



10 DOWNING STREET

From the Private Secretary

25 September 1984

Abolition of the GLC: Avoidance of Controls

The Prime Minister has had drawn to her attention a case in which a leasing company was approached by the GLC for a three year lease of a piece of equipment. The GLC were prepared to pay all the leasing payments in one lump sum. The company did not proceed with the deal.

She wonders whether there is any other evidence that suggests this practice is widespread and whether it represents a major avoidance of the controls announced before the Recess.

I am copying this letter to Mike Bailey (Kenneth Baker's Office, DOE) and Richard Broadbent (Chief Secretary's Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

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MICHAEL GERSON (LEASING) LTD.

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London N20 9LB

Telephone: 01-446 1300
Telegrams: Gersonsped London Tlx
Telex No.: London 23965

Rt Hon. Margaret Thatcher MP
Prime Minister,
10, Downing St
S.W.1.

11.9.84.

Dear Mrs Thatcher,

Please forgive this handwritten note however in our leasing company we were offered a most unusual lease which I recognise has important political implications - which may or may not be known to Patrick Teahan.

The lease offered to us was for a piece of equipment to be leased to the G.L.C. over three years BUT the peculiarity of the terms were that all the leasing payments were to be made up front - i.e. not over three years but in one lump sum.

I would imagine that the purpose of this unusual structure is to try to convert 'Capital' expenditure which I believe is subject to setting in view of the position of the G.L.C. to 'Revenue' expenditure which presumably escapes such setting.

Since the lease in question was not of interest to us I did not get any details and it was only because of its peculiar structure that it prompted me to ponder why such a strange lease should be offered.

Undoubtedly this may be a loophole which is open to abuse and though the government may be aware of it already I thought it worth mentioning in case they were not already aware.

Kind regards,

Yours sincerely

Michael Scott



CC NO

WSPM
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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

6 August 1984

Dear Janet

ABOLITION OF THE GLC AND MCCs

Thank you for your letter of 1 August.

I notice that there is no reference, in your letter, to the suggestion made by my Secretary of State, that the Department should examine the case for a public enquiry into local government "uses" (including party propaganda financed from the rates) in the light of the draft report from the Conservative Party Central Office, which rests with Sir George young; and that if there were, a case for such an inquiry it should be announced before the Party Conference in order to fend off pressure from Government supporters for government to respond in kind to current local government propaganda, which is not restrained by the conventions which central government imposes on itself in the field of advertising.

No doubt you did not include this point in your record of the meeting, as it was in a sense a matter for continuing departmental business. It may however be of interest to those who were not present.

Copies of this letter go to Andrew Turnbull (Number 10), the Private Secretaries of the Ministers who attended the meeting, to Sir George Moseley, Mr Heiser, Mr MacDonald, Mr Ingham and to Richard Hatfield (Cabinet Office).

Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

Local Geo relations Ft 22

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CONFIDENTIAL AND PERSONAL



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434
My ref:

Your ref:

9 August 1984

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17/8

Dear Janet

ABOLITION OF THE GLC AND MCCs

With reference to John Ballard's letter to you of 6 August 1984, I am afraid there was a typographical error in line 4 of the second paragraph. The word "uses" should have been "abuses".

I am sending copies of this letter to those who received the original letter of 6 August.

Yours sincerely

C. Labati

C LABATI
Private Secretary

Ms Janet Lewis-Jones