



CC AW AD JV (1)

Prime Minister

The Chancellor argues strongly against postponing the uprating announcement to May.

Agree that it should be for the Budget?

Prime Minister

ANNOUNCEMENT OF UPRATING 1982

The more I think about the suggestion you made to me on Monday that this year's uprating announcement should be deferred until well after the Budget, the more I am attracted by it. M6s10/2

It is only in the last few years that the announcement has been made in the Budget. The advantages of this are that the Chancellor can frame his Budget and the accompanying Financial Statement in the certain knowledge of what the uprating is going to cost. It also enables my Department to plan and implement the uprating operation in the most economical way.

But the major disadvantage is that we have to take a view on the likely movement of prices so far in advance of the uprating date itself that the possibility of getting it wrong is very great indeed. This is especially so this year, with the Budget brought forward to 9 March and the uprating not until 22 November (a gap of 37 weeks). Trying to make reliable forecasts over a period that long is almost impossible. If we get it wrong - as seems almost inevitable - we shall either have another shortfall, with all the political odium that that entails, or we shall overspend, which is something we want to avoid if we can.

Reaching a decision on the new rates and announcing them much later would reduce the risk. Obviously, we can never be sure that any forecast will turn out to be correct, but the more we can defer the moment of decision, the better our chances are of getting it right.

I shall need to look carefully at the cost and operational constraints that govern what is, as you know, a very large-scale operation. However, I am sure we could defer the announcement until some time in May.



It seems to me that delaying the announcement minimises the risk of getting into a fresh political row this time next year on either "shortfall" or "over-shoot". I think that anything that can be done to avoid this is to the good.

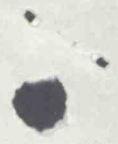
I am copying this minute to the Chancellor of the Exchequer, who will no doubt want to consider your suggestion.

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5 February 1982

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