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PRIME MINISTER

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LOCAL AUTHORITIES - RETURN OF EXPENDITURE AND RATES

The Secretary of State for the Environment has sent me a copy of his minute to you of 7 May.

The situation which he reports is disturbing. I entirely agree with his proposals for action and with what he suggests our stance should be if the excess becomes public.

There have already been public expressions of scepticism about our ability to bring down expenditure as planned by 1983-84 (by the Parliamentary Committee on the Treasury and the Civil Service, for example). If we are not seen to respond promptly and decisively to the threatened overspend by local authorities in the current year, this will further affect confidence in our ability to reduce expenditure.

I am copying this minute to other members of the Cabinet including Norman Fowler and to Sir Robert Armstrong.

*W J B*

JOHN BIFFEN

12 May 1980



12 MAY 1960