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FROM: CHIEF SECRETARY
DATE: 6 July 1989

PRIME MINISTER

1989 PUBLIC EXPENDITURE SURVEY: ADDITIONAL BIDS

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

2 The annexes summarise the proposals made by each Minister for his own programmes. As in earlier years, they do not include proposals for nationalised industries' external finance, net contributions to the EC, and the territorial consequences of departments' bids. The revenue support grant and national non-domestic rate elements of local authority current expenditure are not included although specific grants to local authorities within Aggregate Exchequer Finance are included in departmental summaries.

3 I am copying this minute to other members of the Cabinet to Richard Luce, and to Sir Robin Butler.

JOHN MAJOR

CHANCELLOR OF THE EXCHEQUER - SMALL DEPARTMENTS

	£ million		
	1990-91	1991-92	1992-93
Combined Survey Baseline	2128	2247	2305
PROPOSED ADDITIONS			
Civil Superannuation	10.2	10.6	35.8
More new pensions and changes in economic assumptions.			
HM Treasury	6.3	8.0	10.1
Increased payments in respect of the Civil List and Parliamentary bodies. Construction work, purchase of computer equipment and improved staff recruitment.			
Her Majesty's Stationery Office	2.4	3.4	5.0
Withdrawal of discounts and higher than expected price increases on publications supplied to Parliament, covering of deficit on Parliamentary Debates, long term borrowing by the Trading Fund.			
Paymaster General's Office	0.3	0.7	3.5
Additional manpower, computer maintenance, development of new pension system.			
Rating of Government Property Department	41.0	24.0	44.0

Other	1.0	1.3	2.8
TOTAL	61.2	48.0	101.2
PROPOSED REDUCTIONS	-4.8	-8.0	-11.7
PROPOSED NET CHANGE IN PROVISION	+56.4	+40.0	+89.5
(of which running costs	+6.9	+6.3	+10.5)
MANPOWER (combined total)			
Proposed	15420	15345	15323
Change from present plans	+19	+20	+22

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CABINET OFFICE, PRIVY COUNCIL AND PARLIAMENT

	1990-91	1991-92	£ million 1992-93
<u>CABINET OFFICE</u>			
Survey Baseline	25.7	23.3	23.9
Proposed additions			
(i) Pay and accommodation	1.0	1.8	2.1
Provides for the knock-on effects of pay awards; assumptions about the level of future pay awards; and the rising costs of rent and rates.			
(ii) IT projects etc	0.1	2.4	-3.0
Provides for a number of computer and telecommunications projects.			
(iii) Central Statistical Office	0.5	0.5	0.5
Provides for the changing nature of the Department and for a Share Survey.			
Proposed reductions			
(iv) Efficiency gains and receipts	-0.6	-0.7	-0.8
Efficiency gains and repayment from OMCS for services provided.			
Proposed net bid	1.0	3.9	-1.2
(of which running costs	1.8	2.4	2.7)
MANPOWER			
Proposed	704	706	706
Change from present plans (1)	+15	+17	+17
(1) manpower bid related to CSO.			
<u>CABINET OFFICE (OMCS)</u>			
Survey Baseline	35.1	37.1	38.1
Proposed additions			
(i) Pay and accommodation	1.3	2.0	2.4
Provides for the knock-on effects of pay awards; assumptions about the level of future pay awards; and the rising costs of rent and rates.			

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(ii) "Next Steps"	1.5	1.6	1.6
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Provides for the continuation of Challenge Funding and for the costs of the Next Steps team and their support.

(iii) Relocation	2.4	0.4	-0.1
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Provides for the transfer of Civil Service College staff from London to Sunningdale.

(iv) Civil service commission	2.3	0.6	0.5
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Provides for additional recruitment schemes; an update and improvement in computer facilities; and a Planning Unit to implement changes to the Commission.

(v) Other	2.1	1.9	-1.7
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Provides for a number of variations in existing provision.

Proposed net bid	9.6	6.5	2.7
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(of which running costs	5.6	5.6	2.8)
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MANPOWER

Proposed	778(216)	729(216)	723(216)
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Change from present plans (1)	+39(-)	-5(-)	-11(-)
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PRIVY COUNCIL OFFICE

Survey baseline	1.2	1.3	1.3
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Proposed additions	0.1	0.1	0.1
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Increase in pay costs for Ministers and officials. Provision is all running costs.

MANPOWER

Proposed	29	29	29
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Change from present plans	-1	-1	-1
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PARLIAMENTARY COMMISSIONER

Survey baseline 2.8 2.9 3.0

Proposed additions : none

HOUSE OF LORDS

Survey baseline 16.7 18.1 18.6

Proposed additions 0.6 0.6 1.7

Increased costs of pay and pensions, Peers' expenses and increased take-up of Secretarial assistance; security costs at the Palace of Westminster; and additional capital investment in computers.

HOUSE OF COMMONS

Survey baseline 52.8 55.0 56.4

Proposed changes

(i) MPs salaries and allowances -1.1 -0.8 0.3

Savings in the first two years are due to the decrease in the Exchequer contribution to the Parliamentary Contributory Pension Fund.

HOUSE OF COMMONS COMMISSION

Survey baseline 32.3 35.1 36.0

Proposed additions 4.5 5.0 6.2

Increased staff costs, including the introduction of flexible long-term pay arrangements and performance pay to grades below SEO; costs of meetings in London of the Council of Europe and the Commonwealth Sergeant at Arms; computer costs; and additional police costs for security at the Palace of Westminster.

MINISTRY OF DEFENCE

	1990-91	1991-92	1992-93
Survey baseline	21,187	22,101	22,653

PROPOSED ADDITIONS

(i) Programme addition 1,108
 Block addition, confined to the third year because firm plans for 1990-91 and 1991-92 were agreed in the 1988 Survey.

(ii) Nuclear wastes 53
 Agreed share of payments to British Nuclear Fuels Limited.

(iii) PSA untying 28 29 30
 Additional cost of PSA services because charges will include superannuation costs.

(iv) VAT on utilities 41 59 63
 Additional cost following the extension of VAT to utilities.

TOTAL 122 88 1201

PROPOSED ADDITIONAL RUNNING COSTS 256 366 460

MANPOWER (man years)

Proposed 142,129 141,633 141,130
 Increase on present plans 750 839 830

FOREIGN AND COMMONWEALTH OFFICE - DIPLOMATIC WING

	£million		
	1990-91	1991-92	1992-93
Survey Baseline	840.7	883.9	906.0
PROPOSED ADDITIONS			
(i) Pay and allowances	7.1	6.4	6.8
To allow for higher increases in pay and allowances than previously forecast, whilst meeting existing objectives and targets.			
(ii) Existing Visas	3.2	4.2	5.7
To meet growing demand, whilst maintaining and improving service at existing visa issuing posts. Targets include reductions of: average processing time to under 24 hours for post-1986 regimes and referral time after interview by 10 per cent.			
(iii) New Visas	7.0	7.0	7.2
To introduce visa regimes for Turkey, Algeria, Morocco and Tunisia, and to open an office in Taiwan. Entry Clearance Officers to handle 5,000 applications a year.			
(iv) Security	4.0	1.8	1.5
To increase work on buildings, and to improve both equipment and guarding, for the greater protection of staff and classified material.			
(v) Relocation	1.9	9.4	11.0
To start a major development at Hanslope Park, extending over 9 years, which will move about 245 posts from London. Running costs savings starting in 1993-94 building up to £1.09 million a year by 1995-96.			
(vi) Healthcare/training	0.8	0.9	0.9
To improve health facilities for staff at certain overseas posts and to strengthen staff training. Targets include reductions by £42,000 a year in costs of evacuation and curtailed postings, 40% cost recovery from ODA and the British Council, and 785 extra man-weeks of training by 1992.			
(vii) UN Peacekeeping	4.2	3.7	3.6
To pay UK assessed contributions to UN peacekeeping costs in Iran/Iraq (UNIIMOG) and Angola (UNAVEM).			

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	£million		
	1990-91	1991-92	1992-93
(Viii) Education, etc	14.4	12.2	12.5
Policy initiative to increase further FCO and British Council scholarships and exchanges to promote deeper knowledge of the UK. Includes participation in British exhibition in Kiev, 1990, and increased programme budgets to allow Assistant Under-Secretaries to react flexibly to diplomatic opportunities. Targets include at least 600 new FCO scholarships from 1990-91, (100 jointly financed with the private sector).			
(ix) British Council	3.0	10.4	3.2
To maintain present level of British Council activity and to relocate one-third of Council staff away from London.			
(x) Military and police training	2.4	2.6	2.8
To enlarge UK influence. Targets include doubling the number of Mozambique troops trained.			
(xi) Poland Economic Assistance Fund	5.0	5.0	5.0
"Know-how" fund, totalling £25 million over 5 years, to promote democratic growth in Poland.			
TOTAL	53.0	63.6	60.2
* PROPOSED NET CHANGE IN PROVISION (of which running costs)	53.0 (20.9)	63.6 (19.5)	60.2 (21.8)
MANPOWER			
Proposed	8357	8366	8375
@Change from present plan	+135	+144	+153

* These figures are subject to adjustment to take account of overseas price movements.

@ Includes transfer of 65 staff from COI, currently under discussion.

