

PRIME MINISTER

MEETING WITH THE LOCAL AUTHORITY ASSOCIATIONS

You have a briefing meeting in the morning with the Ministers concerned before seeing the leaders of the four local authority associations in the afternoon. Mr. Ridley, Mr. Edwards and Mr. Rifkind will be present.

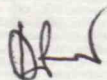
The meeting is being held now because the Scottish bill is to be published later this week. It seemed right for you to see them before then.

Bernard will be present at the briefing meeting. The local authority associations are likely to make hostile statements to the press afterwards and he must be in a position to counter them. Ministers may also need to be ready to give interviews.

The departmental briefing is clear and reasonably concise for a change.

The main points are:

- (i) there is widespread agreement that the present system cannot be allowed to continue;
- (ii) the Government's proposals have attracted a good deal of support;
- (iii) other solutions - local income tax or sales tax for example - suffer from serious disadvantages and have gained no general support;
- (iv) the Government intends to proceed with reform.



David Norgrove

24 November 1986

Domestic Rate = 15% as exp. Scotland

*ACCG
B/WR*

"PAYING FOR LOCAL GOVERNMENT" - LOCAL AUTHORITY ASSOCIATIONS' MEETING
WITH THE PRIME MINISTER, 25 NOVEMBER

England - 25%

The purpose of the meeting

1. The meeting is the result of a joint approach from the three main local authority associations for England and Wales - the Association of County Councils (ACC), Association of District Councils (ADC) and Association of Metropolitan Authorities (AMA) - and the Convention of Scottish Local Authorities (COSLA) to discuss the Green Paper "Paying For Local Government" (Cmnd 9714). Notes on the four associations and biographical details of those who will be representing them at the meeting, are at flag A.

2. The associations' letter (below) alleges that

"there is widespread opposition to the proposed community charge and the uniform business rate".

It claims that

" a consensus can be found about the kinds of change that are needed which will meet the Government's stated objectives of greater accountability and fairness".

3. The purpose of the meeting is

- to tell the associations that the Government's proposals have in fact attracted a good deal of support;
- to leave them in no doubt about the Government's intention to proceed with reform; and
- to expose the divisions of opinion between the associations ^{as} to what should be done.

Line to take

4. The associations' assessment of reaction to the Green Paper overlooks the degree of support - particularly from the public - for

the community charge. It also ignores the evidence that business is unhappy that councils should retain discretion to set the level of non-domestic rates.

5. The Government believes that greater accountability and fairness require that everyone able to vote in local elections should be directly liable to contribute towards the cost of local spending; and that the amount they pay should directly reflect changes in local spending. The Green Paper proposals were chosen because they meet those objectives where alternatives do not.

6. The associations' letter implies that a consensus might be found among the associations for an alternative to the Green Paper proposals. That seems surprising, in view of the differences apparent between the associations from their responses (discussed in more detail below).

7. We now gather that the 'consensus' is likely to amount to no more than the suggestion that there should be a further, wide-ranging review of all the options. That will certainly not do.

- Over the last 10 years, this subject has already been exhaustively examined from every possible point of view.

- There is strong evidence of public disenchantment with the present rating system. Ratepayers will see the idea of 'further consideration' as an excuse for not giving them the reforms they want.

- The Government is satisfied that its proposals are both fair and workable -

- indeed that they are the only way that the objectives of accountability and fairness (now, apparently, shared by the associations) can be met.

8. A speaking note is at flag B, and a note on the main issues at flag C.

The Green Paper proposals

9. The Green Paper was published on 28 January 1986. Its main proposals were that

- non-domestic rates should be set by central Government as a uniform rate in the £. The proceeds would be pooled and redistributed to all authorities as a common amount per adult. There would be a revaluation of all non-domestic properties;
- the grant system should be simplified, to consist of needs grant (which would compensate for differences in what authorities needed to spend to provide a standard level of services), and standard grant (which would be a common amount per adult);
- domestic rates should be phased out and replaced by a community charge, payable by all adults at a flat rate in each area.

The Green Paper also proposes that, initially, changes in authorities' incomes arising from the new grant and non-domestic rate arrangements would be offset by a self-financing "safety net".

