

Statement on Environment Programmes

I attach a copy of the final version of Mr. Heseltine's statement about certain of his public expenditure programmes, and about the designation of new enterprise zones.

There were two themes to the Opposition Questions. First, Mr. Kaufman pressed Mr. Heseltine on whether he would exempt the revenue consequences of any increased capital spending by local authorities from the Government's targets. Second, a series of Labour MPs welcomed the new enterprise zones, particularly where these covered parts of their constituencies, while others claimed, in line with the new Labour policy, that enterprise zones do little to create jobs. Mr. Heseltine stuck to the line that the plans for local authorities' current expenditure allow for the financing cost of the full planned capital programme. He attacked the Opposition for scorning our plans to encourage capital spending by local authorities, and pointed out that, under the Opposition, local authority capital expenditure had halved, and that current expenditure had reached record levels. He was able to make some play with the Opposition's confusion over its attitude to enterprise zones, and pointed out that the Government had received over 50 applications from local authorities, including many Labour authorities, for the latest batch of nine.

The Speaker allowed Questions to run on for almost an hour, and the questioning became somewhat lifeless.

The Speaker then had to consider the three SO9 applications put down today:

1. Denis Howell calling for a debate on Government interference in the pay negotiations in the water industry;
2. David Watkins calling for a debate on the situation in the steel industry, and the options put to the Government by Mr. MacGregor.
3. Ian Wrigglesworth calling for a debate on the security issues raised by the Prime case.

All three refused.

The Opposition seem to have made it a policy to put down at least 2 or 3 SO9 applications a week, if not more, simply to gain publicity.

WA

15 November, 1982.

STATEMENT BY THE SECRETARY OF STATE FOR THE ENVIRONMENT:

MONDAY 15 NOVEMBER 1982

DEPARTMENT OF THE ENVIRONMENT PROGRAMMES

With permission, Mr Speaker, I will make a statement about certain public expenditure programmes, for the Department of the Environment.

This follows the statement made by my Rt Hon Friend the Chancellor of the Exchequer on 8 November.

Details are being laid in the Vote Office.

I shall also announce the designation of new Enterprise Zones.

As my Rt Hon Friend said, for the first time since 1977 a government's public expenditure plans have not had to be revised upwards from one year to the next.

The total of planned expenditure for my own programmes has also remained broadly the same.

However, as a result of the considerable success of the programme of sales of council houses and of other assets, significant additional resources are now being realised by local government. In 1983-4 these sales should be worth some £1,750 millions. This allows for a marked increase in certain capital programmes.

I deal first with housing.

For the current year I have asked local authorities to accelerate their capital programmes in order to spend closer to the national provision.

I have offered additional capital allocations for all authorities which need them.

Local authorities can increase their expenditure on home improvement grants this year without limit.

The Government agrees with the proposal - endorsed by the House Builders Federation - that local authorities should buy completed, or nearly completed, low cost homes directly from housebuilders for sale, under shared ownership arrangements, to first time buyers and those on the waiting list.

I urge local authorities to promote these schemes.

I have also discussed with the Housing Corporation the effective use of additional resources this year.

I have agreed an increase of £150 million in the Corporation's cash limit for 1982-3 to £680 millions.

This allows additional expenditure on fair rent, hostel and low

most home ownership schemes and the refinancing of private borrowing guaranteed by the Corporation.

For 1983-4 the gross capital provision for housing will be increased from this year's provision of £3,190m to £3,243m.

This is some £340m above the expected outturn for the current year, taking account of the forecast additional spend from my statement today.

It will sustain a substantial increase in construction and improvement activity.

I have already announced the continuation of the higher improvement grant rates until the end of 1983-4.

I shall be taking additional steps to assist local authorities to meet the resulting demand.

I deal now with other DOE programmes.

For the current year, 1982-3, local authorities have been invited to seek any additional allocations they need for derelict land, urban programme expenditure, or other projects.

