



Minister for Local Government
and Inner Cities

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*Prime Minister²
Jm 26/4.*

25 APR 1990

Dear Lord President

CONTROL OF INFLATION (LOCAL GOVERNMENT) BILL

You will know that Kenneth Hind has given notice of a motion to introduce a 10 Minute Rule Bill on Tuesday, 1 May to control the annual increases in expenditure of local authorities in England and Wales.

I have a great deal of sympathy with Kenneth's objective. Local authorities in England have increased their spending by 16% this year, and this is the reason why community charges are so much higher than they ought to have been. In Kenneth's constituency, for example, Lancashire County Council is planning to raise 20.2% more income in 1990/91 than in 1989/90. This has caused a great deal of resentment in the County, particularly from those District Councils such as West Lancashire who are holding spending close to SSA but nevertheless have relatively high community charges because of the County's overspending.

It would be a major constitutional change to introduce a central, statutory constraint on local authority spending in this way, and it is not a step that should be taken lightly. Nor indeed would it be straightforward to implement.

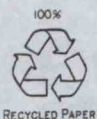
I would therefore propose that, while we should not oppose Kenneth's Bill on 1 May, Ministers should abstain in any division, and that any Bill should be blocked at second reading. If it came to that, I would propose to write to Kenneth explaining the reasons for this action.

I am sending copies of this to the Prime Minister, to members of L and E(LG), and to Sir Robin Butler.

Yours ever

DAVID HUNT

The Lord President





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