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RA

Treasury Chambers, Parliament Street, SW1P 3AG

Paul Gray Esq
Private Secretary
10 Downing Street
London
SW1

7 July 1988

Dear Paul,

PUBLIC EXPENDITURE CABINET

with PG?
In the paper we sent over yesterday afternoon there was a gap in the section dealing with local authority current expenditure. I attach a paragraph which reflects E(LA)'s conclusions last night and the decisions endorsed by Cabinet today.

...

I am copying this to Moira Wallace here.

Yours,

Jin

JILL RUTTER
Private Secretary

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FROM: CHIEF SECRETARY

DATE: 7 July 1988

PRIME MINISTER

B/F ~~to~~ next Wednesday

~~to~~ RCLG
 8/7

1988 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 for the main departments.

The annexes summarise the proposals made by each department for its own programmes. As in earlier years, they do not include proposals for local authority current expenditure, nationalised industries' external finance, and net contributions to the EC.

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

John M.

JOHN MAJOR

SUMMARY OF DEPARTMENTAL PROPOSALS

FCO: OVERSEAS DEVELOPMENT ADMINISTRATION

	£million		
	1989-90	1990-91	1991-92
Survey Baseline	1505	1551	1590

PROPOSED ADDITIONS

(1) Aid Programme: Maintaining Existing Key Policies	14	21	22
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To maintain the real value of existing aid programme in the light of changed inflation assumptions.

(2) ATP Soft Loans	0	12	14
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To meet expenditure arising from the target level of commitments (£1062 million over 5 years) agreed by Ministers in 1985.

(3) <u>Overseas Students</u>	5	10	11
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To meet manifesto commitment to increase numbers from Commonwealth and other countries studying in Britain. Assumes aid funded awards increase by 100 for each of a selected group of countries.

(4) Afghanistan	10	15	20
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To contribute to anticipated international programme of refugee relief and resettlement for refugees currently in Pakistan and Iran, and for physical rehabilitation.

(5) <u>Central African Pensions</u>	5	5	5
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To fund Zimbabwe, Zambia, Malawi contributions to a capital injection into the Central African Pension Fund to allow for various increases in pensions payable from the Fund, and to provide an element of exchange rate stability.

(6) IMF ESAF	4	5.5	14
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An agreed bid. To meet the cost of the additional contribution to the IMF's Enhanced Structural Adjustment Facility (ESAF). Terms of contribution as agreed in Exchange of letters between IMF and UK Government signed on 11 May.

(7) Aid Administration	0	0.5	2
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Notional sum to meet the cost of a necessary relocation from Eland House no later than the final quarter of 1990-91. Also to provide for net additional requirement to meet costs of increases in pay (6.5%) and GAE (5%) after allowing for the uplift factor of 2.5%.

(8) Superannuation: War Service Credit	6	6	6
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To allow for former members of the Colonial Service to receive credit for war service in the calculation of their pensions.

PROPOSED REDUCTIONS	-	-	-
PROPOSED NET CHANGE	44	75	94
Running Costs Baseline	41.9	42.3	43.3

PROPOSED ADDITIONS

*(1) Relocation	0	0.5	1.0
*(2) Maintenance of existing services	0	0	1.0

*PES bids. See (7) above.

(3) Other	1.6	1.4	1.2
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To provide for transfer of 9 TETOC staff from British Council; cost of rephased relocation of ODNRI to Chatham; cost to ODNRI of pay awards; admin. costs associated with War Service Credit bid.

PROPOSED REDUCTIONS	0	0	0
PROPOSED NET CHANGE	1.6	1.9	3.2

MANPOWER

Proposed	1622	1622	1622
Change from present plans	+9	+9	+9

FOREIGN AND COMMONWEALTH OFFICE - DIPLOMATIC WING

	1989-90	1990-91	£million 1991-92
Survey Baseline	743.0	761.4	780.4

PROPOSED ADDITIONS

(i) <u>Running costs to meet existing commitments</u>	16.9	26.3	34.4
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To maintain existing commitments taking account of assumed increases in pay and prices.

(ii) Scholarships, training and educational exchanges	16.4	18.0	18.8
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Additional expenditure to enlarge UK influence. Targets include specified numbers of new awards, visits, exchanges, etc in FCO scholarships, British Council programmes and military training. For example in 1991-92 the proposals include 400 (16 per cent) more FCO scholarships; 2 new British Council offices overseas; more travellers assisted by the British Council (another 759 (14 per cent) coming in, and another 365 (12 per cent) going out); and an extra 230 (41 per cent) military training students in the UK.

(iii) Information and short term exchanges	4.0	5.6	5.7
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Policy initiative to increase activity in various areas of information work, to promote deeper knowledge of UK institutions etc. Includes participation in 1992 Seville Expo. Targets include 300 extra sponsored visitors a year and other quantified increases in activity.

(iv) Modernisation and new technology	9.8	8.6	7.9
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Development of IT, other new equipment and processes. Targets include installation of new IT equipment in 25 posts a year.

	1989-90	1990-91	1991-92
(v) Personnel and Accommodation	4.9	5.2	5.4
Increases for accommodation maintenance work overseas, conditions of service and specific new activities.			
(vi) Security	5.7	5.4	6.0
Increased security related property construction to reduce risk of technical and terrorist attack in certain posts and other security-related work and equipment.			
(vii) BBC External Services	4.2	12.5	5.7
Reinstatement of re-evaluated project in the BBC's audibility programme, in accordance with 87 Survey decisions.			
(viii) Asset recycling	0.5	1.3	0.0
Adjustments in the agreed distribution of running cost savings generated by the rationalisation of the overseas estate.			
TOTAL	62.4	82.9	83.9
PROPOSED REDUCTIONS			
(i) Overseas price movements, and other minor savings	-23.5	-23.5	-22.7
TOTAL PROPOSED REDUCTIONS	-23.5	-23.5	-22.7
PROPOSED NET CHANGE IN PROVISION (of which running costs)	38.9 (14.3)	59.4 (26.5)	61.2 (33.7)
MANPOWER			
Proposed change from present plans	8,222 -	8,222 -	8,222 -

IBAP AND OTHER CAP

	£ million		
	1989-90	1990-91	1991-92
Survey Baseline	1690	1845	1891
PROPOSED ADDITIONS			
(i) IBAP administration	0.7	1.4	3.0
Impact of pay increases and extra accommodation costs			
PROPOSED REDUCTIONS			
(i) Market support	-305.0	-290.3	-196.8
Reduced production forecasts (particularly cereals and milk products) along with estimated savings resulting from the Brussels European Council agreement on CAP stabilisers.			
PROPOSED NET CHANGE IN PROVISION	-304.3	-288.9	-193.8
(of which running costs	1.3	1.6	2.5)
MANPOWER			
	1989-90	1990-91	1991-92
Proposed	886	907	934
Change from present plans	+4	0	+27

DOMESTIC AGRICULTURE, FISHERIES AND FOOD

	£m		
	1989-90	1990-91	1991-92
Survey baseline (excluding LA current and EFLs)	785.6	801.3	821.4

PROPOSED ADDITIONS

1. EC funded and demand-led estimating changes	- 6.0	- 5.9	1.4
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Estimating changes to various demand led schemes.

2. Northern Ireland: capital grants	8.1	3.3	0.2
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To enable the reopening of the national element of the Agriculture Improvement Scheme (suspended in 1987) for the payment of waste disposal grants. Aim: to restore same access to capital grants in Northern Ireland as in GB.

3. Flood defence	5.0	8.7	15.6
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To initiate a programme of replacement of ageing flood defence and coast protection works, largely on the East Coast. Aim: to maintain protection of life and property from flooding. Estimated cost/benefit ratios 2.5:1 (flood defence), 5:1 (coast protection).

4 Running Costs	20.0	30.5	38.7
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Provision sought, after taking account of efficiency savings, to meet cost of pay awards, increases in workload and increases in accommodation charges.

5. Administration: capital	1.0	0.7	0.6
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Purchase of Information Technology and laboratory equipment. Aim: to deliver planned efficiency savings and enable ADAS to meet income targets.

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6. Capital grants: diversification	1.9	1.9	2.0
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To improve capacity to deal with the greater than expected popularity of the Farm Diversification Grant Scheme, introduced last year. Target: to deal with 1000 applications per year - the present level is 700.

7. Food stockpile (programme 9)	4.0	4.1	4.2
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Conversion of emergency food stocks to more readily usable products. Target: to reduce length of conversion programme by 11 years.

8. Scotland	4.5	4.8	3.7
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Purchase of a replacement aeroplane for fisheries protection; to fund bunching of local authority harbour projects; to fund agreed spending profile for the Scottish Isles agricultural development programme and other minor bids. Aims: various.

9. Other	1.9	1.5	1.7
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Minor bids: for preparatory costs of Covent Garden Market Authority privatisation; performance evaluation; loan capital to the Sea Fish Industry Authority; exploratory voyages; and continuing payments to sheep assessors under the Sheep Compensation Scheme. Aims: various.