The grant to the Sports Council is also being increased to enable increased capital expenditure, particularly in communities where the needs are greatest and where the development of small facilities can provide a basis for partnership between voluntary organisations and local government. The Minister for the Arts and I are making a further grant of £5m to the National Heritage Memorial Fund. I will also provide additions to the grants to the Nature Conservancy Council and the Countryside Commission.

I turn now to 1983-4. A breakdown of DOE programmes is shown in the figures placed in the Vote Office. The external finance limit for water authorities will allow capital investment to be increased from £632m to £677m. Provision for gross capital expenditure on local environmental services will be £605m compared with forecast outturn this year of £481m. Within the smaller programmes there will be an increase in the heritage, conservation and sports budgets, from £156m to £165m.

I shall be concentrating further additional resources on the urban and derelict land programmes. The House will be aware that I recently launched a new initiative under the urban and derelict land programmes, and invited local authorities to submit viable schemes providing that they attract substantial funds from the private sector. The response from local government and the private sector has greatly exceeded expectations. We have bids of £275m

from the public sector put forward in conjunction with a potential further £900m of investment from the private sector, spread over a number of years. Our initial appraisal indicates that in the first year a public contribution of £85 million could be necessary, and I have therefore increased accordingly the £70 million originally earmarked. Substantial private sector funds will flow as a consequence of this injection of government support. The balance of both public and private expenditure will be invested over subsequent years.

In addition, I am increasing the remaining special budgets for the urban and derelict land programmes. Including the £85m for the joint schemes, the urban programme will be increased from an expected outturn of £280m this year to £348m; the derelict land programme will be increased from £59m to £75m; and the resources of the UDCs of London and Merseyside will be increased from £64m to £67m. In total, the public expenditure provision for these programmes next year will be £490m, an increase of £87 million or 22% on the likely outturn for this year.

As a further part of our efforts to restore economic health to run-down industrial areas, I can tell the House the Government's decisions on the designation of new Enterprise Zones in England.

My Rt Hon Friend the Chancellor of the Exchequer announced on the 27 July that the Government intended to designate 11 new Zones, 7 of them in England. More than 50 English authorities have submitted bids, many of high quality.

As a result, the Government has decided that, in England, we should go ahead with 9 new Zones: in Allerdale and North East Lancs in the North West; Rotherham and Scunthorpe in Yorkshire and Humberside; Telford in the West Midlands; North East Derbyshire and Wellingborough in the East Midlands; Middlesbrough in the North East; and in North West Kent, including parts of Rochester, Gillingham and Gravesham. The Government has also decided to extend the existing Zones at Speke in Liverpool, and Wakefield in West Yorkshire. There will be further detailed discussions.

Mr Speaker, these programmes give priority to capital expenditure.

Significant additional resources arise from the success of local government - which I commend - in selling council houses to their tenants and in realising other assets. The announcements today

Underline our commitment to the inner cities, and to the restoration and improvement of some of the most run-down and depressed industrial areas of our society. And there is an enhanced opportunity for capital investment by much of local government.

EXPENDITURE ON DOE CAPITAL PROGRAMMES IN 1983-4 COMPARED WITH
 1982-3 PROVISIONAL OUTTURN (All figures are shown gross, and the provision
 for 1983-4 includes estimates of capital receipts in that year where relevant.)

	1983-4	Provisional Outturn 1982-3
Housing Capital	3243	2900
Regional Water Authorities ¹	677	632
Grants to British Waterways Board	41	38
Local Environmental Services, Capital (including New Towns Commercial and Industrial)	605	481
Coast protection	19	16
Derelict Land Reclamation ³	75	59
Urban Programme	348	280
Urban Development Corporations	67	64
Royal Palaces, Parks Ancient Monuments Historic Buildings, the Heritage	85	80
Grants to Environmental Bodies etc inc. Sports Council & Development Fund	80	76
PSA	470	437

