



10 DOWNING STREET

Prime Minister

Mr Heseltine and the
Chief Secretary yesterday
agreed to issue this
circular on the Housing
programme for the current
year. The memorandum on
new council housing
starts is attracting a
lot of attention.

MAF 23/x

Lords Statement at flag A

27.10

of Press Office

I told DOE that we had no comment.

na MAD 22/x

COVERING CONFIDENTIAL



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

22 October 1980

*See Mem. Fri
re H.
23.26
after issue
N window
no.*

Den Terry

I attach a draft circular on Housing Investment Programmes for 1980/81. The draft has, I understand, been mentioned to officials in your Department, Scotland and Wales.

My Secretary of State proposes to issue the circular this afternoon. As you will see, its purpose is to take action to reduce the risk of local authorities exceeding their cash limit on housing capital expenditure. If the Chief Secretary has any comments on the terms please let me know as a matter of urgency. I am copying this to Tim Lankester at No 10, Godfrey Robson (Scotland) and J F Craig (Wales).

*for ever
D A Edmonds*

D A EDMONDS
Private Secretary

Terry Mathews
Private Secretary to Chief Secretary
Treasury

Circular from the
Department of the Environment
2 Marsham Street, London SW1P 3EB

October 1980

Sir,

HOUSING INVESTMENT PROGRAMME EXPENDITURE 1980 /81

1. I am directed by the Secretary of State for the Environment to inform you that information available to the Department from returns of capital spending by local authorities on housing in the first quarter of this financial year and from recent discussions of Housing Investment Programme submissions indicate that without special action there is a high risk that expenditure on Housing Investment Programmes in 1980/81 will substantially exceed the sum allocated. The Secretary of State is determined to take every possible step to ensure that the cash limit on housing capital expenditure is observed.
2. First, as foreshadowed in paragraph 33 of the HIP allocations letter of 21 February 1980, he has decided not to permit any authority in 1980/81 to anticipate sums which it may be allocated for capital spending in 1981/82.
3. Secondly, he requests local authorities from the receipt of this circular until further notice not to enter into any further contracts for housing purposes for the acquisition of land and buildings, or for building works; not to authorise their direct labour organisations to start further capital housing projects; and not give further undertakings to make grants and loans for housing purposes (except where required to do so by statute).
4. Thirdly, he has decided accordingly to issue no further borrowing approvals for individual housing projects for the time being. All borrowing approvals already issued for individual housing schemes

are hereby withdrawn except insofar as the authority has before the receipt of this circular entered into a contract to make payments, or has given an undertaking to make a loan, which cannot be made without acting upon the related borrowing approval. The block HIP borrowing approval given in Annex C of the Department's letter of 21 February 1980 is hereby withdrawn, except insofar as the authority has before the receipt of this circular entered into contracts to make payments, or has given undertakings to make grants or loans or is required by statute to make a grant, which cannot be made without acting upon the block borrowing approval.

5. Fourthly, your authority is requested to provide the Department's Regional Office by the end of October with a revised estimate of the total capital expenditure on housing which will result in 1980/81 from contracts made and from undertakings given to make grants and loans up to the date of receipt of this circular; and from statutory grants during the rest of the financial year.

6. When an up-to-date estimate of spending in 1980/81 on Housing Investment Programmes is available the Secretary of State will consider what scope there is for additional commitments this year, and will make a further announcement about the programme for 1980/81.

7. Enquiries about this circular should be made to Mr M J C Faulkner, Housing 10 Division, Room N11/01, Department of the Environment, 2 Marsham Street, London SW1P 3EB (01 212 4078).

I am, Sir, your obedient Servant

The Chief Executive

County Councils in England (for information)

District Councils in England

London Boroughs Councils

The Director General, the Greater London Council

The Town Clerk, City of London