

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON SW1P 3EB

2 August 1984

John Patrick

LOCAL AUTHORITY CAPITAL EXPENDITURE

At our meeting of 16 July we considered the action necessary following the overspend of £368m in 1983-84 on DOE/LA1 local authority capital, and to restrain spending in 1984-85 as agreed at E(A) on 10 July. As you know, I agreed to defer the normal procedure of reducing provision following a cash limit breach from 1984-85 to 1985-86. The normal rules for reducing provision in 1985-86 will apply to any overspend in 1984-85, unless the scale of it makes that not practicable. We should have a better idea very soon about the level of committed spending in 1984-85 and whether any further restraint will be necessary.

But meanwhile I think that it would be sensible to make the 1985-86 baseline adjustments immediately to take account of the 1983-84 overspend, so that colleagues have the maximum time available to plan on the new basis. I attach a table showing how the adjustments would fall to be made, if allocated according to each programme's share of the 1985-86 baseline. If colleagues do not feel that this is the right way to divide the £368m, perhaps you could agree with them any changes between programmes. I shall assume this distribution in my preparation for the Survey discussions. I expect that Nicholas Edwards will wish also to consider where his adjustment of some £7m should fall.

I am copying this letter to the Prime Minister, members of E(LA), Nicholas Edwards, Michael Jopling and Grey Gowrie.

Yours sincerely *Peter Rees*

PETER REES

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DOE/LA1 1983-84 OVERSPEND

	Reduction in 1985-86	1985-86 baseline before adjustment
<u>Service blocks</u>		
Education (DES)	42	284
PSS (DHSS)	17	113
Housing (DOE)	172	1160
Transport (DTp)	101	681
Other services (various departments)	36	241
	368	2479

Breakdown of 'Other Services' block

Local environmental services (DOE)	28	187
Libraries, Museums & Art Galleries (OAL)	3	20
Fire services & Civil defence (HO)	3	19
Aerodromes (DTp)		In transport block
Careers services (DE)	1	5
Agriculture and Fisheries (MAFF)	1	8
Consumer protection (DTI)		2

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Treasury Chambers, Parliament Street, SW1P 3AG

Ian Gow MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
London SW1P 3EB

8 September 1984

Dear Minister,

LOCAL AUTHORITY CAPITAL OVERSPENDING

Thank you for your two letters of 29 August about local authority capital overspending.

I am somewhat surprised that you should write in this way about the question of the penalty for 1983-84 which is to be dealt with in 1985-86. At our meeting in July I agreed to defer the 1983-84 penalty until 1985-86 because Patrick argued that it was impracticable to seek to restrain spending in 1984-85 to a figure below the present cash limit. This was agreed then, and recorded in the minutes and I must ask you and Patrick to abide by that agreement. My proposal for a distribution of the adjustment was no more than a proposal, and I would be quite content for Patrick to agree with colleagues a different distribution if that is what he wishes.

It is in any case inappropriate to refer to this overspending penalty as a "cut". The spending has already taken place in 1983-84 and the adjustment is necessary to bring local authority capital programmes back to our overall public expenditure plans. The bilaterals provide the right occasion to discuss whether those plans should change, and as you know I do have to seek cuts in plans in order to achieve our overall public expenditure targets.

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You say (in your letter not copied to all) that you are still unhappy about the record of our discussion of rehandling of any 1984-85 overspend. I said, and the Secretaries of State accepted, that the normal cash limit rules would apply unless I was persuaded that it would be impracticable to have the full offset in 1985-86. We seem to be unable to agree what indication I gave of the level of overspending at which this might apply. Perhaps it would help to reassure you if I say that I mentioned the figure of £1 billion only as an illustration of an offset which would clearly not be practicable. I do not think we can sensibly consider what would be practicable until we know what scale of problem we are facing and can assess what methods of restraint are open to us. I of course hope very much that there will be no such problem.

Finally, I am concerned that we are still awaiting to hear about the results of your capital commitments return and prospects for 1984-85. We are already overdue on our plans for reviewing the position and deciding whether any further action is needed to restrain spending this year. It was on the clear understanding that we could do a quick review of the position in the light of this better information that I agreed to your proposals for restraint, rather than insisting on a full moratorium on new commitments. I hope to hear within a very few days how things are looking for this year.

I am copying this letter to the Prime Minister, Members of E(LA), Nicholas Edwards, Michael Jopling and Grey Gowrie.