SUMMARY OF DEPARTMENTAL PROPOSALS

FCO: OVERSEAS DEVELOPMENT ADMINISTRATION

	1990-91	1991-92	£million 1992-93
Survey Baseline (of which overseas aid)	1627 (1512)	1692 (1573)	1734 (1613)

PROPOSED ADDITIONS

- | | | | | |
|----|--|----|----|----|
| 1) | Environment: limiting global
environmental damage | 15 | 40 | 90 |
| | Primarily to cover an expansion in forestry work overseas to promote the wise and sustainable use of forest resources. Additional resources needed to support policy of encouraging developing countries to give priority to limiting global environmental damage. | | | |
| 2) | Multilateral Aid | 37 | 27 | 40 |
| | To meet expected new commitments for multilateral aid under EDF7 and a forecast increase in EC attributed aid expenditure, including an offset against PES reduction due to overspending in 1988-89. Without additional resources bilateral aid would need to be reduced leading to a decline in real value. | | | |
| 3) | Economic Reform: Sub-Saharan Africa | 60 | 70 | 80 |
| | To continue commitment, agreed by Ministers, to support Nigeria's economic reform programme. Includes £10, £20 and £80 million over the three years in order to maintain the real value of our support for economic reform in sub-Saharan Africa. | | | |
| 4) | Commonwealth Development
Corporation | 25 | 35 | 45 |
| | To provide additional aid funds in lieu of commercial borrowing previously envisaged. Includes £15m to support CDC's further expansion not covered by existing resources. | | | |
| 5) | Voluntary Agencies | 0 | 8 | 15 |
| | To increase support for voluntary agencies, which are effective and relatively cheap. ODA to provide an additional £4 million annually from existing resources. | | | |
| 6) | ATP Mixed Credits | 0 | 10 | 15 |
| | To maintain the real value of our support for industry in key markets, given that the ATP mixed credit budget has been held constant at £66 million for the last two years. | | | |

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7)	Running Costs	3.7	4.6	7.1
	To meet pay settlements of 9%, compared to 5% assumed in baseline, also VAT on rents (£0.5 million annually). Additional resources of £0.2 million are required annually as administration related to increased expenditure on the environment. Also cost of re-phased relocation of ODNRI to Chatham and revised estimates of costs of operating at Chatham.			
8)	Crown Agents	0.2	0.2	0.2
	Reflects reduced level of repayments to NLF following capital restructuring.			
	TOTAL BIDS	140.9	194.8	292.3
	PROPOSED REDUCTIONS			
1)	Guyana	-2.5	-2.5	0
	Reduction to offset additional £5 million provided in 1989-90 to Guyana.			
2)	EC Overspend	-15.0	0	0
	Reduction due to forecast EC attribution overspend in 1988-89 (see 2 above).			
3)	Overseas Superannuation	0	-0.1	-1.6
	Includes latest inflation assumptions which are offset by savings.			
	TOTAL REDUCTIONS	-17.5	-2.6	-1.6
	PROPOSED NET CHANGE	123.4	192.2	290.7
	Running Costs Baseline	44.7	47.3	48.5
	*PROPOSED ADDITIONS			
1)	1989 Pay Settlement	1.7	2.6	4.0
2)	VAT	0.5	0.5	0.5
3)	Additional staff: environment	0.2	0.2	0.2
4)	HQ: other	0.3	0.5	0.2
5)	ODNRI: rephased relocation	0.4	-	0.2
6)	ODNRI: other	0.7	0.9	2.0
*	Included in PES bids. See 8) and 9) above.			
	PROPOSED REDUCTIONS	0	0	0
	PROPOSED NET CHANGE	3.7	4.6	7.1
	MANPOWER			
	Proposed	1652	1663	1649
	Change from present plans	+18	+27	+13

IBAP AND OTHER CAP

	1990/91	1991/92	£ million 1992/93
Survey Baseline	1449	1625	1665
Proposed additions			
(i) CAP market support forecast	+4	-53	-34

Savings resulting from the reform of the beef regime are partially offset by increased estimates of expenditure on cereals and sheepmeat particularly in 1990-91. Overall expenditure is subject to uncertainty and will be updated in August when more reliable estimates of 1989 harvests will be available. Sheep-meat expenditure could be reduced by agreement on reform in the Agriculture Council.

(ii) IBAP running costs	+1	+1	+3
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Expected increase in wages and salaries costs; increased manpower in respect of CAP market support trends and projected activity levels; in the third year, additional running costs for new IT strategy.

(iii) IBAP capital	+1	0	0
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Computer purchase for implementation of new IT strategy.

Total	+6	-52	-31
Proposed reductions	-4	-3	-3

Administrative agency expenditure: savings in Meat and Livestock Commission (MLC) and DANI agency fees following reform of the beef regime and changes in the funding of its administration.

Proposed net change in provision	+3	-55	-35
(of which running costs)	+1	+1	+3

Manpower (man years)

Proposed	975	957	920
change from present plans	+76	+47	+10

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DOMESTIC AGRICULTURE (UK)

	1990-91	1991-92	£ million 1992-93
Survey Baseline	819	836	857
PROPOSED ADDITIONS			
(i) Capital Grants	- 2	8	4
<p>To allow for forecast reprofiling of expenditure on known commitments, particularly under the closed Agricultural Improvements Scheme (AIS) and to allow build-up to agreed target of £55 million by 1993-94 on the new Farm and Conservation Grants Scheme. The aims of the new scheme are mainly to contain pollution and improve conservation on farms.</p>			
(ii) EC Funded and other Demand determined	7	6	7
<p>To compensate farmers for the slaughter of cows affected by BSE and chickens infected with salmonella enteritidis. Target: to eradicate BSE (£2 - £3 million a year) and control salmonella enteritidis (£2 million a year). Also additional provision is sought in 1992 - 93 for Farm Woodlands Scheme. Target: to increase agricultural land planted to Farm Woodlands by 12,000 hectares thereby reducing production, mainly of beef and sheepmeat.</p>			
(iii) Flood Defence and Local Authority Harbours.	10	11	16
<p>The bid is for greater support for the programme of flood defence works carried out by the National Rivers Authority (NRA) and Local Authorities. It would direct support to priority areas (eg the East Coast) and increase Credit Approvals (CA) to allow for funds to be allocated on a project basis. Target: To replace flood defences that are coming to the end of their useful lives.</p>			
(iv) External R&D	5	7	8
<p>To fund new work on environmental sciences especially pollution and climatic change; biotechnology, and animal welfare and animal diseases with human health implications. Target: to improve the scientific basis of policy decisions setting future standards relating to environmental and food safety. Bid also aims to maintain R&D programmes in face of increasing costs.</p>			
(v) Set Aside	12	16	21
<p>To compensate farmers for taking land out of production. On current estimates a total of 237,000 hectares of land should have been taken out of production by 1992 - 93 thereby reducing production of crops by an estimated 760,000 tonnes. Take-up for 1990-91 will be known by August 1989.</p>			
(vi) Nitrates	-	5	6
<p>To introduce an experimental scheme to compensate farmers for using farming methods which will reduce the entry of nitrates into water from agricultural land. Target: to bring 30,000 hectares under the scheme by 1992 - 93.</p>			

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(vii) Publicity	1	1	1
To launch campaigns aimed at increasing public awareness of food safety matters.			
(viii) MAFF Running Costs	22	33	53
To meet increasing workload on animal health and food safety (including administration costs of BSE and Salmonella schemes). Also to meet known and anticipated pay and price increases, for civil estate maintenance and Information Technology.			
(ix) Administration Capital	12	18	18
To cover new building works, to bring existing buildings up to standard required by animal welfare and safety legislation and fire regulations, to meet policy requirements and to reduce running costs. Also to procure IT equipment for ADAS and for works at ADAS experimental establishments.			
(x) Strategic food stockpile	4	4	4
To meet cost of converting emergency food stocks to ready-to-eat foods. Target: To maintain the viability of civil defence policy by reducing the conversion period from 44 to 30 years and to increase the endurance level of the stockpile from 17 to 20 days within the 30 year period.			
(xi) Scotland	6	12	15
To promote special measures to assist with diversification of the rural economy. Target: retention of the rural population by reduced dependency on agriculture. To enable SO ministers to rationalise R&D activity by bringing 2 research institutes together in one location with a new portfolio of research projects. Elsewhere, redundancy payments will reduce ongoing staff costs by £ 5 million per year. Target: to streamline government-funded R&D in Scotland. Also to replace the plane used for fisheries protection.			
(xii) Other	1	1	1
(xiii) VAT on Grant Schemes	7	9	11
The bid is contingent on liability to charge VAT on certain grant schemes. Decision to be taken by Ministers in the summer.			
TOTAL	87	131	167
PROPOSED REDUCTIONS	- 4	- 4	- 4
PROPOSED NET CHANGE IN PROVISION	83	127	163
(of which running Costs)	17	28	48
MANPOWER			
Proposal	10695	10779	10818
Change from present plans	-42	+42	+81

FORESTRY COMMISSION

	£ million		
	1990-91	1991-92	1992-93
Survey baseline	77.0	80.2	82.2
Proposed additions			
1. Pensions	2.3	2.8	3.5
Increase sought to cover cost of increases in number of pensioners and level of pension entitlements. Aim: to meet statutory requirements.			
2. Forest recreation	1.9	2.0	2.1
Increase sought for additional costs of maintenance and refurbishment of existing recreational facilities. Aim: to sustain existing benefit to visitors (over 50 million visits per year).			
3. Planting grants	-	2.7	1.8
Bid for revised planting programmes and extra cost arising from change in broadleaved/conifer ratio to 80/20 from 50/50 in the Farm Woodland Scheme. Aim: to implement agreed policy.			
4. Land acquisitions	0.3	0.5	0.8
Cost of additional land purchase for Forestry Commission planting programme. Aim: to meet planting target of 4000 ha a year.			
Proposed net change in provision	4.5	8.0	8.2
Memo item:			
Proposed additional receipts	- 3.5	-8.5	-11.0
Extended and enlarged programme of disposals of land and assets. Aim: to dispose of 100,000 ha of forestry land and properties by the end of the century, thereby further rationalising the forestry estate. (These receipts are credited to the central privatisation programme not to the Forestry Commission programme.)			

DEPARTMENT OF TRADE AND INDUSTRY

			£ million
	1990-91	1991-92	1992-93
Survey baseline	1281	1137	1165

PROPOSED ADDITIONS

(i)	Regional Selective Assistance	9.3	22.7	42.6
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To increase the number of inward investment cases attracted to the UK in the run up to 1992 and to cover a possible increase in demand following the ending of Regional Development Grants. Would increase RSA expenditure by 6% in 1990-91, 14% in 1991-92 and 26% in 1992-93.

