

Note of a Meeting between the Prime Minister and Conservative Councillors on Monday, January 9th at 5.45 pm

Also present were Patrick Jenkin, Irwin Bellwin, William Waldegrave, John Gummer and Michael Alison

It was agreed that confidentiality of the meeting would be respected.

The Prime Minister reaffirmed that the Bill would be passed: the Government had a large majority and Conservative MPs had fought on the proposals contained in the Manifesto.

Councillor Lovill expressed his opposition to the Bill.

Councillor Patnick supported the Bill to prevent the excesses of local councils like South Yorkshire and Sheffield.

Councillor Bowness supported the Bill but was worried that it might raise unrealistic expectations of rate limitation.

Councillor Morgan opposed the Bill and believed that despite reassurances that the general scheme would be held in reserve, the general powers would inevitably be used. Reference was made to figures published in the Financial Times supporting this argument.

Councillor Parker-Jervis complained that European Community proposals for reduction in the working time of local authority workers from 39 to 35 hours a week would impose a £1½ billion burden on local authorities. The Prime Minister said she always opposed such proposals but we would need to discuss the future of working time.

Councillor Spungin said the present system was taxation without representation.

Meeting Jan 9th cont.

Councillor Thomason disagreed with this view. He also believed general rate-capping was inevitable.

Councillor Moss said that voting on the White Paper had been 95 for, 2 against with 7 abstentions and that no Conservative authority in England and Wales supported general capping. He also said that rate payers may want economy in general but not in particular.

The Government should take greater care in new legislation over the cost and manpower implications for local authorities and the Government should look at de-legislation to make the free provision of some services eg. libraries, voluntary rather than mandatory.

Lady Porter complained of too many requirements, eg. in safety at work and consumer protection, being imposed on local authorities. Mr. Jenkin in reply to this point said that 86 measures, the so-called "Berkshire List", was being looked at. Lady Porter also said that rate-capping concentrated the mind of councillors to find savings but that the arguments for rate-capping should be expressed in simpler terms.

Councillor Wall said the Manifesto commitments should be honoured. It was not a constitutional issue but the technical arguments that general rate-capping was inevitable should be examined.

At the end of the meeting it was agreed that the line to be taken with the media was that the meeting was private, there had been a good discussion and the Prime Minister was well pleased.

Hold job.
R. Williams

PRIME MINISTER

1. I have drafted a note (attached) for the No. 10 Press Office for use as guidance in answering press enquiries after the meeting. The objective is to allow you to use the opportunity to get the Government's policy across.
2. Bernard Ingham's separate note deals with the likelihood of public comments by the Conservative local authority leaders and how we might respond.

Steve

Stephen Sherbourne

9th January 1984

Press Briefing for No. 10 Press Office after meeting between
the Prime Minister and some Conservative local authority leaders

1. This was not a formal meeting. It was arranged some time ago to give local Conservative leaders an opportunity to meet the Prime Minister informally over a drink and discuss a range of matters.
2. There was general agreement that:
 - (a) the Government has the right to reduce the burden of public expenditure and the burden of taxation, which includes rates.
 - (b) the need for Government action on rates in particular is exemplified by the fact that, this year local councils are spending £2½ ⁶ million over and above the level originally planned - an excess equivalent to £140 for every household.
 - (c) rates are now the heaviest tax paid by industry. *£664-*
 - (d) three-quarters of this excess spending is caused by the extravagance of just sixteen local authorities.
3. The Prime Minister explained that, for these reasons, under the proposed selective scheme on rates, the Government would limit the rates of only a few, perhaps between 12 and 20, councils.
4. The Prime Minister also explained that the Government hoped that the selective scheme, together with the operation of the block grant system, would do the trick, so that the general scheme would never be needed. She explained that the general powers would be held in reserve only: even after the Bill has been passed, the general scheme would still require the specific approval of both Houses of Parliament, after consultation with representatives of local authorities.

Press Briefing cont.

5. The Prime Minister stressed that there was much room for greater efficiency in the provision of services. So far, only 36 councils out of 400 in England and Wales have put services out to competitive bidding by private contractors. The Prime Minister also pointed out the variations between local authorities which indicated the scope available for savings. eg.

