

2A7D

PRIME MINISTER

4 July 1985

William Waldgrave will be supporting you  
or be meeting. We will try and arrange 5 mins with him  
before he starts so he can brief you on where the studies have got to.

MEETING WITH PETER BOWNESS, LEWIS MOSS AND ROY THOMASON

AT 4/7

The meeting was arranged at the request of Roy Thomason,  
(Bournemouth Councillor, and leader of the Association of  
District Councils). He wants to talk to you about the local  
finance reforms. Lewis Moss (Berkshire Councillor and  
leader of the Conservative group on the Association of  
Country Councils) and Peter Bowness (leader of Croydon  
Council and leader of the Conservative group on the  
Association of Metropolitan Authorities) have been invited  
as well.

ADL

All three leaders believe that the Government has lectured  
Conservative Councillors instead of listening to them,  
especially on the topic of local finance.

This is a chance to show that you are genuinely interested  
in their views about the deficiencies of the present system  
and the options for reform. It may be easier to make this  
clear and to elicit useful information if you begin by  
assuring them that nothing has yet been decided, and then  
ask a series of specific questions. These could include:

1. What are the features of the present system that  
cause most trouble:

- rate-capping?
- targets?
- non-domestic rates?
- domestic rates?



- capital spending controls?
- the complexities of the grant system?

2. Would they favour:

- more central funding of specific services, such as education?
- or minimal central control?

3. If they favour a less controlled system, do they accept that the quid pro quo is greater accountability to the electorate?

4. How would they achieve such accountability? In particular, do they approve of:

- the 80% limit on housing benefit rate relief proposed by Norman Fowler?
- a 'cap' on non-domestic rates?
- 'nationalisation' of non-domestic rates?
- a new domestic property tax?
- retention of domestic rates?
- a residents charge?
- a local income tax (favoured by the ADC)?
- a sales tax?
- more fees and charges?



5. What changes would they like to see in the arrangements for capital spending?
6. How can they help the Government to carry Conservative Councillors along with any reforms?

You may wish to end by stressing that the Government is determined to carry reforms by agreement within the Party rather than by imposing changes. And you might promise to have another discussion when Ministers have had a chance to think further but before the Green Paper is issued. Roy Thomason and Lewis Moss, in particular, will immensely value a hint that they are on the 'inside track'.

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*Ol Letwin*

OLIVER LETWIN