

TREASURY COMMITTEE

PRE-BUDGET REPORT

MINUTES OF EVIDENCE

Tuesday 9 December 1997 and  
Wednesday 17 December 1997

*Mr Gavyn Davies, Mr Andrew Dilnot and Professor Patrick Minford*

**HM Treasury**

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**Memorandum submitted by Professor David Heald, Specialist Adviser to the Committee**

**TRANSPARENCY ABOUT PUBLIC EXPENDITURE NUMBERS**

INTRODUCTION

1. "Transparency" is loudly acclaimed as an essential requirement across a wide range of public policy areas. With regard to public expenditure, transparency appears at the top of the list of five "principles of fiscal policy management" set out in *A Code for Fiscal Stability* (Treasury, 1997f, page 4).<sup>1</sup> If such aspirations are juxtaposed with current reality, there is a remarkable contrast; public expenditure numbers are becoming ever more opaque, resembling a hall of mirrors.

2. Concerns about impenetrability and missing information are not new. At the end of a 1995 article titled "Steering public expenditure with defective maps", I concluded:

The channels of public accountability are blocked, in part by information overload and in part by information suppression. The existing arrangements, whether by accident or design, confer enormous discretion upon UK government through its control of information flows (Heald, 1995, page 238).

At the end of 1997, there has been a further dramatic deterioration, one which might be ephemeral (attributable to a transitional phase) but which should in any case be strongly resisted.

3. It is important to stress that this is not a memorandum about the substantive merits of current public expenditure policy,<sup>2</sup> but one which concentrates solely upon the lack of transparency of public expenditure. Although it is not fashionable to have public doubts about the desirability of transparency, it is clear that attitudes in practice are more ambivalent. For example, there is a possible response to the criticisms contained in this memorandum, along the lines that "the Government is doing good by stealth, softening the impact of its commitment to hold to inherited plans". However, the publication of *A Code for Fiscal Stability* precludes any recourse by the Treasury to such a defence.

4. Parliament and other users of public expenditure documentation depend crucially upon what is published by the Treasury in the main Budgetary documents. In recent years, the November publication of the Financial Statement and Budget Report (FSBR) (before that, the Autumn Statement) have provided the first published numbers about that year's Public Expenditure Survey (PES) settlement. Comprehensive information has not been available until the February/March publication of Departmental Reports and the accompanying Statistical Analyses, though by then much of the detail has been press-released. The incoming Government cancelled PES 1997, announcing that in both 1997-98 and 1998-99 it would hold to the plans which it had inherited from the Conservative Government. Moreover, it would conduct a Comprehensive Spending Review. An innovation this year has been the publication of the 1997-98 Pre-Budget Report (Treasury, 1997e). A consistent theme of this memorandum will be that much information, available within the Treasury and vital to Parliamentary and public understanding, was omitted from the Pre-Budget documents. Fortunately, as a result of material subsequently provided in written parliamentary answers, it is now possible to provide a better account of current developments.

CONTROL TOTAL, GGE(X) AND GGE

5. The policy of the Chancellor of the Exchequer is frequently described as being to hold to the previous Government's public expenditure plans in 1997-98 and 1998-99, both in terms of the Control Total and of departmental plans. That, however, is logically impossible because of the operation of the Reserve, which was set in November 1996 (Treasury, 1996a) at £2.5 billion in 1997-98 and £5.0 billion in 1998-99. The normal process is

<sup>1</sup> The full text is: "transparency, in the setting of fiscal policy objectives, the implementation of policy, and in the presentation of the public accounts".

<sup>2</sup> My views on substantive issues of public expenditure policy are set out in Heald (1997). Two points are worth making here. First, I doubt whether the existing functions of the UK state can be sustained within existing expenditure plans. Second, there is at this juncture a powerful case for fiscal caution because of the imperfectly understood dependence of the public finances upon the economic cycle.

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to release from the Reserve to programmes, both as a plan year rolls closer and then in-year; such an approach can hold the Control Total but departmental programmes will change. Alternatively, the Reserve might simply be cancelled, thereby reducing the Control Total, but keeping departmental programmes unchanged. One of the key tables which was expected in the Pre-Budget Report was one showing what had happened to programmes within the Control Total. In the event, nothing like this appeared, with the omission having to be remedied through written parliamentary answers.

