

cc/BG



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Your ref:

The Rt Hon The Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
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Prime Minister 2
Table C is the
most informative. I
suggest await comments
from colleagues.

17 November 1986

Dear Lord President,

RATE SUPPORT GRANT SETTLEMENT 1987/88

17/11

As you know I have had some very fierce reactions from our colleagues in the House, who represent some of the Home Counties and Outer London Boroughs, to our proposals for next year's Rate Support Grant Settlement set out in the Consultation Paper of 3 October.

Since we published that paper we have received, as we knew we would, later data for GRES which I am obliged to take into account. I am afraid the effect of these is generally to make matters worse for those counties who are losing grant this year compared to last. The grant effects of the latest data are set out in Column 1 of Table A. All but four counties lose grant in comparison with the entitlements shown in the Consultation Paper, and Hampshire and Berkshire lose a further £3½m each. These figures make it very difficult for us to hold to the Consultation package.

I have therefore considered the small number of options available to us at this stage to see whether any changes could be made to the proposed Settlement to alleviate the position. Only one shows any promise - the introduction of a tighter safety net which limits grant losses to 7p, rather than to 12p as currently proposed, accompanied by a cap to limit grant increases to 12p. The grant effects of this combined net and cap are shown in Column 2 of Table A and the cumulative change since the Consultation Paper is shown in Column 3.

The tighter net, together with a new cap, gives substantial extra protection to those already losing grant. Although they still lose compared with 1986/87 Surrey benefits by £7.9m, Hertfordshire by £4.9m and Oxfordshire by £3.8m compared with the Consultation Paper. Nearly all the shire districts benefit as do all Outer London Boroughs except Newham. Barnet for example benefits by £2.6m, Bromley by £2m and Redbridge by £1m.

The cap causes loss of grant for 21 authorities of two main types as shown in Table B; first, authorities who were severely capped in 1986/87 including Birmingham, Bradford, Cleveland and Derbyshire; second, those Metropolitan Police Authorities which stand to make large gains out of the change to base the police GRE on establishments. The cap reduces the gains of grant in our original proposals for Birmingham by £32.5m, Bradford £10m, Derbyshire £21.7m, Cleveland nearly £11m and the Merseyside and West Yorkshire Police Authorities over £6m each. But all these authorities would still receive more grant than in 1986/87. However, a number of them are litigious, and caps are particularly resented. I do not need to remind colleagues that it was Birmingham who successfully challenged their cap this year, and it seems highly probable that they would seek to challenge us again. I have therefore taken the precaution of seeking Treasury Counsel's advice as to whether the powers in the Rate Support Grants Act to set multipliers to limit grant increases can be properly applied in the present circumstances. He has advised that the introduction of a cap should be legally defensible provided I set out my reasoning very clearly.

We could therefore confidently take this option. I should point out, however, that if we do so, four counties - Berkshire, Buckinghamshire, East Sussex and Northamptonshire - will lose more grant than in the Consultation Paper because the benefit of the new net and cap is worth much less to them than the grant effect of the revisions to GREs. And a further 22 counties, while still gaining grant compared with 1986/87, will get less grant than shown in the Consultation Paper as a result of revision to GREs. Of course, if we do not pursue the new option the position of all these authorities, except the 5 who are capped, will be even worse. Table C illustrates the change in grant from 1986/87 under the Consultation Paper proposals and under the new option, for the counties and the Outer London Boroughs. All this will need careful handling in the House.

It is a question of judgement as to whether pursuing this option will satisfy those who consider themselves hard done by under the present proposals, and whether it is worth trying to buy off the attack in one quarter only to have it reappear in another quarter.

In view of the additional losses caused by the revised GREs, on top of the adverse reaction to the current proposals, I suggest it is not a realistic option to do nothing, I propose therefore that we should introduce the tighter net of 7p and a cap of 12p. If the Settlement is not to slip until after Christmas I shall need to reconsult as soon as possible. I should be grateful for comments by 20 November so that we can discuss as necessary at E(LA) on 24 November.

Copies of this letter go to the Prime Minister, members of E(LA), the Attorney General, the Chief Whip and Sir Robert Armstrong.

