



6<sup>th</sup> February 1981

Prime Minister

RATES

We touched briefly on rate settlements at Cabinet yesterday. I enclose a first authoritative list of precepting decisions by County Authorities. This list, published today by the Municipal Journal, is based on a survey of County Councils. The rate demands by District Councils would, of course, be added to these demands.

As you will appreciate, the figures in Column 3 are the percentage increases in precepts announced or recommended. The range is from 3% to a little over 19%.

A confidential survey by the Association of County Councils, which my Department has seen although I have not, indicates that the average rate increases for the Shire Counties should be under 10%.

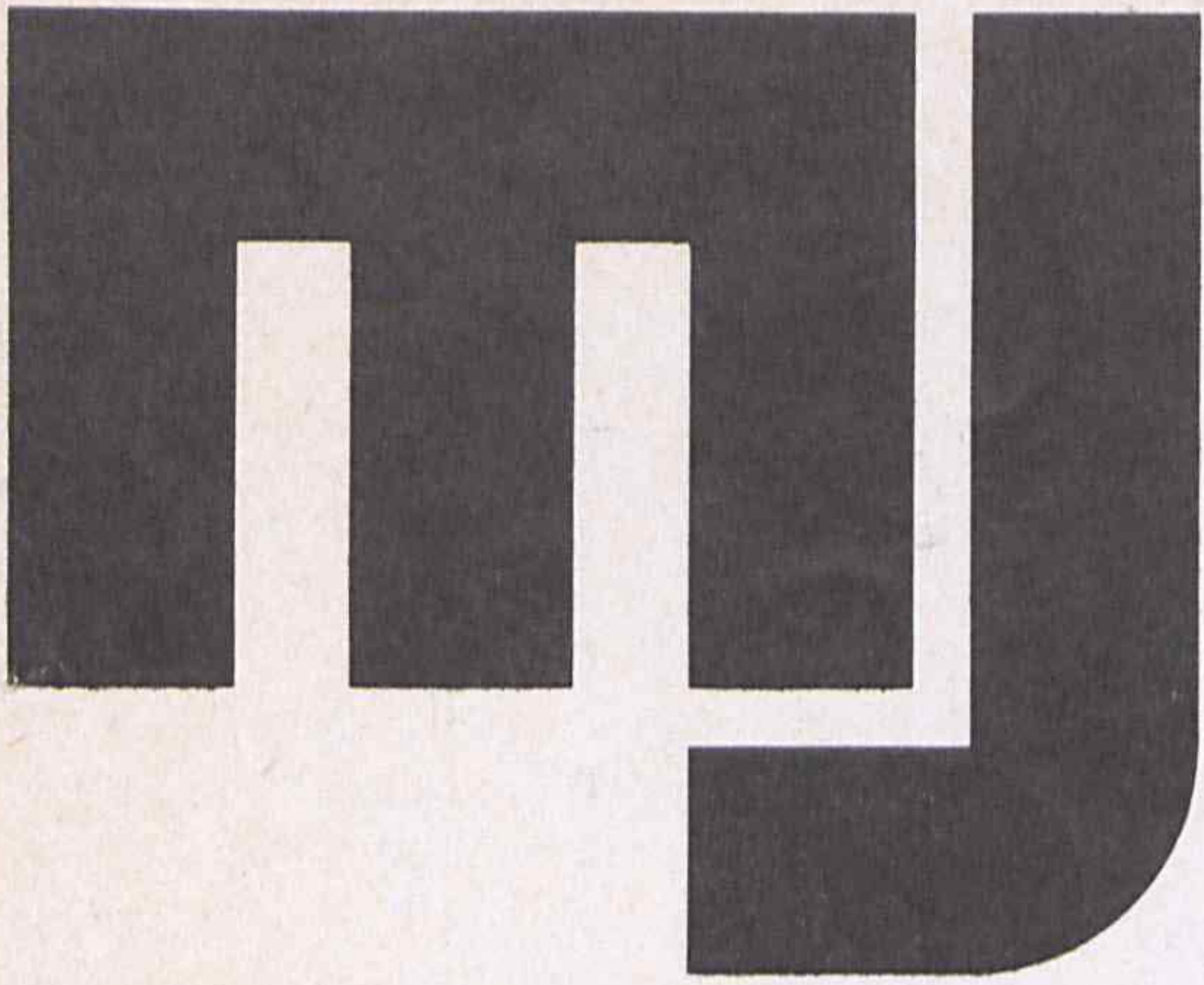
The final column in the table shows the percentage increase which would result from adjusting for changes in grant.

