

CONFIDENTIAL



DEPARTMENT OF THE ENVIRONMENT

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MINISTER FOR HOUSING AND CONSTRUCTION

12 November 1980

Tim Lancaster Esq
PS/Prime Minister
No 10 Downing Street
London SW1

Prime Minister PA MS
To note that Mr Stanley will
be making this announcement
tomorrow: it foreshadows
next year's rent increases.

Dear Private Secretary,

MA 12/11

I spoke to your Duty Clerk this morning to alert you to the Minister's proposed announcement by way of Written Answer on Thursday 13 November that two housing subsidy consultation documents are being sent to the local authority association tomorrow. I now attach the draft PQ and Answer, not now finalised by the Minister.

Media interest will focus on the Government's proposals for the additional local contribution to housing costs for 1981-82. The consultation document proposes an increase in the range of £2.50 - £3.00 per dwelling per week. This will be equated with council house rent increases for 1981/82, though actual rent increases will be approximately 30p higher than the increase in the local contribution. A local contribution on average of £2.95 was of course discussed and agreed in Cabinet last week.

Mr Stanley is preparing a draft note setting out the facts about the local contribution determination which the Paymaster General might wish to circulate to Ministers.

I am copying this letter to PS/Leader of the House of Commons, PS/Paymaster General as well as to your Chief Press Secretary, PS/Chancellor of the Exchequer and PS/Chief Secretary for their further information also.

Yours sincerely
P. Alexander

PAM ALEXANDER
Private Secretary

DRAFT QUESTION

To ask the Secretary of State for the Environment what further consultation he is having with local authorities on the new housing subsidy system commencing on 1 April 1981.

DRAFT ANSWER

I have issued today two further consultation papers. One of these concerns the Government's proposals for calculating the increase which local authorities will be expected to find from local sources in arriving at their entitlement to housing subsidy for 1981/82. The second paper gives proposals for taking into account an increase in the costs of management and maintenance for 1981/82. Copies of both papers have been placed in the Library.