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BF 15/11/79 cc last para

10 DOWNING STREET

From the Private Secretary

14 November 1979

Dear David.

RATE SUPPORT GRANT SETTLEMENT 1980/81

I have shown the Prime Minister the draft statement which you sent with your letter of 13 November.

The Prime Minister does not think that the draft is as clear as it might be. She has asked me to suggest the following amendments.

- (1) Paragraph 2, second sentence, to read:
"And it is not prepared to plan expenditure on the basis of"
- (2) Paragraph 3, first sentence, to read:
"When we took office, the state of the economy compelled us to take immediate action to curb public spending."
- (3) Delete paragraph 5 altogether and substitute:
"Our plans for spending by local authorities in 1980/81 are set out in the recent White Paper. We have now taken decisions on the Government's contribution to their financing."
The Prime Minister feels that the sentence "The volume of expenditure has been firmly set" would be a damaging hostage to fortune: at the very least, it needs to be qualified by the point that volume will be less if prices and wages go up too much.
- (4) Paragraph 13 - the penultimate sentence should presumably come before the sentence preceding it in the present draft.
- (5) Paragraph 21, third sentence, to read:
"If settlements are excessive, it will be the clear responsibility of those who negotiated them."
- (6) Paragraph 27: delete "therefore" in the first sentence.

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- (7) Paragraph 30, second sentence, to read:
"The Secretary of State for Wales is making a statement about the arrangements for Wales."

I understand that the main points in the statement will be set out in a Written Answer on Friday. We would be grateful if we could see this in draft.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, the Minister of Transport and Sir Robert Armstrong.

Answer

T. J. L. L.

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Department of the Environment.