6. Table 1 shows that the inherited plans for the Control Total in 1997–98 and 1998–99 have been held. A written answer (*Hansard*, 10 December, cols. 562–64 [19266]) shows both releases from the Reserve to departmental programmes and other adjustments between programmes. Before examining departmental programmes, there are certain other issues which require clarification.

7. The final two columns of Table 1 are particularly helpful. Because of the way in which the Chancellor's public expenditure policy has been articulated (i.e., hold to the inherited Control Total), there has been less attention paid to GGE(X) (invented by the previous Chancellor of the Exchequer as his policy target) or GGE. Crucially, Welfare to work spending and Local authority spending under the capital receipts initiative are outside the Control Total; together, they amount to £0.4 billion in 1997–98 and £1.9 billion in 1998–99.<sup>1</sup> Moreover, Lottery-financed expenditure (outside GGE(X) but within GGE) is rising rapidly: £0.4 billion in 1996–97; £1.2 billion in 1997–98 and £1.5 billion in 1998–99.

8. Table 2 consists of three columns for each of the years 1996–97, 1997–98 and 1998–99, showing the derivation of the PSBR. One of the documents attached to the Pre-Budget Report (Treasury, 1997g, page 29) provided this comparison only for the period between the July 1997 FSB (Treasury, 1997b) and the November 1997 Pre-Budget Report, not for the full year between the 1997–98 FSB and the November 1997 Pre-Budget Report. One of the lessons which can be derived from the early 1990s is to watch for comparisons over curtailed periods such as half-years rather than full-years; these may be opportunistically motivated to obscure the scale of total changes (Heald, 1991). Table 2 could be prepared only after further information became available in a written parliamentary answer (*Hansard*, 10 December, cols. 563–66 [19269]).

#### COMPOSITION OF THE CONTROL TOTAL

9. Although the Pre-Budget Report provided no analyses of the departmental programmes within the Control Total, that information is now available. After the *Financial Times* had invoked the Code of Practice on Access to Government Information (Stephens, 1997), the Treasury published the requested information in a written answer (*Hansard*, 10 December 1997, cols. 568–72 [19125]).

10. The following series of tables has been prepared using the above material. Table 3 reproduces the cash table.<sup>2</sup> Table 4 uses these cash numbers to calculate real terms expenditure at 1996–97 prices.<sup>3</sup> Table 5 indexes real terms expenditure (1996–97 prices) so that 1992–93 = 100. Although care must be taken when only a short run of years is available, this indexed form is helpful in highlighting developments.

11. An important point is that the Chancellor is committed to hold to the Control Total in cash terms. Naturally, therefore, the "purchasing power" of a Control Total set for a plan year will depend crucially upon what happens to inflation. The Control Total for 1998–99 (£273.5 billion) was originally set in November 1996.<sup>4</sup> The GDP deflators which the Treasury (1996b) issued on 5 December 1996 envisaged that the GDP deflator would increase by 6.641 per cent between 1995–96 and 1998–99. However, the revised GDP deflators issued on 26 November 1997 (Treasury, 1997h) involve a higher increase of 8.5 per cent. In consequence, the Control Total of £273.5 billion is now expected to have less purchasing power in 1998–99 than was forecast 12 months ago; expressed in 1995–96 prices the consequent reduction in planned real spending is £4.39 billion, representing 1.71 per cent of the originally expected figure.<sup>5</sup>

#### PRIVATE FINANCE INITIATIVE AND PUBLICLY SPONSORED CAPITAL EXPENDITURE

12. Table 6, which is again based upon a written answer (*Hansard*, 10 December 1997, cols 571–73 [19268]), shows the evolution of Private Finance Initiative (PFI) spending. Great emphasis was placed by the previous Government in the November 1995 Budget on the way in which a rapid increase in PFI spending would compensate for reductions in public sector capital expenditure. The comparisons between the forecasts in the 1996–97 FSB (Treasury, 1995) and the newly provided information are most revealing. In particular, 1996–97 outturn is stated to have been £1,000 million when the forecast was £1,900 million.

