592.5
Family Practitioner Services (FPS)							
A. Price bids							
Difference between 1983-84 pay and price factor in Cmd 8494 (6 per cent) and March 1982 Budget deflator (7 per cent), (FPS current and capital)					24.5	25.5	26.5
Total price bids					24.5	25.5	26.5
B. Bids to maintain services							
Product substitution					41.0	44.0	46.0
Increased demand in 1985-86					-	-	60.0
Total bids to maintain services					41.0	44.0	106.0
C. Bids to improve services							
Development of primary care in inner cities (capital)					3.0	3.0	3.0
Paediatric surveillance					1.0	1.0	1.0
Total improvement bids					4.0	4.0	4.0
Total additional bids (FPS)					69.5	73.5	136.5
Personal Social Services (PSS)							
A. Realism bid							
Difference between cash plan and 1982-83 Budget plus 7 per cent inflation assumption less 1 per cent savings PSS current					158.0	166.0	173.0
Total realism bid					158.0	166.0	173.0
B. Bid to maintain standards							
Demographic and social pressure (1 per cent a year cumulative)					21.0	33.0	57.0
Total bids to maintain standards					21.0	33.0	57.0

Table 21

	£ million cash						
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
C. Bids to improve services							
Residential care orders, ending remand of 15-16 year old boys, further Children Act 1975 provisions.					27.0	28.0	28.0
Training of social workers for extra duties under the Mental Health (Amendment) Bill (CFS)					1.0	2.0	1.0
Total improvement bids					28.0	30.0	29.0
Total additional bids (PSS)					207.0	229.0	259.0

Hospital and Community Health Services (HCHS) and Centrally Financed Health Services (CFS)

1. The Cmnd 8494 plans imply

- no growth in HCHS spending after 1982-83, but a little service growth through further efficiency gains equal to 0.5 per cent of spending a year in 1983-84 and 1984-85
- maintenance of the health capital programme at about its average size since 1976-77 when it was reduced by 20 per cent from earlier levels.

2. The HCHS and CFS cash provisions include additions of 1.3 per cent to the general price factor of 9 per cent for 1982-83 to cover the expected relative price effect on purchases during that year.

3. The HCHS provisions for 1983-84 are subject to review in the light of the availability of resources and the scope for further increases in efficiency. The Secretary of State will be reviewing the scope for further HCHS efficiency savings during the Summer. But authorities' 1981-82 efficiency targets were not fully met and the Department think it unrealistic to plan in this survey for efficiency savings greater than 0.5 per cent in 1983-84 or 1984-85. Further savings of about that order may however be possible in 1985-86.

Price bids

4. Erosion of the service levels implied in Cmnd 8494 by more inflation than so far allowed for would prevent essential developments and cause significant falls in standards, including closure of wards and longer waiting times.
5. It is envisaged that Ministers will in the autumn review the allowances for inflation in the Cmnd 8494 provisions. In the meantime, the Budget estimate of general inflation in 1983-84 was 7 per cent rather than the 6 per cent pay and price factor in Cmnd 8494. The Department therefore make a provisional bid on current and capital for this difference for 1983-84 (£93½ million). DHSS do not attempt to assess the realism of the pay and price factors of 5 per cent and 4 per cent for 1984-85 and 1985-86 respectively, and therefore include for those years only the consequential of the 1983-84 bid.
6. In addition, DHSS bid for the continuation into 1983-84 of the relative price effect allowance of 1.3 per cent on purchasing costs agreed for 1982-83. (£31½ million).
7. In 1981-82 and - on the basis of the offers made recently by - 1982 -83 NHS employees' pay is forecast to rise by about 13 per cent. This is substantially less than the forecast increase in the RPI (20 per cent), the pay of the public sector as a whole (21 per cent) and private sector pay (23 per cent). Part of this increase is to be financed by health authorities from existing provisions, this will reduce the service growth between 1978-79 and 1982-83 to below the amount pledged by Ministers during the last election. But a judgement on the extra provision needed for NHS pay and remuneration must await the final outcome of the 1982-83 pay round, the report of the Megaw Enquiry into Civil Service pay and the new arrangements for NHS nurses now being discussed. DHSS will wish to bid for the "knock-on" effect of the final 1982-83 settlement in 1983-84; and may wish to make a more general bid relating to future NHS pay levels.

Bids to maintain standards - demographic pressure and medical advances

8. Demographic pressures (notably the growing number of very old people) will increase HCHS costs by 0.8 per cent a year on average between 1983-84 and 1985-86. So even if authorities achieve the 0.5 per cent annual efficiency gains in 1983-84 and 1984-85, and were able to make further savings of the same order in 1985-86 the Cmnd 8494 plans imply a general reduction in service standards of 0.3 per cent a year, or about 1 per cent cumulatively if carried forward to 1985-86.

9. DHSS have normally made a minimal allowance of 0.5 per cent a year for introducing new medical advances, particularly in acute services. The actual cost is certainly higher, though its net effect has been reduced in recent years by increases in efficiency in acute services which will now need to count towards the general efficiency savings required of health authorities in 1983-84 and 1984-85. This bid would buy some 23,000 extra inpatient treatments by 1985-86. This would, for example, make inroads into the shortfall in dialysis and hip replacements; and help authorities offer a modern medical service.

10. To maintain basic standards, DHSS therefore bid for 0.3 per cent and 0.5 per cent a year cumulatively on account of demography and medical advance. (£70 million in 1983-84 rising to £230 million in 1985-86).

Bids to improve services

11. The Department bid for resources to permit progress by health authorities in the following priority areas:

- an increase in Joint Finance to permit further expansion in community social services and the development of experimental schemes. (About £6 million a year)
- improvements in the uptake of vaccines for rubella, measles and whooping cough (£1 million a year)
- provision to permit a significant move towards meeting the Government's commitment to introduce minimum standards for maternity and neonatal

services. The full cost of this would be about £70 million a year plus £20 million capital, but we bid for a more gradual implementation costing £20 million a year.

- introduction of a new vaccine for Hepatitis B to protect those most at risk, as recommended by the Joint Committee on Vaccination and Immunisation. (£2½ million in 1983-84 falling to £½ million in 1985-86).

12. Small amounts of "pump-priming" central spending can lead to significant improvements in services for particularly vulnerable groups. The Department make small bids (£9 million rising to £11 million a year) as follows for:

- improvement of services to drug misusers, in the light of the report - expected to be very critical - from the Advisory Committee on the Misuse of Drugs.
- demonstration projects for elderly people with psychiatric disorders.
- further measures to provide more suitable treatment for some of the 2,000 mentally handicapped children now in hospital.
- additional capital to prevent delay in building new facilities at the Boardmoor and Park Lane special hospitals.

13. The Department also make small bids (about £8 million a year) for extra expenditure from the central allocation on social service projects:

- increased availability of intermediate treatment (important in the prevention of delinquency) by voluntary bodies and local authorities.
- a central initiative to improve day care services for the under fives to assist one parent families, reduce child abuse (and possibly reduce later delinquency).
- provision to encourage housing association projects for hostels for people with special needs.
- continuation of the scheme to promote voluntary activity by unemployed people in the HPSS field.

14. Ministers are publicly committed - in "Care in Action", published in 1980 - to maintain gradual improvements in quality of service for the long-stay groups eg in mental handicap, mental illness and geriatric hospitals, where standards remain of wide public concern. They are similarly committed to improving Community services which also help these groups.

15. The Department therefore bid for:

- a 1 per cent a year cumulative increase in resources for long-stay hospitals. By 1985-86 this would increase nurses per mental illness bed from 0.79 to 0.88, per mental handicap bed from 0.68 to 0.75, and per geriatric bed from 0.85 to 0.87. (£27 million in 1983-84 rising to £90 million in 1985-86)
- resources to increase district nurses by 3 per cent - or 450 - a year and health visitors by 1 per cent - or 100 - a year. (£9 million in 1983-84 rising to £30 million in 1985-86)

These bids would also enable the service to improve the supply of other staff important to these groups such as Occupational Therapists.

16. The bids in paragraphs 8 to 11 and 15 above are to maintain or improve standards of care in essential priority areas. The extra resources are also necessary for further progress towards a more equitable distribution of resources between health regions; and to prevent a large increase in the number of new hospitals and wards that are mothballed through lack of money for their revenue costs.

Health authority capital

17. The 1976-77 reduction in the capital programme has decreased spending on renovation and maintenance. Health authorities' capital stock and equipment are ageing, and the backlog is increasingly serious. A programme of £100 million a year could be developed if resources were available, but the Department bid for extra spending of about half that amount. Most of the extra would be spent through the private sector.

18. Chapter 22 contains a bid to provide war pensioners' mobility supplement. If it is not accepted, a phased improvement in war pensioners' car maintenance allowances

will be necessary. This would mean an additional bid of £1 million a year over the survey period.

Family practitioner services

19. Cmnd 8494 provided for increases in demand of about 2 per cent a year to 1984-85, though some savings were assumed from more economical drug prescribing. It also made a relative price effect allowance for purchasing costs of 2.5 per cent in 1982-83.

Price bids

20. The Department make the same provisional bid for general inflation for 1983-84 (with consequential effects on the later years) as for the HCHS and CFS (paragraph 9 above) (£24½ million in 1983-84).

21. Any provisions for NHS pay (paragraph 11 above) would need to cover the FPS.

Bids to maintain services

22. In the FPS it is now agreed that changes in the type of drug sold (product substitution) must be regarded as a change in service rather than in price. The FPS relative price effect therefore becomes nil; but the effect on service levels to provide this product substitution is 3.75 per cent of Pharmaceutical Service expenditure (£41 million). This estimate is subject to review; meanwhile the bid is made for 1983-84 with the consequential effects in later years.

23. The Department also bid for the extra provision necessary to meet the general increase in demand on the FPS in 1985-86 (£60 million).

Bids to improve services

24. The Department make small bids as follows:

- development of primary care in inner cities following the Acheson Report which identified serious inadequacies in present provision (£3 million a year).

- the extra cost to the general medical service of undertaking proper surveillance of very young children (£1 million a year).

NHS manpower

25. The table below shows (column A) the estimated growth in NHS manpower assuming that the planned growth in expenditure in 1982-83 is achieved. Column B shows the increased manpower which might be expected if all services bids (paragraphs 18-23) are accepted. The bid for improvements to the vaccination programme is unlikely to involve an increase in NHS manpower. Additional joint finance would involve some increase in local authority rather than in NHS manpower. The CFS bids would go mainly to voluntary bodies; and their implications for public sector manpower would be very small

	A			B (thousands)		
	1983-84	1984-85	1985-86	1983-84	1984-85	1985-86
HCHS	836	838	838	849	862	872
CFS	11	11	11	11	11	11
FPS	39	40	41	39	40	41
Total	886	889	890	899	913	924

Local authority personal social services

26. The Cmnd 8494 provision implies a reduction in local authority services of about 3 per cent in 1982-83. But authorities have budgeted to spend more than this because of the priority which they give to these services. The PSS indicative figures for 1983-84 and 1984-85 imply no real terms change over the previous year compared to the real reductions in local authority spending overall. (This is equivalent to a 2 per cent relative lead for personal social services).

Realism bid

27. The Department make a provisional bid on PSS current expenditure for the difference between the Cmnd 8494 cash plan and the local authority 1982-83 budget estimate (£1994 million) plus a local authority inflation assumption of 7 per cent less

1 per cent savings (£158 million in 1983-84). This may need to be adjusted depending on the results of discussions on the RSG settlement for 1983-84.

Bids to maintain standards

28. Subject to the work of the Expenditure Steering Group, it is estimated that growth of at least 1 per cent a year is needed (in addition to possible savings from further improvements in efficiency) in order to maintain standards in the face of demographic and other social pressures (especially the growing number of very old people). The Department bid accordingly (£21 million in 1983-84 rising to £57 million in 1985-86).

Bids to improve services

29. The Department bid for extra resources to implement residential care and supervision orders under the Criminal Justice Bill now before Parliament, to end the remand of 15-16 year old boys, and to bring in unimplemented provisions of the Children Act 1975. (£27 million in 1983-84 rising to £28 million in 1985-86).

30. There is strong pressure from local authorities for assistance with the extra costs of training and deploying social workers as provided for in the Mental Health (Amendment) Bill. Central assistance with the initial training will be politically inescapable. There will also be a need to help with the cost of new training requirements for staff in mental handicap. Implementation of these new requirements are essential to long-term improvements in mental handicap care. The Department bid accordingly (about £1 million a year).

Local authority PSS manpower

31. On the basis of the indicative provision in Cmnd 8494, local authority personal social services manpower might be:

					Thousands
1981-82	1982-83	1983-84	1984-85	1985-86	
Actual 203	198	198	199	199	

If the service bids are accepted, manpower could increase to:

210	212	214
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DHSS manpower

32. In the main, DHSS manpower is covered in chapter 22. The exceptions are in respect of the special hospitals, artificial limb and appliance centres and youth treatment centres. Planned expenditure for these staff is shown in this programme. Staff numbers are included in the table at paragraph 8 in chapter 22.

22. DHSS - Social Security

Table 22

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Contributory benefits (ie those paid from the National Insurance Fund)							
Retirement pensions	8,814.0	10,541.2	12,185.0	13,449.0	14,575.0	15,483.0	16,338.0
Invalidity benefit	995.0	1,150.1	1,353.0	1,397.0	1,555.0	1,682.0	1,784.0
Industrial disablement benefit	244.0	281.8	316.0	355.0	385.0	404.0	423.0
Widows' pensions and industrial death benefit etc	531.0	602.0	672.0	722.0	769.0	805.0	845.0
Lump-sum payment to contributory pensioners etc (1)	96.0	98.0	100.0	99.0	99.0	100.0	100.0
Sickness and injury benefits and maternity allowance	780.0	807.7	800.0	720.0	417.0	439.0	460.0
Widows' allowance, maternity/death grants	91.0	94.2	102.0	102.0	108.0	112.0	116.0
Unemployment benefits	653.0	1,280.5	1,731.0	1,999.0	2,015.0	2,110.0	2,064.0
Total contributory benefit expenditure	12,204.0	14,855.5	17,259.0	18,843.0	19,923.0	21,135.0	22,130.0
Non-contributory benefits (ie those met from voted expenditure)							
Old persons' pensions	35.6	38.4	39.0	38.0	38.0	36.0	37.0
War pensions	375.0	424.5	482.0	508.0	537.0	551.0	578.0
Attendance allowance & invalid care allowance	207.3	248.3	291.0	324.0	358.0	379.0	397.0
Non-contributory invalidity pension	85.1	108.0	126.0	141.0	156.0	166.0	174.0
Mobility allowance	79.4	125.0	168.0	205.0	237.0	263.0	276.0
Lump-sum payment to non-contributory pensioners etc (1)	5.4	4.7	5.0	5.0	5.0	5.0	5.0
Supplementary pensions	895.0	1,079.0	1,358.0	1,366.0	645.0	675.0	703.0
Supplementary allowances	1,541.0	2,093.0	3,523.0	4,311.0	3,886.0	4,086.0	4,124.0
Child benefit	2,830.0	3,005.1	3,467.0	3,796.0	4,111.0	4,325.0	4,526.0
Family income supplement	27.0	42.5	66.0	71.0	82.0	86.0	93.0
Non-contributory maternity grants	16.0	16.0	17.0	19.0	20.0	20.0	20.0
Housing benefits							
rent rebates	237.5	316.7	509.2	887.5	1,736.9	1,817.7	1,848.0
rent allowances	40.3	47.8	65.4	83.4	398.2	418.6	426.0
Total non-contributory benefit expenditure	6,374.6	7,549.2	10,116.6	11,755.0	12,210.1	12,828.3	13,207.0
Administration and miscellaneous services	805.6	1,010.2	1,232.0	1,309.6	1,347.6	1,415.7	1,466.1
LA administration of housing benefit	16.0	18.2	20.2	28.4	24.7	25.9	26.9
Total baseline	19,400.2	23,433.1	28,627.7	31,936.0	33,505.4	35,404.9	36,830.0
Reduced requirements							
Administration Camelot					-16.4	-34.3	-32.4
						-10.6	-11.1
Total reduced requirements					-16.4	-44.9	-43.5

(1) Lump sum payments to pensioners etc are payable with the relevant qualifying benefit.