Yours sincerely,

(Signature)

NICHOLAS RIDLEY

(Approved in draft by the Secretary B
State and signed in his absence.)

	GRANT CHANGES SINCE THE CONSLTN PAPER				INCREASE ON 1986/7 ACTUAL POUNDAGES		
	COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
	Effect of new data (£m)	Effect of 7p net and 12p cap (£m)	Overall change since the Consltn Paper (£m)	Change in grant from 1986/7 (£m)	Consultation Paper (%)	Consultation Paper arrangements but with new data (%)	New data with 7p net, 12p cap (%)
TOTAL England	(4.000)	(.000)	(4.000)	529.498	.7	.9	.9
TOTAL Shire districts	6.265	19.033	25.299	.530	1.5	.7	(1.1)
TOTAL Shire counties	(36.458)	(.769)	(37.224)	145.776	2.5	3.3	3.3
TOTAL Metropolitan distri	16.002	(23.938)	(7.936)	183.962	(.9)	(1.1)	(.3)
TOTAL Metropolitan Police	.649	(14.688)	(14.039)	21.270	(10.5)	(10.8)	(4.2)
TOTAL Metropolitan Fire A	.598	.100	.698	7.377	(4.0)	(4.4)	(4.5)
TOTAL Metropolitan Transp	6.467	(7.993)	(1.526)	42.956	(31.7)	(33.6)	(31.2)
TOTAL central boroughs	(.124)	-	(.124)	(2.792)	2.8	3.0	3.0
TOTAL other inner London	2.334	10.657	12.991	51.135	(.4)	(.7)	(3.3)
TOTAL inner London boroug	2.210	10.657	12.867	48.342	1.3	1.2	.1
ILEA	-	-	-	-	2.5	2.6	2.6
TOTAL outer London boroug	(1.518)	17.229	15.711	73.702	3.7	4.1	2.8
Metropolitan Police	(.021)	.341	.320	2.654	11.3	12.0	11.9
London Fire & CD Authorit	1.648	.107	1.755	2.857	1.4	.4	.4
TOTAL Shire areas	(30.190)	18.265	(11.926)	146.306	2.4	2.9	2.7
TOTAL Metropolitan areas	23.716	(46.519)	(22.803)	255.564	(4.4)	(4.8)	(3.6)
TOTAL London	2.318	28.335	30.653	127.556	2.1	2.2	1.5

1987/88 SETTLEMENT : OPTIONS FOR CHANGE

GRANT CHANGES SINCE THE CONSLTN PAPER				INCREASE ON 1986/7 ACTUAL POUNDAGES		
COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
Effect of new data	Effect of 7p net and 12p cap	Overall change since the Consltn Paper	Change in grant from 1986/7	Consultation Paper	Consultation Paper arrangements but with new data	New data with 7p net, 12p cap
(£m)	(£m)	(£m)	(£m)	(%)	(%)	(%)

