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FROM THE PRIVATE SECRETARY  
TO THE SECRETARY OF STATE  
FOR WALES

23 November 1982

Dear Private Secretary

PARLIAMENTARY STATEMENT: LOCAL AUTHORITY CAPITAL EXPENDITURE (WALES)

... I attach the final draft of the statement my Secretary of State is to make this afternoon.

/ I am copying this letter and its enclosures to the Private Secretaries to the Chief Secretary, the Secretaries of State for the Environment and Scotland, the Leader of the House of Commons, the Chief Whip, Commons, the Chief Whip, Lords, Sir Robert Armstrong and to the Press Secretary, No 10.

Yours sincerely

C Evans

P.P A E PEAT

Michael Scholar Esq  
Private Secretary  
No 10 Downing Street  
LONDON

STATEMENT BY THE SECRETARY OF STATE FOR WALES: LOCAL  
AUTHORITY CAPITAL EXPENDITURE (WALES) TUESDAY 23 NOVEMBER 1982

With permission, Mr Speaker, I will make a statement about public expenditure provision for Housing and other local authority capital spending in Wales.

First of all I want to say something about the current year, 1982/83.

Monitoring of capital payments by local authorities in Wales indicated at the end of the first half year that there was likely to be a substantial underspend of the cash limit. The main reason for this is that housing authorities are not using their capital receipts for new capital work. To reduce the expected underspend housing authorities have been told that they may increase their spending on house renovation in the current year without limit.

I have also reviewed the position of other local authorities, and where they appeared to be spending up to their previously expected pattern, they have been offered additional capital allocations for work in the current year. Furthermore some urban programme schemes for which provision was not originally available have now been approved and consequent additional allocations made. Altogether these additional allocations total £3.58m.

I now turn to the provision for 1983/84. I have not yet completed consideration of the allocation of resources to particular services within my public expenditure block. However, I am now in a position to say something about the resources to be assigned to Housing and other local authority capital expenditure.

In forming my conclusions I have taken account of the estimated level of local authority capital receipts in 1983/84. Hon Members will know that as a general rule local authorities can spend their capital receipts on new capital projects, in addition to the capital allocations I make. The exception is in the case of Housing, where I have previously required that only half of the Housing receipts should be freely available for any capital spending, the other half being built into the Housing allocation.

Local authority capital receipts in Wales next year are forecast to be £90.3m, of which £85.1m is forecast to be Housing receipts. As I have said, Housing authorities have not been using their capital receipts for new capital spending. With the object of achieving a larger capital spend I have decided to reduce the proportion of unallocated Housing receipts to 25 per cent; the remaining 75 per cent will be built in to the allocations. I shall be laying before the House accordingly regulations under S72 of the Local Government, Planning and Land Act 1980.

After consultation with the Welsh local authorities, I have today made rent and maintenance determinations for 1983/84. The increase in the local contribution I have determined at 85p, and the increase in maintenance and management expenditure I have determined as 7 per cent. On the basis of these determinations the amount available for spending on Housing by local authorities and the Housing Corporation in Wales next year will be £202.3m, compared with a likely spend this year of £169.2m, an increase of nearly 20% {19.56%}. Together with the change in the treatment of capital receipts which I have outlined, this will enable me to allocate £139m to local authorities in respect of Housing. This is an increase of 13% over the current year's allocation. The allocation to the Housing Corporation will be maintained in real terms.

For other services I have decided to allocate amounts as follows:

Education	£34.325m
Transport	£60.068m
Personal Social Services	£ 6.641m
All Other Services	£42.163m

Together with the allocation for Housing, this makes a total provision for local authority capital expenditure of just over £282m {£282.1<sup>97</sup>m} excluding the urban programme to which I will refer later. In addition there will be the £41.3m I intend to allocate to the Housing Corporation.

At the local authority level, an authority receives its allocation as a block and can spend it on whatever capital projects it wishes. I shall circulate in the Official Report a table showing the allocations to individual authorities. Each local authority will receive a formal notification of its allocation.

There is one more thing I wish to say about Housing. In the particular circumstances of the Welsh housing stock I attach the greatest importance to renovation grants. I have already announced the continuation of higher rates of grant until the end of 1983/4 and I am anxious to assist local authorities in meeting the resulting demand. I have decided therefore that, if a local authority's expenditure on renovation grants exceeds a specified level in 1983/84, I shall make an additional allocation to cover the excess. The Welsh Office will be writing to housing authorities about this in a few days time.

I also want to tell the House about my intention as regards the Urban Programme and Urban Development Grants. My Rt Hon Friend the Secretary of State for the Environment told the House of the importance we attach to the new Urban Development Grant scheme. The response in Wales has been encouraging and we are considering the imaginative schemes which have been submitted. For the moment I have allocated £21m to UDGs and the traditional Urban Programme together. I will decide on how much to devote to UDGs and on the allocation of the remainder to local authority schemes under the traditional programme, once our consideration is complete.

Mr Speaker, the allocations I have announced will enable local authorities in Wales to undertake a substantial programme of capital work next year, about £50m more than they are likely to spend this year. This presents them with an opportunity to improve the infrastructure of the community and to tackle some of the problems which we all recognise. Those authorities with Enterprise Zones in their areas are presented with particular opportunities: Swansea, where such a good start has been made, and the new Zone at Flint which I announced on 15 November. As I said then, I am giving further consideration to the establishment of a third. But throughout Wales the local communities will benefit, the construction industry will be assisted, and new jobs will be created provided local authorities take full advantage of the capital allocations I make and use to the full the capital receipts that come in.