Table 22 (cont'd)

	£ million cash						
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
<u>Additional bids</u>							
Demand determined changes				321.0	562.0	661.0	991.0
<u>Unemployed</u>							
Restore 5% abatement of unemployment benefit					20.6	61.5	62.5
Long-term rate of supplementary benefit after 2 years and children in the family					25.2	74.7	80.7
Increase in income disregards for supplementary benefit							
(i) existing					3.0	8.0	8.0
(ii) long term unemployed					2.0	6.0	6.0
<u>Family</u>							
Real improvement in child benefit					78.0	226.0	236.0
<u>Mainly the Elderly</u>							
£3,000 capital cut-off for supplementary benefit					2.2	7.4	8.5
£500 capital limit for supplementary benefit single payments					1.1	2.2	2.2
<u>Disabled people</u>							
Restore 5% abatement of invalidity benefit					20.7	60.4	63.4
Remove the invalidity trap					8.8	22.6	23.7
New severe disablement allowance					-	5.3	11.2
Invalid care allowance for married women					-	20.2	51.9
New mobility supplement for war pensioners					0.4	2.0	3.0
<u>Miscellaneous</u>							
Composite bid					2.0	2.1	2.2
Achieving manpower targets					5.0	5.3	5.5
<u>Other administration costs</u>							
<u>Staff costs:-</u>							
Higher work load					8.5	12.5	11.5
<u>Computers:-</u>							
Local Office Project					10.0	11.2	12.7
Local Office Micro							6.0
-Processor Project					6.0	6.0	10.1
Other computer					5.4	8.2	
Post Office Agency Service Agreement					47.3	24.3	19.2
Replacement programme for resettlement, etc centres					0.7	4.6	4.5
General					1.3	1.4	1.6
Total additional bids					810.2	1232.9	1621.4

Note: The cost of the staffing effect is included in the cost of the bids except demand determined changes where the cost is shown separately under "staff costs: higher work load".

Introduction

1. The Social Security Programme provides for the cost of all social security benefit payments in Great Britain and their administration. It now also includes housing benefits where local authorities are responsible for the expenditure. As expenditure on benefits is "demand led" it is not cash limited. Administration of the benefits, except housing benefits, is cash limited and represents about 4 per cent of total expenditure.

Baseline

2. The following changes from Cmnd 8494 are included in the baseline totals:

- (i) Basic uprating in November 1982 reduced from 10 per cent to 9 per cent.
- (ii) Reduction of $\frac{1}{2}$ per cent instead of 1 per cent in the supplementary benefit uprating in November 1982 to take account of housing element in the Retail Price Index.
- (iii) Shortfall on November 1981 uprating of 2 per cent made good for short term benefits including child benefit at the next uprating.
- (iv) Capital disregard on supplementary benefit increased from £2,000 to £2,500.
- (v) Rounding of uprating and adjustment of supplementary benefit heating and dietary additions.
- (vi) Supplementary benefits expenditure on housing costs switched to housing benefit for 1982-83 in view of November 1982 partial start of new scheme.
- (vii) Reduction in NI Surcharge
- (viii) Development costs of housing benefit 1982-83

3. The provision for 1981-82 is the most up-to-date estimate of the outturn for that year.

Economic assumptions

4. The unemployment and uprating assumptions for 1982-83 to 1984-85 are unchanged for Cmnd 8494, except for the changed uprating assumptions for 1982-83, outlined in paragraph 2.

1985-86

5. The baseline expenditure for 1984-85 for administration costs and housing benefits increased by 4 per cent represents the baseline for 1985-86 for those items. The planned benefit expenditure (other than housing benefit) shown in Cmnd 8494 for 1984-85 has been carried through to 1985-86 with the addition of an uprating in November 1985 in line with the assumed price movement (4 per cent) and the full year effect of the assumed 1984 uprating (5 per cent). A reduction by 150,000 in the assumed level of unemployment from 3.125 million to 2.975 million, as agreed by Treasury Ministers on 7 April, has also been made.

Implications of expenditure totals

6. Expenditure on social security benefits is "demand led". Thus expenditure can only be kept within the total shown if the numbers receiving benefit and the rates of benefit remain as estimated. Under present legislation and practice, annual upratings of benefit are based largely on the forecast movement of prices; changes in numbers depend to some extent on changes in the level of unemployment. If, in the event, these levels differ from the estimates the consequences for benefit expenditure are unescapable unless statutory provisions governing entitlement to benefit are changed.

Output measurement

7. The table below shows the estimated average numbers of beneficiaries receiving the main benefits at any one time. These estimates are those underlying the baseline figures in table 22. The baseline expenditure for 1985-86 assumes the same numbers as for 1984-85 except for the unemployed where account has been taken of the reduction of 150,000 in the total unemployed register. (Where other numbers in 1985-86 are expected to change provision for the additional expenditure is included in a "bid" see paragraph 9).

	Thousands					
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
Retirement pensions	8,680	8,880	8,980	9,040	9,080	9,140
Invalidity benefit	620	620	610	610	620	630
Industrial disablement pensions	200	195	195	195	195	195
Widows' pensions and industrial death benefit	485	470	460	450	440	440
Sickness and injury benefits	490	435	390	400	155	150
Maternity allowance	115	120	125	130	135	140
Widows' allowance	35	35	35	35	35	35
Unemployment benefit	550	960	1,410	1,440	1,350	1,350
Old persons' pensions	55	50	45	40	40	35
War pensions						
Disablement	280	270	260	250	240	230
Widows' and other dependants	90	90	85	80	80	75
Attendance allowance and invalid care allowance	290	295	310	310	320	320
Non-contributory invalidity pension	165	175	180	180	185	185
Mobility allowance	140	185	210	230	240	260
Supplementary benefit						
Supplementary pensions	1,720	1,695	1,700	1,700	1,670	1,640
Supplementary allowances	1,200	1,415	1,950	2,210	2,220	2,230
Child benefit (1)	13,330	13,160	13,120	12,900	12,780	12,710
Family income supplement	80	95	115	120	130	130

(1) Numbers of qualifying children

DHSS Manpower

8. The following table includes all the staff of DHSS. It includes, therefore, staff whose costs are included in programme 11 as well as programme 12.

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	94,000	92,563	93,567	-
(ii) Net change (ie difference between baseline and bid)	+1,213	-2,677	-3,597	-
(iii) Proposed manpower requirement	95,213*	89,886	89,970	89,596
(iv) 1.4.84 target	-	87,700	-	-
(v) Claim on contingency margin	-	2,186	-	-

*Additional finance required is covered in additional bids for finance.

Additional bids

(I) Demand determined changes:

9. This bid represents the additional amount required to take account of estimated changes in the numbers eligible for benefits, of the proportion of those eligible who actually take up benefit, and of changes in the estimated average amounts paid to individual beneficiaries. These changes follow a re-appraisal of earlier estimates in the light of the most recent statistical information. The information on which last year's estimates were based was distorted by the Civil Service strike. The main changes involve a switch amongst the unemployed from unemployment benefit to supplementary allowance and a general increase in supplementary allowance. It is not within the Departments' powers to control the factors which cause these forecasts to be revised.

(II) Benefit improvements:

(a) Mainly helping unemployed people:

10. Restoration of the value of unemployment benefit: It is proposed to restore from November 1983, the 5 per cent cut in unemployment benefit made in November 1980. Considerable social and political pressure continues to be exerted in support of this, particularly because the unemployed have been affected by other reductions in benefit

and because taxation of their benefits, starting in July 1982, will raise £650 million revenue in a full year. 1.35 million people affected. Saves 160 staff. (By regulations).

11. Payment of long-term rate of supplementary benefit: Unemployed people cannot qualify for the higher rate of supplementary benefit paid to others after one year in receipt of the lower rate of that benefit. It would be too expensive to remove this exclusion for all unemployed (some £300 million a year), but there is a strong case for giving this extra help to those (125,000) with children after two years on supplementary benefit. Costs 240 staff in first year and 70 staff thereafter. (By regulation).

12. Increase in income disregards for supplementary benefit:

(i) It is desirable to restore to November 1980 values the levels at which weekly income is disregarded for supplementary benefit purposes. These are now £4 generally, with one-parent families having a special disregard applied to half earnings between £4 and £20 a week. The proposed new levels which broadly restore November 1980 values would be £5 and £26, benefiting 106,000 people. These changes would encourage self-help and help to maintain or restore a link with work. (By regulations).

(ii) In addition, but depending on the outcome of the bid described in paragraph 11 the special earnings disregard applied to one-parent families should be extended to the long-term unemployed after one year on supplementary benefit. About 18,000 people would be affected.

(b) Mainly helping the family:

13. Real improvement in child benefit: The value of child benefit has fallen since the Government took office. It is the only way in which general help can be given to over 7 million families in bringing up children and it plays an important part in housekeeping budgets. Restoration of the April 1979 value would require an extra 40p a week on top of the November 1982 rate of £5.85. This would help both work incentives and the poverty trap. (By regulations).

(c) Mainly helping the elderly

14. Increase the main capital disregard for supplementary benefit: People with capital over £2,500 (November 1982 limit) are not entitled to supplementary benefit; this catches elderly people with savings and those newly unemployed who receive modest redundancy payments. An increase to £3,000 would avoid both loss of value and penalising/discouraging thrift; it should then be uprated each year to maintain its value. Costs 45 staff. (By regulations).

15. Increase the small capital disregard for single payments of supplementary benefit: All capital above £300 is counted against a claim for a single payment. The level was set in 1978. It bears particularly heavily on elderly people who may have put money by for their funerals; and it ruled out some last winter from special help with high fuel bills. An increase to £500 would be less than the level needed to restore the 1978 value; the limit should then be uprated each year to maintain its value. Costs 22 staff. (By regulations).

(d) Mainly helping disabled people:

16. Restoration of the value of invalidity pension: The continued abatement of invalidity pension by 5 per cent (since November 1980) is increasingly difficult to justify because the benefit is not being brought into tax in the foreseeable future. There is an unqualified promise to restore the 5 per cent as soon as it is taxable. Restoration from November 1983 would help some 620,000 sick and disabled people by up to £2 a week. In the meantime those below the tax threshold who would not be liable to tax are losing by the abatement. Saves 65 staff. (By regulations).

17. Remove the invalidity trap: About 70,000 invalidity pensioners who cannot ever qualify for the higher long-term rate of supplementary benefit under the present rules would gain by the proposal to introduce a new qualifying condition of one year on incapacity benefits. The cost would fall by £7 million in a full year if the bid to restore the 5 per cent abatement succeeded. Costs 330 staff in first year and 290 staff thereafter. (By regulations).

18. A new severe disablement allowance: The proposal is to introduce, at very modest cost, a new benefit for an estimated 10,000 severely disabled people. It would enable the unpopular and sex-discriminatory "household duties test" applied to married women who claim the non-contributory invalidity pension to be abolished. This test is believed to contravene an EC Directive on Equal Treatment which will come into effect at the end of 1984. Costs 15 staff. (Primary legislation).

19. Invalid care allowance for married women: Allow some 50,000 married women caring for severely disabled relatives (mainly elderly parents or handicapped children) to qualify for a benefit worth £19.70 a week from November 1982. Extension might encourage more care in the community and reduce more expensive demands on hospital and other social services. Costs 250 staff in first year and 200 staff thereafter. (Primary legislation).

20. A new mobility supplement for war pensioners: Replace the existing vehicle scheme for war pensioners with a cash allowance preferentially higher than the existing mobility allowance for severely disabled people. A more equitable and efficient way of helping 11,500 immobile war pensioners. Costs 15 staff on this programme in first year only, saves 11 staff in third year on health programme rising to 50 staff. (By regulations).

(III) Miscellaneous:

21. Composite bid: The bid provides for scope to make very minor changes, usually costing less than £100,000.

22. Achieving manpower targets: This bid is to enable the Department to incur extra benefit expenditure up to £5 million arising from policy or procedural changes which are agreed with the Treasury as essential to meet the 1984 manpower target.

(IV) Other Administration Costs:

23. See table. The bid for computers for the Local Office project is subject to the acceptance of the Report of the Field Study being undertaken currently and that for the Local Office Micro-Processor Project on the satisfactory completion of field trials. The other computer bid is for replacement equipment for the Reading and Livingston Computer Centres. The general item covers consultants and higher costs for Post Office telephonists. A further bid may be necessary to cover the possibility that the transfer from PSA to inaugurate repayment for accommodation, etc., services is inadequate to meet DHSS requirements. The bid for the Post Office Agency Service Agreement is required because of higher Post Office prices and adjustments in 1983-84 for underpayments in 1981-82.

23. HM Treasury - Civil Superannuation

	£ million cash						
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Superannuation	444.8	493.1	866.9	862.0	974.3	1,063.5	1,106.0
Total baseline	444.8	493.1	866.9	862.0	974.3	1,063.5	1,106.0
Proposed additions/ reduced requirements					9.8	-12.9	45.3

1. This programme provides for the payment of pensions and lump sums to retired civil servants and their dependants, for redundancy compensation, and for transfer payments to and from other pension schemes. It takes into account contributions, calculated on an accruing liability basis, made by trading funds towards the cost of the benefits that will eventually become payable to staff paid out of these funds as well as contributions made by civil servants for widows' pensions, added years, etc.

2. Expenditures and receipts are channelled through the Vote for Civil Superannuation, etc, which is accounted for by the Paymaster General's Office. Treasury Ministers are responsible for estimates of the Vote in Parliament.

