PREM 19/1303

Part 18

Confidential Filing

elations between Central and ocal Government. ocal Authority Expenditure. cal Authority Elections. bolition of the GLC and the Metropolita County Councils.	LOCAL GOVERNMENT Part 1: May 1979 Part 18: November 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PREM 19/1303

PART 18 ends:-

Home Sec to S/S Env 13.1.84

PART 19 begins:-

Hansard Extract 17.1.84.
Rates Bill

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (84)1st Item 1	12/01/1984
L (83)23rd Meeting Item 2	13/12/1983
CC (83)36th Item 5	08/12/1983
L (83)149	08/12/1983
E (LA) (83) 8	14/11/1983
E (LA) (83) 7	01/11/1983

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed [signature] Date 24/09/2013

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons HANSARD, 20 December 1983, column 273 to 280: Rate Support Grant (Wales)

House of Commons HANSARD, 15 December 1983, column 1191 to 1200: Rate Support Grant (Scotland)

House of Commons HANSARD, 2 November 1983, column 965 to 979: Rate Support Grant Scotland)

Signed ________ Date 24/09/2013

PREM Records Team

CONFIDENTIAL

TF

QUEEN ANNE'S GATE LONDON SWIH 9AT

13 January 1984

Dear Patrick,

ABOLITION PAVING BILL

Thank you for your letter of 9 January.

Handling the Bill is primarily a matter for you, and I am content, therefore, to leave you to decide how to deploy the affirmative resolution device and provide for the reinstatement of elections.

On recallability, I do not feel there is any real gap between us at present, or on other features of our approach to joint boards. For example, I do not think that I would wish to object to requiring joint boards to consult boroughs and districts before fixing precepts. My point on recallability was simply that it seems sensible to ensure that our enthusiasm for some of its advantages do not lead us to lose sight of its disadvantages: making joint boards dependent on boroughs and districts could undermine their efficiency. As you say we should look at all this again in the light of responses to the White Paper.

I am circulating copies of this letter as before.

Yours,

Leon

The Rt Hon Patrick Jenkin, MP

CONFIDENTIAL

local Govt: Relations Pt 18

CC/NO
PSI

OLD

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

Prime Minister (4)

DoE have now produced their own, more comprehensive summary of the Audit Commission handbook

AT 12/1

12 January 1984

Dear Leon,

At Cabinet on 22 December we discussed the Audit Commission's value for money handbook and I was asked (CC(83)17th Conclusions, Conclusion 3) to arrange for a summary to be provided for all Members of the Cabinet and other Ministers speaking on the subject of the Rates Bill.

You, and some other colleagues (including all those with a direct interest in local government services), will already have received a copy of the handbook direct from the Commission. My office are sending a copy separately to those who have not received one direct. Copies have gone also to officials in "local government" Departments.

I now enclose a note about the handbook, prepared by my officials. The first part provides general background about the Commission's value for money work, and explains how their handbook fits into this. The second provides a summary of the contents, with particular emphasis on the potential scope for efficiency savings already identified by the Commission.

I would ask that in using this material you should not give the impression that the Commissions VFM work is part of , or even related to our own proposals for capping rates. The Commission's success in persuading authorities to look closely at their own efficiency will depend on this being seen to be independent of the Government. Of course, this work will be proceeding at the same time as our legislation is going through Parliament, and will no doubt be referred to in order to refute allegations that cutting spending must mean cutting services. But the Audit Commission was set up as a separate instrument to help authorities secure better value for money. It is of the utmost importance that it is not seen as yet another form of Government interference with local councils. You should bear in mind also that what is in the Commission's handbook so far is essentially anecdotal rather than comprehensive evidence; the real hard evidence of scope for specific savings will only emerge from the conclusion of the studies which are now under way. I suggest that it is presented simply as a reliable indicator - by an independent body - of the sort of savings that should be possible without impairing services.

More generally, I hope that you will do all that you can, in your dealings with local authorities, to emphasise the need for a greater emphasis on value for money. When we discuss our service interests with local authority representatives, or visit individual local authorities, there is a natural tendency for them to stress standards of service. I suggest that now is the time for us, and our officials, to shift the emphasis in such discussions towards value for money, and the scope for economies. My own officials' contacts with local authorities suggest that there is plenty of scope for collecting information about what authorities are doing to find savings if we ask the right questions.

I should be grateful if colleagues would bring the handbook and the summary to the attention of any other Ministers in Departments who may have to speak in the context of the Bill. As a separate copy of the handbook has gone to your officials perhaps colleagues could also make theirs available to their political advisers.

I am copying this to the Prime Minister, all Cabinet colleagues, John Wakeham, Grey Gowrie and John Selwyn Gummer, and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Leon Brittan QC MP

AUDIT COMMISSION VALUE FOR MONEY HANDBOOK: IMPROVING ECONOMY EFFICIENCY AND EFFECTIVENESS IN LOCAL GOVERNMENT IN ENGLAND AND WALES

1. The Audit Commission was established on 1 April 1983 as an independent body under the provisions of the Local Government Finance Act 1982. It has taken over from the District Audit Service responsibility for local government audit in England and Wales. The Commission is now responsible for appointing auditors to all local authorities. Its main objective is to help the authorities to improve economy, efficiency and effectiveness both directly through the audit process and through comparative 'value for money' studies which the Commission is required to carry out.

Value for Money Audit

2. Under the 1982 Act, each auditor appointed by the Commission has a specific duty to satisfy himself that an authority has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. The Commission intends auditors to allocate some 40-50% of their time to reviewing these arrangements and to undertaking specific value for money (VFM) projects focussed on particular services or costs. Although the amount of time available for VFM work will vary by authority, the Commission envisages each VFM project involving, for example, some 20-35 man days in a large district with a maximum of 5 or 6 individual projects in a county or metropolitan district.

3. In order to ensure the maximum benefit from this VFM effort, the Commission have prepared a Handbook "Improving Economy, Efficiency and Effectiveness in Local Government in England and Wales" which is being distributed by auditors to the Leader, Chief Executive, and Treasurer of all principal authorities. A summary of the contents is set out below, but in brief the Handbook contains:

- a profile for each individual authority with a series of comparisons with a 'family' of broadly similar authorities based on data compiled by the Department of the Environment, the Chartered Institute of Public Finance and Accountancy, and the Local Authority Conditions of Service Advisory Board. The profile is designed to enable the auditor and the authority to focus their efforts on the costs and services where there is the greatest potential for improvement;

- a summary of the overall management arrangements that the Commission believes are consistent with the achievement of economy, efficiency and effectiveness. It includes a framework covering the characteristics of well-managed authorities, and is designed to prompt constructive questioning about whether there is any need for management change to promote VFM.

- details of specific opportunities for action in four areas - further education, the police, refuse collection, and purchasing - with an appendix summarising possible areas for improvement in three other services; development control, school meals, and leisure centres.

4. Auditors for each authority are currently embarking on their reviews of the four specific areas identified in the Handbook as the focus for this year's current audit emphasis. The intention is that their work will reveal a nationwide picture of the efficiency improvements already made and the potential savings which remain to be achieved. The results are to be drawn together in a series of comprehensive reports on each area. These reports will be published by the Audit Commission during the course of the year to assist authorities to identify further action to be taken to improve economy, efficiency and effectiveness.

5. At the same time the Commission is identifying the costs and services to be covered in future issues of the Handbook. Under the 1982 Act the Commission is required to undertake or promote comparative and other studies designed to enable it to make recommendations for improving economy, efficiency and effectiveness. The Commission has already drawn up its plans for special studies to be undertaken in selected authorities in the current year. These include studies of non-teaching costs in schools, services for children in care and the elderly, vehicle fleet maintenance, housing and property management, and further work on local authority purchasing. The results of the studies will be checked against a wider sample of authorities so that details of specific opportunities for action to

improve value for money in the relevant services can then be fed into further sections for the Handbook to support the next year's audit emphasis.

6. Details of the opportunities for action identified to date are set out in the summary below. Copies of the Handbook itself are available from the Audit Commission, 1 Vincent Square, London SW1P 2PN (telephone number 01 828 1212) and any comments or queries relating to it should be addressed to the Director of Management Practice, Mr. Peter Brokenshire at that address.

DOE/LG2
January 1984

3F

AUDIT COMMISSION HANDBOOK: SUMMARY OF CONTENTS

Introduction

1. Local Authority Profile - general and service costs and statistics, including comparisons with "family" authorities, notes and data sources.

2. Evaluating Overall Arrangements for Securing Economy, Efficiency and Effectiveness - Management depends on many factors including the local environment, the authority's policies and priorities, members' and officers' skills, and local custom and practice including the nature of the present arrangements. The Commission has, however, identified a number of general arrangements desirable, if not essential, for an authority to achieve overall value for money. The section includes a framework and questionnaire covering, under the following headings, the characteristics of a well managed authority:

- Vision: what an authority is seeking to be or to achieve. Some explicit vision of the future being necessary to maintain direction and to enable an authority's intentions to be translated into action;
- Strategy: How the vision is translated into reality. An authority must take informed decisions on the services to be provided and service standards, client groups and service priorities, funding, staffing and support functions;
- Structure - The way the authority is organised. Characteristics conducive to economy, efficiency and effectiveness include simplicity (with few committees and organisational layers), closely aligned committee and management structures, clear assignment of responsibility and individual accountability for results.
- Systems - The way the authority plans, decides, controls and monitors day to day and year to year matters. Effective systems are needed for reviewing, planning, and monitoring activities and performance;
- Style - The way in which the work is approached. Authorities with a style conducive to improving value for money have often taken specific steps to create an open climate, build trust, and encourage greater commitment and responsibility.
- Skills and Staffing - The way the authority's critical resource - people - is acquired, trained, deployed, motivated and rewarded. Improvements are most likely where individual responsibility is linked to key tasks; performance is assessed against agreed targets; individual contributions and, in particular, general management skills are recognised and rewarded with scope for career development; and significant investment in training.

3. Specific Opportunities for Improvement - areas to be investigated by the auditor in every authority.

FURTHER EDUCATION

Local authorities in England and Wales spend £1.5 billion net on polytechnics and other colleges of further education and employ some 160,000 lecturers and other staff. Auditors will be focussing particular attention on the following points where evidence suggests scope for improving value for money:

i) Improved marketing both to increase student numbers and to forecast demand more accurately. District Auditors have found instances of:-

- high fall-out rates: (over 20% for full-time and 30% for part-time courses) due to ineffective marketing and student selection;
- non-viable classes: many instances of classes with 8 students or less, and even personal tuition not unknown.
- unexpected shortfalls - one college staffed for 300 education students enrolled only 30:

The Handbook includes guidance on possible ways of creating an effective marketing effort.

ii) Tailoring academic staffing to demand - examples of poor value for money include:

- lack of control of teachinghours with one senior college lecturer teaching 4 hours per week only - one third of the national average - and colleges paying £100,000 p.a. overtime when staff are not meeting anything like contract hours
- inaccurate attendance registers - in one college significant errors found in over half the 288 registers sampled
- inappropriate staff mix - in one college academic staff costs were 10% above average because of the higher grade staff, although the potential teaching hours were 6% below average, because such staff teach less.

The Handbook includes guidance on ensuring teachers' contract hours conform to national agreement, that the staff mix is appropriate to local needs, and that agreed establishment levels are not exceeded.

iii) Cost recovery Evidence of poor cost recovery includes:

- a college where bills were not sent out until 3 months before the end of the academic year incurring interest charges of £28,000 per month.
- examples of poor stock control including a stock-take at a library with uncontrolled issue and no fines which found 58% of the books to be missing.

The Handbook also points to the potential for increasing income from college resources.

- one college earned £150,000 pa from the use of hostel facilities during the vacation;

- another earned a net income of £50,000 pa from commercial application of computer development;

iv) Non Teaching and Administrative Costs

Specific non-teaching costs worth examining include, cleaning and energy costs and rent and rates. In 1981 one polytechnic incurred unnecessary costs of £110,000 – including £20,000 overpayment of rates on buildings vacated, sold, or demolished.

The Handbook includes detailed guidance on the planning and conduct of the review of these areas and on promoting constructive action.

II POLICE

The police service now costs over £2.5 billion a year. It employs over 150,000 officers and civilians. A typical police force outside London employs around 3,000 people and costs approximately £50m a year. The major opportunities for improving value for money to be examined are:

(i) Increased use of civilians It costs roughly £6,000 less to employ a civilian than it does to employ a uniformed officer for the same job. A 1% shift in the ratio of civilians to police could save £5m pa nationally, or £100,000 in a typical county force outside London. In a study of several forces it was shown that 4,600 jobs could be transferred to civilians and front-line police strength increased by some 2,000 without any increase in costs.

(ii) Greater Use of New Technology one force claims to have saved over £100,000 pa by computerising criminal records and information. The Handbook suggests other applications to be considered, which have been used by various forces, and steps to be taken to avoid duplication of effort in adapting new technology.

(iii) Appropriate re-imbursement for special duties Special duties, for example at football matches, can absorb considerable police time, yet the rates charged and the number of special constables used for such occasions vary widely. District Auditors found forces where the calculation of such charges had remained constant for over 10 years.

The Handbook includes guidance on examining charges.

(iv) Recovery of Fixed Penalty Tickets. The proportion of tickets on which no action is taken varies from 9 to 32% of the total issued. As an average force issues 50,000 to 60,000 tickets a year, a 10% increase in tickets paid could represent a worthwhile return to public funds.

The Handbook suggests a review of the use of court action for recovery, and of the proportion of tickets issued by policemen and traffic wardens.

Finally the section covers the overall evaluation of opportunities for improving police productivity, and suggestions for constructive action.

III REFUSE COLLECTION

Refuse collection costs over £500m in England and Wales. It is one of the most expensive services provided by the Shire districts and one of the few local authority services that affects virtually every household. It is also a service where output standards and value for money are relatively easy to measure on an objective basis. National statistics show a wide variation in unit costs even taking into account local differences. To identify opportunities for improving value for money, auditors will be using the computer-assisted diagnostic package (ROSS) developed by LAMSAC. Improvements can, in particular, be found in the following areas:-

(i) Changing Rounds Computer-assisted analysis and planning of the workload can bring substantial reductions in the number of rounds and hence in the vehicles and labour required - where it has been used, ROSS has nearly always identified savings of 15% and normally 20-25%. Replanning rounds in one small district reduced costs by £60,000 (or 29%).

(ii) Changing Collection Methods Adopting the right combination of collection methods for the local circumstances can produce very major economies, e.g. in densely-populated urban areas a switch from back-door to kerbside collection can reduce total costs by up to 50%.

(iii) Tightening Time Standards Many bonus schemes were originally based on work study, but have never been adjusted to subsequent changes in routing, collection methods or vehicle capacities. As a result, auditors' reports have shown numerous examples where most employees are earning a bonus, whilst still finishing work by 2 p.m or even earlier, or being paid for hours that are no longer needed or even worked.

(iv) Changing Vehicles and Crew Sizes Substantial savings can often be obtained by adopting the most economic vehicle capacity and the most economic vehicle crew for local circumstances.

(v) Increasing Vehicle Utilisation Each vehicle typically costs £5,000 p.a. in depreciation alone, but on average is used for only 30 hours per week. Increasing the use of vehicles by replanning shifts could save a district £25,000 in depreciation costs alone.

(vi) Improving Vehicle Maintenance Maintenance is expensive in itself, and adds considerably to the total number of vehicles needed. There are striking variations among authorities in both these respects, and in the actual operating costs per vehicle.

(vii) Charging Appropriate Rates The level of charges is, of course, a matter of policy, but audit reports have shown examples of major opportunities to increase income, for example by more prompt billing and by charging where there is no policy or legal reason not to - in one district new charges earned £30,000 reducing the net cost of the whole service by 15%.

Defining the best arrangements for refuse collection an an individual authority requires a close understanding of local geography, detailed analysis of the various options, and considerable time to negotiate and implement changes. The Handbook therefore proposes that once the "ROSS AUDIT" is complete, in those areas where the authority is satisfied that the potential is worthwhile, it will be invited to apply the full LAMSAC model, or take such other steps as it thinks appropriate to realise the improvement opportunities.

IV PURCHASING

Local authorities' external purchases of goods and services amount to at least £2 billion annually. Even quite small cost reductions can therefore generate savings of the order of £40-50,000 in a typical district. Drawing on the experiences of the District Audit Service, the Handbook identifies four main initiatives:-

(i) Changing Specifications in particular to eliminate unnecessary variety. One education authority made major savings by reducing the types of exercise books purchased from 100 to 7. Other small councils claim savings of £10,000 pa by changing the specification of refuse collection sacks to cheaper ones with the same durability. Almost £20m a year is spent by local authorities on such sacks.

(ii) Obtaining competitive bids and ensuring compliance with standing orders. In one district 8 suppliers received over £320,000 in small orders although no contract had been arranged centrally. In another authority a supplier increased unchecked invoice prices by 14.5% when the agreed figure was 6.5%.

the Handbook also contains guidance on adding new bidders to tender lists and scrutinising for price variations.

(iii) Taking advantage of scale. Particular opportunities worth examining include consolidating purchases. One borough found that purchases worth over £250,000 pa were not subject to any central arrangements. In another county over 30 establishments were buying their own meat and groceries although there were apparently more favourable contracts negotiated by the county council of which the purchasing officers were unaware. Other improvements can be made by ensuring conformance with negotiated agreements. One outer London Borough was paying between 8 and 130% more than the nominated suppliers price for a range of items from paint to sinks.

The Handbook also suggests that, although it may in certain circumstances be better for an authority to arrange supply on its own account, where purchasing consortia exist they often provide opportunities for significant price reductions. One London Borough was routinely paying between 13 and 100% more than the GLC for the same or equivalent items ranging from liquid bleach to paper towels and typists' chairs.

(4) Central Storage and Distribution Reductions in the costs of storage and distribution can be achieved by, inter alia, checking stock levels (one authority was holding 3 months' stock when it was expecting to meet all stocks within 20 working days) checking anomalies in ordering rates (a District Auditor found 16 tyres ordered for one 6-wheel vehicle in a year and a total of 50 new tyres ordered for five 4-wheeled vehicles in 15 months). Transport costs can also reveal significant savings - one purchasing organisation was only achieving 65% vehicle utilisation and miles per vehicle were under 8,000 a year.

The Handbook suggests methods of diagnosing local opportunities for savings and includes a questionnaire to be completed by all authorities (including guide prices for a basket of some 45 items purchased by authorities) to assist authorities in identifying scope for improvement.

APPENDIX: ADDITIONAL VALUE FOR MONEY PROJECTS

As councils and auditors may wish to examine services other than those covered above, the appendix summarises the kind of steps that often merit consideration to improve value for money in three further services:-

A Development Control
B School Meals
C Leisure Centres

Each of these has recently been the subject of a report published by the former Audit Inspectorate, and the sections cover performance and cost standards, which, together with the figures in the authority profiles, should indicate where further investigation might be particularly worthwhile.

cc TF

13/1

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434
My ref:

Your ref:

12 January 1984

Dear Lord President

When I wrote to you on 8 December with a "Mark 1" version of our brief on local government policies I promised to write from time to time with revisions. I am now enclosing a text which has been amended to bring it up to date for the Second Reading of the Rates Bill and the debate of the Rate Support Grant Order. The more important changes are sidelined in the text.

I am copying this letter to the Prime Minister, other members of the Cabinet (together with additional copies of the revised briefing for colleagues in their Departments), the Chief Whip and to Sir Robert Armstrong.

Yours sincerely

A.H. Davis

for PATRICK JENKIN
(approved by the Secretary of State and signed in his absence)

The Rt Hon the Viscount Whitelaw CH MC

REVISED 10 JANUARY 1983

BRIEF FOR MINISTERS ON LOCAL GOVERNMENT POLICIES

CONTENTS

CONTENTS continues overleaf

6. As to the rates, between April 1979 (when the Government came into power) and April 1983 domestic rates in England rose by 91% compared with a 55% increase in the RPI. The average increase in domestic rates was 72p in the £, with a range from 40p to a staggering 160p.

7. The Government have reduced the rate support grant percentage, since we want to reduce the cost of local government to the taxpayer and ratepayer, and to signal the need for expenditure reductions. But some authorities did not respond and reduce their expenditure as they were expected to. If they had done so (and that was our overall strategy) then rate increases would on average have been below the general rate of inflation. By refusing to cut their expenditure they put an additional burden on their ratepayers.

THE CONSTITUTIONAL ARGUMENT

8. For almost all the post-war period there has been a clear consensus about the relationship between central and local government. Local authorities have accepted that they should live within the overall policies of central government. Of course it was easier to operate that consensus in times of expectation of growth. But it has broken down now that the need is for retrenchment. The blame for this rests squarely with a minority of high spending local authorities who have chosen to disregard the economic policies of national Government.

9. We live in a unitary state. Parliament is sovereign and has granted local government its powers. Local mandates cannot override national policy. At a time when the Government is striving to implement a programme for national economic recovery it has a right to expect local authorities to respond. Where that response is not forthcoming the Government has no alternative but to act through Parliament to safeguard the policies on which it was elected. That is what we are doing. The Government cannot control aggregate spending except through the individual amounts which make up a total, and some restraints on individual authorities are inevitable.

WHY THE GOVERNMENT IS CONCERNED WITH LOCAL GOVERNMENT SPENDING

10. Some people question whether Government has a role at all in respect of local government. They are wrong to do so. High local government spending and taxing threaten the Government's economic strategy. They increase the burden of taxation which we are committed to reducing. Our tight control of public expenditure can be undermined by overspending in so substantial a sector of the

RATE LIMITATION: SPEAKING NOTES

THE RATES BILL

1. We have called the Bill "The Rates Bill" because its main purpose is to protect ratepayers from exorbitant rate increases in those areas where local councils have increased their spending, or sustained high levels of spending, contrary to the guidelines laid down by Parliament. The Bill gives the Government power to identify and select the relatively few councils whose spending is by any standards excessive; to set a level for the spending of each of those councils; and then, when the rate support grant settlement is known, to fix an upper limit on the rate or precept which that council can levy. Ratepayers, both domestic and business, in the areas thus selected for rate capping will certainly see rates lower than they otherwise would be and may even see rate reductions.

FINANCIAL BACKGROUND

2. Local authorities in the United Kingdom are responsible in their current and capital spending for a quarter of all public expenditure.

3. Back in the early 60's their **current** spending amounted to about 5% of all domestic expenditure. That proportion was around 9% by 1982. The national Exchequer makes a very substantial contribution towards this: 52% of rate fund revenue in 1982/83 in England and Wales. However within the total of local government expenditure, the dramatic increase in current spending has been masked by an even steeper fall in capital spending - over 50% in 'volume' - between 1978/79 and 1982/83.

4. In fact, between 1978/79 and 1983/84 when this Government was looking for **real savings**, current expenditure actually rose. Budgetted expenditure this year in England is no less than 12% higher in volume terms than the planned total envisaged in 1980 and 1981. Had local government conformed to the Government's plans, considerable savings would have been achieved. Only the collapse in capital spending has produced any reduction overall.

5. On manpower, we have had some success. Local authorities in England and Wales employ nearly 2½m full-time and part-time staff. Between June 1979 and June 1983, with encouragement from us, they reduced the total by about 4%. But that trend is now turning against us, with a rise of 0.4% in the year to September 1983.

economy. High rates feed into costs, fuel wage demands, and put our anti-inflation policy at risk. The local government overspend (£770m this year) pre-empts resources that could have been better used; it is a large figure in terms of the management of public sector expenditure.

Non-domestic rates

11. High rates threaten the health of our industry and commerce. Non-domestic ratepayers contribute nearly 60% of the rates - much more in some individual authorities. They have no direct voting influence. Non-domestic rates total some £6bn in England this year and are the largest single tax on business. They are unavoidable. Increases in rates raise costs, stifle growth, damage competitiveness, and destroy jobs.

Domestic rates

12. The Government have a responsibility to domestic ratepayers. There is a general feeling in the country that something must be done about rates - the do nothing option is not open. The Government cannot stand back and watch as some authorities heap heavier and heavier burdens on their backs. If locally elected councillors will not protect the ratepayer, then we must do so. The least we can do is to protect those who have the heavier burdens.

WHY NEW MEASURES ARE NEEDED

13. The Government have not rushed into proposals for rate limitation. We have moved step by step in an attempt to carry local government with us. We have reformed the grant system and sought to work through it to keep expenditure down. We have used targets and holdback, and this approach has had some success: in the current year 80% of authorities have budgeted to spend at or close to their target level. A significant minority however continue to spend with no regard to national policies or the burden on their ratepayers.

14. We have also considered the scope for getting rid of rates altogether. We have carried out a most thorough and searching review of the rating system. We have put forward some improvements in the rating system; for instance that representatives of business should be consulted before the rate is set. We have reluctantly concluded that rates must remain for the foreseeable future the main source of local revenue. Changes such as new taxes would take years to implement and would not restrain expenditure now; indeed buoyant new taxes would encourage

it. And changes in functions (such as transferring or financing of education to central government) would raise major constitutional issues.

15. The changes we propose do not "spell the end of local government". Selected authorities will remain free to decide their own spending priorities within the rate limit set. They will be free to spend lower, and to rate lower, than the limit if they wish. All we are seeking is to curb overspending.

RATE LIMITATION: THE NEW PROPOSALS

16. The scheme we are now proposing for **selective rate limitation** is practicable and reasonable. Three quarters of this year's total budgeted local government overspend of £770m is accounted for by just 16 authorities. Under the selective rate limitation scheme we will be looking only at the highest spenders - probably no more than a dozen or 20 authorities altogether. The criteria by which we select them will have particular regard to authorities' recent levels of spending, and how they vary from the objective measure of need represented by the Grant Related Expenditure (GRE).

17. Authorities spending below their GRE will be expressly excluded, as our White Paper makes clear. So will smaller authorities, by means of the setting of an expenditure level (the White Paper illustrated the effects of a £10m limit) below which no authority will be liable for selection.

18. The proposed **general rate limitation scheme** would provide a general control over the rates or expenditure of all local authorities. It would work in a similar way to the selective scheme in that expenditure levels would be set from which rate limits could be determined in the light of the authority's grant entitlement. There would be a power to exclude small authorities.

19. We hope that the selective scheme, along with the pressures already being exerted on authorities through the grant system, targets and holdback, will curb high spending councils and bring local government spending in aggregate into line with the Government's planning totals. If there is acceptable progress towards that objective we will never need to activate the general rate limitation scheme. We have no wish to do so, but our experience over the last four years leads us to conclude that we must be ready for all eventualities. Whether we are forced to move to general rate limitation lies entirely in the hands of local government itself.

RATE LIMITATION: QUESTION AND ANSWER NOTES

ECONOMIC BACKGROUND

Q1. **Why does the Government want to cut local government spending?**

A1. The Government has overall responsibility for public expenditure. Public spending must be reduced if we are to cut borrowing and taxation, reduce interest rates and leave people with more of their own money to spend. Local government still accounts for more than a quarter of all public expenditure. Because it is the Government's priority to protect the health service, pensions, defence expenditure and law and order services, other public spending by central government, local authorities and some nationalised industries have to take a larger share of the cuts.

Q2 **Aren't local authority expenditure targets for next year just designed to bolster the case for rate limitation?**

A2 No, the targets are tough. But the case for rate limitation rests on local authorities' spending and rating behaviour over the last four years. In the current year their budgets are 12% higher in volume terms than we originally planned for this stage and domestic rates have increased by 91%.

Q3. **Is local authority expenditure public expenditure?**

A3. Certainly. It is expenditure for public purposes. Whether financed through the rates, borrowing or grant - and over half is financed from central government grant - local authority spending denies the use of funds to private industry and private individuals.

Q4. **Isn't local authority overspending only a small proportion of total public expenditure?**

A4. It is precisely these marginal amounts which cause so much difficulty in terms of economic management. We have had to increase provision for 1984/85 by £540m in view of overspending in England in 1983/84. Since the Government intend to stay on course, this £540m has to be found from somewhere. This can only increase the pressure on other public expenditure programmes.

Q5. **Aren't rates only a small proportion of industry's costs?**

A5. Rates may be only a small proportion of industry's costs, but in terms of profits rates can make all the difference. The CBI estimate that rates on industry and commerce in the UK, excluding North Sea operations, amounted to about 40% of gross trading profits adjusted for inflation in 1982.

Q6. **Haven't rates gone up simply because the Government has reduced grant?**

A6. We have reduced the proportion of local spending met by central grant from the high levels allowed by the last Labour government; we want to reduce the cost of local government to the taxpayer and increase local accountability. But some authorities did not respond to this signal and reduce their expenditure as they were expected to. If they had done so then rate increases would on average have been below the general rate of inflation in each year. However some authorities have simply carried on spending and put the resulting burden on the ratepayer.

Q7. **Haven't the Government's attempts to control local government spending from the centre failed so far?**

A7. Between 1979/80 and 1981/82, the volume of local authority current expenditure fell by about 2%. However local authorities' estimates of expenditure in 1982/83, and their budgets for 1983/84, show that this initial success has been followed by a return to growth - 2½% in 1982/83 and 1¼% in 1983/84. The result is that the volume of local authority expenditure is now somewhat higher than it was in 1978/79. Compare this with the 7½% volume reduction between 1978/79 and 1983/84 which we were looking for in 1980.

Q8. **Are all local authorities responsible for overspending or just a few authorities?**

A8. The 1983/84 budgets of English local authorities are 12% higher in volume terms than the figure planned for this year by the Government in 1980 and 1981. There is no doubt that we must seek more economies from all authorities. However, in 1983/84, 75% of the budgeted overspend of £771m on the aggregate of targets was due to only 16 authorities. It is that irresponsible minority who must be brought into line.

Q9. Hasn't local authority spending fallen as a percentage of GDP/total public expenditure and in real terms?

A9. Yes, but this is entirely because of the collapse in capital spending which nearly halved in cost terms between 1978/79 and 1982/83. In terms of current expenditure it increased by 10% in cost terms (cash expenditure adjusted for general inflation) over the same period.

THE CONSTITUTIONAL CASE

Q10. Don't the Government's rate limitation proposals attack the autonomy of local government?

A10. Local authorities are responsible to local people through the ballot box for the way they carry out their statutory responsibilities. But ours is a unitary and not a federal state. All the powers of local authorities, including the power to raise rates, are derived from Parliament. Local mandates cannot set aside national policies.

Q11. Why not let local electors decide if they are prepared to pay the rates?

A11. There are major limitations to authorities' accountability to their ratepayers. In 1982/83 52% of authorities' net revenue expenditure was met by the national taxpayer. Only 22% of net rate fund revenue expenditure is financed by domestic rates (before rebates). Moreover there is normally only one ratepayer in every household even though there may be a number of people eligible to vote. 30% of ratepayers receive full or partial rate rebates. As a result it is estimated that only about 35% of those eligible to vote in elections actually pay the full rate demand.

WHY NEW MEASURES ARE NEEDED

Q12. Why move to rate limitation anyway?

A12. We have sought to achieve our spending plans over the last four years by persuasion, exhortation, and financial pressure through the grant system. That is the approach we prefer. But it has not worked, as the expenditure outturns show. That is why we have reluctantly had to move to stronger measures.

Q13. Why not just abolish the rates?

A13. We have looked exhaustively into all the possible alternatives to rates. None of them meets the criteria we set out in our Green Paper any better than rates. All have considerable drawbacks and none has any consensus of public support.

Q14. **Will rate limitation allow you to relax the pressure on low spending authorities?**

A14. Selective limitation will put a curb on the 12 to 20 highest spenders. There needs to be continued restraint by local government generally. But 16 authorities presently account for 75% of the budgetted overspend on targets. We are hopeful that once selective limitation is working properly it will be possible to relax some of the pressure on other authorities.

Q15. **Will the rate limitation scheme lead to lower rates?**

A15. Rates will certainly be lower than they would otherwise have been. Whether there can be actual reductions on present rate levels will depend on the speed at which it is possible to cut back expenditure, and on outside factors like the rate of inflation and interest rates.

Q16. **Will you continue to set targets for authorities not affected by rate limitation?**

A16. We have made no decisions on the future of expenditure targets beyond 1984/85. I know they are unpopular but they are effective in restraining the expenditure, and therefore the rates, of the great majority of authorities.

Q17. **Aren't there better forms of local tax than rates?**

A17. We have looked at all the alternatives. None would help in terms of controlling expenditure in the short term, and all would take years to introduce. Indeed if they produced a buoyant income they would simply encourage the overspenders.

A18. **Why not a local sales tax?**

A18. Local sales tax was the least favoured by people responding to the Green Paper. Together with VAT it would produce a very high rate of tax on goods and services. It would be much less perceptible than rates and the burden of taxes could drift up with increasing prices without any need to change the rate of tax.

Q19. **Why not a poll tax?**

A19. A poll tax would certainly be perceptible and spread the burden more widely. But it would be hard to enforce. If the Electoral Register were used as the base, it could be seen as a tax on the right to vote. If a new register were used the tax would be expensive and complicated particularly if a system of rebates were needed. Without rebates it would bear harshly on those with low incomes.

Q20. **Why not local income tax?**

A20. Those who support local income tax want to spread the burden wider and relate tax liability more closely to ability to pay. But the Government is committed to reducing the burden of tax on incomes; a local income tax would increase the public sector staffing requirements and create extra work for employers; and such a tax deducted at source by the Inland Revenue and paid over to local authorities would confuse the link between tax demand and spending and would reduce accountability.

RATE LIMITATION: THE PROPOSALS

The selective scheme

Q21. **What is the purpose of the scheme?**

A21. Selective rate limitation will limit the rates and expenditure of a small minority - probably no more than 12 to 20 - of high spending local authorities. It will thus protect their ratepayers. It will also ease the pressure on the authorities who are spending sensibly.

Q22. **Will there be any exclusions?**

A22. Yes. All authorities spending below £10m will be excluded, as will authorities spending below their Grant Related Expenditure (GRE). There is provision in the Bill for the Secretary of State to increase but not reduce the figure of £10 million. As the Bill stands and on present spending plans it would exclude 317 of the 333 non-metropolitan districts in England and Wales (only 1 district council in Wales and 15 non-metropolitan districts in England could even be considered for selective rate limitation). Over three quarters of all the authorities in England and Wales would be completely excluded from selective rate limitation.

Q23. **Why no explicit selection criteria in the Bill?**

A23. The Bill makes clear that only excessive spenders can be selected, and that those spending below GRE or below £10m will be excluded from selection. Criteria must be according to general principles. We cannot be more precise at this stage, since selection for limitation in 1985/86 must depend on spending and rating behaviour in 1984/85 for which we do not yet have information.

Q24. **What is to stop unreasonable rate increases in 1984/85?**

A24. We cannot implement the scheme earlier than 1985/86. But there are three reasons why authorities should not be tempted to rate up in 1984/85 to forestall rate limitation. Expenditure and rating behaviour in 1984/85 will be major factors in deciding who will be selected for control. The Secretary of State will have power to take account of authorities's reserve funds in setting rate limits for 1985/86. And new commitments entered into in 1984/85 would result in bigger cuts being required from other services to meet the rate limit in 1985/86.

Q25. **Will authorities which fail to meet their RSG expenditure targets and are subject to holdback automatically be selected for rate limitation?**

A25. No. Authorities with small budgets or which are spending below their GRE will automatically be excluded from selection whatever their "holdback" position. The selection criteria themselves will be designed to identify only the minority of highest spending authorities - perhaps 12 to 20 at most. Prudent authorities need not worry.

Q26. **How will the selective rate limitation scheme protect ratepayers in the selected authorities?**

A26. Simply by setting a maximum rate for individual councils. Once the RSG settlement is announced each year it will be possible to calculate the rate increase needed to cover the difference between expenditure and grant.

Q27. **Why have rate limitation as well as abolishing the GLC and Metropolitan County Councils?**

A27. Although the authorities to be abolished account for a substantial part of the overspend they do not account for all of it. And they are not the only high spending and rating authorities. We need selective limitation to bring down spending and to protect ratepayers in high spending areas that are not subject to abolition.

Q28. **Will the selective scheme enable pressure to be lifted off low spenders?**

A28. Not immediately. Selective limitation will put a curb on the small minority of really high spenders. But there still needs to be restraint in spending by local government generally if aggregate expenditure plans are to be realised. That is one of the aims of a target/holdback system. Once selective limitation is working properly it may then be possible to reduce some of the pressures on other authorities.

The general scheme

Q29. **What is the purpose of the scheme for general rate limitation?**

A29. The power to limit rates generally will be held in reserve. We have to have it on the statute book in order to exert some pressure on those overspenders who will not come within the selective scheme. We do not want to use it, but cannot risk being left without further powers if the combination of selective limitation and grant pressures do not bring the overall improvement we need.

Q30. **What safeguards are there that you will not move to general control?**

A30. The Bill provides that general limitation could only be introduced by means of a Parliamentary Order under the Affirmative Resolution procedure in both Houses of Parliament and after consultation with the local authority associations.

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Q31. **The Government say that only 20 authorities can be coped with under the selective scheme. How can you possibly expect to run general rate limitation?**

A31. There are a number of points here. First, there would be problems in extending the selective scheme very far. With more authorities selected it would become more difficult to decide whether authorities' expenditure was excessive. Secondly, if we had to introduce the general scheme we would be able to draw on our practical experience of the selective scheme. Thirdly, the general scheme has built into it the possibility of excluding some authorities according to how much they spend. Fourthly, we envisage operating the general scheme in such a way that most responsible authorities would find it relatively easy to comply with our requirements.

RATE REFORMS: SPEAKING NOTES

1. We propose several changes to the rating system to improve accountability and to bring relief to hard pressed business ratepayers.

2. We are suspending local authorities' powers to levy rates on empty industrial property from 1 April 1984 and extending the right to pay rates by instalments to all business ratepayers from 1 April 1985. We intend to place a duty on local authorities to consult representatives of their industrial and commercial ratepayers, who provide a significant proportion of rate income, before deciding upon expenditure levels and fixing rates and precepts.

3. All ratepayers will, in addition, be given a clearer statement of their rate liability to their precepting and rating authorities, and tenants who do not receive a rate demand, because for example their rates are included in their rent will also receive this information.

RATING REFORMS: QUESTION AND ANSWER NOTES

Q1. **Why no revaluation?**

A1. We have announced that we intend to hold a non-domestic revaluation to correct the distortions which have developed due to changed relative values of business property. We are urgently considering the case for a domestic revaluation.

Q2. **Why not more help to business ratepayers?.**

A2. We have provided considerable help for business ratepayers, both in the Bill and in our other proposals. The right to be consulted on local authorities' spending and rating proposals will be of considerable significance. We have also decided that all non-domestic ratepayers should have the right to pay their rates by instalments, and meanwhile we are extending this right to more business ratepayers for 1984/85, by increasing the rateable value limits to £10,000 in London and £5,000 elsewhere. We intend to make an Order which will suspend local authorities' powers to levy rates on empty industrial property from 1 April 1984. And we have announced a revaluation of the non-domestic sector to correct the anomalies that have arisen since 1973.

Q3. **Why not abolish rates on empty commercial property as well as empty industrial property?**

A3. We must set priorities since losses in rate income have to be made up by other ratepayers or by taxpayers. Local authorities have discretion to take account of local circumstances in deciding whether to levy empty property rates. Where there is still a market for empty property, as there is in many areas for empty commercial property, it must be right to encourage the full use of such property.

RSG SETTLEMENT 1984/85: SPEAKING NOTES

1. In the current year, 1983/84, English local authorities are budgeting to overspend target by £770 million, or 3.8%. That was despite the fact that the 1983/84 public expenditure provision had already been increased by over £1 billion to take account of local authorities' overspend in 1982/83.

2. Each year we have been forced to increase the following year's provision in the light of authorities' budgeting to overspend. We have again increased provision, this time by some £540 million.

3. Even that big an increase, however, does not allow us to set easy targets for authorities next year. Far from it: we have not disguised the fact that real terms reductions are required from all authorities, including those which have tried to meet targets in the past.

4. We have given all authorities expenditure targets for 1984/85. The highest spenders are being asked to make cuts of up to 6% in cash from budget this year. That is a very tough target indeed in real terms and we could not reasonably ask for more.

5. Most low-spenders have targets which allow a 3% cash increase from budget this year. That too is tough, because the lowest-spenders have already found some of the obvious economies. But many low-spenders have not reduced the volume of their spending in the last 5 years. Unless we restrict cash increases even for the lowest spenders we risk undoing what progress there has been.

6. Three other points on targets. If there is shortfall between budget and outturn this year, to that extent the maximum cash increase over actual expenditure will be more than 3%.

7. Second, local government themselves can influence what that 3% will buy; on average, about two-thirds of their current expenditure is on staff costs; the lower the wage settlements this year, the less the real terms effect of our targets.

8. Third, many local authorities simply take the % cash increase allowed, subtract it from a forecast inflation figure, and allege that the resulting % is the real terms cut on service levels. That leaves out of account any scope for

nomies, eg through privatising. I cannot believe that in even the low-spending authorities there is not still some scope for further economies.

9. We have also announced grant and holdback. The grant percentage is close to this year's - about 52% compared with 52.8% this year. But the holdback scheme is more severe: this year in rate poundage terms the penalties in lost grant are 1, 1, 5, 5, 5, for percentage points of overspending; next year we are proposing 2, 4, 8, 9, 9. Unless we make it more severe, we do not increase the grant pressure on the highest overspenders: they have already rated to meet this year's level of holdback, and we need to put more pressure on them to deter them from further overspending.

10. Many authorities would prefer a gentler lead-in, ie a repeat of the 1, 1 .... that we had this year. But that concession this year in fact meant that many authorities did not take their target seriously and budgeted up to 2% above it - because the penalty for doing that was negligible. For next year the penalty for overspending by up to 1% is not too painful, ie up to 2p in lost grant. But beyond that, rightly, it gets more so.

11. It is the time of year for scare-stories on rate increases, even from Conservative authorities. The fact is that by keeping the grant percentage at about the same level as this year we have ensured that if authorities spend at target, rate increases will on average be very low. There will always be some exceptions, because of grant distribution changes. But the message is that authorities must plan to hit target. If they do their ratepayers will see the benefit.

RSG SETTLEMENT 1984/85

1. The main components of the 1984-85 settlement are:

a. **Individual spending targets** for all authorities: most low-spenders to get a 3% cash increase over budget 1983/84; and most high-spenders to get cash cuts from budget 1983/84 of up to 6%.

b. **Current expenditure** to be £20,389 million, ie £840 million more than in the 1983/84 RSG settlement, £540 million more than in the Public Expenditure White Paper for 1984/85, and about the same in cash as local authorities are budgeting to spend in 1983/84.

c. **Exchequer grant** to be £11,870m or about 52% of relevant expenditure, compared with £11,780m or 52.8% in the 1983/84 settlement.

d. **Grant holdback** for authorities overspending target in 1984/85 to be much tougher than under the 1983/84 scheme: in rate poundage terms the 1984/85 penalty in lost grant to be 2, 4, 8, 9, 9 .... for percentage points of overspending, compared with 1, 1, 5, 5, 5 .... for 1983/84.

2. The RSG settlement debate is planned for the week beginning 23 January. The proposals are now the subject of judicial review insofar as they affect the London Borough of Hackney.

Ministers should avoid being drawn into debate on the effect of targets on individual authorities, and in particular on whether any target is achievable within a single year.

RSG SETTLEMENT: QUESTION AND ANSWER NOTES

TOUGHNESS OF THE SETTLEMENT

Q1. **Isn't the RSG settlement going to force rates up in 1984/85 even for responsible authorities, and thus make them liable to be selected for rate limitation?**

A1. No. We have kept the grant rate at about 52%, very close to the grant rate in 1983/84. That means that if authorities spend at target rate increases on average should be very low. In many cases there could be rate reductions. But anyway we have made it clear in proposing selective rate limitation that we will be looking only at the very highest spenders, probably only 12-20 authorities altogether; and that authorities below GRE or spending below £10 million will be excluded.

Q2. **Isn't the true grant reduction much bigger because of the penal holdback scheme proposed?**

A2. Holdback only applies if an authority exceeds its target. We have given them early notice of targets to enable them to plan to avoid doing that. For authorities which plan to overspend, it is right that they should be entitled to less grant. We have proposed a tougher holdback scheme than this year's to increase the pressure on overspending authorities to make the necessary expenditure reductions.

Q3. **Aren't the targets so tough that most authorities are bound to incur holdback?**

A3. Targets are rightly toughest for the highest spenders: those who spend most have most scope for economies. The lowest spenders get a 3% cash increease over their budgets this year. If they spend less than they budget, the increase over actual expenditure will be more than 3%. The severity of that target depends on how fast local government costs go up: if low wage settlements are achieved it becomes that much easier. I hope that all authorities will make every effort to meet their target next year. Where they do not do so, their ratepayers will pay the price.

Q4. **Why reduce the grant rate again?**

A4. First, because reducing the proportion of local government spending supported by the Exchequer increases local accountability. Second, because it maintains pressure on local government across the board to find the economies necessary if their expenditure is to be in line with the Government's plans. The percentage for 1984-85 has been kept very close to the 1983-84 percentage in recognition of the pressure already exerted by earlier reductions.

IMPACT ON RATES

Q5. **What is the Government's forecast of the average rate increase next year? How much grant holdback is expected?**

A5. That depends entirely on the spending decisions of 413 elected local authorities. We never forecast the average rate increase, because it is not in our control. All I can say is that if authorities spend at target, rate increases should on average be very low.

EFFECTS ON MARGINAL OVERSPENDERS

Q6. **Why not have a gentler lead-in to holdback for authorities which try but narrowly fail to hit target?**

A6. We had that for 1983/84, when the holdback penalty was only 1p in poundage terms for each of the first 2 percentage points of overspending. The evidence is clear that because of that concession many authorities judged the penalty to be negligible and budgeted to spend up to 2% above target. We must persuade all authorities to take the targets seriously. Moreover, overspending authorities have already rated for holdback at this year's scale, so if we want to deter them from overspending again next year with the threat of high rate increases, we must make the holdback scheme more severe.

ABOLITION OF GLC AND MCCs - SPEAKING NOTES

THE CASE FOR CHANGE

1. Experience in the first term of office convinced the Government that the GLC and the Metropolitan County Councils (MCCs) are a superfluous tier of government. These "upper tier" councils are the junior partners in the provision of services, responsible for only one quarter (in London only one sixth) of spending on local services in their areas.

2. Contrast this with the shire countries; there the county councils are responsible for over 80% of spending, but the highly accessible district councils are still valuable in providing important local services. No change is proposed in the shire areas.

3. The GLC and MCCs have sought an outlet for their energies by developing a general strategic role. This leads to conflict with the lower tier authorities (eg on land use planning) and to duplication (eg on economic development). There has also been conflict with central government as authorities have assumed a "mandate" on such issues as defence and foreign policy. With their large rate base and relative remoteness from the ratepayers, they have pursued unrealistic spending policies.

4. Abolition is not motivated by political prejudice; it is the obvious response to the need to eliminate the overheads associated with a superfluous tier of government, and to remove a source of conflict and duplication. The result will be more economical and effective local government.

THE PROPOSALS

5. The White Paper "Streamlining the Cities" (published on 7 October) set out detailed proposals for the reorganisation of services. A note showing what will happen to each service is attached. Most will go to the borough or district councils for them to exercise directly, in some cases co-operating informally. For a few services there is a need to have a formal mechanism for the boroughs and districts to operate services jointly. So there will be joint boards for fire, police and public transport in each metropolitan county; for fire in London and for education in inner London.

6. These boards have been referred to as quangos. They are not. A quango is a body whose members are appointed by Ministers. In contrast, the joint boards will be local bodies composed of local councillors appointed by their locally elected authorities. Nor will they be charging ratepayers separately; their precepts will form a clearly identified part of the single bill that will be sent, as now, by the borough and district councils.

7. The block grant system will be adjusted to reflect the new division of responsibilities; arrangements will be made for the debt to be serviced in a secure way and for continuing liabilities to be discharged. No unfair burden will fall on particular borough or district councils.

SAVINGS AND TRANSITIONAL COSTS

8. There must be potential savings when a whole tier of local government is eliminated. There are inevitable overheads in the operation of a fully-fledged council; and there are a few services in which duplication occurs. Moreover the GLC and MCCs are responsible for over half the overspending of local government. Shifting more spending to the boroughs and districts, which are less remote from ratepayers, will strengthen restraint on spending.

9. We are determined that savings should be made to the benefit of the ratepayer. Boroughs and districts will be subject to the pressures for economy of the block grant system, supplemented by rate limitation, and the Government will monitor changes in staff for the services transferred. The joint boards will be accountable to the boroughs and districts; in addition, to ensure that the boards are being set up economically, the precepts they issue will be subject to approval by the appropriate Secretary of State for the first three years. There will also be powers to specify the boards' levels of manpower or manpower expenditure in this period.

10. Of course there will be some transitional costs - as in all reorganisations. But costs will very soon, perhaps even in the first year, be outweighed by the accumulating savings. Since the 1972-74 reorganisation, which was costly, there has been a major change in the economic climate, and the Government have developed new instruments of control. During the election, Tom King indicated that there could be scope for saving at least £120 million a year (including 9,000 jobs); since then initial indications from a few boroughs and districts suggest that there may be savings of at least a quarter on services transferred to them.

IMPLEMENTATION

11. The Government are firmly committed to the principle of abolition but are ready to listen to views on detailed implementation. The main legislation will be introduced in the 1984/85 session and will provide for the change to take effect on 1 April 1986.

12. There will also be a Bill this session to deal with the local elections that would otherwise take place for these authorities in May 1985. This Bill will provide that, for their last eleven months, these councils will consist of members nominated by the borough and district councils. The existing GLC and MCC councillors will retire in May 1985 at the end of their term of office - ie when the electoral mandate which they were given in 1981 expires.

MISCONCEPTIONS ABOUT THE GOVERNMENT'S PROPOSALS

13. Some critics have suggested that there are **very large numbers** of bodies replacing these authorities. In fact there will be three joint boards in each metropolitan county (police, fire and public transport) and two in London (fire and a new ILEA). There are only two proposals for other permanent bodies, an advisory commission on planning in London and a technical body to take charge of managing London's debt, superannuation and legal liabilities. The Government's proposals for London Transport also include a new body; but these proposals are a separate matter not directly related to abolition.

14. It has also been said that it is naive and optimistic to expect local authorities to **work together informally.** It is extraordinary that people in local government should adopt such a negative attitude. There may need to be some new ways of working established but there is much more chance of cooperation between councils that are on an equal footing than there is in the present system where upper-tier authorities have sometimes acted as if they were superior to the boroughs and districts.

15. It has been suggested that **joint boards lack accountability.** But this is not the case. They will be controlled by the councils in each area through their power to appoint the members. The temporary powers that Ministers will have to approve precepts will be of a general nature; to suggest that this amounts to central take-over of local services is misconceived.

16. Some have argued that the proposals **undermine local democracy.** But people will still be able to vote for a local council, and there will be enhanced local accountability as the more accessible borough and districts councils will be responsible for the full range of services. There is no principle that requires there to be two separate local authorities as a safeguard of democracy; single tier local government existed in our major cities (except London) up to 1974.

17. We have been challenged to have a **formal inquiry,** of a wideranging kind. But this could only mean delay when the case for change is overwhelming. There are still many matters of implementation on which the Government will listen to views.

SUMMARY OF PROPOSALS ON THE REALLOCATION OF GLC AND MCC FUNCTIONS

A. FUNCTIONS TO BE TRANSFERRED TO BOROUGH AND DISTRICT COUNCILS

Functions already shared or carried out concurrently with the lower tier

Planning (including minerals planning and derelict land reclamation)
Highways and traffic management
Housing*
Support for the arts
Historic buildings
Civil defence and emergencies
Tourism
Entertainments licensing*
Archives and Libraries
Recreation, parks, and Green Belt land

Functions solely the responsibility of the upper tier

Waste regulation and disposal
Trading standards and related functions+
Support and funding for the magistrates' courts service* and the probation services
Coroners
School crossing patrols+
Building control*
Safety of sports grounds
Registration of common land and town or village greens
Maps etc in relation to rights of way
Gypsy sites+

B. FUNCTIONS REQUIRING STATUTORY JOINT ARRANGEMENTS

Police in the Metropolitan Counties
Fire
Education in inner London
Public Transport in the Metropolitan Counties

*London only
+metropolitan counties only

FUNCTIONS REQUIRING OTHER ARRANGEMENTS

Land drainage and flood protection in London will become the responsibility of the Thames Water Authority.

Certain arts sponsorship will be taken over by the Trustees of national museums and galleries.

ABOLITION OF GLC/MCCs: QUESTION AND ANSWER NOTES

D3. ABOLITION OF GLC/MCCs: QUESTION AND ANSWER NOTES

GENERAL

Q1 **Is abolition a political device to get rid of Labour councils?**

A1 No. The origin of the policy is our perception of the absence of a real role for these councils. Most of these councils have been and could be Conservative controlled. We are handing power to boroughs and districts with various political control.

Q2 **Why abolish authorities as well as capping the rates?**

A2 Restraining expenditure is no substitute for having a fundamentally more economical framework.

Q3 **Why not have a full investigation?**

A3 No need for a full inquiry; this would only waste time when the case for change is overwhelming.

Q4 **Why not have a study of costs and savings or participate in the MCC-Commissioned Coopers and Lybrand study?**

A4 It is too soon to make detailed estimates of the savings. These must depend on decisions to be taken by the boroughs and districts. Any study would depend critically on the assumptions made about those decisions.

Q5 **Aren't the White Paper's allegations of overspending by the MCCs 'misleading and overstated', as demonstrated by Coopers and Lybrand's first study?**

A5 No, that study confirmed our view that the volume of MCCs' current expenditure has grown very much faster than that of other English authorities.

Q6 **Is there not a case for a strategic non-executive assembly?**

A6 No sufficient task for it, especially as Government is directly involved in major strategic issues (eg Thames Barrier). Difficult to see how a non-executive assembly would operate, except by interference in executive bodies' business.

Q7 **How can you leave the capital city without a voice?**

A7 The Boroughs collectively can speak for London. Besides it is doubtful whether the GLC has "spoken for London".

Q8 **Why have new arrangements that reduce rather than increase accountability?**

A8 Accountability will be improved because the boroughs and districts, which are closer to the people and are readily accessible, will be responsible for most services.

Q9 **How can you claim that these proposals are "streamlining"?**

A9 One authority will become responsible for all services, in its area, directly or indirectly. There will be less overlap, friction and duplication.

PROPOSALS

Q10 **How will informal cooperation be arranged?**

A10 This is for the local authorities to decide. They have plenty of experience of working together.

Q11 **Won't formal and informal cooperation mean complex arrangements with 50, 60 or 70 new bodies (boards, committees, quangos)?**

A11 Nothing like that many formal new structures; only 20 joint boards are proposed with no more than three in any area. Look at the complexity of organisational structure that exists now; there are over 80 committees altogether within the GLC and the MCCs.

Q12 **These proposals mean take over by central government?**

A12 No, only a very few specific minor functions will pass to central government, namely:

- 70 miles of roads in London taken over by Secretary of State for Transport;

- listed building consent in London to Secretary of State for the Environment (he already has this responsibility outside London);

- certain arts sponsorship.

Also the following changes involving non local government bodies:

- London Planning Commission to advise on planning in London;

- Royal Commission on Historic Monuments to take over Survey of London;

- Thames Water Authority to take over flood protection and land drainage in London.

Q13 What about London Transport?

A13 The Government are proposing, for public transport reasons that the London Buses and Underground should be taken over by the proposed new "London Regional Transport". That is, in many respects, a return to the situation that existed before 1968.

Q14 Won't these proposals reduce support for the arts?

A14 The Government are confident that the boroughs and districts will provide an appropriate level of support for local institutions. For a small number of institutions of national importance the Government have proposed special arrangements involving central funding as described in the consultation document.

Q15 Won't these proposals make it difficult for voluntary bodies to get funding?

A15 The Government have indicated that they will consider the need for any special action in the light of the response to consultation.

JOINT BOARDS

Q16 How many joint boards proposed?

A16 Three in each of the six Metropolitan counties (fire, police and public transport), two in London (fire and ILEA), 20 in all. Some districts might take on public transport themselves.

Q17 Joint boards are quangos?

A17 No. A quango is a body appointed by Ministers. The joint boards will be local bodies composed of elected members of the borough and district councils appointed by those councils, and recallable by them.

Q18 Joint boards are unaccountable?

A18 No. The boroughs and districts will be the channel of communication to joint boards and the responsibility for joint boards will rest on their councillors. With a more intelligible system there will be greater real accountability.

Q19 Would the Government consider having joint boards for more than one function (eg police and fire)?

A19 We shall listen to suggestions of all kinds, but we do not intend to recreate bodies indistinguishable from those we are abolishing.

Q20 Why not break up ILEA?

A20 There are some attractions in such an option. It would have the advantage of bringing the service closer to the ratepayer and improving accountability. The Government consider, however, that this advantage is likely to be outweighed by the problems inherent in breaking up a long-standing and well-understood pattern of provision, and that the disruption involved could not be justified. The White Paper makes it clear that the new arrangement will be kept under review, and that the Government are open to ideas for greater involvement by the borough councils.

CONSTITUTION OF JOINT BOARDS

Q21 Why have political balance requirement?

A21 To get a wide spread of interests involved in joint boards. We are giving statutory effect to what is already best practice in forming committees in many authorities.

How will political balance be enforced?

A22 It will be a statutory requirement. Obviously it won't be possible to reflect political balance **exactly** in nominations. Individual authorities will have to work out their own method of complying with the statutory requirement. In case of dispute the matter would have to go to the courts.

Q23 What will be political complexion of joint boards?

A23 Can't say - this will depend on the polital composition of the nominating authorities at the time and the way in which political balance requirement operates.

Q24 Term of office of joint board members?

A24 They will have no specified term, but will be recalled at any time by the nominating authority.

Q25 Why not direct elections to Joint Boards (especially ILEA)?

A25 Attractions in this, but broad aim of Government proposals is to ensure that responsibility for running services rests with boroughs and districts. In case of joint board services this is achieved through collective borough/district responsibility for the joint board. A directly elected authority would be apart from the boroughs/districts; we believe that this would remove any incentive for joint board members to consider the **total** burden being placed on ratepayers.

STAFF AND PROPERTY

Q26 How will staff be transferred?

A26 This will be decided in the light of consultations. In 1972 many staff were transferred in groups. It might be feasible to do this for readily identifiable staff engaged on services going to joint boards. But most services will be divided amongst boroughs and districts; they will recruit directly the staff they need.

Q27 Will staff be protected?

A27 A staff Commission will be established and there may be arrangements, where appropriate, to give staff affected first refusal for posts with successor authorities. There will be full consultations with staff representatives on all matters affecting their interests; TUC Local Government Committee have been told this.

Q28 What will the Staff Commission do?

A28 It will be charged with looking after the interests of all staff affected by the proposals. It will be independent of the receiving bodies.

Q29 What will happen to existing pensions and similar payments?

A29 No-one receiving a pension or other continuing payment from the GLC or a Metropolitan County need worry. Such payments will continue, and all such rights are safeguarded.

Q30 Will there be redundancies?

A30 Yes. Voluntary redundancy could achieve substantial reductions, but some compulsory redundancies cannot be ruled out. The level of redundancies will be reduced if authorities take a responsible attitude to recuitment in the interim.

Q31 What about recruitment between now and abolition?

A31 The Government hope that authorities will act responsibly towards their ratepayers and towards their staff. They should fill only essential vacancies.

Q32 Won't there be duplication through the breaking up of specialist teams (eg MCC derelict land services)?

A32 We expect the successor authorities to set up effective co-operative arrangements for the use of specialist staff and equipment, where this is the most economical thing to do.

What will happen to property?

A33 In general property will be transferred to the authority or Board taking responsibility for the function for which it is required.

Q34 What about County Hall?

A34 Any genuinely surplus property will be disposed of at some stage, to the benefit of the ratepayers concerned.

FINANCIAL ARRANGEMENTS

Q35 What will be the effect of abolition on rates?

A35 One of the purposes of abolition is to enable services to be provided more effectively and more efficiently. This should mean that rates will be lower than they would have been if the GLC/MCCs had continued to exist.

Q36 Won't the removal of the GLC precept mean a windfall gain for ratepayers in central London, at the expense of ratepayers elsewhere?

A36 No. The existing balance between ratepayers in different parts of London is intended to be maintained. This will require an extension of the London Rates Equalisation Scheme. This is explained in the consultaion document on "The Disappearance of the GLC Precept".

Q37 Won't there be a disproportionate burden on some boroughs/districts where GLC/MCC obligations are concentrated in particular areas (eg the Crystal Palace sports centre, ex GLC housing already transferred to the boroughs)?

A37 The general aim is to ensure that there should be no undue financial advantages or disadvantages for ratepayers of individual authorities as a result of abolition. Special arrangements may be necessary to achieve this in some cases. This is the subject of a separate consultation document.

Q38 Won't boroughs and districts have to put up their rates?

A38 Yes, of course, they will be paying directly for some of the services now funded out of the upper tier precept. But it is the size of the final bill to the ratepayer that matters and there will be savings there.

Q39 How will the arrangements for the selective control of rates be affected by abolition?

A39 The selective rate limitation scheme will of course apply to the borough and district councils taking on new functions and to joint boards in exactly the same way as to other local authorities - ie there will be Government control only if an authority "overspends". The arrangements will make allowance for the new responsibilities they have taken on. In addition the precepts of each joint board will be subject to approval by the appropriate Secretary of State for the first three financial years.

Q40 Won't abolition prejudice the credit-worthiness of the GLC/MCC's?

A40 No. After abolition the existing debt of each authority will continue to be managed by a single body with all the necessary expertise. The debt will be funded by all the successor bodies; it will therefore continue to be backed by the rateable resources of the whole area.

Q41 How many precepts will ratepayers face?

A41 In the metropolitan counties there will be three main new ones (police, fire and public transport) in place of the one from the county. Over London as a whole there will be two **new main** precepts (fire and London Regional Transport). There will also continue to be one for the Metropolitan Police. In inner London there will continue to be a precept for education. There will still, as now, be one single rate demand covering the borough or district rate and any precepts. Rate demands will show how much will go to each rating and precepting authority.

TS AND SAVINGS

Q42 What savings in costs/staff do Government expect?

A42 Although it is not possible to make precise estimates because these will depend on detailed decisions by the successor authorities and bodies, the Government are convinced that substantial savings can be made, and will take steps to ensure that they are achieved. A rough estimate is that there is scope for saving at least £120 million a year (including 9,000 jobs), and there are indications from the boroughs and districts that there may be savings of at least a quarter on services transferred to them.

IMPLEMENTATION

Q43 Why not do it by April/May 1985, avoid transitional councils?

A43 Not possible, need for reasonable consultation period precludes main legislation this session.

Q44 Why have transitional councils?

A44 Present councillors have no legitimate role beyond May 1985, when their electoral mandate expires. Appropriate to involve boroughs and districts who will take over fully in 1986.

Q45 Why not introduce the transitional councils in May 1984?

A45 The term of office of the elected members of the GLC and MCCs lasts until May 1985. It would not be appropriate to cut short the electoral mandate they were given in 1981.

Q46 How big will the transitional councils be?

A46 We will discuss this, possible range is from present size, to avoid disturbance to structures in the council, to sizes proposed for joint boards.

Q47 What will be the political composition of transitional councils?

A47 Not clear, depends on the size and the nominations made by the authorities, to reflect the political balance in the constituent authorities at the time (ie after the local elections due in May 1984).

Q48 **Will there be adequate consultation?**

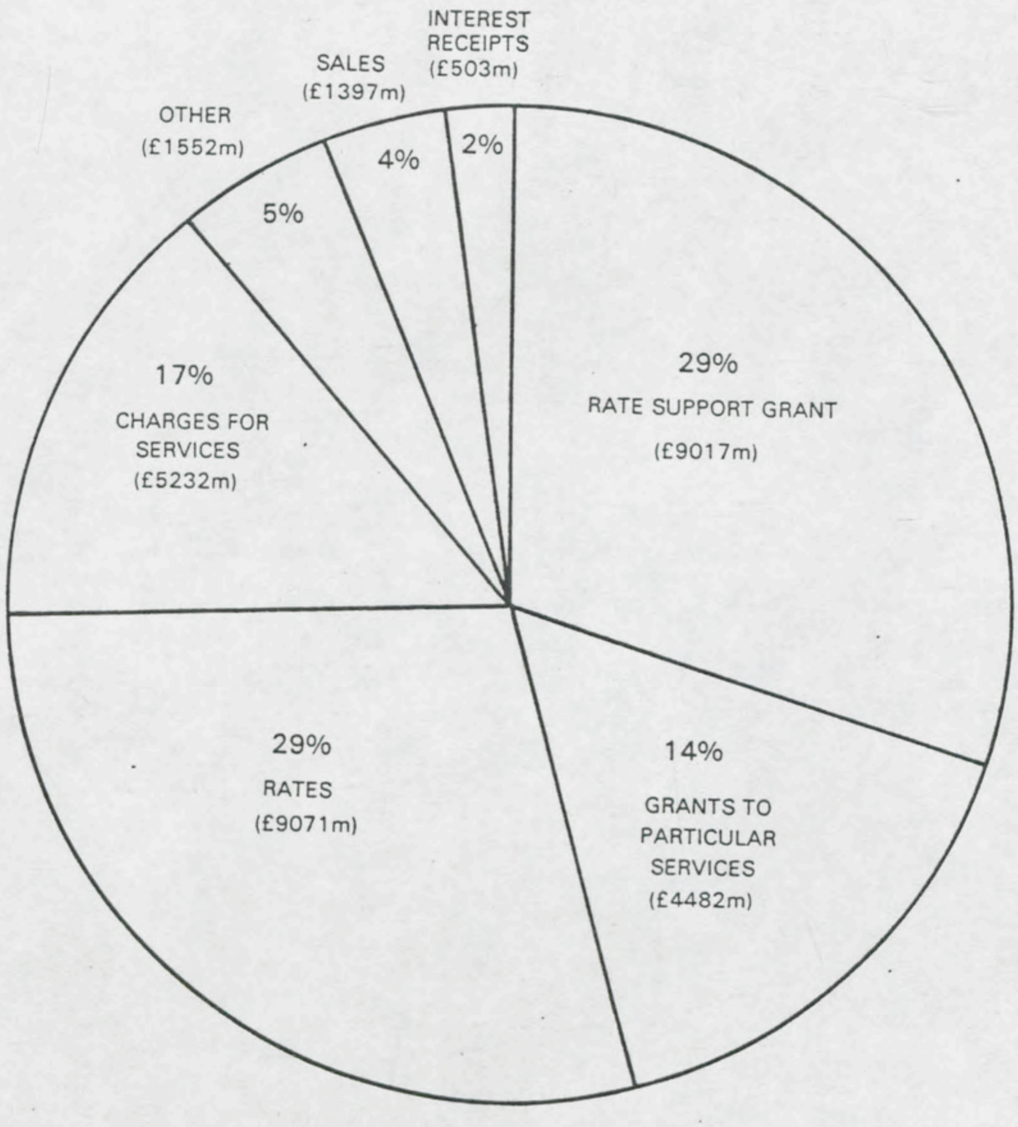
A48 The first main period of consultation runs until 31 January and the Government welcome comments on the White Paper and the supplementary documents that have been issued. After that there will continue to be extensive consultation on detailed preparations for the change.

E. RATE LIMITATION, ABOLITION OF GLC AND MCCs, AND RSG SETTLEMENTS: TIMETABLE OF MAIN EVENTS

December 1983	Rate Support Grant Order published. Rate Limitation Bill introduced.
January 1984	Second Reading of Rate Limitation Bill. Rate Support Grant Order debated.
Spring 1984	Paving Abolition Bill introduced.
June/July 1984	Royal Assent for Paving Abolition Bill. Royal Assent for Rate Limitation Bill. Selection of authorities for rate limitation.
November 1984	Main Abolition Bill introduced. Second Reading of Main Abolition Bill.
December 1984	Rate Support Grant Order published.
January 1985	Rate Support Grant Order debated Proposed rate limits for 1985/86 published.
April 1985	Rate limits for 1985/86 for selected authorities come into force. Substitute councils appointed for GLC & MCCs.
July 1985	Royal Assent for main Abolition Bill.

LOCAL AUTHORITIES (ENGLAND) 1981-82

Chart 1 : All income by source.

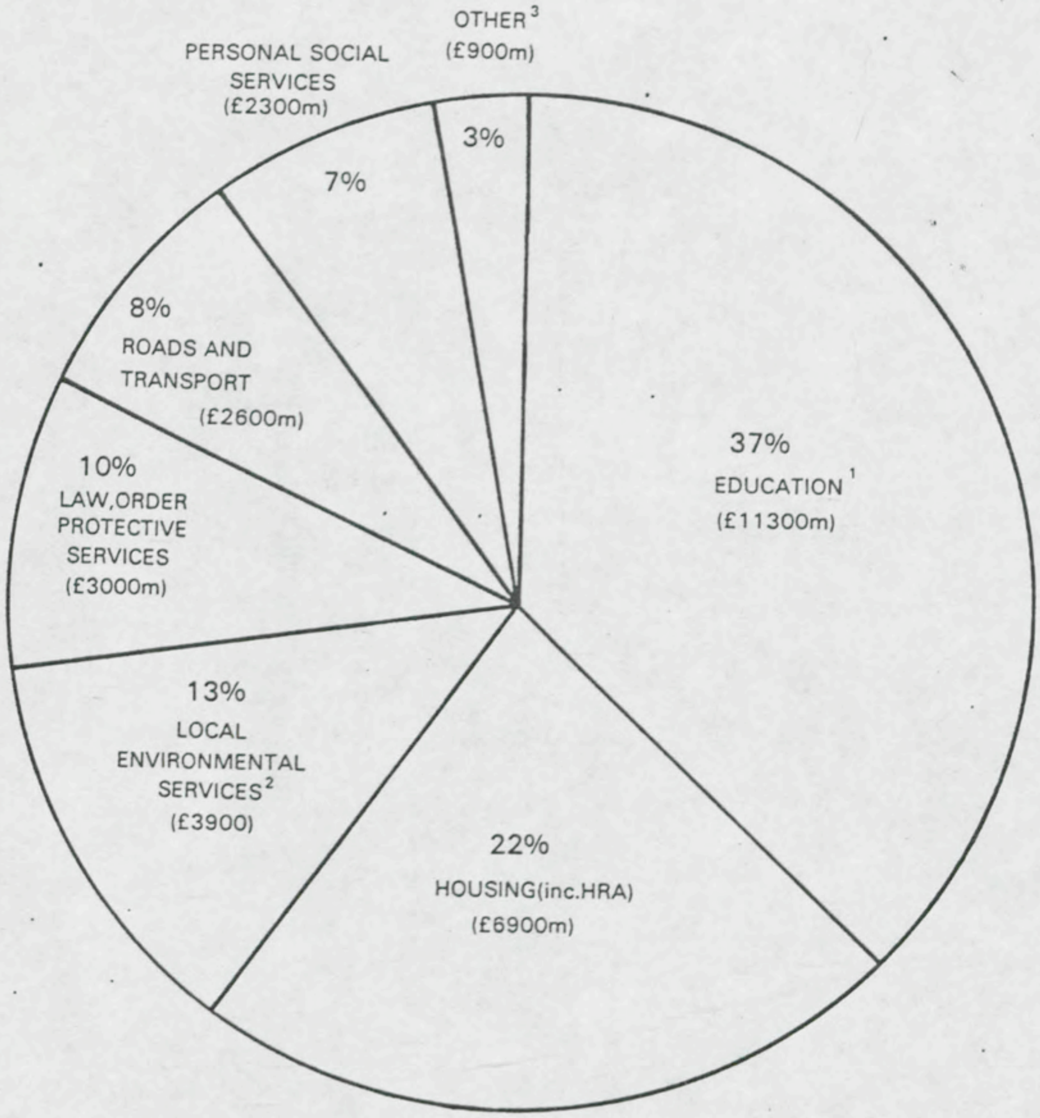


Note: this chart analyses gross income to all accounts, adjusted (as far as possible) to exclude payments between accounts.

