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Minister of State
for Local Government

Department of the Environment
2 Marsham Street London SW1

Telephone 01-212 3434

NSPM

MUS 28/6

Mr. ~~Scholar~~

A.J.C. 28/6

27 June 1983

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Previous papers not copied to PM
but copy attached

Dear Peter,

EUROPEAN REGIONAL DEVELOPMENT FUND: NON-QUOTA AID

Prior to the election, Leon Brittan wrote to Norman Lamont, about the offsetting savings required from Departmental programmes to take up extra ERDF non-quota receipts.

I, like Norman and George Younger, find it hard to accept the principle that the affected Departments alone should make the sacrifices necessary to take up potential Community receipts. There is a noticeable lack of incentive in such a scheme.

Perhaps we should now have the discussion proposed?

I am copying this letter to members of OD(E) and E(A) and to Sir Robert Armstrong.

Yours Sincerely,
Lorwin

—

LORD BELLWIN

28 JUN 1953



Mr Mountfield
Mrs Hedley-Miller
Mr A J C Edwards
Mr Hart
Miss Low
Mr Spearing



cc Chancellor
Financial Secretary
Economic Secretary
Minister of State (C)
Minister of State (R)
Mr Middleton
Sir Anthony Rawlinson
Mr Bailey
Mr Lovell

Treasury Chambers, Parliament Street, SW1P 3AG

Norman Lamont Esq MP
Minister of State
Department of Industry
Ashdown House
Victoria Street
London SW1

20 April 1983

Dear Minister,

EUROPEAN REGIONAL DEVELOPMENT FUND: NON QUOTA AID

Following your letter of 11 March on this subject I have given further careful consideration to the position.

The issue is whether certain additional receipts (£13 million over five years) should be allowed to increase public expenditure programmes; or whether programmes should be reduced to offset the increase, and if so, how. The amounts we are talking about now may be small but, as you have fairly acknowledged, more cases like this will arise, and we need to establish sound principles and stick to them.

The principle that I am bound to protect is that ERDF money should reduce the total of public expenditure, not finance inflated programmes. I should be reluctant to turn down Community receipts that were on offer. But I am even more unwilling to allow them to increase our planned expenditure programmes.

You are urging me to allow programmes to be increased now and merely to take this into account in deciding how much we can limit public expenditure in the next annual Survey. This is an easy counsel, but misguided.

Our public expenditure plans reflect an agreed allocation of resources between programmes. There would be absolutely no logic in reducing expenditure on defence or law and order because part of the Industry programme happens to be financed from Community sources.

Of course you may say that these ERDF programmes do not correspond with your priorities. But this is a natural reflection of the fact that there is a degree of Community competence in the matter of regional assistance. It is not a reason for increasing public expenditure.

In view of these considerations I am afraid that I see no alternative but to hold that those Departments to whose programmes these and similar future receipts will contribute must find the offsetting savings from them.

I am copying this letter to members of E(EA) and OD(E) Committees and to Sir Robert Armstrong.

yours sincerely



for LEON BRITTAN
(approved by the Chief Secretary
& signed in his absence)

8 JUN 1983