3. No account can be taken at this stage of changes that may result from consideration of the Scott Report or of possible improvements in redundancy compensation terms. The forecasts therefore assume that no changes will be made in the provisions of the pension scheme or in the present pensions increase arrangements. The increases in net expenditure are due mainly to the expectation that retirements at the normal retirement age will continue at a high level and that the number of pensioners will continue to rise because the number of deaths of pensioners will be less than the number of civil servants retiring during the period.

Additions and reduced requirements

4. Industrial action at the Paymaster General's Office prevented revised forecasts being made in 1981. The additional bid for 1983-84 and the reduced requirement for

1984-85 are therefore largely estimating adjustments arising out of the more detailed forecasts that have been made this year. The larger additional requirement for 1985-86 is a reflection of the assumption that retirements will continue at a high level. These figures take into account that pensions are due to be increased by 11 per cent in November 1982 (instead of the 9 per cent forecast last year). They assume that pensions will be increased by 6 per cent in 1983-84, by 5 per cent in 1984-85, and by 4 per cent in 1985-86 but that these increases will apply only from November of each year.

5. Provision has been made in 1982-83 and 1983-84 for the increased expenditures expected to arise from the rundown in Civil Service numbers. Additional but at present unquantifiable increases in expenditure may arise

- (i) if more substantial redundancies have to be declared to achieve manpower targets;
- (ii) if privatisation and hiving-off proposals result in transfers of pension rights to other schemes and the payment of redundancy compensation in some cases;
- (iii) as a result of changes in retirement policy currently being considered by the MPO.

24. Scotland

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Agriculture, fisheries, food and forestry	121.3	153.6	152.0	155.4	167.0	175.6	182.7
Industry, energy, trade and employment (excluding tourism)	110.6	136.7	120.7	164.6	169.4	176.4	185.6
Other public services	58.2	72.5	76.6	79.1	82.8	85.8	89.2
Common services	0.3	0.4	0.4	0.6	0.6	0.6	0.7
Other services							
Tourism	4.5	5.1	6.1	7.5	8.0	8.3	8.7
Transport	371.9	433.5	513.5	499.1	527.9	555.7	577.9
Housing	730.4	781.5	755.2	741.1	649.6	648.7	674.7
Other environmental services	497.6	568.6	640.7	626.0	643.7	658.8	685.1
Law, order and protective services	242.7	302.0	342.9	402.6	435.2	456.8	475.0
Education and science, arts and libraries	1,074.0	1,321.3	1,383.1	1,474.9	1,518.3	1,550.7	1,612.7
Health and personal social services	1,232.9	1,521.8	1,771.9	1,914.9	2,050.4	2,159.6	2,245.9
Total baseline	4,154.0	4,933.9	5,413.4	5,666.1	5,833.1	6,038.6	6,280.1
Total expenditure within the Secretary of State's responsibility	4,444.4	5,297.0	5,763.1	6,065.8	6,252.8	6,477.0	6,738.3
Net overseas and market borrowing by the SDA			0.1	1.5	3.3	3.0	3.1
Formula consequentials							
Reduced requirements					-6.3	-5.9	-25.8
Additional bids					257.4	280.1	314.1

1. In the recent surveys the bulk of expenditure on the Scotland programme has been treated as a block, the aggregate provision for which is adjusted by reference to changes to comparable English or English and Welsh programmes, and within which the Secretary of State has discretion to allocate resources as he sees fit. Subject to the "ring fence" that will operate for local authority current expenditure this year these arrangements will continue unchanged. The operation of the formula is likely to cause particular difficulty in the case of local authority current expenditure, and the Scottish Office consider that it will be necessary to explore those difficulties when discussion of local authority current expenditure takes place in June and July.

2. The services excluded from the block are agriculture and industry, energy, trade and employment. Agriculture is considered on a UK basis in the MAFF chapter of the report.

Industry, Energy, Trade and Employment (excluding Tourism)

3. The main elements of this programme are Selective Financial Assistance and support for the Scottish Development Agency (SDA) and Highlands and Islands Development Board (HIDB).

4. There are no bids for this programme.

Manpower

5. Manpower figures for the Scottish Office are as follows:-

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in baseline	10.300	10.000	10.000	-
(ii) Net changes (ie difference between baseline and bid)	-	-200	-	-
(iii) Proposed manpower requirement	10.300	9.800	9.800	9.800
(iv) 1.4.84 target	-	10.000	-	-
(v) Credit to contingency margin	-	200	-	-

6. In 1983-84 the staff of the State Hospital, if legislation is passed as planned, will become employees of the State Hospital Management Committee and will cease to be included in the Scottish Office manpower count.

7. Manpower figures for the Secretary of State's other Departments are as follows:-

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	900	859	859	-
(ii) Net change (ie difference between baseline and bid)	-37	+20	+20	-
(iii) Proposed manpower requirement	863	879	879	879
(iv) 1.4.84 target	-	879	-	-
(v) Claim on/credit to contingency margin	-	-	-	-

Department of the Registers of Scotland

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	614	614	614	-
(ii) Net change (ie difference between baseline and bid)	95	147	142	-
(iii) Proposed manpower requirement	709	761	756	756
(iv) 1.4.84 target	-	614	-	-
(v) Claim on contingency margin	-	147	-	-

General Register Office (Scotland)

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	312	290	290	-
(ii) Net change (ie difference between baseline and bid)	-7	-7	-7	-
(iii) Proposed manpower requirement	305	283	283	283
(iv) 1.4.84 target	-	283	-	-
(v) Credit to contingency margin	-	-	-	-

Scottish Record Office

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	144	144	144	-
(ii) Net change (ie difference between baseline and bid)	-5	-	-	-
(iii) Proposed manpower requirement	139	144	144	144
(iv) 1.4.84 target	-	145	-	-
(v) Credit to contingency margin	-	1	-	-

8. As regards the Secretary of State's other departments, there is a net bid for 16 additional staff for the Scottish Courts Administration by 1 April 1984 required for the switch of divorce jurisdiction from the Court of Session to the Sheriff Courts (legislation is in preparation for 1982-83) and a bid for an additional 147 staff by 1 April 1984 by the Department of the Registers of Scotland (DRS) resulting from the requirements of the Land Registration (Scotland) Act 1979 and the Tenants Rights (Scotland) Act 1980, as well as an expected general increase in activity on the property market. The DRS charge to cover their services and any additional staff therefore would not result in an increase in public expenditure.

25. Wales

Table 25

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Agriculture, fisheries, food and forestry	47.7	59.8	55.4	65.9	74.9	84.4	87.8
Industry, energy, trade and employment (excluding tourism)	63.6	83.1	103.6	85.4	83.2	87.5	91.0
Other services							
Industry, energy, trade and employment (tourism only)	3.4	4.0	5.0	5.4	5.8	6.1	6.3
Transport	198.0	229.4	256.3	289.7	305.6	317.0	329.7
Housing	212.0	210.9	146.9	174.1	136.4	131.2	136.5
Other environmental services	217.4	255.1	276.5	288.9	294.9	310.1	322.5
Education and science, arts and libraries	465.0	565.9	619.9	645.4	672.5	699.2	727.1
Health and personal social services	542.9	692.4	790.7	851.7	902.5	948.0	985.9
Other public services	19.4	22.3	23.9	24.3	25.1	25.1	26.1
Total baseline	1,658.1	1,980.0	2,119.2	2,279.6	2,342.8	2,436.6	2,534.2
Total expenditure within the Secretary of State's responsibility	1,769.4	2,122.9	2,278.2	2,430.8	2,501.0	2,608.5	2,712.9
Net overseas and market borrowing by the WDA			0.5	1.8	1.5	1.5	1.6
Additional bids							
Provision of land and buildings)							
Selective assistance to industry)							0.6
in the assisted areas)							
Formula consequentials							
Reduced requirements					-3.1	-3.0	-13.0
Additional bids					111.1	120.3	133.7

1. As in previous years, most Welsh Office programmes will be dealt with under the block arrangement whereby the aggregate provision for these programmes will be adjusted in proportion to the total changes agreed for comparable English programmes by the application of the formula.

Agriculture

2. Considered on a UK basis in the MAFF chapter.

Industry, Energy, Trade and Employment (excluding Tourism)

3. The baseline provision will enable the Welsh Development Agency to support its main capital programmes at a level about 10 per cent below that in 1982-83.

4. Additional provision of £0.6 million is needed in 1985-86 to correct the provision for receipts from the amortised sale of factories, and from Industry Act loan repayments. This is purely a technical bid, the error arising from the arithmetical projection of receipts.

Block

5. No additional bids are made for the block because of the formula approach described in paragraph 1.

Manpower

	<u>1.4.83</u>	<u>1.4.84</u>	<u>1.4.85</u>	<u>1.4.86</u>
(i) Manpower numbers in the baseline	2,248	2,195	2,195	-
(ii) Net change (ie difference between baseline and bid)	-23	-	-	-
(iii) Proposed manpower requirement	2,225	2,195	2,195	2,195
(iv) 1.4.84 target	-	2,195	-	-
(v) Claim on/credit to contingency margin	-	-	-	-

26. Northern Ireland

Table 26

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Northern Ireland Office							
Law, order and protective services	244.7	303.6	335.6	345.3	363.8	383.2	398.6
Other public services	3.3	4.1	7.3	5.9	5.8	6.6	6.8
Total Northern Ireland Office	248.0	307.7	342.9	351.2	369.6	389.8	405.4
Northern Ireland Departments							
Agriculture, fisheries, food and forestry	68.9	52.0	58.7	78.3	67.2	70.6	73.1
Industry, energy, trade and employment	308.2	358.3	402.7	416.2	419.9	443.1	460.8
Transport	113.2	120.4	126.8	104.1	118.8	125.2	130.2
Housing	215.1	244.0	244.5	309.2	335.1	351.3	365.4
Other environmental services	104.4	121.0	134.0	150.9	159.3	167.9	174.6
Law, order and protective services	8.3	10.2	11.8	13.6	14.5	15.2	15.8
Education and science, arts and libraries	389.0	457.7	500.6	529.7	554.4	579.6	602.7
Health and personal social services	382.1	484.3	546.4	580.5	615.7	646.6	672.4
Social security	585.9	710.9	860.5	966.5	1,070.3	1,148.7	1,194.6
Other public services	13.6	17.4	20.5	18.1	18.1	18.6	19.2
Common services	15.2	21.3	26.1	25.0	27.9	29.8	31.0
Total Northern Ireland Departments	2,203.9	2,597.5	2,932.7	3,192.0	3,401.2	3,596.6	3,740.0
Total baseline	2,451.9	2,905.2	3,275.6	3,543.2	3,770.8	3,986.4	4,145.4
Additional bids							
(i) Agriculture					14.0	14.0	14.0
(ii) Housing					4.0	11.0	11.0
Total additional bids					18.0	25.0	25.0
Formula consequentials							
Reduced requirements					-3.7	-4.3	-13.7
Additional bids					99.4	122.7	143.1

Introduction

1. The figures in the table cover expenditure by Northern Ireland Departments, the Northern Ireland Office, Area Boards, District Councils etc. They do not include expenditure in Northern Ireland by Great Britain Departments, for example the Ministry of Agriculture, Fisheries and Food and the Lord Chancellor's Department, which is included within the appropriate departmental chapters.

2. As in recent surveys, the block arrangements will apply whereby total provision will be adjusted by reference to changes on comparable GB programmes and the

application of the comparability formula. Allocations within the block will continue to be at the Secretary of State's discretion according to local priorities.

3. The levels of provision in the table confirm the priority given within the overall Northern Ireland programme to law and order, industrial support and housing. However, any addition under the formula will not fully cover the cost of the assumed settlement for police pay. This will further exacerbate the existing pressures on the law and order programme. Northern Ireland continues to face severe social and economic difficulties. Job loss between June 1979 and December 1981 was 9.7 per cent (including 23 per cent and 33 per cent in manufacturing and construction employment respectively, compared with 18 per cent in both sectors in GB). Unemployment at April 1982 was 19.5 per cent. Factory closures continue to erode the base for subsequent recovery. There are still many companies in vulnerable sectors at risk of contraction or even closure. The inflow of new investment has virtually ceased and such projects as display interest in Northern Ireland as a location are inevitably extremely expensive.

Additional bids

4. Following the inter-departmental review of Northern Ireland agriculture it was agreed that the agriculture programme in Northern Ireland should be increased by £14 million in 1982-83 and in addition a further £2 million should be made available through FEOGA. The need for special aid persists in the years beyond 1982-83 and confirmation of the continuation of aid is necessary to give the industry the necessary confidence to plan future production and investment. It is not possible, given the other pressing social and economic needs in Northern Ireland, and especially the current sensitive political climate, to reallocate finance for this purpose within the Northern Ireland programme without creating difficulties elsewhere.

5. The planned physical housing programme (Cmnd 8494), which is higher than in previous plans, is a response to Northern Ireland's severe housing problems. It takes account of anticipated receipts from sales of houses and assumes that EC aid will be available at the levels indicated in the relevant Regulation currently under consideration in Brussels. The financial provision for housing in the table includes only the 1982 planned allocation of EC money. This bid is a marker to show the amounts

which will be needed to be added to the Northern Ireland programme if the future tranches under the Regulation are available on the same terms as the first tranche. If they are not the physical housing programme would have to be reduced.

6. Any measures which might be necessary to offset the agriculture bid would be selected in the context of settling the allocations within the block which is within the Secretary of State's discretion. The housing bid would be dependent on the outcome of the arrangements outlined in paragraph 5 above.

Manpower

7. The manpower requirements of Northern Ireland Departments are expected to be contained within the agreed overall manpower targets of 26,000 by 1 April 1983 and 25,400 by 1 April 1984. The Northern Ireland Office (comprising UKCS staff and NICS staff, but excluding prison officers) is similarly on target for agreed manning levels of 1529 at 1 April 1983 and 1523 at 1 April 1984.

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	206	200	200	-
(ii) Net change (ie difference between baseline and bid)	-	-	-	-
(iii) Proposed manpower requirement	206	200	200	-
(iv) 1.4.84 target	-	200	-	-
(v) Claim on/credit to contingency margin	-	-	-	-

Note These figures are for 'counted' UK civil servants employed in the Northern Ireland Office.