Cartographic Services MS
Department of the Environment

LOCAL AUTHORITIES (ENGLAND) 1981-82

Chart 2. All expenditure by service



1. Including Libraries, Museums and Art Galleries.

2. Excluding general administration re-charged to services.

3. Including trading services and employment services.

Note: this chart covers gross expenditure by all accounts, adjusted(as far as possible) to exclude payments between accounts.

Cartographic Services MS
Department of the Environment

CC NO

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NBPM

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3EB

12 January 1984

Dear Patrick

MALPRACTICES IN LOCAL GOVERNMENT

I read your letter to the Prime Minister about malpractices in local government with great interest. I wholeheartedly welcome your intention to press forward with investigating and assembling more information.

My strong feeling is that whatever we plan to do to tackle the problem, where there is already hard evidence of malpractice we should not remain mute, but should give the facts full publicity. The time has surely come to expose and attack those Labour Councils who are pursuing the policy you describe. This will help justify our local government policies and will lay the basis in public opinion for a formal investigation if it should prove desirable.

I am copying this letter to recipients of yours.

Yours ever

Nicholas

NICHOLAS RIDLEY

Local Govt: Relations Pt 18

15 JAN 1989

Mr. Turnbull

TF
Gen file

Note of a Meeting between the Prime Minister and Conservative Councillors on Monday, January 9th at 5.45 pm

Also present were Patrick Jenkin, Irwin Bellwin, William Waldegrave, John Gummer and Michael Alison

It was agreed that confidentiality of the meeting would be respected.

The Prime Minister reaffirmed that the Bill would be passed: the Government had a large majority and Conservative MPs had fought on the proposals contained in the Manifesto.

Councillor Lovill expressed his opposition to the Bill.

Councillor Patnick supported the Bill to prevent the excesses of local councils like South Yorkshire and Sheffield.

Councillor Bowness supported the Bill but was worried that it might raise unrealistic expectations of rate limitation.

Councillor Morgan opposed the Bill and believed that despite reassurances that the general scheme would be held in reserve, the general powers would inevitably be used. Reference was made to figures published in the Financial Times supporting this argument.

Councillor Parker-Jervis complained that European Community proposals for reduction in the working time of local authority workers from 39 to 35 hours a week would impose a £1½ billion burden on local authorities. The Prime Minister said she always opposed such proposals but we would need to discuss the future of working time.

Councillor Spungin said the present system was taxation without representation.

Meeting Jan 9th cont.

Councillor Thomason disagreed with this view. He also believed general rate-capping was inevitable.

Councillor Moss said that voting on the White Paper had been 95 for, 2 against with 7 abstentions and that no Conservative authority in England and Wales supported general capping. He also said that rate payers may want economy in general but not in particular.
The Government should take greater care in new legislation over the cost and manpower implications for local authorities and the Government should look at de-legislation to make the free provision of some services eg. libraries, voluntary rather than mandatory.

Lady Porter complained of too many requirements, eg. in safety at work and consumer protection, being imposed on local authorities. Mr. Jenkin in reply to this point said that 86 measures, the so-called "Berkshire List", was being looked at. Lady Porter also said that rate-capping concentrated the mind of councillors to find savings but that the arguments for rate-capping should be expressed in simpler terms.

Councillor Wall said the Manifesto commitments should be honoured. It was not a constitutional issue but the technical arguments that general rate-capping was inevitable should be examined.

At the end of the meeting it was agreed that the line to be taken with the media was that the meeting was private, there had been a good discussion and the Prime Minister was well pleased.

SS
10.1.84

TPM

PRIME MINISTER

RATES - COUNCILLORS

I mentioned this morning that this was your most important meeting of the day.

Stephen Sherbourne has produced separate background briefing which, notwithstanding this being a party political occasion, No 10 Press Office could use unattributably.

The meeting is attracting a great deal of media interest. It would be unreasonable and counter-productive to deny them access to the street - that would merely serve to generate stories of embarrassment - but we are putting them behind barriers.

We shall let you know during the meeting whether anything was said to the media by the councillors on their way in and we shall monitor their departure.

But the meeting is supposed to be private and the Government's purpose would best be served if nothing was said on the record by central or local government afterwards.

If however it is clear that councillors have accepted or are likely to accept invitations to appear on programmes or be interviewed afterwards you will need to decide whether:

1. Mr Jenkin should give an interview on leaving; and whether
2. Mr Jenkin should respond to specific requests - eg. from BBC TV Newsnight for interviews.

The objective of the media will be to set Conservative Government against Conservative councillors. And they are bound to succeed if anything is said on the record.

Set against that is the need to put over the Government's case.

The media would most certainly seek to exploit division if Mr Jenkin and a councillors' representative spoke about the meeting together afterwards.

The best of a bad job, if agreement cannot be reached to say nothing on the record after the meeting, would be for Mr Jenkin to give short separate news interviews as soon as possible afterwards.

B. INGHAM

9 January 1984

Local authority file

PRIME MINISTER

1. I have drafted a note (attached) for the No. 10 Press Office for use as guidance in answering press enquiries after the meeting. The objective is to allow you to use the opportunity to get the Government's policy across.

2. Bernard Ingham's separate note deals with the likelihood of public comments by the Conservative local authority leaders and how we might respond.

Stephen

Stephen Sherbourne

9th January 1984

Press Briefing for No. 10 Press Office after meeting between the Prime Minister and some Conservative local authority leaders

1. This was not a formal meeting. It was arranged some time ago to give local Conservative leaders an opportunity to meet the Prime Minister informally over a drink and discuss a range of matters.

2. There was general agreement that:

   (a) the Government has the right to reduce the burden of public expenditure and the burden of taxation, which includes rates.

   (b) the need for Government action on rates in particular is exemplified by the fact that, this year local councils are spending £2½ million over and above the level originally planned - an excess equivalent to £140 for every household.

   (c) rates are now the heaviest tax paid by industry.

   (d) three-quarters of this excess spending is caused by the extravagance of just sixteen local authorities.

3. The Prime Minister explained that, for these reasons, under the proposed selective scheme on rates, the Government would limit the rates of only a few, perhaps between 12 and 20, councils.

4. The Prime Minister also explained that the Government hoped that the selective scheme, together with the operation of the block grant system, would do the trick, so that the general scheme would never be needed. She explained that the general powers would be held in reserve only: even after the Bill has been passed, the general scheme would still require the specific approval of both Houses of Parliament, after consultation with representatives of local authorities.

<u>Press Briefing</u> cont.

5. The Prime Minister stressed that there was much room for greater efficiency in the provision of services. So far, only 36 councils out of 400 in England and Wales have put services out to competitive bidding by private contractors. The Prime Minister also pointed out the variations between local authorities which indicated the scope available for savings eg.

   (i) in Manchester, the net cost of providing all services last year was £547 per head, compared with £390 in Birmingham.

   (ii) ILEA expenditure per pupil is about 60% higher than in the Metropolitan District Councils, some of which have similar educational problems.

SS
9.1.84

CONFIDENTIAL

NBPM AT 9/1

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

Dear Leon,

9 January 1984

ABOLITION PAVING BILL

Thank you for your letter of 22 December.

I am attracted to your suggestion that we should make the Paving Bill commencement Order subject to affirmative resolution. We shall no doubt need to make some concessions as the Bill goes through Parliament, and I suggest that we keep this proposition for that purpose.

Your agreement that we should make provision for the reinstatement of the elections by order is welcome. However, it seems to me that the machinery you propose here could carry the unfortunate implication that the elections could be required but are being stood down as a temporary expedient. My preferred approach, therefore, would be to cancel the 1985 and subsequent elections, but provide for their reinstatement by order in the unlikely event of that being necessary. This seems to me to underline our commitment to abolition whilst enabling us to give the necessary assurance to Parliament that the passing of the Paving Bill will not involve any irreversible decisions.

I have noted your concern about members of transitional councils and joint boards being recallable at will. You are, of course, right in saying that it is a basic principle that the joint boards will have separate corporate status and therefore be responsible for their own decisions. On the other hand, the power to make the appointments and recall the appointees is undoubtedly going to be a powerful weapon in the hands of the boroughs and districts. Irwin Bellwin spelt out the position recently in response to questions on the point from Ted Graham (copy attached).

As you are no doubt aware, much of the criticism of our proposals has been directed at the joint boards, in particular, at their alleged remoteness and lack of accountability. We have yet to receive the bulk of the responses to the White Paper, but my guess is that we shall be pressed hard to strengthen the links between the joint boards and the authorities. In this situation we shall have to stress the importance of recallability, and I would not rule out the need for other measures. I am thinking, for example, of a requirement to consult the boroughs and districts before fixing a precept, as Keith Joseph has proposed in his consultation paper on ILEA.

I shall be in touch with you again on this and other issues when we have received and collated the responses to the White Paper. Meanwhile, any suggestions you and other colleagues may have on strengthening accountability would be welcomed.

I am copying this letter to the recipients of yours.

Yours ever

Patrick

PATRICK JENKIN

10 DOWNING STREET

PRIME MINISTER

Also attached is a brief on local government policies.

You have already seen a speaking note for Ministers prepared by Patrick Jenkin.

MS

PRIME MINISTER

Meeting with Conservative Local Authority
Leaders on Monday 9 January

1. You will recall that Lord Bellwin asked to bring in about a dozen Conservative local authority leaders. The list is attached. Also present will be Patrick Jenkin, William Waldegrave, John Gummer (together with Michael Alison and myself).

2. The meeting takes place at 5.45 pm. At 5.30, there will be a short briefing meeting between yourself and Ministers only.

3. One question you will want to raise at the meeting beforehand is what we say afterwards to the press who are now interested in this meeting. I understand that the ACC are advising their members who are present at the meeting to say to the press: "Had a useful exchange of views. As Conservative councillors, fully support Government's general objectives on local government expenditure. But believe Government has chosen wrong instrument on vote capping. Will continue to oppose." I believe we should ask all those present to say nothing to the press on the grounds that this is a private and informal meeting, with an exchange of views on a variety of subjects; and that all press enquiries will be dealt with by the No.10 Press Office. If it is agreed that the councillors should be given this advice, I suggest it is done in your presence rather than by Lord Bellwin with them privately.

?!

4. One final separate point, I understand Lady Porter is setting up a committee to provide good publicity for the Government's decision to abolish the GLC. (William Waldegrave is also on the committee.) It is in the business of fund-raising and there are fears that it may create friction with Alister McAlpine for obvious reasons. She may ask you to host or promote a fund-raising reception. I would advise a non-committal reply at this stage and ask her perhaps to write in.

Stephen

6 January 1984

Councillor J Lovill	- Chairman, ACC (East Sussex CC)
Councillor L D Moss	- Vice-Chairman ACC (Berkshire CC)
Councillor J L Morgan OBE Opp	- Chairman, ADC (Leader, Test Valley BC)
Councillor K R Thomason	- Vice-Chairman, ADC (Bournemouth BC)
✓ Councillor P S Bowness CBE DL	- Leader, LBA (Leader, LB Croydon)
~~Councillor N Bosworth CBE~~	- Leader, Birmingham City
✓ Councillor R W Wall OBE	- Leader Bristol
Councillor R Parker-Jervis	- Leader, Buckinghamshire CC
– Councillor J A H Edmonds OBE –	- Leader, Dudley MBC
✓ Councillor M Spungin OBE	- Conservative Group Leader, Nottingham County Council
✓ Councillor I Patnick OBE	- Conservative Group Leader, South Yorkshire MCC
✓ Lady Porter	- Leader, Westminster
– Councillor C A Prendergast CBE	- Westminster City Council

BRIEF FOR MINISTERS ON LOCAL GOVERNMENT POLICIES

CONTENTS

CONTENTS continues overleaf

RATE LIMITATION: SPEAKING NOTES

FINANCIAL BACKGROUND

1. Local authorities in the United Kingdom are responsible in their current and capital spending for a quarter of all public expenditure. 25% p.a.

2. Back in the early 60's their **current** spending amounted to about 5% of all domestic expenditure. That proportion was around 9% by 1982. The national Exchequer makes a very substantial contribution towards this: 52% of rate fund revenue in 1982/83 in England and Wales. However within the total of local government expenditure, the dramatic increase in current spending has been masked by an even steeper fall in capital spending - over 50% in 'volume' - between 1978/79 and 1982/83.

3. In fact, between 1978/79 and 1983/84 when this Government was looking for **real savings**, current expenditure actually rose. Budgetted expenditure this year in England is no less than 12% higher in real terms than planned for in the 1980 Public Expenditure White Paper. Had local government conformed to the Government's plans, considerable savings would have been achieved. Only the collapse in capital spending has produced any reduction overall.

E

4. On manpower, we have had some success. Local authorities in England and Wales employ nearly 2½m full-time and part-time staff. Between June 1979 and March 1983, with encouragement from us, they reduced the total by 4%. But that trend is now turning against us, with a rise of 0.3% in the year to June. How much of that reduction is due to leaving staff.

5. As to the rates, between April 1979 (when the Government came into power) and April 1983 domestic rates in England rose by 91% compared with a 55% increase in the RPI. The average increase in domestic rates was 72p in the £, with a range from 40p to a staggering 160p. How does Govt. [illegible] compare.

91%
(55% RPI)

6. The Government have reduced the rate support grant percentage, since we want to reduce the cost of local government to the taxpayer and ratepayer, and to signal the need for expenditure reductions. But some authorities did not respond and reduce their expenditure as they were expected to. If they had done so (and that was our overall strategy) then rate increases would on average have been below the general rate of inflation. By refusing to cut their expenditure they put an additional burden on their ratepayers.

THE CONSTITUTIONAL ARGUMENT

7. For almost all the post-war period there has been a clear consensus about the relationship between central and local government. Local authorities have accepted that they should live within the overall policies of central government. Of course it was easier to operate that consensus in times of expectation of growth. But it has broken down now that the need is for retrenchment. The blame for this rests squarely with a minority of high spending local authorities who have chosen to disregard the economic policies of national Government.

8. We live in a unitary state. Parliament is sovereign and has granted local government its powers. Local mandates cannot override national policy. At a time when the Government is striving to implement a programme for national economic recovery it has a right to expect local authorities to respond. Where that response is not forthcoming the Government has no alternative but to act through Parliament to safeguard the policies on which it was elected. That is what we are doing. The Government cannot control aggregate spending except through the individual amounts which make up a total, and some restraints on individual authorities are inevitable.

WHY THE GOVERNMENT IS CONCERNED WITH LOCAL GOVERNMENT SPENDING

9. Some people question whether Government has a role at all in respect of local government. They are wrong to do so. High local government spending and taxing threaten the Government's economic strategy. They increase the burden of taxation which we are committed to reducing. Our tight control of public expenditure can be undermined by overspending in so substantial a sector of the economy. High rates feed into costs, fuel wage demands, and put our anti-inflation policy at risk. The local government overspend (£770m this year) pre-empts resources that could have been better used; it is a large figure in terms of the management of public sector expenditure.

Non-domestic rates

10. High rates threaten the health of our industry and commerce. Non-domestic ratepayers contribute nearly 60% of the rates - much more in some individual authorities. They have no direct voting influence. Non-domestic rates total some £6bn in England this year and are the largest single tax on business. They are

RATE LIMITATION: THE NEW PROPOSALS

15. The scheme we are now proposing for **selective rate limitation** is practicable and reasonable. Three quarters of this year's total budgeted local government overspend of £770m is accounted for by just 16 authorities. Under the selective rate limitation scheme we will be looking only at the highest spenders - probably no more than a dozen or 20 authorities altogether. The criteria by which we select them will have particular regard to authorities' recent levels of spending, and how they vary from the objective measure of need represented by the Grant Related Expenditure (GRE).

16. Authorities spending below their GRE will be expressly excluded, as our White Paper makes clear. So will smaller authorities, by means of the setting of an expenditure level (the White Paper illustrated the effects of a £10m limit) below which no authority will be liable for selection.

17. The proposed **general rate limitation scheme** would provide a general control over the rates or expenditure of all local authorities. It would work in a similar way to the selective scheme in that expenditure levels would be set from which rate limits could be determined in the light of the authority's grant entitlement. There would be a power to exclude small authorities.

18. We hope that the selective scheme, along with the pressures already being exerted on authorities through the grant system, targets and holdback, will curb high spending councils and bring local government spending in aggregate into line with the Government's planning totals. If there is acceptable progress towards that objective we will never need to activate the general rate limitation scheme. We have no wish to do so, but our experience over the last four years leads us to conclude that we must be ready for all eventualities. Whether we are forced to move to general rate limitation lies entirely in the hands of local government itself.

unavoidable. Increases in rates raise costs, stifle growth, damage competitiveness, and destroy jobs.

Domestic rates

11. The Government have a responsibility to domestic ratepayers. There is a general feeling in the country that something must be done about rates - the do nothing option is not open. The Government cannot stand back and watch as some authorities heap heavier and heavier burdens on their backs. If locally elected councillors will not protect the ratepayer, then we must do so. The least we can do is to protect those who have the heavier burdens.

WHY NEW MEASURES ARE NEEDED

12. The Government have not rushed into proposals for rate limitation. We have moved step by step in an attempt to carry local government with us. We have reformed the grant system and sought to work through it to keep expenditure down. We have used targets and holdback, and this approach has had some success: in the current year 80% of authorities have budgeted to spend at or close to their target level. A significant minority however continue to spend with no regard to national policies or the burden on their ratepayers.

13. We have also considered the scope for getting rid of rates altogether. We have carried out a most thorough and searching review of the rating system. We have put forward some improvements in the rating system; for instance that representatives of business should be consulted before the rate is set. We have reluctantly concluded that rates must remain for the foreseeable future the main source of local revenue. Changes such as new taxes would take years to implement and would not restrain expenditure now; indeed buoyant new taxes would encourage it. And changes in functions (such as transferring or financing of education to central government) would raise major constitutional issues.

14. The changes we propose do not "spell the end of local government". Selected authorities will remain free to decide their own spending priorities within the rate limit set. They will be free to spend lower, and to rate lower, than the limit if they wish. All we are seeking is to curb overspending.

RATE LIMITATION: QUESTION AND ANSWER NOTES

ECONOMIC BACKGROUND

Q1. **Why does the Government want to cut local government spending?**

A1. The Government has overall responsibility for public expenditure. Public spending must be reduced if we are to cut borrowing and taxation, reduce interest rates and leave people with more of their own money to spend. Local government still accounts for more than a quarter of all public expenditure. Because it is the Government's priority to protect the health service, pensions, defence expenditure and law and order services, other public spending by central government, local authorities and some nationalised industries have to take a larger share of the cuts.

Q2. **Is local authority expenditure public expenditure?**

A2. Certainly. It is expenditure for public purposes. Whether financed through the rates, borrowing or grant - and over half is financed from central government grant - local authority spending denies the use of funds to private industry and private individuals.

Q3. **Isn't local authority overspending only a small proportion of total public expenditure?**

A3. It is precisely these marginal amounts which cause so much difficulty in terms of economic management. We have had to increase provision for 1984/85 by £500m in view of overspending in England in 1983/84. Since the Government intend to stay on course, this £500m has to be found from somewhere. Other programmes risk suffering because of local government overspending.

Q4. **Aren't rates only a small proportion of industry's costs?**

A4. Rates may be only a small proportion of industry's costs, but in terms of profits rates can make all the difference. The CBI estimate that rates on industry and commerce in the UK, excluding North Sea operations, will amount to 50% or more of gross trading profits adjusted for inflation in the current financial year.

Q5. **Haven't rates gone up simply because the Government has reduced grant?**

A5. Of course we have reduced our grant, as a signal of expected expenditure reductions, since we want to reduce the cost of local government to the taxpayer and ratepayer. But some authorities did not respond and reduce their expenditure as they were expected to. If they had done so (and that was our overall strategy) then rate increases would on average have been below the general rate of inflation. However some authorities have simply carried on spending and put the resulting burden on the ratepayer.

Q6. **Haven't the Government's attempts to control local government spending from the centre failed so far?**

A6. Between 1979/80 and 1981/82, the volume of local authority current expenditure fell by about 2%. However local authorities' estimates of expenditure in 1982/83, and their budgets for 1983/84, show that this initial success has been followed by a return to growth - 2½% in 1982/83 and 1¼% in 1983/84. The result is that the volume of local authority expenditure is now somewhat higher than it was in 1978/79. Compare this with the 7½% volume reduction between 1978/79 and 1983/84 which we were looking for in 1980.

Q7. **Are all local authorities responsible for overspending or just a few authorities?**

A7. The 1983/84 budgets of English local authorities are 12% higher in volume terms than the figure proposed for this year in the Government's Public Expenditure White Paper in 1980. More economies are required from all authorities. However, in 1983/84, 75% of the budgeted overspend of £771m on the aggregate of targets was due to only 16 authorities. It is that irresponsible minority who must be brought into line.

Q8. **Hasn't local authority spending fallen as a percentage of GDP/total public expenditure and in real terms?**

A8. Yes, but this is entirely because of the collapse in **capital** spending which nearly halved in cost terms between 1978/79 and 1982/83. In terms of **current** expenditure it increased by 10% in cost terms (cash expenditure adjusted for general inflation) over the same period.

THE CONSTITUTIONAL CASE

Q9. **Don't the Government's rate limitation proposals attack the autonomy of local government?**

A9. Local authorities are responsible to local people through the ballot box for the way they carry out their statutory responsibilities. But ours is a unitary and not a federal state. All the powers of local authorities, including the power to raise rates, are derived from Parliament. Local mandates cannot set aside national policies.

Q10. **Why not let local electors decide if they are prepared to pay the rates?**

A10. There are major limitations to authorities' accountability to their ratepayers. In 1982/83 52% of authorities' net revenue expenditure was met by the national taxpayer. Only 22% of net rate fund revenue expenditure is financed by domestic rates (before rebates). Only about 35% of those eligible to vote in local elections pay full rates. 30% of domestic ratepayers are eligible for full or partial rebates.

WHY NEW MEASURES ARE NEEDED

Q11. **Why move to rate limitation anyway?**

A11. We have sought to achieve our spending plans over the last four years by persuasion, exhortation, and financial pressure through the grant system. That is the approach we prefer. But it has not worked, as the expenditure outturns show. That is why we have reluctantly had to move to stronger measures.

Q12. **Why not just abolish the rates?**

A12. We have looked exhaustively into all the possible alternatives to rates. None of them meets the criteria we set out in our Green Paper any better than rates. All have considerable drawbacks and none has any consensus of public support.

Q13. **Aren't there better forms of local tax than rates?**

A13. We have looked at all the alternatives. None would help in terms of controlling expenditure in the short term, and all would take years to introduce. Indeed if they produced a buoyant income they would simply encourage the overspenders.

A14. **Why not a local sales tax?**

A14. Local sales tax was the least favoured by people responding to the Green Paper. Together with VAT it would produce a very high rate of tax on goods and services. It would be much less perceptible than rates and the burden of taxes could drift up with increasing prices without any need to change the rate of tax.

Q15. **Why not a poll tax?**

A15. A poll tax would certainly be perceptible and spread the burden more widely. But it would be hard to enforce. If the Electoral Register were used as the base, it could be seen as a tax on the right to vote. If a new register were used the tax would be expensive and complicated particularly if a system of rebates were needed. Without rebates it would bear harshly on those with low incomes.

Q16. **Why not local income tax?**

A16. Those who support local income tax want to spread the burden wider and relate tax liability more closely to ability to pay. But the Government is committed to reducing the burden of tax on incomes; a local income tax would increase the public sector staffing requirements and create extra work for employers; and such a tax deducted at source by the Inland Revenue and paid over to local authorities would confuse the link between tax demand and spending and would reduce accountability.

RATE LIMITATION: THE PROPOSALS

The selective scheme

Q17. **What is the purpose of the scheme?**

A17. Selective rate limitation will limit the rates and expenditure of a small minority - probably no more than 12 to 20 - of high spending local authorities. It will thus protect their ratepayers. It will also ease the pressure on the authorities who are spending sensibly.

Q18. **Will there be any exclusions?**

A18. Yes. All authorities spending below an amount (we have suggested £10m which would exclude 275 of the 296 non-metropolitan districts in England) specified annually by the Secretary of State will be excluded, as will authorities spending below their Grant Related Expenditure (GRE).

Q19. **What is to stop unreasonable rate increases in 1984/85?**

A19. We cannot implement the scheme earlier than 1985/86. But there are three reasons why authorities should not be tempted to rate up in 1984/85 to forestall rate limitation. Expenditure and rating behaviour in 1984/85 will be major factors in deciding who will be selected for control. The Secretary of State will have power to take account of authorities's reserve funds in setting rate limits for 1985/86. And new commitments entered into in 1984/85 would result in bigger cuts being required from other services to meet the rate limit in 1985/86.

Q20. **Will authorities which fail to meet their RSG expenditure targets and are subject to holdback automatically be selected for rate limitation?**

A20. No. Authorities with small budgets or which are spending below their GRE will automatically be excluded from selection whatever their "holdback" position. The selection criteria themselves will be designed to identify only the minority of highest spending authorities - perhaps 12 to 20 at most. Prudent authorities need not worry.

Q21. **How will the selective rate limitation scheme protect ratepayers in the selected authorities?**

A21. Simply by setting a maximum rate for individual councils. Once the RSG settlement is announced each year it will be possible to calculate the rate increase needed to cover the difference between expenditure and grant.

Q22. **Why have rate limitation as well as abolishing the GLC and Metropolitan County Councils?**

A22. Although the authorities to be abolished account for a substantial part of the overspend they do not account for all of it. And they are not the only high spending and rating authorities. We need selective limitation to bring down spending and to protect ratepayers in high spending areas that are not subject to abolition.

Q23. **Will the selective scheme enable pressure to be lifted off low spenders?**

A23. Not fully. Selective limitation will put a curb on the small minority of really high spenders. But there still needs to be restraint in spending by local government generally if aggregate expenditure plans are to be realised. That is one of the aims of a target/holdback system.

The general scheme

Q24. **What is the purpose of the scheme for general rate limitation?**

A24. The power to limit rates generally will be held in reserve. We do not want to use it, but cannot risk being left without further powers if selective limitation does not have the desired effect. The general scheme will only be used if the selective scheme, and the continuing operation of the existing grant system, fail to bring local spending more closely in line with our overall public expenditure plans. General control would only be introduced by means of a Parliamentary Order under the Affirmative Resolution procedure.

RATE REFORMS: SPEAKING NOTES

1. We propose several changes to the rating system to improve accountability and to bring relief to hard pressed business ratepayers.

2. We are suspending local authorities' powers to levy rates on empty industrial property and extending the right to pay rates by instalments to a greater number of business ratepayers. We intend to place a duty on local authorities to consult their industrial and commercial ratepayers, who provide a significant proportion of rate income, before deciding upon expenditure levels and fixing rates and precepts.

3. All ratepayers will, in addition, be given a clearer statement of their rate liability to their precepting and rating authorities.

RATING REFORMS: QUESTION AND ANSWER NOTES

Q1. **Why no revaluation?**

A1. We have announced that we intend to hold a non-domestic revaluation to correct the distortions which have developed due to changed relative values of business property. We are urgently considering the case for domestic revaluation.

Q2. **Why not more help to business ratepayers?**

A2. We have had to set priorities - the costs of rate relief to one category of ratepayers must be met by other ratepayers or by taxpayers. But we believe that the measures we propose, to give business ratepayers a greater say in their local authorities' policies, as well as to provide direct help and to up-date the rate base, will be of significant benefit.

Q3. **Why not abolish rates on empty commercial property as well as empty industrial property?**

A3. We must set priorities since losses in rate income have to be made up by other ratepayers or by taxpayers. Local authorities have discretion to take account of local circumstances in deciding whether to levy empty property rates. Where there is still a market for empty property, as there is in many areas for empty commercial property, it must be right to encourage the full use of such property.

RSG SETTLEMENT 1984/85: SPEAKING NOTES

1. In the current year, 1983/84, English local authorities are budgeting to overspend target by £770 million, or 3.8%. That was despite the fact that the 1983/84 public expenditure provision had already been increased by over £1 billion to take account of local authorities' overspend in 1982/83.

2. Each year we have been forced to increase the following year's provision in the light of authorities' budgeting to overspend. We have again increased provision, this time by some £500 million.

3. Even that big an increase, however, does not allow us to set easy targets for authorities next year. Far from it: we have not disguised the fact that real terms reductions are required from all authorities, including those which have tried to meet targets in the past.

4. We have given all authorities provisional targets for 1984/85. The highest spenders are being asked to make cuts of up to 6% in cash from budget this year. That is a very tough target indeed in real terms and we could not reasonably ask for more.

5. Most low-spenders have targets which allow a 3% cash increase from budget this year. That too is tough, because the lowest-spenders have already found some of the obvious economies. But many low-spenders have not reduced the volume of their spending in the last 5 years. Unless we restrict cash increases even for the lowest spenders we risk undoing what progress there has been.

6. Three other points on targets. If there is shortfall between budget and outturn, to that extent the maximum cash increase over actual expenditure will be more than 3%.

7. Second, local government themselves can influence what that 3% will buy; on average, about two-thirds of their current expenditure is on staff costs; the lower the wage settlements this year, the less the real terms effect of our targets.

8. Third, many local authorities simply take the % cash increase allowed, subtract it from a forecast inflation figure, and allege that the resulting % is the real terms cut on service levels. That leaves out of account any scope for

economies, eg through privatising. I cannot believe that in even the low-spending authorities there is not still some scope for further economies.

9. We have also announced proposals for grant and holdback. The grant percentage is close to this year's - about 52% compared with 52.8% this year. But the holdback scheme is more severe: this year in rate poundage terms the penalties in lost grant are 1, 1, 5, 5, 5, for percentage points of overspending; next year we are proposing 2, 4, 8, 9, 9. Unless we make it more severe, we do not increase the grant pressure on the highest overspenders: they have already rated to meet this year's level of holdback, and we need to put more pressure on them to deter them from further overspending.

10. Many authorities would prefer a gentler lead-in, ie a repeat of the 1, 1 .... that we had this year. But that concession this year in fact meant that many authorities did not take their target seriously and budgeted up to 2% above it - because the penalty for doing that was negligible. For next year the penalty for overspending by up to 1% is not too painful, ie up to 2p in lost grant. But beyond that, rightly, it gets more so.

11. It is the time of year for scare-stories on rate increases, even from Conservative authorities. The fact is that by keeping the grant percentage at about the same level as this year we have ensured that if authorities spend at target, rate increases will on average be very low. There will always be some exceptions, because of grant distribution changes. But the message is that authorities must plan to hit target. If they do their ratepayers will see the benefit.

RSG SETTLEMENT 1984/85: PROPOSALS ALREADY ANNOUNCED

1. The main proposals for 1984/85 so far announced are:

a. **Individual spending targets** for all authorities: most low-spenders to get a 3% cash increase over budget 1983/84; and most high-spenders to get cash cuts from budget 1983/84 of up to 6%.

b. **Current expenditure** to be £20,345 million, ie £850 million more than in the 1983/84 RSG settlement, £550 million more than in the Public Expenditure White Paper for 1984/85, and about the same in cash as local authorities are budgeting to spend in 1983/84.

c. **Exchequer grant** to be £11,870m or about 52% of relevant expenditure, compared with £11,780m or 52.8% in the 1983/84 settlement.

d. **Grant holdback** for authorities overspending target in 1984/85 to be much tougher than under the 1983/84 scheme: in rate poundage terms the 1984/85 penalty in lost grant to be 2, 4, 8, 9, 9 .... for percentage points of overspending, compared with 1, 1, 5, 5, 5 .... for 1983/84.

RSG SETTLEMENT: QUESTION AND ANSWER NOTES

TOUGHNESS OF THE SETTLEMENT

Q1. **Isn't the RSG settlement going to force rates up in 1984/85 even for responsible authorities, and thus make them liable to be selected for rate limitation?**

A1. No. We have kept the grant rate at about 52%, very close to the grant rate in 1983/84. That means that if authorities spend at target rate increases on average should be very low. In many cases there could be rate reductions. But anyway we have made it clear in proposing selective rate limitation that we will be looking only at the very highest spenders, probably only 12-20 authorities altogether; and that authorities below GRE or spending below £10 million will be excluded.

Q2. **Isn't the true grant reduction much bigger because of the penal holdback scheme proposed?**

A2. Holdback only applies if an authority exceeds its target. We have given them early notice of targets to enable them to plan to avoid doing that. For authorities which plan to overspend, it is right that they should be entitled to less grant. We have proposed a tougher holdback scheme than this year's to increase the pressure on overspending authorities to make the necessary expenditure reductions.

Q3. **Aren't the targets so tough that most authorities are bound to incur holdback?**

A3. Targets are rightly toughest for the highest spenders: those who spend most have most scope for economies. The lowest spenders get a 3% cash increease over their budgets this year. If, as is usual, they spend less than they budget, the increase over actual expenditure will be more than 3%. The severity of that target depends on how fast local government costs go up: if low wage settlements are achieved it becomes that much easier. I hope that all authorities will make every effort to meet their target next year. Where they do not do so, their ratepayers will pay the price.

Q4. **Why reduce the grant rate again?**

A4. First, because reducing the proportion of local government spending supported by the Exchequer increases local accountability. Second, because it maintains pressure on local government across the board to find the economies necessary if their expenditure is to be in line with the Government's plans. Any way the Government is proposing to slow down the rate of reduction in the percentage in recognition of the pressure already exerted by earlier reductions.

IMPACT ON RATES

Q5. **What is the Government's forecast of the average rate increase next year? How much grant holdback is expected?**

A5. That depends entirely on the spending decisions of 413 elected local authorities. We never forecast the average rate increase, because it is not in our control. All I can say is that if authorities spend at target, rate increases should be very low.

EFFECTS ON MARGINAL OVERSPENDERS

Q6. **Why not have a gentler lead-in to holdback for authorities which try but narrowly fail to hit target?**

A6. We had that for 1983/84, when this holdback penalty was only 1p in poundage terms for each of the first 2 percentage points of overspending. The evidence is clear that because of that concession many authorities judged the penalty to be negligible and budgeted to spend up to 2% above target. We must persuade all authorities to take the targets seriously. Moreover, overspending authorities have already rated for holdback at this year's scale, so if we want to deter them from overspending again next year with the threat of high rate increases, we must make the holdback scheme more severe.

ABOLITION OF GLC AND MCCs - SPEAKING NOTES

THE CASE FOR CHANGE

1. Experience in the first term of office convinced the Government that the GLC and the Metropolitan County Councils (MCCs) are a superfluous tier of government. These "upper tier" councils are the junior partners in the provision of services, responsible for only one quarter (in London only one sixth) of spending on local services in their areas.

2. Contrast this with the shire countries; there the county councils are responsible for over 80% of spending, but the highly accessible district councils are still valuable in providing important local services. No change is proposed in the shire areas.

3. The GLC and MCCs have sought an outlet for their energies by developing a general strategic role. This leads to conflict with the lower tier authorities (eg on land use planning) and to duplication (eg on economic development). There has also been conflict with central government as authorities have assumed a "mandate" on such issues as defence and foreign policy. With their large rate base and relative remoteness from the ratepayers, they have pursued unrealistic spending policies.

4. Abolition is not motivated by political prejudice; it is the obvious response to the need to eliminate the overheads associated with a superfluous tier of government, and to remove a source of conflict and duplication. The result will be more economical and effective local government.

THE PROPOSALS

5. The White Paper "Streamlining the Cities" (published on 7 October) set out detailed proposals for the reorganisation of services. A note showing what will happen to each service is attached. Most will go to the borough or district councils for them to exercise directly, in some cases co-operating informally. For a few services there is a need to have a formal mechanism for the boroughs and districts to operate services jointly. So there will be joint boards for fire, police and public transport in each metropolitan county; for fire in London and for education in inner London.

6. These boards have been referred to as quangos. They are not. A quango is a body whose members are appointed by Ministers. In contrast, the joint boards will be local bodies composed of local councillors appointed by their locally elected authorities. Nor will they be charging ratepayers separately; their precepts will form a clearly identified part of the single bill that will be sent, as now by the borough and district councils.

7. The block grant system will be adjusted to reflect the new division of responsibilities; arrangements will be made for the debt to be serviced in a secure way and for continuing liabilities to be discharged. No unfair burden will fall on particular borough or district councils.

SAVINGS AND TRANSITIONAL COSTS

8. There must be potential savings when a whole tier of local government is eliminated. There are inevitable overheads in the operation of a fully-fledged council; and there are a few services in which duplication occurs. Moreover the GLC and MCCs are responsible for over half the overspending of local government. Shifting more spending to the boroughs and districts, which are less remote from ratepayers, will strengthen restraint on spending.

9. We are determined that savings should be made to the benefit of the ratepayer. Boroughs and districts will be subject to the pressures for economy of the block grant system, supplemented by rate limitation, and the Government will monitor changes in staff for the services transferred. The joint boards will be accountable to the boroughs and districts; in addition, to ensure that the boards are being set up economically, the precepts they issue will be subject to approval by the appropriate Secretary of State for the first three years. There will also be powers to specify the boards' levels of manpower or manpower expenditure in this period.

10. Of course there will be some transitional costs - as in all reorganisations. But costs will very soon, perhaps even in the first year, be outweighed by the accumulating savings. Since the 1972-74 reorganisation, which was costly, there has been a major change in the economic climate, and the Government have developed new instruments of control. During the election, Tom King indicated that there could be scope for saving at least £120 million a year (including 9,000 jobs); since then initial indications from a few boroughs and districts suggest that this may, if anything, be an underestimate.

IMPLEMENTATION

11. The Government are firmly committed to the principle of abolition but are ready to listen to views on detailed implementation. The main legislation will be introduced in the 1984/85 session and will provide for the change to take effect on 1 April 1986.

12. There will also be a Bill this session to deal with the local elections that would otherwise take place for these authorities in May 1985. This Bill will provide that, for their last eleven months, these councils will consist of members nominated by the borough and district councils. The existing GLC and MCC councillors will retire in May 1985 at the end of their term of office - ie when the electoral mandate which they were given in 1981 expires.

MISCONCEPTIONS ABOUT THE GOVERNMENT'S PROPOSALS

13. Some critics have suggested that there are **very large numbers** of bodies replacing these authorities. In fact there will be three joint boards in each metropolitan county (police, fire and public transport) and two in London (fire and a new ILEA). There are only two proposals for other permanent bodies, an advisory commission on planning in London and a technical body to take charge of managing London's debt, superannuation and legal liabilities. The Government's proposals for London Transport also include a new body; but these proposals are a separate matter not directly related to abolition.

14. It has also been said that it is naive and optimistic to expect local authorities to **work together informally.** It is extraordinary that people in local government should adopt such a negative attitude. There may need to be some new ways of working established but there is much more chance of cooperation between councils that are on an equal footing than there is in the present system where upper-tier authorities have sometimes acted as if they were superior to the boroughs and districts.

15. It has been suggested that **joint boards lack accountability.** But this is not the case. They will be controlled by the councils in each area through their power to appoint the members. The temporary powers that Ministers will have to approve precepts will be of a general nature; to suggest that this amounts to central take-over of local services is misconceived.

16. Some have argued that the proposals **undermine local democracy.** But people will still be able to vote for a local council, and there will be enhanced local accountability as the more accessible borough and districts councils will be responsible for the full range of services. There is no principle that requires there to be two separate local authorities as a safeguard of democracy; single tier local government existed in our major cities (except London) up to 1974.

17. We have been challenged to have a **formal inquiry,** of a wideranging kind. But this could only mean delay when the case for change is overwhelming. There are still many matters of implementation on which the Government will listen to views.

SUMMARY OF PROPOSALS ON THE REALLOCATION OF GLC AND MCC FUNCTIONS

A. FUNCTIONS TO BE TRANSFERRED TO BOROUGH AND DISTRICT COUNCILS

Functions already shared or carried out concurrently with the lower tier

Planning (including minerals planning and derelict land reclamation)
Highways and traffic management
Housing*
Support for the arts
Historic buildings
Civil defence and emergencies
Tourism
Entertainments licensing*
Archives and Libraries
Recreation, parks, and Green Belt land

Functions solely the responsibility of the upper tier

Waste regulation and disposal
Trading standards and related functions+
Support and funding for the magistrates' courts service* and the probation services
Coroners
School crossing patrols+
Building control*
Safety of sports grounds
Registration of common land and town or village greens
Maps etc in relation to rights of way
Gypsy sites+

B. FUNCTIONS REQUIRING STATUTORY JOINT ARRANGEMENTS

Police in the Metropolitan Counties
Fire
Education in inner London
Public Transport in the Metropolitan Counties

*London only
+metropolitan counties only

C. **FUNCTIONS REQUIRING OTHER ARRANGEMENTS**

Land drainage and flood protection in London will become the responsibility of the Thames Water Authority.

Certain arts sponsorship will be taken over by the Trustees of national museums and galleries.

ABOLITION OF GLC/MCCs: QUESTION AND ANSWER NOTES

D3. ABOLITION OF GLC/MCCs: QUESTION AND ANSWER NOTES

GENERAL

Q1 **Is abolition a political device to get rid of Labour councils?**

A1 No. The origin of the policy is our perception of the absence of a real role for these councils. Most of these councils have been and could be Conservative controlled. We are handing power to boroughs and districts with various political control.

Q2 **Why abolish authorities as well as capping the rates?**

A2 Restraining expenditure is no substitute for having a fundamentally more economical framework.

Q3 **Why no full investigation? Will the Government cooperate with MCC-commissioned Coopers and Lybrand study of costs?**

A3 No need for full inquiry; it is evident that districts and boroughs provide a good basis for most services. The MCCs and their consultants have access to the White Paper and associated documents.

Q4 **Is there not a case for a strategic non-executive assembly?**

A4 No sufficient task for it, especially as Government is directly involved in major strategic issues (eg Thames Barrier). Difficult to see how a non-executive assembly would operate, except by interference in executive bodies' business.

Q5 **How can you leave the capital city without a voice?**

A5 The Boroughs collectively can speak for London. Besides it is doubtful whether the GLC has "spoken for London".

Q6 Why have new arrangements that reduce rather than increase accountability?

A6 Accountability will be improved because the boroughs and districts, which are closer to the people and are readily accessible, will be responsible for most services.

Q7 How can you claim that these proposals are "streamlining"?

A7 One authority will become responsible for all services, in its area, directly or indirectly. There will be less overlap, friction and duplication.

PROPOSALS

Q8 How will informal cooperation be arranged?

A8 This is for the local authorities to decide. They have plenty of experience of working together.

Q9 Won't formal and informal cooperation mean complex arrangements with 50, 60 or 70 new bodies (boards, committees, quangos)?

A9 Nothing like that many formal new structures; only 20 joint boards are proposed with no more than three in any area. Look at the complexity of organisational structure that exists now; there are over 80 committees altogether within the GLC and the MCCs.

Q10 These proposals mean take over by central government?

A10 No, only a very few specific minor functions will pass to central government, namely:

- 70 miles of roads in London taken over by Secretary of State for Transport;
- listed building consent in London to Secretary of State for the Environment (he already has this responsibility outside London);
- certain arts sponsorship.

Also the following changes involving non local government bodies:

- London Planning Commission to advise on planning in London;
- Royal Commission on Historic Monuments to take over Survey of London;
- Thames Water Authority to take over flood protection and land drainage in London.

Q11 **What about London Transport?**

A11 The Government are proposing, for public transport reasons that the London Buses and Underground should be taken over by the proposed new "London Regional Transport". That is, in many respects, a return to the situation that existed before 1968.

Q12 **Won't these proposals reduce support for the arts?**

A12 The Government are confident that the boroughs and districts will provide an appropriate level of support for local institutions. For a small number of institutions of national importance the Government have proposed special arrangements involving central funding as described in the consultation document.

Q13 **Won't these proposals make it difficult for voluntary bodies to get funding?**

A13 The Government have indicated that they will consider the need for any special action in the light of the response to consultation.

JOINT BOARDS

Q14 **How many joint boards proposed?**

A14 Three in each of the six Metropolitan counties (fire, police and public transport), two in London (fire and ILEA), 20 in all. Some districts might take on public transport themselves.

Q15 Joint boards are quangos?

A15 No. A quango is a body appointed by Ministers. The joint boards will be local bodies composed of elected members of the borough and district councils appointed by those councils.

Q16 Joint boards are unaccountable?

A16 No. The boroughs and districts will be the channel of communication to joint boards and the responsibility for joint boards will rest on their councillors. With a more intelligible system there will be greater real accountability.

Q17 Would the Government consider having joint boards for more than one function (eg police and fire)?

A17 We shall listen to suggestions of all kinds, but we do not intend to recreate bodies indistinguishable from those we are abolishing.

Q18 Why not break up ILEA?

A18 There are some attractions in such an option. It would have the advantage of bringing the service closer to the ratepayer and improving accountability. The Government consider, however, that this advantage is likely to be outweighed by the problems inherent in breaking up a long-standing and well-understood pattern of provision, and that the disruption involved could not be justified. The White Paper makes it clear that the new arrangement will be kept under review, and that the Government are open to ideas for greater involvement by the borough councils.

CONSTITUTION OF JOINT BOARDS

Q19 Why have political balance requirement?

A19 To get a wide spread of interests involved in joint boards. We are giving statutory effect to what is already best practice in forming committees in many authorities.

Q20 How will political balance be enforced?

A20 It will be a statutory requirement. Obviously it won't be possible to reflect political balance **exactly** in nominations. Individual authorities will have to work out their own method of complying with the statutory requirement. In case of dispute the matter would have to go to the courts.

Q21 What will be political complexion of joint boards?

A21 Can't say - this will depend on the polital composition of the nominating authorities at the time and the way in which political balance requirement operates.

Q22 Term of office of joint board members?

A22 They will have no specified term, but will be recalled at any time by the nominating authority.

Q23 Why not direct elections to Joint Boards (especially ILEA)?

A23 Attractions in this, but broad aim of Government proposals is to ensure that responsibility for running services rests with boroughs and districts. In case of joint board services this is achieved through collective borough/district responsibility for the joint board. A directly elected authority would be apart from the boroughs/districts; we believe that this would remove any incentive for joint board members to consider the **total** burden being placed on ratepayers.

STAFF AND PROPERTY

Q24 How will staff be transferred?

A24 This will be decided in the light of consultations. In 1972 many staff were transferred in groups. It might be feasible to do this for readily identifiable staff engaged on services going to joint boards. But most services will be divided amongst boroughs and districts; they will recruit directly the staff they need.

Q25 Will staff be protected?

A25 A staff Commission will be established and there may be arrangements, where appropriate, to give staff affected first refusal for posts with successor authorities. There will be full consultations with staff representatives on all matters affecting their interests; TUC Local Government Committee have been told this.

Q26 What will the Staff Commission do?

A26 It will be charged with looking after the interests of all staff affected by the proposals. It will be independent of the receiving bodies.

Q27 What will happen to existing pensions and similar payments?

A27 No-one receiving a pension or other continuing payment from the GLC or a Metropolitan County need worry. Such payments will continue, and all such rights are safeguarded.

Q28 Will there be redundancies?

A28 Yes. Voluntary redundancy could achieve substantial reductions, but some compulsory redundancies cannot be ruled out. The level of redundancies will be reduced if authorities take a responsible attitude to recuitment in the interim.

Q29 What about recruitment between now and abolition?

A29 The Government hope that authorities will act responsibly towards their ratepayers and towards their staff. They should fill only essential vacancies.

Q30 Won't there be duplication through the breaking up of specialist teams (eg MCC derelict land services)?

A30 We expect the successor authorities to set up effective co-operative arrangements for the use of specialist staff and equipment, where this is the most economical thing to do.

Q31 What will happen to property?

A31 In general property will be transferred to the authority or Board taking responsibility for the function for which it is required.

Q32 What about County Hall?

A32 Any genuinely surplus property will be disposed of at some stage, to the benefit of the ratepayers concerned.

FINANCIAL ARRANGEMENTS

Q33 What will be the effect of abolition on rates?

A33 One of the purposes of abolition is to enable services to be provided more effectively and more efficiently. This should mean that rates will be lower than they would have been if the GLC/MCCs had continued to exist.

Q34 Won't the removal of the GLC precept mean a windfall gain for ratepayers in central London, at the expense of ratepayers elsewhere?

A34 No. The existing balance between ratepayers in different parts of London is intended to be maintained. This will require an extension of the London Rates Equalisaton Scheme. This is explained in the consultaion document on "The Disappearance of the GLC Precept".

Q35 Won't there be a disproportionate burden on some boroughs/districts where GLC/MCC obligations are concentrated in particular areas (eg the Crystal Palace sports centre, ex GLC housing already transferred to the boroughs)?

A35 The general aim is to ensure that there should be no undue financial advantages or disadvantages for ratepayers of individual authorities as a result of abolition. Special arrangements may be necessary to achieve this in some cases. This is the subject of a separate consultation document.

Q36 Won't boroughs and districts have to put up their rates?

A36 Yes, of course, they will be paying directly for some of the services now funded out of the upper tier precept. But it is the size of the final bill to the ratepayer that matters and there will be savings there.

Q37 How will the arrangements for the selective control of rates be affected by abolition?

A37 The selective rate limitation scheme will of course apply to the borough and district councils taking on new functions and to joint boards in exactly the same way as to other local authorities - ie there will be Government control only if an authority "overspends". The arrangements will make allowance for the new responsibilities they have taken on. In addition the precepts of each joint board will be subject to approval by the appropriate Secretary of State for the first three financial years.

Q38 Won't abolition prejudice the credit-worthiness of the GLC/MCC's?

A38 No. After abolition the existing debt of each authority will continue to be managed by a single body with all the necessary expertise. The debt will be funded by all the successor bodies; it will therefore continue to be backed by the rateable resources of the whole area.

Q39 How many precepts will ratepayers face?

A39 In the metropolitan counties there will be three main new ones (police, fire and public transport) in place of the one from the county. Over London as a whole there will be two **new main** precepts (fire and London Regional Transport). There will also continue to be one for the Metropolitan Police. In inner London there will continue to be a precept for education. There will still, as now, be one single rate demand covering the borough or district rate and any precepts. Rate demands will show how much will go to each rating and precepting authority.

COSTS AND SAVINGS

Q40 What savings in costs/staff do Government expect? Why no estimate in White Paper?

A40 Precise savings will depend on detailed decisions by the successor authorities and bodies. But the change takes place in a general financial and economic climate which encourages savings. The Government are convinced that substantial savings can be made, and will take steps to ensure that they are achieved. Too soon to give an accurate estimate but there is scope for saving at least £120 million a year (including 9,000 jobs).

IMPLEMENTATION

Q41 Why not do it by April/May 1985, avoid transitional councils?

A41 Not possible, need for reasonable consultation period precludes main legislation this session.

Q42 Why have transitional councils?

A42 Present councillors have no legitimate role beyond May 1985, when their electoral mandate expires. Appropriate to involve boroughs and districts who will take over fully in 1986.

Q43 Why not introduce the transitional councils in May 1984?

A43 The term of office of the elected members of the GLC and MCCs lasts until May 1985. It would not be appropriate to cut short the electoral mandate they were given in 1981.

Q44 How big will the transitional councils be?

A44 We will discuss this, possible range is from present size, to avoid disturbance to structures in the council, to sizes proposed for joint boards.

Q45 What will be the political composition of transitional councils?

A45 Not clear, depends on the size and the nominations made by the authorities, to reflect the political balance in the constituent authorities at the time (ie after the local elections due in May 1984).

Q46 Will there be adequate consultation?

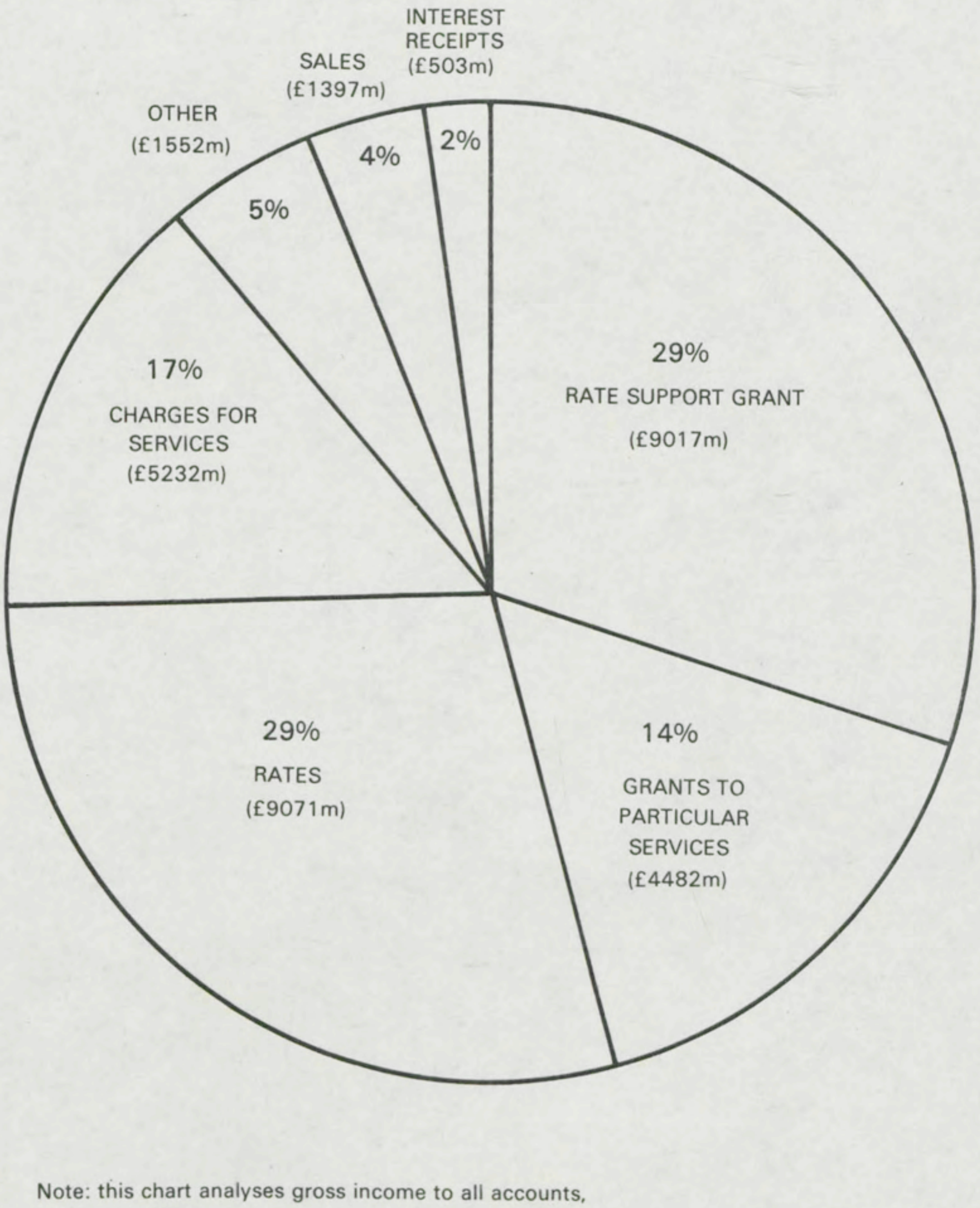
A46 The first main period of consultation runs until 31 January and the Government welcome comments on the White Paper and the supplementary documents that have been issued. After that there will continue to be extensive consultation on detailed preparations for the change.

E. RATE LIMITATION, ABOLITION OF GLC AND MCCs, AND RSG SETTLEMENTS: TIMETABLE OF MAIN EVENTS

December 1983	Rate Support Grant Order published. Rate Limitation Bill introduced.
January 1984	Second Reading of Rate Limitation Bill. Rate Support Grant Order debated.
Spring 1984	Paving Abolition Bill introduced.
July 1984	Royal Assent for Paving Abolition Bill. Royal Assent for Rate Limitation Bill. Selection of authorities for rate limitation.
November 1984	Main Abolition Bill introduced. Second Reading of Main Abolition Bill.
December 1984	Rate Support Grant Order published.
January 1985	Rate Support Grant Order debated Proposed rate limits for 1985/86 published.
April 1985	Rate limits for 1985/86 for selected authorities come into force. Substitute councils appointed for GLC & MCCs.
July 1985	Royal Assent for main Abolition Bill.

LOCAL AUTHORITIES (ENGLAND) 1981-82

Chart 1 : All income by source.

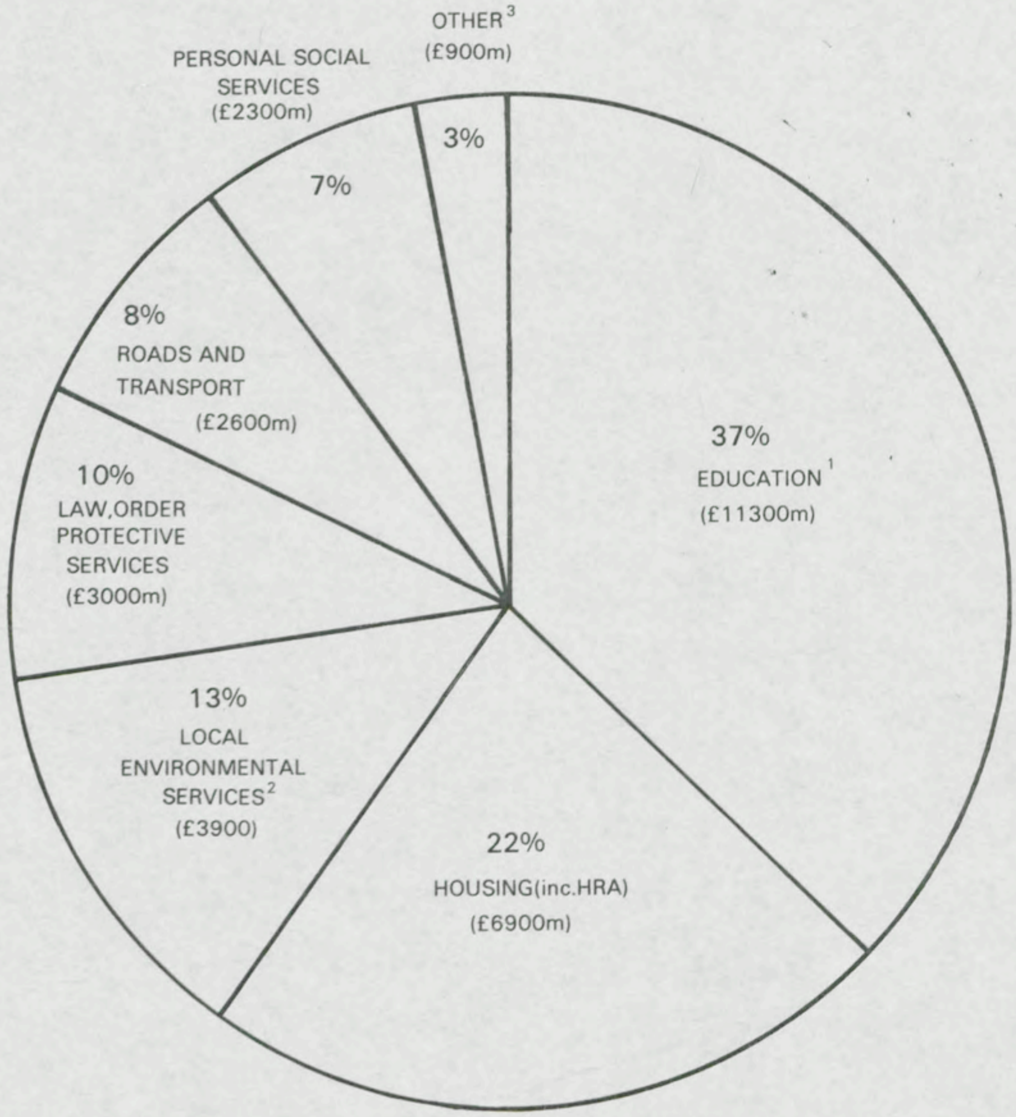


Note: this chart analyses gross income to all accounts, adjusted (as far as possible) to exclude payments between accounts.

Cartographic Services MS
Department of the Environment

LOCAL AUTHORITIES (ENGLAND) 1981-82

Chart 2 All expenditure by service



1. Including Libraries, Museums and Art Galleries.

2. Excluding general administration re-charged to services.

3. Including trading services and employment services.

Note: this chart covers gross expenditure by all accounts, adjusted(as far as possible) to exclude payments between accounts.

Cartographic Services MS
Department of the Environment

AH's in BOX.

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

6 January 1984

Dear Andrew

RSG: LONDON BOROUGH OF BARNET

As requested in your letter of 5 January to Mike Bailey, I enclose:

- a background note on Barnet's position under the 1984/85 RSG Settlement, and on the Audit Commission's profile of Barnet; and

- a draft letter for the Prime Minister to send to Councillor Pym.

Yours sincerely

John

JOHN BALLARD
Private Secretary

Andrew Turnbull Esq

FILE

da

10 DOWNING STREET

From the Private Secretary

5 January 1984

RSG: London Borough of Barnet

The Prime Minister, as an MP in the London Borough of Barnet, has received a number of letters (some via Miss Joy Robilliard, the Prime Minister's Constituency Secretary) from Councillor Pym, Councillor Gibson and Mr. Andrew Thomson, the Prime Minister's agent.

Their arguments can be divided into two:

(i) The London Borough of Barnet has been harshly treated in the RSG settlement, principally because the GRE formula produces only a small increase whereas the Councillor's claim that Barnet is not a high resource authority in relation to needs.

(ii) Some of the comparisons produced in the Audit Commission's Profile for Barnet are disputed.

As Barnet's rate is likely to be discussed in the press in the next few days - the Finance & General Purposes Committee meets on Monday 9 January - the Prime Minister would like to be in a position to reply as soon as possible. I would be grateful if you could produce a note answering the points raised. Could you also produce a draft reply. I would like to put this in the Prime Minister's weekend box as she could be approached by the constituency over the weekend.

I am sending a copy of this letter for information to John Ballard.

Andrew Turnbull

Michael Bailey, Esq.,
Department of the Environment.

Oo

Local Govt relations

From: THE PRIVATE SECRETARY

cc BI

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

4 January 1984

Dear John,

→ CR
Thrills in store for .....
the burghers of
Dereham zzzzzz.
A.

I attach, for your information, a copy of a public speech on the subject of rate limitation which the Home Secretary intends to make to the Dereham Conservative Club in Norfolk on Friday, 6 January. (The text has already been cleared with Mr Waldegrave's office).

I am copying this letter and enclosure to David Barclay (No 10) and John Gieve (Chief Secretary's Office).

Yours sincerely
Hugh Taylor

H. H. TAYLOR

J Ballard, Esq.

EXTRACT FROM A SPEECH BY THE RT HON LEON BRITTAN, QC., MP., HOME SECRETARY, TO THE DEREHAM CONSERVATIVE CLUB, NORFOLK, ON FRIDAY, 6 JANUARY 1984 (ON THE OCCASION OF HIS OPENING A NEW EXTENSION TO THE CLUB)

RELEASE TIME: 8 P.M., FRIDAY, 6 JANUARY 1984

RATES - THE CASE FOR A GOVERNMENT CURB

Nobody can doubt that one of the most hotly contested political battles in 1984 will be over the implementation of the Government's plans to curb excessive rates.

These plans have been caricatured as a constitutional outrage which deprive local authorities of their traditional independence. They are, in fact, a wholly legitimate response on the part of the elected Government to the heartfelt pleas of long-suffering ratepayers. They constitute the Government's entirely justified reaction to the behaviour of a limited number of local authorities, which puts at risk our central aim of economic renewal through stable prices and a revival of enterprise. It is the ordinary citizen, as well as commerce and industry, who stands to gain from putting our plans into action.

No-one can challenge the crucial importance of controlling the total level of public spending if we are to achieve sustainable non-inflationary growth. And nobody can contest the part played by council spending in public spending as a whole; for a quarter of all public spending consists of local authority expenditure. It has long been recognised by Governments of all political

/complexions that in .....

complexions that in running a modern economy it is quite unacceptable to allow that spending to go ahead unchecked. Indeed, until comparatively recently there was a consensus whereby the local authorities themselves accepted the right of central Government to determine the total level of public spending, including the local authority component in it.

But a small number of local authorities have deliberately broken that consensus and insisted on excessive levels of spending financed by crippling rate burdens imposed on those unfortunate enough to live or carry on business in the areas under their control. No Government could stand idly by and allow that to continue. To do so would not be to defer to the constitutional rights of local authorities, but to abandon our responsibility to large numbers of our fellow citizens who are finding the rate burden increasingly intolerable. It would mean turning our backs on businesses which cannot expand and can often barely survive because of the crippling burden of the rates they have to pay.

For a while it was hoped that the problem could be eased by exerting indirect pressure on recalcitrant local authorities through reducing the grant paid to them by central Government. In many cases the threat of this happening had a good effect and local authorities complied with the Government's spending targets. But in a limited number of cases Councils remained determined to press on with their excessive spending plans. It is significant that three quarters of this year's total budgeted local government overspending of £770M is accounted for by just 16 authorities. For those paying rates to these authorities the use of the only weapon hitherto available to the Government was of no avail. Indeed, paradoxically, reducing or withdrawing grant meant that an utterly intransigent authority would impose still higher rates to finance the excessive spending which central Government was rightly no longer prepared to help finance itself.

/Nor would finding ....

Nor would finding an alternative to rates have solved the problem. Many of the alternatives that have been suggested would have been even more damaging to business, especially small businesses, and in any event any change would have taken years to implement and could not conceivably stop overspending now. Indeed, equipping local authorities with a more flexible means of revenue raising would have enabled the more extreme heavy spenders to carry on with their damaging policies all the more readily.

But, it is asked, if excessive spending is so damaging, and leads to such high rates, why do not the local electors simply throw out their extravagant councillors and elect more prudent ones? Sometimes they do, but it is not really so surprising that this does not happen more often. After all, over 75 per cent of local government expenditure is financed by people who do not have votes in local elections - the taxpayer and commercial and industrial ratepayers. Of the rate income itself, nearly 60 per cent is provided by non-domestic ratepayers. And if one considers those who do have the vote, and takes into account non-ratepayers and those enjoying rate rebates, one finds that only about 35 per cent of those eligible to vote actually pay full rates.

It is for these reasons that we have concluded that it is essential to take effective powers to curb excessive local authority spending, by limiting the rates imposed by the most flagrantly profligate authorities. If we are successful in curbing spending in this way, we will not need to give effect to the general rate limitation scheme. Prudent local authorities have everything to gain, and nothing to fear from what we are doing.

/But the need ...

But the need for action is urgent. For many ordinary people the burden of excessive rates is now causing real hardship. The impact on business is even more serious. Non-domestic rates total some £6 billion in England this year and are the largest single tax on business. The CBI estimate that rates on industry and commerce in the United Kingdom, excluding North Sea operations, will amount to 50 per cent or more of gross trading profits adjusted for inflation in the current financial year.

In doing something to alleviate this burden, the Government is taking action to improve competitiveness and help job prospects. It is discharging a national responsibility which it alone has the power and the duty to fulfil, and it deserves the full support of the country as a whole.

4 JAN 1984

CONFIDENTIAL

NBPM AT 22/12

HOME SECRETARY

QUEEN ANNE'S GATE LONDON SW1H 9AT

22 December 1983

Dear Patrick,

CONTENT OF ABOLITION PAVING BILL

I write to offer some comments on Irwin Bellwin's letter to you of 12 December.

I agree that the Paving Bill should include a provision bringing it into force by Order made by Statutory Instrument, and that you should give an undertaking, perhaps on Second Reading, that the Order would not be made until the main Abolition Bill had been given its Second Reading. To draw attention to the significance of the undertaking you may like to consider that the Order should, exceptionally, be subject to affirmative resolution procedure, and that the resolution should be taken immediately after the Commons vote on the Second Reading of the main Bill.

On the second electoral point, I agree that power should be provided to reinstate the elections by Order in case the abolition proposal fails after Second Reading of the main Bill. One way of covering all possible time-scales would be a power for the Secretary of State to make provision for a whole council election before or after the appointed authorities have taken over on a date to be fixed by him. The term of office of the councillors elected at such an election would then presumably come to an end in 1989 when ordinary County Council elections would fall to take place under existing provisions.

On the Local Government Boundary Commission's review of county electoral arrangements, I agree that the Paving Bill should include a provision specifically discharging the Commission from its statutory obligation to continue with the outstanding Metropolitan County reviews until 1 April 1986. Incidentally, the references in Irwin Bellwin's letter to the reviews of "electoral boundaries" should, of course, be to "electoral arrangements", of which the boundaries of electoral areas are merely a part.

I notice that Irwin Bellwin proposed that the members of transitional councils should be recallable at will, suggesting that this would emphasise their accountability to District Councils. Similar advantages were claimed in the briefing document enclosed with your letter of 8 December for the decision we took in September that joint board members should be recallable in the same way. Whilst I would not wish to argue that the facility should not be extended to the transitional councils, I hope we will be careful about what we say on accountability. The joint boards will not be accountable in any legal sense to the District Councils: they will have a separate corporate status and their members will not be merely district delegates. I appreciate why you and Irwin wish to make the joint boards attractive to districts, but it would seem wrong to exaggerate the position now lest the districts feel let down in the event. It would not be right for a decision we took in September with the primary object of facilitating the maintenance of political balance on boards to be converted into a mechanism for subverting

The Rt Hon Patrick Jenkin, M.P.

/cont .....

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their efficiency. This suggests particular care will be necessary at the drafting stage to ensure that we can maintain all our objectives, and I am sure you will understand why I feel I should reserve the right to comment further in this area if developments suggest it is necessary.

I am copying this letter to colleagues in MISC 95, to the Prime Minister, to the Chief Whip and to Sir Robert Armstrong.

Love,

Leon

Local Govt, Relations: Pt 18

22 DEC 1983

O/C

Local Govt
Letters

LCC BI

Prime Minister
Agree?
AT 21/12

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

21 December 1983

Dear Andrew

Yes MT

My Secretary of State has been asked, in a Parliamentary Question for written answer, how much this Department is spending on publicising its plans to abolish the GLC

/ He proposes to give the attached answer tomorrow but, before doing so, would be grateful for confirmation that the Prime Minister is content with the terms of the draft.