SHIRE COUNTIES

Avon	(.931)	(.681)	(1.611)	14.456	3.2	3.5	3.8
Bedfordshire	(.663)	3.815	3.152	(3.866)	8.1	8.5	6.2
Berkshire	(3.449)	.306	(3.143)	(7.539)	2.9	4.5	4.3
Buckinghamshire	(1.640)	.244	(1.396)	(1.451)	10.4	11.1	11.0
Cambridgeshire	(1.922)	.211	(1.711)	1.670	(1.7)	(.2)	(.3)
Cheshire	(.261)	.322	.061	1.522	6.2	6.2	6.1
Cleveland	(2.244)	(10.728)	(12.972)	14.272	(1.9)	.1	5.9
Cornwall	(.219)	(.725)	(.944)	8.332	(5.4)	(4.7)	(3.8)
Cumbria	(.845)	.118	(.727)	6.404	(6.0)	(5.1)	(5.2)
Derbyshire	(.741)	(21.656)	(22.397)	17.509	(.4)	(.0)	8.6
Devon	(1.387)	.272	(1.115)	8.974	(1.6)	(.7)	(.8)
Dorset	(2.187)	.207	(1.979)	3.137	4.3	6.0	5.8
Durham	(.190)	.135	(.055)	6.653	(1.7)	(1.4)	(1.5)
East Sussex	(1.965)	.237	(1.728)	(1.848)	2.2	3.1	2.9
Essex	.516	.557	1.073	(9.016)	6.4	6.6	6.5
Gloucestershire	.354	.155	.509	4.829	(3.5)	(3.4)	(3.5)
Hampshire	(3.569)	7.540	3.971	(7.310)	7.0	8.0	6.0
Hereford and Worcester	(.495)	.207	(.288)	2.934	.5	1.1	.9
Hertfordshire	1.487	4.919	6.405	(9.295)	5.8	5.6	4.1
Humberside	(1.907)	.230	(1.676)	1.189	10.8	11.7	11.6
Isle of Wight	(.058)	.631	.574	(.067)	9.6	10.1	7.7
Kent	.723	.450	1.173	11.513	2.4	2.4	2.3
Lancashire	(1.220)	.339	(.881)	20.628	2.4	3.2	3.1
Leicestershire	(1.575)	.271	(1.304)	9.462	(3.5)	(2.4)	(2.6)
Lincolnshire	(.496)	.152	(.345)	5.092	(3.7)	(3.1)	(3.2)
Norfolk	(.005)	.220	.215	13.272	(1.3)	(.9)	(1.1)
Northamptonshire	(1.207)	.180	(1.027)	(1.223)	13.2	14.3	14.1
Northumberland	(.170)	(2.180)	(2.350)	6.177	(10.3)	(9.8)	(6.7)
North Yorkshire	(.087)	.185	.098	2.545	6.4	7.0	6.9
Nottinghamshire	(1.044)	.289	(.754)	21.400	(11.2)	(10.5)	(10.6)
Oxfordshire	(1.361)	3.798	2.438	(4.512)	8.2	9.3	7.0
Shropshire	(.832)	.107	(.725)	4.683	(1.2)	.1	.0
Somerset	(.636)	.123	(.513)	3.098	3.5	4.6	4.5
Staffordshire	(1.810)	.295	(1.515)	7.395	(1.6)	(.4)	(.5)
Suffolk	(1.614)	.190	(1.424)	2.070	5.4	6.8	6.6
Surrey	(.246)	7.937	7.689	(11.268)	8.7	9.2	6.6
Warwickshire	.331	.164	.545	(.519)	3.9	3.8	3.6
West Sussex	(1.465)	.242	(1.243)	2.529	.5	1.6	1.4
Wiltshire	(1.455)	.150	(1.305)	2.004	2.6	3.8	3.6