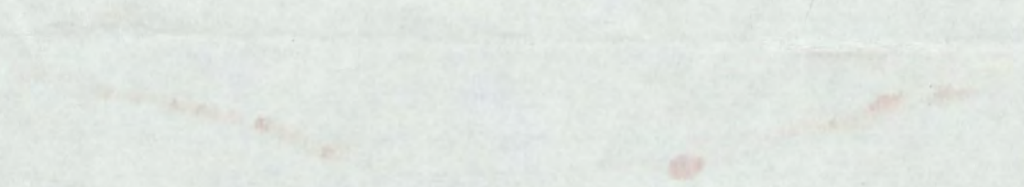
## CAPITAL EXPENDITURE ALLOCATION 1983/84

	L. A. CODE					
Counties:						
Clwyd	38	11,785				
Dyfed	39	10,905				
Gwent	40	24,234				
Gwynedd	41	7,015				
Mid Glamorgan	42	16,919				
Powys	43	4,626				
South Glamorgan	44	18,821				
West Glamorgan	45	11,949				
Total Counties	47	106,254				
Districts						
Alyn and Deeside	01	3,254				
Colwyn	02	3,077				
Delyn	03	3,211				
Glyndŵr	04	1,987				
Riuddlan	05	2,597				
Wrexham Maelor	06	4,620				
Carmarthen	07	4,293				
Ceredigion	08	3,730				
Dinefwr	09	1,649				
Llanelli	10	4,318				
Preseli	11	2,706				
South Pembroke	12	2,668				
Blaenau Gwent	13	7,930				
Islwyn	14	5,254				
Monmouth	15	3,493				
Newport	16	8,791				
Torfaen	17	4,991				
Aberconwy	18	2,390				
Arfon	19	3,530				
Dwyfor	20	1,360				
Meirionnydd	21	3,170				
Ynys Mon	22	3,799				
Cynon Valley	23	3,989				
Merthyr Tydfil	24	4,314				
Ogwr	25	7,151				
Rhondda	26	6,949				
Rhymney Valley	27	6,118				
Taff-Ely	28	7,103				
Brecknock	29	1,796				
Montgomery	30	1,907				
Radnor	31	1,385				
Cardiff	32	20,376				
Vale of Glamorgan	33	5,569				
Afan	34	2,409				
Lliw Valley	35	4,402				
Neath	36	2,999				
Swansea	37	16,658				
Total Districts	46	175,043				
Total Wales	48	282,197				



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## Local Authority Expenditure (Wales)

3.32 pm

**The Secretary of State for Wales (Mr. Nicholas Edwards):** With permission, Mr. Speaker, I shall make a statement about public expenditure provision for housing and other local authority capital spending in Wales.

First, I want to say something about the current year, 1982-83. Monitoring of capital payments by local authorities in Wales at the end of the first half year showed that there was likely to be a substantial underspend of the cash limit. The main reason for that is that housing authorities are not using their capital receipts for new capital work. To reduce the expected underspend, housing authorities have been told that they may increase their spending on house renovation in the current year without limit.

I have also reviewed the position of other local authorities, and where they appeared to be spending up to their previously expected pattern they have been offered additional capital allocations for work in the current year. Furthermore, some urban programme schemes for which provision was not originally available have now been approved and consequent additional allocations made. Altogether those additional allocations total £3.58 million.

I now turn to the provision for 1983-84. I have not yet completed consideration of the allocation of resources to particular services within my public expenditure block. However, I can now say something about the resources to be assigned to housing and other local authority capital expenditure.

In forming my conclusions I have taken account of the estimated level of local authority capital receipts in 1983-84. Hon. Members will know that as a general rule local authorities can spend their capital receipts on new capital projects, in addition to the capital allocations I make. The exception is housing, where I have previously required that only half of the housing receipts should be freely available for any capital spending, the other half being built into the housing allocation.

Local authority capital receipts in Wales next year are forecast to be £90 million, of which £85 million is forecast to be housing receipts. As I have said, housing authorities have not been using their capital receipts for new capital spending. With the object of achieving a larger capital spend, I have decided to reduce the proportion of unallocated housing receipts to 25 per cent. The remaining 75 per cent. will be built in to the allocations. I shall be laying before the House accordingly regulations under section 72 of the Local Government, Planning and Land Act 1980.

After consultation with the Welsh local authorities, I have today made rent and maintenance determinations for 1983-84. I have determined the increase in the local contribution for rent at 85p, and the increase in maintenance and management expenditure at 7 per cent. On the basis of those determinations the amount available for spending on housing by local authorities and the Housing Corporation in Wales next year will be £202.3 million. If local authorities underspend by £80 million this year—the figure referred to in a parliamentary answer by my hon. Friend the Under-Secretary of State for Wales yesterday—that will represent an increase of over 75 per cent. On the most optimistic assumption that I have seen for this year's expenditure, which is about £169 million,

there will be an increase of 20 per cent. Together with the change in the treatment of capital receipts which I have outlined, this will enable me to allocate £139 million to local authorities in respect of housing. That is an increase of 13 per cent. on the current year's allocation. The allocation to the Housing Corporation will be maintained in real terms.

