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10 DOWNING STREET

From the Principal Private Secretary

6 October 1980

Dear Mason,

The Prime Minister saw Mr. Wyn Roberts this afternoon to discuss the advice contained in John Craig's letter of 23 September to me about the request of the Anglesey Borough Council that capital expenditure financed from the income from the Amlwch Oil Terminal should be exempted from the new capital expenditure controls which are being introduced under the Local Government Bill.

The Prime Minister said that she hoped very much that we would be able to agree to the Mayor's proposal. The sum of money involved was relatively small, and anything that could be done to help relieve the high level of unemployment in Anglesey should not be lightly rejected. In any case, if the Council were not to be allowed to spend this money, it was difficult to see what would happen to it: presumably it would simply build up in an ever growing balance.

Mr. Roberts said that he would like to be able to help the Borough Council. The problem was that if we did so, we might be setting a precedent for other councils with capital assets from which they drew revenue. But it was true that the amount of money in question was not large, and if the Anglesey Borough Council were allowed to use it, it might not attract much attention. Under the normal programme of allocation the Borough Council would be allowed to spend £240,000 and this had to be seen against a total of £25.7m for all Welsh District Councils. In this context, to allow the Borough Council to spend an extra £250,000 might be manageable. There was no legal obstacle to permitting them the full sum of £500,000. The question for decision was simply whether Anglesey should be treated as a special case. There were no other precedents of comparable size in Wales.

The Prime Minister said that if this was an isolated case, it seemed reasonable to allow the Anglesey Borough Council to spend an additional £250,000 which they had already got. She would be grateful if Mr. Roberts would have another look at the matter to see whether it could be solved in a way which the Anglesey Borough Council would find acceptable.

I am sending a copy of this letter to David Edmonds (DOE).

Yours sincerely,

Alwi Whitmore.

R.V. Mason, Esq.,
Welsh Office.