TOTAL	40.3	49.6	68.0
PROPOSED REDUCTIONS			
Various: mainly estimating changes	- 1.4	- 2.8	- 3.3
PROPOSED NET CHANGE IN PROVISION	39.0	46.8	64.8
of which running costs	20.0	30.5	38.7
MANPOWER	1989-90	1990-91	1991-92
Proposed	10838	10888	10938
Change from present plans	+100	+150	+200

FORESTRY COMMISSION

£ million

	1989-90	1990-91	1991-92
A. Survey baseline -Forestry	63.8	65.0	66.7

PROPOSED ADDITIONS

1. Pensions	1.0	0.7	0.4
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Increase sought to cover cost of increases in number of pensioners and level of pension entitlement. Aim: to meet statutory obligations.

2. Land purchase	0.8	0.8	0.8
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Bid to enable Forestry Commission to purchase an additional 1400 hectares a year in order to rationalise existing forests, to establish plantations on better quality ground and in socially fragile areas. Aim: To help achieve agreed aims for new planting.

3. Planting grants	4.0	6.8	9.3
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Provision sought to cover cost of increases in rates of grant for planting under the Woodland Grant Scheme and Farm Woodlands Scheme following changes in tax treatment announced in the Budget. Aim: To restore level of support.

4. 1987 Storm Damage	3.3	3.5	2.5
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Cost of planting grants, including supplementary grants, for private sector woodlands and clearance and replanting in Forestry Commission woodlands in SE England affected by October 1987 storm. Target: Restoration of 16000 hectares of storm-damaged woodlands.

PROPOSED NET CHANGE IN PROVISION	9.1	11.8	13.0
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B. Survey baseline - Disposal of assets (included in central privatisation proceeds)	-13.0	- 7.7	-
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PROPOSED ADDITIONS	1.5	-	-
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PROPOSED REDUCTIONS	-	- 1.3	- 5.0
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Rephasing of land sales under Forestry Commission disposals programme. Target: Rationalisation of landholdings.

PROPOSED NET CHANGE IN PROVISION	1.5	- 1.3	- 5.0
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DEPARTMENT OF TRADE AND INDUSTRY

	1989-90	1990-91	<u>£ million</u> 1991-92
Survey Baseline	1281.9	1222.5	1225.5
PROPOSED ADDITIONS			
(i) Regional Development Grants.	+ 25.0	+ 30.8	- 20.4
Demand determined estimating increases reflecting surge in demand prior to closure of scheme on 31 March 1988.			
(ii) Regional Selective Assistance	+ 9.0	+ 19.3	+ 36.3
Forecast increase in demand.			
<u>Objectives:</u> to meet demand under scheme as currently administered. DTI are considering possible changes in guidelines to eliminate this bid.			
(iii) Capital expenditure	+ 17.6	+ 11.1	+ 7.4
Mainly new building works associated with the relocation of the Patent Office to Newport.			
<u>Objective:</u> savings in running costs.			
(iv) Industrial R&D	0	0	+ 28.6
DTI support for collaborative industrial R&D following reduction in domestic provision reflecting an increase in EC spending (EUROPES).			
(v) Running costs	+ 26.5	+ 31.0	+ 31.8
(vi) Space	+ 6.6	+ 2.8	+ 2.3
Funding for UK participation in the European Space Agency's Columbus project.			
<u>Objective:</u> Leading role in development of polar space platform.			
(vii) Other proposed additions	+ 12.1	+ 7.7	- 7.7
Includes non-capital relocation costs, publicity and management training.			
TOTAL	<u>96.8</u>	<u>102.7</u>	<u>78.3</u>

PROPOSED REDUCTIONS

(i) Launch Aid (running out of existing commitments)	- 0.1	- 2.1	- 101.3
(ii) Other savings	- 5.6	- 6.9	- 11.7
TOTAL	<u>- 5.7</u>	<u>- 9.0</u>	<u>- 113.0</u>
PROPOSED NET CHANGE IN PROVISION	+ 91.1	+ 93.7	- 34.7
(of which running costs	+ 26.5	31.0	+ 31.8)
MANPOWER	1989-90	1990-91	1991-92
Proposed	11749 (1081)	11669 (1081)	11569 (1081)
Change from present plan.	- (-)	- (-)	- 49 (-)

£ million

ECGD

	1989-90	1990-91	1991-92
Survey Baseline	139.0	120.1	123.1

Proposed additions

(i) Tender to Contract facility	4.5	4.0	4.7
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Covers UK exporters tendering in foreign currencies against adverse exchange rate movements. Aim to support bids worth £500m per year at a net average cost of about £2m per year.

(ii) Cost Escalation cover	0.0	0.2	0.0
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Covers exceptional material price changes on major civil contracts. Scheme closed in 1984. Expenditure reflects ongoing commitments on six projects with a total value of around £500m.

Total	4.5	4.2	4.7
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Proposed reductions

(i) Interest support costs	-50.5	-53.2	-93.6
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Provides interest ~~rest~~ makeup on loans to finance UK exports. Aim is to reduce percentage subsidy through international negotiation. This has resulted in a reduction over the last 8 years, but actual cash expenditure is heavily dependent on commercial interest rates.

(ii) Cost escalation cover	0.0	0.0	-0.9
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It is anticipated that all remaining cases will have expired by April 1991.

(iii) Mixed Credit Matching facility	0.0	0.0	-0.9
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The facility allows UK exporters to match competitors bids. International negotiations have reduced potential new cases but the provision is for four existing cases.

Proposed net change in provision	-45.9	-48.9	-90.7
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(of which nil running costs)

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DEPARTMENT OF ENERGY

	£million		
	1989-90	1990-91	1991-92
Survey Baseline	309	316	323
PROPOSED ADDITIONS			
i) Privatisation of Electricity Supply Industry (England & Wales)	10.1	0	0
Employment of advisers for preparatory work prior to privatisation.			
ii) Privatisation of British Gas: Gas Voucher and Share Bonus Schemes	6.0	5.0	0.5
Mainly the voucher scheme. A number of Gas Vouchers issued during privatisation have yet to be cashed (vouchers valid until September 1990).			
iii) Coal based R&D	1.0	1.0	1.0
New work on the environmentally acceptable use of coal. Objective: develop "clean" coal burn technology.			
iv) Renewable energy R&D	0.8	1.5	2.5
Increased expenditure mainly on wind energy. Objective: to develop diversity of electricity and other fuel supply.			
v) Running costs	0.4	1.4	2.2
Increased number of staff required because of ESI privatisation.			
TOTAL BIDS	18.3	8.9	6.2
PROPOSED REDUCTIONS			
i) Nuclear Research and Development	- 2.7	- 10.0	- 14.8

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Reordering of priorities. Final figures await outcome of Ministerial review of Fast Reactor.

ii) Energy efficiency Office	- 4.0	- 4.5	- 5.0
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Abolition of Energy Efficiency Survey scheme plus savings on R&D and demonstration programmes. Assumes annual budget of EEO reduced to £15m.

iii) Coal Firing Scheme	0	- 0.5	- 1.5
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Revised assumptions about residual expenditure associated with this scheme which closed to new applicants in 1987.

iv) Offshore Supplies Office R&D	- 2.2	- 2.1	- 1.9
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Increased contributions from private sector.

v) Petroleum Engineering R&D and other minor savings	- 0.1	- 1.1	- 2.7
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Reduction in offshore geology and delimitation survey programmes.

TOTAL REDUCTIONS	- 9.0	- 18.2	- 25.9
PROPOSED NET CHANGE IN PROVISION	9.3	- 9.3	- 19.7
(of which running costs	0.4	1.4	2.2)
MANPOWER	89-90	90-91	91-92
Proposed	1064	1063	1063
Change from present plans	+ 20	+ 20	+ 20

DEPARTMENT OF EMPLOYMENT

	£ million		
	1989-90	1990-91	1991-92
Baseline	4,185	4,241	4,347
of which Running Costs	948	956	980

PROPOSED ADDITIONS

PROGRAMME

(i)	ET: Transfer from DHSS Income Support	57.0	62.0	64.0
Transfer of provision from DHSS for Income Support payments which used to be paid by DHSS. Bid offset by reduced DHSS requirement.				
(ii)	ET Marketing	8.1	5.0	5.4
Objective: to encourage take-up of new Employment Training places by employers and potential participants				
(iii)	Higher Education: TC Grants	8.6	12.9	16.3
To promote responsiveness to the enterprise culture in higher education, development of courses aimed at needs of industry and wider access to under-represented groups.				
(iv)	Training Access Points (TAPS)	4.7	11.5	11.9
Provisions for direct public access to nationally computerised information about training opportunities.				
(vi)	TVEI	7.0	14.5	22.9
Objective: national extension of TVEI. Also provision for new initiative "Support Self Study" to promote open learning in areas of education affected by shortages of qualified teachers.				
(vii)	Tourism	1.7	2.8	3.1
To enable English Tourist Board and British Tourist Authority to fund extra promotion activity including participation in European year of Tourism 1990 (£½ million in 1989-90 and £1 million in 1990-91).				
(viii)	Small Firm Publicity	3.0	3.0	3.0
Including costs of establishing 6 further Small Firm Centres following "Action for Cities" initiative. Objective: to disseminate Small Firms policy to inner cities.				
(ix)	Grants to Dock Labour Board	2.9	-	-
Bid reflects possible agreement to the extension of Government support for severance payments to registered dock workers.				
(x)	Sheltered Employment	3.2	5.7	8.0
Continuing expansion of sheltered placements through voluntary sector. Target: extra placements of 1,200, 2,025 and 2,725.				