FOR PUBLIC EXPENDITURE PROGRAMMES

1982-3 In order to enable the level of capital expenditure on DOE programmes to be brought closer to the overall provision made at the start of the year, the following increases to cash limits or changes to grants are being made:

	INCREASE	RESULTING REVISED CASH LIMIT
Housing Corporation ² (DOE/HCl)	£150m	£680m
Central Environmental Services (Vote VIII, 2)	£3m (increased grants)	
National Heritage Memorial Fund (DOE Vote VIII, 4) (DES Vote X, 22)	£2½m £2½m (increased grant)	

NOTES

1. The programme total published in the Autumn Statement includes the Water Authorities' external financing requirement not their investment.
2. The increase in the Housing Corporation cash limit is after abatement for a small overspend in 1981-2.
3. The urban programme figure includes public expenditure provision by other Departments.

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Prime Minister ①

✓ Press Office

Content with this statement?

LOCAL GOVERNMENT

CONFIDENTIAL

Ms 12/11



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:
12 November 1982

Dear John

STATEMENT ON MONDAY 15 NOVEMBER

I attach, as promised, a revised version of the oral statement to be made on Monday, 15 November by my Secretary of State. I hope you will find that it takes into account the points made by the Treasury. My Secretary of State will be looking at it over the weekend and, of course, further changes are therefore possible.

Copies of this go, as before, to the Private Secretaries to the Prime Minister, the Chancellor of the Exchequer, the Leader of the House of Commons, the Secretaries of State for Industry, Employment, Scotland and Wales, the Paymaster General and to Sir Robert Armstrong.

D A EDMONDS
Private Secretary

John Gieve Esq
PS/Chief Secretary to the Treasury

DEPT (PM:12.11.81)

STATEMENT BY THE SECRETARY OF STATE FOR THE ENVIRONMENT:

MONDAY 15 NOVEMBER 1982

With permission, Mr Speaker, I will make a statement about certain public expenditure programmes, following the statement made by my Rt Hon Friend the Chancellor of the Exchequer on 8 November. Full details are being laid in the Vote Office. I shall also announce the designation of new Enterprise Zones.

As my Rt Hon Friend said, for the first time since 1977 a government's public expenditure plans have not had to be revised upwards from one year to the next.

The total of planned expenditure for my own programmes has also remained broadly the same.

As a result of the considerable success of the council house sales programme, and through the disposal of assets, additional significant cash is now flowing into local government.

In 1983-4 these sales should be worth some £1½ billion.

This allows for a marked increase in certain capital programmes.

I deal first with housing.

For the current year I have asked local authorities to accelerate their capital programmes in order to spend closer to the national provision.

I have offered additional capital allocations for all authorities which need them.

Local authorities can increase their expenditure on home improvement grants this year without limit.

The Government agrees with the proposal - endorsed by the House Builders Federation - that local authorities should buy completed, or nearly completed, low cost homes directly from housebuilders for sale, under shared ownership arrangements, to first time buyers and those on the waiting list.

I urge local authorities to promote these schemes.

I have also discussed with the Housing Corporation the effective use of additional resources this year.

I have agreed an increase in the Corporation's cash limit for 1982-3 of £150m to £680m.

This allows additional expenditure on fair rent, hostel and low cost home ownership schemes and the refinancing of private borrowing guaranteed by the Corporation.

For 1983-4 the gross capital provision for housing will be increased from this year's provision of £3,165m to £3,243m.

This is some £340m above the expected outturn for the current year, taking account of the forecast additional spend from my statement today.

It will sustain a substantial increase in construction and improvement activity.

I have already announced the continuation of the higher improvement grant rates until the end of 1983-4.

I shall be taking additional steps to assist local authorities to meet the resulting demand.

I deal now with other DOE programmes.

For the current year local authorities have been invited to seek any additional allocations they need for derelict land, urban programme expenditure, or other projects.

The grant to the Sports Council is also being increased to enable increased capital expenditure, with particular emphasis on urban and rural deprivation.