(ii)	Shipbuilding	10.1	5.9	-1.1
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Reflects the increased cost of the Home Shipbuilding Credit Guarantee Scheme resulting from revised interest rate assumptions and support from the Shipbuilding Intervention Fund for the Appledore Yard following its privatisation.

(iii)	Redundant Steelworkers	10.2	2.8	0
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Reflects revised forecasts of payments to steelworkers under the statutory Iron and Steel Employees Readaptation Benefits Scheme.

(iv)	R and D Innovation	0	5.0	7.0
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Partially offsets the reduction of £15m a year incorporated into the baseline under EUROPES as a result of increased spending on EC R and D programmes.

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	1990-91	1991-92	1992-93
(v) Aerospace (launch aid)	-2.3	22.4	-39.5

Rephasing of agreed launch aid payments to BAe in respect of Airbus A330-340 and changes in the expected pattern of levy receipts.

(vi) Space	13.6	19.0	18.5
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Covers 50 per cent of the cost of UK participation in Earth Resources Satellite II; an increase from 5.5 per cent to 7.5 per cent in the UK share of the Columbus Polar Platform; and a 25 per cent share in the European Space Agency's Instrument Development Programme. Would increase DTI expenditure on civil space by 19% in 1990-91, 26% in 1991-92 and 25% in 1992-93.

(vii) Running costs	21.3	14.8	17.4
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To cover increased pay and accommodation costs and to meet redundancy payments at the National Engineering Laboratory.

(viii) Departmental Administration	11.7	2.2	2.3
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Mainly expenditure on major works and new computer systems

(ix) Other minor items	9.7	7.5	8.5
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Includes increased spending on standards, including the Quality Mark campaign, and increased capital expenditure by the Patent Office and Companies House on computer systems.

TOTAL	83.6	102.3	55.7
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PROPOSED REDUCTIONS	1990-91	1991-92	1992-93
(i) Regional Development Grants	-21.3	-10.4	-44.4
(ii) Regional Enterprise Grants	-33.2	-30.0	-29.5
(iii) Other reduced requirements	-14.4	-13.9	-11.4
TOTAL	-68.9	-54.3	-85.3

PROPOSED NET CHANGE IN PROVISION	+14.7	+48.0	-29.6
(of which running costs)	+21.3	+14.8	+17.4

MANPOWER	1990-91		1991-92		1992-93	
Proposed	11508	(1292)	11408	(1298)	11318	(1298)
Change from present plans	-50	0	-50	0	-140	0

(Civil Service manpower outside gross running costs control shown in brackets)

OFFICE OF FAIR TRADING

Survey Baseline	13.3	13.6	13.9
(i) Running costs	1.7	3.5	4.0
PROPOSED NET CHANGE IN PROVISION (all running costs)	+1.7	+3.5	+4.0

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MANPOWER	1990-91	1991-92	1992-93
Proposed	439	464	466
Change from present plans	+19	+42	+41

OFFICE OF TELECOMMUNICATIONS

Survey Baseline	5.0	4.8	4.9
(i) Running costs	0.6	0.4	0.4
PROPOSED NET CHANGE IN PROVISION (all running costs)	+0.6	+0.4	+0.4

MANPOWER

Proposed	133	133	133
Change from present plans	+2	+2	+2

EXPORT CREDIT GUARANTEE DEPARTMENT

£ million

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
Survey baseline	122	61	63

PROPOSED ADDITIONS

(i) Interest Support costs	17.5	-	-
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To take account of higher forecast sterling interest rates in the first Survey year compared with previous assumptions.

(ii) Miscellaneous	3.0	-	-
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Changes in the forecast of net claims arising on ECGD facilities that have been discontinued but on which there are still commitments in respect of past business.

TOTAL	20.5	-	-
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PROPOSED REDUCTIONS

(i) Interest Support Costs	-	-26.1	-101.0
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To take account of lower forecast sterling interest rates in the last two Survey years compared with previous assumptions.

(ii) Miscellaneous	-	-	-7.5
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Changes in the forecast of net receipts arising on ECGD facilities that have been discontinued but on which there are still commitments in respect of past business.

TOTAL	-	-26.1	-108.5
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PROPOSED NET CHANGE IN

PROVISION	20.5	-26.1	-108.5
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ENERGY

£million

1990-91

1991-92

1992-93

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PROPOSED REDUCTIONS

(i) Nuclear programmes	-0.7	-3.1	-17.9
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Mainly lower fast reactor and fusion restructuring costs and reduced fusion related EC receipts received by the Atomic Energy Authority.

(ii) Coal firing scheme	-0.5	0.0	-0.1
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Revised assumptions about residual expenditure associated with this scheme which closed to new applicants in 1987.

(iii) ERDF	-2.7	-3.2	-3.3
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Reduced payments to nationalised industries financed from European Regional Development Fund (no net effect on public expenditure as there will be a corresponding reduction in receipts on programme 2.7).

(iv) RMPS	-3.2	0.0	0.0
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Lower than expected take up of benefits.

(v) Other minor savings	-0.2	-0.1	-0.6
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TOTAL REDUCTIONS	-7.3	-6.4	-21.9
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PROPOSED NET CHANGE	37.0	46.0	35.3
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IN PROVISION

of which DEN running costs	2.8	2.8	2.9
OFGAS running costs	0.1	0.1	0.2
OFFER running costs	8.6	9.1	9.6

MANPOWER	90-91	91-92	92-93
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<u>DEN</u> Proposed	1053	1048	1038
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Change from present plans	-10	-15	-25
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<u>OFGAS</u> Proposed	28	28	27
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Change from present plans	-2	-2	-3
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<u>OFFER</u> Proposed	220	220	220
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Change from present plans	+220	+220	+220
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DEPARTMENT OF EMPLOYMENT

	1990-91	1991-92	1992-93
Survey Baseline	3,887	3,894	3,991
 A PROPOSED ADDITIONS			
i. STA privatisation/ disposal	41.9	42.9	44.0
Provision required because of the effect of loss of assumed receipts from the Skills Training Agency.			
ii. Disabled	16.9	24.0	32.7
Provision required mainly to meet increased take up on schemes for the disabled and to fund unforeseen trading difficulties for Remploy, who provide sheltered workshops.			
iii. Inner City Initiatives	12.2	21.9	22.2
Bid allows for continuation of Inner City Development Fund and Job Interview Guarantee Scheme which started in 1989-90 as part of the Inner City Initiatives.			
iv. Business Growth Training (BGT)	8.0	12.2	12.7
Bid allows for a new initiative whereby Training and Enterprise Councils will be supported to establish training advisory centres to stimulate improvements in the quality of training undertaken by local companies and training providers.			
v. Training and Education Support	15.2	8.2	5.2
Composite bid covering a number of programmes aimed at improving responsiveness of education and training to employment needs. Main elements are provision needed for TEC development funding, provision for national extension of the Training Access Point programme and further support for the Open College, pending self-financing as set out in the business case, and continued public funding for broadcasting.			
vi. Compacts	6.0	6.0	6.0
Provision is to extend funding for these school/industry partnerships to every Urban Programme Area in England and their equivalents in Scotland and Wales, and to stimulate such partnership activity in all TEC areas by the end of the survey period.			

vii.	Redundancy Fund	4.3	4.2	4.6
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Estimating change. Revised estimate of cost of meeting likely demands on fund given economic prospects.

viii.	Other	19.2	18.8	19.2
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Includes a number of minor bids.

ix.	TECs management fee	21.9	24.3	17.5
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Classification of bid (programme or running costs) still subject to separate Ministerial correspondence. Bid represents both initial set-up and development costs and subsequent continuing costs of establishing a national network of 100 TECs by June 1991.

x.	Employment Service Offices	26.0	24.0	26.0
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Bid reflects provisional estimate of the initial investment costs for the rationalisation of the ES local office network. Includes provision for both premises and computer costs. The plans for rationalisation are awaiting Ministerial decision.

xi.	Employment Service Information Systems	10.3	24.0	14.0
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Bid represents the capital costs of ES's information strategy. The strategy awaits finalisation in ES and the preparation of a business case for Ministerial and Treasury approval.

xii.	Pay	0	0	58.0
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Bid represents 9.9 per cent of baseline and represents the additional resources to meet an assumed 5.5 per cent average increase in 1992-93 and some continued pay commitments for the DE Group entered into in the first two PES years.

xiii.	Accommodation	0	0	31.5
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Bid provides for expected continuing rent increases and assumes that VAT will be charged on rents throughout the estate. Also allows for deferral of routine maintenance from first two PES years.

xiv.	IS Strategy	0	0	25.5
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Bid represents the running cost implications of implementing the ES Information Systems Strategy.

xv.	HSE work	0	0	4.0
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Bid is largely for new work generated by the harmonisation of European Health and Safety regulations and in response to increased public concern about workplace hazards.

xvi.	Relocation	7.9	4.9	3.0
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Bid represents the up-front running costs associated with relocation in DE Group. Detailed submission being considered at official level.

xvii.	Grants to Local Authorities Sheltered Employment	3.7	3.7	4.6
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Bid allows for increase in number of sheltered employment placements for people with disabilities.

