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MINISTER OF STATE

Dr John Alderdice
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7th December 1993

1993 PE SURVEY

I am aware that my predecessor as Minister of State met representatives of the four constitutional parties in Northern Ireland last December on the morning of the Secretary of State's Survey announcement and briefed them on the outcome. I believe this was well received and the feeling was that sessions of this nature on Public Expenditure might be repeated in the future.

The Secretary of State's announcement is scheduled to take place next Wednesday morning, 14 December and I would like to invite representatives of the four constitutional parties to a pre-brief commencing at 9.15am on the morning of 14th here in Parliament Buildings. I hope you can agree this approach. My office will be in touch to confirm the arrangements and obtain details of those you wish to attend.

THE RT HON SIR JOHN WHEELER, DL, MP
Minister of State

Replied - yes



NORTHERN IRELAND
Information Service

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EMBARGO UNTIL 12 NOON: 14 DECEMBER

14 December 1993

PUBLIC EXPENDITURE 1994/95 to 1996/97

Press pack for announcement by the Secretary of State, Sir Patrick Mayhew, QC, MP, of details of new public expenditure plans for Northern Ireland.

- Contents:
1. Text of Secretary of State's introductory comments.
 2. Press release and Notes for Editors.
 3. Answer to PQ, with details of allocations.
 4. Pie chart showing allocations.
 5. Table giving year-on-year increases - 1993/94 v 1994/95.

1993 PUBLIC EXPENDITURE SURVEY

INTRODUCTORY COMMENTS BY THE SECRETARY OF STATE, SIR PATRICK
MAYHEW QC, MP

Introduction

1. The Government's objective is to reduce public spending as a share of national income over time. To achieve this, the Government has set firm figures for overall public spending. Northern Ireland is, of course, fully integrated into the UK public expenditure system. This means we must play our part in the overall control of public expenditure, including adhering to the Chancellor's policy on public sector pay.

2. While this has been a difficult Survey, I think the planning figures for Northern Ireland which My Rt Hon Friend the Chancellor of the Exchequer announced in his Budget Statement on 30 November demonstrates the Government's continuing commitment to the people of Northern Ireland. The allocation for next year (£7.4 billion) is an increase of almost £280m or 3.9% more than in the current year. This, I think you will agree, is a substantial block of money.

Allocation of Northern Ireland Provision

3. It is always a difficult task to determine how the public expenditure cake should be divided amongst the various competing demands in Northern Ireland and a tight Survey increases the difficulties. We have a finite amount of resources and it simply isn't possible to fund all programmes as fully as we would like. However, I have used the flexibility which is available to me, within the framework of national policy, to allocate resources in response to local needs and priorities.
4. The allocations which I have announced today reflect my assessment of how best to distribute the Northern Ireland expenditure total in order to meet those needs and priorities.
5. In commenting briefly on the outcome of this year's Public Expenditure Survey for Northern Ireland, I will concentrate on 1994/95, for which allocations are firm. The figures for the following two years are provisional and will be revised again in next year's Survey.

Priorities

6. The allocations recognise the Government's three public expenditure priorities for Northern Ireland.

Defeating Terrorism: provision for the Law and Order programme £931m reflects the priority which I attach to defeating terrorism. It saddens me to see the substantial resources which, year after year, are consumed in our fight against terrorism, resources which, in a peaceful and stable society would be available to meet needs in other important social and economic programmes.

Strengthening the Economy: within the overall allocation of over £455m for the Industry, Trade and Employment programme, an additional £5m for industrial research and technology in 1994/95 will enable businesses in Northern Ireland to improve their competitiveness. This reflects the important role which I believe research and development plays in the overall strengthening of the Northern Ireland economy. Provision of £23m for factory building will stimulate capital projects and ensure that facilities are available to support inward investment.

Targeting Social Need: this is aimed at combatting deprivation and ensuring greater equality and equity throughout the Northern Ireland community; it is an integral part of the business of Government in Northern Ireland and is being addressed in all programmes. I am pleased to say that, even in this year's tight Survey, the resources available in several important areas relevant to TSN: Making Belfast Work, ACE, Housing Renovation Grants, Community Infrastructure Projects and Rural Development will

all increase next year. In the case of Rural Development, provision will more than double from £2m to about £5m.

7. Health and Education

With the exception of social security benefits which are fully funded on the basis of need across the UK, the two largest programmes in Northern Ireland are health and education which account for some £1.4 billion and £1.3 billion respectively. These are substantial sums which reflect the importance I attach to these programmes.