(i) in Manchester, the net cost of providing all services last year was £547 per head, compared with £390 in Birmingham.

(ii) ILEA expenditure per pupil is about 60% higher than in the Metropolitan District Councils, some of which have similar educational problems.

- 1) "Last show" - Work delivered.
- 2) Whole matter of L.A. finance
- 3) Prerequisite - Shortening of working week.
£1.5 billion on wage bill.
12½% of working poplⁿ
- 4) Statute -

RATES - COUNCILLORS

I mentioned this morning that this was your most important meeting of the day.

Stephen Sherbourne has produced separate background briefing which, notwithstanding this being a party political occasion, No 10 Press Office could use unattributably.

The meeting is attracting a great deal of media interest. It would be unreasonable and counter-productive to deny them access to the street - that would merely serve to generate stories of embarrassment - but we are putting them behind barriers.

We shall let you know during the meeting whether anything was said to the media by the councillors on their way in and we shall monitor their departure.

But the meeting is supposed to be private and the Government's purpose would best be served if nothing was said on the record by central or local government afterwards.

If however it is clear that councillors have accepted or are likely to accept invitations to appear on programmes or be interviewed afterwards you will need to decide whether:

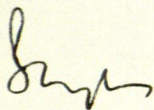
1. Mr Jenkin should give an interview on leaving; and whether
2. Mr Jenkin should respond to specific requests - eg. from BBC TV Newsnight for interviews.

The objective of the media will be to set Conservative Government against Conservative councillors. And they are bound to succeed if anything is said on the record.

Set against that is the need to put over the Government's case.

The media would most certainly seek to exploit division if Mr Jenkin and a councillors' representative spoke about the meeting together afterwards.

The best of a bad job, if agreement cannot be reached to say nothing on the record after the meeting, would be for Mr Jenkin to give short separate news interviews as soon as possible afterwards.



B. INGHAM

9 January 1984

✓ Michael Alison
Stephen Sherbourne

*No action over the weekend; Dismiss at Monday
5.30 mtg.*

NOTE RE: MONDAY MEETING WITH LORD BELLWIN & OTHERS

1. There have been numerous enquiries from the Press about this meeting.
2. The Press Office line so far has been to say that the meeting is a private one, and an informal one - aimed primarily at an exchange of ideas.
(It is, of course, also purely political)
3. Some of the names of those coming to the meeting have been printed in today's Financial Times. There seemed little point in insisting that the remaining names remained "secret". Press have a list of those attending so that if asked by local papers, etc. they can inform them of the names.
4. Because of the James Cunningham letter (attached) which arrived in the office yesterday afternoon, presumably some sort of "line" will need to be taken with regard to the Press.

I understand that both the BBC and ITV are intending to position cameras at the end of Downing Street to monitor the arrival (and departure?) of those attending. Several of the Councillors attending have already been approached, and John Lovell has agreed to give an interview to Westminster Studios after the meeting. (There may be others).

Either the meeting must remain confidential, in which case the Councillors, and Ministers, must be told this.

In this case, any press enquiries would be handled through the Number Ten Press Office.

However, if the councillors have already agreed to speak to the Press, it is important that the Prime Minister knows, and that some form of answer to press questioning is agreed at the meeting.

5. Perhaps this should be discussed at the 5.30 p.m. meeting on Monday?
6. Should anything go in to the Prime Minister (other than Michael Alison's note of 5th January) over the weekend?

Tessa

6.1.84

Tessa Gaisman



**Minister for State
for Local Government**

**Department of the Environment
2 Marsham Street London SW1**

Telephone 01-212 3434

7 December 1983

Acc

Dear Michael,

In your letter dated 7 November, you asked me to let you know the names of those local authority Conservative Group Leaders who have been invited to meet the Prime Minister on Monday 9 January from 5.45pm to 6.45pm at 10 Downing Street. I attach a list giving their name and authority. We can discuss this in more detail when we meet on 20 December.