TOTAL BIDS		193.5	219.1	330.7
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B. REDUCED REQUIREMENTS

i.	Employment Training	-27.4	-17.9	-3.2
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Reduction in planned volumes from 560,000 starts and 260,000 in training to 490,000 starts and 240,000 in training. The bid allows for the extra costs of catering for the increasing proportion of disadvantaged groups in the total as unemployment falls.

ii.	Youth Training Scheme	-11.6	-8.1	-10.0
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Reductions balance minor increases on other TA programmes. The future of YTS is the subject of separate Ministerial correspondence.

iii.	Work Related FE	*1.0	-2.1	-2.2
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Reduction reflects fall in planned number of projects funded by the WRFE Development Fund.

iv.	Research and Evaluation	0.0	-0.5	-0.5
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Reductions represent a reassessment of requirements.

v.	Restart	0.0	-0.8	-0.7
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Mainly reflects move towards external jobclubs which are more cost effective than internal clubs.

vi.	Enterprise Allowance Scheme	-12.3	-12.9	-17.2
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Reduction reflects lower take-up due to fall in unemployment

vii.	Tourism	0.0	0.0	-2.4
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Reduction results from announcement to end Section 4 Tourism grants in England.

viii. Small firms service	*1.1	-0.9	-0.7
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The bid in 1990-91 reflects Local Enterprise Agency Project Scheme involvement in Inner Cities and an increase in demands upon SFS as a result of its expanded network offices. In 1991-92 and 1992-93 both LEAPS and the Local Enterprise Grants Scheme will no longer operate.

ix. Training Agency (Capital)	*2.3	-3.5	-8.8
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Represents bid for additional capital to equip TECs (including IT equipment).

x. Other	-5.3	-3.4	-8.0
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Reduction represents provision for expenditure on premises and computers.

xi. STA	0.0	0.0	-23.8
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Reduced running costs requirement due to privatisation/disposal.

TOTAL REDUCED REQUIREMENTS	-52.2	-50.1	-77.5
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C. PROPOSED NET INCREASE	141.3	169.0	253.2
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MANPOWER	1990-91	1991-92	1992-93
Proposed	60,018	60,259	60,511
Manpower outside gross running cost control	(244)	(274)	(281)
change from present plans	+50	+46	+293

There are "frictional" increases in manpower associated with relocation plans of 66 manyears. These are partially offset in all three years by reductions in the Training Agency. In year 3 the other additions are due mainly to new Health and Safety Executive EC work and an increase in HSE Inspectors, and to the introduction of the Information Technology Strategy for the Employment Service.

*Denotes a bid in the first year and reduced requirements in later years.

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DEPARTMENT OF TRANSPORT

	£million		
	1990-91	1991-92	1992-93
Survey baseline	2645	2724	2792

PROPOSED ADDITIONS

(i) National roads existing programme:	325	560	665
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To complete some 140 new road schemes reaching construction stage during the next three years. Represents output over 25% higher than historic levels reflecting acceleration of the existing Road Programme. Also prevents the recovery in real terms of depressed road construction prices causing delays and exacerbating increasing traffic congestion. Average economic benefit about £1.90 for every £1.00 spent.

(ii) National roads expanded programme:	100	150	400
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To enable preparation of the schemes announced in the recent "Roads for Prosperity" White Paper and the start of up to 20 schemes to widen some 50 miles of badly congested motorway by the final PES year.

(iii) National roads maintenance:	50	50	25
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To eliminate the maintenance backlog by 1992-93; to bring skidding resistance up to standard; and to provide for an increased percentage of repairs requiring more expensive reconstruction. Without the bid renewal would be 40 miles of motorway and 175 miles of all purpose trunk road less, delaying elimination of the backlog by at least 4 years and increasing costs over and above the amount of the bid by about £20m per year.

(iv) Bridge maintenance:	40	60	80
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To maintain progress with the 15 year rehabilitation programme and to carry out necessary additional remedial work on concrete bridges identified by the Maunsell Report. Without the bid, bridges would not be strengthened to meet 40 tonne lorries by 1999 and heavy costs would be incurred due to weight restrictions, traffic delays, and more frequent inspections.

(v) Current maintenance	25	30	35
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To maintain the growing network in a cost effective and safe manner, in face of high traffic growth. To improve litter clearance. To provide for reclassification of surveys and inspections to current. Without the bid there would be a reduction in safety margins, increased congestion and backlog of routine maintenance giving increased costs.

(vi) Running costs	31	40	62
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To cover increased (RPI-linked) Post Office agency charges and 5-7 per cent growth in demand and new tasks at DVLD (about half of bid); additional staff to manage the expanded roads programme (about a third of bid); pay and price increases forecast for 1992-93; increased workload on transport safety and privatisation; VAT surcharges on accommodation; and projected costs of relocation.

(vii) Transport Supplementary Grant	51	76	86
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To direct investment in roads by local authorities towards roads of regional or national importance (see proposed reduction (i)) and to maintain in years 2 and 3 the output of such investment against the recovery in real terms of road construction prices. Average economic benefit (time and accident savings) for new schemes about £3 for every £1 spent.

(viii) S.56 grant	7	20	21
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To provide for grants to two major projects: Manchester Metrolink and South Yorkshire Supertram. Grants reflect economic benefits to non-fare payers eg reduced road congestion and urban regeneration effects.

(ix) LA credit approvals	38	98	81
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To enable local authorities to borrow for new local authority airport terminals and security measures; for Manchester Metrolink and South Yorkshire Supertram; and to meet the costs of rising road construction prices in years 2 and 3. Borrowing for trading undertakings, such as airports, are repaid from trading revenues.

PROPOSED REDUCTIONS

(i) LA credit approvals	-51	-51	-51
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Proposed transfer to transport supplementary grants

(ii) Running cost receipts from sale of vehicle registration marks	-16	-16	-21
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PROPOSED NET CHANGE IN PROVISION	608	1026	1383
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(of which running costs	31	40	62)
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MANPOWER

Proposed	12,434(3777)	12,634(3707)	12,862(3619)
change from present	+860(+206)*	+1,001(+312)*	+1,221(+155)*

(Civil Service manpower outside gross running costs control shown in brackets)

*increase also includes estimating adjustments to PES '88 baseline.

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DEPARTMENT OF THE ENVIRONMENT: HOUSING

	1990-91	1991-92	£ million 1992-93
Survey Baseline	5737	6157	6311

Main Proposed Additions

(1) Housing Corporation	242	473	744
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To increase the supply of subsidised rented housing. The bid is designed to enable housing associations to provide a total of 45,000 rented units per annum by 1994/5.

(2) Homelessness: Housing Corporation	36	37	7
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To meet demand from homeless households in priority housing need and to reduce use of 'bed and breakfast accommodation'. An extra 4000 housing association dwellings would be brought into use by 1992/93 and temporary accommodation for up to 1200 more households would be provided over the same period.

(3) Homelessness: local authorities (all credit approvals)	112	65	0
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To meet demand from homeless households in priority housing need and to reduce use of bed and breakfast accommodation by bringing empty LA property into use and by encouraging LA tenants to vacate property in housing stress areas with cash incentives. The bid would provide 15,000 dwellings for the homeless by 1991-92.

(4) Mainstream Renovation (all credit approvals)	150	177	115
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To counter deterioration in Local Authority stock and to bring more vacant properties back into use to benefit the homeless. The bids would allow renovation work on 129,000, 121,000, and 114,000 dwellings in total in each Survey year. The bid takes account of an expected decline in LA stock numbers over the period.

(5) Renovation: Grant	23	31	39
Credit Approvals	7	10	13

The bid would meet the cost of changes in the fitness standard for properties which are expected to lead to more owners receiving 100% grants. The bids should cover payment of a total of 231,000 grants over the Survey period.

(6) Area Improvement: Grant	17	20	24
Credit Approvals	6	7	8

To provide resources for schemes already committed while maintaining present annual scale of commitments to new schemes. The bid would allow the improvement of 37,500 properties over the survey period.

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(7) Slum clearance: Grant	14	26	35
Credit Approvals	4	8	10

To maintain the present scale of slum clearance given increases in compensation levels. The bid would allow 19,000 properties to be closed or cleared by 1992/93.

(8) LA Funded Housing Association Schemes (all credit approvals)	60	67	80
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To allow Local Authorities to continue to provide finance to schemes eligible for Housing Association Grant (HAG). The bid would allow local authorities to continue funding a total of 4,000 housing association rented dwellings and 600 dwellings for sale under low cost home ownership schemes per year.

(9) Central Government: current	3	8	17
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This bid covers increases in central government subsidies to housing associations, support for housing and construction research, housing management and section 73 grants, offset by reductions in support for construction (general), housing awards and the national mobility office.

(10) Housing Subsidy	2	-1	-2
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To ensure that the introduction of the new financial regime for local authority housing meets a Government undertaking that it will not of itself imply rent rises for local authority tenants.

(11) Rent Rebate Grant	75	74	72
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Under the new financial regime for local authority housing, surpluses in an authority's Housing Revenue Account (HRA) will help meet the cost of the rent rebate element of Housing Revenue Account Subsidy (HRAS) - HRAS combines the former main housing subsidy and rent rebate subsidy. There will be a 5 per cent real rent rise and a 3% real increase in management and maintenance costs in local authorities. The rent increase will produce larger HRA subsidies and there will therefore be savings in Rent Rebate subsidy of £56, £57, £59 million. However the saving is more than offset by the more general impact of the 5 per cent increase which will increase the need for rent rebate subsidy by £131 million in each year.

(12) Technical Bid:			
Rate Fund Contributions	446	458	469

One feature of the new HRAS system is that Local Authorities will no longer be allowed to make Rate Fund Contributions (RFCs) or transfers from their General Rate Fund (GRF) to their Housing Revenue Account (HRA). To compensate for this there is a technical bid of 362/371/380. In the past Local Authorities also

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made RFCs to cover 3.5% of their total rent rebate expenditure as DSS only covered 96.5% of the cost. These RFCs are also being discontinued and therefore there is a further technical bid of 84/87/89. The fact that these claims on Rate Funds will cease will be taken into account in the Revenue Support Grant settlement.

(13) Other Bids	3	9	0
Total Bids	1200	1469	1631

Reductions

(14) Housing Defects: Grant	7	-14	-32
: Credit Approvals	8	-5	-11

The revised profile of expenditure reflects current estimates of need.

(15) New Towns (Housing) Net	-100	-145	-117
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This represents an increase in the level of receipts from the sale of New Towns' Housing.

(16) Housing Action Trusts	-18	-10	2
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Housing Action Trusts are now unlikely to be set up before 1990 at the earliest. These reductions represent present estimates of the likely expenditure profile.