The Minister for the Arts and I are making grant of £5m to the National Heritage Memorial Fund. I will also provide small additions to the grants to the Nature Conservancy Council and the Countryside Commission.

For 1983-4, a detailed breakdown of DOE programmes is shown in the figures placed in the Vote Office. The external finance limit for water authorities will allow capital investment to be increased from £632m to £677m. Provision for gross capital expenditure on local environmental services will be £605m compared with forecast outturn this year of £481m. Within the smaller programmes there will be a small increase in the heritage, conservation and sports budgets, from £156m to £165m.

I shall be concentrating further additional gross resources on the urban and derelict land programmes. The House will be aware that I have already earmarked a sum of up to £70m of public expenditure from the 1983-4 urban and derelict land programmes, on condition that local authorities submit viable schemes attracting significant private funds to add to that figure. Mr Speaker, the response from local government and the private sector has greatly exceeded expectations. We have bids of £275m from the public sector. These could realise a potential further £900m of investment from the private sector. We are anxious to make all reasonable progress.

I am therefore increasing the provision to £85m. This should enable

us to meet the first year costs of all the schemes that after scrutiny we shall be able to approve. Substantial private sector funds will flow as a consequence of this injection of government support. The balance of both public and private expenditure will be invested over subsequent years.

In addition, I am increasing the remaining special budgets for the urban and derelict land programmes. Including the £85m for the joint schemes, the urban programme will be increased from an expected outturn of £270m this year to £348m; the derelict land programme will be increased from £46m to £75m; and the resources of the UDCs of London and Merseyside will be increased from £64m to £67m. In total, the public expenditure on these programmes next year will be £490m, an increase of £104m or 27% on this year.

As a further part of our efforts to restore economic health to run-down urban areas, I can tell the House the Government's decisions on the designation of new Enterprise Zones in England.

My Rt Hon Friend the Chancellor of the Exchequer announced on the 27 July that the Government intended to designate 11 new Zones, 7 of them in England. More than 50 English authorities have submitted bids, many of high quality.

As a result, the Government has decided that, in England, we should go ahead with 9 new Zones: in Allerdale and North East Lancs in the North West; Rotherham and Scunthorpe in Yorkshire and Humberside; Telford in the West Midlands; North East Derbyshire and Wellingborough in the East Midlands; Middlesbrough in the North East; and in North West Kent, including parts of Rochester, Gillingham and Gravesham. The Government has also decided to extend the existing Zones at Speke in Liverpool, and Wakefield in West Yorkshire. There will be further detailed discussions.

Mr Speaker, it has always been this Government's policy to give priority to capital expenditure. The success of our programme of council houses and land sales means that local authorities will have the resources next year to achieve a significant increase.

Our commitment to the inner cities is illustrated by the additional backing the Government is giving to partnership with the private sector in restoring dereliction and improving conditions in what are often the most run-down and depressed areas of our society.

GROSS EXPENDITURE ON DOE CAPITAL PROGRAMMES IN 1983-4 COMPARED WITH
1982-3 PROVISIONAL OUTTURN

	1983-4	Provisional Outturn 1982-3	
Housing Capital			
Local Authorities 2486)		2068	
Housing Corporation 695)	3243	750	2900
New Towns 75)		82	
Regional Water Authorities	677		632
Grants to British Waterways Board	41		38
Local Environmental Services, Capital	605		481
Coast protection	19		16
Derelict Land Reclamation	75		52
Urban Programme	348		270
Urban Development Corporations	67		64
Royal Palaces, Parks Ancient Monuments Historic Buildings, the Heritage	85		80
Grants to Environmental Bodies etc inc. Sports Council & Development Fund	80		76
PSA	470		437

FOR PUBLIC EXPENDITURE PROGRAMMES

1982-3 In order to enable the level of capital expenditure on DOE programmes to be brought closer to the overall provision made at the start of the year, the following increases to cash limits or changes to grants are being made:

	INCREASE	RESULTING REVISED CASH LIMIT
Housing Corporation (DOE/HC1)	£150m	£680m
Central Environmental Services (Vote VIII,2)	£3m	£111m
National Heritage Memorial Fund (DOE Vote VIII,4) (DES Vote X,22)	£2½m £2½m	

NOTES

1. The programme total published in the Autumn Statement includes the Water Authorities' external financing requirement not their investment.
2. The increase in the Housing Corporation cash limit is after abatement for a small overspend in 1981-2.