[Community health care etc.]
0.7%

Private Finance

8. The Government is committed to encouraging the private financing of infrastructure projects and other capital expenditure which have hitherto been undertaken by the public sector. This is an exciting new initiative and I look forward to seeing local industry respond to the challenge of identifying imaginative proposals in partnership with Government.

Conclusion

9. This has been a difficult Survey. However, the substantial resources available to Northern Ireland will ensure a continuing high level of provision and quality in our public services.

DATE: 14 DECEMBER 1993

PUBLIC EXPENDITURE IN NORTHERN IRELAND 1994/95-1996/97

1. The Secretary of State, the Rt Hon Sir Patrick Mayhew QC, MP, today announced details of the new Public Expenditure Plans for Northern Ireland.
2. Provision for Northern Ireland has been set at:

1994/95	1995/96	1996/97	£m
7390	7740	7940	

3. Commenting on a written Parliamentary Answer detailing the allocations to individual programmes, the Secretary of State said:

"Northern Ireland is fully integrated into the UK public expenditure system. The new expenditure totals for Northern Ireland announced by the Chancellor of the Exchequer in his Budget Statement on 30 November demonstrate the Government's continuing commitment to the development of public services in Northern Ireland."

"The allocations I have announced today, following a most difficult Survey nationally, have inevitably involved some very difficult decisions. As was the case last year, we have been helped by the fall in inflation which is now at its lowest level for 25 years. Also, by maintaining downward pressure on public sector pay, resources which would otherwise be required to meet higher paybills will instead be available for service provision and capital expenditure."

4. The Secretary of State continued:

"Northern Ireland will also benefit from the substantial assistance which the Chancellor announced to offset the effect of adding VAT to domestic fuel. He also announced additional help for improving insulation and draught-proofing of houses, which will double the existing amount of money available and increase, quite significantly, the number of households in Northern Ireland eligible for this assistance. Both of these measures will ensure that the most vulnerable groups in our society are protected."

5. Emphasising the difficult nature of this year's Survey, the Secretary of State said:

"Northern Ireland has had to play its part in the overall control of Public Expenditure, largely necessitated by the cost of the recession. In a tight Survey we have to concentrate on addressing our declared priorities for public expenditure in Northern Ireland: defeating terrorism; strengthening the economy; and targeting social need. The Government attaches much importance nationally to health and education also. The allocations which I have announced today seek to reflect these priorities. This means that whilst expenditure in some areas will increase, other areas will have no increase and few will get less".

6. Commenting on the allocation to the **Law and Order** programme, £931m in 1994/95, the Secretary of State said:

"This reflects the status of defeating terrorism as the Government's top public expenditure priority in Northern Ireland. Spending on policing will rise by 5% next year, an increase of 1% in real terms. This will enable RUC manpower to be maintained at the higher level agreed last year, and ensure that the force has the resources, manpower and equipment it needs to carry out its dangerous and difficult

tasks. At the same time it will provide them with the protection they need including, for example, mortar protection, armouring vehicles and improved communication systems."

"The allocation will also permit the refurbishment of Belfast Prison to proceed, in line with the recommendations of the Woolf Report. The project will, of necessity, be on a phased basis."

"Crime prevention efforts will be given a boost by an expansion of the "Safer Towns" initiative, and investment in the development of crime prevention policy tailored to the needs of Northern Ireland."

"It has not been possible to identify sufficient resources to allow the building of a replacement Forensic Science Laboratory. At present, the Laboratory is providing an effective service from accommodation at Seapark, Carrickfergus. It will continue there for the foreseeable future."

7. Turning to the **economy**, the Secretary of State said:

"Northern Ireland is well placed to share in the national economic recovery as a result of its relatively good performance during the recession. Low interest rates, coupled with the measures which the Chancellor announced to assist industry, will enable local businesses, particularly small businesses which are so important to the Northern Ireland economy, to take further advantage of the recovery."

8. The overall allocation for the Industry, Trade and Employment programme next year will be over £455m. This includes £129m for the IDB; £37m for LEDU and £205m for the T&EA. Commenting on these substantial allocations, the Secretary of State said:

"The Survey provision will permit the continuation of established programmes, including inward investment, industrial research and technology, and training, and it will enable businesses to improve their competitiveness. An additional £12m across the Survey years for the Youth Training Programme (YTP) will enable the guarantee of a YTP place for all 16-17 year olds to be maintained. Provision of £23m in 1994/95 for factory building will ensure that facilities are available to support the drive to attract new companies to Northern Ireland. No worthwhile industrial development project will be lost through lack of funds. An extra £5m in 1994/95 for industrial research and technology reflects the important role which I believe research and development plays in the overall strengthening of the Northern Ireland economy. Lastly, for the promotion of tourism, an additional £4m has also been provided."

