

Prime Minister

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MS 28/1

QUEEN ANNE'S GATE LONDON SW1H 9AT

27 January 1982



Dear Michael

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As you know, I met representatives of the Association of Metropolitan Authorities on Tuesday afternoon to hear their views about the possible effects on law and order services of the targets for local authority expenditure. Of course, much of the AMA argument is politically motivated; and by focussing their campaign on the police they hope to embarrass the Government. But beneath the public rhetoric I am concerned to establish whether there lies a real problem.

Adequate provision for the police has been made in the RSG settlement for 1982/83; but the individual targets confront some of the large metropolitan authorities with very serious problems - even if they are largely of their own making. The AMA claim that if police expenditure were to be wholly protected, the cuts required in other services (some of which are my direct concern) would be unrealistically high. The most striking example which they brought to my attention is the West Midlands: there I was told that to meet the target for 1982/83 would require an overall cut of 32.7%; if police expenditure were exempt from cuts other services would have to be reduced by 46%. I accept that the police cannot be exempt from the search for economies and I am sure some further savings can still be made in police budgets. But the AMA maintain that some of the local authorities cannot possibly meet the targets we as a Government have set them without cutting into police manpower. I simply do not believe that this would be politically acceptable, especially as many of the areas concerned suffered from riots last year.

We must test this claim. The local authorities concerned have undertaken to send me the detailed facts and my officials will pass these on to yours. It should then be possible to see more clearly what the effect would be on other services of safeguarding police expenditure.

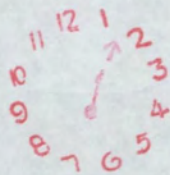
As soon as we have the further and firmer information to which I have referred we can discuss further how we should proceed. Meanwhile, I understand that it should be possible to make a reduction in the Metropolitan Police GRE of £13M which I would welcome, since this is one of the points on which the AMA criticised me.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Transport and Sir Robert Armstrong.

Yours
William

The Rt. Hon. Michael Heseltine, MP.

28 JAN 1982





Local Govt
Legislation

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MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

✓ AD

28th January 1982

MS.

Prime Minister

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PLS 28/1

Dear Willie,

Before he left for Liverpool, Michael asked me to reply immediately to your letter of 27 January about the AMA representations about their targets for local authority expenditure. Clearly we must look urgently at any figures the AMA may produce, but we are very sceptical about the targets having such severe effects as are suggested for the West Midlands. I suspect that the figures do not take full account of the reversal of the cheap fares policy which the Courts have now imposed on the West Midlands, which should now lead to substantial savings on transport revenue expenditure. The AMA figures will need to be scrutinised very closely with this kind of point in mind.

On timing, you will be aware that it is essential to table the Rate Support Grant Report in Parliament next week. It is clearly too late to consider any substantial changes to the targets and grant distribution before then, even if we were persuaded by any of the AMA arguments when they are received. So if there is a genuine problem here it would have to be dealt with at Supplementary Report.

In view of what you say about the reduction of the Metropolitan Police GRE, I am, however, immediately having calculations made of the effect of changing the GREs in this way. I doubt whether it will be possible to complete these adjustments in time to incorporate them in the main RSG Report. Although we will try our best to see if this can be done, time is terribly short. If it cannot be done, then here again it will have to be dealt with at Supplementary Report later on. But it could be possible to make a statement, either on the occasion of the debate on the main Report, or shortly thereafter, so that authorities would be aware

of the situation and would be able to take such prospective changes into account in their budgetting.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Transport and Sir Robert Armstrong.

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TOM KING