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(xi)	Other Programme	12.1	13.9	17.6
Includes a number of minor (about 12) DE bids.				
SUB-TOTAL		108.3	131.3	152.2

RUNNING COSTS

(i)	Stricter Benefit Regime	29.1	29.0	29.7
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Full-year gross costs of implementing Stricter Benefit Regime proposals announced earlier this year. Target: reduce recorded unemployment total by some 100,000 leading to over £100 million saving in benefit payments.

(ii)	ET and Bridging Allowance	24.5	24.0	24.4
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Gross administrative cost of paying participants in the new Employment Training programme being introduced in September through Employment Service offices and introducing Bridging Allowance to under 18s. Some 8 million payments and 1 million interviews will be conducted annually. This represents over 6,000 payments per staff unit per year and more than 1,000 interviews per staff unit per year.

(iii)	Accommodation Costs	11.5	11.7	14.7
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£7.9 million, £7.7 million and £10.0 million for rate and rent increases. £3.6 million, £4.0 million and £4.7 million to improve standards in job centres and unemployment benefit offices. Precise measurements of output increases resulting from premises improvements are not available. But the department believes that the two go together.

(iv)	Pay and Price Realism (DE, TC, HSE, ACAS)	41.4	73.8	106.1
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Provision to cover 6 per cent pay assumption for each Survey year and 5/4/4 per cent price assumptions in PES years.

(v)	Other Running Costs	33.5	55.4	64.5
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Various activities including: extra staff in ES local offices to focus on newly and long-term unemployed; early delivery of IT strategy in the Employment Service; marketing and re-location.

SUB-TOTAL		140.0	193.9	239.4
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(vi)	Non-Running Costs (Admin and Capital)	54.7	46.1	25.1
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IT projects Estate rationalisation and increased price assumptions.

TOTAL BIDS		303.0	371.3	416.7
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PROPOSED REDUCTIONS

(i)	DE: PER	-3.8	-3.9	-4.0
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Reduced administration costs as a result of the privatisation of Professional and Executive Recruitment (PER).

(ii)	: Economic Assumptions	-11.9	-11.9	-11.9
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Reduced administration due to lower level of unemployment.

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(iii)	: ET Bridging Allowance	-7.8	-8.0	-8.2
Administration savings due to the introduction later this year of a computerised benefit payment system.				
(iv)	: Small Firms Loan Guarantee Scheme	-7.8	-7.1	-3.6
Savings reflect improvement in economic climate.				
(v)	: HSC: NII Receipts	-6.2	-8.0	-9.9
Increased receipts from charges for work of the Nuclear Installations Inspectorate (NII) in connection with issue of licences.				
(vi)	: Redundancy Fund	-40.7	-45.6	-48.9
Reduction reflects lower volume of claims due to improvement in economic climate.				
(vii)	: Youth Training Scheme	-5.0	-15.0	-38.2
Net savings reflect demographic and economic changes.				
(viii)	: DE: Receipts	-16.5	-13.7	-14.0
Receipts from TC associated with payments to participants on the new Employment Training programme and for Bridging Allowances.				
(ix)	: Other	-8.9	-11.2	-19.6
Total Reduced Requirements		-108.6	-124.4	-158.3
PROPOSED NET INCREASE		194.4	246.9	258.4
(of which running costs)		116.4	169.9	214.4

MANPOWER

	1989-90	1990-91	1991-92
Proposed	62,433	64,024	64,499
Change from present plans	+2,222	+3,411	+3,886

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DEPARTMENT OF TRANSPORT

	1989-90	1990-91	£ million 1991-92
Survey Baseline	2244	2299	2357
PROPOSED ADDITIONS			
(i) National roads: new construction	137	265	380
To prevent rising construction costs causing delays to existing roads programme and to enable preparatory work on an expanded programme to deal with growing congestion caused by higher forecast traffic growth. Average economic benefits (chiefly time savings) of about £2 for every £1 spent.			
(ii) National roads: road maintenance	33	37	37
To meet target of eliminating maintenance backlog on motorways and trunk roads by 1992. Miles of road renewed each year by extra provision: 63, 70, 70 respectively.			
(iii) National roads: bridge maintenance	58	49	46
To carry forward a 15 year programme of bridge repair and upgrading to provide for increased traffic and lorry weights. Extra provision mainly to fund work which if delayed would be more costly.			
(iv) Local roads	133	30	80
To reverse decline in local authority road investment. Average economic benefits of £3.50 for every £1 spent on roads of more than local importance, excluding certain urban schemes undertaken for environmental reasons.			
(v) Other local authority capital	25	62	38
Provision for phase I of Manchester light rail scheme, with economic benefits of £2 for every £1 spent; and for expansion of local airports, particularly Manchester, where demand is expected to exceed existing terminal capacity by 1991.			
(vi) Running costs	7	13	24
To meet increased workload from expanded road programme and 4% per annum growth in driver and vehicle licence volumes; pay and price increases, in particular 17% increase in rent and rates bill, and new Post Office agency contract.			
TOTAL	393	456	605

2523/11/10

	1989-90	1990-91	1991-92
PROPOSED REDUCTIONS	0	0	0
PROPOSED NET CHANGE IN PROVISION (of which, running costs)	393 7	456 13	605 24)

MANPOWER

Proposed	11,119(3,578)	11,196(3,487)	11,388(3,3409)
Change from present plans	+114(+79)	+203(+165)	+395(+17)

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

DOE - HOUSING

	1989-90	1990-91	£ million 1991-92
SURVEY BASELINE			
	2378	2399	2459
PROPOSED ADDITIONS			
(i) Provision for rent by housing associations	95	186	457
To increase new provision of social rented housing each year to meet growth in household numbers and to counterbalance losses of dwellings from disrepair, demolition and Right to Buy sales. Target: to increase total annual new provision from 37,000 in 1987-88 to 50,000 dwellings by 1994-95.			
(ii) Mainstream local authority renovation	144	100	100
To increase the number of dwellings renovated by local authorities against baseline to help maintain the general condition of the stock. Target: to renovate 28,000 additional dwellings over the Survey period.			
(iii) Estate Action	100	100	100
To increase targeting of resources for renovation and encouragement of good management of local authority housing through central estate action initiative. Target: to increase programme to cover 177,000 dwellings in total over Survey years.			
(iv) Defects Repurchase	5	5	- 5
To provide for increases in unit costs per repurchase, and to bring forward some repurchases. Target: to increase repurchases over the Survey period by 180 dwellings.			
(v) Home Improvement Grants	163	149	164
To maintain the condition of the private sector housing stock. Target: to improve or repair about 24,000 additional dwellings over the Survey period.			
(vi) Defects Grants	10	10	- 10
To provide for increases in unit costs per grant and to bring grant expenditure forward. Target: to reinstate an additional 580 dwellings over Survey period.			
(vii) Area Improvement	10	20	20
To target more improvement spending on concentrations of poor quality private sector stock. Target: to quadruple present enveloping programme by 1990-91 to sustain 50 schemes.			

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	1989-90	1990-91	£ million 1991-92
(viii) Support for housing associations by local authorities	60	85	95
To maintain outputs from local authority support for housing association schemes by meeting increased costs. Target: 4,600 new dwellings a year.			
(ix) Current	-11	1	31
Mainly demand led changes in subsidy requirements for local authorities, housing associations and new towns.			
(x) Housing Action Trusts	0	0	50
To set up a new tranche of Housing Action Trusts in 1990-91. Target: creation of 6 new HATs.			
TOTAL PROPOSED ADDITIONS	576	656	1002
PROPOSED REDUCTIONS			
(I) Housing Corporation Receipts	-43	-50	-62
Increased estimate of repayments by housing associations of loans and grants to the Housing Corporation.			
(ii) Slum Clearance	-9	-4	-4
Steady slow decline in slum clearance activity by local authorities based on current trends.			
TOTAL PROPOSED REDUCTIONS	-52	-54	-66
PROPOSED NET CHANGE IN PROVISION	524	602	936

DOE: OTHER ENVIRONMENTAL SERVICES

	1989-90	1990-91	£ million 1991-92
Survey Baseline	904	935	958
<u>Proposed Additions</u>			
i) Urban Development Corporations	79	62	28
To cover unexpected increase in corporation tax liability, to compensate for loss of receipts as a result of a CPO decision and to provide additional resources for second generation UDCs.			
ii) City Grant	25	40	35
To maintain momentum of the programme and sustain private sector interest in regeneration. Target: £40 million private sector investment for every £10 million public investment.			
iii) Rural Development Commission	1	1	1
Various programmes to encourage investment in rural areas. Targets: Various.			
iv) Countryside, Recreation and Environmental Bodies	9.7	9.7	9.7
Increased provision for various amenity and environmental bodies, Targets: replanting of storm damaged trees: attracting private sports sponsorship on a £ for £ basis (£2m)			
v) Environmental Research	4.5	1.5	0.7
Radioactive Waste, changes in climate, monitoring of the North Sea, water metering trials. Targets: Various.			
vi) Royal Parks and Palaces	5.7	7.2	5.2
Maintenance works on Windsor Castle, the Albert Memorial and Hampton Court Palace. Provision to enable DOE to buy out its obligation to the National Trust to maintain Osterly House and Grounds.			
vii) HBMC	6.2	5.7	5.8
To cover HBMC's relocation expenses and to allow for a £3 million increase in church grants to partly offset the impact of the community charge on the church. Also covers additional pension costs, increased repair grants and the cost of purchasing the Audley End collection of paintings.			
viii) Other Heritage	2	1.2	1.2
Mainly relocation expenses of RCHM. Also increased provision for the Redundant Churches Fund to demonstrate increased support for churches following the additional burden of the community charge.			