Yours sincerely

L. Robinson

LUCY ROBINSON
Private Secretary

Left message
to this effect
PE
22/12

File

Andrew Turnbull Esq

Q. Mr Harry Greenway (Con - Ealing North):

To ask the Secretary of State for the Environment, how much his Department is spending on publicising its plans to abolish the Greater London Council; and if he will make a statement.

A. My Department has no special budget for publicising the proposal to abolish the GLC. In view of the complexity and importance of the Government's local government policies, however, I have increased the capacity within my Department's local government command, (within the Department's overall manpower resources) to ensure that the general public are properly and factually informed about the reasons for, and nature of, the Government's policies affecting local government, including the abolition of the GLC. Four officials have been transferred to this work from other duties.

By contrast, I understand the GLC has spent over £¾ million of ratepayer's money so far this financial year on political propaganda against the Government's policy. I understand too that proposals are now before the Council for a further £1 million to be spent on the publicity campaign by the end of the current financial year.

CONFIDENTIAL

DSG

file

cc: Cabinet
M/State, D/M
(Mr. Gummer)
C.O.

10 DOWNING STREET

From the Principal Private Secretary

21 December 1983

The Prime Minister was grateful for your Secretary of State's letter of 20 December about the collection of material on malpractices in local government.

The Prime Minister is content with what is being done and notes that, when the current part of the exercise has produced results, your Secretary of State will consult colleagues on how best to carry the work forward. She also looks forward to seeing the factual speaking note which your Secretary of State is producing.

I am sending copies of this letter to the Private Secretaries to those who received your Secretary of State's letter.

F. E. R. BUTLER

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

DSG

VM

Prime Minister

I think that this is intended to withdraw what the Cabinet interpreted as critical remarks about Sir G. Moseley: would you like me to invite Sir R. Armstrong to comment? And are you content with what is being done? FERB 20.12

No

Yes

c/NO

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

20 December 1983

Dear Margaret,

In your summing-up at Cabinet on 8 December (CC(83)36, item 5), you asked for a note on any problems that had arisen in arranging for material about malpractices in local government to be got together.

Like Michael Heseltine and Tom King before me, I have become aware of highly questionable activities taking place in a few local authorities. These are concentrated in urban areas, especially London. My Department has been assembling material over the past two years on the subject (though there has not hitherto been available such blatant public flouting of democratic principles as the recent events in Brent!) In general, the evidence has been of majority groups forcing through decisions by ruthless use of the party caucus (sometimes with co-opted non-councillors) and by manipulation of standing orders. Hitherto neutral officers are being subjected to political pressure in their daily work. Appointments of officers are turning on candidates' known political sympathies. Councillors can work virtually full-time on Council work through exploiting the allowance system and/or finding tailor-made "employment" ie a job with a salary but with no work, in sympathetic neighbouring authorities. Discretionary powers are being used to grant-aid eccentric or politically-motivated organisations. Public money is being used to finance blatantly propagandist newspapers. While such abuses seem to be within the letter of the law, they break both its spirit and the conventions which have traditionally existed within local government.

In putting forward this material to Ministers officials drew attention to the implications not only for local government but also for the reputation and integrity of the public service at large.

I discussed the position at a meeting with George Younger and Wyn Roberts in October and we concluded that the anecdotal material so far assembled was not yet sufficiently robust for me to seek colleagues' consent to a formal inquiry, or for the case for such an inquiry to be defended in

Parliament. Further and more comprehensive first hand evidence was needed. By its very nature, this might well not be elicited by direct Departmental approaches to local authorities, especially to those most under suspicion. The very erosion of political independence among certain Chief Executives and senior officers which is suspected means not only that their cooperation could not be relied upon but that obstruction would be only too likely.

The most promising approach to gathering reliable first hand evidence of the extent and depth of the problem seemed to me to lie in sounding out Conservative minority groups, and other informal sources, in selected areas. This would entail seeking information systematically, and - necessarily - covertly, from minority groups about their authorities' procedures and decisions. Such an approach would in itself be a departure from past practice, reflecting the unfortunately changed circumstances in which we now have to work.

The decision to entrust this task to the party network was based partly on the judgement that such an approach might well yield better information than would be divulged in response to letters from Departmental officials; and partly because it avoided any question as to whether civil servants could properly be used for this particular method of collecting evidence for the exercise. Our current problem is not therefore rooted in any stiff-necked intransigence on the part of Departmental officials. Rather, it lies in the fact that we were faced with the need to collect information direct from political sources and using party channels seemed the preferable course.

Once the current part of the exercise has yielded results, I shall want to consult colleagues on how best to carry the work forward, whether by monitoring identified abuses in specific areas, by launching a more formal investigation, by stimulating a public debate or by the setting up of an independent inquiry.

I shall be circulating separately a factual speaking note for use by colleagues.

I am copying this letter to Cabinet colleagues, John Gummer and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Mrs Margaret Thatcher MP

CONFIDENTIAL

cc FM / to note X

NBPM

AT 19/12

Local Govt Relns

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

16 December 1983

Dear Janet

I enclose a note of the meeting held in this Department on 15 December to discuss the presentation of local government policies. You will see that it was agreed (paragraph 5(v) of the note that officials should look at the Audit Commission's handbook on Economy, Efficiency and Effectiveness for examples of ways in which the local authority services, for which they have a responsibility, could be run more efficiently. I understand that the Audit Commission are sending copies of this handbook direct to all Cabinet Ministers, including the Lord President. The further copy for Special Advisers will be sent by this Department as soon as possible.

X I would be grateful if this letter and enclosed note could have a restricted circulation, on a strictly need to know basis. Copies go to Hugh Taylor, Elizabeth Hodkinson, Colin Jones, Dinah Nicols, Steve Godber, Mary Brown and Andrew Turnbull.

Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

CONFIDENTIAL

Miss Janet Luce-Jones

PRESENTATION OF LOCAL GOVERNMENT POLICIES

NOTE OF A MEETING ON THURSDAY 15 DECEMBER 1983

PRESENT

Secretary of State for the Environment

Lord Bellwin

Mr Waldegrave

Lord Skelmersdale

Mr Mockler

Mr Heiser

Mr P Owen

Mr Rowcliffe

Mr Bright

Secretary of State for the Home Department

Secretary of State for Education and Science
Mr Jameson DES

Secretary of State for Wales

Secretary of State for Transport
Mr Yass) DTp
Ms Ramsay) DTp

Minister for the Arts

Minister for Health
Mr P Fletcher DHSS

Minister of State, Department of Employment

Mr Bernard Ingham, No10

1. The Secretary of State for the Environment outlined the campaign that was being mounted against the Government's policies on rate limitation and abolition. The Government could only mount an effective response if the policies of individual departments and the presentation of those policies were properly co-ordinated. It was important that individual departments did not give the impression, however inadvertently, that the general need to restrain local authority expenditure and increase inefficiency, did not apply to their services.

2. The Secretary of State went on to draw attention to the Audit Commission's handbook on Economy Efficiency and Effectiveness distributed the previous day. It demonstrated the ways in which savings in all services could be secured. Together with the information available from LAMSAC the handbook gave the Government considerable support in its campaign.

3. In discussion the following points were made -

(i) DOE Ministers would need to conduct a series of bilateral meetings with Ministers in other Departments to consider the representations made during the consultation periods on abolition.

(ii) DOE Ministers had now begun to meet with their panel of local authority advisers. It would be useful for other Ministers to attend or receive notes of points made where this was not possible.

(iii) Factual material needed to be co-ordinated. There also needed to be a co-ordinated political response. While it was for DOE to take the lead on the former it was for the CCO to take the lead on the latter. The structure of the relevant Cabinet Committees might need to be reviewed.

(iv) While the DTp was in one sense leading the field, because of the London Regional Transport Bill, in another sense it was DES. While the ILEA continued to be so extravagant there was little incentive for other authorities, who were already considerably more efficient, to make greater efforts.

(v) Ministers and Conservative Party members would be better equipped to defend the Government's position on the media if an early decision could be taken on policy towards concessionary fares and the Arts. Meanwhile the production of factual material now underway in DOE, would give some immediate help.

4. The Minister of State, Department of Employment, in his capacity as Chairman of the Conservative Party outlined what had already been done on the political side. A London Committee had been set up under the Chairmanship of Anthony Berry MP, to bring together London issues; Central Office records were being used to produce a Zip card for all councillors and some steps had already been taken to brief and equip MPs for appearances on radio and TV.

5. It was agreed that -

(i) Each Department should nominate a Minister and an official as the point of contact for DOE.

(ii) DOE Ministers would hold bilateral meetings with Minister in other Departments to consider the representations made during the consultation periods.

(iii) Other Ministers should attend, where possible, the meetings organised by DOE Ministers with local authority advisory panel. Ministers not present should, as appropriate, receive a note of the points made.

(iv) The possibility of using Cabinet Committee machinery to co-ordinate the flow of material and responses should be investigated. The present responsibilities of MISC 95 for abolition and E(LF) for rate limitation might be combined in one committee. There were a number of issues upon which decisions were still needed.

(v) A copy of the Audit Commission's handbook on Economy, Efficiency and Effectiveness should be sent to each Minister present (with a separate copy for their special advisers) with the intention that their officials should consider the examples in it of ways in which the local authority services, for which they had a responsibility, could be run more efficiently.

(vi) The Secretary of State for education said that he would provide a note on possible examples of ILEA extravagance. The low number of hours worked by teachers and the amount of teacher training were possible examples. The note would be discussed with the Secretary of State for Environment before being circulated to other Departments.

(vii) The Secretary of State for the Environment would meet Greater London MPs shortly after the recess.

J F BALLARD
PS/Secretary of State
Department of the Environment

16 December 1983

Distribution
1. Those present
2. PS/Lord President
3. Mr Turnbull No10
4. PS/Sir George Moseley
   Mr McDonald

CONFIDENTIAL

J8

10 DOWNING STREET

From the Private Secretary 16 December 1983

LOCAL GOVERNMENT POLICIES

The Prime Minister has seen your letter of 12 December to me and the briefing attached to it. She is content with it, but suggests the following drafting amendments. In the first answer, add "and factually" at the end of the first line. In the third answer, after ".....propaganda" add "as distinct from factual information".

I am copying this letter to Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

MR. A. TURNBULL

John Ballard, Esq.,
Department of the Environment.

CT

CONFIDENTIAL

cc JF
BI

NBPM
AT 16/12

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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

15 December 1983

Dear John,

RATE SUPPORT GRANT SETTLEMENT 1984/85: WALES

... I attach a draft of the oral statement my Secretary of State is to make in the House on Tuesday 20 December about the 1984-5 Rate Support Grant Settlement for Wales. The Secretary of State will meet the Welsh Consultative Council on Local Government Finance on the same day to inform the local authority associations.

I should be grateful if you would let me know by close of play tomorrow whether you or copy recipients have any comments.

I am copying this to the Private Secretaries to the Prime Minister, Home Secretary, the Secretaries of State for the Environment, Scotland, Transport, Education, Health and Social Services, Employment and Trade and Industry, the Lord Privy Seal, the Lord President, the Chief Whips (Lords and Commons), the Chief Press Officer at No 10 and to Sir Robert Armstrong.

Yours ever,

Colin Jones

C L JONES

John Gieve Esq
Private Secretary to
The Chief Secretary
HM Treasury

CONFIDENTIAL

WALES RATE SUPPORT GRANT SETTLEMENT: 1984/85

I am today announcing to the Welsh Consultative Council on Local Government Finance the details of the 1984/85 Rate Support Grant Settlement. Copies of the text of my statement to the Consultative Council will be placed in the Library of the House. The Rate Support Grant Report will be laid before the House after the recess and will be debated in the usual way.

The main features of the 1984/85 settlement confirm the intentions I announced in November. They must be seen in the context of the Government's continuing commitment to secure reductions in public expenditure. The total of relevant expenditure provision accepted for grants is £1440m. This comprises £1253m for current expenditure and £187m for non-current items. Aggregate exchequer grant will be £996m, comprising £138.8m for specific grants, £31m for transport supplementary grant, £1.9m for national parks supplementary grant and £824.3m for the rate support grants. Domestic rate relief is unchanged at 18½p in the £ which costs £25.3m, leaving £799m for distribution as block grant.

The settlement is a fair one. Current expenditure provision, after allowing for the 1½ per cent reduction in authorities national insurance surcharge from next April and the way in which housing benefit administration costs are now counted for rate support grant purposes, is £57m or 4.8 per cent more than the provision underlying the 1983/84 settlement.

Aggregate exchequer grant at £996m is £21m or 2.2 per cent more than the aggregate exchequer grant provision in the main rate support grant settlement for the current year. More importantly for rating purposes it is £36m or 3.8 per cent higher than the amount authorities have included in their budgets for the present year.

As in the present year and preceding one I have set individual authority expenditure targets. Experience has shown that these are helpful to authorities in providing a degree of certainty of grant entitlement for spending at target and clearly exert a significant influence on expenditure decisions. In the light of the views expressed by the two Welsh local authority associations I have retained the same method for determining next year's expenditure targets as that used in the current year. This enables me to withhold grant in an equitable way by ensuring that the amount of grant withheld from an authority is directly related to its own overspending

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and not to the expenditure decisions of other authorities.

The targets I have set are tough - indeed very tough for some authorities - but are achieveable for all. Every authority's target gives a cash increase in its current expenditure: the minimum increase is 1½ per cent and the maximum 6 per cent, after making allowance for the reduction in the national insurance surcharge next year and a modest amount of budget drift.

The grant withholding penalty for spending in excess of targets has been strengthened. As in the present year the amount of grant withheld for excess expenditure up to 1 per cent above target is 40 per cent of that excess but above that level the rate of holdback increases progressively with a maximum rate of 90 per cent for authorities spending 5 per cent or more above target: this compares with a maximum rate of grant withholding in the current year of 75 per cent at 6 per cent spending above target. I am retaining the grant protection arrangements already adopted whereby any authority spending at or below target will be exempted from both grant holdback and close-ending. Similarly the limitation of grant holdback for low rateable resource authorities set in the present year will be retained for 1984/85.

Block grant will be distributed in accordance with the grant related expenditure formulae agreed by the Welsh local authority associations. I have decided to retain the existing block grant mechanisms which determine the distribution of block grant before holdback and the same safety net for limiting grant losses associated with changes in GRE - a maximum 4p loss at the county level and 1p loss at the district level.

There is a continuing need for restraint in local government expenditure. Some progress has been made on this front but there is still some way to go. Since 1978/79 local government current expenditure in Wales has risen by about 2 per cent more than the increase in costs for the economy as a whole. We must reverse this trend. The realistic increases in expenditure provision and aggregate exchequer grant for 1984/85 should enable authorities to maintain reasonable service standards provided pay settlements are kept down and authorities continue and reinforce their efforts to secure greater efficiency and economy and better value for money. In this respect I note that the latest Joint Manpower Watch figures, which are being released today, confirm that staff numbers in Wales have risen by about 1000 over the 12 months to last September. This alone must have cost ratepayers about £15m in the current year, after making allowance for the effect of grant holdback. Clearly if authorities are to meet their targets for next year this growth of manpower must be reversed. I appreciate of course that authorities have difficult choices of priority to make but that applies in all areas of public expenditure, including my own programmes.

What happens to rates next year will of course depend on the decisions of authorities themselves. Here I will simply make two points. Authorities can on average increase their net revenue expenditure next year by nearly 4 per cent and still spend in line with targets. And if authorities spend at this level and apply only half of the balances they have applied in the present year, rate increases would average only 1 per cent. Indeed rates could fall if authorities applied balances to the same extent as in the current year.

These figures are a very far cry from some of those which have been bandied about; for example the average rate increase of 17 per cent reported in the press. I regard this figure as wildly exaggerated and simply do not believe it. It would imply a 7 per cent increase in revenue expenditure which I am sure authorities in general will not seek to impose on their ratepayers. Furthermore rates this year on average rose by less than 1 per cent despite earlier local authority forecasts - and forecasts by Opposition members in this House - that average rate levels in Wales would be into double figures.

I conclude by repeating that the settlement is a fair and reasonable one. I am confident that local authorities like the Government, want to keep rate increases down to the absolute minimum. Low rate increases benefit all sectors of the community : industry, commerce and domestic ratepayers alike. It is now for each local authority to take its own spending decisions in the light of the settlement provision and of the effect of their decisions on ratepayers as a whole.

RSG SETTLEMENT:

PARLIAMENTARY STATEMENT

WITH PERMISSION, MR SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT ON THE RATE SUPPORT GRANT SETTLEMENT IN ENGLAND FOR 1984/85.

LOCAL AUTHORITY CURRENT SPENDING FORMS PART OF THE TOTAL OF PUBLIC EXPENDITURE. FOR NEXT YEAR, THE HOUSE ENDORSED THAT TOTAL IN THE DEBATE FOLLOWING THE PUBLICATION OF THE AUTUMN STATEMENT BY MY RIGHT HON FRIEND THE CHANCELLOR OF THE EXCHEQUER. THE RATE SUPPORT GRANT REPORT WHICH IS PUBLISHED TODAY (AND COPIES OF WHICH WILL BE IN THE LIBRARY) DEALS WITH THREE ELEMENTS WHICH BEAR ON THE LEVEL OF LOCAL AUTHORITY CURRENT SPENDING. THESE ARE, FIRST, THE TARGETS FOR INDIVIDUAL AUTHORITIES WHICH, IN AGGREGATE, RELATE TO THE TOTAL FIGURE IN THE AUTUMN STATEMENT; SECOND, THE AMOUNT OF, AND METHOD OF DISTRIBUTING, RATE SUPPORT GRANT TO LOCAL AUTHORITIES; AND THIRD, THE ARRANGEMENTS FOR GRANT HOLDBACK FOR AUTHORITIES WHO SPEND ABOVE TARGET. THERE IS OF COURSE A FOURTH ELEMENT - NAMELY THE LEVEL OF RATES AND PRECEPTS; THESE ARE FIXED BY EACH LOCAL AUTHORITY IN THE LIGHT OF ITS OWN SPENDING DECISIONS AND OF THE IMPACT OF THE OTHER THREE ELEMENTS.

IN EACH OF THE LAST FOUR YEARS, LOCAL AUTHORITY CURRENT SPENDING HAS FAR EXCEEDED THE PROVISION MADE IN THE PUBLIC EXPENDITURE WHITE PAPERS. IN EACH RSG SETTLEMENT, THEREFORE, MY PREDECESSORS HAVE HAD TO TAKE ACCOUNT OF THIS BY INCREASING THE PROVISION FOR THE FOLLOWING YEAR. FOR INSTANCE, FOR THE CURRENT YEAR, 1983/84, THE PROVISION WAS INCREASED THIS TIME LAST YEAR BY ABOUT £1.1BN, OR AROUND 6%. DESPITE THAT, LOCAL AUTHORITIES HAVE STILL BUDGETTED TO OVERSPEND BY A FURTHER £770M OR 3.8%. IN THE CONTEXT OF OUR POLICY OF HOLDING PUBLIC SPENDING IN CHECK - A POLICY REPEATEDLY ENDORSED BY THIS HOUSE - SUCH SUBSTANTIAL OVERSPENDING CANNOT BE IGNORED. IN ORDER TO KEEP TOTAL PUBLIC SPENDING UNDER CONTROL, OTHER SPENDING PROGRAMMES HAVE TO BE CUT, INCLUDING LOCAL AUTHORITIES' OWN CAPITAL SPENDING. THOSE WHO COMPLAIN LOUDEST ABOUT RESTRICTIONS ON CAPITAL SPENDING ARE OFTEN THOSE WHO HAVE FORCED THEM ON US BY EXCESSIVE CURRENT SPENDING.

OF COURSE, NOT ALL LOCAL AUTHORITIES ARE EQUALLY TO BLAME. ON THE CONTRARY, AROUND 80% OF ALL AUTHORITIES ARE BUDGETTING THIS YEAR TO SPEND AT OR WITHIN 2% ABOVE TARGET. THE GREAT BULK OF THE OVERSPEND ARISES FROM THE DECISIONS OF THE REMAINING 20% OF AUTHORITIES TO SPEND ABOVE THOSE LEVELS - SOME OF THEM BY TENS OF MILLIONS OF POUNDS. INDEED, NO MORE THAN SIXTEEN AUTHORITIES ARE RESPONSIBLE FOR AROUND THREE QUARTERS OF THE TOTAL OVERSPEND. AS THE HOUSE KNOWS, IT IS THE GOVERNMENT'S INTENTION TO DEAL DIRECTLY WITH THAT PROBLEM OF THE HIGHEST OVERSPENDERS IN THE BILL WHICH I HOPE TO INTRODUCE BEFORE CHRISTMAS. BUT THAT MUST BE FOR ANOTHER DAY. THIS STATEMENT RELATES TO 1984/85 WHICH OF COURSE CANNOT BE AFFECTED BY THE PROPOSED LEGISLATION.

FOR NEXT YEAR THEREFORE WE MUST SUSTAIN PRESSURE FOR REAL REDUCTIONS IN LOCAL AUTHORITY CURRENT SPENDING ACROSS THE BOARD. AT THE SAME TIME, WE MUST MAKE A GREATER DISTINCTION BETWEEN THE MAJORITY OF LOCAL AUTHORITIES WHO HAVE MADE EFFORTS TO FIND ECONOMIES AND THE MINORITY OF HIGH SPENDERS WHO HAVE NOT.

SINCE AUGUST I HAVE BEEN CONSULTING LOCAL AUTHORITIES ON THE MAIN PROPOSALS FOR NEXT YEAR'S SETTLEMENT. THERE HAVE BEEN TWO MEETINGS OF THE CONSULTATIVE COUNCIL ON LOCAL GOVERNMENT FINANCE; MY HON FRIENDS AND I HAVE MET A GREAT MANY DEPUTATIONS FROM INDIVIDUAL COUNCILS; AND WE HAVE RECEIVED WRITTEN REPRESENTATIONS FROM MANY MORE. AS THE HOUSE WILL SEE, WE HAVE TAKEN ACCOUNT OF SOME OF THE POINTS RAISED WITH US IN THE SETTLEMENT WHICH I AM ANNOUNCING TODAY. THE MAIN FEATURES ARE AS FOLLOWS.

PROVISION FOR LOCAL AUTHORITY CURRENT SPENDING FOR 1984/85 IS £20.4BN - AN INCREASE OF OVER HALF A BILLION POUNDS ON THE PROVISION MADE IN LAST FEBRUARY'S PUBLIC EXPENDITURE WHITE PAPER. THE AGGREGATE OF TARGETS COMES TO JUST OVER THIS FIGURE £20.5BN. THIS IS ABOUT 3% HIGHER THAN THE TOTAL OF TARGETS FOR THE CURRENT YEAR. THE BASIS OF FIXING TARGETS REMAINS BROADLY AS I PROPOSED IN AUGUST. THE DISTINCTION BETWEEN LOW SPENDING AND HIGH SPENDING AUTHORITIES WILL BE MUCH MORE MARKED NEXT YEAR THAN HITHERTO. THE TARGETS FOR MOST LOW SPENDING AUTHORITIES REPRESENT A CASH INCREASE OF 3% OVER THEIR BUDGET THIS YEAR. THE TARGETS FOR MOST HIGH SPENDERS REPRESENT A CASH CUT OF UP TO 6%. IN THE LIGHT OF THE REPRESENTATIONS SINCE AUGUST, I AM PROPOSING THREE MINOR CHANGES WHICH WILL HAVE THE EFFECT OF INCREASING TARGETS FOR SOME 107 AUTHORITIES. THE THREE CHANGES, WHICH ALL OPERATE TO REDUCE THE BUDGET BASELINE AND SO INCREASE THE HEADROOM FOR NEXT YEAR, COVER BUDGETTED TRANSFERS FROM HOUSING REVENUE ACCOUNT; BUDGETTED INTEREST RECEIPTS REPRESENTING MORE THAN 10% OF EXPENDITURE; AND EXPENDITURE MORE THAN 2% BELOW TARGET FOR 1983/84. THE THIRD CHANGE WILL GIVE THOSE AUTHORITIES LIKE BIRMINGHAM WHO BUDGET WELL BELOW TARGET AN INCENTIVE TO CONTINUE TO DO SO.

EVEN WITH THESE CHANGES, THE TARGETS ARE TOUGH FOR EVERYONE, BUT THEY ARE MUCH TOUGHER ON THE MINORITY OF HIGH SPENDING AUTHORITIES WHERE THE BIGGEST SCOPE FOR ECONOMY LIES.

I NOW COME TO GRANT. AGGREGATE EXCHEQUER GRANT FOR NEXT YEAR WILL BE £11.9BN, £90 MILLION MORE THAN IN THE CURRENT YEAR. IT IS 51.9% OF TOTAL RELEVANT EXPENDITURE COMPARED WITH 52.8% FOR THIS YEAR. ALTHOUGH THERE ARE A NUMBER OF TECHNICAL CHANGES IN THE METHOD OF DISTRIBUTING THE GRANT TO LOCAL AUTHORITIES, THESE SHOULD HAVE ONLY A LIMITED EFFECT ON THE INDIVIDUAL RATEPAYER.

THE THIRD ELEMENT IN THE SETTLEMENT IS THE GRANT HOLDBACK. AS THE HOUSE KNOWS, THE SYSTEM IS INTENDED TO REINFORCE THE PRESSURE OF BLOCK GRANT BY MAKING SURE THAT THE IMPACT OF OVERSPENDING FALLS ON RATEPAYERS TO WHOM LOCAL AUTHORITIES ARE ACCOUNTABLE AND NOT ON THE GENERAL BODY OF TAXPAYERS. FOR AUTHORITIES WHICH EXCEED THEIR TARGET, I CONFIRM THE PATTERN OF HOLDBACK PROPOSED IN OCTOBER. AT RATEPAYER LEVEL, HOLDBACK WILL BE AT THE RATE OF 2 PENCE IN RATE POUNDAGE TERMS FOR THE FIRST 1 PERCENTAGE POINT OF OVERSPEND; 4 PENCE FOR THE SECOND; 8 PENCE FOR THE THIRD; AND 9 PENCE FOR EACH PERCENTAGE POINT ABOVE THAT.

NEXT, DISREGARDS. CERTAIN SPENDING IS DISREGARDED, THAT IS, IT DOES NOT COUNT AGAINST AN AUTHORITY'S SPENDING FOR THE PURPOSES OF THE TARGET AND HOLDBACK REGIME. AS THIS YEAR, WE SHALL DISREGARD INCREASED URBAN PROGRAMME EXPENDITURE BY PARTNERSHIP AND PROGRAMME AUTORITIES, AND INCREASED EXPENDITURE ON CIVIL DEFENCE. FOR NEXT YEAR, THERE WILL BE AN ADDITIONAL DISREGARD. I PROPOSE TO DISREGARD INCREASED EXPENDITURE ON THOSE COMMUNITY CARE SCHEMES WHICH ARE JOINTLY FINANCED WITH HEALTH AUTHORITIES. I HOPE THAT THIS RELAXATION WILL BE WIDELY WELCOMED BY LOCAL AUTHORITIES.

THE HOUSE WILL WISH TO KNOW THE IMPACT OF ALL THIS ON THE LEVEL OF RATES. IF LOCAL AUTHORITIES BUDGET TO SPEND IN LINE WITH THE TARGETS I HAVE SET, THE AVERAGE INCREASES FACING RATEPAYERS NEXT YEAR SHOULD BE VERY LOW. FOR SOME RATEPAYERS, THERE COULD BE RATE REDUCTIONS. HIGH RATES ARE UNFAIR TO RATEPAYERS, DAMAGING TO INDUSTRY'S COMPETITIVENESS AND DESTRUCTIVE OF JOBS. IT IS NOW UP TO EACH LOCAL AUTHORITY TO TAKE ITS SPENDING DECISIONS IN THE LIGHT OF THE ANNOUNCEMENTS I HAVE MADE AND WITH A CLEAR VIEW OF THE IMPACT OF THOSE DECISIONS UPON THEIR RATEPAYERS.

STATEMENT

THURSDAY 15 DECEMBER 1983

15/12

HOUSE OF COMMONS

RATE SUPPORT GRANT (SCOTLAND)

WITH PERMISSION, MR SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT ABOUT THE RATE SUPPORT GRANT SETTLEMENT FOR SCOTLAND FOR 1984-85. THIS AMPLIFIES THE INFORMATION GIVEN TO THE HOUSE ON 12 DECEMBER IN ANSWER TO A QUESTION BY MY HON FRIEND, THE MEMBER FOR NORTH EAST FIFE.

I HAVE COMPLETED MY CONSULTATIONS WITH THE CONVENTION OF SCOTTISH LOCAL AUTHORITIES ABOUT THE RATE SUPPORT GRANT SETTLEMENT AND I SHALL LAY BEFORE THE HOUSE IN DUE COURSE THE RATE SUPPORT GRANT ORDER AND REPORT FOR THE FINANCIAL YEAR 1984-85. THIS PROVIDES FOR A TOTAL RELEVANT EXPENDITURE FIGURE OF £3205.9 MILLION AND AGGREGATE GRANTS OF £1930 MILLION. THE PROVISION FOR CURRENT EXPENDITURE WITHIN THE TOTAL IS £2736.6 MILLION, SLIGHTLY ABOVE THE PROVISIONAL FIGURE WHICH I ANNOUNCED ON 27 JULY, REFLECTING MAINLY TECHNICAL ADJUSTMENTS. THE RATE OF GRANT DERIVED FROM THESE FIGURES IS 60.2% COMPARED WITH 61.7% IN THE PRESENT YEAR.

THE PROVISION FOR RELEVANT EXPENDITURE REPRESENTS A CASH INCREASE OF 3.8% OVER THE PROVISION FOR 1983-84 ONCE ACCOUNT IS TAKEN OF THE REDUCTION IN THE NATIONAL INSURANCE SURCHARGE. IT IS ALSO SOME £60 MILLION ABOVE THE PROVISION FOR 1984-85 INDICATED IN THE PUBLIC EXPENDITURE WHITE PAPER, CMND 8789. FOR 1984-85 £75 MILLION WILL NOT BE ALLOCATED TO SERVICES IN RECOGNITION THAT AUTHORITIES ARE LIKELY TO SPEND MORE THAN THE GOVERNMENT CONSIDERS DESIRABLE. CURRENT EXPENDITURE GUIDELINES WERE ISSUED TO ALL AUTHORITIES ON 18 NOVEMBER 1983 IN FINANCE CIRCULAR 13/1983, A COPY OF WHICH IS IN THE LIBRARY OF THE HOUSE. GUIDELINES FOR 1984-85 INCLUDE THE PROVISION NOT ALLOCATED TO SERVICES AND HAVE BEEN CONSTRUCTED TO TAKE ACCOUNT OF THE RELATIVE SPENDING NEEDS OF AUTHORITIES.

In 1984-85 the needs element (which accounts for 87% of rate support grant) will be distributed on the same basis as that on which guidelines are constructed, namely the client group. Although COSLA officially asked that this change should be deferred until 1985-86, there is a wide measure of agreement that this method offers a much more systematic approach to distribution and I did not wish to make the change coincide with the general property revaluation of April 1985. It will mean changes in the amount of grant paid to a number of authorities. In order to dampen the effects, I propose transitional arrangements which will limit the grant loss to authorities to the equivalent of a 2½p rate at regional level and a 1p rate at district level. All authorities have been told in Finance Circular 14/1983 issued on 14 December of the amounts of grant they will receive in 1984-85 if the House approves the Rate Support Grant Order. A copy of this circular has been placed in the Library of the House.

The rating effects of the settlement will depend mainly on the expenditure decisions of authorities. I urge them to get their spending into line with expenditure provision. If they do, there could be, on average, a decrease in rates, although I accept that the individual circumstances of authorities will produce variations round the average.

I consider this to be a very fair settlement. There is no need for rates to go up if authorities reduce their expenditure, as I have been urging them to do since 1979. If authorities overspend, I will take appropriate action but I very much hope that authorities will make that unnecessary.

Scottish Office

cc/SI

SCOTTISH OFFICE
WHITEHALL, LONDON S.W.1

Tim Flesher Esq
Private Secretary
10 Downing Street
LONDON SW1

15 December 1983

15/12

Dear Tim,

SCOTTISH RSG SETTLEMENT

I am attaching the draft text of the Statement which my Secretary of State will be making this afternoon about the Scottish RSG settlement. I would be grateful for early confirmation that you and copy recipients are content.

I am copying this to John Gieve, David Heyhoe, and Murdo Maclean, and for information to John Ballard, Colin Jones, Richard Hatfield and David Beamish.

Yours sincerely,

John S. Graham

J S GRAHAM
Private Secretary

With permission, Mr Speaker, I should like to make a statement about the rate support grant settlement for Scotland for 1984-85. This amplifies the information given to the House on 12 December in answer to a Question by my hon Friend, the Member for North East Fife.

I have completed my consultations with the Convention of Scottish Local Authorities about the rate support grant settlement and I shall lay before the House in due course the Rate Support Grant Order and Report for the financial year 1984-85. This provides for a total relevant expenditure figure of £3205.9 million and aggregate grants of £1930 million. The provision for current expenditure within the total is £2736.6 million, slightly above the provisional figure which I announced on 27 July, reflecting mainly technical adjustments. The rate of grant derived from these figures is 60.2% compared with 61.7% in the present year.

The provision for relevant expenditure represents a cash increase of 3.8% over the provision for 1983-84 once account is taken of the reduction in the National Insurance surcharge. It is also some £60 million above the provision for 1984-85 indicated in the Public Expenditure White Paper, Cmnd 8789. For 1984-85 £75 million will not be allocated to services in order to allow local authorities time to bring their expenditure on services down to the level the Government considers appropriate. Current expenditure guidelines were issued to all authorities on 18 November 1983 in Finance Circular 13/1983, a copy of which is in the Library of the House. Guidelines indicate the relative expenditure need of individual authorities within the total provision, and for 1984-85 they include the provision not allocated to services.

In 1984-85 the needs element (which accounts for 90% of rate support grant) will be distributed on the same basis as that on which guidelines are constructed, namely the client group. Although COSLA officially asked that this change should be deferred until 1985-86, there is a wide measure of agreement that this method offers a much more systematic approach to distribution and I did not wish to make the change coincide with the general property revaluation of April 1985. It will mean changes in the amount of grant paid to a number of authorities. In order to dampen the effects, I propose transitional arrangements which will limit the grant loss to authorities to the equivalent of a 2½p rate at regional level and a 1p rate at district level. All authorities have been told in Finance Circular 14/1983 issued on 14 December of the amounts of grant they will receive in 1984-85 if the House approves the Rate Support Grant Order. A copy of this circular has been placed in the Library of the House.

The rating effects of the settlement will depend mainly on the expenditure decisions of authorities. I urge them to get their spending into line with expenditure provision. If they do, there could be, on average, a decrease in rates, although I accept that the individual circumstances of authorities will produce variations round the average.

I consider this to be a very fair settlement. There is no need for rates to go up if authorities reduce their expenditure, as I have been urging them to do since 1979. If authorities overspend, I will take appropriate action but I very much hope that authorities will make that unnecessary.

Local Govt file
with copy to BNFL file
cc

Prime Minister ②

To be aware. The papers at x are with you.
AT 15/12

MS

LORD PRESIDENT

MEDIA

This note supplements briefing No 10 Press Office has supplied for your meeting with the press at noon tomorrow.

We are ending the year in reasonably good presentational shape. But there is one current worry which the meeting I attended on your behalf this afternoon on local government presentation did nothing to allay.

Patrick Jenkin presided and also present were Mr Waldegrave, Lord Bellwin, Leon Brittan, Sir Keith Joseph, Nicholas Ridley, Nicholas Edwards, Kenneth Clarke, Lord Gowrie, Lord Skelmersdale and John Gummer.

Mr Jenkin made the following points by way of opening:

x - it was thoroughly unfortunate that papers associated with the meeting were in the hands of the Opposition spokesman, John Cunningham; though he was clearly more concerned that Dr Cunningham should have the covering letter than that he had the briefing material;

- the purpose of the meeting was to secure more effective presentation of the Government's case in the face of a very well organised, professional and expensive opposition;

- Government must stand together; Ministers and Departments cannot opt out. (He instanced a case where apparently the Probation Service had been less than rigorous in discussions with local authorities).

The meeting then went on to worry about the machinery. Mr Jenkin saw bilateral discussions between his and other Departments developing. Lord Bellwin said he had got together panels of sympathetic local leaders separately for London and the rest of the country. John Selwyn Gummer also drew an organisational distinction in CCO between London and the rest (and underlined his limited resources). He added that the party felt that the ILEA was crucial since other county education authorities felt its spending was disgracefully extravagant.

Nicholas Ridley added point to the London problem and wanted to be sure that the whole of the presentational problem was effectively co-ordinated. Those asked to talk about London Transport reorganisation quickly found themselves embroiled in the projected local government changes and vice versa. Mr Jenkin was sure that co-ordination should rest with D/Environment and there was apparently no dissent.

It was at this time that I had to leave for Prime Minister's Questions. I have since spoken to Mr Jenkin's private office and they have welcomed my suggestion that I should put a note into his box tomorrow night (Friday).

If you agree, I would propose to forward the attached at Annex A.

Nuclear

Meanwhile, I should report that I have this week had a meeting with Heads of Information in Environment, Energy and MAFF about the Windscale mess, since it seemed that co-ordination left something to be desired. (I had earlier cleared the idea with the Prime Minister).

The Heads of Information were very unhappy about presentation but felt I could not be of much use until Ministers had sorted out policy and BNFL had taken a management/PR grip (which I had urged it to do in concert with D/Energy).

I agree AT

I am not convinced that nothing can be done within Government, and I am going to keep a close eye on it. But BNFL today made a statement setting out the facts about the recent contamination accident and announcing a set of measures to prevent another incident. To that extent our consultations have borne fruit.

B. INGHAM
15 December 1983

10 DOWNING STREET

From the Press Secretary

16 December 1983

I am sorry I had to leave your meeting yesterday afternoon for Prime Minister's Questions. You kindly asked if I wished to make a contribution, but I fear I had run out of time and simply had to get away.

Had I been able to stay I would have made the following comments in the light of the discussion:

1. it seems fortunate that Christmas is coming to provide a natural break in the counter-attack; this should be used to get our act better together;

2. the D/Environment has already provided the basic arsenal of fact to convey to the public, but this needs to be supplemented by Transport, Education, Home Office, Wales, Arts and DHSS. D/Environment could usefully bring the input from the specialist Departments together into a central brief which copes with the problem of trans-Departmental responsibilities;

3. the work already done is already being used in support of such "engine room" activities as letters, articles, speech briefs etc. BUT we are still apparently missing an important dimension - namely the development of a press, radio and television campaign which dictates the battle and forces opponents on to the defensive; at present we are responding to rather than controlling events. Whatever finish still needs to be applied to the Government's policy and case we cannot allow the opposition to dictate the game for much longer;

4. thus I envisage a campaign which is conducted at at least two levels:

   - the admin-PR level by which the D/Environment unit provides the basic factual ammunition and ensures it gets to all who require it - eg. MPs, councillors, journalists etc;

/....

- the highly visible PR level by which the Government's messages are conveyed through press but more especially radio and tv to a mass audience.

This requires the D/Environment unit to operate offensively and defensively:

- offensively by compiling a diary so anticipating events, orchestrating the Government's attack and positively identifying a theme of the week, or weekend, and gearing up the machine to hammer home the message related to the theme;
- defensively, to keep closely on top of day-to-day events and developments in the attack and to ensure that articles or spokesmen for radio and tv interviews are in place.

5. What if any additional machinery is required? Such a local government campaign of the kind I envisage is larger and more difficult than the nuclear defence campaign mounted by the MOD. But it could be effectively operated if:

- a meeting of the size of your's yesterday (but not much larger) were held once a week for an hour with a clear agenda, supported by a campaign diary; and
- the Heads of Information of the Departments concerned met the day before to co-ordinate their advice. I would be prepared to chair this meeting if it would help, but I would prefer David McDonald to do so with my personal support.

You may care to discuss.

I am copying only to the Lord President and Andrew Turnbull.

BERNARD INGHAM

The Rt Hon Patrick Jenkin, MP.

AT

Briefing Note

No. 39
15.12.83

THE RATE SUPPORT GRANT 1984-5

Rates and RSG

Rate increases next year will be affected by the tough RSG settlement announced on Wednesday, 14th December, but they will be primarily determined by the spending decisions of local authorities themselves. The announcement reflects the Government's determination to secure economies in local government spending next year which will, if achieved, benefit ratepayers. Mr Patrick Jenkin, Secretary of State for Environment, said in his statement:

> 'If local authorities budget to spend in line with the targets I have set, the average increases facing ratepayers next year should be very low. For some ratepayers, there could be rate reductions. High rates are unfair to ratepayers, damaging to industry's competitiveness and destructive of jobs. It is now up to each local authority to take its spending decisions in the light of the announcements I have made and with a clear view of the impact of those decisions upon their ratepayers'.

Local Authorities Still Overspending

In each of the last four years, local authority current spending has far exceeded the provision made in the public expenditure white papers. In each RSG settlement, therefore, ministers have had to take account of this by increasing the provision for the following year. For the current year, 1983-4, the provision was increased this time last year by about £1.1bn, or around 6 per cent. Despite that, local authorities have still budgeted to overspend by a further £770m or 3.8 per cent. In the context of the Government's policy of holding public spending in check, such substantial overspending cannot be ignored. In order to keep total public spending under control, other spending programmes have had to be cut, including local authorities' own capital spending. Those who complain loudest about restrictions on capital spending are often those who have forced them by excessive current spending.

Not all local authorities are equally to blame. Around 80 per cent of all authorities are budgeting this year to spend at or within 2 per cent above the Government's target. The great bulk of the overspending arises from the decisions of the remaining 20 per cent of authorities to spend above those levels - some of them by tens of millions of pounds. Sixteen authorities are responsible for around three-quarters of the total overspending. It is the Government's intention to deal directly with the problem of the highest overspenders in the Bill which it hopes to introduce before Christmas.

Why the Government is Concerned with Local Government Spending

Some people question whether Government has a role at all in respect of local government spending. They are wrong to do so. High local government spending and taxation threaten the Government's economic strategy. They increase the burden of taxation which the Government is committed to reducing. The tight control of public expenditure can be undermined by over-spending in so substantial a sector of the economy. High rates feed into costs, fuel wage demands, and put the Government's anti-inflation policy at risk. Local government over-spending pre-empts resources that could have been better used; it is a large figure in terms of the management of public sector expenditure.

The Government is taking action, as outlined in the White Paper 'Rates', to limit the rate increases levied by selected high spending councils, and to have a general scheme for rate limitation in reserve. This is for the protection of all ratepayers, businesses and householders alike.

Non-domestic rates. High rates threaten the health of our industry and commerce. Non-domestic ratepayers contribute nearly 60 per cent of the rates - much more in some individual authorities. They have no direct voting influence. Non-domestic rates total some £6bn in England this year and are the largest single tax on business. Increases in rates raise costs, stifle growth, damage competitiveness, and destroy jobs.

Domestic rates. The Government also has a responsibility to domestic ratepayers. The Government cannot stand back and watch as some authorities heap heavier and heavier burdens on their ratepayers' backs. If locally elected councillors will not protect the ratepayer, thenthe Government must do so. The least it can do is to protect those who hgave the heaviest burdens.

The power to limit rate increases will not, however, come into effect until the financial year 1985-6. It is therefore important that next year's Rate Support Grant settlement encourages local authorities to restrain their spending.

What the settlement provides

Spending targets. Provision for local authority current spending for 1984/85 is £20.4bn - an increase of over half a billion pounds on the provision made in last February's public expenditure White Paper. The aggregate of targets comes to just over this figure, £20.5bn. This is about 3 per cent higher than the total of targets for the current year. The basis of fixing targets remains broadly as proposed by the Government in August. The distinction between low-spending and high-spending authorities will be much more marked next year than hitherto. The targets for most low-spending authorities represent a cash increase of 3 per cent over their budget this year. The targets for most high spenders represent a cash cut of up to 6 per cent. The targets are tough for everyone, but they are much tougher on the minority of high spending authorities where the biggest scope for economy lies.

Grant and Holdback. Aggregate Exchequer Grant for next year will be £11.9bn, £90 million more than in the current year. It is 51.9 per cent of total relevant expenditure compared with 52.8 per cent for this year. By keeping the grant percentage at about the same level as this year the Government has ensured that if authorities spend at target, rate increases will on average be very low.

The third element in the settlement is the grant holdback, i.e. the withholding of grant from those authorities which overspend their targets. The system is intended to reinforce the pressure of block grant by making sure that the impact of overspending falls on ratepayers to whom local authorities are accountable and not on the general body of taxpayers. For authorities which exceed their target, the pattern of holdback will be more severe than in the current year. At ratepayer level, holdback will be at the rate of 2 pence in rate poundage terms for the first percentage point of overspending; 4 pence for the second; 8 pence for the third; and 9 pence for each percentage point above that. This is considerably more severe than the holdback arrangements for the current year when the loss of grant was equivalent to one penny for the first and second percentage points of overspending and five pence for the third and additional percentage points. But this year's less severe scale of penalties resulted in many authorities not taking their targets seriously and budgeting to spend up to 2 per cent above them.

Conservative Research Department,
32, Smith Square, London, S.W. 1.

TH/SC-B/JLS

NBPM

AT 21/12

MR. TURNBULL

The following notes may be helpful for the Prime Minister's meeting with Environment Ministers on Tuesday, December 20:

PRESENTATION OF THE RATES BILL

We should make the most of those features of the Bill which are likely to prove popular with Parliament and the voters.

Politically attractive features: The most popular features of the Rates Bill, together with the questions we shall need to answer to take full advantage of them, are:

Lower rates in high-spending authorities: But we will not get this point across unless we are able to say which authorities, on their performance in the past few years, would have been rate-limited had the Bill been law now; how much the rate limitation on each authority would have been; and how much the total saving in public spending would have been. We must also be able to say how the loss of revenue in the affected authorities would have affected the provision of goods and services to their people. Where would the enforced cuts fall? There is bound to be criticism on this point. We must be ready for it.

Only the worst offenders will get caught: But how many offenders? Will there be a limit to the number of victims each year? And will the formula penalise previously frugal authorities not so much for their present level of spending as for their past frugalities? We must reassure the Shire-Counties, in particular.

Rules for rate limitation will not be arbitrary: The Secretary of State will not be given power to pick on local authorities whose political complexion he dislikes. He must publish the principles on which he bases his decisions, and the principles must be the same for all authorities in a particular class. But what will those principles be? If we do not declare them from the outset, commentators will fear the worst.

Parliament will decide: Backbenchers and Peers likely to be opposed to the Bill will be to some extent reassured by the provisions for affirmative resolution by Parliament before general rate limitation can be introduced. We should make sure that these provisions are highlighted at the earliest stage.

Representation of business ratepayers: This will be highly popular with businesses, and we should get them on our side from the beginning. The Institute of Directors have been pressing for business representation, and I think we can call on them to weigh in with immediate support.

Relief for homes for the disabled: Another point to be made much of.

Pubs: Landlords have been complaining about the fact that pubs, unlike any other business, are rated in accordance with the volume of trade. The repeal of this provision will be popular with landlords and we may therefore be able to look to the drinking classes for support.

Payment by instalments: The Bill allows everyone to pay rates by instalments. This will be popular.

Politically unattractive features: The Bill will be unpopular not only with councils who now overspend but with constitutionalists who set too much store by local autonomy, a phrase which will be flung about a good deal during the debates on the Bill. The most unattractive features of the Bill are:

Undemocratic centralism: Traditionally, local authorities have been able to levy any rate they chose, subject only to the will of the local electorate. We should be ready with the arguments against this: a) local authorities have never been wholly independent of Parliament, since they derive from it all their powers and most of their revenues; b) ratepayers need protection from the foolish spending of some councils.

"Services will have to be cut": High-spending, politically hostile authorities will try to play the game of cutting front-line services and blaming the cuts on rate-capping. We should be ready with the counter-arguments: a) other authorities are managing on less; b) the overspending authorities are wasting money on a variety of unnecessary projects.

General rate limitation: Even with the recourse to Parliament which is in the Bill, this measure will be very unpopular. We shall need to decide whether and when we might be prepared to drop this provision to save the rest of the Bill. The Lords will be particularly unwilling to countenance this provision, which some will see as a constitutional impropriety.

CM.

CHRISTOPHER MONCKTON

14 December, 1983

R M

FILE E(LA): LP Emp
HO Chief Sec
DES Trans
SO bc BI
WO NO
DOE
Social Services
DTI

10 DOWNING STREET

From the Private Secretary

13 December, 1983

RATE SUPPORT GRANT SETTLEMENT (ENGLAND) 1984/85

The Prime Minister has seen the draft of your Secretary of State's statement which was attached to your letter to me of 12 December. She is content with the statement though she queried the second sentence of paragraph 3.

I am sending a copy of this letter to the Private Secretaries to the Members of E(LA), Murdo Maclean (Chief Whip's Office), David Beamish (Government Whip's Office) and to Richard Hatfield (Cabinet Office).

(A. Turnbull)

J. Ballard, Esq.,
Department of the Environment

Bre

CONFIDENTIAL → cc BI views? cc NC

① Prime Minister

Agree with suggested addition.?

AT 14/12

Yes mt

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

12 December 1983

Dear Andrew.

LOCAL GOVERNMENT POLICIES

My Secretary of State was grateful for the Prime Minister's agreement, recorded in your letter of 1 December, to the establishment of a small team of civil servants to work on the task of explaining and co-ordinating the presentation of the Government's policies on local government.

Bearing in mind the article which appeared in the Guardian last week (copy attached), Mr Jenkin has been considering the line that should be taken in response to any future questions from the press. He proposes that the Information Directorate might respond to questions on the lines set out in the attached question and answer brief, which covers the reasons for setting up a team of officials and the proprieties of doing so, and which also comments on the campaigns which are being waged against the Government's policies. I should be grateful to know if the Prime Minister would be content with this.

I am copying this letter to Murdo MacLean (Chief Whip's Office) and to Richard Hatfield (Cabinet Office).

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

Andrew Turnbull Esq

Is the Secretary of State deploying civil servants in his Department on the production of propaganda concerning his local government policies?

The Government has a duty to ensure that its policies are properly and factually explained to the public. Its policies towards local government are attracting much interest in the media. But the issues are both complex and important, and so it is vital that the debate is properly and fully informed. The Secretary of State has therefore increased the capacity within the Department's local government command, (within the Department's overall manpower resources,) to ensure that the general public are properly informed about the reasons for and nature of the Government's policies. The civil servants engaged on this work are operating in the usual way under the normal civil service guidelines which safeguard their political impartiality.

Did the Prime Minister rebut a proposal by the Secetary of State to set up a special unit to counter local government lobbying on these policies, as reported in the Guardian?

The Department cannot of course comment on the Guardian article which purported to report the contents of a confidential document. There is, however, no disagreement at all within the Government as to the arrangements which the Secretary of State has decided to make within his Department.

What is the Secretary of State's reaction to the organised campaigns which are being mounted against his local government policies?

The Secretary of State fully recognises the right of all interest groups to make their voices heard, but he deplores the way in which certain vested interests are pouring ratepayers' money into propaganda as distinct from factual information for their own interests against policies which were clearly set out in the Manifesto on which the General Election was fought and won. (For example a recent report in the Financial Times (15 November) (copy attached) referred to a special unit of 8 staff with a budget of £150,000 set up by certain Labour authorities to oppose these policies). He is concerned that the public should have a proper understanding of these issues and should not be misled by one-sided arguments.

2F

Local Govt, Relations, pt 18

Premier rejects plan to counter council lobbying

By Richard Norton-Taylor

A plan by Mr Patrick Jenkin, the Environment Secretary, to set up a special information unit to counter the campaign mounted by local authorities against Government policies has been rejected by Mrs Thatcher.

The proposal is referred to in a confidential memo from Mr Andrew Turnbull, one of the Prime Minister's private secretaries, to Mr John Ballard, a civil servant in Mr Jenkin's private office.

The initiative reflected the concern among ministers in the environment department about the effect of the aggressive lobbying tactics adopted by the GLC and other councils.

Mrs Thatcher's determination to quash it equally reflects her concern that the plan might have provoked another row similar to the one which broke out over the decision by Mr Heseltine, the Defence Secretary, earlier this year to create a special propaganda unit to attack the Campaign for Nuclear Disarmament.

In his note, dated November 21 and headed "Local governments policies: information unit," Mr Turnbull says Mrs Thatcher agrees that more resources should be devoted to getting across the Government's case on local government — by implication its plans to control local authority spending as well as to abolish the metropolitan councils.

But he adds: "She feels it is important to avoid any suspicion of using government money for party political purposes." This means, Mr Turnbull adds, that the Department of the Environment should not provide a service "directly to Conservative MPs, peers or local authority leaders." That task, he says, is the responsibility of the Conservative Party itself and not the Civil Service.

According to the memo, Mr Jenkin earlier this month wrote a minute to the Prime Minister proposing "the establishment of a temporary unit of some five or six people comprising administrators, information officers, and possibly people from the journalism and public relations world outside."

Union told

Aid system

F12

15 NOV 1983
FINANCIAL TIMES

Campaign unit to fight rate limitation moves

BY DAVID BRINDLE, LABOUR STAFF

11

LOCAL AUTHORITIES which expect to be affected by the Government plan to limit rate rises are setting up a campaign unit to co-ordinate opposition.

The unit, with a staff of eight and an annual budget of £150,000, will concentrate particularly on lobbying members of the House of Lords, where it believes the legislation can be defeated.

Local government trade unions are being asked through the TUC to help finance the unit. The National and Local Government Officers' Association has pledged an initial contribution of £10,000, and agreed to second a member of its staff to act as the unit's trade union liaison officer.

Though there is all-party opposition in local government to the plan to "cap" the rates of high-spending authorities, the initiative for setting up the unit has come from a group of Labour-controlled councils most likely to be affected.

The unit, which will have the status of a local authority association, will also co-ordinate opposition to the parallel Government plan to abolish metropolitan county councils and Greater London Council.

The rate-limitation powers are the chief target.

Mr David Blunkett, leader of Sheffield City Council and one of the prime movers behind establishment of the unit, said yesterday: "Given those powers, the abolition proposals are an irrelevance.

"They would already have effectively abolished local government in virtually all the metropolitan areas."

The local authorities and unions involved have been anxious not to publicise the campaign unit and its role. They envisage it as a low-profile but highly-professional behind-the-scenes operation, drawing together and supplementing the fragmented opposition to rate limitation.

Mr Blunkett did say that the unit would be working by the end of this month, that offices had been found for it in London, and that "10 or 12" unions had already been approached informally and had agreed at least to pool their research facilities.

The newly-established TUC Local Government Campaign Co-ordinating Committee has agreed to work with the unit and commend its request for financial support from the unions.

● Representatives of more than 30 academic institutions specialising in local government studies are expected to attend a conference at University College London on Friday to express concerted opposition to the Government plan to limit rate rises.

15 NOV 1983
FINANCIAL TIMES

Offices and rates in London

25

From the Greater London Council Member for Hendon North

Sir.—In Robin Pauley's account (November 9) of the Labour Greater London Council's so-called "Job creation campaign" reference was made to a long, closely-argued report submitted to the last GLC meeting.

The report was certainly long. Its argument, though close, was fallacious. For example, it ignored evidence from the GLC's own economic policy group which showed that business rates in inner London can be equivalent to 80 per cent or more of the total rent plus rates office occupation cost. Inner London boroughs cited by economic policy group are Lambeth, Southwark, Tower Hamlets and Islington. In outer London boroughs such as Croydon, Barnet or Ealing, the rate percentage falls to 30 per cent.

The rent/rates ratio is undoubtedly a factor in the decision made by many companies to move their offices from inner to outer London. Rates to that extent are a voluntary tax. So should rents be. Companies who rent office accommodation should have the choice of a free market. The present GLC, however, is determined to reduce the amount of office building in greater London. Thereby, it will of course create a situation of rationing which can only have the effect of pushing up office rentals. That in its turn will mean more job losses in greater London as companies seek both lower rates and lower rents elsewhere.

The Conservatives on the GLC welcome a surplus of office accommodation because that will have the effect of driving down office rents in the capital. The Labour GLC is blinded by its prejudices against business ratepayers so that it is unable to see the impact on employment of its own policies.

As for the claim that the GLC through the Greater London Enterprise Board has created or preserved 1,200 jobs, I with my colleagues have been pressing for an itemised list of where these 1,200 jobs come from. So far, such a list has not been provided, either by the GLC or by the Greater London Enterprise Board.

Bryan Cassidy
(Opposition Spokesman on Industry and Employment).
County Hall, SE1

CONFIDENTIAL

NBPM AJ 13/12 AJ to note

Minister of State
for Local Government

Department of the Environment
2 Marsham Street London SW1

Telephone 01-212 3434

12 DEC 83

Dear Patrick,

CONTENT OF ABOLITION PAVING BILL

A number of points have arisen on the Paving Bill on which I should welcome the views of colleagues.

It is important that the Paving Bill should not anticipate the main Abolition Bill. I propose that we should meet this point by making implementation of the election provision subject to a commencement order and that we should give an assurance that the commencement order will not be made until after second reading of the main Bill. An alternative would be to specify that the commencement order shall not be made until after, say, 1st January 1985. But any date of this kind could be attacked by the Opposition (on the basis that there is no certainty that second reading of the main Bill would have taken place by that date). It would be preferable, therefore, to give an assurance to the House, that we will not make the order until after second reading. To meet the possibility that the abolition proposal might fail after second reading (and either before or after the transitional councils have come into being), I propose to provide that the elections can be reinstated by order. Such an order would need to be subject to affirmative resolution, as amendment of primary legislation would be involved.

Two issues arise on the appointment of members of the transitional councils. Some Labour authorities are threatening not to appoint members. To meet this point, I think we must place a duty on the authorities to make the appointments and if they refuse to do so, they would then be liable to legal challenge. If Labour members were unwilling to serve, the courts would be unable to compel them to do so but, except in Tyne and Wear and South Yorkshire, there should be enough appointees from other parties to fulfil the one quarter quorum requirement. We could also have the option of legislating in the main Abolition Bill, to provide for the Secretary of State to make the appointments. Such a reactive approach would be in line with the general policy we are adopting on obstruction to both abolition and rate limitation.

A further problem is that some authorities may appoint members who deliberately fail to attend meetings, on such a scale that it proves impossible to achieve the one-quarter quorum. In time this would lead to a breakdown in the council's services. We could then have no choice but to intervene and to appoint Commissioners.

We have already agreed that appointments to the transitional councils must reflect party balance on the appointing authority. I think this means that appointees must be recallable at will. This has the added advantage of emphasising accountability to the lower tier.

CONFIDENTIAL

Three issues, unconnected with the elections and information provisions have arisen on which it would be highly desirable to legislate in the Paving Bill. The attached note sets out the details. The proposed legislation on the Greater London Development Plan and on the Local Government Boundary Commission review of county electoral boundaries, would prevent abortive work. None of the provisions proposed would pre-empt the decisions on abolition, since we could easily revert to the original position if abolition failed. I should like colleagues agreement to the inclusion of these measures in the Paving Bill.

I am copying this to colleagues in MISC 95, to the Prime Minister, the Chief Whip and Sir Robert Armstrong.

Irwin

LORD BELLWIN

The Rt Hon Patrick Jenkin MP

MISCELLANEOUS PROVISIONS FOR INCLUSION IN PAVING BILL

Reservoirs Act 1975

1. The Reservoirs Act 1975, which is intended to improve the safety of reservoirs, has yet to come into operation. Earlier this year, the Government gave an undertaking in the House of Lords that the Act would be implemented as soon as possible. However, the effect would be to transfer to the upper tier responsibilities at present undertaken by the boroughs/districts. In the metropolitan areas, these responsibilities would have to be transferred back to the lower tier at abolition. The 1975 Act cannot be brought into force in the shire counties only.

2. It is desirable to honour the earlier undertaking, without temporarily adding to the abolition authorities' responsibilities. The Paving Bill should therefore make provision to enable the 1975 Act to be brought into force throughout England and Wales, except in the abolition authorities' areas. The main abolition Bill would then apply the Act in these areas placing the responsibilities on the boroughs and districts. The Paving Bill provision would not, therefore, be prejudging abolition.

Greater London Development Plan

3. The GLC has made it clear that it intends to submit formal amendments to the GLDP, probably by Summer 1984. DOE lawyers advise that the Secretary of State would have to consider the amendments in a proper manner or run the risk of a successful challenge. To do so would involve considerable abortive work for DOE staff in processing the amendments. It is, therefore, desirable to make provision in the Paving Bill to enable the Secretary of State to postpone consideration of the amendments until after 1st April 1986. The provision would not pre-empt the abolition decision and, if the abolition Bill failed, the Secretary of State could consider the proposals at any time but must do so after 1st April 1986.

Review of Metropolitan County electoral boundaries

4. The Local Government Boundary Commission are under a statutory duty to review the electoral boundaries in all counties. In the metropolitan counties only one review has been completed (West Midlands)

and in one (West Yorkshire) draft proposals have been published. In accordance with the statutory duty imposed on them, the LGBC are about to review the remaining metropolitan counties. Ministers have no statutory powers to halt or defer the reviews, nor have the LGBC any powers to defer them of their own accord.

5. There is a substantial risk that legal proceedings could be successfully instituted by an abolition authority, seeking to embarrass the Government, to ensure that the statute was obeyed. But proceeding with the reviews would be a waste of resources. It is therefore desirable to make provision in the Paving Bill suspending the requirement on the LGBC to conduct the reviews in these areas, until after 1st April 1986. If the main Bill failed the reviews could then recommence after that date.

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

Prime Minister (1)

Agree?

AT 12/12

My ref:

Your ref:

12 December 1983

Dear Andrew.

RATE SUPPORT GRANT SETTLEMENT (ENGLAND) 1984/85

With the agreement of the Leader of the House and the Chief Whip, my Secretary of State proposes to announce the details of the Rate Support Grant Settlement for England in an oral statement to the House this Wednesday, 14 December, when the RSG Report is tabled. This follows the practice in all recent RSG settlements. Lord Bellwin would propose to repeat the statement in the Lords. The oral statement would be followed by a meeting of the Consultative Council on Local Government Finance to inform the local authority associations, and a press conference.

I attach a draft of the statement which my Secretary of State proposes to make. All the decisions announced in it have been agreed by E(LA) Committee. I should be grateful if you would let me know whether the Prime Minister is content with the draft.

I am copying this letter and attachment to the private secretaries to the members of E(LA), the Chief Whip, Lord Denham and Sir Robert Armstrong.

Yours sincerely

John Ballard

J F BALLARD
Private Secretary

Andrew Turnbull Esq

RSG SETTLEMENT: PARLIAMENTARY STATEMENT

1. With permission, Mr Speaker, I should like to make a statement on the Rate Support Grant settlement in England for 1984/85.

2. Local authority current spending forms part of the total of public expenditure for next year. The House endorsed that total in the debate following the publication of the Autumn Statement by my Right Hon Friend the Chancellor of the Exchequer. The Rate Support Grant report which is published today (and copies of which will be in the library) deals with the three elements which bear on the level of local authority current spending. These are, first, the targets for individual authorities which, in aggregate, relate to the total figure in the Autumn Statement; second the amount of, and method of distributing, rate support grant to local authorities; and third the arrangements for grant holdback for authorities who spend above those targets. There is of course a fourth element - namely the level of rates and precepts but these are fixed by each local authority in the light of its own spending decisions and of the impact of the other three elements.

3. In each of the last four years, local authority current spending has far exceeded the provision made in the public expenditure white papers. In each RSG settlement, therefore, my predecessors have had to take account of this by increasing the provision for the following year. For instance, for the current year 1983/84, the provisin was increased this time last year by about £1.1bn, or around 6%. Despite that, local authorities have still budgetted to overspend by a further £770m or 3.8%. In the context of our policy of holding public spending in check a policy repeatedly endorsed by this House - such substantial overspending cannot be ignored. In order to keep total public spending under control, other spending programmes have to be cut including local authorities'own

capital spending. Those who complain loudest about restrictions on capital spending are often those who have made them necessary by excessive current spending.

4. Of course, not all local authorities are equally to blame. On the contrary, around 80% of all authorities are budgetting this year to spend at or within 2% above target. The great bulk of the overspend arises from the decisions of the remaining 20% of authorities to spend above those levels - some of them by tens of millions of pounds. Indeed, no more than sixteen authorities are responsible for around three quarters of the total overspend. As the House knows, it is the Government's intention to deal directly with that problem of the highest overspenders in the Bill which I hope to introduce before Christmas. But that must be for another day. This statement relates to 1984/85 which of course cannot be affected by the proposed legislation.

5. For next year therefore we must sustain pressure for real reductions in local authority current spending across the board. At the same time, we must make a greater distinction between the majority of local authorities who have made efforts to find economies the minority of high spenders who have not.

6. Since August I have been consulting local authorities on the main proposals for next year's settlement. There have been two meetings of the Consultative Council on Local Government Finance; my Honourable friends and I have met a great many deputations from individual councils; and we have received written representations from many more. As the House will see, we have taken account of some of the points raised with us in the settlement which I am announcing today. The main features are as follows.

7. Local authority current spending for 1984/85 is projected at £20.4bn - an increase of over half a billion pounds on the provision made in last February's public expenditure White Paper. The aggregate of targets comes to just over this figure £20.5bn. This is about 3% higher than the total

of targets for the current year. The basis of fixing targets remains broadly as I proposed in August. The distinction between low spending and high spending authorities will be much more marked next year than hitherto. The targets for most low spending authorities represent a cash increase of 3% over their budget this year. The targets for most high spenders represent a cash cut of up to 6%. In the light of the representations since August, I am proposing three minor changes which will have the effect of increasing targets for some 107 authorities. The three changes, which all operate to reduce the budget baseline and so increase the headroom for next year, cover budgetted transfers from Housing Revenue Account; budgetted interest receipts representing more than 10% of expenditure; and expenditure more than 2% below target for 1983/84. The third change will give those authorities like Birmingham who budget well below target and incentive to continue to do so.

8. Even with these changes, the targets are tough for everyone, but they are much tougher on the minority of high spending authorities where the biggest scope for economy lies.

9. I now come to grant. Aggregate Exchequer Grant for next year will be £11.9bn, £90 million more than in the current year. It is 51.9% of total relevant expenditure compared with 52.8% for this year. Although there are a number of technical changes in the method of distributing the grant to local authorities, none of them should have more than a marginal impact on the individual ratepayer.

10. The third element in the settlement is the grant holdback. As the House knows, the system is intended to reinforce the pressure of block grant by making sure that the impact of overspending bears on ratepayers to whom local authorities are accountable and not on the general body of taxpayers. For authorities therefore which exceed their target, I confirm the pattern of holdback proposed in October. At ratepayer level, holdback will be at the rate of 2 pence in rate poundage terms for the first 1 percentage point of overspend; 4 pence

for the second; 8 pence for the third; and 9 pence for each percentage point above that.

11. Next, disregards. Certain spending is disregarded, that is, it does not count against an Authority's spending for the purposes of the target and holdback regime. As this year, we shall disregard increased urban programme expenditure by partnership and programme authorities, and increased expenditure on civil defence. For next year, there will be an additional disregard. I propose to disregard increased expenditure on those community care schemes which are jointly financed with health authorities. I know that this relaxation will be widely welcomed by local authorities.

12. The House will wish to know the impact of all this on the level of rates. If local authorities budget to spend in line with the targets I have set, the average increases facing ratepayers next year should be very low. For some ratepayers, there could be rate reductions. High rates are unfair to ratepayers, damaging to industry's competitiveness and destructive of jobs. It is now up to each local authority to take its spending decisions in the light of the announcements I have made and with a clear view of the impact of those decisions upon their ratepayers.

2 DEC 1983

10 DOWNING STREET

Prime Minister

(i) To note the existence of this material

(ii) To look at speaking notes on Rate Limitation and Abolition of GLC's & MMCs.

We will draw on this material as required for Questions

AT
9/12

cc NO

cc BI
TF

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Dear Willie

8 December 1983

BRIEFING FOR CABINET MINISTERS ON LOCAL GOVERNMENT POLICIES

Our policies for rate limitation and the abolition of the Greater London and Metropolitan County Councils are arousing considerable comment and controversy. It is most important that we get our point of view across on both issues. I enclose speaking notes, with supporting questions and answers, which you, and Ministerial colleagues, may like to make use of in speeches over the coming months. Indeed much of the burden of the argument on individual services is bound to fall on Ministers in the Departments with responsibility for those services, and I cannot urge too strongly that colleagues should respond whenever appropriate to arguments which focus on their policy areas.

As well as the main notes on rate limitation and abolition the material includes notes on rating reforms (which were put forward in the "Rates" White Paper together with rate limitation). It also covers the 1984/85 RSG Settlement; although the RSG system is not directly altered by the new policies there are of course close links through our overall expenditure objectives for local government. Colleagues with service responsibilities will no doubt wish to add their own material to the notes on abolition.

This is the "Mark I" version of the brief; I shall send revisions from time to time. I am aware that this is a lot of material to handle. Even so it may not cover all the areas of interest to you. If you would like more detailed information on a particular point we should of course be happy to provide it.

This briefing material is meant to be a quarry of relatively detailed material. We will also be providing some more general information in what we hope will be suitably forceful and clear language.

I have strengthened the DOE information/local government staff by setting up, within the local government directorate a small team of officials headed by Roger Bright to co-ordinate better our response to the well-organised campaign of opposition and propaganda which we face. I have asked William Waldegrave to take charge of this work.

I have arranged a meeting with the Ministers in charge of the principal Departments with responsibility for local government services (Home Office, DES, DHSS, Transport, Welsh Office, and OAL) at 9.30am on Thursday 15 December, here at Marsham Street, at which we can discuss more fully the presentation of our policies affecting local government. It would also be useful if each of these Departments were to nominate a Minister and an official who could subsequently act as the contact point for William Waldegrave and also for Roger Bright (tel. 212 4087).

I am copying this letter to the Prime Minister, other members of the Cabinet (together with additional copies of the briefing for colleagues in their Departments) and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon the Viscount Whitelaw CH MC

-8 DEC 1983

BRIEF FOR MINISTERS ON LOCAL GOVERNMENT POLICIES

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RATE LIMITATION: SPEAKING NOTES

FINANCIAL BACKGROUND

1. Local authorities in the United Kingdom are responsible in their current and capital spending for a quarter of all public expenditure.

2. Back in the early 60's their **current** spending amounted to about 5% of all domestic expenditure. That proportion was around 9% by 1982. The national Exchequer makes a very substantial contribution towards this: 52% of rate fund revenue in 1982/83 in England and Wales. However within the total of local government expenditure, the dramatic increase in current spending has been masked by an even steeper fall in capital spending - over 50% in 'volume' - between 1978/79 and 1982/83.

