

CONFIDENTIAL

Prime Minister (2) *cc JB*



Mus 2 MARSHAM STREET  
LONDON SW1P 3EB

5/10 01-212 3434

My ref:

Your ref:

5 October 1982

*Dear Chief Secretary*

*ms*

RATE SUPPORT GRANT 1983-4 - HOLDBACK

Misc 21 will start its annual round of meetings on the RSG settlement later this month. Before that, we need to complete the round of consultations with the local authority associations.

The most controversial feature of the settlement is likely to be the scheme of grant holdback for authorities which exceed their expenditure targets. I am therefore writing to you and colleagues about the options on which we should consult the local authority associations. This consultation will not of course commit us; we shall take substantive decisions in due course in MISC 21. But it should have a powerful effect in influencing local authorities' plans and expectations.

The 1982-3 holdback scheme provides for grant abatement at the rate of 3p for every 1% of spending above the higher of target or Grant Related Expenditure (GRE) up to a maximum of a 15p reduction at 5% overspend. Thus there is no holdback for any authority spending below its GRE, no matter how much it has increased its expenditure. And whatever the size of an authority's overspend, the loss of grant cannot be greater than 15p. This means that for those spending much more than 5% above their effective target there is too little grant pressure to reduce expenditure. This year's scheme seems likely to produce a holdback of about £310m.

My statement to the local authority associations on 27 July said that we were considering a grant holdback for 1983-4 that would be significantly more severe than for 1982-3. This is a significant further pressure if we are to make further progress in cutting back local authority expenditure. The best outcome would of course be for local authorities all to meet their targets, in which case there would be no holdback of grant. The larger the threatened grant losses for overspending, the greater the chance of local authorities cutting back, though some authorities will certainly prefer to increase rates rather than cut expenditure. As a matter of fact a more severe holdback scheme is needed next year just to maintain the present degree of grant pressure. This is because authorities losing grant this year have already allowed for these losses in their rates for 1982-3. So a scheme of the same severity as this year would exert no extra pressure.

The effects of the scheme we choose will depend on each authority's expenditure decision. We cannot predict how individual authorities will respond to a tough RSG settlement. I do not think that we should put ourselves in the position of publicly exemplifying holdback options for individual authorities on hypothetical expenditure

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assumptions. However we presented the figures they would be misinterpreted as a Government prediction about the outcome. This would be highly misleading and damaging to our relations with our own supporters, who would inevitably be shown as overspenders regardless of their actual intentions.

Last year we did not produce hypothetical exemplifications but consulted on the basis of the scheme of holdback which would attach to different levels of overspending. I suggest we follow this approach again.

I have been considering 3 possible schemes which we might put to the associations.

Scheme A For each of the first two percentage points of spending above target, the grant loss would be 1p. For every percentage point thereafter the grant loss would be 5p. So, for spending 5% above target, for instance, the grant loss would be 17p.

Scheme B For each of the first two percentage points of spending above target, the grant loss would be 1p. For every percentage point thereafter, the grant loss would be 3p. So, for spending 5% above target, for instance, the grant loss would be 11p.

Scheme C For each of the first four percentage points of spending above target, the grant loss would be 1p. For every percentage point thereafter, the grant loss would be 2p. So, for spending 5% above target, for instance, the grant loss would be 6p.

In all 3 schemes (and in particular Scheme C) there is a gentle lead in for those authorities budgetting just above target. This would in particular help those coming into holdback for the first time. In none of the 3 schemes are there any exemptions for spending below GRE, or any upper limit to holdback.

The following table shows the grant loss which would arise on each scheme for various levels of overspending on the higher of targets or GRE in 1982-3.

CUMULATIVE HOLDBACK IN RATE POUNDAGE TERMS

% OVERPEND ON 1983/4 TARGET	SCHEME A	SCHEME B	SCHEME C	1982/3
1%	1p	1p	1p	3p
2%	2p	2p	2p	6p
3%	7p	5p	3p	9p
4%	12p	8p	4p	12p
5%	17p	11p	6p	15p
6%	22p	14p	8p	15p
7%	27p	17p	10p	15p
8%	32p	20p	12p	15p
9%	37p	23p	14p	15p
10%	42p	26p	16p	15p

In considering the impact of these schemes we should bear in mind that most shire counties, a number of the metropolitan districts, and some of the London boroughs are being allowed a cash increase in their 1982-3 budgets of 4%. To the extent that these authorities come into holdback at all it would be reasonable to expect them to appear only at the bottom end of the holdback structure. Other authorities, for whom the 1983-4 targets are generally a 1% cash reduction on this year's budgets, are more likely to face the higher levels of holdback.

There is no doubt that Scheme A is very severe. We need to weigh its likely influence on plans and expectations against the certainty of a strongly critical reaction from local government - and our supporters in particular - and the higher rates that will follow if certain local authorities decide to continue with their spending plans regardless.

Scheme B is a compromise. But there are cases where it will not put sufficient pressure on local authorities to heed the penalties and cut back on their expenditure. For instance, an overspending authority like Avon has already rates 12.6p to cover its 1982-3 holdback. Scheme B would allow overspending well in excess of 6% before any significant additional pressure appeared.

Scheme C exerts less pressure on authorities to cut back than the present 1982-3 scheme.

We do not have to decide substantively between these schemes at this stage. In due course we may wish to consider other options. We could for instance reintroduce a GRE exemption; we could vary the point at which the steeper holdback begins; we could set a maximum figure for grant loss. But all such concessions would weaken the effectiveness of the scheme and undermine the chances of securing the economies in 1983-4 which we have agreed should be sought.

For the purposes of consultation I believe that we should put forward the schemes outlined above. This should be on the basis that the schemes are put forward for consultation, and that the Government have not taken any final decisions. This will both enable us to gauge the reactions of local government (particularly of the shire counties) before we make final decisions, and exert early pressure on authorities to restrain their 1983-4 expenditure plans, on which critical decisions will in many cases be taken during the next few weeks.

Given the sensitivity of these proposals colleagues may feel it would be helpful to meet to discuss them. Time is short if we are to meet our objective of a pre-Christmas settlement. Any meeting would therefore have to be early next week so that the proposals could be put to the Associations in the week beginning 18 October.

