



Public Expenditure

Statistical Analyses 1998-99

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by Command of Her Majesty, April 1998*

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Appendix A

Conventions and economic assumptions

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

Rounding conventions

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

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

Receipts

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

Real terms

4. A number of the tables in this publication give figures in real terms. Real terms figures are the cash outturns or plans adjusted to a constant price level by excluding the effect of general inflation as measured by the GDP deflator at market prices. The real terms figures in this publication are given in 1996-97 prices. The deflator series used is adjusted to remove the distortion cause by the abolition of domestic rates. A description of the method of adjustment was set out in Annex C to Chapter I of the 1990 Autumn Statement.

Plan Year Data

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

Expenditure allocation for 1999-2000 and future years is subject to the Comprehensive Spending Review. Further details on the Comprehensive Spending Review can be found in Section 1 - paragraphs 1.7 to 1.8.

Current year outturn

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

Historical data

7. Most of the analyses in this publication show plans or projections for 1998-99 alongside the estimated outturn for 1997-98 and outturn for the five previous years. It is not possible to look at trends over a longer period by simply comparing figures in successive public expenditure publications as such figures are not always on a consistent basis due to changes in coverage and classification changes. This publication presents a number of summary analyses incorporating data for earlier years adjusted to current definitions to show trends over a longer period. Information is not available for all elements of the Control Total for years prior to 1984-85. For example, proxies for some elements of central government support for local authorities, which was not included in the planning total prior to the 1989 Survey, were not generated for years prior to 1984-85.

Economic assumptions

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

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

Economic Growth and Inflation

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

New system of national accounts: ESA 95

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

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

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

Appendix B

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

1. The national accounts follow international guidelines and provide a widely accepted framework for analysing the economic activity of the country. The measures of public expenditure should be readily related to this framework. General Government Expenditure (GGE) is drawn from national accounts. GGE is produced by the Office for National Statistics (ONS).

2. However, there are certain aspects of the national accounts measures which cannot sensibly be read across to a Control Total defined for the management of public expenditure. And sometimes other factors lead to an alternative approach-for example issues of data availability and incentive frameworks.

3. So a number of adjustments are needed to relate the Control Total to GGE and the variant measure GGE(X).

4. The relationship between the Control Total, GGE and GGE(X) is shown in Table B1.

5. **Recent Changes.** As usual, there have been a number of changes in the definition of the Control Total since the March 1997 PESA. The main ones are:

- expenditure under two new programmes-Welfare to Work and the Capital Receipts Initiative-is outside the Control Total. This decision was set out in the July 1997 Financial Statement and Budget Report (HC 85);
- local authority debt interest ultimately financed by central government housing subsidy (housing element) is now outside the Control Total. This change avoids double counting a single flow of expenditure-details were set out in the November 1997 The Economy and the Public Finances: Supplementary Material; and
- the receipts of licence fees collected by the utility regulators (OFFER, OFGAS, OFTEL and OFWAT) and used to finance their regulatory activity are now treated as negative public expenditure in the Control Total. This change simplifies the budgetary control mechanism in respect of these bodies. The licence fees continue to be treated as taxes in the national accounts.

6. There have also been other changes in the accounting adjustments:

- a new adjustment removes for GGE the double counting in the Control Total of grants given by non-departmental public bodies (NDPBs) in the central government sector to local authorities and also the local authority expenditure financed by these grants. Since both local authorities and these NDPBs are in general government, the expenditure should only score once when the money finally leaves general government;
- a new adjustment clarifies that the proceeds from the sale of student loans are recorded in line with the PSBR treatment. General Government Expenditure treats part of the proceeds as repayment of lending and the part representing the capitalised value of future subsidies as a transaction in financial liabilities. Details were set out in the November 1997 The Economy and The Public Finances: Supplementary Material;
- the former accounting adjustment in respect of Crown Estate Office (CEO) capital expenditure is no longer needed now that the ONS have reclassified the CEO as a public corporation;
- the former accounting adjustment in respect of Scottish Enterprise and the Welsh Development Agency has been found no longer to be necessary; and
- the adjustments for local authority finance leases and for tolls only apply to years before 1992-93 and are no longer listed.

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

8. Control Total to GGE. The stages in moving from the Control Total to GGE in Table B1 are as follows (some of the adjustments shown apply only to certain years; other adjustments not listed have been made to years before the start of the table above):-

- i. Add cyclical social security payments.
- ii. Add expenditure by general government under the Welfare to Work Initiative.
- iii. Add expenditure by general government under the Capital Receipts Initiative (CRI).
- iv. Add expenditure financed by the proceeds of the National Lottery.
- v. Add central government gross debt interest.
- vi. Add the value of non-trading capital consumption (ie. depreciation).

- vii. Add the pension increase elements of the pensions paid to members of the teachers and National Health Service superannuation schemes.
- viii. Deduct accruing superannuation liability charges for the civil service, armed forces and security and intelligence services superannuation schemes, and add pensions in payment.
- ix. Add the element of NHS Trusts' charges to health authorities which Trusts use to remunerate their debt to central government.
- x. Add the distribution of fossil fuel levy receipts to the renewables generators.
- xi. Add local authorities' net cash expenditure on company securities.
- xii. Add the capital value of assets and deduct the principal element of repayments on finance leases taken out by central government before 1 April 1996*.
- xiii. Add expenditure by the Financial Services Authority, formerly known as the Securities and Investments Board.
- xiv. Remove the deduction of donations which are treated as negative public expenditure in the Control Total and as revenue in national accounts.*.
- xv. Remove the deduction of penalties collected by local authorities in respect of certain parking and vehicle emissions offences which are treated as negative public expenditure in the Control Total and as revenue in national accounts.*
- xvi. Remove the deduction of VAT refunded to central government departments in respect of contracted out services for non-business purposes and VAT refunds to local authorities in respect of non-business activities. The Control Total is measured net of these VAT refunds, but for GGE this expenditure is recorded including the VAT paid.
- xvii. Add VAT refunds paid to NHS trusts in respect of contracted out services in connexion with activities that are non-business for VAT purposes. GGE records these refunds as grants to NHS trusts.
- xviii. Add VAT refunds paid to the BBC and ITN in respect of non-business activities and to DIY housebuilders which are treated as grants in GGE.*
- xix. Deduct privatisation proceeds (net of certain privatisation expenses) which reduce GGE, but not the Control Total.
- xx. Remove the deduction of the surpluses of some local authority trading services, which are treated as negative expenditure in the Control Total but as revenue in the national accounts.
- xxi. Remove the deduction of rent received from private contractors for HM Dockyards and rent received for other MOD land, which is treated as negative expenditure in the Control Total but as revenue in national accounts.
- xxii. Remove the deduction of receipts from licences with a significant degree of service to individual applicants which are treated as negative expenditure in the Control Total and as revenue in national accounts. Such licences include driving licences, visas and passports.
- xxiii. Remove the deduction of receipts from licences imposed by the utility regulators (OFFER, OFGAS, OFTEL and OFWAT) and used to finance their regulatory activity which are treated as negative expenditure in the Control Total, and as revenue in national accounts.
- xxiv. Deduct the capital expenditure of New Town Corporations and the Commission for the New Towns (CNT); add the grants and loans made to New Towns and the CNT by central government.
- xxv. Deduct the capital expenditure of Passenger Transport Executives; add capital grants and loans made to Passenger Transport Executives.
- xxvi. The Control Total includes most local authority debt interest (LADI) including most of that paid to central government; GGE includes all, and only, LADI paid to sectors other than general government. In the adjustments it is therefore necessary to:

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

b. Deduct expenditure financed out of the proceeds of the national lottery.

c. Remove the deduction of privatisation proceeds (net of privatisation expenses).

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

Appendix C

Departmental groupings

1. A number of the tables in this publication present analyses by department. It is not possible to show figures for all individual government departments separately and so departments are grouped together in these analyses, broadly on the basis of Ministerial responsibilities. The groupings, which reflect the coverage of the 1998 departmental reports and the 1998-99 Estimates, are set out below.

Title	Departments included
Ministry of Defence	Ministry of Defence
Foreign and Commonwealth Office	Foreign and Commonwealth Office
Department for International Development	Department for International Development
Ministry of Agriculture, Fisheries and Food	Ministry of Agriculture, Fisheries and Food The Intervention Board
Trade and Industry	Department of Trade and Industry Office of Electricity Regulation Office of Fair Trading Office of Gas Supply Office of Telecommunications
ECGD	Export Credits Guarantee Department
DETR-Transport	Department of the Environment, Transport and the Regions-Transport Office of Passenger Rail Franchising Office of the Rail Regulator
DETR-Housing, Construction, Regeneration, Countryside and Wildlife	Department of the Environment, Transport and the Regions-Housing, Construction, Regeneration, Countryside and Wildlife
DETR-Other Environmental Services	Department of the Environment, Transport and the Regions-Other Environmental Services Office of Water Services Ordnance Survey PSA Services Health and Safety Executive
DETR-Local Government and Regional Policy	Department of the Environment, Transport and the Regions-mainly block and transitional grants to English local authorities, also includes preparation costs for the Greater London Authority and for Regional Development Agencies
Home Office	Home Office
Lord Chancellor's and Law Officers' Departments	Lord Chancellor's Department Crown Office, Scotland and Lord Advocate's Department Crown Prosecution Service Northern Ireland Court Service Public Record Office Serious Fraud Office Treasury Solicitor's Department HM Land Registry
Department for Culture, Media and Sport	Department for Culture, Media and Sport Office of the National Lottery
Department of Health	Department of Health
Department of Social Security	Department of Social Security
Scotland	Scottish Office Forestry Commission General Register Office (Scotland) Scottish Courts Administration Scottish Records Office Registers of Scotland
Wales	Welsh Office Office of Her Majesty's Chief Inspector of Schools in Wales
Northern Ireland	Northern Ireland Office and departments
Chancellor's Departments	HM Treasury Office for National Statistics Crown Estate Office National Savings Government Actuary's Department HM Customs and Excise Inland Revenue National Investment and Loans Office Paymaster General's Office Registry of Friendly Societies Royal Mint