3. In fact, between 1978/79 and 1983/84 when this Government was looking for **real savings,** current expenditure actually rose. Budgetted expenditure this year in England is no less than 12% higher in real terms than planned for in the 1980 Public Expenditure White Paper. Had local government conformed to the Government's plans, considerable savings would have been achieved. Only the collapse in capital spending has produced any reduction overall.

4. On manpower, we have had some success. Local authorities in England and Wales employ nearly 2½m full-time and part-time staff. Between June 1979 and March 1983, with encouragement from us, they reduced the total by 4%. But that trend is now turning against us, with a rise of 0.3% in the year to June.

5. As to the rates, between April 1979 (when the Government came into power) and April 1983 domestic rates in England rose by 91% compared with a 55% increase in the RPI. The average increase in domestic rates was 72p in the £, with a range from 40p to a staggering 160p.

6. The Government have reduced the rate support grant percentage, since we want to reduce the cost of local government to the taxpayer and ratepayer, and to signal the need for expenditure reductions. But some authorities did not respond and reduce their expenditure as they were expected to. If they had done so (and that was our overall strategy) then rate increases would on average have been below the general rate of inflation. By refusing to cut their expenditure they put an additional burden on their ratepayers.

THE CONSTITUTIONAL ARGUMENT

7. For almost all the post-war period there has been a clear consensus about the relationship between central and local government. Local authorities have accepted that they should live within the overall policies of central government. Of course it was easier to operate that consensus in times of expectation of growth. But it has broken down now that the need is for retrenchment. The blame for this rests squarely with a minority of high spending local authorities who have chosen to disregard the economic policies of national Government.

8. We live in a unitary state. Parliament is sovereign and has granted local government its powers. Local mandates cannot override national policy. At a time when the Government is striving to implement a programme for national economic recovery it has a right to expect local authorities to respond. Where that response is not forthcoming the Government has no alternative but to act through Parliament to safeguard the policies on which it was elected. That is what we are doing. The Government cannot control aggregate spending except through the individual amounts which make up a total, and some restraints on individual authorities are inevitable.

WHY THE GOVERNMENT IS CONCERNED WITH LOCAL GOVERNMENT SPENDING

9. Some people question whether Government has a role at all in respect of local government. They are wrong to do so. High local government spending and taxing threaten the Government's economic strategy. They increase the burden of taxation which we are committed to reducing. Our tight control of public expenditure can be undermined by overspending in so substantial a sector of the economy. High rates feed into costs, fuel wage demands, and put our anti-inflation policy at risk. The local government overspend (£770m this year) pre-empts resources that could have been better used; it is a large figure in terms of the management of public sector expenditure.

Non-domestic rates

10. High rates threaten the health of our industry and commerce. Non-domestic ratepayers contribute nearly 60% of the rates - much more in some individual authorities. They have no direct voting influence. Non-domestic rates total some £6bn in England this year and are the largest single tax on business. They are

unavoidable. Increases in rates raise costs, stifle growth, damage competitiveness, and destroy jobs.

Domestic rates

11. The Government have a responsibility to domestic ratepayers. There is a general feeling in the country that something must be done about rates - the do nothing option is not open. The Government cannot stand back and watch as some authorities heap heavier and heavier burdens on their backs. If locally elected councillors will not protect the ratepayer, then we must do so. The least we can do is to protect those who have the heavier burdens.

WHY NEW MEASURES ARE NEEDED

12. The Government have not rushed into proposals for rate limitation. We have moved step by step in an attempt to carry local government with us. We have reformed the grant system and sought to work through it to keep expenditure down. We have used targets and holdback, and this approach has had some success: in the current year 80% of authorities have budgeted to spend at or close to their target level. A significant minority however continue to spend with no regard to national policies or the burden on their ratepayers.

13. We have also considered the scope for getting rid of rates altogether. We have carried out a most thorough and searching review of the rating system. We have put forward some improvements in the rating system; for instance that representatives of business should be consulted before the rate is set. We have reluctantly concluded that rates must remain for the foreseeable future the main source of local revenue. Changes such as new taxes would take years to implement and would not restrain expenditure now; indeed buoyant new taxes would encourage it. And changes in functions (such as transferring or financing of education to central government) would raise major constitutional issues.

14. The changes we propose do not "spell the end of local government". Selected authorities will remain free to decide their own spending priorities within the rate limit set. They will be free to spend lower, and to rate lower, than the limit if they wish. All we are seeking is to curb overspending.

RATE LIMITATION: THE NEW PROPOSALS

15. The scheme we are now proposing for **selective rate limitation** is practicable and reasonable. Three quarters of this year's total budgeted local government overspend of £770m is accounted for by just 16 authorities. Under the selective rate limitation scheme we will be looking only at the highest spenders - probably no more than a dozen or 20 authorities altogether. The criteria by which we select them will have particular regard to authorities' recent levels of spending, and how they vary from the objective measure of need represented by the Grant Related Expenditure (GRE).

16. Authorities spending below their GRE will be expressly excluded, as our White Paper makes clear. So will smaller authorities, by means of the setting of an expenditure level (the White Paper illustrated the effects of a £10m limit) below which no authority will be liable for selection.

17. The proposed **general rate limitation scheme** would provide a general control over the rates or expenditure of all local authorities. It would work in a similar way to the selective scheme in that expenditure levels would be set from which rate limits could be determined in the light of the authority's grant entitlement. There would be a power to exclude small authorities.

18. We hope that the selective scheme, along with the pressures already being exerted on authorities through the grant system, targets and holdback, will curb high spending councils and bring local government spending in aggregate into line with the Government's planning totals. If there is acceptable progress towards that objective we will never need to activate the general rate limitation scheme. We have no wish to do so, but our experience over the last four years leads us to conclude that we must be ready for all eventualities. Whether we are forced to move to general rate limitation lies entirely in the hands of local government itself.

RATE LIMITATION: QUESTION AND ANSWER NOTES

ECONOMIC BACKGROUND

Q1. **Why does the Government want to cut local government spending?**

A1. The Government has overall responsibility for public expenditure. Public spending must be reduced if we are to cut borrowing and taxation, reduce interest rates and leave people with more of their own money to spend. Local government still accounts for more than a quarter of all public expenditure. Because it is the Government's priority to protect the health service, pensions, defence expenditure and law and order services, other public spending by central government, local authorities and some nationalised industries have to take a larger share of the cuts.

Q2. **Is local authority expenditure public expenditure?**

A2. Certainly. It is expenditure for public purposes. Whether financed through the rates, borrowing or grant - and over half is financed from central government grant - local authority spending denies the use of funds to private industry and private individuals.

Q3. **Isn't local authority overspending only a small proportion of total public expenditure?**

A3. It is precisely these marginal amounts which cause so much difficulty in terms of economic management. We have had to increase provision for 1984/85 by £500m in view of overspending in England in 1983/84. Since the Government intend to stay on course, this £500m has to be found from somewhere. Other programmes risk suffering because of local government overspending.

Q4. **Aren't rates only a small proportion of industry's costs?**

A4. Rates may be only a small proportion of industry's costs, but in terms of profits rates can make all the difference. The CBI estimate that rates on industry and commerce in the UK, excluding North Sea operations, will amount to 50% or more of gross trading profits adjusted for inflation in the current financial year.

Q5. **Haven't rates gone up simply because the Government has reduced grant?**

A5. Of course we have reduced our grant, as a signal of expected expenditure reductions, since we want to reduce the cost of local government to the taxpayer and ratepayer. But some authorities did not respond and reduce their expenditure as they were expected to. If they had done so (and that was our overall strategy) then rate increases would on average have been below the general rate of inflation. However some authorities have simply carried on spending and put the resulting burden on the ratepayer.

Q6. **Haven't the Government's attempts to control local government spending from the centre failed so far?**

A6. Between 1979/80 and 1981/82, the volume of local authority current expenditure fell by about 2%. However local authorities' estimates of expenditure in 1982/83, and their budgets for 1983/84, show that this initial success has been followed by a return to growth - 2½% in 1982/83 and 1¼% in 1983/84. The result is that the volume of local authority expenditure is now somewhat higher than it was in 1978/79. Compare this with the 7½% volume reduction between 1978/79 and 1983/84 which we were looking for in 1980.

Q7. **Are all local authorities responsible for overspending or just a few authorities?**

A7. The 1983/84 budgets of English local authorities are 12% higher in volume terms than the figure proposed for this year in the Government's Public Expenditure White Paper in 1980. More economies are required from all authorities. However, in 1983/84, 75% of the budgeted overspend of £771m on the aggregate of targets was due to only 16 authorities. It is that irresponsible minority who must be brought into line.

Q8. **Hasn't local authority spending fallen as a percentage of GDP/total public expenditure and in real terms?**

A8. Yes, but this is entirely because of the collapse in **capital** spending which nearly halved in cost terms between 1978/79 and 1982/83. In terms of **current** expenditure it increased by 10% in cost terms (cash expenditure adjusted for general inflation) over the same period.

THE CONSTITUTIONAL CASE

Q9. **Don't the Government's rate limitation proposals attack the autonomy of local government?**

A9. Local authorities are responsible to local people through the ballot box for the way they carry out their statutory responsibilities. But ours is a unitary and not a federal state. All the powers of local authorities, including the power to raise rates, are derived from Parliament. Local mandates cannot set aside national policies.

Q10. **Why not let local electors decide if they are prepared to pay the rates?**

A10. There are major limitations to authorities' accountability to their ratepayers. In 1982/83 52% of authorities' net revenue expenditure was met by the national taxpayer. Only 22% of net rate fund revenue expenditure is financed by domestic rates (before rebates). Only about 35% of those eligible to vote in local elections pay full rates. 30% of domestic ratepayers are eligible for full or partial rebates.

WHY NEW MEASURES ARE NEEDED

Q11. **Why move to rate limitation anyway?**

A11. We have sought to achieve our spending plans over the last four years by persuasion, exhortation, and financial pressure through the grant system. That is the approach we prefer. But it has not worked, as the expenditure outturns show. That is why we have reluctantly had to move to stronger measures.

Q12. **Why not just abolish the rates?**

A12. We have looked exhaustively into all the possible alternatives to rates. None of them meets the criteria we set out in our Green Paper any better than rates. All have considerable drawbacks and none has any consensus of public support.

Q13. **Aren't there better forms of local tax than rates?**

A13. We have looked at all the alternatives. None would help in terms of controlling expenditure in the short term, and all would take years to introduce. Indeed if they produced a buoyant income they would simply encourage the overspenders.

A14. **Why not a local sales tax?**

A14. Local sales tax was the least favoured by people responding to the Green Paper. Together with VAT it would produce a very high rate of tax on goods and services. It would be much less perceptible than rates and the burden of taxes could drift up with increasing prices without any need to change the rate of tax.

Q15. **Why not a poll tax?**

A15. A poll tax would certainly be perceptible and spread the burden more widely. But it would be hard to enforce. If the Electoral Register were used as the base, it could be seen as a tax on the right to vote. If a new register were used the tax would be expensive and complicated particularly if a system of rebates were needed. Without rebates it would bear harshly on those with low incomes.

Q16. **Why not local income tax?**

A16. Those who support local income tax want to spread the burden wider and relate tax liability more closely to ability to pay. But the Government is committed to reducing the burden of tax on incomes; a local income tax would increase the public sector staffing requirements and create extra work for employers; and such a tax deducted at source by the Inland Revenue and paid over to local authorities would confuse the link between tax demand and spending and would reduce accountability.

RATE LIMITATION: THE PROPOSALS

The selective scheme

Q17. **What is the purpose of the scheme?**

A17. Selective rate limitation will limit the rates and expenditure of a small minority - probably no more than 12 to 20 - of high spending local authorities. It will thus protect their ratepayers. It will also ease the pressure on the authorities who **are** spending sensibly.

Q18. **Will there be any exclusions?**

A18. Yes. All authorities spending below an amount (we have suggested £10m which would exclude 275 of the 296 non-metropolitan districts in England) specified annually by the Secretary of State will be excluded, as will authorities spending below their Grant Related Expenditure (GRE).

Q19. **What is to stop unreasonable rate increases in 1984/85?**

A19. We cannot implement the scheme earlier than 1985/86. But there are three reasons why authorities should not be tempted to rate up in 1984/85 to forestall rate limitation. Expenditure and rating behaviour in 1984/85 will be major factors in deciding who will be selected for control. The Secretary of State will have power to take account of authorities's reserve funds in setting rate limits for 1985/86. And new commitments entered into in 1984/85 would result in bigger cuts being required from other services to meet the rate limit in 1985/86.

Q20. **Will authorities which fail to meet their RSG expenditure targets and are subject to holdback automatically be selected for rate limitation?**

A20. No. Authorities with small budgets or which are spending below their GRE will automatically be excluded from selection whatever their "holdback" position. The selection criteria themselves will be designed to identify only the minority of highest spending authorities - perhaps 12 to 20 at most. Prudent authorities need not worry.

Q21. **How will the selective rate limitation scheme protect ratepayers in the selected authorities?**

A21. Simply by setting a maximum rate for individual councils. Once the RSG settlement is announced each year it will be possible to calculate the rate increase needed to cover the difference between expenditure and grant.

Q22. **Why have rate limitation as well as abolishing the GLC and Metropolitan County Councils?**

A22. Although the authorities to be abolished account for a substantial part of the overspend they do not account for all of it. And they are not the only high spending and rating authorities. We need selective limitation to bring down spending and to protect ratepayers in high spending areas that are not subject to abolition.

Q23. **Will the selective scheme enable pressure to be lifted off low spenders?**

A23. Not fully. Selective limitation will put a curb on the small minority of really high spenders. But there still needs to be restraint in spending by local government generally if aggregate expenditure plans are to be realised. That is one of the aims of a target/holdback system.

The general scheme

Q24. **What is the purpose of the scheme for general rate limitation?**

A24. The power to limit rates generally will be held in reserve. We do not want to use it, but cannot risk being left without further powers if selective limitation does not have the desired effect. The general scheme will only be used if the selective scheme, and the continuing operation of the existing grant system, fail to bring local spending more closely in line with our overall public expenditure plans. General control would only be introduced by means of a Parliamentary Order under the Affirmative Resolution procedure.

RATE REFORMS: SPEAKING NOTES

1. We propose several changes to the rating system to improve accountability and to bring relief to hard pressed business ratepayers.

2. We are suspending local authorities' powers to levy rates on empty industrial property and extending the right to pay rates by instalments to a greater number of business ratepayers. We intend to place a duty on local authorities to consult their industrial and commercial ratepayers, who provide a significant proportion of rate income, before deciding upon expenditure levels and fixing rates and precepts.

3. All ratepayers will, in addition, be given a clearer statement of their rate liability to their precepting and rating authorities.

RATING REFORMS: QUESTION AND ANSWER NOTES

Q1. **Why no revaluation?**

A1. We have announced that we intend to hold a non-domestic revaluation to correct the distortions which have developed due to changed relative values of business property. We are urgently considering the case for domestic revaluation.

Q2. **Why not more help to business ratepayers?**

A2. We have had to set priorities - the costs of rate relief to one category of ratepayers must be met by other ratepayers or by taxpayers. But we believe that the measures we propose, to give business ratepayers a greater say in their local authorities' policies, as well as to provide direct help and to up-date the rate base, will be of significant benefit.

Q3. **Why not abolish rates on empty commercial property as well as empty industrial property?**

A3. We must set priorities since losses in rate income have to be made up by other ratepayers or by taxpayers. Local authorities have discretion to take account of local circumstances in deciding whether to levy empty property rates. Where there is still a market for empty property, as there is in many areas for empty commercial property, it must be right to encourage the full use of such property.

RSG SETTLEMENT 1984/85: SPEAKING NOTES

1. In the current year, 1983/84, English local authorities are budgeting to overspend target by £770 million, or 3.8%. That was despite the fact that the 1983/84 public expenditure provision had already been increased by over £1 billion to take account of local authorities' overspend in 1982/83.

2. Each year we have been forced to increase the following year's provision in the light of authorities' budgeting to overspend. We have again increased provision, this time by some £500 million.

3. Even that big an increase, however, does not allow us to set easy targets for authorities next year. Far from it: we have not disguised the fact that real terms reductions are required from all authorities, including those which have tried to meet targets in the past.

4. We have given all authorities provisional targets for 1984/85. The highest spenders are being asked to make cuts of up to 6% in cash from budget this year. That is a very tough target indeed in real terms and we could not reasonably ask for more.

5. Most low-spenders have targets which allow a 3% cash increase from budget this year. That too is tough, because the lowest-spenders have already found some of the obvious economies. But many low-spenders have not reduced the volume of their spending in the last 5 years. Unless we restrict cash increases even for the lowest spenders we risk undoing what progress there has been.

6. Three other points on targets. If there is shortfall between budget and outturn, to that extent the maximum cash increase over actual expenditure will be more than 3%.

7. Second, local government themselves can influence what that 3% will buy; on average, about two-thirds of their current expenditure is on staff costs; the lower the wage settlements this year, the less the real terms effect of our targets.

8. Third, many local authorities simply take the % cash increase allowed, subtract it from a forecast inflation figure, and allege that the resulting % is the real terms cut on service levels. That leaves out of account any scope for

economies, eg through privatising. I cannot believe that in even the low-spending authorities there is not still some scope for further economies.

9. We have also announced proposals for grant and holdback. The grant percentage is close to this year's - about 52% compared with 52.8% this year. But the holdback scheme is more severe: this year in rate poundage terms the penalties in lost grant are 1, 1, 5, 5, 5, for percentage points of overspending; next year we are proposing 2, 4, 8, 9, 9. Unless we make it more severe, we do not increase the grant pressure on the highest overspenders: they have already rated to meet this year's level of holdback, and we need to put **more** pressure on them to deter them from further overspending.

10. Many authorities would prefer a gentler lead-in, ie a repeat of the 1, 1 .... that we had this year. But that concession this year in fact meant that many authorities did not take their target seriously and budgeted up to 2% above it - because the penalty for doing that was negligible. For next year the penalty for overspending by up to 1% is not too painful, ie up to 2p in lost grant. But beyond that, rightly, it gets more so.

11. It is the time of year for scare-stories on rate increases, even from Conservative authorities. The fact is that by keeping the grant percentage at about the same level as this year we have ensured that if authorities spend at target, rate increases will on average be very low. There will always be some exceptions, because of grant distribution changes. But the message is that authorities must plan to hit target. If they do their ratepayers will see the benefit.

RSG SETTLEMENT 1984/85: PROPOSALS ALREADY ANNOUNCED

1. The main proposals for 1984/85 so far announced are:

a. **Individual spending targets** for all authorities: most low-spenders to get a 3% cash increase over budget 1983/84; and most high-spenders to get cash cuts from budget 1983/84 of up to 6%.

b. **Current expenditure** to be £20,345 million, ie £850 million more than in the 1983/84 RSG settlement, £550 million more than in the Public Expenditure White Paper for 1984/85, and about the same in cash as local authorities are budgeting to spend in 1983/84.

c. **Exchequer grant** to be £11,870m or about 52% of relevant expenditure, compared with £11,780m or 52.8% in the 1983/84 settlement.

d. **Grant holdback** for authorities overspending target in 1984/85 to be much tougher than under the 1983/84 scheme: in rate poundage terms the 1984/85 penalty in lost grant to be 2, 4, 8, 9, 9 .... for percentage points of overspending, compared with 1, 1, 5, 5, 5 .... for 1983/84.

RSG SETTLEMENT: QUESTION AND ANSWER NOTES

TOUGHNESS OF THE SETTLEMENT

Q1. **Isn't the RSG settlement going to force rates up in 1984/85 even for responsible authorities, and thus make them liable to be selected for rate limitation?**

A1. No. We have kept the grant rate at about 52%, very close to the grant rate in 1983/84. That means that if authorities spend at target rate increases on average should be very low. In many cases there could be rate reductions. But anyway we have made it clear in proposing selective rate limitation that we will be looking only at the very highest spenders, probably only 12-20 authorities altogether; and that authorities below GRE or spending below £10 million will be excluded.

Q2. **Isn't the true grant reduction much bigger because of the penal holdback scheme proposed?**

A2. Holdback only applies if an authority exceeds its target. We have given them early notice of targets to enable them to plan to avoid doing that. For authorities which plan to overspend, it is right that they should be entitled to less grant. We have proposed a tougher holdback scheme than this year's to increase the pressure on overspending authorities to make the necessary expenditure reductions.

Q3. **Aren't the targets so tough that most authorities are bound to incur holdback?**

A3. Targets are rightly toughest for the highest spenders: those who spend most have most scope for economies. The lowest spenders get a 3% cash increease over their budgets this year. If, as is usual, they spend less than they budget, the increase over actual expenditure will be more than 3%. The severity of that target depends on how fast local government costs go up: if low wage settlements are achieved it becomes that much easier. I hope that all authorities will make every effort to meet their target next year. Where they do not do so, their ratepayers will pay the price.

Q4. **Why reduce the grant rate again?**

A4. First, because reducing the proportion of local government spending supported by the Exchequer increases local accountability. Second, because it maintains pressure on local government across the board to find the economies necessary if their expenditure is to be in line with the Government's plans. Any way the Government is proposing to slow down the rate of reduction in the percentage in recognition of the pressure already exerted by earlier reductions.

IMPACT ON RATES

Q5. **What is the Government's forecast of the average rate increase next year? How much grant holdback is expected?**

A5. That depends entirely on the spending decisions of 413 elected local authorities. We never forecast the average rate increase, because it is not in our control. All I can say is that if authorities spend at target, rate increases should be very low.

EFFECTS ON MARGINAL OVERSPENDERS

Q6. **Why not have a gentler lead-in to holdback for authorities which try but narrowly fail to hit target?**

A6. We had that for 1983/84, when this holdback penalty was only 1p in poundage terms for each of the first 2 percentage points of overspending. The evidence is clear that because of that concession many authorities judged the penalty to be negligible and budgeted to spend up to 2% above target. We must persuade all authorities to take the targets seriously. Moreover, overspending authorities have already rated for holdback at this year's scale, so if we want to deter them from overspending again next year with the threat of high rate increases, we must make the holdback scheme more severe.

D1

ABOLITION OF GLC AND MCCs - SPEAKING NOTES

THE CASE FOR CHANGE

1. Experience in the first term of office convinced the Government that the GLC and the Metropolitan County Councils (MCCs) are a superfluous tier of government. These "upper tier" councils are the junior partners in the provision of services, responsible for only one quarter (in London only one sixth) of spending on local services in their areas.

2. Contrast this with the shire countries; there the county councils are responsible for over 80% of spending, but the highly accessible district councils are still valuable in providing important local services. No change is proposed in the shire areas.

3. The GLC and MCCs have sought an outlet for their energies by developing a general strategic role. This leads to conflict with the lower tier authorities (eg on land use planning) and to duplication (eg on economic development). There has also been conflict with central government as authorities have assumed a "mandate" on such issues as defence and foreign policy. With their large rate base and relative remoteness from the ratepayers, they have pursued unrealistic spending policies.

4. Abolition is not motivated by political prejudice; it is the obvious response to the need to eliminate the overheads associated with a superfluous tier of government, and to remove a source of conflict and duplication. The result will be more economical and effective local government.

THE PROPOSALS

5. The White Paper "Streamlining the Cities" (published on 7 October) set out detailed proposals for the reorganisation of services. A note showing what will happen to each service is attached. Most will go to the borough or district councils for them to exercise directly, in some cases co-operating informally. For a few services there is a need to have a formal mechanism for the boroughs and districts to operate services jointly. So there will be joint boards for fire, police and public transport in each metropolitan county; for fire in London and for education in inner London.

6. These boards have been referred to as quangos. They are not. A quango is a body whose members are appointed by Ministers. In contrast, the joint boards will be local bodies composed of local councillors appointed by their locally elected authorities. Nor will they be charging ratepayers separately; their precepts will form a clearly identified part of the single bill that will be sent, as now by the borough and district councils.

7. The block grant system will be adjusted to reflect the new division of responsibilities; arrangements will be made for the debt to be serviced in a secure way and for continuing liabilities to be discharged. No unfair burden will fall on particular borough or district councils.

SAVINGS AND TRANSITIONAL COSTS

8. There must be potential savings when a whole tier of local government is eliminated. There are inevitable overheads in the operation of a fully-fledged council; and there are a few services in which duplication occurs. Moreover the GLC and MCCs are responsible for over half the overspending of local government. Shifting more spending to the boroughs and districts, which are less remote from ratepayers, will strengthen restraint on spending.

9. We are determined that savings should be made to the benefit of the ratepayer. Boroughs and districts will be subject to the pressures for economy of the block grant system, supplemented by rate limitation, and the Government will monitor changes in staff for the services transferred. The joint boards will be accountable to the boroughs and districts; in addition, to ensure that the boards are being set up economically, the precepts they issue will be subject to approval by the appropriate Secretary of State for the first three years. There will also be powers to specify the boards' levels of manpower or manpower expenditure in this period.

10. Of course there will be some transitional costs - as in all reorganisations. But costs will very soon, perhaps even in the first year, be outweighed by the accumulating savings. Since the 1972-74 reorganisation, which was costly, there has been a major change in the economic climate, and the Government have developed new instruments of control. During the election, Tom King indicated that there could be scope for saving at least £120 million a year (including 9,000 jobs); since then initial indications from a few boroughs and districts suggest that this may, if anything, be an underestimate.

IMPLEMENTATION

11. The Government are firmly committed to the principle of abolition but are ready to listen to views on detailed implementation. The main legislation will be introduced in the 1984/85 session and will provide for the change to take effect on 1 April 1986.

12. There will also be a Bill this session to deal with the local elections that would otherwise take place for these authorities in May 1985. This Bill will provide that, for their last eleven months, these councils will consist of members nominated by the borough and district councils. The existing GLC and MCC councillors will retire in May 1985 at the end of their term of office - ie when the electoral mandate which they were given in 1981 expires.

MISCONCEPTIONS ABOUT THE GOVERNMENT'S PROPOSALS

13. Some critics have suggested that there are **very large numbers** of bodies replacing these authorities. In fact there will be three joint boards in each metropolitan county (police, fire and public transport) and two in London (fire and a new ILEA). There are only two proposals for other permanent bodies, an advisory commission on planning in London and a technical body to take charge of managing London's debt, superannuation and legal liabilities. The Government's proposals for London Transport also include a new body; but these proposals are a separate matter not directly related to abolition.

14. It has also been said that it is naive and optimistic to expect local authorities to **work together informally.** It is extraordinary that people in local government should adopt such a negative attitude. There may need to be some new ways of working established but there is much more chance of cooperation between councils that are on an equal footing than there is in the present system where upper-tier authorities have sometimes acted as if they were superior to the boroughs and districts.

15. It has been suggested that **joint boards lack accountability.** But this is not the case. They will be controlled by the councils in each area through their power to appoint the members. The temporary powers that Ministers will have to approve precepts will be of a general nature; to suggest that this amounts to central take-over of local services is misconceived.

16. Some have argued that the proposals **undermine local democracy.** But people will still be able to vote for a local council, and there will be enhanced local accountability as the more accessible borough and districts councils will be responsible for the full range of services. There is no principle that requires there to be two separate local authorities as a safeguard of democracy; single tier local government existed in our major cities (except London) up to 1974.

17. We have been challenged to have a **formal inquiry,** of a wideranging kind. But this could only mean delay when the case for change is overwhelming. There are still many matters of implementation on which the Government will listen to views.

SUMMARY OF PROPOSALS ON THE REALLOCATION OF GLC AND MCC FUNCTIONS

A. FUNCTIONS TO BE TRANSFERRED TO BOROUGH AND DISTRICT COUNCILS

Functions already shared or carried out concurrently with the lower tier

Planning (including minerals planning and derelict land reclamation)
Highways and traffic management
Housing*
Support for the arts
Historic buildings
Civil defence and emergencies
Tourism
Entertainments licensing*
Archives and Libraries
Recreation, parks, and Green Belt land

Functions solely the responsibility of the upper tier

Waste regulation and disposal
Trading standards and related functions+
Support and funding for the magistrates' courts service* and the probation services
Coroners
School crossing patrols+
Building control*
Safety of sports grounds
Registration of common land and town or village greens
Maps etc in relation to rights of way
Gypsy sites+

B. FUNCTIONS REQUIRING STATUTORY JOINT ARRANGEMENTS

Police in the Metropolitan Counties
Fire
Education in inner London
Public Transport in the Metropolitan Counties

*London only
+metropolitan counties only

C. **FUNCTIONS REQUIRING OTHER ARRANGEMENTS**

Land drainage and flood protection in London will become the responsibility of the Thames Water Authority.

Certain arts sponsorship will be taken over by the Trustees of national museums and galleries.

ABOLITION OF GLC/MCCs: QUESTION AND ANSWER NOTES

D3. ABOLITION OF GLC/MCCs: QUESTION AND ANSWER NOTES

GENERAL

Q1 Is abolition a political device to get rid of Labour councils?

A1 No. The origin of the policy is our perception of the absence of a real role for these councils. Most of these councils have been and could be Conservative controlled. We are handing power to boroughs and districts with various political control.

Q2 Why abolish authorities as well as capping the rates?

A2 Restraining expenditure is no substitute for having a fundamentally more economical framework.

Q3 Why no full investigation? Will the Government cooperate with MCC-commissioned Coopers and Lybrand study of costs?

A3 No need for full inquiry; it is evident that districts and boroughs provide a good basis for most services. The MCCs and their consultants have access to the White Paper and associated documents.

Q4 Is there not a case for a strategic non-executive assembly?

A4 No sufficient task for it, especially as Government is directly involved in major strategic issues (eg Thames Barrier). Difficult to see how a non-executive assembly would operate, except by interference in executive bodies' business.

Q5 How can you leave the capital city without a voice?

A5 The Boroughs collectively can speak for London. Besides it is doubtful whether the GLC has "spoken for London".

Q6 Why have new arrangements that reduce rather than increase accountability?

A6 Accountability will be improved because the boroughs and districts, which are closer to the people and are readily accessible, will be responsible for most services.

Q7 How can you claim that these proposals are "streamlining"?

A7 One authority will become responsible for all services, in its area, directly or indirectly. There will be less overlap, friction and duplication.

PROPOSALS

Q8 How will informal cooperation be arranged?

A8 This is for the local authorities to decide. They have plenty of experience of working together.

Q9 Won't formal and informal cooperation mean complex arrangements with 50, 60 or 70 new bodies (boards, committees, quangos)?

A9 Nothing like that many formal new structures; only 20 joint boards are proposed with no more than three in any area. Look at the complexity of organisational structure that exists now; there are over 80 committees altogether within the GLC and the MCCs.

Q10 These proposals mean take over by central government?

A10 No, only a very few specific minor functions will pass to central government, namely:

- 70 miles of roads in London taken over by Secretary of State for Transport;
- listed building consent in London to Secretary of State for the Environment (he already has this responsibility outside London);
- certain arts sponsorship.

Also the following changes involving non local government bodies:

- London Planning Commission to advise on planning in London;
- Royal Commission on Historic Monuments to take over Survey of London;
- Thames Water Authority to take over flood protection and land drainage in London.

Q11 What about London Transport?

A11 The Government are proposing, for public transport reasons that the London Buses and Underground should be taken over by the proposed new "London Regional Transport". That is, in many respects, a return to the situation that existed before 1968.

Q12 Won't these proposals reduce support for the arts?

A12 The Government are confident that the boroughs and districts will provide an appropriate level of support for local institutions. For a small number of institutions of national importance the Government have proposed special arrangements involving central funding as described in the consultation document.

Q13 Won't these proposals make it difficult for voluntary bodies to get funding?

A13 The Government have indicated that they will consider the need for any special action in the light of the response to consultation.

JOINT BOARDS

Q14 How many joint boards proposed?

A14 Three in each of the six Metropolitan counties (fire, police and public transport), two in London (fire and ILEA), 20 in all. Some districts might take on public transport themselves.

Q15 Joint boards are quangos?

A15 No. A quango is a body appointed by Ministers. The joint boards will be local bodies composed of elected members of the borough and district councils appointed by those councils.

Q16 Joint boards are unaccountable?

A16 No. The boroughs and districts will be the channel of communication to joint boards and the responsibility for joint boards will rest on their councillors. With a more intelligible system there will be greater real accountability.

Q17 Would the Government consider having joint boards for more than one function (eg police and fire)?

A17 We shall listen to suggestions of all kinds, but we do not intend to recreate bodies indistinguishable from those we are abolishing.

Q18 Why not break up ILEA?

A18 There are some attractions in such an option. It would have the advantage of bringing the service closer to the ratepayer and improving accountability. The Government consider, however, that this advantage is likely to be outweighed by the problems inherent in breaking up a long-standing and well-understood pattern of provision, and that the disruption involved could not be justified. The White Paper makes it clear that the new arrangement will be kept under review, and that the Government are open to ideas for greater involvement by the borough councils.

CONSTITUTION OF JOINT BOARDS

Q19 Why have political balance requirement?

A19 To get a wide spread of interests involved in joint boards. We are giving statutory effect to what is already best practice in forming committees in many authorities.

Q20 How will political balance be enforced?

A20 It will be a statutory requirement. Obviously it won't be possible to reflect political balance **exactly** in nominations. Individual authorities will have to work out their own method of complying with the statutory requirement. In case of dispute the matter would have to go to the courts.

Q21 What will be political complexion of joint boards?

A21 Can't say - this will depend on the polital composition of the nominating authorities at the time and the way in which political balance requirement operates.

Q22 Term of office of joint board members?

A22 They will have no specified term, but will be recalled at any time by the nominating authority.

Q23 Why not direct elections to Joint Boards (especially ILEA)?

A23 Attractions in this, but broad aim of Government proposals is to ensure that responsibility for running services rests with boroughs and districts. In case of joint board services this is achieved through collective borough/district responsibility for the joint board. A directly elected authority would be apart from the boroughs/districts; we believe that this would remove any incentive for joint board members to consider the **total** burden being placed on ratepayers.

STAFF AND PROPERTY

Q24 How will staff be transferred?

A24 This will be decided in the light of consultations. In 1972 many staff were transferred in groups. It might be feasible to do this for readily identifiable staff engaged on services going to joint boards. But most services will be divided amongst boroughs and districts; they will recruit directly the staff they need.

Q25 Will staff be protected?

A25 A staff Commission will be established and there may be arrangements, where appropriate, to give staff affected first refusal for posts with successor authorities. There will be full consultations with staff representatives on all matters affecting their interests; TUC Local Government Committee have been told this.

Q26 What will the Staff Commission do?

A26 It will be charged with looking after the interests of all staff affected by the proposals. It will be independent of the receiving bodies.

Q27 What will happen to existing pensions and similar payments?

A27 No-one receiving a pension or other continuing payment from the GLC or a Metropolitan County need worry. Such payments will continue, and all such rights are safeguarded.

Q28 Will there be redundancies?

A28 Yes. Voluntary redundancy could achieve substantial reductions, but some compulsory redundancies cannot be ruled out. The level of redundancies will be reduced if authorities take a responsible attitude to recuitment in the interim.

Q29 What about recruitment between now and abolition?

A29 The Government hope that authorities will act responsibly towards their ratepayers and towards their staff. They should fill only essential vacancies.

Q30 Won't there be duplication through the breaking up of specialist teams (eg MCC derelict land services)?

A30 We expect the successor authorities to set up effective co-operative arrangements for the use of specialist staff and equipment, where this is the most economical thing to do.

Q31 What will happen to property?

A31 In general property will be transferred to the authority or Board taking responsibility for the function for which it is required.

Q32 What about County Hall?

A32 Any genuinely surplus property will be disposed of at some stage, to the benefit of the ratepayers concerned.

FINANCIAL ARRANGEMENTS

Q33 What will be the effect of abolition on rates?

A33 One of the purposes of abolition is to enable services to be provided more effectively and more efficiently. This should mean that rates will be lower than they would have been if the GLC/MCCs had continued to exist.

Q34 Won't the removal of the GLC precept mean a windfall gain for ratepayers in central London, at the expense of ratepayers elsewhere?

A34 No. The existing balance between ratepayers in different parts of London is intended to be maintained. This will require an extension of the London Rates Equalisaton Scheme. This is explained in the consultaion document on "The Disappearance of the GLC Precept".

Q35 Won't there be a disproportionate burden on some boroughs/districts where GLC/MCC obligations are concentrated in particular areas (eg the Crystal Palace sports centre, ex GLC housing already transferred to the boroughs)?

A35 The general aim is to ensure that there should be no undue financial advantages or disadvantages for ratepayers of individual authorities as a result of abolition. Special arrangements may be necessary to achieve this in some cases. This is the subject of a separate consultation document.

Q36 Won't boroughs and districts have to put up their rates?

A36 Yes, of course, they will be paying directly for some of the services now funded out of the upper tier precept. But it is the size of the final bill to the ratepayer that matters and there will be savings there.

Q37 How will the arrangements for the selective control of rates be affected by abolition?

A37 The selective rate limitation scheme will of course apply to the borough and district councils taking on new functions and to joint boards in exactly the same way as to other local authorities - ie there will be Government control only if an authority "overspends". The arrangements will make allowance for the new responsibilities they have taken on. In addition the precepts of each joint board will be subject to approval by the appropriate Secretary of State for the first three financial years.

Q38 Won't abolition prejudice the credit-worthiness of the GLC/MCC's?

A38 No. After abolition the existing debt of each authority will continue to be managed by a single body with all the necessary expertise. The debt will be funded by all the successor bodies; it will therefore continue to be backed by the rateable resources of the whole area.

Q39 How many precepts will ratepayers face?

A39 In the metropolitan counties there will be three main new ones (police, fire and public transport) in place of the one from the county. Over London as a whole there will be two **new main** precepts (fire and London Regional Transport). There will also continue to be one for the Metropolitan Police. In inner London there will continue to be a precept for education. There will still, as now, be one single rate demand covering the borough or district rate and any precepts. Rate demands will show how much will go to each rating and precepting authority.

COSTS AND SAVINGS

Q40 What savings in costs/staff do Government expect? Why no estimate in White Paper?

A40 Precise savings will depend on detailed decisions by the successor authorities and bodies. But the change takes place in a general financial and economic climate which encourages savings. The Government are convinced that substantial savings can be made, and will take steps to ensure that they are achieved. Too soon to give an accurate estimate but there is scope for saving at least £120 million a year (including 9,000 jobs).

IMPLEMENTATION

Q41 Why not do it by April/May 1985, avoid transitional councils?

A41 Not possible, need for reasonable consultation period precludes main legislation this session.

Q42 Why have transitional councils?

A42 Present councillors have no legitimate role beyond May 1985, when their electoral mandate expires. Appropriate to involve boroughs and districts who will take over fully in 1986.

Q43 Why not introduce the transitional councils in May 1984?

A43 The term of office of the elected members of the GLC and MCCs lasts until May 1985. It would not be appropriate to cut short the electoral mandate they were given in 1981.

Q44 How big will the transitional councils be?

A44 We will discuss this, possible range is from present size, to avoid disturbance to structures in the council, to sizes proposed for joint boards.

Q45 What will be the political composition of transitional councils?

A45 Not clear, depends on the size and the nominations made by the authorities, to reflect the political balance in the constituent authorities at the time (ie after the local elections due in May 1984).

Q46 Will there be adequate consultation?

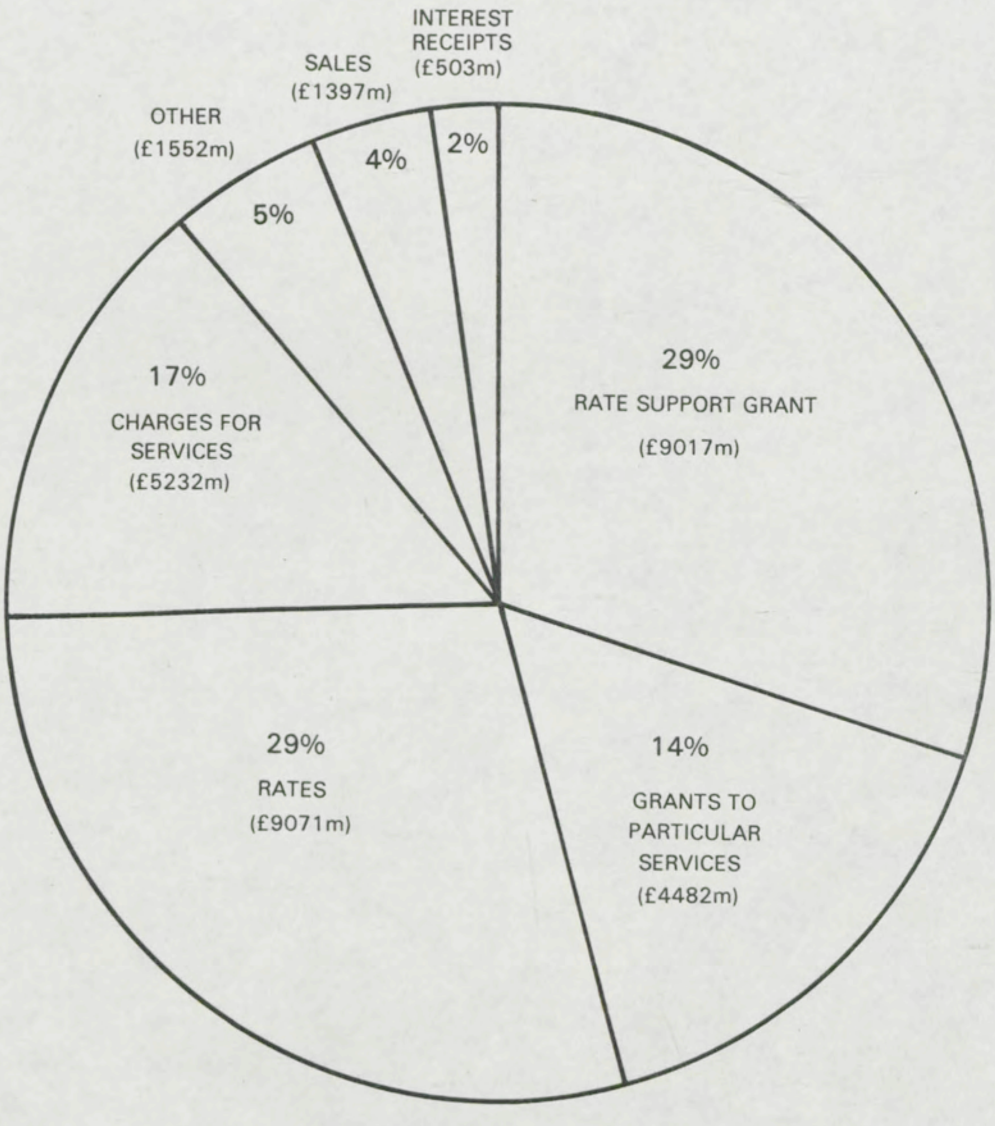
A46 The first main period of consultation runs until 31 January and the Government welcome comments on the White Paper and the supplementary documents that have been issued. After that there will continue to be extensive consultation on detailed preparations for the change.

E. RATE LIMITATION, ABOLITION OF GLC AND MCCs, AND RSG SETTLEMENTS: TIMETABLE OF MAIN EVENTS

December 1983	Rate Support Grant Order published. Rate Limitation Bill introduced.
January 1984	Second Reading of Rate Limitation Bill. Rate Support Grant Order debated.
Spring 1984	Paving Abolition Bill introduced.
July 1984	Royal Assent for Paving Abolition Bill. Royal Assent for Rate Limitation Bill. Selection of authorities for rate limitation.
November 1984	Main Abolition Bill introduced. Second Reading of Main Abolition Bill.
December 1984	Rate Support Grant Order published.
January 1985	Rate Support Grant Order debated Proposed rate limits for 1985/86 published.
April 1985	Rate limits for 1985/86 for selected authorities come into force. Substitute councils appointed for GLC & MCCs.
July 1985	Royal Assent for main Abolition Bill.

LOCAL AUTHORITIES (ENGLAND) 1981-82

Chart 1 : All income by source.



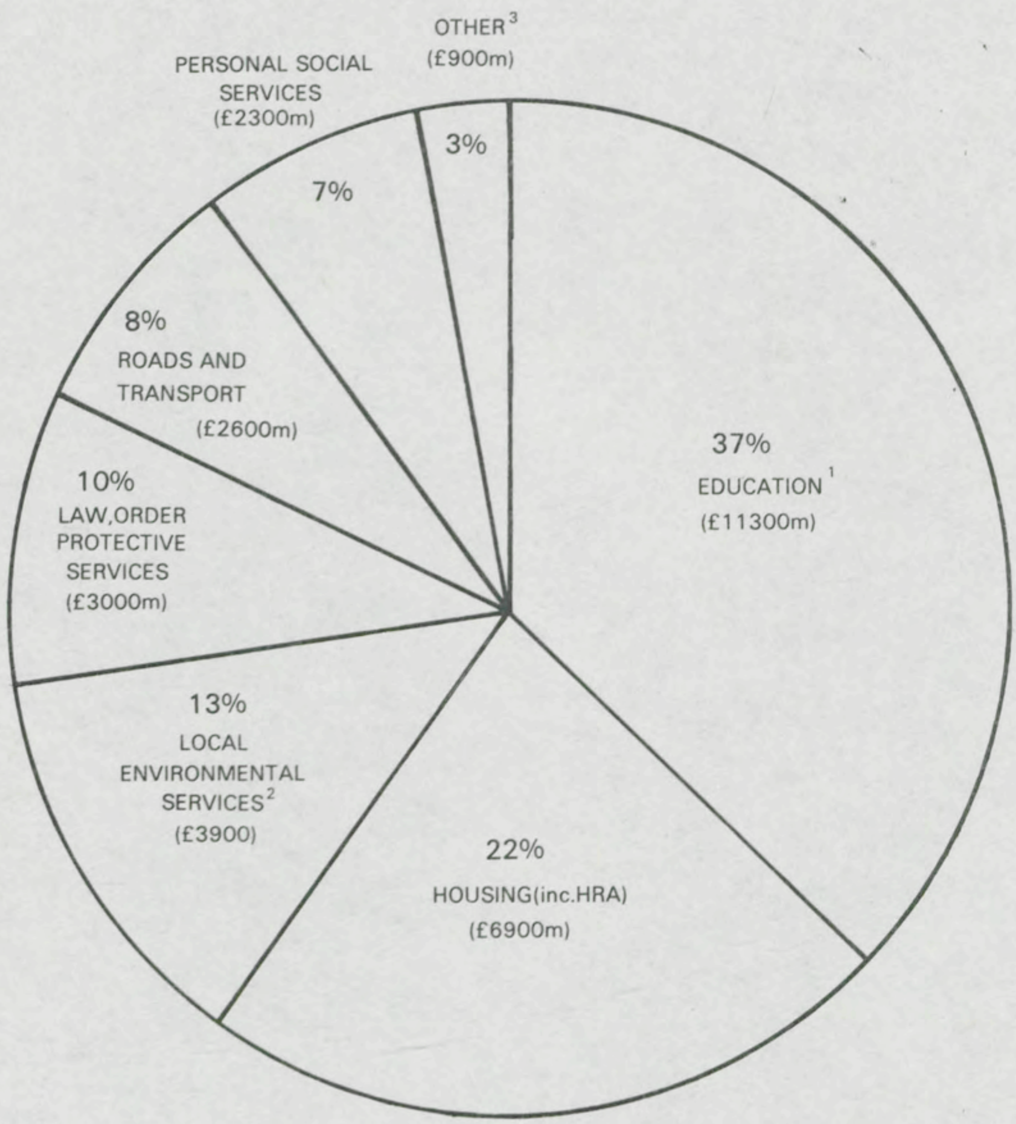
Note: this chart analyses gross income to all accounts,

adjusted (as far as possible) to exclude payments between accounts.

Cartographic Services MS
Department of the Environment

LOCAL AUTHORITIES (ENGLAND) 1981-82

Chart 2. All expenditure by service



1. Including Libraries, Museums and Art Galleries.

2. Excluding general administration re-charged to services.

3. Including trading services and employment services.

Note: this chart covers gross expenditure by all accounts, adjusted(as far as possible) to exclude payments between accounts.

Cartographic Services MS
Department of the Environment

RESTRICTED

Rates Bill

EXPLANATORY AND FINANCIAL MEMORANDUM

The Bill gives effect to proposals for rate limitation and reform of the rating system in England and Wales contained in the White Paper " Rates " (Cmnd. 9008).

PART I

Clause 1 gives the Secretary of State power to prescribe a maximum for the rate made or precept issued by any local authority to which Part I applies and which is designated by him.

Clause 2 provides for the designation of authorities whose total expenditure appears to the Secretary of State to be over their grant-related expenditure or £10m (whichever is the greater) and to be excessive and unreasonable having regard to general economic conditions. The figure of £10m may subsequently be increased by order. Designation will be according to the same principles for all authorities within a class.

Clause 3 enables the Secretary of State to determine an expenditure level for an authority for the purpose of prescribing a maximum rate or precept and imposes a duty on him to notify it to the authority. It allows the authority to apply for a redetermination of the level and enables the Secretary of State to confirm the original level or to re-determine it, and to impose any requirements he thinks appropriate. It provides that failure to comply with these requirements may be treated as a ground for designating an authority in a subsequent year.

Clause 4 imposes a duty on the Secretary of State to notify an authority of the proposed maximum rate or precept limits as soon as practicable after the Rate Support Grant Report, to base them on the appropriate expenditure levels and any block grant entitlement and equalisation contribution, and enables him in doing so to take account of any financial reserves. It provides for the maximum rate or precept, if agreed by the local authority, to be specified in a direction or, if not agreed, in an order subject to approval by the House of Commons.

Clause 5 enables the Secretary of State to prescribe an interim maximum rate or precept to have effect until replaced by a final maximum, and imposes a duty on the Secretary of State to replace it as soon as practicable. It also provides for the replacement of any rate or precept made or issued by reference to an interim maximum.

Clause 6 prescribes the form in which a maximum for a rate or precept will be expressed, provides that a rate or precept will be invalid if it is over the maximum, and enables the Secretary of State to provide for cases where the rate or precept is not levied as a uniform rate in the pound.

Clause 7 requires the notice of a rate which is subject to a maximum to state that it complies with the maximum and to be published in a local newspaper. A statement of compliance must also be included in every rate demand note and in every precept which is subject to a maximum.

Clause 8 imposes a duty on designated authorities to supply information for setting maximum rates and precepts, enables the Secretary of State to make assumptions if the information is not provided and authorises the use of information obtained from other sources.

PART II

Clause 9 gives the Secretary of State power, after consulting associations of local authorities and obtaining the approval of both Houses of Parliament, to control the rate and precept levels of all authorities to which Part I of the Bill applies.

Clause 10 provides for ending of the procedure for selective designation on the introduction of general control but enables the Secretary of State to exclude authorities spending below an amount prescribed by order.

Clause 11 modifies the provisions of Part I in their application by virtue of Part II. It imposes a duty on the Secretary of State to consult associations of local authorities before determining expenditure levels; excludes the power to fix an interim maximum; and enables him to vary maximum rate and precept limits.

Clause 12 makes it possible for Part II to be introduced separately for England and Wales and applies the provisions of Part I with respect to the supply of information by local authorities.

PART III

Clause 13 imposes a duty on authorities within Part I to consult representatives of industry and commerce before determining their expenditure and the means of financing it.

Clause 14 provides that occupiers who do not receive rate demand notes are to receive from rating authorities a copy of the information contained in or sent with rate demand notes.

Clause 15 introduces two Schedules which comprise technical and procedural changes to rating and valuation law, and provides for the repeal of Section 170 of the Local Government Act 1972 regarding schemes for equalisation of rates in metropolitan counties.

PART IV

Clauses 16, 17 and *18* deal with expenses, commencement and interpretation.

Schedule 1

Paragraph 1 is an interpretation provision.

Paragraph 2 corrects a technical anomaly affecting the valuation of commercial property.

Paragraph 3 repeals the special provision in the General Rate Act 1967 which deals with the re-assessment of public houses between revaluations to take account of changes in the volume of trade.

Paragraphs 4 and 5 provide power to rate the railway and canal undertakings of the British Railways Board, London Transport Executive and British Waterways Board by reference to a statutory formula.

Paragraph 6 makes consequential amendments concerned with the rating of the British Gas Corporation.

Paragraph 7 provides power to rate private electricity generators and suppliers by a statutory formula.

Paragraph 8 removes the rateable value limits on the right to pay rates by instalments.

Paragraphs 9-16 contain a number of minor changes to the procedure for altering the valuation list.

Paragraph 17 restricts requirements to keep old rating records.

Paragraph 18 repeals section 112 of the General Rate Act 1967 which deals with the treatment of certain receipts under that Act.

Paragraph 19 widens the circumstances in which rate relief is available to institutions for the disabled.

Schedule 2 enables valuation officers to treat groups of moorings as a single hereditament.

Financial effects of the Bill

The Bill has financial implications for both central and local government. The power in clause 1 to set rate or precept limits for local authorities designated under clause 2 will reduce the expenditure of those authorities. Its implementation might entail increased central government administrative expenditure of about £1 million per year. There would also be a small increase in the administrative costs of the designated local authorities.

The power in clause 9 to control the rates and precepts of authorities generally is a reserve measure for use only if there is widespread failure by local authorities to contain their expenditure and rates. If the power were used, it would lead to increased central government administrative expenditure; the exact level would be dependent on the staff costs prevailing at that time. There would be a small increase in local authorities' administrative costs, but this would be greatly exceeded by the general reduction in their expenditure.

Consultation with representatives of industry and commerce (clause 13) would require authorities to make certain information more widely available but should not lead to significant extra costs. Similarly the extra costs of sending copies of rate information to occupiers who do not pay rates direct (clause 14) should be minor. The new rating procedures set out in Schedule 1, including those on old rating records, could produce savings of about £$\frac{3}{4}$ million per year.

The provision of rate relief for premises predominantly used for the disabled (paragraph 19 of Schedule 1) will reduce the rate income of local authorities. There will be a consequent increase in central government grants to local government since 90 per cent. of this loss is met directly by grant and the remaining local contribution is eligible for Rate Support Grant.

Effects on public service manpower

The introduction of selective control of rates and precepts (clause 1) will mean an increase of about 45 in central government manpower; the precise number will depend on the number of authorities designated and the number of those which seek a re-determination of their expenditure levels. The increase will be more than offset by the new procedures outlined in paragraphs 9-16 of Schedule 1 which should provide staff savings of up to 70 staff in the Valuation Office. Provisions for rating by statutory formula would slightly increase the workload of central government.

Should the reserve power of general rate limitation be used there would be a greater increase in central government manpower. This cannot be estimated at present and would be strongly influenced by the number of local authorities which sought a re-determination of expenditure levels.

The provisions in paragraphs 3 and 17 of Schedule 1 and in Schedule 2 will also achieve savings.

The rate limitation provision of the Bill will not have substantial manpower implications for local authorities. Any increases will be more than offset by manpower savings to keep within rate or precept limits.

Rates Bill

ARRANGEMENT OF CLAUSES

SCHEDULES:

DRAFT

OF A

BILL

TO

Enable the Secretary of State to limit the rates made and precepts issued by local authorities; to require local authorities to consult representatives of industrial and commercial ratepayers before reaching decisions on expenditure and the means of financing it; to require notice of the rates payable in respect of a dwelling-house to be given to any occupier not in receipt of a demand note; and to make other amendments relating to rates. A.D. 1983

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART I

SELECTIVE LIMITATION OF RATES AND PRECEPTS

Power to prescribe maximum rates and precepts.

1.—(1) The Secretary of State may, in accordance with the provisions of this Part of this Act, prescribe a maximum for the rate made or, as the case may be, the precept issued for any financial year by an authority to which this Part of this Act applies and which is designated by him in relation to that year in accordance with those provisions.

(2) Where an authority is designated as aforesaid in relation to a financial year its powers and duties in respect of the making of a rate or issuing a precept for that year shall have effect subject to the provisions of this Part of this Act.

PART I

(3) This Part of this Act applies to—

(*a*) the council of a county or district ;

(*b*) the Greater London Council, the council of a London borough and the Common Council of the City of London ;

(*c*) the Inner London Education Authority ; and

(*d*) the Council of the Isles of Scilly.

(4) A maximum prescribed under this section for a rate shall apply to the rate exclusive of any part made for giving effect to a precept issued to the rating authority by another authority to which this Part of this Act applies or by the Receiver for the Metropolitan Police District.

(5) In the case of the Inner London Education Authority the power to prescribe a maximum under this section shall be construed as a power to prescribe a maximum for such part of any precept issued by the Greater London Council as is attributable to expenditure of the Authority ; and any maximum prescribed under this section in the case of the Greater London Council shall apply only to such part of any precept issued by the Council as is not attributable to such expenditure.

Designation of authorities.

2.—(1) The authority or authorities in whose case a maximum is to be prescribed under section 1 above for any financial year shall be designated by the Secretary of State in a report laid before the House of Commons in the preceding financial year ; and on laying any such report the Secretary of State shall serve on the authority or, as the case may be, each of the authorities designated to it a notice stating that the authority has been so designated.

(2) The Secretary of State shall not in a report laid under subsection (1) above in any financial year designate an authority unless it appears to him from the best information available to him that its total expenditure in that year is likely—

(*a*) to exceed its grant-related expenditure for that year or £10 million, whichever is the greater ; and

(*b*) to be excessive and unreasonable having regard to general economic conditions.

(3) The Secretary of State may by an order made by statutory instrument increase the amount specified in subsection (2)(*a*) above, but any such order shall be subject to annulment in pursuance of a resolution of the House of Commons.

(4) The power to designate an authority shall be exercised in accordance with principles determined by the Secretary of State and, in the case of an authority falling within any of the classes specified in subsection (5) below, those principles shall be the same for all authorities falling within that class.

PART I

(5) The classes referred to in subsection (4) above are—

(*a*) councils of metropolitan counties ;

(*b*) councils of non-metropolitan counties ;

(*c*) councils of metropolitan districts ;

(*d*) councils of non-metropolitan districts ;

(*e*) councils of inner London boroughs ; and

(*f*) councils of outer London boroughs.

(6) Any report under subsection (1) above shall contain a statement of the principles in accordance with which the authority or authorities included in the report have been designated.

(7) Separate reports and orders may be made under this section in relation to England and Wales respectively.

(8) References in the following provisions of this Part of this Act to a designated authority are to an authority designated under this section.

Expenditure levels.

3.—(1) For the purpose of enabling the Secretary of State to prescribe a maximum under section 1 above for the rate made or precept issued by a designated authority the Secretary of State shall determine a level for its total expenditure in the financial year for which the maximum is to have effect.

(2) The power to determine a level for the total expenditure of a designated authority under subsection (1) above shall be exercised in accordance with principles determined by the Secretary of State and, in the case of an authority falling within any of the classes specified in section 2(5) above, those principles shall be the same for all authorities falling within that class.

(3) The Secretary of State shall serve on each designated authority a notice stating the level determined by him in the case of that authority.

(4) Any authority on which a notice is served under subsection (3) above may, within the period specified in the notice, apply to the Secretary of State for a re-determination of the level stated in the notice at a greater amount ; and any such application shall be accompanied by such information in such form as the Secretary of State may require.

(5) Where an application is made in accordance with subsection (4) above the Secretary of State may, after considering the information submitted with it, any additional information furnished by the applicant and any other matters that he thinks

PART I

relevant, either confirm his original determination or re-determine the level at a greater or smaller amount.

(6) Where under subsection (5) above the Secretary of State confirms his original determination or re-determines a level at a greater amount he may impose on the authority in question such requirements relating to its expenditure or financial management as he thinks appropriate; and it shall be the duty of the authority to comply with any such requirements and to report to the Secretary of State whenever he so directs on the extent to which those requirements have been complied with.

(7) The duties of an authority under subsection (6) above shall be enforceable at the suit of the Secretary of State; and where an authority fails to comply with any such duty the Secretary of State may designate the authority under section 2 above in relation to a subsequent financial year without regard to subsection (2) of that section.

Determination of maximum rate or precept.

4.—(1) As soon as practicable after the Rate Support Grant Report for any financial year has been laid before Parliament the Secretary of State shall serve on each designated authority a notice stating the maximum which he proposes to prescribe under section 1 above for the rate made or precept issued by that authority for that year.

(2) The Secretary of State shall determine that maximum by reference to—

(*a*) the level of expenditure determined or re-determined by him for the authority under section 3 above;

(*b*) the block grant (if any) which he estimates will become payable to the authority in question; and

1963 c. 33.

(*c*) in the case of an authority affected by a scheme under section 66 of the London Government Act 1963 (equalisation of rates), any contribution to be made by or to the authority in pursuance of the scheme;

and in determining that maximum the Secretary of State may take into account any financial reserves available to the authority.

(3) If—

(*a*) the proposed maximum stated in a notice served on a designated authority under subsection (1) above is accepted by the authority within the period specified in the notice; or

(*b*) a designated authority and the Secretary of State agree on a different maximum,

the power of the Secretary of State to prescribe a maximum under section 1 above in the case of that authority for the financial year in question shall be exercised by specifying in a direction in writing served on the authority a maximum equal to that stated in the notice or agreed with the authority, as the case may be.

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(4) In any other case the power of the Secretary of State to prescribe a maximum under section 1 above shall be exercised by specifying by order a maximum equal to or greater than that stated in the notice served on the authority in question.

(5) The power to make an order under subsection (4) above shall be exercisable by statutory instrument and no such order shall be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.

(6) An order under subsection (4) above may relate to two or more authorities.

Interim maximum.

5.—(1) If in the case of any designated authority no maximum has been prescribed under section 1 above before the relevant date, the Secretary of State may prescribe an interim maximum under this section by a direction in writing served on the authority.

(2) For the purposes of subsection (1) above the relevant date in relation to a maximum under section 1 above for any financial year is—

(*a*) in the case of a rate, 1st March; or

(*b*) in the case of a precept, 15th February,

in the preceding financial year.

(3) An interim maximum shall have effect until replaced by a maximum prescribed under section 1 above (a "final maximum"); and where an interim maximum is prescribed in the case of any authority the Secretary of State shall as soon as reasonably practicable replace it with a final maximum.

(4) If an authority in the case of which an interim maximum is prescribed makes a rate or issues a precept by reference to the interim maximum and the final maximum is higher—

1982 c. 32.

(*a*) a substituted rate or precept complying with the final maximum may be made or issued by the authority under section 3 of the Local Government Finance Act 1982 without regard to subsection (2) of that section (which limits the estimated product of a substituted rate or precept by reference to the estimated product of the rate or precept for which it is substituted); and

(*b*) that subsection shall not prevent a substituted rate being made by any other authority in pursuance of subsection (4)(*a*) of that section for giving effect to

PART I

a precept substituted in accordance with paragraph (*a*) above.

(5) Section 1(4) and (5) above shall apply to an interim maximum as they apply to a final maximum.

Form and effect of maximum.

6.—(1) Any maximum prescribed under this Part of this Act for a rate shall be expressed as a limit on the amount in the pound of the rate exclusive of any such part as is mentioned in section 1(4) above; and a rate to which a maximum is applicable under this Part of this Act shall be invalid if—

(*a*) the amount in the pound of the rate (exclusive of any such part) exceeds that limit; or

(*b*) any part of the rate is made for giving effect to a precept which is invalid under subsection (2) below.

(2) Any maximum prescribed under this Part of this Act for a precept or, in a case within section 1(5) above, for part of a precept shall be expressed as a limit on the amount in the pound of the precept or part; and a precept to which a maximum is applicable under this Part of this Act shall be invalid if the amount in the pound of the precept or, as the case may be, of the relevant part of it exceeds that limit.

(3) The Secretary of State may by order make provision with respect to the application of any such limit as is mentioned in subsection (1) or (2) above in cases where the rate or precept or, as the case may be, the relevant part of the rate or precept falls to be levied otherwise than at a uniform rate in the pound.

(4) The power to make an order under subsection (3) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

(5) Separate orders may be made under subsection (3) above in relation to England and Wales respectively.

Certificates of compliance.
1967 c. 9.

7.—(1) Where a rate is subject to a maximum under this Part of this Act the notice of the rate given under section 4 of the General Rate Act 1967—

(*a*) shall include a statement signed by the proper officer of the rating authority to the effect that the rate complies with the maximum; and

(*b*) shall (without prejudice to any other method of publication allowed by that section) be published in a newspaper circulating in the area of the authority;

and a statement to the same effect signed by the proper officer of the authority shall be included in every demand note on which the rate is levied. PART I

(2) Where a precept is subject to a maximum under this Part of this Act the precept shall include a statement signed by the proper officer of the precepting authority to the effect that the precept complies with the maximum.

(3) Where a rate gives effect to a precept which is subject to a maximum under this Part of this Act, then—

(*a*) if the rate falls within subsection (1) above, the statements required by that subsection shall include a statement to the effect that the precept complies with the maximum; and

(*b*) if the rate does not fall within that subsection, the requirements of that subsection shall apply to the notice of the rate and the demand notes on which it is levied with the substitution for the reference to the rate in sub-paragraph (*a*) of a reference to the precept.

(4) Subsection (1) above shall apply to the City of London with the substitution for the reference to section 4 of the said Act of 1967 of a reference to section 20(1) of the City of London (Union of Parishes) Act 1907. 1907 c. cxl.

(5) The statements required by subsections (2) and (3) above in a case within section 1(5) above shall be to the effect that the relevant part or parts of the precept comply with the maximum applicable to that part or, as the case may be, each of those parts.

8.—(1) A designated authority shall furnish the Secretary of State with such information as he may require for the purpose of exercising his powers under this Part of this Act; and if any such information is not furnished within such time as he may require he may exercise those powers on the basis of such assumptions as he thinks appropriate. **Information.**

(2) The Secretary of State may use for the purpose of exercising his powers under this Part of this Act any information obtained by him under section 168 of the Local Government Act 1972 (local financial returns), section 65 of the Local Government, Planning and Land Act 1980 (information for purposes of block grants) or under any other enactment. 1972 c. 70. 1980 c. 65.

Part II

General Limitation of Rates and Precepts

Power to introduce general control.

9.—(1) Subject to the provisions of this section, the Secretary of State may make an order bringing sections 10 and 11 below into force on such date as may be specified in the order.

(2) Before making an order under this section the Secretary of State shall consult such associations of local authorities as appear to him to be concerned and any local authority with which consultation appears to him to be desirable.

(3) No order shall be made under this section unless a draft of the order has been laid before and approved by a resolution of each House of Parliament.

Authorities subject to general control.

10.—(1) Section 2 above shall not apply after the date on which this section comes into force and, subject to subsection (2) below, the other provisions of Part I of this Act shall have effect as if every authority to which that Part applies were a designated authority in relation to each financial year beginning after that date.

(2) If it appears to the Secretary of State from the best information available to him that the total expenditure of an authority in any financial year is not likely to exceed such amount as may be prescribed by an order made by him for the purposes of this subsection, he may by a notice in writing served on that authority exempt it from the operation of subsection (1) above in relation to the next financial year.

(3) The power to make an order under subsection (2) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Expenditure levels and variation of maximum.

11.—(1) Before determining levels of total expenditure under section (3) above for the authorities treated as designated by virtue of section 10 above the Secretary of State shall consult such associations of local authorities as appear to him to be concerned.

(2) In the case of an authority treated as designated by virtue of section 10 above section 5 above shall not apply but any maximum prescribed by an order under section 4(4) above may be—

(*a*) increased by a direction in writing served by the Secretary of State on that authority; or

(*b*) reduced by an order made by the Secretary of State.

Part II

(3) If an authority has made a rate or issued a precept by reference to a maximum which is subsequently increased under subsection (2)(*a*) above—

(*a*) a substituted rate or precept complying with the higher maximum may be made or issued by the authority under section 3 of the Local Government Finance Act 1982 without regard to subsection (2) of that section; and

1982 c. 32.

(*b*) that subsection shall not prevent a substituted rate being made by any other authority in pursuance of subsection (4)(*a*) of that section for giving effect to a precept substituted in accordance with paragraph (*a*) above.

(4) The power to make an order under subsection (2)(*b*) above shall be exercisable by statutory instrument and no such order shall be made unless a draft of it has been laid before and approved by a resolution of the House of Commons.

(5) An order under subsection (2)(*b*) above may relate to two or more authorities.

Supplementary provisions.

12.—(1) Separate orders may be made under this Part of this Act in relation to England and Wales respectively; and if an order under section 9 above is made in relation to only one of those countries the reference in section 10(1) above to the authorities to which Part I of this Act applies shall be construed as a reference to such of those authorities as are in that country.

(2) Section 8 above shall apply to the powers of the Secretary of State under this Part of this Act as it applies to his powers under Part I of this Act.

Part III

Other Provisions Relating to Rates and Precepts

Duty to consult industrial and commercial ratepayers.

13.—(1) An authority to which this section applies shall in each financial year consult persons or bodies appearing to it to be representative of industrial and commercial ratepayers in its area about its proposals for expenditure and the financing of expenditure in the next financial year.

(2) The duty under subsection (1) above shall be performed by an authority in each financial year before it determines the amount of its total estimated expenditure (within the meaning of section 2 of the General Rate Act 1967) for the next financial year.

1967 c. 9.

(3) The Secretary of State may issue guidance concerning—

(*a*) persons or bodies to be regarded as representative of industrial and commercial ratepayers; and

PART III

(*b*) the timing and manner of consultations with representatives,

and an authority to which this section applies shall have regard to any such guidance.

(4) An authority to which this section applies shall make available to the representatives whom it proposes to consult such information concerning its past and proposed expenditure and financing of expenditure as may be prescribed by regulations made by the Secretary of State.

(5) The power to make regulations under subsection (4) above shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.

(6) This section applies to each of the authorities mentioned in section 1(3) above other than the Inner London Education Authority, and in its application to the Greater London Council this section shall be construed as imposing separate duties to consult in respect of expenditure of that Authority and in respect of other expenditure of the Council.

Notice of rates payable in respect of dwelling-house.

14.—(1) Every rating authority shall within three months after a rate is made serve a notice under this section on each occupier of a dwelling-house in its rating area, being an occupier to whom this section applies.

(2) This section applies to an occupier—

(*a*) to whom the rating authority has not issued and does not intend to issue a demand note for the rate ; and

(*b*) who does not occupy the dwelling-house jointly with another person to whom the rating authority has issued or intends to issue such a demand note.

(3) A notice under this section shall contain or be accompanied by—

(*a*) such information as may be prescribed concerning the new rate and the amount of it chargeable in respect of the dwelling-house ; and

(*b*) such additional information (if any) as has been or will be included in or sent with demand notes for the rate issued or to be issued by the authority to occupiers of dwelling-houses.

1967 c. 9.

(4) The General Rate Act 1967 and this section shall have effect as if this section were contained in that Act.

Miscellaneous amendments and repeals.

15.—(1) The enactments mentioned in Schedule 1 to this Act shall have effect subject to the provisions of that Schedule.

PART III

(2) Schedule 2 to this Act shall have effect with respect to the rating of moorings.

1972 c. 70.

(3) Section 170 of the Local Government Act 1972 (schemes for equalisation of rates in metropolitan counties) is hereby repealed.