Yours sincerely,

Peter Rees

PETER REES

*(Approved by the Chief Secretary
and signed in his absence)*

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LOUISIANA STATE
MEMO.

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Minister for Housing and Construction

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

My Ref: J/B/PSO/35296/84

29 August 1984

Len Pate,

Thank you for your letter of 2 August to Patrick Jenkin in which you make proposals for applying cuts to the baselines of the various services in 1985/86 to claw back the overspend on the DOE/LAI cash limit in 1983/84. I have seen the comments from Grey Gowrie in his letter of 7 August and from Nicholas Ridley in his of 13 August. *will request if required*

I cannot agree to what you propose. If a pro rata attribution is to be made, to make it pro rata to the 1985/86 baseline takes no account either of the level of spending or of the level of assessed need. I understand why Nicholas Ridley finds the proposal unreasonable in respect of transport. Your proposal would be less demonstrably impracticable in respect of Other Services provision than would a cut pro rata to the 1983/84 overspend; a cut which would on its own reduce the 1985/86 OS baseline by 40%. But the cost, as Nicholas points out, would be an unreasonable reduction in the baseline for those services which did not exceed provision in 1983/84 and in the provision for Housing.

I do not accept that this is the moment to be making such cuts. The bilaterals for each Department will start shortly and you have indicated in letters to each of us your initial reaction to the Red Book bids. In the case of this Department, your suggestion is that severe cuts should be made instead of the modest increases which we had proposed. In my separate letter of today's date I suggested that any cuts for overspending should be subsumed within the figures by which you are seeking to reduce DOE programmes in the course of the bilaterals. The bilaterals provide the right occasion to discuss what level of provision is appropriate for each programme, taking account of the overspend. To make cuts now would be to pre-empt those discussions on an arbitrary basis with no regard to the effect on our policy objectives.

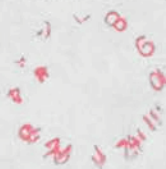
I am copying this to the Prime Minister, members of E(LA), Nicholas Edwards, Michael Jopling and Grey Gowrie

[Handwritten signature]

IAN GOW

The Rt Hon Peter Rees QC MP

Local Govt: Relations A22



29 AUG 1962



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Peter Rees QC MP
 Chief Secretary to the Treasury
 HM Treasury
 Parliament Street
 LONDON SW1P 3AG

NRPM
 AD
 579
 5 September 1984

Ian Peter.

LOCAL AUTHORITY CAPITAL EXPENDITURE

Thank you for sending me a copy of your letter of 2 August to Patrick Jenkin, which contained proposals for dealing with the local authority capital overspend from 1983-84. I have seen the comments from Grey Gowrie, Nicholas Ridley and Ian Gow.

I do not agree with your proposal that adjustments should be made to the 1985-86 baseline to take account of the 1983-84 overspend or that any such adjustments should be assumed for our forthcoming discussions in the Public Expenditure Survey. We were all aware of the 1983-84 outcome as well as what appeared to be in prospect for the current year when we agreed on the measures of voluntary restraint to slow down local authority capital spending announced on 18 July. We cannot yet know what the outcome of those measures will be. At the same time, it was acknowledged as common ground that the capital control system itself was at fault and needed to undergo a thorough review.

Action to this end is going forward. It would be quite wrong meanwhile to hobble next year's plans by the application of a mechanical device. What happened last year has no relevance to the appropriate levels of investment in 1985-86. These levels should be considered in the bilaterals on their merits.

More generally, it seems to me that politically we would be wise to avoid precipitate action. First, large underspends in earlier years (substantially larger than the 1983-84 overspend) were the basis for strong Government encouragement to local authorities to spend more capital. Their achievement in 1983-84 is in some measure a result of our own exhortations.

cont/d...

Second, we shall rightly be accused by local government and others of practising just those traditional stop-go policies of previous administrations, which we ourselves have consistently criticised. Sharp swings from exhortations to spend to near moratoria do little for our political credibility and damage local authority efficiency and the cost-effectiveness of their programmes.

Third, in education there is a particular need for investment in order to secure savings in recurrent expenditure. A further reduction in the provision for education would stifle the relatively modest amount of investment I am able to make to secure redeployment of resources through cost-saving rationalisation projects.

For these reasons I cannot agree that there should be any clawback from the 1985-86 baseline. It follows that I would not find acceptable the alternative approach to distribution of any cuts suggested by Nicholas Ridley in his letter of 13 August.

