

Econ Pol
Public Expend

cc from office



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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2 Prime Minister
Content?

Willie Rickett Esq
Private Secretary
10 Downing Street
LONDON SW1

Yes no
WR
13/12

13 December 1982

Dear Willie,

PUBLIC EXPENDITURE: ORAL STATEMENT

We have agreed with the Lord President that it would be possible for my Secretary of State to make an oral statement on public expenditure in Scotland in 1983-84 on Wednesday 15 December. I attach the text of the proposed statement, which has been seen in draft by Treasury officials. Mr Younger would be grateful to have the Prime Minister's approval to make this statement and any comments on the text by close of play on Tuesday 14 December.

I am sending copies of this letter and attachment to the Private Secretaries to members of the Cabinet and to the Offices of the Chief Whip and Sir Robert Armstrong.

A. Muir

A MUIR RUSSELL
Private Secretary

DRAFT PUBLIC EXPENDITURE STATEMENT

With permission, Mr Speaker, I should like to make a statement about public expenditure on the Scotland programme in 1983-84.

I have now made my allocations to programmes within the Scottish block and I have completed my consultations with COSLA about the Rate Support Grant and Housing Support Grant settlements. The debates on those Orders will give hon Members a full opportunity to discuss the settlements and I do not want to elaborate on them now. The Rate Support Grant Order and report are being laid before the house [today]. It provides for a total relevant expenditure figure of £3,113.5m and aggregate grants of £1,924.25m. Provision for current expenditure within the total is £2,656m, £21m more than the provisional figure which I announced on 28 July. I shall say more about housing in a moment.

My total programme for 1983-84 now stands at £6380m; £127m higher than the plan for 1983-84 set out in Cmnd 8494 and £309m more than the resources available for the current year. The figures are essentially on the same basis as the Autumn Statement. I shall circulate details in the Official Report.

My programme is in two parts. There is a block of programmes within which I have discretion to allocate resources, the total of which is adjusted by reference to changes in English or English and Welsh programmes; and there are two programmes - Agriculture and Industry - which stand entirely outside the block.

The provision for the programmes outside the block is virtually unchanged from that announced last year except for a reduction of £10m in the provision for the land clearance and building programme of the SDA. There is every indication that the Agency will be able to attract private capital to sustain this element of their programme. I stress that the industrial support programme of the Agency is not being cut.

In allocating resources to the other programmes I have kept particularly in mind three priorities; our continuing commitment to law and order and the fight against crime; maintaining growth in the Hospital and Community Health and Family Practitioner Services; and the need to stimulate capital investment wherever possible. Otherwise the provision I have made generally allows for the continuation of existing policies.

Accordingly the provision made for Law, Order and Protective Services is £446m, about 10 per cent more than the amount provided in the current year. The increase provides for the police service to be manned fully up to authorised establishment levels, and it allows for an increase in the manpower costs of the prison service and for growth in demand for legal aid.

The provision for Health and Social Work is £2051m, an increase of 6.9% over the planned provisions for the current year. For the Health programme alone the increase is £108m. Of this about £80m is for recurrent expenditure on hospital, community health, welfare milk and centrally managed health services. This should be sufficient to allow for improvement in these services to meet new demands, after pay and price increases have been met, and to permit a further redistribution of resources to Health Boards in accordance with the SHARE arrangement. Provision for Social Work is £314 million, an increase of £25m - which is 8.6% - over provision in the current year. This recognises the growing demand for services for the elderly and other vulnerable groups.

The provision of £524m for Transport will ensure, among other things, continued work on major roads such as the A1, A9, A74, A75 and A94.

In Education, after allowance is made for the continuing decline in school rolls and the reduction in the National Insurance surcharge, the provision I have made should allow for the maintenance of planned staffing standards, provided pay settlements in 1983 are at a reasonable level. On the same basis, there should be room for modest expansion in further education

places. I have also made provision for more places in the Central Institutions for advanced studies in the new technologies.

For Housing, the provision is £656m.

I have again sought to reduce the general support to local authority housing revenue accounts through Housing Support Grant so as to make available the largest possible resources for capital expenditure, and I am continuing the Housing Expenditure Limits system with a view to reducing the burden of housing support falling on ratepayers to about £9m below this year's level. Rent authorities will be able to maintain their full capital programme while increasing rents by less than £1 per week: only those which have consistently pursued low rent policies will require larger increases. As a result I am glad to say that I have been able to provide, after account is taken of expected receipts for the local authorities, the Housing Corporation and the Scottish Special Housing Association to have programmes at or above this year's level. Total gross capital expenditure will be about £540m.