PART IV

SUPPLEMENTARY

Expenses.

16. There shall be paid out of moneys provided by Parliament any administrative expenses incurred by the Secretary of State in consequence of this Act and any increase attributable to this Act in the sums payable out of such moneys under any other Act.

Commencement.

17.—(1) The first financial year for which a maximum may be prescribed under Part I of this Act shall be the year beginning on 1st April 1985.

(2) The first financial year in which consultation is required to take place under section 13 above shall be the financial year beginning on 1st April 1984.

(3) Section 14 above shall have effect in relation to any rate made after the passing of this Act.

(4) The provisions of Schedules 1 and 2 to this Act shall come into force as provided in those provisions respectively.

Short title, interpretation and extent.

18.—(1) This Act may be cited as the Rates Act 1983.

(2) In this Act—

" financial year " means a period of twelve months beginning with 1st April ;

" grant-related expenditure ", " Rate Support Grant Report " and " total expenditure " have the same meaning as in Part VI of the Local Government, Planning and Land Act 1980 ; 1980 c. 65.

" the proper officer " shall be construed in accordance with section 270(3) of the Local Government Act 1972 ; 1972 c. 70.

" rate " means the general rate except that in the case of the City of London it includes the poor rate.

(3) This Act extends to England and Wales only.

SCHEDULES

Section 15(1).

SCHEDULE 1

Miscellaneous Amendments and Repeals

Interpretation

1967 c. 9.

1. In this Schedule " the principal Act " means the General Rate Act 1967.

Assessment of rateable value of premises

2.—(1) At the end of section 19(1) of the principal Act there shall be added the words " and section 23 of this Act ".

(2) In subsection (1) of section 23 of that Act for the words " section 19 of this Act the gross value " there shall be substituted the words " section 19(2) or (3) of this Act the gross value, or as the case may be, the net annual value " ; and in subsections (3) and (4) of that section after the words " gross value " there shall be inserted the words " or net annual value ".

(3) This paragraph shall have effect for any rate period beginning on or after the first date after the passing of this Act on which new valuation lists come into force under section 68(1) of that Act.

Volume of trade not to be factor in valuation of public houses

3.—(1) In section 20(2) of the principal Act the words after " hereditament " in the third place where it occurs are hereby repealed.

(2) Subject to sub-paragraph (3) below, sub-paragraph (1) above shall come into force on the first date after the passing of this Act on which new valuation lists come into force under section 68(1) of that Act.

(3) The reference to " relevant factors " in section 19A(2)(*b*) of that Act shall be construed as if sub-paragraph (1) above had come into force on the passing of this Act.

Rating of transport Boards

4. The following sections shall be substituted for section 32 of the principal Act—

" Transport Boards—exemption and nationol heredita-ments.

32.—(1) Subject to sections 32A and 32B(1) of this Act and without prejudice to subsection (2) of this section, no premises which are or form part of premises occupied by the British Railways Board, the London Transport Executive or the British Waterways Board (each of which is referred to in this section and in section 32A of this Act as a " transport Board ") shall be liable to be rated or to be included in any valuation list or in any rate.

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(2) For the purposes of the making and levying of rates for any rate period a transport Board shall be treated as occupying in any designated rating area during that period a hereditament of a rateable value calculated in accordance with the provisions of an order under section 19 of, and paragraph 2 of Schedule 3 to, the Local Government Act 1974.

1974 c. 7.

(3) The hereditament which a transport Board are to be treated as occupying in a designated rating area by virtue of subsection (2) of this section shall be taken not to be situated in any part of that area in which there are leviable, as an additional item of the rate in that area, expenses which are not leviable in the area taken as a whole.

(4) In this section a " designated rating area ", in relation to a transport Board, means a rating area of such a description as the Secretary of State may by order specify in relation to that Board.

Transport Boards—rateable premises.

32A.—(1) Section 32(1) of this Act shall not apply—

(*a*) to premises occupied as a dwelling, hotel or place of public refreshment ;

(*b*) subject and without prejudice to paragraph 8 of Schedule 5 to this Act, to office premises occupied by a transport Board which are not situated on operational land of that Board ;

(*c*) to premises so let out as to be capable of separate assessment ;

(*d*) subject and without prejudice to subsection (3) of this section, to premises occupied for any of the purposes specified in subsection (2) of this section.

(2) The purposes mentioned in paragraph (*d*) of the foregoing subsection are—

(*a*) purposes of any of the parts of the undertaking of a transport Board which are—

(i) concerned with the carriage of goods or passengers by road transport or sea transport or with harbours ; or

(ii) subsidiary or incidental to any such part of an undertaking so concerned ;

(*b*) purposes of the supply of electricity to an Electricity Board within the meaning of section 34 of this Act, including the generation of electricity so supplied ;

(*c*) purposes of the exercise by a transport Board of any powers conferred by section 48 or 50(1) to (7) of the Transport Act 1968.

1968 c. 73.

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(3) For the purpose of determining whether premises fall within paragraph (*d*) of subsection (1) of this section, services performed by a transport Board in connection with the collection and delivery of parcels, goods or merchandise conveyed or to be conveyed by rail or inland waterway shall be deemed not to be performed in carrying on a part of the Board's undertaking concerned with the carriage of goods by road transport, or with any activity which is subsidiary or incidental to the carriage of goods by road transport.

(4) Where a hereditament consists of premises other than premises falling within paragraphs (*a*) to (*c*) of subsection (1) of this section, and the premises are occupied by a transport Board partly for any of the purposes specified in subsection (2) of this section and partly for other purposes, there shall be ascribed to the hereditament under section 19 of this Act such net annual value as may be just having regard to the extent to which it is occupied for the purposes specified in the said subsection (2); and if under any scheme for the time being in force such as is mentioned in section 117(7) of this Act any deduction falls to be made from the net annual value of the hereditament in arriving at its rateable value, that deduction shall be calculated with regard only to those purposes.

(5) This section and section 32 of this Act apply to a subsidiary of a transport Board as they apply to that Board, and references in either section to a transport Board include references to a subsidiary of it.

(6) In this section—

"harbour" means any harbour, whether natural or artificial, and any port, haven, estuary, tidal or other river or inland waterway navigated by sea-going ships, and any dock, including any pier, jetty or other place at which ships can ship or unship goods or passengers;

"inland waterway" includes any such waterway, whether natural or artificial;

"office premises" means any hereditament used wholly or mainly as an office or for office purposes;

"office purposes" includes the purposes of administration, clerical work and handling money; and "clerical work" includes writing, book-keeping, sorting papers, filing, typing, duplicating, punching cards or tapes, machine calculating, drawing and the editorial preparation of matter for publication;

"operational land", in relation to any body, means land which is used for the purpose of the carrying on of the body's undertaking, not being land which, in respect of its nature and situation, is comparable rather with land in general than with land which is used for the purpose of the carrying on of statutory undertakings within the meaning of the Town and Country Planning Act 1971; SCH. 1 1971 c. 78.

"road transport" includes transport by light railway or tramway, if the light railway or tramway is laid wholly or mainly along a public highway and is used wholly or mainly for the carriage of passengers;

"subsidiary", in relation to a body corporate, means a body corporate which is a subsidiary of the first-mentioned body corporate as defined by section 154 of the Companies Act 1948 (taking references in that section to a company as being references to any body corporate). 1948 c. 38.

(7) The supplementary provisions contained in Schedule 5 to this Act shall have effect for the purposes of this section.

Transport Boards—supplementary.

32B.—(1) The Secretary of State may by order vary any provision of section 32 or 32A of this Act in its application to any premises of a description specified in the order.

(2) Before making an order under this section or section 32 of this Act the Secretary of State shall consult with such associations of local authorities or of persons carrying on undertakings as appear to him to be concerned and with any local authority or person carrying on an undertaking with whom consultation appears to him to be desirable.

(3) An order under this section or section 32 of this Act shall not have effect unless approved by a resolution of each House of Parliament."

5.—(1) In section 28(6) of the principal Act for the words from "railway" to the end there shall be substituted the words "premises occupied by a transport Board, within the meaning of section 32 of this Act, other than premises such as are mentioned in section 32A(1) of this Act.".

(2) In sections 33(7)(*c*) and 34(5)(*d*) of that Act for "32(8)" there shall be substituted "32A(6)".

(3) In section 68(4) of that Act for paragraph (*d*) there shall be substituted—

"(*d*) in the case of any premises occupied by a transport Board, within the meaning of section 32 of this Act,

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partly for any of the purposes specified in section 32A(2) of this Act and partly for other purposes, a change in the extent to which they are occupied for any of the purposes so specified.".

(4) In section 69(2) of that Act for "32(3)" there shall be substituted "32(1)".

(5) In paragraph 8 of Schedule 5, paragraph 12 of Schedule 6 and paragraph 15 of Schedule 7 to that Act for "(32(2)(*b*)", in each place where it occurs, there shall be substituted "32A(1)(*b*)".

1974 c. 7.

(6) In Schedule 3 to the Local Government Act 1974 for paragraph 2 there shall be substituted—

"2. Any hereditament which a transport Board, within the meaning of section 32 of the principal Act, are to be treated as occupying by virtue of subsection (2) of that section.".

(7) The following provisions are hereby repealed—

(*a*) paragraphs 1 to 7 of Schedule 5 to the principal Act; and

1968 c. 73.

(*b*) section 162(1), (3), (4)(*a*) and (5) of the Transport Act 1968.

(8) This paragraph and paragraph 4 above shall come into force on such day as the Secretary of State may by order made by statutory instrument appoint.

Rating of British Gas Corporation

6.—(1) In section 69(2) of the principal Act—

(*a*) paragraph (*a*) is hereby repealed;

(*b*) in paragraph (*b*) for the words "33(1)(*a*) or (*b*)" there shall be substituted "33(1)";

and in section 80(4) of that Act for "33(1)(*a*)" there shall be substituted "33(1)".

(2) This paragraph shall be deemed to have come into force on 1st January 1973.

Rating of private generators or suppliers of electricity

7.—(1) After section 34 of the principal Act there shall be inserted—

"Other generators or suppliers of electricity.

34A.—(1) The Secretary of State may by order provide that, in such cases and subject to such exceptions and modifications as may be prescribed by the order, section 34 of and Schedule 7 to this Act shall apply to premises which are, or form part of, premises occupied by a private generator or supplier of electricity.

1983 c. 25.

(2) In this section "private generator or supplier" has the same meaning as in section 5 of the Energy Act 1983.

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(3) Any statutory instrument containing an order under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.".

(2) In Schedule 3 to the Local Government Act 1974 (hereditaments to which section 19(1) of that Act applies) after paragraph 4 there shall be inserted—

"4A.—(1) Any hereditament which a private generator or supplier is to be treated as occupying in a rating area by virtue of section 34(3) of the principal Act as applied by order under section 34A of that Act.

(2) In this paragraph "private generator or supplier" has the same meaning as in section 5 of the Energy Act 1983.". 1983 c. 25.

(3) This paragraph shall come into force at the end of the period of two months beginning with the day on which this Act is passed.

Limits on payment by instalments

8.—(1) Section 50(5) to (7) of the principal Act and section 34(1)(*c*) of the Local Government, Planning and Land Act 1980 are hereby repealed. 1980 c. 65.

(2) This paragraph shall have effect as respects rates for any rate period beginning on or after 1st April 1985.

Alterations of current valuation list

9.—(1) For section 70(2) of the principal Act there shall be substituted—

"(2) The owner or occupier of the whole or any part of a hereditament to which the proposal relates may, within twenty-eight days from the date on which a copy of the proposal is transmitted to the occupier under subsection (1) of this section, serve on the valuation officer notice in writing of objection to the proposal; and where—

(*a*) the rating authority for the area in which the hereditament is situated are not entitled to object by virtue of the foregoing provisions of this subsection; but

(*b*) the hereditament is of a class or description specified by the authority in accordance with subsection (6) of this section,

the authority may, within twenty-eight days from the date on which a copy of the proposal is transmitted to them under subsection (1) of this section, serve on the valuation officer notice in writing of objection to the proposal.

(3) Where the proposal was made otherwise than by the valuation officer, he shall, within twenty-eight days from the date on which a notice of objection is served on him under subsection (2) of this section, transmit a copy of it to the maker of the proposal.

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(4) Where the proposal was made by the valuation officer or by any other person, not being the rating authority, and—

(*a*) a notice of objection is served on the valuation officer under subsection (2) of this section otherwise than by the rating authority ; and

(*b*) the hereditament in question is of a class or description specified by the authority in accordance with subsection (6) of this section,

the valuation officer shall, within twenty-eight days from the date on which the notice is served on him, transmit a copy of it to the authority.

(5) The valuation officer shall, within twenty-eight days from the date on which a notice of objection is served on him under subsection (2) of this section, serve on the objector a notice in writing stating that unless—

(*a*) the proposal is withdrawn ; or

(*b*) all notices of objection to the proposal are unconditionally withdrawn ; or

(*c*) an agreement in respect of the proposal is reached under section 72 of this Act,

a copy of the proposal and of every notice of objection which has not been unconditionally withdrawn will be transmitted to the clerk of the local valuation panel in accordance with section 73 of this Act ; and the notice shall explain that the transmission of a copy of the proposal will have effect as an appeal by the maker of the proposal against every objection signified by a notice of which a copy is transmitted.

(6) A rating authority may from time to time serve on the valuation officer for their area a notice in writing specifying a class or description of hereditament in respect of which they wish subsections (2) and (4) of this section to apply to them ; and any such notice shall have effect in relation to any proposal made by or served on the valuation officer after the end of the rate period in which the notice is served.

(7) Where a notice served by a rating authority under subsection (6) of this section has effect in relation to a proposal of which a copy is transmitted to the authority under subsection (1) of this section and the authority do not serve a notice of objection to the proposal under subsection (2) of this section, the authority may serve on the valuation officer a notice in writing stating that they wish sections 72(2)(*e*) and 76(4)(*d*) of this Act to apply to them in respect of the proposal ; and any notice under this subsection shall be served—

(*a*) in the case of a proposal made by the valuation officer, within twenty-eight days from the date on which a copy of any notice of objection to the proposal is transmitted to the authority under subsection (4) of this section ; and

(*b*) in the case of any other proposal, within twenty-eight days from the date on which a copy of the proposal is served on the authority or from the date mentioned in paragraph (*a*) of this subsection.

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10. The following provisions of section 71 of the principal Act are hereby repealed—

(*a*) in subsection (1)(*b*), paragraph (iii) together with the word " or " immediately preceding it ; and

(*b*) subsection (2).

11. In section 72(2) of the principal Act for paragraph (*e*) there shall be substituted—

" (*e*) the rating authority for the area in which the hereditament is situated if—

(i) the authority are not included by virtue of paragraph (*b*), (*c*) or (*d*) of this subsection ; and

(ii) the authority have notified the valuation officer in accordance with section 70(7) of this Act that they wish this paragraph to apply to them."

12. The following provisions of section 73(2) of the principal Act are hereby repealed—

(*a*) paragraph (*a*) ; and

(*b*) in paragraph (*b*) the words in brackets.

13. For section 74 of the principal Act there shall be substituted—

" 74.—(1) In the case of a proposal made under section 69 of this Act otherwise than by the valuation officer, the valuation officer may, at any time within the period of four months beginning with the date on which the proposal was served on him, give notice in writing to the maker of the proposal that the valuation officer is satisfied that the proposal is well-founded ; but no notice shall be given under this subsection if a notice of objection to the proposal has been served within the time limited by section 70(2) of this Act and has not been unconditionally withdrawn.

(2) If in the case of any proposal to which subsection (1) of this section applies the valuaton officer does not give a notice under that subsection and the proposal is not withdrawn, the valuation officer may at any time within the period mentioned in that subsection, and shall not later than the end of that period, transmit to the clerk to the local valuation panel constituted under section 88 of this Act from the members of which the local valuation court would fall to be constituted a copy of the proposal together with a statement that the valuation officer objects to the proposal and a copy of any notice of objection to the proposal which has been served under section 70(2) of this Act and has not been unconditionally withdrawn.

(3) Where, in accordance with subsection (2) of this section, the valuation officer transmits a copy of a proposal to the clerk to a local valuation panel, the transmission shall have effect as

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an appeal to a local valuation court, by the person who made the proposal, against the objection by the valuation officer and against every objection signified by a notice of which a copy is transmitted with the copy of the proposal.

(4) The valuation officer shall serve on the maker of every proposal to which subsection (1) of this section applies a notice in writing stating the effect of subsections (2) and (3) of this section.

(5) Where the date referred to in subsection (1) of this section falls before the first anniversary of the coming into force of the valuation list to which the proposal relates, that subsection shall have effect as if for the words " four months " there were substituted the words " six months ".".

14. In section 75(*b*) of the principal Act after " 73(2) " there shall be inserted the words " and 74(3) ".

15. In section 76(4) of the principal Act for paragraph (*d*) there shall be substituted—

" (*d*) the rating authority for the area in which the hereditament is situated if—

(i) the authority are not the appellant ; and

(ii) the authority have notified the valuation officer in accordance with section 70(7) of this Act that they wish this paragraph to apply to them ; and ".

16. Paragraphs 9 to 15 above shall have effect in relation to any proposal made by or served on the valuation officer on or after 1st April 1985, but where—

(*a*) a proposal is made by or served on the valuation officer before that date ; and

(*b*) a further proposal in respect of the same hereditament is made by or served on him on or after that date and before the first proposal has been settled,

those paragraphs shall not have effect in relation to the further proposal.

Rating records

17.—(1) For section 108 of the principal Act there shall be substituted—

" Inspection of documents.

108.—(1) Any ratepayer and any valuation officer may at all reasonable times without payment inspect and take copies of and extracts from—

(*a*) any valuation list whether prepared under Part V of this Act, under Part III of the Local Government Act 1948, or under the Rating and Valuation Act 1925 ;

1948 c. 26.
1925 c. 90.

(*b*) any notice of objection, proposal or notice of appeal with respect to the valuation list currently in force in a rating area or, subject to subsection (3) of this section, the immediately preceding valuation list ; and

(*c*) minutes of the proceedings of any local valuation court or of any rating authority with respect to the valuation list currently in force in a rating area or, subject to subsection (3) of this section, the immediately preceding valuation list.

(2) Any person having custody of any such document who obstructs a person in the exercise of any right under this section to inspect or take copies of or extracts from the document shall be liable on summary conviction to a fine of an amount not exceeding level 3 on the standard scale, as defined in section 75 of the Criminal Justice Act 1982.

1982 c. 48.

(3) Where a valuation list currently in force in a rating area has been in force for more than ten years, paragraphs (*b*) and (*c*) of subsection (1) of this section do not apply to the immediately preceding valuation list.".

(2) This paragraph shall come into force on 1st January 1985.

Application of receipts

18.—(1) Section 112 of the principal Act is hereby repealed.

(2) This paragraph shall come into force on the passing of this Act.

Rebates for institutions for the disabled

19.—(1) In subsection (1) of section 2 of the Rating (Disabled Persons) Act 1978 for the words after " used " there shall be substituted the words " wholly or predominantly for one or more of the purposes specified in subsection (2) below.".

1978 c. 40.

(2) For subsection (5) of that section there shall be substituted—

" (5) The rebate in respect of any hereditament—

(*a*) in the case of a hereditament used wholly for a purpose or purposes specified in subsection (2) above, shall be equal to the rates chargeable on the hereditament for the rebate period ;

(*b*) in the case of a hereditament used predominantly for a purpose or purposes specified in that subsection, shall be equal to the rates that would be chargeable on the hereditament for the rebate period if its rateable value were so much only of its rateable value as is attributable to the part or parts of it used for that purpose or those purposes,

but where a hereditament qualifies for rebate for part only of a rebate period the rebate shall be reduced proportionally.

SCH. 1

(5A) Where the rating authority give the valuation officer notice of a part or parts of a hereditament used for a purpose or purposes specified in subsection (2) above, the valuation officer shall certify what amount of rateable value is attributable to that part or those parts and, subject to subsection (5B) below, his certificate shall be conclusive.

(5B) An applicant for a rebate who is dissatisfied with the amount of rateable value certified under subsection (5A) above may appeal to the local valuation court by sending a notice in writing to the clerk of the local valuation panel constituted under section 88 of the General Rate Act 1967; and the court may, if they allow the appeal, alter the amount certified to any other amount which the valuation officer could have certified and which they think fit.

1967 c. 9.

(5C) Sections 76(2) and (4) and 77 of the said Act of 1967 (procedure of local valuation court and right of appeal to Lands Tribunal) shall, with the necessary modifications, apply to the proceedings and decision of a local valuation court under this section.".

(3) After subsection (6) of that section there shall be inserted—

"(7) For the purposes of subsection (5)(*b*) above, a hereditament shall be regarded as being used predominantly for a particular purpose or for particular purposes if 50 per cent. or more of the floor area of any building comprised in the hereditament (or, if there is more than one such building, of all such buildings) is used, or is available for use, wholly for that purpose or those purposes; and in this subsection "building" includes a part of a building and "buildings" shall be construed accordingly.".

(4) For section 3(5) of that Act there shall be substituted—

"(5) An applicant for a rebate—

(*a*) whose application is refused by a rating authority; or

(*b*) who is dissatisfied with any decision of the rating authority as to whether the hereditament is used wholly or predominantly for a purpose or purposes specified in section 2 above or as to whether any part of it is used for a particular purpose.

may appeal to the county court; and if that court allows the appeal it may give the rating authority such directions in relation to the rebate or the application as it thinks fit.".

(5) This paragraph shall have effect as respects rates for any rate period beginning on or after 1st April 1985.

Section 15(2).

SCHEDULE 2

RATING OF MOORINGS

1.—(1) Where on any land there are two or more moorings and it appears to the valuation officer that the moorings are separately occupied, or are available for separate occupation, by persons other than the owner so as to form separate hereditaments for the purposes of rating within the meaning of the principal Act, the valuation officer, in preparing a new valuation list or in altering a current valuation list, may, if he thinks fit, treat as a single hereditament— **Sch. 2** 1967 c. 9.

(*a*) all or any of the moorings ; or

(*b*) all or any of the moorings together with any adjacent moorings occupied by the owner or adjacent land so occupied.

(2) Where any moorings, or any moorings and land, are treated as a single hereditament under sub-paragraph (1) above, they shall, for the purposes of rating within the meaning of the principal Act, be deemed to be a single hereditament in the occupation of the owner.

(3) For the purposes of any proposal for the alteration of the valuation list made by the valuation officer by virtue of sub-paragraph (1) above—

(*a*) the hereditament shall be treated as in the occupation of the owner ; and

(*b*) in section 70(2) of the principal Act (which confers on certain persons the right to object to a proposal), the reference to any part of a hereditament shall be omitted.

(4) Where a valuation list is altered by virtue of sub-paragraph (1) above so as to include moorings, or moorings and land, as a single hereditament, any item comprised in that hereditament and separately entered in the list may be deleted from the list without any proposal being made to delete it ; and a deletion so made shall have effect as from the same date as the alteration of the list to include the single hereditament.

(5) Where moorings, or moorings and land, are treated as a single hereditament under sub-paragraph (1) above, or where the valuation officer has made a proposal for the alteration of the valuation list in order that they shall be so treated, a proposal to omit from the hereditament and enter separately in the valuation list a mooring occupied by a person other than the owner may be made by that person if the mooring would fall to be entered separately in the list but for this paragraph ; and sections 69(4) and (5) and 70 to 74 of the principal Act shall apply in relation to a proposal under this sub-paragraph as they apply to a proposal under section 69 of that Act.

2.—(1) Where, by virtue of paragraph 1 above the valuation officer makes a proposal for the alteration of the valuation list so as to treat moorings, or moorings and land, as a single hereditament he shall, within twenty-eight days after the date on which the proposal is made, give the owner written notice of—

(*a*) the number and description of moorings which will be comprised in the hereditament ; and

(*b*) the proportion of the proposed rateable value of the hereditament which is attributable to each of those moorings.

Sch. 2

(2) Where moorings, or moorings and land, are treated, or proposed by the valuation officer to be treated, as a single hereditament under paragraph 1 above, the owner shall, if so requested by the occupier of a mooring comprised or proposed to be comprised in the single hereditament, supply the occupier with particulars—

(*a*) of the matters specified in sub-paragraph (1)(*a*) and (*b*) above; and

(*b*) of the amount in the pound at which the rate for the rating area in which the mooring is situated is currently charged.

(3) If the owner without reasonable excuse fails within twenty-eight days after the making of a request under sub-paragraph (2) above to comply with the request, he shall be liable on summary conviction to a fine of an amount not exceeding level 2 on the standard scale, as defined in section 75 of the Criminal Justice Act 1982.

1982 c. 48.

3.—(1) Subject to the following provisions of this paragraph, any alteration made in a valuation list by virtue of paragraph 1 above—

(*a*) shall, in relation to any rate current at the date when notice of the relevant proposal was served on the owner, be deemed to have had effect as from the commencement of the period in respect of which the rate was made; and

(*b*) shall have effect for the purposes of any subsequent rate.

(2) Sub-paragraph (1)(*a*) above shall not apply if—

(*a*) any of the moorings which are treated as a single hereditament by virtue of the alteration was included as a separate hereditament in the valuation list immediately before the alteration was made; or

(*b*) any of the moorings which are so treated has come into existence since the commencement of the period in respect of which the rate was made and was not so included before the alteration was made;

but the alteration shall, in a case within (*a*) above, be deemed to have had effect as from the date when notice of the relevant proposal was served on the owner and, in a case within (*b*) above or within (*a*) and (*b*) above, be deemed to have had effect as from the date when the mooring came into existence or, if there are two or more moorings to which (*b*) above applies, as from the date when the most recent of them came into existence.

(3) In this paragraph " the relevant proposal ", in relation to an alteration in the valuation list, means the proposal in pursuance of which the alteration was made.

(4) Where—

(*a*) an alteration is made in a valuation list by virtue of paragraph 1 above so that moorings, or moorings and land, are treated as a single hereditament; and

(*b*) any rate has been levied in respect of any item comprised in that hereditament,

Sch. 2

so much (if any) of the amount of the rate levied as relates to the period after the alteration is deemed to have effect shall be repaid or allowed.

4.—(1) Where, after a valuation list has been altered so as to treat moorings, or moorings and land, as a single hereditament, it appears to the valuation officer that there is any other mooring—

(*a*) which could have been included with the moorings, or moorings and land, so treated; or

(*b*) which could have been so included if it had been in existence at the time when the proposal to alter the list was made,

the valuation officer, in preparing a new valuation list or in altering a current valuation list, may, if he thinks fit, treat those moorings, or moorings and land, and that other mooring as a single hereditament.

(2) The provisions of paragraph 1(2) to (5) and paragraphs 2 and 3 above shall apply in relation to moorings, or moorings and land, treated as a single hereditament under this paragraph and in relation to any proposal or alteration made by virtue of this paragraph as they apply in relation to moorings, or moorings and land, treated as a single hereditament under paragraph 1 above and in relation to proposals and alterations made by virtue of that paragraph.

5. In this Schedule—

" the principal Act " means the General Rate Act 1967;

1967 c. 9.

" owner ", in relation to a mooring, means any person for the time being receiving or entitled to receive the rack-rent of the mooring, whether on his own account or as agent or trustee for any other person, or who would so receive or be entitled to receive that rent if the mooring were let on a rack-rent,

and any other expression which is also used in the principal Act has the same meaning as in that Act.

6. No proposal for the alteration of a valuation list shall be made under this Schedule before the first rate period beginning after the passing of this Act.

RESTRICTED

Rates

DRAFT

OF A

BILL

To enable the Secretary of State to limit the rates made and precepts issued by local authorities; to require local authorities to consult representatives of industrial and commercial ratepayers before reaching decisions on expenditure and the means of financing it; to require notice of the rates payable in respect of a dwelling-house to be given to any occupier not in receipt of a demand note; and to make other amendments relating to rates.

LV—A (2)

8*th December*, 1983

86—2 (558648) 49/1

Local Govt
AT 8/12

10 DOWNING STREET

Prime Minister

Cabinet

(i) Patrick Jenkin is becoming increasingly concerned about Liverpool City council and the increasing risk of confrontation. He would like an opportunity to alert colleagues to this and he may offer to produce a paper for a smaller group of Ministers.

(ii) John Selwyn-Gummer is unable to attend as he is leading in Committee on the Trade Union Bill.

AT
7/12

NBPM at this stage

AT 8/12

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

Dear Willie,

- 7 DEC 83

Following our discussions over the last few months on the elements of the Rate Support Grant Settlement, I am now able to circulate details of the final distribution package. This incorporates the final Settlement GREs, the modifications which have been made to the provisional expenditure targets, together with the decisions we reached on block grant mechanisms and holdback.

The main changes which have been made to the attached basic grant distribution package since E(LA)(83)7 concern GREs. There is one small methodological change; following representations from the Home Secretary, I have decided to retain the sparsity indicator in the GRE for Fire Services. The other changes, which are mostly small, are the result of incorporating final data, in particular on housing benefits and the TSG Settlement, and the use of final service control totals.

Table 1 shows the resulting changes from the preferred package previously exemplified for E(LA), together with year on year changes.

Table 2 shows the final targets, grant entitlements and increases in local contribution - the effect on rates if there is no use of balances - if all authorities meet their targets. The final targets incorporate the changes set out in my letter of October 20 to Peter Rees, with some further minor modifications which I have agreed separately with him. Since E(LA)'s last meeting, I have also extended the operation of safety nets to protect authorities from large year on year reductions in housing GREs.

Table 3 shows the effects on grant and local contribution increases if all authorities increase their expenditure by 4% from their (NIS-adjusted) 1983/84 budgets. On this basis, holdback would reduce the amount of grant distributed by £880M.

While these exemplification tables are primarily illustrative, comparison of tables 2 and 3 show that, with the severe holdback scheme (2, 4, 8, 9, 9 ....) we have agreed for 1984/85, both grant distribution and the pattern of rate increases will be highly sensitive to local authority spending decisions.

The pattern of actual rate increases - as distinct from increases in local contribution - will also be affected by the extent to which authorities use balances to cushion or bring forward the rate consequences of spending decisions. In the year before Selective Rate Limitation, this is a major imponderable.

Finally, I should draw colleagues' attention to a number of large implied increases in local contribution among non-metropolitan districts in Table 2. This follows from the adjustments we have made to the targets - notably in disregarding housing surpluses - which for a few authorities like Slough and East Cambridgeshire result in large percentage increases from 1983/84 budgets. If such authorities spend up to their targets, they will face substantial increases in local contribution. However, most of these authorities should again be able to keep their rates low by transferring housing surpluses to the rate fund.

I am copying this letter to the Prime Minister our E(LA) colleagues and to Sir Robert Armstrong.

Yours ever
Patrick

PATRICK JENKIN

TABLE 1

1985/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)

Comparison with E(LA) preferred package and 1983/84 Supplementary Report GREs.

This table gives the following information:

Column 1 - GREs used for the first 1983/84 Supplementary Report.

Column 2 - 1984/85 Base position GREs constructed for the purpose of calculating grant safety nets. For the most part these are simply 1983/84 Supplentary Report GREs scaled to 1984/85 control totals by service, but for education GRE they also include the effects of rolling forward the data on pupil and student numbers by one year.

Column 3 - the provisional 1984/85 GREs constructed using the preferred package of service options exemplified for E(LA) in early November. This includes the option to exclude the indicator of population sparsity from the service formula for fire services.

Column 4 - the final set of 1984/85 Settlement GREs. This is the same package as presented to E(LA) with the exception of fire services which include the sparsity indicator. This set of GREs includes much revised data, in particular, new data on housing benefits from the DHSS and TSG accepted expenditure as well as final service control totals.

Column 5 - shows the differences between the E(LA) package and the final GREs in terms of percentage change from the earlier set.

Column 6 - shows the overall differences between the 1983/84 Supplementary Report GREs and the 1984/85 Settlement GREs, again in terms of percentage changes from the earlier set of GREs.

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PAGE: 1

Table 1

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

TOTALS & SUBTOTALS

	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	% change E(LA) package to Final 1984/85 GREs	% change 1983/84 SR to Final 1984/85 GREs
SHIRE COUNTIES						
District Councils	1,476.072	1,494.577	1,421.302	1,414.053	-.5	-4.2
County Councils	9,286.923	9,678.877	9,749.905	9,770.226	.2	5.2
TOTAL	10,762.995	11,173.454	11,171.207	11,184.279	.1	3.9
METROPOLITAN COUNTIES						
District Councils	3,891.079	3,982.318	3,962.403	3,977.430	.4	2.2
County Councils	927.990	994.375	993.979	996.376	.2	7.4
TOTAL	4,819.070	4,976.692	4,956.382	4,973.806	.4	3.2
GREATER LONDON						
City of London	17.037	17.447	16.287	16.152	-.8	-5.2
Inner Boroughs	676.149	669.839	655.102	661.492	1.0	-2.2
Outer Boroughs	1,614.112	1,652.342	1,631.132	1,628.051	-.2	.9
I L E A	516.488	526.447	535.913	533.169	-.5	3.2
G L C (exc ILEA)	477.296	492.249	503.368	517.302	2.8	8.4
Metropolitan Police	345.921	366.547	358.638	366.547	2.2	6.0
Inner London Total	1,209.674	1,213.733	1,207.302	1,210.813	.3	.1
London Boroughs&City	2,307.298	2,339.628	2,302.521	2,305.696	.1	-.1
ILEA+GLC+Met.Pol.	1,339.705	1,385.243	1,397.919	1,417.019	1.4	5.8
TOTAL	3,647.003	3,724.871	3,700.439	3,722.714	.6	2.1
METROPOLITAN & LONDON						
TOTAL	8,466.072	8,701.563	8,656.821	8,696.521	.5	2.7
ISLES OF SCILLY	1.175	1.202	.972	1.219	25.5	3.8
England Total	19,230.243	19,876.219	19,828.999	19,882.019	.3	3.4

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	% change: E(LA) package to Final 1984/85 GREs	% change: 1983/84 SR to Final 1984/85 GREs
SHIRE COUNTIES						
Avon	289.120	300.810	303.029	303.905	.3	5.1
Bedfordshire	178.245	183.365	187.053	187.498	.2	5.2
Berkshire	224.957	235.691	238.728	239.019	.1	6.3
Buckinghamshire	193.372	200.766	203.915	204.349	.2	5.7
Cambridgeshire	192.932	202.791	205.222	205.539	.2	6.5
Cheshire	318.846	331.747	331.743	332.042	.1	4.1
Cleveland	212.588	219.659	223.419	225.399	.9	6.0
Cornwall	138.280	145.030	145.770	146.201	.3	5.7
Cumbria	158.939	165.206	161.294	161.762	.3	1.8
Derbyshire	298.090	311.929	314.562	314.986	.1	5.7
Devon	299.162	315.502	315.933	316.666	.2	5.9
Dorset	179.592	186.983	187.684	187.962	.1	4.7
Durham	195.246	202.882	204.792	205.445	.3	5.2
East Sussex	197.896	206.915	209.707	210.398	.3	6.3
Essex	474.180	493.329	496.127	496.794	.1	4.8
Gloucestershire	159.523	165.232	167.153	167.433	.2	5.0
Hampshire	474.947	494.085	499.293	500.757	.3	5.4
Hereford and Worcester	206.355	215.834	217.212	217.712	.2	5.5
Hertfordshire	309.552	319.886	321.515	321.887	.1	4.0
Humberside	300.742	313.639	317.916	318.704	.2	6.0
Isle of Wight	39.005	40.791	41.067	41.237	.4	5.7
Kent	482.766	502.195	506.033	507.051	.2	5.0
Lancashire	470.423	490.091	495.066	495.367	.1	5.3
Leicestershire	290.510	302.766	305.717	306.535	.3	5.5
Lincolnshire	181.972	191.226	191.601	191.992	.2	5.5
Norfolk	219.219	228.954	230.499	230.971	.2	5.4
Northamptonshire	185.849	196.002	198.347	199.049	.4	7.1
Northumberland	99.889	103.775	100.106	100.311	.2	.4
North Yorkshire	213.787	223.125	220.474	221.277	.4	3.5
Nottinghamshire	336.362	350.004	356.247	356.883	.2	6.1
Oxfordshire	164.977	170.559	171.326	171.639	.2	4.0
Shropshire	129.712	135.707	134.373	134.779	.3	3.9
Somerset	134.433	140.875	142.605	142.838	.2	6.3
Staffordshire	337.297	351.718	354.849	354.892	.0	5.2
Suffolk	187.616	195.670	194.924	195.899	.5	4.4
Surrey	289.468	299.672	301.907	301.955	.0	4.3
Warwickshire	155.704	162.690	164.169	163.829	-.2	5.2
West Sussex	194.481	203.749	209.232	209.594	.2	7.8
Wiltshire	170.893	178.024	179.295	179.669	.2	5.1

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	% change: E(LA) package to Final 1984/85 GREs	% change: 1983/84 SR to Final 1984/85 GREs
GREATER LONDON						
City of London	17.037	17.447	16.287	16.152	-.8	-5.2
Camden	65.932	62.756	62.917	63.408	.8	-3.8
Greenwich	38.454	39.350	38.167	37.984	-.5	-1.2
Hackney	59.127	59.067	57.704	58.857	2.0	-.5
Hammersmith and Fulham	46.708	46.900	45.153	45.061	-.2	-3.5
Islington	58.660	57.055	56.303	57.480	2.1	-2.0
Kensington and Chelsea	38.357	38.186	35.625	36.236	1.7	-5.5
Lambeth	78.099	77.570	76.546	77.829	1.7	-.3
Lewisham	50.368	50.260	49.503	49.677	.4	-1.4
Southwark	74.399	72.401	71.472	71.862	.5	-3.4
Tower Hamlets	39.321	39.371	39.857	40.451	1.5	2.9
Wandsworth	64.419	64.512	61.482	61.966	.8	-3.8
Westminster	62.305	62.411	60.373	60.683	.5	-2.6
Barking and Dagenham	52.447	54.003	53.483	52.776	-1.3	.6
Barnet	93.682	96.281	94.885	94.427	-.5	.8
Bexley	73.614	76.004	75.446	75.040	-.5	1.9
Brent	115.279	117.185	116.095	116.836	.6	1.4
Bromley	93.007	95.320	94.913	94.099	-.9	1.2
Croydon	111.186	113.610	113.414	113.104	-.3	1.7
Ealing	110.836	113.415	111.712	111.956	.2	1.0
Enfield	91.369	93.471	91.681	91.748	.1	.4
Haringey	95.761	96.813	95.704	96.848	1.2	1.1
Harrow	64.846	67.111	66.220	65.744	-.7	1.4
Havering	78.794	81.276	80.429	80.065	-.5	1.6
Hillingdon	78.796	80.691	80.003	79.424	-.7	.8
Hounslow	76.524	78.338	76.153	76.022	-.2	-.7
Kingston-upon-Thames	44.273	45.620	45.163	44.524	-1.4	.6
Merton	57.249	58.573	58.217	57.999	-.4	1.3
Newham	108.815	110.307	107.123	107.850	.7	-.9
Redbridge	75.391	77.068	76.152	75.836	-.4	.6
Richmond-upon-Thames	48.021	49.264	48.675	48.427	-.5	.8
Sutton	53.955	55.691	55.785	55.330	-.8	2.6
Waltham Forest	90.269	92.300	89.879	89.996	.1	-.3
GLC	477.296	492.249	503.368	517.302	2.8	8.4
ILEA	516.488	526.447	535.913	533.169	-.5	3.2
Met.Police	345.921	366.547	358.638	366.547	2.2	6.0

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	% change: E(LA) package to Final 1984/85 GREs	% change: 1983/84 SR to Final 1984/85 GREs
GREATER MANCHESTER						
Bolton	90.498	93.614	93.426	93.689	.3	3.5
Bury	55.022	56.269	55.830	55.694	-.2	1.2
Manchester	193.900	194.439	192.028	193.991	1.0	.0
Oldham	81.442	83.151	83.227	83.509	.3	2.5
Rochdale	73.916	75.206	74.880	75.227	.5	1.8
Salford	86.689	88.952	88.086	88.533	.5	2.1
Stockport	89.109	91.427	90.779	90.781	.0	1.9
Tameside	72.854	74.510	74.129	74.286	.2	2.0
Trafford	70.777	72.499	72.249	72.446	.3	2.4
Wigan	99.836	103.801	102.482	102.474	-.0	2.6
MERSEYSIDE						
Knowsley	64.873	66.407	66.011	66.189	.3	2.0
Liverpool	199.685	202.089	196.855	198.144	.7	-.8
St Helens	64.908	67.206	65.350	65.355	.0	.7
Sefton	93.432	94.741	93.486	93.796	.3	.4
Wirral	111.272	113.305	112.691	112.897	.2	1.5
SOUTH YORKSHIRE						
Barnsley	69.127	70.481	70.959	70.998	.1	2.7
Doncaster	92.763	94.799	96.353	96.737	.4	4.3
Rotherham	81.479	83.497	83.959	83.879	-.1	2.9
Sheffield	174.339	179.409	180.439	180.682	.1	3.6
TYNE AND WEAR						
Gateshead	69.480	69.862	66.996	67.064	.1	-3.5
Newcastle upon Tyne	96.340	97.120	97.499	97.601	.1	1.3
North Tyneside	63.347	64.934	64.103	64.793	1.1	2.3
South Tyneside	56.349	56.596	56.394	56.523	.2	.3
Sunderland	97.538	100.266	99.484	99.746	.3	2.3
WEST MIDLANDS						
Birmingham	385.925	395.287	395.734	397.985	.6	3.1
Coventry	114.471	116.607	113.518	114.181	.6	-.3
Dudley	90.678	93.375	93.112	93.433	.3	3.0
Sandwell	112.494	115.696	114.703	115.422	.6	2.6
Solihull	65.614	67.374	66.232	66.753	.8	1.7
Walsall	94.208	96.893	96.137	96.608	.5	2.5
Wolverhampton	98.645	100.186	99.378	99.886	.5	1.3
WEST YORKSHIRE						
Bradford	164.568	171.210	172.583	173.637	.6	5.5
Calderdale	62.945	65.056	65.692	65.824	.2	4.6
Kirklees	127.824	131.745	132.395	132.946	.4	4.0
Leeds	228.528	233.824	235.093	235.624	.2	3.1
Wakefield	96.205	99.987	100.132	100.096	-.0	4.0

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	% change: E(LA) package to Final 1984/85 GREs	% change: 1983/84 SR to Final 1984/85 GREs
METROPOLITAN COUNTIES						
Greater Manchester	211.036	226.325	225.466	227.378	.8	7.7
Merseyside	135.037	146.259	144.201	145.221	.7	7.5
South Yorkshire	96.023	102.581	103.057	103.180	.1	7.5
Tyne and Wear	114.239	120.630	120.387	119.644	-.6	4.7
West Midlands	215.651	231.559	232.915	233.140	.1	8.1
West Yorkshire	156.005	167.020	167.952	167.814	-.1	7.6

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
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£ million

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AVON						
Bath	5.087	5.157	4.907	4.947	.8	-2.8
Bristol	24.555	24.772	23.359	23.710	1.5	-3.4
Kingswood	4.096	4.183	4.027	3.964	-1.5	-3.2
Northavon	5.228	5.315	5.136	5.032	-2.0	-3.8
Wansdyke	3.350	3.414	3.281	3.213	-2.1	-4.1
Woodspring	7.737	7.877	7.785	7.781	-.0	.6
BEDFORDSHIRE						
North Bedfordshire	6.633	6.761	6.013	5.993	-.3	-9.6
Luton	9.692	9.835	8.752	8.961	2.4	-7.6
Mid Bedfordshire	4.052	4.160	3.730	3.588	-3.8	-11.5
South Bedfordshire	4.918	5.041	4.496	4.459	-.8	-9.3
BERKSHIRE						
Bracknell	4.054	4.114	3.998	4.008	.3	-1.1
Newbury	5.726	5.828	5.717	5.553	-2.9	-3.0
Reading	8.108	8.193	7.767	7.880	1.5	-2.8
Slough	6.271	6.270	5.766	5.867	1.8	-6.4
Windsor and Maidenhead	6.671	6.769	6.489	6.416	-1.1	-3.8
Wokingham	5.143	5.187	4.954	4.913	-.8	-4.5
BUCKINGHAMSHIRE						
Aylesbury Vale	5.792	5.860	5.686	5.605	-1.4	-3.2
South Bucks	2.677	2.714	2.559	2.508	-2.0	-6.3
Chiltern	3.877	3.937	3.747	3.673	-2.0	-5.3
Milton Keynes	5.900	5.952	6.027	6.089	1.0	3.2
Wycombe	7.132	7.219	6.922	6.866	-.8	-3.7
CAMBRIDGESHIRE						
Cambridge	5.949	5.983	5.665	5.684	.3	-4.5
East Cambridgeshire	2.206	2.232	2.138	2.123	-.7	-3.8
Fenland	3.267	3.304	3.139	3.045	-3.0	-6.8
Huntingdon	5.269	5.317	5.135	5.015	-2.3	-4.8
Peterborough	6.833	6.871	6.577	6.509	-1.0	-4.7
South Cambridgeshire	4.398	4.454	4.308	4.208	-2.3	-4.3
CHESHIRE						
Chester	5.834	5.903	5.724	5.705	-.3	-2.2
Congleton	3.419	3.482	3.367	3.330	-1.1	-2.6
Crewe and Nantwich	5.044	5.105	4.905	4.964	1.2	-1.6
Ellesmere Port and Neston	4.405	4.469	4.221	4.168	-1.2	-5.4
Halton	6.135	6.216	5.960	5.931	-.5	-3.3
Macclesfield	7.159	7.280	6.966	6.883	-1.2	-3.9
Vale Royal	4.858	4.936	4.759	4.743	-.3	-2.4
Warrington	8.180	8.287	8.046	8.043	-.0	-1.7

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

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CLEVELAND						
Hartlepool	6.003	6.126	5.628	5.423	-3.6	-9.7
Langbaurgh	8.915	8.827	7.631	7.460	-2.2	-16.3
Middlesbrough	11.390	11.380	9.505	9.314	-2.0	-18.2
Stockton-on-Tees	9.261	9.432	8.788	8.449	-3.9	-8.8
CORNWALL						
Caradon	3.273	3.318	3.196	3.166	-.9	-3.2
Carrick	3.934	3.983	3.872	3.818	-1.4	-3.0
Kerrier	3.942	3.978	3.839	3.829	-.3	-2.9
North Cornwall	3.360	3.394	3.318	3.294	-.7	-2.0
Penwith	2.956	2.982	2.835	2.823	-.5	-4.5
Restormel	3.836	3.880	3.745	3.732	-.3	-2.7
CUMBRIA						
Allerdale	5.156	5.171	5.076	4.967	-2.1	-3.7
Barrow in Furness	4.100	4.134	3.842	3.825	-.4	-6.7
Carlisle	5.273	5.345	5.121	5.100	-.4	-3.3
Copeland	3.642	3.692	3.558	3.473	-2.4	-4.6
Eden	2.151	2.182	2.173	2.086	-4.0	-3.0
South Lakeland	5.100	5.198	5.066	4.883	-3.6	-4.3
DERBYSHIRE						
Amber Valley	5.122	5.161	4.903	4.846	-1.2	-5.4
Bolsover	3.062	3.103	3.032	3.032	-.0	-1.0
Chesterfield	4.951	5.033	4.937	4.905	-.7	-.9
Derby	12.210	12.329	11.548	11.895	3.0	-2.6
Erewash	5.038	5.114	4.929	4.903	-.5	-2.7
High Peak	3.724	3.777	3.636	3.601	-1.0	-3.3
North East Derbyshire	4.021	4.103	3.996	3.927	-1.7	-2.4
South Derbyshire	2.954	2.998	2.880	2.812	-2.4	-4.8
West Derbyshire	3.101	3.145	3.117	3.034	-2.7	-2.2
DEVON						
East Devon	5.603	5.718	5.525	5.368	-2.8	-4.2
Exeter	5.737	5.803	5.589	5.788	3.6	.9
North Devon	3.848	3.897	3.711	3.641	-1.9	-5.4
Plymouth	14.169	14.260	13.579	13.772	1.4	-2.8
South Hams	3.655	3.682	3.400	3.274	-3.7	-10.4
Teignbridge	4.888	4.974	4.803	4.765	-.8	-2.5
Mid Devon	2.638	2.679	2.584	2.551	-1.3	-3.3
Torbay	6.674	6.778	6.412	6.385	-.4	-4.3
Torridge	2.476	2.508	2.435	2.391	-1.8	-3.4
West Devon	1.995	2.021	1.968	1.915	-2.7	-4.0

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

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DORSET						
Bournemouth	9.731	9.868	9.410	9.502	1.0	-2.4
Christchurch	2.182	2.243	2.213	2.167	-2.1	-.7
North Dorset	2.251	2.287	2.245	2.198	-2.1	-2.4
Poole	6.531	6.657	6.489	6.433	-.9	-1.5
Purbeck	1.974	2.001	1.934	1.889	-2.3	-4.3
West Dorset	4.061	4.118	4.066	4.000	-1.6	-1.5
Weymouth and Portland	3.239	3.291	3.120	3.129	.3	-3.4
Wimborne	3.137	3.210	3.147	3.084	-2.0	-1.7
DURHAM						
Chester-le-Street	2.304	2.340	2.269	2.278	.4	-1.1
Darlington	5.703	5.770	5.466	5.393	-1.3	-5.4
Derwentside	4.404	4.482	4.321	4.287	-.8	-2.7
Durham	3.923	3.982	3.877	3.888	.3	-.9
Easington	5.101	5.154	4.912	4.975	1.3	-2.5
Sedgefield	4.427	4.497	4.264	4.331	1.6	-2.2
Teesdale	1.210	1.222	1.214	1.169	-3.7	-3.4
Wear Valley	3.475	3.482	3.221	3.156	-2.0	-9.2
EAST SUSSEX						
Brighton	11.528	11.474	10.061	10.301	2.4	-10.6
Eastbourne	5.203	5.278	5.016	5.021	.1	-3.5
Hastings	5.054	5.118	4.870	4.849	-.4	-4.1
Hove	6.721	6.797	6.414	6.446	.5	-4.1
Lewes	4.063	4.150	4.004	3.983	-.5	-2.0
Rother	4.464	4.577	4.401	4.326	-1.7	-3.1
Wealden	5.596	5.717	5.517	5.372	-2.6	-4.0
ESSEX						
Basildon	8.399	8.272	8.032	8.061	.4	-4.0
Braintree	5.051	5.128	4.939	4.874	-1.3	-3.5
Brentwood	3.291	3.354	3.226	3.192	-1.1	-3.0
Castle Point	4.038	4.122	4.008	3.938	-1.8	-2.5
Chelmsford	6.641	6.756	6.575	6.513	-.9	-1.9
Colchester	6.620	6.707	6.496	6.518	.3	-1.5
Epping Forest	5.385	5.492	5.245	5.185	-1.1	-3.7
Harlow	4.358	4.415	4.178	4.198	.5	-3.7
Maldon	2.108	2.149	2.106	2.059	-2.2	-2.4
Rochford	3.388	3.455	3.347	3.328	-.6	-1.8
Southend-on-Sea	10.658	10.693	9.947	10.121	1.7	-5.0
Tendring	6.437	6.584	6.359	6.292	-1.1	-2.3
Thurrock	5.917	5.998	5.661	5.639	-.4	-4.7
Uttlesford	2.648	2.696	2.652	2.586	-2.5	-2.3

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
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£ million

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GLOUCESTERSHIRE						
Cheltenham	5.061	5.123	4.876	4.915	.8	-2.9
Cotswold	3.360	3.409	3.364	3.232	-3.9	-3.8
Forest of Dean	3.331	3.387	3.157	3.057	-3.2	-8.2
Gloucester	5.050	5.117	4.899	4.941	.9	-2.2
Stroud	4.738	4.816	4.417	4.308	-2.5	-9.1
Tewkesbury	3.463	3.512	3.306	3.239	-2.0	-6.5
HAMPSHIRE						
Basingstoke and Deane	6.150	6.241	6.074	5.963	-1.8	-3.1
East Hampshire	4.180	4.240	4.038	3.822	-5.4	-8.6
Eastleigh	4.111	4.195	4.061	4.034	-.7	-1.9
Fareham	4.055	4.137	3.958	3.915	-1.1	-3.5
Gosport	4.229	4.276	4.088	4.010	-1.9	-5.2
Hart	3.290	3.352	3.155	3.017	-4.4	-8.3
Havant	5.775	5.862	5.576	5.512	-1.2	-4.6
New Forest	7.584	7.714	7.102	6.970	-1.9	-8.1
Portsmouth	14.992	14.796	12.640	12.531	-.9	-16.4
Rushmoor	4.733	4.741	4.370	4.338	-.7	-8.3
Southampton	13.011	13.142	12.287	12.309	.2	-5.4
Test Valley	4.191	4.260	4.169	4.015	-3.7	-4.2
Winchester	4.303	4.369	4.198	4.097	-2.4	-4.8
HEREFORD AND WORCESTER						
Bromsgrove	3.510	3.571	3.462	3.435	-.8	-2.1
Hereford	2.455	2.487	2.424	2.421	-.1	-1.4
Leominster	1.755	1.772	1.711	1.681	-1.8	-4.2
Malvern Hills	3.734	3.793	3.696	3.635	-1.7	-2.7
Redditch	3.138	3.181	3.092	3.132	1.3	-.2
South Herefordshire	2.098	2.124	2.067	2.020	-2.3	-3.7
Worcester	4.056	4.122	4.002	3.939	-1.6	-2.9
Wychavon	4.178	4.243	4.090	4.042	-1.2	-3.3
Wyre Forest	4.353	4.427	4.292	4.309	.4	-1.0
HERTFORDSHIRE						
Broxbourne	4.081	4.121	3.791	3.744	-1.2	-8.3
Dacorum	6.695	6.817	6.471	6.480	.1	-3.2
East Hertfordshire	5.025	5.124	4.999	4.866	-2.7	-3.2
Hertsmere	4.462	4.539	4.315	4.317	.0	-3.3
North Hertfordshire	5.274	5.363	5.189	5.139	-1.0	-2.6
St Albans	6.127	6.237	5.924	5.873	-.9	-4.2
Stevenage	3.944	4.012	3.825	3.956	3.4	.3
Three Rivers	3.786	3.857	3.657	3.593	-1.7	-5.1
Watford	4.924	4.985	4.656	4.707	1.1	-4.4
Welwyn Hatfield	4.599	4.690	4.445	4.359	-1.9	-5.2

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
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HUMBERSIDE						
Beverley	5.058	5.184	5.015	4.943	-1.4	-2.3
Boothferry	3.411	3.476	3.303	3.286	-.5	-3.7
Cleethorpes	3.817	3.892	3.683	3.707	.7	-2.9
Glanford	3.612	3.699	3.527	3.499	-.8	-3.2
Great Grimsby	5.823	5.926	5.554	5.541	-.2	-4.8
Holderness	2.293	2.343	2.246	2.203	-1.9	-3.9
Kingston upon Hull	19.597	20.021	18.659	18.941	1.5	-3.3
East Yorkshire	4.011	4.097	3.933	3.887	-1.2	-3.1
Scunthorpe	5.274	5.185	4.735	4.776	.9	-9.5
ISLE OF WIGHT						
Medina	3.247	3.255	3.162	3.164	.1	-2.5
South Wight	2.489	2.500	2.419	2.361	-2.4	-5.1
KENT						
Ashford	4.394	4.468	4.280	4.255	-.6	-3.2
Canterbury	6.501	6.618	6.377	6.311	-1.0	-2.9
Dartford	4.098	4.157	3.931	3.987	1.4	-2.7
Dover	5.384	5.460	5.194	5.097	-1.9	-5.3
Gillingham	5.028	5.097	4.806	4.740	-1.4	-5.7
Gravesham	4.981	5.050	4.781	4.802	.4	-3.6
Maidstone	6.407	6.506	6.224	6.171	-.9	-3.7
Rochester upon Medway	8.114	8.184	7.878	7.914	.5	-2.5
Sevenoaks	5.093	5.189	4.923	4.837	-1.8	-5.0
Shepway	5.067	5.149	4.922	4.894	-.6	-3.4
Swale	5.299	5.376	5.199	5.182	-.3	-2.2
Thanet	7.996	8.034	7.677	7.610	-.9	-4.8
Tonbridge and Malling	4.474	4.547	4.385	4.341	-1.0	-3.0
Tunbridge Wells	4.866	4.940	4.740	4.715	-.5	-3.1
LANCASHIRE						
Blackburn	10.628	10.342	9.709	9.820	1.1	-7.6
Blackpool	10.352	10.503	9.793	9.924	1.3	-4.1
Burnley	5.571	5.624	5.262	5.461	3.8	-2.0
Chorley	4.140	4.216	4.007	3.985	-.5	-3.7
Fylde	3.668	3.738	3.485	3.434	-1.5	-6.4
Hyndburn	4.339	4.407	4.124	4.193	1.7	-3.4
Lancaster	6.941	7.063	6.726	6.695	-.5	-3.5
Pendle	4.653	4.704	4.393	4.466	1.7	-4.0
Preston	8.020	8.110	7.536	7.812	3.7	-2.6
Ribble Valley	2.316	2.363	2.315	2.280	-1.5	-1.6
Rossendale	3.092	3.146	2.992	3.030	1.3	-2.0
South Ribble	4.429	4.514	4.282	4.294	.3	-3.0
West Lancashire	4.859	4.944	4.767	4.764	-.1	-2.0
Wyre	5.901	6.011	5.539	5.545	.1	-6.0

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
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£ million

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LEICESTERSHIRE						
Blaby	3.202	3.266	3.105	3.073	-1.0	-4.0
Charnwood	6.110	6.209	5.914	5.863	-.9	-4.1
Harborough	2.515	2.561	2.463	2.432	-1.3	-3.3
Hinckley and Bosworth	3.758	3.826	3.664	3.620	-1.2	-3.7
Leicester	20.371	20.525	18.507	19.226	3.9	-5.6
Melton	1.908	1.932	1.857	1.851	-.3	-3.0
North West Leicestershire	3.456	3.505	3.355	3.314	-1.2	-4.1
Oadby and Wigston	2.353	2.394	2.295	2.292	-.1	-2.6
Rutland	1.350	1.370	1.350	1.296	-4.0	-4.0
LINCOLNSHIRE						
Boston	2.936	2.975	2.891	2.846	-1.6	-3.1
East Lindsey	5.245	5.304	5.138	5.008	-2.5	-4.5
Lincoln	4.460	4.498	4.262	4.319	1.3	-3.2
North Kesteven	3.410	3.460	3.345	3.236	-3.3	-5.1
South Holland	3.274	3.316	3.216	3.140	-2.4	-4.1
South Kesteven	4.695	4.752	4.612	4.540	-1.6	-3.3
West Lindsey	3.298	3.343	3.329	3.227	-3.1	-2.2
NORFOLK						
Breckland	4.391	4.451	4.309	4.262	-1.1	-3.0
Broadland	4.125	4.205	4.022	3.943	-2.0	-4.4
Great Yarmouth	4.686	4.762	4.618	4.568	-1.1	-2.5
North Norfolk	4.633	4.702	4.548	4.469	-1.7	-3.5
Norwich	7.958	8.003	7.639	7.828	2.5	-1.6
South Norfolk	4.082	4.161	4.098	4.004	-2.3	-1.9
King's Lynn and West Norfolk	6.210	6.278	6.083	5.971	-1.9	-3.9
NORTHAMPTONSHIRE						
Corby	2.912	2.943	2.766	2.867	3.6	-1.6
Daventry	2.448	2.495	2.400	2.391	-.4	-2.3
East Northamptonshire	2.847	2.898	2.782	2.780	-.1	-2.3
Kettering	3.745	3.802	3.632	3.642	.3	-2.7
Northampton	9.816	9.776	9.266	9.337	.8	-4.9
South Northamptonshire	2.782	2.838	2.734	2.654	-2.9	-4.6
Wellingborough	3.135	3.178	3.027	3.101	2.5	-1.1
NORTHUMBERLAND						
Alnwick	1.702	1.734	1.699	1.666	-2.0	-2.2
Berwick-upon-Tweed	1.409	1.426	1.411	1.376	-2.5	-2.4
Blyth Valley	4.439	4.399	3.844	3.929	2.2	-11.5
Castle Morpeth	2.239	2.273	2.231	2.172	-2.6	-3.0
Tynedale	2.605	2.639	2.579	2.566	-.5	-1.5
Wansbeck	3.271	3.309	3.209	3.178	-1.0	-2.9

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	.... % change .... E(LA) package to Final 1984/85 GREs	1983/84 SR to Final 1984/85 GREs
NORTH YORKSHIRE						
Craven	2.220	2.251	2.217	2.161	-2.5	-2.6
Hambleton	3.224	3.263	3.216	3.101	-3.6	-3.8
Harrogate	6.785	6.884	6.723	6.614	-1.6	-2.5
Richmondshire	2.020	2.032	2.069	1.970	-4.8	-2.5
Ryedale	3.686	3.747	3.725	3.610	-3.1	-2.1
Scarborough	5.631	5.715	5.445	5.330	-2.1	-5.3
Selby	3.439	3.489	3.422	3.328	-2.7	-3.2
York	6.035	6.090	5.795	5.856	1.1	-3.0
NOTTINGHAMSHIRE						
Ashfield	4.791	4.870	4.450	4.428	-.5	-7.6
Bassetlaw	4.562	4.620	4.277	4.305	.7	-5.6
Broxtowe	4.954	5.030	4.631	4.633	.0	-6.5
Gedling	5.016	5.096	4.688	4.712	.5	-6.0
Mansfield	5.667	5.589	5.078	5.098	.4	-10.0
Newark	4.745	4.792	4.441	4.424	-.4	-6.8
Nottingham	19.400	19.676	17.572	17.978	2.3	-7.3
Rushcliffe	3.932	4.004	3.680	3.655	-.7	-7.0
OXFORDSHIRE						
Cherwell	4.991	5.045	4.974	4.924	-1.0	-1.3
Oxford	6.896	6.906	6.558	7.337	11.9	6.4
South Oxfordshire	5.584	5.669	5.531	5.460	-1.3	-2.2
Vale of White Horse	4.339	4.410	4.371	4.246	-2.9	-2.2
West Oxfordshire	3.545	3.590	3.593	3.539	-1.5	-.2
SHROPSHIRE						
Bridgnorth	2.160	2.191	2.118	2.051	-3.1	-5.0
North Shropshire	2.351	2.394	2.445	2.387	-2.4	1.5
Oswestry	1.473	1.497	1.456	1.427	-2.0	-3.1
Shrewsbury and Atcham	4.140	4.207	4.070	4.038	-.8	-2.5
South Shropshire	1.748	1.767	1.853	1.827	-1.4	4.5
The Wrekin	6.533	6.534	5.929	5.902	-.4	-9.7
SOMERSET						
Mendip	4.062	4.119	4.021	3.934	-2.2	-3.1
Sedgemoor	4.409	4.474	4.256	4.117	-3.3	-6.6
Taunton Deane	4.353	4.412	4.256	4.280	.6	-1.7
West Somerset	1.648	1.669	1.654	1.647	-.4	-.1
Yeovil	6.244	6.337	6.170	6.079	-1.5	-2.6

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)
Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	.... % change .... E(LA) package to Final 1984/85 GREs	1983/84 SR to Final 1984/85 GREs
STAFFORDSHIRE						
Cannock Chase	4.040	4.092	3.909	3.825	-2.2	-5.3
East Staffordshire	4.859	4.920	4.660	4.694	.7	-3.4
Lichfield	3.720	3.790	3.620	3.569	-1.4	-4.1
Newcastle-under-Lyme	5.522	5.630	5.403	5.383	-.4	-2.5
South Staffordshire	3.839	3.905	3.809	3.753	-1.5	-2.2
Stafford	5.538	5.615	5.368	5.285	-1.6	-4.6
Staffordshire Moorlands	4.011	4.080	3.864	3.825	-1.0	-4.6
Stoke-on-Trent	13.703	13.843	13.022	13.180	1.2	-3.8
Tamworth	3.232	3.270	3.133	3.149	.5	-2.6
SUFFOLK						
Babergh	3.532	3.592	3.516	3.466	-1.4	-1.8
Forest Heath	2.645	2.661	2.526	2.439	-3.4	-7.8
Ipswich	7.044	7.138	6.771	6.809	.6	-3.3
Mid Suffolk	3.353	3.385	3.179	3.113	-2.1	-7.2
St Edmundsbury	4.158	4.223	4.106	4.015	-2.2	-3.4
Suffolk Coastal	4.717	4.798	4.713	4.594	-2.5	-2.6
Waveney	5.565	5.672	5.475	5.420	-1.0	-2.6
SURREY						
Elmbridge	5.204	5.251	4.963	4.959	-.1	-4.7
Epsom and Ewell	3.186	3.220	3.034	3.045	.4	-4.4
Guildford	5.665	5.713	5.429	5.352	-1.4	-5.5
Mole Valley	3.320	3.356	3.213	3.157	-1.7	-4.9
Reigate and Banstead	5.062	5.113	4.866	4.811	-1.1	-5.0
Runnymede	3.192	3.219	3.039	3.037	-.1	-4.9
Spelthorne	4.396	4.443	4.211	4.163	-1.1	-5.3
Surrey Heath	3.333	3.370	3.219	3.168	-1.6	-4.9
Tandridge	3.055	3.083	2.965	2.928	-1.2	-4.1
Waverley	4.653	4.708	4.585	4.489	-2.1	-3.5
Woking	4.419	4.450	4.279	4.278	-.0	-3.2
WARWICKSHIRE						
North Warwickshire	2.579	2.618	2.545	2.469	-3.0	-4.3
Nuneaton and Bedworth	5.133	5.215	5.070	4.983	-1.7	-2.9
Rugby	4.138	4.189	4.030	4.030	-.0	-2.6
Stratford on Avon	4.329	4.395	4.340	4.358	.4	.7
Warwick	5.618	5.691	5.496	5.475	-.4	-2.6

1984/85 GRANT-RELATED EXPENDITURE - FINAL(SETTLEMENT)

Comparison with E(LA) preferred package and 1983/84 Supplementary Report

£ million

AUTHORITY	1983/84 Supplementary Report	1984/85 Base position	1984/85 E(LA) package	1984/85 Final GREs	% change: E(LA) package to Final 1984/85 GREs	% change: 1983/84 SR to Final 1984/85 GREs
WEST SUSSEX						
Adur	2.864	2.920	2.762	2.746	-.6	-4.1
Arun	6.736	6.888	6.726	6.616	-1.6	-1.8
Chichester	4.983	5.064	4.939	4.834	-2.1	-3.0
Crawley	3.816	3.862	3.751	3.791	1.1	-.6
Horsham	4.735	4.811	4.664	4.597	-1.4	-2.9
Mid Sussex	5.341	5.444	5.327	5.218	-2.1	-2.3
Worthing	6.131	6.249	6.000	5.979	-.3	-2.5
WILTSHIRE						
Kennet	2.806	2.835	2.861	2.754	-3.7	-1.9
North Wiltshire	4.531	4.590	4.546	4.371	-3.8	-3.5
Salisbury	4.708	4.759	4.706	4.533	-3.7	-3.7
Thamesdown	7.763	7.869	7.612	7.512	-1.3	-3.2
West Wiltshire	4.456	4.528	4.413	4.255	-3.6	-4.5
Isles of Scilly	1.175	1.202	.972	1.219	25.5	3.8

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS

(Spending at target)

This table gives the following information:

Expenditure

Column 1 - 1983/84 budgets (as reported on RER form), scaled down by 1% to allow for the reduced level of National Insurance Surcharge (NIS) contributions to be paid in 1984/85.

Column 2 - 1984/85 targets.

Column 3 - % increase of 1984/85 target over 1983/84 (NIS adjusted) budget.

Grant

Column 4 - 1983/84 grant entitlements after holdback, as determined under the 1983/84 First Supplementary Report.

Column 5 - 1984/85 grant entitlements if all authorities spend at target.

Column 6 - change in grant entitlement (ie column 5 minus column 4).

% increase in local contribution

Column 7 - % increase in authority's local poundage contribution over 1983/84 for spending at target in 1984/85.

Column 8 - % increase in ratepayer's local poundage contibution (ie sum of local poundage contributions of all tiers of authority) over 1983/84 for spending at target in 1984/85.