10. A note on the effects of the proposals is at flag D.

Outcome of consultation

11. The consultation period ended on 31 July in Scotland and 31 October in England and Wales.

- A majority of respondents was against the idea of a national non-domestic rate. But the bulk of the opposition was from local authorities. Most businesses were in favour either of a national rate or of capping non-domestic rates.
- A large majority favoured abolition of domestic rates. But, because there was support for other alternatives (primarily Local Income Tax (LIT)), the community charge did not receive majority support. Again, however, there was a noticeable

difference between local authorities and other respondents. The latter were far more likely to favour abolishing rates and introducing the community charge.

12. So far as the local authority associations are concerned

- the ACC favour LIT, but admit that there are disagreements within the association, which is split along party lines.

- the ADC favour the retention of domestic rates, based on capital values, though the Chairman (Cllr Morgan) is known to be unhappy about the negative tone of the response.

- The AMA oppose the community charge but do not say what should be done instead.

- COSLA also argue that the community charge would be unfair and unworkable. But, like the AMA, they offer no alternative - this reflects the Labour Party's indecision on the subject.

13. All the associations argue that non-domestic rates should continue to be set locally. Fuller summaries of the associations' responses are at flag E.

Next Steps

14. The Queen's Speech announced a Bill to abolish domestic rates in Scotland and introduce the community charge. Target date for publication of the Bill is 27 November. The Bill will to some extent be an 'interim' measure: though it will deal in detail with the community charge, it will provide only for 'capping' of non-domestic rates. The move to a national rate, and pooling the proceeds, will be left to subsequent legislation. It cannot happen until harmonisation of valuation systems has been achieved.

15. The new arrangements will come into effect in Scotland in 1989. Domestic rates will then begin to be phased out, disappearing completely by 1992.

16. In England and Wales, where the consultation period ended more recently, the formal position is that the Government is considering responses to the Green Paper. But Mr Ridley has made clear - most recently in the House on 17 November - the Government's commitment to legislate in the first Session after the Election, with the new system coming into effect in 1990. The aim is, before Christmas, to make a formal response to the consultation, and an announcement of the intention to proceed with the community charge.

Doc41mt

Association of Metropolitan Authorities

Represents metropolitan district councils, London boroughs and ILEA.
Bromley LB has seceded.

Political composition: 44 Labour authorities
11 Conservative
2 Liberal
11 No overall control

Chairman: Councillor John (Jack) Layden (Labour)
Chairman since 1984, Leader of Rotherham since 1974.
Councillor since 1953. A miner and a JP.

Association of County Councils

Represents 45 non-metropolitan county councils in England and Wales
ie all except Avon and Derbyshire.

Political composition:

73 Conservative seats
59 Labour
30 Alliance
11 Independent

Chairman: Councillor John Allison CBE (Labour). Recently elected
Chairman following change in ACC political control. Leader
of West Glamorgan County Council since 1977, and previously
leader of Swansea Borough Council 1967/74. Director of
Development Corporation - Wales since 1967.

Association of District Councils

Represents 332 non-metropolitan districts in England and Wales.
Basildon DC has seceded.

Political composition:

70 Conservative seats
30 Labour
5 Independent
1 Liberal

Chairman: Councillor John Morgan OBE (Conservative) Chairman since 1984. Member Test Valley Borough Council since 1974. Previously parish and rural district councillor. Prominent in International Union of Local Authorities, especially Europe.

Convention of Scottish Local Authorities

Represents all local authorities in Scotland (9 regions, 53 districts and 3 island areas)

Political composition:

31 Labour authorities
3 Conservative
22 Independent
1 Alliance
7 No overall control

President: Councillor Ken Fagan (Labour)
Elected President 1986. Formerly Vice President. Dundee District Councillor.

DRAFT SPEAKING NOTE

John Mason
Countryside
to administer it
not districts

[A.C.C. in January
Local income tax] B.

I was glad to see from your letter that you accept that the present system of paying for local government needs improving. I note, too, that you accept the Government's objectives of greater accountability and fairness.

It must be right to limit the burden that local authorities can impose on businesses - not only for the sake of businesses themselves, but because it is reasonable to ensure that the cost of variations in spending should be met by those who can decide what spending should be: the voters in the area.

