



CONFIDENTIAL

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

cc/B

My ref:

Your ref:

The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

Prime Minister

Context, subject to the Chief Secretary's views:

① To some extra allocations for schemes caught by the timing of the changes on the lines proposed?

21 April 1988

② To the investigation of the longer term options?

PR 6  
21/4

mt

Dear Chief Secretary

We had a word the other day about the consequences of my statement in the House on 9 March. The amendments to the capital control legislation which I announced in that statement are due to be taken on Monday immediately before Third Reading of the Local Government Finance Bill and the Opposition's motion against the regulations made on 9 March will be debated later that evening.

The reaction to the statement has amply confirmed that we had correctly identified the loopholes which local authorities were using to avoid the effect of capital expenditure and borrowing controls. If anything, it shows that we had underestimated the extent to which leasing and barter, and in particular the latter, were being used.

The statement was of necessity made without prior consultation or notice. For that reason, I said I would consider extra capital allocations for schemes caught by the changes. Such schemes fall into two categories: those which were already in the pipeline at the time of the statement, for which we have to be reasonably generous, and those for which no commitments had been entered into, but which would be treated unreasonably under the new rules we have introduced.

On the first category, inevitably there were many schemes which were caught by the changes in the primary and secondary legislation but to which the authorities concerned (and in some cases other parties) were committed in the sense of having incurred expenditure (for instance on acquisition of sites or on design work) or having entered into other obligations (for instance rehousing tenants). I have received many representations about such schemes and I am satisfied that it is right that we should be generous in issuing capital allocations to cover such cases. Most of the schemes concerned were originally framed as barter deals and the effect of making available an additional



RECYCLE PAPER



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allocation would be that they would now be carried out on a cash basis. The expenditure would be matched by an equal and opposite receipt, so there would be no net public expenditure consequences and conditions would be attached to any allocations that would preclude additional borrowing or the use of spending power in future years. In the case of short-leases, I understand that the Treasury's view is that the taking of such leases should not be recorded as public expenditure, so there would likewise be no adverse public expenditure consequences.

The criteria that I would propose to use in considering "pipeline" cases would be that:-

- (i) expenditure has been incurred, or substantive negotiations or moral commitments entered into by the local authority or a third party; and
- (ii) the scheme is not designed primarily to increase the stock of physical assets over which the local authority has effective control or to raise money on the strength of operational assets.

Turning to schemes which were not in the pipeline on 9 March, the principal reason why local authorities seek to use barter deals is to avoid the present restrictions on the rate at which they may use their capital receipts to justify new expenditure. We have recently discussed at E(LF) the general question of the use of capital receipts and I need not rehearse the arguments now. It has, however, to be conceded that the existing rules work harshly in cases where a receipt can only be realised as a result of expenditure having been incurred. Typically, this will happen where an operational building needs to be replaced before the site on which it stands can be released for sale. Many of the cases which have been drawn to my attention following the 9 March statement are of this type. The Audit Commission in their report on "Local Authority Property" have also drawn attention to the inhibiting effect of the capital control system on sensible property rationalisations.

We already have a very limited scheme under which additional allocations are given to facilitate "back-to-back" transactions under which authorities acquire land and then dispose of it again (typically as part of wider redevelopment by the private sector). What I propose is an enhancement of this scheme which would apply in cases where a local authority need to acquire land (or incur other capital expenditure) in order to release other land for development. I would propose to offer extra allocations for:-

- (i) the exchange of land for land;
- (ii) the replacement of existing assets held by the local authority by assets to be used for a similar purpose; or
- (iii) schemes in which the main intention is to facilitate the investment by the private sector in assets which when the scheme is complete will be owned, operated, and controlled by the private sector.



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Here again conditions would be attached to allocations to ensure that there was no net additional expenditure or borrowing.

I hope you will be content for me to announce these measures when moving the new clauses to the Local Government Finance Bill on Monday. I also hope that they will be sufficient to allay the concern which some of our supporters have expressed about the short-term consequences of the 9 March statement.