<sup>1</sup> The most useful table on Welfare to work spending is Table 2.1 of the July 1997 FSB (Treasury, 1997b, p. 33).

<sup>2</sup> An interesting item in Table 3 is the line for "Further End-Year-Flexibility take-up", showing £700 million in 1997–98. The existence of this item makes it more difficult to interpret the departmental figures.

<sup>3</sup> Table 4 differs from the real terms table published in *Hansard* in that it rounds to the nearest £ million, rather than to the nearest £0.1 billion.

<sup>4</sup> Note, however, that the number which appeared in Treasury (1997a) was £273.7 billion; this difference is the net result of a number of classification changes made during the last year (see *Hansard*, 10 December 1997, cols. 561–62 [19265]).

<sup>5</sup> Another factor to consider is that the NHS specific price index (Combined HCHS Pay and Price Inflation) (NHS Executive, 1997) has increased by more than the GDP deflator in every year in the 1990s.

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13. Further insight is provided by a table (*Hansard*, 10 December 1997, cols 566-68 [19267]) showing similar comparisons for capital expenditure. To take 1996-97 as an example: the outturn for total public sector capital expenditure was £2.5 billion less than expected in November 1995 and £1.8 billion less than what was expected a year ago. The comparable outturns for total publicly sponsored capital expenditure were £3.5 billion down and £1.9 billion down.

## ISSUES FOR ATTENTION

14. The discrepancy between aspirations and reality concerning the transparency of public expenditure numbers requires urgent attention. There are a series of important questions to be addressed, among which figure prominently the following:

- Parliament needs to consider exactly what information it wishes the Treasury to provide in the main Budgetary documents, particularly during the period when the regular annual PES cycle has been suspended. It is unacceptable that key numbers only become available as a result of invoking the Code of Practice on Access to Government Information or through written parliamentary questions. Not least, the quality of public debate is damaged by relevant numbers not being available when the issue has the highest profile. The lofty aspirations of *A Code for Fiscal Stability* need to be given substance.
- The scorekeeping of public expenditure items is a highly technical area, but one which serves the important purpose of generating intelligible numbers for control purposes and ones which can be reconciled to international definitions. However, as with all systems of statistical recording, judgments have to be made about how to treat problematic transactions. The attention placed on holding to inherited figures for the Control Total can create perverse incentives, with the result that the scorekeeping consequences of particular policies begin to dominate policy. Moreover, the system as a whole can be brought into disrepute, leading to more gaming behaviour and to confusion about public expenditure trends. More generally, off-balance sheet assets can be run down and off-balance sheet liabilities increased. There are also longer-term issues to address, notably the implications of the decision to implement Resource Accounting and Budgeting (Treasury Committee, 1996; Treasury, 1997c). Given that Resource Budgeting will involve both cash and resource totals, clarity about scorekeeping and reporting formats will be imperative. Transparency needs to be established or these important changes will be implemented in a climate of distrust of Treasury numbers.
- The sensitivity of the public finances to the economic cycle is a profoundly important issue, and also an extremely difficult one on a technical level. The document, *Fiscal Policy: Lessons from the Last Economic Cycle*, which the Treasury (1997d) published on the day before the Pre-Budget, makes disturbing reading. The Treasury and Civil Service Committee (e.g., 1991) expressed concerns on several occasions about the way in which the fiscal objective was continually reformulated, and frequently took evidence from Treasury officials. Given the new document's admission of Treasury misjudgments and/or failures of technical competence, the cyclical behaviour of the public finances is a topic deserving urgent attention.
- A new development in 1997 has been the way in which the Treasury has asked the National Audit Office (1997a,b) to endorse specified macroeconomic assumptions. There are two concerns which could usefully be discussed: first, whether the National Audit Office has the necessary expertise to take on this role; and second, whether this involvement in the setting of macroeconomic assumptions risks compromising the independence of the Comptroller and Auditor General. Indeed, the tone and contents of the *Fiscal Policy: Lessons from the Last Economic Cycle* suggest the National Audit Office might be vulnerable should the Treasury, perhaps under a new Chancellor, produce a comparable critique of Treasury macroeconomic assumptions which had been endorsed by the National Audit Office.