I am copying this letter to the Prime Minister, members of E(LA), Nicholas Edwards, Michael Jopling and Grey Gowrie.

Lawson,

Keen

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News Pt. 22

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5 SEP 1984

LOCAL GOV : Relations : PE22 ?
on B/U 26/10.

Circular 16/84
(Department of the Environment)
Circular 34/84
(Welsh Office)



Joint Circular from the
Department of the Environment
2 Marsham Street, London SW1P 3EB

Welsh Office
Cathays Park, Cardiff CF1 3NQ

Sir

4 September 1984

Industrial Development

Introduction

1. Encouragement of industrial development is vital if economic recovery is to be sustained. Both the nation as a whole and individual local authorities benefit from the swift and positive handling of planning applications for industrial development. Local authorities have already done a great deal to give priority to such applications and their contribution in providing infrastructure and facilitating land assembly is also important. The purpose of this Circular is to encourage the continuation and spread of good practice, and to suggest how local authorities might respond to some recent trends such as high technology development.

Scope

2. This Circular is primarily directed at applications relating to developments for the production of goods and services, including ancillary developments such as warehousing. However, the advice in the Circular should be assumed to be applicable to other types of business unless this would cause harm in planning terms, and no arbitrary distinctions between different types of development should be made in applying it.

Existing Advice

3. This Circular should be seen as an expansion of the advice in Circular 22/80 (Welsh Office Circular 40/80), which sets out the Government's general aims and policies on development control. It does not detract from that Circular in any way, or from the need for speed and efficiency in giving planning decisions. Circular 22/80 also asks local planning authorities always to grant planning permission, having regard to all material considerations, unless there are sound and clear-cut reasons for refusal; and the Government welcomes the fact that some 90% of applications for planning permission relating to manufacturing industry currently receive permission. That Circular's advice remains, including the specific advice on small businesses, enforcement and discontinuance (paragraphs 12 to 14, 15 and 16 and Annex B); and the specific commitments to preserving agricultural land, and protecting National Parks, Green Belts and other areas of amenity or special interest (paragraph 4).

Handling Applications

4. The Departments are making available to local planning authorities for issue to industrial developers, free of charge, an initial supply of a new booklet—"Planning Permission: A Guide for Industry". This replaces an

earlier publication of the same name by the National Building Agency and is designed to give industrial developers detailed up-to-date guidance on how to apply for planning permission. It also gives a brief outline of other facilities including financial incentives available to industrialists and other controls (such as building controls) relevant to them. Planning authorities, as partners in the development process, are asked to make that guidance effective in practice, and to encourage and respond constructively to early informal approaches by the would-be developer, in confidence if need be, where he wishes to explore the basis for a successful application. Attention should be drawn to the booklet and its content, and authorities should also consider what material—including structure and local plans, development briefs, informal supplementary planning guidance, and material on other policies and facilities—they might offer the developer at an early stage. Local authorities should help and advise the developer to seek in good time any other statutory consents, other advice, and any loans or grants (such as those referred to in the booklet) which may be needed to bring development proposals to fruition. They may also wish to devise specific handling strategies for applications, potential applications and other types of enquiries involving industrial development. DOE Circulars 22/80 and 28/83 (Welsh Office Circulars 40/80 and 23/83) give further useful advice on the handling of applications, and what applicants can do to help themselves.

Priority

5. Circular 22/80 asks authorities to give priority to handling those applications which in their judgment will contribute most to national and local economic activity. This means giving industrial applications a very high priority, particularly—to speed job creation—where the user of the development is specified and would be ready to move in as soon as the development was completed. Applicants who have cleared the way beforehand through informal discussions with their planning authority may reasonably hope to receive a rapid decision on their formal application. For its part the Department will give priority to the determination of planning appeals on developments which will provide jobs, and to replies to references on “departure” cases involving priority applications.

Plan Policies

6. Structure and local plans have a central part to play in facilitating appropriate industrial development. There may be potential for conflict between approved and adopted plans, perhaps evolved some years ago, and the present needs of industry. At a time when technology and other requirements of modern industry are changing rapidly, plans which are realistic, up-to-date and make adequate provision for current and likely future industrial development in the light of the circumstances prevailing in the area will minimise this conflict and will also be an important source of information for industry. Such plans will enable appropriate development to proceed swiftly, and minimise “departure” references with their special (sometimes time-consuming) procedures.