In the longer term, the 9 March measures do, however, have implications which ought now to be the subject of examination by officials. It is argued, with some justice, by the local authorities that the bringing of leasing and barter within controls represents a general reduction in the level of expenditure which they can incur. Some leasing (eg of offices for terms of less than 20 years) has hitherto been regarded as unexceptionable and likewise barter has been used by authorities for many years, though not indeed on the scale which has recently become apparent. Insofar as assets (eg houses) have been provided by such means, we have taken credit for them in estimating the outputs of our programmes. We have changed the control framework and the question arises of whether we should make some corresponding adjustment to the permitted level of spending power to reflect what one might call "legitimate" barter and leasing. I see two options, namely

- (i) an increase in what one might call the "baseline" level of allocations, which could be justified on the grounds that the existing allocations methodology is based on pre 9 March assumptions; or
- (ii) an increase in the prescribed proportion for non-housing receipts, which would be of particular assistance to shire counties and to those districts which have been most inclined hitherto to use barter.

These need further investigation and I do not propose to say anything about them on Monday. But I have asked my officials to examine the implications and to report in time for the launch of the new capital control regime.

I am sending copies of this to the Prime Minister, Peter Walker, Kenneth Baker, Paul Channon, John Moore, John Wakeham, David Waddington, and Sir Robin Butler.

Yours sincerely  
Rogus

NICHOLAS RIDLEY  
(Approved by the Secretary of State and signed in his absence)



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file DS9

bc: B9

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

25 April 1988

*Dear Roger,*

LOCAL AUTHORITY CAPITAL CONTROLS

The Prime Minister has seen your Secretary of State's letter of 21 April to the Chief Secretary and his response of 22 April. She is content to proceed on the basis proposed.

I am copying this letter to the Private Secretaries to the Secretaries of State for Wales, Education and Science, Transport, Social Services, the Lord President, the Chief Whip and to Trevor Woolley (Cabinet Office).

*Yan,  
Paul*

Paul Gray

Roger Bright, Esq.,  
Department of the Environment.

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*DS*



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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP  
 Secretary of State for the Environment  
 Department of the Environment  
 2 Marsham Street  
 London  
 SW1P 3EB

22 April 1988

*Dear Secretary of State,*

## LA CAPITAL CONTROLS

Thank you for your letter of 21 April. *(will request if required)*

I am content with the line you propose to take on Monday on the understanding that, as stated in your letter, none of the barter and sale and leaseback deals allowed through as a result will increase net public spending. Where allocations are given to facilitate private sector investment, the local authority should not be allowed to keep any undue interest in that investment e.g. in the form of a long lease on property.

I also agree that officials need to consider the future effects of bringing barter, and sale and leaseback, deals within the capital control system. You identify two possible approaches in your letter. But both would increase net public expenditure. I see no reason why any higher gross spending should not be fully offset by extra capital receipts. But I am content for our officials to pursue this.

I am copying this letter to the Prime Minister, Peter Walker, Kenneth Baker, Paul Channon, John Moore, John Wakeham, David Waddington and Sir Robin Butler.

*Yours sincerely,*

*John Major*

JOHN MAJOR

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



CCBG



Minister for Local Government

*MBM*  
*RCG*  
*17/6*

Department of the Environment  
2 Marsham Street  
London SW1P 3EB

Telephone 01-242 7000 276 3000

My ref: R/H/PSO/14594/88  
R/PSO/14647/88

17<sup>th</sup> June 1988

*with request of Regent*

*Dear Nicholas*

I am sorry not to have replied before now to your letter of 15 April to Nicholas Ridley about the changes announced on 9 March to the rules on local authority capital expenditure. You were, however, in the House when we debated these changes on 25 April and my Department has now issued the detailed guidance for local authorities seeking additional capital allocations under the two schemes which Nicholas announced on that day.

