



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

NBM

20th January 1986

Dear Kenneth,

**CONSULTATIVE COUNCIL ON LOCAL GOVERNMENT
 FINANCE: EXPENDITURE GROUPS' REPORT**

Will request if required

I have been following the correspondence you have been having with Nicholas Ridley on this subject, and was interested to see his latest letter to you of 8 January.

I welcome his suggestion that officials under DOE chairmanship should consider how the existing arrangement could be improved on the lines he describes. There is not much time before the 1986 exercise would normally begin, so the work would need to start quickly and focus initially on improvements which could be made in time for this year's round. I hope you agree that this should be done.

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

John MacGregor

JOHN MacGREGOR