

Local Govt
Rate

11/11/81
cc MAP
B1



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

15 December 1981

Dear David

LOCAL GOVERNMENT FINANCE BILL/STATEMENT ON
GREEN PAPER ON ALTERNATIVES TO DOMESTIC RATES

My Secretary of State wrote to the Lord
President on Friday 11 December, with a copy
of the draft Bill which is to be given First
Reading and published tomorrow, and a copy
of a draft oral statement.

I am writing to confirm that arrangements are
now in hand for publication at 3.30 pm tomorrow
and First Reading. I attach a very substantial
revised oral statement. If Cabinet colleagues
have any views on this, the Secretary of State
would be grateful to see them by close of play
this evening.

I am copying this, and the enclosure, to the
Private Secretaries to the Prime Minister,
members of Cabinet, the Chief Whips (Commons
and Lords), and to Sir Robert Armstrong.

D A Edmonds
D A Edmonds

D A EDMONDS
Private Secretary

David Heyhoe Esq
PS/Lord President of the Council

NSP

*I passed the former
Minister's comment on the
last copy to Mr Edwards.*

MW
16/12/81

STATEMENT ON LOCAL GOVERNMENT FINANCE

Mr Speaker, I will, with permission, make a statement about a number of rating and local government finance matters.

Our election manifesto restated our determination to reform the domestic rating system.

In the meantime, the Government is determined to reduce the level of local government current expenditure and to ensure through the distribution of the rate support grant that the consequences of high spending policies are financed more fairly by those local communities where the highest spending takes place.

The majority of local authorities have now proved by achieving the Government's expenditure targets that those targets were realistic and obtainable.

The continuing wish of most local authorities to co-operate with Government by reducing the rate borne costs of public expenditure in their areas is further reinforced by the publication today of the latest local government manpower figures for England.

These show the largest total drop in manpower ever achieved in one year. At 1.9 million the number of full-time equivalent employees in local government in England is the lowest total recorded since the joint manpower watch system was introduced, and effectively eliminates all the manpower growth that has taken place since 1974.

In its determination to maintain pressure on current expenditure, particularly in authorities which do not co-operate with the overall policy of securing a better balance between the public and private sector, the Government decided to legislate this Session to deter high spending.

The Government intends to proceed with legislation, but in one way different from our original intention.

The proposal to establish an audit commission will stand but instead of the proposal to permit high spending only after a poll of local communities the Government will ban the financing of extra expenditure by supplementary rates.

The new Bill which I am introducing today will ban the levying of supplementary rates in 1982/83 and subsequent years.

It may be that during the financial year an authority may incur unexpected expenditure - for example, because of some natural disaster for which it has not rated.

In these circumstances it could apply to me for temporary borrowing permission.

I would not grant such permission unless it was absolutely essential for the expenditure to be incurred in the year.

I should normally require the borrowing to be repaid within the first quarter of the following year.

The Government recognises the need to make progress with its plans to reform the rating system.

I am today publishing a Green Paper setting out a range of possible alternatives and reforms of the present system.

I look forward to wide ranging consultations between now and next April.

These will enable the Government to reach conclusions on the way forward.

Rating paper review
paper. It is dealt
with in an off-handed
manner in present

mt

c/c A.D. ✓

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Chancellor of the Duchy of Lancaster

15 December 1981

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment
2 Marsham Street
LONDON SW1

Dear Michael,

LOCAL GOVERNMENT FINANCE BILL/STATEMENT ON GREEN PAPER ON ALTERNATIVES
TO DOMESTIC RATES

I have seen the substantially revised draft Statement on local government finance which your office circulated today. The thrust of the draft Statement is now very much on the need to contain public expenditure in the short term. It is important that we get public expenditure down. But it is also important that we do so in a way which maximises public support for our policies. Backing for the new Local Government Finance Bill, in Parliament, but also more generally, will be strengthened if we are seen to be adopting a constructive attitude towards the more long term and fundamental questions discussed in the Green Paper. References to these questions and the Green Paper in the Statement will be seen as key pointers to the Government's attitude.

I would therefore like to see a change in the draft Statement. I believe we would reap goodwill which we shall need from our supporters in local government if the penultimate paragraph read:

The Government recognises the need to make progress with its plans to reform the rating system. Responsible local government needs a fair and independent source of finance. But I do not suggest the way ahead is easy. I am today publishing a Green Paper setting out a range of possible alternatives and reforms of the present system.

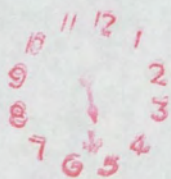
I am copying this to the Prime Minister, members of Cabinet, both Chief Whips and Sir Robert Armstrong.

Yours

Baroness Young

BARONESS YOUNG

15 DEC 1987





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MGP

FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE
AND THE CHIEF WHIP

13 November 1981

Dear David,

with MCS

The Chancellor of the Duchy has seen your minute to the Prime Minister of 9 November on Domestic Rates.

As Leader of the Lords she has suggested that any written answer (referred to in paragraph vii of the minute) should also be answered in the Lords.

I am copying this letter to Mike Pattison at No 10 and to Sir Robert Armstrong but not to the private secretaries to the other recipients of the Minute.

Yours ever
Michael Pownall

M G POWNALL

David Edmonds Esq
Private Secretary to the
Secretary of State for the
Environment

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