7. Local authorities will have their own arrangements for keeping up to date with these rapid changes, and for using the information on the supply and demand for sites of particular kinds which will be available from a number of sources—such as the technical and property press, government publications, specialist research and the development industry itself. Authorities will also know the value of keeping in touch with local firms, local chambers of commerce and the CBI. Against this background they should see to it that the plans reflect an informed view of the scale,

diversity and distribution of sites which may be required for industrial development. They may wish to include policies for particular types of industrial or commercial development (eg the expansion of existing firms, development involving small firms, major industrial and energy development with special site requirements, hazardous development or warehousing). Some local planning authorities may prefer to plan simply for areas where activities likely to create employment can be accommodated; this practice has much to commend it. Where substantial development is envisaged in a structure plan, a local plan can also be particularly useful to indicate to developers where industrial development is likely to be favoured. In all circumstances, it is particularly important to keep under review the relevance and effectiveness of approved development plan policies, and to propose alterations where necessary.

8. When framing development plan policies and deciding on the appropriate levels of provision, and when considering whether an existing plan already caters adequately for industrial development, planning authorities should aim to ensure that, within the constraints of national policies and in line with the policies in structure plans, there is sufficient land available for industry, and that the supply of sites allows developers to choose on the basis of their individual needs between sites of different sizes with different facilities. Sites for industrial development should, as far as possible, be readily adaptable to the user's practical needs. Plans may also provide specifically for “bad neighbour” industry (eg those listed in the Special Industrial Groups in the Use Classes Order) to reduce the problems which such firms might otherwise face in finding sites.

Determining Applications

9. If these guidelines are followed, decisions on individual planning applications should normally be straightforward, unless a particular developer's proposal raises complex planning objections. But planning applications for industry, as for all types of proposed development, should always be considered on their merits having regard to the development plan and other material considerations. In the modern economy, it is not always possible to anticipate in the development plan all the needs and opportunities which may arise. Thus where a developer applies for permission for a development which is contrary to the policies and proposals of an approved development plan this does not, in itself, justify a refusal of permission (although there will be a general presumption against inappropriate development where losses of countryside, Green Belt and agricultural land are at issue). While the decision will obviously be more difficult than in cases which conform to development plan policies, the onus nevertheless remains with the planning authority to examine the issues raised by each specific application and where necessary to demonstrate that a particular proposal is unacceptable on specific planning grounds. Further advice on the handling of applications which depart from development plans is contained in DOE Circular 2/81 (WO 2/81).

10. While applications should not be refused merely in order to try and steer the development, which may have particular locational needs, towards locations specified in development plans, the existence of comparable, available, and appropriate but unused or vacant sites and premises is nevertheless an important consideration. This is especially so when an application involves development on previously non-industrial land and for which there is adequate land in specified locations in inner urban areas

within a reasonable distance of the preferred site. Planning authorities will wish to avoid the proliferation of unused planning permissions for industrial development, especially where this would lead to underuse or duplication of expensive infrastructure provision, or the unnecessary spread of urban development. Nor should applicants expect to obtain planning permission on sites outside specified locations on the grounds that, because they are not in such locations, such sites cost them less to obtain and develop.

Industrial Development within and around Urban Areas

11. Full use should be made of potential sites and existing premises in inner cities and other urban areas for industry as for other forms of development. This can reduce unnecessary expansion of development into the countryside and help to promote economic and social regeneration in older urban areas. Many urban areas can, especially with concerted local improvements, offer good surroundings to industrialists, and have many other advantages. The land registers established in England and Wales under the Local Government Planning and Land Act 1980 show that unused or underused sites in public ownership of one acre or more in size amount to about 112,000 acres; roughly half has moderate or high potential for development. Some of this land is suitable for industry. But some land will also be suitable for other purposes such as housing. Where this is so, authorities will have to weigh the conflicting needs, but they should avoid reserving land for one purpose if there is no realistic prospect of using it for that purpose for some time and there are other valid needs which the site might meet more immediately.

12. Local authorities have a major part to play in providing sites from the land which they hold, but they might also invite statutory undertakers and others to review their holdings for the same purpose. The policy of the Secretaries of State is to encourage the release of sites on the land registers for new development or renewed use, if necessary by exercising their power of direction to secure disposals. In addition, priority will continue to be given to applications for Derelict Land Grant which, following reclamation, will lead on immediately to industrial, commercial, housing or other development. Urban Development Grant will continue to be available for private sector schemes which will promote the economic or physical regeneration of inner urban areas by channelling into such areas private sector investment that would not otherwise take place. Local authorities in England in districts which have been designated under the Inner Urban Areas Act 1978, or which have Enterprise Zones, have been invited to submit further schemes which meet the UDG criteria. In Wales, all districts are eligible to submit UDG applications. Appropriate planning and development policies and clear long-term objectives which are capable of fulfilment in the modern economic climate can help secure the release of all categories of land, including that in private sector ownership.