1987/88 SETTLEMENT : OPTIONS FOR CHANGE

	GRANT CHANGES SINCE THE CONSLTN PAPER				INCREASE ON 1986/7 ACTUAL POUNDAGES		
	COL 1 Effect of new data (£m)	COL 2 Effect of 7p net and 12p cap (£m)	COL 3 Overall change since the Consltn Paper (£m)	COL 4 Change in grant from 1986/7 (£m)	COL 5 Consultation Paper (%)	COL 6 Consultation Paper arrangements but with new data (%)	COL 7 New data with 7p net, 12p cap (%)
GREATER LONDON							
City of London	(.001)	-	(.001)	(1.590)	1.3	.9	.9
Camden	(.123)	-	(.123)	(.058)	.2	1.4	1.4
Greenwich	.179	.795	.974	.527	6.2	6.1	4.1
Hackney	.391	.893	1.284	9.658	(9.7)	(10.0)	(11.8)
Hammersmith and Fulham	.050	.885	.935	.716	21.1	21.7	17.2
Islington	(.056)	1.297	1.241	5.442	(10.2)	(10.7)	(13.3)
Kensington and Chelsea	(.064)	1.778	1.714	(4.759)	110.9	114.8	82.9
Lambeth	(.231)	1.472	1.241	20.945	(8.0)	(8.3)	(10.3)
Lewisham	(.007)	.858	.851	5.713	(5.3)	(5.4)	(7.2)
Southwark	.719	1.442	2.161	6.793	(5.7)	(5.9)	(7.9)
Tower Hamlets	.197	1.202	1.400	.936	3.7	3.4	1.0
Wandsworth	1.156	.036	1.192	5.164	46.5	37.6	37.3
Westminster	.000	-	.000	(1.144)	6.6	6.8	6.8
Barking and Dagenham	1.257	.044	1.301	.843	5.4	4.2	4.1
Barnet	(.109)	2.660	2.551	(2.269)	10.8	11.2	8.1
Bexley	(.385)	1.342	.957	.257	14.3	15.8	12.7
Brent	.344	.084	.428	29.189	(2.8)	(3.3)	(3.4)
Bromley	(.127)	2.179	2.052	(.808)	10.0	10.4	6.9
Croydon	.722	.117	.838	.691	10.3	10.7	10.6
Ealing	(.849)	.099	(.751)	(1.026)	9.3	10.8	10.6
Enfield	1.435	.498	1.932	(.759)	18.6	16.6	15.9
Haringey	(.922)	1.533	.612	18.009	(5.6)	(5.8)	(7.5)
Harrow	(.423)	1.512	1.089	(.867)	17.9	18.7	15.7
Havering	(.793)	1.632	.839	(.553)	8.6	10.2	7.1
Hillingdon	.142	2.510	2.652	(3.139)	6.9	7.3	4.7
Hounslow	(.886)	.083	(.803)	8.828	(10.9)	(9.5)	(9.5)
Kingston-upon-Thames	(.100)	1.225	1.125	(.532)	12.4	12.9	9.6
Merton	.070	1.308	1.378	(.064)	10.2	10.6	7.3
Newham	(.780)	(5.092)	(5.872)	26.072	(41.9)	(40.7)	(35.0)
Redbridge	(.494)	1.496	1.002	.040	7.7	8.7	5.5
Richmond-upon-Thames	.480	1.387	1.867	(.625)	22.4	22.8	19.9
Sutton	(.071)	1.269	1.198	(.568)	11.1	11.5	8.4
Waltham Forest	(.030)	1.345	1.315	.982	11.4	11.8	9.3
ILEA	-	-	-	-	2.5	2.6	2.6
London Fire & CD Authority	1.648	.107	1.755	2.857	1.4	.4	.4
Metropolitan Police	(.021)	.341	.320	2.654	11.3	12.0	11.9

1987/88 SETTLEMENT : OPTIONS FOR CHANGE

	GRANT CHANGES SINCE THE CONSLTN PAPER				INCREASE ON 1986/7 ACTUAL POUNDAGES		
	COL 1 Effect of new data (£m)	COL 2 Effect of 7p net and 12p cap (£m)	COL 3 Overall change since the Consltn Paper (£m)	COL 4 Change in grant from 1986/7 (£m)	COL 5 Consultation Paper (%)	COL 6 Consultation Paper arrangements but with new data (%)	COL 7 New data with 7p net, 12p cap (%)
GREATER MANCHESTER							
Bolton	.289	.064	.353	4.533	3.1	2.9	2.7
Bury	.101	.044	.145	2.038	7.5	7.7	7.6
Manchester	1.429	.169	1.598	1.853	2.2	1.7	1.7
Oldham	.084	.052	.136	4.633	(4.0)	(3.8)	(3.9)
Rochdale	.757	.047	.805	1.393	13.4	11.9	11.8
Salford	1.635	.018	1.653	6.660	.1	(1.5)	(1.5)
Stockport	(.271)	.088	(.184)	3.506	(.2)	.4	.2
Tameside	(.227)	.048	(.178)	4.418	(5.5)	(5.3)	(5.4)
Trafford	.474	.086	.560	1.073	(3.5)	(3.9)	(4.0)
Wigan	.493	.071	.564	5.179	3.9	3.5	3.4
Greater Manchester Police	.204	(2.737)	(2.534)	3.240	(6.6)	(6.9)	(1.7)
Greater Manchester Fire &	.158	.023	.181	1.580	(2.5)	(2.9)	(3.0)
Greater Manchester Transp	.426	.043	.469	12.685	(37.8)	(38.4)	(38.5)
MERSEYSIDE							
Knowsley	(.336)	.894	.558	1.016	16.2	16.2	14.3
Liverpool	.376	2.901	3.277	4.214	13.8	13.9	12.1
St Helens	(.015)	.988	.973	.994	(5.4)	(5.3)	(7.3)
Sefton	(.117)	1.288	1.171	.574	5.6	5.6	3.5
Wirral	(.277)	1.855	1.578	.605	7.7	7.9	5.6
Merseyside Police Authori	.157	(6.304)	(6.147)	8.275	(29.4)	(29.9)	(16.0)
Merseyside Fire & CD Auth	.040	.013	.053	1.749	(11.1)	(11.6)	(11.7)
Merseyside Transport Auth	10.713	(8.371)	2.342	17.325	(37.0)	(49.9)	(40.0)
SOUTH YORKSHIRE							
Barnsley	.235	.832	1.067	2.361	8.6	8.8	6.8
Doncaster	.207	1.777	1.484	2.717	6.5	6.6	4.7
Rotherham	.145	.875	1.020	2.094	3.6	3.7	2.0
Sheffield	1.507	1.207	2.715	17.776	(10.9)	(11.9)	(12.5)
South Yorkshire Police Au	.047	(.917)	(.870)	1.839	(6.5)	(6.7)	(2.4)
South Yorkshire Fire & CD	.082	.010	.092	.956	(5.1)	(5.6)	(5.7)
South Yorkshire Transport	-	-	-	-	(23.8)	(23.7)	(23.7)