I am sending copies of this letter to members of E Committee and of Misc 21.

yours sincerely,  
Helen Ghosh

Local Govt, Centre/Local Relations,  
P+13



cc D

DEPARTMENT OF THE ENVIRONMENT  
2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

MINISTER FOR LOCAL GOVERNMENT  
AND ENVIRONMENTAL SERVICES

My Ref: H/PSO/16882/82

15th October 1982

Prime Minister (2)

Dear Leon

MT

MUS 75/10

RSG 1983/84: HOLDBACK IN WALES

I have seen Nicholas Edwards' letter to you of 8 October setting out the basis on which he proposes to consult the Welsh local authorities about holdback for next year. I am commenting in Michael Heseltine's absence.

The proposals are different in their approach from those we wish to put to the English authorities. I recognise, however that the different characteristics of the Welsh authorities - particularly their more uniform relative rateable values - make it possible to devise alternative schemes for Wales which would be inappropriate in England. We would not object therefore to what is proposed; provided it is understood that, if and when the time comes to implement any holdback proposal, there is some parity between the treatment of the Welsh and English authorities for equivalent levels of overspending. I note that for the time being the consultation proposal is broadly similar in its effect to the toughest option we propose to consult on in England.

I also note that it is proposed to "safety net" the maximum rate poundage effects. Michael Heseltine's letter of 5 October spelled out some of the problems which we have identified with upper limits on holdback if the limits are set too low to be effective or occur at too low a level of overspending, and I would urge Nick to look at this respect very carefully. I should anyway prefer to have these upper limits described as "maximum grant losses" rather than "safety nets", which have an altogether different connotation.

I am copying this letter to members of E and MISC 21.

TOM KING

The Rt Hon Leon Brittan QC MP

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DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
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✓ CC JV  
Prime Minister (2)

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MCS 15/10

FROM THE SECRETARY OF STATE

The Rt Hon Michael Heseltine MP  
Secretary of State  
Department of the Environment  
2 Marsham Street  
LONDON SW1P 3EB

15 October 1982

Dear Secretary of State

RSG 1983-84: HOLDBACK

attached

MS

Thank you for your letter of 13 October.

It may be right, as you suggest, to consult the associations not only about your schemes A and B but also about a further variant without a gentle lead-in, on the lines of Leon Brittan's Scheme E.

But surely that requires an early decision, as Patrick Jenkin and I have both argued, to concede GRE exemption, and to announce it when we consult on the schemes. Otherwise Scheme E will be taken to mean not only a grant loss of 40-50p for the Conservative authorities (including Dudley, on whose education service I am publishing a critical report by HM Inspectors on Monday), whose GREs are 8-10% above target but also a loss of 20-25p for a string of important Conservative county education authorities whose GREs are only 4 or 5% above target.

Otherwise Patrick's "flood of protest from our own supporters" will become a tidal wave and our inevitable ultimate withdrawal from an untenable position will become even more embarrassing. I hope, therefore, that we can agree in MISC 21 next week to recommend GRE exemption to E Committee, to be announced when you consult the associations.

I am sending copies of this letter to the Prime Minister and to all Members of E and MISC 21 Committees, and to Sir Robert Armstrong.

Yours sincerely  
N. Cornwall

Approved by the Secretary of State  
and signed in his absence

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Prime Minister (4)

MUS 13/10

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon N Edwards MP  
Secretary of State  
Welsh Office  
Gwydyr House  
Whitehall  
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MS

13 October 1982

D. Nich.

RATE SUPPORT GRANT 1983-84: HOLDBACK IN WALES

Thank you for your letter of <sup>TPM</sup> 8 October.

I agree that it is important that you begin consulting Welsh local authorities about the target and penalty regime for next year. But I am concerned that the scheme you describe in your letter may be rather gentle on modest overspenders. Because Welsh local authorities' expenditure this year was so much closer to provision than local authorities elsewhere, I think it important to improve leverage on local authorities at the bottom end of the range you describe. I think that means penalties appreciably heavier for overspending up to say 4 or 5% above target.

I understand that officials have discussed an alternative scheme, which is to be included in consultation with local authority officers later this week. This defines a useful range within which we can undertake our subsequent discussions.

I am sending copies of this letter to recipients of yours.

Leon

LEON BRITTAN



13 OCT 1982

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Prime Minister (2)

MUS 13/10

My ref: H/PSO/16866/82  
Your ref: 13 October 1982

Dear Secretary of State

RATE SUPPORT GRANT 1983-4 - HOLDBACK

Thank you for your letter of 8 October.

It will not now be feasible to have a meeting this week to discuss my letter of 5 October to Leon Brittan. We shall need to discuss it at the meeting of MISC 21 next week. I shall be circulating a paper shortly.

Meanwhile I should like to comment briefly on the question of a GRE exemption. I recognise that there are arguments of principle for allowing a GRE exemption in 1983-4 as we have in 1982-3, and that some colleagues, including yourself, are already persuaded by them. I have a less firm view, and believe that we should at least complete our consultations with local government before taking a decision. So although I would welcome a preliminary discussion of this question at next week's meeting of MISC 21, I think we should defer a decision until after we have published the options for holdback and heard the views of local government. We shall of course want to look at a full set of exemplifications at that second stage.

The holdback options described in my letter of 5 October have been designed so as to take less grant away from authorities who exceed their targets by a small amount (ie up to 4%) than under this year's holdback scheme. This feature can be regarded as a substitute for a GRE exemption. (Most of the authorities which you mention would be likely to lose considerably less than 16p for spending up to GRE, even under Scheme A, on the latest figures). So if we were to decide on a GRE exemption, we might wish to adopt a different kind of holdback scheme, without the gentle lead-in for spending above the effective target of GRE. I shall therefore ask MISC 21 to agree that we should publish Schemes A and B, together with a further variant without a gentle lead-in.

I am sending copies of this letter to the Prime Minister and to all members of E and MISC 21 committees, and to Sir Robert Armstrong.