	1989-90	1990-91	£ million 1991-92
ix) National Rivers Authority	6.0	48.5	48.5
To cover the estimated costs of running the NRA and, in later years, the shortfall on NRA's Environmental functions following the privatisation of the Water Services Plcs.			
x) Water ERDF	5	54	53
To cover ERDF grants to the water utilities following water privatisation. Currently ERDF grants to water authorities are treated as internal resources.			
xi) Director General, Water Services	2.1	3.5	3.5
Estimated gross expenditure for the first 3 years operation of the Water Services Office, to be established in parallel with the NRA etc.			
xii) Administration	33	28.5	30
To cover increased running costs in respect of housing initiatives and water privatisation. Also, current expenditure for information technology publicity, and post Chernobyl monitoring.			
xiii) Local Environmental Services (capital)	241	90	90
Includes £150 million in the first year for additional expenditure to cover the costs of the community charge. Also allows for increased expenditure in priority areas such as waste disposal, environmental health and the Mersey Basin project. No Targets.			
TOTAL	420.2	352.6	312.3
<u>Proposed Reductions</u>			
i) Countryside Recreation and environmental bodies	- 1.1	- 1.1	- 1.2
Revised financial arrangements for London Zoo, £1.3 million per year transfer to DES.			
ii) Administration	- 0.1	- 0.1	- 0.1
Transfer to Home Office in respect of responsibility for payment to Post Office for issuing Game licences.			
iii) Water Services	- 0.5	- 0.5	- 0.5
Proposed Net Change in Provision of which Running Costs	418.5 14.4	350.9 19.5	310.5 26
<u>Manpower</u>			
Proposed	6664	6629	6629
Change from Present Plans	+ 85	+ 50	+ 50

	£ million		
	1989-90	1990-91	1991-92
Survey Baseline	1382	1415	1450
PROPOSED ADDITIONS			
(i) Prisons: new building	175	233	167

To provide additional accommodation because of the projected increase in prison population - target: 6900 additional places by end-1992 - and additional expenditure to continue existing programme at planned rate.

(ii) Prisons: manpower	72	123	189
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Staffing for new places created over PES period taking account of efficiencies under Fresh Start framework agreement for the main prison service grades and pay assumption of 5 per cent for these grades. Target: 3 per cent efficiency gain in 1989-90.

(iii) Prisons: other	11	35	45
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Consists of some 200 sub-items, many of which are consequential upon the enhanced building programme and projected increase in prison population eg public utilities, repairs and maintenance etc.

(iv) Criminal Injuries Compensation Scheme	17	27	40
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Revised assumption of 11 per cent increase per year in average award size and to reduce backlog of cases. Target: to reduce backlog by 5000 cases a year.

(v) Immigration and Nationality Department: manpower	5	6	4
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Target: double enforcement activity; clear the backlog of citizenship cases by end 1989-90, reduce arrears of general and asylum casework by 50 per cent and clear backlog of appeals cases; and to staff new port developments.

(vi) Other non-prisons: manpower	12	20	26
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Pay assumption of 7 per cent and increases in staff mainly in the fire inspectorate, forensic science service, police college and IT support.

() Police training	7	7	5
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Target: to increase throughput by 5 per cent for training centres and 7 per cent for the police college; introduce a new course for probationary constables; and pay assumption of 5 per cent.

(viii) Non-prisons: miscellaneous	31	29	26
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Includes bids for counter-terrorist measures; additional bail accommodation and increased supervision of offenders in the community - target: to displace 900 prison places by 1991-92; immigration detention facilities; civil defence; broadcasting; IT; accommodation; publicity and the Fire Service College.

(ix) Local authority capital: telecommunications	55	7	7
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Local authority effect of the proposal that the Home Office Directorate of Telecommunications should cease from April 1989 to purchase telecommunications equipment and rent it to police and fire services: mainly capitalised costs of existing equipment in 1989-90 and procurement cost of new equipment in later years.

(x) Local authority capital: other	22	26	25
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Includes replacement police stations, supervision by the probation service of the package of measures to displace 900 prison places included in (viii), volume bids for magistrates courts building and provision for inflation in all three services.

TOTAL	407	512	533
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PROPOSED REDUCTIONS

(i) Directorate of Telecommunications (DTels)	-21	-20	-20
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Home Office offset of proposal described at (ix) above: savings in procurement, installation and maintenance costs.

(ii) Fines and fees	-8	-15	-25
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(iii) Sales of police houses	-12	-3	-3
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Increased projections

PROPOSED NET CHANGE IN PROVISION (of which running costs)	366 (98)	474 (164)	484 (241)
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MANPOWER	1988-89	1989-90	1990-91	1991-92
Proposed	40,482	43,218	45,422	48,319
Change from present plans	-	+3993	+6115	+8832

I 'D CHANCELLOR'S DEPARTMENT

	1989-90	1990-91	£ million 1991-92
Survey Baseline	813.9	868.1	889.8
PROPOSED ADDITIONS			
(i) Running Costs	9.7	17.0	36.0
To cover increased accommodation charges paid to PSA; higher pay factors than were thought appropriate last year; effect of local pay additions; and additional staff to achieve operational targets (ie national targets for disposals, waiting times and administrative throughput) against background of forecast workload growth (6% pa in Crown Courts and 3% pa in County Courts).			
(ii) Non-Running Costs	1.5	0	0
To cover capital expenditure, including computers (£0.8m); judicial fees paid to part-timers and some judicial salaries (£0.2m); video satellite links (£0.5m).			
(iii) Consolidated Fund	0	0.5	2.4
To cover effects of TSRB pay awards and forecast increase in numbers of judges required to run new courtrooms and meet operational targets.			
(iv) Court Building	18.54	23.23	22.55
Largely restores the PES 1987 bid after review of control systems by Department, and reflects the effects of inflation and of overheating in the construction industry (especially relevant in the South East where building inflation is currently running up to 30%, and where about half of the court building schemes are located). Target: at least 25 schemes to provide 110 courtrooms (a net addition of about 65 courtrooms) in Survey period.			
(v) Office and General Accommodation	0	0.10	0.10
To cover refurbishment costs of office and general accommodation.			
(vi) Legal Aid	10.5	17.5	53.9

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mand-led programme. Revised volume forecasts, revised assumptions for unit cost growth and effect of new policies (eg tape recording of police interviews; DNA testing in paternity cases; mutual legal assistance; effect of Social Security reform; community charge - cover costs of appeals on points of law and green form advice, and Family Reform Act 1987). Aim: to fulfil statutory obligations.

(viii) Grants to Law Centres	0.02	0.02	0.02
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Provision towards the running costs of each of 7 law centres and the Law Centre Federation.

(viii) Legal Aid Administration	2.0	2.0	2.0
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To cover pension contributions and for the fees and associated expenses payable to members of the new Legal Aid Board.

TOTAL	42.26	60.35	116.97
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PROPOSED REDUCTIONS

(i) Jurors and Court Reporting	-1.5	0	0
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Result of experimenting with different methods of court reporting - including Computer Assisted Transcription.

(ii) Costs from Central Funds	-10.5	-10.5	-11.0
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Estimating change on costs of acquitted defendants in magistrates courts.

PROPOSED NET CHANGE

IN PROVISION	30.26	49.85	105.97
[of which running costs	9.7	17.0	36.0]

MANPOWER	1989-90	1990-91	1991-92
Proposed (Man years)*	11094	11240	11526
Change from present plans	319	390	626

* These figures correct the omission of 77 staff from the PEWP 1987 following the transfer of the Immigration Appellate Authorities.