For other services I have decided to allocate the following amounts—education, £34.325 million; transport, £60.068 million; personal social services, £6.641 million; and for all other services, £42.163 million.

Together with the allocation for housing, that makes a total provision for local authority capital expenditure of just over £282 million, excluding the urban programme to which I shall refer later. In addition, there will be the £41.3 million I intend to allocate to the Housing Corporation.

At the local authority level, an authority receives its allocation as a block and can spend it on whatever capital projects it wishes. I shall circulate in the *Official Report* a table showing the allocations to individual authorities. Each local authority will receive a formal notification of its allocation.

There is one more thing I wish to say about housing. In the particular circumstances of the Welsh housing stock, I attach the greatest importance to renovation grants. I have already announced the continuation of higher rates of grant until the end of 1983-84 and I am anxious to assist local authorities in meeting the resulting demand. Therefore, I have decided that, if a local authority's expenditure on renovation grants exceeds a specified level in 1983-84, I shall make an additional allocation to cover the excess. The Welsh Office will be writing to housing authorities about this in a few days' time.

I also want to tell the House about my intention as regards the urban programme and urban development grants. My right hon. Friend the Secretary of State for the Environment told the House of the importance we attach to the new urban development grant scheme. The response in Wales has been encouraging and we are considering the imaginative schemes which have been submitted. For the moment I have allocated £21 million to UDGs and the traditional urban programme together. I shall decide how much to devote to UDGs and on the allocation of the remainder to local authority schemes under the traditional programme once our consideration is complete.

The allocations that I have announced will enable local authorities in Wales to undertake a substantial programme of capital work next year. On the most optimistic assumption about this year's spend, there will be an increase of about £50 million and on pessimistic assumptions a good deal more. That presents them with an opportunity to improve the infrastructure of the community and to tackle some of the problems which we all recognise.

Those authorities with enterprise zones in their areas are presented with particular opportunities—Swansea, where such a good start has been made, and the new zone at Flint which I announced on 15 November. As I said then, I am giving further consideration to the establishment of a third. Throughout Wales, the local communities will benefit, the construction industry will be assisted, and new jobs will be created provided that local authorities take full advantage of the capital allocations I make and use to the full the capital receipts that come in.



which stands for the same democratic principles and for self-determination. To depart from that, to support Argentina, would be an aberration.

**Sir John Biggs-Davison:** Was it not indeed an aberration, and would not the United States be better employed in mobilising international support for the United Kingdom, as sovereign power, in islands that are vital to the strategy of the West, including the United States?

**The Prime Minister:** I agree with my hon. Friend.

**Mr. Tom Clarke:** In view of the frequent comments about so-called social security scroungers—

**Mr. Speaker:** Order. We are not on an open question now. We are dealing with the Falklands.

**Mr. Strang:** As at least one newspaper which supported the Prime Minister's Falklands campaign blurted out the truth, namely that negotiations on the basis of the resolution should take place as soon as the election is over, even if we have a Conservative Government, is the Prime Minister aware that it is bad enough for her to spend £400 million a year on the garrison in the Falklands, but that it would be intolerable if she sacrificed the lives of more Service men in defence of this relic of our imperial past?

**The Prime Minister:** There can be no question of negotiations on sovereignty for the Falkland Islands. It would be a betrayal of those who fought and died.

#### Engagements

**Q4 Sir Anthony Meyer** asked the Prime Minister if she will list her official engagements for Tuesday 23 November.

**The Prime Minister:** I refer my hon. Friend to the reply which I gave some moments ago.

**Sir Anthony Meyer:** Is my right hon. Friend aware that there is an unfilled vacancy, and that is the leadership of the free world at a particularly perilous moment? Is she further aware that, as the senior leader in the West—*[Interruption]*—

**Mr. Speaker:** Order. The House does itself no good by all this noise. If we get into the habit of trying to shout down what we do not like, democracy will come to an end here.

**Sir Anthony Meyer:**—she is uniquely qualified to fill that post if she can demonstrate the same intensity of concern for the well-being of the peoples of the European Community and the Atlantic alliance as she has convincingly demonstrated for the well-being of the people of this country?

**The Prime Minister:** I realise what my hon. Friend is saying, but anyone who attempted to self-style himself as the leader of either the free world or the European

Community would not get far or have much influence. In the European Community we are a partnership of 10 sovereign nations, each representing its own interests, but realising that it is better for all and each of us to do certain things in common. We shall continue to represent British interests, and we shall continue to try to seek equitable policies for the Community as a whole. That is the best leadership that we can give.

**Mr. Tom Clarke:** In view of the frequent references to so-called social security exploiters, is it not outrageous that millions of pounds are lost to Britain because of tax evasion? Will the Prime Minister respond to the Civil Service trade unions by making personnel available for the collection of such vital revenue and in so doing respond to the views of the Public Accounts Committee?

**The Prime Minister:** If there is fraud of any kind, either in connection with social security or tax, there are people allocated to root it out, after which it becomes a matter for the police. There are such people in the Department of Health and Social Security and in the back tax department of the Inland Revenue.

**Mr. Dickens:** For the sake of the strength of the £ sterling, will my right hon. Friend please confirm to the House that the Government intend to stand steadfast behind their economic policies and that we have merely requested local government to spend up to its controlled agreed quotas?