27. Nationalised Industries total net borrowing

27. Nationalised Industries total net borrowing

£ million cash

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82 ⁽¹⁾	1982-83	1983-84	1984-85	1985-86
Total capital requirements	4,383	3,562	4,456	4,540	5,526	6,645	7,662	7,812	8,412	8,749
Total internal resources	2,140	2,146	2,436	1,927 ⁽²⁾	2,626 ⁽²⁾	3,403 ⁽²⁾	5,679	5,115	6,262	6,513
Government lending (net)										
Loans	-216	-700	-171	673	923	405	547			
PDC and issues under Section 18 of the Iron and Steel Act 1975	500	482	864	1,184	1,353	927	570			
Total	284	-218	693	1,857	2,276	1,332	1,117	1,202	1,095	1,140
Overseas and market borrowing (net)										
Overseas	1,346	456	82	-285	-141	-252	-263			
Market	-95	-	9	-747	-71	-	-			
Short-term borrowing and leasing	17	468	355	701	-254	767	-86			
Total	1,268	924	446	-331	-466	515	-349	221	-267	-278
Total net borrowing	1,552	706	1,139	1,526	1,810	1,847	768	1,423	828	862
Grants	691	710	881	1,087	1,090	1,395	1,815	1,274	1,321	1,375
Total external finance	2,243	1,416	2,020	2,613	2,900	3,242	2,583	2,697	2,150	2,236

(1) 1981-82 figures include effect of gas levy (£366 million)

(2) Excludes proceeds of BNOB advance payments for oil.

1. The nationalised industries will be discussed in detail in the annual Investment and Financing Review, which will be submitted to Ministers separately. This will cover the industries' investment programmes and all the components of nationalised industry external finance, including grants and borrowing. This year it will also cover the investment and financing requirements of the regional water authorities, although the baseline figures for the authorities will continue to be included in the Departmental chapters, and are therefore not included above. As in previous years, grants to nationalised industries are also being included in the relevant Departmental chapters of this Report (chapters 8, 9, 13, 16 and 24), to enable them to be considered in the context of the programmes of which they form part.

2. The above table shows the present provision for nationalised industries total net borrowing, grant and external finance for each year of the survey. The figures for 1981-82 are latest outturn estimates, and are consistent with those in table 21B of the 1982-83 Financial Statement and Budget Report. Those for 1982-83 are those which arise from the revised External Financing Limits announced on 7 April, which incorporated reductions to take account of the Budget cut in National Insurance Surcharge and a number of other changes. The NIS cut has similarly been carried through to the figures for 1983-84 and 1984-85. The 1985-86 column repeats the figures for 1984-85 inflated by 4 per cent.

28. Local authority current expenditure relevant for RSG

1. The plans for local authority current expenditure are brought together in annex F. This chapter analyses that part of current expenditure which is taken into account in setting rate support grant (RSG). This is by far the largest part of local authority current expenditure. The main differences between the two are explained in annex F. See table 28.1 for the main components of the 1982-83 RSG settlements.

Table 28.1 RSG Settlements 1982-83

£ million cash	England	Scotland	Wales	GB
(1) Current expenditure (PES definition) of which	19,786	2,589	1,229	23,604
(2) relevant current	18,000	2,429	1,126	21,555
(3) non-current financing items	2,463	469	175	3,107
(4) relevant expenditure = (2) + (3)	20,463	2,898	1,301	24,662
(5) aggregate exchequer grant (AEG)	11,484	1,845	943	14,272
(6) grant proportion	56.1%	64.2%	72.5%	-

2. Local authorities have considerable freedom over the distribution of relevant current expenditure among services. Typically about a fifth of aggregate exchequer grant (AEG) is hypothecated to certain services such as police or the urban programme. The rest (RSG) is an integral grant whose distribution is determined by formulae dependent on local authorities' expenditure need and their rateable resources. In the last few years the total and distribution of RSG have also varied according to local authorities' expenditure in relation to the government's expenditure plans.

England

3. The plans for future years are shown in table 28.2. They provide for 3 per cent more relevant current expenditure by local authorities in 1983-84 than in 1982-83, a further 2.8 per cent in 1984-85 and a further 4 per cent in 1985-86. In the 1981 survey the plans were raised substantially because overspending in 1981-82 meant that the Cmnd 8175 plans were undeliverable. It was hoped that local authorities would be more likely to reduce the extent of their overspending if the plans were pitched nearer to the spending level in 1981-82. The revised plans implied that local authorities should make real reductions of 2 per cent a year in 1983-84 and 1984-85. (The plans are net of cuts of £125 million and £128 million in 1983-84 and 1984-85 respectively to balance the reduction in NIS liability.) The services which could be bought with the cash provision in these years will of course depend on movements in local authorities' costs and any improvement in their efficiency. The implications for services are discussed in the various programme chapters.

Table 28.2: Relevant current expenditure derived from Cmnd 8484, net of NIS adjustment

	£ million cash		
	1983-84	1984-85	1985-86
MAFF	80	80	83
Department of Trade	49	50	52
Department of Employment	65	67	70
Department of Transport	1,480	1,533	1,594
DOE - Housing	75	75	78
DOE - OES	2,242	2,310	2,403
DES	9,368	9,521	9,902
OAL	308	318	331
Home Office	2,945	3,065	3,188
DHSS	1,957	2,066	2,149
Housing Benefits	20	21	22
Total relevant current expenditure	18,589	19,106	19,872

4. In 1981-82 local authorities spent £1½ billion or 8.0 per cent more than allowed for in the RSG settlement. The government intends to reduce their grant

retrospectively by some £200 million as a penalty. By service, the largest overspends were education (£564 million or 6.8 per cent), PSS (£255 million or 16.4 per cent) and transport (£251 million or 19.6 per cent).

5. Despite an uplift of £1,100 million in the PES plans in the 1981 survey, local authorities' budgets for 1982-83 still show a substantial overspend compared to Cmnd 8494. Of the £1,260 million (7.0 per cent) excess on relevant current expenditure, the major components are £411 million (4.5 per cent) in education (including school meals and milk), £342 million (24 per cent) in transport, £138 million (7.4 per cent) in PSS, £138 million (6.1 per cent) in LES and £127 million (6.3 per cent) in police. In the past shortfall has usually been in the range 2-4 per cent but recent trends suggest that little shortfall from these figures can be expected.

6. Ministers intend to reduce RSG in 1982-83 by about £312 million as a penalty for this overspend. This cut will only affect authorities which have budgetted for more than the expenditure targets set by the government. [The case for an additional unselective reduction in grant is still being considered.] Because the Local Government Finance (No.2) Bill will prevent supplementary rates, additional reductions in grant should offer a better chance of corresponding reductions in expenditure, though local authorities will remain free to draw on balances or borrow in anticipation of revenue. However, this effect will not be universal because many authorities anticipated grant penalties in striking their rates.

Plans for 1983-84

7. The plans for 1983-84 are some 3½ per cent below local authorities' budgets for 1982-83. Assuming no shortfall from these, and taking the MTFs estimate of the GDP deflator as a very general guide to cost movements in local authorities, this suggests that the plans require local authorities to make real reductions of some 10 per cent in 1983-84.

8. Cuts of this order would be unprecedented, and it is unlikely that local authorities as a whole will make them, though individual authorities may manage more. So Ministers are again confronted by the need to consider increasing the provision for local authority current spending in the interest of realism. If, for example, Ministers were to make provision on the basis that the cash amount of excess spending might be

carried forward broadly unchanged from 1982-83 into 1983-84, that would mean an increase in provision in 1983-84 of the order of £1½ billion.

9. The Secretary of State for the Environment is expected to bring forward proposals to increase the aggregate provision for local authority current expenditure. Bids for additional provision on certain services are included in the relevant chapters of the survey report.

Scotland and Wales

10. Scottish and Welsh local authorities also overspent last year and have budgetted to overspend this year. The main features are compared with those for England in table 28.3.

Table 28.3: Local authority overspending in England, Scotland and Wales

	£ million cash		
	England	Scotland	Wales
<u>1981-82</u>			
Plans (relevant current)	16,225	2,195	1,034
Estimated outturn	17,504	2,402	1,086
% excess	7.9%	9.4%	5.1%
Reduction in grant	200	58	-
<u>1982-83</u>			
Plans (relevant current)	18,000	2,429	1,126
Budgets	19,244	2,633	1,177
% excess	6.9%	8.3%	4.5%
Reduction in grant*	[312]	[45]	[30]

* Subject to Ministerial decisions. These are Departments' proposals.

11. In both years, Scottish local authorities overspent more, and Welsh local authorities less, than their English counterparts. Last year no grant was withheld from Welsh local authorities because it was thought that outturn might be appreciably less than budgets, but in fact there was little shortfall. So grant reductions in 1982-83 will need to take account of overspending in both years. In Scotland £32 million of the grant penalty for 1981-82 was secured by selective action and the balance by general abatement; the measures to be adopted for 1982-83 have yet to be decided. For Wales, like England, the abolition of supplementary rates holds out some hope that cutting grant may force expenditure reductions. In Scotland of course there has never been any power to levy supplementary rates.

Grants

12. Ministers agreed in March to plan AEG primarily in cash. Because the financing items which form part of relevant expenditure are largely determined by interest rates, it would be difficult to forecast them for several years ahead. In any case these items are not included in PES. Table 28.4 therefore shows grant on relevant current expenditure only. It would be possible to obtain total AEG by adding the same proportion of the financing items.

13. Table 28.4 sets out two possible starting positions for discussion of AEG for 1983-84. One, shown in line 2, would be to set AEG at the same level in cash as in 1982-83. The other, shown in line 4, would give local authorities the same AEG as they would have received with an unchanged grant percentage on the Cmnd 8494 plans. Both these possibilities are illustrative.

14. Table 28.5 shows possible amounts of AEG for England only in each future year of the survey. Several ways of adjusting AEG are shown: reductions in the nominal AEG percentage on existing plans (lines 3); proportionate reductions in AEG (lines 4); equivalent AEG percentages if plans are increased (lines 5). Each family of options illustrates different ways of looking at any particular level of AEG. For example, if AEG (on relevant current) were set at £10 billion in 1983-84, this would be equivalent to about 53.8 per cent on present plans, or a 4.1 per cent reduction in grant compared to the 1983-84 grant rate on present plans.

15. The tables do not show the rate increases which might be associated with any of these grant options. These will depend on the extent to which local authorities budget in line with the government's plans and make provision for contingencies, including pay and rebuild their balances.

Table 28.4: AEG on relevant current expenditure

	£ million		
	<u>England</u>	<u>Scotland</u>	<u>Wales</u>
<u>1982-83</u>			
(1) Relevant current with NIS adjustment (see (2) of table 28.1)	18,000	2,429	1,126
(2) AEG on relevant current at the rate (6) of table 28.1	10,098	1,559	816
<u>1983-84</u>			
(3) Relevant current (Cmnd 8494 corrected for NIS)	18,589	2,514	1,186
(4) AEG on relevant current (3) at same rate as 1982-83	10,428	1,614	859

Table 28.5 AEG in future years for England

		£ million cash			
		1982-83	1983-84	1984-85	1985-86
(1)	Cmnd 8494 plans for relevant current (adjusted for NIS for 1983-84 onwards)	18,000	18,589	19,106	19,872
(2)	AEG (1) at 56.1%	10,098	10,428	10,718	11,148
(3)	AEG on (1) at 55%		10,224	10,508	10,930
	54%		10,038	10,317	10,731
	53%		9,852	10,126	10,532
	52%		9,666	9,935	10,333
	51%		9,480	9,744	10,135
	50%		9,295	9,553	9,936
(4)	Reductions in AEG from (2) of 1%		10,323	10,611	11,037
	2%		10,219	10,504	10,925
	3%		10,115	10,396	10,814
	4%		10,011	10,289	10,702
	5%		9,907	10,182	10,591
(5)	If AEG kept at (2) equivalent grant percentages for increases in plans of				
	£½bn		53.9%	54.0%	54.1%
	£1bn		53.2%	53.3%	53.4%
	£1½bn		52.6%	52.7%	52.8%
	£1½bn		51.9%	52.0%	52.2%

29. Other Departments

Table 29

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Cabinet Office	7.1	7.2	10.3	8.8	9.6	10.1	10.5
Cabinet Office (Secret Vote)	39.8	53.0	61.0	66.5	70.5	74.0	77.0
Central Office of Information	36.3	37.9	41.7	40.5	42.8	44.9	46.7
Charity Commission	2.2	2.9	3.1	3.5	3.6	3.6	3.7
Commonwealth War Graves Commission	6.9	7.8	8.1	8.6	9.0	9.4	9.8
Crown Office	6.3	8.3	10.8	11.8	13.0	13.5	14.0
Customs and Excise	195.2	239.5	267.2	276.6	286.9	301.3	315.6
Exchequer and Audit Department	5.3	6.6	8.4	8.9	10.2	10.9	11.3
Friendly Societies Registry	0.7	0.9	1.0	1.0	1.0	1.1	1.1
Government Actuary	0.4	0.6	0.6	0.6	0.6	0.6	0.7
House of Commons	32.5	38.4	45.1	46.0	50.5	50.1	52.1
House of Lords	4.0	5.7	6.4	6.9	7.3	7.7	8.0
HM Stationery Office	2.4	35.9	15.0	19.9	19.4	21.3	22.1
Inland Revenue	450.6	555.0	582.0	614.1	734.1	774.2	805.2
Land Registry	-15.6	-8.6	-6.6	-9.0	-7.2	-7.9	-8.2
Management and Personnel Office	19.6	22.1	25.6	24.8	25.4	26.4	27.4
National Investment and Loans Office	-	-	-	0.1	-	-	-
National Savings Department	98.1	132.7	147.3	138.4	144.6	151.9	158.0
Northern Ireland Court Services	4.4	7.0	9.3	9.6	10.9	11.4	11.9
Ordnance Survey	11.1	15.8	18.6	16.0	16.6	17.4	18.1
Parliamentary Commissioner	0.8	1.0	1.2	1.2	1.3	1.4	1.5
Paymaster Generals Office	6.5	8.2	11.0	9.8	10.9	12.1	12.5
Privy Council Office	0.5	0.7	0.7	0.7	0.7	0.8	0.8
Public Record Office	2.2	2.9	3.6	3.6	3.6	3.8	4.0
Public Trustee Office	-	-	-	-	-	-	-
Office of Fair Trading	2.4	3.3	4.4	4.6	5.1	5.3	5.5
OPCS	12.5	20.9	49.8	20.4	19.6	20.6	21.5
HM Treasury - administration, note issue, etc	142.2	134.1	150.5	154.9	182.7	193.5	201.3
HM Treasury - Rates on Government Property Department	172.8	212.0	279.4	306.5	333.4	349.6	363.6
Treasury Solicitors Department	10.1	13.0	14.3	15.2	15.9	16.7	17.4
Total baseline	1,257.1	1,564.7	1,769.8	1,810.6	2,022.2	2,125.8	2,213.1
Reduced requirements							
Cabinet Office					-0.241	-0.142	-0.058
Crown Office					-0.660	-0.693	-0.721
Exchequer and Audit Department					-0.199	-	-
Government Actuary					-0.006	-0.003	-0.004
House of Commons					-0.118	-0.124	-0.129
HM Stationery Office					-	-	-5.289
Inland Revenue					-	-12.460	-
Management and Personnel Office					-0.767	-0.928	-0.967
Ordnance Survey					-	-1.004	-0.501
Parliamentary Commissioner					-0.067	-0.071	-0.074
Paymaster General's Office					-0.159	-0.149	-
OPCS					-0.269	-0.723	-0.827
HM Treasury - administration, note issue etc					-	-	-19.779
Total reduced requirements					-2.486	-16.297	-28.349

29. Other Departments

CONFIDENTIAL

Table 29

£ million cash

	1979-80	1980-81	1981-82'	1982-83	1983-84	1984-85	1985-86
Additional bids							0.201
Cabinet Office					0.511	0.246	1.000
Crown Office					0.870	0.940	6.455
Customs and Excise					5.936	6.207	0.928
Exchequer and Audit Department					-	0.220	0.211
Friendly Societies Registry					0.49	0.377	4.270
House of Commons					4.924	7.433	2.641
H M Stationery Office					4.396	2.343	35.519
Inland Revenue					6.196	-	4.361
Land Registry					7.056	9.175	1.744
Management and Personnel Office					1.194	1.516	0.511
Northern Ireland Court Service					0.647	0.586	-
Ordnance Survey					1.476	-	0.620
Paymaster General's Office					-	-	0.025
Privy Council Office					0.024	0.025	0.415
Public Record Office					0.855	0.815	-
Public Trustee Office					0.580	-	-
HM Treasury, administration, note issue etc					0.984	1.123	0.694
Treasury Solicitor's Department					0.061	0.005	-
Total additional bids					36.200	31.011	59.597

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Cabinet Office

1. Additional bids net of reduced requirements of £26,000 in 1983-84, £104,000 in 1984-85 and £143,000 in 1985-86 are for capital expenditure on telecommunications equipment (PINDAR). An additional bid of £244,000 in 1983-84 is for the purchase of a page printer for the Central Statistical Office's computer, in order to meet a demand for increased output.