Northern Ireland Court Service

<u>BASELINE</u>	<u>23</u>	<u>23</u>	£ million
<u>PROPOSED ADDITIONS</u>	<u>1989/90</u>	<u>1990/91</u>	<u>24</u> <u>1991/92</u>
(i) Running costs	1.452	1.731	1.982
Impact of pay increases, computer maintenance. To maintain output of courts.			
(ii) capital and other non-running costs	2.000	0.947	0.452
To facilitate reconstruction of courthouses, computer capital and grant in aid.			
(iii) LEGAL AID	2.864	3.737	4.597
to ensure liabilities can be met			
(iv) CONSOLIDATED FUND	0.119	0.125	0.201
To pay judicial salaries at levels set by TSRB.			
<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	6.435	6.563	7.282
<hr/>	<hr/>	<hr/>	<hr/>
<u>PROPOSED REDUCTIONS</u>	-0.353	0	0
Reduced satellite video and computer capital			
<hr/>	<hr/>	<hr/>	<hr/>
<u>PROPOSED NET CHANGE IN PROVISION</u>	6.082	6.563	7.282
<hr/>	<hr/>	<hr/>	<hr/>
of which running costs	1.452	1.731	1.982
<hr/>	<hr/>	<hr/>	<hr/>
<u>MANPOWER*</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>
Proposed	732	741	748
Change from present plants	+32	+29	+28

* - not in Civil Service manpower count

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CROWN PROSECUTION SERVICE

	£ million		
	1989-90	1990-91	1991-92
Survey Baseline	183.8	190.5	195.3
PROPOSED ADDITIONS			
(i) New policy issues	1.1	2.2	2.3
<p>Provision for the implication of the Criminal Justice Bill, such as the use of video satellite links, corroboration of children's evidence and the use of closed circuit television for children giving evidence in cases of alleged violence or assault. Objectives include bringing to court some cases which would otherwise not be brought.</p>			
(ii) Counsel fees and other prosecution costs	-	-	3.5
<p>To cover increased counsel fees and costs of employing private prosecuting agents to perform the functions of Crown Prosecutors where necessary (a realism update in last year only).</p>			
(iii) Capital	2.2	2.6	1.3
<p>Principally major new works and the cost of the department's new headquarters building.</p>			
(iv) Running Costs	6.8	13.7	21.9
<p>Additional manpower for increased workload, impact of pay increases and a more realistic assessment of likely requirements given the department's inability to secure a three year running costs settlement last year.</p>			
TOTAL	10.1	18.5	29.0

PROPOSED REDUCTIONS

(i) Reclassification of offences	1.5	2.0	2.0
(ii) Estimating and other minor changes	13.0	4.0	0.2
(iii) Efficiency savings	2.4	2.7	2.2
PROPOSED NET CHANGE IN PROVISION	- 6.9	9.8	24.5
(of which running costs)	(- 1.8)	(9.6)	(18.2)

MANPOWER	1989-90	1990-91	1991-92
Proposed	5580	5850	6080
Change from present plans	+260	+249	+349

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CRIMINAL OFFICE

£ million

	1989-90	1990-91	1991-92
Survey Baseline	21.1	20.9	21.4
PROPOSED ADDITIONS			
(i) Capital	2.9	1.2	1.9
Principally major new works and PSA's revised estimates of building costs.			
(ii) Crown prosecutions	0.2	0.2	0.2
Revised assumptions of likely requirements for witness expenses.			
(iii) Running costs	0.6	1.0	1.0
Additional manpower for increased workload and the impact of pay increases given the department's inability to secure a three year settlement last year.			
TOTAL	3.7	2.4	3.1
PROPOSED REDUCTIONS			
(i) Capital expenditure on computers	-	-0.1	-0.4
(ii) Increased receipts from fines and fixed penalties	-1.2	-1.3	-1.5
PROPOSED NET CHANGE IN PROVISION	2.5	1.0	1.3
(of which running costs)	0.6	1.0	1.0
MANPOWER			
Proposed	1,088	1,102	1,111
Change from present plans	+6	+13	+22

SF OUS FRAUD OFFICE

£ million

	1989-90	1990-91	1991-92
Survey Baseline	4.6	4.7	4.9
PROPOSED ADDITIONS			
(i) Counsel fees and other investigation and professional costs	3.4	3.5	3.7
Revised assumptions on Counsel Fees, witness expenses and outside investigative accountant costs.			
(ii) New Policy issues	0.8	1.4	1.4
Provision for the implication of the Criminal Justice Bill, such as the use of video satellite links and mutual legal assistance and the confiscation of the proceeds of crime. Objectives include bringing to court some cases which would otherwise not be brought.			
(iii) Running costs	2.9	3.2	3.5
More support staff, impact of pay increases and a more realistic assessment of likely requirements given the department's inability to secure a three year settlement last year.			
TOTAL	7.1	8.1	8.6
PROPOSED REDUCTIONS	-	-	-
PROPOSED NET CHANGE IN PROVISION (of which running costs)	7.1 2.9	8.1 3.2	8.6 3.5
MANPOWER	1989-90	1990-91	1991-92
Proposed	91	92	92
Change from present plans	+12	+13	+13

DEPARTMENT OF EDUCATION AND SCIENCE

	£ million		
	1989-90	1990-91	1991-92
Survey Baseline	5,156	5,293	5,425

PROPOSED ADDITIONS

(i) Grant maintained schools	1.6	3.0	4.8
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To meet staff restructuring and other exceptional costs, parental ballots, special grants and support for GM Schools Trust. Objective: to ensure successful launch of GM Schools from September 1989.

(ii) Assisted places scheme	0.0	1.4	2.3
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To meet increased costs of maintaining existing scheme and expand numbers. Target: to expand scheme by 200 places a year to 35,000 places by 1995.

(iii) EC Initiatives	2.5	0.0	0.0
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To make good EUROPEES reduction in domestic PES reflecting increase in EC spend on ERASMUS and other programmes.

(iv) Polytechnics and Colleges Funding Council: current	103.3	107.8	113.9
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To cover inherited and continuing commitments, to provide for staff restructuring and to expand management education. Objectives/targets: to sustain volume and quality of teaching, meet forecast demand, and maintain a sound financial base for the new sector; provide for 20,000 extra places for management education.

(v) Polytechnics and Colleges Funding Council: capital	50.0	50.0	50.0
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To provide new equipment, and upgrade of premises. Objectives/targets: to meet additional needs of new status; to replace obsolescent equipment; to provide for replacement about 1% of the capital building stock a year.

(vi) Science	147.0	187.0	206.0
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Restructuring of Science Base including meeting costs of reduction in near market research; additional provision for specific programmes. Objectives/targets: 10 new Interdisciplinary Research Centres a year; rationalise Research Council Institutes onto fewer sites; increase emphasis on exploitability and collaboration with industry.

(vii) Universities	94.5	127.4	147.4
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Provision for 1989-90 pay award and other cost increases; new initiatives in staff development and management education; additional equipment and computers; and increase in Open University funding. Objectives/targets: to ensure universities are viable by 1990-91; to provide all academic staff with 5 days training over next 3 years and to increase supply of qualified teachers in management education; to achieve 6.5 year replacement cycle for equipment; to provide a PC for every academic and for every 5 students; to provide 5,200 OU foreign language course places and 3,000 Home Computing Programme places.

(viii) Running costs	7.2	9.2	12.3
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To fund extra staff following enactment of Education Bill, to allow recurrent investment in IT, to meet future pay increases. Objectives: to meet net additional staffing requirement of 77/78/74; to help cover new policy work with minimum increase in staff: to provide DES with effective IT infrastructure.

(ix) Publicity	1.5	1.5	1.5
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To provide resources to supply effective and sustained publicity about implementation of Educational Reform Bill policies. Objective: to inform all concerned about implementation.

(ix) Administration capital	1.3	0.9	0.5
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To extend IT investment programme, and to buy cars for HMIs. Objectives: to expand DES IT infrastructure; to provide cost-effective transport for HMIs.

(xi) Adult education	2.5	2.5	2.5
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To expand PICKUP, to improve adult literacy and numeracy, to increase direct funding for adult education sector. Objectives/targets: 10% of working population in PICKUP-type training by early 1990s, to enable ALBSU to increase adult literacy; to keep directly funded sector viable.

(xii) Royal College of Art: rationalisation	1.5	-1.5	0.0
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To balance expenditure on rationalisation and sale of surplus properties. Objective: to rationalise RCA accommodation.

(xiii) Maintained sector: capital	155.0	260.0	336.0
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To enable LEAs to meet existing commitments; to remove surplus places; to maintain a programme of school improvements to cover related costs for voluntary schools, capital needs of first GM schools, FHE new building and equipment. Target: LEAs to remedy 75% of defects identified in School Buildings Survey by 1995.

(xiv) Student awards (covenants)	23.5	35.4	40.8
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Reflects decreased parental contributions following Budget changes on covenants.

(xv) Student awards (other)	40.7	58.5	57.9
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To increase student awards in line with inflation and higher projected student numbers. Objectives/targets: to provide an additional 11,700 awards in 1989-90 and 13,200 awards in 1990-91.

