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PAUL GRAY RA 17 January 1990

1990/91 LOCAL AUTHORITY GRANT SETTLEMENT

There is one very specific point on Chris Patten's options which you may wish to draw to the Prime Minister's attention. It concerns Barnet.

If Option (ii) (reducing safety net contributions) was chosen as the best contingency plan, it could leave the Prime Minister exposed to the charge that it was being done because her own constituency would come off best from it.

This is apparent from the figures on page 1 of the Option (ii) exemplification. Under sub-options 1 and 2, Barnet would get the most extra money, save only Manchester and Birmingham. Under sub-option 3 it would get the most save only those two, Liverpool and four other metropolitan areas.

This is because it is a high net contributor to the safety net and it has a high population.

That said, it seems to me from Chris Patten's material that Option (ii) is probably the best one purely in terms of winning over backbench, as opposed to voter opinion. This is because it is relatively easy to understand and goes some way to meeting the strongly-voiced view that the safety net is unjust. Administratively it also looks much easier than Option (iii).

Just for purposes of comparison, £200 million would alternatively pay for 32p (4.4%) on Child Benefit.

John Mills .

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