Your sincere

for MICHAEL HESELTINE  
(approved by the Secretary of State and signed in his absence)

Rt Hon Sir Keith Joseph MP

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Local Govt. Relations, Pt 13

13 OCT 1982

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Secretary of State for Industry

12 October 1982

Rt Hon Michael Heseltine MP  
Secretary of State for  
the Environment  
2 Marsham Street  
London SW1P 3EB

Prime Minister (2)

MT Mes 14/10

Dear Michael,

RATE SUPPORT GRANT 1983/4: HOLDBACK

Your letter to Leon Brittan dated 5 October proposes three alternative schemes for holdback, none of which provide for any exemption for those authorities spending above target but below GRE.

2 My belief is that we should think very carefully before proposing even as a basis for consultation schemes which will be seen by many of our own supporters as palpably failing to reward the very prudence and good-housekeeping which we have been so strongly urging upon them.

3 I believe these proposals will provoke a storm of protest from authorities sympathetic to our aims: evidence of the groundswell of opinion can already be felt.

4 Although I note that you do not rule out the possibility of a GRE exemption as something to be considered "in due course" I believe it would be a serious political mistake to be seen to be pushed into this as a result of a flood of protest from our own supporters.

5 I share fully your desire to make the 83/4 holdback scheme as effective as possible; but I cannot see that this objective is served by commencing to argue from an untenable position, and I very much welcome the opportunity to discuss the matter with colleagues next week.

6 I am copying this letter to members of E Committee and of MISC 21.

Your  
Patrice

local Govt  
Prime Minister <sup>(2)</sup>

MUS 13/10



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP  
Secretary of State  
Department of the Environment  
2 Marsham Street  
London SW1P 3EB

12 October 1982

RATE SUPPORT GRANT 1983-84 - HOLDBACK

Thank you for your letter of 5 October. I agree that we should consult about holdback as soon as possible; that we should do so without exemplifications of overspending which could be described as government forecasts; and that we should leave final decisions until later.

I also agree with the bulk of your analysis. The one qualification I would make is that option A might not be quite as savage as you imply. The targets we have announced looked reasonable in the summer, when we agreed to go for very tough holdback without a GRE exemption. Since then, the outlook for inflation has improved, and this should help local authorities to moderate their spending. For modest overspenders, option A could actually be less severe than this year's penalty regime.

In any case, I think that we ought to straddle our target. Only option A is tough enough to satisfy the criteria you rightly advance; so we should not accept anything significantly weaker. But if A is the toughest option on which we consult, we shall leave ourselves no room for manoeuvre. This is especially so if we offer two weaker options.

I therefore suggest that we consult on two stiffer schemes as well.

Scheme D. For each percentage point of spending above target, the grant loss would be 3p, as in 1982-83 (without a ceiling on grant losses.)

Scheme E. For each percentage point of spending above target, the grant loss would be 5p, as in the steeper part of option A.

In neither of these options would there be a low start for penalties

We might later want to combine elements of the different schemes. But, as you say, that is not something we need to settle now. The important thing is to get on the table a realistic range of options so that we retain flexibility, and the local authorities cannot say they have not been warned.

I am sending copies of this letter to George Younger, Nicholas Edwards, other members of E Committee and MISC 21, and Sir Robert Armstrong.

LEON BRITTAN

Local Govt, Relations, Pt 13

2 OCT 1982

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The Rt Hon Nicholas Edwards MP

Prime Minister (2)

MUS 11/10

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From The Secretary of State for Wales

8 October 1982

RATE SUPPORT GRANT 1983/84: HOLDBACK IN WALES

Michael Heseltine wrote to you on 5 October about possible schemes of grant holdback for England next year. I think it would be helpful to colleagues if I set out my views on how I intend to proceed in Wales if I set individual authority expenditure targets next year. As you know I do not intend to make my decision on targets until after I have consulted the Welsh local authority associations at the next meeting of the Welsh Consultative Council on 20 October. However I have already issued a consultation paper setting out how expenditure targets might be constructed if I do decide to have them: it develops the method I used in the revised budget exercise earlier this year.

My present view is that I shall probably set individual targets for 1983/84 because they seem to have influenced Welsh authorities to reduce their original planned expenditure in the revised budget exercise this year. However before taking a final decision I wish to hear the Associations' views and to give further consideration to the pros and cons of toughening up the basic block grant mechanisms as a means of influencing expenditure decisions compared to setting targets and withholding grant.

Whether I decide to set targets or not I must consult authorities on a potential grant withholding regime since not to do so before the Settlement would make it legally impossible for me to effect discriminate grant withholding next year in the event of an overspend. Because of timing constraints and the fact that I have not previously set targets or effected grant withholding, it is necessary for me to issue a consultation paper to the Welsh local authority associations very early next week. In fairness to the Associations they must have a few days in which to consider the kind of scheme I have in mind.

As regards the grant withholding scheme set out in the paper, unlike Michael I intend to consult on a single grant withholding option. This is deliberately set at levels of grant withholding which are almost certainly more severe than the scheme I would

/eventually

The Rt Hon Leon Brittan QC MP  
Chief Secretary  
HM Treasury  
Parliament Street  
London SW1P 3AG





eventually introduce should that prove necessary. I think it important, especially at this stage when authorities are considering next year's budgets, to set out the most severe grant withholding option likely.

The scheme is broadly equivalent in its effect to scheme A shown in Michael's letter but is tailored to Welsh circumstances where I consider it unlikely that in aggregate authorities will be overspent by more than 4%. Thus it is rather more severe at levels of spending of up to 3% in excess of targets; broadly comparable for expenditure excesses between 4% and 7% and slightly less severe above 7%. Unlike Michael's scheme I am proposing to set safety nets to ameliorate the most severe rate poundage effects on very low resource authorities but the safety net limits I propose still impose very substantial rate poundage effects for overspending. The scheme ensures that for each authority only its own expenditure decisions determine the amount of grant it will lose and authorities which are not in excess of their targets will not be subject to either grant withholding or close ending. The following table shows the maximum grant loss which would follow expenditure excesses over target in rate poundage terms at the ratepayer level, after safety netting.