TOTAL	632.1	843.1	975.9
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PROPOSED REDUCTIONS	0.0	0.0	0.0
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PROPOSED NET CHANGE IN PROVISION	632.1	843.1	975.9
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(of which running costs	7.2	9.2	12.3)
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MANPOWER

Proposed	2595	2596	2592
Change from present plans	+35 (77)	+36 (78)	+32 (74)

(figures in brackets represent net additional staffing requirements underlying running costs bid)

Office of Arts and Libraries

£ million

	1989-90	1990-91	1991-92
Survey Baseline	454	471	483

PROPOSED ADDITIONS

(i) Living arts	0	0	15
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Additional resources for the Arts Council and British Film Institute, including expansion of touring outside London, and for a programme of building restoration.

(ii) Museums and galleries	0	0	14
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To increase the building and maintenance programme, to improve conservation and collections management, to allow touring of national treasures and for the running costs of the new National Gallery Sainsbury Wing and Tate Gallery, Liverpool.

(iii) Protection of collections	0	0	0.5
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To provide environmentally secure conditions for protection of national treasures in times of tension and war.

(iv) Running costs	0	0	0.2
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Staff and accommodation costs.

(v) British Library St Pancras project	0	0	14.3
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To cover revised estimates of costs of Stage 1A and initial costs of completion stage, and British Library removal costs.

(vi) Heritage	0	0	6
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Enhanced funding for National Heritage Memorial Fund.

TOTAL PROPOSED CHANGE IN PROVISION	0	0	50
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(of which running costs	0	0	0.2)
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MANPOWER

Proposed	60	60	60
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Changes	-	-	-
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DEPARTMENT OF HEALTH AND SOCIAL SECURITY:
HEALTH AND PERSONAL SOCIAL SERVICES

	1989-90	1990-91	£million 1991-92
<u>Survey baseline</u>	18,559	19,445	19,931

PROPOSED ADDITIONS

Hospital and Community Health
Services (HCHS)

i. <u>Estimating</u>	1,155	1,625	2,250
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To maintain existing service standards and to fund a continued activity increase (+2.8% inpatient, 1.6% outpatient and 10.0% day cases a year), allowing for foreseeable changes (continuing 1988 Review Body pay award costs and demographic change); and funding existing health authority income and expenditure deficits.

ii. <u>RAWP</u>	50	50	50
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Substantial increase in present fund. Objective: further ease pace of RAWP redistribution (especially in Thames regions) within overall settlement and create scope for responding to RAWP review.

iii. <u>AIDS</u>	105	240	370
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Additional treatment and prevention costs. Objective: treat growing AIDS/HIV patient numbers (projected to rise at some 50% a year), and control infection's spread.

iv. <u>Management</u>	175	205	220
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Various proposals. Objectives include improved information (eg on costs of operations) and decision making capacity (see (vi) below), specifically linked to NHS review.

v. <u>Targeted services</u>	15	20	25
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Targeted, specific improvements in certain specialised (eg organ transplants) services.

vi. <u>Investment</u>	230	305	265
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Increased investment in (a) information etc capacity (see also (iv)) and (b) infrastructure. Objectives: to improve (a) management information and (b) NHS competitiveness with the private sector, to implement NHS review.

vii. <u>Special Capital Fund</u>	100	150	150
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New fund to finance land releasing and revenue saving schemes - either Exchequer funded or using private sector finance.

viii. <u>Cyclotron</u>	3	3	0
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Agreed contribution to capital costs of machine to treat cancer.

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Family Practitioner Services (FPS)

ix. <u>Estimating</u>	142	182	443
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To meet forecast demand and provide increased services: numbers of doctors + 1.7%, dentists + 1.6%, prescriptions + 2.2% per year.

x. <u>Improved information</u>	5	10	10
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Improved information etc systems for doctors. Objective: improved practice and patient management, and services.

xi. <u>Other</u>	10	10	10
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Various developments to improve services.

Centrally Financed Services (CFS)

xii. <u>Demand led</u>	1	5	13
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xiii. <u>Cash limited</u>	45	50	55
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To meet forecast demand for welfare food and EC medical costs, and effect of 1988 Review Body awards; and to continue or expand the AIDS public education campaign and the social work training, and the research, programmes.

Personal Social Services (PSS)

xiv. <u>Capital</u>	15	16	16
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To provide continuing allocation at 1988-89 level and increase capital investment in priority areas.

TOTAL	2,051	2,871	3,877
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PROPOSED REDUCTIONS

i. Increased income generation scheme receipts	- 30	- 50	- 55
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ii. Efficiency savings (net of pay increases 2% above inflation for Whitley Groups)	- 55	- 125	- 240
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iii. Increased receipts from land sales	- 100	- 100	- 100
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TOTAL	- 185	- 275	- 395
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PROPOSED NET CHANGE IN PROVISION	1,866	2,596	3,482
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(of which running costs)	10	12	14
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MANPOWER

Proposal	4,919	4,986	5,018
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Proposed change from present plans	+ 442	+ 642	+ 824
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DHSS: SOCIAL SECURITY BENEFITS AND ADMINISTRATION

	<u>1989-90</u>	<u>1990-91</u>	<u>£m</u> <u>1991-92</u>
Survey Baseline	50889	53347	54681

PROPOSED ADDITIONS : BENEFITS

i. Community Charge (E(LF))	88	91	94
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Estimated increased cost of compensation due to higher estimated notional rates of community charge in 1988-89. Aim : To compensate people on Income Support for their minimum average 20 % contribution to community charge .

ii. Rent taper	46	48	49
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Cost of decision announced by Prime Minister on 19 April not to increase the housing benefit rent taper from 65% to 70%.

iii. Losers : HB Capital Limit	22	23	24
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Cost of decision to increase housing benefit capital limit. Target: To help around 100,000 people with capital above £6,000 but below £8,000 who would otherwise have lost eligibility for housing benefit from 1 April 1988.

iv. Losers : Trans Protection	50	40	30
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Payments to housing benefit claimants to make good housing benefit losses in excess of £2.50 a week. Target: To offer transitional help to around 300,000 people significantly affected by changeover to new housing benefit arrangements.

v. Employment Training (ETP)	68	74	76
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The effect of the erosion (by changes in the expected case load composition) of savings scored last year - partly offset by the transfer to DE of responsibility for paying benefits top-ups to existing training allowances.

vi. Poorer pensioners	74	84	90
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To add £2 to the Higher Pensioner Premium (£3 to the couple's) Aim : to help pensioners over 80 (and disabled over 60).

vii. Child benefit	44	44	44
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To reverse the Child Benefit saving scored last year by providing for a full uprating from April 1989.

viii Overseas pensions	16	28.6	40
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To uprate pensions paid in Australia, Canada and New Zealand in line with UK pensions from April 1989 and in each year thereafter. Aim : To defuse criticism of the UK for freezing these peoples' pensions.

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ix. Mobility allowance	0.3	3.2	7.8
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To raise the age limit for receipt of mobility allowance from 75 to 80.

x. Income support	9	9.3	9.5
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To leave present compensation (£1.30) for 20% rates unchanged for single claimants over 25 rather than reduce to £1.25 when adjustment made for community charge. Aim : To avoid real cut in benefit rates for 3 million claimants of which almost half are pensioners.

xi. Non-dependant deductions	2	3	4
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To uprate non-dependant deductions (deducted from 700,000 housing benefit recipients and 100,000 recipients of income support who receive help with mortgage interest) by the Rossi index rather than the RPI. Aim : greater consistency and simplicity.

xii. Residential homes	1.6	1.8	2.0
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To uprate income support payments to boarders in residential care/nursing homes by RPI rather than Rossi index.

xiii. War pensions	2.8	3.1	3.0
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Package of measures to improve allowances made to pre-1973 war widows. Aim : to lessen disparity with post-1973 war widows who benefit from the Armed Forces Pension scheme.

Less Proposed Reductions on Benefits

xiv. Income Support	-8.6	-6.7	-5.8
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Deferral by one or two weeks of uprating increases for 3 million people paid income support in arrears. Aim : to provide savings, and to bring uprating into line with associated contributory benefits, such as unemployment benefit and sickness benefit.

xv. Income Support	-7.9	-9.1	-10.4
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Revision of procedures to extend liability to maintain children from sixteenth birthday to nineteenth.

Forecasting Changes (Provisional)

i. Estimating Changes	709	1168	2166
ii. Economic Assumptions*	-678	-641	-308

* Includes cost (+77/+81/+84) of compensating beneficiaries for losses arising from computer error understating the RPI. Will ensure benefit rates from April 1989 onwards are paid at level they would have been if error had not occurred.

PROPOSED ADDITIONS : ADMINISTRATION

i. Running costs	165	250	272
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Increased workload, impact of pay and other increases

ii. Capital	45	38	-21
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Operational Strategy computers & buildings, and other accommodation works, excluding DE Agency.

iii. Other	1	-3	-3
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Excludes agency payment to DE

PROPOSED TOTAL NET CHANGE			
IN PROVISION	649	1249	2563
(of which running costs	165	250	272)

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

Proposed	92289	91330	86514
Change from present plans -	+739	-220	-5036

SCOTLAND

	fm		
	1989-90	1990-91	1991-92
Survey Baseline (1)	5033	5206	5336

NON BLOCK

PROPOSED ADDITIONS

(i) Agriculture (2)	3.6	4.1	2.6
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Mainly to maintain fisheries protection through replacing an inshore surveillance aircraft, and to support 6 fisheries harbour projects. Further savings of about fm are expected in the fishery protection service.

