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FROM: CHIEF SECRETARY
DATE: 11 July 1990

PRIME MINISTER

1990 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 previous 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 External Finance are included in departmental summaries.

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

A handwritten signature in dark ink, appearing to be "N. Lamont".

NORMAN LAMONT

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1990 PUBLIC EXPENDITURE SURVEY

SUMMARY OF PROPOSED ADDITIONS AND REDUCTIONS

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MINISTRY OF DEFENCE

	£ million		
	1991-92	1992-93	1993-94
Survey baseline	22,360	23,433	24,019

PROPOSED ADDITIONS

(i) War widows	116	117	116
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Ministers agreed last December that the cost of making the special payment of £40 per week to pre-1973 war widows should not be met from the existing defence budget. For 1990-91 the Chief Secretary has agreed to meet the estimated cost of making the payment of £110 million from the Reserve.

(ii)	+200	-200	-
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As part of the 1989 Survey settlement it was agreed that £200 million could be carried back from 1992-93 to 1991-92 if it could be demonstrated that this was a reprofiling and was neutral in its impact over the period

PROPOSED NET CHANGE IN PROVISION	316	- 83	116
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Further alterations to the baseline may be proposed when the "options for change" package is more advanced.

Running Costs

RC baseline (New Coverage)	5242	5373	5507
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The baseline for running cost coverage under the New Management Strategy is not yet established. The figures entered above are therefore not final. They incorporate a mechanical uprating of 3 per cent in 1991-92 and 2.5 per cent in the following year. A formal bid will be submitted when the baseline is agreed, in the next few weeks. It will be for a one year settlement only, because the MOD financial management system is in transition this year.

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FOREIGN AND COMMONWEALTH OFFICE - DIPLOMATIC WING

	1991-92	1992-93	£ million 1993-94
Survey baseline	944.2	966.6	990.7
PROPOSED ADDITIONS			
(i) Operating costs	40.2	62.4	88.6
To allow for inflation and pay settlements higher than previously forecast, whilst meeting existing objectives and targets.			
(ii) Eastern Europe/USSR	25.8	26.5	66.5
Fundamental new circumstances. Targets include increased reporting, all new key staff to be competent in local language, design and documentation for new Moscow Embassy by 1993, and to provide adequate accommodation in Berlin.			
(iii) Hong Kong	21.5	26.6	32.2
Accommodate and repatriate Vietnamese Boat People, expand educational activities in Hong Kong, and build new Consulate-General by 1995. Targets include return at least 1000 Vietnamese Boat People a month, clear all by 1994, and UK courses for 300 Hong Kong teachers of English a year.			
(iv) Visa Operations	1.2	4.1	8.8
To meet overall 12 per cent forecast growth in demand instead of 4 per cent, whilst maintaining quality and speed of service. Targets include 24 hour maximum for average processing time and average referral time after interview for visit visas.			
(v) UK Presidency of EC	0.5	3.8	0.0
To meet costs of a positive, cost-effective UK Presidency in 1992.			
(vi) Information Systems & Communications	8.1	8.7	9.6
To replace obsolescent equipment and to introduce office automation and computerised visa and passport systems. Targets include 30 pilot communications out-stations by 1995, 25 secure office automation systems a year from 1992-93, and computerised visas at 30 posts by 1994.			
(vii) Visits and hospitality	0.8	1.0	1.1
Higher costs of outward Ministerial and inward VIP visits. RAF VC10 aircraft to be used only when efficient and cost effective.			
(viii) Training etc.	2.1	2.3	2.5
Strengthen recruitment and staff training in management, some languages, and information technology. Detailed targets set.			

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(ix) Accommodation	10.8	12.7	19.3
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Increased construction costs and to build more accommodation. Targets include High Commission for new Nigerian capital from 1992, and restoration of 3 missions currently closed.

(x) Security	2.6	1.9	1.1
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Protected cars for Heads of Mission at the most vulnerable posts and to improve equipment. Average of 23 new protected cars a year.

(xi) Anti-Narcotics Programmes	3.9	4.5	4.7
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Assist other countries' fight against drug trafficking. Targets include increases in seizures of 80 per cent by 1993.

(xii) Dependent Territories	0.7	0.5	0.5
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Strengthen law enforcement and financial regulation in Dependent Territories. Targets include 80 per cent increase in financial prosecutions by 1993.

(xiii) Counter-Terrorist Assistance	0.5	0.5	0.6
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Capital equipment needed for UK training. Output measured by improved performance of forces in 6-7 high priority countries.

(xiv) UN Peacekeeping	2.3	2.5	2.6
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Assessed contributions to UN peacekeeping force in Central America. Promote security and peace.

(xv) Military Assistance Namibia	1.0	0.0	0.0
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Final, disengagement, stage of military training. To leave behind an effective organisation.

(xvi) Education and Cultural Exchange	4.4	4.7	4.9
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Policy initiative to increase further FCO and British Council scholarships and exchanges. Detailed targets include at least 300 new scholarships a year, of which 50 jointly - financed with private sector.

(xvii) AUS Budgets	0.9	0.9	1.0
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Extension of delegation scheme for rapid and flexible response to diplomatic opportunities.

(xviii) BBC World Service	22.3	26.1	32.6
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Funding of BBC World Service over next Triennium to 1994. Targets include upgrading programme quality and audibility.

*PROPOSED NET CHANGE IN PROVISION	149.6	189.7	276.6
(of which running costs)	48.5	75.8	102.4

MANPOWER

Proposed	8282	8315	8345
Change from present plan	+23	+48	+78

* Subject to adjustment to take account of overseas price movements

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CO: OVERSEAS DEVELOPMENT ADMINISTRATION

	1991-92	1992-93	£million 1993-94
Survey Baseline	1806	1878	1925
of which: Overseas aid	1678	1748	1791
Eastern Europe	5	5	5
PROPOSED ADDITIONS			
(i) EBRD	31	30	31
To cover UK subscription to European Bank for Reconstruction and Development and costs of setting it up in London. (Agreed bid)			
(ii) European Development Fund	0	7	36
To meet shortfall in aid framework to cover EDF7 replenishment following Lome IV negotiations.			
(iii) Economic Policy Reform	30	40	50
To maintain the real value of UK's support for economic reform in sub-Saharan Africa, although not for the bilateral country programmes as a whole, in which substantial savings in the current level of activity will have to be made.			
(iv) Environment	17	26	35
To allow expansion of efforts in forestry, energy efficiency and health and population, to persuade developing countries to give priority to developmental concerns. Bid covers half of ODA's planned increases in these areas - remainder to be found from existing resources.			
(v) Commonwealth Development Corporation	20	15	15
To provide additional aid funds in lieu of commercial borrowing. Planned to allow CDC activity to remain constant in real terms.			
(vi) Aid and Trade Provision	0	0	19
To meet shortfall in baseline to allow constant level of commitments of soft loans following 1989 review and Survey settlement.			
(vii) Economic assistance to Eastern Europe	25	30	30
Bilateral assistance - to meet future commitments for the Know How Fund for Eastern Europe and an agricultural project in Poland (KHF currently at least £75m over 5 years or more, but only £5m pa in baseline, agriculture project £15m over a number of years).			
TOTAL BIDS	123	148	216

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	1991-92	1992-93	£million 1993-94
9. Running costs*	5.0	6.2	7.3
Includes: relocation costs	3.0	2.2	2.2
pay and price assumptions	2.1	4.1	5.7

Provision for pay assumptions of 8.5 to 7 per cent over 3 years.
Current baseline contains provision of only 3.5 to 2.5 per cent.

* To be met from ODA's overall settlement.

