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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1

NBPA,

28th January 1986

Dear Kenneth,

LOCAL AUTHORITY CAPITAL OVERSPEND 1985-86

Thank you for your letter of 3 January. I am glad you share my concern.

I acknowledge, of course, that there were always uncertainties about the percentage of spending power which authorities were expected to use in the current year. But in the Survey discussions you made the point that my proposed figure of 85 per cent was high by past standards and argued for a lower figure. I will simply comment that if I had known that later information would indicate a figure as high as 88 per cent, I would have started from a different position myself and would have taken a different view of your 83 per cent proposal for 1986-87.

We will need to make sure that the same thing does not happen again for 1987-88. I welcome your agreement that the estimates and percentages should be looked at again if the present control system still applies, to ensure the best possible chance of delivering the cash limit. But I hope that, as you have proposed, there will be legislation early in the next Session to give us a better system of control in 1987-88.

I am copying this letter to the Prime Minister, other members of E(A) and Sir Robert Armstrong.

Yours,
 JH

JOHN MacGREGOR

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