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spending at target	Change (£m)	Authority level	Ratepayer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
TOTAL England	£ 20,695.555m	£ 20,542.078m	-.7%	£ 8,441.106m	£ 8,616.011m	£ 174.905m	-5.4%	-5.4%
Non-met districts	£ 1,429.029m	£ 1,475.369m	3.2%	£ 624.767m	£ 594.731m	£-30.036m	5.9%	
Non-met counties	£ 9,289.979m	£ 9,433.851m	1.5%	£ 4,004.419m	£ 3,987.629m	£-16.790m	-.3%	
Metropolitan districts	£ 4,075.938m	£ 4,117.002m	1.0%	£ 2,112.759m	£ 2,104.108m	£-8.651m	-.1%	
Metropolitan counties	£ 1,164.238m	£ 1,120.286m	-3.8%	£ 482.820m	£ 551.214m	£ 68.394m	-18.4%	
Non-met total	£ 10,719.009m	£ 10,909.220m	1.8%	£ 4,629.186m	£ 4,582.360m	£-46.826m	.5%	.5%
Metropolitan total	£ 5,240.176m	£ 5,237.288m	-.1%	£ 2,595.579m	£ 2,655.322m	£ 59.743m	-4.8%	-4.8%
City and Westminster	£ 121.357m	£ 123.421m	1.7%	£-66.792m	£-70.132m	£-3.340m	1.5%	
Rest of Inner London	£ 824.507m	£ 799.732m	-3.0%	£ 384.859m	£ 401.256m	£ 16.397m	-12.3%	-17.7%
Inner London inc ILEA	£ 1,795.352m	£ 1,721.671m	-4.1%	£ 318.067m	£ 331.125m	£ 13.057m	-8.0%	-17.5%
Outer London	£ 1,738.566m	£ 1,744.603m	.3%	£ 759.982m	£ 758.700m	£-1.282m	-1.6%	-13.8%
GLC and Met Police	£ 1,201.217m	£ 928.074m	-22.7%	£ 137.591m	£ 287.807m	£ 150.216m	-41.0%	
London total	£ 4,735.134m	£ 4,394.348m	-7.2%	£ 1,215.640m	£ 1,377.631m	£ 161.991m	-16.2%	-16.2%
Partnership authorities	£ 1,736.265m	£ 1,722.623m	-.8%	£ 834.504m	£ 849.531m	£ 15.027m	-5.6%	
Programme authorities	£ 2,024.919m	£ 2,031.680m	.3%	£ 1,071.050m	£ 1,084.756m	£ 13.705m	-3.7%	
Partnership & Programme	£ 3,761.184m	£ 3,754.303m	-.2%	£ 1,905.554m	£ 1,934.286m	£ 28.732m	-4.6%	

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
SHIRE COUNTIES								
Avon	£ 315.435m	£ 307.513m	-2.5%	£ 115.766m	£ 123.717m	£ 7.951m	-10.1%	
Bedfordshire	£ 188.004m	£ 188.966m	.5%	£ 63.441m	£ 63.081m	£-.359m	-2.0%	
Berkshire	£ 228.169m	£ 228.750m	.3%	£ 52.164m	£ 53.842m	£ 1.678m	-3.9%	
Buckinghamshire	£ 192.114m	£ 196.559m	2.3%	£ 53.845m	£ 56.971m	£ 3.126m	-4.1%	
Cambridgeshire	£ 188.810m	£ 194.474m	3.0%	£ 76.281m	£ 77.478m	£ 1.197m	.1%	
Cheshire	£ 335.147m	£ 333.762m	-.4%	£ 129.526m	£ 129.916m	£ .390m	-4.2%	
Cleveland	£ 227.913m	£ 225.405m	-1.1%	£ 103.089m	£ 110.104m	£ 7.014m	-10.0%	
Cornwall	£ 131.770m	£ 135.723m	3.0%	£ 72.438m	£ 73.261m	£ .823m	1.2%	
Cumbria	£ 165.429m	£ 161.944m	-2.1%	£ 91.575m	£ 92.092m	£ .517m	-8.7%	
Derbyshire	£ 307.481m	£ 303.014m	-1.5%	£ 146.314m	£ 154.639m	£ 8.325m	-11.0%	
Devon	£ 292.898m	£ 301.685m	3.0%	£ 141.840m	£ 143.928m	£ 2.088m	1.3%	
Dorset	£ 177.062m	£ 182.373m	3.0%	£ 63.531m	£ 60.248m	£-3.283m	4.3%	
Durham	£ 204.453m	£ 204.453m	.0%	£ 122.818m	£ 119.889m	£-2.929m	.2%	
East Sussex	£ 193.239m	£ 199.036m	3.0%	£ 63.585m	£ 60.972m	£-2.614m	3.7%	
Essex	£ 459.667m	£ 473.457m	3.0%	£ 154.060m	£ 147.175m	£-6.885m	3.9%	
Gloucestershire	£ 157.302m	£ 161.876m	2.9%	£ 70.871m	£ 69.299m	£-1.571m	3.6%	
Hampshire	£ 468.757m	£ 481.952m	2.8%	£ 188.371m	£ 184.190m	£-4.181m	2.7%	
Hereford and Worcester	£ 201.721m	£ 207.773m	3.0%	£ 88.891m	£ 87.715m	£-1.175m	2.8%	
Hertfordshire	£ 311.850m	£ 317.774m	1.9%	£ 78.101m	£ 70.733m	£-7.368m	3.0%	
Humberside	£ 314.555m	£ 310.444m	-1.3%	£ 165.215m	£ 170.934m	£ 5.719m	-9.3%	
Isle of Wight	£ 38.807m	£ 39.581m	2.0%	£ 20.451m	£ 20.353m	£-.098m	.0%	
Kent	£ 456.504m	£ 470.199m	3.0%	£ 220.667m	£ 219.406m	£-1.261m	2.3%	
Lancashire	£ 469.270m	£ 477.362m	1.7%	£ 275.383m	£ 277.109m	£ 1.726m	-.0%	
Leicestershire	£ 284.885m	£ 293.432m	3.0%	£ 134.916m	£ 134.174m	£-.742m	2.6%	
Lincolnshire	£ 177.429m	£ 182.752m	3.0%	£ 96.995m	£ 96.253m	£-.742m	3.7%	
Norfolk	£ 210.688m	£ 217.009m	3.0%	£ 93.167m	£ 91.586m	£-1.581m	3.3%	
Northamptonshire	£ 180.362m	£ 185.773m	3.0%	£ 86.726m	£ 87.429m	£ .703m	.0%	
Northumberland	£ 103.326m	£ 102.118m	-1.2%	£ 54.439m	£ 53.061m	£-1.378m	-5.0%	
North Yorkshire	£ 213.438m	£ 218.774m	2.5%	£ 111.433m	£ 106.918m	£-4.515m	5.6%	
Nottinghamshire	£ 350.154m	£ 350.332m	.1%	£ 169.041m	£ 170.336m	£ 1.296m	-3.5%	
Oxfordshire	£ 164.164m	£ 168.268m	2.5%	£ 53.830m	£ 49.130m	£-4.700m	4.4%	
Shropshire	£ 123.744m	£ 127.456m	3.0%	£ 68.099m	£ 66.625m	£-1.474m	5.1%	
Somerset	£ 137.184m	£ 137.857m	.5%	£ 65.260m	£ 65.308m	£ .047m	-2.5%	
Staffordshire	£ 341.033m	£ 343.374m	.7%	£ 167.021m	£ 165.766m	£-1.255m	-1.3%	
Suffolk	£ 185.733m	£ 190.384m	2.5%	£ 80.618m	£ 77.289m	£-3.329m	3.6%	
Surrey	£ 286.432m	£ 293.839m	2.6%	£ 56.136m	£ 49.542m	£-6.593m	3.4%	
Warwickshire	£ 155.140m	£ 158.002m	1.8%	£ 62.595m	£ 61.896m	£-.699m	.9%	
West Sussex	£ 184.440m	£ 189.973m	3.0%	£ 58.667m	£ 58.819m	£ .152m	.4%	
Wiltshire	£ 165.469m	£ 170.433m	3.0%	£ 87.254m	£ 86.447m	£-.806m	3.4%	

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spending at target	Change (£m)	Authority level	Ratepayer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GREATER LONDON								
City of London	£ 55.623m	£ 56.042m	.8%	£-42.849m	£-44.991m	£-2.143m	1.0%	-17.9%
Camden	£ 107.673m	£ 101.598m	-5.6%	£ 12.676m	£ 13.227m	£ .551m	-10.6%	-16.8%
Greenwich	£ 62.304m	£ 58.566m	-6.0%	£ 26.620m	£ 33.340m	£ 6.720m	-30.5%	-25.4%
Hackney	£ 80.526m	£ 78.983m	-1.9%	£ 47.016m	£ 47.562m	£ .546m	-8.0%	-15.6%
Hammersmith and Fulham	£ 55.940m	£ 57.167m	2.2%	£ 36.526m	£ 34.822m	£-1.704m	9.7%	-11.5%
Islington	£ 74.986m	£ 70.486m	-6.0%	£ 27.867m	£ 33.294m	£ 5.427m	-23.2%	-21.9%
Kensington and Chelsea	£ 37.634m	£ 38.763m	3.0%	£ 18.880m	£ 15.059m	£-3.822m	22.8%	-13.5%
Lambeth	£ 107.787m	£ 101.320m	-6.0%	£ 51.069m	£ 56.245m	£ 5.176m	-22.2%	-21.6%
Lewisham	£ 75.295m	£ 74.619m	-.9%	£ 46.593m	£ 45.460m	£-1.134m	-3.7%	-13.7%
Southwark	£ 99.439m	£ 93.472m	-6.0%	£ 39.190m	£ 46.496m	£ 7.306m	-25.7%	-23.1%
Tower Hamlets	£ 62.669m	£ 62.646m	-.0%	£ 27.605m	£ 25.945m	£-1.661m	1.6%	-12.4%
Wandsworth	£ 60.254m	£ 62.112m	3.1%	£ 50.817m	£ 49.808m	£-1.008m	23.4%	-14.4%
Westminster	£ 65.735m	£ 67.379m	2.5%	£-23.943m	£-25.140m	£-1.197m	1.9%	-16.9%
Barking and Dagenham	£ 58.045m	£ 59.497m	2.5%	£ 25.727m	£ 25.122m	£-.605m	4.9%	-9.2%
Barnet	£ 96.195m	£ 98.604m	2.5%	£ 33.964m	£ 30.633m	£-3.332m	6.5%	-9.5%
Bexley	£ 77.845m	£ 78.286m	.6%	£ 43.870m	£ 43.416m	£-.454m	-.3%	-13.4%
Brent	£ 139.927m	£ 134.562m	-3.8%	£ 51.759m	£ 60.388m	£ 8.629m	-17.5%	-22.9%
Bromley	£ 91.342m	£ 94.082m	3.0%	£ 43.212m	£ 41.017m	£-2.195m	6.1%	-10.5%
Croydon	£ 103.326m	£ 106.426m	3.0%	£ 43.746m	£ 41.113m	£-2.633m	7.5%	-10.8%
Ealing	£ 111.571m	£ 114.453m	2.6%	£ 54.650m	£ 52.744m	£-1.906m	5.8%	-10.2%
Enfield	£ 92.486m	£ 93.281m	.9%	£ 41.667m	£ 40.040m	£-1.626m	2.7%	-12.0%
Haringey	£ 129.919m	£ 122.455m	-5.7%	£ 51.729m	£ 58.668m	£ 6.938m	-20.4%	-24.3%
Harrow	£ 71.050m	£ 71.403m	.5%	£ 30.532m	£ 29.723m	£-.809m	.2%	-12.6%
Havering	£ 82.999m	£ 85.074m	2.5%	£ 41.618m	£ 41.034m	£-.585m	4.3%	-10.5%
Hillingdon	£ 86.855m	£ 87.517m	.8%	£ 20.372m	£ 17.907m	£-2.466m	2.2%	-11.5%
Hounslow	£ 85.976m	£ 84.828m	-1.3%	£ 21.312m	£ 23.557m	£ 2.245m	-7.3%	-16.9%
Kingston-upon-Thames	£ 44.557m	£ 45.671m	2.5%	£ 16.753m	£ 15.715m	£-1.039m	6.3%	-10.3%
Merton	£ 57.247m	£ 58.093m	1.5%	£ 26.211m	£ 25.525m	£-.686m	2.5%	-12.4%
Newham	£ 125.055m	£ 120.759m	-3.4%	£ 68.850m	£ 72.138m	£ 3.288m	-15.3%	-21.7%
Redbridge	£ 73.298m	£ 75.497m	3.0%	£ 38.559m	£ 37.169m	£-1.390m	7.2%	-9.9%
Richmond-upon-Thames	£ 50.539m	£ 50.506m	-.1%	£ 18.364m	£ 17.087m	£-1.276m	.7%	-13.6%
Sutton	£ 53.629m	£ 54.970m	2.5%	£ 24.960m	£ 24.685m	£-.275m	3.2%	-12.2%
Waltham Forest	£ 106.705m	£ 108.639m	1.8%	£ 62.126m	£ 61.019m	£-1.107m	3.7%	-8.3%
GLC	£ 858.755m	£ 561.527m	-34.6%	-	£ 153.382m	£ 153.382m	-53.4%	
ILEA	£ 849.487m	£ 798.518m	-6.0%	-	-	-	-6.9%	
Met. Police	£ 342.462m	£ 366.547m	7.0%	£ 137.591m	£ 134.424m	£-3.166m	10.5%	

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GREATER MANCHESTER								
Bolton	£ 87.960m	£ 90.599m	3.0%	£ 54.128m	£ 54.537m	£ .409m	3.0%	-3.3%
Bury	£ 57.694m	£ 58.105m	.7%	£ 31.372m	£ 30.425m	£-.947m	2.0%	-3.5%
Manchester	£ 241.033m	£ 243.746m	1.1%	£ 96.614m	£ 87.886m	£-8.728m	5.1%	.3%
Oldham	£ 79.961m	£ 82.360m	3.0%	£ 51.757m	£ 51.752m	£-.005m	4.5%	-2.1%
Rochdale	£ 83.396m	£ 83.045m	-.4%	£ 49.768m	£ 49.547m	£-.221m	-4.4%	-7.9%
Salford	£ 93.959m	£ 93.659m	-.3%	£ 54.720m	£ 53.465m	£-1.254m	-.5%	-5.7%
Stockport	£ 87.377m	£ 89.999m	3.0%	£ 39.597m	£ 38.297m	£-1.300m	5.6%	-1.3%
Tameside	£ 78.180m	£ 77.595m	-.7%	£ 46.340m	£ 46.182m	£-.158m	-4.9%	-8.5%
Trafford	£ 69.779m	£ 71.821m	2.9%	£ 22.532m	£ 20.076m	£-2.455m	7.0%	-.4%
Wigan	£ 105.349m	£ 106.216m	.8%	£ 62.363m	£ 61.778m	£-.585m	.1%	-4.9%
MERSEYSIDE								
Knowsley	£ 68.864m	£ 68.975m	.2%	£ 38.636m	£ 38.224m	£-.412m	-.2%	-7.5%
Liverpool	£ 216.423m	£ 216.081m	-.2%	£ 118.382m	£ 113.901m	£-4.482m	2.7%	-5.4%
St Helens	£ 68.986m	£ 67.952m	-1.5%	£ 35.052m	£ 35.728m	£ .677m	-7.5%	-12.5%
Sefton	£ 88.146m	£ 90.790m	3.0%	£ 45.555m	£ 43.692m	£-1.863m	7.3%	-3.4%
Wirral	£ 111.648m	£ 113.028m	1.2%	£ 57.604m	£ 55.839m	£-1.765m	2.8%	-5.9%
SOUTH YORKSHIRE								
Barnsley	£ 76.395m	£ 76.547m	.2%	£ 48.390m	£ 47.690m	£-.700m	.1%	-3.4%
Doncaster	£ 103.846m	£ 103.413m	-.4%	£ 57.479m	£ 59.110m	£ 1.631m	-6.8%	-7.9%
Rotherham	£ 83.889m	£ 85.846m	2.3%	£ 53.431m	£ 53.376m	£-.055m	2.8%	-1.8%
Sheffield	£ 218.106m	£ 209.072m	-4.1%	£ 83.178m	£ 96.489m	£ 13.311m	-18.6%	-16.5%
TYNE AND WEAR								
Gateshead	£ 76.593m	£ 75.119m	-1.9%	£ 42.726m	£ 41.941m	£-.785m	-4.9%	-8.9%
Newcastle upon Tyne	£ 124.731m	£ 122.256m	-2.0%	£ 37.643m	£ 40.327m	£ 2.683m	-7.8%	-10.5%
North Tyneside	£ 76.527m	£ 73.857m	-3.5%	£ 37.179m	£ 39.499m	£ 2.320m	-14.9%	-16.2%
South Tyneside	£ 61.984m	£ 62.140m	.3%	£ 39.098m	£ 37.726m	£-1.371m	3.9%	-2.8%
Sunderland	£ 104.889m	£ 102.759m	-2.0%	£ 62.799m	£ 63.558m	£ .759m	-10.2%	-12.9%
WEST MIDLANDS								
Birmingham	£ 358.136m	£ 373.557m	4.3%	£ 177.213m	£ 177.478m	£ .266m	6.0%	-1.9%
Coventry	£ 116.478m	£ 119.391m	2.5%	£ 58.647m	£ 55.806m	£-2.842m	7.8%	.4%
Dudley	£ 82.514m	£ 85.916m	4.1%	£ 34.144m	£ 33.298m	£-.846m	5.9%	-2.0%
Sandwell	£ 108.840m	£ 112.105m	3.0%	£ 49.371m	£ 48.495m	£-.876m	4.5%	-2.6%
Solihull	£ 61.043m	£ 62.875m	3.0%	£ 27.460m	£ 26.123m	£-1.337m	6.3%	-1.6%
Walsall	£ 97.818m	£ 97.484m	-.3%	£ 42.663m	£ 44.313m	£ 1.650m	-4.4%	-8.7%
Wolverhampton	£ 97.359m	£ 100.248m	3.0%	£ 44.887m	£ 43.319m	£-1.569m	6.7%	-.7%
WEST YORKSHIRE								
Bradford	£ 168.433m	£ 169.755m	.8%	£ 110.549m	£ 112.536m	£ 1.987m	-4.8%	-4.7%
Calderdale	£ 64.996m	£ 65.275m	.4%	£ 43.048m	£ 43.192m	£ .145m	-3.2%	-3.4%
Kirklees	£ 128.059m	£ 129.709m	1.3%	£ 86.596m	£ 87.463m	£ .867m	-1.7%	-2.3%
Leeds	£ 229.481m	£ 236.200m	2.9%	£ 117.123m	£ 116.014m	£-1.108m	3.6%	1.7%
Wakefield	£ 97.067m	£ 99.507m	2.5%	£ 54.715m	£ 55.024m	£ .309m	1.8%	.3%

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
METROPOLITAN COUNTIES								
Greater Manchester	£ 247.837m	£ 237.682m	-4.1%	£ 101.681m	£ 118.528m	£ 16.848m	-20.6%	
Merseyside	£ 175.882m	£ 165.329m	-6.0%	£ 68.036m	£ 83.977m	£ 15.941m	-25.9%	
South Yorkshire	£ 167.260m	£ 161.815m	-3.3%	£ 68.528m	£ 71.223m	£ 2.694m	-10.4%	
Tyne and Wear	£ 144.059m	£ 136.707m	-5.1%	£ 75.598m	£ 80.847m	£ 5.249m	-20.7%	
West Midlands	£ 240.810m	£ 229.437m	-4.7%	£ 68.331m	£ 94.062m	£ 25.731m	-22.8%	
West Yorkshire	£ 188.392m	£ 189.316m	.5%	£ 100.645m	£ 102.578m	£ 1.932m	-4.1%	

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

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	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
AVON								
Bath	£ 3.741m	£ 4.231m	13.1%	£ 2.445m	£ 2.445m	£-.000m	32.7%	-7.2%
Bristol	£ 32.536m	£ 34.076m	4.7%	£ 11.387m	£ 10.507m	£-.881m	9.7%	-6.6%
Kingswood	£ 3.327m	£ 3.733m	12.2%	£ 2.005m	£ 2.088m	£ .083m	19.2%	-7.5%
Northavon	£ 4.009m	£ 4.129m	3.0%	£ 1.550m	£ 1.414m	£-.136m	6.1%	-8.7%
Wansdyke	£ 2.247m	£ 2.778m	23.6%	£ 1.139m	£ 1.236m	£ .096m	35.0%	-6.8%
Woodspring	£ 7.209m	£ 7.884m	9.4%	£ 3.396m	£ 3.615m	£ .220m	8.2%	-8.2%
BEDFORDSHIRE								
North Bedfordshire	£ 5.628m	£ 5.797m	3.0%	£ 2.197m	£ 1.885m	£-.313m	10.2%	-.7%
Luton	£ 8.621m	£ 8.880m	3.0%	£ 3.167m	£ 2.651m	£-.516m	10.8%	-.6%
Mid Bedfordshire	£ 3.003m	£ 3.093m	3.0%	£ .937m	£ .755m	£-.183m	9.9%	-.8%
South Bedfordshire	£ 4.716m	£ 4.857m	3.0%	£ .689m	£ .386m	£-.303m	8.1%	-.7%
BERKSHIRE								
Bracknell	£ 3.302m	£ 3.401m	3.0%	£ .992m	£ .948m	£-.044m	2.8%	-3.2%
Newbury	£ 5.049m	£ 5.200m	3.0%	£ 1.835m	£ 1.524m	£-.311m	10.3%	-2.3%
Reading	£ 10.568m	£ 10.713m	1.4%	£ 1.536m	£ 1.108m	£-.428m	2.4%	-2.7%
Slough	£ 4.040m	£ 5.791m	43.3%	£ 2.142m	£ .887m	£-1.255m	149.0%	4.4%
Windsor and Maidenhead	£ 5.375m	£ 5.988m	11.4%	£ 1.449m	£ 1.116m	£-.333m	20.1%	-1.5%
Wokingham	£ 4.399m	£ 4.531m	3.0%	£ 1.382m	£ 1.137m	£-.245m	8.4%	-2.5%
BUCKINGHAMSHIRE								
Aylesbury Vale	£ 3.777m	£ 3.923m	3.9%	£ 1.340m	£ 1.179m	£-.160m	7.7%	-3.2%
South Bucks	£ 2.034m	£ 2.172m	6.8%	£ .068m	-	£-.068m	7.2%	-3.1%
Chiltern	£ 3.017m	£ 3.147m	4.3%	£ .459m	£ .297m	£-.162m	9.5%	-2.8%
Milton Keynes	£ 6.879m	£ 7.246m	5.3%	£ 1.780m	£ 1.221m	£-.559m	3.8%	-2.9%
Wycombe	£ 5.198m	£ 5.354m	3.0%	£ 1.126m	£ .879m	£-.247m	7.1%	-3.1%
CAMBRIDGESHIRE								
Cambridge	£ 5.097m	£ 5.250m	3.0%	£ 1.635m	£ 1.317m	£-.317m	10.6%	1.3%
East Cambridgeshire	£ 1.279m	£ 1.903m	48.8%	£ .645m	£ .848m	£ .203m	62.3%	5.0%
Fenland	£ 2.712m	£ 2.804m	3.4%	£ 1.445m	£ 1.331m	£-.114m	12.5%	1.5%
Huntingdon	£ 4.292m	£ 4.420m	3.0%	£ 1.747m	£ 1.584m	£-.163m	7.5%	.9%
Peterborough	£ 8.557m	£ 8.771m	2.5%	£ 2.667m	£ 2.160m	£-.507m	6.7%	1.3%
South Cambridgeshire	£ 2.577m	£ 2.655m	3.0%	£ .742m	£ .583m	£-.158m	8.3%	.8%
CHESHIRE								
Chester	£ 6.310m	£ 6.299m	-.2%	£ 1.860m	£ 1.868m	£ .008m	-3.3%	-4.1%
Congleton	£ 3.346m	£ 3.654m	9.2%	£ 1.195m	£ 1.184m	£-.011m	10.7%	-2.4%
Crewe and Nantwich	£ 5.744m	£ 5.916m	3.0%	£ 2.547m	£ 2.463m	£-.084m	4.6%	-3.0%
Ellesmere Port and Nesto	£ 4.380m	£ 4.489m	2.5%	£ .821m	£ .535m	£-.287m	7.6%	-2.8%
Halton	£ 6.391m	£ 6.553m	2.5%	£ 2.615m	£ 2.361m	£-.253m	6.1%	-2.9%
Macclesfield	£ 6.082m	£ 6.264m	3.0%	£ 2.267m	£ 2.080m	£-.187m	6.5%	-3.1%
Vale Royal	£ 4.999m	£ 5.136m	2.7%	£ 1.680m	£ 1.620m	£-.060m	3.4%	-3.3%
Warrington	£ 9.198m	£ 9.045m	-1.7%	£ 2.747m	£ 2.801m	£ .054m	-7.0%	-4.6%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spending at target	Change (£m)	Authority level	Ratepayer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
CLEVELAND								
Hartlepool	£ 6.450m	£ 6.199m	-3.9%	£ 3.692m	£ 3.753m	£ .061m	-15.4%	-10.8%
Langbaurgh	£ 13.322m	£ 14.013m	5.2%	£ 3.162m	£ 2.410m	£-.752m	11.8%	-5.5%
Middlesbrough	£ 14.976m	£ 15.263m	1.9%	£ 8.433m	£ 8.064m	£-.369m	6.8%	-6.8%
Stockton-on-Tees	£ 10.825m	£ 11.095m	2.5%	£ 3.356m	£ 3.010m	£-.346m	6.4%	-7.6%
CORNWALL								
Caradon	£ 2.634m	£ 2.713m	3.0%	£ 1.580m	£ 1.546m	£-.034m	5.5%	1.7%
Carrick	£ 3.503m	£ 3.751m	7.1%	£ 1.911m	£ 1.887m	£-.024m	12.0%	2.5%
Kerrier	£ 3.059m	£ 3.151m	3.0%	£ 1.813m	£ 1.772m	£-.041m	5.8%	1.7%
North Cornwall	£ 2.694m	£ 2.826m	4.9%	£ 1.652m	£ 1.612m	£-.040m	11.4%	2.3%
Penwith	£ 2.689m	£ 3.058m	13.7%	£ 1.642m	£ 1.664m	£ .023m	28.2%	4.5%
Restormel	£ 3.042m	£ 3.311m	8.9%	£ 1.528m	£ 1.496m	£-.032m	16.6%	2.8%
CUMBRIA								
Allerdale	£ 4.922m	£ 5.069m	3.0%	£ 3.153m	£ 3.122m	£-.031m	6.8%	-7.0%
Barrow in Furness	£ 4.065m	£ 4.166m	2.5%	£ 2.706m	£ 2.637m	£-.069m	8.4%	-6.6%
Carlisle	£ 6.066m	£ 6.115m	.8%	£ 3.136m	£ 3.044m	£-.092m	2.1%	-7.1%
Copeland	£ 4.219m	£ 4.244m	.6%	£ 2.315m	£ 2.171m	£-.144m	3.0%	-7.0%
Eden	£ 1.519m	£ 1.596m	5.1%	£ .960m	£ .950m	£-.010m	10.8%	-7.2%
South Lakeland	£ 4.555m	£ 5.120m	12.4%	£ 2.673m	£ 2.706m	£ .033m	22.8%	-5.4%
DERBYSHIRE								
Amber Valley	£ 4.740m	£ 4.882m	3.0%	£ 2.619m	£ 2.421m	£-.197m	11.1%	-8.6%
Bolsover	£ 3.381m	£ 3.482m	3.0%	£ 1.922m	£ 1.913m	£-.010m	2.5%	-9.1%
Chesterfield	£ 6.193m	£ 6.195m	.0%	£ 2.586m	£ 2.566m	£-.020m	-3.4%	-9.7%
Derby	£ 12.044m	£ 12.391m	2.9%	£ 5.734m	£ 5.577m	£-.156m	5.1%	-9.0%
Erewash	£ 5.071m	£ 5.199m	2.5%	£ 2.602m	£ 2.542m	£-.060m	3.9%	-9.1%
High Peak	£ 3.881m	£ 3.980m	2.5%	£ 1.876m	£ 1.828m	£-.048m	4.0%	-9.0%
North East Derbyshire	£ 4.463m	£ 4.575m	2.5%	£ 2.295m	£ 2.263m	£-.033m	3.1%	-9.1%
South Derbyshire	£ 2.209m	£ 2.275m	3.0%	£ .765m	£ .664m	£-.101m	7.9%	-9.3%
West Derbyshire	£ 3.062m	£ 3.154m	3.0%	£ 1.678m	£ 1.592m	£-.086m	9.6%	-8.6%
DEVON								
East Devon	£ 4.268m	£ 4.396m	3.0%	£ 2.490m	£ 2.333m	£-.157m	11.6%	2.2%
Exeter	£ 4.327m	£ 4.682m	8.2%	£ 2.481m	£ 2.552m	£ .071m	10.5%	2.1%
North Devon	£ 3.455m	£ 3.626m	4.9%	£ 2.027m	£ 1.946m	£-.082m	13.5%	2.7%
Plymouth	£ 11.029m	£ 11.623m	5.4%	£ 6.882m	£ 6.749m	£-.133m	14.1%	2.5%
South Hams	£ 3.043m	£ 3.206m	5.4%	£ 1.891m	£ 1.802m	£-.089m	16.7%	2.8%
Teignbridge	£ 4.460m	£ 4.594m	3.0%	£ 2.531m	£ 2.385m	£-.146m	9.9%	2.3%
Mid Devon	£ 2.423m	£ 2.496m	3.0%	£ 1.392m	£ 1.375m	£-.018m	5.0%	1.7%
Torbay	£ 6.356m	£ 6.551m	3.1%	£ 3.059m	£ 2.864m	£-.195m	9.0%	2.3%
Torridge	£ 2.354m	£ 2.424m	3.0%	£ 1.628m	£ 1.587m	£-.041m	10.3%	2.4%
West Devon	£ 1.473m	£ 1.517m	3.0%	£ .962m	£ .909m	£-.053m	13.7%	2.4%

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	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
DORSET								
Bournemouth	£ 9.413m	£ 9.811m	4.2%	£ 4.567m	£ 4.404m	£-.163m	8.7%	4.9%
Christchurch	£ 1.759m	£ 1.829m	4.0%	£ .814m	£ .806m	£-.009m	5.6%	4.5%
North Dorset	£ 1.192m	£ 1.295m	8.7%	£ .763m	£ .766m	£ .003m	17.6%	5.1%
Poole	£ 5.823m	£ 5.997m	3.0%	£ 2.207m	£ 2.161m	£-.046m	2.2%	4.1%
Purbeck	£ 1.207m	£ 1.338m	10.9%	£ .669m	£ .611m	£-.058m	29.1%	6.1%
West Dorset	£ 2.492m	£ 2.647m	6.2%	£ 1.677m	£ 1.624m	£-.053m	20.0%	5.3%
Weymouth and Portland	£ 3.017m	£ 3.107m	3.0%	£ 1.884m	£ 1.825m	£-.059m	8.9%	4.9%
Wimborne	£ 2.473m	£ 2.588m	4.7%	£ 1.152m	£ 1.020m	£-.132m	13.8%	5.2%
DURHAM								
Chester-le-Street	£ 3.204m	£ 3.138m	-2.1%	£ 1.750m	£ 1.736m	£-.014m	-6.0%	-1.0%
Darlington	£ 8.017m	£ 8.038m	.3%	£ 3.118m	£ 2.961m	£-.158m	.8%	.3%
Derwentside	£ 6.198m	£ 6.335m	2.2%	£ 3.594m	£ 3.498m	£-.096m	3.6%	.9%
Durham	£ 5.100m	£ 5.469m	7.2%	£ 2.325m	£ 2.412m	£ .087m	8.2%	1.6%
Easington	£ 6.078m	£ 6.232m	2.5%	£ 4.134m	£ 4.058m	£-.076m	7.8%	1.4%
Sedgefield	£ 7.811m	£ 8.006m	2.5%	£ 3.971m	£ 3.873m	£-.099m	5.3%	1.4%
Teesdale	£ .953m	£ .982m	3.0%	£ .622m	£ .609m	£-.013m	6.7%	.8%
Wear Valley	£ 4.910m	£ 5.033m	2.5%	£ 2.773m	£ 2.684m	£-.089m	6.8%	1.6%
EAST SUSSEX								
Brighton	£ 13.064m	£ 13.421m	2.7%	£ 6.013m	£ 5.382m	£-.631m	11.4%	5.1%
Eastbourne	£ 5.471m	£ 5.609m	2.5%	£ 2.352m	£ 2.116m	£-.236m	7.9%	4.3%
Hastings	£ 4.655m	£ 4.928m	5.9%	£ 2.850m	£ 2.790m	£-.060m	14.9%	5.1%
Hove	£ 4.928m	£ 5.162m	4.8%	£ 3.491m	£ 3.257m	£-.235m	26.4%	5.3%
Lewes	£ 3.972m	£ 4.091m	3.0%	£ 1.675m	£ 1.515m	£-.160m	8.6%	4.3%
Rother	£ 3.898m	£ 4.015m	3.0%	£ 2.003m	£ 1.916m	£-.087m	7.4%	4.1%
Wealden	£ 3.945m	£ 4.064m	3.0%	£ 2.099m	£ 1.966m	£-.133m	9.3%	4.2%
ESSEX								
Basildon	£ 12.480m	£ 11.732m	-6.0%	£ 1.990m	£ 2.654m	£ .664m	-16.8%	-1.2%
Braintree	£ 4.090m	£ 4.212m	3.0%	£ 1.591m	£ 1.475m	£-.116m	5.4%	4.1%
Brentwood	£ 2.504m	£ 2.701m	7.9%	£ .567m	£ .446m	£-.121m	14.6%	5.0%
Castle Point	£ 3.677m	£ 3.787m	3.0%	£ 1.436m	£ 1.464m	£ .028m	4.1%	4.0%
Chelmsford	£ 4.007m	£ 4.448m	11.0%	£ 1.686m	£ 1.551m	£-.135m	19.6%	5.1%
Colchester	£ 4.490m	£ 5.513m	22.8%	£ 2.205m	£ 2.272m	£ .067m	34.6%	6.6%
Epping Forest	£ 4.600m	£ 5.452m	18.5%	£ 1.236m	£ 1.086m	£-.150m	26.5%	6.6%
Harlow	£ 7.493m	£ 7.044m	-6.0%	-	£ .492m	£ .492m	-14.3%	-1.5%
Maldon	£ 1.624m	£ 1.764m	8.6%	£ .519m	£ .478m	£-.042m	11.3%	4.7%
Rochford	£ 2.950m	£ 3.227m	9.4%	£ 1.148m	£ 1.113m	£-.035m	14.2%	5.2%
Southend-on-Sea	£ 10.063m	£ 10.365m	3.0%	£ 4.849m	£ 4.386m	£-.463m	12.1%	5.0%
Tendring	£ 6.052m	£ 6.234m	3.0%	£ 3.049m	£ 2.977m	£-.073m	4.9%	4.1%
Thurrock	£ 7.857m	£ 7.646m	-2.7%	-	-	-	-2.5%	2.8%
Uttlesford	£ 1.911m	£ 2.133m	11.6%	£ .819m	£ .740m	£-.079m	23.8%	5.7%

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS

(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spending at target	Change (£m)	Authority level	Ratepayer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GLOUCESTERSHIRE								
Cheltenham	£ 4.181m	£ 4.830m	15.5%	£ 1.981m	£ 1.870m	£-.111m	30.3%	6.4%
Cotswold	£ 2.603m	£ 2.688m	3.3%	£ 1.250m	£ 1.180m	£-.070m	7.9%	4.0%
Forest of Dean	£ 2.593m	£ 2.671m	3.0%	£ 1.575m	£ 1.490m	£-.085m	11.6%	4.4%
Gloucester	£ 3.178m	£ 3.273m	3.0%	£ 2.005m	£ 1.943m	£-.062m	8.0%	3.9%
Stroud	£ 3.381m	£ 3.482m	3.0%	£ 1.795m	£ 1.634m	£-.162m	12.8%	4.4%
Tewkesbury	£ 2.120m	£ 2.341m	10.4%	£ .811m	£ .679m	£-.132m	22.6%	5.1%
HAMPSHIRE								
Basingstoke and Deane	£ 5.841m	£ 6.044m	3.5%	£ 1.950m	£ 1.753m	£-.197m	5.4%	3.1%
East Hampshire	£ 3.901m	£ 4.018m	3.0%	£ 1.842m	£ 1.635m	£-.207m	10.3%	3.6%
Eastleigh	£ 3.517m	£ 3.623m	3.0%	£ 1.112m	£ 1.033m	£-.079m	3.2%	2.8%
Fareham	£ 4.065m	£ 4.167m	2.5%	£ 1.484m	£ 1.355m	£-.130m	4.4%	2.9%
Gosport	£ 3.654m	£ 3.763m	3.0%	£ 2.013m	£ 1.907m	£-.106m	10.3%	3.6%
Hart	£ 2.798m	£ 2.882m	3.0%	£ 1.029m	£ .865m	£-.164m	9.6%	3.5%
Havant	£ 4.563m	£ 4.992m	9.4%	£ 2.492m	£ 2.367m	£-.124m	22.3%	4.6%
New Forest	£ 6.127m	£ 6.322m	3.2%	£ 2.561m	£ 2.177m	£-.384m	11.9%	3.7%
Portsmouth	£ 16.219m	£ 16.021m	-1.2%	£ 8.872m	£ 8.525m	£-.348m	-1.2%	2.0%
Rushmoor	£ 4.757m	£ 4.876m	2.5%	£ 2.183m	£ 1.927m	£-.255m	10.4%	3.8%
Southampton	£ 12.858m	£ 13.213m	2.8%	£ 6.251m	£ 5.828m	£-.423m	9.8%	3.7%
Test Valley	£ 3.353m	£ 3.504m	4.5%	£ 1.247m	£ 1.115m	£-.133m	9.3%	3.4%
Winchester	£ 3.718m	£ 3.830m	3.0%	£ 1.409m	£ 1.261m	£-.148m	7.6%	3.3%
HEREFORD AND WORCESTER								
Bromsgrove	£ 2.547m	£ 2.623m	3.0%	£ .803m	£ .781m	£-.022m	3.1%	2.9%
Hereford	£ 2.338m	£ 2.409m	3.0%	£ .992m	£ .988m	£-.004m	2.9%	2.8%
Leominster	£ 1.406m	£ 1.448m	3.0%	£ .842m	£ .808m	£-.034m	7.7%	3.4%
Malvern Hills	£ 3.340m	£ 3.440m	3.0%	£ 1.367m	£ 1.462m	£ .095m	-3.3%	2.0%
Redditch	£ 3.512m	£ 3.617m	3.0%	£ .937m	£ .880m	£-.057m	1.5%	2.6%
South Herefordshire	£ 1.568m	£ 1.627m	3.8%	£ .854m	£ .822m	£-.031m	8.1%	3.4%
Worcester	£ 3.920m	£ 4.039m	3.0%	£ 1.320m	£ 1.242m	£-.078m	5.3%	3.2%
Wychavon	£ 4.428m	£ 4.539m	2.5%	£ 1.280m	£ 1.160m	£-.121m	3.7%	3.0%
Wyre Forest	£ 6.220m	£ 6.297m	1.2%	£ 1.812m	£ 1.628m	£-.184m	3.2%	2.9%
HERTFORDSHIRE								
Broxbourne	£ 3.770m	£ 4.152m	10.1%	£ 1.422m	£ 1.243m	£-.179m	21.2%	5.2%
Dacorum	£ 6.204m	£ 6.672m	7.5%	£ 1.767m	£ 1.574m	£-.193m	12.3%	4.1%
East Hertfordshire	£ 5.155m	£ 5.307m	3.0%	£ 1.620m	£ 1.370m	£-.251m	8.3%	3.7%
Hertsmere	£ 5.149m	£ 5.278m	2.5%	£ .823m	£ .615m	£-.209m	5.5%	3.4%
North Hertfordshire	£ 4.908m	£ 5.055m	3.0%	£ 1.227m	£ 1.144m	£-.083m	4.5%	3.2%
St Albans	£ 5.040m	£ 5.192m	3.0%	£ 1.406m	£ 1.135m	£-.271m	7.7%	3.5%
Stevenage	£ 5.898m	£ 5.929m	.5%	£ .725m	£ .515m	£-.211m	1.3%	2.6%
Three Rivers	£ 3.847m	£ 4.101m	6.6%	£ 1.024m	£ .858m	£-.166m	12.6%	4.3%
Watford	£ 5.508m	£ 5.533m	.5%	£ 1.470m	£ 1.292m	£-.179m	2.5%	2.9%
Welwyn Hatfield	£ 5.381m	£ 5.433m	1.0%	£ .529m	£ .241m	£-.289m	3.7%	3.1%

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure 1983/84 (NIS adj) budget	Expenditure 1984/85 target	Expenditure % increase	Grant 1983/84 1st SR (after hold-back)	Grant 1984/85 spending at target	Grant Change (£m)	% increase in local contrib Authority level	% increase in local contrib Ratepayer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
HUMBERSIDE								
Beverley	£ 3.891m	£ 4.008m	3.0%	£ 2.087m	£ 2.069m	£-.017m	4.7%	-8.1%
Boothferry	£ 3.511m	£ 3.609m	2.8%	£ 2.266m	£ 2.226m	£-.039m	6.2%	-7.3%
Cleethorpes	£ 4.467m	£ 4.481m	.3%	£ 2.044m	£ 1.977m	£-.067m	.3%	-7.8%
Glanford	£ 3.481m	£ 3.586m	3.0%	£ 1.737m	£ 1.661m	£-.077m	5.4%	-7.6%
Great Grimsby	£ 5.633m	£ 5.802m	3.0%	£ 3.124m	£ 3.213m	£ .088m	-.1%	-8.1%
Holderness	£ 1.776m	£ 1.830m	3.0%	£ 1.086m	£ 1.063m	£-.023m	7.0%	-7.8%
Kingston upon Hull	£ 20.536m	£ 20.416m	-.6%	£ 13.790m	£ 13.454m	£-.336m	-.2%	-8.1%
East Yorkshire	£ 4.098m	£ 4.118m	.5%	£ 2.539m	£ 2.490m	£-.050m	.6%	-8.0%
Scunthorpe	£ 6.251m	£ 6.139m	-1.8%	£ 2.196m	£ 2.113m	£-.082m	-2.6%	-8.1%
ISLE OF WIGHT								
Medina	£ 3.133m	£ 3.227m	3.0%	£ 1.546m	£ 1.489m	£-.058m	4.1%	.6%
South Wight	£ 2.669m	£ 2.682m	.5%	£ 1.281m	£ 1.199m	£-.082m	3.1%	.5%
KENT								
Ashford	£ 4.014m	£ 4.134m	3.0%	£ 1.882m	£ 1.811m	£-.071m	5.7%	2.7%
Canterbury	£ 6.474m	£ 6.624m	2.3%	£ 3.392m	£ 3.297m	£-.094m	4.2%	2.5%
Dartford	£ 5.332m	£ 5.492m	3.0%	£ 2.584m	£ 2.317m	£-.267m	7.6%	3.2%
Dover	£ 5.422m	£ 5.560m	2.5%	£ 3.197m	£ 3.056m	£-.142m	8.9%	3.2%
Gillingham	£ 2.474m	£ 2.548m	3.0%	£ 1.841m	£ 1.717m	£-.124m	24.7%	3.3%
Gravesham	£ 4.754m	£ 4.897m	3.0%	£ 2.349m	£ 2.190m	£-.158m	9.9%	3.3%
Maidstone	£ 5.832m	£ 6.007m	3.0%	£ 2.731m	£ 2.549m	£-.182m	6.3%	2.8%
Rochester upon Medway	£ 6.773m	£ 6.976m	3.0%	£ 3.401m	£ 2.924m	£-.477m	12.4%	3.4%
Sevenoaks	£ 4.956m	£ 5.105m	3.0%	£ 2.184m	£ 2.054m	£-.130m	7.0%	2.9%
Shepway	£ 4.971m	£ 5.143m	3.5%	£ 2.503m	£ 2.387m	£-.117m	7.7%	3.0%
Swale	£ 5.266m	£ 5.377m	2.1%	£ 2.650m	£ 2.538m	£-.112m	5.5%	2.7%
Thanet	£ 8.612m	£ 8.657m	.5%	£ 4.933m	£ 4.697m	£-.236m	4.5%	2.6%
Tonbridge and Malling	£ 4.950m	£ 5.462m	10.3%	£ 1.816m	£ 1.677m	£-.139m	16.3%	4.5%
Tunbridge Wells	£ 4.234m	£ 4.361m	3.0%	£ 2.157m	£ 2.093m	£-.064m	5.6%	2.7%
LANCASHIRE								
Blackburn	£ 13.423m	£ 13.655m	1.7%	£ 8.681m	£ 8.285m	£-.395m	10.0%	2.1%
Blackpool	£ 10.375m	£ 10.506m	1.3%	£ 5.903m	£ 6.129m	£ .226m	-4.6%	-.7%
Burnley	£ 8.161m	£ 8.229m	.8%	£ 4.849m	£ 4.699m	£-.150m	2.6%	.6%
Chorley	£ 4.005m	£ 4.125m	3.0%	£ 2.149m	£ 2.158m	£ .010m	1.8%	.2%
Fylde	£ 3.381m	£ 3.646m	7.8%	£ 1.725m	£ 1.649m	£-.077m	16.4%	2.0%
Hyndburn	£ 5.328m	£ 5.178m	-2.8%	£ 3.198m	£ 3.188m	£-.010m	-10.5%	-2.0%
Lancaster	£ 7.175m	£ 7.358m	2.6%	£ 4.150m	£ 4.050m	£-.101m	5.5%	.8%
Pendle	£ 5.585m	£ 5.533m	-.9%	£ 3.737m	£ 3.668m	£-.070m	-3.0%	-.6%
Preston	£ 8.328m	£ 8.536m	2.5%	£ 4.865m	£ 4.809m	£-.056m	5.2%	.7%
Ribble Valley	£ 2.398m	£ 2.458m	2.5%	£ 1.241m	£ 1.242m	£ .001m	2.3%	.3%
Rossendale	£ 4.649m	£ 4.624m	-.5%	£ 2.711m	£ 2.666m	£-.045m	-2.2%	-.5%
South Ribble	£ 3.547m	£ 3.654m	3.0%	£ 1.526m	£ 1.883m	£ .357m	-15.0%	-1.9%
West Lancashire	£ 4.770m	£ 5.101m	6.9%	£ 2.164m	£ 2.197m	£ .033m	8.3%	1.1%
Wyre	£ 5.114m	£ 5.268m	3.0%	£ 3.269m	£ 3.164m	£-.105m	10.2%	1.1%

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
LEICESTERSHIRE								
Blaby	£ 2.255m	£ 2.402m	6.5%	£ .961m	£ .929m	£-.033m	10.9%	3.4%
Charnwood	£ 4.889m	£ 5.035m	3.0%	£ 1.786m	£ 1.627m	£-.159m	6.5%	3.0%
Harborough	£ 2.161m	£ 2.280m	5.5%	£ .832m	£ .734m	£-.098m	13.0%	3.8%
Hinckley and Bosworth	£ 2.706m	£ 2.827m	4.5%	£ 1.104m	£ .994m	£-.111m	8.5%	3.2%
Leicester	£ 24.894m	£ 23.400m	-6.0%	£ 8.351m	£ 10.845m	£ 2.494m	-26.2%	-4.2%
Melton	£ 1.634m	£ 1.683m	3.0%	£ .677m	£ .643m	£-.034m	4.6%	2.8%
North West Leicestershir	£ 3.389m	£ 3.491m	3.0%	£ 1.273m	£ 1.186m	£-.087m	5.5%	3.0%
Oadby and Wigston	£ 1.577m	£ 1.625m	3.0%	£ .705m	£ .681m	£-.024m	5.0%	2.8%
Rutland	£ 1.038m	£ 1.097m	5.7%	£ .434m	£ .417m	£-.017m	9.5%	3.3%
LINCOLNSHIRE								
Boston	£ 2.452m	£ 2.525m	3.0%	£ 1.430m	£ 1.403m	£-.028m	5.5%	3.0%
East Lindsey	£ 4.435m	£ 4.742m	6.9%	£ 2.443m	£ 2.304m	£-.139m	17.8%	4.4%
Lincoln	£ 4.518m	£ 4.625m	2.4%	£ 2.338m	£ 2.224m	£-.114m	5.1%	3.1%
North Kesteven	£ 2.786m	£ 2.869m	3.0%	£ 1.480m	£ 1.402m	£-.078m	6.0%	3.1%
South Holland	£ 3.127m	£ 3.220m	3.0%	£ 1.818m	£ 1.746m	£-.072m	7.4%	3.4%
South Kesteven	£ 3.789m	£ 3.902m	3.0%	£ 1.982m	£ 1.883m	£-.100m	6.2%	3.1%
West Lindsey	£ 3.058m	£ 3.321m	8.6%	£ 1.523m	£ 1.572m	£ .049m	9.8%	3.7%
NORFOLK								
Breckland	£ 3.072m	£ 3.243m	5.6%	£ 1.526m	£ 1.539m	£ .013m	5.3%	3.5%
Broadland	£ 2.873m	£ 2.960m	3.0%	£ 1.444m	£ 1.375m	£-.069m	7.4%	3.7%
Great Yarmouth	£ 5.162m	£ 5.291m	2.5%	£ 2.301m	£ 2.153m	£-.149m	5.4%	3.7%
North Norfolk	£ 3.561m	£ 3.667m	3.0%	£ 2.132m	£ 2.047m	£-.085m	9.2%	3.9%
Norwich	£ 10.455m	£ 10.577m	1.2%	£ 2.325m	£ 2.207m	£-.117m	.7%	2.8%
South Norfolk	£ 2.821m	£ 2.907m	3.1%	£ 1.450m	£ 1.414m	£-.036m	3.9%	3.4%
King's Lynn and West Nor	£ 5.612m	£ 5.780m	3.0%	£ 2.641m	£ 2.533m	£-.108m	7.1%	3.8%
NORTHAMPTONSHIRE								
Corby	£ 3.327m	£ 3.344m	.5%	£ 1.397m	£ 1.241m	£-.156m	3.4%	.6%
Daventry	£ 1.980m	£ 2.039m	3.0%	£ .548m	£ .489m	£-.059m	3.7%	.4%
East Northamptonshire	£ 1.619m	£ 1.667m	3.0%	£ .966m	£ .950m	£-.017m	5.9%	.4%
Kettering	£ 3.392m	£ 3.541m	4.4%	£ 1.885m	£ 1.872m	£-.013m	7.4%	.9%
Northampton	£ 10.023m	£ 10.273m	2.5%	£ 4.212m	£ 3.565m	£-.648m	8.5%	1.3%
South Northamptonshire	£ 1.982m	£ 2.070m	4.4%	£ .945m	£ .870m	£-.075m	10.1%	1.0%
Wellingborough	£ 2.942m	£ 3.030m	3.0%	£ 1.304m	£ 1.305m	£ .001m	2.2%	.3%
NORTHUMBERLAND								
Alnwick	£ 1.420m	£ 1.462m	3.0%	£ .976m	£ .939m	£-.037m	5.6%	-4.0%
Berwick-upon-Tweed	£ 1.076m	£ 1.151m	6.9%	£ .681m	£ .645m	£-.036m	12.5%	-3.5%
Blyth Valley	£ 5.056m	£ 5.016m	-.8%	£ 3.093m	£ 2.952m	£-.141m	.6%	-4.2%
Castle Morpeth	£ 1.957m	£ 2.016m	3.0%	£ .855m	£ .804m	£-.051m	4.2%	-4.0%
Tynedale	£ 2.410m	£ 2.482m	3.0%	£ 1.275m	£ 1.259m	£-.016m	2.7%	-4.2%
Wansbeck	£ 4.787m	£ 4.808m	.4%	£ 1.768m	£ 1.692m	£-.075m	.4%	-3.9%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
NORTH YORKSHIRE								
Craven	£ 2.182m	£ 2.248m	3.0%	£ 1.192m	£ 1.150m	£-.042m	5.1%	5.6%
Hambleton	£ 2.526m	£ 2.602m	3.0%	£ 1.244m	£ 1.196m	£-.049m	6.2%	5.7%
Harrogate	£ 8.303m	£ 8.511m	2.5%	£ 3.654m	£ 3.477m	£-.177m	4.1%	5.4%
Richmondshire	£ 2.029m	£ 2.079m	2.5%	£ 1.113m	£ 1.102m	£-.011m	2.9%	5.3%
Ryedale	£ 2.803m	£ 2.887m	3.0%	£ 1.606m	£ 1.602m	£-.005m	3.5%	5.4%
Scarborough	£ 5.900m	£ 5.770m	-2.2%	£ 3.295m	£ 3.268m	£-.027m	-7.3%	3.7%
Selby	£ 3.139m	£ 3.266m	4.0%	£ .730m	£ .552m	£-.178m	9.1%	6.1%
York	£ 4.782m	£ 4.926m	3.0%	£ 3.180m	£ 3.128m	£-.052m	7.9%	5.9%
NOTTINGHAMSHIRE								
Ashfield	£ 5.106m	£ 5.238m	2.6%	£ 2.722m	£ 2.570m	£-.152m	7.9%	-2.0%
Bassetlaw	£ 5.658m	£ 5.818m	2.8%	£ 1.003m	£ .657m	£-.347m	7.4%	-1.7%
Broxtowe	£ 4.638m	£ 4.777m	3.0%	£ 2.311m	£ 2.151m	£-.159m	9.6%	-2.0%
Gedling	£ 4.568m	£ 4.705m	3.0%	£ 2.458m	£ 2.336m	£-.122m	9.6%	-2.0%
Mansfield	£ 5.879m	£ 5.908m	.5%	£ 4.048m	£ 3.825m	£-.223m	8.9%	-2.1%
Newark	£ 4.419m	£ 4.647m	5.2%	£ 2.194m	£ 2.104m	£-.090m	12.4%	-1.6%
Nottingham	£ 18.373m	£ 18.925m	3.0%	£ 10.366m	£ 9.803m	£-.563m	10.3%	-1.9%
Rushcliffe	£ 3.954m	£ 4.053m	2.5%	£ 1.214m	£ 1.006m	£-.208m	7.9%	-2.0%
OXFORDSHIRE								
Cherwell	£ 3.451m	£ 3.672m	6.4%	£ 1.338m	£ 1.263m	£-.074m	8.7%	4.8%
Oxford	£ 6.410m	£ 6.603m	3.0%	£ 2.538m	£ 2.917m	£ .379m	-7.7%	2.9%
South Oxfordshire	£ 4.433m	£ 5.138m	15.9%	£ 1.550m	£ 1.543m	£-.007m	21.2%	6.2%
Vale of White Horse	£ 2.998m	£ 3.248m	8.3%	£ .607m	£ .528m	£-.079m	10.5%	5.0%
West Oxfordshire	£ 2.850m	£ 2.949m	3.5%	£ 1.235m	£ 1.238m	£ .002m	1.6%	4.1%
SHROPSHIRE								
Bridgnorth	£ 1.547m	£ 1.593m	3.0%	£ .715m	£ .664m	£-.051m	8.2%	5.4%
North Shropshire	£ 1.887m	£ 1.980m	4.9%	£ 1.116m	£ 1.178m	£ .062m	.1%	4.5%
Oswestry	£ 1.170m	£ 1.205m	3.0%	£ .705m	£ .689m	£-.015m	5.7%	5.1%
Shrewsbury and Atcham	£ 3.588m	£ 3.696m	3.0%	£ 1.461m	£ 1.413m	£-.048m	4.3%	5.0%
South Shropshire	£ 1.436m	£ 1.479m	3.0%	£ .913m	£ .974m	£ .061m	-6.0%	3.6%
The Wrekin	£ 7.175m	£ 7.354m	2.5%	£ 3.468m	£ 3.106m	£-.362m	9.9%	5.8%
SOMERSET								
Mendip	£ 2.716m	£ 2.797m	3.0%	£ 1.484m	£ 1.433m	£-.050m	6.9%	-1.7%
Sedgemoor	£ 3.672m	£ 3.782m	3.0%	£ 1.937m	£ 1.782m	£-.156m	11.3%	-1.0%
Taunton Deane	£ 3.528m	£ 3.634m	3.0%	£ 1.883m	£ 1.877m	£-.006m	3.5%	-1.8%
West Somerset	£ 1.155m	£ 1.190m	3.0%	£ .599m	£ .495m	£-.104m	20.1%	-1.0%
Yeovil	£ 3.940m	£ 4.075m	3.4%	£ 2.218m	£ 2.223m	£ .005m	3.3%	-2.0%

TABLE 2

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
STAFFORDSHIRE								
Cannock Chase	£ 3.959m	£ 4.083m	3.1%	£ 1.755m	£ 1.572m	£-.183m	9.8%	.1%
East Staffordshire	£ 3.934m	£ 4.188m	6.5%	£ 1.853m	£ 1.890m	£ .037m	7.5%	-.4%
Lichfield	£ 2.881m	£ 2.977m	3.3%	£ .969m	£ .890m	£-.079m	6.4%	-.5%
Newcastle-under-Lyme	£ 5.475m	£ 5.612m	2.5%	£ 2.691m	£ 2.635m	£-.057m	3.2%	-.7%
South Staffordshire	£ 2.851m	£ 2.980m	4.5%	£ 1.053m	£ .975m	£-.078m	6.5%	-.5%
Stafford	£ 4.308m	£ 4.474m	3.9%	£ 1.933m	£ 1.692m	£-.241m	13.2%	.1%
Staffordshire Moorlands	£ 3.468m	£ 4.027m	16.1%	£ 1.748m	£ 1.862m	£ .114m	21.6%	1.3%
Stoke-on-Trent	£ 13.078m	£ 13.470m	3.0%	£ 6.688m	£ 6.469m	£-.218m	6.8%	-.3%
Tamworth	£ 2.826m	£ 3.113m	10.1%	£ 1.471m	£ 1.479m	£ .009m	15.0%	.5%
SUFFOLK								
Babergh	£ 2.865m	£ 3.115m	8.7%	£ 1.436m	£ 1.402m	£-.034m	15.7%	4.9%
Forest Heath	£ 2.370m	£ 2.460m	3.8%	£ 1.379m	£ 1.288m	£-.091m	13.0%	4.7%
Ipswich	£ 7.918m	£ 7.699m	-2.8%	£ 2.542m	£ 2.827m	£ .286m	-11.5%	1.0%
Mid Suffolk	£ 2.810m	£ 2.894m	3.0%	£ 1.419m	£ 1.296m	£-.123m	10.4%	4.4%
St Edmundsbury	£ 2.961m	£ 3.066m	3.6%	£ 1.404m	£ 1.308m	£-.096m	8.7%	4.1%
Suffolk Coastal	£ 3.740m	£ 3.894m	4.1%	£ 1.615m	£ 1.501m	£-.115m	7.1%	4.0%
Waveney	£ 4.897m	£ 5.044m	3.0%	£ 2.917m	£ 2.840m	£-.077m	5.8%	3.9%
SURREY								
Elmbridge	£ 5.480m	£ 5.645m	3.0%	£ .329m	£ .002m	£-.327m	7.3%	4.0%
Epsom and Ewell	£ 3.351m	£ 3.435m	2.5%	£ 1.021m	£ .853m	£-.168m	9.0%	4.2%
Guildford	£ 4.968m	£ 5.248m	5.6%	£ .948m	£ .599m	£-.348m	12.9%	4.6%
Mole Valley	£ 2.832m	£ 2.973m	5.0%	£ .666m	£ .535m	£-.131m	9.4%	4.1%
Reigate and Banstead	£ 4.313m	£ 4.642m	7.6%	£ .968m	£ .768m	£-.200m	13.2%	4.6%
Runnymede	£ 2.785m	£ 2.970m	6.6%	£ .689m	£ .552m	£-.136m	11.5%	4.4%
Spelthorne	£ 3.500m	£ 4.022m	14.9%	£ .155m	-	£-.155m	18.1%	5.0%
Surrey Heath	£ 3.142m	£ 3.236m	3.0%	£ .608m	£ .384m	£-.223m	8.8%	4.1%
Tandridge	£ 2.059m	£ 2.611m	26.8%	£ .702m	£ .738m	£ .036m	35.1%	6.4%
Waverley	£ 4.573m	£ 4.730m	3.4%	£ 1.085m	£ .946m	£-.138m	4.9%	3.6%
Woking	£ 3.748m	£ 3.929m	4.8%	£ 1.633m	£ 1.365m	£-.268m	16.7%	4.7%
WARWICKSHIRE								
North Warwickshire	£ 2.690m	£ 2.724m	1.3%	£ .965m	£ .907m	£-.058m	6.3%	1.6%
Nuneaton and Bedworth	£ 7.148m	£ 7.400m	3.5%	£ 3.078m	£ 2.859m	£-.220m	7.4%	2.1%
Rugby	£ 3.853m	£ 3.969m	3.0%	£ 1.445m	£ 1.390m	£-.055m	3.1%	1.2%
Stratford on Avon	£ 4.203m	£ 4.334m	3.1%	£ 1.165m	£ 1.029m	£-.135m	5.8%	1.5%
Warwick	£ 4.913m	£ 5.114m	4.1%	£ 1.697m	£ 1.431m	£-.266m	11.2%	2.1%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at target)

	Expenditure			Grant			% increase in local contrib	
	1983/84 (NIS adj) budget	1984/85 target	% increase	1983/84 1st SR (after hold-back)	1984/85 spend-ing at target	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
WEST SUSSEX								
Adur	£ 3.519m	£ 3.609m	2.6%	£ 1.091m	£ .971m	£-.120m	6.5%	1.6%
Arun	£ 6.096m	£ 6.279m	3.0%	£ 3.135m	£ 3.018m	£-.116m	6.0%	1.1%
Chichester	£ 4.482m	£ 4.722m	5.4%	£ 2.195m	£ 2.018m	£-.177m	14.0%	2.0%
Crawley	£ 6.527m	£ 6.135m	-6.0%	-	-	-	-15.6%	-3.5%
Horsham	£ 3.782m	£ 4.173m	10.3%	£ 1.532m	£ 1.546m	£ .014m	14.8%	2.1%
Mid Sussex	£ 4.490m	£ 4.627m	3.0%	£ 1.594m	£ 1.578m	£-.017m	3.9%	.9%
Worthing	£ 6.118m	£ 6.234m	1.9%	£ 2.986m	£ 2.916m	£-.070m	2.9%	.8%
WILTSHIRE								
Kennet	£ 2.240m	£ 2.403m	7.3%	£ 1.172m	£ 1.204m	£ .032m	8.9%	4.0%
North Wiltshire	£ 3.698m	£ 3.809m	3.0%	£ 1.961m	£ 1.941m	£-.019m	4.2%	3.5%
Salisbury	£ 3.431m	£ 3.584m	4.5%	£ 1.650m	£ 1.575m	£-.074m	9.7%	4.0%
Thamesdown	£ 14.176m	£ 13.607m	-4.0%	£ 2.984m	£ 3.273m	£ .288m	-11.3%	-1.0%
West Wiltshire	£ 3.027m	£ 3.229m	6.7%	£ 1.555m	£ 1.518m	£-.037m	12.0%	4.2%
Isles of Scilly	£ 1.236m	£ 1.222m	-1.1%	£ .700m	£ .697m	£-.003m	-5.9%	-5.9%

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS

(Spending at 1983/84 budget (NIS adjusted) plus 4%)

This table gives the following information:

Expenditure

Column 1 - 1984/85 targets.

Column 2 - 1983/84 budgets (as reported on RER form), scaled down by 1% to allow for the reduced level of National Insurance Surcharge (NIS) contributions to be paid in 1984/85, and then scaled up by 4%.

Column 3 - % overspend over target under this expenditure assumption (ie % excess of Column 2 over Column 1).

Grant

Column 4 - 1983/84 grant entitlements after holdback, as determined under the 1983/84 First Supplementary Report.

Column 5 - 1984/85 grant entitlements if all authorities spend in line with the expenditure assumption in Column 2.

Column 6 - change in grant entitlement (ie column 5 minus column 4).

% increase in local contribution

Column 7 - % increase in authority's local poundage contribution over 1983/84 for spending in 1984/85 in line with the expenditure assumption in Column 2.

Column 8 - % increase in ratepayer's local poundage contibution (ie sum of local poundage contributions of all tiers of authority) over 1983/84 for spending in 1984/85 in line with the expenditure assumption in Column 2.

