

→ Lord President.

CST

File 55
MA
D/ENV



HOUSE OF COMMONS
LONDON SW1A 0AA

Prime Minister:

You seem to have
hit a raw nerve.

13 June 1984 No reply
necessary, I
think

JK

13/6

The Office of the Leader of
the Opposition

Dear Prime Minister

I thank you for your speedy reply which has been conveyed
to me by telephone.

I have to say to you that the only "stunts" being pulled
are those which relate to the rate capping legislation.
As my colleagues - and some of yours in local government -
have pointed out on many occasions, your procedures give
central government power to arbitrarily pick targets amongst
local authorities without any recognisable system of justice,
response to real community needs or even regard to financial
prudence. Your very description of the deliberations taking
place in the Department of the Environment is the clearest
admission that the criticisms of your local government
financial system are justified.

Is it too much to hope that on this and other major areas
of policy you and your Government will be frank with the
Commons and the public?

Yours sincerely

NEIL KINNOCK (Dictated by Mr Kinnock and signed in his absence)

pp Richard Clements

Rt Hon Margaret Thatcher MP
Prime Minister



10 DOWNING STREET

THE PRIME MINISTER

B CC
FAX
✓
Polly
Polly Unit

Handwritten scribbles

Thank you for your letter of 13 June.

I entirely reject your accusation that I have misled the House. As Patrick Jenkin has told Jack Cunningham we are looking at a variety of ways in which the powers proposed in the Rates Bill might be applied. Each method produces different local authorities which could be subject to rate capping - indeed we have taken the trouble to provide the House with examples of such authorities. We have taken no decision on the criteria to be used and will not do so before the legislation is enacted.

Would it be too much to hope that this is the last of your election stunts?

Yours sincerely,
Neil Kinnock

The Rt. Hon. Neil Kinnock, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

cc for
Press Office
Bl. Schri
A7
Policy Unit

The Office of the Leader of
the Opposition

13 June 1984

Dear *Donnie Munster*,

During Question Time in the House of Commons yesterday you said in answer to an intervention from Jack Straw about the control of the Portsmouth City Council by Whitehall under the Rates Bill, and I quote:

"it would be somewhat premature to devise a list before that Bill has even become an Act . . . "

As you know Jack Cunningham had learned last week from Whitehall that Patrick Jenkin was already considering "hit lists" for the control of local authorities and that these included the Conservative controlled City Council in Portsmouth.

Although your Industry Secretary Norman Tebbit tried to deny this during a press conference last Friday, Patrick Jenkin has today admitted the truth in a letter to Dr. Cunningham.

The Environment Secretary says there are and I quote:

"a series of lists . . . and
Portsmouth features on some
of them".

This means that your statement in the House yesterday was untrue. Will you now withdraw the comments you made and apologise to the Commons for so seriously misleading it yet again.

Yours sincerely
Neil Kinnock

Rt Hon Margaret Thatcher MP

Mr. Straw: Since, under the Government's own chosen measures, Conservative-controlled Portsmouth has overspent to a much higher degree than Labour-controlled Sheffield, what sympathy has the Prime Minister for the problems of the Secretary of State for the Environment in trying to manufacture a list for rate-capping which ensures that Sheffield is included but that Portsmouth is excluded?

The Prime Minister: As the hon. Gentleman knows, the rate-capping measure has not yet been enacted. It is still before the other House and it would be somewhat premature to devise a list before that Bill has even become an Act. Hon. Gentlemen will remember that that, of course, was the habit of the Opposition when in Government but I think that it is a little premature at the moment.



file
Owen

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: 14558/84
Your ref:

12 June 1984

Dear Dr Cunningham

You wrote to me on 11 June about the possible selection of Portsmouth for rate limitation.

I would not normally confirm or deny rumours based on back-door gossip. But let me make the position absolutely clear. We are currently considering possible principles for selecting authorities for rate limitation. The application of different principles produces a series of lists - rather like the ones I released during the Committee Stage of the Rates Bill - and Portsmouth features on some of them. No final decision has been taken; whether Portsmouth is selected or not will depend on whether it falls within the principles which are finally determined.

Yours sincerely
A.J. Jenkin

for

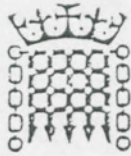
PATRICK JENKIN
(Agreed by the Secretary of State and signed in his absence)

PSG DISPATCH NOTE

CIRCULATE COPIES OF THE
SIGNED LETTER TO:-

1. PS/Kendall
2. PS/Walgrave
3. PS/Perm Sec
4. Mr Heider
5. Mr Hobson
6. Mr Young
Mr McDonald
Mr Mochler
Mr Bright

Dr John Cunningham MP



HOUSE OF COMMONS
LONDON SW1A 0AA

From: Dr John Cunningham.

11th June 1984

Dear Patrick,

Thank you for your letter of 11th June in reply to mine of 6th June about designation of councils under the Rates Bill.

I am aware that no final decisions have been taken but note you do not deny that you have considered lists as suggested in my first letter. Nor do you deny that criteria of 20% over GRE and 4% over target have been employed to produce a list of councils for designation. Use of these criteria will ensure that Conservative-controlled Portsmouth City Council is ensnared.