**The Prime Minister:** My hon. Friend is right. No one in the market should have any doubt about our determination to hold fast to our strategy to beat inflation. Sound money remains at the heart of our economic policies.

We have asked local authorities to spend up to and not beyond their allocations. Indeed, it is our policy to keep all public expenditure within the cash limits that have been set.

**Mr. Michael Latham (Melton):** On a point of order, Mr. Speaker. May I raise again a matter which I raised with you a couple of weeks ago? There is an increasing tendency among hon. Members—today it was a right hon. Member—to raise points of order in the middle of Question Time, which takes away the rights of other Back-Bench Members.

**Mr. Speaker:** I am much obliged to the hon. Gentleman. The House knows that I have asked right hon. and hon. Members to wait until after Question Time to raise points of order. I shall do my best to ensure that that happens in future.

**Sir John Biggs-Davison (Epping Forest):** Further to that point of order, Mr. Speaker. Was it not the case that the right hon. Member desired protection, and does not the House need protection from spurious points of order?

**Mr. Alec Jones (Rhondda):** I welcome the fact that the Secretary of State has made his statement to the House, although I must confess that even with the aid of a calculator I need more than half an hour to understand its contents. I welcome the statement if it means a real increase in capital spending in Wales both from the point of view of local government services and much needed jobs.

The Secretary of State proposes in the current year to try to encourage increased spending on house renovation and a certain hoped-for increase in capital allocations. It is probably far too late in the year to do much about underspend during the current year. Therefore, his statement is right in that it concentrates mostly on the coming year 1983-84.

I can understand the natural desire of the Secretary of State to improve his housing achievements in Wales, since the present Government have probably the worst record on house building in Wales of any Government since the war. Anything that can be done to improve that is to be welcomed.

The Secretary of State, in an effort to use more receipts from the sale of council houses for new building, is reducing the proportion of unallocated housing receipts to 25 per cent. and building the remaining 75 per cent. into local authority allocations. Is this not a further intrusion into the freedom which he previously boasted he was anxious to give to local authorities? Will he consider using the rate support grant settlement to compensate local authorities for the interest on capital receipts that he is now asking them to forgo by using the receipts from sales of council houses for new building? Of the total increased level of expenditure announced, how much is from the sale of council houses and the sale of other assets, and how much, if any, new money are the Government putting into local government?

The Secretary of State announced rent increases next year of 85p and a 7 per cent. increase in maintenance and management. Is it necessary for all local authorities to raise rents by that amount? How many local authorities in Wales, for instance, are now in surplus on their housing revenue accounts, and, if they are in surplus, what is the justification for this further increase?

The Secretary of State has allocated £6.641 million for personal social services. Does that item include any transfer of funds from the National Health Service to cover any increase in jointly funded schemes?

I note that the Housing Corporation allocation is only to be maintained in real terms. Does that mean that the Secretary of State does not realise that housing associations can play an increased role in dealing with housing needs in Wales? The Secretary of State has given us some details of the increases in expenditure on housing. What are the percentage increases in real terms on education, transport and personal social services?

If local authorities incur current expenditure and loan charges as a consequence of the capital expenditure on which the right hon. Gentleman is encouraging them to embark today, will he give an assurance that if such increased current expenditure takes them over their expenditure targets for next year they will not have their rate support grant reduced?

Finally, I should like to say to the right hon. Gentleman that I certainly prefer him in his new role as a spendthrift from Pembrokeshire.

**Mr. Edwards:** I recognise the complexity of the statement and the right hon. Member for Rhondda (Mr. Jones) has raised many points on it.

In response to the right hon. Gentleman's final point, I emphasise that all we are seeking to do is to encourage local government to spend up to the cash limits previously announced. No change in the Government's economic strategy is implied in that.

The right hon. Gentleman asked about the overall increase in allocations. Including the urban programme, the increase amounts to 8 per cent. and is regardless of the actual spend on capital receipts.

The right hon. Gentleman referred to housing renovations and suggested that it was perhaps too late to achieve much increased expenditure in the current year. In 1981-82 the local authorities spent only a little more than £16 million on renovation grants. It is estimated that this year they will spend about £45 million, and next year we expect them to spend at least £70 million. The total expenditure on renovation grants during the period of office of the previous Labour Government was not more than about £57 million, so that is a very sharp upturn indeed.

I do not agree that it is too late to do much about underspend during the current year. I had an example drawn to my attention only in the past 24 hours. In Rhymney, the local authority is currently refusing to give improvement grants, despite the fact that we have given assurances to the local authority about the matter. It is holding off until it has the full allocation for next year, although it seems clear that it will have an underspend—indeed, its current level of spending is much less than some of its neighbours which are still allocating grants. There are plenty of other local authorities in the same position.

The right hon. Gentleman asked our record on housing. Local authorities—most of them are dominated by the Labour Party—are estimated to be underspending in the current year up to £80 million of the money available for housing. If the right hon. Gentleman really feels that there is a housing need—I agree with him—I hope that he will encourage local authorities throughout Wales to spend the money that the Government have made available.

The right hon. Gentleman asked about the proportions of unallocated receipts and about the formal amounts allocated. In the current year, we originally estimated that receipts for local authorities sales would amount to £58 million. Our latest estimate is £97 million, and for next year we are currently estimating £85 million.