*Yours Sincerely,
Alison*

LORD BELLWIN

The Rt Hon Michael Alison MP

- NG Councillor J Lovill - Chairman, ACC (East Sussex CC)
 NG Councillor L D Moss - Vice-Chairman ACC (Berkshire CC)
 NG+ Councillor J L Morgan OBE - Chairman, ADC (Leader, Test Valley BC)
 NG Councillor K R Thomason - Vice-Chairman, ADC (Bournemouth BC)
 G Councillor P S Bowness CBE DL - Leader, LBA (Leader, LB Croydon)
 G Councillor N Bosworth CBE - Leader, Birmingham City
 G Councillor J A H Edmonds OBE - Leader, Dudley MBC
 NG Councillor R Parker-Jervis - Leader, Buckinghamshire CC *worst.*
 G Councillor I Patnick OBE - Conservative Group Leader, South Yorkshire MCC
 G- Councillor C A Prendergast CBE - Westminster City Council
 G Councillor M Spungin OBE - Conservative Group Leader, Nottinghamshire
 County Council
 G Councillor R W Wall OBE - Leader, Bristol
 G. Councillor Lady Porter
-

G = outstanding [with us on Rate capping et al unreservedly]
 G- = bit below par
 NG = hostile & unhelpful [though pleasant & courteous]
 NG+ = not quite so bad *for P-J.*

Y&D
Councillor Edmunds (Leader of Dudley) - runs one of the few excellent local authorities, but has never met the Prime Minister.

Councillors Lovell, Moss and Ketteridge (Officers of the ACC) - important that they have the opportunity of hearing the PM's views at first hand.

Councillor Neame (Leader of Kent) - not in favour of the Government's proposals but may be persuaded.

Councillor Mrs Blatch (Leader of Cambridgeshire) - excellent leader, probably not a supporter of our proposals, but could be persuaded.

Councillor Shepherd (Leader of Sussex) - a supporter of our proposals on the ACC.

Councillor Bowness (Croydon) - our leader on the AMA.

Councillors Morgan (Ian McCallum is ill at present) and Thomson (acting Leader and Deputy Leader of the ADC) - influential; ought to meet the Prime Minister.

Councillor Wall (Bristol) - a good Conservative who ought to meet the Prime Minister.

Councillor Bosworth - our leader in Birmingham.

Councillor Spungin (Nottinghamshire) - one of the few leaders on the ACC who speak out in support of the Government's policies.

Councillor Rudkin (Humberside) - outspoken minority leader.

Councillor Patnick (South Yorkshire) - the most vocal of all Conservatives in the Metropolitan authorities; a Government supporter.

Councillor Parker-Jarvis (Bucks) - very influential on the ACC.
The most vociferous opponent of our legislative proposals.
Forceful and far from easy.

or

Councillor Emery-Wallis (Hampshire) - another opponent.
Influential, but not as outspoken as some.

PRIME MINISTER

Meeting with Conservative Local Authority
Leaders on Monday 9 January

1. You will recall that Lord Bellwin asked to bring in about a dozen Conservative local authority leaders. The list is attached. Also present will be Patrick Jenkin, William Waldegrave, John Gummer (together with Michael Alison and myself).
2. The meeting takes place at 5.45 pm. At 5.30, there will be a short briefing meeting between yourself and Ministers only.
3. One question you will want to raise at the meeting beforehand is what we say afterwards to the press who are now interested in this meeting. I understand that the ACC are advising their members who are present at the meeting to say to the press: "Had a useful exchange of views. As Conservative councillors, fully support Government's general objectives on local government expenditure. But believe Government has chosen wrong instrument on vote capping. Will continue to oppose." I believe we should ask all those present to say nothing to the press on the grounds that this is a private and informal meeting, with an exchange of views on a variety of subjects; and that all press enquiries will be dealt with by the No.10 Press Office. If it is agreed that the councillors should be given this advice, I suggest it is done in your presence rather than by Lord Bellwin with them privately.
4. One final separate point, I understand Lady Porter is setting up a committee to provide good publicity for the Government's decision to abolish the GLC. (William Waldegrave is also on the committee.) It is in the business of fund-raising and there are fears that it may create friction with Alister McAlpine for obvious reasons. She may ask you to host or promote a fund-raising reception. I would advise a non-committal reply at this stage and ask her perhaps to write in.