13. While it may be right to prevent expansion of some industries within residential areas—and to plan for moving noxious or bad-neighbour ones out—light industry and many forms of small business can often be accommodated within residential areas without creating unacceptable traffic, noise or other adverse effects, and without detriment to the amenity of the area. Indeed the definitions in the Use Classes Order reflect this. Local residents may be worried at the prospect of such industrial, or indeed any form of development, and may need particular reassurance and explanation, but it may often be possible to frame conditions which will enable planning permission to be given and make the development more acceptable to them. At the same time, all authorities will recognise that the

prospects for bringing into use vacant buildings and sites in any area could be jeopardised if unrealistic and rigid restrictions are imposed—or maintained—on the types of development acceptable or if unnecessary conditions restrict the way in which the permission can be used (see also paragraph 17 below).

14. Not all industrial land needs can necessarily be met from within existing built-up areas. The orderly release of new land for industrial development will also need to be considered, in the context of development plan preparation and sometimes also in response to individual proposals for which there is no adequate alternative provision. Such proposals—and their consequences—must be consistent with existing policies for the protection of agricultural land, Green Belts, and other established planning policies.

Development in Rural Areas

15. In rural areas provision should be made, appropriate to the needs of each area, for industrial development which can be accommodated without serious planning problems. Many small-scale industrial activities can be fitted into rural areas, providing much-needed local employment opportunities and helping to retain a working population. Paragraph 13 of DOE Circular 22/80 (WO 40/80) emphasises that disused farm buildings are often suitable for conversion or adaptation without damage to their surroundings, as are other rural buildings, and such development may give rise to no more traffic or disturbance than the former use of the premises. Conversion to a new use will usually be preferable to allowing buildings to remain unused or become derelict and each case should be considered on its merits. However, once such development has been carried out, subsequent applications in relation to those premises—particularly those including major expansion or those in connection with uses of land which are not readily accommodated—will require careful examination to see whether they create problems for local amenity. The Council for Small Industries in Rural Areas operates a grant scheme to encourage rural industrial developments. (In Wales, the Welsh Development Agency and Mid Wales Development operate a similar scheme.) Within Green Belts the advice in MHLG Circular 42/55, reprinted as an annex to DOE Circular 14/84, applies.

16. When dealing with applications relating to minerals extraction and ancillary development other factors, such as the national need for the mineral and economic constraints on the industry, will need to be considered.

Conditions on Planning Permissions

17. In order that planning permission can be given, it may be necessary to impose conditions designed to make a proposed development acceptable in its local context. Conditions can serve a valuable purpose in this respect, but they must be confined to what is strictly necessary. They must be readily removed, upon application, when circumstances no longer warrant their retention. DOE Circular 22/83 (WO 46/83) deals with the subject of conditions and Section 52 agreements. More extensive advice on conditions will be given in a general circular on this subject.

High Technology Industries

18. Firms which use the new technologies or make products that further the spread of technological advance (eg in microelectronics or biotechnology) have a vital role in industrial regeneration. The Secretaries of State accordingly attach great importance to the sympathetic treatment of such uses in development control. The preceding advice in this Circular

applies equally to the new technologies as to other industries, but the new technologies also have special planning characteristics. Local planning authorities need to be alive to their needs. A recent analysis of such firms, their needs and the planning issues they raise is provided in the National Development Control Forum's publication "High Technology Development". The Department of the Environment is currently undertaking further research in this area.

19. Many such firms' operations are clean and quiet. In many cases their premises may resemble research laboratories or even offices much more than traditional "smoke stack" industry. They can be good neighbours to service industry, offices or even housing, depending on the bulk of the building and the volume of traffic generated. Authorities should not insist therefore on confining this type of development to traditional industrial areas. Where necessary, appropriate policies should be considered for inclusion in development plans; and in all cases such proposals should be considered on their merits, even where they appear to conflict with approved and adopted plans. It is often important that the terms of planning permission for such development are not unduly restrictive. The Annex gives advice on how this can be done.