The right hon. Gentleman asked about the scale of the housing work and the effect that it might have on current expenditure and on interest charges. I make no apology for saying that, in the light of the known housing need in Wales, local authorities should spend the money on this priority, and I do not believe that there is any justification in their present expenditure to exceed targets as a result.

The right hon. Gentleman referred to the increase next year of 85p. He will be aware that the Labour Government took the view that rent levels should rise in line with increases in inflation but never did anything about it. This increase is broadly in line with inflation and, as the right hon. Gentleman knows, we are increasing the local contribution which effects, of course, the local authority grant position, but local authorities are free to make individual decisions on rents in their own areas.

[*Mr. Edwards*]

The right hon. Gentleman referred to personal social services and to other matters. I said in my statement that there is a block allocation to each local authority and that the local authority, within that total, and subject to the limitation that I have introduced about housing receipts, is free to spend the money in the ways that it thinks best. I have no immediate control over the way it does it.

The right hon. Gentleman asked about jointly funded schemes. I shall elaborate on that subject in the Welsh Grand Committee tomorrow.

I hope that I have dealt with most of the right hon. Gentleman's detailed points.

**Sir Anthony Meyer** (Flint, West): Is my right hon. Friend aware that there will be a warm welcome in Wales for what he has announced and that hope will be rekindled in many quarters? Does he recognise that the capital works schemes on which he has placed so much emphasis are certainly the best way of creating employment without producing too many inflationary pressures? Will he ensure that his fairly complex arrangements are fully and clearly explained to local authorities so that there is no misunderstanding on their part about exactly how much they have available to spend and on what? In the past, there has undoubtedly been misunderstanding about the moneys available from the sale of council housing. This misunderstanding has had adverse effects on some authorities, especially Rhuddlan borough council.

**Mr. Edwards:** I thank my hon. Friend for his remarks. The simplest form of clarification is that on the first half-yearly figures we could be faced with a capital underspend in Wales of £93 million, including the £80 million in respect of housing to which I have referred. On the most optimistic estimate, we could be faced with a total underspend of about £69 million. These figures show that there is a great deal of capital available within existing cash limits and within the Government's overall strategy to provide for the need that everyone acknowledges and to give a real boost to the construction industry. It is now up to local government to do its job.

**Mr. James Callaghan** (Cardiff, South-East): Is the right hon. Gentleman aware of the large increase in the number of people on the Cardiff housing waiting list? Is there any prospect that the increases that he has announced today will reduce waiting lists to the levels at which they stood when he began his stewardship?

**Mr. Edwards:** If the Cardiff authority was as energetic in its disposal of housing stock as other authorities, it would be able to provide a great deal of new housing for the right hon. Gentleman's constituents.

**Mr. John Morris** (Aberavon): Does the right hon. Gentleman not feel occasionally like the Grand Old Duke of York, having marched his bewildered local authority troops up the hill, is now marching them down again? Will he make a statement comparable with that made by the Secretary of State for the Environment at the Tory Party conference, when he responded to the great anger about the proposals on the size of lorries by promising 55 new bypasses in England? Will there be comparable provision or a comparable promise for Wales?

**Mr. Edwards:** We are dealing with a statement on housing and local authority capital expenditure. I shall be

announcing a substantial road programme on another occasion. The right hon. and learned Gentleman has talked about the Grand Old Duke of York, but I recall that when he was the Secretary of State for Wales he, too, was faced with an underspend. I am merely repeating the actions that he took when he had the same experience. He, too, had difficulty in getting local authorities to spend the money that the Government had made available to them.

**Mr. Ian Grist** (Cardiff, North): Is my right hon. Friend aware that last Saturday a married couple visited my surgery to tell me that they had applied 18 months ago to buy their flat in Cardiff from the council and that they had not received any offer, visit or notification? This waste of potential money for the Cardiff council is delaying the necessary programme of renovation of the housing stock, most of which was erected 70, 80 or 90 years ago and is in bad need of renovation. The programme that my right hon. Friend has announced will be extremely welcome to the people of Cardiff and by most of those living in the valleys of South Wales.

**Mr. Edwards:** The situation that my hon. Friend described is indefensible. It is penalising those who wish to buy their flats or houses and those who could have new authority housing built for them, or their existing housing improved, if the local authority got on with its job and spent the money that could be available to them.

**Mr. Geraint Howells** (Cardigan): I am grateful to the right hon. Gentleman for making a statement so early in the new Session. Will he give an assurance that the £3.58 million that he has allocated for urban programme schemes will not be clawed back from rural programme schemes? Will he give a further breakdown of the £42.163 million that is to be provided for all other services?

**Mr. Edwards:** I cannot give the breakdown that the hon. Gentleman requests. I allocate a total block to the local authorities. The Government merely indicate the way in which the block has been made up. It is for individual authorities to decide how much they spend on certain items.

The hon. Gentleman may have misunderstood the urban programme. This year I allocated originally £15.3 million to the programme. Additional amounts were made available during the year and the total was increased to £16.8 million. I have now allocated slightly more than £21 million to the urban programme and the UDG schemes combined. I have not yet decided the make-up of that sum. I have to consider the 50 or more UDG schemes that have been submitted by local authorities. The hon. Gentleman will be aware that if we get investment in UDG schemes we multiply the scale of the capital investment. We may get a multiplier effect of four by getting private sector investment in addition to the public sector contribution.