Cabinet Office	Office of Public Service Central Office of Information
	Cabinet Office
	House of Commons
	House of Lords
	National Audit Office
	The Office of the Parliamentary Commissioner for Administration and Health Service Commissioners
	Privy Council Office
	Property Advisors to the Civil Estate
European Communities	Net payments to European Union institutions

Appendix D

Executive Agencies

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

Responsible Minister

Secretary of State for Defence

Agency

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

Secretary of State for Foreign and Commonwealth Affairs

Minister of Agriculture, Fisheries and Food

Wilton Park Conference Centre
 Centre for Environment, Fisheries and Aquaculture Science
 Central Science Laboratory
 Farming and Rural Conservation Agency
 Intervention Board
 Meat Hygiene Service
 Pesticides Safety Directorate
 Veterinary Laboratories Agency
 Veterinary Medicines Directorate

President of the Board of Trade

Companies House
 Employment Tribunals Service
 Insolvency Service
 National Weights and Measures Laboratory
 Patent Office
 Radiocommunications Agency

Secretary of State for the Environment, Transport and the Regions

Driver and Vehicle Licensing Agency
 Driving Standards Agency

	Highways Agency Maritime and Coastguard Agency Vehicle Certification Agency Vehicle Inspectorate Ordnance Survey Planning Inspectorate Queen Elizabeth II Conference Centre
Secretary of State for the Home Department	Fire Service College Forensic Science Service HM Prison Service UK Passport Agency
Lord Chancellor	Court Service HM Land Registry Public Record Office Public Trust Office
Attorney General	Crown Prosecution Service Government Property Lawyers Serious Fraud Office Treasury Solicitor's Department
Secretary of State for Education and Employment	Employment Service
Secretary of State for Culture, Media and Sport	Royal Parks Agency
Secretary of State for Health	Medicines Control Agency Medical Devices Agency NHS Estates NHS Pensions
Secretary of State for Social Security	Child Support Agency Social Security Benefits Agency Social Security Contributions Agency Social Security Information Technology Services Agency Social Security War Pensions Agency
Secretary of State for Scotland	Fisheries Research Services Forestry Commission Research Agency Forest Enterprises Historic Scotland Registers of Scotland Scottish Agriculture Science Agency Scottish Court Service Scottish Fisheries Protection Service Scottish Office Pensions Agency Scottish Prison Service Scottish Record Officer Student Awards Agency for Scotland
Secretary of State for Wales	CADW (Welsh Historic Monuments)
Secretary of State for Northern Ireland	Business Development Service Compensation Agency Construction Service Driver and Vehicle Licensing (NI) Driver and Vehicle Testing Agency Environment and Heritage Service Forensic Science Agency of Northern Ireland Forest Service Government Purchasing Agency Health Estates Industrial Research and Technology Unit Land Registers of Northern Ireland Northern Ireland Child Support Agency Northern Ireland Health and Northern Ireland Statistics and Research Agency Ordnance Survey of Northern Ireland Planning Service Prison Service (NI) Public Record Office (NI) Rate Collection Agency Rivers Agency Roads Service Social Security Agency (NI) Training and Employment Agency (NI) Valuation and Lands Agency Water Service
Chancellor of the Exchequer	HM Customs and Excise Inland Revenue National Savings Royal Mint Valuation Office Office for National Statistics
Chancellor of the Duchy of Lancaster	CCTA Central Office of Information Civil Service College

Government Car and Despatch Agency
Securities Facilities Executive
The Buying Agency

1. Public expenditure overview

The Government's approach to the economy

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

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

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

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

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

The Government's approach to public spending

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

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

1.6. In addition, in July 1997 the Government launched its Welfare to Work programme, financed from the proceeds of the windfall tax on privatised utilities. The Welfare to Work package provides for programmes to reduce youth and long-term unemployment, to encourage lone parents to return to work and to provide for capital investment in schools. The Government also announced in July 1997 the Capital Receipts Initiative, which provides resources to meet its commitment to reinvest capital receipts from the sale of council housing. This ring-fenced spending on both Welfare to Work and the Capital Receipts Initiative is classified as outside the Control Total but within General Government Expenditure (GGE).

The Comprehensive Spending Review

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

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

GGE, GGE(X) AND THE CONTROL TOTAL

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

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

General Government expenditure and the Control Total

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

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

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

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

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

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

Asset Sales

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

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

The Control Total and Supply expenditure

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

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

Content of this publication

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

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

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

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

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

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

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

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

(5) See paragraph 6 of Appendix A.

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

Table 1.2 Control Total by department,⁽¹⁾ 1992-93 to 1998-99⁽²⁾

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

expenditure	8,877	8,050	10,761	13,131	13,182	13,600	14,000
Reserve							3,000
Allowance for shortfall ⁽⁸⁾						-400	
Control Total	230,623	239,882	247,072	255,139	259,834	264,100	274,900

- (1) *A full list of departments included in each departmental grouping is given in Appendix C.*
- (2) *Comparisons of figures for 1997-98 and 1998-99 are distorted due to a transfer winding up a system of rents for Civil Estate property paid to Cabinet Office and introducing Capital Charges. See section 4, paragraph 4.5 for details.*
- (3) *Figures for 1996-97 and 1997-98 include receipts from the sale of Ministry of Defence married quarters. Figures for these receipts are shown in table 1.6.*
- (4) *Includes revenue/rate support grant and non-domestic rates payments in England and certain transitional grants associated with the change from rates to the community charge. (Comparable items are included in the figures for Scotland and Wales.)*
- (5) *Comparisons between years up to and including 1992-93 and later years are distorted by the effects of transfers between departments and spending sectors. The main changes reflect the transfer of responsibility for funding further education and sixth form colleges from local authorities to the Further Education Funding Council and the Scottish Office, the transfer of responsibility for funding Scottish and Welsh Universities from the Department for Education to the Scottish and Welsh Higher Education Funding Councils, the transfer of responsibility for funding training from the former Department of Employment to the Welsh Office and the transfer for responsibility for community care from central government to local authorities.*
- (6) *Figures for the Department for Education and Employment in 1996-97 include central government spending on the Nursery Vouchers scheme, while the equivalent spending in 1998-99 is central government support to local authorities in the Department of the Environment, Transport and the Regions (Local Government and Regional Policy). See paragraph 4.6, point 6 for further details.*
- (7) *Includes receipts from the sale of the student loan portfolio in 1997-98 and 1998-99. See table 1.6 for further details.*
- (8) *See paragraph 6 of Appendix A.*

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

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

expenditure	9,809	8,644	11,384	13,516	13,182	13,200	13,200
Reserve							2,900
Allowance for shortfall ⁽⁹⁾						-400	
Control Total	254,838	257,583	261,367	262,613	259,834	257,200	260,200

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	£ million						
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98 estimated	1998-99 plans/projections
Receipts within the Control Total							
Sales of fixed assets							
Ministry of Defence: sale of married quarters					962	700	
Department of Social Security: PRIME and Newcastle estate						71	400
Other Central Government	521	545	615	769	851	799	800
Local Authorities	2,379	3,600	2,825	2,430	2,609	2,405	2,500
Total sales of fixed assets	2,901	4,145	3,441	3,200	4,421	3,975	3,700
<i>to which: receipts from sales of land existing buildings</i>							
<i>Central Government</i>	<i>255</i>	<i>371</i>	<i>375</i>	<i>527</i>	<i>1,656</i>	<i>1,437</i>	
<i>Local Authorities</i>	<i>2,367</i>	<i>3,578</i>	<i>2,811</i>	<i>2,415</i>	<i>2,592</i>	<i>2,387</i>	
Debt Sales, etc.⁽¹⁾							
DETR-Housing, Construction, Regeneration, Countryside and Wildlife: sale of Housing Corporation loan portfolio					500	654	
Wales: sale of Housing for Wales loan portfolio					73		
DETR-Transport: sale of ROSCOs				787	1,002		
Department for Education and Employment: sale of student loans portfolio						855	2,000
Scotland: sale of student loans portfolio						110	200
Northern Ireland: sale of student loans portfolio						35	100
Total Debt Sales, etc.				787	1,575	1,654	2,300
Total receipts within the Control Total	2,901	4,145	3,441	3,987	5,996	5,629	6,000
Receipts outside the Control Total							
Privatisation Proceeds	8,189	5,453	6,429	2,439	4,404	1,778	

Total receipts from sales of Assets	11,089	9,598	9,870	6,425	10,400	7,407	6,000
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(1) *Loan repayments: loan book sales, ROSCO sales.*

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

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

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

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

(3) See paragraph 6 of Appendix A.

