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P23

7<sup>th</sup> November 1985

TERRITORIAL IMPLICATIONS FOR LOCAL AUTHORITY CAPITAL OVERSPENDING  
IN ENGLAND

ATTACHED

I have seen a copy of George Younger's letter to you of 28 October 1985 about the implications for the territorials of the treatment of local authority capital expenditure in this year's Survey.

I very much share his concern that the proposed treatment will have a deleterious effect on the territorial blocks to the extent that allocations are set at lower levels than they might otherwise have been. I strongly support George's suggestion that the territorial blocks should be excused from the reductions up to the extent of the formula equivalent of local authority capital overspending in the preceding year. This would produce the same effect as the treatment we received in the 1984 Survey.

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

TK

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Econ 101: Public Exp