(17) New Towns Current	-1	-11	-42
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This represents a reduction in New Towns' need for current expenditure as they dispose of property.

(18) Old style LA HAG	0	0	-78
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Old style Local Authority Housing Association Grant (LA HAG) (which counts as central government expenditure) is gradually being replaced by new style LA HAG which will be issued as local authority credit approvals).

(19) Other reductions	-2	0	0
Total Reductions	-106	-185	-278
Proposed Net Change	1094	1284	1353
[Of which running costs	0	0	0]

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DOE - OTHER

	1990-91	1991-92	£ million 1992-93
Survey Baseline	1194	1225	1256
Main Proposed Additions			
(1) Countryside, Recreation and Environmental Protection	18	20	21

To provide continuing support to countryside initiatives recently introduced and to build upon the impetus achieved on environmental matters through further development of environmental research.

(2) Heritage	18	18	16
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To undertake essential projects and maintenance at the occupied palaces and to provide facilities at unoccupied palaces which will improve commercial possibilities and provide adequate initial funding for Historic Royal Palaces Agency. To provide further support for the built heritage through Historic Buildings and Monuments Commission and the Royal Commission on Historical Monuments.

(3) Water	6	0	- 5
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Necessary funds to ensure the National Rivers Authority, the new statutory body for water can be fully operational following privatisation.

(4) DOE Administration (Running Costs element)	21 (20)	32 (31)	41 (40)
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To meet the increased workload on the department, particularly related to the environmental initiatives and for the Planning Inspectorate.

(5) City Grant	3	23	21
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To allow City Grant scheme approvals to continue at the current level.

(6) Derelict Land Grant	9	9	9
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To ensure continuing progress in tackling dereliction. The bid would allow an extra 180 hectares of land to be reclaimed each year.

(7) Urban Development Corporations	49	37	13
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To allow UDCs to continue the regeneration of their areas. The bid would allow for major schemes in Teesside, Tyne and Wear, Central Manchester, Sheffield and Leeds. (This bid is likely to

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be substantially increased when DOE have been able to appraise the requirements of London Docklands DC, principally for the Limehouse Link Road and the Beckton extension of the Docklands Light Railway.)

(8) Urban Programme	6	7	5
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To allow a reasonable number of new projects to be started during the Survey period. The bid could allow an extra 240 new factories to be built or could create an extra 3,000 jobs.

(9) New Towns (Gross)	20	16	- 13
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To allow for the maintenance and renovation of property prior to sale. The costs should be recovered in the sale price. The reduction in year 3 is caused by the reduction in the number of properties held. (The Department are considering whether there may be some offsetting increase in receipts from disposals.)

(10) Local Environmental Services: Credit Approvals	200	290	330
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To enable Local Authorities (LAs) to maintain existing expenditure in real terms at the level of 1989-90 provision, taking account of the one-off provision for set up costs for the Community Charge and provide necessary expenditure to deal with problems of methane gas at landfill waste disposal sites and for incineration units.

(11) LES Specific Grants to LAs	3	4	5
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To meet LA demand for statutory grants and to increase National Parks' supplementary grant.

(12) Office of Water Services (Running Cost)	1	1	1
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Necessary provision to provide the new regulatory body with sufficient resources to carry out its work effectively.

(13) Ordnance Survey (Running Cost)	1	3	3
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Increased gross expenditure offset by additional receipts.

Proposed Reductions

(14) New Towns Additional receipts identified by DOE	-10	-15	0
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(15) Ordnance Survey Increase in receipts from customers	-2	-5	-7
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PROPOSED NET CHANGE IN PROVISION	343	440	440
(of which running costs)	(22)	(35)	(44)

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Manpower

(16) DOE

Proposed	6341	6411	6471
Change from present plan	+330	+400	+460

(17) Office of Water Services

Proposed	100	100	100
Change from present plan	+21	+21	+21

PROPERTY SERVICES AGENCY - SERVICES

£ million

	1990-91	1991-92	1992-93
Survey Baseline	-5	-5	-5
PROPOSED ADDITIONS			
(i) Staffing and administration	595.0	575.0	530.0
To meet the pay, general administrative and other costs of PSA staff in the new PSA service businesses. To be offset by receipts from Departments (cover for this staff and administration expenditure was previously provided by the PSA and Civil Programme or by the Ministry of Defence Works programme.			
(ii) IT Strategy	22.0	16.0	16.0
To provide the computer infrastructure to support the development of the businesses and central services information needs.			
(iii) Residential Training (Cardington)	6.0	6.0	1.0
Renewal or replacement of PSA's residential training centre.			
(iv) Other capital	2.0	1.0	1.0
To fund the cost of moving and relocating services staff following the reorganisation of PSA into separate businesses.			
(v) Training	3.0	3.0	3.0
To increase the provision for training of PSA services staff as they prepare for the switch to a more commercial environment.			
(vi) Restructuring	4.0	4.0	4.0
Provision to cover expenditure on restructuring including consultancy and dual running between the 2 businesses.			
(vii) Project Management	2.0	-	-
To implement the recommendations of the efficiency scrutiny on project management in PSA.			
(viii) Relocation of design offices	5.0	15.0	10.0
To relocate PSA design offices to meet more efficiently operational requirements.			
(ix) DEL redundancy	13.0	12.0	-
To fund a programme of redundancies following rationalisation of PSA's directly-employed labour force.			

TOTAL	652.0	632.0	565.0
PROPOSED REDUCTIONS	-595.0	-580.0	-541.0

(i) Receipts from clients to meet staffing and administrative costs of the service businesses.

PROPOSED NET CHANGE IN PROVISION (of which running costs)	57.0 [Not yet known]	52.0	24.0
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MANPOWER

Proposed	16893	16142	15469
Change from present plans	-1154	-1609	-2282

PROPERTY SERVICES AGENCY - PROPERTY HOLDINGS

£ million

	1990-91	1991-92	1992-93
Survey Baseline	-133.3	-181.5	-186.1

PROPOSED ADDITIONS

(i) Acquisitions and new work	39.0	34.5	33.0
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Mainly to provide for freehold purchases to mitigate the increase in rent payments, to meet the cost of top priority projects (health and safety, expiry of lease and urgent operational needs), to fund estate rationalisation schemes with a pay back within five years and other schemes that represent good value for money.

(ii) Maintenance	12.4	16.4	16.6
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To provide a faster reduction of the maintenance backlog.

(iii) Rents	63.5	125.8	139.4
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Mainly to fund VAT on rent payments to private landlords following the European Court Judgement and rent increases.

(iv) Administration	16.6	17.0	17.2
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Primarily reallocation of provision reflected elsewhere in the bid plus additional resources needed by Property Holdings to provide for diseconomies of scale.

(v) Parliamentary Works (net)	10.9	4.5	8.7
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Increased requirement for a number of projects including Bridge Street redevelopment and the Victoria Tower stonework repair.

(vi) Disposals	1.5	8.7	14.5
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Reduced disposal receipts

TOTAL	143.9	206.9	229.4
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PROPOSED REDUCTIONS

(i) Rent receipts	-1.6	-18.0	-70.3
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Rent receipts expected to be higher than assumed in 1988 Survey.

(ii) VAT on rents Recovery of VAT from clients	-52.5	-74.2	-77.5
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(iii) Conference Centre Agency (net)	-0.8	-0.5	-0.4
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Receipts anticipated to be higher than previously forecast.

TOTAL	-54.9	-92.7	-148.2
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PROPOSED NET CHANGE IN PROVISION 135.0 172.7 142.6
(of which running costs) [Not yet known]

MANPOWER			
Proposal	1810	1810	1810
Change from present plans	+150	+150	+150

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HOME OFFICE AND CHARITY COMMISSION

	£ million		
	1990-91	1991-92	1992-93
Survey baseline	4,504	4,581	4,695
PROPOSED ADDITIONS			
(i) Prisons: building	166	212	206
To maintain progress on delivery of planned new prison places and to maintain existing establishments. Also to provide an additional 2,400 places by 1996 with the aim of eliminating overcrowding in prisons.			
(ii) Prisons: manpower	2	11	69
Mainly to provide manpower for the additional prison places due to come on stream in 1992-93. But small bids to make up shortfall on 1989-90 pay award and for revised pay assumptions.			
(iii) Prisons: other	17	28	22
Miscellany of items, for example additional transfer costs and training, many of which are related to the increase in manpower over the period.			
(iv) Police	38	31	26
Provision to improve performance of the forensic science service (increase output by 22 per cent and reduce processing time by 20 per cent), enhance the police national computer, restructure the Directorate of Telecommunications (to improve efficiency by 15 per cent) and for reduced receipts reflecting a loss of business, enhance police training facilities (increasing throughput), set up new central units, additional counter terrorism activities and other small bids.			
(v) Diversion from custody	7	11	12
Additional probation hostel places and voluntary sector projects to encourage non-custodial sentencing. Target to save 950 prison places by 1992-93.			
(vi) Immigration	5	21	18
Provision for the higher than expected cost of new detention facility and cost of interim accommodation; additional staff for immigration appeals work and to reflect international traffic growth (including opening of new air terminals).			
(vii) Passport Department	8	8	8
To meet projected increase in demand (9 per cent in 1989-90/1990-91) and to cut the target processing time for passport applications to 5 days.			
(viii) Pay (non-prisons)	8	8	15
To reflect the fact that pay in 1989-90 increased by more than the Home Office pay assumption, and provision for a 6 per cent pay assumption in 1992-93.			