**Mr. Dafydd Wigley** (Caernarvon): Will it be possible in future, bearing in mind the complex nature of the statement, to publish a statement and to follow it up shortly afterwards with a debate in the Welsh Grand Committee so that we can go into some aspects in greater depth?

The right hon. Gentleman has talked about proven housing need. Was there not that need three years ago when the Government chopped the housing allocation in Wales by 48 per cent? Surely it is extremely difficult for local authorities to deal with changing programmes. Their staffing is geared up to meet a programme, there is a strong

surge forward in an election year and then there is a programme of cuts immediately afterwards. Can we not achieve some stability in the housing programme in Wales?

**Mr. Edwards:** If I had presented the House with a written statement and announced a subsequent debate, the hon. Gentleman would have been one of the first to criticise me for not making an oral statement.

We are not dealing with a new development. We announced our intentions in respect of the availability of capital receipts when we started disposing of local authority housing under new legislation. Much earlier in the year we gave assurances and guarantees to local government which should have enabled them to go ahead and plan into next year on the basis of stability. We are now giving them a further assurance that they are not dealing with a one-year programme. There is no excuse for the current massive underspend of local government when it is the first to say that there is considerable housing need.

**Mr. Roy Hughes (Newport):** When the right hon. Gentleman replied to the questions of my right hon. Friend the Member for Rhondda (Mr. Jones) he said that the recently announced rent increases for council tenants were reasonable. Has he considered the tremendous unemployment in Wales, let alone short-time working, and the effect that it is having on rent arrears? What is he doing to help Welsh authorities? The Newport authority is facing much trouble because of these difficulties.

**Mr. Edwards:** Bearing in mind the emphasis on capital need and the state of the housing stock in Wales, it is not unreasonable to ask local authorities to increase rents broadly in line with the increase in costs. We shall be increasing maintenance and management expenditure by 7 per cent., which on the current inflation forecast means that there will be an additional margin for local authorities that will allow them to catch up with an admitted backlog of maintenance work.

**Mr. Tom Ellis (Wrexham):** To what extent would the insistence of a local authority, such as that of the Wrexham Maelor borough council, on having complete management control of an enterprise zone in its area influence the right hon. Gentleman in deciding whether to allocate a zone to such an authority?

**Mr. Edwards:** I have to bear in mind a number of factors in determining the siting of an enterprise zone, not least its potential success and the effect on other developments in the area. The hon. Gentleman will recognise that to place an enterprise zone immediately adjacent to a large industrially developed site, for example, could have an impact on that site. That is one consideration that has to be taken into account. We are having further discussions with local authorities that have applied for enterprise zones before ascertaining which we should select as the third site in Wales.

**Mr. Ioan Evans (Aberdare):** Does the Secretary of State realise that his announcement will be considered cynically by Welsh local authorities? Since he became Secretary of State he has told local authorities to cut, cut, cut. Now, in the run-up to an election, he is telling them to spend, spend, spend. What effect will that have on Wales, if there is current expenditure as well as capital expenditure, and how will it benefit total public expenditure. He mentioned the local authority part. Will

the Secretary of State now divert resources from the Health Service or from other sectors or will there be an all-round increase in Wales?

**Mr. Edwards:** The hon. Gentleman will get in part an answer to the latter point in the Welsh Grant Committee tomorrow when we shall debate health matters.

I am not changing Government policy suddenly and asking for expenditure of money not previously available. I am merely emphasising the point that local authorities are not spending the money that has always been available to them. That does not represent a similar "spend, spend, spend" policy before a general election to that initiated by the hon. Member for Merthyr Tydfil (Mr. Rowlands) before he had to change direction when the International Monetary Fund moved in. We are asking local authorities to spend the money that has always been available and that they have not spent up to now.

**Mr. Donald Anderson (Swansea, East):** Although I welcome the new priority given to housing, will the Secretary of State confirm that the total sums available to Welsh housing authorities in the financial year 1983-84 are no higher than those available in 1979-80, the last year of the Labour Government, and that he has presided over the greatest slump in house building in Wales since the Second World War, with only 1,000 starts in the public sector in 1981-82?

On a technical point, local authorities are allowed to top up their allocations by the totality of capital receipts available to them—with the exception of housing which is only 50 per cent.—but the Secretary of State announced recently that the top-up will be reduced to 50 per cent. in other sectors. Is not that change inconsistent with today's statement, and will the Secretary of State withdraw the reduction from 100 per cent. to 50 per cent?

**Mr. Edwards:** A shortfall in the housing programme must be entirely the responsibility of the local authorities, mostly Labour-controlled, that have not spent the money made available to them by the Government. If the hon. Gentleman re-reads my admittedly complicated statement, he will see that the allocation of capital receipts has been made perfectly clear.

