

CONFIDENTIAL

E. Elder



cc Mr. Duguid  
✓ Mr. Walters

PRIME MINISTER

RATES

I have seen Michael Heseltine's minute of 8 September to you about legislation to control local authority expenditure.

I would much prefer to see wider legislation which would make my own proposals unnecessary. I would therefore strongly support the enactment of Michael Heseltine's interim measures on an accelerated timetable if they could be made to bite in 1982/83. But I am afraid I have considerable doubt about whether that would actually be feasible. There would obviously be strong opposition to rushing through a measure with such far reaching constitutional implications. And the administrative task of setting up the scheme covering all local authorities would be formidable.

On the point that counties might still raise the money and try to divert it to other spending, I recognise the risk though I am doubtful how much scope they really have for this given their limited range of powers. Moreover, my proposals would be published before the GLC and Metropolitan Counties fixed their precepts for next year, and there could well be resistance to imposing a heavy extra burden on ratepayers once it was known that the money could not be used to carry through the policies on which they were elected.

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For the reasons I set out in E(81)82 we cannot risk leaving local authority subsidies for public transport unchecked for another year. I therefore feel I must press ahead with preparing my own proposals in case Michael Heseltine's cannot be introduced in time. I shall be circulating a paper to "E" Committee so that we can discuss all these issues on 16 September.

I am copying this to the recipients of Michael Heseltine's minute.

A handwritten signature in blue ink, appearing to be 'N. Fowler', written over a horizontal line.

~~NORMAN FOWLER~~

11 September 1981

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