The 9 March measures were not merely concerned with the use by councils of capital assets to raise money to be applied to bridge revenue deficits. Given that the Brent case was very much in the news at the time, it is understandable that media comment should both then and subsequently have concentrated on that sort of deal. But the statement on 9 March made clear that it was also prompted by the widespread use by local authorities of various means "to incur capital expenditure and to undertake borrowing over and above the levels permitted under the existing capital control system".

At its present level of £6 billion a year, local authority capital expenditure is a significant component within the national economy. As such, it has to be subject to regulation. There is room for argument about the sort of system that should regulate the capital expenditure and financing of local authorities. The present system is unsatisfactory and we are working on a replacement system. There is also room for argument about the level of capital expenditure for which the Chancellor should provide in public expenditure plans, and about how the total amount should be distributed to individual authorities. But what I regard as unacceptable is that there should be a statutory framework which purports to regulate local authority capital transactions but that a significant number of such transactions should take place outside it, and should not "go through the books".

Neither barter nor lease-and-leaseback is a costless way of financing the provision of capital assets. With barter, the ratepayers lose the use of the asset concerned and do not have





the benefit of a cash receipt. With lease-and-leaseback, the rents have to be met from revenue just like the loan charges on conventional borrowing. The economic effect of the one amounts to sale and purchase and of the other to a form of borrowing.

The original statement of 9 March acknowledged that special arrangements might have to be made for schemes which were "in the pipeline" on that date. We enlarged on this on 25 April and also announced an "in-and-out" scheme to facilitate property rationalisations. I imagine that Macclesfield Borough Council are considering whether any of the schemes mentioned in your letter fall within the criteria. I mentioned above that detailed guidance had now been issued and I am enclosing copies of the official documents which the Council will have received.

I am sending a copy of this letter to the Prime Minister and to Mark Lennox-Boyd.

*J - ev*  
*Michael*

MICHAEL HOWARD



X

RESTRICTIONS ON LOCAL GOVERNMENT CAPITAL SPENDING  
STATEMENT BY SECRETARY OF STATE FOR THE ENVIRONMENT  
EFFECT ON AIREY HOUSE REPLACEMENT

1. The Council reviewed its policy regarding the refurbishment of Airey Houses during 1987. Both M.P.'s had tenant enquiries regarding the future of Airey Houses as they both have this type of property in their constituencies: Bosley, Poynton, Adlington, Lyme Green, Rainow, Lower Withington, Nether Alderley and Tabley.
  
2. After much tenant consultation and, subject to planning difficulties, it is proposed to demolish the Airey Houses. They will be replaced through a partnership arrangement by builders in the private sector using private finance for the initial construction.
  
3. Tenants wishing to, will be able to acquire their new house at the discounted rate, subject to the cost floor provision. Those unable or not wishing to buy, will continue to live in a property of their choice as secure tenants of the Authority. Thus the Council will have to buy these properties, at cost, from the developer. Any remaining properties in the various locations will be sold on the open market.
  
4. The proposals prior to the Secretary of State's announcement would have enabled the Council to set off 100% of sales income against the cost of acquiring properties for continued renting. This would minimise the impact on the Council's HIP allocation of £1.4m. for 1988/89.



5. The understanding of the new arrangements requires the cost of providing the accommodation for renting to "score as prescribed expenditure". This will be between £2m. and £3m. depending on how many tenants exercise their right to buy.
  
6. The situation is made worse by not allowing the income from sales on the open market to be used immediately to off-set the cost of acquisition in 5. above. Thus, if net income from sales was £1m. it could only be used at 30% each year. It is also thought that an exchange deal with an owner-occupier i.e. giving the owner a new house in exchange for their Airey House site, will score. If this is so, it will add a further £300,000 to the HIP requirement.
  
7. With a HIP allocation of £1. 4m. and capital receipts supplement of £2. 0m. replacement of Airey Houses over three years will effectively mean the deletion of the sheltered accommodation or other schemes to that value, over the three year period.
  