Following is the table:

*Capital Expenditure Allocation 1983-84*

	<i>L.A. Code</i>	<i>£000's</i>
Counties:		
Clwyd	38	11,785
Dyfed	39	10,905
Gwent	40	24,234
Gwynedd	41	7,015
Mid-Glamorgan	42	16,919
Powys	43	4,626
South Glamorgan	44	18,821
West Glamorgan	45	11,949
Total Counties	47	106,254
Districts:		
Alyn and Deeside	01	3,254
Colwyn	02	3,077
Delyn	03	3,211
Glyndwr	04	1,987
Rhudllan	05	2,597
Wrexham Maelor	06	4,620
Carmarthen	07	4,293
Ceredigion	08	3,730
Dinefwr	09	1,649
Llanelli	10	4,318
Preseli	11	2,706
South Pembroke	12	2,668

	L.A. Code	£000's
Blaenau Gwent	13	7,930
Islwyn	14	5,254
Monmouth	15	3,493
Newport	16	8,791
Torfaen	17	4,991
Aberconwy	18	2,390
Arfon	19	3,530
Dwyfor	20	1,360
Meirionnydd	21	3,170
Ynys Mon	22	3,799
Cynon Valley	23	3,989
Merthyr Tydfil	24	4,314
Ogwr	25	7,151
Rhondda	26	6,949
Rhymney Valley	27	6,118
Taff-Ely	28	7,103
Brecknock	29	1,796
Montgomery	30	1,907
Radnor	31	1,385
Cardiff	32	20,376
Vale of Glamorgan	33	5,569
Afan	34	2,409
Lliw Valley	35	4,402
Neath	36	2,999
Swansea	37	16,658
Total Districts	46	175,943
Total Wales	48	282,197

**Mr. Harry Ewing** (Stirling, Falkirk and Grangemouth): On a point of order, Mr. Speaker. I apologise for not giving you notice of this point of order, but as I was involved with the steel lobby I could not do so. I resisted the temptation to raise a point of order following the statement last week by the Secretary of State for the Environment, because I was not sure what the Welsh Office intended to do. We had a statement from the Secretary of State for the Environment on his local authority spending programmes and we have today had a statement from the Secretary of State for Wales on his local authority spending programmes. However, the matter was dealt with by the most junior Minister at the Scottish Office at a press conference some days ago.

The Secretary of State for Scotland is deliberately avoiding his responsibilities to the House and in the process, and most importantly, he is denying Scottish Members of Parliament the opportunity, as was given to Welsh and English hon. Members, to ask questions on a statement. I hope, Mr. Speaker, that you will see that as a serious restriction on the ability of Members of Parliament from Scottish constituencies to carry out their parliamentary duties. If you see it in that way, Mr. Speaker, I hope that in your capacity as Speaker you will make representations to the appropriate quarter in the Government to ensure that the Secretary of State for Scotland has the courage to make a statement on the Floor of the House.

**Mr. Speaker:** I allowed the hon. Member for Stirling, Falkirk and Grangemouth (Mr. Ewing) to make his point of order at length, but he will realise that the matter is one for the usual channels and not for me.

#### CONWY TUNNEL (SUPPLEMENTARY POWERS) BILL

*Ordered,*

That the Conwy Tunnel (Supplementary Powers) Bill be referred to the Welsh Grand Committee.—[Mr. Cope.]

## Orders of the Day

### Housing and Building Control Bill

*Order for Second Reading read.*

**Mr. Speaker:** I have not selected the Instruction.

4.5 pm

**The Secretary of State for the Environment (Mr. Michael Heseltine):** I beg to move, That the Bill be now read a Second time.

When I moved the Second Reading of the Housing Bill in January 1980, I explained that it had two main objectives. The first was to give people an opportunity to fulfil their aspirations to own their own homes and the second was to reverse the trend of ever-increasing dominance of the State over the life of the individual. Those objectives infuse our housing policy. This Bill is a further stage in meeting both objectives.

Our housing policy has evolved against the background of economic stringency. After three years of financial discipline we are beginning to see the benefits. We have started to redress the imbalance between current and capital expenditure. Last week I announced to the House increases in some capital programmes, especially in housing. I have requested local authorities to increase their capital programmes for the current year to spend closer to the national provision. Authorities that need them have been offered extra capital allocations. All authorities can spend without limit on home improvement grants this year. I have agreed an increase of £150 million on the Housing Corporation's cash limit for the current year. For next year, 1983-84, the gross capital provision for housing will be increased. The provision will be some £340 million above the expected outturn for the current year, taking account of extra spend from last week's statement.

Housing starts are now showing clear signs of improvement. In the public sector starts in the third quarter of 1982 are 36 per cent. up on the equivalent period a year ago. By September, public sector starts this year had already exceeded the total for the whole of 1981. A similar picture emerges in the private sector. Starts in the third quarter are 23 per cent. up on last year.

In addition, there has been a revolution in the ways in which local authorities have started to make more effective use of the monies available. They are now bringing in private finance through a range of joint initiatives and have been especially effective in opening new opportunities for home ownership in the low-cost sector of the market.

There is now a wide variety of schemes, that widen choice and opportunity, especially for households on lower incomes. We have promoted shared ownership, buying part of a house and renting the rest with the option of outright purchase in due course. We have produced a model scheme and are preparing a model lease. The Bill that we are discussing today gives a right to a shared ownership lease to tenants who cannot afford to buy their homes outright at once. We have encouraged homesteading, giving the chance to buy rundown property at rock bottom prices to those willing to put major effort into improving their homes. Co-operation between house builders, local authorities and mortgage lenders has

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ODDI WRTH YSGRIFENNYDD  
PREIFAT YSGRIFENNYDD  
GWLADOL CYMRU

*Prime Minister*

FROM THE PRIVATE SECRETARY  
TO THE SECRETARY OF STATE  
FOR WALES

*Wm*  
*22/11 19<sup>th</sup>* November 1982  
*[Signature]*

PARLIAMENTARY STATEMENT: LOCAL AUTHORITY CAPITAL EXPENDITURE (WALES)

My Secretary of State told Ministerial colleagues at Cabinet yesterday that he intended a Parliamentary Statement on Monday (when Welsh Questions are First Order) about certain of his public expenditure programmes. We now understand that this will not be possible because of a Statement to be made that day by the Secretary of State for Industry: accordingly the business managers have agreed that Mr Edwards should make his Statement on Tuesday.