When Norman Tebbit made a statement in Portsmouth on Friday 8th June he appeared to be deliberately vague and misleading on these crucial questions. Your letter of today avoids these issues. I believe the major principles put to you in my letter of 6th June to be accurate. Will you now please avoid further obfuscation and give unequivocal answers to the questions, namely, have you considered a list of councils for designation based on the criteria I quoted and does not such a list include Portsmouth City Council?

As ever,
John

Rt. Hon. Patrick Jenkin MP,
Secretary of State for the Environment,
Marsham Street,
London SW1.



1002
2 MARSHAL. STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

// June 1984

Dear Jack,

You wrote to me on 6 June about the selection of authorities for designation under the Rates Bill. The information given to you is incorrect in virtually every detail. I am surprised that you should make such accusations on the basis of inaccurate hearsay.

No final decisions have been taken on which authorities will be selected for designation under the Bill - decisions will be announced in due course, after the Bill is enacted. The criteria for selection have to be based on general principles applicable to all authorities in the same class, and there is therefore no question of Ministers being able to discriminate arbitrarily against individual authorities.

As I made clear during the Commons proceedings on the Bill, the Report designating authorities which has to be laid before the House of Commons will include an explanation of the principles used for designation, and this will enable the House and the country to judge whether the list of authorities has been drawn up properly. //

I have to say, therefore, that your accusation that Ministers are manipulating the system so as to ensure that certain authorities are designated is so much rubbish.

Yours
Patrick

PATRICK JENKIN

From: Dr J Cunningham MP



HOUSE OF COMMONS
LONDON SW1A 0AA



6 June 1984

The Rt Hon Patrick Jenkin, MP
Secretary of State
Department of the Environment
3 Marsham Street
LONDON.

Dear Patrick,

I understand that you have now considered a list of authorities proposed for designation under the Rates Bill.

Information given to me includes a report that you rejected the first list provided to you because it did not include certain Labour councils. Apparently Officials, on your instruction, then changed the criteria used to ensure that Sheffield City Council was "caught".

A list of seventeen councils are proposed for designation but it seems clear that the criteria have been deliberately manipulated to try to suit your political purposes. Consideration of this information surely leads to the inescapable conclusion that you are again using the Civil Service to politically gerrymander legislation. Is this not a blatant and scandalous abuse of Office?

Detailed examination of the information I have shows that this gerrymander has backfired on you and that the Conservative controlled Portsmouth City Council has been included for designation.

Will you confirm that to be so and that your Officials have been told to look for "special circumstances" in order to exclude that Council because it is Conservative controlled and because of the impending by-election in the City on 14 June 1984?

Does this appalling episode not show the complete cynicism of your approach to Local Government and also highlight the dangerous arbitrary and anti-democratic nature of the Bill and that the Government is prepared to go to any lengths to undermine local freedom and choice?

*Yours sincerely,
Jack Cunningham.*

PORTSMOUTH

NOTES FOR SUPPLEMENTARIES

Is there a list of selected authorities?

There are several lists - which have been produced to illustrate the different principles on which selection might be based. But since the principles have yet to be decided, no list can be considered final at this stage.

Is Portsmouth on the list?

Certainly Portsmouth features on some of the lists. Since its expenditure in the current year is 35% above its GRE and 5.3% above its target, it would be surprising if the City were not a possible candidate for rate limitation.

Have officials been asked to look at ways of catching Sheffield/letting Portsmouth off?

No. Some of the sets of principles include some authorities, and some others. There is no question of being able to tailor the selection so that particular individual authorities are included or excluded.

If Portsmouth is selected, will this not have a disastrous effect on services?

The effect of rate limitation is to keep rates down. It is being applied only to the highest-spending authorities, and there should be no question of cuts in essential services.

Surely Portsmouth is only an overspender because its housing understates its real needs?

Portsmouth's GRE is calculated on exactly the same basis as GREs for all other English local authorities.

Effects of rate-capping

I am surprised that anyone should try to make political capital out of the possibility that any Council might be selected for rate limitation. The ratepayers of the Council might not be so distressed about that possibility as those who are indignant on their behalf.

13 June 1984



File 116

10 DOWNING STREET

From the Private Secretary

12 June 1984

Dear Janet

RATE LIMITATION: SELECTION CRITERIA AND SETTING OF EXPENDITURE LEVELS

The Lord President may wish to see the exchange of correspondence between the Secretary of State for the Environment and Dr. Cunningham and between the Prime Minister and Mr. Kinnock. It draws a distinction between work which has been undertaken into the various criteria and the lists of authorities which those criteria generate; and decisions which have not yet been taken on the criteria actually to be used and the authorities to be selected. The Prime Minister has asked that, when E(LA) has finished its deliberations and has taken account of the recent exchange of correspondence, the Lord President should report its recommendations to her and colleagues for final decisions once the Bill is enacted.

I am copying this letter to the Private Secretaries to members of E(LA) and to Richard Hatfield (Cabinet Office).

*Your sincerely
Andrew Turnbull*

ANDREW TURNBULL

Miss Janet Lewis-Jones,
Lord President's Office.

CONFIDENTIAL

File 116