

29 August 1984

PRIME MINISTER

Prime Minister.

LOCAL GOVERNMENT

The Policy Unit propose a tactical/handling meeting with local government in October. Agree to such a meeting?

Yes no

The next year is a crucial test for our local government policies: abolition of the Mets and some control of rate bills through rate-capping should be achieved.

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Even if both these policies work, there will still be problems which could leave us vulnerable in the forthcoming General Election.

1. Rates remain a tax which bears most heavily on a limited number of people - hitting businesses which remain unrepresented; being tough on home-owners of limited means or fixed incomes; but letting off scot free all non-householders and those on full Housing Benefit receipts.
2. Some Left-wing councils will not co-operate, others will energetically try to bust the policies of expenditure control and rate-capping.
3. The Government should expect a major propaganda assault by the Left-wing controlled local authorities.

A meeting in October with the principal Ministers concerned

with local government policy could look ahead to the coming battles with local government. The following issues would be worth considering:

1. Can the Government undertake any useful contingency planning against the eventuality of a refusal to co-operate with rate-capping from, say, a dozen Left-wing Labour authorities next year?
2. How can the Government counter the argument that Government cuts and controls are preventing duly-elected councillors from carrying out their pledges, and from maintaining essential services? Yes
3. How is the Government going to deal with the non co-operation of the Metropolitan authorities during the abolition process?
4. Can we do anything more to answer our own side's criticisms that we are allowing Left-wing councils to get away with propaganda on the rates?
5. Can we simplify the very complex control system that is now in place? Do we need targets, GREs, expenditure limits and rate-capping? How can we best simplify it whilst making it more effective?
6. How can we tackle the problems of the business rate-

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payer and the ratepayer who is entirely protected by
Housing Benefit?

7. Can we build into the rate and grant system more rewards for virtue? Our own supporters are very unhappy with the way in which low-spending councils have been treated in recent years.

Such a meeting could tackle these questions and seek to find ways to strengthen the better elements in our package of policies for local authorities. Contracting-out to save money and make service provision more efficient; selling off local government controlled wasteland to foster new development and create new jobs; the partnerships between public and private providers of services to extend the range of facilities to the local community; and the limitation of government demands on local authorities, are all policies which could spark some public enthusiasm if pursued with vigour and sensitivity.

A meeting this autumn could make a useful contribution to handling the squalls ahead, and may produce ideas which would give us a better platform for the next General Election in what remains for us a very vulnerable area of policy. The Policy Unit would be delighted to work up some more ideas with the DoE, if you would like such a meeting.



JOHN REDWOOD

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