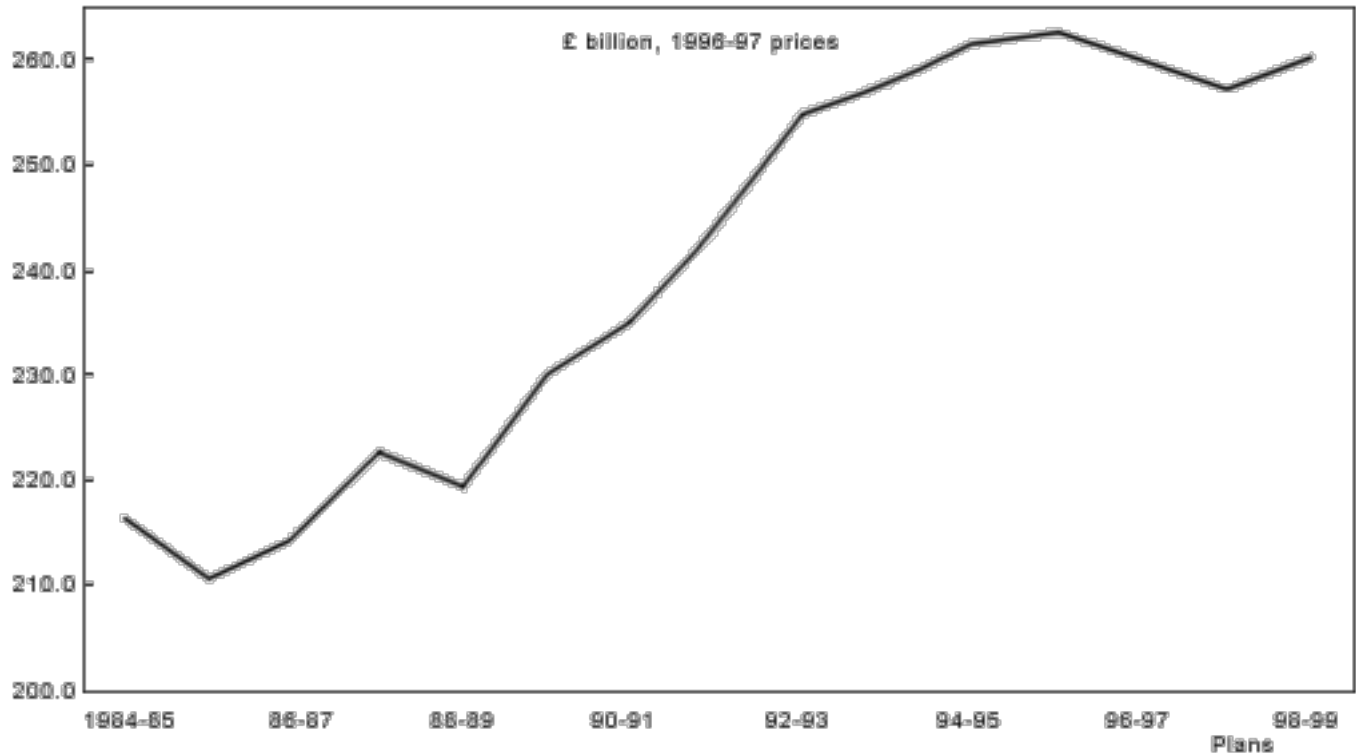
Table 1.8 Control Total: Voted and other expenditure by department⁽¹⁾ and spending sector, 1998-99

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

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

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

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



2. Public expenditure controls

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

Running Costs

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

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

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

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

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

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

2.6. The inclusion within the gross running costs limit of certain receipts from selling services into wider markets represents a change from the presentation of running costs in PESA 1997-98. This change results from the announcement of the Government's new policy on maximising value from public assets which coincided with the publication of the National Asset Register on 24 November 1997. Allowing departments to offset running costs related wider market receipts against their running costs limits is designed to encourage departments to make the best use of their physical and non-physical assets.

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

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

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

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

Nationalised Industries

2.11. Nationalised industries are publicly owned bodies, usually set up under their own statutes, which operate with a substantial degree of independence. They are usually run by boards appointed by Ministers and accountable to them. In most cases, accountability to Parliament runs through an individual sponsor Minister and department. Nationalised industries are trading bodies, or have substantial trading activities, though some also have significant regulatory or other non-commercial functions. Nationalised Industry External Finance Limits for 1998-99 are given in this section; recent trends in external finance are given in section 3. Further details on individual industries can be found in the departmental report of the sponsor department or in the industry's annual report and accounts.

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

Recent developments

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

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

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

The control framework

2.14. The financial controls on the nationalised industries have been built on the arrangements which were set out in the 1978 White Paper "The Nationalised Industries" (Cmnd 7131). The Government's control framework for nationalised industries operates at a number of levels:

- **Strategic objectives** are agreed with each individual industry and provide the framework within which the financial controls and the industry's control procedures are set.
- **External financing limits (EFLs)** were introduced in 1976 as an important short-term control on the amount of external finance, whether grant, subsidy, government lending or market and overseas borrowing including the capital value of assets acquired under finance leases which an industry may raise during the financial year to supplement the income from its trading activities. The industries' external finance is included in the Control Total. Where an industry generates a positive cash flow, after financing new investment, it is expected to repay outstanding debt, or if no debt is outstanding to invest in financial assets which are liabilities of the public sector. Industries are set an EFL for the year immediately ahead and provisional figures for external finance for the rest of the plan period are also set. Individual nationalised industries' requirements for external finance depend on the size of their investment programmes and on their ability to generate their own funds. Table 2.3 shows the External Finance Limit which has been set for each industry for 1998-99, together with the estimated outturn for 1997-98. Figures for nationalised industries' external finance requirements for earlier years are shown in section 3, table 3.10.
- **Financial targets and performance aims.** Financial targets (distinct from EFLs), which are usually set for three year periods, are a further control on the industries. They vary in form, according to the circumstances of the industry. Backing up the financial targets are a series of performance aims, again usually for three years ahead, which may relate to costs and, where appropriate, standards of service.
- **Investment appraisal and pricing principles.** Most nationalised industries are required to aim at a rate of return on their new investment programmes of 8 per cent in real terms (before payment of interest and tax). This requirement is intended to ensure that there is a proper return on investment and, at the same time, that the resources invested are not diverted away from areas where they could be used more effectively.
- **Monitoring** plays an important role in controlling the industries' performance in the interests of the taxpayer and the consumer. Sponsor Ministers and departments continuously monitor the industries' performance against all aspects of the controls described. In addition the industries are periodically subjected to independent efficiency scrutinies by the Monopolies and Mergers Commission under the 1980 Competition Act.

Other public corporations

2.15. Almost all public corporations accountable to central government other than nationalised industries have external finance treatment within the public expenditure Control Total in the same way as nationalised industries do. And, again like nationalised industries, other public corporations should be set External Finance Limits, strategic objectives, financial targets and performance aims, and their performance should be monitored and evaluated. The Government's objectives for these bodies vary but for most it is a primary aim that, as far as possible, their activities should be financed by the consumers of their goods and/or services, rather than the taxpayer. For some services, however, public subsidy is appropriate. And investment programmes may also need partly to be financed by borrowing.

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

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

Trading Funds

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

Relationship with external finance requirements

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

Cash limits on expenditure not voted in Estimates

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

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

Table 2.1 Gross Running Costs limits 1998-99

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

Department of Culture, Media and Sport	28,721		28,721
Office of the National Lottery	2,226		2,226
Department of Health	259,548	-1,058	258,490
Department of Social Security	2,990,822	-15,143	2,975,679
Department of Social Security: outside the Control Total	27,620		27,620
Scottish Office	320,986	-671	320,315
Scottish Office: outside the Control Total	100		100
Scottish Courts Administration	64,960	-2,742	62,218
Scottish Record Office	3,966		3,966
General Register Office for Scotland	7,703	-30	7,673
Welsh Office	74,275	-662	73,613
Office of Her Majesty's Chief Inspector of Schools in Wales	3,502	-355	3,147
Northern Ireland ⁽²⁾	785,955	-36,672	749,283
Northern Ireland: outside the Control Total	6,041		6,041
HM Treasury	61,238	-1,308	59,930
Customs and Excise	756,497	-592	755,905
Inland Revenue	1,738,203	-11,907	1,726,296
Department for National Savings	171,976	-33	171,943
Registry of Friendly Societies	7,203		7,203
National Investment and Loans Office	1,507	-55	1,452
Office for National Statistics	104,294	-1,495	102,799
Office of Public Service	82,937	-27,874	55,063
Cabinet Office (other services)	51,929	-9,235	42,694
Security and Intelligence Services	375,845		375,845
Privy Council Office	2,734		2,734
Total for gross running costs areas:			
Outside the Control Total	158,894		158,894
Inside the Control Total	13,877,562	-195,787	13,681,775
MOD Operating Costs ⁽³⁾	17,826,253	-1,727,872	16,098,381

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

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

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

Table 2.2 Net Running Costs limits 1998-99

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

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

Table 2.3 External finance limits⁽¹⁾ of nationalised industries and other public corporations 1998-99

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

Crown Agents Holding and Realisation Board ⁽⁶⁾		0
Defence Evaluation and Research Agency ⁽⁴⁾	-34,808	-29,371
Development Board for Rural Wales	9,480	8,980
Docklands Light Railway	32,500	52,000
Driving Standards Agency ⁽⁴⁾	1	-138
Driver Vehicle Testing Agency ⁽⁴⁾	1	-599
Fire Service College ⁽⁴⁾	732	-1,446
Highlands and Islands Enterprise	49,576	48,435
Housing Action Trusts	89,200	87,500
Hydrographic Office ⁽⁴⁾		0
Laganside	7,574	7,574
Land Authority For Wales		-1,000
Land Registry ⁽⁴⁾	-7,198	0
Medicines Control Agency ⁽⁴⁾		700
Meteorological Office ⁽⁴⁾	-3,231	-8,383
National Health Service Trusts (England)	167,115	121,920
National Health Service Trusts (Scotland)	-39,587	-24,871
National Health Service Trusts (Wales)	59,800	34,308
National Health Service Trusts (Northern Ireland)	3,659	4,878
Northern Ireland Housing Executive ⁽⁷⁾	195,419	170,752
of which: financed by Capital Receipts initiative	3,720	13,020
Northern Ireland Public Trust Port Authorities		0
Northern Ireland Transport Holding Company	20,431	20,411
Oil and Pipelines Agency		0
The Patent Office ⁽⁴⁾	-13,207	-7,858
Queen Elizabeth II Conference Centre ⁽⁴⁾	-152	-152
Registers of Scotland ⁽⁴⁾	1	1
Remploy Ltd	94,161	94,161
Royal Mint ⁽⁴⁾		0
Scottish Enterprise	229,161	230,290
Scottish Transport Group		1
Scottish Water Authorities ⁽⁴⁾	228,406	224,756
Urban Regeneration Agency (English Partnerships)	250,779	295,971
Urban Development Corporations (England)	168,711	0
Urban Development Corporations (Wales)	47,919	44,919
Vehicle Inspectorate ⁽⁴⁾	1	-60
The Welsh Fourth Channel Authority	18,414	75,127
Welsh Development Agency	106,504	125,031
Total other public corporations and trading funds	1,716,209	1,615,330

Total external finance**2,244,341 2,146,174**

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

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

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

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

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

- (1) Receipts on this cash limit are expected to exceed capital expenditure in each year, hence the negative limit.
- (2) DETR/DLG has been subsumed within DETR/LACAP (E).
- (3) Formerly known as WO/HFW.

