



10 DOWNING STREET

THE PRIME MINISTER

23 November 1982

*Mr Councilor, Harrington*

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.

*Yours sincerely  
Margaret Thatcher*

Councillor I Harrington, J.P.

*5*

From: Illyd Harrington, J.P.  
Deputy Leader of the Council  
Greater London Council

MEMBERS' LOBBY  
THE COUNTY HALL  
LONDON SE1 7PB

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

PM  
Prime Minister

I suggest we allow this  
correspondence, too, to rest.

25/11 November 1982 MCS 26/11

mt  
D. M. Thuleto ✓

Thank you for your letter of 23 November.

I can only repeat that we shall make additional capital investments as the constraints placed upon us allow and which are practical.

Regretfully but firmly, I have to reject your expression of 'pessimism' of what can be achieved. It is not a question of either lack of will or competence on our part. It is simply a question of realism; a realism which is underlined by the fact that we still await agreement as to a level of capital expenditure which the Secretary of State for the Environment will support for 1983/4.

R26  
Yours sincerely  
Illyd Harrington



*the MS  
CBE*

10 DOWNING STREET

THE PRIME MINISTER

23 November 1982

*Dear Councillor Smart*

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 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.

*Yours sincerely  
Margaret Thatcher*

Councillor Sir Jack Smart, CBE, JP.

*B*



**AMA**

Association of Metropolitan Authorities  
36 Old Queen Street Westminster London SW1H 9JE Telephone 01-930 9861

*PCRM*

From the Chairman

Sir Jack Smart CBE JP

24 November 1982

The Rt Hon Margaret Thatcher  
The Prime Minister  
10 Downing Street  
London SW1

Prime Minister (2)

*I suggest we allow*

*ms*

*this correspondence to rest.*

*Dear Prime Minister*

*MS 25/11*

Thank you for your letter of 23 November 1982.

I am heartened by your "noting" our points about the system of capital controls. I know that the building industry has a great deal of sympathy with our views. John Stanley seems also to have noted our points and promised local authorities some indication of 1984-85 spending levels when he makes the announcement for 1983-84 housing capital programmes and I hope that this approach can be extended by your colleagues to other departments' programmes.

*Yours sincerely*

*Jack Smart*

Local Govt, Relations Pt 14

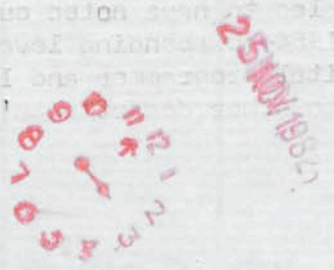
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*Local Govt*

I am pleased to hear that you are interested in the subject of local government. I know that the public interest has a great deal to do with our views. Can you please let me know what you are interested in? I will be happy to help you in any way I can. I hope this approach will be helpful to you.



*Local Govt*

*Local Govt*

*Local Govt*



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.E.

D A EDMONDS  
Private Secretary

PM: Grp. of Eight

8/82



UNIVERSITY OF MICHIGAN  
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SERIALS  
SERIALS

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 <sup>produced</sup> ~~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.



10 DOWNING STREET

*From the Private Secretary*

10 November, 1982.

I attach copies of two more letters which the Prime Minister has received in answer to her letters on capital under-spending. These latest are from Councillor Illtyd Harrington and Councillor Ian McCallum.

I should be grateful if you would let me have draft replies for the Prime Minister's signature, to reach me by 17 November please.

I am copying this letter and its enclosures to John Gieve (Chief Secretary's Office, HM Treasury).

M. C. SCHOLAR

David Edmonds, Esq.,  
Department of the Environment.

From: Iltyd Harrington, J.P.  
Deputy Leader of the Council  
Greater London Council

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

Prime Minister (2)

I will let you have

a draft reply.

HS

11/10/82

(Iltyd)

MS

cc Local Authority  
Relating to D114  
MEMBERS' LOBBY  
THE COUNTY HALL  
LONDON SE1 7PB

9th. November 1982

Dear Prime Minister

You wrote to me personally to encourage the Council to do what it can to increase its expenditure in the current financial year on capital investment projects, particularly on those of benefit to the construction industry and to employment in that industry.

Let me reply, at once, that the Council is doing, and will do, all it can to expend its authorised capital programmes this year. But there is precious little more it can do between the 3rd November 1982 and 31st March 1983 to increase capital investment to benefit the construction and other industries and their workers in the absence of increased commitment in 1983/4 and beyond.

The reasons why my Council, and many others, find themselves forced, in practice, by Government processes to 'underspend' on capital are so well known in its Central Departments and have been the subject of so many protests that I am frankly puzzled that the letter you sent to me should have been put before you for signature.

There is only one action which can now have any measurable effect in capital expenditure/investment terms in the few remaining weeks of this financial year and give substance to your intent. This is Government's agreement now to the increased level of capital expenditure/investment in 1983/4 which the Council has represented to the Department of the Environment.

Yours faithfully  
Iltyd Harrington

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