There is a long way to go yet!

I am sending a copy of this to Francis Pym.

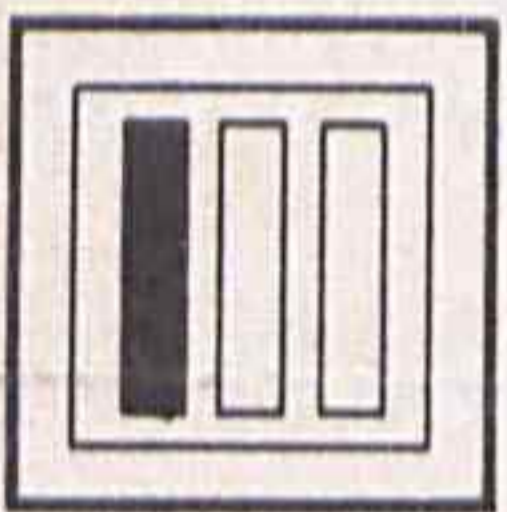
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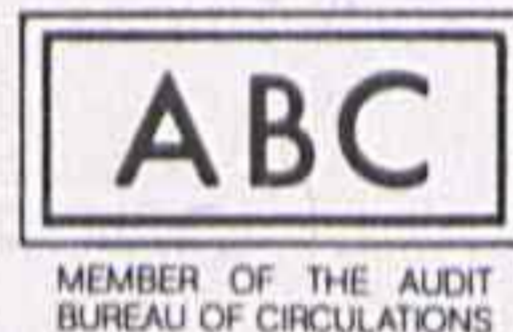


Published at 178-202 Great Portland Street, London W1N 6NH. Discount rates on multiple subscriptions available to local authorities and other public bodies for those who have recommending, advisory or decision-making responsibilities. Individual subscriptions (home and overseas) £21 a year post free - airmail rates on application. Telegraphic address: Munijournal, London W1. Telephone: 01-637 2400. Telex: 262568.

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 block grant**

Second article on the new system by Glen Bramley and Andrew Evans of SAUS: GREs, indicators and multipliers.

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 Civil defence**

GLC member Roland Freeman reveals what emerged at a meeting with LBC leaders, the Army, Metropolitan Police and the London Fire Brigade.

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 Employment law**

Case of the crash-happy refuse-collection driver and his colleagues' refusal to ride with him.

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**COMMENT**

Co-operation between local authorities and small firms is on the increase, so a report (see opposite page) published this week by the Economists Advisory Group deserves close attention.

It makes the valid point that the direct grant system means that local councils which successfully promote local business and thereby increase their non-domestic rate income, get less money from Marsham Street as a result.

There is clearly scope here for giving local authorities some leeway through the rate support grant system so that this anomaly does not arise.

And Local Government minister Tom King, speaking to Sheffield Chamber of Commerce last week, said that often industrialists viewed business activity in isolation. He called for both sides to broaden their horizons.

To this end Lancashire CC's forthcoming business advice night for local firms is an example of what can be done, and has attracted groups such as CSIRA and Barclays Bank.

Working with three of its district councils, the county will advise on the night on the availability of suitable land and buildings for new ventures or expansion.

That way both public and private sector benefit and, above all, the local community each seeks to serve.

Meanwhile, demands to restore the non-domestic vote grows. A major piper seeks to ensure a bigger voice in the tune being played.

Editorial staff: Stephen Marks (housing, planning, pay, book reviews), Roger Packer (production), John Hawkins. Editorial secretary: Marianne Regan. Special contributors: Michael Cowan (finance), Tony Aldous (architecture), Mick Hamer (transport), Roy Huse (libraries), Frank Pedley (education), David Holroyd (social services), REC Jewell (legal), Frank Walton (employment law), Roland Freeman and Roger Milne.

# County budgets show wide variations over rates

Rate rises up to 19% have been recommended to county councils this week, writes Antonia Simkins. In the 29 authorities where a recommendation has been published the range of increase is from 3% to 19.35%.

