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FROM: CHIEF SECRETARY

DATE: 17th July 1987

For Tuesday's
Cabinet folder.

OGW
20/7.

PRIME MINISTER

1987 PUBLIC EXPENDITURE SURVEY: ADDITIONAL BIDS

I will be putting proposals on our objectives in this year's Survey to Cabinet shortly. As background for our discussion ... I attach summaries of the bids for additional resources for the main departments that colleagues have put to me.

2 The proposals for each department are summarised in the annexes. As in earlier years, proposals for the level of local authority relevant expenditure and nationalised industries external finance are being dealt with separately.

3 As you know departments were asked to submit to the Treasury material on the output and value for money from their existing programmes before the election. This has been the basis for discussions between officials and, in general, useful progress has been made since last year. Colleagues were also asked to support any additional bids by specifying the indicators and targets of output and performance which would be used to evaluate the use of the extra resources. I am grateful to colleagues who have done so, but the response has been patchy and many of the bids I have received have not been supported by a clear statement of objectives or criteria for measuring success and value for money. I will be taking this up bilaterally with colleagues in the coming months.

4 I am copying this minute to other members of the Cabinet, Richard Luce, and Sir Robert Armstrong.

John H.

JOHN MAJOR

MINISTRY OF DEFENCE

£ million

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Survey Baseline	18,980	19,464	19,892

PROPOSED ADDITIONS

(i) Lynx helicopters	21	35	14
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Additions agreed as part of package of additional orders for Westland helicopters.

(ii) Programme addition	300	450	600
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In addition the Secretary of State has requested a further adjustment in the autumn, in the light of the latest inflation assumptions, to cover the impact of any change from the inflation assumptions applying when the future provision for defence was agreed in the 1986 Public Expenditure Survey. On current inflation assumptions such an adjustment would cost:-

	230	330	340
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PROPOSED NET CHANGE IN PROVISION

	+551	+815	+954
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RUNNING COSTS

The Secretary of State has also requested the following increase in his department's running costs provision:-

	198	261	296
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This would be by a switch within the defence budget totals agreed in the 1987 Public Expenditure Survey: the sums are not additional to the proposals above.

CIVILIAN MANPOWER	1.4.87	1.4.88	1.4.89	1.4.90
Proposed	165,000	148,000	147,000	147,000
Change from present plans	-	-	-	-

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FOREIGN AND COMMONWEALTH OFFICE: DIPLOMATIC, INFORMATION AND CULTURE

£ million

	1988-89	1989-90	1990-91
Survey Baseline	730.0	747.0	765.0

PROPOSED ADDITIONS

(i) Refurbishment of the Old Public Offices and running costs consequences	5.9	8.4	7.7
(of which running costs	1.3	3.3	3.7)

resulting from transfer of responsibility for the project from PSA and Cabinet decision to accelerate refurbishment: Targets: savings of 20 staff and overall savings of running costs £350,000 per year by 1994. Accelerate programme by 2¼ years.

(ii) BBC External Services (current expenditure only)	4.5	8.5	12.5
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bid to maintain the existing level of services: funding fixed for 3 year period this is second triennium. Targets: maintain agreed broadcast hours

(iii) Follow up to the Prime Minister's visit to Moscow	0.6	0.9	0.9
(of which running costs	0.2	0.2	0.2)

bid to take advantage of improved diplomatic climate following PM's visit in order to expose Russians to UK culture in particular and Western thinking in general. No targets.

(iv) Notional interest on capital raised from British Phosphate Commissioners Assets	0.8	0.8	0.8
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No targets

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	£ million		
	1988-89	1989-90	1990-91
(v) Asset recycling adjustment	0.6	0.5	-
(of which running costs	0.6	0.5	-)
bid arises from agreed arrangement to rationalise FCO's Overseas Estate. Target £4-£6 million per annum savings by 1995 in Overseas Estate running costs			
TOTAL	12.4	19.1	21.9
(of which running costs	2.1	4.0	3.9)
PROPOSED REDUCTIONS:			
(i) Overseas Price Movements	- 14.5	- 14.5	- 14.5
(of which running costs	- 9.1	- 9.1	- 9.1)
adjustment to take account of movements in sterling and overseas inflation (figures subject to revision in Autumn)			
(ii) Asset recycling adjustment	-	-	- 1.3
(of which running costs	-	-	- 1.3)
adjustment from agreed arrangement to rationalise FCO's Overseas Estate see bid (v)			
TOTAL	- 14.5	- 14.5	- 15.8
PROPOSED NET CHANGE IN PROVISION	- 2.1	+ 4.6	+ 6.1
(of which running costs	- 7.0	- 5.1	- 6.5)
MANPOWER	1.4.88	1.4.89	1.4.91
Proposed	8,222	8,222	8,222
change from present plans	-	-	-

FOREIGN AND COMMONWEALTH OFFICE: OVERSEAS AID

£ million

	1988/89	1989/90	1990/91
SURVEY BASELINE	1275	1315	1348
PROPOSED ADDITIONS			
1. Increase aid programme to restore previous cuts and reverse decline of aid as % of GNP.	75	150	230
Target: to increase aid share of GNP to 0.33% by 1990.			
2. Superannuation Vote.	6	6	6
(of which Running Costs	0	0	0)
To provide war service credit to members of the colonial service.			
Target: identification and payment to eligible pensioners.			
3. Aid Administration	1.8	2.1	2.6
(of which Running Costs	1.4	1.7	2.2)
Mainly information technology, support services, improvements in efficiency, and additions to cover cost of expanded aid programme.			
Casual staff for War Service credit	0.2	-	-
(of which Running Costs	0.2	-	-)
Targets: various			
TOTAL	83	158.1	238.6
PROPOSED REDUCTIONS	-	-	-
PROPOSED NET CHANGE IN PROVISION	83	158.1	238.6
(of which Running Costs	1.65	1.73	2.2)
MANPOWER	1.4.88	1.4.89	1.4.90
Proposed	1623	1623	1623
Changes from present plans	-	-	-

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IBAP AND OTHER CAP

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Survey baseline	1782	1878	1925

PROPOSED ADDITIONS

(i) IBAP Market Support			28.2
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Forecasting change to demand determined expenditure on market support. Takes account of rising yields in cereals production and assumes a 2 % per annum increase in CAP prices. No targets /performance measures.

(ii) Other market support	47.7	9.3	8.0
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Forecasting change to demand determined expenditure on market support, by MAFF(including some expenditure in Wales), DAFS and DANI. Mainly cost of the scheme for the temporary suspension of milk quota (1988-89), and the increase in suckler cow premium announced on 12 May. No targets/performance measures.

