

Confidential Filing

Ministerial Responsibility  
for the Welsh Rate Support  
Grant  
Unitary Grant in Wales

LOCAL

GOVERNMENT

MAY 1979

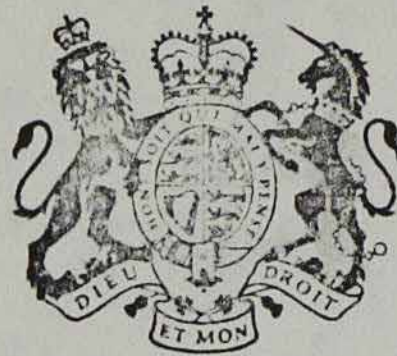
Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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CONFIDENTIAL



*F*  
*Local Gov.*

*BK*

10 DOWNING STREET

*From the Private Secretary*

30 October 1979

*Dear John*

The Prime Minister has considered the Home Secretary's minute of 28 October, in which he reported the Home and Social Affairs Committee's discussion of the administration of the unitary grant in Wales.

She has approved the proposal that the administration of the new unitary grant in Wales should be the responsibility of the Secretary of State for Wales, with the consequential transfer of ministerial responsibility.

I am sending copies of this letter to the Private Secretaries to the members of H Committee and to David Laughrin (Civil Service Department) and Martin Vile (Cabinet Office).

*Yours sincerely*  
*Mike Patterson*

John Chilcot, Esq.,  
Home Office

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PRIME MINISTER



Agree H recommendation  
at "x"? Minutes  
attached.

Yes mt.

MA 29/x

PRIME MINISTER

THE ADMINISTRATION OF UNITARY GRANT IN WALES

We discussed the proposals for a unitary grant to local authorities in Home and Social Affairs Committee on 24 October. The necessary provisions are to be included in the forthcoming Local Government Planning and Land Bill. In the course of the discussion, we considered a proposal that the new unitary grant should be administered separately in Wales by the Secretary of State.

The Committee concluded that it would be sensible to provide in the Bill for the new system to be operated separately in Wales. This will remedy a serious gap in the powers of the Secretary of State for Wales. He has responsibility for all local government services in Wales, except for Police and the Fire Service. He has, however, no power to influence the expenditure of Welsh local authorities, although it makes up 37 per cent of the public expenditure within his responsibility. A separate unitary grant would enable him to exercise control.

When we considered this earlier in May, you were not keen on the prospect of extra legislation and the extra staff which would be needed, and you asked that the proposal should be left alone for the time being. We were, of course, then concerned with the repeal of the Wales Act 1978 which has now taken place. Circumstances have now changed. The introduction of provisions for a unitary grant provides an opportunity to separate the grant to Welsh authorities without additional legislation. The Secretary of State for Wales has agreed to find the small number of staff needed within his reduced manpower ceiling, and the Minister of State, Civil Service Department, is content with the proposal.

X / In the light of H Committee's conclusion, I would be grateful for your approval of the proposal that the administration of the new unitary grant in Wales should be the responsibility of the Secretary of State for Wales, and to the consequential transfer of Ministerial responsibility.

I am copying this minute to the members of Home and Social Affairs Committee, Sir Ian Bancroft and Sir Robert Armstrong.

*hills*

28

October 1979

CONFIDENTIAL





29 OCT 1979







Local  
Gov

DS

10 DOWNING STREET

From the Private Secretary

24 May 1979

Dear David,

Welsh Rate Support Grant

The Prime Minister has considered your Secretary of State's minute of 22 May which proposed that responsibility for the Rate Support Grant in Wales should be transferred from him to the Secretary of State for Wales.

The Prime Minister has asked me to say that she is not disposed to go along with this proposal. In particular, she is unhappy at the prospect of extra legislation and at the extra staff which would be needed. In her view, the proposal should be left well alone for the time being.

I am sending a copy of this letter to John Chilcot (Home Office), Jim Buckley (Lord President's Office), George Craig (Welsh Office), Don Brereton (DHSS), John Stevens (Office of the Chancellor of the Duchy of Lancaster), Philip Hunter (Department of Education and Science), Roger Watts (Chief Secretary's Office), Mrs. E.C. Flanagan (Ministry of Transport), Kenneth MacKenzie (Scottish Office), and Martin Vile (Cabinet Office).

Mr

Mr.

Tim Laker.

David Edmonds, Esq.,  
Department of the Environment.

HS





PRIME MINISTER

WELSH RATE SUPPORT GRANT

This minute invites you to agree that responsibility for the Rate Support Grant (RSG) including Transport Supplementary Grant in Wales should be transferred from me to the Secretary of State for Wales; and that Nicholas Edwards should announce this in the Welsh Day Debate on 23 May.\* The change would require legislation: a short Bill could be ready for early introduction. A separate distribution of RSG for Wales could then be worked out next year, to take effect in 1981/82.