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(ix) Other (non-prisons)	30	32	32
Provision for publicity, IT, civil defence and fire, crime prevention measures, anti-drugs activities, victim support, equal opportunities, broadcasting, Commission for Racial Equality and Equal Opportunities Commission, criminal injuries compensation etc.			
(x) Charity Commission	5	5	5
Provision for improvements to supervision of over 150,000 charities, including computerisation of Charities Register. Also bid to set up new office in Taunton.			
(xi) Current grants: police	227	351	483
Mainly reflects increased pay resulting from pay assumptions of 9 per cent in 1989, and 8.5 per cent and 8 per cent respectively in 1990 and 1991. Also bids for substantial further increases in police manpower 1550/1350/1350 (plus further increases in civilians).			
(xi) Current grants: other	36	66	90
Bids for magistrates' courts, probation, civil defence and Commonwealth immigrants - mainly for pay and manpower.			
(xii) Capital grants	37	48	57
(xiii) Credit approvals	36	43	52
Increases to fund existing programme and for volume growth in capital expenditure on the police, magistrates' courts, probation, civil defence and fire.			
TOTAL	620	875	1096
PROPOSED REDUCTIONS			
(i) Prisons	-19	-10	-70
Reduction in the current PSA building programme in final year together with smaller savings on fuel, public utilities etc.			
(ii) Police	-11	-10	-12
Largest element staff savings in Directorate of Telecommunications with significant savings on capital, receipts and other items.			
(iii) Other	-2	-3	-8
A variety of small savings spread across other programmes.			
PROPOSED NET CHANGE IN PROVISION	587	852	1007
(of which running costs)	39	68	137
MANPOWER			
Proposed	45,392	47,986	50,826
Change from present plan	+381	+650	+3505

LORD CHANCELLOR'S AND LAW OFFICERS' DEPARTMENTS

	£ million		
	1990-91	1991-92	1992-93
Survey Baseline*	1188	1261	1292

Lord Chancellor's Department

PROPOSED ADDITIONS

(i) Running Costs	29.154	50.129	90.599
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To cover higher pay factors than were thought appropriate last year; effect of local pay additions; additional staff for civil and competition policy initiatives; division of the civil estate and increased accommodation charge paid to PSA.

(ii) Non-Running Costs	11.788	8.274	8.125
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To cover capital expenditure, including computers; judicial fees paid to part-timers and some judicial salaries; video satellite links; Advisory Committee recommended by Green Papers; security - Royal Courts of Justice; establishing a Patents County Court.

(iii) Jurors and Court Reporting	3.571	6.335	9.456
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To cover revised price assumptions and opening of new courtrooms.

(iv) Consolidated Fund	4.366	4.314	5.796
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To reflect judgepower needed to handle continuing business and revised assumptions about levels of TSRB pay awards.

(v) Court Building	29.400	28.630	26.671
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To reflect new system of fee charging by PSA; addition of three new Crown Court schemes to the programme; and increased provision to combat effects of inflation and VAT if court building programme to be kept on target viz over 70 additional court-rooms designated for use by Crown Court by end of PES period.

(vi) Office and General Accommodation	1.508	0.0	0.0
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To cover need to rehouse the Official Solicitor.

(vii) Legal Aid	31.420	55.778	94.192
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Demand-led programme. Revised volume forecasts, revised assumptions for unit cost growth and effect of new policies (eg Road Traffic Law Review ('North')); DNA testing - immigration cases; Satellite TV links). Aim: to fulfil statutory obligations.

* Includes Land Registry which is self-financing and then PES neutral. Gross expenditure baseline for the Land Registry is £187, £217 and £222 million across the Survey years.

CONFIDENTIAL

(viii) Grants to Law Centres	0.035	0.035	0.035
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Provision towards the running costs of each of 7 law centres and the Law Centre Federation.

(ix) Legal Aid Administration	3.944	6.578	7.206
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Contains provision for redundancy payments in first year in view of planned reduction in manpower with Legal Aid Board having taken over responsibility from Law Society as from 1 April 1989. Also provision to implement Legal Aid IT Strategy.

LAND REGISTRY

Proposed Additions	18.4	10.6	31.0
Additional Receipts	-18.5	-12.0	-35.3

CROWN PROSECUTION SERVICES

Proposed Additions	7.1	20.1	33.9
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**SMALL DEPARTMENTS
(SFO, Crown Office, PRO
and T.Sol)**

Proposed Additions	15.0	27.6	34.7
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TOTAL	138.3	206.3	306.4
(of which running costs)	29.4	61.6	113.2)

MANPOWER*	1990-91	1991-92	1992-93
Proposed (man-years)	31,748	32,994	33,192
Change from present plans	-394	-656	-4

* Northern Ireland Courts Service manpower is included although it does not figure in the manpower count for the Home Civil Service.

DEPARTMENT OF EDUCATION AND SCIENCE

£ million

	1990-91	1991-92	1992-93
Survey Baseline	5,824	5,932	6,080
(i) Universities	162	179	214

To meet the on-costs of the 1989 academics' pay award; and provide for further selective increases in pay through an 8 per cent increase in the paybill in 1990 and price increases in line with the GDP deflator. Extra provision is also sought for management education, restructuring the age balance of academics, computerisation, deferred maintenance and equipment. The bid is net of a reduced requirement to reflect the 80 per cent discount on rates that universities will receive after April 1990.

(ii) Polytechnics and colleges	136	139	141
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To provide for a new pay and conditions package for academic staff through an 8 per cent increase in the paybill 1990 and price increases in line with the GDP deflator. The bid would also provide more places for, and train new lecturers in, management education; reduce the average replacement cycle of equipment from 13 to 11 years; and allow a 60 year replacement cycle for the building stock.

(iii) Science	126	141	142
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To maintain the Science budget at the 1989-90 level in real terms and allow extra funds to pay for a supply vessel for the British Antarctic Survey; restore the real value of post-graduate awards to the 1978-79 level; increase spending on equipment particularly for environmental programmes; restructure the Research Councils; allow for new research and complete a geological survey of the UK landmass in 15 years.

(iv) Student awards*	117	146	145
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To pay for 23,000 (5.2 per cent) additional mandatory award holders in 1990-91 and larger increases in later years. The bid also covers the cost of increasing student grants in line with GDP deflator; ending the moratorium of degree-comparable courses; increasing Oxford and Cambridge fees; extending the London boundary and making mandatory awards available to mixed part-time/full-time courses.

(v) Student loans	229	294	320
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To introduce top-up loans averaging £440 for all students in higher education, including part-timers; to pay for the administration of student loans; and to establish access funds for students to compensate for the loss of social security payments.

(vi) City Technology Colleges	42	13	7
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To provide for a share of the capital costs of setting-up CTCs and the recurrent costs of colleges once opened. Target: to enable 10 CTCs to open by April 1991 and the full network of 20 CTCs to be established by April 1992.

CONFIDENTIAL

(vii) Grant Maintained Schools 25 49 69

To cover costs of staff restructuring and other exceptional items, parental ballots, special and capital grants, and support for GM Schools Trust. Target: to enable 125 schools to opt-out by September 1990, 100 more in September 1991, and 75 more in September 1992.

(viii) Grants to VA schools 39 61 77

To enable expansion in VA sector improvements programme and to cover costs of remedying structural defects.

(ix) Other schools and continuing education 27 29 31

To cover costs of teacher supply measures, specific grants (travellers' children and Inner London transition), increases in fees for the Assisted Places Scheme, and to enable revenue-generating programmes of continuing education to be set up in the FE, PCFC and University sectors. Objectives/targets: to tackle growing problem of teacher shortages; a 10-20 per cent increase per annum in continuing education activity; 1 in 10 of working population undertaking PICKUP-type training by 1992.

(x) Local Authority Capital 406 575 705

To enable LEA sector improvements programme and removal of surplus places to continue, to remedy structural defects, to meet costs associated with introduction of National Curriculum and to cover FHE new building and equipment needs. Objectives/targets: to provide 34,000 additional school places in 1990-91; to enable LEAs to implement proposals for removal of surplus places; to reduce number of school places requiring urgent structural attention; to commence a five-year programme to allow schools to deliver the National Curriculum; to replace unsuitable FE accommodation and improve FE equipment stock.

(xi) Admin, publicity and minor bids 53 56 58

To meet costs of additional staff and non-pay costs; to provide for the costs of the move to Sanctuary Buildings; to mount publicity campaigns to counter teacher shortages, explain the National Curriculum and increase parental involvement; to meet VAT fuel and power costs; and to reflect the cost of ERASMUS. Objectives/targets: to increase staff by 80 in 1990-91 and thereafter reduce by 20 in 1991-92 and a further 20 in 1992-93 and to stimulate interest in teaching as a career and educational reforms.

PROPOSED NET CHANGE IN PROVISION	1362	1682	1909
(of which running costs	6.5	16.1	18.0)

MANPOWER (average for year)	1989-90	1990-91	1991-92	1992-93
Proposed	2,575	2,650	2,630	2,610
Change from present plans		+80	+65	+45

* These figures are made up of a bid for extra resources of £m 90/117/115 and a balance of £m 27/29/30 which was agreed in advance of the Survey and restores the level of provision agreed last year.

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OFFICE OF ARTS AND LIBRARIES

£ million

	1990-91	1991-92	1992-93
Survey Baseline	456.0	486.1	498.3

(i) Living Arts	20.5	20.5	28.5
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To cover the costs of higher than anticipated inflation and pay settlements; to make good the withdrawal by Westminster City Council of funding for the English National Opera and the English National Ballet.

(ii) Museums and Galleries	18.0	18.0	31.0
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To cover the costs of higher than anticipated inflation and pay settlements; to enable the institutions to undertake necessary building maintenance work; to increase the value (in 1992-93) of the purchase grant.

(iii) British Library	4.0	4.0	6.0
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To cover the costs of higher than anticipated inflation and pay settlements; to provide for the Library's Automation Strategy.

(iv) Royal Commission on Historical Manuscripts			0.4
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To assist with a move to new accommodation and increased rent in 1992-93 when the current lease expires.

(v) Heritage			
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[to follow]

(vi) British Library: St Pancras project	3.8	5.2	18.2
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To cover earlier than anticipated construction costs; to provide for telecommunications and ADP cabling; to meet costs of the move to St Pancras and split-site working from 1992; to fund in part the purchase of works of art for the new building.

