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PRIME MINISTER

File  
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LOCAL AUTHORITY CAPITAL SPENDING: AUDIT COMMISSION REPORT

The Audit Commission have identified serious decay in the housing stock and roads maintained by local authorities. They prophecy that maintenance bills will increase dramatically in the near future, as minor faults develop into major collapses. (Apparently the maintenance backlog on housing alone has been increasing at over £900 million p.a.).

The Commission attribute the problem largely to the defects of the government's system of capital expenditure controls. They say that the unpredictable, stop-go effects of the system have prevented local authorities from making cost-effective plans, and have given Councils too little incentive to raise money from increased efficiency, higher charges and further asset disposals.

The Commission recommend a simpler system that gives local authorities more flexibility, and encourages them to raise more capital funds from sources other than borrowing. This is precisely what William Waldegrave's proposals will achieve if they are implemented: there will be one, simple control on net borrowing, with absolute freedom for local authorities to raise and spend money on capital projects as they see fit.

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