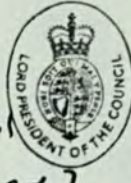


Prime Minister

CCB

*Why does
Hertfordshire feel
such a hard
deal - business?*



*Agree the package
as proposed by
the Lord President?*

PRIME MINISTER

*deal - business?
such a hard one?*

*DRN
22/11*

RATE SUPPORT GRANT (RSG) SETTLEMENT 1986/87

As you know, E(LA) has been grappling with the final decisions necessary to enable the RSG Settlement for 1986/87 to be announced, following the tough decisions we took on local authority current expenditure earlier this year. Within the constraint of those - or, indeed, of any realistic - decisions, there will inevitably be difficulties in meeting all our conflicting requirements for the London boroughs post-abolition on the one hand, and for the shire counties on the other. One possible way of reducing the difficulties might have been to increase the level of Aggregate Exchequer Grant (AEG). Given the sensitivities involved, I thought it best at the last meeting of E(LA) to leave to the Chancellor of the Exchequer the final decision on whether we could, in fact, contemplate increasing the level of AEG from that embodied in the Autumn Financial Statement. You will have seen from the letter to me of 21 November from the Chief Secretary, Treasury that the Chancellor feels that such a concession would not be justified, and that we should remain within the previously announced figure for AEG.

2. I am sure that we should now all live with the decision which we have taken and concentrate our efforts on presenting our policies vigorously. The package we have agreed has consensus acceptance as the best which we can do within the earlier decisions.

3. I am sending a copy of this minute to the members of E(LA), to the Chancellor of the Exchequer, the Chief Whip (Commons) and Sir Robert Armstrong.

hsid