



FROM: CHIEF SECRETARY  
DATE: 11 JULY 1989

CHANCELLOR

SAFETY NET

After E(LF) I chatted to John Gummer and now understand what is happening in the DOE. John's view is engagingly simple. He believes that the present package on AEF is unsustainable with colleagues and will be defeated either in uproar now or in the Autumn. He believes that the only way to sell it is to fund losses from the Exchequer at a cost of £950 million in the first year. Anything less would be unsaleable.

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2 I also learned this morning in a passing conversation with the Chief Whip that DOE are now considering making the grant settlement announcement in the last week before the House rises for the Recess.

3 It seems clear to me that DOE ministers are not at all agreed on the policy and are genuinely nervous about how it will be received in the House and beyond.

4 I have not copied this note as it was a private conversation which I would not want quoted back at the DOE.

*Handwritten notes in red ink:*  
Nick Ridley has confirmed to me that he wants to make the announcement in the final week before the House rises - puts the W.P. But he is not sure whether he is going to do it.

*Handwritten signature:* C Evans

PP JOHN MAJOR



Ch

PS/CST tells me John

Gummer is now saying  
only sellable option is  
scrap safety net & fund  
losers from the queue.

V had. Did any of  
this come up with the  
Ridley?

*[Red scribbles]*

*[Black signature]*



FROM: A C S ALLAN

DATE: 12 July 1989

PS/CHIEF SECRETARY

*By*  
[local authorities]

SAFETY NET

The Chancellor was grateful for the Chief Secretary's minute of 11 July. Mr Ridley has confirmed to the Chancellor that he wants to make the announcement in the final week before the Recess - probably on the Wednesday. But he is not seeking to reopen what has been agreed.

*ACSA*  
←

A C S ALLAN