Cumulative Holdback in Rate Poundage

<u>% overspend over 1983/84 target</u>	<u>Pence</u>
1%	1.25p
2%	3.75p
3%	7.50p
4%	11.25p
5%	16.25p
6%	21.25p
7%	27.00p
8%	30.00p
9%	33.75p
10%	37.5p

I must stress that in my view the rate poundage effects of grant withholding for particular levels of overspend shown above are the absolute maximum which could be contemplated. In issuing the Consultation Paper I will of course make it clear that the scheme is put forward for consultation and that I have not taken any final decisions. If in the event the grant holdback regime applied is

/less



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less severe than that set out there will be no need to go back for further consultations with the local authority associations.

I have already informed the Welsh associations that I intend to discuss grant withholding at the next full Consultative Council on 20 October and the paper must go out early next week to allow preliminary discussions at official level.

I am copying this to members of E and MISC 21; I shall assume colleagues are content for the paper to be issued unless I hear otherwise by close of play on Monday 11 October.

1982 OCT 11



OUTLINE OF A SCHEME FOR WITHDRAWING GRANT IN 1983/84

(A Paper by the Welsh Office)

INTRODUCTION

1. On 28 July the Secretary of State announced proposals for some of the main elements of the RSG Settlement for 1983/84; but said he would defer his decision on setting individual authority expenditure targets and effecting discriminate grant withholding in respect of that year until after the next WCCLGF meeting. However, the Secretary of State said that the encouraging response of authorities to the call for revised budgets, and the requirements of the Local Government Finance Act 1982 were factors indicating that targets and discriminate holdback could be helpful in underpinning the normal block grant arrangements for next year. Subsequently, paper WCCLGF<sup>(SWG)</sup>(82)(15), which outlines a possible target methodology for 1983/84 was circulated. The present paper deals with the closely related issue of grant holdback.

A POSSIBLE GRANT WITHHOLDING SCHEME

2. A possible scheme for withholding grant is set out below. It incorporates the following features:

(i) **Relative simplicity.** The more simple the scheme the easier it is for authorities to appreciate the financial consequences of any given budget strategy for both their own finances, and for their ratepayers;

(ii) **Equity.** Only authorities spending in excess of their targets should be liable for holdback and close-ending.

(iii) **Graduation.** The rate of holdback should increase as an authority's expenditure excess over its target increases, in order to provide an even greater incentive for authorities to contain their expenditure within a figure consistent with the Government's provision for Wales as a whole. This contrasts with the **standard rate of holdback approach** adopted for both 1981/82 and 1982/83.

(iv) **Safety nets.** A system of safety nets should be built into the scheme to ensure that very low resource authorities are not unduly penalised in poundage terms.

3. A scheme incorporating these features is set out below. Only one option has been exemplified, but others are, of course, possible. The scheme is graduated in effect, in accordance with 2(iii) above.

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Band	Expenditure excess over target (%)	Rate of grant holdback expressed as a percentage of target
1	Under 1	0.25%
2	Over 1 but under 2	0.25% plus 0.50% for every 1% expenditure exceeds the lower limit of the band (1%)
3	Over 2 but under 4	0.75% plus 0.75% for every 1% expenditure exceeds the lower limit of the band (2%)
4	Over 4 but under 7	2.25% plus 1% for every 1% expenditure exceeds the lower limit of the band (4%)
5	Over 7	5.25% plus 0.75% for every 1% expenditure exceeds the lower limit of the band (7%)

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4. The scheme's effect can be illustrated using a numerical example. If an authority with an expenditure target of £100 million were to exceed that figure by £3.78 million (3.78 per cent) it would calculate its holdback as follows:-

- i. it would select the appropriate band (Band 3)
- ii. it would add 0.75% to the product of 1.78 (3.78% excess minus lower limit of band, 2%) and the Band 3 rate of holdback, 0.75%. Thus its holdback percentage would be 2.085% (0.75% plus 1.335%).
- iii. it would apply this holdback percentage to its target (£100m) to derive its holdback, £2.085 million (2.085% of £100m).

5. The graduated nature of the scheme outlined is illustrated in Table 1 below which shows the rate of holdback, expressed as a percentage of target and excess respectively, for expenditure excesses of 1 per cent to 10 per cent.

Table 1

Expenditure excess over target (%)	Rate of holdback	
	As a per cent of target (%)	As a per cent of expend- iture excess (%)
1	0.25	25
2	0.75	37.5
3	1.50	50
4	2.25	56.25
5	3.25	65
6	4.25	70.83
7	5.25	75 (1)
8	6.00	75
9	6.75	75
10	7.50	75

(1) The maximum rate of holdback, expressed as a percentage of an authority's expenditure excess, is 75 per cent.

## SAFETY NETS

6. Safety nets can be set at specified levels to moderate the rate poundage effects of holdback for low resource authorities. In the following table the county safety net has been set by applying a constant factor of four to the holdback percentage expressed as a percentage of the target, while in the case of districts the safety net equals (in pence terms) the actual rate of holdback for any given level of spending.

Table 2

Percentage expenditure excess over target (%)	Holdback as a percentage of target (%) (A)	Safety net (pence)	
		Counties (A x 4)	Districts (A x 1)
1	0.25	1	0.25
2	0.75	3	0.75
3	1.50	6	1.50
4	2.25	9	2.25
5	3.25	13	3.25
6	4.25	17	4.25
7	5.25	21	5.25
8	6.00	24	6.00
9	6.75	27	6.75
10	7.50	30	7.50

7. The procedure for calculating the safety net for any particular authority is thus straightforward. Using the figures in Table 2, a 3 per cent expenditure excess would give rise to a holdback percentage equivalent to 1.5 per cent of the target; and on the basis of a holdback percentage/safety net factor of 1, to a safety net of 1.5p in the case of districts. In the case of a county with the same percentage excess, the safety net would be 6p ie the holdback percentage of 1.5% multiplied by a factor of 4. Thus, at 3 per cent above target an authority would be safety netted against poundage losses exceeding 6p in the case of counties, and 1.5p in the case of districts.

## EXEMPLIFICATIONS

8. A ready reckoner showing the effects of the grant withholding scheme outlined above is set out in the attached annex. Tables 1 and 2 in the Annex show the results, for each authority, of applying the holdback scheme outlined above to various levels of expenditure above the provisional target figures for 1983/84 presented in WCCLGF(82)( ). Tables 1 and 3 show, in absolute terms, the amount of grant withheld at each level of overspend, while Table 2 and 4 give the poundage equivalents of these grant losses. The figures shown in Tables 1 and 2 are not safety-netted while those in Tables 3 and 4 are safety netted, as described above.

