

CONFIDENTIAL

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MS.

Prime Minister

PUBLIC EXPENDITURE SURVEY 1982

In paragraph 7.5 of his recent minute to you, Leon Brittan proposed that representatives of the local authorities should be consulted about the costed options relevant to them using the machinery of the Consultative Council on Local Government Finance.

I am unwilling to agree to this.

Colleagues will recall that last year the Cabinet endorsed my view that options for reductions on local authority expenditure should be examined within government but should not be remitted to the Expenditure Groups. (CC(81)22nd, Minute 5). They agree that to consult on options which the local authorities would regard as unrealistic would provoke odium disproportionate to any likely benefits; and that Departments were already in a position to assess the action which would be needed to secure cuts on particular programmes.

These arguments are equally valid this year. The cash provision for local government services in 1983-4 is already being criticised as inadequate, and it was only with difficulty that I persuaded the local authority associations, at last week's meeting of the Consultative Council, to endorse a remit for the Expenditure Groups based on the White Paper figures. If we were now to go back to local government with a proposal for a supplementary remit based on yet lower figures we should in my view risk bringing the consultative process into disrepute.

I agree that Departments should look at options for reductions. But we should follow last year's practice and keep this work within the Government machinery.

I am sending copies of this minute to Cabinet colleagues and to Sir Robert Armstrong.

J. J. J. J.

P.P. MH

Approved by the Secretary of State
and signed in his absence.