9. Turning to **Targeting Social Need (TSN)** the third public expenditure priority for Northern Ireland, the Secretary of State said that TSN is aimed at combatting deprivation and ensuring greater equality and equity throughout the Northern Ireland community. He was pleased that it was possible to authorise a number of measures which would ensure that progress with TSN will be maintained and accelerated. He said:

"TSN is an integral part of the business of Government in Northern Ireland. As a matter of policy, Departments skew resources within their existing baselines to the areas of most need. I am able to say that provision (including anticipated EC receipts) in several important areas relevant to TSN in 1994/95 will be higher than that announced for 1993/94. These include **Making Belfast Work**, where total provision in 1994/95 rises by £1m to almost £25m; **Rural Development**, which increases by £3m to £5m; **ACE** which increases by £2.6m to almost £55m; **Housing Renovation Grants**, which increase by £1.5m to almost £38m; and **Community Infrastructure** projects,

where new provision of £1.1m is being made. The fact that these sums have been made available in the context of this very difficult period is an indication of the importance which Government continues to attach to TSN."

10. Turning to the substantial allocations for **Health and Education**, the Secretary of State said:

"Despite other pressures on Northern Ireland public expenditure, I am pleased that we have been able to provide an increase in funding for **Health and Personal Social Services** by allocating £1,423m for 1994/95. This is equivalent to £863 for every man, woman and child."

"Total planned expenditure for education and related services in 1994-95 is £1,291m, an increase of £48m on the 1993-94 allocations for these programmes. These additional resources should enable schools to meet the costs of increasing pupil numbers, and should be sufficient to maintain the existing standard of recurrent funding of schools and further education colleges. Priority will be given to protecting standards of provision in the classroom, and increasing the support which is available for pupils with special educational needs."

"To provide for these priorities, however, some savings will have to be found in other areas of the budget. Our plans provide for a further increase in the number of students in higher education. By 1994/95 over 36% of our young people will have a place at a university or other higher education institution."

"In recognition of the strategy being prepared by the new Arts Council, provision for the **Arts** will be restored to broad parity with GB."

11. Total resources for **Housing** will benefit from the proceeds of a 7.5% increase in Housing Executive rent levels from 1 April

1994. Accordingly, the resources available to housing in 1994/95 will be £567m, an increase of £14m compared to the current year. The Secretary of State said:

"I was pleased that the most recent survey of house conditions showed a 20% improvement in unfitness levels, although I recognise that much work remains to be done. While accepting that funding is less than the Housing Executive and Housing Associations sought, I believe that the resources available will support our objectives of improving housing conditions and meeting urgent housing need."

12. The allocations announced today will provide for an increase of £2.5m on **Roads Maintenance**, and funding for the **Environment Service** will be maintained at its previously planned level.

13. On **Agriculture**, the Survey outcome will provide for the continuation of the Department's ongoing programmes. Although changes to Hill Livestock Compensatory Allowances (HLCAs) have been announced nationally, other changes have benefitted the hill farming community. Additional provision has been made for the administrative commitments associated with reform of the Common Agricultural Policy and other EC regulations.

14. Commenting on capital expenditure, the Secretary of State said:

"The allocations I have announced today will support a substantial programme of capital expenditure. I will, however, also be looking for an increasing contribution to our capital programmes from privately financed investment. The private sector has much to contribute in terms of skills and expertise, as well as new investment and service provision in areas traditionally regarded as the responsibility of the public sector. We are considering a range of possible options, including build, own and operate schemes in water and

sewerage. I would like to take this opportunity today to encourage local industry to look seriously at the possibilities this initiative offers, and to come up with imaginative proposals which will benefit both industry and the community at large."

15. Summing up, the Secretary of State said:

"I am pleased that it has been possible to address positively the Government's public expenditure priorities for Northern Ireland, as well as maintaining a high level of spending on health and education. Nevertheless, at a time when restraint is important in pursuit of the Government's overall economic objectives, I will continue to review all programmes so as to ensure that we obtain maximum value for money for the people of Northern Ireland."

