

cc to Lyell



Prime Minister

Prime Minister

Chancellor, ~~Chief Whip~~

I think Mr Heseltine
will have to make his
announcement next Friday;
but we should await
the Chancellor's comments
before saying 'yes'.

HOUSING PUBLIC EXPENDITURE: 1980/81

It was recognised in the Cabinet discussion of public
expenditure on January 31st that some Departments might need
to announce decisions on specific expenditure programmes for
1980-81 in advance of the White Paper; and we were invited to
consider further, in consultation with you and the Chancellor
of the Exchequer, the timing of any such announcements.

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On housing I now need to tell individual local authorities,
the New Towns and the Housing Corporation as quickly as possible
what capital allocations I will be able to make for 1980/81.
The Scots and Welsh are I understand in the same position.
Originally it was the intention to make the allocations by the
end of November, as is customary, to enable these bodies to
plan their budgets in good time. The local authority associations
have strongly represented against the delay which has already
occurred; and I am increasingly worried that certain local
authorities may have in the meantime entered into commitments
which exceed the allocation I can now make. The operational
requirement is therefore clear: we should announce the allocations
with the minimum of further delay, and there is much to be said
for announcing the supplementary rent guideline for 1980/81 at
the same time. I have in mind making the announcement on



15 February. In doing so I would of course emphasise the steps we are taking to encourage home-ownership and the private rented sector.

I am concerned, however, that, in the absence of a general statement about the full extent of the cut-backs to the proposals set out in last November's White Paper for 1980/81, when I announce the housing decisions, there may well be unwelcome speculation about what has been decided about other programmes, particularly whether the cuts are of comparable size. It is not impossible that the Opposition would table a Censure Motion on the housing cuts, which would place us at a disadvantage, since we would be better placed if we could argue our total strategy.

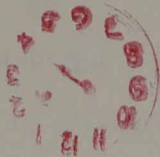
My conclusion, however, is that I cannot reasonably ask local authorities to wait until the March White Paper is published, not least because I would then be faced with the need to impose a temporary moratorium to prevent an excessive build-up of commitments.

I am sending copies of this to the Chancellor of the Exchequer, other Cabinet colleagues and Sir Robert Armstrong.

*M. told Mr. Heslop
and Ch. of Duty but
his should be only
was 7 written answer.*

For [Signature]

MH 8 February 1980
(minute approved by the
Secretary of State and
signed in his absence)



FEB 8 1980