PROPOSED REDUCTIONS

(i) Overseas Superannuation	- 1.8	0	- 0.7
Due to change in economic forecasts			

PROPOSED NET CHANGE IN PROVISION	150.2	202	308.3
(of which running costs)	5.0	6.2	7.3

MANPOWER

Proposed	1708	1692	1697
Change from present plans	+ 26	+ 10	+ 15

DOMESTIC AGRICULTURE

	1991-92	1992-93	£ million 1993-94
Survey baseline	907	942	966
PROPOSED ADDITIONS			
(i) EC funded and other demand determined changes	8	8	-5
Provides for: replacement EC marketing and processing grant scheme; increase in Hill Livestock Compensatory Allowance for hardy breed sheep (already agreed); offset by lower take-up on the Farm Woodlands scheme; and other minor adjustments.			
(ii) Animal health	7	7	7
Mainly for increased compensation (50% to 100%) for BSE slaughter and compensation scheme (already agreed), and for a further 150 suspect cases of BSE a week (300, relative to 160 allowed for in the baseline).			
(iii) Flood defence	13	15	17
For work to repair storm damage, and for other work on updating flood defences.			
(iv) Research and development	3	3	3
To restore baseline in face of EUROPE'S reduction, and to cover new imposition of VAT on external research contracts.			
(v) Set aside/extensification /diversification	3	7	22
On set aside, to provide for take-up in 1993-94 broadly as in earlier years (55,000 hectares in UK); and for an increase in rates to farmers undertaking an extra annual cut of set-aside land. On extensification, for new pilot schemes for arable and organic farming; and for definitive schemes for these, and for sheep and beef.			
(vi) Scotland (cash limited)	8	6	7
To provide for likely cost increases and redundancies in the Scottish Agricultural Colleges and Research Institute; for a revised cost estimate in the construction of the new Macaulay Land Use Research Institute; for additional R&D work; for new independent harbour projects; and for other small items.			
(vii) Other MAFF cash limited	5	4	4
For pay realism, major maintenance and capital works at the Royal Botanic Gardens (Kew); for redundancy in 1991-92 at the National Institute for Agricultural Botany; for additional MAFF publicity on food safety, environment etc; and for other small items.			

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(iv) Scotland (cash limited)	-1	-1	-3
Reduced requirements, to offset proposed increase at (vi) above, mainly on Fisheries R&D (1991-92) and the Agricultural Development Programme (1993-94).			
(v) Land sales	-1		
PROPOSED NET CHANGE IN PROVISION (of which running costs)	123 30	137 35	166 51
MANPOWER (MAFF)			
Proposed	10,813	10,960	11,031
Change from present plan	378	525	596

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INTERVENTION BOARD

	1991-92	1992-93	£ million 1993-94
Survey baseline	1467	1545	1583

PROPOSED ADDITIONS

(i) CAP Market Support	- 50.0	+13.0	+ 81.0
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Forecast increased purchases into intervention of beef, dairy products, and in the later years of cereals, offset in varying degrees by increased sales out of intervention. Forecast increases in the sheep variable premium, and in ewe premium payments. Forecast increase in level of oilseed crushing subsidy; revisions in the level and extent of MCAs and export refunds. Revised estimates of the cost of future green pound devaluations. Forecast savings include reduced intervention purchases for wheat in 1991-92; also the safeguard provision for optimism which was in the baselines for 1992-93 and 1993-94 has been removed. Overall expenditure is subject to uncertainty and will be updated in August, when more reliable estimates of the 1990 harvests and beef intervention will be available.

(ii) Running Costs	2.8	3.3	5.1
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For additional manpower over PES 89 base (net 79.5 in 1991-92, 82 in 1992-93 and 76 in 1993-94) to maintain present resource needs and meet volume increases in CAP market support schemes in the livestock products sector, new schemes, and a variety of areas including anti-fraud work, computer development and handling an increasing number of accounts; for revised pay assumptions; and for other running costs.

(iii) Agents' Costs	0.5	0.2	0.1
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For changes in the scale and type of activities undertaken by DANI, especially for increased take-up of EC intervention schemes for livestock products, and the re-introduction of anti-fraud controls for cattle and pigs; for increases, in 1991-92 only, in the intervention volumes handled by MLC.

PROPOSED NET CHANGE IN PROVISION	- 46.7	+16.5	+ 86.2
(of which running costs)	2.8	3.3	5.1

MANPOWER

Proposed	1014	974	968
Change from present plan	80	82	76

FORESTRY COMMISSION

		£ million		
	1991-92	1992-93	1993-94	
Survey baseline	83.4	87.7	89.9	

SETTLED AT BASELINE

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DEPARTMENT OF TRADE AND INDUSTRY

£ million

	1991-92	1992-93	1993-94
Survey baseline	1037	952	977
PROPOSED ADDITIONS			
(i) Regional and Industrial support	58	51	5
Revised forecasts of demand and commitments. Plus revised interest rate assumptions on shipbuilding credit support. Includes capital grants to local authorities.			
(ii) Science and technology	- 4	24	- 17
Revised schedule of existing launch aid commitments and expectations under LINK and EUREKA programmes. Plus provision to prevent a decline in research stemming from the need to fund the European Transonic Windtunnel.			
(iii) International trade	4	- 2	- 5
Mainly rephasing of Expo 92 expenditure.			
(iv) Regulation of trade and consumer protection	6	7	8
Several individual items including increased provision for investors protection investigations and MMC. Plus grants for the Financial Reporting Council (mainly offset by revenue receipts of Companies House); and increased grants to CABs to cover increased fixed costs.			
(v) Executive Agencies	5	4	2
Increased levels of capital spending, plus some additional running cost expenditure in Agencies on net running cost control.			
(vi) Research Establishments: capital	5	1	1
Refurbishment work at WSL and changed assumptions following the delay to NEL privatisation.			
(vii) Departmental capital	5	5	8
Majority of bid is for refurbishment of 1-19 Victoria Street, plus a £3 million replacement of DTI main mainframe computer in final year.			
(viii) Gross running costs	22	33	47
Bid needed to maintain current policies. Major components are due to accommodation, rent and rates increases, and previous pay and price assumptions being too low.			

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(ix) Gross running costs related receipts	- 5	- 9	- 10
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Bid mainly from increased receipts from Patent Office and Insolvency Service Agencies reflecting increased demand for their services.

(x) Other services	10	3	3
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Additional grant to Invest in Britain Bureau; reinstatement of non-R&D EUROPEs reduction; and Barlow Clowes recovery action.

Total	105	117	43
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PROPOSED REDUCTIONS

(i) Regional and industrial support	- 13	- 9	- 8
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Mainly due to revised forecasts of demand and commitments.

(ii) Education and training	- 16	- 16	- 19
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Reduction takes into account a transfer to DEmp, plus reduced support for DTI activity in relation to schools.

(iii) Consultancy Initiative	- 11	- 13	- 14
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Reduced assumption of target of 12,500 consultancies a year as against 15,000 already provided for.

PROPOSED NET CHANGE IN PROVISION	64	79	1
(of which gross running costs (net of receipts))	(17)	(24)	(37)

MANPOWER

Within gross running costs: Proposed	9380	9270	9100
change from present plan	- 173	- 207	- 377

Within net running costs: Proposed	2450	2485	2536
change from present plan	+ 70	+ 86	+ 137

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OFFICE OF FAIR TRADING

	£ million		
	1991-92	1992-93	1993-94
Survey baseline	17	17	17
PROPOSED ADDITIONS			
(i) Relocation: non-running costs	4	2	- 0
Capital and refurbishment costs associated with OFT's planned relocation.			
(ii) Running costs	4	3	3
The bid provides for revised pay assumptions; an increase in staff to handle volume increases; and OFT's relocation expenditure.			
PROPOSED REDUCTIONS			
	-	-	-
PROPOSED NET CHANGE IN PROVISION (of which running costs)	8 (4)	5 (3)	3 (3)
MANPOWER			
Proposed	461	470	488
Changes from present plans	-6	+1	+8

OFFICE OF TELECOMMUNICATIONS

Survey baseline	6	6	6
PROPOSED ADDITIONS			
(i) Running costs	1	-0.08	-0.08
The bid provides for additional staff; CILOR increases; and offset from a relocation to premises shared with OFT and OFGAS.			
(ii) Departmental capital	0.09	0.09	0.09
The bid is mainly for the provision of IT additions and enhancements.			
PROPOSED REDUCTIONS			
	-	-	-
PROPOSED NET CHANGE IN PROVISION (of which running costs)	1 (1)	0.009 (-0.08)	0.022 (-0.07)
MANPOWER			
Proposed	150	150	150
Changes from present plans	+12	+12	+12

EXPORT CREDIT GUARANTEE DEPARTMENT

	£ million		
	1991-92	1992-93	1993-94
Survey Baseline	70	-28	-28
PROPOSED ADDITIONS			
(i) Interest Support	208	176	64
Reflects higher interest rate assumptions than made for last year's survey.			
(ii) Others (mainly capital)	11	1	2
Most of capital bid for 1991-92 is to finance relocation to Docklands, which will be paid for by running costs savings in later years. [Note ECGD running costs are not classified to public expenditure, but do affect PSDR].			
TOTAL	219	177	66
PROPOSED REDUCTIONS			
(i) Mixed Credit Matching	-	-	-1
Reflects lower forecast expenditure on an extant commitment on a scheme that has now been discontinued.			
PROPOSED NET CHANGE IN PROVISION	219	177	65
(of which running costs)	-	-	-
MANPOWER			
Proposed	1337.5	1307	1287
Change from present plan	-162.5	-173	-191