Central Office of Information

2. There are no additional bids.

Charity Commission

3. There are no additional bids.

Commonwealth War Graves Commission

4. There are no additional bids.

Crown Office

5. Additional bids of £520,000 in 1983-84, £560,000 in 1984-85 and £600,000 in 1985-86 are for fee increases resulting from the approval by Treasury of increases in the fees payable to doctors and other expert medical witnesses which overall amount to about 50 per cent. Whilst the Lord Chancellor's Department can cover the very small increase in their expenditure for England and Wales within the total of their PES provision, the Crown Office's PES provision is so small as to preclude absorbing these costs. The PES provision for fees is of the order of £4.1 million in 1983-84 rising to £4.5 million in 1985-86. The balance of the PES provision is for the staff costs of the Procurator Fiscal. There are also additional bids of £350,000 in 1983-84, £380,000 in 1984-85 and £400,000 in 1985-86 for salaries following a recalculation of the agreed manpower figures.

Customs and Excise

6. Additional bids of £5.936 million in 1983-84, £6.207 million in 1984-85 and £6.455 million in 1985-86 arise from higher general administrative expenditure and (despite manpower reductions) salaries and wages, where greater efficiency can only

partially absorb the cumulative effects of costs in excess of the allowances for inflation. There are also increased computer requirements, mainly capital, in 1984-85 and 1985-86.

Exchequer and Audit Department

7. Additional bids of £220,000 in 1984-85 and £928,000 in 1985-86 are necessary to meet a commitment to increase staff, which the Department envisage will continue until at least 31 March 1986. The extra staff are needed to strengthen audit methods and management as recommended in the 1978 Management Review. Increases in staff numbers after 1 April 1984 have yet to be authorised by the Treasury.

Friendly Societies Registry

8. The Department is bidding for £250,000 in 1983-84, £235,000 in 1984-85 and £168,000 in 1985-86 for an increase in staff from the present complement of 121 to 135 in 1983-84 falling to 129 in 1985-86. The extra staff is to deal primarily with increased departmental activity in the field of prudential and financial supervision. This work is carried out mainly for building societies, an area which is becoming increasingly necessary in the current financial climate. The question of additional resources is at present being discussed by the Department with the Economic Secretary. The Treasury's stance will have to be considered in the light of the outcome of these discussions. Additional bids of £240,000 in 1983-84, £142,000 in 1984-85 and £44,000 in 1985-86 are for the purchase of a computer system recommended in a recent management report.

Government Actuary

9. There are no additional bids.

House of Commons

10. There are additional bids of £4.924 million in 1983-84, £7.433 million in 1984-85 and £4.27 million in 1985-86. These include bids of £2.808 million in 1983-84, £2.948 million in 1984-85 and £3.066 million in 1985-86 to maintain the level of service implicit in the Estimate agreed for 1982-83. Additional bids of £2.254 million in 1984-85 and £0.26 million in 1985-86 relate to the replacement of the existing telephone systems which is expected to run out of spare capacity by 1986 at the latest. There

are also additional bids of £0.916 million in 1983-84, £0.931 million in 1984-85 and £0.944 million for 1985-86 for expenditure by MPs. These bids represent the House Authorities' estimate of the potential extra liability to the House of Commons should all MPs claim their total statutory allowances. The House Authorities also wish to point out that in the event of a general election during the survey period there will be a significant but unquantifiable further additional requirement for terminal grants to defeated Members. Current provision is for a token sum only.

11. Expenditure under this heading also includes provision for PSA works services in the Palace of Westminster. Additional bids have been made of £1.2 million in 1983-84 and £1.3 million in 1984-85 for the continuation of the restoration of the House of Lords ceiling on which work started in 1981, and for restoration of the Peers Lobby ceiling which is in an equally poor condition.

House of Lords

12. There are no additional bids.

H M Stationery Office

13. Additional bids of £1.998 million in 1983-84, £1.968 million in 1984-85 and £2.505 million in 1985-86 are in respect of the supply of stationery and printing to the Houses of Parliament and reflect the current high level of demand by both Houses. Bids of £242,000 in 1983-84 and £61,000 in 1984-85 and £136,000 in 1985-86 are in respect of the library subsidy because the proportion was not reduced as the figures in Cmnd 8494 envisaged. There are also bids of £2.156 million in 1983-84 and £314,000 in 1984-85 for net borrowing, mainly as a result of unexpectedly higher interest rates on the originating debt. The reduced requirement of £5.289 million in 1985-86 is in line with HMSO's forward plan which envisages that no additional net borrowing will be required in that year.

Inland Revenue

14. The additional bid of £6.196 million in 1983-84 arises from the recent large increases in telephone charges, increased general administrative expenditure on work in the investigation and audit fields, and, despite substantial reductions in manpower numbers, an increase in the pay costs over those in Cmnd 8494. The additional bid of

£35.519 million in 1985-86 stems from the increased expenditure on computers and allied equipment as part of the programme to set up a national computerised PAYE system which will realise substantial manpower and other savings in later years.

H M Land Registry

15. Additional provision is required from 1983-84 onwards to allow for the increase in the manpower ceiling exceptionally agreed to in recognition of the increased amount of work resulting from sales of council houses and other factors. Further additional provision is needed in 1983-84 and 1984-85 to take account of increased building costs at Durham; and the rephasing of construction work at Swansea and the computerisation programme (which together will result in savings in 1985-86 in excess of the additional bids). These measures will lead to increased efficiency and reduced running costs, which on present plans are substantially exceeded by fee income. The bids in summary are:

	1983-84	1984-85	£ million 1985-86
Manpower	6.724	7.342	7.636
Building works	0.081	0.972	-1.515
Computerisation	0.251	0.861	-1.760
Total	7.056	9.175	4.361

Management and Personnel Office

16. Additional bids net of reduced requirements are £472,000 in 1983-84, £588,000 in 1984-85 and £777,000 in 1985-86. These include £180,000 and £415,000 respectively in 1984-85 and 1985-86 for increased recruitment activity by the Civil Service Commission. The Treasury considers that these bids should be deferred until next year's survey when the Department should be able to make a more accurate forecast of recruitment trends. The balance of the bids, £427,000 in 1983-84, £408,000 in 1984-85 and £362,000 in 1985-86 covers expenditure on a new communications system in support of the Prime Minister's Office, computer equipment for the Civil Service College and fees for an increased number of visiting lecturers to the College, resulting from manpower reductions.

17. The Treasury is prepared to support bids of £83,000 in 1983-84, £90,000 in 1984-85 and £83,000 in 1985-86 in respect of the new communications system for the Prime Minister's Office but considers that given the overall size of the programme the Department should seek to absorb the balance of £344,000 in 1983-84, £318,000 in 1984-85 and £279,000 in 1985-86 within the updated Cmnd 8494 baseline.

National Investment and Loans Office

18. There are no additional bids.

National Savings Department

19. There are no additional bids.

Northern Ireland Court Service

20. Additional bids of £647,000 in 1983-84, £556,000 in 1984-85 and £511,000 in 1985-86 are mainly required for the increased maintenance and running costs of the courts buildings in Northern Ireland as well as the agency fees for the new court building programme.

Ordnance Survey

21. There is an additional bid of £1.476 million in 1983-84, and reduced requirements of £1.004 million in 1984-85 and of £0.501 million in 1985-86. This is largely due to the bringing forward of the purchase of a replacement computer. However, it is expected that the Ordnance Survey will become a Trading Fund on 1 April 1983; the forthcoming Public Expenditure White Paper will in that case show the net borrowing from the National Loans Fund and a contract payment to the Survey from the Department of the Environment.

Parliamentary Commissioner

22. There are no additional bids.

Paymaster General's Office

23. The additional bid of £620,000 in 1985-86 is for additional computer equipment which would allow the current computer system to be improved and would yield savings

in later years. The timing of computer expenditure is notoriously difficult to predict and the Treasury recommends that the need for the bid is reviewed in a year's time.

Privy Council Office

24. The additional bids of £24,000 in 1983-84, £25,000 in 1984-85 and £25,000 in 1985-86 are for the increase in salary of the Special Adviser and increases in fees to retired judges who sit in the Judicial Committee of the Privy Council.

Public Record Office

25. Following the feasibility study mentioned in the 1981 Report, the Government has announced that the Chancery Lane building will continue in its present use. Certain repair and maintenance work deferred pending the outcome of the study has become essential. Historic records are at risk from water or fire if roof repairs and re-wiring are not carried out, whilst loose masonry is a potential danger to persons. Additional expenditure is also required as a result of the Government's acceptance of the Wilson Committee's recommendation that a machine-readable records system be introduced as soon as possible and of increased charges by the British Film Institute for looking after Government film records. The additional bids are summarised below.

	£000		
	1983-84	1984-85	1985-86
Chancery Lane - repairs and maintenance	800	800	400
Machine-readable records system	49	8	9
Storage of film records	6	7	7
Total	855	815	416

Public Trustee Office

26. The Public Trustee Office is installing a computerised Trust Accountancy System which will in the long term produce savings in both manpower and costs. However slippage on this project has led to the need for an additional bid of £580,000 in 1983-84 to cover manpower and general administrative costs in 1983-84.

Office of Fair Trading

27. There are no additional bids.

Office of Population, Censuses and Surveys

28. There are no additional bids.

H M Treasury - Administration

29. Additional bids are required to make good the loss of income resulting from the closure of the Central Computer and Telecommunications Agency's Computer bureau in 1983-84. The shortfall is estimated to be of the order of £2 million a year; savings have been made on staff costs and other services which absorb the bulk of this. The balance is for £500,000 in 1983-84 and £170,000 in 1984-85.

H M Treasury - Miscellaneous (including NEDC and Civil List)

30. Additional bids total £484,000 in 1983-84, £953,000 in 1984-85 and £694,000 in 1985-86. These comprise £384,000 in 1983-84, £696,000 in 1984-85 and £430,000 in 1985-86 for computer services to the Houses of Parliament. £157,000 in 1984-85 and £164,000 in 1985-86 is for pensions and lump sums payable to United Kingdom Members of the European Assembly who retire or are not re-elected in June 1984. Payment of both pensions and lump sums is mandatory and no previous provision was required. Finally £100,000 is required in 1983-84, 1984-85 and 1985-86 to increase the communications work of the tripartite committees of the National Economic Development Council.

H M Treasury - Note issue, debt management and coinage

31. There are no additional bids.

H M Treasury - Rates on Government Property Department

32. There are no additional bids.

Treasury Solicitors Department

33. Additional bids of £61,000 in 1983-84 and £5,000 in 1984-85 are to cover the installation of a computer in the Registry of the Department of the Director of Public Prosecutions.

Manpower

34. This table shows Civil Service manpower numbers for all departments in this chapter whose staff are counted civil servants. It also includes staff in HMSO and the Royal Mint.