RSG is now administered as an entity for England and Wales; there is one combined figure for relevant expenditure and one distribution formula for the two countries. It is borne on a DOE Vote and the annual negotiations with the local government side are led by my officials.

The technical work required for a separate Welsh system has already been undertaken by the Welsh Office in the context of devolution and is virtually complete. The proposed system is much less complex than the present system and could be operated economically; I am told that few additional staff would be required and that these can be found by offsetting savings in the Welsh Office.

Nicholas Edwards and I believe that this is a useful and desirable development of his responsibilities, and it is the most important step which we could take to implement our Welsh Manifesto undertaking to provide the Secretary of State for Wales with greater flexibility in the use of the funds available to him. Unlike the Secretary of State for Scotland he has no ability either to influence the Welsh local authorities' current expenditure on services for which he has Ministerial responsibility or to treat this expenditure as part of his overall PESC provision. This expenditure is a significant part of that provision - some 37% of the present total of over £1.4bn, or about £535m; and the proposed transfer represents a correspondingly significant addition to the Welsh Office's functions. But since the Secretary of State for Wales already bears Ministerial responsibility for all the major local government services in the Principality except those of the Home Secretary, it seems to us sensible that he should also have available to him all the instruments required to manage the expenditure concerned.

I would be grateful for your agreement to this proposal.

I am copying this minute to William Whitelaw, Christopher Soames, Nicholas Edwards, Patrick Jenkin, Norman St John Stevas, Mark Carlisle, John Biffen and Norman Fowler; for information to George Younger; and to Sir John Hunt.

Prime Minister  
Mr Lawson is doubtful about this proposal (Flag A). There is no real urgency, and I suggest we ask ECEA Committee to consider. Agree?

R 2275

Am very much against rule 2

legislation <sup>might</sup> and we could not.

\* This minute only arrived this morning. The Welsh Office accept that a decision at such short notice is not possible.

MH

22 May 1979

Leave well alone for the time being. Not

R





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Treasury Chambers, Parliament Street, SW1P 3AG

22 May 1979

The Rt Hon Nicholas Edwards MP  
Secretary of State for Wales  
Welsh Office  
Gwydyr House  
Whitehall  
LONDON  
SW1A 2ER

WELSH RATE SUPPORT GRANT

Thank you for sending me a copy of your letter of 17 May to Michael Heseltine, proposing that the Prime Minister's agreement should be sought to your assuming responsibility for RSG in Wales, in time for you to make an announcement about this in the Welsh Debate on Wednesday. ~~11/11/79~~

While I recognise the arguments which lead you to put forward this proposal, I do not myself think we should rush into a decision before we have had time for proper consideration of the important issues involved here. A separate Welsh settlement would of itself introduce a further complication into the annual RSG exercise, since it would involve the need to determine a separate Welsh level of relevant expenditure and to fix three grant percentages instead of the present two. I understand that total staff requirements dealing with RSG in DOE and the Welsh Office would be somewhat increased. While I appreciate you have undertaken to find offsetting savings in the Welsh Office complement, such savings are urgently required at the present time to make net reductions in administrative costs.

More fundamentally, as the draft submission to the Prime Minister recognises, the transfer of RSG is perhaps the most significant step that could be taken in decentralising power to Wales. Before any recommendation is made to the Prime Minister on this, I would therefore favour some collective discussion of both the substance and timing of this proposed change, in the context of our general approach to the handling of Welsh affairs.

I am copying this letter to the recipients of yours.

NIGEL LAWSON





*Sally Payne*  
*23/5*

*23*  
*23*

QUEEN ANNE'S GATE LONDON SW1H 9AT

22 May, 1979.

*Dear Nick*

WELSH RATE SUPPORT GRANT

You sent me a copy of your letter of 17th May to Michael Heseltine, with a draft minute to the Prime Minister, proposing that you should become responsible for a Welsh Rate Support Grant.

Although I realise, from paragraph 4 of your draft minute, that you are not seeking to encroach on my services, there would still be some practical problems relating to the calculation of a Welsh Rate Support Grant arising from those services, in particular the treatment of specific grant for police and my other specific grant services; we would also have to sort out what account should be taken of fire service expenditure.

Clearly these difficulties will need to be dealt with, but, subject to what other colleagues may think, I should be content for you to proceed as you propose.

I am sending copies to those who received a copy of your letter.

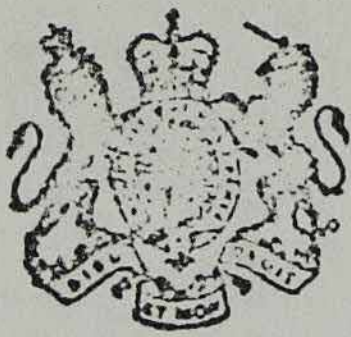
*[Handwritten signature]*

- Mr D Griffiths-Jones
- PS / Puss (M)
- PS / Puss (W)
- PS / Perm Sec
- Mr R Allways-Jones
- Mr O M Morris
- Mr P E Loveluck
- Mr M E Bevan
- Mr H Payne

PM  
23/5

The Rt. Hon. Nicholas Edwards, M.P.