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DEPARTMENT OF ENERGY, OFGAS AND OFFER

	1991-92	1992-93	£ million 1993-94
Survey baseline	413.4	405.1	410.2
PROPOSED ADDITIONS			
<u>(a) Energy</u>			
(i) DRAWMOPS	26.6	44.9	31.3
Mainly due to decisions by MOD to discontinue or defer work; advancing work to meet regulatory pressures or to reduce costs overall; and the need to cover a higher proportion of the AEA's operational and overhead costs.			
(ii) Other Nuclear Programmes	0.4	1.9	3.0
Higher costs of initial site investigations than were forecast in the latest Nirex Company Plan, shortfall in Appropriations in aid for repayment of loans to BNFL, and increased Contract of Associations receipts.			
(iii) Europes	2.0	6.3	11.6
Reinstatement of reductions in the PES baseline as a result of EC spending on Energy R&D exceeding the EUROPES baseline.			
(iv) HEES	7.6	12.1	12.6
Provision to meet target of draught proofing 250,000 homes and insulating 50,000 lofts and tanks a year under the new Home Energy Efficiency Scheme in 1992-93.			
(v) Other Programme expenditure	5.2	3.5	3.5
Increases mainly in other energy efficiency programmes, renewables R&D, international subscriptions, work on the environment, and the coal firing scheme.			
(vi) DEn Administration (net)	4.2	5.7	6.9
Mainly for additional pay costs and manpower requirements; accommodation costs; and repayment regimes for legal and recruitment services.			
<u>(b) OFGAS</u>	0.1	0.2	0.2
Higher rent requirements offset by reductions in rates and maintenance charges.			
<u>(c) OFFER</u>	1.2	1.5	2.0
Reclassification of expenditure (see below for matching reduction).			
TOTAL ADDITIONS	47.3	76.1	71.1

PROPOSED REDUCTIONS

(a) Energy

(i) Nuclear programmes	-4.2	-1.9	-3.2
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Ending of deficit funding of £3.0 million in 1991-92 with the inclusion of Winfrith Reactor in the Non-Fossil Fuel Obligations (NFFO); £2.8 million in the Nuclear Materials Management programme; £1.5 million in the Public Information programme.

(ii) Other Programme expenditure	-4.3	-4.4	-5.6
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Reductions in respect of the Offshore Supplies Office, geological mapping of the UKCS, enhanced oil recovery R&D, renewables R&D, and a variety of other small savings.

(b) OFFER

(i) Capital	-1.2	-1.5	-2.0
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Reclassification of expenditure mainly related to the treatment of future minor works and accommodation expenditure.

TOTAL REDUCTIONS	-9.7	-7.8	-10.8
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PROPOSED NET CHANGE IN PROVISION	37.6	68.3	60.3
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of which DEn running costs	4.5	6.0	7.2
OFGAS running costs	0.1	0.2	0.2
OFFER running costs	0.3	0.6	1.2

MANPOWER

DEn

Proposed	1,064	1,067	1,070
Change from present plan	+10	+23	+26

OFGAS

Proposed	28	27	27
Change from present plan	NIL	NIL	NIL

OFFER

Proposed	220	220	220
Change from present plan	NIL	NIL	NIL

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DEPARTMENT OF EMPLOYMENT

	1991-92	1992-93	£ million 1993-94
Survey baseline	3,625	3,650	3,741
of which Running Costs	1,070	1,133	1,161

PROPOSED ADDITIONS

(i) Youth Training	47.8	77.1	110.6
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Provision allows for higher cost per trainee than agreed last year because of training providers' increased costs and a lower level of employer contributions than planned.

(ii) Training Credits	12.6	26.9	27.6
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Bid reflects additional cost of introducing about 10 Training Credit pilots. An offsetting saving for approximately half the bid is included under "Proposed reductions".

(iii) TECS: Local Initiative Fund	66.5	42.8	43.4
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Provision for the creation of the Training and Enterprise Councils' (TECs) Local Initiative Funds covering about 80 TECs in England and Wales.

(iv) Redundancy Fund	26.7	27.1	29.2
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Provision reflects higher forecasts of number of redundancy payments.

(v) European Social Fund	211.6	136.2	135.7
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Additional provision required largely to meet increase in payments to local authorities and voluntary bodies; and also for the change in ECU exchange rate and for 4 per cent EC inflation factor.

(vi) Training and Vocational Education Initiative (TVEI)	20.0	20.0	0
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Provision needed to provide TVEI funds to 22 new Local Education Authorities in 1991-92 and 1992-93.

(vii) Running Costs	94.9	102.9	157.3
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Mainly reflects department's forecasts of higher inflation and pay costs; and also VAT costs of TEC Management fee, superannuation for TEC staff, and expanded or new activities.

(viii) Capital	22.7	10.0	26.9
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Largely reflects Employment Service office integration programme in years one and three, and costs of TEC and Training Agency Area office refurbishment.

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(ix)	Provision for disabled	15.0	26.1	22.6
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Reflects increase in unit costs, and in the number of sheltered placements, and capital expenditure on new or refurbished premises.

(x)	Other	35.6	23.7	18.9
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A number of small bids covering the Enterprise Allowance Scheme, Grants to the Tourism Boards, the National Council for Vocational Qualifications and for projects on education/industry links.

TOTAL		553.4	492.8	572.2
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PROPOSED REDUCTIONS

(i)	Employment Training	- 41.4	- 24.9	- 25.2
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Reflects offset to creation of Local Initiative Funds and towards Training Credits expenditure (see above).

(ii)	Training of Trainers	- 17.1	- 17.5	- 17.9
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and

(iii)	Training Access Points	- 9.1	- 9.3	- 9.5
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Transfer of provision to Local Initiative Funds.

(iv)	Publicity	- 1.5	- 1.5	- 1.6
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Reassessment of Training Agency publicity needs.

(v)	Other	- 9.3	- 11.2	- 12.0
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Covers a number of changes including transfer of small firms counselling to TECs Local Initiative Funds and higher receipts by the Nuclear Inspectorate.

TOTAL		- 78.4	- 64.4	66.2
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PROPOSED NET CHANGE IN PROVISION	+ 475.0	+ 428.4	+ 506.0
(of which running costs)	94.9	102.9	157.3

MANPOWER

Proposed	52,593	53,186	52,611
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Change from Present plan	- 1,400	- 1,400	- 1,400
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DEPARTMENT OF TRANSPORT

	1991-92	1992-93	£ million 1993-94
Survey baseline	3,324	3,431	3,515

PROPOSED ADDITIONS

(i) National roads	80	105	215
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To maintain the expanded roads programme following greater than expected traffic growth and congestion with extra resources for motorway widening, environmental and traffic management works for London, and driver information systems.

(ii) Local roads	59	151	225
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To provide for road safety schemes and to maintain a steady programme of major capital improvements to those parts of the local road network of more than local importance. Target of reducing casualties by one-third by year 2000. Bid allows for 40 new starts a year, compared with 30, 20, and 15 over the Survey period.

(iii) Local public transport	9	25	26
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Present baseline represents cut in real terms. Bid allows for one new light rail scheme to begin in the PES period, after completion of Manchester Metro.

(iv) Transport safety publicity	3	4	4
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For child safety and other campaigns.

(v) Research and development	1	4	4
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For new work on environmental, safety, and highways projects.

(vi) Pay and prices	18	22	43
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To reflect additional pay costs together with a provision in 1991 - 92 for DVLA to meet its Post Office contract, which is linked to the RPI.

(vii) Relocation and accommodation	25	11	12
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To move marine HQ and highways computing from London, giving long term savings. Extra accommodation required for expanded roads programme, DVLA and DSA.

(viii) Driver information	3	3	3
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To support initiatives on driver information and network management, the London Traffic Director and communications and IT development of the expanded roads programme.

TOTAL	199	324	532
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PROPOSED REDUCTIONS

(i) Local authority airports 0 0 -37

By reordering priorities and encouraging Manchester to look for private finance to meet some of its development cost.