8. For information, the properties have continued to deteriorate as can be seen from the recent report on 5 Meadowside, Adlington. The property was seen as needing replacement last Autumn. A further survey of the property at the tenants' request has shown that there has been further rapid deterioration during the last six months. With this evidence, it is imperative to replace the properties quickly, despite the planning difficulties.



## Housebuilders rage against end of council barter deals

By Catherine Pepinster

CONSTRUCTION of 50 000 homes a year could be scuppered and inner city regeneration projects wrecked if Government proposals to end land deals between councils and contractors go ahead.

According to the House-Builders Federation, proposals by environment secretary Nicholas Ridley to end barter deals involving land exchanges, will put an end to a quarter of the housebuilding programme.

The HBF, MPs and councillors are seeking urgent talks with the Department of the Environment over its bid to end the deals. Concern has come to a head this week with the confirmation by the DOE that a consultative paper on council capital controls will be published this spring. Details of two finance bills affecting capital spending will also be outlined in the next Queen's speech to Parliament.

HBF director Roger Humber this week attacked the DOE's attempt to end the land exchange deals which provide local authorities with facilities.

"The Government must realise that this is a standard way of doing business, particularly in the inner cities. This could scupper as much as 25% of the housebuilding programme.

"If they make a mistake on this one, they could have shot the whole inner city drive in the foot," said Humber.

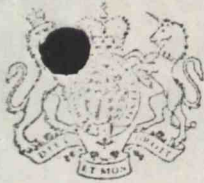
Ridley's bid to ban council deals began last month when he stopped councils disposing of capital assets in order to finance deficits on revenue account. But the move also threw into doubt deals whereby councils exchanged land for facilities, such as libraries, leisure centres or sheltered housing. The DOE now adds these facilities to councils' spending programmes which takes them over their expenditure limits.

Many housebuilders have

already told the HBF of developments which are now at risk and a circular is being sent out to discover details of more threatened projects.

Among others seeking talks with Ridley are MP John Heddle and a delegation from the Association of Metropolitan Authorities.





Department of the Environment  
Room  
2 Marsham Street London SW1P 3EB  
Telex 22221 Direct Line 01-212  
Switchboard 01-212 3434  
GTN 212

The Secretary  
Association of County Councils  
Association of District Councils  
Association of London Authorities  
Association of Metropolitan Authorities  
London Boroughs Associations

1 June 1988

Dear Sir

STATEMENT BY SECRETARY OF STATE ON 9 MARCH

I wrote to you on 26 April to draw attention to the guidance given by the Secretary of State on the previous day as to the basis upon which he would consider applications for additional capital allocations for schemes affected by the measures which he had announced on 9 March.

The Secretary of State first outlined the criteria against which he would consider schemes "in the pipeline" on 9 March. He also announced that the existing "back to back" scheme was to be replaced by a wider "in and out" scheme. When the Capital Programmes Working Party discussed these announcements, it was agreed that the Department should issue checklists to local authorities detailing the information they would have to provide for schemes to be considered as "pipeline" and "in and out" cases respectively. I now enclose preliminary versions of two such checklists.

"Pipeline" cases

3. Applications for allocations for "pipeline" cases will be considered against two criteria:-

- i. the extent to which expenditure has already been incurred or other commitments entered into, whether by the local authority or by another party; and
- ii. the extent to which the scheme is designed neither to increase the stock of assets over which the local authority has effective control nor to raise money on the security of the authority's assets.

4. Section II of the "pipeline" checklist seeks information relevant to the first of these criteria. Sections III and IV seek information relevant to the second. I hope that the rest of the checklist is self explanatory. It is proposed that applications for allocations in "pipeline" cases should be submitted by the end of July.