9. The Consultative Council is invited to comment on the scheme outlined in this paper.

Welsh Office  
5 October 1982



HOLDBACK EXEMPLIFICATIONS FOR WELSH LOCAL AUTHORITIES  
WITHOUT SAFETY NETS  
(columns 2 to 13 are expenditure excess as a percentage of target)

	£000s												
	Target	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	15%	20%
Holdback as % of target		0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Holdback as % of excess		25	38	50	56	65	71	75	75	75	75	75	75
Alyn & Deeside	4,240	11	32	64	95	138	180	223	254	286	318	477	636
Colwyn	3,760	9	28	56	85	122	160	197	226	254	282	423	564
Delyn	5,410	14	41	81	122	176	230	284	325	365	406	609	812
Glyndwr	2,660	7	20	40	60	86	113	140	160	180	200	299	399
Rhuddlan	4,460	11	33	67	100	145	190	234	268	301	335	502	669
Wrexham Maelor	7,730	19	58	116	174	251	329	406	464	522	580	870	1,160
Carmarthen	3,220	8	24	48	72	105	137	169	193	217	242	362	483
Ceredigion	3,530	9	26	53	79	115	150	185	212	238	265	397	530
Dinefwr	1,870	5	14	28	42	61	79	98	112	126	140	210	281
Llanelli	5,980	15	45	90	135	194	254	314	359	404	449	673	897
Preseli	3,990	10	30	60	90	130	170	209	239	269	299	449	599
South Pembroke	2,590	6	19	39	58	84	110	136	155	175	194	291	389
Blaenau Gwent	8,400	21	63	126	189	273	357	441	504	567	630	945	1,260
Islwyn	5,030	13	38	75	113	163	214	264	302	340	377	566	755
Monmouth	4,350	11	33	65	98	141	185	228	261	294	326	489	653
Newport	11,010	28	83	165	248	358	468	578	661	743	826	1,239	1,652
Torfaen	7,570	19	57	114	170	246	322	397	454	511	568	852	1,136
Aberconwy	4,110	10	31	62	92	134	175	216	247	277	308	462	617
Arfon	4,590	11	34	69	103	149	195	241	275	310	344	516	689
Dwyfor	2,340	6	18	35	53	76	99	123	140	158	176	263	351
Meirionnydd	2,740	7	21	41	62	89	116	144	164	185	206	308	411
Yns Mon	5,070	13	38	76	114	165	215	266	304	342	380	570	761
Cynon Valley	5,630	14	42	84	127	183	239	296	338	380	422	633	845
Merthyr Tydfil	6,130	15	46	92	138	199	261	322	368	414	460	690	920
Ogwr	9,330	23	70	140	210	303	397	490	560	630	700	1,050	1,400
Rhondda	8,080	20	61	121	182	263	343	424	485	545	606	909	1,212
Rhyane Valley	8,450	21	63	127	190	275	359	444	507	570	634	951	1,268
Taff-Ely	7,220	18	54	108	162	235	307	379	433	487	542	812	1,083
Brecknock	1,950	5	15	29	44	63	83	102	117	132	146	219	293
Montgomery	2,580	6	19	39	58	84	110	135	155	174	194	290	387
Radnor	1,360	3	10	20	31	44	58	71	82	92	102	153	204
Cardiff	21,730	54	163	326	489	706	924	1,141	1,304	1,467	1,630	2,445	3,260
Vale of Glam	6,980	17	52	105	157	227	297	366	419	471	524	785	1,047
Afan	5,640	14	42	85	127	183	240	296	338	381	423	634	846
Lliw Valley	4,280	11	32	64	96	139	182	225	257	289	321	481	642
Neath	3,900	10	29	59	88	127	166	205	234	263	293	439	585
Swansea	18,140	45	136	272	408	590	771	952	1,088	1,224	1,361	2,041	2,721
Clwyd	142,340	356	1,068	2,135	3,203	4,626	6,049	7,473	8,540	9,608	10,676	16,013	21,351
Dyfed	120,270	301	902	1,804	2,706	3,909	5,111	6,314	7,216	8,118	9,020	13,530	18,041
Gwent	163,090	408	1,223	2,446	3,670	5,300	6,931	8,562	9,785	11,009	12,232	18,348	24,464
Gwynedd	86,880	217	652	1,303	1,955	2,824	3,692	4,561	5,213	5,864	6,516	9,774	13,032
Mid Glam	202,350	506	1,518	3,035	4,553	6,576	8,600	10,623	12,141	13,659	15,176	22,764	30,353
Powys	49,890	125	374	748	1,123	1,621	2,120	2,619	2,993	3,368	3,742	5,613	7,484
South Glam	140,230	351	1,052	2,103	3,155	4,557	5,960	7,362	8,414	9,466	10,517	15,776	21,035
West Glam	140,360	351	1,053	2,105	3,158	4,562	5,965	7,369	8,422	9,474	10,527	15,790	21,054
TOTAL WALES	1,261,460	3,154	9,461	18,922	28,383	40,997	53,612	66,227	75,688	85,149	94,610	141,914	189,219

HOLDBACK EXEMPLIFICATIONS FOR WELSH LOCAL AUTHORITIES  
IN POUNDAGE EQUIVALENTS  
WITHOUT SAFETY NETS  
(columns are expenditure excess as a percentage of target)