3. Trends in public sector expenditure

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

General Government Expenditure

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

General government expenditure by function

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

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

General government spending by economic category

3.5. The economic significance of components of public spending depends on their nature, for example whether they are transfer payments or expenditure on goods and services, current or capital. Table 3.6 breaks down general government expenditure into the following economic categories:

- i. Pay-pay and pension costs;
- ii. Other current expenditure on goods and services-including general administrative expenses and purchases of other goods and services which are not of a capital nature;
- iii. Subsidies-payments to producers designed to reduce their prices;
- iv. Current grants to the private sector-including grants to persons, such as social security benefits, and grants towards the current expenditure of non-profit making bodies outside the public sector;
- v. Current transfers abroad-including net payments to European Union institutions, payments from the UK's Development assistance, subscriptions to international organisations and pensions paid to overseas residents;
- vi. Net capital expenditure on assets-comprising expenditure on new construction, the purchase of land, buildings and other physical assets, less proceeds from sales of similar assets and the value of net changes in the level of stocks;
- vii. Capital grants-grants to the private sector, nationalised industries and other public corporations;
- viii. Lending and other financial transactions-comprising net lending to the private sector and public corporations, net lending and investment abroad from the UK's Aid Programme;
- ix. General government debt interest.

Capital spending

3.6. Capital expenditure is undertaken by all levels of the public sector: ie. central and local government and public corporations, including nationalised industries. Table 3.7 gives a functional breakdown of the capital expenditure of central and local government for outturn years. For 1998-99, a functional split of local authority capital

spending is not available as the allocation of spending between services is a matter for determination by individual local authorities. The capital expenditure of each nationalised industry is shown, and other public corporations with substantial capital spending are also shown separately. The capital expenditure of nationalised industries declines from 1995-96 to 1996-97, and although there is a slight rise in 1997-98 based on the latest estimate of outturn, the planned level falls again in 1998-99, mainly reflecting the transfer of Railtrack and other rail businesses to the private sector.

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

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

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

Private Finance Initiative

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

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

Sales and purchases of land and buildings

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

The Control Total

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

Nationalised industries, other public corporations and trading funds

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

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

Privatisation

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

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

	Control Total ⁽¹⁾		GGE(X)		General government expenditure		Money GDP ⁽⁴⁾	Adjusted GDP deflator		
	£	Real terms ⁽²⁾ £	£	Real terms ⁽²⁾ £	per cent of GDP ⁽³⁾	£	Real terms ⁽²⁾ £	per cent of GDP ⁽³⁾	£	Index series (1996-97=100)
1963-64			10.9	128.0	35.4	11.3	133.2	36.8	31.4	8.5
1964-65			11.8	132.7	35.1	12.3	137.8	36.5	34.2	8.9
1965-66			13.1	140.5	36.4	13.6	145.9	37.8	36.6	9.3
1966-67			14.5	149.3	38.0	15.1	155.0	39.4	38.9	9.7
1967-68			16.8	168.1	41.5	17.5	174.7	43.1	41.2	10.0
1968-69			17.5	166.7	39.9	18.2	173.7	41.6	44.6	10.5
1969-70			18.5	167.5	39.3	19.3	174.9	41.0	48.0	11.0
1970-71			20.7	173.1	39.6	21.6	180.7	41.4	53.2	12.0
1971-72			23.3	178.5	40.0	24.4	186.7	41.8	59.3	13.1
1972-73			26.4	187.0	39.7	27.6	195.8	41.6	67.6	14.1
1973-74			30.5	202.2	41.4	32.0	211.9	43.4	75.0	15.1
1974-75			41.0	227.2	46.7	42.9	237.5	48.8	89.4	18.0
1975-76			51.6	227.9	47.2	53.8	237.8	49.3	111.2	22.6
1976-77			57.0	222.0	44.7	59.6	231.9	46.7	130.0	25.7
1977-78			61.7	211.2	41.5	63.9	218.8	43.0	151.3	29.2
1978-79			72.0	221.9	42.2	75.0	231.1	44.0	173.7	32.5
1979-80			87.0	229.6	42.4	90.0	237.6	43.9	208.6	37.9

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

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

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

(3) *An adjusted series for money GDP is used in the calculation of the ratio for years up to 1989-90. This has been constructed to remove the distortion caused by the abolition of domestic rates. A description of the adjustment method was given in Annex C to chapter 1 of the 1990 Autumn*

Statement.

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

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

[illegible]

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

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

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

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

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

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

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

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

	1982- 83	1983- 84	1984- 85	1985- 86	1986- 87	1987- 88	1988- 89	1989- 90	1990- 91	1991- 92	1992- 93	19
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outt
Defence ⁽²⁾	27.8	28.6	30.0	29.9	29.3	28.6	27.2	27.5	26.6	26.4	25.3	2
International development assistance and other international services	3.0	3.1	2.9	3.1	3.2	3.0	3.3	3.3	3.3	3.6	3.7	
Agriculture, fisheries, food and forestry	4.1	4.4	4.2	4.8	3.5	3.7	3.1	2.9	3.6	3.6	3.5	
Trade, industry, energy, employment and training	15.5	13.2	14.2	13.7	13.4	10.6	11.9	10.6	11.4	11.3	11.4	1
Transport	10.1	9.8	9.9	9.5	9.1	8.6	8.4	9.0	10.2	10.7	11.8	1
Housing	7.3	8.0	7.7	6.7	6.3	6.2	4.5	6.7	5.9	6.5	6.9	
Other environmental services	8.5	8.3	7.5	7.3	8.4	8.3	7.9	8.9	9.1	9.6	9.8	
Law order and protective services	9.9	10.3	11.1	10.8	11.5	12.2	12.7	13.5	14.1	15.0	15.7	1
Education ⁽³⁾	28.5	28.7	28.4	27.8	29.7	30.8	31.2	32.5	32.5	33.8	35.0	3
<i>Memo: Education excluding the sale of student loan portfolio</i>	28.5	28.7	28.4	27.8	29.7	30.8	31.2	32.5	32.5	33.8	35.0	3
Culture, Media and Sport	2.5	2.4	2.4	2.5	2.5	2.7	2.8	3.0	3.1	3.0	3.0	
Health and personal social services ⁽⁴⁾	32.4	32.9	33.6	33.6	35.1	36.7	38.0	38.7	40.2	42.7	45.0	4
<i>of which: Health⁽⁴⁾</i>	27.6	27.9	28.5	28.6	29.7	31.0	32.0	32.4	33.6	35.9	38.0	3
Social security	63.5	66.5	68.7	70.9	74.0	73.3	70.4	69.9	72.3	80.8	87.8	9

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

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

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

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

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

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

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

(7) See paragraph 6 of Appendix A.

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

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

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

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

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

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

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

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

(6) See paragraph 6 of Appendix A.

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

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

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

Housing

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

Other environmental services

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

Law, order and protective services

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

Education

Under fives	1,213	1,291	1,372	1,428	1,489	2,113
Schools ⁽³⁾	18,355	18,615	19,496	20,037	20,754	20,941
Further Education ⁽⁴⁾	3,727	4,541	4,660	4,855	4,885	4,872
Higher Education	3,815	3,784	4,497	4,856	4,772	4,727
Student support (inc mandatory awards & access fund)	3,066	3,399	3,185	2,982	2,937	2,156
Miscellaneous educational services, research and administration	1,529	1,688	1,749	1,755	1,797	1,867
Total education⁽⁵⁾	31,704	33,319	34,959	35,913	36,633	36,675
<i>Memo: Education excluding sale of student loans portfolio</i>	<i>31,704</i>	<i>33,319</i>	<i>34,959</i>	<i>35,913</i>	<i>36,633</i>	<i>37,675</i>
Culture, media and sport						
Museums and galleries	437	453	465	478	465	464
Other arts and heritage	490	484	494	510	493	504
Libraries	891	896	938	998	926	909
Films	22	24	26	26	24	23
Tourism	70	71	71	74	73	73
Sport and recreation	731	696	746	741	768	717
Broadcasting	57	61	67	71	74	19
Administration	16	23	22	27	38	30
Total Culture, media and sport	2,715	2,707	2,829	2,926	2,859	2,740
Health and personal social services						
Health						
National Health Service hospitals, community health, family health (cash limited) and related services	26,574	27,653	29,235	30,927	32,649	34,493
Family health (non-cash limited)	6,698	6,750	6,792	6,915	6,864	6,957
Central health, and other services	1,085	1,203	1,441	1,340	1,134	1,143
Total health⁽⁶⁾	34,357	35,607	37,468	39,182	40,647	42,593
Personal social services	6,387	7,248	8,496	9,389	10,134	10,656
Total health and personal social services	40,744	42,854	45,964	48,571	50,781	53,248
Social security						
Pension benefits (contributory)	27,413	28,937	29,503	30,750	32,824	34,363
Widows' benefits	1,044	1,076	1,057	1,051	1,016	1,045
Unemployment (cyclical)	1,801	1,690	1,331	1,131	615	16
Unemployment, incapacity and other benefits (non- cyclical)	7,555	8,414	8,456	8,292	8,094	7,789
Industrial injury benefits	688	707	728	753	765	776
Family benefits (contributory)	484	467	525	572	393	540

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

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

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

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

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

(5) See footnote (7) to table 1.2

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

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

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

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

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

(3) See paragraph 6 of Appendix A.