"In and out" cases

5. The notes for guidance attached to the "in and out" checklist explain the sorts of transactions for which allocations will be considered and the criteria against which they will be considered. The checklist is similar to that for "pipeline" cases except that no information is sought on commitments at 9 March and additional information is sought at Sections III, V, VI and VII relating to the different categories of transaction covered by the "in and out" scheme.

General

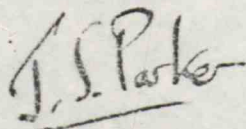
6. For both the "pipeline" and "in and out" schemes any allocations issued will be additional to the allocations already announced for 1988/89. For that reason allocations will only be considered for schemes which do not add to net public expenditure or borrowing.

7. The checklists necessarily seek information which may in some cases be commercially sensitive, including information about third parties. The Department undertake to treat any such information in confidence.

8. I would be grateful for any comments on the checklists, and on the notes for guidance for the "in and out" scheme. In the meantime, however, I am copying this letter and its enclosures to the Chief Financial Officers of local authorities in England to which Part VIII of the Local Government, Planning and Land Act 1980 applies. This will enable them to use the checklists to submit applications for allocations straight away. A separate checklist should be submitted for each scheme for which an allocation is sought. Local authorities which have already written to the Department seeking allocations for schemes affected by the 9 March measures should now submit a checklist with a reference to the previous correspondence.

9. Any enquiries on this letter should be addressed to Room N9/04, telephone 01-212 4704/4160. A new telephone system is to be installed in this building on the weekend 11/12 June and from Monday 13 June telephone enquiries should be made to 01-276 3042/3.

Yours faithfully



J S PARKER  
Finance Local Capital

JSP3D78



IN AND OUT SCHEME - NOTES FOR GUIDANCE

Transactions covered by the scheme

1. The Secretary of State for the Environment announced on 25 April 1988 that he would be replacing the existing "back to back" scheme by an "in and out" scheme under which he would consider issuing additional allocations to help certain types of asset exchanges or exchanges of assets for works. The scheme will cover three types of transaction:

(i) The exchange of land for land

2. This will cover exchanges of land for land which satisfy the following conditions:

(a) There must be an exchange of unused land (which may include buildings) with a person who is acquiring the land for his own purposes.

(b) The acquisition and disposal of land by the authority should generally be simultaneous and must take place in the same financial year.

(ii) The replacement of existing assets

3. This will cover transactions where the authority is disposing of operational land and buildings and is replacing them by land and buildings to be used for a broadly similar purpose (eg replacement or refurbishment of run down housing, replacement of office accommodation, replacement of leisure facilities). The acquisition will normally precede the disposal but the two should be matched as closely as possible. Schemes which span more than one year, however, will not be ruled out as long as they do not involve allocations being issued in anticipation of receipts to be realised in a later year.

(iii) Schemes to facilitate private sector investment

4. This will replace the previous 'back to back' scheme. It will cover cases where the local authority acquire and contract to dispose of an interest in land (which may include buildings) in the same financial year in order to facilitate investment by the private sector in assets which, when the scheme is completed will be owned, operated and controlled by the private sector. The



'back to back' scheme in the past has, for instance, been used to help the assembly of land and its subsequent disposal for private sector development.

5. In addition to 'back to back' transactions, consideration will be given in this category to exchanges of assets which do not meet the criteria at (i) or (ii) above but which form part of a larger scheme designed to facilitate private sector investment. In such cases the local authority will have to demonstrate that the private sector investment could not take place if the local authority exchange did not proceed. There is no fixed limit on the relative size of the local authority exchange and the private sector investment. But Ministers would expect the additional private sector investment generated significantly to exceed the value of the land acquired and disposed of by the local authority.

#### Allocations to be given

6. The transactions which the 'in and out' scheme is intended to facilitate should not lead to a net increase in the stock of assets controlled by the local authority. The value of assets or works acquired by the authority should therefore normally approximately match the value of assets disposed of. Schemes will be considered where there is not a precise match overall, but allocations will only be given to the extent that they are matched by receipts so that there is no net increase in public expenditure or borrowing.

