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THE RT HON PETER WALKER MBE MP

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From The Secretary of State for Wales

n bpm.

21 August 1989

APPLICATION OF SURPLUS LOCAL AUTHORITY RECEIPTS

Will request if required

I have seen Nicholas Ridley's letter of 12 July to John Major proposing uses for surplus receipts.

While I think that his suggestion of using such receipts to reduce the community charge will need further discussion before it was implemented, the suggestion of transferring surplus receipts to other bodies is an interesting one - particularly in the case of the Health Service where there is a real need for capital investment which will in due course either release property for disposal or lead to revenue savings. I therefore agree that the permissive power should be taken in the Bill.

At present, of course, these proposals are largely theoretical. No authority in Wales, and I believe only one in England, seems likely to have a surplus of receipts at 1 April next year. Obviously we would also need to consider the implications if an imbalance in the relative levels of receipts as between Wales and England were to lead to differing capacities to invest.

I am sending a copy of this letter to the Prime Minister, other Members of E(LG), to Sir Robin Butler and to First Parliamentary Counsel.

Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
LONDON SW1