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

	£ million						
	1992- 93	1993- 94	1994- 95	1995- 96	1996- 97	1997-98 estimated outturn	1998- 99 plans
Central government's own							
Defence ⁽¹⁾	649	701	727	669	-546	-362	400
Overseas services including overseas aid	116	118	93	138	80	84	100
Agriculture, fisheries, food and forestry	405	326	58	134	390	334	200
Trade, industry, energy, and employment	637	673	739	695	612	723	700
of which: Regional and other industrial support	310	374	436	407	357	503	500
National roads	2,198	2,301	2,298	1,972	1,763	1,587	1,300
Other transport	38	30	46	33	36	80	100
Housing	2,558	2,035	1,683	1,343	1,205	871	900
Other environmental services	235	300	256	251	268	229	200
Prisons and offender programmes	350	302	334	349	248	303	200
Other Law, order and protective services	312	307	259	270	204	187	100
Education	623	857	943	900	389	381	300
Culture, Media and Sport	199	173	200	212	110	107	100
National Health Service, hospitals, community health, family health, and related services	1,527	828	357	265	124	93	100
Other Health and personal social services	61	32	29	25	27	24	
Social security	293	336	250	164	127	11	-300
Miscellaneous ⁽²⁾	628	640	619	499	447	399	400
Other accounting adjustments	40	-180	222	658	1,032	954	1,200
Total central government' own	10,869	9,780	9,114	8,578	6,515	6,004	6,000
Local authorities⁽³⁾							
Agriculture, fisheries, food and forestry	17	-25	-34	18	18	-10	
Trade, industry, energy employment	8	15	13	8	8	10	
Local roads	296	353	352	335	259	241	
Other transport	1,249	1,360	1,376	1,359	1,184	1,186	
Housing	1,602	1,565	1,526	1,830	1,648	1,545	
Other environmental services	1,463	1,031	1,594	1,580	896	1,076	

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

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

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

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

(3) For future years, a functional split of local authority capital spending is not available as the allocation of spending between services is a matter for determination by individual local authorities.

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

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

(7) Real term figures are cash outturns adjusted to 1996-97 price levels by excluding the effect of general inflation. The deflator series used is that for GDP at market prices adjusted to remove the distortion caused by the abolition of domestic rates.

Table 3.8 General government sales and purchases of land and existing buildings by spending sector, 1

	1982- 83	1983- 84	1984- 85	1985- 86	1986- 87	1987- 88	1988- 89	1989- 90	1990- 91	1991- 92	1992- 93	1993- 94
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
Receipts from sales												
Central government	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.6	-0.5	-0.4	-0.4	-0.3	-0.2
Total local authorities	-2.5	-2.1	-2.0	-2.1	-2.6	-3.7	-5.5	-5.4	-3.6	-2.5	-2.4	-2.2
<i>of which:</i>												
<i>DETR-Housing, Construction, Regeneration, Countryside and Wildlife</i>	-1.9	-1.4	-1.3	-1.2	-1.4	-1.9	-3.0	-3.0	-2.2	-1.4	-1.2	-1.0
<i>DETR-Other Environmental Services</i>	-0.2	-0.2	-0.3	-0.4	-0.6	-1.0	-1.4	-1.3	-0.6	-0.5	-0.4	-0.3
Total general government	-2.6	-2.2	-2.2	-2.3	-2.9	-4.0	-6.2	-5.9	-4.0	-2.9	-2.6	-2.4
Purchases												
Central government	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.4	0.5	0.5
Local authorities	0.4	0.3	0.3	0.4	0.6	0.7	0.8	1.1	0.6	0.7	0.6	0.6
<i>of which:</i>												
<i>DETR-Housing, Construction, Regeneration, Countryside and Wildlife</i>	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.6	0.1	0.2	0.2	0.2
<i>DETR-Other Environmental Services</i>	0.1	0.1		0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Total general government	0.5	0.5	0.4	0.6	0.7	1.0	1.0	1.4	0.8	1.1	1.1	1.1
Receipts less purchases												
Central government				-0.1	-0.2	-0.1	-0.5	-0.2	-0.1		0.3	

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

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

	1984- 85	1985- 86	1986- 87	1987- 88	1988- 89	1989- 90	1990- 91	1991- 92	1992- 93	1993- 94	1994- 95	1995- 96
	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn	outturn
Central government expenditure⁽¹⁾⁽²⁾												
Ministry of Defence ⁽³⁾	17.4	18.3	18.4	18.9	19.2	20.8	21.7	22.9	22.9	22.8	22.6	22.9
Department of Health	13.4	14.2	15.2	16.7	18.4	19.9	22.3	25.4	28.0	29.0	30.6	31.2
Department of Social Security	29.0	31.2	33.2	35.6	37.4	40.3	44.3	50.8	56.0	60.8	62.2	64.0
Scotland	3.3	3.5	3.6	3.8	4.1	4.5	5.0	6.0	6.6	7.3	7.8	8.3
Wales	1.3	1.4	1.5	1.6	1.8	2.0	2.2	2.6	3.0	3.4	3.6	3.8
Northern Ireland	3.7	3.9	4.1	4.4	5.1	5.3	5.5	6.0	6.6	7.0	7.4	7.8
Other departments	19.4	20.4	21.9	22.4	23.2	27.6	31.3	31.2	35.0	38.1	40.1	42.0
Total	87.6	92.8	98.0	103.4	109.2	120.3	132.3	144.9	158.2	168.5	174.1	180.0
Central government support for local authorities												
Revenue/Rate Support Grant ⁽⁴⁾	11.3	11.2	11.8	12.6	12.8	13.0	13.1	13.6	21.8	22.3	24.0	24.8
Non-domestic rate payments ⁽⁵⁾	7.6	8.2	9.1	9.8	10.5	11.3	12.1	14.2	14.1	13.2	12.3	11.8
Current grants	6.9	7.4	8.2	8.9	8.9	9.7	12.3	19.8	17.3	18.3	19.5	20.0
Capital grants	0.8	0.6	0.7	0.7	0.7	0.9	1.1	1.3	1.5	1.8	1.4	1.5
Credit approvals ⁽⁶⁾	4.2	3.8	3.6	3.9	3.7	3.4	3.9	4.4	4.5	4.1	4.0	4.0
Total	30.7	31.2	33.4	35.8	36.6	38.3	42.5	53.3	59.3	59.8	61.2	61.1
Local authority self- financed expenditure												
	3.0	2.9	3.3	8.2	9.7	14.4	13.9	10.1	8.9	8.0	10.8	11.0

**Financing
requirements
of
nationalised
industries⁽⁷⁾**

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

Reserve

Allowance
for shortfall⁽⁸⁾

Control

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

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

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

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

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

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

(6) Including net capital allocations in Scotland.

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

(8) See paragraph 6 of Appendix A.

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

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

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

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

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

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

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

Land Registry ⁽²⁾		-36	-34	-7	-15	-7	
Letchworth Garden City	-3	-2	1				
Medicines Control Agency ⁽²⁾		5					1
Meteorological Office ⁽²⁾					27	-3	-8
National Health Service Trusts	222	313	613	455	162	191	136
Northern Ireland Electricity Service	-55						
Northern Ireland Housing Executive ⁽³⁾	216	208	195	208	207	195	171
of which:							
financed by Capital Receipts Initiative						4	13
Northern Ireland Public Trust Port Authorities							
Northern Ireland Transport Holding Company	22	24	21	24	22	20	20
Queen Elizabeth II Conference Centre ⁽²⁾							
Oil and Pipelines Agency							
The Patent Office ⁽²⁾	-7	-12	-10	-15	-19	-13	-8
Registers of Scotland ⁽²⁾							
Remploy Ltd	84	89	92	94	94	94	94
Royal Mint ⁽²⁾							
Scottish Enterprise ⁽⁸⁾	173	195	239	239	247	229	230
Scottish Homes	312	316	323	293	279	201	246
Scottish Transport Group							
Scottish Water Authorities ⁽²⁾					304	228	225
United Kingdom Atomic Energy Authority	17	-3	12	-13			
Urban Regeneration Agency (English Partnerships)	2	24	118	156	211	251	296
Urban Development Corporations	467	390	310	275	249	217	45
Vehicle Inspectorate ⁽²⁾							
Welsh Development Agency	78	72	64	41	66	107	125
The Welsh Fourth Channel Authority	56	58	64	69	72	18	75
Total	1,854	2,046	2,358	2,106	2,182	1,917	1,861
Public corporations whose capital spending and subsidies are in the Control Total							
New Town Development Corporations and the Commission for New Towns	-107	-185	-140	-273	-266	-110	-103
Total	-107	-185	-140	-273	-266	-110	-103
Total public corporations (excluding nationalised industries)	1,747	1,860	2,218	1,833	1,916	1,807	1,758

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

(2) Government department or part of a department constituted as a trading fund and treated as a

public corporation for planning and control purposes.