7. The purpose of the 'in and out' scheme will be to enable authorities to incur prescribed expenditure on schemes as if the capital receipts being generated were not governed by the prescribed proportion rules. It is not possible legally to exempt the specific categories of receipts from these rules. So, as a proxy arrangement, local authorities will receive an allocation which, when added to the prescribed proportion of the receipt, will enable them to incur the required amount of prescribed expenditure. Thus, for example, if an exchange of two pieces of land worth £1m (with a prescribed proportion of 30%) qualified for the scheme, an allocation of £700,000 would be given. If a local authority were disposing of assets worth £1m (with a prescribed proportion of 30%) in year 1 in exchange for works worth £500,000 in year 1 and £500,000 in year 2, then allocations of £200,000 and £290,000 would be given in years 1 and 2 respectively. In all cases, allocations would not convey borrowing approval, and the authority would have to give an assurance that it would not at any time use the spending power associated with the receipt for which the additional allocations were compensating.



8. Where there is not a precise match between acquisition and disposal, the amount of extra allocation will be calculated so that, when it is added to the prescribed proportion of the receipt, it allows the authority to incur prescribed expenditure equal to the lower of the acquisition or disposal value. For example, if the local authority swapped land worth £1m for land worth £800,000, an allocation of £500,000 would be given.

#### General

9. The above guidelines are intended to explain the criteria against which the Secretary of State will consider applications for extra allocations. But in all cases he will also consider whether the transactions are designed to increase the value of assets controlled by the local authority or to raise money on the strength of operational assets. If he considers they are, then extra allocations will not be issued. In particular, allocations will generally not be given where the form of tenure of an interest in land to be acquired by an authority is greater than that of the interest to be disposed of, although for this purpose long leases at low or peppercorn rent will be regarded as freeholds.

10. This application will be considered purely in terms of whether it warrants additional capital allocations under the "in and out" scheme for the purposes of Part VIII of the Local Government, Planning and Land Act 1980. The issuing of such allocations should not be taken to imply general approval by the Secretary of State for the scheme and is without prejudice to any decision he may be required to take in respect of other legislation. In particular, if his approval is required for another aspect of the scheme, such as for the disposal of land under Section 123 of the Local Government Act 1972, that approval should be sought separately in the normal way.







- (b) Expenditure and commitments by third parties (specify the third parties)

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### III ASSETS ACQUIRED BY THE LOCAL AUTHORITY

Provide the following information for all the assets over which the local authority will have effective control through an interest in land or other means during or after the completion of the scheme.

1. List all assets to be acquired by, and work to be undertaken for, the local authority. In each case, give details of (a) value; (b) in the case of land and buildings, the interest to be held by the local authority (for a leasehold interest, indicate whether the consideration is a premium or a rack rent); (c) from whom the asset is being acquired or who is carrying out the works; (d) when the asset will be acquired or work carried out.
  
2. Has the local authority held an interest in any of the assets over the past five years? If so, give details:
  
3. Give the value of any assets or works which will not lead to prescribed expenditure, eg capitalised repairs:



4. Give the amount of prescribed expenditure that has been or will be incurred under the scheme in the following years:

1988/89	1989/90	1990/91 and later years	TOTAL	<u>£000</u>
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NB: The total amounts recorded under questions III 3 and III 4 should equal the total value recorded at III 1. If it does not, give reasons.

5. How much of the prescribed expenditure recorded at III 4 above would have been prescribed expenditure regardless of the measures announced by the Secretary of State on 9 March?

1988/89	1989/90	1990/91	TOTAL	<u>£000</u>
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#### IV ASSETS DISPOSED OF BY LOCAL AUTHORITY

1. Give description of assets being disposed of. In each case, specify (a) the value of the asset; (b) the interest being disposed of; and (c) the person acquiring the asset.