(iii) IBAP administration agency payments etc	2.1	2.4	2.2
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Estimated cost of implementing the IPCS pay award for Civil service grades for fatstock officers at the Meat and Livestock Commission, plus additional computer hardware for IBAP. Target/performance measures not available.

(iv) IBAP administration running costs	4.0	4.1	4.7
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Estimated cost of staged pay award for restructuring of grades (AA, AO, and EO), and 4 % per annum growth in staff numbers, less

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staff savings from computerisation. Targets/ performance measures not available.

Total	53.7	15.7	43.1
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PROPOSED REDUCTIONS

(i) IBAP Market Support	-180.0	-95.0	
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Forecasting change to demand determined expenditure on market support, mainly arising from lower than expected cereals purchases from the 1986 harvest, lower forecasts of purchases of cereals, butter and beef. Targets/ performance measure: rates for cold storage to undercut inflation by 1% per annum, for dry storage by 2% per annum. Target occupancy for cereals stores -85%.

(ii) Other market support	-2.2	-3.6	-5.3
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Forecasting change to demand determined expenditure on the annual ewe premium in Scotland and Wales. Targets/performance measures not available.

(iii) ALURE	-3.1	-11.2	-19.0
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Estimated savings from the ALURE package announced in February. Targets/performance measures not available.

Total	-185.3	-109.8	-24.3
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PROPOSED NET CHANGE IN

PROVISION	-131.6	-94.0	+18.8
(of which running costs)	(4.0)	(4.1)	(4.7)

MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	870	894	872	915
Change from present plans	86	158	151	194

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DOMESTIC AGRICULTURE, FISHERIES AND FOOD

		£ million		
		1988-89	1989-1990	1990-91
Survey baseline		747	749	768
Proposed Additions				
(i)	Demand determined (including EC funded)	9.0	9.4	4.3
Estimating changes in provision mainly for marketing and processing projects, fisheries projects and capital grants.				
(ii)	ALURE	10.8	11.8	13.3
Package of schemes (farm woodlands, a second tranche of ESA's and diversification) announced last February to encourage uses of land away from traditional agricultural production. Target-reductions in agricultural production and diversification of rural economy.				
(iii)	Running costs - MAFF	13.2	16.2	20.0
Provision to meet pay awards, accommodation costs, information technology and other running costs. Target - to maintain current policies.				
(iv)	External Research and Development	3.4	3.6	3.7
Additional provision to cover costs of pay awards. Target to maintain existing levels of R&D.				
(v)	Central Science Laboratory	0	8.0	8.0
Construction of new laboratory to replace existing buildings on four sites. Costs should be offset by sale of existing sites, but receipts would fall outside the Survey period. Target - increased efficiency and cost reductions.				
(vi)	Scottish Islands Agricultural Development Programme	4.4	3.6	1.2
Greater concentration in early years of resources already approved in 1986 for this five-year programme.				
(vii)	Scottish Advisory and Research Institutes	2.7	2.6	2.0
Additional provision to cover cost of pay awards and rationalisation of sites. Target - To deliver Government policies including securing income targets.				
(viii)	Fisheries protection	0	0	2.0
Replacement of DAFS inshore surveillance aircraft. Target - maintaining agreed fishery protection effort.				

()	Other	0.2	0.9	0.8
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Mainly provision for changes to marketing grants and grants to producer organisations.

	TOTAL:	43.9	56.0	55.3
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PROPOSED REDUCTIONS

(i)	Milk Outgoers	0	0	-3.5
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Reduction following termination of national milk outgoers scheme

(ii)	Demand determined	-6.0	-6.2	-8.8
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Estimating changes

(iii)	Other	-1.2	-0.3	-0.3
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Mainly small savings on fisheries support in Scotland.

	TOTAL:	7.2	6.5	12.6
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PROPOSED NET CHANGE IN PROVISION		36.7	49.5	42.7
(of which running costs		13.2	16.2	20.0)

MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
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Proposed	10860	10895	10916	10921
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Change from present plans	119	154	175	180
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FORESTRY COMMISSION

£ million

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Survey baseline	54	55	56
PROPOSED ADDITIONS			
i. ALURE grant costs	4.5	7.0	7.2
Expenditure under existing planting grant schemes for increase in target for traditional forestry and provision for new farm woodland grants.			
ii. ALURE administration costs	0.6	0.7	0.7
Costs of administering additional forestry grants.			
iii. Land acquisition	0	1.5	1.5
Purchase of land required to meet target for Forestry Commission planting agreed in ALURE context.			
iv. Other	6.6	6.9	6.8
Increases in staff pension costs and operating expenditure.			
TOTAL	11.7	16.1	16.2
PROPOSED REDUCTIONS			
Receipts from sale of timber	- 4.8	- 4.7	- 5.3
TOTAL	- 4.8	- 4.7	- 5.3
PROPOSED NET CHANGE IN PROVISION	6.9	11.4	10.9

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DEPARTMENT OF TRADE AND INDUSTRY

	<u>1988-89</u>	<u>1989-90</u>	<u>£ million</u> <u>1990-91</u>
Survey Baseline	983	981	1017
PROPOSED ADDITIONS			
(i) Launch Aid	+ 107.0	+ 144.5	+ 81.0
Agreed net addition in respect of agreed launch aid for the Airbus A330.			
(ii) RDG/RSA Estimating increases	+ 60.1	+ 59.8	+ 60.5
Demand determined Estimating increases on regional assistance reflecting increased levels of investment.			
(iii) Launch Aid/ERGS shipbuilding etc.	+ 28.7	+ 18.1	+ 14.7
Demand determined estimating increases on launch aid, the exchange rate guarantee scheme and the Home Shipbuilding Credit Guarantee Scheme			
(iv) Inner Cities	+ 15.6	+ 20.1	+ 24.5
Various measures designed to deal with the problems of inner cities including additional funds for the City Action Teams and the Inner City Taskforces an increase in the grant to the EIEC and new RSA measures.			
(v) Business Improvement Scheme	+ 8.0	+ 21.0	+ 24.5
Expansion of BIS in assisted areas.			
(vi) Support for innovation (R and D)	+ 25.0	+ 50.0	+ 75.0
Increased support for industrial R and D including technology transfer and key technologies and EUREKA.			
Other proposed additions	+ 21.9	+ 27.1	+ 30.1
TOTAL	+ 266.3	+ 340.6	+ 310.3
PROPOSED REDUCTIONS			
(i) Home Shipbuilding Credit Guarantee Scheme	- 2.0	- 4.0	- 8.4
Estimating savings on demand determined scheme.			
(ii) Other savings - Includes BIS, standards and central and miscellaneous services.	- 10.5	- 9.8	- 35.6
TOTAL	- 12.5	- 13.8	- 44.0

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	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	
PROPOSED NET CHANGE IN PROVISION	+ 253.8	326.8	266.3	
(of which running costs	12.6	14.2	17.9)	
MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	12,596	12,570	12,585	12,585
Change from present plans	+30	+45	+60	+60

EXPORT CREDITS GUARANTEE DEPARTMENT

	£ million		
	1988-89	1989-90	1990-91
Survey baseline	111	47	48

Proposed Additions

i. Interest support costs	15.2	83.4	77.8
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The demand-led increases reflect revised Treasury interest rate assumptions, amended forecasts of the levels of outstanding business and a reestimation of average fixed rates.

ii. Cost Escalation	0.4	0.1	0.5
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The demand-led increases are the result of technical changes relating to the value and timing of payments under existing commitments.