But these figures conceal the effect of the new block grant. According to the DoE figures issued in December most counties lost some grant but a handful gained as much as the equivalent of a 5p rate. Revised percentage increases after

	Rate 1980/81	Proposed 1981/82	%	Grant change	%
Gloucs	101.5	120	18.22	-1.1	16.95
Bucks	106.5	117	9.85	5.9	16.3
Hereford/Worcs	106	113	6.6	5.7	12.66
Derbys	98	111	13.26	-1.1	12.00
Kent	100.17	112.46	12.26	-0.6	11.6
E Sussex	101.4	113.7	12.13	-1.1	10.92
N Yorks	102	114	11.76	-1.1	10.57
Northumberland	112	125	11.6	-1.1	10.52
Warwicks	111	116.55	5.0	5.2	10.06
Suffolk	108	119	10.18	-0.3	9.87
Herts	106.5	116.2	9.1	0.7	9.82
Isle of Wight	108	113.5	5.09	4.5	9.66
Devon	98	107.75	9.94	-1.1	8.72
Surrey	101.65	111.6	9.78	-1.1	8.61
Cornwall	97.5	107	9.74	-1.1	7.2
Somerset	109	116	6.42	2.1	8.51
W Sussex	98	107.5	9.69	-1.1	8.48
Cheshire	116.5	120	3.0	5.8	8.4
Dorset	109	119	9.17	-1.1	8.08
Oxford	108	117	8.33	-1.1	7.24
Cleveland	115.5	125	8.22	-1.1	7.2
Beds	114.6	122.6	6.98	-1.1	5.96
Wilts	108	108	0.00	5.0	4.85
Staffs	108.5	112.5	3.68	.6	4.26
Leics	97.5	101.5	4.1	-1.1	2.94
<b>Metro counties</b>					
W Yorks	37.7	28.1	West Yorks estimates this as a 13.8% real increase		
<b>Welsh counties</b>					
Clwyd	124	148	19.35	—	—
Dyfed	112	122.6	9.5	—	—
Gwynedd	111	128	15.31	—	—

adjusting for the DoE estimates are shown in the last column of the table published here.

The DoE figures take no account of the grant reduction arising out of the reduced relevant expenditure and they apply only at the level of spending the DoE predicted for each authority. And the ACC has said it does not agree with the basis on which calculation have been made. No comparable figures have been produced for the Welsh counties.

Some counties are reaping the rewards of budget cuts last year. Gloucestershire CC, for example, complains that last year its rate was lower than any levied by its six near neighbours. This year the figure is 18.22% up. 'It is now clear we overdid it', Gloucestershire says. It has had to find £8.5m more than it allowed for inflation, higher interest rates, lower income and loss of grant. The county will be overdrawn to the extent of £2.5m which will have to be financed from the 1981/82 rates.

## Employers threaten water union ballot

Union leaders will be consulting the 32,000 manual workers in the water and sewerage industry over the rejection of the employers revised 10% offer.

Employers' chairman Sir Robert Marshall has warned that the water authorities may conduct a ballot of manual employees if they feel the union consultation process is not getting sufficient member involvement.

But union side leader Eddie Newall of the GMWU warned the employers that a ballot could rebound on them. The union side next meets on 25 February.

The 10% would add 0.8% to the industry's total costs and 2.5% if awarded to all other employees. The union side is thought to be prepared to recommend to accept an offer of around 13%.

## Lambeth strike against cuts

Lambeth LBC's construction and refuse workers were on strike this week in protest against the Government's cuts and in support of Lambeth LBC's stand against the cuts. NALGO members in libraries were also on strike while members in housing advice and citizens' advice centres were 'working in' without pay and using their offices to mount displays against Government policies.

A march through the borough was due to take place as *MJ* went to press, with supporters expected from as far as Sheffield, and with Tony Benn MP among the speakers, together with local MPs Stuart Holland and John Tilley.

## Tax share urged for councils

Local authorities should be given a share in national income tax in order to assist small businesses, says a study produced for the small business unit of Shell UK.

The study, commissioned from the Economists Advisory Group, concludes that 'more autonomy in the finance of local government is desirable and should be ultimately helpful to small business.'

They also conclude that, whatever reforms are made in local business taxation 'the case for giving local authorities a share in national income tax is clear and should be pressed for vigorously by all interested parties.'

They say there is 'insensitivity' by local councils to small businesses which has destroyed many of them 'in the interests of paper plans for urban redevelopment, in over-zealous interpretation of planning law and in many other ways.'

The report says the interests of local government and small firms are even

more tenuously linked than the small proportion of rates and votes they account for suggests.

'This is because the direct grant system works in such a way that local authorities which successfully promote business in their area and enhance their non-domestic rate income simply get less from central government.'

*The Promotion of Small Business: a Seven Country Study*, 2 vols, Economists Advisory Group Ltd, World Trade Centre, 52 St Katherine's Way, London E1 9LB, price £15.50 plus £1.50 p&p.

● Local Government minister Tom King said last week that commerce and industry should work together with local councils to overcome their difficulties. Many were responding, and the number of planning applications for industrial and commercial premises was now running at record levels.