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Treasury Chambers, Parliament Street SW1P 3AG

Stephen Wall Esq
Private Secretary to the
Foreign Secretary
Foreign & Commonwealth Office
Downing Street
London
SW1

3 November 1989

Dear Stephen

AUTUMN STATEMENT PRESS NOTICES

The Chief Secretary attaches great importance to ensuring a coordinated presentation of the public expenditure plans to be announced in the Autumn Statement. This will require special care this year, given the introduction of new systems of local government finance and the new planning total.

2. The Chancellor proposes to issue on the day of the Autumn Statement, the Industry Act forecast, and summary material on the new expenditure plans, including a number of tables and an explanation of the new planning total. He hopes that departments will be ready as usual to issue press notices on the same day, providing a positive presentation of the main features of their programmes. These should emphasise the outputs to be achieved as well as the money to be spent.

3. The date of the Autumn Statement has not yet been settled. But the Chief Secretary would be most grateful if you could ensure that:

- (i) your department's normal Treasury expenditure division contact is informed by the close on Tuesday 7 November whether your department intends to issue a press notice on the day of the Autumn Statement.
- (ii) your department provides Amanda Higgins in the Treasury (270-5208) by 7 November with the name and telephone number of someone in your department who can be contacted later about detailed arrangements for sending copies of the final press notice to the Treasury.

(iii) a draft of any press notice your department intends to issue is sent to your department's normal Treasury expenditure division contact by the close on Wednesday 8 November.

4. We will be in touch again about detailed arrangements for handling the final press notices when the date of the Autumn Statement is settled.

5. If asked about the date of the Autumn Statement, departments should say that the public expenditure round has not yet been concluded, and that the Autumn Statement will be made as soon as practicable after the end of the Survey.

6. I am copying this letter to Paul Gray (No. 10), the private secretaries to all Cabinet Ministers, and to Michael Saunders (Attorney General's office), Martin Le Jeune (Office of the Minister for the Arts), Myles Wickstead (Office of the Minister for Overseas Development), Alan Maxwell (Lord Advocate's office), Trevor Woolley (Cabinet Office), and to the private secretaries to the Chairmen of the Inland Revenue and Customs and Excise.

*Yours
Carys Evans*

MISS C EVANS
Private Secretary

ANNEX 2

CAPITAL SPENDING AND INFRASTRUCTURE: SECTOR BULL POINTS

Roads Between 1978-79 and 1989-90, capital spending (including structural maintenance) on motorways and trunk roads in England to increase by over 50 percent in real terms. Cash provision for this year is £1,238 million. Since 1979-80 886 miles of new motorways and trunk roads completed, including 100 bypasses. 1988 Survey additions mean Government will be spending nearly £3 billion over next 3 years improving motorways and trunk roads and £1.3 billion on road maintenance. About 40 new starts planned for 1989-90. Will add over 200 miles to road network. Plan to eliminate backlog of motorway and trunk road repairs by 1992. In total, plans imply further increase of about 16 per cent in national road programme between 1988-89 and 1991-92.

Water and sewerage (England and Wales) Estimated public sector investment of over £8 billion between 1978-79 and 1988-89. Additional £1 billion added to existing plans in 1989-90, virtually all of which to speed cleaning up of sewage discharges and to improve quality of drinking water.

Railways Almost £3½ billion investment in railways between 1978-79 and 1988-89 with around £4 billion planned over next 5 years; most of this already approved. 56 per cent real increase in rail investment between 1978-79 and 1989-90; biggest renewal programme since switch from steam to diesel in 1950s and being achieved while reducing BR's call on public funds. London Regional Transport plans to invest £486 million in 1989-90 up by a third on 1988-89 and £1.5 billion between 1989-90 and 1991-92. Have provided fully for all new safety measures proposed by LRT following King's Cross disaster, totalling some £266 million over next 3 years. Central London Rail Study established to identify ways of reducing congestion and increasing capacity. Work is continuing on most promising options. East London Rail Study also considering extension of Jubilee Line to Docklands (see Section U).

NHS Cash available for capital expenditure on Hospital Service in Great Britain for 1989-90 including land sales, is nearly 40 per cent up in real terms since 1979-80. Compares with real terms drop of 29 per cent between 1973-74 and 1978-79. Over 500 major schemes in various stages of planning, design and construction in England alone - largest sustained building programme in NHS history.

Educational provision Allocations of £352 million to local authorities in 1989-90 will allow them to: maintain existing programme of improvements to school buildings; provide extra school places in growth areas; rationalise school provision and help eliminate surplus places as rolls fall; and provide for both new and continued major projects in further and higher education.

Housing (England) Capital spending on LA housing renovation forecast to increase from £479 million in 1978-79 to some £1.9 billion in 1989-90 - 72 per cent increase in real terms. Large additions to DOE gross capital expenditure on housing in Survey mean investment over next three years planned at over £4 billion a year (gross LA capital spending about £3 billion a year).

Electricity (including Scottish Electricity) Capital expenditure on fixed assets rose from £816 million in 1978-79 to estimated £1.8 billion in 1988-89, a small increase in real terms. Private sector schemes already proposed for 12GW of capacity (about 20 per cent of GB requirements) anticipating privatisation. About £1.8 billion will be spent over next 15 years in reducing emissions of sulphur dioxide and nitrogen oxides from coal-powered stations, thus reducing acid rain.

Prisons (England & Wales) Capital spending on new prison building estimated to have trebled in real terms between 1978-79 and 1988-89. In addition to existing building programme of 26 new prisons in England and Wales (some of which already open), extra provision in 1989-90 and 1990-91 will permit construction of two more prisons and three purpose built remand centres. These and extra accommodation added to existing prisons will provide 3,000 places. Aim is to provide total of 58,000 places by 1993. Plans imply over 50 percent increase in capital spending in real terms between 1988-89 and 1991-92.

Civil Aviation Authority Provision for CAA over next three years will allow over £200 million new investment, more than double investment over last three years, allowing continuing modernisation of air traffic control and an increase of at least 30 per cent in airspace capacity over South East England by 1995.