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Prime Minister

REFORM OF LOCAL GOVERNMENT FINANCE

I understand that the Second Specification Report on the reform of the rating system will be considered by E(LF) on 23 September.

2. I am not a member of E(LF) since the work on this topic was prompted by particular difficulties arising in Great Britain from the arrangements for local government finance and rating. However, my officials have been attending the Steering Group of officials and the various Working Parties in order to keep in touch with developments.

3. Whilst this topic has not attracted within Northern Ireland the interest and concern displayed elsewhere in the United Kingdom, I shall obviously wish to consider what changes may be necessary and appropriate in Northern Ireland in the light of whatever is decided for Great Britain, taking account of differences in circumstances.

4. As you are aware, some 90% of local authority-type expenditure is administered by central government and public bodies in Northern Ireland. Control of expenditure is therefore already assured and the regional rate which relates to this expenditure is struck by Government itself. We have not, therefore, had the experience of exorbitant rate increases of the kind incurred by some local authorities in Great Britain. Whilst there are inevitably complaints about rate levels, the domestic rating system has not come under the same severity of attack as in Great Britain. I shall, therefore, be considering the outcome of the work for Great Britain in the light of these and other relevant factors, including the greater incidence in Northern Ireland of households with three or more adults, with low incomes and with low rateable values because of poor housing quality in Northern Ireland. I would also, of course, wish to consult widely in order to ensure that whatever is done is perceived locally to improve

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on existing arrangements.

5. I am copying this to the members of E(LF) and to Sir Robert Armstrong.

*Brian Porter*

20 September 1985

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(Approved by the Secretary  
of State and signed in  
his absence in Northern  
Ireland)

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