TOTAL	15.6	83.5	78.3
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Proposed Reductions

i. Tender to Contract facility	- 24.1	- 6.4	- 7.7
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The reductions reflect the latest information on the effects of rolling over forward exchange contracts and a reassessment of the outturn on existing commitments.

ii. Mixed Credit Matching Facility	- 0.1	- 0.4	- 0.7
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Progress made in improving international discipline in the use of mixed credits has led to a reduction in potential calls on this facility.

TOTAL	- 24.2	- 6.8	- 8.4
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<u>PROPOSED NET CHANGE IN PROVISION</u>	- 8.6	76.7	69.9
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<u>MANPOWER</u>	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	1736	1721	1670	1670
Change from present plans	-	+ 50	+ 71	+ 71

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DEPARTMENT OF ENERGY

	£ million		
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Survey Baseline	286	282	289

PROPOSED ADDITIONS

(1) <u>Payments to the UKAEA</u>	13.7	16.0	16.2
a) Increased work on decommissioning and radioactive waste management operations (DRAWMOPS);			
b) more fast reactor funding;			
c) higher contribution to JET.			

Target: (a) Initial operation of Dounreay, construction of storage and treatment facilities at Harwell, decommissioning of Windscale AGR.

(b) Optimise benefits from siting of European Demonstration Reprocessing plant at Dounreay;

(c) Extension of JET programme to 1992.

(II) <u>Non-Nuclear R&D</u>	2.9	5.3	7.2
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Oilfield delineation & safety & renewables

- (a) Mainly expansion of the windpower programme;
- (b) Increased expenditure on transfer of renewable technology to the market;
- (c) expansion of the biofuels programme

Target: (a) Wind power to commercial exploitation late 1990s;

(b) Overcome market barriers;

(c) Identify lower cost technology.

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(III) Energy Efficiency

<u>& Energy R&D</u>	2.6	4.2	4.7
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Contribution to DoE draughtproofing scheme for lower income households; maintain current level of spending on energy efficiency promotions and R&D.

Target: Expand support for energy efficiency demonstration projects; stimulate growth of local projects using MSC's community programme.

(IV) Other central and miscellaneous

<u>and support services</u>	1.0	0.9	0.9
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Increased international subscriptions; increased charges and increased security measures.

(V) <u>Administrative expenditure</u>	7.2	8.1	7.6
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Mainly move of HQ premises to New Buckingham Court. (Target: Between April and June 1989).

Also extra 10 staff for electricity privatisation and effects of pay settlement.

TOTAL	27.3	34.6	36.5
PROPOSED REDUCTIONS			
(i) Demand determined	0.3	-	-
estimating change			
PROPOSED NET CHANGE IN PROVISION	27.0	34.6	36.5
(of which running costs	3.2	7.6	7.6)
MANPOWER 1.4.88	1.4.89	1.4.90	1.4.91
Proposed 1037	1045	1043	1043
Change from			
present plan -	10	10	10

Note: Further additions may be proposed following completion of the SoS/Energy's review of departmental programmes expected by the time of Ministerial bilaterals.

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DEPARTMENT OF EMPLOYMENT

	£ million		
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Survey baseline	4,107	4,206	4,311
PROPOSED ADDITIONS			
(i) <u>28 January package</u> (agreed bid)	+157.4	+147.4	+151.2
(of which running costs	+ 30.0	30.0	30.8)
Effect in Survey years of January 1987 package of measures (extension of new JTS, Restart and EAS; guaranteed place on YTS for all unemployed 17 year old school leavers).			
(ii) <u>Withdrawal of SB from 16-17 year olds</u> (agreed bid)	+ 50.0	+ 90.0	+ 84.0
Extra costs of YTS and associated 'waiting allowance' (precise figures under discussion)			
(iii) <u>Tourism</u>	+ 5.0	+ 10.0	+ 15.0
Infrastructure projects and marketing.			
(iv) <u>Publicity</u>	+ 10.0	+ 10.0	+ 10.0
To provide in DE's baseline in future years for 'umbrella' publicity eg Action for Jobs campaign.			
(v) <u>Restart</u>	+ 8.7	+ 8.9	+ 9.2
Extra 500 Jobclubs, bringing total to 1,500 (provision for 1,300 in 1987-88).			
(vi) <u>DE/ACAS running costs</u>	+ 26.6	+ 28.5	+ 28.5
Mainly pay assumptions and UBS administration costs.			
(vii) <u>MSC running costs</u>	+ 15.2	+ 12.9	+ 12.5
Mainly pay assumptions, slippage on a major computer project and support services.			
(viii) <u>HSC/E running costs</u>	+ 7.7	+ 7.9	+ 8.1
Pay increases and manpower needs.			
(ix) <u>Other</u> (non running costs)	+ 21.9	+ 27.3	+ 39.4
TOTAL	+302.5	+342.9	+357.9

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PROPOSED REDUCTIONS

(i) <u>Job Release Scheme</u>		- 33.2	- 66.0	- 78.1
(of which running costs		- 0.1	- 0.2	- 0.2)
Closure of scheme to new entrants from 31.1.88.				
(ii) <u>Youth Training Scheme</u>		- 26.6	- 2.7	- 8.8
To reflect demographic and policy changes.				
(iii) <u>Community programme</u>		- 14.4	- 10.0	- 10.2
Revised assumptions				
(iv) <u>Redundancy Fund payments</u>		- 16.5	- 16.8	- 16.5
Estimating change				
(v) <u>Other</u>		- 4.4	- 10.0	- 9.1
(of which running costs		- 2.7	- 6.6	- 4.5)
Mainly HSC/E, skillcentres				
TOTAL		- 95.1	-105.5	-122.7
PROPOSED NET CHANGE IN PROVISION		+207.4*	+237.4*	+235.2*
(of which running costs		+ 76.7	+ 72.5	+ 75.2)
MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	62,262	61,663	61,775	61,933
28 January package	+1,965	+1,965	+1,965	+1,965
Other changes from present plans	+1,113	+1,118	+ 722	+ 722
Total change proposed	+3,078	+3,083	+2,687	+2,687

* equals sum of agreed bids (proposed additions (i) and (ii) above).