... I attach a draft of the Statement. My Secretary of State would be grateful for any comments the Chief Secretary may have on it.

Welsh Office officials are in direct touch with Treasury officials over agreement of the capital expenditure cash limit.

/ I am copying this letter and its enclosure to the Private Secretaries to the Prime Minister, John Biffen, Michael Heseltine, George Younger and to Sir Robert Armstrong.

A E PEAT

John Gieve Esq  
Private Secretary  
The Rt Hon Leon Brittan QC MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON

DRAFT STATEMENT BY THE SECRETARY OF STATE FOR WALES  
TUESDAY 23 NOVEMBER 1982

With permission, Mr Speaker, I will make a statement about public expenditure provision for Housing and other local authority capital spending in Wales.

First of all I want to say something about the current year, 1982/83.

Monitoring of capital payments by local authorities in Wales indicated at the end of the first half year that there was likely to be a substantial underspend of the cash limit. The main reason for this is that housing authorities are not using their capital receipts for new capital work. To reduce the expected underspend housing authorities have been told that they may increase their spending on house renovation in the current year without limit.

I have also reviewed the position of other local authorities, and where they appeared to be spending up to their previously expected pattern, they have been offered additional capital allocations for work in the current year. Furthermore some urban programme schemes for which provision was not originally available have now been approved and consequent additional allocations made. Altogether these additional allocations total £3.58m.

I now turn to the provision for 1983/84. I have not yet completed consideration of the allocation of resources to particular services within my public expenditure block. However, I am now in a position to say something about the resources to be assigned to Housing and other local authority capital expenditure.

In forming my conclusions I have taken account of the estimated level of local authority capital receipts in 1983/84. Hon Members will know that as a general rule local authorities can spend their capital receipts on new capital projects, in addition to the capital allocations I make. The exception is in the case of Housing, where I have previously required that only half of the Housing receipts should be freely available for any capital spending, the other half being built into the Housing allocation.

Local authority capital receipts in Wales next year are forecast to be £90.3m, of which £85.1m is forecast to be Housing receipts. As I have said, Housing authorities have not been using their capital receipts for new capital spending. With the object of achieving a larger capital spend I have decided to reduce the proportion of unallocated Housing receipts to 25 per cent; the remaining 75 per cent will be built in to the allocations. I shall be laying before the House accordingly regulations under S72 of the Local Government, Planning and Land Act 1980.

After consultation with the Welsh local authorities, I have today made rent and maintenance determinations for 1983/84. The increase in the local contribution I have determined at 85p, and the increase in maintenance and management expenditure I have determined as 7 per cent. On the basis of these determinations the amount available for spending on Housing by local authorities and the Housing Corporation in Wales next year will be £202.3m, compared with a likely spend this year of £169.2m, an increase of nearly 20% {19.56%}. Together with the change in the treatment of capital receipts which I have outlined, this will enable me to allocate \$139m to local authorities in respect of Housing. This is an increase of 13% over the current year's allocation. The allocation to the Housing Corporation will be maintained in real terms.



For other services I have decided to allocate amounts as follows:

Education	£34.325m
Transport	£60.068m
Personal Social Services	£ 6.641m
All Other Services	£42.163m

Together with the allocation for Housing, this makes a total provision for local authority capital expenditure of just over £282m (£282.179m). In addition there will be the £41.3m I intend to allocate to the Housing Corporation.

At the local authority level, an authority receives its allocation as a block and can spend it on whatever capital projects it wishes. I shall circulate in the Official Report a table showing the allocations to individual authorities. Each local authority will receive a formal notification of its allocation.

There is one more thing I wish to say about Housing. In the particular circumstances of the Welsh housing stock I attach the greatest importance to renovation grants. If a local authority's expenditure on renovation grants exceeds a specified level in 1983/84, I shall make an additional allocation to cover the excess. The Welsh Office will be writing to housing authorities about this in a few days time.

I also want to tell the House about my intention as regards the Urban Programme and Urban Development Grants. My Rt Hon Friend the Secretary of State for the Environment told the House of the importance we attach to the new Urban Development Grant scheme. The response in Wales has been encouraging and we are considering the imaginative schemes which have been submitted. For the moment I have allocated £21m to UDGs and the traditional Urban Programme together. I will decide on how much to devote to UDGs and on the allocation of the remainder to local authority schemes under the traditional programme, once our consideration is complete.

Mr Speaker, the allocations I have announced will enable local authorities in Wales to undertake a substantial programme of capital work next year, about £50m more than they are likely to spend this year. This presents them with an opportunity to improve the infrastructure of the community and to tackle some of the problems which we all recognise. Those authorities with Enterprise Zones in their areas are presented with particular opportunities: Swansea, where such a good start has been made, and the new Zone at Flint which I announced on 15 November. As I said then, I am giving further consideration to the establishment of a third. But throughout Wales the local communities will benefit, the construction industry will be assisted, and new jobs will be created provided local authorities take full advantage of the capital allocations I make and use to the full the capital receipts that come in.