

CHANCELLOR OF THE EXCHEQUER

CF. M. 12 2477

cc Chief Secretary  
 Financial Secretary  
 Minister of State (C)  
 Minister of State (L)  
 COGPEC Mr Ridley  
 Mr Farman Mr Cardona  
 GECS

## GROWTH OF PUBLIC EXPENDITURE PROGRAMMES

You asked for figures showing the growth of programmes from 1970-71. I attach two tables. Table 1 gives the figures at 1979 Survey prices. Since we only have figures at 1979 Survey prices going back to 1974-75, I attach a second table showing movements since 1970-71 in index form.

2. The second table highlights the rapid growth of employment, housing (current), social security, Northern Ireland and, recently, overseas aid.
3. We have made adjustments to remove the most important sources of distortion - eg sales of BP shares, the change from child tax allowances to child benefit. These are explained in the notes.
4. The figures for 1979-80 are highly provisional. They include the cuts announced in the Budget and Departments' estimates of the effect of the cash limits squeeze; but the extent of the squeeze can only be an estimate as yet.
5. The figures for 1980-81 include the cuts agreed by the Cabinet. Neither they, nor the 1979-80 figures, include allowance for sales of assets.
6. A further point is that there is usually some underspending. This is included in the years up to 1978-79 because they are outturn figures. Apart from the cash limits squeeze in 1979-80, allowance is not made for it in the programme figures for 1979-80

and 1980-81, which are therefore a bit higher in relation to the earlier years than they will turn out in practice.

7. You should be aware that the cut of £222 million agreed by Cabinet for the Social Security programme will have to come down to £192 million, reducing our grand total of cuts in 1980-81 by £30 million. The figure of £222 million double-counted the £30 million for reduction in fraud. The adjustment has been made in these figures.

FERB.

F E R BUTLER  
25 July 1979

## PUBLIC EXPENDITURE BY PROGRAMME : 1974-75 to 1980-81

← km at 1979 SURVEY FIGURES

	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
1. Defence	7462	7830	7721	7550	7479	7827	8062
2. Overseas aid	628	699	671	718	786	790	782
EEC contributions	-13	16	281	632	760	789	1096
Other overseas services <sup>(1)</sup>	397	412	393	379	400	444	410
3. Agriculture, fisheries, food and forestry	2377	2172	1352	1035	863	964	849
4. Trade, industry and energy <sup>(2)</sup>	1795	2230	1920	1676	1679	1667	1582
Employment	416	644	853	1036	1110	1096	1139
5. Government lending to NIs	2575	2220	1918	771	1132	750	450
6. Roads and transport	3814	3918	3509	3017	3003	3191	2910
7. Housing							
Capital	4829	3887	3651	3013	2713	2763	2200
Current	2312	2398	2600	2499	2657	2736	2897
8. Other environmental services	3539	3687	3346	3264	3325	3285	3287
9. Law, order and protective services	2172	2311	2352	2284	2390	2452	2536
10. Education and science, arts and libraries	9584	9756	9722	9362	9567	9611	9258
11. Health and personal social services	8326	8634	8713	8775	9048	9155	9183
12. Social security <sup>(3)</sup>	14146	15333	15774	16350	17668	18443	18677
13. Other public services	947	1068	996	963	964	997	1018
14. Common services	971	1064	1063	1029	1055	1085	1098
15. Northern Ireland <sup>(3)</sup>	2004	2095	2106	2080	2243	2225	2139

68281	70374	68941	66433
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Total programmes

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PUBLIC EXPENDITURE BY PROGRAMME : INDEX NUMBERS (1974-75 = 100)

	70-71	71-72	72-73	73-74	74-75	75-76	76-77	77-78	78-79	79-80	80-81
1. Defence	104.6	106.1	103.8	102.2	100.0	104.9	103.5	101.2	100.2	104.9	108.0
2. Overseas Aid	95.2	107.7	112.8	103.2	100.0	111.3	106.8	114.3	125.2	125.8	124.5
EEC contributions											
Other overseas services (1)	101.6	102.6	103.9	102.3	100.0	103.8	99.0	95.5	100.8	111.8	103.3
3. Agriculture, fisheries, food and forestry	43.1	48.9	43.2	51.2	100.0	91.4	56.9	43.5	36.3	40.6	35.7
4. Trade, industry and energy (2)	63.8	76.2	68.5	97.1	100.0	124.2	107.0	93.4	93.5	92.9	88.1
Employment	91.5	99.5	113.3	92.2	100.0	154.8	205.0	249.0	266.8	263.5	273.8
5. Government lending to NIs					100.0	86.2	74.5	29.9	44.0	29.1	17.5
6. Roads and transport	82.1	79.2	84.7	90.0	100.0	102.7	92.0	79.1	78.7	83.7	76.3
7. Housing											
Capital	73.0	63.2	59.3	73.9	100.0	80.5	75.6	62.4	56.2	57.2	45.6
Current	43.7	41.1	54.1	78.0	100.0	103.7	112.5	108.1	114.9	118.3	125.3
8. Other environmental services	88.8	90.4	96.5	103.3	100.0	104.2	94.5	92.2	94.0	92.8	92.9
9. Law, order and protective services	81.7	87.8	88.8	94.1	100.0	106.4	108.3	105.2	110.0	112.9	116.8
0. Education & Science, arts and libraries	83.1	89.0	95.0	99.6	100.0	101.8	101.4	97.7	99.8	100.3	96.6
1. Health and personal social services	83.8	87.1	93.0	97.6	100.0	103.7	104.6	105.4	108.7	110.0	110.3
2. Social security (3)	84.8	90.0	95.1	94.2	100.0	108.4	111.5	115.6	124.9	130.4	132.0
3. Other public services	82.7	89.2	120.5	93.4	100.0	112.8	105.2	101.7	101.8	105.3	107.5
4. Common services	89.9	96.0	98.9	100.1	100.0	109.6	109.5	106.0	108.7	111.7	113.1
5. Northern Ireland (3)	63.9	66.9	74.6	84.6	100.0	104.5	105.1	103.8	111.9	111.0	106.7