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CONFIDENTIAL

local Govt

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

- 1. Mr Rickett ^{12/11} (1)
- 2. Prime Minister

My ref:

Your ref:

11 November 1982

Content with this draft
statement?

ms 12/11

PA.

Dear John

As you will have heard from the discussions earlier today, my Secretary of State proposes to make an oral statement on Monday, 15 November, following up the Chancellor's statement of earlier this week with a description of the implications for DOE programmes. In the light of his discussions with the Chief Secretary, my Secretary of State has prepared the attached first draft of a possible statement. It is, of course, subject to drafting changes. He would, however, be grateful for any comments which the Chief Secretary might have on the draft. It would be helpful if these could reach this office by 2.30 pm tomorrow, Friday, 12 November.

I am copying this letter, and the enclosure, to the Private Secretaries to the Prime Minister, the Chancellor of the Exchequer, the Leader of the House of Commons, the Secretaries of State for Industry, Employment, Scotland and Wales, and to Sir Robert Armstrong.

D A Edmonds
D A Edmonds

D A EDMONDS
Private Secretary

CONFIDENTIAL

John Gieve Esq
PS/Chief Secretary

DR. T (PM:11.11.81)

STATEMENT BY THE SECRETARY OF STATE FOR THE ENVIRONMENT:

MONDAY 15 NOVEMBER 1982

With permission, Mr Speaker, I will now make a statement about certain of my capital expenditure programmes.

Full details are being laid in the Vote Office.

I shall also refer to decisions on the designation of new Enterprise Zones.

As a result of the very considerable success of the council house sales programme and the disposal of local authority assets additional significant cash is now flowing into local government which allows for a significant increase in capital expenditure on certain programmes.

I deal first with housing.

For the current year I have asked local authorities to accelerate their capital programmes in order to spend closer to the national provision, and have offered additional capital allocations for any authorities which need them.

Local authorities have been told that they can increase their expenditure on home improvement grants this year without limit.

The Government has been urging for some time a proposal recently highlighted by the President of the House Builders Federation that local authorities should buy completed, or nearly completed low cost homes directly from housebuilders for sale to first time buyers and those on the waiting list under shared ownership arrangements. I urge all local authorities to promote these schemes.

I have also discussed with the Chairman of the Housing Corporation whether the Corporation could use additional resources effectively this year.

As a result, it has been agreed that the Corporation's cash limit for 1982-3 should be increased by £150m to £680m allow additional expenditure on fair rent, hostel and low cost home ownership schemes and the refinancing of private borrowing guaranteed by the Corporation.

For 1983-4 the gross capital provision for housing will be increased

from this year's provision of £3,190m to £3,240m.

This is some £340m above the presently expected outturn for the current year, taking account of the forecast additional spend from my statement today, and will sustain a substantial increase in construction and improvement activity.

In addition I can now announce that authorities will be allowed to continue to incur expenditure on home improvement grants throughout 1983-4 even if that would mean exceeding the amount they proposed to spend on grants when they originally submitted their HIP bids for allocations this year.

I deal now with other DOE programmes.

For the current year local authorities have been invited to reconsider their plans and to seek any additional allocations they need for derelict land or urban programme expenditure or other projects in the same way as for housing.

The grant in aid to the Sports Council (and the Nature Conservancy Council and Countryside Commission) is also being increased so as to enable it to increase its capital expenditure moderately in the current year, with particular emphasis on schemes to assist areas of urban and rural deprivation.