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

4. Differences from previous plans

Introduction

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

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

4.3. The comparisons distinguish between:

- transfers of financing responsibility between departments and spending sectors;
- classification changes, ie. changes in the way public expenditure is scored or reallocation of functions between departments; and
- other changes, which are due to policy decisions or changes in forecasts of underlying economic factors.

Classification and transfer changes in the Control Total

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

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

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

- a transfer of responsibility for funding local authorities' Housing Benefit payments from the Department of the Environment, Transport and the Regions (Housing, Construction, Regeneration, Countryside and Wildlife) to the Department of Social Security following Large Scale Voluntary Transfers of housing stock, amounting to 24 million in 1997-98 and 25 million in 1998-99.
- a transfer of 13 million in 1997-98 and 38 million in 1998-99 from the Department of Health to the Department for Education and Employment in connection with the merger of Imperial College and the West London Medical School.
- a transfer of 10 million in 1997-98 and 1998-99 from the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) to the Home Office for the Metropolitan Police Special Payment.
- a transfer to reflect new funding arrangements for Common Police Services of 30 million in 1998-99 from the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) to the Home Office, and a further 2 million to Wales.
- a transfer of 10 million from the Department of the Environment, Transport and the Regions (Transport) and a further 10 million from the Department for Education and Employment to the Home Office to cover grants made under section 11 of the Local Government Act 1966, and distributed by the Home Office.
- a transfer of 527 million in 1998-99 from central government expenditure within plans for the Department for Education and Employment to central government grants to local authorities within plans for the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) following the abolition of the nursery vouchers scheme and the redeployment of the funding for local education authorities' early years development plans.
- a transfer of 350 million in 1998-99 from the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) to the Department of Health to cover the continuation of funding of the Community Care Special Transitional Grant to local authorities into 1998-99.
- a transfer of 13 million in 1998-99 from the Ministry of Defence to the Department of the Environment, Transport and the Regions (Transport) for Royal air travel.
- a transfer of 14 million in 1998-99 from the Home Office to the Department of the Environment, Transport and the Regions (Local Government and Regional Policy) and a further 1 million to Wales for the creation of the National Criminal Intelligence Service and the National Crime Squad service authorities.

- a transfer of 21 million within the Department of the Environment, Transport and the Regions from the Housing, Construction, Regeneration, Countryside and Wildlife programme to the Other Environmental Services programme. This reflects the transfer of assets and liabilities from the remaining Urban Development Corporations, which wind up in 1998, to the Commission for New Towns.

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

- the removal from the Control Total of local authority debt interest ultimately financed by payments of housing subsidy (housing element), which reduces local authority self-financed expenditure by 669 million in 1997-98 and 120 million in 1998-99.
- the Control Total scoring of the transfer of the Department of Social Security Newcastle Estate to the private sector has been put onto a national accounts basis, reducing Department of Social Security expenditure by 71 million in 1997-98 and increasing it by 2 million 1998-99.
- the inclusion in the Control Total of certain licence fee receipts (following a review begun in February 1997). The main changes are reductions in net expenditure for the Home Office of 36 million in 1997-98 and 51 million in 1998-99, for the Department of the Environment, Transport and the Regions (Transport) of 13 million 1997-98 and 1998-99, for the Department of Health of 10 million in 1997-98 and 1998-99, and for the Foreign and Commonwealth Office of 6 million in 1997-98 and 2 million in 1998-99.
- the exclusion from the Control Total of certain Environment Agency receipts which will in future be treated as revenue in the National Accounts. The main result is an increase in net expenditure for the Ministry of Agriculture, Fisheries and Food of 17 million in 1997-98 and 14 million in 1998-99.
- two machinery of government changes which reversed the changes shown in last year's PESA and returned responsibility for the Charity Commission and voluntary services from the Department for Culture, Media and Sport to the Home Office. The total amounts involved were 39 million in 1997-98 and 37 million in 1998-99.
- the reclassification of receipts of licence fees collected by the utility regulators (OFFER, OFGAS, OFTEL & OFWAT) and used to finance their regulatory activity. These receipts are now treated as negative public expenditure in the Control Total, and the result is a reduction of 35 million in 1997-98 and 28 million in 1998-99 for Trade and Industry, and of 10 in 1997-98 and 1998-99 for the Department of the Environment, Transport and the Regions (Other Environmental Services). There has been no change in the national accounts treatment of these receipts and a new adjustment has been introduced - see Appendix B.

Other changes to plans for 1998-99

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

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

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

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

- claims on and benefits to the Reserve for 1998-99 due to revised forecasts of demand-led spending based on the latest economic assumptions for the Budget in March 1998. These amount to increases of 610 million for the Department of Social Security, 56 million for the Export Credits Guarantee Department and 51 million for Northern Ireland, and reductions of 181 million for the Department of the Environment, Transport and the Regions (Housing Construction, Regeneration, Countryside and Wildlife), 44 million for the Cabinet Office, 39 million for the Chancellor of the Exchequer's departments (Inland Revenue) and 28 million for Wales.
- a claim on the Reserve of 429 million due to a higher forecast of local authority self-financed expenditure.
- additional funding of 100 million for London Transport, reflecting capital expenditure carried forward due to underspending in previous years.
- an extra 190 million for the Department of Social Security to cover payments of the Winter Fuel Supplement to pensioners, as announced in the Pre-Budget Report in November 1997.
- a claim on the Reserve of 90 million for the Department of Health to cover payments to local authorities for asylum seekers.
- an additional 68 million for the Home Office, made up of 58 million for compensation and related costs arising from the implementation of the Firearms Amendment Act 1997 and the Firearms Amendment No 2 Act 1997 and 10 million for Section 11 payments.
- a claim on the Reserve of 50 million, reflecting a revised forecast of the UK's net payments to European Community Institutions in 1998-99.
- a net claim on the Reserve of 47 million for Northern Ireland, the main components of which are an additional 66 million for the EU Peace and Reconciliation Programme, offset by a reduction of 23 million because of delays in installing the ERDF gas pipeline link and the electricity interconnector with Scotland.

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

1996-97 outturn

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

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

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

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

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

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

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

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

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

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

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

5. Central government expenditure

Introduction

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

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

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

Central government expenditure by department

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

Central government expenditure by function

5.5. Table 5.4 shows central government spending by function. This allocates to the appropriate function the expenditure for which the respective Secretaries of State are responsible in Scotland, Wales and Northern Ireland. The figures in this table include expenditure outside the Control Total under the appropriate functional headings.

Central government expenditure by economic category

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

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

Running Costs

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

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

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

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

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

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

Civil Service staffing

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

5.15. There was a fall in the level of Home Civil Service staffing between 1996-97 and the estimated outturn for 1997-98 of 16,000 (3 per cent) to 471,400. The largest falls were in the Department for Education and Employment (Employment Service), Ministry of Defence and the Department of Social Security. Departments' plans for 1998-99 imply further reductions to 468,000.

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

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

Table 5.1 Central government expenditure by department,⁽¹⁾ 1992-93 to 1998-99⁽²⁾

	£ million						
	1992- 93	1993- 94	1994- 95	1995- 96	1996- 97	1997-98 estimated	1998- 99 plans
Central government expenditure within the Control Total							
Ministry of Defence ⁽³⁾	22,910	22,757	22,562	21,517	21,383	21,135	22,240
Foreign and Commonwealth Office	1,242	1,244	1,257	1,333	1,053	1,091	1,037
Department for International Development	2,126	2,235	2,385	2,338	2,344	2,260	2,311
Ministry of Agriculture, Fisheries and Food	2,325	3,108	2,588	2,963	4,350	3,752	3,509
Trade and Industry	2,800	2,710	2,780	3,193	3,052	3,104	2,932
ECGD	117	-60	-26	16	15	44	57
DETR-Transport	2,534	2,613	4,423	4,035	4,059	3,569	3,219
DETR-Housing, Construction, Regeneration,							
Countryside and Wildlife	4,435	3,749	3,402	2,856	2,276	1,892	2,306
DETR-Other Environmental Services	423	564	647	630	671	622	602
DETR-Local Government and Regional Policy ⁽⁴⁾⁽⁵⁾	239	235	243	230	219	226	224
Home Office	2,437	2,360	2,481	2,494	2,482	2,773	2,625
Lord Chancellor's and Law Officers' Departments	2,038	2,114	2,265	2,366	2,381	2,455	2,397
Department for Education and Employment ⁽⁴⁾⁽⁵⁾⁽⁶⁾	6,953	9,927	11,081	11,576	11,759	11,937	10,414
Department for Culture, Media and Sport	974	966	978	1,026	952	885	887
Department of Health ⁽⁴⁾	28,002	28,976	30,602	31,988	33,073	34,721	36,540
Department of Social Security ⁽⁴⁾	56,050	60,803	62,153	64,996	68,505	71,186	74,400
Scotland ⁽⁴⁾⁽⁶⁾	6,555	7,347	7,774	7,830	8,414	8,515	8,579
Wales ⁽⁴⁾	3,042	3,440	3,608	3,692	3,749	3,927	3,928
Northern Ireland ⁽⁶⁾	6,550	7,045	7,369	7,658	7,964	8,206	8,311
Chancellor of the Exchequer's Departments	3,478	3,393	3,329	3,288	3,190	3,254	3,100
Cabinet Office ⁽²⁾	1,012	1,054	966	1,248	1,157	971	1,306