(vii) Administration	0.2	0.2	0.3
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To meet OAL salaries costs.

PROPOSED NET CHANGE IN PROVISION	46.5	47.9	84.3
(of which running costs	0.2	0.2	0.3)

MANPOWER (average for year)	1989-90	1990-91	1991-92	1992-93
Proposed	60	64	64	64
Change from present plans		+4	+4	+4

CONFIDENTIAL
DEPARTMENT OF HEALTH AND OPCS

£million	DEPARTMENT OF HEALTH		1992-93
	1990-91	1991-92	
Survey Baseline	20,942	21,856	22,402
PROPOSED ADDITIONS			
Hospital and Community Health Services			
A1	119	122	125
1989 Review Body pay Consequential of 1989 funding for Review Body awards.			
A2	81	81	81
Whitley pay 1990 Cost of average 6.5% pay increase for Whitley groups.			
A3	30	41	42
VAT on fuel and power Consequences for health authorities of ending zero rating.			
A4	90	170	530
Service growth Increased activity, including 2.2% pa more acute inpatients and 8.4% pa acute day cases.			
A5	50	100	100
Reduced cost improvements To compensate for lower forecast savings due to diverting management effort to NHS Review.			
A6	40	50	60
Waiting list funding To augment existing initiative (treat extra 90,000 cases pa) plus additional 0.2% funding to prevent problems recurring.			
A7	35	35	35
Improvements in quality Exemplary schemes to improve quality of patient services.			
A8	41	94	114
AIDS Treating forecast numbers of AIDS/HIV patients and continuing prevention work at current levels.			
A9	206	336	406
NHS Review 100 additional consultant posts; medical audit; self-governing hospitals; more finance and personnel staff; IT and training.			
A10	46	64	97
Management and training Nurse training (continuing Project 2000) and other schemes.			
A11	64	83	117
Service development Medical advances and specific service pressures/initiatives.			
A12	28	28	28
Health education/promotion Further programmes targeted at prevention.			
A13	100	100	100
Higher construction costs and lower land sales To compensate for higher costs and lower forecast receipts.			
A14	116	93	93
Additional investment Medical equipment, minor capital schemes eg pollution control.			
A15	100	200	300
Capital loan scheme To enable forward land sales eg to realise value of long-stay institutions, using receipts for community care facilities.			
A16	202	231	195
NHS Review Capital costs, mainly introduction of Resource Management Initiative and related IT.			

Family Practitioner Services

A17	1989 Review Body pay Consequential of 1989 Doctors' and Dentists' Review Body pay award.	48	50	52
A18	Inflation and demand Increased volume and cost forecasts, including 1.9% annual growth in numbers of doctors and 4.4% annual growth in prescription numbers.	124	294	754
A19	NHS Review Management of practice budgets and indicative drug budgets for other practices.	64	81	82
A20	Service developments Improvements in GMP premises; wider range of practice staff; peak flow meters for up to 1 million asthmatics; 10% increase in value of spectacle vouchers.	33	40	61

Centrally Financed Services(CFS)

A21	Welfare food Increased demand for nursery school milk.	14	18	26
A22	NHS Review (CFS) Mainly FPC and Prescription Pricing Authority costs.	32	31	30
A23	CFS Running costs Mainly pay costs and improvements in quality and effectiveness of care in the special hospitals.	14	18	22
A24	Other CFS Includes bids to meet pay and price increases; information expenditure; new bursary scheme for trainee social workers; and to set up counselling services for alcohol misusers.	48	50	51
A25	Departmental Administration Running costs Mainly NHS Review, DHSS split, improved information systems and technology, and accommodation strategy.	36	39	45
A26	LA Specific Grants: Development of services for people with AIDS and HIV and PSS staff training	36	40	44
A27	PSS LA Capital Maintenance of current spending levels; some service development; some increase in maintenance expenditure.	30	40	50
TOTAL		1827	2529	3640
PROPOSED REDUCTIONS		-15	-21	-172
	EC medical costs, identified CFS reductions, and, in final year, new HCHS cost improvements.			
PROPOSED NET CHANGE				
IN PROVISION		1812	2508	3468
	(of which, running costs 48		54	63)
MANPOWER				
	Proposed	9456(329)	9550(323)	9693(323)
	Change from present plans*+1135(+19)	+1292(+13)	+1457(+13)	
*	Present plans reflect one year only running cost settlement for DH in the 1988 Survey following split of DHSS.			

OFFICE OF POPULATION, CENSUSES AND SURVEYS

Survey Baseline	45	84	87
PROPOSED ADDITIONS			
(i) 1991 Census	1	2	1
Revised estimate of costs of 1991 Census. Mainly for higher pay for Census enumerators. Includes cost of additional Census questions which are contingent on sponsor departments transferring funds.			
(ii) Higher costs	5	3	6
Mainly to provide for higher than forecast pay assumption in 1989-90 and for pay assumptions of 6.5% in 1990-91, 5.5% in 1991-92 and 5% in 1992-93. Also includes effect of VAT on rents.			
TOTAL	6	5	7
PROPOSED REDUCTIONS	-3	-3	-60
Mainly effect of artificial addition to baseline in 1992-93 for Census. Includes transfers for cost of additional Census questions.			
PROPOSED NET CHANGE IN PROVISION	2	2	-53
(of which running costs	3	4	-47)
MANPOWER			
Proposed	2382(135)	2249(130)	2109(130)
Change from present plans	+33	-60	-173

DEPARTMENT OF SOCIAL SECURITY

£ million

	1990-91	1991-92	1992-93
Survey Baseline	55126	58300	59757

PROPOSED ADDITIONS

(i) Poorer pensioners	199	206	212
Agreed bid for the cost of package to improve the position of poorer, older and disabled, pensioners.			
(ii) Widows	5	6	6
Agreed bid for the cost of package to protect widows at 11 April 1988 from effects of the social security reforms.			
(iii) 16/17 year olds	4	4	4
Agreed bid to improve the benefit position of small minority of 16/17 year olds forced to live away from home.			
(iv) Pensioners' earnings rule	375	390	400
Agreed bid for the cost of abolishing the pensioners' earnings rule from October 1989.			
(v) Housing Benefit	200	391	400
This is the adjustment to restore the DSS provision to levels agreed in the 1988 Survey.			
(vi) Economic assumptions (\$)	196	210	238
of which			
(a) Upratings	188	211	209
Bid reflects the higher FSBR RPI assumption than was allowed for in the baseline, with an uprating 0.75 per cent higher in April 1990 for all non-income related benefits.			
(b) Rents	53	65	115
This reflects the higher GDP deflator assumed in the FSBR compared with baseline.			
(c) Other economic assumptions (employment, earnings, tax and NIC changes)	-45	-66	-86
(vii) Estimating changes (\$)	-272	-295	1151
Changes to numbers of beneficiaries and average payments of benefit, other than those caused by policy changes and different economic assumptions, are expected to be negative, reflecting reduced requirements for a number of benefits, particularly housing benefit. The third year reflects the cost of moving from the baseline to a forecast of underlying growth in the programme. Also included here is the effect of the DES policy initiative withdrawing student entitlement to income related benefits from October 1990.			

(viii) Poorer families	105	109	112
To give extra help to families with children on income related benefits. The aim would be to help poorer families and to improve work incentives by larger benefit improvements to those in work than those out of work.			
(ix) Pensioner premiums	141	147	151
To target help to pensioners on income support who have not shared significantly in the rise in average pensioner incomes.			
(x) Disability benefits	11	50	606
To produce a package of measures designed to target additional help on those most in need and to respond to the OPCS reports.			
(xi) Independent Living Fund	18	29	30
To enable the Fund to pay all the applicants who are eligible under the Fund's Trust Deed, helping severely disabled on low incomes to live independently.			
(xii) Contingencies	5	6	6
Bid is conditional on the result of a DSS appeal against judicial decision of a Social Security Commissioner; if appeal fails, EC Equal Treatment Directive will lead to need for this expenditure on Severe Disablement Allowance and Invalid Care Allowance.			
(xiii) Minor bids	6	6	6
Includes increases in the level of maternity payments from the Social Fund, measures to allow elderly people to keep more of their savings while being able to qualify for help from the Social Fund and increasing benefits to people in hospital.			
(xiv) Lone parents	11	18	17
To give lone parents greater incentives to work by funding voluntary agencies in promoting child care facilities and by improving benefits to lone parents when they are in work.			
(xv) Administration; salaries	97	91	161
Takes account of the knockon effects of the 1988 and 1989 pay awards and provides for assumptions about the level of future pay awards.			
(xvi) Administration; other			
running costs	36	44	83
Takes account of rising costs, including those of utilities, transport, and particularly rent and rates..			
(xvii) Administration; capital	39	20	-60
To seek extra resources for computers, telecommunications and new works. Takes account of resources brought forward to achieve earlier staff savings.			
(xviii) Administration; other	5	6	2
To provide for grants to voluntary organisations and local authorities providing replacement resettlement units.			

PROPOSED REDUCTIONS

(xix) Maintenance
for lone parents -34 -35 -36
Increased payments of maintenance in respect of single
parents will produce savings in benefit expenditure.

(xx) Savings -9 -10 -10
Savings from housing benefit and hostel dwellers to pay for
agreed bid on 16/17 year olds and as yet unidentified savings
measures agreed to by DSS to pay for agreed bids for widows.