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
TOTAL England	£ 20,542.078m	£ 21,533.764m	4.8%	£ 8,441.106m	£ 7,734.203m	£-706.903m	9.4%	9.4%
Non-met districts	£ 1,475.369m	£ 1,486.191m	.7%	£ 624.767m	£ 573.559m	£-51.209m	9.7%	
Non-met counties	£ 9,433.851m	£ 9,661.578m	2.4%	£ 4,004.419m	£ 3,714.408m	£-290.011m	8.8%	
Metropolitan districts	£ 4,117.002m	£ 4,238.975m	3.0%	£ 2,112.759m	£ 1,974.366m	£-138.393m	12.3%	
Metropolitan counties	£ 1,120.286m	£ 1,210.807m	8.1%	£ 482.820m	£ 395.895m	£-86.925m	16.9%	
Non-met total	£ 10,909.220m	£ 11,147.769m	2.2%	£ 4,629.186m	£ 4,287.967m	£-341.219m	8.9%	8.9%
Metropolitan total	£ 5,237.288m	£ 5,449.783m	4.1%	£ 2,595.579m	£ 2,370.261m	£-225.318m	13.5%	13.5%
City and Westminster	£ 123.421m	£ 126.212m	2.3%	£-66.792m	£-70.132m	£-3.340m	2.9%	
Rest of Inner London	£ 799.732m	£ 857.487m	7.2%	£ 384.859m	£ 341.005m	£-43.854m	13.7%	7.2%
Inner London inc ILEA	£ 1,721.671m	£ 1,867.166m	8.5%	£ 318.067m	£ 270.874m	£-47.194m	5.6%	5.0%
Outer London	£ 1,744.603m	£ 1,808.109m	3.6%	£ 759.982m	£ 668.202m	£-91.780m	13.7%	10.5%
GLC and Met Police	£ 928.074m	£ 1,259.652m	35.7%	£ 137.591m	£ 136.298m	£-1.293m	3.5%	
London total	£ 4,394.348m	£ 4,934.926m	12.3%	£ 1,215.640m	£ 1,075.374m	£-140.267m	7.3%	7.3%
Partnership authorities	£ 1,722.623m	£ 1,805.716m	4.8%	£ 834.504m	£ 738.624m	£-95.879m	15.4%	
Programme authorities	£ 2,031.680m	£ 2,105.916m	3.7%	£ 1,071.050m	£ 995.807m	£-75.244m	12.9%	
Partnership & Programme	£ 3,754.303m	£ 3,911.632m	4.2%	£ 1,905.554m	£ 1,734.431m	£-171.123m	14.1%	

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS

(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
SHIRE COUNTIES								
Avon	£ 307.513m	£ 328.053m	6.7%	£ 115.766m	£ 79.217m	£-36.548m	21.7%	
Bedfordshire	£ 188.966m	£ 195.524m	3.5%	£ 63.441m	£ 50.791m	£-12.650m	12.7%	
Berkshire	£ 228.750m	£ 237.296m	3.7%	£ 52.164m	£ 32.058m	£-20.106m	12.8%	
Buckinghamshire	£ 196.559m	£ 199.799m	1.6%	£ 53.845m	£ 54.063m	£ .219m	.1%	
Cambridgeshire	£ 194.474m	£ 196.362m	1.0%	£ 76.281m	£ 77.320m	£ 1.040m	1.9%	
Cheshire	£ 333.762m	£ 348.553m	4.4%	£ 129.526m	£ 101.220m	£-28.306m	16.2%	
Cleveland	£ 225.405m	£ 237.030m	5.2%	£ 103.089m	£ 90.337m	£-12.752m	14.5%	
Cornwall	£ 135.723m	£ 137.040m	1.0%	£ 72.438m	£ 73.478m	£ 1.040m	3.0%	
Cumbria	£ 161.944m	£ 172.046m	6.2%	£ 91.575m	£ 79.080m	£-12.496m	21.5%	
Derbyshire	£ 303.014m	£ 319.780m	5.5%	£ 146.314m	£ 126.940m	£-19.374m	15.7%	
Devon	£ 301.685m	£ 304.614m	1.0%	£ 141.840m	£ 144.218m	£ 2.378m	3.0%	
Dorset	£ 182.373m	£ 184.144m	1.0%	£ 63.531m	£ 60.082m	£-3.449m	6.0%	
Durham	£ 204.453m	£ 212.631m	4.0%	£ 122.818m	£ 112.558m	£-10.260m	18.6%	
East Sussex	£ 199.036m	£ 200.969m	1.0%	£ 63.585m	£ 60.670m	£-2.915m	5.3%	
Essex	£ 473.457m	£ 478.054m	1.0%	£ 154.060m	£ 146.216m	£-7.844m	5.7%	
Gloucestershire	£ 161.876m	£ 163.594m	1.1%	£ 70.871m	£ 69.181m	£-1.690m	5.6%	
Hampshire	£ 481.952m	£ 487.507m	1.2%	£ 188.371m	£ 182.687m	£-5.684m	5.1%	
Hereford and Worcester	£ 207.773m	£ 209.790m	1.0%	£ 88.891m	£ 87.657m	£-1.233m	4.6%	
Hertfordshire	£ 317.774m	£ 324.324m	2.1%	£ 78.101m	£ 62.786m	£-15.315m	9.0%	
Humberside	£ 310.444m	£ 327.138m	5.4%	£ 165.215m	£ 146.988m	£-18.227m	17.1%	
Isle of Wight	£ 39.581m	£ 40.359m	2.0%	£ 20.451m	£ 20.050m	£-.401m	5.7%	
Kent	£ 470.199m	£ 474.764m	1.0%	£ 220.667m	£ 219.554m	£-1.113m	4.1%	
Lancashire	£ 477.362m	£ 488.041m	2.2%	£ 275.383m	£ 273.031m	£-2.352m	7.4%	
Leicestershire	£ 293.432m	£ 296.281m	1.0%	£ 134.916m	£ 134.170m	£-.746m	4.4%	
Lincolnshire	£ 182.752m	£ 184.526m	1.0%	£ 96.995m	£ 96.504m	£-.492m	4.5%	
Norfolk	£ 217.009m	£ 219.116m	1.0%	£ 93.167m	£ 91.579m	£-1.589m	5.1%	
Northamptonshire	£ 185.773m	£ 187.577m	1.0%	£ 86.726m	£ 87.374m	£ .648m	1.9%	
Northumberland	£ 102.118m	£ 107.459m	5.2%	£ 54.439m	£ 45.700m	£-8.739m	19.6%	
North Yorkshire	£ 218.774m	£ 221.976m	1.5%	£ 111.433m	£ 106.280m	£-5.153m	9.3%	
Nottinghamshire	£ 350.332m	£ 364.160m	3.9%	£ 169.041m	£ 150.614m	£-18.427m	14.5%	
Oxfordshire	£ 168.268m	£ 170.730m	1.5%	£ 53.830m	£ 47.573m	£-6.257m	7.9%	
Shropshire	£ 127.456m	£ 128.694m	1.0%	£ 68.099m	£ 66.769m	£-1.330m	7.0%	
Somerset	£ 137.857m	£ 142.672m	3.5%	£ 65.260m	£ 59.022m	£-6.239m	12.5%	
Staffordshire	£ 343.374m	£ 354.674m	3.3%	£ 167.021m	£ 151.945m	£-15.075m	12.7%	
Suffolk	£ 190.384m	£ 193.163m	1.5%	£ 80.618m	£ 76.192m	£-4.425m	7.2%	
Surrey	£ 293.839m	£ 297.890m	1.4%	£ 56.136m	£ 46.306m	£-9.830m	6.5%	
Warwickshire	£ 158.002m	£ 161.346m	2.1%	£ 62.595m	£ 59.049m	£-3.546m	7.4%	
West Sussex	£ 189.973m	£ 191.818m	1.0%	£ 58.667m	£ 58.505m	£-.162m	2.1%	
Wiltshire	£ 170.433m	£ 172.087m	1.0%	£ 87.254m	£ 86.646m	£-.607m	5.2%	

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GREATER LONDON								
City of London	£ 56.042m	£ 57.848m	3.2%	£-42.849m	£-44.991m	£-2.143m	2.8%	2.7%
Camden	£ 101.598m	£ 111.980m	10.2%	£ 12.676m	£ 13.227m	£ .551m	-.1%	1.9%
Greenwich	£ 58.566m	£ 64.796m	10.6%	£ 26.620m	£ 28.169m	£ 1.549m	.9%	2.2%
Hackney	£ 78.983m	£ 83.747m	6.0%	£ 47.016m	£ 43.707m	£-3.309m	17.3%	9.1%
Hammersmith and Fulham	£ 57.167m	£ 58.178m	1.8%	£ 36.526m	£ 34.402m	£-2.124m	16.7%	7.4%
Islington	£ 70.486m	£ 77.985m	10.6%	£ 27.867m	£ 17.269m	£-10.598m	25.4%	12.3%
Kensington and Chelsea	£ 38.763m	£ 39.139m	1.0%	£ 18.880m	£ 14.412m	£-4.468m	28.1%	7.5%
Lambeth	£ 101.320m	£ 112.099m	10.6%	£ 51.069m	£ 42.154m	£-8.915m	20.7%	10.8%
Lewisham	£ 74.619m	£ 78.307m	4.9%	£ 46.593m	£ 43.694m	£-2.900m	15.6%	8.1%
Southwark	£ 93.472m	£ 103.416m	10.6%	£ 39.190m	£ 30.647m	£-8.543m	15.1%	8.6%
Tower Hamlets	£ 62.646m	£ 65.176m	4.0%	£ 27.605m	£ 23.377m	£-4.228m	15.7%	8.0%
Wandsworth	£ 62.112m	£ 62.665m	.9%	£ 50.817m	£ 49.947m	£-.870m	26.5%	6.8%
Westminster	£ 67.379m	£ 68.364m	1.5%	£-23.943m	£-25.140m	£-1.197m	3.0%	3.2%
Barking and Dagenham	£ 59.497m	£ 60.367m	1.5%	£ 25.727m	£ 24.639m	£-1.088m	9.0%	7.3%
Barnet	£ 98.604m	£ 100.043m	1.5%	£ 33.964m	£ 29.696m	£-4.268m	10.3%	8.0%
Bexley	£ 78.286m	£ 80.959m	3.4%	£ 43.870m	£ 41.082m	£-2.788m	14.0%	10.6%
Brent	£ 134.562m	£ 145.524m	8.1%	£ 51.759m	£ 38.890m	£-12.869m	18.6%	15.0%
Bromley	£ 94.082m	£ 94.996m	1.0%	£ 43.212m	£ 40.995m	£-2.217m	8.0%	6.4%
Croydon	£ 106.426m	£ 107.459m	1.0%	£ 43.746m	£ 40.823m	£-2.924m	9.7%	7.4%
Ealing	£ 114.453m	£ 116.034m	1.4%	£ 54.650m	£ 52.027m	£-2.623m	9.7%	7.6%
Enfield	£ 93.281m	£ 96.186m	3.1%	£ 41.667m	£ 36.100m	£-5.567m	15.9%	11.7%
Haringey	£ 122.455m	£ 135.115m	10.3%	£ 51.729m	£ 40.223m	£-11.506m	18.4%	15.5%
Harrow	£ 71.403m	£ 73.892m	3.5%	£ 30.532m	£ 26.011m	£-4.521m	15.1%	11.4%
Havering	£ 85.074m	£ 86.319m	1.5%	£ 41.618m	£ 40.731m	£-.887m	8.0%	6.6%
Hillingdon	£ 87.517m	£ 90.329m	3.2%	£ 20.372m	£ 11.392m	£-8.980m	15.9%	11.9%
Hounslow	£ 84.828m	£ 89.415m	5.4%	£ 21.312m	£ 11.331m	£-9.981m	18.1%	13.9%
Kingston-upon-Thames	£ 45.671m	£ 46.339m	1.5%	£ 16.753m	£ 15.292m	£-1.461m	10.2%	7.8%
Merton	£ 58.093m	£ 59.536m	2.5%	£ 26.211m	£ 24.031m	£-2.181m	11.8%	8.9%
Newham	£ 120.759m	£ 130.057m	7.7%	£ 68.850m	£ 60.056m	£-8.794m	21.9%	17.2%
Redbridge	£ 75.497m	£ 76.230m	1.0%	£ 38.559m	£ 37.195m	£-1.364m	9.2%	7.2%
Richmond-upon-Thames	£ 50.506m	£ 52.561m	4.1%	£ 18.364m	£ 13.129m	£-5.235m	18.8%	13.5%
Sutton	£ 54.970m	£ 55.774m	1.5%	£ 24.960m	£ 24.369m	£-.591m	7.0%	5.8%
Waltham Forest	£ 108.639m	£ 110.974m	2.1%	£ 62.126m	£ 60.192m	£-1.934m	10.6%	8.7%
GLC	£ 561.527m	£ 893.105m	59.1%	-	-	-	2.1%	
ILEA	£ 798.518m	£ 883.467m	10.6%	-	-	-	3.0%	
Met. Police	£ 366.547m	£ 366.547m	-	£ 137.591m	£ 136.298m	£-1.293m	9.6%	

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GREATER MANCHESTER								
Bolton	£ 90.599m	£ 91.479m	1.0%	£ 54.128m	£ 54.723m	£ .595m	5.0%	8.3%
Bury	£ 58.105m	£ 60.002m	3.3%	£ 31.372m	£ 28.762m	£-2.611m	15.1%	15.7%
Manchester	£ 243.746m	£ 250.674m	2.8%	£ 96.614m	£ 79.783m	£-16.831m	15.2%	15.7%
Oldham	£ 82.360m	£ 83.160m	1.0%	£ 51.757m	£ 51.943m	£ .186m	6.6%	9.5%
Rochdale	£ 83.045m	£ 86.732m	4.4%	£ 49.768m	£ 46.096m	£-3.671m	16.0%	16.3%
Salford	£ 93.659m	£ 97.717m	4.3%	£ 54.720m	£ 49.344m	£-5.376m	19.8%	19.2%
Stockport	£ 89.999m	£ 90.873m	1.0%	£ 39.597m	£ 38.294m	£-1.303m	7.4%	10.1%
Tameside	£ 77.595m	£ 81.308m	4.8%	£ 46.340m	£ 42.681m	£-3.659m	17.0%	17.1%
Trafford	£ 71.821m	£ 72.570m	1.0%	£ 22.532m	£ 19.785m	£-2.746m	9.1%	11.4%
Wigan	£ 106.216m	£ 109.563m	3.2%	£ 62.363m	£ 59.621m	£-2.743m	12.5%	13.8%
MERSEYSIDE								
Knowsley	£ 68.975m	£ 71.618m	3.8%	£ 38.636m	£ 35.515m	£-3.121m	17.2%	17.3%
Liverpool	£ 216.081m	£ 225.080m	4.2%	£ 118.382m	£ 102.235m	£-16.147m	23.5%	21.8%
St Helens	£ 67.952m	£ 71.746m	5.6%	£ 35.052m	£ 30.397m	£-4.655m	18.7%	18.4%
Sefton	£ 90.790m	£ 91.671m	1.0%	£ 45.555m	£ 43.763m	£-1.793m	9.2%	11.9%
Wirral	£ 113.028m	£ 116.114m	2.7%	£ 57.604m	£ 53.095m	£-4.509m	13.2%	14.6%
SOUTH YORKSHIRE								
Barnsley	£ 76.547m	£ 79.451m	3.8%	£ 48.390m	£ 45.971m	£-2.419m	16.1%	15.2%
Doncaster	£ 103.413m	£ 108.000m	4.4%	£ 57.479m	£ 54.585m	£-2.895m	12.3%	12.7%
Rotherham	£ 85.846m	£ 87.244m	1.6%	£ 53.431m	£ 53.423m	£-.008m	7.0%	9.3%
Sheffield	£ 209.072m	£ 226.830m	8.5%	£ 83.178m	£ 65.041m	£-18.137m	17.0%	16.1%
TYNE AND WEAR								
Gateshead	£ 75.119m	£ 79.657m	6.0%	£ 42.726m	£ 36.445m	£-6.281m	23.9%	23.2%
Newcastle upon Tyne	£ 122.256m	£ 129.720m	6.1%	£ 37.643m	£ 25.922m	£-11.721m	16.8%	17.6%
North Tyneside	£ 73.857m	£ 79.588m	7.8%	£ 37.179m	£ 31.443m	£-5.736m	19.2%	19.6%
South Tyneside	£ 62.140m	£ 64.463m	3.7%	£ 39.098m	£ 35.955m	£-3.143m	21.3%	21.2%
Sunderland	£ 102.759m	£ 109.085m	6.2%	£ 62.799m	£ 57.284m	£-5.515m	18.7%	19.3%
WEST MIDLANDS								
Birmingham	£ 373.557m	£ 372.461m	-.3%	£ 177.213m	£ 179.200m	£ 1.987m	4.4%	8.7%
Coventry	£ 119.391m	£ 121.138m	1.5%	£ 58.647m	£ 55.239m	£-3.409m	11.7%	13.7%
Dudley	£ 85.916m	£ 85.814m	-.1%	£ 34.144m	£ 33.762m	£-.382m	4.7%	8.9%
Sandwell	£ 112.105m	£ 113.193m	1.0%	£ 49.371m	£ 48.317m	£-1.054m	6.6%	10.0%
Solihull	£ 62.875m	£ 63.485m	1.0%	£ 27.460m	£ 26.052m	£-1.408m	8.2%	11.4%
Walsall	£ 97.484m	£ 101.731m	4.4%	£ 42.663m	£ 37.188m	£-5.474m	16.0%	16.9%
Wolverhampton	£ 100.248m	£ 101.253m	1.0%	£ 44.887m	£ 43.124m	£-1.764m	9.0%	11.7%
WEST YORKSHIRE								
Bradford	£ 169.755m	£ 175.171m	3.2%	£ 110.549m	£ 109.856m	£-.694m	8.7%	8.9%
Calderdale	£ 65.275m	£ 67.596m	3.6%	£ 43.048m	£ 41.988m	£-1.060m	12.3%	11.7%
Kirklees	£ 129.709m	£ 133.181m	2.7%	£ 86.596m	£ 86.540m	£-.056m	8.6%	8.8%
Leeds	£ 236.200m	£ 238.660m	1.0%	£ 117.123m	£ 116.088m	£-1.035m	5.7%	6.6%
Wakefield	£ 99.507m	£ 100.949m	1.5%	£ 54.715m	£ 54.909m	£ .194m	5.3%	6.4%

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
METROPOLITAN COUNTIES								
Greater Manchester	£ 237.682m	£ 257.750m	8.4%	£ 101.681m	£ 81.380m	£-20.300m	17.6%	
Merseyside	£ 165.329m	£ 182.917m	10.6%	£ 68.036m	£ 53.816m	£-14.221m	17.6%	
South Yorkshire	£ 161.815m	£ 173.950m	7.5%	£ 68.528m	£ 59.294m	£-9.234m	13.4%	
Tyne and Wear	£ 136.707m	£ 149.821m	9.6%	£ 75.598m	£ 64.662m	£-10.936m	21.0%	
West Midlands	£ 229.437m	£ 250.442m	9.2%	£ 68.331m	£ 40.028m	£-28.303m	20.0%	
West Yorkshire	£ 189.316m	£ 195.928m	3.5%	£ 100.645m	£ 96.715m	£-3.930m	9.7%	

TABLE 3

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	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
AVON								
Bath	£ 4.231m	£ 3.891m	-8.0%	£ 2.445m	£ 2.389m	£-.056m	11.5%	21.0%
Bristol	£ 34.076m	£ 33.838m	-.7%	£ 11.387m	£ 10.633m	£-.754m	8.0%	19.2%
Kingswood	£ 3.733m	£ 3.460m	-7.3%	£ 2.005m	£ 1.989m	£-.016m	6.6%	20.3%
Northavon	£ 4.129m	£ 4.169m	1.0%	£ 1.550m	£ 1.410m	£-.140m	7.8%	20.5%
Wansdyke	£ 2.778m	£ 2.337m	-15.9%	£ 1.139m	£ 1.102m	£-.038m	8.1%	20.7%
Woodspring	£ 7.884m	£ 7.497m	-4.9%	£ 3.396m	£ 3.539m	£ .143m	.3%	19.4%
BEDFORDSHIRE								
North Bedfordshire	£ 5.797m	£ 5.853m	1.0%	£ 2.197m	£ 1.879m	£-.319m	12.0%	12.6%
Luton	£ 8.880m	£ 8.966m	1.0%	£ 3.167m	£ 2.624m	£-.544m	12.8%	12.7%
Mid Bedfordshire	£ 3.093m	£ 3.123m	1.0%	£ .937m	£ .754m	£-.183m	11.4%	12.6%
South Bedfordshire	£ 4.857m	£ 4.904m	1.0%	£ .689m	£ .369m	£-.320m	9.7%	12.3%
BERKSHIRE								
Bracknell	£ 3.401m	£ 3.434m	1.0%	£ .992m	£ .937m	£-.054m	4.6%	11.9%
Newbury	£ 5.200m	£ 5.251m	1.0%	£ 1.835m	£ 1.516m	£-.320m	12.1%	12.7%
Reading	£ 10.713m	£ 10.991m	2.6%	£ 1.536m	£ .666m	£-.870m	10.1%	12.3%
Slough	£ 5.791m	£ 4.201m	-27.4%	£ 2.142m	£ 1.610m	£-.532m	31.6%	13.8%
Windsor and Maidenhead	£ 5.988m	£ 5.590m	-6.7%	£ 1.449m	£ 1.206m	£-.243m	8.1%	12.3%
Wokingham	£ 4.531m	£ 4.575m	1.0%	£ 1.382m	£ 1.130m	£-.252m	10.0%	12.5%
BUCKINGHAMSHIRE								
Aylesbury Vale	£ 3.923m	£ 3.928m	.1%	£ 1.340m	£ 1.208m	£-.132m	6.7%	.6%
South Bucks	£ 2.172m	£ 2.115m	-2.6%	£ .068m	-	£-.068m	4.4%	.5%
Chiltern	£ 3.147m	£ 3.137m	-.3%	£ .459m	£ .324m	£-.135m	8.1%	.9%
Milton Keynes	£ 7.246m	£ 7.154m	-1.3%	£ 1.780m	£ 1.282m	£-.498m	1.2%	.2%
Wycombe	£ 5.354m	£ 5.406m	1.0%	£ 1.126m	£ .855m	£-.272m	9.0%	.9%
CAMBRIDGESHIRE								
Cambridge	£ 5.250m	£ 5.301m	1.0%	£ 1.635m	£ 1.290m	£-.345m	12.8%	3.1%
East Cambridgeshire	£ 1.903m	£ 1.330m	-30.1%	£ .645m	£ .639m	£-.006m	6.2%	2.2%
Fenland	£ 2.804m	£ 2.820m	.6%	£ 1.445m	£ 1.339m	£-.106m	13.2%	3.1%
Huntingdon	£ 4.420m	£ 4.463m	1.0%	£ 1.747m	£ 1.585m	£-.162m	9.1%	2.7%
Peterborough	£ 8.771m	£ 8.899m	1.5%	£ 2.667m	£ 2.085m	£-.582m	10.0%	3.3%
South Cambridgeshire	£ 2.655m	£ 2.680m	.9%	£ .742m	£ .577m	£-.165m	10.0%	2.5%
CHESHIRE								
Chester	£ 6.299m	£ 6.562m	4.2%	£ 1.860m	£ 1.300m	£-.560m	14.8%	16.0%
Congleton	£ 3.654m	£ 3.480m	-4.8%	£ 1.195m	£ 1.162m	£-.032m	3.9%	14.7%
Crewe and Nantwich	£ 5.916m	£ 5.974m	1.0%	£ 2.547m	£ 2.458m	£-.089m	6.5%	14.8%
Ellesmere Port and Nesto	£ 4.489m	£ 4.555m	1.5%	£ .821m	£ .468m	£-.354m	11.3%	15.6%
Halton	£ 6.553m	£ 6.647m	1.4%	£ 2.615m	£ 2.314m	£-.301m	9.7%	15.3%
Macclesfield	£ 6.264m	£ 6.325m	1.0%	£ 2.267m	£ 2.070m	£-.197m	8.4%	15.4%
Vale Royal	£ 5.136m	£ 5.199m	1.2%	£ 1.680m	£ 1.603m	£-.077m	5.8%	14.9%
Warrington	£ 9.045m	£ 9.566m	5.8%	£ 2.747m	£ 1.570m	£-1.177m	19.1%	16.6%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	------------ Expenditure ------------			========= Grant ========= ========== (after holdback) ==========			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
CLEVELAND								
Hartlepool	£ 6.199m	£ 6.708m	8.2%	£ 3.692m	£ 3.205m	£-.487m	21.2%	15.5%
Langbaurgh	£ 14.013m	£ 13.855m	-1.1%	£ 3.162m	£ 2.461m	£-.700m	9.8%	13.5%
Middlesbrough	£ 15.263m	£ 15.575m	2.0%	£ 8.433m	£ 8.063m	£-.370m	11.5%	13.9%
Stockton-on-Tees	£ 11.095m	£ 11.258m	1.5%	£ 3.356m	£ 2.915m	£-.441m	9.7%	13.8%
CORNWALL								
Caradon	£ 2.713m	£ 2.740m	1.0%	£ 1.580m	£ 1.552m	£-.028m	7.4%	3.5%
Carrick	£ 3.751m	£ 3.643m	-2.9%	£ 1.911m	£ 1.870m	£-.041m	6.5%	3.4%
Kerrier	£ 3.151m	£ 3.181m	1.0%	£ 1.813m	£ 1.779m	£-.034m	7.6%	3.5%
North Cornwall	£ 2.826m	£ 2.802m	-.9%	£ 1.652m	£ 1.615m	£-.036m	8.8%	3.6%
Penwith	£ 3.058m	£ 2.797m	-8.5%	£ 1.642m	£ 1.582m	£-.060m	11.8%	4.1%
Restormel	£ 3.311m	£ 3.163m	-4.5%	£ 1.528m	£ 1.477m	£-.051m	8.3%	3.6%
CUMBRIA								
Allerdale	£ 5.069m	£ 5.119m	1.0%	£ 3.153m	£ 3.138m	£-.016m	8.6%	20.0%
Barrow in Furness	£ 4.166m	£ 4.227m	1.5%	£ 2.706m	£ 2.646m	£-.060m	12.1%	20.3%
Carlisle	£ 6.115m	£ 6.308m	3.2%	£ 3.136m	£ 2.887m	£-.249m	13.8%	20.3%
Copeland	£ 4.244m	£ 4.388m	3.4%	£ 2.315m	£ 2.059m	£-.256m	15.7%	20.6%
Eden	£ 1.596m	£ 1.579m	-1.0%	£ .960m	£ .951m	£-.009m	7.8%	20.4%
South Lakeland	£ 5.120m	£ 4.737m	-7.5%	£ 2.673m	£ 2.594m	£-.079m	9.1%	20.2%
DERBYSHIRE								
Amber Valley	£ 4.882m	£ 4.930m	1.0%	£ 2.619m	£ 2.431m	£-.188m	12.9%	15.4%
Bolsover	£ 3.482m	£ 3.516m	1.0%	£ 1.922m	£ 1.920m	£-.002m	4.3%	14.2%
Chesterfield	£ 6.195m	£ 6.441m	4.0%	£ 2.586m	£ 2.266m	£-.320m	11.1%	14.9%
Derby	£ 12.391m	£ 12.526m	1.1%	£ 5.734m	£ 5.562m	£-.171m	7.4%	14.7%
Erewash	£ 5.199m	£ 5.274m	1.4%	£ 2.602m	£ 2.532m	£-.070m	7.3%	14.7%
High Peak	£ 3.980m	£ 4.037m	1.4%	£ 1.876m	£ 1.822m	£-.054m	7.1%	14.6%
North East Derbyshire	£ 4.575m	£ 4.641m	1.5%	£ 2.295m	£ 2.255m	£-.040m	6.4%	14.4%
South Derbyshire	£ 2.275m	£ 2.297m	1.0%	£ .765m	£ .660m	£-.104m	9.6%	15.2%
West Derbyshire	£ 3.154m	£ 3.184m	1.0%	£ 1.678m	£ 1.599m	£-.079m	11.3%	15.2%
DEVON								
East Devon	£ 4.396m	£ 4.439m	1.0%	£ 2.490m	£ 2.336m	£-.154m	13.8%	4.0%
Exeter	£ 4.682m	£ 4.500m	-3.9%	£ 2.481m	£ 2.551m	£ .070m	1.1%	2.8%
North Devon	£ 3.626m	£ 3.593m	-.9%	£ 2.027m	£ 1.946m	£-.081m	11.2%	3.9%
Plymouth	£ 11.623m	£ 11.470m	-1.3%	£ 6.882m	£ 6.755m	£-.126m	10.3%	3.7%
South Hams	£ 3.206m	£ 3.164m	-1.3%	£ 1.891m	£ 1.797m	£-.094m	13.7%	4.1%
Teignbridge	£ 4.594m	£ 4.638m	1.0%	£ 2.531m	£ 2.391m	£-.140m	11.8%	4.0%
Mid Devon	£ 2.496m	£ 2.520m	1.0%	£ 1.392m	£ 1.382m	£-.011m	6.6%	3.4%
Torbay	£ 6.551m	£ 6.610m	.9%	£ 3.059m	£ 2.862m	£-.197m	10.8%	4.0%
Torridge	£ 2.424m	£ 2.448m	1.0%	£ 1.628m	£ 1.597m	£-.031m	12.1%	4.1%
West Devon	£ 1.517m	£ 1.532m	1.0%	£ .962m	£ .913m	£-.049m	15.8%	4.1%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
DORSET								
Bournemouth	£ 9.811m	£ 9.789m	-.2%	£ 4.567m	£ 4.445m	£-.122m	7.4%	6.2%
Christchurch	£ 1.829m	£ 1.830m	.0%	£ .814m	£ .816m	£ .002m	4.6%	5.8%
North Dorset	£ 1.295m	£ 1.239m	-4.3%	£ .763m	£ .754m	£-.009m	7.9%	6.1%
Poole	£ 5.997m	£ 6.055m	1.0%	£ 2.207m	£ 2.148m	£-.059m	4.1%	5.7%
Purbeck	£ 1.338m	£ 1.255m	-6.2%	£ .669m	£ .605m	£-.064m	15.4%	6.6%
West Dorset	£ 2.647m	£ 2.592m	-2.1%	£ 1.677m	£ 1.622m	£-.055m	13.8%	6.5%
Weymouth and Portland	£ 3.107m	£ 3.137m	1.0%	£ 1.884m	£ 1.832m	£-.052m	10.9%	6.6%
Wimborne	£ 2.588m	£ 2.572m	-.6%	£ 1.152m	£ 1.032m	£-.120m	11.8%	6.5%
DURHAM								
Chester-le-Street	£ 3.138m	£ 3.332m	6.2%	£ 1.750m	£ 1.590m	£-.160m	16.9%	18.2%
Darlington	£ 8.038m	£ 8.338m	3.7%	£ 3.118m	£ 2.674m	£-.444m	12.5%	17.2%
Derwentside	£ 6.335m	£ 6.446m	1.8%	£ 3.594m	£ 3.504m	£-.090m	7.4%	16.3%
Durham	£ 5.469m	£ 5.304m	-3.0%	£ 2.325m	£ 2.388m	£ .063m	3.2%	15.8%
Easington	£ 6.232m	£ 6.321m	1.4%	£ 4.134m	£ 4.077m	£-.057m	11.3%	17.4%
Sedgefield	£ 8.006m	£ 8.124m	1.5%	£ 3.971m	£ 3.886m	£-.085m	8.0%	16.1%
Teesdale	£ .982m	£ .991m	.9%	£ .622m	£ .612m	£-.010m	8.5%	17.6%
Wear Valley	£ 5.033m	£ 5.107m	1.5%	£ 2.773m	£ 2.692m	£-.081m	9.7%	16.7%
EAST SUSSEX								
Brighton	£ 13.421m	£ 13.587m	1.2%	£ 6.013m	£ 5.319m	£-.693m	14.5%	7.0%
Eastbourne	£ 5.609m	£ 5.690m	1.4%	£ 2.352m	£ 2.054m	£-.298m	12.3%	6.4%
Hastings	£ 4.928m	£ 4.841m	-1.8%	£ 2.850m	£ 2.786m	£-.064m	10.4%	6.0%
Hove	£ 5.162m	£ 5.125m	-.7%	£ 3.491m	£ 3.283m	£-.209m	22.2%	6.5%
Lewes	£ 4.091m	£ 4.131m	1.0%	£ 1.675m	£ 1.511m	£-.163m	10.4%	6.0%
Rother	£ 4.015m	£ 4.054m	1.0%	£ 2.003m	£ 1.914m	£-.090m	9.5%	5.8%
Wealden	£ 4.064m	£ 4.103m	1.0%	£ 2.099m	£ 1.968m	£-.131m	11.2%	5.9%
ESSEX								
Basildon	£ 11.732m	£ 12.980m	10.6%	£ 1.990m	£ .042m	£-1.948m	18.6%	8.9%
Braintree	£ 4.212m	£ 4.253m	1.0%	£ 1.591m	£ 1.472m	£-.119m	7.1%	5.9%
Brentwood	£ 2.701m	£ 2.604m	-3.6%	£ .567m	£ .477m	£-.090m	8.1%	6.0%
Castle Point	£ 3.787m	£ 3.824m	1.0%	£ 1.436m	£ 1.463m	£ .027m	5.8%	5.7%
Chelmsford	£ 4.448m	£ 4.167m	-6.3%	£ 1.686m	£ 1.584m	£-.102m	6.6%	5.8%
Colchester	£ 5.513m	£ 4.670m	-15.3%	£ 2.205m	£ 2.154m	£-.051m	4.5%	5.6%
Epping Forest	£ 5.452m	£ 4.784m	-12.3%	£ 1.236m	£ 1.118m	£-.118m	6.2%	5.8%
Harlow	£ 7.044m	£ 7.793m	10.6%	-	-	-	1.9%	4.6%
Maldon	£ 1.764m	£ 1.689m	-4.2%	£ .519m	£ .482m	£-.037m	4.5%	5.6%
Rochford	£ 3.227m	£ 3.068m	-4.9%	£ 1.148m	£ 1.103m	£-.045m	6.1%	5.8%
Southend-on-Sea	£ 10.365m	£ 10.466m	1.0%	£ 4.849m	£ 4.365m	£-.484m	14.3%	6.8%
Tendring	£ 6.234m	£ 6.294m	1.0%	£ 3.049m	£ 2.977m	£-.072m	6.8%	5.9%
Thurrock	£ 7.646m	£ 8.171m	6.9%	-	-	-	4.2%	5.5%
Uttlesford	£ 2.133m	£ 1.983m	-6.8%	£ .819m	£ .721m	£-.098m	12.5%	6.3%

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GLOUCESTERSHIRE								
Cheltenham	£ 4.830m	£ 4.348m	-10.0%	£ 1.981m	£ 1.892m	£-.090m	8.1%	5.9%
Cotswold	£ 2.688m	£ 2.707m	.7%	£ 1.250m	£ 1.184m	£-.066m	9.0%	6.0%
Forest of Dean	£ 2.671m	£ 2.697m	1.0%	£ 1.575m	£ 1.498m	£-.077m	13.3%	6.4%
Gloucester	£ 3.273m	£ 3.305m	1.0%	£ 2.005m	£ 1.939m	£-.065m	10.9%	6.0%
Stroud	£ 3.482m	£ 3.516m	1.0%	£ 1.795m	£ 1.637m	£-.158m	14.6%	6.5%
Tewkesbury	£ 2.341m	£ 2.205m	-5.8%	£ .811m	£ .674m	£-.137m	13.0%	6.2%
HAMPSHIRE								
Basingstoke and Deane	£ 6.044m	£ 6.075m	.5%	£ 1.950m	£ 1.765m	£-.185m	5.9%	5.2%
East Hampshire	£ 4.018m	£ 4.057m	1.0%	£ 1.842m	£ 1.640m	£-.202m	11.9%	5.9%
Eastleigh	£ 3.623m	£ 3.658m	1.0%	£ 1.112m	£ 1.027m	£-.085m	4.8%	5.1%
Fareham	£ 4.167m	£ 4.228m	1.5%	£ 1.484m	£ 1.328m	£-.157m	7.7%	5.5%
Gosport	£ 3.763m	£ 3.800m	1.0%	£ 2.013m	£ 1.909m	£-.104m	12.4%	6.0%
Hart	£ 2.882m	£ 2.910m	1.0%	£ 1.029m	£ .864m	£-.164m	11.2%	5.9%
Havant	£ 4.992m	£ 4.746m	-4.9%	£ 2.492m	£ 2.324m	£-.167m	12.8%	5.9%
New Forest	£ 6.322m	£ 6.372m	.8%	£ 2.561m	£ 2.176m	£-.385m	13.3%	6.0%
Portsmouth	£ 16.021m	£ 16.868m	5.3%	£ 8.872m	£ 7.729m	£-1.144m	20.5%	7.7%
Rushmoor	£ 4.876m	£ 4.947m	1.5%	£ 2.183m	£ 1.886m	£-.297m	14.6%	6.5%
Southampton	£ 13.213m	£ 13.373m	1.2%	£ 6.251m	£ 5.789m	£-.462m	12.7%	6.2%
Test Valley	£ 3.504m	£ 3.487m	-.5%	£ 1.247m	£ 1.135m	£-.113m	7.6%	5.4%
Winchester	£ 3.830m	£ 3.867m	1.0%	£ 1.409m	£ 1.257m	£-.152m	9.3%	5.6%
HEREFORD AND WORCESTER								
Bromsgrove	£ 2.623m	£ 2.649m	1.0%	£ .803m	£ .777m	£-.025m	4.7%	4.6%
Hereford	£ 2.409m	£ 2.432m	1.0%	£ .992m	£ .987m	£-.005m	4.6%	4.6%
Leominster	£ 1.448m	£ 1.462m	1.0%	£ .842m	£ .811m	£-.030m	9.5%	5.1%
Malvern Hills	£ 3.440m	£ 3.473m	1.0%	£ 1.367m	£ 1.465m	£ .098m	-1.8%	3.8%
Redditch	£ 3.617m	£ 3.653m	1.0%	£ .937m	£ .867m	£-.070m	3.4%	4.4%
South Herefordshire	£ 1.627m	£ 1.630m	.2%	£ .854m	£ .829m	£-.024m	7.6%	4.9%
Worcester	£ 4.039m	£ 4.077m	.9%	£ 1.320m	£ 1.234m	£-.086m	7.0%	4.9%
Wychavon	£ 4.539m	£ 4.605m	1.5%	£ 1.280m	£ 1.115m	£-.166m	7.1%	5.0%
Wyre Forest	£ 6.297m	£ 6.469m	2.7%	£ 1.812m	£ 1.454m	£-.359m	10.8%	5.9%
HERTFORDSHIRE								
Broxbourne	£ 4.152m	£ 3.921m	-5.6%	£ 1.422m	£ 1.238m	£-.184m	11.7%	9.4%
Dacorum	£ 6.672m	£ 6.452m	-3.3%	£ 1.767m	£ 1.624m	£-.143m	6.4%	8.7%
East Hertfordshire	£ 5.307m	£ 5.361m	1.0%	£ 1.620m	£ 1.361m	£-.260m	10.0%	9.2%
Hertsmere	£ 5.278m	£ 5.355m	1.5%	£ .823m	£ .535m	£-.288m	9.1%	9.0%
North Hertfordshire	£ 5.055m	£ 5.104m	1.0%	£ 1.227m	£ 1.129m	£-.098m	6.2%	8.7%
St Albans	£ 5.192m	£ 5.242m	1.0%	£ 1.406m	£ 1.116m	£-.290m	9.6%	9.1%
Stevenage	£ 5.929m	£ 6.134m	3.5%	£ .725m	£ .160m	£-.566m	11.8%	9.6%
Three Rivers	£ 4.101m	£ 4.001m	-2.4%	£ 1.024m	£ .896m	£-.128m	7.8%	8.9%
Watford	£ 5.533m	£ 5.728m	3.5%	£ 1.470m	£ .876m	£-.594m	17.3%	10.3%
Welwyn Hatfield	£ 5.433m	£ 5.596m	3.0%	£ .529m	-	£-.529m	11.7%	9.5%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
HUMBERSIDE								
Beverley	£ 4.008m	£ 4.047m	1.0%	£ 2.087m	£ 2.074m	£-.013m	6.5%	16.2%
Boothferry	£ 3.609m	£ 3.651m	1.2%	£ 2.266m	£ 2.231m	£-.035m	9.2%	16.1%
Cleethorpes	£ 4.481m	£ 4.646m	3.7%	£ 2.044m	£ 1.782m	£-.261m	14.6%	16.7%
Glanford	£ 3.586m	£ 3.620m	1.0%	£ 1.737m	£ 1.662m	£-.075m	7.2%	15.9%
Great Grimsby	£ 5.802m	£ 5.858m	1.0%	£ 3.124m	£ 3.220m	£ .095m	1.8%	15.2%
Holderness	£ 1.830m	£ 1.848m	1.0%	£ 1.086m	£ 1.067m	£-.019m	8.8%	16.4%
Kingston upon Hull	£ 20.416m	£ 21.358m	4.6%	£ 13.790m	£ 12.694m	£-1.096m	24.2%	18.1%
East Yorkshire	£ 4.118m	£ 4.262m	3.5%	£ 2.539m	£ 2.403m	£-.136m	14.8%	16.8%
Scunthorpe	£ 6.139m	£ 6.501m	5.9%	£ 2.196m	£ 1.471m	£-.725m	21.7%	17.9%
ISLE OF WIGHT								
Medina	£ 3.227m	£ 3.258m	1.0%	£ 1.546m	£ 1.493m	£-.054m	5.8%	5.7%
South Wight	£ 2.682m	£ 2.776m	3.5%	£ 1.281m	£ 1.086m	£-.196m	17.5%	7.4%
KENT								
Ashford	£ 4.134m	£ 4.174m	1.0%	£ 1.882m	£ 1.812m	£-.070m	7.5%	4.5%
Canterbury	£ 6.624m	£ 6.733m	1.6%	£ 3.392m	£ 3.271m	£-.121m	8.4%	4.7%
Dartford	£ 5.492m	£ 5.545m	1.0%	£ 2.584m	£ 2.318m	£-.266m	9.3%	5.0%
Dover	£ 5.560m	£ 5.639m	1.4%	£ 3.197m	£ 3.056m	£-.141m	12.3%	5.2%
Gillingham	£ 2.548m	£ 2.573m	1.0%	£ 1.841m	£ 1.717m	£-.124m	28.5%	5.2%
Gravesham	£ 4.897m	£ 4.945m	1.0%	£ 2.349m	£ 2.192m	£-.156m	11.7%	5.1%
Maidstone	£ 6.007m	£ 6.065m	1.0%	£ 2.731m	£ 2.551m	£-.181m	8.0%	4.6%
Rochester upon Medway	£ 6.976m	£ 7.044m	1.0%	£ 3.401m	£ 2.909m	£-.492m	14.7%	5.2%
Sevenoaks	£ 5.105m	£ 5.154m	1.0%	£ 2.184m	£ 2.059m	£-.125m	8.6%	4.7%
Shepway	£ 5.143m	£ 5.169m	.5%	£ 2.503m	£ 2.397m	£-.107m	8.3%	4.7%
Swale	£ 5.377m	£ 5.477m	1.9%	£ 2.650m	£ 2.505m	£-.146m	10.5%	5.0%
Thanet	£ 8.657m	£ 8.957m	3.5%	£ 4.933m	£ 4.417m	£-.516m	19.8%	6.7%
Tonbridge and Malling	£ 5.462m	£ 5.148m	-5.7%	£ 1.816m	£ 1.696m	£-.121m	6.1%	4.4%
Tunbridge Wells	£ 4.361m	£ 4.403m	1.0%	£ 2.157m	£ 2.096m	£-.061m	7.4%	4.5%
LANCASHIRE								
Blackburn	£ 13.655m	£ 13.960m	2.2%	£ 8.681m	£ 8.271m	£-.410m	16.6%	9.3%
Blackpool	£ 10.506m	£ 10.790m	2.7%	£ 5.903m	£ 5.947m	£ .044m	5.6%	7.1%
Burnley	£ 8.229m	£ 8.488m	3.1%	£ 4.849m	£ 4.641m	£-.208m	11.8%	8.4%
Chorley	£ 4.125m	£ 4.165m	1.0%	£ 2.149m	£ 2.169m	£ .020m	3.3%	6.8%
Fylde	£ 3.646m	£ 3.516m	-3.6%	£ 1.725m	£ 1.632m	£-.094m	9.9%	7.7%
Hyndburn	£ 5.178m	£ 5.541m	7.0%	£ 3.198m	£ 2.913m	£-.284m	18.1%	9.4%
Lancaster	£ 7.358m	£ 7.462m	1.4%	£ 4.150m	£ 4.035m	£-.116m	9.3%	7.6%
Pendle	£ 5.533m	£ 5.808m	5.0%	£ 3.737m	£ 3.554m	£-.183m	17.2%	9.1%
Preston	£ 8.536m	£ 8.661m	1.5%	£ 4.865m	£ 4.776m	£-.089m	9.6%	7.7%
Ribble Valley	£ 2.458m	£ 2.494m	1.5%	£ 1.241m	£ 1.241m	£-.000m	5.4%	7.1%
Rossendale	£ 4.624m	£ 4.834m	4.6%	£ 2.711m	£ 2.586m	£-.125m	12.3%	8.4%
South Ribble	£ 3.654m	£ 3.689m	1.0%	£ 1.526m	£ 1.889m	£ .363m	-13.6%	4.7%
West Lancashire	£ 5.101m	£ 4.960m	-2.8%	£ 2.164m	£ 2.175m	£ .012m	3.9%	6.9%
Wyre	£ 5.268m	£ 5.319m	1.0%	£ 3.269m	£ 3.174m	£-.095m	12.4%	7.9%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
LEICESTERSHIRE								
Blaby	£ 2.402m	£ 2.345m	-2.4%	£ .961m	£ .928m	£-.034m	6.7%	4.6%
Charnwood	£ 5.035m	£ 5.084m	1.0%	£ 1.786m	£ 1.622m	£-.164m	8.2%	4.8%
Harborough	£ 2.280m	£ 2.248m	-1.4%	£ .832m	£ .740m	£-.092m	10.2%	5.1%
Hinckley and Bosworth	£ 2.827m	£ 2.814m	-.4%	£ 1.104m	£ 1.010m	£-.094m	6.8%	4.7%
Leicester	£ 23.400m	£ 25.889m	10.6%	£ 8.351m	£ 6.642m	£-1.709m	13.1%	6.4%
Melton	£ 1.683m	£ 1.699m	.9%	£ .677m	£ .644m	£-.034m	6.2%	4.6%
North West Leicestershir	£ 3.491m	£ 3.525m	1.0%	£ 1.273m	£ 1.186m	£-.086m	7.0%	4.8%
Oadby and Wigston	£ 1.625m	£ 1.640m	.9%	£ .705m	£ .680m	£-.025m	6.8%	4.6%
Rutland	£ 1.097m	£ 1.079m	-1.6%	£ .434m	£ .418m	£-.017m	6.5%	4.6%
LINCOLNSHIRE								
Boston	£ 2.525m	£ 2.550m	1.0%	£ 1.430m	£ 1.405m	£-.025m	7.7%	4.9%
East Lindsey	£ 4.742m	£ 4.612m	-2.7%	£ 2.443m	£ 2.285m	£-.158m	12.4%	5.4%
Lincoln	£ 4.625m	£ 4.699m	1.6%	£ 2.338m	£ 2.201m	£-.137m	9.4%	5.2%
North Kesteven	£ 2.869m	£ 2.897m	1.0%	£ 1.480m	£ 1.408m	£-.072m	7.6%	4.9%
South Holland	£ 3.220m	£ 3.252m	1.0%	£ 1.818m	£ 1.753m	£-.066m	9.2%	5.2%
South Kesteven	£ 3.902m	£ 3.940m	1.0%	£ 1.982m	£ 1.886m	£-.097m	8.1%	4.9%
West Lindsey	£ 3.321m	£ 3.181m	-4.2%	£ 1.523m	£ 1.532m	£ .009m	3.5%	4.4%
NORFOLK								
Breckland	£ 3.243m	£ 3.195m	-1.5%	£ 1.526m	£ 1.544m	£ .018m	2.0%	4.8%
Broadland	£ 2.960m	£ 2.988m	1.0%	£ 1.444m	£ 1.378m	£-.066m	9.0%	5.5%
Great Yarmouth	£ 5.291m	£ 5.368m	1.5%	£ 2.301m	£ 2.112m	£-.189m	9.4%	5.8%
North Norfolk	£ 3.667m	£ 3.703m	1.0%	£ 2.132m	£ 2.049m	£-.083m	11.5%	5.7%
Norwich	£ 10.577m	£ 10.873m	2.8%	£ 2.325m	£ 1.789m	£-.536m	9.3%	6.0%
South Norfolk	£ 2.907m	£ 2.933m	.9%	£ 1.450m	£ 1.418m	£-.032m	5.5%	5.1%
King's Lynn and West Nor	£ 5.780m	£ 5.837m	1.0%	£ 2.641m	£ 2.533m	£-.107m	8.9%	5.6%
NORTHAMPTONSHIRE								
Corby	£ 3.344m	£ 3.460m	3.5%	£ 1.397m	£ 1.066m	£-.330m	17.7%	4.5%
Daventry	£ 2.039m	£ 2.059m	1.0%	£ .548m	£ .485m	£-.063m	5.4%	2.3%
East Northamptonshire	£ 1.667m	£ 1.683m	1.0%	£ .966m	£ .950m	£-.016m	8.2%	2.3%
Kettering	£ 3.541m	£ 3.528m	-.4%	£ 1.885m	£ 1.882m	£-.003m	6.0%	2.4%
Northampton	£ 10.273m	£ 10.424m	1.5%	£ 4.212m	£ 3.443m	£-.769m	12.9%	3.5%
South Northamptonshire	£ 2.070m	£ 2.062m	-.4%	£ .945m	£ .880m	£-.065m	8.4%	2.5%
Wellingborough	£ 3.030m	£ 3.060m	1.0%	£ 1.304m	£ 1.306m	£ .002m	3.9%	2.2%
NORTHUMBERLAND								
Alnwick	£ 1.462m	£ 1.476m	1.0%	£ .976m	£ .942m	£-.034m	7.9%	18.5%
Berwick-upon-Tweed	£ 1.151m	£ 1.119m	-2.8%	£ .681m	£ .641m	£-.040m	6.3%	18.4%
Blyth Valley	£ 5.016m	£ 5.259m	4.8%	£ 3.093m	£ 2.795m	£-.298m	20.1%	19.6%
Castle Morpeth	£ 2.016m	£ 2.035m	1.0%	£ .855m	£ .805m	£-.050m	5.8%	18.1%
Tynedale	£ 2.482m	£ 2.506m	1.0%	£ 1.275m	£ 1.262m	£-.012m	4.4%	17.8%
Wansbeck	£ 4.808m	£ 4.979m	3.6%	£ 1.768m	£ 1.532m	£-.236m	11.1%	17.8%

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant			% increase in local contrib	
				(after holdback)				
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
NORTH YORKSHIRE								
Craven	£ 2.248m	£ 2.270m	1.0%	£ 1.192m	£ 1.155m	£-.037m	6.7%	8.9%
Hambleton	£ 2.602m	£ 2.627m	1.0%	£ 1.244m	£ 1.199m	£-.046m	7.8%	9.1%
Harrogate	£ 8.511m	£ 8.635m	1.5%	£ 3.654m	£ 3.441m	£-.212m	7.4%	8.9%
Richmondshire	£ 2.079m	£ 2.110m	1.5%	£ 1.113m	£ 1.101m	£-.011m	6.2%	8.8%
Ryedale	£ 2.887m	£ 2.915m	1.0%	£ 1.606m	£ 1.609m	£ .002m	5.3%	8.9%
Scarborough	£ 5.770m	£ 6.136m	6.3%	£ 3.295m	£ 2.808m	£-.488m	23.3%	11.4%
Selby	£ 3.266m	£ 3.265m	-.0%	£ .730m	£ .575m	£-.156m	8.1%	9.1%
York	£ 4.926m	£ 4.974m	1.0%	£ 3.180m	£ 3.135m	£-.044m	10.3%	9.4%
NOTTINGHAMSHIRE								
Ashfield	£ 5.238m	£ 5.311m	1.4%	£ 2.722m	£ 2.563m	£-.159m	11.1%	14.0%
Bassetlaw	£ 5.818m	£ 5.884m	1.1%	£ 1.003m	£ .620m	£-.383m	9.6%	13.7%
Broxtowe	£ 4.777m	£ 4.824m	1.0%	£ 2.311m	£ 2.157m	£-.153m	11.3%	14.1%
Gedling	£ 4.705m	£ 4.751m	1.0%	£ 2.458m	£ 2.344m	£-.114m	11.3%	14.1%
Mansfield	£ 5.908m	£ 6.114m	3.5%	£ 4.048m	£ 3.742m	£-.306m	24.0%	15.6%
Newark	£ 4.647m	£ 4.596m	-1.1%	£ 2.194m	£ 2.105m	£-.088m	10.0%	13.9%
Nottingham	£ 18.925m	£ 19.108m	1.0%	£ 10.366m	£ 9.804m	£-.561m	12.5%	14.2%
Rushcliffe	£ 4.053m	£ 4.112m	1.5%	£ 1.214m	£ .977m	£-.237m	11.1%	14.0%
OXFORDSHIRE								
Cherwell	£ 3.672m	£ 3.589m	-2.3%	£ 1.338m	£ 1.280m	£-.057m	4.1%	7.6%
Oxford	£ 6.603m	£ 6.667m	1.0%	£ 2.538m	£ 2.898m	£ .360m	-5.6%	6.3%
South Oxfordshire	£ 5.138m	£ 4.611m	-10.3%	£ 1.550m	£ 1.481m	£-.069m	5.5%	7.7%
Vale of White Horse	£ 3.248m	£ 3.118m	-4.0%	£ .607m	£ .558m	£-.049m	4.0%	7.6%
West Oxfordshire	£ 2.949m	£ 2.964m	.5%	£ 1.235m	£ 1.247m	£ .011m	1.9%	7.3%
SHROPSHIRE								
Bridgnorth	£ 1.593m	£ 1.609m	1.0%	£ .715m	£ .664m	£-.051m	10.1%	7.3%
North Shropshire	£ 1.980m	£ 1.962m	-.9%	£ 1.116m	£ 1.179m	£ .063m	-2.2%	5.9%
Oswestry	£ 1.205m	£ 1.217m	1.0%	£ .705m	£ .692m	£-.012m	7.6%	7.0%
Shrewsbury and Atcham	£ 3.696m	£ 3.732m	1.0%	£ 1.461m	£ 1.411m	£-.050m	6.0%	6.8%
South Shropshire	£ 1.479m	£ 1.493m	1.0%	£ .913m	£ .978m	£ .065m	-6.1%	5.5%
The Wrekin	£ 7.354m	£ 7.462m	1.5%	£ 3.468m	£ 3.075m	£-.393m	13.4%	8.0%
SOMERSET								
Mendip	£ 2.797m	£ 2.824m	1.0%	£ 1.484m	£ 1.436m	£-.048m	8.8%	12.2%
Sedgemoor	£ 3.782m	£ 3.819m	1.0%	£ 1.937m	£ 1.785m	£-.152m	13.2%	12.5%
Taunton Deane	£ 3.634m	£ 3.669m	1.0%	£ 1.883m	£ 1.880m	£-.003m	5.4%	11.8%
West Somerset	£ 1.190m	£ 1.202m	1.0%	£ .599m	£ .489m	£-.110m	23.2%	13.2%
Yeovil	£ 4.075m	£ 4.098m	.6%	£ 2.218m	£ 2.235m	£ .017m	3.9%	11.8%

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
STAFFORDSHIRE								
Cannock Chase	£ 4.083m	£ 4.118m	.9%	£ 1.755m	£ 1.576m	£-.179m	11.1%	12.5%
East Staffordshire	£ 4.188m	£ 4.091m	-2.3%	£ 1.853m	£ 1.891m	£ .038m	2.9%	11.6%
Lichfield	£ 2.977m	£ 2.997m	.7%	£ .969m	£ .895m	£-.074m	7.2%	12.1%
Newcastle-under-Lyme	£ 5.612m	£ 5.694m	1.5%	£ 2.691m	£ 2.621m	£-.070m	6.5%	11.8%
South Staffordshire	£ 2.980m	£ 2.965m	-.5%	£ 1.053m	£ .992m	£-.061m	4.8%	11.9%
Stafford	£ 4.474m	£ 4.480m	.1%	£ 1.933m	£ 1.715m	£-.217m	12.5%	12.6%
Staffordshire Moorlands	£ 4.027m	£ 3.607m	-10.4%	£ 1.748m	£ 1.709m	£-.039m	6.6%	12.0%
Stoke-on-Trent	£ 13.470m	£ 13.601m	1.0%	£ 6.688m	£ 6.478m	£-.210m	8.6%	12.1%
Tamworth	£ 3.113m	£ 2.939m	-5.6%	£ 1.471m	£ 1.441m	£-.030m	5.4%	11.8%
SUFFOLK								
Babergh	£ 3.115m	£ 2.980m	-4.3%	£ 1.436m	£ 1.383m	£-.053m	7.9%	7.3%
Forest Heath	£ 2.460m	£ 2.465m	.2%	£ 1.379m	£ 1.297m	£-.083m	12.6%	7.8%
Ipswich	£ 7.699m	£ 8.235m	7.0%	£ 2.542m	£ 1.606m	£-.935m	20.4%	9.5%
Mid Suffolk	£ 2.894m	£ 2.922m	1.0%	£ 1.419m	£ 1.299m	£-.120m	12.2%	7.8%
St Edmundsbury	£ 3.066m	£ 3.079m	.4%	£ 1.404m	£ 1.318m	£-.085m	8.9%	7.4%
Suffolk Coastal	£ 3.894m	£ 3.889m	-.1%	£ 1.615m	£ 1.524m	£-.091m	5.9%	7.1%
Waveney	£ 5.044m	£ 5.093m	1.0%	£ 2.917m	£ 2.847m	£-.070m	7.8%	7.3%
SURREY								
Elmbridge	£ 5.645m	£ 5.699m	1.0%	£ .329m	-	£-.329m	8.4%	6.8%
Epsom and Ewell	£ 3.435m	£ 3.485m	1.5%	£ 1.021m	£ .814m	£-.207m	12.7%	7.3%
Guildford	£ 5.248m	£ 5.166m	-1.6%	£ .948m	£ .644m	£-.304m	9.9%	6.9%
Mole Valley	£ 2.973m	£ 2.946m	-.9%	£ .666m	£ .554m	£-.111m	7.3%	6.6%
Reigate and Banstead	£ 4.642m	£ 4.485m	-3.4%	£ .968m	£ .796m	£-.172m	7.8%	6.7%
Runnymede	£ 2.970m	£ 2.897m	-2.5%	£ .689m	£ .569m	£-.120m	7.4%	6.6%
Spelthorne	£ 4.022m	£ 3.640m	-9.5%	£ .155m	-	£-.155m	6.8%	6.5%
Surrey Heath	£ 3.236m	£ 3.267m	1.0%	£ .608m	£ .375m	£-.233m	10.4%	7.0%
Tandridge	£ 2.611m	£ 2.141m	-18.0%	£ .702m	£ .643m	£-.060m	8.1%	6.7%
Waverley	£ 4.730m	£ 4.756m	.6%	£ 1.085m	£ .955m	£-.130m	5.4%	6.4%
Woking	£ 3.929m	£ 3.898m	-.8%	£ 1.633m	£ 1.388m	£-.245m	14.3%	7.3%
WARWICKSHIRE								
North Warwickshire	£ 2.724m	£ 2.798m	2.7%	£ .965m	£ .825m	£-.140m	15.4%	8.5%
Nuneaton and Bedworth	£ 7.400m	£ 7.434m	.5%	£ 3.078m	£ 2.872m	£-.206m	7.9%	7.5%
Rugby	£ 3.969m	£ 4.007m	1.0%	£ 1.445m	£ 1.387m	£-.058m	4.8%	7.1%
Stratford on Avon	£ 4.334m	£ 4.371m	.8%	£ 1.165m	£ 1.026m	£-.139m	7.1%	7.4%
Warwick	£ 5.114m	£ 5.110m	-.1%	£ 1.697m	£ 1.464m	£-.234m	10.1%	7.7%

TABLE 3

1984/85 - GRANT AND INCREASES IN LOCAL CONTRIBUTIONS
(Spending at 1983/4 budget(NIS adj) plus 4%)

	Expenditure			Grant (after holdback)			% increase in local contrib	
	1984/85 target	1983/84 (NIS adj) budget plus 4%	% over-spend over target	1983/84 (1st SR)	1984/85 spend-ing at 83/4 + 4%	Change (£m)	Auth-ority level	Rate-payer level
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
WEST SUSSEX								
Adur	£ 3.609m	£ 3.659m	1.4%	£ 1.091m	£ .945m	£-.146m	9.6%	3.5%
Arun	£ 6.279m	£ 6.340m	1.0%	£ 3.135m	£ 3.017m	£-.118m	8.0%	2.8%
Chichester	£ 4.722m	£ 4.661m	-1.3%	£ 2.195m	£ 2.028m	£-.168m	11.1%	3.1%
Crawley	£ 6.135m	£ 6.788m	10.6%	-	-	-	-6.7%	-.1%
Horsham	£ 4.173m	£ 3.933m	-5.7%	£ 1.532m	£ 1.518m	£-.013m	5.6%	2.5%
Mid Sussex	£ 4.627m	£ 4.670m	.9%	£ 1.594m	£ 1.576m	£-.018m	5.5%	2.5%
Worthing	£ 6.234m	£ 6.363m	2.1%	£ 2.986m	£ 2.831m	£-.155m	9.5%	3.2%
WILTSHIRE								
Kennet	£ 2.403m	£ 2.329m	-3.1%	£ 1.172m	£ 1.186m	£ .013m	3.9%	5.1%
North Wiltshire	£ 3.809m	£ 3.846m	1.0%	£ 1.961m	£ 1.949m	£-.011m	5.8%	5.3%
Salisbury	£ 3.584m	£ 3.568m	-.5%	£ 1.650m	£ 1.593m	£-.057m	7.9%	5.5%
Thamesdown	£ 13.607m	£ 14.743m	8.4%	£ 2.984m	£ 1.697m	£-1.287m	12.0%	7.2%
West Wiltshire	£ 3.229m	£ 3.148m	-2.5%	£ 1.555m	£ 1.510m	£-.045m	7.2%	5.4%
Isles of Scilly	£ 1.222m	£ 1.286m	5.2%	£ .700m	£ .602m	£-.099m	22.6%	22.6%

Local Govt: Relations Pt 18.

Appts

/cc N.O

NBPM

AT 8/12

S

CONFIDENTIAL

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

J Ballard Esq
Private Secretary to the
Secretary of State for
the Environment
2 Marsham Street
LONDON SW1 3EB

6 December 1983

Dear John,

Sir Keith Joseph is content with the proposals in your Secretary of State's minute of 30 November to the Prime Minister about the appointment of Commissioners.

I am sending copies of this letter to the private secretaries to members of E(LF) and of MISC 95 and to Richard Hatfield, Cabinet Office.

Yours,
Elizabeth

MISS C E HODKINSON
Private Secretary

CONFIDENTIAL

Local Govt Pt 18

- 7 DEC 1983

ccNO

NBPM AT 7/12

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Nicholas Ridley QC MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

6 December 1983

Dear Nicholas

PROTECTED EXPENDITURE LEVELS (PELs) FOR TRANSPORT 1984-85

Thank you for your letter replying to mine of 29 November. I have also seen Patrick Jenkin's letter to you of today's date. I am grateful to Patrick for assuring me that, with the benefit of legal advice and notwithstanding anything said last year, he regards the nature of PELs as maxima as sufficient to rebut any suggestion that they prejudice the reasonableness of his targets. I am prepared on that basis, and in the light of what you will be saying in decision letters to Passenger Transport Authorities, to agree to the PELs set out in your letter of 8 November.

My remarks about the way that possible fare increases are described still stands. And I take it that remarks about the future path of fare attributed to you in the press since the LRT Bill was published do not weaken our agreement that the net Exchequer contribution should not rise. Clearly one way of achieving this is a real increase in fares in London.

I am copying this letter to the other members of E(A) Committee and to Sir Robert Armstrong.

Yours ever
Peter

PETER REES

Local Gov relations

file 6

10 DOWNING STREET

From the Private Secretary

5 December 1983

Dear John,

Abolition of GLC and MCCs

The Prime Minister has seen your Secretary of State's minute of 13 November and, subject to the views of colleagues, is content with his proposals for countering possible obstruction of the Government's policies for local government.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Hugh Taylor (Home Office), Elizabeth Hodkinson (Department of Education and Science), John Graham (Scottish Office), Colin Jones (Welsh Office), David Heyhoe (Lord Privy Seal's Office), Callum McCarthy (Department of Trade and Industry), Barnaby Shaw (Department of Employment), John Gieve (Chief Secretary's Office), Dinah Nichols (Department of Transport), Henry Steel (Law Officers' Department), Mary Brown (Minister for the Arts' Office), Mike Bailey (Minister for Local Government's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely

Andrew Turnbull

ANDREW TURNBULL

John Ballard Esq
Department of the Environment.

PSA

Department of the Environment

Property Services Agency
Lambeth Bridge House
Albert Embankment
London SE1 7SB
Direct Line 01-211
Switchboard 01-211 3000

With Compliments

GW Bendon.
5-12-83

cc1 Mr ~~Butler~~
2 Mr ~~Jones~~ BJ 7/12.
3 Mr Ingham BJ.
4 ~~A. Turnbull~~

Room 521

xxx 7133

File

RESTRICTED

Mr B Scott

5 December 1983

I am writing to confirm that the Department of the Environment are commissioning you to undertake an enquiry into the disclosure of classified information which appeared on page 3 of the Guardian on Monday 28 November in an article by Richard Norton-Taylor. Your terms of reference are to establish the circumstances in which the apparent leak took place, who passed on the information, and whether there is any connection between it and the recent series of unauthorised disclosures of information relating to the structure and finances of local government.

You may take this letter as authority to interview officials at DOE and the Prime Minister's office. Please report back to me if you should decide that it is necessary to interview Ministers.

The usual arrangements will apply with respect to remuneration etc. I am copying this letter to PS/Sir George Moseley, Mr Ennals, Mr Davie and Mr Andrew Turnbull.

G N BENDON
Departmental Security Officer

CKNO

NBPM
AT 5/12

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

Dear Mr Ridley

5 December 1983

PROTECTED EXPENDITURE LEVELS FOR TRANSPORT 1984/85

I have seen the Chief Secretary's letter of 29 November to you.

The terms of my letter to you of 22 November stand. I accept that in the extended discussions last year on the compatability between targets and PELs there was a general feeling that when taken together with our expenditure targets we should not let PELs imply cuts of more than 10% on other services. But as I understand it these discussions were taking place against the background of a Department of Transport policy to the effect that PELs represented a reasonable view on what should be spent by local authorities on public transport. As a result of the discussions the nature of PELs changed. PELs became maximum levels which you considered justified by way of support for public transport. Section 4(5) of the 1983 Transport Act makes this clear, and you have, as I understand it, accepted that in deciding whether it could afford to spend up to PEL, each authority would need to take account of the expenditure targets issued by me.

On the basis that this remains the current policy of the Department of Transport, then with the benefit of advice by my own lawyers I can confirm that in my view my position in any court action against me about the reasonableness of my expenditure targets will not be prejudiced by the existence of the PELs proposed by you in your letter of 8 November.

I am copying this letter to the other members of E(A) committee and to Sir Robert Armstrong.

Yours sincerely

A.H. Davis

pp PATRICK JENKIN

Approved by the S of S and signed in his absence

The Rt Hon Nicholas Ridley MP

Local Gov: Relations: Pt 28

5 DEC 1983

CONFIDENTIAL

Hl

bcc BG
ESS

10 DOWNING STREET

From the Private Secretary

1 December 1983

Dear John.

Local Government Policies

The Prime Minister has seen your Secretary of State's minute of 28 November. It is agreed that your Department should establish a small team of civil servants dedicated full-time to the task of explaining and co-ordinating the presentation of the Government's policies on local government. The Prime Minister takes the view, however, that the Department should not employ outside journalists on a paid basis. She feels that the talents and resources to write the necessary pieces should be available from the Information Officers of the Department or from COI.

I am copying this letter to Murdo Maclean (Chief Whip's Office) and to Richard Hatfield (Cabinet Office).

Yours sincerely

Andrew Turnbull

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

Hl

CONFIDENTIAL

cc HO
DES
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CH SEC, HMT
D/TRANS
CO

HL

10 DOWNING STREET

From the Private Secretary

1 December 1983

Obstruction of Local Government Policies: Appointment of Commissioners

The Prime Minister has seen your Secretary of State's minute of 30 November. Subject to the views of colleagues, she agrees that drafting of a single Commission Bill should be undertaken on a contingency basis. She also agrees that Commissioners should be given discretion as to whether to levy an emergency rate.

I am copying this letter to the Private Secretaries to members of E(LF) and of MISC 95 and to Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

HL

CC/NO.

Prime Minister (1)
Agree 1–4 as set out in Summary, subject to colleagues? (I understand Chief Secretary may accept majority view on capital controls)
AT 2/12

Yes mt.

PRIME MINISTER

ABOLITION OF THE GREATER LONDON COUNCIL (GLC) AND METROPOLITAN COUNTY COUNCILS (MCCs)

Pt 17

When I minuted you on 20 September I said that I should report further about countering possible obstruction to our policies for local government. This minute reports the conclusions of the Ministerial Group on the Abolition of the GLC and the MCCs (MISC 95) about obstruction in the context of abolition. I am minuting you separately about obstruction in the context of rate limitation, including the question of takeover of obstructive authorities.

Information

MISC 95 are agreed that a power should be included in the abolition paving Bill proposed for the 1984-84 Session to require councils and officers to provide information needed in connection with the abolition of the GLC and MCCs; and that this power should be enforceable by mandamus, rather than by any criminal sanction.

Other measures

On the Group's instructions, officials under the chairmanship of my Department considered a number of measures to counter obstruction stopping short of takeover of the authority concerned. They were:

(a) a control on salary levels and promotion similar to Section 261 of the Local Government Act 1972;

(b) a control on excessive recruitment;

(c) a control on capital contracts.

All three would require legislation.

Salary levels and promotion

The Group were agreed that a power on the lines of (a) should be included in the abolition paving Bill. This would provide for scrutiny of salaries and promotions through an advisory body representative of local government, backed up by powers of direction for the Secretary of State. The power, like Section 261, would be capable of retrospective effect and therefore need not be brought into force before Second Reading of the main Abolition Bill. This will help avoid criticism that we are prejudging the decision of the House on the principle of abolition. We shall, however, need to give notice of our intentions, as explained in paragraphs 8 and 9 below.

Recruitment

The Group were inclined to the view that it would not be necessary to take powers also to control the recruitment of staff. But, before reaching a final view, the Group invited the Attorney General to advise them on the adequacy of the existing powers which he could use if a local authority took action which was clearly contrary to the public interest. They wished also to have the Attorney's advice on a number of points concerning the ability of an abolition authority to give valid contracts of employment in respect of a period after it was expected to be abolished.

The Attorney General confirms that his powers enable him to challenge an authority in Court, either ex-officio on his own account or in relator proceedings brought, for example, by a ratepayer, where that authority was clearly behaving unreasonably and in breach of a statutory duty or its fiduciary duty to ratepayers. The abuse concerned would need to be flagrant and his role entirely defensible before he could intervene.

Where an authority obstructed in a way which fell short of being unlawful he would not be able to act. Nevertheless, his powers make it possible for immediate direct action to be taken in cases where flagrantly unlawful behaviour is being used as a political weapon. And cleverly-conducted opposition, staying within the boundaries of legality, would be very difficult to counter effectively in any event.

Whilst there might be scope for abolition authorities to embarrass the Government through unreasonable recruitment of staff, they could not spend significant sums of money or leave substantial burdens to their successors by this means. We have already concluded that we need not apply the EC Acquired Rights Directive. There will be no obligation to offer staff recruited by abolition authorities employment with the successor authorities. Those recruited fresh into the local authority field would not have served, by abolition, the two years required to qualify for statutory redundancy payments. Few career local government officials who would so qualify would be tempted to leave posts elsewhere to work for an abolition authority. Where there were excessive promotions or salary increases which did not amount to flagrant misconduct entitling the Attorney to intervene, these could be caught by the powers the Group have agreed should be taken along the lines of Section 261 of the Local Government Act 1972. This would ensure that we did not have to pay excessive compensation either to those who were offered new jobs or those made redundant.

The Attorney advises that we need to proceed carefully as to long-term fixed contracts of employment. It is clear that we shall need to provide the existing GLC/MCC staff who have been appointed on fixed-term contracts expiring after 1 April 1986 with the reasonable expectation that those contracts would run their full term should be compensated if they do not get jobs with the successor bodies. We can, however, announce that we shall not extend this right to compensation to staff who enter into long-term contracts after the date of the announcement.

The legislation will then not touch long-term contracts already entered into in good faith, but will catch those entered into in full knowledge of the Government's proposals. I propose to make an announcement before the Christmas Recess by means of a Parliamentary reply.

The Attorney considers that, if the 'Section 261' powers are to be available in relation to salary increases or promotions before they are brought into force, similar considerations apply. The issues here are complex and I am considering them further. I want to consider, too, whether there are other staffing issues which the announcement might usefully cover. I shall, of course, consult colleagues on this in due course.

Capital contracts

The Group are opposed to take any other interim powers, in particular to control capital contracts. The Chief Secretary, Treasury remains concerned that the absence of such controls might lead to successor authorities being saddled with large numbers of onerous contracts. However a clear majority of the Group believe that interim powers are unlikely to be acceptable to Parliament; could operate for only a short period (namely, the 9 months between enactment of the paving abolition Bill, probably in July 1984, and the takeover of existing abolition councils by borough/district nominees in May 1985); are unlikely to be effective in practice; and would impose a heavy burden of unproductive work on Departments.

Summary

The Group are agreed that the abolition paving Bill should
Agree 1? include 1 a power to require councillors and officers to provide
Agree 2 information and a 2 control on salary levels and promotions similar to Section 261 of the Local Government Act 1972. Despite the

Chief Secretary's misgivings, a clear majority agrees that
Agree ③ no power should be taken to control capital contracts let by abolition authorities. ④ Having considered the further advice of the Attorney General, the Group take the view that it will
Agree ④ not be necessary to take powers also to control recruitment of staff. I propose, bearing in mind the further advice of the Attorney General, to announce shortly, following further consultation with colleagues, how the legislation will treat long-term contracts of employment entered into between the date of the announcement and abolition.

I am copying this minute to the Lord President of the Council, the Home Secretary, the Secretaries of State for Education and Science, Scotland and Wales, the Lord Privy Seal, the Secretaries of State for Trade and Industry and Employment, the Chief Secretary, Treasury, the Secretary of State for Transport, the Attorney General, the Minister for the Arts and the Minister for Local Government; and to Sir Robert Armstrong.

PJ

P J

30 November 1983

Local Govt:
Relations
Pt 18

30 NOV 1983

10 DOWNING STREET

Prime Minister (1)

To see Bernard's advice

Agree I write saying outside journalists should not be used on a paid basis? Yes

Agree I make points on distribution?

On leak, my letter went to secretaries of Cabinet colleagues (incoming minute was so copied and principles were of general applicability). Within DoE about 5 people received copies from Secretary of State's office - 2 junior ministers, permanent secretary, head of local govt division, and head of information. But it might have been recopied.

It is too wide a circulation

AT 30/11

CONFIDENTIAL

cc/NO.

Prime Minister (1)

Agree to drafting, on a contingency basis of a Commission Bill?

Agree Commissioners be left discretion on whether to levy an emergency rate?

- Subject to views of colleagues?

AT 30/11

PRIME MINISTER

OBSTRUCTION OF LOCAL GOVERNMENT POLICIES: APPOINTMENT OF COMMISSIONERS

The purpose of this letter is to seek your agreement, and that of colleagues who are members of E(LF), to the preparation by my Department on a contingency basis of legislation enabling the Government, in appropriate circumstances, to dismiss the councillors of a local authority and to appoint a Commission in their place.

This issue was considered by MISC 95 in their discussion on 24 October of a report by an Interdepartmental Group of Officials (MISC 95(83)13) which dealt with a wide range of possible forms of obstruction of our local government policies. It was appropriate for MISC 95 to consider the need for Commission legislation in the context of possible obstruction of the abolition of the Greater London Council and the Metropolitan County Councils. But such legislation would form a permanent part of the law relating to local government and would be relevant primarily in contexts other than abolition, especially rate limitation, and I am therefore writing in my departmental capacity to seek E(LF) endorsement of the MISC 95 conclusions.

The Interdepartmental Group concluded that legislation should be drafted but held in reserve for introduction if an emergency arose; and that the legislation should cover all types of authority and should be so drawn as to give the Secretary of State wide discretion on the circumstances of intervention subject to Parliamentary approval on each occasion. Their detailed proposals are set out in Annex A. Colleagues in MISC 95 broadly agreed with the conclusions of the Interdepartmental Group. In particular they were clear that any legislation should be reactive. They felt that the reactive approach would be easier to defend and would help to meet misgivings about the constitutional implications of a widely drawn power and the use to which it might be put by future Governments. For Scotland, George Younger said that he saw no need for Commission legislation. No authorities there are to be abolished, and he felt that the selective rate limitation powers which he already has, together with the general rate limitation power which he will be taking this Session, would give him sufficient controls. In any case it is now too late to include further powers in his legislation.

At the meeting, I agreed to consider further two points. First, it was suggested that we might enact separate Commission powers for abolition and non-abolition authorities. On reflection, I believe that a single Commission Bill is the right answer. If takeover is provoked in the first instance by a rate limitation authority it would make no sense to exclude the 7 abolition authorities from the necessary Bill. On the other hand, if takeover was first provoked by an abolition authority, I see great merit in including powers to deal with other authorities in that Bill rather than waiting to include them in a second highly controversial Bill if trouble arose in a non-abolition authority. The contentious element in the proposal is the dismissal of councillors by the Secretary of State, and that is best presented as a general power.

Second, colleagues were concerned about the proposal to allow a Commission to levy a single emergency rate to meet the immediate financial problems of an authority on takeover, because of possible comparisons with the supplementary rate which we have abolished. While they accepted that it was necessary for Commissioners to have this power available, to deal with a financial crisis, they felt that the Commission should be free to decide in the light of all relevant circumstances whether to levy such a rate or to rely on temporary borrowing. (A council could do the latter, with my consent, under existing legislation). I accept that it would be sensible to leave the Commission discretion on whether to levy an emergency rate; whether such a rate is necessary will depend on the extent of financial disorder and the closeness of takeover to the fixing of the following year's rate. But the discretionary power should be available to the Commission.

In the light of MISC 95's conclusions and my further considerations, I would be grateful for your agreement and that of colleagues in E(LF) to the drafting of a Commission Bill to be held in reserve for use in an emergency. This would follow the model proposed by the Interdepartmental Group, amended to take account of the Committee's views on the emergency rate. I understand that Nicholas Edwards would wish Wales to be associated with such legislation.

I am copying this minute to colleagues on E(LF) and on MISC 95, and to Sir Robert Armstrong. Since the matter has been fully discussed in MISC 95, I hope it might be possible for agreement to be reached without the need for a further meeting.

