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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Patrick Jenkin MP  
Secretary of State  
Department of Industry  
Ashdown House  
123 Victoria Street  
London SW1E 6RB

23 December 1982

P Patrick

ms

#### NATIONALISED INDUSTRY INVESTMENT APPROVALS

We need to give nationalised industries' formal approval for their level of investment in each of the next three years.

... I enclose a table which sets out industries' expected level of expenditure on fixed assets in the UK in 1983-84 to 1985-86 (industries whose figures are not yet settled have been excluded). Figures have been taken from the returns that your Department has submitted and will be included in the forthcoming Public Expenditure White Paper (except for those not publicly announced). As is customary, I am content that you should, as appropriate and as soon as possible, give your industries' formal approval to spend up to 100 per cent of the sums listed for 1983-84, 85 per cent for 1984-85 and 70 per cent for 1985-86. The table shows approved levels of investment calculated on this basis. The figures are consistent with EFLs for 1983-84 and external finance requirements for later years that we agreed in this year's IFR. Officials will shortly circulate detailed baseline figures for individual industries over the next three years in order to help industries' future planning. If industries fulfill their plans, investment in 1983-84 will increase by about 12 per cent over this year's estimated outturn (excluding BNOC).

I hope that when you give your industries their approvals you impress upon them the need to make full and proper use of their investment funds. We have all been embarrassed by industries' underspending on investment this year and last year, and we should do all we can to prevent a repetition of this in 1983-84. In this context, I am aware that a problem has already arisen in the case of the British Airports Authority where the Board have decided to cut investment for 1983-84 to a level some £22 million less than provided for in the White Paper. I hope Arthur Cockfield will let me have his views on this as soon as possible.

I am copying this to other Ministers with nationalised industry sponsorship responsibilities, Sir Robert Armstrong and Robin Butler.

*LB*  
*LB*

LEON BRITTAN

## CONFIDENTIAL

## NATIONALISED INDUSTRY FINANCING

## Expenditure on Fixed Assets in the UK

## Investment Approvals 1983-4 to 1985-6

	1983-84	1984-85		1985-86	
	Approved expenditure	Estimated expenditure (a)	Approved expenditure (85% of (a))	Estimated expenditure (b)	Approved expenditure (70% of (b))
ELECTRICITY (ENGLAND AND WALES)	1395.0	1475	1254	1534	1074
NORTH OF SCOTLAND HYDRO-ELECTRIC BOARD	43.1	44	37	51	36
SOUTH OF SCOTLAND ELECTRICITY BOARD	431.7	335	285	290	203
BRITISH GAS CORPORATION	885.0	876	745	791	554
BRITISH TELECOM	1997.0	2230	1896	2259	1581
POST OFFICE	130.0	140	119	150	105
NATIONAL GIROBANK	9.0	7	6	8	6
BRITISH AIRWAYS BOARD	229.0	198	168	200	140
BRITISH AIRPORTS AUTHORITY	152.0	156	133	185	130
BRITISH RAILWAYS BOARD	337.0	387	329	482	337
BRITISH WATERWAYS BOARD	3.5	4	3	4	3
NATIONAL BUS COMPANY	59.0	72	61	88	61
SCOTTISH TRANSPORT GROUP	18.8	17	14	19	13
CIVIL AVIATION AUTHORITY	26.1	30	26	34	24

## Notes

- (1) 1984-85 and 1985-86 figures rounded to nearest £million  
(2) NCB, BSC, and BS figures still to be settled (NCB expenditure approved at £800 million for 1983-84)

Mr Kemp  
Mr Mountfield  
Mr Chivers  
Mr Culpin  
Mr Grimstone  
Mr Hall  
Mr Hart  
Mr Houston  
Mr Morgan  
Mr Pirie  
Mr N Wicks

Mr R Wilson  
Mr Norgrove  
Mr Rayner



cc Chancellor  
Economic Secretary  
Financial Secretary  
Minister of State (C)  
Minister of State (R)  
Sir D Wass  
Sir A Rawlinson  
Mr Quinlan  
Mr Burgner

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Lord Cockfield  
Secretary of State  
Department of Trade  
1 Victoria Street  
London SW1H 0ET

Prime Minister (2)

To note  
22 October 1982  
rus 25/10

*E. A. ...*

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EFLs FOR 1983-84

We expect to announce nationalised industry EFLs for 1983-84 very quickly after the Cabinet reaches conclusions on this year's Public Expenditure Survey. I am grateful for the assistance I ... have had from you and other colleagues during the IFR and I attach an annexe setting out the EFLs you and I have provisionally agreed for the industries that you sponsor. I do not intend to re-open at Cabinet the agreement that we have provisionally reached.

I imagine you will want to let your Chairman know in confidence their likely EFLs before announcement both as a courtesy and to minimise any risk that they will publicly "disown" or criticise the figures when they are announced. The final outcome will of course have to be confirmed at Cabinet but I am content that, provisionally, you should proceed on the basis of the figures attached to this letter. I will then assume that once Cabinet confirms these figures you are content they should be published.

I am sending copies of this letter to other sponsor Ministers with the figures of their industries. I am also sending copies to the Prime Minister, and Sir Robert Armstrong.

*Leon Brittan*

LEON BRITTAN

## DEPARTMENT OF TRANSPORT

EFLs 1983-84

	<u>£m cash</u>
British Railways Board	973
National Bus Company	69

## DEPARTMENT OF INDUSTRY

EFLs 1983-84

	<u>£m cash</u>
British Steel Corporation	200
British Telecom	120
Post Office	-20
National Girobank	0
British Shipbuilders <sup>(1)</sup>	150

Notes

1. BS EFL provisional pending decisions on Corporate Plan.

DEPARTMENT OF TRADE

EFLs 1983-84

	<u>£m cash</u>
British Airways Board	8
British Airports Authority	33.5
Civil Aviation Authority <sup>(1)</sup>	16.5

Notes

1. CAA EFL will not be included in published list of nationalised industry EFLs until discussion about position of C&AG concluded.

## DEPARTMENT OF THE ENVIRONMENT

EFLs 1983-84£m cashBritish Waterways Board<sup>(1)</sup>

42

Notes

1. BWB EFL of £41.9m rounded to £42m for publication.
2. Regional Water Authorities EFL (£345m) will not be included in published list of nationalised industries' EFLs.



## DEPARTMENT OF ENERGY

EFLs 1983-84

	<u>£m cash</u>
National Coal Board	1130
Electricity (England and Wales) <sup>(1)</sup>	-362
British Gas Corporation	0

Notes

1. Electricity EFL assumes neutral pricing assumptions.

## SCOTTISH OFFICE

EFLs 1983-84

	<u>£m cash</u>
North of Scotland Hydro-Electricity Board	0
South of Scotland Electricity Board	256
Scottish Transport Group <sup>(1)</sup>	19.5

Notes

1. STG EFL of £19.6m rounded to £19.5m for publication.
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