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TABLE 1

*The link between the Control Total, GGE(X) and GGE, £ billion*

	1997 November Pre-Budget Plans			Differences from 1997 Statistical Analyses and 1997–98 FSBR	
	1996–97	1997–98	1998–99	1997–98	1998–99
Control Total	259.9	265.8	273.5	0.0	0.0
Welfare to Work spending	0.0	0.2	1.2	0.2	1.2
Local Authority spending under the capital receipts initiative	0.0	0.2	0.7	0.2	0.7
Cyclical social security	14.0	12.7	13.5	(1.3)	(0.8)
Central government debt interest	22.0	24.6	25.0	(0.2)	0.6
Accounting adjustments	11.5	11.1	11.5	1.9	1.7
GGE(X)	307.3	314.6	325.4	0.8	3.4
Privatisation proceeds	(4.4)	(2.0)	0.0	0.0	1.5
National Lottery	0.4	1.2	1.5	} (0.2)	0.1
Other adjustments	4.9	4.9	5.1		
GGE	308.1	318.7	332.1	(0.3)	4.9

*Notes:*

1. Because of rounding errors, the components may not add to totals.

2. Classification changes have affected the Control Total which was stated in the 1997–98 FSBR as £266.5 billion (1997–98) and £273.7 billion (1998–99). These changes may have flowed through to changes in accounting adjustments.

3. The relevant table in the 1997–98 FSBR does not separate out the National Lottery from Other adjustments, thus affecting the comparisons.

Sources: Treasury (1996b), (1997a) and (1997e), and *Hansard*, 10 December 1997, cols. 561–62 [19266].

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TABLE 2  
Annual and bi-annual comparisons of the public finances, £ billion

	1996-97			1997-98			1998-99		
	From 1997-98 FSBR to July 1997 FSBR	From July 1997 FSBR to 1997 Pre-Budget	From 1997-98 FSBR to 1997 Pre-Budget	From 1997-98 FSBR to July 1997 FSBR	From July 1997 FSBR to 1997 Pre-Budget	From 1997-98 FSBR to 1997 Pre-Budget	From 1997-98 FSBR to July 1997 FSBR	From July 1997 FSBR to 1997 Pre-Budget	From 1997-98 FSBR to 1997 Pre-Budget
<i>Expenditure</i>									
Control Total	(0.2)	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Welfare to Work spending	—	—	—	0.2	0.0	0.2	1.2	0.0	1.2
Local Authority spending under the capital receipts initiative	—	—	—	0.2	0.0	0.2	0.7	0.0	0.7
Cyclical social security	0.0	(0.3)	(0.3)	(0.5)	(1.0)	(1.5)	(0.3)	(0.5)	(0.8)
Central government debt interest	0.1	(0.3)	(0.2)	(0.2)	0.0	(0.2)	0.0	0.5	0.6
Accounting adjustments	1.1	(0.6)	0.5	0.9	(0.4)	0.5	0.8	0.1	0.9
GGE(X)	0.9	(1.0)	(0.1)	0.6	(1.3)	(0.7)	2.5	0.1	2.6
Privatisation proceeds	0.1	0.0	0.1	0.0	0.0	0.0	1.5	0.0	1.5
Other adjustments	(0.5)	0.1	(0.4)	(0.2)	(0.1)	(0.2)	0.1	0.0	0.1
GGE	0.5	(0.9)	(0.4)	0.4	(1.4)	(1.0)	4.1	0.1	4.2
<i>Receipts</i>									
Income tax	1.3	(0.4)	0.9	4.7	(1.0)	3.7	7.8	(0.4)	7.3
Corporation tax	1.6	0.1	1.7	2.9	0.0	3.1	2.6	(0.5)	2.1
Windfall tax	—	—	—	2.6	0.0	2.6	2.6	0.0	2.6
Value Added Tax	(0.8)	0.0	(0.8)	(0.7)	0.1	(0.6)	(1.2)	0.0	(1.3)
Excise duties	(0.4)	0.0	(0.4)	(0.6)	(0.6)	(1.3)	(1.5)	(0.6)	(2.2)
Other taxes	3.5	0.1	3.6	1.6	0.5	2.1	2.8	0.1	2.9
Social security contributions	0.7	0.0	0.7	0.4	0.0	0.4	0.4	0.2	0.6
Other receipts	(0.4)	(0.8)	(1.2)	(1.9)	0.2	(1.8)	(0.9)	0.7	(0.2)
General Government Receipts	5.5	(0.9)	4.6	8.9	(0.8)	8.4	12.4	(0.5)	11.9
Public corporations' market and overseas borrowing	1.3	(0.2)	1.2	0.2	(0.6)	(0.4)	0.1	0.0	0.1
PSBR	(3.6)	(0.2)	(3.8)	(8.3)	(1.4)	(9.7)	(8.2)	0.6	(7.7)