NOTES FOR EDITORS

1. Changes to the total provision for the Northern Ireland allocation are made under a system known as comparability. This means that the Northern Ireland allocation is adjusted in line with movements in comparable programmes in GB. This is done by applying a population-based percentage (currently 2.87%) to the totality of changes in comparable programmes.
2. The Government's main tool for controlling public spending is the New Control Total (NCT). This excludes the two elements of spending not directly related to the economic cycle (debt interest and cyclical-related social security payments). These inevitably increase during recession, but are excluded from the NCT so that, over time their temporary rise does not feed through into a permanently high level of spending.
3. The Private Finance initiative announced in the Chancellor's Autumn Statement in November 1992 is aimed at involving the private sector in new investment and service provision in areas traditionally regarded as the responsibility of the public sector. There are only two fundamental requirements for a private finance project: risk must be genuinely shared with the private sector and value for money must be demonstrated for any expenditure by the public sector. The Government has said that where these requirements are met,

spending by the private sector will be additional to public provision. A guidance booklet "Breaking New Ground" has recently been published by HM Treasury and copies of this are available from Department of Finance and Personnel, Parliament Buildings, (0232) 521391.

PARLIAMENTARY QUESTION AND ANSWER

1993 PUBLIC EXPENDITURE SURVEY

Mr John Marshall (Hendon South): To ask the Secretary of State for Northern Ireland, if he will make a statement about the allocation to individual programmes in Northern Ireland of the Public Expenditure Totals announced on 30 November.

Secretary of State for Northern Ireland:

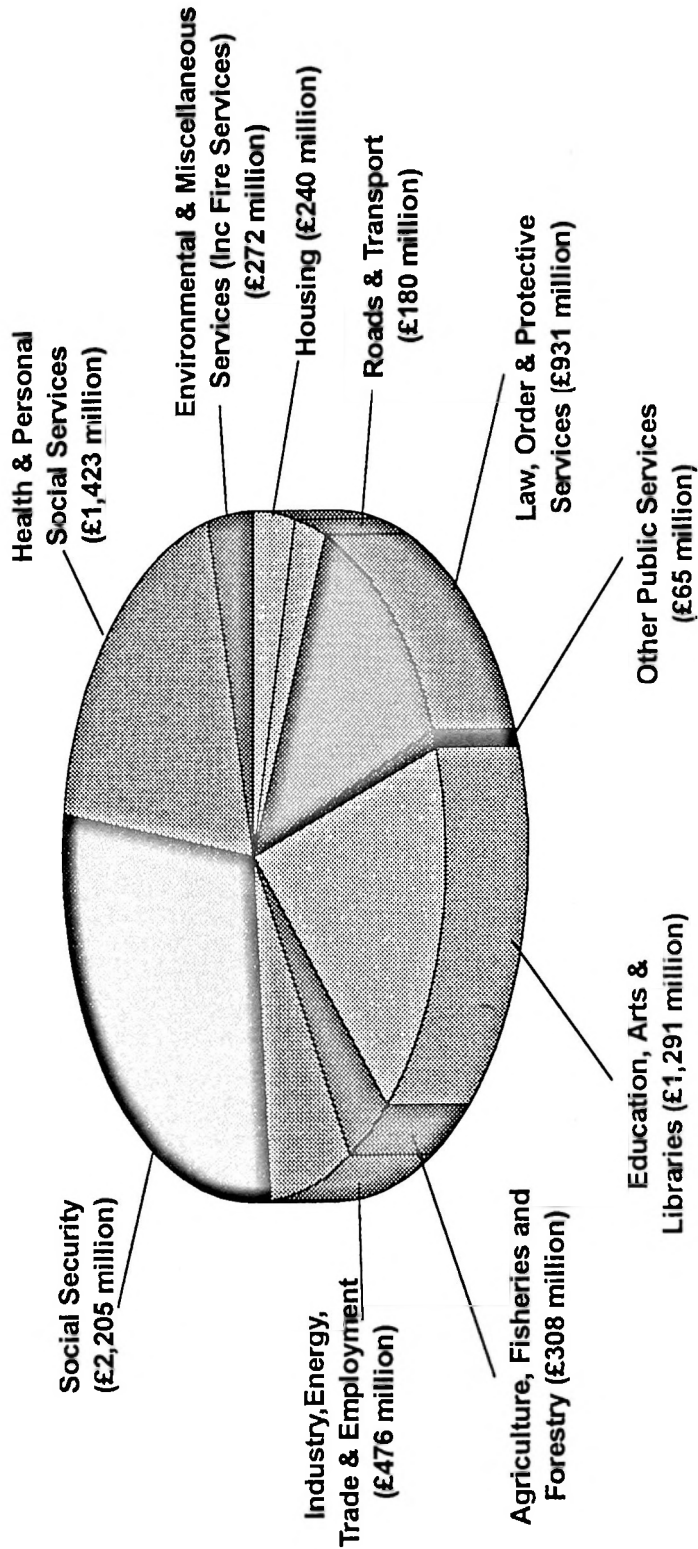
In his Unified Budget Statement on 30 November, my Right Honourable Friend the Chancellor of the Exchequer, announced total Public Expenditure planning figures for the Northern Ireland programme. I have now decided on the allocations to individual programmes as shown in the table below. Copies of a more detailed statement have been placed in the Library. These allocations reflect my assessment of how best to distribute the Northern Ireland Public Expenditure totals in response to local needs and circumstances.