See -  
22/5.  
pl 23300

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22

Department of Transport  
2 Marsham Street London SW1P 3EB  
Telephone 01-212 3434

The Rt Hon Michael Heseltine MP  
Secretary of State  
Department of the Environment  
2 Marsham Street  
LONDON SW1

22 May 1979

*Dear Michael,*

Nicholas Edwards copied to me his letter of 17 May suggesting that you seek the Prime Minister's formal agreement to the transfer of responsibility for RSG in Wales to the Secretary of State for Wales. The transfer would include TSG, which forms a part of the RSG system but is now borne on my Department's Vote.

I see the force of the arguments he makes. A decision on whether to make an immediate announcement of the change must depend on whether it would be helpful to the handling of the whole subject of administration in Wales. If colleagues feel that it would be, I would have no



objection to your minuting the Prime Minister along the lines proposed. But I think that to avoid any misunderstanding the note should include a reference to TSG.

I am copying this letter to Nicholas Edwards and the others to whom he copied his.

*Yours*  
*Norman*

NORMAN FOWLER



6106

6106

The Rt Hon Nicholas Edwards MP

17 May 1979

WELSH RATE SUPPORT GRANT

As you know, Rate Support Grant is at present a single entity for England and Wales, administered by your Department and borne on its Vote. I would very much like to be able to operate RSG separately in Wales, just as George Younger does in Scotland; and I would like to be able to announce this change in the Welsh Debate on 23 May. A short Bill would be required, but the necessary technical preparations were virtually completed as part of the work on devolution; your officials know all about this.

The change requires the approval of the Prime Minister as a machinery of government matter; and I understand that it is customary on these occasions for the transferor rather than the recipient of the function to seek that approval. I wonder, therefore, whether, if you agree with my proposal, you would be willing to minute the Prime Minister on our joint behalf on the lines of the accompanying draft?

I am sorry to put this to you at such very short notice, but I attach considerable importance to it and do not want to miss the opportunity of making an announcement next week.

I am copying this letter and the enclosure to William Whitelaw, Christopher Soames, Patrick Jenkin, Norman St John Stevas, Mark Carlisle, John Biffen and Norman Fowler; for information to George Younger; and to Sir John Hunt.

The Rt Hon Michael Heseltine MP  
Secretary of State for the Environment  
2 Marsham Street  
LONDON SW1P 3EB



DRAFT MINUTE FOR THE SECRETARY OF STATE FOR THE ENVIRONMENT TO SEND TO THE PRIME MINISTER

WELSH RATE SUPPORT GRANT

1. This minute invites you to agree that responsibility for the Rate Support Grant (RSG) in Wales should be transferred from ~~me~~ to the Secretary of State for Wales; and that Nicholas Edwards should announce this in the Welsh Day Debate on 23 May. The change would require legislation and the necessary short Bill could be ready for introduction without delay.
2. RSG is at present administered as a single entity for England and Wales together; there is only one combined figure for relevant expenditure and only one distribution formula for the two countries. The grant is borne on a DOE Vote and the annual negotiations with the local government side are led by my officials.
3. The technical work required to establish and operate a separate Welsh system has been undertaken by the Welsh Office over the last two years in the context of devolution and is virtually complete. The proposed system is much less complex than the present England and Wales system and could be operated economically; I am told that the additional

/staff requirement



staff requirement is small and can be found by offsetting savings in the Welsh Office.

4. Nicholas Edwards and I believe that this is a useful and desirable development of his responsibilities, and it is the most important step which we could take to implement our Welsh Manifesto undertaking to provide the Secretary of State for Wales with greater flexibility in the use of the funds available to him. Under the present system he has - unlike the Secretary of State for Scotland - no ability either to influence Welsh local authorities' current expenditure on services for which he has Ministerial responsibility or to treat this expenditure as part of his overall PESC provision. This expenditure is a significant part of that provision - some 37% of the present total of over £1.4bn, or about £535m; and the proposed transfer does represent a correspondingly significant addition to the Welsh Office's functions. But since the Secretary of State for Wales already bears Ministerial responsibility for all the major local government services in the Principality except those of the Home Secretary, it seems to us sensible that he should also have available to him all the instruments required to manage the expenditure concerned.

/I would



5. I would be grateful for your agreement to this proposal.

6. I am copying this minute to William Whitehead, Christopher Soames, Nicholas Edwards, Patrick Jenkin, Norman St John Stevas, Mark Carlisle, John Biffen and Norman Fowler; for information to George Younger; and to Sir John Hunt.



23 Home → Bond 22/5  
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23 MAY 1979





