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From the Minister for the Arts

The Rt Hon Patrick Jenkin MP
Secretary of State for the
Environment
2 Marsham Street
London SW1

14 January 1985

Dear Patrick,

1985-86 RATE SUPPORT GRANT DEBATE

Thank you for sending me a copy of your letter of 10 January to Willie Whitelaw. I have seen the response of 11 January from Peter Rees.

I am inclined to agree with Peter that it would be best not to volunteer any commitments about 1986-87 - or at least to keep them to the minimum needed for defensive purposes in winding up the debate - until we have collectively considered future arrangements for targets and their relationship with GREs. I also join him in preferring in any case the more general indication in your Alternative A to the firmer guarantee in your B. It would be particularly unfortunate to promise complete inflation-proofing - and more - for some local authorities in 1986-87 when, for instance, as next week's Public Expenditure White Paper will indicate, the level of my arts and libraries programme will mean below-inflation increases for most of my centrally-funded arts bodies.

While I sympathise with your wish, as long as targets remain in operation, to continue to apply more generous ones to low spending authorities than to others, I am concerned at your intention to narrow the definition of "low spenders". Applying the double criteria of spending below both target and GRE would unfairly penalise those authorities which spend below GRE but even only slightly above target. It would cast further doubt on the credibility of GREs as objective measures of authorities' need to spend, at a time when we are trying to refine and improve them.

All this reinforces the view I have expressed before that we should do all we can to move towards the early elimination of the system of targets overlapping GREs.

I am copying this letter to the Lord President, Chief Secretary, Chief Whip, Lord Privy Seal, the Prime Minister, other E(LA) members, Paymaster General and Sir Robert Armstrong.

Y
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Local Govt : Relations A 25.

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