Note: Because of rounding errors, the components may not add to totals.

Source: Hansard, 10 December 1997, cols 563-66 [19269].

TABLE 3  
Control Total by department, £ million

	1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99	
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Defence (excluding married quarters)	22,910	22,757	22,562	21,517	22,345	21,660	22,250	—	—	—	—	—	—	—
Defence (married quarters)	—	—	—	—	(962)	(700)	—	—	—	—	—	—	—	—
Foreign Office	1,242	1,244	1,263	1,339	1,059	1,100	1,070	—	—	—	—	—	—	—
Department for International Development	2,126	2,235	2,385	2,338	2,343	2,210	2,320	—	—	—	—	—	—	—
Agriculture, Fisheries and Food	2,186	2,937	2,445	2,827	4,205	3,740	3,400	—	—	—	—	—	—	—
Trade and Industry—Programmes	2,812	2,737	2,811	3,223	3,092	3,090	3,020	—	—	—	—	—	—	—
Trade and Industry—Nationalised Industries	1,300	1,278	577	25	(394)	(100)	(180)	—	—	—	—	—	—	—
Export Credits Guarantee Department	117	(60)	(26)	16	15	10	—	—	—	—	—	—	—	—
DETR—Transport	6,557	5,959	5,974	4,619	4,838	5,220	4,590	—	—	—	—	—	—	—
DETR—Other	10,371	10,284	9,635	8,915	8,300	7,440	7,530	—	—	—	—	—	—	—
DETR—Local government	31,175	29,378	29,913	30,298	31,321	31,380	32,760	—	—	—	—	—	—	—
Education and Employment	10,762	13,616	14,364	14,449	14,494	14,090	13,360	—	—	—	—	—	—	—
Home Office	5,824	5,965	6,259	6,480	6,532	6,920	6,860	—	—	—	—	—	—	—
Legal Departments	2,334	2,415	2,585	2,684	2,749	2,710	2,680	—	—	—	—	—	—	—
Department for Culture, Media and Sport	1,005	977	978	1,026	978	890	910	—	—	—	—	—	—	—
Health	28,212	29,763	31,575	32,907	33,817	35,160	36,700	—	—	—	—	—	—	—
Social Security	61,130	67,091	69,457	72,748	76,970	80,060	83,910	—	—	—	—	—	—	—
Scotland	12,723	13,580	14,082	14,312	14,490	14,500	14,590	—	—	—	—	—	—	—
Wales	5,992	6,296	6,551	6,719	6,820	6,940	6,980	—	—	—	—	—	—	—
Northern Ireland	6,606	7,108	7,426	7,717	8,030	8,230	8,330	—	—	—	—	—	—	—
Chancellor's Departments	3,478	3,393	3,329	3,288	3,201	3,180	3,130	—	—	—	—	—	—	—
Cabinet Office	1,012	1,054	966	1,248	1,214	1,050	1,350	—	—	—	—	—	—	—
European Communities	1,912	1,877	1,268	3,370	1,717	1,780	2,440	—	—	—	—	—	—	—
Local Authorities self-financed expenditure	8,815	7,999	10,718	12,887	12,718	13,100	13,600	—	—	—	—	—	—	—

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	Outturn					Plans	
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Further End-Year-Flexibility take-up Reserve	—	—	—	—	—	700	—
	—	—	—	—	—	1,400	2,000
Control Total	230,602	239,885	247,098	254,952	259,893	265,800	273,500
<i>Memorandum entries:</i>							
Education SSA	—	—	—	—	17,764	17,840	19,380
National Health Service	27,970	28,941	30,570	31,958	33,044	34,590	36,120

*Note:* Because of rounding errors, the components may not add to totals. In particular, in Plan years figures are rounded to the nearest £10 million, except for LASFE, the Reserve and the Control Total which are rounded to the nearest £100 million.