So far as domestic rates are concerned, when we published our 1981 Green Paper "Alternatives to Domestic Rates", we did not find general acceptance that rates should go. That is not the case now. The reaction to the present Green Paper clearly shows how unpopular domestic rates have become. People realise too that merely tinkering with the system, for example by basing rates on capital values, would not solve the problem. Indeed, it would probably make it worse. Think of those retired people, whose home is their only major asset. Taxing them on the value of that would be the cruellest form of wealth tax.

Nor is Local Income Tax the answer. It would fail to make people aware of the costs of local services as well as the benefits, because it would be paid by only 20 million out of 35 million voters. Furthermore, it would damage incentives. Putting up income tax rates by as much as 10p in the £ - which is what would happen in some inner

city areas - is the last thing that such authorities need to help regenerate the local economy. Quite apart from the administrative problems, income tax is simply not a suitable tax to be set at different rates by 400 different local authorities.

Some people have suggested that the community charge will not be fair. What is unfair about saying that three adults should pay three times as much as one? Indeed, the fairness of the community charge is demonstrated by the fact that nearly all single pensioners would be better off with the community charge than they are with rates.

We shall, of course, be happy to consider detailed points on how the changes should be brought about. But I have to say that the time is passed for trying to persuade us on the broad thrust of our proposals.

I must make it clear, too, that if the only proposal you have to offer is that there should be yet further review and yet more delay, then that suggestion is not acceptable. It is not acceptable to me because it would not be acceptable to businesses and domestic ratepayers, who already think that reform is overdue.

*Manipulation
Prop. Tax*

Doc43mt

Scotland

Ratepayers Assn - welcomed proposals
unreservedly
Charter of Commerce - small business -
welcomed
CBI - welcome

English

CBI & Charter of Commerce
of individuals - strong majority
in favour of doubling rates.

Wales

CBI (could report from Peter proposals in
principle)

MAIN ISSUES

Q The national non-domestic rate:

- is an attack on local autonomy

A - Increased local autonomy depends on increased accountability, to be achieved by local electors paying for high levels of local spending, rather than a minority of electors, or central government or non-domestic ratepayers as at present. Fixing the contribution made by business is an essential part of this package.

- would damage many businesses

A - Companies in low rate poundage areas would face higher bills. But overall believe that the balance of gains and losses points to a uniform poundage - with gain of certainty about future rate increases. Transitional arrangements would cushion losses.

- Would remove the incentive for local authorities to encourage economic development and talk to local business

A - Local authorities with a concern for economic development of their area would continue to maintain a dialogue with the business community.

- There is no incentive under the present system to attract business to increase the value of rateable property. Increases in rateable value reduce grant entitlement.

- is unnecessary. Why not simply freeze non-domestic rates in real terms as the Scots are doing?

- The proposal to freeze Scottish non-domestic rates is an interim measure. Eventually there should be a uniform non-domestic rate across England, Scotland and Wales. Freezing the rate is not a permanent solution to the problem because it does nothing to reduce

the unfairly high rates set by some authorities. It is particularly unattractive in England [and Wales] because of the great variation in rate poundages between different areas.

Q The community charge would be expensive to operate and easy to evade

A - Expansion of number of local taxpayers inevitably means higher collection costs. But worthwhile for increased fairness and accountability.

- The Associations' pessimism about evasion of registration underestimates the information available to the local authority - from rating records, electoral roll, use of services, rent rebates, school registration records, library lists, etc.

- And the individual moving home would have an incentive to notify the council, to end his liability for the community charge. Notifying the authority would become routine, like notifying the electricity board.

Q The community charge will be unfair

A - Over the range of incomes, the community charge is no worse related to incomes than domestic rates. It actually bears less harshly on the lowest income households (those earnings up to £75 a week) than domestic rates because many of the poorest households (the widowed and one-parent families) have only one adult.

- And the pattern of payments between types of households would be fairer: the single pensioner would pay less while the large household with several adults would pay more.

- There will be support for those on low incomes through the social security system.

Q Why are the Scots legislating first?

A - Partly because the need for legislation is greatest in Scotland. Partly because the existing Scottish legislation makes it easier to

adopt an 'interim approach on grant and non-domestic rates. And the Scots are ahead of the English and Welsh because they have already carried out at revaluation.