On capital expenditure generally, about £420m will be available for local authority capital programmes apart from Housing, also after taking account of expected receipts. This is about £15m more than the comparable planned figure for the current year. About a further £380m will be available for the central government capital programmes, including health, Trunk Roads and investment by the SDA and HIDB. All in all this amounts to a gross capital programme of about £1,340m, the bulk of which will be spent on construction projects.

A feature of capital expenditure is the tendency for provision to be underspent. I have already taken measures to minimise underspending this year: I have removed all limits from spending by housing authorities this year on improvement and repairs grants and supplementary consents of £17m were given to local authorities in respect of other services. I hope that these measures will ensure an outturn for 1982-83 that will be well up to the plan and we shall similarly be making every effort in 1983-84 to see that the provision that we have made for capital programmes is fully utilised.

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STATEMENT
WEDNESDAY 15 DECEMBER 1982

HOUSE OF COMMONS

PUBLIC EXPENDITURE: SCOTLAND, 1983-84
STATEMENT BY THE SECRETARY OF STATE FOR SCOTLAND (MR GEORGE
YOUNGER)

WITH PERMISSION, MR SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT ABOUT PUBLIC EXPENDITURE ON THE SCOTLAND PROGRAMME IN 1983-84. THE TOTAL FOR THE SCOTTISH PROGRAMME, EXCLUDING AGRICULTURE, WAS ANNOUNCED IN THE CHANCELLOR'S AUTUMN STATEMENT.

I HAVE NOW MADE MY ALLOCATIONS TO PROGRAMMES AND I HAVE COMPLETED MY CONSULTATIONS WITH THE CONVENTION OF SCOTTISH LOCAL AUTHORITIES ABOUT THE RATE SUPPORT GRANT AND HOUSING SUPPORT GRANT SETTLEMENTS. THE DEBATES ON THOSE ORDERS WILL GIVE HONOURABLE MEMBERS A FULL OPPORTUNITY TO DISCUSS THE SETTLEMENTS AND I DO NOT WANT TO ELABORATE ON THEM NOW. THE RATE SUPPORT GRANT ORDER AND REPORT ARE BEING LAID BEFORE THE HOUSE TODAY. IT PROVIDES FOR A TOTAL RELEVANT EXPENDITURE FIGURE OF £3,118M AND AGGREGATE GRANTS OF £1,924.25M. PROVISION FOR CURRENT EXPENDITURE WITHIN THE TOTAL IS £2,660M, £25M MORE THAN THE PROVISIONAL FIGURE WHICH I ANNOUNCED ON 28 JULY. I SHALL SAY MORE ABOUT HOUSING IN A MOMENT.

MY TOTAL PROGRAMME FOR 1983-84 NOW STANDS AT £6,380M; £127M HIGHER THAN THE PLAN FOR 1983-84 SET OUT IN CMND. 8494 AND £309M MORE THAN THE RESOURCES AVAILABLE FOR THE CURRENT YEAR. THE FIGURES ARE ESSENTIALLY ON THE SAME BASIS AS THE AUTUMN STATEMENT. I SHALL CIRCULATE DETAILS IN THE OFFICIAL REPORT.

MY PROGRAMME IS IN TWO PARTS. THERE IS A BLOCK OF PROGRAMMES WITHIN WHICH I HAVE DISCRETION TO ALLOCATE RESOURCES, THE TOTAL OF WHICH IS ADJUSTED BY REFERENCE TO CHANGES IN ENGLISH OR ENGLISH AND WELSH PROGRAMMES; AND THERE ARE TWO PROGRAMMES - AGRICULTURE AND INDUSTRY - WHICH STAND ENTIRELY OUTSIDE THE BLOCK.

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THE PROVISION FOR THE PROGRAMMES OUTSIDE THE BLOCK IS VIRTUALLY UNCHANGED FROM THAT ANNOUNCED LAST YEAR EXCEPT FOR A REDUCTION OF £10M IN THE PROVISION FOR THE LAND CLEARANCE AND BUILDING PROGRAMME OF THE SDA. THERE IS EVERY INDICATION THAT THE AGENCY WILL BE ABLE TO ATTRACT PRIVATE CAPITAL TO SUSTAIN THIS ELEMENT OF THEIR PROGRAMME.

