



Joe MS
c. JOE

10 DOWNING STREET

THE PRIME MINISTER

23 November 1982

Dear Councillor Horrell,

Thank you for your letter of 4 November about local authority capital expenditure.

I am grateful to you for taking prompt action to notify your member authorities of the availability of extra allocations. I recognise that there may be some difficulties of the kind which you mention, but I nevertheless believe - as you clearly do - that there is much valuable additional investment which can be achieved, even in the short term.

I am glad that you expect your members to do their best to respond. The initial reaction to Michael Heseltine's offer has been encouraging.

Yours sincerely
Raymond Stobart

Councillor J.R. Horrell, CBE, TD, DL.

B



CF

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: H/PSO/17751/82

Your ref:

19 November 1982

Dear Michael

Thank you for your letters of 8 and 10 November covering four replies from the leaders of the local authority associations to the prime Minister's letter of 2 November about capital under-spending this year.

The letters all make much the same points about difficulties facing authorities trying to plan capital investment. As you will have seen from the briefing we provided for Prime Minister's Question Time last week, these points can be answered. But if the Prime Minister were to deal with each letter point by point, this could lead to a prolonged and unfruitful correspondence. We have therefore provided fairly brief responses, trying in each case to respond to the tone of the leader concerned (including Councillor Horrell, pace the suggestion in your letter of 8 November).

Your ever
D A Edmonds

D A EDMONDS
Private Secretary

PM: Grp. of Eight

8/82



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COMMUNICATIONS

Councillor I Harrington JP
Deputy Leader
Greater London Council
Members Lobby
The County Hall
LONDON
SE1 7PB

GK
Pl type all these letters
for PM
MUS 22/11

Thank you for your letter of 9 November about local authority capital expenditure.

I am glad to know that your Council is making efforts to achieve worthwhile capital investment, but sorry that you see so little scope for an accelerated programme this year. I recognise some of the difficulties to which you refer, and we shall be announcing allocations for next year as soon as possible. But I believe that within the constraints of Michael Heseltine's expenditure targets there is still much which authorities can do to promote extra capital investment this year, without creating problems for later years. The encouraging response from many authorities following Michael Heseltine's offer of extra allocations is evidence of this, and I do not share your pessimism about what can be achieved.

Councillor J R Horrell CBE TD DL
Chairman
Association of County Councils
Eaton House
66a Eaton Square
London
SW1W 9BH

Thank you for your letter of 4 November about local authority capital expenditure.

I am grateful to you for taking prompt action to notify your member authorities of the availability of extra allocations. I recognise that there may be some difficulties of the kind which you mention, but I nevertheless believe - as you clearly do - that there is much valuable additional investment which can be achieved, even in the short term.

I am glad that you expect your members to do their best to respond. The initial reaction to Michael Heseltine's offer has been encouraging.

Councillor Sir Jack Smart CBE
Chairman
Association of Metropolitan Authorities
36 Old Queen Street
LONDON
SW1H 9JE

Thank you for your letter of 5 November about local authority capital expenditure.

I note what you say about the capital control system. So long as resources for public expenditure are constrained local authorities like other public sector bodies, will face difficult decisions. But I believe that within the constraints of Michael Heseltine's current expenditure targets there is still much that authorities can do to promote extra capital investment this year, without creating problems for later years. Michael Heseltine's offer of extra allocations ^{produced} ~~proceed~~ an encouraging response from many authorities.

I am grateful to you for drawing the contents of my earlier letter to the attention of your member authorities. I do not share your pessimism about the outcome.

Councillor I S McCallum
Chairman
Association of District Councils,
9 Buckingham Gate,
London
SW1E 6LE

Thank you for your letter of 8 November about local authority capital expenditure.

I am grateful for your promise to help promote additional capital investment this year. I recognise some of the difficulties to which you refer. They are not all capable of easy solutions, but Michael Heseltine will be looking further at the points which you raise. I believe that there is much valuable additional investment which can be achieved, even in the short term.

I am glad that you expect your members to do their best to respond. The initial reaction to Michael Heseltine's offer has been encouraging.



76 JH
10 DOWNING STREET

From the Private Secretary

8 November 1982

I enclose copies of replies to the Prime Minister's letters of 2 November about capital spending from Sir Jack Smart and Mr. Horrell. No doubt more will follow in due course.

B/E
I would be grateful if, in the usual way, you would let me have draft replies to these letters (some - like Mr. Horrell's as I see it - may not require a reply) by Tuesday 16 November. But I would be grateful, too, if you would let us have briefing material for Questions tomorrow on the points raised in Sir Jack Smart's letter.

I am sending a copy of this letter and of the enclosures to John Gieve (HM Treasury).

M. C. SCHOLAR

David Edmonds, Esq.,
Department of the Environment.

PRIME MINISTER

Nationalised Industries' Chairmen's Group

Chairman
Norman J. Payne CBE

Prime Minister (2)

Hobart House
Grosvenor Place
London SW1X 7AE
01-235 2020

MUS 9/11

5th November, 1982

K8 CR
pps

The Rt. Hon. Margaret Thatcher, MP.,
The Prime Minister,
10, Downing Street,
London, S.W.1.

cc Nat Ind: Policy 117

Dear Prime Minister

Thank you for your letter of 2nd November about investment spending in nationalised industries.

I have passed this on to my colleagues and I shall reply as soon as I have had a chance to discuss the issue with them at a meeting already arranged for next week.

M

Yours sincerely

Norman J. Payne

PM ; PM's meeting with the Group of Eight: AUG 82

From: Mr J R Horrell CBE TD DL, Chairman of the Executive Council

ASSOCIATION OF COUNTY COUNCILS

EATON HOUSE, 66A, EATON SQUARE, LONDON, SW1W 9BH

MCS
seen

The Right Hon Margaret Thatcher MP
The Prime Minister
10 Downing Street
LONDON
SW1

cc to local Authorities
R. S. L. P. 14

4 November 1982

Dear Prime Minister

Thank you for your letter of 2 November.

Immediately after I met the Secretary of State for the Environment, the Association alerted all our members to the Government's offer and I am sure that our members will do all they can to respond and increase worthwhile investment in the present financial year. My colleagues and I share the views of the Government on the need for capital investment, not only to help the construction industry and the general employment situation, but also to maintain the fabric of our infrastructure and the needs of the services which local government provides.

I know that you understand the limited possibilities available in the present financial year and that the use of capital receipts is not the only factor. You recognise the difficulties in planning forward programmes when it is not possible for the Government to give firm indications of future levels of provision. Another factor is the requirement that additional projects for the present year must be such that any expenditure falling in 1983/84 or thereafter must be borne within the normal resources for those years and the revenue consequences must be borne without any amendment to GREs or targets.

Some of my colleagues are due to meet Michael Heseltine next week and I know they hope to explore with him positive proposals to enable local government to respond to the Government's objective of additional investment which we all share.

Yours Sincerely
John Horrell