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DEPARTMENT OF TRANSPORT

	£ million		
	1988-89	1989-90	1990-91
Survey Baseline	2166	2214	2264
PROPOSED ADDITIONS			
(i) National roads: new construction	0	9	12
To maintain roads programme at present level in real terms. Target: economic benefits of nearly £2 for every £1 spent.			
(ii) National roads: bridges	40	40	40
Start of 15 year programme of bridge strengthening and structural maintenance. Target: to complete all top priority works and make a start on others where delay would be costly.			
(iii) National roads: current maintenance	5	5	5
Increased expenditure on minor repairs, and routine and winter maintenance.			
(iv) Local authority capital	30	39	17
Provision for Manchester Light Rapid Transit system, expansion of Manchester and Luton airports, and local roads. Objective: to facilitate economically beneficial infrastructure investment.			
(v) Merchant Shipping	6.5	6.5	6.5
Payment of 50% of travel costs of relieving crews on ships away from UK for long periods. Objective: to persuade shipowners to retain UK flag and crews, or to retain crews under Isle of Man or Channel Island registry.			
(vi) Marine - helicopters and research	4.0	4.5	4.8
Provision of Search and Rescue (SAR) helicopters at Stornoway and Lee-on-Solent; further research on ferry safety. Objectives include SAR coverage for whole of UK.			
(vii) Research: inland transport	0.8	1.0	1.2
Increased research into road safety; work on transfer of technology to private sector, and maintenance of Department's general research capability at present levels (non-running costs element only).			

(viii) Running costs	9.3	10.3	12.2
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Increased workload from new initiatives including research; impact of pay increases

TOTAL	95.6	115.3	98.7
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PROPOSED REDUCTIONS

(i) Reduced road safety publicity and other minor savings	-1.2	-1.7	-2.3
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PROPOSED NET CHANGE IN PROVISION (of which running costs	94.4 9.3	113.6 10.3	96.4 12.2)
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MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	12,457	12,462	12,474	12,490
Change from present plans	-	64	76	92

Note: excludes Driver Testing and Training organisation

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DEPARTMENT OF THE ENVIRONMENT - HOUSING

	1988-89	1989-90	£ million 1990-91
Survey Baseline	2,443	2,503	2,566
PROPOSED ADDITIONS			
i. Transfer to DHSS	10	55	75
Covers housing benefit costs of deregulation of rents for new private sector lettings. Target: to increase flexibility of housing market by encouraging private rented sector and ^{to} increase housing supply without public capital investment.			
ii. Housing Corporation new provision	50	100	120
Provision of additional new rented accommodation. Target: 7,000 new dwellings over three years with conventional funding, more if private finance element included.			
iii. Estate Action	100	100	100
Allows in-year allocations of spending power to targeted local authorities for renovation of housing stock. Target: improved housing conditions and diversification of tenure.			
iv. Local Authority renovation	190	100	15
Covers initial allocations of spending power for local authority renovation. Target: general improvement in local authority stock.			
v. Home improvement grants	50	40	40
Supports improvement of private sector housing stock. Target: encouraging owner-occupiers to maintain property in good repair.			
vi. Local authority authority receipts shortfall	0	151	286
Allows for reduced forecasts of receipts. Target: maintaining planned gross capital spending.			
vii. Housing Action Trusts	20	100	150
Provides for setting up of new public corporations to take ^{over} and improve local authority stock. Target: improved housing conditions and diversification of tenure.			
viii. Demand determined expenditure	0	0	3
Mainly forecast increased requirement for subsidies to housing associations, offset by reduced forecast for local authority subsidy. Target: meeting current expenditure commitments.			
TOTAL	420	646	789

PROPOSED REDUCTIONS

i.	Housing subsidies to local authorities	-25	-34	
ii.	Local authority new-provision for rent		-50	-100
	TOTAL	-25	-84	-100
	PROPOSED NET CHANGE IN PROVISION	395	562	689

Note: further additions may be proposed for a housing benefit transfer to DHSS to cover increases in local authority rents.

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DEPARTMENT OF THE ENVIRONMENT - OTHER ENVIRONMENTAL SERVICES

	1988-89	1989-90	1990-91
Survey Baseline	929	913	936
PROPOSED ADDITIONS			
(i) Local Environmental Services - Capital	45	45	45
To bring provision for Local Authority Environmental Services closer to past expenditure levels to enable increased investment in priority areas such as smoke control, waste disposal, sports and recreation. No targets			
(ii) Urban Development Corporations (UDCs) - Capital Increased provision for urban renewal.	75	95	95
Target: Creation of 4 new UDCs and 4 mini - UDCs			
(iii) Development Commission	2.7	4	5
Initiatives aimed at diversifying rural enterprise. Targets: various			
(iv) Nature Conservancy Council	2.3	3	3
Negotiation and monitoring management agreements for Sites of Special Scientific Interest (SSSIs). Targets: cumulative total of SSSIs renotified to reach 99% by March 1989. 515 new S.15 Management Agreements and renewal of 40 existing ones.			
(v) Countryside Commission	1.5	2	2
Increased provision for recreation in the countryside. Targets: opening up 10,000 miles of obstructed footpaths and completion of South Downs Route and creation of Thames path.			
(vi) Sports Council	1	1	1
Increased recreational provision in inner cities and in rural areas of identified need. Targets: various			
(vii) Broads Authority	0.5	1	1
Cost of financing new Authority being set up in October 1988.			
(viii) Royal Parks and Palaces	3.5	4.4	2.4
Maintenance work on Hampton Court (fire damage), Windsor Castle and Osborne House			
(ix) National Heritage Memorial Fund	4.5	4	2
To enable annual spend of £10m and restoration of Endowment Fund to original 1980 value by 1990/1. Targets: various			

(x) Other Heritage	1	0.6	0.6
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Increased funding for Royal Commission on Historical Monuments, mainly for relocation. Target: saving of £0.1m per annum.

(xi) Environmental Research	3	3	2
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Post Chernobyl Research, water metering trials, Europes and British Standards Institute. Targets: various.