IN ALLOCATING RESOURCES TO THE OTHER PROGRAMMES I HAVE KEPT PARTICULARLY IN MIND THREE PRIORITIES; OUR CONTINUING COMMITMENT TO LAW AND ORDER AND THE FIGHT AGAINST CRIME; MAINTAINING GROWTH IN THE HOSPITAL AND COMMUNITY HEALTH AND FAMILY PRACTITIONER SERVICES; AND THE NEED TO STIMULATE CAPITAL INVESTMENT WHEREVER POSSIBLE. OTHERWISE THE PROVISION I HAVE MADE GENERALLY ALLOWS FOR THE CONTINUATION OF EXISTING POLICIES.

ACCORDINGLY THE PROVISION MADE FOR LAW, ORDER AND PROTECTIVE SERVICES IS £446M, ABOUT 10 PER CENT MORE THAN THE AMOUNT PROVIDED IN THE CURRENT YEAR. THE INCREASE PROVIDES FOR THE POLICE SERVICE TO BE MANNED FULLY UP TO AUTHORISED ESTABLISHMENT LEVELS, AND IT ALLOWS FOR AN INCREASE IN THE MANPOWER COSTS OF THE PRISON SERVICE AND FOR GROWTH IN DEMAND FOR LEGAL AID.

THE PROVISION FOR HEALTH AND SOCIAL WORK IS £2,051M, AN INCREASE OF 6.9% OVER THE PLANNED PROVISION FOR THE CURRENT YEAR. FOR THE HEALTH PROGRAMME ALONE THE INCREASE IS £108M. OF THIS, ABOUT £80M IS FOR RECURRENT EXPENDITURE ON HOSPITAL, COMMUNITY HEALTH, WELFARE MILK AND CENTRALLY MANAGED HEALTH SERVICES. THIS SHOULD BE SUFFICIENT TO ALLOW FOR IMPROVEMENT IN THESE SERVICES TO MEET NEW DEMANDS, AFTER PAY AND PRICE INCREASES HAVE BEEN MET, AND TO PERMIT A FURTHER REDISTRIBUTION OF RESOURCES TO HEALTH BOARDS IN ACCORDANCE WITH THE SHARE ARRANGEMENTS. PROVISION FOR SOCIAL WORK IS £314M, AN INCREASE OF £25M - WHICH IS 8.6% OVER PROVISION IN THE CURRENT YEAR. THIS RECOGNISES THE GROWING DEMAND FOR SERVICES FOR THE ELDERLY AND OTHER VULNERABLE GROUPS.

THE PROVISION OF £524M FOR TRANSPORT WILL ENSURE, AMONG OTHER THINGS, CONTINUED WORK ON MAJOR ROADS SUCH AS THE A1, A9, A74, A75 AND A94.

IN EDUCATION, AFTER ALLOWANCE IS MADE FOR THE CONTINUING DECLINE IN SCHOOL ROLLS AND THE REDUCTION IN THE NATIONAL INSURANCE SURCHARGE, THE PROVISION I HAVE MADE SHOULD ALLOW FOR THE MAINTENANCE OF PLANNED STAFFING STANDARDS, PROVIDED PAY SETTLEMENTS IN 1983 ARE AT A REASONABLE LEVEL. ON THE SAME BASIS, THERE SHOULD BE ROOM FOR MODEST EXPANSION IN FURTHER EDUCATION PLACES. I HAVE ALSO MADE PROVISION FOR MORE PLACES IN THE CENTRAL INSTITUTIONS FOR ADVANCED STUDIES IN THE NEW TECHNOLOGIES.

