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ODDI WRTH YSGRIFENNYDD  
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GWLADOL CYMRU

FROM THE PRIVATE SECRETARY  
TO THE SECRETARY OF STATE  
FOR WALES

CONFIDENTIAL

2 June 1981

*Dear Mike* *MAF 2/17*

STATEMENT TO THE HOUSE: LOCAL GOVERNMENT FINANCE - WALES

... I enclose three copies of the statement which my Secretary of State will make in the House this afternoon.

/ I am sending copies of this letter and the statement to the Private Secretaries to members of E Committee who attended the 21 May meeting, and to the Private Secretaries to the Chancellor of the Duchy of Lancaster and the Secretaries of State for Scotland, Social Services, Education and Science and Transport, to the Government Chief Whips in both Houses, the Minister for Local Government, Robin Ibbs (CPRS) and David Wright (Cabinet Office). A copy also goes to the Chief Press Secretary at No 10.

*from ever*  
*J F Craig*  
J F CRAIG  
Private Secretary

Mike Pattison Esq  
Private Secretary  
No 10 Downing Street  
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SECRETARY OF STATE ORAL STATEMENT TO THE HOUSE - 2 JUNE 1981

With permission Mr Speaker I will make a statement on current expenditure by Local Authorities in Wales in 1981/82.

My Department has analysed the local authorities budget plans for 1981/82 and these show that in aggregate planned current expenditure will exceed the Government's target by about 2.2% or £21 million at November 1980 prices.

Any current expenditure excess is a matter of serious concern and I have given very careful consideration to the need for corrective action. In doing so I have taken account first of the fact that in recent years budgets have in aggregate over-stated the actual volume of current expenditure by proportions not dissimilar from the present indicated excess and secondly the considered view of the Welsh Local Authority Associations that the Government's current expenditure target will be met.

In view of these considerations and noting that in aggregate Welsh local authorities have clearly made efforts to meet the Government's current expenditure targets I have decided not to call for revised budgets or to withhold grant at supplementary report stage this Autumn.

/In adopting





In adopting this course my determination to see that current expenditure is kept at the level allowed for in the RSG Settlement is in no way lessened, rather I am deferring judgement on the need to withhold grant. If despite the Local Authority Associations views there is an overspend this year, I will take action to reduce the total amount of grant available by the amount of that excess. In so doing I would protect authorities who have made an appropriate contribution to the necessary expenditure reductions.

This decision reflects my trust that Welsh local authorities will meet our expenditure target. It is entirely up to them both individually and collectively whether I will need to withhold grant at a later stage.

I have communicated this decision to the Welsh Consultative Council on Local Government Finance. I have also told them that I shall be consulting them in due course about the matters concerning the rating system to which my rt hon Friend the Secretary of State for the Environment referred at the end of his statement this afternoon.