PROPOSED NET CHANGE IN PROVISION 199 324 495
(of which running costs) 37 32 53

MANPOWER

Proposed 12218 12492 12593
Change from present plans -126 -12 -81

CONFIDENTIAL

DEPARTMENT OF THE ENVIRONMENT: HOUSING

£ million

	1991-92	1992-93	1993-94
Survey Baseline	6,765	6,932	7,106

PROPOSED ADDITIONS

(i) Housing Corporation	208	264	471
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To increase the supply of subsidised rented housing and to maintain the output of Low Cost Home Ownership (LCHO) units. The bid is designed to enable housing associations to provide a total of 26,000 rented units and 3,000 LCHO units in 1991-92, rising to 41,000 rented and 6,000 LCHO in 1993-94. (An increase compared with baseline of 1,000 rented units in 1991-92 and 7,000 in 1993-94.)

(ii) Rooflessness	32	35	0
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To carry out MISC 143 proposals, which aim to tackle the problem of sleeping rough in London. The bid will provide 800 move-on bedspaces per year in 1991-92 and 1992-93 at a unit cost of between £35,000 and £47,000. These will supplement the provision in 1990-91 of basic shelters.

(iii) Homelessness: Housing Corporation	9	9	0
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(iv) Homelessness: local authorities	94	148	0
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To reduce the use of bed and breakfast accommodation by providing additional housing association dwellings and by bringing vacant local authority stock back into use and through cash incentives to release subsidised housing to benefit the homeless. Year 1 bid taken together with provision agreed last year is intended to achieve target of 15,000 units by 1991-92.

(v) Credit Approvals: "Part A" bid	171	157	221
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Taking into account reduced forecast inflow and stock of receipts, to restore forecast gross local authority capital expenditure to the level assumed by DOE at the end of the 1989 Survey.

(vi) Other Credit Approvals	134	232	185
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Covers five elements:

(i) Reduces the fall in real renovation expenditure per council dwelling from 3% to 1½%.

(ii) Expands Estate Action programme to treat 150,000 run-down council estate dwellings over the Survey period, an increase of 50,000 over baseline.

(iii) Meets residual increase in expenditure on Housing Defects and Slum Clearance arising from the bid for specific grant.

(iv) Introduces an energy saving programme covering 100,000 council dwellings over the Survey period at unit cost of £1,500.

(v) Covers additional provision of £25 million per annum for the increased cost of home loss payments proposed for inclusion in the Planning Bill.

(vii) Housing Defects: Repurchase/Grant	3	10	4
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To continue steady rate of progress towards agreed targets.

(viii) Slum Clearance Grant	10	11	12
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The bid provides for constant output at the 1990-91 forecast level of 4,000 dwellings per year. This is needed to ensure that resources are not spent on unnecessary mandatory renovation work.

(ix) Housing Subsidy	23	23	23
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(x) Rent Rebate Grant	64	65	66
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[These bids are likely to be substantially increased in the light of the latest information on interest rates and short-term leasing.] The bids to date represent a 2% real rent rise and 3.75% real management and maintenance rise. They do not include any allowance for amounts that would be met under the Interest Rate Concordat in respect of changes in interest rates and do not include any allowance for leasing.

(xi) Central Govt. Subsidies to housing associations	5	15	24
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To introduce special needs management allowance to replace hostel deficit grant. SNMA will only apply to new schemes from 1 April. HDG will still apply to existing schemes.

(xii) Housing & construction research	9	9	10
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Bid is in two parts. Technical bid (4/4/5) - a requirement on Building Research Establishment that it must charge full economic costs. Remainder represents impact of inflation on research costs; and support for research on green issues arising from MISC 145.

(xiii) Section 73 (Rooflessness) 6 8 8

To provide housing associations with hostel deficit grant for management of 500 places in basic shelters at £2,000 per unit (1990-91) prices, and bids for counselling and advice at the basic shelters and individual support at bed-sits.

(xiv) Central Govt.: current 11 14 15

This bid covers increases to Housing Corporation's grant-in-aid, housing management, Section 73 grants for national advice services, housing mobility, home improvement agencies and Rent Assessment Panels, offset by reductions in support to the construction industry (general).

PROPOSED REDUCTIONS

(i) HATs 37 0 0

This reduction reflects the lack of progress in setting up HATs owing to the need to obtain tenants' consent in ballots, particularly the decision of tenants to vote against the proposed HAT in Sunderland. No savings are offered in later years.

(ii) New Town Subsidies 0 0 10

The reduction reflects plans that new town housing transfers will be completed by 1992-93.

PROPOSED NET CHANGE IN PROVISION 740 998 1026

CONFIDENTIAL

DOE - OTHER ENVIRONMENTAL SERVICES

		£ million	
	1991-92	1992-93	1993-94
Survey baseline	1,205	1,162	1,192

PROPOSED ADDITIONS:

(i) Environment, Countryside, Recreation and Water	78	87	98
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To allow various policy initiatives by countryside and environmental organisations and the Sports Council. To finance the reorganisation of the Nature Conservancy Council. To improve water quality monitoring and water resource management by the National Rivers Authority. Additional resources to improve implementation of statutory obligations concerned with water. To extend environmental research including EC financed projects.

(ii) Heritage	28	38	40
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To undertake essential maintenance and urgent priorities at the occupied palaces and in the Royal Parks. To provide increased support for the built heritage through Historic Buildings and Monuments Commission (HBMC), including new funding for Cathedral Repairs and the Chatham Historic Dockyard Trust. 50% of sum (balance from OAL) to restore real value of National Heritage Memorial Fund, depleted by Trustees' spending in excess of grant-in-aid, to original 1980 level and increase annual grant. Additional resources for relocation of HBMC and the Royal Commission on the Historical Monuments of England.

(iii) City Grant	15	20	20
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To ensure that good schemes are not turned away and to process three very large schemes known to be in the pipeline and likely to have a significant environmental impact.

(iv) Derelict Land	30	35	40
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To increase impact of programme and make contribution to greening cities and providing environmental improvements in countryside. Bid would increase by about 50% rate at which derelict land is reclaimed.

(v) Urban Programme	15	15	15
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To maintain emphasis on economic projects while increasing support for social and environmental initiatives which target the needs of local people.

(vi) Urban Development Corporations	50	22	0
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To allow UDCs to sustain effective regeneration of their areas despite lower receipts from land sales due to market downturn. The bid would maintain or accelerate progress on schemes in Teesside, Tyne & Wear, Bristol, Leeds and Sheffield.

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(xiv) Property Holdings-Administration and repayment services	15	12	14
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To provide for additional admin. costs on transfer of functions from PSA Services; creation of new Accounts Department and certain allied services.

(xv) Property Holdings-Reduced disposal receipts	35	30	28
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To provide for transfer of responsibility to departments for disposal of properties on the Departmental Estate element of the Civil Estate; and for reduction in potential for disposals on the Common User Estate due to slowdown in the property market.

(xvi) Ordnance Survey-Running costs, accommodation and pay	1	3	4
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Higher than expected pay awards (partly offset by manpower reductions), increased rates bill and building maintenance costs.

TOTAL	732	874	941
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PROPOSED REDUCTIONS

(i) Property Holdings-Property Repayment Services (PRS), rent and service charge receipts	- 62	- 68	- 75
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This reflects increases in the PRS accommodation charge paid by departments to reflect increased rental payments to landlords [offsetting bid (xiii)]; admin. and repayment receipts [offsetting bid (xiv)]; and recoveries from clients [offsetting bid (xii)]

(ii) Ordnance Survey-increased receipts	- 1	- 3	- 4
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OS are forecasting a one third increase in receipts over the Survey period mainly due to the exploitation of new products and services, and increased sales.

