



His Worship The Mayor, Councillor Keith Evans/
Ei Deilyngdod y Maer, Y Cyngorydd Keith Evans

Parlwr y Maer,
Swyddfa'r Cyngor Bwrdeistref,
LLANGFNI,
Ynys Môn
LL77 7TW.
Rhif:-722920.

Mayor's Parlour,
Borough Council Office,
LLANGFNI,
Anglesey.
LL77 7TW.
Tel:-722920.

24
3rd September, 1980

The Right Honourable Mrs. Margaret Thatcher M.P.,
Prime Minister,
10 Downing Street,
London.

Dear Prime Minister,

May I firstly take the opportunity of thanking you for undertaking your recent visit to Anglesey. It was a great pleasure and privilege to have had lunch with you and to have been given the opportunity to raise and discuss certain issues with you, which are of concern to us on the Isle of Anglesey.

You will recall that one such issue was the effect that the Government's proposed new local government capital expenditure controls would have on the Oil Revenues which the Isle of Anglesey Borough Council receive from the Oil Terminal at Amlwch - an issue which is causing us considerable anxiety.

THIS IS AN UNIQUE ARRANGEMENT IN ENGLAND AND WALES, WHEREBY THE COUNCIL RECEIVE A LEVY ON EACH TONNE OF CRUDE OIL WHICH SHELL U.K. OIL LIMITED IMPORT THROUGH THE TERMINAL.

I do not consider that there is a need to summarise the long and detailed history involved in the securing of this deal, but would be very willing to do so if you required it.

As you are aware, under the new capital expenditure controls system, local authorities will each be given a single block allocation for all capital requirements, irrespective of the source of finance. This will be an 'expenditure' control system and not a 'borrowing' control system, as we know at present.

The Oil Revenues are receivable under the provisions of Section 50 to 53 of the Anglesey Marine Terminal Act 1972, and as such become a statutory payment by Shell U.K. Limited under a financial agreement with them.

We have been guaranteed an income of £5.2 million over the 10 year period to 1988. It will average at £½ million per annum; is presently at the level of £350,000 per annum, and will increase to £800,000 in the 10th year.

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It is stated in the Marine Terminal Act that the Council are to use the money "for any purpose which in their opinion is solely in the interests of the Island of Anglesey or its inhabitants."

The Council have, since the first Oil Revenues were received in 1977/78, applied the greater part of the money to capital schemes on the Island, particularly the provision of recreational and community facilities.

The money has also been used to assist voluntary and religious organisations to finance some of their running and maintenance costs and to provide materials to enable Manpower Services Commission schemes to be implemented, in order to improve the employment situation.

IN VIEW OF THE FACT THAT THE OIL REVENUES ARE AN ALMOST UNIQUE SOURCE OF FUNDS, THE RECEIPT OF WHICH IS SPECIFICALLY AUTHORISED UNDER A LOCAL ACT, WE CONTEND THAT THE USE OF THIS MONEY, AND THE CAPITAL EXPENDITURE GENERATED FROM SUCH USE, SHOULD BE OUTSIDE THE PROPOSED SYSTEM OF CONTROL BECAUSE THE MEMBERS OF THE COUNCIL, FOR THE TIME BEING, ARE MERELY THE CUSTODIANS OR TRUSTEES OF MONEY, WHICH MUST BE USED FOR THE BENEFIT OF THE INHABITANTS OF ANGLESEY.

The Council have decided to accept the principle of the necessity of an investment fund, to be built up by annual contribution from the Oil Revenues, to ensure income in perpetuity, once the Oil Revenues cease in possibly 20 years' time. But they have been strongly opposed to using the money generally in aid of rates, because this would fritter away a source of wealth of inestimable benefit to the area, if properly and wisely used for capital projects of various kinds.

SINCE THE OIL REVENUES ARE NOT RAISED FROM RATES OR FROM BORROWING, BUT ARE AN UNIQUE SOURCE OF INCOME TO THE ISLAND, PAYABLE IN CONSIDERATION OF THE VERY REAL OIL POLLUTION RISKS AND ENVIRONMENTAL DISTURBANCE TO THE INHABITANTS OF THE ISLAND, WE CONTEND THAT THEIR APPLICATION SHOULD BE SOMETHING WHICH SHOULD BE KEPT APART FROM NORMAL LOCAL AUTHORITY FINANCING AND AS SUCH THAT WE SHOULD BE ALLOWED TO USE THEM AS WE WISH WITHOUT ANY FORM OF CENTRAL GOVERNMENT CONTROL.

We appreciate the Government's basis for wishing to effect some restraint on Local Authority spending, because it is public money, in increasing amounts, that is being borrowed. In our unique case, it is money from a private source that is available to us.

Over the years, the Anglesey councils - the former and the present - have been most prudent in their budgeting and, by comparison today with any similar authority, we can be adjudged to be carrying out our functions in a moderate and sensible manner. Our rate, for example, stands at 20p, which with the county precept of 111p, makes our total at 131p - within the Government's tolerance.

We have previously raised the particular issue of the 'threat' to the Oil Revenues with Mr. Keith Best M.P., and with the Welsh Office. After my brief discussion with you, however, I have discussed the matter again with Mr. Keith Best, and we would both appreciate it if you would give favourable consideration to our contention regarding the Oil Revenues and their relationship to the proposed expenditure controls.

WHAT WE ARE ASKING, IN BRIEF, IS FOR AN ASSURANCE THAT THE OIL REVENUES WILL BE OUTSIDE THE NEW CONTROLS BEING PROPOSED.

I look forward to hearing from you in due course. If you require any further information, please do not hesitate to advise me.

If you consider that a formal or informal meeting, involving your good self, any of your Ministers or Officials, and myself and other representatives of the Borough Council, would assist, I shall readily make the necessary arrangements.

I am sending a copy of this letter to Mr. Keith Best M.P.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Keith Best".

BOROUGH MAYOR