Conclusion

20. The aim of this Circular is to promote a sound and efficient balance between economic and environmental considerations in facilitating industrial development. It is intended to help ensure that planning policies promote industrial regeneration without detriment to environmental or other objectives.

21. This Circular is not considered to have significant expenditure or manpower implications for local authorities.

We are, Sir, your obedient Servants,

I H NICOL, *Assistant Secretary*

A E PEAT, *Assistant Secretary*

The Chief Executive
County Councils } in England and Wales
District Councils }
London Borough Councils
Urban Development Corporations
The Council of the Isles of Scilly
The Town Clerk, City of London
The Director-General, Greater London Council
The National Park Officer
The Peak Park Joint Planning Board
The Lake District Special Planning Board

[DOE PLUP 3/737/11]

[WO P96/11/07 pt. 3]

PLANNING PERMISSIONS FOR HIGH TECHNOLOGY INDUSTRIES

1. High technology industries are essential to the country's future prosperity and local planning authorities should ensure that their needs are properly catered for in the exercise of development control. Conventional forms of planning permission, or routine conditions attached to consent, can inhibit operational flexibility or pose problems for subsequent lessees. The principal use on many such sites is likely to be industrial. It may be accompanied by other uses such as warehouse, storage, research or office use. Where these are incidental to the principal use, and regardless of the proportion of the site or building which they occupy, they will be ancillary activities which do not need to be specifically permitted or restricted. Any variations in the extent of the principal or ancillary uses on the site will not normally change the overall use or involve a material change requiring planning permission. If an ancillary activity actually becomes the primary use, however, planning permission will be needed.

2. Planning applications and permissions can often be simply expressed in terms either of the specific use or of a single class of the Use Classes Order (often Class III or Class IV). In determining whether a particular use is ancillary or requires specific permission, local authorities should avoid rules of thumb relating to proportions of floorspace (such as a 10% limit) or employment, and concentrate instead on the more fundamental test of the functional relationship between the uses involved.

3. Conditions restricting ancillary activities, or changes of use within a use class, ought to be avoided for high-technology (except where they are clearly necessary to preclude uses giving rise to hazard, noise or offensive emissions) as they may obstruct operational requirements. It will not normally be necessary to rely on such conditions to preserve the amenity of a high-technology estate; the ordinary controls over material changes of use will prevent the introduction of uses which would have a substantially adverse impact and a landlord marketing an estate for high technology firms will restrict the tenants in his own interest. But if high-technology occupiers cannot be found to fill an estate it is better for ordinary light industry to move in than for buildings to stand empty.

4. Developers catering for the prospective needs of high-technology occupiers may provide buildings suitable for either industrial or office uses. In such cases it may be acceptable for the planning permission to be expressed in terms of a number of alternative uses. Although planning permission may be granted for alternative uses, once the first occupier moves in that alternative permission does not extend to subsequent changes of use. The owners, however, may wish to be able to relet the property for one of the other uses originally permitted, and to have the planning position confirmed. In such a case the owners may apply—perhaps several years in advance—for permission to change the use of the premises, so as to widen the range of potential occupiers. The Secretaries of State would expect local planning authorities normally to grant permissions promptly on such an application, subject to an appropriate time-limit for implementation, when the use applied for is one of the original alternatives permitted; and they and their Inspectors will follow this policy in appeal decisions.

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NBPm

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13 August 1984

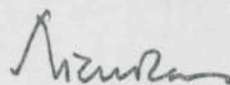

Dear Peter

Thank you for sending me a copy of your letter of 2 August to Patrick Jenkin containing proposals for dealing with the local authority capital overspend in 1983/84.

I am afraid I disagree with your proposals on two counts. First, I do not think we should be assuming a clawback of the 1983/84 overspend in 1985/86 in advance of decisions which will have to be taken collectively when we have a better understanding of prospects for 1984/85.

Second, your proposal that the clawback should be allocated according to each programme's share of the 1985/86 baseline takes no account of their contribution to the overspend in 1983/84. It is wholly unreasonable to cut transport provision by £101m in 1985/86 after an underspend of £55m in 1983/84. It makes nonsense of including local authority capital spending in Survey discussions if cuts are allocated in such a crude, pro rata fashion, without any regard to the importance of particular programmes for the economy. If there has to be an adjustment, it must be one that takes account of actual spending on particular services in 1983/84.

I am sending a copy of this letter to the Prime Minister,
members of E(LA), Nicholas Edwards, Michael Jopling, and
Grey Gowrie.



NICHOLAS RIDLEY