(xii) Administration	9	0	0
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Non running cost current expenditure for consequences of new policy initiatives, water privatisation and Community Charge, and capital expenditure, mainly for computers and post Chernobyl monitoring. Targets: various

TOTAL	149	163	159
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PROPOSED REDUCTIONS

(i) Urban Programme	-10	-10	-10
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(ii) Derelict Land Grant	-5	-5	-5
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TOTAL

PROPOSED NET CHANGE IN PROVISION	134	148	144
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MANPOWER

	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	6641	6576	6576	6576
Changes from present plans	-	-	-	-

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PROPERTY SERVICES AGENCY

	1988-89	1989-90	£ million 1990-91
Survey Baseline	-99	-101	-104
PROPOSED ADDITIONS			
i. Major new works (Office and General Accommodation)	11.4	10.3	8.1
To meet the cost of top priority projects - health and safety, "out on the street" and urgent operational requirements.			
ii. Major new works - Estate Rationalisation	2.4	4.0	4.2
To fund spend to save estate rationalisation schemes.			
iii. Major new works - fees	3.0	3.0	1.0
To meet anticipated shortfall in fees provision			
iv. Rents (net of receipts)	16.7	15.1	42.2
Rent increases as a result of historically low rental payments under long lease agreements having to be renegotiated at current market levels.			
v. Vacant Accommodation rates	1.8	2.3	2.9
To meet expected increase in rate payments.			
vi. Maintenance - part III works	38.4	60.7	58.0
Increase required to make some inroad into maintenance backlog with objective of eliminating the backlog over 5 year period.			
vii. Landlord service charges	3.7	3.7	3.9
Additional amount required to meet dilapidations payments.			
viii. Vacant and sublet accommodation - Fuel and utilities	0.7	0.7	0.7
TOTAL	78.1	99.9	121.0
PROPOSED REDUCTIONS			
i. Disposals	-17.0	-21.6	-26.1
Increased disposal receipts.			
ii. PRS Receipts	-15.7	-36.3	-46.3
Increased rent receipts arising from departments' payments being uplifted to reflect current market levels.			
TOTAL	-32.7	-57.9	-72.4
PROPOSED NET CHANGE IN PROVISION	45.4	42.0	48.6

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	1988-89	1989-90	1990-91
(of which running costs	+4.2	+4.9	+5.1
Manpower	1.4.88	1.4.89	1.4.91
Proposed	24,581	24,187	24,000
Change from present plans	+190	+90	+103

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HOME OFFICE		1988-89	1989-90	£ million 1990-91
Survey Baseline	Prison	777	818	838
	Non prisons	460	476	488
	Total	1237	1294	1326

PROPOSED ADDITIONS (NB) incomplete)

(i) New prison building	34.6	93.0	152.8
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First stage of programme for 10 more new prisons. Creating approximately 5,000 places by mid-1990s at total cost in the order of £½ billion. Bid allows for design work and purchase of 2 sites. Costed proposals still being considered.

(ii) Existing prison building	6.5	8.3	13.6
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Higher estimated cost of existing programme of 20 new prisons. Target 11 prisons to open by end 90-91 providing 5100 places.

(iii) Prisons manpower	3.9	5.5	5.7
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To provide for 1987 & 1988 pay settlement for HQ staff not covered by "Fresh Start" reforms. Target to cover growing workload without increase in staff.

(iv) Prisons other	18.3	15.2	20.6
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Miscellaneous: To provide for improved prison education services and various other increases in workload or improvements in service.

(v) Non prisons manpower	10.3	12.8	12.0
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Extra staff for Immigration Service, passport department and for IT; and to provide for 1987 & 1988 pay settlements. Targets - to maintain existing speed of immigration clearance and case work turn-round times; to develop new IT systems.

(vi) Non prisons other	18.1	15.0	22.8
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Miscellaneous: Increase UK contribution to overseas drugs control programme; new accommodation for Peterborough passport office and Immigration detention centre at Harmondsworth; provide more IT equipment; and other increases, improvements or estimating changes in law and order, protective services, voluntary services and sponsored fringe bodies.

(vii) Criminal Justice Bill costs (gross)	11.0	8.0	8.2
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Covers costs of operating confiscation procedures and Crown Court video links for child witnesses. Target - to cover confiscation costs by receipts.

(viii) Local Authority Capital	5.1	5.0	4.3
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Miscellaneous: new day-care facilities for probation service; general maintenance of police buildings; minor works to allow tape recording of evidence; switch to repayment for police radios; new civil defence emergency centres.

TOTAL	107.8	162.8	240.0
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PROPOSED REDUCTIONS

(i) Fines receipts	-5.0	-7.0	-
7.2			

Forecast receipts from confiscation powers in Criminal Justice Bill

(ii) Offsets on non-prisons other	-1.2	-0.5	-2.2
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Miscellaneous minor estimating changes.

TOTAL	-6.2	-7.5	-9.4
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(incomplete)

PROPOSED NET CHANGE IN PROVISION /	101.6	155.3	230.0
(of which running costs	23.7	26.7	33.2)

MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
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Proposed	39,019	40,404	41,439	41,478
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Change from present plans

LORD CHANCELLOR'S DEPARTMENT

	£ million		
	1988-89	1989-90	1990-91
Survey Baseline	726	781	801
PROPOSED ADDITIONS			
(i) Court Services (Running Costs)	14.3	23.5	35.1
To cover projected increase in workloads, higher cost of maintenance, fuel and utilities, new policies (eg: Criminal Justice Bill) and changing responsibilities for accommodation. The cost of civil business is covered by fees. Target: to stabilise waiting times in the courts.			
(ii) Court Services (other)	6.2	2.2	4.4
Computerisation in the courts, including full study of the Claims Registry Project. Also covers some judicial pay, Crown Supplies and £4.0m in the first year for the giving of evidence by video link.			
(iii) Court Building	19.9	21.5	25.6
To cover costs of existing Court Building programme, including schemes scheduled to start construction during PES years and to commence planning phases and including redefinitions. Target: to complete existing schemes within this cost (providing 50 new courtrooms in Survey years).			
(iv) Legal Aid	-	-	14.1
Revised volume forecasts, revised assumptions for unit cost growth and effect of new policies. Target: to fulfil statutory obligations.			
(v) Legal Aid Admin	1.3	2.3	3.5
To maintain current level of performance.			
(vi) Office and General Accommodation	0.3	0.9	0.1
To cover funding responsibilities passed from PSA to departments in 1986.			
TOTAL	42.0	49.9	82.8

PROPOSED REDUCTIONS

Legal Aid	-5.6	-11.5	-
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Revised volume forecasts, revised assumptions for unit cost growth and effect of new policies.