(ii) Regional Development Grant	10.2	4.3	-
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Demand determined estimating increases reflecting surge in applications prior to the ending of scheme on 31 March 1988.

(iii) Regional Enterprise Grant	-	-	2.4
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To encourage investment by small firms. Objective: increase in investment of £16m in 1991-92 from firms with less than 25 employees.

(iv) Scottish Development Agency	8.1	14.6	17.1
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Maintain present level of Agency activity with priorities including environmental renewal, particularly in inner cities and peripheral estates, and inward investment. Objectives include inward investment target of providing nearly 2,000 new jobs over the PES period.

 (1) excluding privatisation programme, NI EFLs and LA relevant expenditure

(2) the agriculture bid is also covered in the Agriculture summary

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(v) Highland and Islands Development Board	3.2	3.6	5.3
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Maintain level of developmental activity through additional provision for financial assistance, to provide further advance factory space and to reinforce tourism and product marketing. Targets: 650 new jobs over the PES period, and a further 45-60 jobs a year from advance factory space.

TOTAL	25.1	26.6	27.4
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PROPOSED REDUCTIONS

(i) Housing Subsidies	-3.6	-3.8	-
(ii) Regional Assistance	-	-	-2.4

PROPOSED NET CHANGE IN PROVISION	21.5	22.8	25.0
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(Other Programmes

Privatisation	+6.0	+4.0	-0.5
Further costs of privatising Scottish Electricity Boards and bus operations)			

Gross Running Costs	+22	+29	+42
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Not a Bid: additional costs to be met from within the Block. Bids provide mainly for pay awards and higher accommodation charges, offset in part by efficiency gains.

These bids are additional to the changes arising from the application of the territorial consequences formulae

MANPOWER (Manyears)	1989-90	1990-91	1991-92
Proposed	13027	13127	13124
Change from present plans	818	1065	1181

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WALES

	1989-90	1990-91	1991-92
Survey Baseline	2,101	2,169	2,223

NON BLOCK

PROPOSED ADDITIONS

(i) Welsh Development Agency	17.5	15.8	15.4
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Increase baseline by 28%. Key components: (i) more derelict land reclamation - additional 800 hectares over three years; (ii) urban renewal - especially town centre redevelopment; (iii) property development grant triggering private investment providing 600,000 sq ft of factory space over three years.

(ii) RDGs	26.0	23.0	11.0
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Demand determined estimating increases reflecting surge in applications prior to closure of scheme on 31 March 1988.

(iii) RSA	-	-	10.0
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To maintain existing criteria for assistance despite an increase in forecast industrial investment.

(iv) Other	0.6	0.6	0.6
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Mainly for the Development Board for Rural Wales to help to eliminate the deficit on the Newtown housing account, and to meet the cost of promotional activities for industry.

(v) Gross Running Costs	3.8	3.8	4.1
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Costs to be met from within the Block. Bids provide mainly for pay awards.

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PROPOSED REDUCTIONS

Housing subsidies	-0.9	-0.9	-
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PROPOSED NET CHANGE IN PROVISION	43.2	38.5	37.0
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In addition to changes arising from the application of the territorial consequences formula.

MANPOWER

Proposed	2,279	2,270	2,232
Change from present plan	+50	+50	+18

NORTHERN IRELAND

£ million

	1989-90	1990-91	1991-92
Survey Baseline	5323	5508	5645

PROPOSED ADDITIONS

(i) Law and Order	21.5	41.1	61.1
Mainly for police pay, overtime and allowances but also some extra for compensation schemes). Assumes pay increases higher than GDP, in line with Home Office recommendations. Objectives: to maintain firm and effective enforcement of law, and eradication of terrorism in Northern Ireland.			
(ii) Inner City Belfast	23.2	21.2	19.3
Addresses specific economic and social problems, with a view to improving employment, labour market and training, and education. Objective: to help create conditions for greater economic activity, to enhance quality of life, reduce alienation of the community, unemployment, and reduce support for PIRA/Sinn Fein.			
(iii) Public Sector Renewal	43	48	53
Extra provision for roads, education and for the health and personal social services. Aim: to reduce backlog of public sector capital maintenance.			
(iv) Employment and training measures	12.6	24	30.9
Increased expenditure on Action for Community Employment (ACE) and the introduction of a new employment training programme in parallel with Department of Employment schemes. Target: to provide total available places of over 13,000 in 1989-90 rising to 17,000 in 1991-92.			
(v) Community relations	3.7	4.7	5.7
Four separate measures designed to improve community relations. Objective: to foster greater cross-community contact; involve local elected representatives in positive action to promote better community relations; encourage a wider appreciation and understanding of different cultural traditions; and to create a body to provide support and advice for all the bodies working to improve community relations in Northern Ireland.			

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(vi) ESF/ERDF receipts	1.1	1	1.2
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Expected additional expenditure net of trigger payments generated by additional receipts from the ESF and ERDF.

TOTAL	105.1	140	171.2
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PROPOSED REDUCTIONS

(i) Excess assets of the NICF	-52.5	-52	-51.5
(ii) Social Security savings (from Emp and Training measures)	-12.3	-15	-18.4
(iii) Housing loan charges (revised economic assumptions)	-1.8	-1.8	-
(iv) Social Security (revised economic assumptions)	-21.2	-33.8	-23.4
(v) ERDF	-	-0.7	-2.1

PROPOSED NET CHANGE IN PROVISION*	17.3	36.7	75.8
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These proposals are for increases in expenditure in addition to any uplift consequent on decisions on GB programmes. Assumed by DFP to be £65m, £80m and £110m.

Gross running costs	50.1	64.9	77.3
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Not a PES bid: Increases in running costs to reflect the level of resources required to deliver services in Northern Ireland. They also reflect more realistic figures given that there was no three-year settlement in the last Survey. The PE increases will be contained within the Secretary of State's block budget.

MANPOWER**	1989-90	1990-91	1991-92
Proposed	188	187	187
Change from Present plans	-1	-2	-2

Notes: * Excludes national agriculture schemes.

** Home Civil Service only.

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

INLAND REVENUE

	£ MILLION		
	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
<u>SURVEY BASELINE</u>	1462.2	1535.0	1573.4
 (Running costs baseline	 1121.2	 1154.7	 1183.6)
<u>PROPOSED ADDITIONS:</u>			
A1 General administrative expenditure	0.5	1.0	1.6
To provide for increases in amounts delegated to local budget holders (other than for pay and accommodation) limited to the Treasury's forecast of the GDP deflator, with no addition for forecast growth in workloads.			
A2 Centrally controlled expenditure	0	8.7	19.0
To meet sharply rising costs in other running costs controlled centrally, including computer software and maintenance, and professional assistance.			
A3 Manpower	21.4	42.1	57.4
To provide for future pay assumptions above the level of the baseline, offset to some extent by a reduction in manpower volumes (excluding independent taxation) and other efficiency measures including the delegation of work to more junior staff.			
A4 Accommodation: current expenditure	3.5	5.9	9.1
To provide for future price rises above the level of the baseline, offset in part by a 1 per cent annual volume reduction.			
A5 Independent taxation: current expenditure	33.5	22.4	32.8
To provide for the implementation and running of independent taxation, including identifying new taxpayers, setting up records, training staff, adapting computer systems and, from April 1990, operating new procedures.			
A6 Independent taxation: capital	1.6	3.3	3.9
To provide computer equipment and furniture for additional staff.			
A7 Collection	1.2	2.5	2.6
To provide extra staff to reduce amounts of tax which have been assessed but not yet collected; extra revenue around £200 million in a full-year.			
A8 Developmental training	0.5	0.5	0.5
To provide for more developmental training.			

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		£ MILLION		
		<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
A9	Information Technology: capital	8.0	24.4	4.0
To provide for projects which have received, or are expected to receive, approval.				
A10	Accommodation: capital	7.7	8.3	0
To meet costs of major building works to relieve severe overcrowding, house a new computer installation (financial case in preparation) and refurbishment.				
A11	Other: capital	2.2	2.2	0
To provide for other capital expenditure, in particular the purchase of more official cars with savings in travel costs.				

PROPOSED REDUCTIONS

B1	LAPR/MIRAS	-62.0	-44.6	-48.5
To reduce the provision in respect of the public expenditure element of mortgage interest relief at source (MIRAS) and life assurance premium relief (LAPR) in the light of Budget changes and revised forecasts of interest rates.				
TOTAL		18.1	76.7	82.4
(of which running costs		60.6	83.1	123.0)

MANPOWER		<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Proposed		68,689	68,811	69,404
Change from present plans		+513	+635	+1,228

OBJECTIVES

1. To enable the department to tackle its expected workloads at the levels of performance, quality and cost set out in detail in its Management Plan and, in particular:
 - to deal with increased numbers of taxpayers, both self-employed and employees,
 - to maintain its compliance operations,
 - to complete the revaluation of non-domestic properties.