	Pence											
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	15%	20%
Holdback as % of target	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Holdback as % of excess spending	25	38	50	56	65	71	75	75	75	75	75	75
Alyn & Deeside	0.13	0.40	0.80	1.20	1.74	2.28	2.81	3.21	3.61	4.02	6.02	8.03
Colwyn	0.18	0.55	1.09	1.64	2.37	3.10	3.83	4.37	4.92	5.47	8.20	10.93
Delyn	0.23	0.69	1.37	2.06	2.97	3.89	4.80	5.49	6.18	6.86	10.29	13.73
Glyndwr	0.20	0.59	1.17	1.76	2.54	3.33	4.11	4.70	5.29	5.87	8.81	11.75
Rhuddlan	0.19	0.57	1.14	1.71	2.46	3.22	3.98	4.55	5.12	5.69	8.53	11.37
Wrexham Maelor	0.18	0.53	1.06	1.59	2.30	3.01	3.71	4.24	4.77	5.31	7.96	10.61
Carmarthen	0.20	0.61	1.21	1.82	2.63	3.43	4.24	4.85	5.45	6.06	9.09	12.12
Ceredigion	0.18	0.54	1.07	1.61	2.32	3.03	3.75	4.28	4.82	5.35	8.03	10.70
Dinefwr	0.20	0.60	1.20	1.81	2.61	3.41	4.22	4.82	5.42	6.02	9.03	12.04
Llanelli	0.23	0.70	1.41	2.11	3.04	3.98	4.92	5.62	6.32	7.03	10.54	14.05
Preseli	0.14	0.41	0.82	1.23	1.77	2.32	2.86	3.27	3.68	4.09	6.14	8.18
South Pembroke	0.10	0.29	0.57	0.86	1.24	1.62	2.00	2.29	2.57	2.86	4.28	5.71
Blaenau Gwent	0.37	1.10	2.19	3.29	4.75	6.21	7.67	8.76	9.86	10.95	16.43	21.91
Islwyn	0.28	0.85	1.70	2.55	3.68	4.81	5.94	6.79	7.64	8.49	12.73	16.97
Monmouth	0.16	0.47	0.95	1.42	2.06	2.69	3.32	3.80	4.27	4.75	7.12	9.50
Newport	0.14	0.41	0.82	1.23	1.78	2.33	2.88	3.29	3.70	4.11	6.16	8.21
Torfaen	0.22	0.66	1.32	1.98	2.85	3.73	4.61	5.27	5.93	6.59	9.88	13.17
Aberconwy	0.19	0.58	1.15	1.73	2.50	3.26	4.03	4.61	5.19	5.76	8.64	11.52
Arfon	0.27	0.82	1.63	2.45	3.54	4.63	5.72	6.53	7.35	8.17	12.25	16.33
Dwyfyr	0.24	0.71	1.42	2.13	3.07	4.02	4.96	5.67	6.38	7.09	10.64	14.18
Meirionnydd	0.17	0.52	1.03	1.55	2.24	2.92	3.61	4.13	4.64	5.16	7.74	10.32
Yns Mon	0.18	0.54	1.08	1.62	2.34	3.06	3.78	4.32	4.86	5.40	8.09	10.79
Cynon Valley	0.31	0.92	1.85	2.77	4.00	5.23	6.46	7.38	8.31	9.23	13.84	18.46
Merthyr Tydfil	0.33	0.99	1.97	2.96	4.27	5.58	6.90	7.88	8.87	9.85	14.78	19.71
Ogwr	0.23	0.68	1.36	2.04	2.94	3.85	4.76	5.44	6.11	6.79	10.19	13.59
Rhondda	0.52	1.57	3.14	4.71	6.81	8.90	11.00	12.57	14.14	15.71	23.57	31.42
Rhyonney Valley	0.29	0.87	1.74	2.61	3.77	4.92	6.08	6.95	7.82	8.69	13.03	17.38
Taff-Ely	0.21	0.62	1.24	1.86	2.69	3.52	4.35	4.97	5.59	6.21	9.32	12.42
Brecknock	0.14	0.43	0.86	1.29	1.87	2.44	3.02	3.45	3.88	4.31	6.46	8.62
Montgomery	0.16	0.48	0.97	1.45	2.10	2.74	3.39	3.87	4.35	4.84	7.26	9.68
Radnor	0.16	0.48	0.96	1.44	2.08	2.72	3.36	3.84	4.32	4.80	7.20	9.60
Cardiff	0.14	0.43	0.86	1.29	1.87	2.44	3.02	3.45	3.88	4.31	6.46	8.62
Vale of Glam	0.13	0.39	0.79	1.18	1.71	2.23	2.76	3.15	3.54	3.94	5.91	7.88
Afan	0.16	0.48	0.96	1.43	2.07	2.71	3.35	3.83	4.30	4.78	7.17	9.57
LLiw Valley	0.24	0.71	1.42	2.13	3.07	4.02	4.96	5.67	6.38	7.09	10.64	14.18
Neath	0.15	0.46	0.92	1.38	2.00	2.61	3.22	3.69	4.15	4.61	6.91	9.21
Swansea	0.25	0.74	1.48	2.22	3.20	4.19	5.17	5.91	6.65	7.39	11.08	14.77
Clwyd	0.91	2.72	5.45	8.17	11.80	15.43	19.06	21.79	24.51	27.24	40.85	54.47
Dyfed	0.95	2.84	5.68	8.52	12.31	16.09	19.88	22.72	25.56	28.40	42.60	56.80
Gwent	0.89	2.67	5.34	8.01	11.58	15.14	18.70	21.37	24.04	26.71	40.07	53.43
Gwynedd	0.94	2.82	5.65	8.47	12.24	16.01	19.77	22.60	25.42	28.24	42.37	56.49
Mid Glam	1.28	3.85	7.70	11.55	16.69	21.82	26.96	30.81	34.66	38.51	57.77	77.02
Powys	1.69	5.06	10.12	15.18	21.93	28.68	35.43	40.49	45.55	50.61	75.92	101.22
South Glam	0.69	2.06	4.12	6.17	8.92	11.66	14.40	16.46	18.52	20.58	30.87	41.15
West Glam	0.92	2.76	5.52	8.28	11.96	15.64	19.32	22.08	24.84	27.60	41.40	55.20

Table 3

HOLDBACK EXEMPLIFICATIONS FOR WELSH LOCAL AUTHORITIES  
WITH SAFETY NETS INCLUDED  
(columns are expenditure excess as a percentage of target)