	1994-95	1995-96	1996-97
£m			
PROGRAMME			
Northern Ireland Office:			
Law, Order, Protective and Miscellaneous Services	931	950	970
Northern Ireland Departments			
Northern Ireland Agriculture, Fisheries and Forestry Services and Support	142	140	140
Industry, Trade and Employment	456	450	440
Energy	20	60	50
Roads and Transport	180	170	170
Housing	240	250	260
Environmental and Miscellaneous Services	233	230	220
Law, Order and Protective Services (Fire Service)	40	40	40
Education, Arts and Libraries	1,291	1,340	1,360
Health and Personal Social Services	1,423	1,520	1,560
Social Security Administration	153	150	150
Other Public Services	65	60	60
NI Block (excluding Social Security Benefits)	5,172	5,360	5,420
Social Security Benefits	2,052	2,200	2,330
NI Block	7,224	7,550	7,750
National Agriculture & Fisheries Support	166	190	190
NI Programme	7,390	7,740	7,940

- Notes:**
- (1) Figures are presented on the New Control Total basis an explanation of which was given in the Chancellor's Autumn Statement on 12 November 1992. They exclude cyclical Social Security Benefits of £544m, £580m and £610m.
 - (2) Figures are rounded to nearest £1m in 1994-95 and to nearest £10m in 1995-96 and 1996-97.
 - (3) The figures for 1994-95 will form the basis for preparation by Northern Ireland Departments and the Northern Ireland Office of Main Estimates for the coming year. These will be presented to Parliament in due course.
 - (4) The figures for Education, Arts and Libraries reflect a transfer of £7.4m, £11.5m and £11.8m to GB as a result of the change to Higher Education Tuition Fees.

NI PUBLIC EXPENDITURE 1994-95

TOTAL £ 7390 MILLION



1993 PUBLIC EXPENDITURE SURVEY - PROGRAMME ANALYSIS

£ Million

PROGRAMME	1993-94 Estimated Outturn	1994-95 Plans	£m Change 1994-95 from 1993-94	% Change 1994-95 over 1993-94
Northern Ireland Office				
- Law, Order and Protective Services	927	931	4	0.4
Northern Ireland Departments				
- Agriculture, Fisheries and Forestry Services & Support	136	142	6	4.1
- Industry, Trade & Employment	470	456	-14	-3
- Energy	14	20	5	37.4
- Roads and Transport	186	180	-6	-3
- Housing	240	240	-	-
- Environmental and Miscellaneous Services	233	233	-	-
- Law, Order and Protective Services (Fire Service)	39	40	1	1.9
- Education, Arts and Libraries ⌘	1,243	1,291	48	3.9
- Health and Personal Social Services □	1,331	1,423	92	6.9
- Social Security Administration	158	153	-5	-2.9
- Other Public Services	64	65	-	0.2
TOTAL NI BLOCK (excluding Social Security Benefits)	5,040	5,172	132	2.6
- Social Security Benefits (Non Cyclical) ❖	1,934	2,052	117	6.1
TOTAL NI BLOCK	6,975	7,224	249	3.6
- National Agriculture and Fisheries Support	136	166	30	22.1
TOTAL NORTHERN IRELAND PROGRAMME	7,110	7,390	279	3.9

Notes: ⌘ 1994/95 figure excludes resources of £7m transferred to GB Education Departments in respect of Higher Education Tuition Fees.

□ Includes resources of £25m and £65m in 1993-94 and 1994-95 for Community Care.

❖ Excludes cyclical social security benefits of £48.5m in 1993-94 and £54.4m in 1994-95.