	1.4.83	1.4.84	1.4.85	1.4.86
(i) Manpower numbers in the baseline	135,543	134,607	134,018	-
(ii) Net change (ie difference between baseline and bid)	+103	-3,852	-4,563	-
(iii) Proposed manpower requirement	135,646	130,755	129,455	129,579
(iv) 1.4.84 target	-	126,789	-	-
(v) Claim on/credit to contingency margin	-	+3,966	-	-

ANNEX A

Cmdnd 8494 by Department

Table 1

£ million cash

	1981-82	1982-83	1983-84	1984-85
1. Ministry of Defence	12,637	14,104	15,302	16,443
2. Foreign and Commonwealth Office (Overseas Development Administration)	1,065	1,050	1,121	1,178
3. Foreign and Commonwealth Office (excluding ODA)	450	495	525	552
4. EC Budget	45	500	580	600
5. Intervention Board for Agricultural Produce	725	691	695	720
6. Ministry of Agriculture, Fisheries and Food	757	768	717	709
7. Forestry Commission	59	62	64	64
8. Department of Industry	2,202	1,442	1,083	944
9. Department of Energy	715	1,101	532	564
10. Department of Trade	248	267	257	277
11. Export Credits Guarantee Department	85	367	187	313
12. Department of Employment	2,426	2,665	2,787	2,926
13. Department of Transport	3,924	4,162	4,342	4,489
14. Department of the Environment (housing)	3,320	3,480	2,759	2,864
15. Department of the Environment (Property Services Agency)	402	411	439	456
16. Department of the Environment (excluding housing and PSA)	3,236	3,540	3,638	3,784
17. Home Office	3,342	3,659	3,942	4,133
18. Lord Chancellor's Department	358	393	452	505
19. Department of Education and Science	11,843	12,217	12,550	12,827
20. Office of Arts and Libraries	519	537	559	582
21. Department of Health and Social Security (health and personal social services)	12,779	13,635	14,488	15,256
22. Department of Health and Social Security (social security)	28,618	32,030	33,513	35,412
23. HM Treasury (civil superannuation)	867	863	977	1,066
24. Scotland	5,722	6,062	6,272	6,495
25. Wales	2,292	2,426	2,506	2,614
26. Northern Ireland	3,276	3,546	3,777	3,992
27. Other Departments	1,773	1,842	2,028	2,139
28. Total Departments	103,685	112,315	116,092	121,904
29. Nationalised industries' total net borrowing	1,885	862	1,226	671
30. Contingency reserve	300	2,250	4,000	6,000
31. Special sales of assets	-50	-600	-600	-600
32. General allowance for cash underspending	-	-	-	-
33. Planning total (1)	105,820	114,827	120,718	127,975
34. Debt interest	6,200	6,500	7,000	7,500

(1) Excluding VAT payments by local authorities

Changes between Cmnd 8494 and survey baseline by Department

Table 2

	£ million cash			
	1981-82	1982-83	1983-84	1984-85
1. Ministry of Defence	-20	-31	-24	-19
2. Foreign and Commonwealth Office (Overseas Development Administration)	-2	-	-	-1
3. Foreign and Commonwealth Office (excluding ODA)	-5	-2	-1	-
4. EC Budget	-	-	-	-1
5. Intervention Board for Agricultural Produce	-	-1	-1	-
6. Ministry of Agriculture, Fisheries and Food	-103	-	-1	-1
7. Forestry Commission	-	-1	-1	41
8. Department of Industry	-15	196	31	-1
9. Department of Energy	-1	-1	-1	1
10. Department of Trade	-	-2	2	-
11. Export Credits Guarantee Department	-	-	-	-14
12. Department of Employment	-169	5	-17	-19
13. Department of Transport	-43	-16	-24	-8
14. Department of the Environment (housing)	-38	81	-9	17
15. Department of the Environment (Property Services Agency)	-	5	15	-15
16. Department of the Environment (excluding housing and PSA)	-11	-2	-16	-24
17. Home Office	-	-10	-23	-1
18. Lord Chancellor's Department	-	-2	-2	-67
19. Department of Education and Science	-	-	-66	-2
20. Office of Arts and Libraries	-	-	-2	-
21. Department of Health and Social Security (health and personal social services)	-	18	3	-7
22. Department of Health and Social Security (social security)	10	-94	-8	-3
23. HM Treasury (civil superannuation)	-	-1	-3	-18
24. Scotland	41	4	-19	-5
25. Wales	-13	5	-5	-6
26. Northern Ireland	-	-3	-6	-13
27. Other Departments	-3	-31	-6	-163
28. Total Departments	-372	117	-182	-85
29. Nationalised Industries total net borrowing	-153	-150	-79	-
30. Contingency reserve (Budget increase use of reserve)	-	-55	-	-
31. Special sales of assets	142	-	-	-
32. General allowance for cash underspending (offset to Budget increase in contingency reserve)	-	-	-	-248
33. Planning total	-383	-88	-261	-
34. Debt interest	-	-	-	-

(1) Excluding VAT payments by local authorities

ANNEX A

Survey baseline by Department

Table 3

£ million cash

	1981-82	1982-83	1983-84	1984-85	1985-86 Initial figures
1. Ministry of Defence	12,617	14,073	15,278	16,424	17,596
2. Foreign and Commonwealth Office (Overseas Development Administration)	1,062	1,050	1,121	1,178	1,225
3. Foreign and Commonwealth Office. (excluding ODA)	445	493	574	551	573
4. EC Budget	45	500	580	600	624
5. Intervention Board for Agricultural Produce	622	691	694	720	749
6. Ministry of Agriculture, Fisheries and Food	757	767	716	708	736
7. Forestry Commission	59	61	63	64	66
8. Department of Industry	2,187	1,638	1,114	985	1,025
9. Department of Energy	714	1,100	531	564	587
10. Department of Trade	248	265	258	278	289
11. Export Credits Guarantee Department	85	367	187	313	325
12. Department of Employment	2,259	2,670	2,770	2,912	3,034
13. Department of Transport	3,881	4,146	4,319	4,470	4,649
14. Department of the Environment (housing)	3,283	3,561	2,751	2,855	2,969
15. Department of the Environment (Property Services Agency)	402	416	454	473	486
16. Department of the Environment (excluding housing and PSA)	3,225	3,538	3,622	3,769	3,909
17. Home Office	3,342	3,649	3,919	4,109	4,274
18. Lord Chancellor's Department	358	391	450	504	524
19. Department of Education and Science	11,843	12,217	12,484	12,760	13,270
20. Office of Arts and Libraries	519	537	557	580	603
21. Department of Health and Social Security (health and personal social services)	12,779	13,653	14,491	15,260	15,870
22. Department of Health and Social Security (social security)	28,628	31,936	33,505	35,405	36,830
23. HM Treasury (civil superannuation)	867	862	974	1,063	1,106
24. Scotland	5,763	6,066	6,253	6,477	6,738
25. Wales	2,278	2,431	2,501	2,609	2,713
26. Northern Ireland	3,276	3,543	3,771	3,986	4,145
27. Other Departments	1,770	1,811	2,022	2,126	2,213
28. Total Departments	103,313	112,431	115,910	121,741	127,129
29. Nationalised industries' total net borrowing	1,732	712	1,147	586	603
30. Contingency reserve	300	2,195	4,000	6,000	6,240
31. Special sales of assets	92	-600	-600	-600	-624
32. General allowance for cash underspending	-	-	-	-	-
33. Planning total (1)	105,437	114,738	120,457	127,727	133,348
34. Debt interest	6,200	6,500	7,000	7,500	7,800

(1) Excluding VAT payments by local authorities

ANNEX B

Survey baseline by economic category

Table 1

£ million

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Current							
1. Pay	24837	30905	34265	35696	37325	38691	40246
2. Other goods and services	14095	16769	19602	21882	23483	25162	26669
3. Subsidies and grants	28791	34441	40156	44246	44807	46744	48637
Total current	67723	82115	94023	101824	105615	110597	115552
Capital							
4. New construction	5566	6066	5743	6347	6259	6731	7001
5. Other goods and services	397	215	-655	-798	-184	-167	-175
6. Other (Grants and loans)	2787	3216	4202	5059	4221	4579	4751
Total capital	8750	9497	9290	10608	10296	11143	11577
Total Departments (excluding loans to Nationalised Industries)	76473	91612	103313	112431	115910	121741	127129

Capital Expenditure on Construction Work

ANNEX C

Table 1

£ million

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Housing: England							
New dwellings and improvements	1,998	1,849	1,427	1,692	1,441	1,655	1,721
Grants and loans to housing associations and improvement grants	709	807	841	1,100	870	995	1,035
Other environmental services	498	648	565	531	538	567	589
Transport	728	855	842	1,062	1,130	1,194	1,242
Education	319	408	327	272	262	255	265
Health and personal social services	369	506	622	642	676	706	734
Scotland	820	879	990	1,080	1,054	1,129	1,175
Wales	338	408	420	485	491	507	528
Northern Ireland	228	243	246	301	315	325	338
Other	591	649	675	767	852	918	993
Total (excluding nationalised industries)	6,598	7,252	6,955	7,932	7,629	8,251	8,620
Nationalised industries:							
Electricity	227	284	314	369	401	411	424
Gas	202	304	238	268	285	300	325
Railways	146	157	185	226	243	260	270
Coal	219	321	345	320	393	465	535
Other	126	147	151	297	328	358	288
Total nationalised industries	920	1,213	1,233	1,480	1,650	1,794	1,842
Grand Total	7,518	8,465	8,188	9,412	9,279	10,045	10,462

Table D1

£ million cash

		1983-84	1984-85	1985-86
<u>Capital/</u>				
<u>Current</u>				
CUR	Orchard restructuring	0.5	0.9	1.3
CAP	MAFF fisheries research vessel	1.7	2.4	0.6
CUR	WOAD marketing and office at Welsh Show Ground	0.2	-	-
Total		9.1	13.2	22.0
<u>Forestry Commission</u>				0.9
CUR	Grants to private woodland owners	-	-	-
<u>Department of Industry</u>				160.2
CAP	Regional Development Grants	55.8	153.0	-
CAP	Assistance to individual industries	31.7	35.1	20.3
CAP	British Technology Group	15.0	21.5	34.0
CUR	Scientific and technological assistance	11.8	21.4	18.5
CUR	Rolls Royce	16.2	21.9	23.7
CUR	Assistance to the shipbuilding industry	46.1	34.6	1.1
CUR	Assistance to the steel industry	8.1	3.2	0.7
CUR	Departmental administration	-	-	4.8
CAP	Future industrial support (Wedge)	6.2	3.7	125.0
CUR	Launch Aid	100.0	125.0	-
Total		290.9	419.4	388.3
<u>Department of Energy</u>				7.0
CUR	Coal Industry Acts - social grants	2.0	4.0	25.0
CUR	Redundant mineworkers payments scheme	15.0	15.0	-
Total		17.0	19.0	32.0
<u>Department of Trade</u>				1.9
CUR	Tourism	1.7	1.8	0.1
CUR	Export promotion	-	-	0.2
CUR	Trade co-operation	0.1	0.1	-
CUR	Regulation of domestic trade and industry and consumer protection	2.4	2.3	3.4
CUR	Standards	0.3	0.6	0.9
CUR	Departmental administration	1.4	1.2	0.5
CUR	Shipping services	1.1	1.8	8.8
CUR	Civil aviation services	1.1	-	-
Total		8.1	7.8	15.8
<u>Export Credits Guarantee Department</u>				30.2
CAP	Refinancing of fixed rate export credits	37.0	-	0.2
CUR	Cost escalation guarantees - charges	-	-	-
CUR	- subsidy	5.7	-	-
CUR	Interest support costs	175.5	-	-
Total		218.2	-	30.4
<u>Department of Employment</u>				67.5
CUR	Redundancy payments - estimating change	3.2	64.9	3.6
CUR	Maternity pay - estimating change	3.3	3.5	-

Table D1

£ million cash

		1983-84	1984-85	1985-86
Capital/ Current				
CAP	Prison industries, capital	2.8	3.3	1.5
CUR	Other (mainly telecommunications)	1.1	1.1	1.3
	Police:			
CUR	Pay for Cmnd 8494 manpower 10% award	40.6	34.1	38.1
CUR	Manpower (up to 121,500)	57.1	62.2	64.5
CUR	Manpower (above 121,500)	-	17.9	26.9
CUR	Civilians	-	-	1.0
CUR	WARC	1.5	3.9	4.6
CAP	Civil defence	5.0	5.4	0.6
CAP	Administrative Computers	-	2.4	4.5
	Local authority services (realism):			
CUR	Magistrates' courts	3.6	3.7	3.9
CUR	Other courts	3.2	3.4	3.6
CUR	Probation	10.7	11.3	11.8
CUR	Police	43.0	46.0	47.7
CUR	School crossing patrols	1.9	2.0	2.1
	Fire:			
CUR	Current*	50.5	62.5	68.0
CAP	Capital	20.0	21.0	22.0
CUR	Registration of electors	1.9	1.6	1.7
	Total	311.9	353.5	381.2
	<u>Lord Chancellor's Department</u>			40.0
CUR	Legal services	-	-	-
	<u>Department of Education and Science</u>			
	Additional cash for realism			
CUR	(a) Local authority	-	-	70.0
	(b) Vote	30.0	65.0	-
	Additional school teachers			90.0
CUR	(a) Local authority	70.0	125.0	35.0
CUR	(b) Vote	10.0	25.0	-
	Voluntary schools, capital			5.0
CAP	Vote	5.0	5.0	-
	Higher education			
	(a) Maintain planned rate of contraction for universities			65.0
CUR	Vote	55.0	55.0	-
	(b) Realistic run-down for maintained higher education			-
CUR	Local authority	20.0	5.0	-
	(c) Support for science research in universities, especially recruitment of the most able young researchers			30.0
CUR	Vote	20.0	30.0	-
	(d) Index parental contribution scale and minimum maintenance level for student awards			10.0
CUR	Vote	5.0	10.0	-
	New technologies			
	a) Support for science			35.0
CUR	Vote	15.0	25.0	-

Table D1

£ million cash

	1983-84	1984-85	1985-86
Capital/ Current			
CUR (b) Qualified manpower			
Mainly vote	10.0	15.0	25.0
Total	240.0	360.0	365.0
<u>Office of Arts and Libraries</u>			
Central Government			
CUR Arts Council	5.0	6.0	7.0
CUR National Museums and Galleries:			
CUR - purchase grants	1.0	2.0	3.0
CUR - conservation and security	1.0	1.0	1.0
CUR National Heritage and Memorial Fund and			
CUR acceptances in lieu of tax	1.0	1.0	2.0
CUR British Film Institute	1.0	2.0	2.0
CUR British Library	1.0	1.0	1.0
CUR Public Lending Right	1.0	1.0	2.0
Total Central Government	11.0	14.0	18.0
CUR Local Authorities	61.0	81.0	92.0
Total Central and Local Government	72.0	95.0	110.0
<u>DHSS - Health and Personal Social Services</u>			
Hospital and Community Health Services (HCHS) and Centrally Financed Services (CFS)			
A. Price bids			
Difference between 1983-84 pay and price factor in Cmd 8494 (6 per cent) and March 1982 Budget deflator (7 per cent)			
CUR HCHS current	81.0	86.0	89.0
CAP HCHS capital	7.0	7.0	7.0
CUR CFS current	5.0	5.0	5.0
CAP CFS capital	0.5	0.5	0.5
RPE of 1.3 per cent on prices:			
CUR HCHS current	28.0	29.0	30.0
CUR CFS current	3.5	3.5	4.0
B. Bids to maintain standards			
CUR Demographic change - costs in excess of assumed efficiency savings (0.3 per cent a year) (HCHS current)	26.0	55.0	86.0
CUR Medical advances (eg dialysis, heart and bone marrow transplants) (0.5 per cent a year) (HCHS current)	44.0	92.0	144.0
C. Bids to improve services			
CUR Improvements in Joint Finance (HCHS current)	6.0	6.5	6.5
CUR Improvement in vaccination programme (HCHS current)	1.0	1.0	1.0
CUR Improvements in maternity and neonatal services (HCHS current)	20.0	21.0	22.0
CUR Introduction of a new vaccine for Hepatitis B (HCHS current)	2.5	1.0	0.5