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

CUSTOMS AND EXCISE

£ MILLION

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
<u>SURVEY BASELINE</u>	542.4	571.2	585.5
(Running cost baseline)	490.2	515.8	528.7)

PROPOSED ADDITIONS:

A1	VAT Skills	5.5	6.8	6.9
To provide for the implementation of 2 scrutiny reports (Barnard and Gudgin). The package includes allowances and special payments, training and recruitment. Objectives: to alleviate London staffing problems and improve skills of VAT control officers in face of increasing sophistication of VAT traders. Expected to produce £255 million extra revenue. Cost benefit ratio of 1:13.				
A2	Relocation	1.0	0.0	0.0
To finance the relocation of some operations from Southend to Bootle. Objective: running costs savings in future years. Break even after year 1991-92, thereafter savings of £680,000 per annum.				
A3	Additional staff (VAT)	1.2	3.3	7.9
To provide for staff required to implement new legislation and, in 1991-92 to meet forecast increases in workloads.				
A4	Full funding for manyyears agreed in 1987 Survey (VAT)	6.4	14.2	22.0
To provide full funding for the level of manyyears agreed in the 1987 Survey, after taking account of efficiency savings. Objectives: to secure planned outputs: forecast revenue loss if baseline maintained: £150 million in 1989-90 rising to £370 million in 1991-92.				
A5	Full-year funding for 1991-92 manyyears (VAT)	0.0	0.0	3.2
To provide for the full-year costs in 1991-92 of the staff increases agreed for 1990-91 in the 1987 Survey.				
A6	Additional staff (Customs)	0.1	0.5	4.4
To provide for staff required to implement new legislation and, in 1991-92, to meet forecast increases in workload.				
A7	Full funding for manyyears agreed in 1987 Survey (Customs)	5.3	10.6	13.4
To provide full funding for the level of manyyears agreed in the 1987 Survey, after taking account of efficiency savings. Objectives: to secure outputs especially in area of anti-drugs effort. Effect of shortfall: loss of drugs seizures and preventive effect equal to more than £140 million at street prices.				
A8	Full-year funding for 1991-92 manyyears (Customs)	0.0	0.0	2.7
To provide for the full-year costs in 1991-92 of the staff increases agreed for 1990-91 in the 1987 Survey.				

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		£ MILLION		
		<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
A9	Non-running costs current expenditure	0.3	0.2	0.2
To provide for legal fees which will become payable under the Criminal Justice Bill, and volume increase in Bailiff's fees. Objective: to reduce the amount of VAT outstanding from taxpayers and to investigate the assets of non-drugs offenders of a cost ratio benefit of 1:8.				
A10	Information Technology: capital	0	3.0	13.6
Cost of CHIEF project in accordance with the approved business case and, in 1991-92, of the initial stages of the <u>essential</u> replacement of VAT computer system. Objective: to provide enhanced successors to existing freight handling system and VAT system.				
A11	Accommodation: capital	0.8	2.5	4.0
To fund relocation as part of dispersal from London in 1989-90 and additional accommodation and refurbishments in last 2 years mainly for new LVOs in London area and essential requirements at ports and airports. Objective: to meet accommodation needs of expanding Department.				
A12	Other: capital	1.0	0	1.0
For equipment relating to preventive work.				

		£ MILLION		
		<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
<u>PROPOSED REDUCTIONS</u>				
B1	Appropriations in Aid	- 0.3	- 0.7	- 0.8
Increases in Appropriations in Aid.				
TOTAL		21.3	40.4	78.4
(of which running costs		19.5	35.4	60.5)
MANPOWER		<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Proposed		27,458	28,052	28,670
Change from present plans		+ 65	+ 222	+ 840

Main Targets in PES Management Plan

- i. £4.3 billion VAT from control visits.
- ii. Drugs seizures, and prevention of drugs smuggling equal to £1 billion 'value' at street prices.

WELLOR'S SMALL DEPARTMENTS

£ million

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Survey baseline	592	583	600
<u>Proposed additions</u>			
Department for National Savings	2.7	2.7	3.0
Major repairs to the fabric of the National Savings Bank building in Glasgow.			
HM Treasury	9.8	0.9	15.0
Increased expenditure on coinage			
Rating of Government Property Department	9.0	9.0	10.0
Consequences of rates set in 1988-89 and changes in economic assumptions			
Other	-	-	0.9
<u>Proposed net change in provision</u>	30.5	12.6	28.9
(of which running costs	0.6	1.0	2.9)
<u>Manpower</u>			
Proposed	11,767	11,744	11,728
Change from present plans	+29	+22	+6

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PROPERTY SERVICES AGENCY

	£ million		
	1989-90	1990-91	1991-92
Survey Baseline	-163.1	-162.1	-166.2

[The baseline figures are negative largely because receipts under the Property Repayment Services (PRS) system exceed PSA's expenditure charged to programme 14.1 as a result of departments being charged a market rent on freehold as well as leasehold property.]

PROPOSED ADDITIONS

(i) Major new works (Office and General Accommodation)	20.0	27.0	30.0
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To meet the cost of top priority projects - health and safety, "Out on the street" and urgent operational needs and some priority 2 (strong operational case) projects in 1990-91 and 1991-92.

(ii) Major new works - Estate	1.2	3.0	3.9
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Rationalisation

To fund spend to save estate rationalisation schemes with a pay back within five years.

(iii) Major new works - Consultants fees	1.5	3.5	3.5
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To meet anticipated shortfall in fees provision for forecast work load in relation to works bids.

(iv) Freehold purchases	5.0	5.0	5.0
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To provide provision for freehold purchases to mitigate the increase in rent payments

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(v)	Rents	21.8	64.4	86.0
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To fund increases in rent payments to private landlords

(vi)	Rates on Vacant Accommodation	2.6	2.3	2.5
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To meet shortfall between present provision and forecast of future rate payments.

(vii)	Maintenance (work including directly employed labour)	0.0	10.0	15.0
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To provide an increased provision to enable the backlog of priority 1 and 2 work to be substantially eliminated by no later than the mid-1990s.

(viii)	Maintenance (consultants fees)	2.0	3.0	4.0
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To provide increased provision to achieve the planned level of maintenance works spending throughout the PES period.

(ix)	Departmental administration (net)	6.4	6.8	6.9
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To reflect anticipated shortfall in receipts

(x)	London Conference Estate (net)	0.2	0.5	1.0
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To meet an anticipated shortfall in provision for administration expenditure throughout the PES period and a 40 per cent increase in rates in 1991-92 partly offset by reductions and reduced requirements.

TOTAL		60.7	125.5	157.8
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PROPOSED REDUCTIONS

(i)	Disposals	-2.0	0.0	-3.8
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Increased disposal receipts

(ii)	Rent and service charge receipts	-2.7	-3.2	-4.1
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Increased receipts arising from rent reviews for commercial tenants and renewals of memoranda of terms for traditional repayment rents.

(iii)	PRS receipts	-30.0	-50.0	-80.0
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Increased rent receipts arising from departments' payments being uplifted to reflect current market levels.

TOTAL		-34.7	-53.2	-87.9
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	PROPOSED NET CHANGE IN PROVISION	+26.0	+72.3	+69.9
	(of which running costs ⁽¹⁾)	+7.9	+8.2	+9.4)

	1989-90	1990-91	1991-92
MANPOWER	21,992	21,891	21,891

Change from present plans (2)	-331	-363	-409
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NOTES

1. Includes PSA's proposed increase in running costs expenditure attributed to other PES programmes.	1.7	1.6	1.5
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2. Further savings will depend on decisions on the allocation of work between in-house resources and consultants.

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OTHER DEPARTMENTS

£ million

	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Survey baseline	397	415	425
<u>Proposed additions</u>			
Cabinet Office	1.0	8.3	5.8
Mainly information technology and telecommunications projects.			
Office of the Minister for the Civil Service	3.5	4.2	4.2
Training, setting up "Next Steps" team and additional recruitment schemes.			
Charity Commission	4.2	5.6	4.5
Implementation of Woodfield reforms			
Land Registry	0.1	-0.5	-1.2
Increases in administrative and capital spending, offset by receipts from fees.			
Public Record Office	4.0	5.0	5.8
Running costs (increases in pay and accommodation costs, personnel overheads and office services). Aim: to maintain services to departments and the public. Also capital (new building and information technology strategy costs).			
Office of Population Censuses and Surveys	3.0	5.7	42.9
Mainly for preparation for and taking of the 1991 Census.			
Others	9.9	11.0	12.8
<u>Proposed net change in provision</u>	25.7	39.3	74.8
(of which running costs	23	27.5	66)
<u>Manpower</u>			
Proposed	9497	9330	9324
Change from present plans	-28	-148	-324