Q Why not keep the rates, but based on capital values?

A - Of those responses to the consultation processed so far, a clear majority are in favour of abolishing the rates.

- Basing rates on capital values would worsen the situation it would further weaken the relationship between rates bills and ability to pay. Would hit London and the SE especially hard. It would hit not only owner occupiers under pressure from high mortgages, but also tenants who would not even be benefitting in the long term from increased capital values.

- It would do nothing to overcome the fundamental flaws of the rating system: too few people pay, regular revaluations are needed, etc.

Q Why not (possibly self-assessed) local income tax?

- Only 20 million would pay LIT. Some who paid LIT would not be ratepayers, and vice versa, but even so there would not be a massive expansion in taxpayers compared to 18 million householders. Therefore only a limited gain in accountability, since there are 35 million voters in England.

- The system would run directly counter to the Government's objective of reducing burden of income tax and could lead to LIT rates in some areas well over four times those of other area. Any attempt to compensate for the differences in incomes between local authorities would undermine local accountability. It would mean that authorities which drove away high earners by imposing high tax rates would automatically be compensated with increased grant.

- High administration costs, especially if reformed rating system also retained (as proposed by ADC and AMA but not ACC).

- Would be complex and expensive for local authorities to administer themselves, even if based on "self-assessment". Self-assessment would be a major headache for the individual taxpayer.

- Relying on Inland Revenue information would not solve the problems: presently the national income tax system does not keep individuals' home addresses for instance.

- Administering LIT through the PAYE system would put extra burdens on business. Would also mean a local authority setting the local income tax would be unable to predict its revenue and would be vulnerable to changes made by the Chancellor in the Budget, after LIT rates had been set.

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THE EFFECTS OF THE GREEN PAPER PROPOSALS

(i) The effect on local authority income

1. When the new system was fully operational, local authorities' income would be affected in the following ways.

- Low spending authorities would gain additional income from the proposal to pool the proceeds of the national non-domestic rate. High-spending authorities, currently levying above-average non-domestic poundages would lose income.

- Authorities where domestic rateable values were high would gain grant income, and low domestic RV areas would lose. At present the block grant system takes resources away from areas with high rateable values.

2. The Green Paper proposes, however, that a 'safety net' might be used to prevent these effects arising in the first year of the new system, and to control the rate at which changes in income arose thereafter.

(ii) The effects on individuals

3. Within each local authority area, households would be affected in two different ways.

- In general, single person households would tend to see their bills reduced; and households with 3 or more adults would tend to see larger bills.

- Households living in properties with relatively low RVs will tend to gain.

4. The main gainers will be those living alone. 85% of single pensioners will gain. Those on the lowest incomes - under £75 a week - would, on average, be better off with the community charge than with rates.

5. The main losers will be young single adults living with their parents not presently paying for their local services. But even when the new system is fully in place, 85% of tax units will either gain, or lose less than £2 a week. And the phasing out of rates over several years will give people time to adjust.

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SUMMARY OF KEY RESPONSES TO THE GREEN PAPER

NAME OF RESPONDENT: ASSOCIATION OF METROPOLITAN AUTHORITIES (AMA)

1. Views on proposals for national non-domestic rate (NNDR)

The AMA oppose every aspect of the proposed NNDR. They say it will destroy the accountability of local authorities to local businesses; severely damage the autonomy of local government; lead to a steady reduction in the relative contribution businesses made to local authority spending; unfairly penalise businesses in the South East. They refuse to accept that local authorities have milked the non-domestic ratepayer and blame the increase in non-domestic rates on the Government's policy of cutting AEG. They reject the proposed 5% discretion as too small to do any good and very uneven in its impact (ie worth far more per head in high resource areas than in low resource areas).

2. Views on proposal to abolish domestic rates

The AMA regard domestic rates as a very strong tax in operational terms (difficult to evade and easy to collect). They regard rates as fairer than the community charge, but seem on balance to advocate a local income tax, perhaps supplemented by rates.