PROPOSED NET BID	1133	1387	3477
(including agreed bids)	(583)	(606)	(622)
(Running costs included in proposed net bid)	(133)	(135)	(244)

MANPOWER

Baseline	84692	79719	79719
Proposed	83432	75942	74012
Change from present plans	-1260	-3777	-5707

NOTES

(S) Among the bids above, and particularly those at (vi) and (vii), are included amounts for housing benefit for which DSS is bidding but which will become part of the programmes of DOE/Welsh Office at the end of the Survey. The principal sums are:-

(v) Economic assumptions	113	193	195
(xvi) Estimating changes	-92	-48	53
Total	21	145	248

SCOTLAND

	£m		
	1990-91	1991-92	1992-93
Survey Baseline	9180	9491	9728
Proposed Additions*			
(i) Industry	28	33	43
To enable the SDA to improve the environment (700 hectares) in order to encourage private investment in key areas, without cutting back on building factories for inward investment in the run up to 1992; to increase employment in the Highlands and Islands by building factories and attracting private sector enterprise (aim 1,200 jobs); to enable HIDB to mount a job creation initiative in the light of Dounreay (1,400 jobs); and to attract more inward investment (1,100 jobs) by adjusting the guidelines on financial assistance.			
(ii) Water	30	60	100
First stage of works considered necessary to bring standards of water and sewerage services in line with EC requirements.			
(iii) Scottish Courts Administration	4	5	5
Effect of implementation of new (DTI) bankruptcy policy - mainly costs of fees of private sector trustees.			
Proposed Reductions	-3	-5	-15
Proposed Net Change in Provision	60	93	133
Manpower			
Proposed	11,758	11,764	11,828
Change from present plan	+186	+191	+393

* excludes bids of £m 22/31/31 for Scottish Agriculture included in Agriculture table, and £77m in 1990-91 for Scottish Electricity flotation costs which will fall on the privatisation programme.

WALES

£m

1990-91 1991-92 1992-93

Survey Baseline 4133 4247 4353

Proposed Additions

NON BLOCK

(i) WDA: 28 20 15

Mainly to continue further factory building in face of construction cost inflation, and to increase building programme by 40,000 sq metres. Further expenditure on land renewal (150 hectares)

(ii) DBRW 2 2 2

Mount new Enterprise and Action Initiative to stimulate enterprise in rural Wales and help support 700 jobs.

(iii) RSA/REG 12 18 30

More flexible use of regional assistance, by increasing cost per job. Possible extension to the Recharbon areas.

BLOCK

(iv) Unquantified bids for Home Improvement Grants, Housing Revenue Account subsidy.

Proposed Reduction 0 -1 -25

Proposed Net Change in Provision 42 38 21
(excludes formula consequences of other departments' bids)

Manpower

Proposed 2,301 2,286 2,268
Change from present plan +62 +62 +62

NORTHERN IRELAND

	£m		
	1990-91	1991-92	1992-93
Survey Baseline	5655.0	5866.0	6013.0

PROPOSED ADDITIONS

(i) Kilroot II	7.3	13.2	57.2
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Kilroot II is a dual-fired coal/oil station - 2x 180mw coal, 2x260mw oil. It will provide the extra capacity to meet anticipated future demand for electricity in Northern Ireland.

(ii) Flue Gas De-sulphurisation	6.2	42.3	37.8
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The installation of a flue gas desulphurisation plant at Kilroot would bring Northern Ireland Electricity's sulphur dioxide emissions down to acceptable EC levels. It also reflects the Government's commitment to environmental protection.

(iii) Shorts	36.0	35.0	21.0
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This is to meet the future year costs of the sale of Shorts.

(iv) Social Security Benefits	64.5	91.5	117.3
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Reflects the increase in the RPI assumption behind the April 1990 social security benefits uprating.

TOTAL	109.8	162.7	226.5
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PROPOSED REDUCTIONS

Housing loan Charges	- 0.6	- 2.8	-
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This reflects revised economic assumptions.

PROPOSED NET CHANGE
IN PROVISION

	109.2	159.9	226.5
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MANPOWER

Present Plans	192	192	192
Department's bids	+21	+22	+22

* over and above the routine application of the comparability formula

C O N F I D E N T I A L

I N L A N D R E V E N U E

£ million

	<u>1990-91</u>	<u>1991-92</u>	<u>1992-93</u>
Survey Baseline	1596.0	1639.3	1680.3

PROPOSED ADDITIONS

i	HQ Relocation	13.7	15.1	34.8
	To meet the costs of relocating 2,200 HQ posts from London, including construction of new building. Benefits are improved recruitment and retention of staff and associated increases in efficiency; and financial savings on accommodation and pay.			
ii	Relocation of London PAYE	1.7	1.8	0.7
	To meet the costs of relocating 1,500 PAYE posts from London to offices in the regions. Benefits are improved recruitment and retention of staff and, from 1992-93, savings in pay and accommodation costs			
iii	1989 Budget	2.8	0.9	0.3
	Costs of implementing 1989 Budget changes and related matters.			
iv	Abbey National	4.7	5.9	5.6
	To handle up to 850,000 extra tax repayments per annum resulting from the move by the Abbey National to incorporation.			
v	Valuation Office Charging	1.3	1.0	1.1
	To meet the costs of introducing and operating the charging of local authorities for Valuation Office services.			
vi	Workloads etc in 1992-93	0.0	0.0	7.9
	To meet increased workloads on taxation of self-employed and accounts investigation work; also a more realistic assumption for non-pay/non-accommodation costs than the standard final year uplift factor.			
vii	Pay	20.0	52.5	70.0
	To provide more realistic pay assumptions, taking account of the prospects for levels settlements in Autumn 1989, and future pay rounds in light of changes in earnings and prices since PES 88, and also of larger than expected increases already given in the 1989 pay round.			
viii	Accommodation	3.5	7.7	12.7
	To meet rent increases notified by PSA.			

C O N F I D E N T I A L

x	Londonderry Building	1.6	0.0	0.0
	To meet the cost of new tax and collection office in Londonderry, to replace building destroyed by terrorist action.			
x	Worthing Redevelopment	0.4	4.4	6.4
	To meet the costs of a new office building to replace, in part, buildings which are overcrowded, below standard and expensive to maintain.			
xi	Computer-based Training	0.0	2.3	0.0
	To provide for investment in computer-based training for staff in local tax and collection offices, leading to future running cost savings.			
xii	Information Technology Projects	0.0	0.0	14.7
	To provide in 1992-93 capital costs of a number of computer developments, including replacement of computer terminals used in local offices for income tax work.			
xiii	Accommodation Blackspots, Private Use Car Scheme Replacements, and Local Office Expenditure	0.0	0.0	7.5
	To meet the capital costs of refurbishments in accommodation blackspots, replacements of official cars used (on repayment terms) by members of staff, and replacement of furnishings and office machinery in local offices.			
xiv	Bridge Programme	1.2	1.2	1.2
	To meet the costs of salaries of staff out on secondment. Central initiative to increase movements between Government and Industry. Costs recovered from industry are reflected in an equal increase in Appropriations-in-Aid.			
xv	LAPR/MIRAS/PMI	51.0	31.0	3.0
	Revised assessments of the costs of giving relief at source to payers of life insurance premiums, mortgage interest and private medical insurance who are not liable to UK income tax.			
	PROPOSED REDUCTIONS	1.4	2.1	1.2
	PROPOSED NET CHANGE IN TOTAL PROVISION (including LAPR/MIRAS/PMI)	100.5	121.7	164.7
	(of which, running costs)	33.6	71.0	115.8
	MANPOWER			
	Proposed	68,557	68,545	68,761
	Change from present plans	+ 557	+ 545	+ 761

CONFIDENTIAL

CUSTOMS AND EXCISE

	£ million		
	1990-91	1991-92	1992-93
Survey Baseline	600.1	644.6	60.7
PROPOSED ADDITIONS			
i Pay - effects of 1989 settlement	7.2	3.2	2.3
To meet the costs by which the 1989 pay settlements exceed the provision agreed in the 1988 Survey once offsetting savings of £26 million across the Survey period have been taken into account.			
ii Pay - new pay assumptions	14.8	23.8	45.8
To provide for realistic pay assumptions for the Survey years in the light of the long-term pay agreement.			
iii Pay - performance pay	3.0	5.0	8.0
To meet the costs of performance pay, introduced as part of the 1989 pay round.			
iv VAT on accommodation and fuel	2.9	3.6	6.5
To meet the costs of the ECJ judgment which imposed VAT on rent and fuel.			
v Other running costs	0.0	0.0	14.8
Largely to meet the costs of running the freight computer system which commences operations in 1992-93.			
vi New staff	0.0	0.0	4.5
To provide for about 360 additional staff for VAT, preventive and drugs work. Benefits are sustained improvements in tax compliance and enhanced preventive and drugs controls.			
vii Single Market	8.0	6.1	4.2
To meet the costs of operational and procedural changes necessary in the run-up to 1992. Details currently under discussion with Treasury Ministers.			

CONFIDENTIAL

viii	Relocation	13.1	12.9	8.9
	To meet the costs of moving staff out of London, including the construction of a new building. Benefits are improved recruitment and retention of staff, and associated increases in efficiency and longer term public expenditure savings.			
ix	Channel Tunnel	0.2	- 0.1	8.6
	To meet the costs of additional staff, training and equipment for Channel Tunnel anti-smuggling controls.			
x	Marginal receipts	1.4	1.4	1.5
	Provision for two schemes under the running costs marginal receipts arrangements. The schemes are for trader-funded facilitation at small airports, and a new training scheme for overseas drugs officers.			
xi	Non-running costs	6.5	10.2	11.0
	To meet the costs of a number of items, including additional use of Bailiffs to chase up debts, increased legal costs stemming from more complex cases, and greater use of aerial surveillance of drug smuggling vessels.			
xii	Information Technology capital	2.0	3.0	1.1
	To meet the costs of development of a minicomputer network and increased local use of information technology.			
xiii	VAT II	1.3	2.2	12.7
	To provide for a replacement of the outdated VAT computer system.			
xiv	Major works	0.6	- 1.6	- 1.2
	To meet the costs, in 1990-91, of the refurbishment of the London Custom House. Reduced requirements for the last two years.			
	PROPOSED REDUCTIONS	6.2	10.0	19.5
	PROPOSED NET CHANGE IN PROVISION	54.7	59.6	109.2
	(of which, running costs)	39.3	43.1	98.8
	MANPOWER			
	Proposed	27,700	27,890	28,187
	Change from present plans	- 200	- 450	- 153