TOTAL REDUCTIONS	- 63	- 71	- 79
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PROPOSED NET CHANGE IN PROVISION (of which running costs)	669	803	862
	40	52	64

MANPOWER

Proposed	10604	10729	10810
Change from recent plans	+ 672	+ 808	+ 890

CONFIDENTIAL

PSA SERVICES

	<u>1991-92</u>	<u>1992-93</u>	<u>£ million</u> <u>1993-94</u>
Survey baseline	- 3	- 11	- 12
 PROPOSED ADDITIONS			
(i) Severance payments	230	115	35
To provide for 3,500 redundancies to streamline PSA Services in advance of privatisation.			
(ii) Relocation and restructuring	47	7	0
To provide for re-location from unsuitable premises, build-up of new premises and relocation of HQ from Croydon.			
(iii) Advisers fees	10	4	0
To provide for professional advice to PSA Services in the run-up to Government Company (GOCO) status and privatisation.			
(iv) IT capital	10	5	0
To provide for additional expenditure on Information Technology projects to underpin the move to commercial operation.			
(v) Marketing	4	0	0
To provide for implementation of consultants' advice on marketing and improvements in PSA Services' image as a result of re-structuring the organisation in advance of privatisation.			
(vi) VAT	30	35	0
To provide for VAT on goods and services bought in by PSA Services. A technical bid matched by increased receipts.			
(vii) Unified Business Rate	5	5	0
To provide for additional expenditure due to introduction of UBR and its effect on PSA Services with the build-up of new offices.			
(viii) Removal of existing provision	0	0	12
Technical bid to remove expectation of continued inflow of receipts to the Consolidated Fund after PSA Services has been privatised.			
(ix) Administration	6	2	1
To provide for costs of residual Government functions (non-core business) of PSA Services in build-up to commercial operation.			
TOTAL	342	172	36

PROPOSED REDUCTIONS

(i) VAT receipts from clients - 30 - 35 0
Technical bid offsetting bid (vi)

(ii) Improved profit targets - 27 - 34 0

Reduction due to expectation of increased profits by PSA Services above that assumed in the baseline.

TOTAL REDUCTIONS - 57 - 69 0

PROPOSED NET CHANGE IN PROVISION 285 103 36
(of which net running costs) 238 96 36

MANPOWER

Proposed 11,378 10,378
Change from present plans - 3,200 - 2,300 -
(includes industrials and locally-engaged overseas staff)

HOME OFFICE AND CHARITY COMMISSION

	£ million		
	1991-92	1992-93	1993-94
Survey baseline	5,018	5,165	5,294
PROPOSED ADDITIONS			
(i) Prisons: building	38	26	-38
To maintain progress on delivery of planned new prison places and to maintain existing establishments. Also to provide an additional 600 places at a new training prison in the South-West.			
(ii) Prisons: other	58	67	78
Provision for relocation of Prison Service Headquarters out of London. Miscellany of other items, for example additional transfer costs and training, many of which are related to the increase in manpower over the period.			
(iii) Prisons: manpower	26	46	116
Mainly to provide manpower (120 in 1991-92 rising to 1300 in 1993-94) for the full year effect of additional prison places already due to come on stream in 1992-93. But significant bids to make up shortfall on 1990-91 pay award and for revised pay assumptions.			
(iv) Police	35	38	42
Provision to enhance the police national computer, subsidise Directorate of Telecommunications' prices, enhance police training facilities (increased throughput), set up new central units, for increased cost of explosives disposal, additional counter terrorism activities and other smaller bids.			
(v) Diversion from custody	7	12	13
Additional places in probation and bail hostels and on voluntary sector projects (320 rising to 560 by 1993-94), increased probation training and other measures to encourage non-custodial sentencing. Target to divert a further 1500 offenders from prison by 1995-96.			
(vi) Criminal injuries compensation	38	46	59
Provision to meet the costs of additional claims (about 20,000 a year) processed through more efficient working methods and by extra staff agreed this year.			
(vii) Immigration	18	28	29
Provision for a new detention facility, additional staff (230 to 330) for immigration on-entry control reflecting international traffic growth (including opening of new air terminals), and for immigration appeals, after-entry enforcement and nationality work.			

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(viii) Other (non-prisons) 56 56 60

Provision for additional manpower (about 500 in each year) and revised pay assumptions, for passports, accommodation, crime prevention measures, victim support, IT, emergency planning and fire, equal opportunities, broadcasting, Commission for Racial Equality and voluntary sector grants etc.

(ix) Charity Commission 7 7 5

Mainly for: increased staff (about 180) as workload increases following new legislation; and implementation of the new computer system; and expected increase in PSA rent and rates.

(x) Current grants: police 172 285 435

Mainly reflects increased pay resulting from the latest expenditure outturn information and revised pay assumptions in 1991 and 1992. Also bids for substantial further increases in police manpower 1100/1150/1150 (plus further increases in civilians).

(xi) Current grants: other 31 56 99

Bids for magistrates' courts, probation, civil defence and Commonwealth immigrants - mainly for pay and manpower.

(xii) Capital grants 50 57 70

(xiii) Credit approvals 48 55 62

Increases to fund existing programme and for volume growth in capital expenditure on the police, magistrates' courts, probation, civil defence and fire.

TOTAL 584 779 1031

PROPOSED REDUCTIONS

The bids above are net of reductions totalling £m 23; 12; 17.

PROPOSED NET CHANGE IN PROVISION 584 779 1031
(of which running costs) 105 137 233

MANPOWER

Proposed 44,125 45,572 48,444
Change from present plans +1115 +1178 +2315

LEGAL DEPARTMENTS

	£ million		
	1991-92	1992-93	1993-94
Survey baseline	1405	1501	1538

PROPOSED ADDITIONS

(i) Lord Chancellor's Department: running costs	68	91	125
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Substantial rises in accommodation costs arising from rent increases and the opening of new courts, together with the cost of making inroads into a backlog of essential maintenance of court buildings; also the cost of around 400 additional staff required in the County courts as a result of the Civil Justice Initiatives and the Children Act plus rising workloads on other civil business, notably Water Authority and housing possession cases and the transfer of cases down from the High Court.

(ii) Lord Chancellor's Department: legal aid	73	86	118
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A forecast 3.7% increase in the volume of cases granted legal aid in the magistrates' courts over the Survey period and a higher take-up of the 24-hours Duty Solicitor Scheme, together with a fall in the level of contributions from recipients of civil legal aid.

(iii) Lord Chancellor's Department: other	27	21	28
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Some increase in the cost of new court building, the salaries of 5 additional judges and an adjustment to reflect the relationship between judicial salaries and fees paid to judicial officers.

(iv) Crown Prosecution Service:	24	40	70
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A forecast increase of 3 per cent per annum in workload in magistrates courts, and rising accommodation costs.

(v) Other departments	25.3	28.1	40.4
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(ie Land Registry, Northern Ireland Court Service, Public Record Office, Treasury Solicitor, Serious Fraud Office and Crown Office, Scotland):

Major items include building work on the extension to the main Public Record Office building at Kew, the construction of court buildings in Northern Ireland and the costs of relocating the Treasury Solicitor's Property Division.

PROPOSED NET CHANGE IN PROVISION	233.0	282.1	406.5
(of which running costs)	106.3	140.8	202.1

MANPOWER

- proposed	19,601	20,166	20,934
- change from present plans	671	864	1,256

CONFIDENTIAL

DEPARTMENT OF EDUCATION AND SCIENCE

	£ million		
	1991-92	1992-93	1993-94
Survey baseline	6,748	6,917	7,090

PROPOSED ADDITIONS

(i) Universities: current	196.0	276.0	321.0
(ii) Polytechnics and Colleges: current	125.0	154.0	174.0

To fund higher than predicted growth in student numbers (29,000 up in 1991-92 and 37,000 in 1992-93) and projected increases in pay and prices. To provide an additional £11 million a year for London University; £35 million a year for maintaining university buildings; £20 million a year for research in polytechnics; and to fund improved access from under-represented groups.

(iii) Universities: capital	75.0	91.0	58.0
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To enhance teaching and research equipment and meet the requirements of the Home Office code on animal houses. To increase spending on new buildings and enhance universities' computer network.

(iv) Polytechnics and Colleges: capital	100.0	124.0	146.0
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To improve buildings and create more teaching space. To renew and expand stocks of equipment and furniture.

(v) Other higher education	16.6	15.1	15.5
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To provide for projected increases in pay and prices; for restructuring, expansion and refurbishment at Cranfield; for increased grants to postgraduates; and for more accommodation for the Royal College of Art and RADA.

(vi) Student Loans	35.4	54.7	76.0
(vii) Access Funds	9.9	10.3	10.7

To cover higher student numbers; annual increases of loans and Access Funds in line with GDP deflator; projected higher administration costs; and to extend, across the Survey period, the increases in Access Funds agreed, in-year, for 1990-91.

(viii) Science	78.0	101.0	119.0
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To maintain current levels of spending on existing programmes and to provide extra sums for new projects. To increase grants to postgraduate and postdoctoral researchers and provide more for equipment and computers.