£000s

	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	15%	20%
Holdback as % of target	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Holdback as % of excess spending	25	38	50	56	65	71	75	75	75	75	75	75
Alyn & Deeside	11	32	64	95	138	180	223	254	286	318	477	636
Colwyn	9	28	56	85	122	160	197	226	254	282	423	564
Delyn	14	41	81	122	176	230	284	325	365	406	609	812
Glyndwr	7	20	40	60	86	113	140	160	180	200	299	399
Rhuddlan	11	33	67	100	145	190	234	268	301	335	502	669
Wrexham Maelor	19	58	116	174	251	329	406	464	522	580	870	1,160
Carmarthen	8	24	48	72	105	137	169	193	217	242	362	483
Ceredigion	9	26	53	79	115	150	185	212	238	265	397	530
Dinefwr	5	14	28	42	61	79	98	112	126	140	210	281
Llanelli	15	45	90	135	194	254	314	359	404	449	673	897
Preseli	10	30	60	90	130	170	209	239	269	299	449	599
South Pembroke	6	19	39	58	84	110	136	155	175	194	291	389
Blaenau Gwent	14	43	86	129	187	244	302	345	388	431	647	863
Islwyn	11	33	67	100	144	189	233	267	300	333	500	667
Monmouth	11	33	65	98	141	185	228	261	294	326	489	653
Newport	28	83	165	248	358	468	578	661	743	826	1,239	1,652
Torfaen	19	57	114	170	246	322	397	454	511	568	852	1,136
Aberconwy	10	31	62	92	134	175	216	247	277	308	462	617
Arfon	11	32	63	95	137	179	221	253	285	316	474	632
Dwyfor	6	18	35	53	76	99	123	140	158	176	263	351
Meirionnydd	7	21	41	62	89	116	144	164	185	206	308	411
Yns Mon	13	38	76	114	165	215	266	304	342	380	570	761
Cynon Valley	11	34	69	103	149	194	240	275	309	343	515	686
Merthyr Tydfil	12	35	70	105	152	198	245	280	315	350	525	700
Ogwr	23	70	140	210	303	397	490	560	630	700	1,050	1,400
Rhondda	10	29	58	87	125	164	202	231	260	289	434	579
Rhymney Valley	18	55	109	164	237	310	383	438	492	547	821	1,094
Taff-Ely	18	54	108	162	235	307	379	433	487	542	812	1,083
Brecknock	5	15	29	44	63	83	102	117	132	146	219	293
Montgomery	6	19	39	58	84	110	135	155	174	194	290	387
Radnor	3	10	20	31	44	58	71	82	92	102	153	204
Cardiff	54	163	326	489	706	924	1,141	1,304	1,467	1,630	2,445	3,260
Vale of Glam	17	52	105	157	227	297	366	419	471	524	785	1,047
Afan	14	42	85	127	183	240	296	338	381	423	634	846
Lliw Valley	11	32	64	96	139	182	225	257	289	321	481	642
Neath	10	29	59	88	127	166	205	234	263	293	439	585
Swansea	45	136	272	408	590	771	952	1,088	1,224	1,361	2,041	2,721
Clwyd	356	1,068	2,135	3,203	4,626	6,049	7,473	8,540	9,608	10,676	16,013	21,351
Dyfed	301	902	1,804	2,706	3,909	5,111	6,314	7,216	8,118	9,020	13,530	18,041
Gwent	408	1,223	2,446	3,670	5,300	6,931	8,562	9,785	11,009	12,232	18,348	24,464
Gwynedd	217	652	1,303	1,955	2,824	3,692	4,561	5,213	5,864	6,516	9,774	13,032
Mid Glam	394	1,182	2,364	3,547	5,123	6,699	8,276	9,458	10,640	11,822	17,734	23,645
Powys	74	222	444	665	961	1,257	1,553	1,774	1,996	2,218	3,327	4,436
South Glam	351	1,052	2,103	3,155	4,557	5,960	7,362	8,414	9,466	10,517	15,776	21,035
West Glam	351	1,053	2,105	3,158	4,562	5,965	7,369	8,422	9,474	10,527	15,790	21,054
TOTAL WALES	<del>1,383</del>	<del>4,154</del>	<del>8,308</del>	<del>12,462</del>	<del>18,001</del>	<del>23,539</del>	<del>29,078</del>	<del>33,232</del>	<del>37,386</del>	<del>41,540</del>	<del>62,309</del>	<del>83,079</del>
	2,963	8,888	17,774	26,664	38,514	50,365	62,216	71,104	79,993	88,881	133,820	177,760

4

HOLDBACK EXEMPLIFICATIONS FOR WELSH LOCAL AUTHORITIES  
IN POUNDAGE EQUIVALENTS  
WITH SAFETY NETS INCLUDED  
(columns are expenditure excess as a percentage of target)

