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*From the Secretary of State for Social Services*

The Rt Hon Tom King MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
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*NBPM*

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*Tom King*

**LOCAL AUTHORITY CAPITAL EXPENDITURE**

Michael Heseltine sent me a copy of his minute of 10 December to the Prime Minister.

Your point about local authorities' anxiety concerning revenue consequences of capital schemes is particularly relevant to the personal social services. New PSS capital schemes aim to provide settings for the care of dependent people and have considerable staffing - and hence revenue - consequences. Even schemes to replace inadequate existing stock are often associated with general improvements in standards of care, and hence revenue consequences. But like Patrick Jenkin and Keith Joseph, I believe we should consider providing guidance about those schemes where the revenue consequences are small, such as the programmes of repair and maintenance which you mention.

In the light of Leon Brittan's letter of 20 December, I am not sure how you will now wish to proceed. I would be grateful if you could involve DHSS in the preparation of any general guidance, and if there is to be a meeting of Ministers, I should like to attend or be represented.

I am copying this to the Prime Minister, and other recipients of the correspondence.

*Tom King*

*Norman Fowler*

NORMAN FOWLER