

Prime Minister

RATE SUPPORT GRANT SETTLEMENT 1982-83

I am writing as agreed at E Committee yesterday to let you know our proposals for consultations and announcements about the Rate Support Grant settlement for next year (E(81)35th, Item 2).

I understand that Cabinet agreed this morning that the Chancellor of the Exchequer should make a statement to the House on 2 December about our public expenditure plans. I assume that that statement will include a reference to the proposed planning total for local authority expenditure. Either in the Chancellor's statement or in a separate statement by Michael Heseltine, we should also announce our proposals for the grant percentage and the principle of targets, backed by holdback of grant for authorities spending above both their target and their grant related expenditure assessment.

Michael and I would see the leaders of the local authority associations on the same day, and issue a detailed paper (of which a draft is today being circulated to Departments) for consideration by the Consultative Council on Local Government Finance in the following week.

We would also issue next week our consultation paper on housing subsidy, which will be taken as implying a Government view on next year's rent increases.

We would make a further detailed announcement before Christmas about individual expenditure targets and grant distribution.

Prime Minister

This seems unexceptionable.

Agree?

MS 27/11

Subject to agreement by cabinet not

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We shall then have to consider any representations made by the associations and by individual authorities. A further meeting of the Consultative Council on Local Government Finance would be held in January, and the Rate Support Grant Report would then be laid before Parliament for a debate as early as possible in the New Year.

I am copying this to Geoffrey Howe, Willie Whitelaw, Keith Joseph, Norman Fowler, David Howell, Nick Edwards, George Younger, Nigel Lawson, John Biffen, Francis Pym, Michael Jopling and Sir Robert Armstrong.

L B Hicks (Private Secretary)

for

TOM KING

(Approved by the Minister
and signed in his absence)