

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

14 January 1987

REGIONAL DEVELOPMENT GRANT

Your letter of 13 January to Jill Rutter refers.

The Prime Minister has seen the draft answer, and suggests that she would prefer the following alternative:

"The present Public Expenditure Provision for Regional Incentives in 1987-88 is £419 million, an increase of 9%, *ie. 1/10* on the provision contained in last year's Public Expenditure White Paper. Within this increased provision, it has been decided that payment of grant on new applications under RDG II will be made two months after a claim has been approved. This will help to ensure that expenditure on regional incentives stays within 1987-88 public expenditure plans. Grants under the old RDG scheme, RDG I, will continue to be paid four months after claims have been approved."

As I explained on the telephone, David Norgrove will probably be in touch later in the day to suggest some amendments to the question and answer briefing.

I am sending a copy of this letter to Robert Gordon (Scottish Office), Colin Williams (Welsh Office) and Murdo Maclean (Chief Whip's Office).

(P. A. BEARPARK)

Michael Gilbertson, Esq.,
Department of Trade and Industry.

CONFIDENTIAL