

SUBJECT
CC MASTER

Jim PARABI



10 DOWNING STREET
LONDON SW1A 2AA

16 January 1987

From the Private Secretary

Dear Steven

The Prime Minister held a meeting this afternoon with Peter Fry, at his request, to discuss Northamptonshire rates. Two other Northamptonshire members, Tony Marlow and William Powell joined Mr Fry. Your Minister was also present.

Mr Fry and his colleagues opened the meeting. There was a very slender Conservative majority on Northamptonshire County Council. The Conservatives had been able to find spending economies since May 1985 - even though this had been very difficult - in particular through reducing the number of teachers by 146. This had helped to bring rates down in 1986/87. But the increase next year was likely to be some 17½ per cent. The Council looked as if it was being penalised for behaving more prudently than its predecessors, or than its neighbours. The position was impossible to defend politically. Mr Fry and his colleagues had had several meetings with Ministers. But each time the Government announced an adjustment to their proposals for next year's settlement the position of Northamptonshire got worse rather than better.

The Prime Minister said she was sympathetic to the concerns of Mr Fry and his colleagues. She appreciated their difficulties, and the frustration they felt after having tried so hard without success to improve the position. The difficulties arose out of the application of a formula and rating system which manifestly needed to be changed. She asked Mr Boyson to explain where matters now stood and to set out what might be done.

Your Minister said that as he understood the position, Northamptonshire's county precept next year was likely to rise at present by 14.4 per cent. Against that could be set a number of factors.

1. Northamptonshire would have £1.8 million recycling money which could be carried forward to next year. An announcement about this had been made on Tuesday, and county officials should now be aware of it. This sum could reduce next year's increase in precept by some 1.4 per cent, to around 13 per cent.

2. The county had balances amounting in total to £10.8 million. If half of that sum were used next year, the rate increase could be reduced by about a further 4 per cent. That would bring the increase in precept down to below 10 per cent.
3. The New Towns Commission had agreed to make a contribution of £800,000 towards the cost of a new fire station in the county. This would be worth an equivalent of some 1.2 per cent on the precept.
4. All these reductions together could bring the increase in precept down by some 6.6 per cent, to about 7.8 per cent.

In discussion, it was pointed out that the impact of the teachers settlement seemed likely to increase the precept by 2.5 per cent or so. It was also argued that the County Council may have already taken account of the balances available for spending next year in arriving at the figure for the increase in the precept of over 17 per cent (a figure quoted by the MPs, and presumably the result adding an element for teachers' pay to the original 14.4 per cent). Mr Fry and his colleagues were grateful for Mr Boyson's efforts in obtaining the £800,000 from the New Towns Commission, though they pointed out this amounted in the end only to a 1 per cent cut in the overall figure.

Summing up the discussion, the Prime Minister said she understood the strength of feeling of Mr Fry and his colleagues. She knew your Minister had worked hard to get the agreement of the New Towns Commission to get the transfer of £800,000. It was now important to clarify the position and see if anything further could be done. It was agreed that your Minister would:

- (1) Look into whether there was scope for the growth in population in Northampton to be more fully taken into account.
- (2) Look into how far the balances available to the community had already been taken into account in their calculations for next year's precept.
- (3) Finalise with the New Towns Commission the arrangements for transferring the £800,000 and consider whether any further assistance might be available from that source.

Your Minister said that he hoped to be able to write to Mr Fry and his colleagues, at least on point two above, on the following day.

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Mark Addison

M E ADDISON

Steven Watts, Esq.
 Department of the Environment

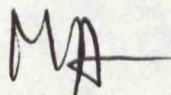
PRIME MINISTER

✓ c.c. Mr Addison

Peter Fry (Wellingborough) wants to come and see you, together with some Northants Members, to talk about the Rate Support Grant Settlement before the relevant decisions are put to the House. I attach the letter in which he requests such a meeting (you will see from the letter that Peter Fry wanted to bring in the Conservative Leader of Northants County Council, Bill Morton, but I have already told Peter that you will only see Parliamentary colleagues).

There is a difficulty about your agreeing to see Peter Fry and one or two other Northants colleagues, and that is that many other groups of colleagues from the other Counties may feel that they likewise should have an opportunity of putting their difficulties direct to you. An additional factor in deciding whether or not to see Peter Fry is the fact that he voted against the Government on Tuesday on the Supplementary Benefit Payments Amendments.

You may care to lay down the general rule, therefore, that colleagues should sort out their RSG problems with Nick Ridley, and not come to you. At the same time, it is fairly draconian for you to refuse to see Conservative colleagues who ask specifically for a chance to talk to you, and you may feel that, on balance, you should agree to see Peter Fry and the Northants group of Conservative colleagues. I myself think this is the right thing to do, even if other bids to see you follow.



MICHAEL ALISON
19.12.86

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Added by Peroff.

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

15th December 1986

Dear

Prime Minister

I am writing to you personally in my capacity as Leader of the Conservative controlled Northamptonshire County Council which we managed to win back from the Labour Party in May 1985. Unfortunately this was only achieved by a very slender majority and of a total Council of 68 members, the composition is as follows:-

29 Labour
4 Liberal
1 Independent
34 Conservative

So you can see we have slight difficulties from time to time and it is only the casting vote by the Conservative Chairman of the full Council that is really our overall control.

This is a situation that I can cope with and manage to keep a firm hold on.

But unfortunately the last two years of the Socialist Administration used balances to subsidise the ratepayers for a political purpose and last year in spite of lower RSG for shire counties I kept the rate down to an increase of 12½%, by using further balances to close the gap. I did this on the understanding that the 1987-88 settlement would be a better year for shire counties. This was after discussing the matter with The Rt. Hon. Kenneth Baker last year. However, whilst this has now proved to be the case - but alas not for Northamptonshire because whilst Block Grant increased generally by some 6.7% we had a loss in grant of 1% in the final consultative document.

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The County Members of Parliament led by Peter Fry, then had more consultations with the Rt. Hon. Nicholas Ridley and other members of his Department, whom I am sure fully appreciate the situation we find ourselves in, particularly as the second calculation for consultation which took into account our recent population and rateable value figures proved an even greater loss to the sum of £885,000.

Three points which cause me great concern are as follows :-

- (1) We are a very fast expanding County which has had two Development Corporations (i.e. Corby and Northampton) and also London overspill at Wellingborough. It does seem to me that now these Corporations have been wound up the residual problems are very great indeed and this is certainly proving very expensive for the County, far more than was anticipated when the Burden Claim arrangements were discontinued at the end of the financial year 1982/83.
- (2) The new system of Flow Back from the high spenders being diverted into the Treasury coffers rather than the pool for redistribution also affected us considerably, as last year we gained £6.9m. which certainly helped us over the loss of grant position; I still wonder why this could not have been phased over a period of probably two years.
- (3) The new formula for the Police element in the GRE has certainly cost my County £3.4m; this too, would have been better phased over a transitional period.

The main reason for my writing to you is that I am afraid that unless we can change the situation somewhat we are faced with very high rates for a number of years to come. This will be most unacceptable and detrimental to the Conservative cause in future elections, both local and national.

That is why I am calling upon you and hoping that you will be kind enough to see the County Members of Parliament, and also myself,

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if you so wished, to explore any further way of resolving this difficult matter which is of the utmost concern to both myself and many members of our Party in this County.

Hoping to see you in the fairly near future and meanwhile my best wishes for the coming festive season.

James Ever,

Bill Marten