(ix) Student fees	85.0	110.6	114.1
(x) Student grants	82.2	88.8	69.9

To provide for higher student numbers; the annual increase of fees and supplementary grants in line with the GDP deflator; and to align the levels of fees refundable for award holders at private colleges with those at institutions which receive grants from the UFC or the PCFC.

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(xi) Awards regulations	7.9	13.0	14.9
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To lift the moratorium on designating new courses for mandatory awards; and to expand the boundary within which London rates of grant are paid.

(xii) Maintained Sector Capital	340.0	357.0	364.0
(xiii) Building Grants to Voluntary Schools	58.0	60.0	62.0

To enable LEA building programmes to continue, providing 37,000 additional school places in 1991-92; to enable LEAs to remove surplus places; to remedy structural defects and reduce number of schools requiring urgent attention; to begin 10 year programme introducing the National Curriculum; and to cover new building and equipment costs in further and higher education. To expand improvements programme in the voluntary sector.

(xiv) Grant Maintained Schools	5.0	5.0	5.0
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To cover costs of capital grants to GM schools

(xv) Other Schools	20.3	35.6	48.5
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To provide for: introducing National Curriculum by 1997; teacher supply measures to tackle shortages; expansion of the City Technology College programme to 17 orthodox CTCs and 20 Voluntary-Aided CTCs by 1993-94; and increased fees for Assisted Places Scheme.

(xvi) Other Bids	3.0	3.4	8.0
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To contribute to the funding of the NCVQ, and to fund new initiatives and increased costs in adult education, and commitments to inner London specialist colleges from 1993-94.

(xvii) Administration	8.8	10.4	13.3
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To meet additional staff and non-pay costs; the transitional costs of moving to Sanctuary Buildings; and extensions to DES's office systems.

TOTAL	1246.1	1509.9	1619.9
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PROPOSED REDUCTIONS

(i) Postgraduate Awards	-9.6	0.0	0.0
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A one-off saving of one third of the 1991-92 payment to postgraduates achieved by making awards termly, rather than annually.

PROPOSED NET CHANGE IN PROVISION	1236.5	1509.9	1619.9
(of which running costs	7.2	8.7	12.2)

MANPOWER (average for year)	1990-91	1991-92	1992-93	1993-94
Proposed	2,662	2,725	2,706	2,679
Change from present plans		+ 145	+ 146	+ 119

OFFICE OF ARTS AND LIBRARIES

	1991-92	1992-93	£ million 1993-94
Survey Baseline	522.0	543.9	557.5
PROPOSED ADDITIONS			
(i) Museums and Galleries	8.8	11.8	42.9
To contribute to essential museum building renovations, including matching funding projects and maintenance; to increase the value of purchase grants from 1985 levels; to cover the costs of contributions in lieu of rates payments; to increase the value (in 1993-94) of the running costs grant; to match (in 1993-94) Lord Wolfson's benefaction for improvement works.			
(ii) Living Arts	12.0	11.0	55.1
To contribute to the capital and transitional costs of the Royal Opera House development; to increase the value (in 1993-94) of the Arts Council grant-in-aid; to contribute to the costs of new Arts Council initiatives and of capital works at the Royal National Theatre and British Film Institute; to fund a pilot project on establishing an endowment challenge fund for the arts.			
(iii) Libraries	4.7	6.5	12.1
To increase the value of the British Library's grant-in-aid to take account of the short-term costs and longer-term benefits of the decision to relocate certain London-based activities to Yorkshire; to meet costs of the move to St Pancras and split-site working from 1993.			
(iv) British Library: St Pancras Project	10.2	8.1	-18.7
To cover revised estimates of the phasing of construction costs of Stage IA and the initial costs of the Completion Phase; to fund in part the purchase of works of art for the new building.			
(v) Heritage	9.6	5.0	5.0
To increase the value of grant-in-aid paid to the National Heritage Memorial Fund (DoE also bidding for the same additions).			
(vi) Administration	0.5	0.6	0.7
To meet OAL salaries and administrative costs.			

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PROPOSED NET CHANGE IN PROVISION	45.8	43.0	97.1
(of which running costs	0.5	0.6	0.7)
MANPOWER (average for year)			
Proposed	65	65	65
Change from present plans	+2	+2	+2

DEPARTMENT OF SOCIAL SECURITY

£ million

	1991-92	1992-93	1993-94
Survey baseline	59,542	62,725	64,293
PROPOSED ADDITIONS			
(i) Capital limits\$	127	132	135
Covers the cost of the 1990 Budget increase to the limits on capital for entitlement to income-related benefits.			
(ii) Residential care\$	56	58	60
Funds August 1990 increase in income support limits in residential care and nursing homes, anticipating part of April 1991 uprating.			
(iii) Minor measures\$	7	7	7
Minor changes for war widows, disabled students and claimants with boarders.			
(iv) Economic assumptions†	930	1,810	1,860
Effect of higher assumptions on the indices determining levels of benefit payment (RPI, GDP deflator & rents).			
(v) Community charge benefit†	740	740	740
Increased because of higher community charges.			
(vi) Estimating changes†	-100	-500	1,670
Forecast changes in the cost of continuing with current policies.			
(vii) Independent Living Fund	30	32	34
A partly agreed bid for extra resources to enable severely disabled people to live at home.			
(viii) Poorer pensioners	170	177	181
Proposed increases in supplements in income-related benefits to pensioners.			
(ix) Residential care and nursing home limits	27	38	50
Cost of restoring the uprating increase in April 1991 in the income support limits, notwithstanding (ii).			
(x) Carers	9	13	14
Measures to improve benefits for carers.			
\$ Agreed bid † Non-discretionary changes (provisional)			

(xi) Further minor benefit changes	37	38	39
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Small bids to meet cost of changes to benefits to disabled people, and increase in programme from bulk sell-offs of council housing; latter (18/20/21) to be met by transfers from DoE. A contingent bid accounts for 8/16/16; expenditure depends on verdict of European Court of Justice.

(xii) Housing benefit administration	33	35	37
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Mainly reflects the cost of paying additional recipients of community charge benefit.

(xiii) Running costs	167	185	309
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The effects of higher assumptions for pay and prices. To meet increased demand led work; developments in the Department's IT programme; and a major relocation of staff from the South East.

(xiv) Capital & other admin.	113	80	-21
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Mainly, major relocation of staff from the South East in joint venture with DH (includes building costs for DH). Continued computerisation of benefit administration.

(xv) Community care¶	84	206	-23
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Cost of DSS proposals for assessing housing benefit element of income-related benefits paid to people in residential care homes.

PROPOSED REDUCTIONS

(i) Statutory Sick Pay	-43	-44	-45
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The higher rate of SSP is limited to an increase of only 2.5%.

(ii) Controls on Invalidity Benefit administration	-5	-5	-5
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Savings stem from tightening of procedures for control of claims.

(iii) Maintenance from absent fathers	-42	-44	-45
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Securing more maintenance from absent fathers to reduce reliance of lone mothers on income-related benefits. £6 million per year extra administration costs to achieve this are included in (xiii).

(iv) Anti-fraud activity	-31	-33	-33
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More effective direction of DSS's anti-fraud activity.

(v) Changes to housing benefit	-26	-27	-28
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A small change in the arrangements for uprating benefits to homeless people and savings from rent officer controls on payments to people in homes larger than needed.

¶ Provisional; figures to be agreed with other Departments. Eventual agreed figures will not add to overall PE, as any changes will be met by offsetting changes elsewhere.

