

FILE



10 DOWNING STREET

M Alderson

Pl see over at xfs regarding visits

N. C. W.

From the Principal Private Secretary G. Z.

6 February 1986

BILATERAL WITH THE SECRETARY OF STATE

The Prime Minister had an hour's discussion on the evening of 5 February with your Secretary of State. The main issues discussed were as follows:

Rates

The Prime Minister congratulated your Secretary of State on his handling of the Rates Green Paper. The Labour Opposition looked to be on the run because they had committed themselves to a capital revaluation. The Secretary of State said that problems would arise during the consultations on the position of students, pensioner couples and business ratepayers in the South. But these should be containable by discussion and negotiation. The Prime Minister emphasised that, though the Paper was Green, it was White so far as its main spokes were concerned.

Water

The Prime Minister said that the Secretary of State's statement that afternoon on water privatisation had been good and robust. It deserved its good reception from the Government backbenches. The Secretary of State said that they hoped for legislation next session, with the first privatisation in the autumn of 1987.

Inner Cities

The Secretary of State said that he had plans for an initiative with the building societies and the construction companies for inner city renewal. Any legislation necessary, for example on short-term tenancies for improved properties, could be included in the Housing and Planning Bill. In answer to a question from the Prime Minister about the Department of Employment's wish for closer co-ordination on the use of DOE money, the Secretary of State said that his Department could not commit local authorities' use of this money. He wished to hold back £50 million of his programme in order to persuade local authorities to privatise large estates. Nor could Derelict Land Grant be

deployed in the cities in which the Department of Employment were interested because there was not much derelict land in those areas. Urban Development Grant required the test of conditionality and Urban Programme money had already been allocated.

X (The Secretary of State then described some of the Department's initiatives in inner cities, which had not yet received the credit which they deserved. He urged the Prime Minister, during a regional visit, to visit a DOE sponsored scheme such as the Leeds Pottery Initiative. The Prime Minister asked the Secretary of State to ensure that the Chancellor of the Duchy of Lancaster was well briefed about the Department's work in inner cities.

N. L. Wicks

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