For 1983-4 a detailed breakdown of DOE's programmes is shown in the figures I have placed in the Vote Office.

Water authority capital investment will be increased from £632m to £677m, and provision for gross capital expenditure on local environmental services will be increased from £400m to £605m.

Within the smaller programmes I am able to announce a useful increase in the heritage, conservation and sports budget from £148m to £165m.

I shall be concentrating further additional gross resources on the greater part of the additional on the urban and derelict land programmes.

The House will be aware that I have already earmarked a sum of up to £70m of public expenditure from next year's urban programme and derelict land programme providing that local authorities submit viable schemes attracting significant private funds to add to that figure.

Mr Speaker, the response from both local government and the private sector has greatly exceeded our expectations.

We have bids of £275m from the public sector which could realise a further potential £900m of investment from the private sector. We are anxious to make all reasonable progress.

We are therefore increasing the provision to £85m which we calculate will enable us to meet the first year costs of all the schemes that after scrutiny we shall be able to approve.

Substantial private sector funds will flow as a consequence of this injection of government support and the balance of both public and private expenditure will continue to be spent over subsequent years.

In addition, I shall be increasing the remaining special budgets for the urban areas.

The totals - including the £85m for the joint schemes - are as follows:

the urban programme will be increased from £270m to £348m;
the derelict land programme will be increased from £46m to £75m;
and the resources of the UDCs of London and Liverpool will be increased from £64m to £67m.

In total, the public expenditure on these programmes next year will be £490m, an increase of 29% on this year.

As a further part of our efforts to restore economic health to run-down urban areas, I am able to tell the House about the Government's decisions on the designation of new Enterprise Zones in England.

My Rt Hon Friend the Chancellor of the Exchequer announced on the 27 July that the Government intended to designate 11 new Zones, 7 of them in England.

Local authorities were invited to submit proposals for Zones in their areas.

The response was considerable: more than 50 authorities from all over the country submitted bids to have one of the new Zones in their area.

The quality of many of the bids was very high.

As a result, the Government has decided that, in England, we should go ahead with 9 new Zones and that 2 existing Zones should be

extended.

The 9 new Zones will be in Allerdale and North East Lancs in the North West; Rotherham and Scunthorpe in Yorkshire and Humberside; Telford in the West Midlands; North East Derbyshire and Wellingborough in the East Midlands; Middlesbrough in the North East; and North West Kent including parts of Rochester, Gillingham and Gravesham.

The Government has also decided to extend the existing Zones at Speke in Liverpool, and Wakefield in West Yorkshire.

There will be further discussions with the Local Authorities concerned about the details of the new Zones.

Mr Speaker, the announcements I have made today represent a significant reversal in the overall decline in capital programmes that has characterised much of public expenditure since 1975. They are by far the largest Government programmes backing partnership with the private sector to restore dereliction and to support inner urban schemes that have been launched and illustrate our commitment to the improvement of conditions in what are often the most run-down and depressed areas of our society.

GROSS EXPENDITURE ON DOE CAPITAL PROGRAMMES IN 1983-4 COMPARED WITH
1982-3 PROVISIONAL OUTTURN

	1983-4	Provisional Outturn 1982-3	
Housing Capital			
Local Authorities 2486)		2068	
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Local Environmental Services, Capital	605		400
Coast protection	19		16
Derelict Land Reclamation	75		52
Urban Programme	348		270
Urban Development Corporations	67		64
Royal Palaces, Parks Ancient Monuments Historic Buildings, the Heritage	85		75
Grants to Environmental Bodies etc inc. Sports Council & Development Fund	80		73
PSA	470		437

FOR PUBLIC EXPENDITURE PROGRAMMES

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Central Environmental Services (Vote VIII,2)	£3m	£111m
National Heritage Memorial Fund (Vote VIII,4)		