PROPOSED NET CHANGE IN PROVISION	36.4	38.9	82.8
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(of which running costs)	14.3	23.5	35.1
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MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	10800	10900	10900	11000
Change from present plans	0	0	0	+100

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DEPARTMENT OF EDUCATION AND SCIENCE

	1988-89	1989-90	1990-91	£ million
Survey Baseline	3,851.0	3,966.0	4,065.0	
PROPOSED ADDITIONS				
(i) Universities	121.0	131.0	146.0	
To provide for a restructuring and rationalisation fund; for medical education; for technological equipment; for new initiatives; and for the Open University.				
(ii) Polytechnics and Colleges Sector	13.0	22.0	21.5	
To provide for transitional costs of transferring polytechnics and colleges from local authority sector and of establishing Polytechnics and Colleges Funding Council and Education Assets Board; and to compensate for polytechnics' and colleges' liability to VAT (PSBR effects offset by VAT receipts).				
(iii) Voluntary and Grant-Aided Colleges	10.9	12.1	12.7	
To enable certain colleges, mainly offering teacher training, to continue to provide courses which meet requirements of validating bodies and criteria set for initial teacher training; and to deal with financial difficulties of a small number of colleges.				
(iv) Student awards	11.5	23.9	28.8	
To cater for expected increase in student numbers; to permit maintenance awards and tuition fees to be increased inline with projected GDP inflation; and to provide compensation for impact of Scottish community charge on English and Welsh students studying in Scotland.				
(v) Science	121.0	160.0	183.0	
To protect level of science funding; to meet requirements of British Antarctic Survey; and to fund strategic reshaping of science base.				
(vi) Special initiatives for inner cities	9.0	13.0	13.0	
To fund schemes to link teacher training establishments with particular schools; to train community youth workers; and to increase support for Adult Literacy Centres and adult retraining.				
(vii) Maintained Sector Capital	180.0	195.0	225.0	
To provide for programme of improvement in condition of school buildings, focusing on inner cities; and to fund improvements in further and higher education buildings and equipment.				

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(viii) National curriculum	12.0	25.0	36.0
To fund new assessment and testing regime; and to meet increased costs on research and development and evaluation.			
(ix) IT in schools	3.0	3.0	3.0
To promote the use of IT in schools.			
(x) Assisted Places Scheme	0.3	0.7	3.6
To provide for expansion of scheme to 35,000 places over the next seven years.			
(xi) Departmental administration: running costs	10.9	13.3	18.1
To meet costs of 125 extra staff above 1 April 1988 manpower ceiling; to provide for non-pay costs of new initiatives, including new accommodation; and to fund future pay costs.			
(xii) Departmental administration: capital	0.5	4.9	5.0
Capital cost of move to new accommodation			
(xiii) University academic pay	56.0	71.0	73.0
Agreed for 1988-89 and 1989-90, subject to commitments by universities.			
(xiv) AIDS research	6.0	8.0	8.0
Agreed for 1988-89 and 1989-90.			
(xv) ERASMUS	2.7	5.0	6.2
To meet costs of EC ERASMUS programme for student exchanges within the Community.			
TOTAL	557.8	687.9	782.9
PROPOSED REDUCTIONS	-	-	-
PROPOSED NET CHANGE IN PROVISION	557.8	687.9	782.9
(of which running costs)	10.3	13.3	18.1)
MANPOWER	1.4.88	1.4.89	1.4.90
Proposed	2572.5	2582.5	2574.5
Change from present plans	+ 122.5	+ 132.5	+ 124.5
Transfers into Vote expenditure	-	870.0	965.0

Not included in total of additional bids; shift of resources out of LA current into Vote programme from 1989-90 in respect of policies for higher education and grant maintained schools.

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OFFICE OF ARTS AND LIBRARIES

	£ million			
	1988-89	1989-90	1990-91	
Survey Baseline	367	377	386	
PROPOSED ADDITIONS				
(i) Living arts	17.0	19.0	21.0	
To maintain activity, to attract new investment and to set up an Arts Exchange Unit to deal with overseas tours.				
(ii) Heritage	4.5	4.0	2.0	
To increase the annual National Heritage Memorial Fund grant-in-aid in order to build up the Fund.				
(iii) Museums and galleries	17.0	17.5	17.5	
To deal with maintenance backlog, maintain activities, increase purchase grants, improve management, increase touring and educational pump-priming and to provide for new capital projects.				
(iv) Libraries	3.0	4.0	4.5	
To maintain British Library services and deal with backlogs, raise value of Public Lending Right Scheme to authors, assist LAs to co-ordinate library services.				
(v) British Library, St Pancras project	8.2	18.3	23.5	
(of which, agreed post- 1986 Survey	6.2	9.2	9.4)	
Increased costs of Stage 1A, start-up costs of Stage 1B/1C.				
(vi) Running costs	0.3	0.3	0.3	
To meet new work from management of St Pancras project and the transfer to OAL of responsibility for the British Museum (Natural History).				
(vii) EC cultural programme	2.3	2.3	2.3	
TOTAL	52.3	65.3	71.0	
PROPOSED REDUCTIONS				
PROPOSED NET CHANGE IN PROVISION				
(of which, running costs	52.3	65.3	71.0	
	0.3	0.3	0.3)	
MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	63	63	63	63
Change from present plans	+ 9	+ 9	+ 9	+ 9

DEPARTMENT OF HEALTH AND SOCIAL SECURITY: HEALTH AND PERSONAL
SOCIAL SERVICES

	£ million		
	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Survey Baseline	16,932	17,743	18,187
PROPOSED ADDITIONS			
<u>Hospital and Community Health Services (HCHS)</u>			
(i) Demographic	342	426	613
To allow continuation of 1987-88 activity levels while taking account of the increasing numbers of elderly people.			
(ii) AIDS treatment	112	200	400
To meet the hospital treatment and drug costs of the increasing numbers of AIDS sufferers.			
(iii) Other HCHS proposals	237	477	683
Various proposals to meet additional cost pressures and to further develop services e.g. increase level of breast cancer screening, continue waiting list initiative.			
(iv) HCHS Capital	28	29	33
To meet costs arising from lifting Crown Immunity, and to provide capital support for certain of the initiatives listed at (iii) above.			
<u>Centrally Financed Services (CFS)</u>			
(v) CFS measures	52	58	60
(of which running costs	5	9	12)
To meet increased demand for welfare foods, additional costs (e.g. EC medical costs), and to meet service developments (e.g. to continue the AIDS public education campaign).			
<u>Family Practitioner Services (FPS)</u>			
(vi) FPS demand	60	105	326
To reflect latest forecasts of demand for services and inflation.			
(vii) Pay and other measures	76	79	81
To meet costs of 1987 pay awards to Doctors and Dentists, improve quality of treatment for diabetics (blood test strips) and general population (new wound dressings).			
<u>Personal Social Services</u>			
(viii) Capital	49	0	0
To allow increased capital expenditure eg on residential accommodation for the elderly.			
TOTAL	956	1384	2196