Table D1

£ million cash

		1983-84	1984-85	1985-86
Capital/ Current				
CUR	Improvement in services for drug misuse (CFS current)	2.0	3.0	3.0
CUR/CAP	Demonstration of centres for the elderly severely mentally ill (CFS current and capital)	2.0	2.0	2.0
CUR/CAP	Special schemes to get mentally handicapped children out of hospitals and into community care (CFS current and capital)	3.0	3.0	3.0
	Capital expenditure on special hospitals	2.0	3.0	7.0
CUR	Intermediate treatment (CFS current)	3.0	6.0	2.0
CUR	Improvements in day care services for the under fives (CFS current)	2.0	2.0	1.0
CUR	Hostels (CFS current)	0.5	1.0	-
CUR	Continuation of unemployment volunteering scheme (CFS current)	2.5	-	-
CUR	Improvements in longer term care (HCHS current)			30.0
CUR	- Elderly	9.0	19.0	40.0
CUR	- Mental Illness	12.0	25.5	20.0
CUR	- Mental Handicap	6.0	13.0	-
CUR	Development of community health (HCHS current)			25.0
CUR	- District Nurses	7.0	18.0	5.0
CUR	- Health Visitors	2.0	3.0	-
CAP	D. Bid for health authority capital HCHS capital	50.0	53.0	56.0
	Family Practitioner Services (FPS)			
	A. Price bids			
CAP/CUR	Difference between 1983-84 pay and price factor in Cmnd 8494 (6 per cent) and March 1982 Budget deflator (7 per cent), (FPS current and capital)	24.5	25.5	26.5
	B. Bids to maintain services			
CUR	Product substitution	41.0	44.0	46.0
CUR	Increased demand in 1985-86	-	-	60.0
	C. Bids to improve services			
CAP	Development of primary care in inner cities (capital)	3.0	3.0	3.0
CUR	Paediatric surveillance	1.0	1.0	1.0
	Personal Social Services (PSS)			
	A. Realism bid			
CUR	Difference between cash plan and 1982-83 Budget plus 7 per cent inflation assumption less 1 per cent savings PSS current	158.0	166.0	173.0

Table D1

£ million cash

	1983-84	1984-85	1985-86
Capital/ Current			
B. Bid to maintain standards			
CUR Demographic and social pressure (1 per cent a-year cumulative)	21.0	33.0	57.0
C. Bids to improve services			
CUR Residential care orders, ending remand of 15-16 year old boys, further Children Act 1975 provisions	27.0	28.0	28.0
CUR Training of social workers for extra duties under the Mental Health (Amendment) Bill (CFS)	1.0	2.0	1.0
Total	604.0	761.5	988.0
<u>DHSS - Social Security</u>			
CUR Demand determined changes	562.0	661.0	991.0
CUR <u>Unemployed</u>			
CUR Restore 5 per cent abatement of unemployment benefit	20.6	61.5	62.5
CUR Long-term rate of supplementary benefit after 2 years and children in the family	25.2	74.7	80.7
CUR Increases in income disregards for supplementary benefit			
CUR (i) existing	3.0	8.0	8.0
CUR (ii) long term unemployed	2.0	6.0	6.0
CUR <u>Family</u>			
CUR Real improvement in child benefit	78.0	226.0	236.0
CUR <u>Mainly the Elderly</u>			
CUR £3,000 capital cut-off for supplementary benefit	2.2	7.4	8.5
CUR £500 capital limit for supplementary benefit single payments	1.1	2.2	2.2
CUR <u>Disabled people</u>			
CUR Restore 5 per cent abatement of invalidity benefit	20.7	60.4	63.4
CUR Remove the invalidity trap	8.8	22.6	23.7
CUR New severe disablement allowance	-	5.3	11.2
CUR Invalid care allowance for married women	-	20.2	51.9
CUR New mobility supplement for war pensioners	0.4	2.0	3.0
CUR <u>Miscellaneous</u>			
CUR Composite bid	2.0	2.1	2.2
CUR Achieving manpower targets	5.0	5.3	5.5
CUR <u>Other administration costs</u>			
CUR Staff costs:-			
CUR Higher work load	8.5	12.5	11.5
CUR Computers:-			
CUR Local Office Project	10.0	11.2	12.7
CUR Local Office Micro			
CUR - Processor Project	6.0	6.0	6.0
CUR Other Computer	5.4	8.2	10.1
CUR Post Office Agency Service			
CUR Agreement	47.3	24.3	19.2
CUR Replacement programme for resettlement, etc centres	0.7	4.6	4.5
CUR General	1.3	1.4	1.6
Total	810.2	1,232.9	1,621.4

Table D1

£ million cash

	1983-84	1984-85	1985-86
Capital/			
Current			
CUR			
	<u>HM Treasury - Civil Superannuation</u>		
	9.8	-	45.3
	<u>Scotland</u>		
	Formula consequentials		
	257.4	280.1	314.1
	<u>Wales</u>		
	Provision of land and buildings)		
	Selective assistance to industry)		
	in the assisted areas)		
	Formula consequentials		
	111.1	120.3	133.7
	<u>Northern Ireland</u>		
CUR	Agriculture		
CAP	Housing		
	14.0	14.0	14.0
	4.0	11.0	11.0
	Total		
	18.0	25.0	25.0
	Formula consequentials		
	99.4	122.7	143.1
CAP/CUR	<u>Other Departments</u>		
	36.2	31.0	59.6

Table D2

Additional bids by economic category

<u>Current</u>			
Pay	842	1,110	1,301
Other goods and services	1,124	1,890	2,505
Subsidies	437	252	247
Grants	996	1,589	2,120
Total	3,398	4,841	6,172
<u>Capital</u>			
New construction	673	593	588
Vehicles plant and machinery	45	46	40
Other grants and loans	695	708	689
Total	1,413	1,347	1,317
Total (current and capital)	4,811	6,188	7,489

Reduced requirements by Department

Table D3

£ million cash

	1983-84	1984-85	1985-86
Capital/ Current			
<u>FCO - Overseas Development Administration</u>			
CUR Net aid programme	-0.6	-1.2	-1.6
<u>European Community</u>			
CUR	-150.0	-86.0	-
<u>Intervention Board for Agricultural Produce</u>			
CUR Volume changes pre May 1982 CAP price fixing	-14.1	-42.0	-48.8
<u>MAFF (including DAFS and WOAD)</u>			
CUR Agriculture, Fisheries and Food	-5.5	-5.3	-15.4
CUR Agricultural support, including animal health	-1.8	-1.5	-2.1
CAP Other agricultural assistance	-1.1	-2.9	-1.2
CUR Support for the fishing industry	-	-0.5	-3.1
Departmental administration (MAFF only)			
CAP Other MAFF programmes			
Thames tidal defences	-	-	-5.2
Total	-8.4	-10.2	-27.0
<u>Forestry Commission</u>			
CAP	-0.3	-0.7	-0.9
<u>Department of Energy</u>			
CUR Selective assistance to industrial firms and undertakings	-	-	-1.5
CUR Other compensation	-	-	-8.8
Total	-	-	-10.3
<u>Department of Trade</u>			
CUR Export promotion	-0.2	-0.1	-
CUR Protection of innovation	-5.2	-6.5	-7.2
CUR Civil aviation services	-	-1.5	-1.0
Total	-5.4	-8.1	-8.2
<u>Export Credits Guarantee Department</u>			
CAP Refinancing of fixed rate export credits	-	-26.9	-
CUR Cost escalation guarantees:			
- Charges	-3.6	-3.7	-
- Subsidy	-	-1.5	-11.4
CUR Interest support costs	-	-4.5	-80.5
Total	-3.6	-36.6	-91.9
<u>Department of Employment</u>			
CUR Temporary short time working scheme	-12.6	-	-6.9
CUR Community Enterprise Programme grants	-	-16.4	-17.0
CUR Job Release Scheme	-29.7	-43.1	-168.3
CAP Manpower Services Commission	-	-	-8.8
CUR Miscellaneous minor items	-2.0	-2.2	-2.3
Total	-44.3	-61.7	-203.3

ANNEX E

Public service manpower

1. Table E.1 summarises the detailed manpower estimates in table E.2 to E.5 for the civil service, the health service (NHS), the armed forces, and local authorities. Apart from those for the civil service for 1983-84, the projections are broadly consistent with the expenditure plans in Cmnd 8494. (The targets for the civil service for 1 April 1984 are those announced in the House of Commons on 27 November 1980.) The figures are expressed as financial year averages of whole time equivalents except for the family practitioner services where absolute numbers are used.
2. The figures are not comprehensive: they exclude those central government workers who are not civil servants - for example the crown servants employed by the Forestry Commission - and most public services employees in Northern Ireland. Nor do the figures correspond precisely with the aggregate estimates of wages and salaries incorporated in the expenditure figures, because they include staff employed in trading services and on capital projects.
3. Public service manpower as defined in this annex accounts for almost 20 per cent of total employment. It includes family practitioners and dentists who are counted in the private sector in the statistics of employment published annually by the Central Statistical Office in "National Income and Expenditure" and "Economic Trends". Employees of the nationalised industries and other public corporations are excluded, as are the staff of universities, which are private sector bodies.
4. The broad picture is of public service manpower declining by about 4 per cent between 1981-82 and 1984-85. Civil service manpower is projected to be about 7 per cent below the level in 1981-82 and local authority manpower some 6 per cent below. Manpower in the armed forces is projected to decline by about 4 per cent between 1981-82 and 1984-85. In the NHS manpower is expected to increase by 2 per cent between 1981-82 and 1984-85 compared with the 8 per cent increase which occurred between 1978-79 and 1981-82.

Civil Service

5. The figures in table E.2 show the actual or estimated numbers of industrial and non-industrial civil servants expressed as financial year averages up to 1982-83 and the targets corresponding to the Government's intention to reduce the size of the civil service to about 630,000 at 1 April 1984. In succeeding years up to 1985-86 overall numbers will not exceed 630,000. The cost of staff in the four trading funds, (Royal Mint, Royal Ordnance Factories, PSA Supplies Division, and HMSO) does not count directly as public expenditure. This cost is covered by the price charged for the goods and services produced by the trading body. Where these are bought by government Departments the cost is recorded as expenditure on goods and services against their programmes. However, since these staff constitute part of the civil service their numbers are included in the table.

National Health Service

6. The figures in table E.3 were prepared by the Department of Health and Social Security, the Welsh Office, and the Scottish Home and Health Department. The projections are based on staffing statistics as at 30 September which reasonably reflect the financial year average. In line with the conventions used in "Health and Personal Social Services Statistics", the figures for staff in hospitals, community health services and other health services are in whole-time equivalent terms, whereas the figures for the family practitioner service are the numbers of general medical practitioners and dentists in the national health service, whether whole-time or part-time workers.

7. The figures for England and Wales include staff of the Prescription Pricing Authority and the Dental Estimates Board but exclude civil servants whose pay is allocated to the health programme including those working at, for example, special hospitals (these civil servants are included in table E.2). The figures for "other health services" in Scotland include the common services agencies (which provide the ambulance, blood transfusion and some other services) and also staff at the state hospital.

8. The projections for the survey period are estimates based on the assumption that the proportion of expenditure on remuneration will remain broadly constant. They take account of the reduction in the working week of nurses and midwives from 40 to

37½ hours in 1980. For hospitals and community health services in England, the growth in whole-time equivalents over the period is expected to be less than the growth in wages and salaries, reflecting among other factors a relatively higher increase in most expensive staff groups.

Armed forces

9. Table E.4 gives figures for personnel in each branch of the Services. The figures for 1979-80 onwards are derived from the 1981 long-term costing forecast of tri-services manpower. The figures for 1982-83 onwards reflect the planned reductions announced in Cmnd 8288, the savings from which are taken into account in the baseline expenditure total. Figures for "locally engaged personnel" represent men recruited outside the United Kingdom for full-time service, including Gurkhas. The "paid reserves" comprise the part-time members of the Paid Reserve Forces, the Ulster Defence Regiment, and personnel of the reserves serving full-time capacity. Neither the "locally engaged personnel" nor the "paid reserves" are included in the public service totals in table E.1.

10. Figures for the civilian defence staff, excluding locally engaged staff, are included in the table of civil service manpower, table E.2.

Local authorities

11. The manpower figures in table E.5 are in whole-time equivalent terms and take account of part-time employees who make up about one-third of the total local authority employment in Great Britain, now about three million. The figures shown include employees in local authorities' trading services, eg housing and passenger transport (but excluding passenger transport executives) as well as those in rate fund services and engaged on capital projects. The projections for individual services are based on departments' returns. In the case of education those teachers who also work as FE lecturers are scored only once in table E.5. Between 100 and 150 thousand staff whose wages and salaries are included in other environmental services are actually working on general administrative duties for other programmes, and table E.5 assigns them accordingly.

12. The figures show local authority manpower falling by some 6 per cent from 1981-82 to 1984-85 after the peak of 2,355 thousand in 1979-80. However these estimates

necessarily have a wide range of error attached to them especially for later years, because of the difficulty of forecasting the annual rate of wage settlements, and matching to the public expenditure programmes the figures in the joint manpower watch. The decrease from 1981-82 occurs in all services although law and order remains higher than in previous years. The figures are based on actuals up to December 1981 and thereafter relate to the expenditure figures in Cmnd 8494, and therefore from 1982-83 onwards assume compliance by the local authorities with the expenditure plans.

13. Local authority staffing in England and Wales has been monitored since the middle of 1975 by the Government and local authority associations through the joint manpower watch group reporting to the Consultative Council on Local Government Finance. A similar watch on staff numbers in Scotland was instituted in consultation with the Convention of Scottish Local Authorities in March 1976. These manpower watch figures, averaged over each calendar year, have been used as the base for the projections in the table. Some 2,700 staff of inner-London polytechnics, who are excluded from the manpower watch, have been added to the Department of Education and Science figure for education in England.

Public service manpower projections - summary

Table E.1

(Thousands, mainly whole time equivalent)

	1977-78 actual	1978-79 actual	1979-80 actual	1980-81 actual	1981-82 estimated	1982-83 estimated	1983-84 estimated	1984-85 estimated
Civil service	741	732	719	697	678	666	630 ⁽¹⁾	(2)
National health service	957	974	992	1015	1053	1067	1073	1077
Armed forces	326	318	318	327	331	325	322	318
Local authorities	2313	2325	2355	2330	2285	2230	2176	2145
Total	4337	4349	4384	4369	4347	4288	4201	

(1) Departmental targets for 1 April 1984 as announced on 27 November 1980.

(2) Manpower numbers after 1 April 1984 will not exceed 630,000.

