

From: M S Stock
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MISS SIMPSON

cc Mr Stibbard
Mr Andrew
Mrs Todd

CONSTRUCTION INDUSTRY CAPITAL EXPENDITURE: PEWP TABLE 4.5

Further to your telephone enquiry, the figures for Table 4.5 of the PEWP were unfortunately incorrect, due to a production error. I enclose a copy of the amended table at Annex A. This has been published.

2. I also enclose at Annex B a copy of the relevant page of the Survey Report. This is confidential and is included as background. The totals for 1981-82 up to 1984-85 for the two tables are very close.

3. The figure of £5 billion on repair and maintenance in 1982 stands. However the PEWP, as drafted, is incorrect since it claims that repair and maintenance is ^{now} half of all public sector expenditure ie

Capital Contracts	£10.5 billion
Repair and Maintenance	£10.5 billion

This is quite wrong. Repair and maintenance is about half of the capital figure ie around £5 billion.

4. It is valid to say that repair and maintenance contracts represent additional expenditure by the public sector to the value of about 50 per cent of the capital contracts.

Michael Stock.

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4.5 Capital expenditure on construction work

	1978-79 outturn	1979-80 outturn	1980-81 outturn	1981-82 outturn	1982-83 outturn	1983-84 estimated outturn	1984-85 plans
Direct public expenditure on new construction							
Housing — new dwellings and improvements	2,138	2,454	2,362	2,007	2,328	2,345	2,331
Other environmental services	572	720	888	828	929	943	966
Transport	900	1,113	1,266	1,368	1,661	1,547	1,698
Education and Science, Arts and Libraries	380	433	536	485	436	426	365
Health and personal social services	399	483	629	764	782	806	892
Other ⁽¹⁾	298	393	414	427	436	484	556
Total direct public expenditure on new construction	4,687	5,596	6,095	5,879	6,572	6,551	6,808
Grants and loans to housing associations and improvement grants	679	816	940	1,018	1,549	1,919	1,652
Expenditure on new construction identified within the planning total⁽²⁾	5,366	6,412	7,035	6,897	8,121	8,470	8,460
Nationalised industries							
Electricity	186	227	284	316	426	348	294
Gas	162	202	304	263	207 ⁽³⁾	169 ⁽⁴⁾	237 ⁽⁴⁾
Railways	200	146	155	143	104	132	163
Coal	165	221	324	346	358	319	340
Water authorities	534	589	673	666	687	733	732
Other ⁽³⁾	226	165	201	235	218	350	380
Total expenditure on construction by nationalised industries	1,473	1,550	1,941	1,969	2,000	2,051	2,146
Grand total	6,839	7,962	8,976	8,866	10,121	10,521	10,606

(1) Defence: agriculture; industry, trade, energy and employment; law, order and protective services; office and general accommodation; some expenditure on new construction for military purposes is classified as current expenditure.
 (2) See Table 4.4 for details of all capital expenditure within the planning total.
 (3) Certain capital expenditure by the British National Oil Corporation and Enterprise Oil which is classified in the accounts as new buildings and works has been excluded from this table since little of the work is produced by the construction industry. The "nationalised industry" figure for 1984-85 includes planned spending on construction by British Telecom.
 (4) These figures have been revised to exclude BGC's expenditure on offshore platforms which is included in the corresponding totals in Table 4.5 of the 1984 Public Expenditure White Paper (Cmnd 9143)

CONSTRUCTION TABLE

Annex B

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ANNEX C

	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
CAPITAL EXPENDITURE ON CONSTRUCTION WORK							
(Inside the Planning total)							
Direct public expenditure on new construction							
Housing - new dwellings and improvements	2008	2377	2416	2314	2235	2338	2420
Other environmental services	828	929	932	969	942	955	979
Transport	1359	1640	1544	1700	1765	1843	1889
Educations & Science, Arts and Libraries	485	473	426	363	382	390	400
Health and personal social services	764	782	854	894	931	968	992
Other	409	437	494	523	605	619	635
TOTAL direct public expenditure on new construction	5853	6638	6666	6763	6860	7113	7315
Grants and loans to housing assoc. and improvement grants	1029	1571	2059	1668	1561	1547	1551
Expenditure on new construction identified within the planning total	6882	8209	8725	8431	8421	8660	8866
(Outside planning total)							
Nationalised industries							
Electricity	316	426	348	305	233	194	194
Gas	263	207	169	286	196	172	172
Railways	143	104	132	133	183	163	163
Coal	346	358	319	340	334	320	320
Water authorities	666	687	733	736	766	822	843
Other	235	218	278	392	296	222	226
TOTAL expenditure on construction by nationalised industries	1969	2000	1979	2193	2008	1893	1918
TOTAL CONSTRUCTION:	8851	10209	10704	10624	10427	10553	10784