Steven

6 January 1984



Prime Minister ④

AT
S/1

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

5 January 1984

MS.

Dear Lord President

It was agreed at the Cabinet on 22 December that colleagues should take any suitable opportunity to speak in support of the Rates Bill before second reading on 17 January, and that I would provide speaking notes on which colleagues could draw in making such speeches.

I attach a set of speaking notes. If you or colleagues have any queries on them, or would like further information, please do not hesitate to let me know.

Copies go to all members of the Cabinet, to John Wakeham and to Sir Robert Armstrong.

Yours sincerely

JR Jenkin

PATRICK JENKIN

Approved by the Secretary of State and
signed in his absence.

SPEAKING NOTES FOR USE BY NON-DOE MINISTERS

THE RATES BILL

Parliament will shortly debate the second reading of the Rates Bill. The Bill, which aims to protect ratepayers from exorbitant rate demands, has been attacked by local authorities as spelling the end of local government. They claim the Government has no right to intervene in local authorities' decisions on spending and rating.

On the contrary, the Government has every right to reduce the share of national income going to public expenditure and to reduce the burden of taxation. That is what this Bill is about.

Spending by local councils is as much part of public expenditure as spending by central government. Rates are as much a tax as income tax or VAT. All political parties have for long accepted that the Government, which is answerable to Parliament, is entitled to expect local authorities to go along with the overall plans for public spending set out each year in the public expenditure White Paper.

In 1980, the Government called on local authorities to reduce their spending, but the total has actually increased since 1979 by 4% in real terms. This year, 1983/84, local councils are spending 12% more than the level originally planned - that is £2½bn excess, or £140 for every household in the country.

This year, councils have budgetted to overshoot their targets by £770m - three quarters of the overshoot is due to extravagant spending by just sixteen local authorities.

Since 1979 the cost of living has risen 55%; average earnings have gone up by 65%; domestic rates have gone up by 91%! In ten authorities, all Labour controlled, domestic rates have risen by more than 145% since 1979/80.

Rates are now the heaviest tax paid by industry. They add to industrial costs and so damage competitiveness.

Faced with all this, the Government made a manifesto commitment to act. The Rates Bill proposes two new powers. First, the

Government will have the power to put an upper limit on the rates of a few selected local authorities whose spending and rates are excessive. Second, there will be a reserve power - to be used only if the selective scheme fails to bring about the necessary economies, to put an upper limit on the rates of all councils.

Under the selective scheme the Government would intend to limit the rates of only a few authorities - the most irresponsible, perhaps between 12 and 20 councils. The selective scheme will not affect any authority spending below £10m; it will not affect any authority spending below its GRE - that is, the assessed level of spending it would need in order to provide an average level of service.

The Government hopes that the selective scheme, together with the operation of the block grant system, will do the trick and that the general scheme will never be needed. It must however be on the statute book in reserve. The Bill provides that the general scheme could only be introduced with the specific approval of both Houses of Parliament after consultation with the representatives of local government.

Many local councils complain that if they have to cut it will be essential services that must go. This is simply not true. Many councils, including some in hard pressed inner city areas, have been able to keep services going while spending well below their GRE. The high spending extravagant councils have been splashing out ratepayers money on all sorts of projects which are far from essential. There is, too, much more room for greater efficiency in the provision of services. Why have only 36 councils out of 400 in England and Wales put services out to competitive bidding by private contractors? Why has only one council in eight used the efficiency programme for refuse collection worked out by local councils' own management efficiency experts?

The Audit Commission has recently issued detailed guidance on what can be achieved through increased efficiency. What is missing

is the will to try. The Rates Bill, by limiting the amount which extravagant councils can raise from their local domestic and commercial ratepayers, will force those councils to increase their own efficiency, cut their own administration and give better value for money.

As such, the Rates Bill should be warmly welcomed by all who have an interest in efficient, economical and responsible local government.