



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

22 October 1981

✓ *MM*
Willie

✓ *Dear*
I attach a copy of the draft statement which my Secretary of State proposes to make this afternoon about yesterday's High Court judgement on the Rate Support Grant 1980/81. It would be helpful to have any comments which the Attorney General wishes to make on the proposed statement immediately.

I am copying this to Mr Narsaw (Attorney General's office), Nick Huxtable (Leader of the House of Commons Office), Keith Long (Paymaster General's office) and Bernard Ingham (Chief Press Secretary, No 10).

Yours sincerely
Jed Jacobs

J JACOBS
Private Secretary

Willie Rickett Esq - No 10

STATEMENT

1. With permission, Mr Speaker, I wish to make a statement about the judgement given yesterday in the High Court in respect of my decisions last January to abate the rate support grant payable to eight London boroughs.

2. Six of these authorities - the London boroughs of Brent, Camden, Hackney, Hounslow, Tower Hamlets and Waltham Forest - challenged my decisions on the following four grounds:

(i) that the Rate Support Grant (Principles for Multipliers Order) 1980 was ultra vires;

(ii) that I misdirected myself in law under sections 48-50 of the Local Government, Planning and Land Act 1980;

(iii) that my decisions were decisions to which no reasonable Secretary of State could have come;

(iv) that I failed validly to exercise my discretion to abate grant under sections 48-50 of the Local Government Planning and Land Act 1980 on the grounds that after enactment of the powers and before reaching my decision, I failed to listen to representations from the authorities concerned.

3. In respect of the first three of these grounds the Court found as follows:

firstly, that the Multipliers Order was not ultra vires and is therefore valid;

secondly, that I did not misdirect myself in law as to the nature of my powers under section 48-50 of the Act;

thirdly, that my policy was not unreasonable, and that my decision was a decision which I was entitled to reach, subject, however, to their ruling on the fourth ground of the challenge.

4. On that ground, the Court ruled that, although there had been extensive discussions and consultations over a period of almost a year prior to the enactment of the Act, I should have been prepared to

hear any new representations after enactment before reaching my decision. The Court's decision turned in particular on two late approaches made by or on behalf of the authorities, approaches which in their judgement the Court referred to as having "something of the air of legal manoeuvre". Notwithstanding this, however, they ruled that I should have been prepared to hear those representations and that I had therefore not validly exercised my discretion. On that ground alone my decision to reduce the grant of these authorities was quashed by the Court.

5. The Court did, however, say that it is of course open to me, after considering the authorities' representations, now fully documented, to reach any decision I consider right, and which is within the terms of the 1980 Act and the Multipliers Order.

6. The judgement itself runs to nearly a hundred pages of foolscap. The House will appreciate that the Government will have to study its terms carefully before deciding what its response will be. I shall keep the House informed when these decisions have been made.