European Communities	1,912	1,877	1,268	3,370	1,717	1,783	2,443
Total central government expenditure⁽⁴⁾⁽⁷⁾ within the Control Total	158,155	168,455	174,135	180,643	184,765	188,307	193,366
Of which: Central government's own expenditure ⁽⁴⁾	156,409	166,595	171,917	178,810	182,848	186,504	191,621
Public corporations (excluding nationalised industries)	1,747	1,860	2,218	1,833	1,916	1,803	1,745
Cyclical social security							
Department of Social Security	12,822	13,822	13,718	13,906	13,383	12,210	12,363
Northern Ireland	478	516	536	552	567	567	596
Total cyclical social security	13,300	14,338	14,254	14,458	13,951	12,778	12,958
Central government expenditure on Welfare to Work financed by the Windfall Tax							
Home Office							2
Department for Education and Employment						88	701
Department of Social Security						13	50
Scotland						1	3
Wales							3
Northern Ireland						6	46
Total central government expenditure on Welfare to Work financed by the Windfall Tax						108	803
Central government expenditure under the Capital Receipts Initiative⁽⁸⁾							
DETR-Housing, Construction, Regeneration, Countryside and Wildlife							35
Scotland							
Wales							2
Northern Ireland						4	13
Total central government expenditure under the Capital Receipts Initiative						4	50
Reserve							3,000
Allowance for shortfall ⁽⁹⁾						-400	
Central government debt interest	17,428	19,291	22,127	25,030	26,574	28,500	28,100
Nationalised industries external finance	4,330	3,556	947	-405	-507	500	500

Privatisation proceeds	-8,189	-5,453	-6,429	-2,439	-4,404	-1,800	
Other accounting adjustments	6,566	8,610	9,974	11,859	12,569	12,100	13,300
Total central government expenditure	191,591	208,797	215,007	229,147	232,947	240,200	252,200

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

Table 5.2 Central government expenditure within the Control Total by department⁽¹⁾, 1982-83 to 1998

[illegible]

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

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

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

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

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

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

Table 5.3 Central government expenditure within the Control Total by department⁽¹⁾ in real terms⁽²⁾, 1990-2007

[illegible]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cyclical social security

Current grants to the private sector	13,300	14,338	14,254	14,458	13,951	12,778	12,958
Total cyclical social security	13,300	14,338	14,254	14,458	13,951	12,778	12,958

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

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

Central government expenditure under the Capital Receipts Initiative

Subsidies							37
Capital grants to public corporations ⁽⁵⁾						4	13
Total central government expenditure under the Capital Receipts Initiative						4	50

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

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

(2) For most public corporations it is their external finance that is included in the Control Total. The split between economic categories is given in section (a). For a few corporations their capital expenditure and subsidies to them are included in the Control Total. The split between economic categories for these is given in section (b).

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

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

(5) Includes some capital grants to the Northern Ireland Housing Executive, which are included in the

external finance requirement but do not score in the Control Total. (6) See paragraph 6 of Appendix A.

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

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

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

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

Departments		-36	-34	-7	-15	-7	
Department for Education and Employment	84	89	92	94	94	94	94
Department for Culture, Media and Sport	56	58	64	69	72	18	75
Department of Health	223	308	590	401	102	167	123
Department of Social Security							
Scotland	579	561	584	454	742	669	725
Wales	128	146	180	149	178	224	212
Northern Ireland	188	235	216	229	230	223	190
Cabinet Office	-4	-2	-3	6	-2		

Total Public corporations (excluding nationalised industries) and trading funds

1,747	1,860	2,218	1,833	1,916	1,803	1,745
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Total Central government

expenditure within Control Total	158,155	168,455	174,135	180,643	184,765	188,307	193,366
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This table does not include any allocation from the Reserve for the plan year.

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

Table 5.7 Gross administrative expenditure by department, 1992-93 to 1998-1999⁽¹⁾⁽²⁾

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

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

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

Table 5.8 Staff of central government departments, 1983 and 1992-93 to 1998-99⁽¹⁾

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

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

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

6. Local authority expenditure

Introduction

6.1. This section describes central government support for local authorities within the Control Total from 1992-93 to 1998-99, and local authority expenditure for outturn years. It also details the support and expenditure under initiatives announced in the July 1997 Budget, which are outside the Control Total. It deals primarily with Great Britain - most equivalent spending in Northern Ireland is central government spending carried out by Northern Ireland departments (see the departmental report for Northern Ireland - Cm3916). Where relevant, district council spending in Northern Ireland is included in certain of the tables in this section.

6.2. Details of the Government's policies and objectives for particular services provided, in whole or in part, by local authorities, can be found in the relevant departmental reports.

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

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

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

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

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

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

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

Main local services

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

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

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

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

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

Other spending

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

Capital expenditure

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

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

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

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

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

Support for local authority capital programmes

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

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

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

New Deal For Schools

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

Capital Receipts Initiative

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

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

	£ million						
	1992- 93	1993- 94	1994- 95	1995- 96	1996- 97	1997-98 estimated outturn	1998- 99 plans
Expenditure within the Control Total							
Current							
Aggregate External Finance ⁽¹⁾⁽²⁾							
England							
Revenue support grant	16,679	17,052	18,497	18,314	18,024	18,675	19,500
Non-domestic rate payments	12,306	11,559	10,685	11,354	12,736	12,027	12,524
Specific and special grants	4,497	4,643	5,169	5,029	4,990	5,232	5,487
Total England	33,482	33,254	34,351	34,697	35,751	35,934	37,511
Scotland							
Revenue support grant	3,499	3,624	3,773	3,782	3,665	3,518	3,460
Non-domestic rate payments	1,247	1,186	1,109	1,193	1,313	1,326	1,395
Specific and special grants	380	404	412	395	409	431	435
Total Scotland	5,126	5,214	5,295	5,370	5,386	5,276	5,290
Wales							
Revenue support grant	1,616	1,657	1,740	1,718	1,792	1,733	1,798
Non-domestic rate payments	536	470	464	520	459	584	612
Specific and special grants	224	211	212	228	265	261	293
Total Wales	2,376	2,338	2,416	2,466	2,516	2,578	2,703
Great Britain							
Revenue support grant	21,795	22,332	24,010	23,815	23,481	23,926	24,758
Non-domestic rate payments	14,089	13,215	12,258	13,067	14,508	13,937	14,531
Specific and special grants	5,101	5,259	5,793	5,652	5,664	5,924	6,214
Total Aggregate External Finance	40,985	40,806	42,061	42,533	43,653	43,788	45,504
Other current grants ⁽³⁾	12,196	13,065	13,725	13,848	14,076	14,068	14,512
Total current grants	53,181	53,871	55,786	56,381	57,729	57,855	60,016
Capital							
Capital grants	1,544	1,802	1,441	1,752	1,655	1,569	1,331
Credit approvals	4,535	4,148	4,002	3,637	3,010	2,746	2,659

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

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

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

(3) See paragraph 6.14 above.

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

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

	£ million					
	1992- 93	1993- 94	1994- 95	1995- 96	1996-97 estimated outturn	1997-98 estimated outturn
Current						
Ministry of Agriculture, Fisheries and Food	64	57	44	46	49	47
Trade and Industry	151	156	162	166	173	175
DETR-Transport	2,288	2,205	2,396	2,333	2,374	2,388
DETR-Housing, Construction, Regeneration, Countryside and Wildlife	351	408	502	487	518	569
DETR-Other Environmental Services	4,440	4,424	4,488	4,803	5,187	5,276
Home Office	7,125	7,521	7,821	8,060	8,530	8,868
Lord Chancellor's and Law Officers' Departments	289	303	319	320	329	326
Department for Education and Employment ⁽¹⁾	21,537	20,002	20,199	20,118	20,622	20,510
Department for Culture, Media and Sport	1,231	1,234	1,254	1,270	1,255	1,247
Department of Health ⁽¹⁾	4,979	5,665	6,622	7,331	8,001	8,415
Department of Social Security ⁽¹⁾	8,225	9,569	10,485	11,325	11,825	11,905
Scotland ⁽¹⁾	5,111	5,134	5,495	5,673	5,755	5,675
Wales ⁽¹⁾	2,134	2,053	2,163	2,266	2,328	2,322
Northern Ireland	149	160	165	171	187	196
Total current	58,073	58,893	62,114	64,369	67,200	67,900
Capital						
Ministry of Agriculture, Fisheries and Food	6	-23	-44	12	10	-17
Trade and Industry	1	3	3			
DETR-Transport	1,251	1,304	1,331	1,357	1,168	1,185
DETR-Housing, Construction, Regeneration, Countryside and Wildlife	1,585	1,403	1,476	1,542	1,567	1,533
DETR-Other Environmental Services	323	-133	440	568	248	295
Home Office	290	291	288	302	223	278
Lord Chancellor's and Law Officers' Departments	62	55	55	56	34	22
Department for Education and Employment ⁽¹⁾	712	542	693	719	694	644
Department for Culture, Media and Sport	197	180	225	234	283	238
Department of Health ⁽¹⁾	132	118	156	160	146	144