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
PROPOSED REDUCTIONS	0	0	0
PROPOSED NET CHANGE IN PROVISION	956	1384	2196
(of which running costs	5	9	12)

MANPOWER	1.4.87	1.4.88	1.4.89	1.4.90
Proposed	4638	4709	4729	4798
Change from present plans	- 26	0	0	0

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DHSS: SOCIAL SECURITY BENEFITS AND ADMINISTRATION

	<u>1988-9</u>	<u>1989-90</u>	<u>1990-91</u>
			£m
Survey Baseline	47258	49123	50351
PROPOSED ADDITIONS : BENEFITS			
i. Income Support	340	353	364
<p>From April 1988 the Government expects everyone who is liable to pay domestic rates to make a minimum contribution of 20% of rates bill. Income support claimants will receive compensation from April 1988. Announced but details to be settled.</p>			
ii. Severe Disablement Allowance	41	11	9
<p>Bid agreed in 1986 Survey</p>			
iii. Attendance Allowance	16	15	5
<p>European Court in Moran Case widened eligibility. Legislation will be introduced to reduce impact of Judgement.</p>			
iv. Social Fund Start Up Costs	25		
<p>Repayments to Social Fund will be low first year. Bid is to increase payments from Fund.</p>			
v. Mobility Allowance for over 75's		0.5	4.5
<p>At present MA ceases at 75. First beneficiaries reach that age in 1989. Motability will make loan to buy a vehicle only if mobility allowance continues long enough to repay loan. Decision needed in this survey.</p>			
vi. SDA (16-19 year olds)	0.7	0.6	0.5
<p>Recent Commissioner's decision extending eligibility of 16-19 year olds in full time education.</p>			
vii. Reduced earnings allowance	1.8		
<p>Reflects savings foregone from abandonment of measures in earlier PES round due to defective legislation.</p>			
viii. Occupational deafness		1	2
<p>Likely recommendation of Industrial Injuries Advisory Council to extend scope of scheme.</p>			
Total bids on benefits	424.5	381.1	385

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Less Proposed Reductions

i. Alignment of pay periods	-25	-	
ii. Income Support for 16-17 year olds	-50	-90	-84

Forecasting Changes (Provisional)

i. Estimating Changes	614	797	1871
ii. Economic Assumptions	-21	81	433

PROPOSED ADDITIONS : ADMINISTRATION

i. Running costs	186	212	256
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Pay, extra manpower & other services

ii. Capital	60	154	121
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Operational Strategy computers & buildings, and other accommodation works, including DE Agency.

iii. Other	13	10	14
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Includes agency payment to DE, grants etc.

PROPOSED NET CHANGE IN PROVISION	1201.5	1545.1	2996
(of which running costs	186	212	256)

**MANPOWER IMPLICATIONS
(HEALTH & SOCIAL SECURITY)**

	1.4.88	1.4.89	1.4.90	1.4.91
Proposed target		99,782	99,887	98,219
Starting point	102,893	96,405*	96,505*	96,505*
Change from present plans -		3,377	3,382	1,714

* including agreed bid from Estimates

SCOTTISH OFFICE

	1988-89	1989-90	1990-91
Survey Baseline:	4687	4863	4984

PROPOSED ADDITIONS

(i) Scottish Development Agency 11.1 21.1 23.5
To maintain and accelerate SDA programme of land reclamation; improve and modernise SDA industrial estates; and provide support for Glasgow Garden Festival.

(ii) Highland and Islands
Development Board 5.2 5.7 5.7
To increase private sector involvement in generating economic activity in HIDB's areas.

TOTAL	16.3	26.8	29.2
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PROPOSED REDUCTIONS	----	----	----
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PROPOSED NET CHANGE IN PROVISION	16.3	26.8	29.2
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Proposed change in gross running costs	25.4	30.8	39.5
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<u>Manpower</u>	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	12148	12667	12820	13028
Proposed change from current plan	82	737	919	1214

Note: The Scottish Office agriculture bids are included on the MAFF summary. Provision for the Scottish block (ie expenditure except on industry and agriculture) will also be increased to reflect the territorial consequences of increases on comparable English programmes.

WELSH OFFICE

	1988-89	1989-90	1990-91
Survey Baseline:			
	1933	1995	2045

PROPOSED ADDITIONS

(i) Regional Development Grants I 8.8 ---- ----
 The higher than expected level of claims under the old Regional Development Grant scheme, first experienced in 1986-87, are forecast to continue into the first year of the Survey period.

(ii) Regional Development Grants II 24.7 31.9 35.5
 Forecast of higher than expected demand for the new job-related Regional Development Grants.

(iii) Welsh Development Agency 14.0 15.0 15.0
 To encourage further private sector interest in provision of factories, land clearance and help for small businesses. Also to accelerate land reclamation programme.

(iv) Careers Service 0.1 0.2 0.2
 To maintain the current staffing levels provided by the Careers Service Strengthening Scheme.

TOTAL	47.6	47.1	50.7
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PROPOSED REDUCTIONS

(i) Regional Development Grants I ---- -6.4 -8.0
 Reduced requirement resulting from claims being presented early in scheme that is ending.

TOTAL	----	-6.4	-8.0
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PROPOSED NET CHANGE IN PROVISION	47.6	40.7	42.7
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Proposed change in gross running costs	1.8	2.3	3.2
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<u>Manpower</u>	1.4.87	1.4.88	1.4.89	1.4.90	1.4.91
Proposed		2285	2250	2245	2245
Proposed change from current plan		+25	+25	+25	+25

Note: Provision for the Welsh block (ie expenditure except on industry and agriculture) will also be increased to reflect the territorial consequences of increases on comparable English programmes.

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NORTHERN IRELAND

	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
SURVEY BASELINE	5048*	5217*	5348*
PROPOSED ADDITIONS			
(i) Formula Consequentials	4.0	3.2	3.3
Final outcome of 1986 Survey. Consequentials of agreements in GB. (This is the last time that such post-PEWP adjustments will be made)			
(ii) Social Security Benefits	6.0	21.1	47.8
Effect on Northern Ireland of Treasury's revised economic assumptions. These figures may change when economic assumptions revised later in the year.			
(iii) Job Training Programme	2.6	2.6	2.7
(iv) Availability Testing	0.5	0.5	0.5
Both of these schemes parallel those recently set up by Department of Employment. It is proposed that they be financed from the consequent savings on social security benefit payments.			
(v) University Academics' Pay	1.5	2.0	2.0
Northern Ireland's consequential of extra resources provided to DES in settlement of university academics' pay. NI will only get this <u>if</u> bid by DES successful.			
(vi) Others	4.5	4.2	4.2
These mainly relate to additional expenditure financed by extra receipts (ESF,ERDF) and extra costs of the Calf Premium Scheme.			
TOTAL	19.1	33.6	60.5
PROPOSED REDUCTIONS			
HOUSING LOAN CHARGES	-0.6	-1.1	0.0
Effect on the NI Housing Executive's HLC's of Treasury's revised economic assumptions. These may change if assumptions were to be revised later.			
TOTAL	-0.6	-1.1	0.0
PROPOSED NET INCREASE (of which running costs)	18.5** 0.5	32.5** 0.5	60.5** 0.5

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MANPOWER***	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	4726	4786	4853	4853
Change from present plan	+50	+110	+177	+177

Notes

* These figures include national agriculture schemes which are non-block.