1987/88 SETTLEMENT : OPTIONS FOR CHANGE

	GRANT CHANGES SINCE THE CONSLTN PAPER				INCREASE ON 1986/7 ACTUAL POUNDAGES		
	COL 1 Effect of new data (£m)	COL 2 Effect of 7p net and 12p cap (£m)	COL 3 Overall change since the Consltn Paper (£m)	COL 4 Change in grant from 1986/7 (£m)	COL 5 Consultation Paper (%)	COL 6 Consultation Paper arrangements but with new data (%)	COL 7 New data with 7p net, 12p cap (%)
TYNE AND WEAR							
Gateshead	.618	.935	1.553	3.214	(12.5)	(13.5)	(15.2)
Newcastle upon Tyne	(1.145)	1.810	.665	17.311	(6.8)	(6.0)	(7.4)
North Tyneside	.165	.936	1.100	4.171	1.4	.8	(1.0)
South Tyneside	(.059)	.663	.604	1.914	2.3	3.9	1.9
Sunderland	(1.075)	(1.887)	(2.962)	6.167	(1.0)	.9	3.6
Northumbria Police Author	.022	.482	.504	.333	7.2	7.2	4.7
Tyne and Wear Fire & CD A	.091	.009	.090	1.345	(8.4)	(8.9)	(8.9)
Tyne and Wear Transport A	(3.200)	.254	(2.946)	5.441	(55.1)	(44.7)	(45.5)
WEST MIDLANDS							
Birmingham	.923	(32.529)	(31.606)	29.500	(15.1)	(14.9)	(4.6)
Coventry	1.420	.098	1.518	4.498	(2.2)	(3.7)	(3.8)
Dudley	(.208)	.098	(.110)	5.268	(6.1)	(5.7)	(5.9)
Sandwell	1.782	.106	1.888	7.264	(1.4)	(2.8)	(2.9)
Solihull	1.173	.069	1.242	1.648	6.3	4.2	4.1
Walsall	1.678	.084	1.761	4.044	(3.9)	(5.0)	(5.1)
Wolverhampton	1.211	.094	1.305	7.044	(5.3)	(6.7)	(6.9)
West Midlands Police Auth	.098	1.209	1.307	1.238	7.6	7.6	4.7
West Midlands Fire & CD A	.140	.029	.169	1.345	(2.7)	(3.0)	(3.1)
West Midlands Transport A	(2.063)	.053	(2.010)	5.212	(32.0)	(26.9)	(27.0)
WEST YORKSHIRE							
Bradford	1.253	(9.987)	(8.734)	10.055	(16.0)	(17.2)	(7.1)
Calderdale	.212	.038	.250	3.262	6.4	6.0	5.9
Kirklees	.001	(.259)	(.259)	7.944	2.6	3.2	3.5
Leeds	1.492	2.839	4.331	1.845	8.4	9.2	6.4
Wakefield	.072	.150	.223	1.172	13.6	13.2	13.0
West Yorkshire Police Aut	.121	(6.421)	(6.300)	6.346	(23.6)	(23.8)	(8.7)
West Yorkshire Fire & CD	.098	.015	.113	.400	(.4)	(.7)	(.8)
West Yorkshire Transport	.590	.029	.618	2.293	(12.2)	(13.2)	(13.2)