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	£ million						
	1992- 93	1993- 94	1994- 95	1995- 96	1996- 97	1997-98 estimated outturn	1998- 99 plans
England							
Skills and competence for work	154	188	39	58	45	50	30
Work-related further education ⁽¹⁾	101						
Careers service	7	20	117	67	9		
Technical and vocational education initiative	118	119	83	52	22	5	
Mandatory student awards	2,386	2,584	2,298	1,981	1,887	1,868	1,843
Rent rebates	3,088	3,406	3,453	3,457	3,397	3,229	3,029
Rent allowances	2,630	3,443	4,217	4,497	4,904	4,793	5,173
Community charge rebates/Council tax benefit	1,298	1,525	1,663	1,749	1,825	1,852	2,154
Community charge transitional relief	-2	-1					
Community charge reduction scheme	1,001	-19	-6				
Council tax preparation costs	57	29					
Council tax transitional reduction grant		358	121	22	-1		
Other grants ⁽²⁾	-108	-132	80	194	150	272	309
Total England	10,730	11,521	12,064	12,077	12,238	12,068	12,537
Scotland							
Rent rebates	438	503	505	528	565	586	607
Rent allowances	147	189	222	252	290	291	317
Community charge rebates/Council tax benefit	137	162	194	207	230	269	298
Community charge reduction scheme	107	3					
Council Tax reduction scheme		17	3				1
Other grants ⁽²⁾	35	28	104	118	59	144	114
Total Scotland	863	903	1,028	1,105	1,145	1,290	1,338
Wales							
Mandatory student awards	152	165	139	126	121	126	39
Rent rebates	193	197	187	190	189	199	164

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

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

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

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

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

	£ million					
	1992- 93 outturn	1993- 94 outturn	1994- 95 outturn	1995- 96 outturn	1996-97 estimated outturn	1997-98 estimated outturn
England						
Housing	2,089	2,334	2,070	2,004	1,856	1,830
Transport	1,282	1,430	1,440	1,379	1,229	1,221
Education	798	732	802	786	791	768
Personal social services	162	179	195	198	188	189
Fire services	58	66	72	63	49	55
Agriculture, Fisheries and Food ⁽¹⁾	32	34	33	53	55	50
Sport and recreation	149	140	175	192	231	194
Protective services ⁽²⁾	307	316	314	341	287	306
Urban and regeneration programmes	693	760	665	573	573	614
Single Regeneration Budget-DETR	639	684	608	535	541	579
Single Regeneration Budget-Other programmes	45	64	48	37	32	35
Other-DETR	9	12	9	1		
Other services ⁽³⁾						
DETR	736	787	903	927	863	767
Other programmes	56	69	68	61	70	60
Housing Association Grant	280	374	331	364	340	320
Total England	6,641	7,221	7,069	6,940	6,532	6,374
Scotland						
Scottish Office:						
Non housing	875	981	988	1,043	538	597
Housing	569	570	594	663	521	294
Other departments ⁽⁴⁾	3	3				
Total Scotland	1,447	1,553	1,582	1,706	1,059	892
Wales						
Welsh Office	664	654	723	737	654	548
Other departments ⁽⁵⁾	23	23	21	19	16	22
Total Wales	687	678	744	756	670	570

Total Great Britain	8,775	9,452	9,394	9,402	8,260	7,836
Total Northern Ireland	44	52	56	58	61	63
Total United Kingdom	8,819	9,503	9,450	9,460	8,321	7,899

Memo:

Gross capital expenditure including Welfare to Work and the Capital Receipts Initiative⁽⁶⁾

8,819	9,503	9,450	9,460	8,321	8,193
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- (1) Includes expenditure by internal drainage boards but excludes expenditure on smallholdings.*
- (2) Includes police, probation and aftercare, civil defence and magistrates' courts.*
- (3) Includes environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries.*
- (4) Includes expenditure on ports and airports and career services which are related to programmes of the DETR and Department for Education and Employment and are outside the responsibilities of the Secretary of State for Scotland.*
- (5) Includes expenditure on services which are related to programmes of the Home Office, Lord Chancellor's Department, Department of Education and Employment and DETR and which are outside the responsibilities of the Secretary of State for Wales.*
- (6) Expenditure on Welfare to Work and the Capital Receipts Initiative programmes is outside the Control Total (see para 6.23).*

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

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

(1) Excludes receipts from smallholdings.

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

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

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

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

- (1) All the credit approvals in England are contained in the non-voted cash limits. All the capital grants are cash limited on the relevant departments' Votes; except for housing capital grants which are included in the non-voted cash limit DETR/LACAP(E).
- (2) Support for expenditure on flood and coast protection including internal drainage boards, harbour improvements and fishing industry.
- (3) Includes from 1996-97 credit approvals for projects (also including museums, galleries and libraries) attracting grants from the ERDF.
- (4) Includes support for expenditure on environmental services, smallholdings, consumer protection, careers and sheltered employment and museums, galleries and libraries. Prior to 1993-94, Credit approvals for 'other services' projects attracted grants from ERDF are included in this row. From

1993-94, such credit approvals are included in the Urban and regeneration programmes: Other-Environment row.

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

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

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

7. Analysis of general government expenditure by country and region

Introduction

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

7.2. It is important to recognise the limitations of this approach. In addition to practical difficulties which limit the extent of disaggregation possible, there are also significant definitional problems associated with allocating expenditure to particular areas on the basis of "who benefits": for example, hospitals and health facilities are not used solely by the residents of the region in which the facility is located and roads serve the needs of more than the geographical area through which they pass. Definitional and border problems become increasingly significant the smaller the geographical unit considered.

General government expenditure by country

7.3. Public expenditure is planned and controlled on a departmental basis. This means that in several areas expenditure is planned on a national basis rather than by country. For example, the Department of Social Security is responsible for the operation of the social security benefit system throughout Great Britain. In order to provide more information on the geographic division of expenditure than is available from Public Expenditure Survey data, an annual exercise is carried out to collect data on expenditure by country, covering outturn years only. In this exercise departments are asked to allocate, where possible, expenditure to England, Scotland, Wales or Northern Ireland. The figures therefore include a wider coverage of expenditure than that for which the Secretaries of State for Scotland, Wales and Northern Ireland are directly responsible.

7.4. This analysis divides expenditure into identifiable and non-identifiable expenditure. Identifiable expenditure is that which can be recognized as having been incurred on behalf of a particular population. Non-identifiable expenditure is that which is deemed to be incurred on behalf of the United Kingdom as a whole (eg defence expenditure and overseas aid), or which cannot be separated between individual countries from information sources available.

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

7.6. The data presented in this section were collected in the summer of 1997 and is therefore not entirely consistent with other figures in this publication and individual departmental reports. It does, however, provide an indication of the distribution by country of expenditure on each main function. Table 7.1 summarises general government expenditure for the years 1992-93 to 1996-97. Fuller details of each of the five years covered in the 1997 analysis are given in Tables 7.2 to 7.6. Table 7.7 gives a further breakdown of 1996-97 identifiable expenditure and also shows the non-identifiable elements by function.

Non-identified expenditure

7.7. Due to the increased detail in which data was collected, it is possible to accurately distinguish the expenditure programmes that could not be apportioned on a "who benefits" basis. A breakdown of this non-identified expenditure for 1996-97 is provided in Table 7.8. Just over 0.1 per cent of the non-identified expenditure in 1996-97 can be recognised as having been incurred for the benefit of England and Wales, but is not separable between the countries. Similarly, around 3 per cent is for the benefit of Great Britain, but cannot be further apportioned between England, Scotland, and Wales. The remaining 97 per cent is classified as having been for the benefit of the UK as a whole.

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

Regional analysis of public expenditure

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

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

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

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

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

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

- i. the spending of local authorities by region of authority;
- ii. estimated spending by regional health authorities and family health service authorities located within the region (boundaries of which do not align exactly with those of the Government Office Regions, however);
- iii. payments of certain social security benefits to residents of each region;
- iv. spending on motorways and trunk roads in each region;
- v. expenditure on regional preferential assistance by the region in which the recipient industries were located;
- vi. grants to Urban Development Corporations;
- vii. housing expenditure and subsidies;
- viii. support for London Transport;
- ix. central government's own expenditure on higher and further education;
- x. MAFF and the Intervention Board central government direct expenditure;
- xi. Employment Service programmes (boundaries of the Employment Service districts do not align exactly with those of the Government Office Regions, however);
- xii. Single Regeneration Budget and other development and conservation programmes;
- xiii. Legal Aid (again, the boundaries for the different components of Legal Aid do not align with those of the Government Offices);
- xiv. Careers Service and Training For Work programmes.

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

Table 7.1 General government expenditure⁽¹⁾ by country, 1992-93 to 1996-97

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

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

(2) *See paragraphs 7.3 and 7.4.*

Table 7.2A Identifiable general government expenditure, 1992-93

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

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

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

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

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

Table 7.3A Identifiable general government expenditure, 1993-94

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

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

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

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

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

Table 7.4A Identifiable general government expenditure, 1994-95

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

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

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

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

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

Table 7.5A Identifiable general government expenditure, 1995-96

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

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

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

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

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

Table 7.6A Identifiable general government expenditure, 1996-97

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

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

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

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

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

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

Table 7.7 General government expenditure⁽¹⁾: Total expenditure on services⁽²⁾ analysed by country and[illegible]

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

- (1) *Figures contained in tables in this section will differ from those presented in other sections in this public departmental reports due to timing differences in the collection of the data.*
- (2) *Excluding privatisation proceeds, general government debt interest and accounting adjustments which countries.*
- (3) *Responsibility for most expenditure in Northern Ireland lies with the Northern Ireland Office and Depa includes certain expenditure in support of the agriculture and fishing industries, the NI Court Service a*
- (4) *In 1996-97, around £350 million of non-identifiable expenditure was for the benefit of England and million for Great Britain and the remaining £334,286 million for the benefit of the United Kingdom*
- (5) *Expenditure in 1996-97 includes OPRAF grants paid to private rail companies. Reliable information on prior years is not available.*
- (6) *Included in the "Non-identifiable" cell are net payments to EC institutions and expenditure associated of government, such as tax collection and population registration. See table 7.8.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