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PROPOSED NET CHANGE IN PROVISION	2284	2898	4935
(of which running costs)	167	185	309
MANPOWER			
Proposed	79186	76452	77017
Change from current plans	2945	1835	2400

DEPARTMENT OF HEALTH

£ million

	1991-92	1992-93	1993-94
Survey baseline	23295	24462	25078
PROPOSED ADDITIONS			
(Hospital and community health services)			
(i) Review Body pay awards Consequential of funding for 1990 awards.	329	340	351
(ii) Whitley Pay To provide 3% over inflation generally, and extra selective increases.	132	132	132
(iii) Main services' provision To restore growth in activity to previous levels, eg 2% per annum for acute in-patients; includes costs of changes in staff structure.	503	742	1374
(iv) Creditor levels To enable all health authorities to reduce average times for paying creditors to eight weeks maximum.	80	0	0
(v) NHS Trusts' debt interest To enable purchasers to meet Trusts' charges for interest on initial debt (PSDR neutral).	100*	200*	300*
(vi) Management skills, medical education and audit To strengthen professional skills of NHS staff and improve quality of services to patients.	63	68	76
(vii) Junior doctors' hours, training, electric wheelchairs, IT etc Training for nurses, clinical staff and ambulancemen. Extra fully qualified doctors to reduce junior doctors' hours, provision of electric wheelchairs, Family Health Service Authority administration.	72	106	140
(viii) Caring for People HCHS costs of implementing Community Care White Paper: professional input for needs assessment, additional community health services, assessment training.	49	48	57
(ix) Building programme Compensation for higher construction prices and shortfall in land sales, and to avoid deferral of planned projects.	165	170	210
(x) VAT on construction Consequences for HCHS of paying VAT on construction (PSDR neutral)	n.k	n.k	n.k
(xi) Trusts' EPLs Provision for new NHS Trusts' borrowing requirements	n.k	n.k	n.k

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(xii) Other HCHS capital HCHS IT, Family Health Service Authorities' accommodation and computers, minor capital.	51	45	35
(Family Practitioner Services)			
(xiii) FPS demand Forecast costs and volume, including 1990 Review Body pay consequential, 1.9% annual growth in doctor numbers, 1.6% dentists, 3.5% prescriptions.	5	106	559
(xiv) Dental charges To maintain proportionate charge at 75%, subject to £200 maximum.	32	34	36
(xv) FPS - other Practice premises improvements, more professional practice staff; local projects; extend pharmacists' training and services.	101*	130*	153*
(Centrally financed services and Departmental administration)			
(xvi) Centrally financed services Mainly for demand led services, health information, special hospitals, grants to voluntary sector and social services training.	85	99	130
(xvii) Departmental administration Mainly increased pay and staff numbers, and relocation costs for NHS Management Executive.	44	67	52
(Personal social services)			
(xviii) LA specific grants Mainly increase in services for mentally ill, increased training for social services staff caring for elderly, children.	49	63	84
(xix) LA capital grants and credit approvals Mainly increased costs, IT for community care, increased services for mentally ill, maintenance of care homes.	48	45	42
TOTAL	1908*	2395*	3731*
PROPOSED REDUCTIONS			
(i) Hospital and community health services Current cost improvement programmes, and extra capital receipts.	-	-	- 500
(ii) Other services Earlier introduction of new dental fee scale, dentists' early retirement, increased maximum dental charge and prescription charges.	- 19	- 31	- 66
PROPOSED NET CHANGE IN PROVISION (of which running costs)	1899* [33]	2364* [51]	3165* [45]
MANPOWER			
Proposed	4975*	4992*	4992*
Change from present plan	125	214	214

* Provisional

OFFICE OF POPULATION CENSUSES AND SURVEYS

	1991-92	1992-93	£ million 1993-94
Survey baseline (1)	93.1	33.1	33.9
(i) 1991 Census	2.3	0.1	-6.7
Revised estimate of costs of 1991 Census. Includes an agreed bid for field staff pay and a technical adjustment in the third year reflecting the run down in census work.			
(ii) Other	0.9	2.5	2.0
Changes in pay and prices; increased cost of implementation of IT strategy and new profile for relocation costs.			
Proposed net change in provision	3.3	2.6	-4.7
Of which, running costs	3.4	4.3	-2.4
Manpower			
Proposed	2347	2225	2093
Change from present plans	93	122	-10

(1) excluding provision from the European Social Fund

SCOTLAND

	1991-92	1992-93	£ million 1993-94
Survey baseline (1)	9869	10211	10467

The main changes to the Scottish programme will, as in previous Surveys, reflect the consequential for the Scottish Block of the outcome of negotiations on comparable English programmes, and the 1990 AEF settlement.

PROPOSED ADDITIONS

(i) Industry	59	66	75
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The main components are bids for increased provision on RSA, for launch costs of Scottish Enterprise and Highlands Enterprise, increased provision for business advisory services and for local enterprise companies, and to take account of the difference between projected receipts and those now envisaged for disposal of factories.

(ii) Water Services	25	50	80
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Further work considered necessary to bring standards of water and sewerage services in line with legal EC requirements and the ending of the dumping sewage sludge at sea.

(iii) Other bids	28	39	33
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Reflecting provision considered necessary to compensate Scottish Homes for the withdrawal of VAT exemption, for the Gaelic TV programme fund, for the effect of revised economic assumptions on housing subsidies, for the costs of administering the 1985 Bankruptcy Act in Scottish Courts, and for capital for administration. Further provision will be sought to fund the increased costs of rent rebates once decisions on public sector rents have been reached.

TOTAL	111	155	188
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PROPOSED REDUCTIONS	-1	-2	-33
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For RDG, REG and in the 3rd year adjustment to the Block for business rate harmonisation.

PROPOSED NET CHANGE IN PROVISION	111	153	156
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MANPOWER

Proposed	13484	13646	13475
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Change from present plans	313	284	252
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(1) Excludes agriculture (negotiated on UK basis)

WALES

	1991-92	1992-93	£ million 1993-94
Survey baseline (1)	4503	4647	4763

The main increases to the Welsh programme will, as in previous Surveys, reflect the consequential for the Welsh Block of the outcome of negotiations on comparable English programmes, and the 1990 AEF settlement.

PROPOSED ADDITIONS

(i) Industry	24	25	30
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Increased expenditure for the Welsh Development Agency, in particular for factory building, and increased Regional Selective Assistance.

(ii) Welsh Block (2)	14	16	0
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Provision for the effect of revised economic assumptions on housing subsidies. Further provision will be sought to fund the increased costs of rent rebates once decisions on public sector rents have been reached.

PROPOSED NET CHANGE
IN PROVISION

	38	41	30
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MANPOWER

Proposed	2403	2390	2385
Change from present plans	84	85	85

(1) Excludes agriculture (negotiated on UK basis)

(2) The Secretary of State for Wales has also sought agreement to rolling forward the understanding reached last year for in-year access to the Reserve in respect of Home Improvement Grants, due to continuing uncertainty over the likely rate of takeup of the new scheme.

NORTHERN IRELAND

£ million

	1991-92	1992-93	1993-94
Survey baseline	6171	6395	6555

The Northern Ireland Block

The principal Survey change to the NI Block normally reflects the consequential of any increases in comparable GB programmes in accordance with a population-based formula, and also a consequential of that part of TSS falling outside the planning total as most local authority type services are carried out by central Government in NI. The Secretary of State has the freedom to allocate resources within his Block.

PROPOSED ADDITIONS

(i) Social Security	41	64	144
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To reflect estimating changes and revised economic assumptions. As expenditure is demand-led the normal formula arrangement does not apply.

(ii) Housing loan charges	4	6	-
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To reflect changes in interest rates on the subsidy to the NI Housing Executive.

(iii) Northern Ireland Electricity	-	119	122
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This is a technical adjustment which is required to eliminate NIE's negative EFL, and assumes privatisation in Spring 1992.

(iv) Water and Sewerage	11	29	55
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Provision to comply with EC Directives on drinking water.

(v) Law and Order	27	34	60
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Mainly to reflect changes in pay and inflation assumptions to maintain present levels of service by the RUC. Part of the bid is to increase the provision for compensation for criminal injury and criminal damage, and there is also a miscellany of smaller items.

