



*From the Secretary of State*

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Industry  
Ashdown House  
123 Victoria Street  
London SW1

26 July 1979

Dear Keith.

LOCAL AUTHORITY APT AND C NEGOTIATIONS

John Biffen suggested in his letter of 25 July that the Local Authorities should be warned, now they have decided to disregard our advice, that they cannot assume that there will be any RSG cover for the costs flowing from their private comparability study. I do not think this goes far enough. Michael Heseltine has already told them this after our meeting on 4 July. It did not restrain them. Must we not tell them that there will be no such cover; and that this will be our practice whenever they decide on pay settlements more costly than those whose expense we have indicated we can share?

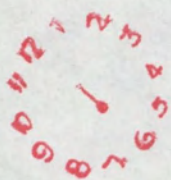
Unless we leave them in no doubt on this matter I fear they will not regard the cash limit discipline as any deterrent to the steady upward drift of settlements that we can already discern.

I am copying this letter to the other members of E(EA) and Sir John Hunt.

Yours ever  
John

JOHN NOTT

- 6 AUG 1979



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✓  
MS  
Local Gov.

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

2 August 1979

A handwritten signature in dark ink, appearing to be 'D. J. Nott'.

LOCAL AUTHORITY APT AND C NEGOTIATIONS

You sent John Biffen a copy of your letter of 26 July to Keith Joseph.

I have every sympathy with your aim. But I think we must recognise that it would be difficult to go further than John suggested without overturning my carefully chosen remarks on RSG in the Budget statement, and without prejudging the results of the 'in-house' comparability study (which, however great our suspicions, I would be reluctant to do). I would therefore wish to rest on John's formulation.

In any event, since a settlement now seems to have been reached, I cannot imagine that such pressure would lead the local authorities to repudiate it, even if they could do so legally.

I am copying this letter to the recipients of yours.

A handwritten signature in dark ink, appearing to be 'Geoffrey Howe'.  

(GEOFFREY HOWE)

The Rt. Hon. John Nott, MP

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