*Source:* *Hansard*, 10 December 1997, cols. 568-72 [19125].

TABLE 4

Control Total by department, £ million (1996-97 prices)

	Outturn					Plans	
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Defence (excluding married quarters)	25,271	24,393	23,825	22,114	22,345	21,091	21,075
Defence (married quarters)	—	—	—	—	(962)	(682)	—
Foreign Office	1,370	1,333	1,334	1,376	1,059	1,071	1,013
Department for International Development	2,345	2,396	2,518	2,403	2,343	2,152	2,197
Agriculture, Fisheries and Food	2,411	3,148	2,582	2,905	4,205	3,642	3,220
Trade and Industry—Programmes	3,102	2,934	2,968	3,312	3,092	3,009	2,860
Trade and Industry—Nationalised Industries	1,434	1,370	609	26	(394)	(97)	(170)
Export Credits Guarantee Department	129	(64)	(27)	16	15	10	0
DETR—Transport	7,233	6,387	6,308	4,747	4,838	5,083	4,348
DETR—Other	11,440	11,023	10,174	9,162	8,300	7,244	7,132
DETR—Local government	34,387	31,490	31,587	31,138	31,321	30,555	31,030
Education and Employment	11,871	14,595	15,168	14,850	14,494	13,720	12,654
Home Office	6,424	6,394	6,609	6,660	6,532	6,738	6,498
Legal Departments	2,574	2,589	2,730	2,758	2,749	2,639	2,538
Department for Culture, Media and Sport	1,109	1,047	1,033	1,054	978	867	862
Health	31,119	31,902	33,342	33,820	33,817	34,236	34,762
Social Security	67,428	71,914	73,344	74,766	76,970	77,955	79,478
Scotland	14,034	14,556	14,870	14,709	14,490	14,119	13,819
Wales	6,609	6,749	6,918	6,905	6,820	6,758	6,611
Northern Ireland	7,287	7,619	7,842	7,931	8,030	8,014	7,890
Chancellor's Departments	3,836	3,637	3,515	3,379	3,201	3,096	2,965
Cabinet Office	1,116	1,130	1,020	1,283	1,214	1,022	1,279
European Communities	2,109	2,012	1,339	3,463	1,717	1,733	2,311
Local Authorities self-financed expenditure	9,723	8,574	11,318	13,244	12,718	12,756	12,882
Further End-Year-Flexibility take-up Reserve	—	—	—	—	—	682	—
	—	—	—	—	—	1,363	1,894
Control Total	254,361	257,126	260,926	262,024	259,893	258,773	259,150
<i>Memorandum entries:</i>							
Education SSA	—	—	—	—	17,764	17,371	18,356
National Health Service	30,852	31,021	32,281	32,844	33,044	33,681	34,212

*Note:* Because of rounding errors, the components may not add to totals. In particular, in Plan years the cash figures are rounded to the nearest £10 million, except for LASFE, the Reserve and the Control Total which are rounded to the nearest £100 million.

*Source:* *Hansard*, 10 December 1997, cols. 568-72 [19125], and Treasury (1997h).

