

CONFIDENTIAL



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Peter Smith Esq  
Private Secretary to the Chancellor of the Duchy  
Room 806  
DTI  
1 Victoria Street  
London SW1

26 February 1988

*Dear Peter,*

**ACTION FOR CITIES: EXPENDITURE**

*in lower folder*  
The document twice refers to £3bn Action for Cities expenditure, in the first paragraph of the Prime Minister's Foreword and on page 2 in the section "Seizing the Opportunities".

The Foreword says "it shows you what the Government is doing to improve life in our inner cities. It adds up to a £3,000m attack on the host of problems covered by the "inner cities" label.

Page 2 will now read "£3bn will be spent in 1988/89 in Britain on Action for Cities".

The Chancellor of the Duchy will wish to know how the figure is derived. He decided yesterday not to include a table in the document showing the breakdown of the £3bn.

The £3bn is a mix of public expenditure

- by Government Departments (e.g. Employment Service, Task Forces);
- by Quangos (e.g. MSC, UDCs);
- by local authorities (e.g. Estate Action to improve rundown council estates, Urban Programme).

The relevant expenditure has been selected on the following basis:

- spending only within the 57 inner city local authority areas, plus appropriate spending in Scotland and Wales;
- Government influences the purpose of non-Government expenditure either through specific grant or because the spending agencies concerned have agreed priorities and targeting with Government;
- it is relevant to the focus of Action for Cities: raising skills, improving enterprise, reclaiming land, better inner city homes.

On this basis I believe the £3bn on Action for Cities for 1988/89 can be satisfactorily explained. I attach a table showing the breakdown.

I am copying this to Bernard Ingham, Paul Gray (Number 10), and Jill Rutter (Chief Secretary's office).

*Yours ever*

*Ken*

K E C SORENSEN



ACTION FOR CITIES EXPENDITURE 1988/89

	Estimated expenditure in the inner cities, England 1988/89      £m
Estate Action: involving tenants in management of their homes, and improving them. Housing capital expenditure by local authorities but borrowing approval only given by Government on strict conditions	140
Funding for Housing Associations through Housing Corporation and through local authorities (LA share £50m)	450
Training, and programmes to encourage enterprise, including support for small firms (Employment and MSC)	1100
Support for inner city business including Regional Selective Assistance, investment and innovation grants for small firms, and English Estates	200
Derelict Land Reclamation	25
Urban Programme including Urban Development and Urban Regeneration Grant	314
Urban Development Corporations	203
Task Forces, City Action Teams	21
Roads (DTp programme and TSG supported local authority roads)	250
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Scotland and Wales (Scottish Development Agency, Urban Programme, UDC, housing associations, MSC)	300 (at least)
	<u>3003</u>

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