3. Views on the community charge

They reject the community charge on all counts. They regard it as a regressive and say it will be difficult and expensive to operate and collect. They argue that draconian powers will have to be introduced if the system is to be made to work and they reject as spurious the aim of increasing accountability and the notion that the local tax should be regarded as a charge for services. They say the impact of the community charge will be particularly severe on pensioner couples and young adults and in inner city areas. They challenge the Government's own analysis of the effects of the community charge and the pattern of gainers and losers. They object particularly to the "gearing effect" produced by placing on community charge payers the whole burden of marginal increases in local authority expenditure.

4. View on the proposed new grant system

The AMA oppose the simplification of the grants system at the expense of equity. They would prefer a system that accurately reflects local needs to one that is simple and easy to understand. They also maintain that the case against resource equalisation is not proven: they see it as a vital part of regional policy and claim that ending it could mean the loss or transfer to more prosperous regions of 100,000 jobs. They oppose the extension of specific grants on the grounds that they erode local discretion.

5. Other comments

They reject the argument that extending the use of fees and charges increases accountability.

SUMMARY OF KEY RESPONSES TO THE GREEN PAPER

NAME OF RESPONDENT: ASSOCIATION OF COUNTY COUNCILS (ACC)

1. Views on proposals for national non-domestic rate (NNDR)

The ACC regard the proposed NNDR as inconsistent with their conception of local government, which derives from the general principle that power should be exercised locally rather than centrally. They say the NNDR would weaken local accountability, break the link between local councils and local businesses, and that it would be open to manipulation by central Government. They accept that if domestic rates are to be abolished there can be no question of giving local authorities unlimited access to the non-domestic rates, and therefore suggest that the ratio of non-domestic to domestic rates might be fixed by statute.

2. Views on proposal to abolish domestic rates

There are varying views among ACC members about the fairness of rates and no clear consensus about an alternative. They argue that replacing the rates can only be justified if the new system is more equitable, broadens the tax base; is tempered by ability to pay and is a tax rather than a charge for services: only a local income tax fits these criteria. The ACC as an association advocates the introduction of a local income tax. If there is to be a new system, the ACC feel it should stand on its own: they do not support the idea of 2 or more local taxes.

3. Views on the community charge

The ACC contend that the community charge fails to satisfy their criteria for a new local tax, places too heavy a burden on those with low or no incomes, and poses serious problems of determination and enforcement.

4. Views on the proposed new grant system

The ACC supports the use of grants to compensate for differences between areas in both resources and needs. They feel there is a balance to be struck between fairness and simplicity in the operation of the grant system and appear to incline towards fairness rather than simplicity.

5. Other comments

They strongly oppose the proposal to make all residents pay at least 20% of their local tax bill.

SUMMARY OF KEY RESPONSES TO THE GREEN PAPER

NAME OF RESPONDENT: ASSOCIATION OF DISTRICT COUNCILS (ADC)

1. Views on proposals for national non-domestic rate (NNDR)

The ADC criticise the NNDR as centralist and an attack on local autonomy. They argue it will seriously weaken the relationship between local authorities and the business community; destroy any business interest in local spending decisions; remove local authorities' incentive to encourage industrial development; result in local authorities being starved of income; produce an arbitrary income for each local authority, unrelated to local needs and resources. They also contend that uprating the NNDR in line with national inflation levels will be inadequate for local needs; that the proposed 5% discretionary element will be insufficient to sustain the local authority/business link; and that businesses in low-rating areas will lose out substantially as a result of the switch to the NNDR. Instead, they advocate continuation of the existing system with regular revaluations.

2. Views on proposal to abolish domestic rates

The ADC say the rates have many strengths (cheap to collect; difficult to evade; predictable yield) and are reasonably conducive to accountability. For want of a better system, they advocate retention of domestic rates, perhaps based on capital valuations, with regular revaluations. They are reasonably well-disposed towards local income tax as a possible supplement to domestic rates.

3. Views on the community charge

The ADC resolutely oppose the community charge. They suggest that the Green Paper places too much emphasis on accountability and not enough on practicability: the community charge will be expensive to operate (more accounts, more staff, more computers needed), relatively easy to evade (more summonses, more court cases) and unfair (more regressive than rates with the rich gaining and the poor losing out). They reject the notion that the community charge is in any way akin to a charge for services and point to the unfairness of the "gearing effect" (whereby a 1% increase in expenditure will produce varying percentage increases in the community charge from authority to authority - from 2% to 10%). They also suggest that there may be a need to cap parish community charges.