1987/8 SETTLEMENT : AUTHORITIES WITH CAPS UNDER THE NEW PACKAGE

TABLE B

	Change from 1986/87 grant entitlement		
	Consultation Paper issued on 3rd October	New Package	Grant change from Consultation Paper
	(£m)	(£m)	(£m)
SHIRE COUNTIES			
Isles of Scilly	(.003)	.072	.075
Avon	16.067	14.456	(1.611)
Cleveland	27.244	14.272	(12.972)
Cornwall	9.276	8.332	(.944)
Derbyshire	39.906	17.509	(22.397)
Northumberland	8.527	6.177	(2.350)
OUTER LONDON BOROUGHES			
Newham	31.944	26.072	(5.872)
METROPOLITAN DISTRICTS			
Salford	5.007	6.660	1.653
Sunderland	9.129	6.167	(2.962)
Birmingham	61.106	29.500	(31.606)
Bradford	18.790	10.055	(8.734)
Kirklees	8.203	7.944	(.259)
JOINT BOARDS			
Greater Manchester Police Auth	5.774	3.240	(2.534)
Merseyside Police Authority	14.421	8.275	(6.147)
South Yorkshire Police Authori	2.709	1.839	(.870)
West Yorkshire Police Authorit	12.646	6.346	(6.300)
Merseyside Transport Authority	14.983	17.325	2.342
SHIRE DISTRICTS			
Plymouth	.643	.894	.251
Easington	1.006	.901	(.105)
Blackpool	.640	.586	(.054)
Northampton	.012	.488	.476

TABLE C

TABLE C

1988 RATE SUPPORT GRANT SETTLEMENT: GRANT CHANGES

Change in grant from 1986/87

	Consultation Paper £m	New Option £m	Change in grant since Consultation £m
Counties receiving less grant than in 1986/87 but more grant than in Consultation Paper			
Bedfordshire	-7.0	-3.9	3.2
Essex	-10.1	-9.0	1.1
Hampshire	-11.3	-7.3	4.0
Hertfordshire	-15.7	-9.3	6.4
Isle of Wight	-0.6	-0.1	0.6
Oxfordshire	-6.9	-4.5	2.4
Surrey	-19.0	-11.3	7.7
Warwickshire	-1.1	-0.5	0.5
Counties receiving less grant than in 1986/87, and less grant than in the Consultation Paper			
Berkshire	-4.4	-7.5	-3.1
Bucks	-0.1	-1.5	-1.4
E Sussex	-0.1	-1.8	-1.7
Northants	-0.2	-1.2	-1.0
Counties receiving more grant than in 1986/87 and more grant than in the Consultation Paper			
Cheshire	+1.5	+1.5	0.1
Gloucestershire	+4.3	+4.8	0.5
Kent	+10.3	+11.5	1.2
Norfolk	+13.1	+13.3	0.2
N Yorks	+2.4	+2.5	0.1
Counties receiving more grant than in 1986/87, but less grant in the Consultation Paper			
Avon	+16.1	+14.5	-1.6
Cambs	+3.4	+1.7	-1.7
Cleveland	+27.2	+14.3	-13.0
Cornwall	+9.3	+8.3	-0.9
Cumbria	+7.1	+6.4	-0.7
Derbyshire	+39.9	+17.5	-22.4
Devon	+10.1	+9.0	-1.1
Dorset	+5.1	+3.1	-2.0
Durham	+6.7	+6.7	-0.1
Hereford and Worcs	+3.2	+2.9	-0.3
Humberside	+2.9	+1.2	-1.7
Lancs	+21.5	+20.6	-0.9
Leics	+10.8	+9.5	-1.3
Lincs	+5.4	+5.1	-0.3
Northumberland	+8.5	+6.2	-2.3
Notts	+22.2	+21.4	-0.8
Shropshire	+5.4	+4.7	-0.7
Somerset	+3.6	+3.1	-0.5
Staffs	+8.9	+7.3	-1.5
Suffolk	+3.5	+2.1	-1.4
W Sussex	+3.8	+2.5	-1.2
Wilts	+3.3	+2.0	-1.3

