

COVERING RESTRICTED

010



C.P.U.

*n. b. P.M.
(Arrived too
late to show P.M.)*

BHP

10/7

Treasury Chambers, Parliament Street, SW1P 3AG

Barry Potter Esq
Private Secretary
10 Downing Street
London
SW1

10 July 1990

Dear Barry

CASH LIMITS FOR 1989-90

We are now ready to publish the annual White Paper showing provisional outturn for 1989-90. The Chief Secretary proposes to publish it on Thursday 19 July at 2.30pm.

2 I attach a copy of the proof. It follows the low-key format of previous White Papers and has been agreed in draft with departments. The text is kept short, in accordance with the usual practice. The White Paper is published primarily as a matter of record.

3 I am sending copies of this letter to the Private Secretaries of other members of Cabinet, the Ministers for the Arts and Overseas Development, the Attorney General and the Lord Advocate, and to Sonia Phippard (Cabinet Office).

Yours

MISS C EVANS
Private Secretary

Cash limits 1989-90 provisional outturn (and 1988-89 final outturn)

1. This White Paper gives provisional outturn figures for cash limited expenditure, including external financing limits (EFLs) of nationalised industries, in 1989-90 and revised figures for 1988-89. It also gives provisional outturn figures for 1989-90 departmental running costs limits and revised figures for 1988-89.

Original cash limits

2. The original cash limits for 1989-90 on central government voted expenditure were published in the Supply Estimates and listed in the Summary and Guide to Estimates 1989-90 (Cm 633). The original cash limits relating to expenditure not voted in Estimates were given in Table 3.4 of the Summary and Guide.

Original running costs limits

3. The original running costs limits for 1989-90 were published in Table 4.1 of the Summary and Guide (Cm 633).

Provisional outturn on 1989-90 cash limits

4. Total cash limited central government voted expenditure was £73,546 million - an underspend of £690 million (0.9 per cent)

compared with final cash limits. Total cash limited non-voted expenditure was £6,085 million - an underspend of £22 million (0.4 per cent) compared with final cash limits. Tables 1 and 2 give provisional outturn figures for 1989-90 compared with final cash limits. The provisional figures may be subject to some adjustment when the final accounts are available, particularly in the case of the non-voted cash limits.

Provisional outturn on 1989-90 running costs limits

5. Total running costs expenditure was £14,215 million - an underspend of £45 million (0.3 per cent) compared with final running costs limits. Table 3 gives provisional outturn figures for 1989-90 compared with final running costs limits. These figures may be subject to some adjustment when the final Accounts are available.

Changes to original cash limits

6. Table 4 shows changes to original cash limits other than token increases. Increases in cash limits due to the carry forward of underspends under the end-year flexibility scheme for capital expenditure are separately identified. It is normal for some cash limits to be increased during the year to cover certain unexpected developments of policy or other contingencies; there is an unallocated Reserve in the public expenditure plans against which increases in public expenditure are charged.

7. Original cash limits on central government voted expenditure totalled £71,419 million. They were increased by £2,817 million

(3.9 per cent) during 1989-90, £582 million of which was due to the carry forward of underspends under the end-year flexibility scheme. Provisional outturn was £73,546 million, £2,127 million (3.0 per cent) higher than original cash limits. For non-voted expenditure, original cash limits totalled £5,847 million. These were increased by £260 million (4.4 per cent), £68 million of which was due to the carry forward of underspends under the end-year flexibility scheme. Provisional outturn was £6,085 million, £237 million (4.1 per cent) higher than original cash limits.

Cash limit breaches

8. On the current figures there were four breaches of cash limits:

(i) The Ministry of Defence overspent on their cash block (Class I, Votes 1-5) by £110,818,000 (0.5 per cent);

(ii) The Department of the Environment overspent on their administration cash limit (Class X, Vote 5) by £1,590,000 (1.0 per cent);

(iii) The Central Statistical Office overspent their cash limit (Class XIX, Vote 18) by £56,000 (0.4 per cent);

(iv) The local authority non voted cash limit (HO/LA1) was overspent by £55.9 million (27.3 per cent).

The usual corrective procedures in the case of cash limit breaches are being implemented.

Changes to original running costs limits

9. Table 5 shows changes to the original running costs limits. Increases in running costs limits due to the carry forward of underspends under the end-year flexibility scheme are separately identified. In 1989-90 original running costs limits of £14,151 million were increased by £109 million (0.8 per cent), £15 million of which was due to the carry forward of underspends under the end-year flexibility scheme. Total running costs expenditure was £14,215 million, £64 million (0.5 per cent) above the original limits.

Running costs limits breaches

10. On the current figures there were eight breaches of running costs limits:

(i) The Ministry of Defence overspent by £63,119,000 (1.2 per cent);

(ii) The Intervention Board for Agricultural Produce overspent by £34,000 (0.2 per cent);

(iii) The Health and Safety Commission/Executive overspent by £100,000 (0.1 per cent).

(iv) The Department of the Environment overspent by £634,000 (0.4 per cent).

(v) The Scottish Records Office overspent by £8,000 (0.3 per cent).

(vi) The Central Statistical Office overspent by £256,000 (2.1 per cent).

(vii) The Public Records Office overspent by £69,000 (0.5 per cent).

(viii) The Property Services Agency overspent by £2,384,000 (1.5 per cent).

The usual corrective procedures in the case of running costs limit breaches are being implemented.

Nationalised industries

11. Table 6 shows the original external financing limits (EFLs) of nationalised industries in 1989-90, revised EFLs and provisional outturn figures for each industry.

Revised outturn on 1988-89 cash limits

12. Table 7 gives final outturn figures for central government cash limited expenditure in 1988-89. Table 8 shows revised figures for the same year for cash limited expenditure not voted in Estimates. These may still be subject to some revision. Provisional outturn figures for 1988-89 were published in July 1989 in the White Paper "Cash Limits 1988-89 Provisional Outturn" (Cm 746).

Revised outturn on 1988-89 running costs limits

13. Table 9 gives final outturn figures for running costs limits in 1988-89. Provisional outturn figures were first published in Cm 746.

ECON POL: Public Expenditure Pt 44

.....