Civil service manpower

Table E.2

(Thousands, whole time equivalent)

	1977-78 actual	1978-79 actual	1979-80 actual	1980-81 actual	1981-82 actual	1982-83 estimated	1 April 1984 targets ⁽¹⁾
Ministry of Defence	255.7	249.0	243.7	234.7	223.3	215.5	200.0
Foreign and Commonwealth Office (including overseas development)	12.3	12.0	11.8	11.5	11.3	11.4	11.1
Chancellor of the Exchequer's Departments/Paymaster General's Office	129.3	128.1	124.1	117.9	123.3	121.1	111.5 ⁽²⁾
Department of Employment group	52.4	53.6	52.2	52.3	56.2	60.4	49.0
Department of Health and Social Security/Office of Population Census and Surveys	98.8	99.4	99.9	99.5	99.0	97.4	89.8
Department of the Environment/ Transport/Ordnance Survey	74.1	70.9	67.6	63.0	58.0	55.0	52.1
Home Office	32.7	33.4	33.8	34.7	35.0	35.2	34.9
Scottish Office/Welsh Office/ Northern Ireland Office	12.1	13.6	13.8	13.5	13.2	12.9	12.4
Ministry of Agriculture, Fisheries and Food/Intervention Board for Agricultural Produce	15.4	14.5	14.4	13.9	13.3	12.9	12.2
Department of Trade/Industry/ Energy/Fair Trading/ECCGD	21.6	20.7	20.3	19.5	18.8	18.3	16.8
Department of Education and Science/Science Museum/Victoria and Albert Museum	3.9	3.7	3.7	3.7	3.6	3.5	3.3
Lord Chancellor's Departments/ Scottish Courts etc	16.5	17.2	17.4	17.4	17.1	17.2	16.9
Other Departments	16.5	16.2	15.9	15.6	5.9	5.1	5.0 ⁽²⁾
Contingency margin	-	-	-	-	-	-	15.0
Total	741.3	732.3	718.6	697.2	678.0	666.1	630.0

(1) Departmental targets were announced in the House of Commons by the Minister of State, Civil Service Department, on 27 November 1980.

(2) Targets amended to take account of machinery of government changes in November 1981.

National Health Service Manpower

Table E.3 (Thousands, whole time equivalent except where indicated) As at 30th September 1984-85 estimated

	1977-78 actual	1878-79 actual	1979-80 actual	1980-81 actual	1981-82 estimated	1982-83 estimated	1983-84 estimated	1984-85 estimated
England								
Hospitals and Community Health Service (1)	745.3	759.7	773.4	791.8	820.7	831	836	838
Family Practitioner Service (2)	33.7	34.3	34.9	35.9	37.1	38	39	40
Central Health Service	12.6	9.9	10.0	10.2	11.0	11	11	11
Total	791.6	803.9	818.3	837.9	868.8	880	886	889
Wales								
Hospitals and Community Health Service (1)	47.6	49.1	50.3	52.0	53.2	53.6	53.6	53.6
Family Practitioner Service (2)	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0
Central Health Service (3)	0.8	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Total	50.3	51.5	52.7	54.5	55.8	56.2	56.2	56.2
Scotland								
Hospitals and Community Health Service (1)	105.8	108.9	110.6	112.6	118.0	119.9	120.0	120.5
Family Practitioner Service (2)	4.2	4.4	4.4	4.5	4.6	4.7	4.7	4.8
Central Health Service	5.1	5.3	5.5	5.7	5.8	5.9	6.0	6.1
Total	115.1	118.6	120.5	122.8	128.4	130.5	130.7	131.4
Total Great Britain	957.0	974.0	991.5	1015.2	1053.0	1067	1073	1077

(1) In 1980 the working week for nurses and midwives was reduced from 40 to 37½ hours

(2) Number of medical and dental practitioners.

(3) Welsh based services only; excludes an element for certain bodies funded on an England and Wales basis.

Armed forces manpower

Table E.4

(Thousands, whole time equivalent)

	1977-78 actual	1978-79 actual	1979-80 actual	1980-81 actual	1981-82 estimated	1982-83 estimated	1983-84 estimated	1984-85 estimated
Royal Navy and Royal Marines:								
United Kingdom personnel	75.7	73.9	72.2	73.1	73.7	72.6	71.1	67.7
Locally engaged personnel	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Total	76.2	74.2	72.5	73.4	74.1	73.0	71.5	68.0
Paid reserves								
Army:								
United Kingdom personnel	11.7	11.6	11.4	11.6	11.8	11.8	11.8	11.8
Locally engaged personnel	164.1	158.5	157.6	162.5	164.8	162.3	162.1	161.8
Total	171.9	166.5	165.6	171.1	174.4	172.0	171.8	171.5
Paid reserves								
Royal Air Force:								
United Kingdom personnel	112.8	110.8	110.8	116.7	125.9	131.5	134.5	137.5
Locally engaged personnel	85.8	85.5	88.0	91.6	92.6	90.2	88.8	88.9
Total	86.0	85.5	88.0	91.6	92.6	90.2	88.8	88.9
Paid reserves								
Total Armed Forces:								
United Kingdom personnel	0.7	1.1	1.7	2.3	2.6	2.8	3.0	3.1
Locally engaged personnel	325.6	317.9	317.8	327.2	331.1	325.1	322.0	318.4
Total	334.1	326.2	326.1	336.2	341.1	335.2	332.1	328.5
Paid reserves								
	125.2	123.5	123.9	130.6	140.3	146.1	149.3	152.4

Numbers have been rounded independently and components may not sum precisely to the totals shown.

Local authorities manpower⁽¹⁾

TABLE E.5

(Thousands, full time equivalent)

	1977-78 ⁽²⁾ actual	1978-79 ⁽²⁾ actual	1979-80 ⁽²⁾ actual	1980-81 ⁽²⁾ actual	1981-82 ⁽²⁾ actual	1982-83 estimated	1983-84 estimated	1984-85 estimated
England								
Agriculture, fisheries, food and forestry	4	4	4	4	4	4	4	4
Industry, energy, trade and employment	16	16	16	16	16	17	16	16
Roads and transport	77	77	77	76	73	69	69	69
Housing	151	152	153	152	148	147	146	146
Other environmental services	277	278	280	276	269	258	252	249
Law, order and protective services	209	208	216	221	225	222	222	224
Education, science, arts and libraries	1,007	1,008	1,014	989	960	941	908	883
Health and personal social services	191	196	200	201	203	198	198	199
Total ⁽³⁾	1,943	1,950	1,970	1,946	1,907	1,856	1,815	1,790
Wales								
Agriculture, fisheries, food and forestry	-	-	-	-	-	-	-	-
Industry, energy, trade and employment	2	2	2	2	2	1	1	1
Roads and transport	7	7	7	6	6	5	5	5
Housing	11	11	11	11	11	10	10	10
Other environmental services	20	20	20	20	19	22	21	21
Law, order and protective services	12	12	13	13	13	13	14	14
Education, science, arts and libraries	62	62	64	62	60	58	56	56
Health and personal social services	12	12	12	12	12	13	12	12
Total	124	125	128	126	123	123	119	119
Scotland								
Agriculture, fisheries, food and forestry	-	-	-	-	-	-	-	-
Industry, energy, trade and employment	1	1	1	1	1	1	1	1
Roads and transport	24	24	24	24	23	24	24	24
Housing	13	14	14	14	14	15	13	13
Other environmental services	46	47	49	50	50	54	52	50
Law, order and protective services	24	24	25	25	25	25	24	24
Education, science, arts and libraries	110	111	113	111	109	102	99	99
Health and personal social services	28	29	31	32	33	30	28	28
Total	246	250	257	258	255	251	242	239
Great Britain	2,313	2,325	2,355	2,330	2,285	2,230	2,176	2,145

(1) After recharging administration to purchasing programmes

(2) Calendar years corresponding to financial years (see paragraph 13)

(3) The totals for England for 1977-78 to 1981-82 include 10 thousand full-time equivalents engaged on agency services which are not allocated to PES programmes.

Annex F

Local Authority Current and Capital Expenditure

Current

1. Table F1 shows the plans for local authority current expenditure together with the adjustments necessary to convert current expenditure covered by the survey to that relevant for Rate Support Grant (RSG). The components of the latter are shown in more detail in Table F2. The main difference between the PES definition of current expenditure and that relevant for RSG is that the latter excludes certain items met almost entirely from central government funds such as mandatory student awards and housing benefit.

2. The plans for 1983-84 (Cmnd 8494 adjusted to offset reduced NIS liability) provide for an increase of 7.3 per cent in total GB local authority current expenditure over the plans for 1982-83. This is higher than the planned increase of 3.4 per cent in relevant current expenditure. The main reason for the higher rate of increase in the PES definition of current expenditure is that the total for 1983-84 includes for the first time £1.4 billion for housing benefits formerly provided on central government programmes.

Capital

3. The capital expenditure plans in Cmnd 8494 adjusted to take account of the Budget construction package and latest estimates of outturn are given in F3. Because of the heavy underspending in 1981-82, the figures for England, and to a lesser extent Wales, show a considerable increase over that year. Compared with 1982-83, in England the cash provision shows a slight drop in 1983-84 followed by an increase in 1984-85 and 1985-86. Those for Scotland and Wales show a slightly different pattern. However, the figures for England and Wales are based on a notional split of DOE Housing, Home Office and Department of Trade expenditure.

4. The service split shown for England is also notional in the sense that the new capital control scheme gives local authorities freedom to vire between services within the overall cash limit. Authorities' own priorities may well turn out to be different from those implied by Table F3.

ANNEX F

LOCAL AUTHORITIES CURRENT EXPENDITURE

TABLE F1

£ million cash

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
ENGLAND							
MAFF	70.5	82.0	78.7	91.7	91.8	92.4	96.1
Department of Trade	35.7	42.0	45.0	48.2	48.6	50.0	52.0
Department of Employment	45.7	59.4	71.0	75.0	76.8	79.6	82.7
Department of Transport	1087.3	1336.0	1497.8	1423.0	1479.7	1532.5	1593.8
DOE - Housing ¹	416.3	546.8	480.8	419.2	301.6	160.2	166.6
DOE - Other Environmental Services	1640.2	1900.9	2152.0	2185.8	2245.0	2313.7	2406.2
Home Office	1824.3	2174.4	2572.4	2781.2	2958.5	3078.6	3201.6
Department of Education & Science	7152.6	8682.1	9608.4	9780.4	9977.1	10188.0	10595.6
Office of Arts & Libraries	234.2	277.5	310.0	302.0	308.1	318.1	330.8
DHSS	1307.4	1618.7	1808.7	1860.1	1957.2	2066.4	2149.0
Housing Benefits	233.3	312.9	483.6	815.2	1841.0	1927.0	1959.6
Total current expenditure (PES basis)	14047.5	17032.7	19108.4	19786.1	21285.4	21806.5	22634.0
Adjustments	-1077.5	-1399.3	-1691.2	-1785.8	-2696.0	-2700.3	-2762.2
Current expenditure relevant for RSG	12970.0	15633.4	17417.2	18000.3	18589.4	19106.2	19871.8
WALES							
Total current expenditure (PES basis)	871.1	1036.0	1141.5	1229.2	1298.6	1342.2	1393.9
Adjustments	-57.7	-68.5	-95.2	-103.1	-113.1	-114.0	-115.9
Current expenditure relevant for RSG	813.4	967.5	1046.3	1126.1	1185.5	1228.2	1278.0
SCOTLAND							
Total current expenditure (PES basis)	1834.4	2231.8	2442.9	2590.4	2761.1	2815.3	2921.9
Adjustments	-111.0	-121.2	-162.8	-162.8	-246.5	-240.1	-242.8
Current expenditure relevant for RSG	1723.4	2110.6	2280.1	2427.6	2514.6	2575.2	2679.1
GREAT BRITAIN							
Total current expenditure (PES basis)	16753.0	20300.5	22692.8	23605.7	25345.3	25964.0	26949.8
Adjustments	-1246.2	-1589.0	-1949.2	-2051.7	-3055.8	-3054.4	-3120.9
Current expenditure relevant for RSG	15506.8	18711.5	20743.6	21554.0	22289.5	22909.6	23828.9

¹ Figures for 1983-84 onwards reflect an illustrative split only of capital and current expenditure; no decisions on allocations have yet been made.

Table F2

Local Authorities Current Expenditure relevant for RSG

	£ million cash						
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
ENGLAND							
MAFF							
Department of Trade	55.6	69.2	67.0	79.3	79.7	79.7	82.9
Department of Employment	35.7	42.0	45.0	48.2	48.6	50.0	52.0
Department of Transport	41.8	53.5	63.0	64.1	65.4	67.5	70.2
DOE - Housing	1087.3	1336.0	1497.8	1423.0	1479.7	1532.5	1593.8
DOE - Other Environmental Services	84.6	97.5	72.4	76.4	75.9	74.9	77.9
Home Office	1638.5	1898.6	2148.8	2183.0	2242.2	2310.7	2403.1
Department of Education and Science	1820.9	2165.9	2520.5	2757.9	2945.0	3065.0	3188.0
Office of Arts and Libraries	6650.4	8059.0	8867.0	9190.0	9368.4	9521.4	9902.3
DESS	234.2	277.5	310.0	302.0	308.1	318.1	330.8
Housing Benefits	1307.4	1618.7	1808.7	1860.1	1957.2	2066.4	2149.0
Total relevant current expenditure	13.6	15.5	17.0	19.0	20.0	21.0	21.8
WALES							
Total relevant current expenditure	12970.0	15633.4	17417.2	18000.3	18589.4	19106.2	19871.8
SCOTLAND							
Total relevant current expenditure	813.4	967.5	1046.3	1126.1	1185.5	1228.2	1278.0
GREAT BRITAIN							
Total relevant current expenditure	1723.4	2110.6	2280.1	2427.6	2514.6	2575.2	2679.1
GREAT BRITAIN							
Total relevant current expenditure	15506.8	18711.5	20743.6	21554.0	22289.5	22909.6	23828.9

Local Authorities Capital Expenditure

Table F3

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
ENGLAND									
MAFF	37.3	49.9	100.9	99.0	104.8	115.3	50.0	20.6	21.4
Department of Trade ⁽²⁾								41.4	43.1
Department of Employment	5.0	8.1	20.2	25.3	36.6	46.4	45.3		
Transport	374.6	419.6	541.4	632.7	563.4	721.4	771.5	814.3	846.3
DOE - Housing ⁽¹⁾	1678.8	1546.7	1995.4	1465.0	704.1	1339.8	1162.7	1392.4	1448.0
DOE - Other Environmental Services	353.1	424.1	489.9	663.0	426.1	576.1	579.3	611.0	635.4
Home Office ⁽²⁾	53.0	44.4	50.6	75.7	94.5	106.4	138.9	145.3	151.0
Department of Education and Science and Office of Arts and Libraries	373.1	341.7	389.2	496.6	380.5	326.6	318.3	314.7	327.1
DHSS	42.9	46.9	57.3	73.4	67.0	102.0	108.1	113.5	118.0
Total (England)	2917.8	2881.4	3644.9	3530.7	2396.8	3334.0	3174.1	3453.2	3591.0
WALES									
Total	171.6	184.4	235.1	248.7	198.5	278.5	261.5	268.3	278.7
SCOTLAND									
Total	501.3	537.3	624.2	623.7	709.7	716.9	731.1	786.3	818.3
GREAT BRITAIN									
Total capital expenditure	3590.7	3603.1	4504.2	4403.1	3285.2	4329.4	4166.7	4507.8	4688.3

(1) As in table F1 these figures reflect only an illustrative split of capital and current expenditure.

(2) These figures show an illustrative split only between England and Wales.