2. What capital receipts will be generated by the disposal? Specify the year of receipt and the relevant prescribed proportion (as laid down in Schedule 1 of the Local Government (Prescribed Expenditure) (Consolidation and Amendment) Regulations 1987, Statutory Instrument 1987 No 2186):

Subject to p.p. of:	1988/89	1989/90	1990/91 and later years	TOTAL	<u>£000</u>
20%					
30%					
100%					
TOTAL					

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V PREVIOUS CORRESPONDENCE WITH THE DEPARTMENT

1. Has the authority, or to your knowledge a housing association or developer, previously corresponded with the Department about this scheme? If so, give details, including dates of correspondence and with whom it was conducted.

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VI ANY OTHER RELEVANT INFORMATION



VII CERTIFICATION AND UNDERTAKING

I hereby apply for an additional capital allocation in respect of the "pipeline" case described above. I certify that to the best of my knowledge, the details of the scheme given in Sections I to VI above are correct. In addition, I undertake that, if this application is successful, my authority:-

- (a) will not at any time use to justify additional prescribed expenditure such part of the capital receipts at IV above as are matched by additional allocations;
- (b) in the event of the scheme not proceeding as outlined in this application, will inform the Department and be prepared for any allocation issued in respect of the scheme to be withdrawn.

Signed .....

Chief Financial Officer

Date .....

This checklist should be submitted no later than 29 July 1988 to Room N9/04, Department of Environment, 2 Marsham Street, London SW1P 3EB. A copy should also be sent to:-

- (a) in the case of Housing and Other Services Block schemes, DOE Regional Office

- in the case of Transport schemes Mr M Coleman Room S9/15, Department of Transport, 2 Marsham Street, London SW1P 3EB
- (c) in the case of Education and Science schemes, Mr C Cartland Room 14/9 Elizabeth House, York Road, London SE1 7PH
- (d) in the case of Personal Social Services schemes Mr S Bryan Room 503 Friars House, 157-168 Blackfriars Road, London SE1 8EU.

Telephone queries about this checklist can be made to:-

01-212 4160/4704/3342 before 10 June

01-276 3042/3043/3083 from 13 June



APPLICATION FOR ADDITIONAL ALLOCATION ("IN AND OUT" CASE)

CHECKLIST FOR SCHEME INVOLVING EXCHANGE OF LAND OR ASSETS

Please read notes for guidance in association with this checklist

Any information about third parties will be treated in confidence by the Department

Please answer sections I to V and IX to XI for all applications

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NAME OF COUNCIL

SCHEME TITLE =

COUNCIL'S REFERENCE (if any) =

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I DESCRIPTION OF SCHEME

1. Give a brief description of the scheme

2. What are the objectives of the scheme?

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II JUSTIFICATION FOR APPLICATION

1. Is the allocation being applied for to facilitate:

Delete as appropriate

- i. The exchange of land for land      Yes/No    If yes, answer section VI
- ii. The replacement of existing assets    Yes/No    If yes, answer section VII
- iii. Private sector investment            Yes/No    If yes, answer section VIII





4. Give the amounts of prescribed expenditure that has been or will be incurred under the scheme in the following years:

1988/89	1989/90	1990/91 and later years	TOTAL	<u>£000</u>
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NB: The total amounts recorded under questions III 3 and III 4 should equal the total value recorded at III 1. If it does not, give reasons.

5. How much of the prescribed expenditure recorded at III 4 above would have been prescribed expenditure regardless of the measures announced by the Secretary of State on 9 March?

1988/89	1989/90	1990/91 and later years	TOTAL	<u>£000</u>
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#### IV ASSETS DISPOSED OF BY LOCAL AUTHORITY

1. Give description of assets being disposed of. In each case, specify (a) the value of the asset; (b) the interest being disposed of; and (c) the person acquiring the asset.