** In addition provision for Northern Ireland will also be increased to reflect the territorial consequences of increases in comparable GB programmes.

*** Northern Ireland Office only.

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CHANCELLOR'S DEPARTMENTS

Bids shown for the Chancellor of the Exchequer's departments are as submitted by the permanent heads of those departments; they have not been endorsed by Treasury Ministers.

	£million		
	<u>1988-98</u>	<u>1989-90</u>	<u>1990-91</u>
Survey baseline	2,304	2,411	2,472
PROPOSED ADDITIONS			
CUSTOMS AND EXCISE			
(i) Additional staff	5.1	13.6	24.1
(of which running costs	5.1	13.6	24.1)
Increase in passengers (freight traffic, drug control enhancement. Target: increase drugs seizures by 15 per cent in 1988-89 and 10 per cent in 1989-90 and 1990-91.			
(ii) Pay costs	16.7	17.3	18.9
(of which running costs	16.7	17.3	18.9)
Effects of 1987 pay settlement and predicted outcome of 1988 pay settlement. Targets: various.			
(iii) VAT skills	7.0	8.0	9.0
(of which running costs	7.0	8.0	9.0)
Programme to improve skills of VAT control officials by better training etc. Target: secure increase in VAT underdeclarations detected at least seven times greater than cost of programme.			
(iv) Accommodation	7.9	15.2	19.3
(of which running costs	2.9	6.7	7.5)
Increased PRS charges and estimated costs of building works; building works to reorder London estate and provide accommodation for new facilities (eg expansion at Stanstead and Luton).			

Target: reduce average occupancy to 15.0 sq.m.per head by 1990.

(v) Other	4.0	10.1	15.9
(of which running costs	0.9	8.3	13.4)

Mainly for IT expenditure and legal expenses. Targets various

TOTAL	40.7	64.2	87.2
(of which running costs	32.6	54.0	72.9)

MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	26,647	27,178	27,608	28,138
Change from plans	-	+410	+653	+1,183

INLAND REVENUE

(i) Additional staff	10.1	23.9	30.7
(of which running costs	10.1	23.9	30.7)

New and increased workloads, increased training and supervisory requirements, offset by reduced requirements. Target: 10 per cent more Schedule D assessments by 1990, 3 per cent more Schedule E cases and collection of arrears.

(ii) Pay costs	53.2	67.3	85.9
(of which running costs	53.2	67.3	85.9)

Excess costs of 1986 and 1987 pay settlements and predicted costs of 1988 award. Targets: various.

(iii) Casuals and overtime	10.1	7.0	1.0
(of which running costs	10.1	7.0	1.0)

Mostly for implementation of new computer system. Targets: various, including delivery of computerisation savings identified in 1986 PES.

iv) Accommodation, current	7.7	12.1	17.5
(of which running costs	7.7	12.1	17.5)

Target: reduce average accommodation costs by transfer of computer division outside London, and reduce space per head by 1 per cent a year.

(v) Automatic Data Processing, current	-	6.4	3.8
(of which running costs	-	6.4	3.8)

Targets: various, including reduction on expenditure on outside consultancy support.

(vi) Other general				
administrative expenditure		11.4	13.1	13.4
(of which running costs		11.4	13.1	13.4)
Targets: various				
(vii) Automatic Data Processing, capital		-	4.4	6.7
(of which running costs		-	-	-)
Enhancement of BROCS and OCTA IT systems for more efficient system.				Targets:
various.				
(viii) Accommodation, capital		5.6	4.5	3.0
(of which running costs		-	-	-)
Targets: various				
(ix) Life Assurance Premium Relief				
and Mortgage Interest Relief		40	40	61
(of which running costs		-	-	-)
Increase in number of non-taxpayers receiving relief for LAPR and MIRAS				
TOTAL		138.1	178.7	223.0
(of which running costs		93.3	129.8	152.3)
PROPOSED REDUCTIONS				
(i) Cancellation of Transferable				
Allowance		6.3	11.1	-
(of which running costs		4.9	9.3	-)
(ii) Other		9.5	8.8	9.1
(of which running costs		2.0	2.1	2.2)
Includes automatic data processing, VAT refunds and additional appropriations				
in aid.				
TOTAL		15.8	19.9	9.1
(of which running costs		6.9	11.4	2.2)
PROPOSED NET CHANGE IN PROVISION		122.3	158.8	214.0
(of which running costs		85.6	118.4	150.1
MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	67,974	68,970	68,943	69,659
Change from plans	-	+1,798	+1,967	+2,683

PROPOSED ADDITIONS

REGISTRY OF FRIENDLY SOCIETIES

	2.2	0.4	0.4
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(of which running costs

	0.3	0.3	0.3)
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Running cost bid, offset by increased charges mainly to cover use of accountants on inspections of building societies. Bid on accommodation charges to cover possible forced relocation.

MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	140	136	136	136
Change from present plans	-	-	-	-

H M TREASURY

	-1.6	2.9	-23.2
(of which running costs	0.8	2.0	3.8)

Various small bids. Reduced requirements reflect non-carry-forward of 1989-90 provision for European Election expenses.

MANPOWER	1.4.88	1.4.89	1.4.90	1.4.91
Proposed	3,227	3,187	3,151	3,151
Change from present plans	-	-	-	-

RATING OF GOVERNMENT

PROPERTY DEPARTMENT

	6.7	3.5	2.8
(of which running costs	-	-	-)

Increases in local authority poundage rates.

HMSO

	6.7	6.7	5.7
(of which running costs	-	-	-)

New long term borrowing for trading activities.



lite

PM

CCBG

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 July 1987

Dear Max,

CASH LIMITS FOR 1986/87

I am sure the Prime Minister would be content for the Chief Secretary to publish the annual White Paper on cash limits for 1986/87 as proposed.

I am copying this letter to the Private Secretaries to other members of the Cabinet and to Michael Stark.

*Yours,
David*

D R Norgrove

Max Felstead, Esq.,
H. M. Treasury.

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