FOR HOUSING, THE PROVISION IS £656M. I HAVE AGAIN SOUGHT TO REDUCE THE GENERAL SUPPORT TO LOCAL AUTHORITY HOUSING REVENUE ACCOUNTS THROUGH HOUSING SUPPORT GRANT SO AS TO MAKE AVAILABLE THE LARGEST POSSIBLE RESOURCES FOR CAPITAL EXPENDITURE, AND I AM CONTINUING THE HOUSING EXPENDITURE LIMITS SYSTEM WITH A VIEW TO REDUCING THE BURDEN OF HOUSING SUPPORT FALLING ON RATEPAYERS TO ABOUT £.9M BELOW THIS YEAR'S LEVEL. MOST AUTHORITIES WILL BE ABLE TO MAINTAIN THEIR FULL CAPITAL PROGRAMME WHILE INCREASING RENTS BY LESS THAN £.1 PER WEEK: ONLY THOSE WHO HAVE CONSISTENTLY FAILED TO RESPOND TO GOVERNMENT POLICIES IN THIS FIELD WILL REQUIRE LARGER INCREASES. AS A RESULT I AM GLAD TO SAY THAT I HAVE BEEN ABLE TO PROVIDE, AFTER ACCOUNT IS TAKEN OF EXPECTED RECEIPTS FOR THE LOCAL AUTHORITIES, THE HOUSING CORPORATION AND THE SCOTTISH SPECIAL HOUSING ASSOCIATION TO HAVE ^{CAPITAL} PROGRAMMES AT OR ABOVE THIS YEAR'S LEVEL. TOTAL GROSS CAPITAL EXPENDITURE WILL BE ABOUT £540M.

ON CAPITAL EXPENDITURE GENERALLY, ABOUT £420M WILL BE AVAILABLE FOR LOCAL AUTHORITY CAPITAL PROGRAMMES APART FROM HOUSING, ALSO AFTER TAKING ACCOUNT OF EXPECTED RECEIPTS. THIS IS ABOUT £.15M MORE THAN THE COMPARABLE PLANNED FIGURE FOR THE CURRENT YEAR. ABOUT A FURTHER £380M WILL BE AVAILABLE FOR THE CENTRAL GOVERNMENT CAPITAL PROGRAMMES, INCLUDING HEALTH, TRUNK ROADS AND INVESTMENT BY THE SDA AND THE HADB. ALL IN ALL, THIS AMOUNTS TO A GROSS CAPITAL PROGRAMME OF ABOUT £1,340M, THE BULK OF WHICH WILL BE SPENT ON CONSTRUCTION PROJECTS.

A FEATURE OF CAPITAL EXPENDITURE IS THE TENDENCY FOR PROVISION TO BE UNDERSPENT. I HAVE ALREADY TAKEN MEASURES TO MINIMISE UNDERSPENDING THIS YEAR: I HAVE REMOVED ALL LIMITS FROM SPENDING BY HOUSING AUTHORITIES THIS YEAR ON IMPROVEMENT AND REPAIRS GRANTS

AND SUPPLEMENTARY CONSENTS OF £17M WERE GIVEN TO LOCAL AUTHORITIES IN RESPECT OF OTHER SERVICES. I HOPE THAT THESE MEASURES WILL ENSURE AN OUT-TURN FOR 1982-83 THAT WILL BE WELL UP TO THE PLAN AND WE SHALL SIMILARLY BE MAKING EVERY EFFORT IN 1983-84 TO SEE THAT THE PROVISION THAT WE HAVE MADE FOR CAPITAL PROGRAMMES IS FULLY UTILISED.

SCOTTISH OFFICE

	<u>1982-83</u>	<u>1983-84</u>	<u>1983-84</u>
	White Paper (Cmd 8494) with Budget changes (1)	White Paper (Cmd 8494) with Budget changes (1)	Revised (2)
Agriculture, fisheries, food and forestry (3)	155	167	166
Industry, energy, trade and employment	165	169	159
Tourism	8	8	8
Transport	499	528	524
Housing	741	650	656
Other environmental services	626	644	636
Law, order and protective services	403	435	446 ⁽⁴⁾
Education and science, arts and libraries	1475	1518	1514
Health and social work	1919 ⁽⁵⁾	2050 ^o	2051
Other public services	79	83	99 ⁽⁶⁾
Common services	1	1	1
Local authority current expenditure not allocated	-	-	120
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	6071	6253	6380

Notes

- (1) Including other minor changes of classification and allocation. Contributions to the External Financing Limit of the nationalised industries and adjustments for the NI surcharge shown separately in the Autumn Statement have been allocated to programmes.
- (2) Some figures may be subject to detailed technical amendment before publication of the 1983 Public Expenditure White Paper.
- (3) Treated on GB basis in Autumn Statement.
- (4) Includes £6m transferred from PSA (other columns not adjusted).
- (5) Includes additional provision for NHS pay settlements announced on 1 July and 16 November.
- (6) Includes £16m transferred from PSA (other columns not adjusted).
- (7) Owing to rounding individual figures may not sum to the totals.