

Prime Minister ①  
Agree to substance of M Jenkin's  
Proposals while calling for  
improvements in presentation?

ceB1

18 July 1985

AT 18/7

PRIME MINISTER

RATE-CAPPING AND RATE SUPPORT GRANT, 1986-87

Yes

1. Rate-capping

Patrick Jenkin's criteria for selecting rate-capped authorities in 1986-87 are comprehensible and sensible. The capped authorities will be high-spenders by anybody's standards. They will all be Labour-controlled.

The new precept controls will apply to Passenger Transport Authorities, Fire Joint Boards, and Police Joint Boards in each of the six metropolitan areas, as well as to the ILEA and the Fire Joint Board in London. All of these except the London Fire Board will be dominated by Labour. The ILEA is likely to be the only real trouble spot.

Patrick is right to guarantee that he will not make further reductions or impose onerous conditions on councils if they produce reasonable arguments for redetermination of their expenditure limits. This concession will make it more difficult for the Far Left to explain themselves if they refuse to discuss the limits with DoE.

2. Rate Support Grant

Paragraphs 7-11 of the minute are amazingly lacklustre. Patrick is announcing the end of targets. That is - or ought to be - a major political bull-point. If he presents it as a low-key administrative alteration, he will have lost a rare opportunity to score a propaganda coup. Shouldn't someone in DoE - eg a special adviser - revamp the style? While he is about it, he might put in a rather more rhetorically effective passage on the success of rate-capping this year, and the abominable behaviour in some

councils: this is meant to be a statement in the House of Commons, not a diplomatic communiqué.

We recommend that you write to Patrick Jenkin, welcoming the substance of his proposals, but suggesting that he should adopt a more politically effective style.

*Oliver Letwin*

OLIVER LETWIN