=====

	Pence											
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	15%	20%
Holdback as % of target	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Holdback as % of excess spending	25	38	50	56	65	71	75	75	75	75	75	75
Alyn & Deeside	0.13	0.40	0.80	1.20	1.74	2.28	2.81	3.21	3.61	4.02	6.02	8.03
Colwyn	0.18	0.55	1.09	1.64	2.37	3.10	3.83	4.37	4.92	5.47	8.20	10.93
Delyn	0.23	0.69	1.37	2.06	2.97	3.89	4.80	5.49	6.18	6.86	10.29	13.73
Glyndwr	0.20	0.59	1.17	1.76	2.54	3.33	4.11	4.70	5.29	5.87	8.81	11.75
Rhuddlan	0.19	0.57	1.14	1.71	2.46	3.22	3.98	4.55	5.12	5.69	8.53	11.37
Wrexham Maelor	0.18	0.53	1.06	1.59	2.30	3.01	3.71	4.24	4.77	5.31	7.96	10.61
Carmarthen	0.20	0.61	1.21	1.82	2.63	3.43	4.24	4.85	5.45	6.06	9.09	12.12
Ceredigion	0.18	0.54	1.07	1.61	2.32	3.03	3.75	4.28	4.82	5.35	8.03	10.70
Dinefwr	0.20	0.60	1.20	1.81	2.61	3.41	4.22	4.82	5.42	6.02	9.03	12.04
Llanelli	0.23	0.70	1.41	2.11	3.04	3.98	4.92	5.62	6.32	7.03	10.54	14.05
Preseli	0.14	0.41	0.82	1.23	1.77	2.32	2.86	3.27	3.68	4.09	6.14	8.18
South Pembroke	0.10	0.29	0.57	0.86	1.24	1.62	2.00	2.29	2.57	2.86	4.28	5.71
Blaenau Gwent	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Islwyn	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Monmouth	0.16	0.47	0.95	1.42	2.06	2.69	3.32	3.80	4.27	4.75	7.12	9.50
Newport	0.14	0.41	0.82	1.23	1.78	2.33	2.88	3.29	3.70	4.11	6.16	8.21
Torfaen	0.22	0.66	1.32	1.98	2.85	3.73	4.61	5.27	5.93	6.59	9.88	13.17
Aberconwy	0.19	0.58	1.15	1.73	2.50	3.26	4.03	4.61	5.19	5.76	8.64	11.52
Arfon	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Dwyfor	0.24	0.71	1.42	2.13	3.07	4.02	4.96	5.67	6.38	7.09	10.64	14.18
Meirionnydd	0.17	0.52	1.03	1.55	2.24	2.92	3.61	4.13	4.64	5.16	7.74	10.32
Yns Mon	0.18	0.54	1.08	1.62	2.34	3.06	3.78	4.32	4.86	5.40	8.09	10.79
Cynon Valley	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Merthyr Tydfil	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Ogwr	0.23	0.68	1.36	2.04	2.94	3.85	4.76	5.44	6.11	6.79	10.19	13.59
Rhondda	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Rhymney Valley	0.25	0.75	1.50	2.25	3.25	4.25	5.25	6.00	6.75	7.50	11.25	15.00
Taff-Ely	0.21	0.62	1.24	1.86	2.69	3.52	4.35	4.97	5.59	6.21	9.32	12.42
Brecknock	0.14	0.43	0.86	1.29	1.87	2.44	3.02	3.45	3.88	4.31	6.46	8.62
Montgomery	0.16	0.48	0.97	1.45	2.10	2.74	3.39	3.87	4.35	4.84	7.26	9.68
Radnor	0.16	0.48	0.96	1.44	2.08	2.72	3.36	3.84	4.32	4.80	7.20	9.60
Cardiff	0.14	0.43	0.86	1.29	1.87	2.44	3.02	3.45	3.88	4.31	6.46	8.62
Vale of Glam	0.13	0.39	0.79	1.18	1.71	2.23	2.76	3.15	3.54	3.94	5.91	7.88
Afan	0.16	0.48	0.96	1.43	2.07	2.71	3.35	3.83	4.30	4.78	7.17	9.57
Lliw Valley	0.24	0.71	1.42	2.13	3.07	4.02	4.96	5.67	6.38	7.09	10.64	14.18
Neath	0.15	0.46	0.92	1.38	2.00	2.61	3.22	3.69	4.15	4.61	6.91	9.21
Swansea	0.25	0.74	1.48	2.22	3.20	4.19	5.17	5.91	6.65	7.39	11.08	14.77
Clwyd	0.91	2.72	5.45	8.17	11.80	15.43	19.06	21.79	24.51	27.24	40.85	54.47
Dyfed	0.95	2.84	5.68	8.52	12.31	16.09	19.88	22.72	25.56	28.40	42.60	56.80
Gwent	0.89	2.67	5.34	8.01	11.58	15.14	18.70	21.37	24.04	26.71	40.07	53.43
Gwynedd	0.94	2.82	5.65	8.47	12.24	16.01	19.77	22.60	25.42	28.24	42.37	56.49
Mid Glam	1.00	3.00	6.00	9.00	13.00	17.00	21.00	24.00	27.00	30.00	45.00	60.00
Powys	1.00	3.00	6.00	9.00	13.00	17.00	21.00	24.00	27.00	30.00	45.00	60.00
South Glam	0.69	2.06	4.12	6.17	8.92	11.66	14.40	16.46	18.52	20.58	30.87	41.15
West Glam	0.92	2.76	5.52	8.28	11.96	15.64	19.32	22.08	24.84	27.60	41.40	55.20

Local Govt, Relations, PHB.



17th OCT 1982



DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

*Local Govt*  
Prime Minister (2)

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Mus 8/10

CONFIDENTIAL

Rt Hon Michael Heseltine MP  
Secretary of State for the Environment  
2 Marsham Street  
London  
SW1P 3EB

8 October 1982

*Dear Michael.*

RATE SUPPORT GRANT 1983-84 - HOLDBACK

Thank you for sending me a copy of your letter to Leon Brittan of 5 October. *pm's Box*

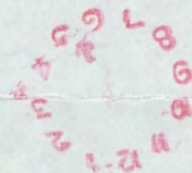
As you know from Rhodes Boyson's letter of 6 September (to which you sent an interim reply on 21 September), I have always taken the view that authorities spending below GRE in 1983-84 should be exempt from holdback, as in 1982-83. Now that I have seen comparisons between provisional GREs and the targets which you published in July, my view is strengthened. Amongst education authorities there are about 40 whose GREs next year are likely to be higher than their targets. They include all but a handful of shire counties (most of the exceptions, like Cleveland and Durham, are Labour-controlled); Bromley, Croydon, Kingston and Redbridge; and 9 metropolitan districts, among them Birmingham, Dudley, Solihull, Sefton, Stockport and Trafford. (Some of these authorities even have targets for 1983-84 which are below their GREs for 1982-83.) Even on your most moderate Scheme C these authorities would lose up to 16p in grant for spending at GRE in 1983-84. Other authorities would suffer no holdback for spending at (or in some cases well above) GRE. This would be indefensible.

I agree with you that our objective should be to impose a more severe regime than in 1982-83; but it should bite on the most flagrant overspenders. It follows that I would be inclined to go for something like your Scheme A coupled with GRE exemption. But we cannot form a firm view about this until we have the exemplifications of the various schemes to which you refer in paragraph 5 of your letter; and I should like these to illustrate also the likely effects of GRE exemption. Perhaps you could circulate this information before the meeting with colleagues next week which you envisage. I am sure that we should form a view amongst ourselves before we make any approach to the local authority associations.

I am sending copies of this letter to the Prime Minister, other members of E Committee and MISC 21 and Sir Robert Armstrong.

Yours ever,

Keir



8 OCT 1982