4. Views on the proposed new grant system

The ADC advocate improving the current grant system so that it delivers certainty in-year and incorporates warnings of what future grant levels will be. They do not regard simplicity as a vital consideration, if it is at the expense of accuracy and fairness. A particularly interesting proposal they put forward is that all grants should be paid not to tiers of local authorities, but at local taxpayer level. This would have the effect of enabling taxpayers to see clearly the level of expenditure of each tier, before central Government grant is paid.

5. Other comments

The ADC support the extension of non-domestic rating to agricultural property.

GREEN PAPER 'PAYING FOR LOCAL GOVERNMENT' (CMND 9714)

RESPONSE FROM CONVENTION OF SCOTTISH LOCAL AUTHORITIES
(COSLA)

SUMMARY

1. COSLA accept that the rating system is not ideal but argue that its weaknesses have been overstated. They suggest that the problems in the present local government finance system have arisen from reductions in central government support, combined with too infrequent revaluations.
2. They are opposed to the regressive nature of the community charge and to any arrangements which would involve limiting the relief available to those on lowest incomes. They draw attention to "enormous difficulties" of making the community charge work (particularly during the transitional period) and mention problems of tax evasion, infringement of privacy, and failure to take up voting rights.
3. COSLA consider that the Green Paper proposals for nationally set non-domestic rates are inconsistent with its theme of increasing local accountability; they argue that local accountability implies withdrawal by central government from interference in local affairs.
4. They deny that the Green Paper proposals offer a long term solution. They think that rates should - after improvement - be retained at least as one of the taxes available to local government. They do not accept the Government's reasons for rejecting local income tax and a local sales tax, and want to see the main issues re-examined through a constructive dialogue between central and local government.

CCBG
cestr



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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

24 November 1986

for Mr Norgrove.

You copied to me your letter of 19 November to Robin Young about the Prime Minister's meeting on Tuesday, 25 November with the local authority association to discuss reform of local government finance.

The main proposals in the Green Paper will apply more or less uniformly in Wales and England; the only difference of substance is that it is envisaged that rates will be phased out over six years in Wales rather than the ten years proposed for England.

However, the Prime Minister might wish to be aware that in Wales there has by no means been the total opposition to the Green Paper which is implied by the associations in their letter. While the Welsh branches of the ADC and ACC have indeed been very critical, the largest District Council in Wales (Cardiff) has written in specifically to dissent from the ADC (Wales) response and to say that "there is a need to abolish that most hated tax, rates, based on property values, and the City Council, therefore, supports the Green Paper proposals in principle, but would wish to see further studies of the section dealing with equalisation of non-domestic rates". The Prime Minister might also wish to know that although the Welsh Counties Committee have rejected the Green paper proposals, they clearly do not see the technical problems of the community charge as insuperable; in fact, they are sufficiently impressed by the idea to propose that if the new system is introduced then county councils should be responsible for operating the community charge rather than the district councils, which run the present rating system. Councillor Allison, the Chairman of the ACC, is also a member of West Glamorgan County Council. In the business community the CBI (Wales) has come out firmly in favour of both the unified non-domestic rates and the community charge proposals.

/What has come ...

David Norgrove Esq
10 Downing Street
LONDON
SW1



What has come across in many of the 120 responses received in Wales is that the present system is widely regarded as unfair and too complex. The Prime Minister may also wish to make the point that a majority of private individuals in Wales who commented on the community charge were in favour of it; and, despite the very legitimate and important interests of local government itself, it is the local taxpayer who is most affected by the proposals, and who has perhaps the most important voice in all these discussions.

/ I am copying this letter to Robin Young (DOE) and Robert Gordon (Scottish Office).

Your sincerely

R C Williams

pp. R C WILLIAMS

CF



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do

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 November, 1986.

MEETING WITH LOCAL AUTHORITY ASSOCIATIONS

BS /

The Prime Minister is, as you know, to meet the local authority associations on Tuesday, 25 November, to discuss reform of local authority finance. I should be grateful for briefing from you and the Scottish Office, as appropriate, to reach here by close on Friday this week.