2. What capital receipts will be generated by the disposal? Specify the year of receipt and the relevant prescribed proportion (as laid down in Schedule 1 of the Local Government (Prescribed Expenditure) (Consolidation and Amendment) Regulations 1987, Statutory Instrument 1987 No 2186):

Subject to p.p of: 1988/89	1989/90	1990/91 and later years	TOTAL	<u>£000</u>
20%				
30%				
100%				
TOTAL				

---

V PREVIOUS CORRESPONDENCE WITH THE DEPARTMENT

1. Has the authority, or to your knowledge, a housing association or developer, previously corresponded with the Department about this scheme? If so, give details, including dates of correspondence and with whom it was conducted.

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VI To be answered in the case of LAND FOR LAND TRANSACTIONS

1. To the best of your knowledge, state whether the person to whom the land is disposed of is acquiring it for his own purposes, or is he acting as an intermediary in this transaction.



VII To be answered in the case of REPLACEMENT OF EXISTING ASSETS.

1. For what purpose will the authority use the assets to be acquired?
  
  
  
  
  
  
  
  
  
  
2. For what purpose during the past five years has the authority used the assets to be disposed of?

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VIII To be answered in the case of SCHEMES TO FACILITATE PRIVATE SECTOR INVESTMENT

1. Give a brief description and specify the value of any private sector investment expected to take place as a result of the transactions described at III and IV above:
  
  
  
  
  
  
  
  
  
  
2. Could the private sector investment take place if the transactions described at III and IV did not proceed?
  
  
  
  
  
  
  
  
  
  
3. Could the authority, if it wished to, dispose of the assets at IV without acquiring the assets at III?

RAISING OF MONEY

1. In any financial year, before payments and receipts resulting from the transactions at III and IV are completed, will the local authority have received more cash on a cumulative basis than they have paid out? If yes, please give details:

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X ANY OTHER RELEVANT INFORMATION

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XI CERTIFICATION

I hereby apply for an additional capital allocation in respect of the "in and out case described above. I certify that, to the best of my knowledge, the details of the scheme given in Sections I to X above are correct. In addition, I undertake that, if this application is successful, my authority:-

- (a) will not at any time use to justify prescribed expenditure such part of the capital receipts at IV 2 above as are matched by additional allocation; and
- (b) in the event of the scheme not proceeding as outlined in this application, will inform the Department and be prepared for any allocation issued in respect of the scheme to be withdrawn.

Signed .....

Chief Financial Officer

Date .....



This checklist should be submitted to room N9/04, Department of Environment, 2 Marsham Street, London SW1P 3EB. A copy should also be sent to:

- (a) in the case of Housing and Other Services Block schemes the relevant DOE Regional Office
- (b) in the case of Transport schemes, Mr M Coleman Room S9/15, Department of Transport, 2 Marsham Street, London SW1P 3EB
- (c) in the case of Education schemes, Mr C Cortland, Room 14/9, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH
- (d) in the case of Personal Social Services schemes, Mr S Bryan DHSS, Room 503 Friars House, 157-168 Blackfriars Road, London SE1 8EU

Telephone queries about this checklist can be made to:-

01-212 4160/4704/3342 before 10 June

01-276 3042/3043/3083 from 13 June

CCB



Y SWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-270 3000 (Switsfwrdd)  
01-270 0538 (Llinell Union)

WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-270 3000 (Switchboard)  
01-270 0538 (Direct Line)

THE RT HON PETER WALKER MBE MP

Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

CONFIDENTIAL

NBPM

REC 6

25/4

25 April 1988

**LOCAL AUTHORITY CAPITAL: 9 MARCH REGULATIONS**

I have seen Nicholas Ridley's letter to you of 21 April.

*will request if required*

Whilst I have not yet received any applications for special allocations from Welsh authorities, in principle Nicholas's approach seems to be the right one. I hope you can agree to it in respect of both Wales and England.

This letter is copied to the Prime Minister, Nicholas Ridley, Kenneth Baker, Paul Channon, John Moore, John Wakeham, David Waddington and Sir Robin Butler.

The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG