

*Paul Harris*  
*-Compton*  
*Labour Council*  
*7 May*  
*20-30*  
*Spending for next year*  
*10 hours later*  
*plus 800m*  
*2600m*

Ref. A086/3428

PRIME MINISTER

*-San-*  
SECRET

*1980* *8*  
*1980* *Apr-*

*R.S.C.*  
*R-Lap.*

Cabinet: Total Expenditure Bill

The Lord President may wish to mention at Cabinet, under Parliamentary Affairs, that this Bill will be introduced next week in the House of Commons, and taken ahead with all possible speed after the Christmas Adjournment.

2. As you know, the Bill is necessary to give retrospective and prospective validation to a highly technical point of interpretation that would, if uncorrected, prevent the Rate Support Grant machinery and the rate and precept limitation machinery from taking their course next year. It has now become clear that the Bill will be so long (about 20 clauses) and complex that Royal Assent much before the beginning of April is not realistic. Mr Ridley has therefore secured the agreement of the Lord President and other colleagues concerned that the rate and precept limits for 1987-88 should be enacted on the face of the Bill. If this were not done, there would be a sequence of Orders and consultation periods stretching from Royal Assent to late May, or even June.

3. While the Lord President and the other Ministers concerned (including the business managers) fully agree that there is no other realistic way of preserving rate and precept limitation next year, the matter has so far been handled on a strict need-to-know basis, to prevent the Government's current vulnerability to legal challenge becoming known. Cabinet tomorrow is the last opportunity to inform all colleagues of what will be a very sensitive piece of legislation.





## HANDLING

4. After the Lord President has briefly described the need for the Bill, you may wish to emphasise that strict confidentiality must be observed until the Bill is published. (The minutes of the item will be in a confidential annex.)

5. You may then wish to ask the Secretary of State for the Environment and the Chancellor of the Exchequer if they wish to comment further. (Final details of the treatment of joint police authorities and joint fire authorities are under discussion between the Home Secretary and the Chief Secretary : if that is raised you may simply wish to say that you expect these points to be resolved very quickly.)

6. The need for a validating Bill is manifest. If there should be any questioning of the approach that the Bill takes to rate-capping, you may wish to emphasise that the proposed course will give the authorities concerned certainty about their position; and that any other approach would lead to a most unwelcome period of acrimonious confusion following Royal Assent.

*Mr Woolley*  
(Private Secretary)

*MP* ROBERT ARMSTRONG

10 December 1986