

18 October 1983

Policy Unit

PRIME MINISTER

ENGLISH RATE SUPPORT GRANT

This is a rather unappealing compromise. Like the Treasury, we would have preferred a settlement nearer £11 billion than £11.9 billion.

But it is crucial that the average rise in rates next year should be modest. Otherwise, our Election pledges will be discredited, even before our main Local Government Bill is introduced. Any ratepayer can work out that if local authorities slap on huge increases in rates before the Bill becomes law, that law will be valueless. Therefore, we want to set expenditure targets which are tight, but which all except the most obstructive councils can reach without big rate increases.

We believe that these compromise proposals should be accepted.

FERDINAND MOUNT