

26 April 1983

Policy Unit

PRIME MINISTER

E(LF) MEETING, 27 APRIL 1983

Unfortunately, I shall not be able to come to E(LF), as I promised a year ago to give a lecture tomorrow morning on my book to the Marriage Research Centre, and I don't think it would look right to cancel that.

At our meeting with Tom King and Terry Heiser, I think we were all impressed with the difficulties which a general limit on rate increases might involve - notably, the hundreds of applications for derogation and the protests from Conservative councillors. It's a pity, because a general limit would be more politically attractive.

However, if we reluctantly opt for a selective limit, it is worth thinking how we might present it. The present draft of the Manifesto on the question reads like this:

"We have also made sustained efforts to control expenditure by local government. These are now bearing fruit in all but a number of grossly extravagant Labour-controlled authorities. Manpower - down to its lowest level since [1977] - has been brought under control in Conservative authorities, many of whom are also saving very large sums of ratepayers' money by putting out to tender important jobs like refuse collection and building repairs, as well as construction. We are at last breaking down the "in-house mentality" which led councils into the delusion that every little job had to be carried out by local authority employees, however wasteful and costly the consequences.

"We shall introduce legislation to curb excessive and irresponsible rate increases by high-spending authorities. The new Audit Commission will also help to keep a firm check on expenditure. It is clear that the Metropolitan Councils and the Greater London Council are a wasteful and superfluous tier of government. We shall abolish them and

return their functions to the boroughs or, in the case of services which need to be administered over a wider area - such as education in inner London - to joint boards of borough representatives who are likely to be more interested in economy, since they have to find the money out of their own rates. We do not believe that gigantic organisations are likely to save money or to be responsive to the people they serve. Our aim is to make local government more local."

How does this seem to you?

*L. S. ...*

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FERDINAND MOUNT

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