PROPOSED NET CHANGE IN PROVISION*	83	252	381
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MANPOWER 1000s

Proposed	211	211	211
Change from present plan	-	-	-

* excluding normal formula consequential

CHANCELLOR OF THE EXCHEQUER: SMALL DEPARTMENTS (EXCLUDING
INLAND REVENUE and CUSTOMS & EXCISE)

	£ million		
	1991-92	1992-93	1993-94
Combined Survey baseline	2116	2205	2261
(i) H M TREASURY			
PROPOSED ADDITIONS	6.2	7.0	3.1
Mainly accommodation charge increases and IT needs, partly offset by UK Coinage revised expenditure needs.			
(ii) CENTRAL STATISTICAL OFFICE			
PROPOSED ADDITIONS	5.2	7.0	8.0
To provide for package of measures to improve economic statistics; and for accommodation and pay costs.			
(iii) CENTRAL OFFICE OF INFORMATION			
PROPOSED ADDITIONS	20.0	0.3	0.4
To discharge surplus of liabilities over assets at launch of CSO as a Trading Fund; plus minor bids for allied services to Royal Household and Parliament.			
(iv) HMSO			
PROPOSED ADDITIONS	1.0	1.6	3.6
To provide for continued subsidies for Parliamentary publications and supplies taking account of price and volume changes.			
(v) OTHER DEPARTMENTS (GAD, NILO, PGO, DNS, RFS, and CIVIL SUPERANNUATION)			
PROPOSED ADDITIONS	-9.8	13.9	45.9
To provide for increased pay and accommodation costs. To provide for increased number of pensions in payment; strengthening of prudential regime for building and friendly societies.			
PROPOSED NET CHANGE IN PROVISION (i-v above)	22.6	29.8	61.0
MANPOWER (combined total)			
Proposed	13034	13007	12635
Change from present plans	+159	+182	+200

CONFIDENTIALINLAND REVENUE

	£ million		
	1991-92	1992-93	1993-94
Survey Baseline	1819.4	1902.7	1950.2
PROPOSED ADDITIONS			
(i) Taxation of bank/building society interest	255.5	125.9	101.6
To meet the costs of dealing with an estimated 10 million claims for repayment of tax a year, following the decision in the 1990 Budget to abolish from April 1991 the composite rate tax system applying to bank and building society interest. The costs include substantial numbers of additional staff, their accommodation and supporting computer systems.			
(ii) Other 1990 Budget measures	6.5	3.2	3.0
Costs of implementing other 1990 Budget changes, for example changes to tax thresholds.			
(iii) Workloads	34.8	55.1	69.5
To meet increased workloads, including the increase in the numbers of self-employed, in provision of benefits in kind and in repayment claims following continued increase in the number of shareholders, mainly from the Abbey National flotation.			
(iv) Valuation Office	7.2	3.2	3.5
To cover the costs of introducing charging for the services of the Valuation Office and work on a property database for all Government Departments, following recommendations of the Review of Government Valuation Services.			
(v) Pay	31.0	70.0	113.0
To provide for pay costs in the light of changes since 1989 PES in expected levels of future pay settlements.			
(vi) Accommodation	9.1	20.5	45.2
To cover increases in rents notified by the PSA for 1991-92 and anticipated increases in future years, and other increases in accommodation costs.			
(vii) Nottingham relocation	15.0	-	5.0
To provide for rephasing of capital expenditure on the project, and anticipated increased costs of transferring staff.			
(viii) Increased compliance	-	-	3.9
To restore levels of investigation and compliance work, following earlier reductions.			

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	, f million		
	1991-92	1992-93	1993-94
(ix) Accommodation capital	0.5	-	10.0
For essential capital expenditure to maintain accommodation at acceptable standards and levels of safety.			
(x) Energy conservation	0.9	1.0	1.0
To produce running cost savings through capital expenditure on energy conservation.			
(xi) Data processing	0.7	4.1	12.2
To provide for security against disaster in main computer Processing Centres and otherwise bring security up to acceptable levels, and to meet rising costs of software necessary to support major computer operations.			
(xii) LAPR/MIRAS/PMI	70.0	65.0	26.0
To meet revised estimates of the costs of giving relief at source to payers of life assurance premiums, mortgage interest and private medical insurance who are not liable to UK income tax.			
PROPOSED REDUCTIONS			
(including efficiency gains on new bids)	11.0	6.0	21.0
PROPOSED NET CHANGE IN TOTAL PROVISION			
(including LAPR/MIRAS/PMI)	420.0	342.2	373.0
(of which running costs)	157.6	257.9	342.1
MANPOWER			
Proposed manyears	72,255	74,700	74,695
Change from present plans	+ 4995	+ 7440	+ 7435

CONFIDENTIALCUSTOMS AND EXCISE

	£ million		
	1991-92	1992-93	1993-94
Survey Baseline	699.3	766.2	785.2

PROPOSED ADDITIONS

(i) Single Market	13.1	21.7	15.2
To meet the largely transitional costs associated with completion of the Single Market and its effect on customs controls and the collection of internal taxes.			
(ii) Tobacco Tax Stamps	-	5.0	6.0
To meet the costs of printing tax stamps to control tobacco products duty. Some offsetting manpower savings.			
(iii) Channel Tunnel	-	1.3	14.7
To meet the costs of essential major works at various new control points and the full year costs of some 300 extra staff at 5 new control points and on through trains.			
(iv) Pay costs	-	-	22.3
To provide for future pay rounds.			
(v) New staff	-	-	11.5
To provide for additional 260 manyears of effort (net) for: increases in VAT register growth and enhancements to VAT control work; growth in anti-drugs requirements. An extra £170m in additional tax is planned from visiting in 1993-94 and a 5% increase in drugs seizures.			
(vi) Non-pay costs	-	-	21.2
To provide for increased requirements in accommodation costs, IT expenses, training and other personnel costs, and for increased prices generally.			
(vii) VAT II	0.9	3.2	8.1
To meet the development costs and various other costs associated with the replacement of the VAT computer system (which currently handles net VAT revenue receipts of £30 billion per year).			

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(viii) Accommodation	8.6	15.6	16.8
To meet various accommodation costs, including the effects of change in rent review dates and a court case on rate liability in certain circumstances (where the bid will be reduced by forthcoming PES transfer from 1.4.91). Also includes bids for capital works and new buildings.			
(ix) CAP fraud	0.6	1.3	1.4
To meet the costs of 50 new posts following an EC regulation on additional mandatory CAP checks; failure to comply would involve disallowance (to the expense of the UK Exchequer) of some of the £500 million in CAP payments each year.			
(x) Civil Service Commission charges	1.6	1.6	1.7
To meet repayment costs following the introduction of charging from 1 April 1991. Bid will be reduced by forthcoming PES transfer from 1.4.91.			
(xi) Information Technology	1.0	3.1	14.0
Various capital projects, including replacement of operational mainframe and provision of additional mainframe for essential development capacity.			
(xii) Miscellaneous capital	4.6	1.0	2.4
To meet the costs and replacement of cutters, vehicles and radios.			
(xiii) Miscellaneous non-running costs (current)	2.1	2.8	6.4
To meet the special costs of additional drugs investigation officers overseas, development of investigation equipment and increased legal charges.			
PROPOSED REDUCTIONS	-	1.2	13.5
PROPOSED NET CHANGE IN TOTAL PROVISION	32.2	55.0	127.9
(of which running costs)	10.8	33.4	99.4
MANPOWER			
PEWP BASELINE	27,900	28,400	28,400
PROPOSED	27,636	28,148	28,344
Change from present plans	- 264	- 252	- 56

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CABINET OFFICE AND PARLIAMENT

A. CABINET OFFICE

£ million

	1991-92	1992-93	1993-94
<u>(i) OMCS</u>			
Survey baseline	27.6	27.7	28.5
Proposed additions	10.2	7.0	6.4

Miscellany of items including accomodation, World Economic Summit and building works.

MANPOWER

Proposed	1048	1081	1112
Change from present plans	+58	+91	+122

(ii) CABINET OFFICE

Survey baseline	22.5	17.5	17.9
Proposed additions	2.2	3.5	0.8

Miscellany of items including accomodation, IT and special communications.

MANPOWER

Proposed	502	502	502
Change from present plans	-	-	-

(iii) PRIVY COUNCIL OFFICE

Survey baseline	1.5	1.6	1.6
Proposed additions	0.4	0.6	0.7

Increase in staff costs, pay, GAE and accommodation charges. Provision is all running costs.

MANPOWER

Proposed	35	35	35
Change from present plans	-	-	-

B. PARLIAMENT

(iv) PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Survey baseline	2.9	3.0	3.1
Proposed additions	0.3	0.3	0.4

Increased pay costs; increased provision for payment of rates; introduction of text processing for investigation staff; and computerisation of support functions.

(v) HOUSE OF LORDS

Survey baseline	18.8	20.3	20.8
Proposed additions	0.0	0.0	1.2

Increase in cost of pay and pensions and projected increase in House of Lords share of Police services at the Palace of Westminster.

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(vi) HOUSE OF COMMONS

Survey baseline	54.9	57.4	58.9
Proposed additions	3.3	5.0	7.5

To reflect anticipated increases in MP's pay and provision for increased allowances.

(vii) HOUSE OF COMMONS COMMISSION

Survey baseline	40.1	42.1	43.2
Proposed additions	3.0	3.7	5.8

Increased staff costs; GAE (mainly travelling expenses); provision for installation of new software for telephone exchange; computer costs; and additional policing for new Parliamentary building.