1987/88 RATE SUPPORT GRANT SETTLEMENT: GRANT CHANGES

LDN

Change in grant from 1986/87

Boroughs receiving less grant than in 1986/87 but more grant than in Consultation Paper

	Consultation Paper £m	New Option £m	Change in grant since Consultation £m
Hillingdon	-5.8	-3.1	2.7
Barnet	-4.8	-2.3	2.6
Bromley	-2.9	-0.8	2.1
Enfield	-2.7	-0.8	1.9
Richmond Upon Thames	-2.5	-0.6	1.9
Harrow	-2.0	-0.9	1.1
Sutton	-1.8	-0.6	1.2
Kingston Upon Thames	-1.7	-0.5	1.1
Merton	-1.4	-0.1	1.4
Havering	-1.4	-0.6	0.8

Boroughs receiving less grant than in 1986/87, and less grant than in the Consultation Paper

Ealing	-0.3	-1.0	-0.8
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Boroughs receiving more grant than in 1986/87 and more grant than in the Consultation Paper

Haringey	+17.4	+18.0	0.6
Brent	+28.8	+29.2	0.4
Redbridge	-1.0	0.0	1.0
Bexley	-0.7	+0.3	1.0
Barking & Dagenham	-0.5	+0.8	1.3
Waltham Forest	-0.3	+1.0	1.3
Croydon	-0.1	+0.7	0.8

Boroughs receiving more grant than in 1986/87, but less grant than in the Consultation Paper

Hounslow	+9.6	+8.8	-0.8
Newham	+31.9	+26.1	-5.9

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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

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From the Minister for Health

The Rt Hon the Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
68 Whitehall
LONDON
SW1A 2AT

NBP7.

21 November 1986

Jim Willie,

RATE SUPPORT GRANT SETTLEMENT 1987/88

I am afraid that Norman Fowler and I are unable to attend Monday's meeting of E(LA) and am therefore writing to let you have our comments on Nicholas Ridley's letter to you of 17 November.

The need to take account of the later data will be another blow for PSS authorities as a further £20 million grant will be lost. However, I appreciate that you have no choice but to take this into account.

I have no strong views on whether the option you propose is adopted. It would ease the loss to PSS authorities only very marginally. As you know the main problem here lies with the decision made earlier to safety net the grant changes which would have flowed from our decisions on service provision.

It is essentially a matter of judgement as to the balance of advantage in easing the position for some authorities at the expense of others at this stage. I am content for that to be left to discussion on Monday.

Copies of this letter go to the Prime Minister, members of E(LA), the Attorney General, the Chief Whip and Sir Robert Armstrong.

*For ev.
Tony.*

TONY NEWTON



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

3 November 1986

Dear Nicholas

5/11/86

RATE SUPPORT GRANT AND RATE CAPPING: TOTAL EXPENDITURE

In your letter of 23 October you set out the serious problems raised by the present method of calculating "total expenditure" under Section 56(8) of the Local Government Planning and Land Act 1980. This letter is simply to confirm, for the information of copy recipients, that you have approval for the legislation you require to validate existing practice for both past and future years. The Bill should be introduced as soon as possible in the next Session and I and the other business managers will do our very best to secure its urgent enactment. We agreed when we discussed this last week that there should be no public reference to this problem, or its solution, before the Bill's introduction.

I am sending a copy of this letter to the Prime Minister, the Secretaries of State for the Home Department, Wales, Education and Science, and Transport, the Lord Privy Seal, the Chief Secretary, the Attorney General, the Chief Whip, First Parliamentary Counsel and Sir Robert Armstrong.

Major
Butler

The Rt Hon Nicholas Ridley MP



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PT 30