



FROM: JILL RUTTER

DATE: 19 April 1988

MR H PHILLIPS

*Handwritten notes in red ink:*  
What we  
have agreed to do  
is not a  
water system  
is it?  
2-

- cc:
- PS/Chancellor
- Sir Peter Middleton
- Mr Anson
- Mr Hawtin
- Mr Turnbull
- Mrs Case
- Miss Peirson
- Mr Gieve
- Mr Potter
- Mr Fellgett
- Mr Burns
- Mr Call

*Handwritten notes in black ink:*  
Ch  
Yes indeed. I'm  
not sure exactly  
what CST's  
objectives are  
(neither is Jill).  
I think he felt he  
wanted more time  
to consider it, hence  
request for submission  
(I think it's a good  
idea)

PS/CST  
PHILLIPS  
19/4

1989-90 RATE SUPPORT GRANT SETTLEMENT FOR ENGLAND

The Chief Secretary held a meeting with you, Mr Turnbull, Mr Potter and Mr Fellgett to discuss your minute of 8 April covering a minute of 7 April by Mr Fellgett.

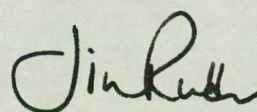
2 The Chief Secretary said he did not expect this to be an easy RSG negotiation for the Treasury. He did not see any easy way of moving the grant percentage even with the polytechnic shift which would no doubt be treated as an automatic reduction on both sides of the account by colleagues. He thought there was a case for including a "concession" in any Treasury paragraph or paper for the initial E(LA) discussion of not pressing frozen grant or targets and penalties. He thought we should deploy the argument on the polytechnic transfer which was marginally helpful. He agreed that he should speak to Mr Ridley in advance of a formal E(LA) discussion. He would aim to do this in early May. He also wished to get into contact with Mr Parkinson. At some stage the Prime Minister would also have to be informed.

*Handwritten notes in red ink:*  
It is. But ~~not~~ saw  
CST a bit for me, not  
copies, ~~not~~ but  
our ~~idea~~ etc.  
m.

3 After some discussion it was agreed that it would be best to talk to Mr Parkinson, then talk to Mr Ridley and write to Mr Parkinson at about the same time as that meeting. The matter should be raised with the Prime Minister either at the PES discussion envisaged by Mr Turnbull for May or if that proved impossible the Chancellor might be asked to raise it at one of his bilaterals.

4 The Chief Secretary said he would find it helpful to have a matrix of provision, cash grant and grant percentages. He noted that arguments to cut the grant percentage last year had fallen on relatively deaf ears.

X | 5 Mr Potter mentioned the case officials saw for trying to settle 3 years of forward grant. The Chief Secretary said he saw substantial downsides in this. He asked you to arrange for a minute to be produced on this proposal.



---

JILL RUTTER  
Private Secretary



*Can I see Xpt*

FROM: A C S ALLAN  
DATE: 29 April 1988

*mprw*

PS/CHIEF SECRETARY

*BF 15/5*

ACSA  
BF/CS  
29/4

**1989-90 RATE SUPPORT GRANT SETTLEMENT FOR ENGLAND**

X The Chancellor has seen your minute of 19 April to Mr Phillips. He feels that trying to settle three years of forward grant is in principle a very good idea. He notes that that is something we will be doing automatically when the new planning total comes in, and sees advantages in making a move this year. He will be interested to see officials' further advice.

*ACSA*

A C S ALLAN