



10 DOWNING STREET

THE PRIME MINISTER

28 October 1980

Dear Councillor Evans,

Thank you for your letter of 3 September. I much enjoyed the opportunity we had to lunch together during my recent visit to Anglesey.

I have considered very carefully your request that capital expenditure financed from the income from Amlwch Oil Terminal should be exempted from the new capital expenditure control. I should like to be able to help, but I am afraid that I have concluded that I cannot do so.

As you will know, the central part of the new system of capital expenditure controls is that local authorities will be given much more freedom than they have at present to determine their own capital expenditure priorities. It follows from this that the present range of controls on separate services, essentially on borrowing, will disappear. But the counterpart to the greater freedom for individual authorities to determine their own capital programmes is that Government control will in future apply to all capital expenditure no matter how it is financed.

As the provision of the additional recreational and community facilities you wish to provide would contribute towards total public expenditure it must come within the new controls. Although the Anglesey Marine Terminal Act 1972 does enable you to have a special arrangement with Shell UK Oil Limited, the income from the terminal is no different in principle from that received from publicly owned assets by other local authorities.

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It is of course up to your Council to decide how it wishes to use the receipts from the terminal, but there is the point that if the income is used to reduce your authority's present level of borrowing, it is certainly not being frittered away. The inhabitants of Anglesey will benefit substantially by not having to meet loan charges in future years.

Yours sincerely,

(Signed) Margaret Thatcher

Councillor Keith Evans