



C O N F I D E N T I A L

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Mc Lytle

Mr. Heseltine

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My ref:

Your ref:

5 December 1980

There is lots of scope for trouble here. Mr Heseltine is planning to include both the new rent guidelines and legal action against 2 recalcitrant Labour authorities. We will consult with the business managers and come back to you.

Mr Heseltine is planning an oral statement on housing and RSG on 15 Dec. The 7/10

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LOTS OF TRouble →

There are a number of major issues, most of them affecting the preparation of local authority budgets, on which I have to announce decisions before Christmas: the rate support grant settlement, the housing investment programme capital allocations; the determination of the local contribution (council house rent levels); the future of the moratorium on new housing commitments; the publication of the White Paper containing the Government's replay to the Select Committee on the Environment; and the steps I am having to take to ensure the sale of council houses in the areas of some recalcitrant authorities.

This is the day for the NI guillotine

Subject to your agreement and to the views of my colleagues, I propose to deal with the outstanding housing issues in a single oral statement on Monday, 15 December. As you will see, many deal with sensitive matters on which the House would clearly expect to be informed. A single statement would be preferable to a series of as many as three statements before the Christmas recess.

TRouble →
TRouble →

In the case of the rate support grant I propose to announce the settlement to the statutory meeting of the Consultative Council on Local Government Finance on 16 December, followed by a press conference. I will announce the settlement to Parliament by means of a Written Answer which has been the practice for the last 5 years. In addition I shall be laying the Report on the settlement and placing copies of my announcement to the Consultative Council in the Library. It would not be appropriate to depart from the well established precedent by giving an oral statement to the House on 16 December which I am sure would lead to similar pressures on George Younger and Nicholas Edwards for oral statements on their RSG settlements.

The only occasion in recent years when an oral statement was made about the rate support grant settlement was in January 1974 by Geoffrey Rippon when he published a White Paper announcing the settlement and explaining the introduction of regression analysis. Special arrangements were needed in that year because local government reorganisation was due to take effect in April 1974, and because the financial arrangements to be adopted depended on the enactment of the Local Government Bill which had not at the time of the settlement completed its passage through Parliament. These were wholly exceptional circumstances and I do not think they provide any precedent for an oral statement on this occasion. There will be a full debate on this year's settlement shortly after the Christmas recess and that will be the appropriate occasion for Parliamentary discussion.

I propose to announce the December Joint Manpower Watch results by means of a Written Answer, also on 16 December. This is the usual practice.

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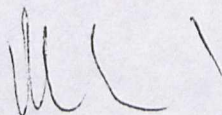
Decisions on the future of the moratorium on local authority housing capital expenditure may present difficulties over timing. Following the decision at E Committee and consultation with the local authority associations, I am at present seeking up to date figures from local authorities about likely levels of expenditure. The results will not be available until the latter part of next week. In the circumstances I would propose to write to my colleagues to let them know the up-to-date position and to seek agreement to the way we should proceed. Should difficult questions remain to be resolved, I hope it will be possible to settle the matter by discussion outside E Committee, which will not be meeting until later in the week beginning 15 December.

I shall be circulating advance copies of the Command Paper giving the Government's reply to the Select Committee on the Environment to Cabinet colleagues shortly before publication in accordance with normal procedure. I shall let the Select Committee have advance copies on Thursday, 11 December; and as is customary, my Department will provide Confidential Final Revise copies to the Lobby correspondents on the morning of Monday 15 December. This is subject to the resolution of printing difficulties with HMSO.

I intend to ensure that comprehensive but succinct briefing is provided on all the matters mentioned in this letter to Ministerial and Parliamentary colleagues and to the media.

I am copying this letter to the Prime Minister, to all members of the Cabinet, the Minister of Transport and to Sir Robert Armstrong. Because of the immense amount of preparation involved, I should clearly find it helpful to be given an early indication of views: could I ask for colleagues' agreement to proceed on the lines set out above by, say, close of play on Tuesday, 9 December?

yours ever



MICHAEL HESELTINE

One last thought - if Mr Kaufman should turn out to be Shadow Environment spokesman, he is going to have a big day with all this

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