I am sending copies of this letter to Robert Gordon (Scottish Office) and Colin Williams (Welsh Office).

(David Norgrove)

Robin Young, Esq.,
Department of the Environment.



10 DOWNING STREET

Caroline

Could you arrange a
meeting please, 1 hour,
with

Ridley
Rifkin
Edwards

and these people for
1 hour if possible before
the end of the month?

DLW

How many from
any branch
Commonwealth?



10 DOWNING STREET

Prime Minister

Mr Ridley's firm advice
is that you should meet
the people with him and
the territorial Ministers.

Agree?

DRW

Yes



CF TO FILE
CCB

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1

18 November 1986

Dear David,

PAYING FOR LOCAL GOVERNMENT: REQUEST FOR A MEETING BY THE LOCAL AUTHORITY ASSOCIATIONS

Thank you for your letter of 6 November about this joint letter by the Leaders of the 3 English and Welsh associations and the Convention of Scottish Local Authorities.

With the exception of the Association of District Councils, the local authority associations are Labour-controlled. But there is no doubt that the views expressed in the letter reflect the majority views of all their local authority members. They clearly believe that in making a concerted approach they can reasonably expect an opportunity to put their case. In my Secretary of State's view a rejection would be widely resented by local councillors of all parties.

The Associations' letter says that they are prepared to join in work to find another answer to local finance which would meet the Government's objectives of greater accountability and fairness. We think this offer should be probed, and exposed if it is not genuine.

Finally, there is still scepticism within local government as well as outside it - that the Government is firm in its resolve to undertake reform in England and Wales. It will aid further development work if that message is delivered forcefully and from the top.

For these reasons, my Secretary of State's advice is the Prime Minister, supported by territorial Ministers, should agree to a meeting. I enclose a short draft letter.

I am copying this letter to Robert Gordon (Scottish Office) and Colin Williams (Welsh Office).

Yours sincerely,
Robin Young.

R U YOUNG
Private Secretary

Draft letter for PS/Prime Minister to send to the Leaders of the
Local Authority Associations

4

Paying for Local Government

You wrote to the Prime Minister seeking a meeting to discuss the
Government's proposals for the reform of local finance.

The Prime Minister is prepared ^{to meet} for you with the Leaders of the other
associations and we will be in touch by telephone to make
arrangements.

Cllr. John MORGAN
20/11

ECW



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 November 1986

I attach a copy of a joint letter the Prime Minister has received from four local government Associations.

I should be grateful for your advice on this letter by Thursday 20 November, please.

(David Norgrove)

Robin Young, Esq.,
Department of the Environment.

ECW



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 November 1986

I am writing on behalf of the Prime Minister to thank you and your co-signatories for your letter of 5 November.

This is receiving attention and a reply will be sent to you as soon as possible.

(David Norgrove)

Councillor John Morgan, O.B.E.

Association of County Councils
Association of District Councils
Association of Metropolitan Authorities
Convention of Scottish Local Authorities

5 November 1986

The Rt. Hon. Margaret Thatcher MP FRS
Prime Minister
10 Downing Street
London SW1

Dear Prime Minister

PAYING FOR LOCAL GOVERNMENT

As the consultation period on the Green Paper (Cmnd. 9714) ends, it has become clear that there is widespread concern about the Government's proposals for financing local government in the future.

Apart from the opposition of individual local authorities themselves and all our Associations - irrespective of political control - there is widespread opposition to the proposed community charge and the uniform business rate from professional bodies, the city, the trade unions and other sectors of the Community.

As the next session of Parliament draws near, and with the likelihood of a Bill for Scotland being included in the Queen's Speech, we, the leaders of local government in Great Britain, earnestly ask you to meet us, with your Secretaries of State, to discuss ways of finding a system of local government finance that you and we can all live with.

We all agree that the present system needs improving but genuinely believe that the Green Paper does not provide the right answers. However, from the wide range of responses to the Green Paper, with all the political and professional expertise they represent, we believe a consensus can be found about the kind of change that are needed which will meet the Government's stated objectives of greater accountability and fairness.

Please give serious consideration to our approach for a meeting. We will happily forgo other commitments to be available to meet you.

Yours sincerely

John Allison, John Hayden, Ken Fagan

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