

CONFIDENTIAL

PRIME MINISTER



Agree H recommendation
at "x"? Minutes
attached.

Yes MT.

MA 29/x

PRIME MINISTER

THE ADMINISTRATION OF UNITARY GRANT IN WALES

We discussed the proposals for a unitary grant to local authorities in Home and Social Affairs Committee on 24 October. The necessary provisions are to be included in the forthcoming Local Government Planning and Land Bill. In the course of the discussion, we considered a proposal that the new unitary grant should be administered separately in Wales by the Secretary of State.

The Committee concluded that it would be sensible to provide in the Bill for the new system to be operated separately in Wales. This will remedy a serious gap in the powers of the Secretary of State for Wales. He has responsibility for all local government services in Wales, except for Police and the Fire Service. He has, however, no power to influence the expenditure of Welsh local authorities, although it makes up 37 per cent of the public expenditure within his responsibility. A separate unitary grant would enable him to exercise control.

When we considered this earlier in May, you were not keen on the prospect of extra legislation and the extra staff which would be needed, and you asked that the proposal should be left alone for the time being. We were, of course, then concerned with the repeal of the Wales Act 1978 which has now taken place. Circumstances have now changed. The introduction of provisions for a unitary grant provides an opportunity to separate the grant to Welsh authorities without additional legislation. The Secretary of State for Wales has agreed to find the small number of staff needed within his reduced manpower ceiling, and the Minister of State, Civil Service Department, is content with the proposal.

X / In the light of H Committee's conclusion, I would be grateful for your approval of the proposal that the administration of the new unitary grant in Wales should be the responsibility of the Secretary of State for Wales, and to the consequential transfer of Ministerial responsibility.

I am copying this minute to the members of Home and Social Affairs Committee, Sir Ian Bancroft and Sir Robert Armstrong.

holl

28

October 1979

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29 OCT 1979