PJ

P J

30 November 1983

ANNEX A

COMMISSION LEGISLATION

The Interdepartmental Group on Obstruction concluded that the following were the legislative requirements for appointment, operation and termination of a Commission:-

a. A power for the Secretary of State to dismiss councillors and replace them by a Commission, giving wide discretion on the circumstances of intervention but subject to affirmative resolution by both Houses of Parliament in each case.

b. A power for the Secretary of State to appoint all members of a Commission for a term extendable on an annual basis by affirmative/negative resolution order.

c. A power for the Secretary of State to prescribe remuneration , terms and conditions for members of a Commission and to make remuneration a proper charge on the council.

d. Provision that the Commission in legal effect replaces the dismissed councillors.

e. A power for the Commission-led council to levy a single emergency rate which is not subject to prior consultation with industrial ratepayers.

f. A power for the Secretary of State to initiate restoration of an elected council through an order subject to affirmative resolution.

Local Govt: Relations Pt 18

C.AJO

NBPM at this stage
AT 30/11

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley QC MP
Secretary of State
Department of Transport
2 Marsham Street
London SW1P 3EB

29 November 1983

Dear Secretary of State,

PROTECTED EXPENDITURE LEVELS (PELS) FOR TRANSPORT 1984-85

Thank you for your letter of 8 November. I have also seen Patrick Jenkin's letter to you of 22 November. I would be prepared to accept a set of PELs summing to broadly the same cash total as last year, were it not for the implications with regard to other spending signals we are giving to local authorities.

As you say, PELs have not had a uniform impact, and they have been disregarded completely by three authorities. I appreciate, too, that PELs indicate the maximum levels of subsidy which are offered special protection under the law, and that in fixing their budgets authorities need to take a view on what they can afford to spend within their targets. But the impact on our policies is bound to be weakened in cases like Tyne and Wear, where spending up to PEL and remaining within the target would imply a 15 per cent cut in other services, apart from the police and debt charges, and more if expenditure on police was allowed to rise in line with costs.

With that as background, I am not sure that Patrick Jenkin's letter gives sufficient assurance that the levels of PELs proposed offer no threat to targets. I realise that no authority has challenged the reasonableness of targets this year. But with the markedly more severe targets and holdback we have agreed for 1984-85 the risk of authorities doing so must have increased. Whatever we might say about PELs being maxima, we should not give currency to figures for revenue support that are too far out of scale. It is as well to remember that spending above PELs is not itself illegal, so that lower PELs would not entail a definitive judgement on the maximum subsidies which are reasonable.

Last year, as you say, it was felt that we should not let PELs imply cuts of more than 10 per cent on other services. There is no magic in that particular number, but the cuts implied in 1984-85 significantly exceed that amount in Tyne and Wear and (if police expenditure is protected) Greater Manchester. Outside the GLC, none of the targets for 1984-85 requires a cash cut of more than 6 per cent on this year's budget, and even that is a long way from the cut of 2½ per cent implied in the event for other services by PELs this year. There seems to be a problem here of credibility which has not yet been resolved. In the case of Tyne and Wear, the PTE seem able once again to be able to draw on reserves to keep the level of fare increases comparatively low. I would have thought that in their case, at least, you could reduce the PEL proposed, but changes should be possible in others as well.

I realise that the implication of our figures, especially if we reduce them in the way I have proposed, is that fares should be increased above the level of inflation. In some cases the changes would be dramatic. But I think we must follow through our declared policies with consistency, recognising in the case of South Yorkshire and Merseyside, for example, that percentages tend to exaggerate the effects of increased in the present very low fares. The position is especially important in London, since the PEL will be taken as implying a level of support for LRT after vesting day. In view of what the GLC are saying, I assume you will want to comment publicly on your intentions on fares when their PEL is published.

I am copying this letter to the other members of E(A) Committee, and to Sir Robert Armstrong.

yours sincerely

for PETER REES
(approved by the Chief Secretary
& signed in his absence)

Local Gov
Relations Pt 18

30 NOV 1983

MR TURNBULL

Andrew - we can't hire journalists for this job. Information Officers are supposed to be able to write. Some of them have been journalists. What puzzles me is why the Inf. Office in DOEn can't cope. Ministers & M.P.s have to put across the party's side - and special advisers. MG

D/ENVIRONMENT UNIT

You sought my advice on Patrick Jenkin's latest letter.

I view with considerable suspicion the idea of calling on the skills of one or two experienced journalists in the preparation of material for the popular press. These journalists would not do the work for nothing and their engagement through either D/Environment or the COI is not the point: the offence is to spend public money as hiring private help.

I believe that notwithstanding the earlier terms of the letter Mr Jenkin has not substantially, if at all, modified his ideas.

I believe he must be told firmly that there can be no question of hiring outside help, whether through his Department or COI, at public expense.

I should add that the need for "outside" journalists is probably overrated; these skills exist in Government. Unfortunately, in my experience, something which is paid for from outside is usually valued more than that which is provided "free" internally, regardless of quality.

On Mr Jenkin's second point, we need to be careful about distribution. Civil Servants can certainly prepare factual, explanatory material on Government policy and they can issue it to media and public. But it is for the Minister responsible to distribute it to his own Backbenchers or to Members of Parliament generally by placing copies eg. in the Library. The Minister's PPS can be particularly helpful here.

So far as briefing designed for the party is concerned, it is perfectly respectable for the Department to supply factual, informative material via the Minister to CCO. But it is for CCO to present or gloss it in party terms and to distribute it to the party.

B. INGHAM
30 November 1983

c NO.
c BT
c SS

CONFIDENTIAL

PRIME MINISTER

LOCAL GOVERNMENT POLICIES

I have seen your Private Secretary's letter of 21 November conveying your reaction to my minute to you of 14 November about the presentation of our local government policies.

I am grateful for your agreement that we should devote extra effort and resources to explaining and propounding the Government's case on local government. And I take entirely your points on the need to observe all the proprieties in such an exercise; there was never any intention that established procedures and rules governing the conduct of departments and officials should be by-passed or waived in this exercise. I am, however, concerned that strict adherence to the other points in your Private Secretary's letter could hamper our efforts to counter the major campaign being waged against our policies, to which local government is devoting substantial quantities of staff and resources. (The GLC is reported to have allocated ? millions to their campaign!). There are two points in particular I would like to mention.

This is agreed

First, I think it is essential to establish a small team of civil servants dedicated full-time to the task of explaining and co-ordinating the presentation of our local government policies - policies which range across a number of divisions whose staff are already hard pressed in developing the policy and preparing legislation. The issues with which they will be dealing are sufficiently complex to demand that the people concerned are themselves steeped in the arguments and capable of producing the material required with the minimum disruption of the efforts of the local government policy divisions. While the team would exist specifically for this purpose and would be separate from the individual policy divisions concerned, it would nevertheless be part of the local government command in my Department, which is headed at Deputy Secretary level. It is not my intention to recruit outsiders to serve full-time in the team, but there will be occasions when we need to call on the skills of one or two experienced journalists, for example in the preparation of material for the popular press. I would, however, propose to do this through the conventional channels of my information directorate and COI as appropriate.

X

Second, on the preparation of material for MPs and Peers, I entirely agree that officials must not be exposed to allegations of partiality. It has however always been my understanding that civil servants can be used to prepare and distribute factual and explanatory material on the policies of the Government of the day as a basis for briefing MPs, Peers and others on an all party basis. Where we wish to prepare factual briefing designed specifically for our own party I would of course arrange for it to be distributed by Central Office; any political gloss or interpretation would be for Ministers or Central Office to add.

These arrangements would, I hope meet both your concerns and my desire to present our case to best effect. Our supporters in the House are looking to me for a much higher profile in countering the opposition from the GLC and the Metropolitan Counties.

Subject to the assurances I have given, I would therefore be grateful for your agreement to my setting up a team along the lines I have proposed.

I am copying this to John Wakeham (who is expressing anxieties

SECRETARY OF STATE FOR THE ENVIRONMENT

that we must put much more effort into getting our policies across, both inside and outside Parliament) and to Sir Robert Armstrong.

PJ

P J

28 November 1983

Local Govt Rel Pt 18

CC BI

To how many was that minute circulated?

Only half a dozen people had any need to know?

PRIME MINISTER

Local Government Policies: Information Unit

The Secretary of State for the Environment minuted you on 14 November proposing the establishment of an Information Unit to get across the Government's case on local authority issues. I minuted back on 21 November recording your view that this work should be carried out as part of the Department's normal activities, using civil servants reporting to Ministers rather than employing outsiders - see Flag A.

The text of this letter has been leaked to the Guardian - see Flag B.

The line our Press Office will take (though there have been no enquiries as yet) is that the Government has a duty to ensure that the facts of its case are correctly presented and reported. But the Government is also very aware of its duty to maintain the distinction between it and the Party, and between information and 'propaganda'. It is precisely to ensure that the Government's actions are above criticism that it examines proposals of this kind with great care to see that these distinctions are maintained.

An investigator is already at work within the Department of the Environment to try and establish the source of a number of leaks in the local authority area. Cabinet Office are asking that this latest example be added to the instances to be investigated.

Now attached

I understand that the Department of the Environment may be returning with a revised proposal, seeking to clarify the use of outsiders. They accept that no outsiders should be recruited to the team but they will be seeking to

/argue

argue that it makes sense to hire outside advice on the presentation of the Government's case. Even this revised proposal will need to be examined carefully.

AT

ANDREW TURNBULL

28 November 1983

P.S. The revised proposal has arrived. Mostly it is acceptable, though before agreeing you should have advice ~~from~~ Bernard on X.

AT

FILE

R57

c.c.: Mr Ingham
Mr Mount

10 DOWNING STREET

From the Private Secretary

21 November, 1983

LOCAL GOVERNMENT POLICIES: INFORMATION UNIT

The Prime Minister has seen your Secretary of State's minute of 14 November proposing the establishment of a temporary unit of some 5 or 6 people comprising administrators, information officers and possibly people drawn from the journalism and public relations world outside.

She fully accepts the need to get across the facts of the Government's case on local government and agrees that more resources should be devoted to this. She feels however that this should be done by the department acting under its normal procedures and not through the establishment of a separately identifiable unit. This work should be carried out by civil servants, responsible to Ministers and not by hiring outsiders.

She feels it is important to avoid any suspicion of using Government money for Party political purposes. This means that your department should be putting information to the media and should not be providing a service directly to Conservative MPs, peers or local authority leaders. The latter is the responsibility of the Party machinery.

I am sending a copy of this letter to the Private Secretaries of members of Cabinet and to Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

J. Ballard, Esq.,
Department of the Environment

CONFIDENTIAL

HL

B

Extract from "The Guardian" 28 November 1983

Premier rejects plan to counter council lobbying

By Richard Norton-Taylor

A plan by Mr Patrick Jenkin, the Environment Secretary, to set up a special information unit to counter the campaign mounted by local authorities against Government policies has been rejected by Mrs Thatcher.

The proposal is referred to in a confidential memo from Mr Andrew Turnbull, one of the Prime Minister's private secretaries, to Mr John Ballard, a civil servant in Mr Jenkin's private office.

The initiative reflected the concern among ministers in the environment department about the effect of the aggressive lobbying tactics adopted by the GLC and other councils.

Mrs Thatcher's determination to quash it equally reflects her concern that the plan might have provoked another row similar to the one which broke out over the decision by Mr Heseltine, the Defence Secretary, earlier this year to create a special propaganda unit to attack the Campaign for Nuclear Disarmament.

In his note, dated November 21 and headed "Local governments policies: information unit," Mr Turnbull says Mrs Thatcher agrees that more resources should be devoted to getting across the Government's case on local government — by implication its plans to control local authority spending as well as to abolish the metropolitan councils.

But he adds: "She feels it is important to avoid any suspicion of using government money for party political purposes." This means, Mr Turnbull adds, that the Department of the Environment should not provide a service "directly to Conservative MPs, peers or local authority leaders." That task, he says, is the responsibility of the Conservative Party itself and not the Civil Service.

According to the memo, Mr Jenkin earlier this month wrote a minute to the Prime Minister proposing "the establishment of a temporary unit of some five or six people comprising administrators, information officers, and possibly people from the journalism and public relations world outside."

PRESS OFFICE BULLETIN

date: 28.11.83

NO 277

LOCAL GOVERNMENT POLICIES: INFORMATION UNIT

IF ASKED about Richard Norton Taylor's piece in the Guardian (copy attached), Press Officers should take the following line unattributably:

"Of course the Government is concerned to argue its case vigorously and positively. Of course it makes sense to deploy/concentrate its information resources to prosecute its arguments effectively. Equally, however, the Government recognises and takes seriously the need to distinguish between Government and Party and between information and "propaganda". Accordingly, ideas/proposals in this sensitive area call for careful judgement and are looked at bearing in mind the need to ensure that whatever Government does should be, and be seen to be, above criticism."

IF ASKED about a leak inquiry:

"A number of leaks have occurred in the DoE policy area. they are taken seriously and they are being investigated. You can assume that this latest unauthorised disclosure will figure in those investigations.

There is not, and has never been, any question of mounting a paid media campaign on the local government policies in advance of the legislation getting through Parliament."

RC

EXTRACT FROM GUARDIAN 28.11.83

Premier rejects plan to counter council lobbying

By Richard Norton-Taylor

A plan by Mr Patrick Jenkin, the Environment Secretary, to set up a special information unit to counter the campaign mounted by local authorities against Government policies has been rejected by Mrs Thatcher.

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But he adds: "She feels it is important to avoid any suspicion of using government money for party political purposes." This means, Mr Turnbull adds, that the Department of the Environment should not provide a service "directly to Conservative MPs, peers or local authority leaders." That task, he says, is the responsibility of the Conservative Party itself and not the Civil Service.

According to the memo, Mr Jenkin earlier this month wrote a minute to the Prime Minister proposing "the establishment of a temporary unit of some five or six people comprising administrators, information officers, and possibly people from the journalism and public relations world outside."

cc. POST OFFICE, Future Part 7
LOCAL GOVT., Relations Pt. 18

file

da

bc: CO

10 DOWNING STREET

From the Private Secretary

25 November 1983

In PM Box

<u>Sale of BT Shares</u>

I will be showing your Minister's letter to John Gummer of 25 November to the Prime Minister on her return. Most of the action proposed is clearly on the Party network. You might, however, be interested to see the proposals which the Secretary of State for the Environment made recently for an information unit to get across the Government's view on local authority issues. As you will see from her response, as recorded in my letter to John Ballard, the Prime Minister is anxious that the dividing line between Party and Government and between information and propaganda should be very carefully observed.

<u>Andrew Turnbull</u>

Neil McMillan, Esq.,
Department of Trade and Industry.

Rly

cc NO

NBPM

AT 22/11

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: J/PSO/16588/83

Your ref:

22 November 1983

Dear Nick,

Thank you for sending me a copy of your letter of 8 November to Peter Rees about 1984/85 protected expenditure levels for transport (PEL's).

I agree with your proposals, and that you should make an early announcement.

I note what you say about the issue of the consistency between PEL's and expenditure targets. I agree that we must continue to emphasise that PEL's are upper limits only. To meet its expenditure target, an authority may not be able to meet its PEL.

I am copying this letter to the other members of E(A) committee, and to Sir Robert Armstrong.

Yours ever

Patrick

PATRICK JENKIN

The Rt Hon Nicholas Ridley AMICE MP

Local Govt
Relations
Pt 18

22 NOV 1983

PRIME MINISTER

cc Mr Ingham
Mr Mount

Attached are Mr. Jenkin's proposals on the Information Unit and comments from Mr. Ingham and Sir Robert Armstrong. There is agreement on the need to improve the presentation of the Government's case on local authority legislation (Policy Unit also endorse this).

Mr. Ingham accepts a separately identifiable unit provided:-

i) It does not have outsiders in it;

ii) Does not feed direct to the Party (MPs, peers and local authority leaders);

iii) It is supervised by the Policy Group on which the Chairman of the Party sits, thereby providing the link with the Party.

Sir Robert's approach is still more cautious. He recommends:-

i) No outsiders;

ii) No separately identifiable unit;

iii) A small number of officials devoted to improving the flow of information, but working within the Government machinery.

DOE have already allocated three officials to this. The question is whether going further significantly improves the presentation of the Government's case in relation to the risks of encountering criticism that the dividing line between information and propaganda has been crossed.

/The judgement

The judgement is for you. My inclination would be to follow Sir Robert's line. Bernard would be content with this.

Agree Sir Robert's approach?

AT

ANDREW TURNBULL

18 November 1983

I totally agree with Sir Robert.

The required task of constantly putting out the facts is for DOE under its normal rules. We cannot use govt money for party political purposes. For Parliamentary purposes - yes.

MT

NO
BI

Ref. A083/3291

MR BUTLER

with AT

The Secretary of State for the Environment minuted the Prime Minister on 14 November about his proposal to set up a small unit to co-ordinate a campaign to improve general understanding of the Government's policies towards local government. If the task of the unit is confined to clear factual explanation of Government policies, and is not one of actively persuading the public to support the policies concerned, this is a perfectly proper and defensible use of public funds. It is obviously right that the Government should seek to inform the public and Parliament about its policies and to counter misinformation. But I do wonder whether, given certain recent events and the nature of the local Government lobby, it would be wise formally to identify a unit for this purpose.

2. I can see the value of using information experts to help put the Government's message across. I can also see that those officials directly involved in developing the policies do not always have the time nor the necessary objectivity to consider their presentation. But a separately identifiable unit - particularly one which is known to include public relations people - will almost certainly attract criticism of the kind Dr Owen recently directed at the Government's use of the information service - and that some people directed at the unit which the Secretary of State for Defence set up to explain the Government's nuclear policies (and which was soon disbanded). The dividing line between information and propaganda can be identified and defended, but the critics have by far the easier task. And I do wonder whether the unit will be able to produce enough hard factual information on a consistent and continuing basis to justify its information role.

3. The judgment is a political one, but I fear that it would be hard for the Secretary of State to prevent people seeing his unit as a propaganda machine. In that case a better answer might be

to put more effort and resources into explaining Government policies but not to give anyone the opportunity to criticise - however unjustifiably - by labelling them as a separate information unit.

Rl

Approved by
ROBERT ARMSTRONG
and signed in his absence

18 November 1983

PRIME MINISTER

E(LA) decided to stick to the original RSG package. As a consolation to Mr. Jenkin, the targets for one or two authorities, e.g. Birmingham and Wandsworth were raised and some "disregards" agreed (higher expenditure on certain services such as civil defence does not incur penalties).

The cost of these concessions is thought to be around £20 million. A satisfactory outcome?

AT

Yes - very.

M

17 November, 1983

MR TURNBULL

D/ENVIRONMENT - INFORMATION UNIT

The Prime Minister will need to be absolutely sure how public money is being spent on this campaign.

You will recall the row, which rumbled on for months, over the reported proposal by Ministry of Defence to spend an alleged £1m or so on paid publicity in support of the multilateralist case. This idea was not proceeded with.

Mr Jenkin's minute does not explain how public money is to be spent. But his reference to the possibility of drawing in people from journalism and public relations suggests that he is actually proposing to hire at public expense a public relations firm. If this is so then I think we are in for deep and counter-productive trouble.

It is one thing to acquire free journalistic and public relations advice on a voluntary basis; it is entirely another to hire it.

My strong advice is that the unit should be confined to the Civil Service, serving Ministers.

This leads me on to my second point: the row will be compounded if the unit directly serves Conservative MPs, peers and local authority leaders. The MOD unit avoided this pitfall by effective co-ordination with the Party through the Party.

Mr Jenkin's proposal lacks the policy/supervisory dimension of Mr Heseltine's efforts at MOD. There Mr Heseltine brought together the responsible Ministers of affected Departments, including for example Scottish Office, the chairman of the Conservative Party, Mr Heseltine's PPS and senior officials from affected Departments as well as myself. This served as an ideas body which took decisions through the S/S for Defence and his fellow Ministers and subsequently carried out in their respective capacities by the MOD Unit, other Departments and Tory Central Office.

In short, I believe Mr Jenkin's proposal lacks:

(i) the crucial top level steering group that served the MOD exercise so well; and

(ii) clarity over how public money is to be spent, bringing the possibility at least of a major row.

B. INGHAM
17 November 1983

CONFIDENTIAL

File

cc MASTER SET

10 DOWNING STREET

From the Private Secretary

16 November 1983

Dear John.

RSG SETTLEMENT

The Prime Minister took a meeting yesterday to discuss the 1984/85 RSG settlement. Present were the Lord President, the Secretary of State for the Environment, the Chief Secretary, the Chief Whip and Mr. Gummer.

The Secretary of State for the Environment said the reaction from the shire counties to the RSG proposals had been hostile. Many councils who had not been high spenders now faced the prospect of being subject to hold-back and of having to make large rate increases. As more councils were driven into the "penalty area", there was a danger that opposition to rate capping could grow amongst responsible councils. His conclusion was that the original proposals had gone too far and he was proposing to the meeting of E(LA) the next day an easier hold-back scale viz 1-3-7-9-9 against 2-4-8-9-9.

In discussion it was argued that responsible councils were feeling very aggrieved, having been told for a number of years that the Government would take action to restrain high spenders in order to give them more room. On the contrary, high spenders seemed to benefit as their higher spending levels became built into the targets, thereby apparently rewarding vice rather than virtue.

One of the difficulties was that the Secretary of State for the Environment could be challenged in court if he set a target that was not reasonably attainable. This limited the extent to which the Government could claw back higher spending. Thus within an overall total for expenditure more pressure was put on the responsible authorities.

In further discussion it was noted that the settlement reached in E(LA) had been a compromise, reached after hard bargaining, with concessions made on both sides. It should be reopened only if there was a strong presumption that action would ease complaints from the shires without adding significantly to the cost of the settlement.

/ It was argued

It was argued that easing hold-back was not a cost-effective way of dealing with the problem of the shire counties. Because the formula were cumulative, reducing the lower points in the scale reduced hold-back all the way up. An alternative approach was to try and adjust the GRE calculations. Some proposals were to be considered by E(LA) but there might be scope to go further.

The possibility of exempting councils from hold-back when their expenditure was below GRE was considered but it was noted that this had generated a big rise in expenditure before and was likely to do so again.

It was suggested that there might be a number of areas where the Government could reduce or delay the new responsibilities being imposed upon councils.

Summing up, the Prime Minister said that further work was needed in preparation for E(LA) the following day. Further ways of adjusting the GRE calculations in favour of the shires should be investigated. The effects of reducing the first two points in the hold-back scale to 1-3 should be examined and the impact on different councils should be identified. This proposal should only be adopted if it improved the distribution of the RSG settlement in favour of the shires without adding significantly to the public expenditure cost. The scope for relieving local authorities of additional responsibilities should also be examined. E(LA) should attempt to reach an agreement without referring the matter back to Cabinet.

I am copying this to Janet Lewis-Jones (Lord President's Office), John Gieve (Chief Secretary's Office), Murdo Maclean (Chief Whip's Office) and Emma Oxford (Mr. Gummer's office).

Yours sincerely

Andrew Turnbull

(ANDREW TURNBULL)

John Ballard, Esq.,
Department of the Environment.

Personal + Confidential

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Parliament Street London SW1P 3AG
Telex 262405
Telephone Direct Line 01-233
Switchboard 01-233 3000

Andrew Turnbull Esq.
Private Secretary to the Prime Minister,
No. 10, Downing Street.

Your reference

Our reference

Date 16.xi.83

Dear Andrew,

Robert Culpin asked me to let you have a copy of the brief he has given the Chief Secretary for today's meeting with the Prime Minister on local authority finance.

Yours,

Jill Rutter

CONFIDENTIAL

FROM: [illegible]
DATE: 15 November [illegible]

CHIEF SECRETARY

cc Chancellor
Mr Bailey
Mr Wilding
Miss Kelley
Mr Pestell
Mr Scholar
Mr Watson
Miss Rutter
Mr Short

GRANT AND HOLDBACK FOR LOCAL AUTHORITIES IN 1984-85

The Prime Minister is chairing a meeting tomorrow with you, Mr Jenkin, Mr Gummer and Mr Wakeham. Your main arguments are in your letter of 11 November to Mr Jenkin:-

a. There is no need to relax the settlement.

b. Give an inch and the local authorities will take a mile.

c. If it is politically desirable to help Tory authorities, there are better ways of doing it than relaxing holdback.

<u>How to help Tories without relaxing holdback</u>

2. Relaxing holdback would confer the largest benefit on the largest overspenders: the cumulative reduction in holdback would be greatest for those overspending by 3% or more. That is a bad way of helping Tories.

3. What matters to them is the prospect for rates. That depends not only on targets and holdback but also on GREs. These determine the distribution of grant before holdback.

4. The GREs for individual authorities have not yet been announced. So we can vary them without seeming to cave in to pressure. Mr Jenkin has himself suggested a change, but has not brought out its significance.

5. When E(LA) agreed on holdback of 2-4-8-9-9, it was exemplified on the basis of this year's distribution of GREs. On that basis,

the DOE thought it implied average rate rises in the shire counties (not all Tory) of about 5.8% for spending at 3% above this year's targets. (This is at the top of the second page of your letter.) Ministers accepted that prospect.

6. Mr Jenkin has subsequently suggested some GRE changes in E(LA)(83 His paper on holdback - E(LA)(83)8-assumes those changes to be agreed.

7. On this revised basis, the agreed holdback of 2-4-8-9-9 implies average rate rises in the shires not of 5.8% but of 4.2% for the same change in spending. In other words, Mr Jenkin has found a way of reducing rate rises in the shires by 1½% since Ministers agreed holdback. The prospect for them is better than we thought, not worse.

8. Moral: we can help the shires without changing any of the announced features of the grant settlement. There is therefore no case for a general relaxation. If need be, we might be able to make further distributional changes, though these are never easy. This must be a better way of helping Tories than splashing money all round the country.

9. I stress this because the Prime Minister appears attracted by the idea of tilting the distribution (Miss O'Mara's minute of 10 November). You could support her.

10. Final point on this: Mr Jenkin also has some proposals for increasing targets by about £20 million - his letter of 20 October. You have not yet agreed, but I have advised you to be sympathetic if he will withdraw on holdback. The details are not important. What matters - again - is that you could benefit a lot of Conservative authorities much more cheaply by this means than by relaxing holdback.

Who is being responsible?

11. You have to take head on the claim that Tory councils are being eminently responsible, and the government is not. The defence of the settlement is on the second page of your letter. I think point c. is especially strong.

12. As to the virtue of local authorities, the best defence is attack. The attached table shows that most Tory shires have increased their

spending in real terms, and face only modest rate rises if they increase their spending next year by 5% or so.

13. Suffolk is a case in point - Mr Gummer's area. So far from having cut its spending to the bone, it has increased it since 1978-79 by about 6% in cost terms. (That is, Suffolk's spending has gone up roughly 6% more than prices.)

14. If next year Suffolk spends about 3% more than its budget for this year, rates need only rise by a bit less than 4%. As the DOE keep saying, that is a highly speculative estimate, and the actual figure could be lower.

15. If Suffolk spends more, then - true - it will face larger rate rises. But that is the point of a deterrent. We are not trying to induce large rate rises. We are trying to use the threat of them to deter high spending.

16. Caution: there are always hard cases. Some we can explain. Some we might be able to tinker with, if need be, by adjusting GREs. Whatever their individual merits, the crucial point is that a few hard cases cannot justify a general relaxation.

To dither or stand firm

17. If the government cannot keep its nerve with a large majority and no election in sight, there is little chance of getting a grip on local authority spending. One concession would increase the pressure for more.

18. I understand Mr Wakeham's view is that the government can probably sell the RSG settlement if it stands firm and shows that it means business. But if Ministers waver, they will be in trouble. You could support him.

A "GRE exemption"?

19. The main danger, frankly, is that the Prime Minister may suggest that it would be possible to buy off trouble by exempting from holdback authorities which spend more than their targets but less than their GREs. This would be fatal.

20. Instead of being allowed to spend without penalty up to the targets which have been announced, local authorities would be allowed to spend without penalty the higher of target or GRE. On preliminary estimates, the higher of the two would be at least £½ billion more than the total of targets. You would thus be endorsing another £½ billion of spending.

21. Put another way, even if all local authorities were to meet the government's guidelines and spend no more than target or GRE, whichever is higher, and there were thus no "overspending", local authority current spending would not be the £20.3 billion for which you have agreed to provide but about £20.8 billion. In principle, you would have to raise the public expenditure provision accordingly.

22. The yield of holdback would also be drastically reduced, perhaps by about £¼ billion. So grant after holdback would be much higher. The Chancellor would have to find the extra from taxes.

23. Mr Jenkin might say that responsible authorities would not spend all the way up to their GREs. That may be. But they would certainly increase their spending by some amount. Otherwise there would be no point in the concession.

24. The largest beneficiaries would probably not be Tory councils but Derbyshire (Labour) and Berkshire (no overall control). Again, this would be an inefficient way of helping friends.

25. Finally, it would be seen as an odd step backwards. As you know, there was a "GRE exemption" in 1982-83, and it was frankly disastrous. It was one reason why the targets for that year were so massively overshot. There has been no such exemption in 1983-84 and, although the targets have still been overshot, the excess has been less. To reintroduce an exemption in 1984-85 would be a major volte face.

26. As I have said before, there could have been a case earlier for distributing the agreed provision in such a way that the targets converged more on GREs. But that is water under the bridge. To grant a GRE exemption at this late stage could only be extremely damaging.

Consultation with local authorities

27. In case Mr Jenkin runs the argument that he has only consulted the local authorities, and not announced firm decisions, you might

like to be reminded of two points. First, the Lord President's minute to the Prime Minister of 18 October said "the holdback tariff... will be 2-4-8-9-9".

28. Second, Mr Jenkin was offered the option of "consulting" on three alternatives for holdback, as last year, but chose to present only one scheme. If the local authorities had not denounced it, we should have been amazed. Indeed, we should have worried that we had failed to make holdback painful enough to deter high spending.

RC

ROBERT CULPIN

1,00,020 → σ 3i.

1,00,000 → σ 3i

↗ GRE.

19.7. 20.5.

20.3.

SPENDING RECORD AND PROSPECTIVE RATE RISES

	Real growth in current expenditure		1984-85 increases in local poundage contributions *	
	1978-79 to 1983-84	1981-82 to 1983-84	83-84 budgets +3%	83-84 budgets +5%
Buckinghamshire	+13.5	+6.0	-3.7	+ 5.3
Cambridgeshire	+ 7.8	+1.7	-1.4	+ 5.6
Devon	+ 4.0	+2.9	-0.1	+ 6.8
E.Sussex[1]	- 3.5	-1.6	+2.3	+ 9.3
Essex[1]	+ 6.1	+3.8	+2.4	+ 9.5
Hampshire[1]	- 0.7	+0.3	+1.9	+ 9.5
Kent	+ 0.9	-0.1	+0.8	+ 8.1
Somerset[2]	+ 3.9	+2.9	+5.4	+19.1
Suffolk[3]	+ 5.9	+3.2	+3.9	+12.5
Surrey[4]	- 1.6	+0.5	+2.8	+10.8
W.Sussex	+ 4.2	+2.2	-1.2	+ 5.9

* 2, 4, 8, 9, 9 holdback; preferred GRE package.

1. High percentage increases because rates low to start with. E Sussex losing some grant because previously too high on objective indicators.

2. In 1983-84 2% above target, 3½% above GRE.

3. In 1983-84 ½% above target, large increase in spending since 1978-79.

4. In 1983-84 2% above target.

BANK OF ENGLAND

With the Governor's Compliments

Speech given by

ROBIN LEIGH-PEMBERTON ESQ,
GOVERNOR OF THE BANK OF ENGLAND

at the Chartered Institute of Public Finance
and Accountancy Conference
'Local Government - The Post Election Scene'
on Wednesday 16 November 1983

SUMMARY OF MAIN POINTS

The Governor first reviews the progress that has been achieved since the introduction of the Medium-Term Financial Strategy in 1980. Although the detail of the strategy has been modified - and its objectives not always achieved - inflation has fallen faster than almost anyone predicted and the economy is looking more healthy than for some time (Paragraphs 3-7).

The PSBR has been substantially reduced, but the pressure for higher public spending is always present and considerable restraint will continue to be necessary. The targetted monetary aggregates remain at or somewhat above the top end of the target range, leaving no room for complacency - not least because monetary control is not an exact science (Paragraphs 8 and 9). To achieve balanced, sustainable growth, the long-running tide of increasing public spending will have to be arrested (Paragraphs 11-15).

From the above, the Governor draws four implications for public spending, with particular reference to local authorities:

- restraint in all parts of the public sector will be necessary (Paragraph 17);
- it is not clear that the right balance between capital and current spending has been achieved (Paragraph 18);
- accurate and speedy information is needed on public sector spending and receipts, and figures for local authorities are particularly slow and incomplete (Paragraphs 19 and 20);
- local authorities must remember the importance of rates in industrial costs; the rate burden is substantial for many businesses, and it is a burden over which they have little control (Paragraphs 21-23).

The Governor then turns to some encouraging trends in local authority borrowing, including the greatly reduced borrowing requirements of the last two years and lengthening of the average maturity of the debt (Paragraphs 24 and 25). There has also been a marked shift, actively promoted by the Government, in the sources of borrowing, away from the banking system and towards the Public Works Loan Board. The terms on PWLB variable rate facilities have become a "best buy" and PWLB quotas have been substantially increased. These changes have cut local authorities' borrowing costs, and at the same time helped the operation of monetary policy. It remains desirable that local authorities should continue to use the PWLB facilities fully (Paragraphs 27-31).

1 Mr Chairman, I was very pleased to be invited to speak at this conference today, as indeed was my predecessor, Lord Richardson, on a similar occasion in 1976. The Bank of England values its contacts with your institute, which has a deserved reputation for encouraging debate on matters of importance to your members. The subject of this conference is certainly of importance, for local government is currently at one of the more important junctures of its recent history.

2 As Governor of the Bank of England, my contribution to today's proceedings is to sketch the financial environment in which local authorities are likely to operate in the next few years. As an active member of Kent County Council for fifteen years and its Chairman for three, I hope to present this sketch in a way that will reflect an awareness of your problems.

3 The main objectives of Government economic policy over the last four and a half years have been constant: these are to reduce the rate of inflation and to secure a lasting improvement in the performance of the UK economy, so providing the foundation for sustainable growth in output and employment. The need to curb inflationary expectations has been - and continues to be - vital. The uncertainty caused by high and variable inflation discourages long-term investment by both the public and private sectors. If this uncertainty is not greatly reduced, we shall not have lasting prosperity.

4 The strategy for curbing inflationary expectations has also remained constant. The Medium-Term Financial Strategy was introduced in March 1980 and it has subsequently set out each year the monetary targets which seemed appropriate for the maintenance of downward pressure on inflation. It has also set out the way in which the Government intends to operate fiscal policy so as to reduce public sector borrowing as a proportion of the nation's Gross Domestic Product. The figures in the Medium-Term Financial Strategy have not remained engraved in stone from year to year: indeed, in the operation of monetary policy we now consider, and set targets for, a variety of aggregates, whereas there was initially an objective for only one such aggregate. Nor have the objectives always been achieved. But the thrust of policy from year to year has been the same; and as the Chancellor said a month ago in his Mansion House speech, the Medium-Term Financial Strategy is "alive and well".

5 Much has been achieved in this 3½ years. In particular, inflation has fallen faster than almost anyone had predicted. This success was somewhat overstated by the Retail Price Index earlier this year, when the year on year rate of increase fell to under 4%, influenced by a number of erratically favourable factors; and by September, the annual rate of price increase had returned to 5%.

6 A better indication of the underlying trend is provided by the output prices of manufacturing industry, which have been rising, year on year, by about 5½% for much of 1983. A similar picture emerges from the wider, but less speedily available, statistics of the deflator for the Gross Domestic Product. The picture is even

more encouraging if one looks at unit wage costs in manufacturing industry, which in the three months to August were only 1½% higher than a year earlier. In short, price inflation is currently down to between 5 and 5½% - ie only one-third of the rate three years ago - and the longer term outlook remains promising. But if we are to see the full benefits of the success to date, further progress is vital.

7 The UK economy is looking more healthy than for some time: output has been growing and unemployment has come down in two of the last three months. Of course, the base from which growth began was painfully low; and, as yet, the recovery has been narrowly based: consumer spending has been buoyant, but many other elements of demand have been subdued. For growth to be sustained, the base of the recovery will have to be broadened. But many of the building blocks for that sustained progress have been laid. In particular, British industry is now better placed to compete in world markets, thanks to major and widespread advances in industrial productivity.

8 Progress on what can be described as the intermediate targets of economic policy, such as the Public Sector Borrowing Requirement and monetary targets, is also broadly encouraging, but more remains to be done. Fiscal policy has brought down the Public Sector Borrowing Requirement as a percentage of GDP from 5¾% in 1980/81 to 3¼% in the last financial year, and this improvement should at the least be maintained in the current financial year. In comparison with the mid-1970s, when the PSBR approached 10% of GDP, progress seems formidable indeed. But the pressure for higher public spending is always present; and if the Government is to achieve its objective of cutting the PSBR to around 2% of GDP by 1985/86 without raising the burden of taxation, considerable restraint will continue to be necessary.

9 The money supply will also need to be kept under firm control. Here, a number of aggregates are of concern to us, and all are - or have been - affected by rapid structural and technological change: the bare figures must therefore be interpreted with some care. At present, the growth of the three aggregates for which targets were set at the time of the last Budget remains at or somewhat above the top end of their target range of 7-11%. This is better than during the summer but leaves no room for complacency, not least because monetary control is not an exact science. Lord Beveridge once said that "the State is or can be master of money. But in a free society it is master of very little else". I might add that mastery even in this one area is far from simple nor without painful choices.

10 If downward pressure on inflationary expectations can be maintained, I would hope to see sustained economic growth, accompanied by significantly lower interest rates. You will, I hope, forgive me if I refrain from being more precise. The adage that "forecasting is difficult, especially if it is about the future" is a true one; and, of course, many factors are outside the Government's control. All that the Government can do, in an economy as open as ours, is to plan on the basis of the most likely course of world activity and prices, standing ready to adjust its

policies, as necessary, in the light of major unexpected developments. Nevertheless, much of the hardest work to improve this country's position has been completed, despite a world background that has not always been as stable or as helpful as we might have wished.

11 As economic activity recovers, it is important to leave room for the expansion of the wealth-producing private sector if we are to achieve balanced, sustainable growth. Public sector spending must be restrained, and that means arresting a tide that has run one way for a very long time.

12 To illustrate what I mean, let us look at the central and local government shares of GDP over the 25 years between 1957 and 1982. In that time, their share of expenditure, calculated on the most conservative basis - to include only purchases of goods and services, has risen from 20% to about 24%. On top of this, taxes have to be raised, not only to pay for increased pension and other social benefits, which have more than doubled from 8% of GDP to 17%, but also to service the debt. The interest burden has risen slightly, with higher nominal interest rates more than offsetting a fall in the debt as a share of GDP.

13 Altogether in 1982, central and local government spent over 45% of GDP, against 32% in 1957. In these terms Government spending has been increasing nearly twice as fast as GDP. In recent years, when the average rate of growth of GDP has been well under 1%, the disparity has been substantially greater than two to one, despite the Government's efforts to restrain public spending.

14 It is, of course, reasonable to note that the benefit element in public spending will have been raised in recent years as a result of the low level of activity in the economy, and that inflation has changed the relationship between the interest bill and the real cost of the national debt. These factors cannot, however, disguise the trend. It is also the case - as a statistical matter - that the way Government output is measured in the National Accounts may cast it in an unfavourable light. Much of the output of the government sector is measured simply by its inputs, so that gains in productivity are not taken into account. One does not ask "what have teachers produced?" but rather "how many teachers are there?". For the private sector, in contrast, as for the public corporations producing for the market, an attempt is made to measure productivity gains, despite the problems involved in doing so.

15 I accept that public spending fulfills vital needs and that there are always areas in which a good case can be made for spending more. The Italian proverb - that public spending is like holy water because everyone helps themselves - is, however, not without an element of truth; and the Government - rightly in my view - has concluded that the public sector's claim for an ever growing share of national resources must be resisted.

16 It is not for me to say how the available money should be allocated between the competing demands for it. Nor do I wish to enter into a detailed discussion of how the financial arrangements

between central and local government should operate. The issues involved in such a discussion go far beyond those which naturally fall within the sphere of the central bank. It may, however, be appropriate for me to observe that a balance must be found between a worthwhile degree of local autonomy, without which local government is a sham, and sufficient cohesion for the public sector as a whole to operate in line with the Government's macro-economic policies. There are, perhaps, four broad implications of all this for the future.

17 First, because Government wants to see overall public spending fall as a percentage of GDP in the next few years, restraint in all parts of the public sector will be necessary. The need for restraint would be less, of course, if one made over-optimistic assumptions about the likely rate of economic growth in this period. Rapid growth is to be hoped for; but its benefits must be allocated after they have been earned, not before. Local authorities can reasonably ask, however, that central Government should not impose additional responsibilities onto them unless the cost of these responsibilities is allowed for in the constraints within which they must work.

18 My second point is that all expenditures need to be reviewed. Up to now, capital spending has suffered most from restraint. In your own case, current expenditure has exceeded the relevant provision in the Rate Support Grant settlements by between 6% and 8% in each of the last three financial years, while your capital spending, which is directly subject to cash limits, has increasingly undershot - by over 20% in the 1982/3 financial year. Up to a point, that is not surprising. It is easier to postpone the building of a new library or road than it is to find economies in the maintenance of those which exist already. It is also the case that capital spending often adds to subsequent current expenditure. Whatever the benefits to the community at large from a new local government project, they rarely do much to increase the income from rates and they often impose substantial new running costs. Nevertheless, it is important for our future to get the right balance between current and capital spending, and it is not clear that this has yet been achieved.

19 Third, it is important for the conduct of economic policy that accurate information about the revenue and expenditure positions for all parts of the public sector is available speedily, and that spending plans are adhered to. At present, the public sector has some way to go in this respect. For instance in the last two Budgets, the Chancellor of the Exchequer offered a forecast for the public sector borrowing requirement in the then current financial year that in the event proved to be in error by over £1½ billion - even though, when he spoke, the year had only about three weeks to run. Figures on the position of local authorities are particularly slow to arrive and are incomplete when they do come. Of the forecasting errors I have just described, over one third each year related to local authority borrowing.

20 This lack of precision would not be tolerated in a group of private companies, even where central management believed in substantial financial autonomy for its associates. It is equally unsatisfactory in the public sector, where policy is often made on the basis of inadequate and uncertain information about recent events within the public sector itself.

21 Finally, in respect of the balance between local autonomy and its responsibility to central Government, local authorities must remember the importance of rates in the costs of many industries and the fact that a growing proportion of local authority income has been provided by non-domestic rates. These represented some 27% of local authority rate fund revenue in 1982/83, against only 22% in 1976/77. Over the comparable calendar years - ie from 1976 to 1982 - the rate bills for industrial and commercial companies have increased by some 130%, against a rise of roughly 90% in their wage and salary bill and a 70% increase in the prices paid for fuel and materials used in manufacture.

22 The impact of non-domestic rates undoubtedly varies greatly between types of industry - most obviously because the rental value of land and buildings required by each also varies. For many smaller firms in distribution and services, rates are therefore a heavy burden. There are also problems resulting from the fact that many valuations are over ten years old. The decline of an industry will often be associated with a fall in the rental value of related assets, either because they are specific to the trade or because the industry is localised and thus property in the area is affected. In these cases the rate burden is unfairly distributed. This is separate from the point that, unlike profits, rental values, and, even more so, rateable values do not vary over the economic cycle. Unlike corporation tax, the rates bill is as large in bad years as in good.

23 Unfortunately, I cannot demonstrate these points clearly from the available statistics. Let me just note that the rate bill for industrial and commercial companies now exceeds £4¼ billion a year, and is probably over half the total that they are spending before tax on the interest payments on all their borrowing. Put another way, suppose that industrial and commercial companies had paid no rates last year and that this had been fully reflected in their profits. Then the profitability of those companies not involved in North Sea oil activities would have risen by over one-third in real terms - ie on the basis of current cost accounting. The rate burden <u>is</u> substantial for many businesses, and it is a burden over which they have little control, because they have no vote and because they cannot generally move either quickly or cheaply to a lower rate area.

24 Let me now turn to recent trends in the size, maturity and financing of local authority debt. The picture here is encouraging, not least because receipts on the sales of council houses and other assets, together with a low underlying level of capital spending, have greatly reduced your borrowing needs in recent years. Thus in the last two full financial years the borrowing requirement of the local authorities averaged only

£150 million, against £2,600 million in the previous two years. At a time of often high nominal interest rates and volatile market conditions, it must have been helpful to you that you were not having to seek large amounts of new money.

25 Second, the average maturity of local authority debt has lengthened, with the period for new term borrowing in the last couple of years averaging around eight years, more than double the length of such borrowing in the mid-1970s. This development, like the slower growth of your debt overall, can only have been beneficial to the authorities' standing with - and flexibility in - the financial markets.

26 I should add, at this point, that it is important that the proposed changes to the structure of local government and to the powers of central vis a vis local government should not affect the reputation of local government in financial markets. On this subject, I welcome the assurances given by the Government, both in the White Paper on "Rates" and in the more recent White Paper entitled "Streamlining the Cities".

27 Finally, there has been a marked shift in the sources of local authorities' borrowing - away from the banking system, which now accounts for around 20% of total outstanding debt, and towards the Public Works Loan Board, which lent £4¾ billion in the year to June, taking its share of total debt to nearly half.

28 The Government has actively promoted this switch in your sources of borrowing. Its first step - in August 1982 - was to introduce variable rate facilities for Public Works Loan Board loans, something which local authorities had requested for some time. The terms on these facilities were initially set at levels that were very competitive with the comparable market rates and they were cut again after only four months, to become an undoubted "best buy" of their kind. Additionally, in November last year, the Government substantially increased the authorities' 1982/83 PWLB borrowing quotas and has maintained these higher quotas into the current financial year.

29 The benefits of the changes in PWLB facilities have been twofold. Most important for local authorities, their cost of borrowing has fallen. Eighteen months ago it was not uncommon for local authorities to be borrowing variable rate money from banks at a margin of ⅜% or more above the London interbank offered rate (the usual reference rate for this type of borrowing); such funds are now available from the PWLB at LIBOR + ⅛%. Government can borrow more cheaply than the authorities, and it has passed on much of the benefit of this.

30 Also, and this is of particular relevance to us, the operation of monetary policy has been eased in one respect by the increased use of PWLB loans. For some time now, monetary policy has operated in a way that, as a necessary by-product, has required the banking system to make heavy net payments to the Government. The Bank of England has needed to respond by channelling the necessary funds back to the banks, mainly by buying bank bills. Local authority

borrowing from banks has contributed in considerable degree to the need for - and the size of - these flows. It makes no sense for local authorities to borrow from the banks - paying them for their intermediation - only for the banks then to refinance their lending by, in effect, borrowing in their turn from the central authorities. Consideration was therefore given to ways in which the Government could supply funds directly to local authorities on terms which would be more attractive than borrowing from banks.

31 The results of this deliberation were the changes I have described. These changes have helped, but they have not solved the problem because, although it has been reduced, the outstanding amount of local authority borrowing from banks is still substantial and it remains desirable that local authorities should continue to use fully the facilities now available from the PWLB.

32 Let me conclude, Mr Chairman, by stressing that much of the effort needed to set our economy on a sound footing has already been put in. Nevertheless, there is more to be done; and, over the next few years, the restraint - or lack of it - shown by the public sector in its spending will be of critical importance in determining the success of Government policy.

33 What will be asked of all parts of the public sector goes beyond "good housekeeping". That, of course, is important, but it is not enough. Mao Tse-tung once said that "thrift should be the guiding principle of our Government expenditure". You would not expect the Governor of the Bank of England to quote too often or too approvingly from such a source but here I would wish to amend just one word: thrift must be <u>a</u> guiding principle. In addition, some difficult choices will have to be made if the hitherto inexorable rise in the share of public sector spending in the national cake is to be reversed. But reversed it should be, if the benefits which local authority treasurers and their private sector counterparts have already seen from the decline in inflation are to be consolidated and extended into sustained economic growth. Only out of that growth, in the long run, can come additional resources for use by the public sector.

NBPM AS

16/4

c NO

SECRETARY OF STATE FOR EMPLOYMENT

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

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The Rt Hon Nicholas Ridley MP
Secretary of State
Department of Transport
2 Marsham Street
LONDON SW1

16 November 1983

Dear Nick

PROTECTED EXPENDITURE LEVELS FOR TRANSPORT 1984-85

Thank you for sending me a copy of your letter of 8 November to the Chief Secretary. I am content with your proposals.

Copies of this letter go to colleagues on E(A).

Yours

Norman

Local Govt: Relations Pt 18.

File

15 November 1983
Policy Unit

PRIME MINISTER

LOCAL GOVERNMENT POLICIES: INFORMATION UNIT

We are still not getting our case across on rate limitation and abolition of the GLC and the Metropolitan Counties. This is because the debate is still dominated by the vested interests of councillors and officials, but I am sure that there is a large reservoir of untouched sympathy among the general public for what we are doing, and I am sure that Patrick is right to set up a temporary small unit à la Heseltine to put the case across. This is amply justified, since there are so many complex issues to be explained, and so many different local authority services to be reassigned.

We therefore suggest that you agree that Patrick should set up his unit as soon as possible.

FM

FERDINAND MOUNT

CONFIDENTIAL

Targets - reasonable.

PRIME MINISTER

6% within cash spending.

10% " "

Ability to come within

1980.

RSG Settlement

Patrick Jenkin has now circulated his revised proposals on the RSG settlement - Flag A. The Chief Secretary has written setting out his view - Flag B - that it is wrong to ease one part of the package. If there are any modifications, the whole package, including the level of grant should be looked at.

Current spending £750m. → £525m

In addition the Treasury argue that:

(i) Mr. Jenkin has already modified the GRE distribution so that it bites about 1½ percentage points less stringently on the Shires than when 2-4-8-9-9 was agreed. If hold back were further eased it would benefit the Shires only slightly, about 1% off rates, but at the cost of increasing the scope for more spending by non-Shire authorities.

(ii) The Shire counties are by no means entirely virtuous, as many have increased spending quite rapidly.

(iii) The Government must be robust; if at the first sign of opposition it backs off it will make more not less trouble for the rest of its local authority legislation.

The meeting will need to explore:

(i) Whether there is still scope for re-jigging the GRE formula without easing the package as a whole.

(ii) Whether giving ground now will increase or decrease opposition to the Government's proposals.

The Lord President has been invited to the meeting, partly because he will be chairing the E(LA) meeting the following day and partly because he will be able to give a House of Lords view.

AT

15 November 1983

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Ke No

PRIME MINISTER

LOCAL GOVERNMENT POLICIES: INFORMATION UNIT

You know that a concerted campaign is being waged against our local government policies, particularly rate limitation and abolition of the GLC and Metropolitan Counties, by the local government establishment and a number of individual authorities.

Much of the propaganda put out by the local government lobby is disingenuous if not deliberately misleading. But it is receiving a lot of attention from the media and is in danger of gaining unjustifiable credence.

I therefore think we have to take positive and specific steps to explain and propound the case for our policies - policies which I believe should command widespread support from our supporters and from the public at large. Time is now pressing, however, with the introduction of the Rate Limitation Bill and the annual Rate Support Grant settlement only a few weeks away.

I therefore propose to set up a temporary small unit (along the lines of that set up in the Ministry of Defence recently) to tackle the problem. It would consist of some five or six people. they would be a mixed team of administrators: information officers and possibly people drawn from the journalism and the public relations world outside. Their task would be to co-ordinate and promote a campaign to improve general understanding of our policies and to counter the propaganda of the local government lobby. Their attention would be focussed not only on the media but also - through Ministers of course - on Conservative Members of Parliament, Peers and local authority leaders.

No

This must be done through the Party.

CONFIDENTIAL

SECRETARY OF STATE FOR THE ENVIRONMENT

Yes

We might face criticism for arguing our case through a campaign in the media at cost to public funds, rather than through Parliament which has yet to take a decision on the policies. My answer to this is that I have a duty, as the responsible Minister, not to allow the kind of misrepresentation of our policies which is taking place to go unanswered. The time has not yet come in the Parliamentary timetable when the specific arguments can be dealt with across the floor of the two Houses. And there are obvious limits to the extent to which Ministerial speeches outside Parliament can deal adequately with the campaign that is being waged.

This is done through DOE putting out the facts to the Press

In these circumstances, I am advised that it would be perfectly proper for me to allocate Departmental resources now to ensure that the Government's proposals are fully understood in the country at large, provided of course that these resources are devoted to supporting Ministers in the exposition of their policies and not for the provision of "Party political" material. I have consulted Sir George Moseley on this and he is content.

Subject to your agreement, I hope the new Unit can start to operate within days.

I am copying this to all members of the Cabinet, to John Wakeham and to Sir Robert Armstrong.

for P J

14 November 1983

(Dictated by Secretary of State and signed in his absence)

cc NO.

Prime Minister

B

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

11 November 1983

Dear Secretary of State

GRANT AND HOLDBACK FOR LOCAL AUTHORITIES IN 1984-85

Pt 17

I am sorry you have felt it necessary to re-open the settlement we reached last month in E(LA). Before colleagues meet next week to discuss your paper on holdback, I ought to make my own position clear.

I went to the limit in accepting grant of £11.9 billion and holdback of 2-4-8-9-9. Grant is too high to deliver spending near target. The targets will again be overspent, and the taxpayer will finance much of the overspending. I am not prepared to compound that problem.

The two options in your paper would increase both grant and public expenditure. On your assumptions, one would increase grant after holdback by about £75-150 million; the other by about £130-250 million. This would raise the burden on the taxpayer. It would also lead local authorities to spend more.

We went into the settlement with our eyes open. We knew that it could imply large rate rises, on certain assumptions, even in some of the Shires . We accepted it on that basis.

Since then, you have shown us a way of reducing the Shires' burden without any change in the agreed aggregates. The figures attached to your E(LA) paper assume a redistribution of GREs which would significantly improve the Shires' prospects. This is illustrated in the following table. It shows prospective changes in "local contributions" in the Shire counties, on different assumptions about expenditure. The first line shows your Department's best estimate at the time we agreed on holdback of 2-4-8-9-9. The second line shows the estimate you have now circulated. The third line shows - from your latest tables - the effect of relaxing holdback.

(i)

CONFIDENTIAL

SHIRE COUNTIES' % INCREASE IN LOCAL CONTRIBUTIONS

← In effect rates.

Holdback		Budget + 3%	Budget + 4%	Budget + 5%
2-4-8-9-9				
October	$1\frac{1}{2}\%$	5.8	10.1	15.5
November	→	4.2	8.6	14.0
1-3-7-9-9		3.5	7.5	12.5

The striking thing is that we can reduce the prospective average rise in local contributions in the Shire counties by about $1\frac{1}{2}\%$ without any relaxation in holdback. For moderate spenders, the change you propose in holdback would be worth only about half that - $\frac{3}{4}$-1%. I cannot believe that the game is worth the candle.

I understand, of course, that some of our supporters have considerable misgivings. But we have a reasonable reply to the main charge, which is that we are being unfair to a large number of responsible authorities.

a. Their targets allow them to spend without holdback 3% more than their budgets for this year - even though several of those budgets are above this year's targets. They should spend a bit less than their budgets this year, especially if they know that next year's settlement will be tough. So the targets might allow roughly 4% more spending next year than this.

b. Two-thirds of that spending is on pay, for which our own "pay factor" is 3%. It is scarcely unreasonable to ask Tory councils, elected on a platform of economy, to increase their spending by 3-4%.

c. If they meet their targets, they will get generous grant. For the first time since 1980-81, we are making less than a 1% change in the RSG percentage. It has recently come down by about 3% a year.

d. If they exceed their targets, we shall indeed withdraw grant quite rapidly. That is partly because we are giving them a lot of grant to start with. It is also because holdback is meant to be a deterrent.

e. If they overspend slightly, most responsible authorities will face a modest rate increase. Even if they spend 5% more than their budgets for this year, instead of 3%, your figures show only 5.3% for Buckinghamshire, 5.6% for Cambridgeshire, 8.1% for Kent, 10.8% for Surrey.

This has to be seen in context. Over the last few years, even our supporters have in the main increased their spending quite rapidly. Since 1981-82, for example, local authority costs have risen by about 13%, roughly in line with prices generally. Suffolk has increased its spending by 16½%, Somerset by 16%, Cambridgeshire by 15%. (ii)

I have noticed, for example, the recent complaints from Devon. Over the same period, it has increased its spending by 16% - a real increase by any measure. If next year it spends 3% more than its budget for this year, it need not increase its rates at all. Even if it spends 5% more than this year's budget, it need only raise its rates by about 6¾%.

Of course there are harder cases. But whatever the individual merits, I cannot believe that they merit a general relaxation. The one you propose would confer the largest benefit not on our supporters but on the largest overspenders: the cumulative relaxation in holdback would be greatest for those overspending by 3% or more.

I know that we must have an eye to our rate-capping legislation. But I do not believe that the doubters in the House will become even grudging supporters of the legislation because of changes in holdback. More likely, a concession now would increase the pressure for more in that context. Nor do I think it would be right, while there is any question mark over rate-capping, to give up on the restraints we have got. I am appalled by the suggestions in the Press that, to secure selective rate limits on 15-20 authorities, we might be prepared to relax the pressure on the other 400 by abandoning targets and holdback.

(iii)

I believe strongly that we should stand firm on the settlement we have announced. I should be happy to consider marginal adjustments, for example by redistributing GREs, or by reducing both grant and holdback. But I cannot accept a net relaxation in the settlement.

I am sending copies of this letter to the Prime Minister, members of E(LA), the Chief Whip and Sir Robert Armstrong.

Yours sincerely

J.L. Cieve

f- PETER REES

[Approved by the Chief Secretary]

10 DOWNING STREET

Prime Minister

This discusses the maximum subsidy GLC & MMCs can pay to their transport authorities before risking a court challenge.

To await colleagues reaction.

AT
10/11

M

Prime Minister

CCNO

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

The Rt Hon Peter Rees QC MP
Chief Secretary
Treasury
Parliament Street
LONDON
SW1

8 November 1983

Dear Peter

PROTECTED EXPENDITURE LEVELS FOR TRANSPORT 1984/85

The purpose of this letter is to seek your agreement, and that of colleagues to the Protected Expenditure Levels (PELs) for 1984/85 which I propose to set for the GLC and the Metropolitan Counties as I am required to do by the Transport Act 1983. These constitute my guidance on the maximum amount of revenue support for which these authorities should have protection against legal action by their ratepayers.

David Howell exchanged correspondence with Leon Brittan earlier this year about the statutory advice given to London Transport and the PTEs for preparing their plans. It was agreed that this should be on the assumption that PELs for 1984/85 would not be greater in total in cash terms than those for 1983/84 (with special provision for Tyne and Wear, where the 1983/84 PEL had been abated to take account of their substantial drawing on reserves).

The proposals from authorities total £548m, nearly £200m above the initial advice. This is totally unacceptable. However I have to set the PELs at a realistic level if they are to exercise an effective constraint on subsidy levels and to enable them to be successfully defended in Court if necessary. Furthermore they will be seen as a signal of the Government's intentions about the level of expenditure envisaged for the new London Regional Transport body, and the rate-capping and budgetary control of the new joint boards (PTAs) following abolition of the metropolitan county councils.

The figures I propose are set out below.

	GLC/MCC Proposal 1984/85	Proposed PEL 1984/85
GLC	232.0*	125.0*
GMC	62.1	50.0
MERSEYSIDE	70.7	43.0
SOUTH YORKSHIRE	Up to 68.0	36.0
TYNE AND WEAR	22.5	22.5
WEST MIDLANDS	38.75#	30.0
WEST YORKSHIRE	54.0	46.0
	548.05	352.5

* excluding depreciation and renewal met by capital grant

TPP bid. No plan formally submitted yet.

The small total increase (£5m) on 1983/84 PELs is more than accounted for by the increase in depreciation provision (£7m). After taking account of NIS reduction the real cut in current expenditure compared with 1983/84 PELs is 4½%. The cut is over 20% in cash compared with 1983/84 budgets. The individual PELs are based on thorough scrutiny of the plans produced by the PTEs (except West Midlands) and LT, and are the tightest I believe we can sustain. They allow for an overall reduction in unit costs and service levels totalling 5% - a reduction which I believe is achievable, but which certainly sets a tough standard and one which the PTE plans have claimed would be impossible.

In assessing the consequences for fares, our objective has been to set PELs at a level which would demand less drastic but still substantial increases from those authorities which have, on the whole, shown themselves willing to cooperate with Ministers. Even here, the increases would be of the order of 10%, or twice the rate of inflation we are working to achieve next year. Anything much in excess of that will pose very difficult problems for colleagues from those areas when they are called upon to defend the Government's decisions. For other areas, where there has been no sign of cooperation, the increases are much steeper. For South Yorkshire the increase would, on our reckoning, be well over 100%, and for Merseyside between 30% and 50%. The authorities themselves will claim that the implied increases are even higher. Overall, conurbation bus fares would increase by 20% - or four times the rate of inflation - even on the basis of my rigorous cost and service-cutting assumptions. I believe that this is a fair package which recognises the real efforts that some authorities have made to meet us on acceptable levels of subsidy, whilst being properly stringent on those who have refused to co-operate. Anything less would in my view be difficult to defend and open to charges of inconsistency.

Our officials have discussed these proposals. I understand that your officials agree that the PELs for the Metropolitan County Councils are as stringent as we can afford to make them in the light of the fares implications, except that they have reserved the position on London pending our further discussions on LRT.

Colleagues will be concerned about two particular aspects of these figures - their implications for the unallocated provision and for targets. First, the drawing on the unallocated provision is £135m, rather less than last year. I recognise that we have cut the total unallocated provision to £625m for 1984/85 but colleagues will recognise that PELs are not figures which I am endorsing as the appropriate level of revenue support: they are limits above which authorities risk Court action. So it is misleading for the Associations to imply that they have the effect of pre-empting part of the unallocated provision. They have the same status as targets, not as allocated service expenditure.

Second, colleagues may recall that last year a considerable effort was made to check and ensure that targets and PELs were reasonably consistent. It was felt that if spending in line with PELs implied a cut of more than 10% in other services, it would put the targets at too great a risk of legal challenge. With DOE help my officials have done the same calculations for 1984/85. Assuming no cash cuts on police expenditure or debt charges, only for two MCCs is the implied cut in other services over 10% - Greater Manchester (11%) and Tyne and Wear (15%). In Tyne and Wear's case I understand that the PTE could make further use of reserves to reduce the problem. In the end, last year, this question of inconsistency was never raised by local authorities. The targets are in any case much tighter for 1984/85, requiring cuts of up to 34% (for the GLC). In the GLC and South Yorkshire cases the very tight PELs require much bigger percentage cuts than do the targets and so actually reduce the required cut on other services. My officials have discussed this aspect with DOE officials. They agree that the relationship with targets is defensible providing emphasis is placed on the role of PELs only as limits, as described above.

In the light of these considerations I would be grateful for colleagues' agreement to announcing these PELs, including the PEL for the GLC. I need to do so as quickly as possible if they are to have a significant impact in reining back revenue support for public transport in the conurbations. I am copying this to members of E(A) Committee.

Yours ever
Nicholas

NICHOLAS RIDLEY

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

NBPM at this stage AT 7/11

CC NO.

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 (Direct Line)
From The Secretary of State for Wales

7 November 1983

Dear Secretary of State,

WELSH RSG SETTLEMENT 1984/85

Pt 17 I have seen a copy of your letter of 31 October to the Chief Secretary. At the request of the Prime Minister, Peter and I are continuing our bilateral discussions, taking full account of your views which are well-known to us.

In the meantime I feel I must respond to some of the points you make in your letter which are mistaken.

To begin with, you say that the Welsh target methodology seems a great deal less tough than the English, especially for the highest Welsh overspenders. Let us get this into perspective. In the current year, three of the eight Welsh counties (which account for 83 per cent of Welsh local authority current expenditure) are planning to spend at target and none of the remainder have budgeted to spend above the 10 per cent threshold; the counties' budgets in aggregate are only 2.9 per cent above their aggregate GRE. So far as the Districts are concerned, only four out of the thirty-seven are spending above the threshold; in aggregate their budgets are 3.6 per cent below their aggregate GRE. If you could see a similar pattern for all authorities in England I am sure you would be pleased. We have reached this position by consistent application of a target methodology which has only been altered when absolutely necessary, and then only in minor respects. This gives local authorities the certainty they need if they are to respond responsibly to our plans. Thus every year since we established the Welsh RSG system we have had fewerr authorities budgeting to spend above the threshold. The Welsh methodology obviously works, and it would be nonsensical to interfere with it solely on the grounds of complaint by authorities subject to a different system necesarily tailored to very different circumstances.

As regards the comparative cash increase in AEG, I am afraid that this has limited public and political significance in Wales. The politically vital comparison is the rate increase effect on any given set of assumptions. Of course we are not talking about forecasts. But I am always challenged on the rating effects of a Wales settlement, and it has been essential for me to show, both in the Welsh Consultative Council and in Parliament, that the comparable rating effects on common assumptions do not disfavour Wales, particularly in the light of the performance of Welsh authorities in their current spending which has been excellent compared to the dismal record in England. I have to observe that you based almost the whole of your argument in E(LA) on the rating consequences of the decisions we were taking, particularly against the background of the difficulties we will face over our rate-capping legislation.

The Right Hon Patrick Jenkin MP

The AEG figure of £995 million you suggest would be inadequate to produce rating effects at all comparable with the England settlement and so is unacceptable to me. I am pursuing the questions of the right quantum with Peter Rees.

On holdback, you have not understood the position in Wales. No doubt because Welsh authorities, unlike English ones, expected aggregate expenditure to be near our planning figure, they did not rate for holdback in 1983/84; the holdback which occurred was met largely from balances. This is illustrated by the fact that the £12.6m holdback in Wales this year would have required a 4.7p rate, whilst the average general rate poundage increase was in fact 1p. Accordingly there is no case on these grounds for the holdback scheme to be toughened in Wales although there was in England.

I am copying this letter to the Prime Minister, Peter Rees and Sir Robert Armstrong.

Yours sincerely

J H Roberts

Approved by the Secretary of State
and signed in his absence

Local Govt: Relations

Pt 18

10 DOWNING STREET

Prime Minister

To be aware that distribution of RSG is now being discussed. Mr Jenkin is proposing only minor changes on 1983-84 mechanisms.

AT 4/11

MT

file

DoE

MR. TURNBULL

The Chief Whip had a word with me about Mr. Jenkin's proposals on legislation to control the rates. Apparently Mr. Jenkin is putting forward to one of the E Committees some modifications in his original proposals and has asked the Chief Whip to go along to the Committee to advise on whether they can be got through the House. The Chief Whip feels that getting them through the House will not depend only on the proposals themselves but on the efforts which DOE Ministers make to sell them to the various local authorities concerned; and he feels that this effort has so far been lacking. The Chief Whip may want to invoke the Prime Minister's aid in getting this message across to Mr. Jenkin, and the natural opportunity to do this would be when Mr. Jenkin clears his proposals with the Prime Minister.

Could you please look out for that moment and alert me when Mr. Jenkin reports to the Prime Minister.

E. E. R. BUTLER

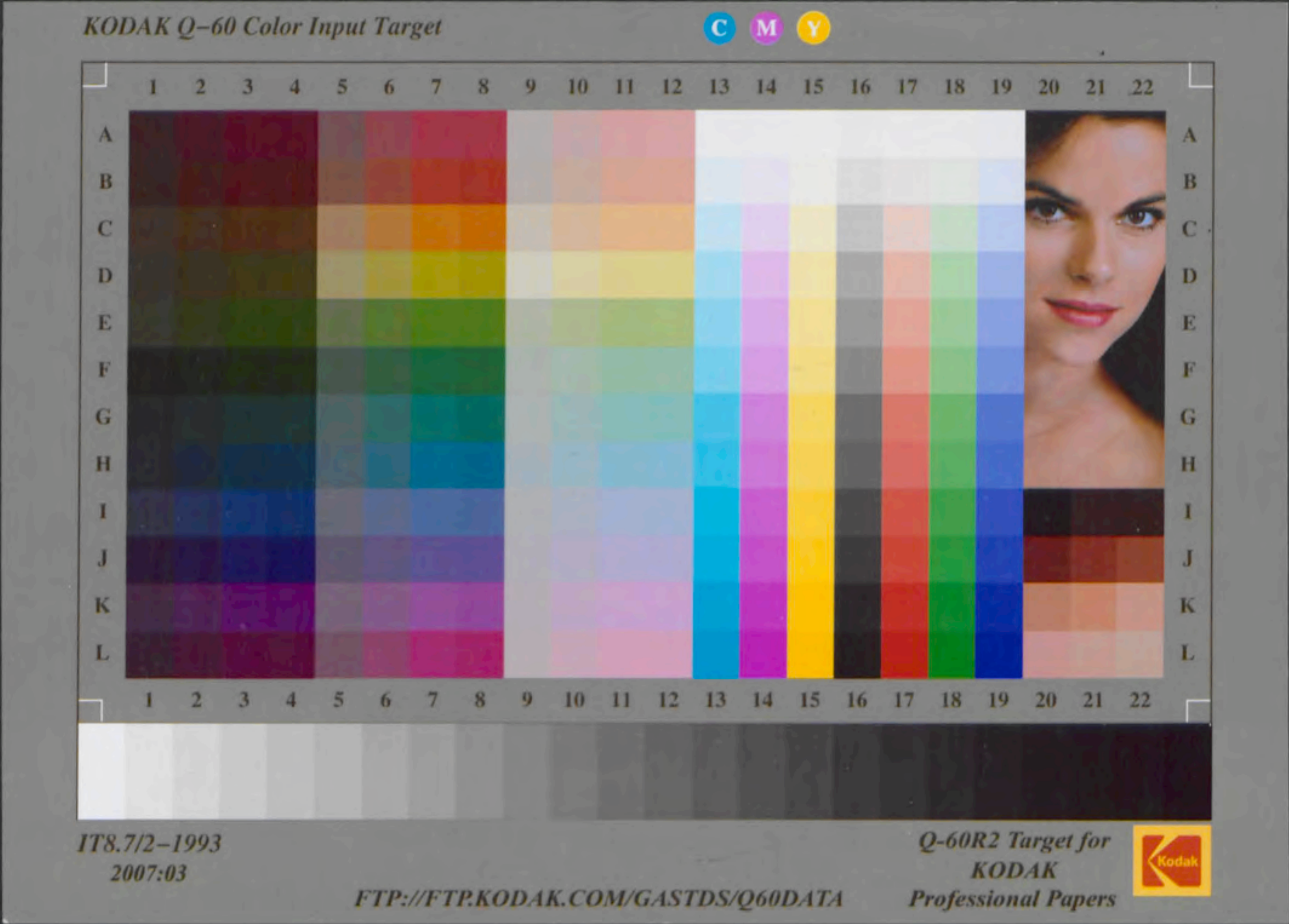
4 November 1983

PART 17 ends:-

S/S Env to CST 31/10

PART 18 begins:-

E(LA)(83) 7 1/11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