/See notes

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NOTES

- (1) Excludes Crown Agents and Sterling Area Guarantees.
- (2) Excludes investment grants; compensation for price restraint for nationalised industries; refinance of export and shipbuilding credits; sales of BP shares.
- (3) Includes net cost of child benefit.

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EMPLOYMENT AND TRAINING PROGRAMME

1. <u>Programme Total</u>	1977-78	£m 1979 Survey prices		
		1978-79	1979-80	1980-81
A. Inherited Plans [Percentage Increase]	1036	1110 [+ 7.1]	1300 [+17.1]	1652 [+27.0]
B. Following budget cuts and Cabinet on 19 July	-	-	1096	1139
C. Cut B on A			- 204	- 513
D. [Percentage cut B on A]			[ -15.7]	[ - 31.1]

2. <u>Inherited Plans</u>				
A. Manpower Services Commission (excludes Special Temporary Employment Programme)	469	518	656	701
B. Department of Employment Special Measures	277	308	344	639
C. Other	290	284	300	312
	<u>TOTAL</u>	1036	1110	1300
				1652

3. <u>Reduced Plans</u>			
A. <u>Manpower Services Commission</u>		564	600)*
B. Department of Employment Special Measures		239	234)
C. Other		293	305)

\* illustrative (balance of cuts between MSC and other programmes not yet decided).

4. <u>Incidence of cuts on Inherited Plans</u>			
A. Manpower Services Commission		- 92	- 101
B. Department of Employment Special Measures		- 105	- 405
C. Other		- 7	- 7
	<u>TOTAL</u>	- 204	- 513

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## PUBLIC EXPENDITURE BY PROGRAMME : INDEX NUMBERS (1974-75 = 100)

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1. Defence	104.6	106.1	103.8	102.2	100.0	104.9	103.5	101.2	100.2	104.9	108.0
2. Overseas Aid	95.2	107.7	112.8	103.2	100.0	111.3	106.8	114.3	125.2	125.8	124.5
EEC contributions	..	..	..	..	..	..	..	..	..	..	..
Other overseas services (1)	101.6	102.6	103.9	102.3	100.0	103.8	99.0	95.5	100.8	111.8	103.3
3. Agriculture, fisheries, food and forestry	43.1	48.9	43.2	51.2	100.0	91.4	56.9	43.5	36.3	40.6	35.7
4. Trade, industry and energy (2)	63.8	76.2	68.5	97.1	100.0	124.2	107.0	93.4	93.5	92.9	88.1
Employment	91.5	99.5	113.3	92.2	100.0	154.8	205.0	249.0	266.8	263.5	273.8
5. Government lending to NIs					100.0	86.2	74.5	29.9	44.0	29.1	17.5
6. Roads and transport	82.1	79.2	84.7	90.0	100.0	102.7	92.0	79.1	78.7	83.7	76.3
7. Housing											
Capital	73.0	63.2	59.3	73.9	100.0	80.5	75.6	62.4	56.2	57.2	45.6
Current	43.7	41.1	54.1	78.0	100.0	103.7	112.5	108.1	114.9	118.3	125.3
8. Other environmental services	88.8	90.4	96.5	103.3	100.0	104.2	94.5	92.2	94.0	92.8	92.9
9. Law, order and protective services	81.7	87.8	88.8	94.1	100.0	106.4	108.3	105.2	110.0	112.9	116.8
10. Education & Science, arts and libraries	83.1	89.0	95.0	99.6	100.0	101.8	101.4	97.7	99.8	100.3	96.6
11. Health and personal social services	83.8	87.1	93.0	97.6	100.0	103.7	104.6	105.4	108.7	110.0	110.3
12. Social security (3)	84.8	90.0	95.1	94.2	100.0	108.4	111.5	115.6	124.9	130.4	132.0
13. Other public services	82.7	89.2	120.5	93.4	100.0	112.8	105.2	101.7	101.8	105.3	107.5
14. Common services	89.9	96.0	98.9	100.1	100.0	109.6	109.5	106.0	108.7	111.7	113.1
15. Northern Ireland (3)	63.9	66.9	74.6	84.6	100.0	104.5	105.1	103.8	111.9	111.0	106.7

/See notes

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