TABLE 5

Control Total by department, 1996-97 prices (Index 1992-93 = 100)

	Outturn					Plans	
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Defence (excluding married quarters)	100	96.5	94.3	87.5	88.4	83.5	83.4
Defence (married quarters)	—	—	—	—	—	—	—
Foreign Office	100	97.3	97.4	100.5	77.3	78.2	74.0
Department for International Development	100	102.2	107.4	102.5	99.9	91.8	93.7
Agriculture, Fisheries and Food	100	130.6	107.1	120.5	174.4	151.0	133.6
Trade and Industry—Programmes	100	94.6	95.7	106.8	99.7	97.0	92.2
Trade and Industry—Nationalised Industries	100	95.5	42.5	1.8	(27.5)	(6.8)	(11.9)
Export Credits Guarantee Department	100	(49.8)	(21.3)	12.7	11.6	7.5	0

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[Continued

	Outturn			Plans			
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
DETR—Transport	100	88.3	87.2	65.6	66.9	70.3	60.1
DETR—Other	100	96.4	88.9	80.1	72.6	63.3	62.3
DETR—Local government	100	91.6	91.9	90.6	91.1	88.9	90.2
Education and Employment	100	122.9	127.8	125.1	122.1	115.6	106.6
Home Office	100	99.5	102.9	103.7	101.7	104.9	101.1
Legal Departments	100	100.5	106.0	107.1	106.8	102.5	98.6
Department for Culture, Media and Sport	100	94.5	93.2	95.1	88.2	78.2	77.8
Health	100	102.5	107.1	108.7	108.7	110.0	111.7
Social Security	100	106.7	108.8	110.9	114.2	115.6	117.9
Scotland	100	103.7	106.0	104.8	103.2	100.6	98.5
Wales	100	102.1	104.7	104.5	103.2	102.2	100
Northern Ireland	100	104.6	107.6	108.8	110.2	110.0	108.3
Chancellor's Departments	100	94.8	91.6	88.1	83.4	80.7	77.3
Cabinet Office	100	101.2	91.4	114.9	108.8	91.6	114.6
European Communities	100	95.4	63.5	164.2	81.4	82.2	109.6
Local Authorities self-financed expenditure	100	88.2	116.4	136.2	130.8	131.2	132.5
Further End-Year-Flexibility take-up Reserve							
Control Total	100	101.1	102.6	103.0	102.2	101.7	101.9
<i>Memorandum entries:</i>							
Education SSA							
National Health Service	100	100.5	104.6	106.5	107.1	109.2	110.9

*Notes:*

- Such indexes can only be calculated when there is expenditure in 1992-93 (the base year).
- The negative indexes above reflect cases where expenditure was positive in 1992-93, and subsequently became negative.

Source: *Hansard*, 10 December 1997, cols. 568-72 [19125], and Treasury (1997h).

TABLE 6

*The evolution of PFI spending, £ million*

	1996-97			1997-98			1998-99		
	1996-97 FSBR	1997 Pre-Budget	Difference	1996-97 FSBR	1997 Pre-Budget	Difference	1996-97 FSBR	1997 Pre-Budget	Difference
Defence	30	50	20	80	270	190	210	390	180
Foreign and Commonwealth Office	10	0	(10)	10	20	10	10	30	20
Ministry of Agriculture, Fisheries and Food	10	0	(10)	20	0	(20)	10	0	(10)
Department of Trade and Industry	10	0	(10)	10	10	0	10	10	0
Transport	1,120	570	(550)	1,320	1,220	(100)	1,260	1,340	80
Department for Education and Employment	20	0	(20)	40	10	(30)	50	10	(40)
Environment	30	70	40	30	80	50	30	140	110
Home Office	50	120	70	110	230	120	60	160	100
Legal Departments	10	10	0	20	10	(10)	10	10	0
National Heritage	20	0	(20)	30	20	(10)	30	30	0
Health	170	60	(110)	200	110	(90)	300	270	(30)
Department of Social Security	130	80	(50)	70	410	340	100	170	70
Scotland	140	20	(120)	360	200	(160)	420	510	90
Wales	60	10	(50)	150	10	(140)	150	80	(70)
Northern Ireland	50	0	(50)	80	20	(60)	80	50	(30)
Chancellor's Departments	40	0	(40)	40	70	30	30	240	210
Local Authorities					25	25		315	315
Total	1,900	1,000	(900)	2,570	2,705	135	2,760	3,745	985

Note: Because of rounding errors, the components may not add to totals.

Source: *Hansard*, 10 December 1997, cols. 566-68 [19268].