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Prime Minister ⁴

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12 December 1986

Dear Prime Minister

A very belated, and therefore I apologise for not writing to you sooner, thank you for the most courteous way in which you received the Chairmen of the other Associations and myself at Downing Street on Tuesday, 25 November. The delay has mainly been caused by my attendance at the National League of Cities Annual Conference in San Antonio, Texas, the equivalent American Association to the ADC. I found it very refreshing to be in the company of an organisation and a country that believed in and practiced free enterprise and competition, even encouraging competition between towns and where the Central Government have greatly reduced, and are continuing to reduce Central Government support.

I appreciated greatly your receiving us and believe the discussions were very constructive and I shall be watching with interest as the Scottish legislation passes through the House of Commons.

My main concern, as I believe democracy starts at district council level, is to see a strong and accountable local government within the country.

Whilst writing can I say how much I enjoyed watching the Party political broadcast last night which I thought was excellent.

*Yours ever
BH Morgan*

The Rt. Hon. Margaret Thatcher, MP.,
Prime Minister,
10 Downing Street,
London, S.W.1.

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NICHOLAS RIDLEY AND NICHOLAS EDWARDS INTERVIEW OUTSIDE NO
10 DOWNING STREET 25 NOVEMBER, 1986 AFTER MEETING OF LOCAL
AUTHORITY ASSOCIATIONS WITH THE PRIME MINISTER

Q: A fruitful meeting then, Mr Ridley?

NR: I thought very fruitful. It's always interesting to discuss these things. I think the position was that everybody in the room virtually felt that the present system wasn't at all satisfactory and wasn't working well. When it comes to the question of what to replace it with there were as many different opinions on the other side of the table as there were people, and there is no unanimity in local government as what would be a better system. Under those circumstances, and this has been going on for a very long time, for decades almost, I think the Government is right to make up its mind and decide that an alternative system has to be put in place. Of course there's difficulties with every system and we will be listening to local government and ratepayers as well in implementing the new system so that we get it as near right as we possibly can. And they offered to cooperate with us in doing that.

Q: Would you agree also that there was a consensus?

NR: No but there wasn't a consensus amongst them. Different associations have all got different views about what should be in the replacement package for the rates. I think there was very close to a consensus that the rate increase would have to go, at least as it is at present.

NE: I think there was total consensus that the present system is highly unsatisfactory and isn't working. I mean one after the other they all said that. They

said if only we could talk about it longer, in some miraculous way one could come up with a solution. But everyone was very careful. Every single one of the local authority representatives was very careful not to actually propose a solution. When pressed as to what the solutions were, there was simply vague talk about reform, various possibilities, but no solid suggestions of any kind.

Q: The Government has no intention of changing its proposals?

NR: We are going to, I think, at the moment we have no alternative but to stick to our present proposals of a community charge and a unified business rate, but where we are open to consultation and discussion is in improving the details of both of those. And on that aspect of it Parliament will have a say very soon on the Scottish Bill, they will be voting and debating the detail. But the Government is long past the point where it is asking for suggestions on different principles, different nature altogether. We have been doing this work for 30 years to my personal knowledge the debate has been going on. We've had Leyfield, we've had the 1977 Labour Green Paper, we had our own White Paper in 1981 or 82 whenever it was about the rates and now Government has made up its mind. The ratepayers won't tolerate delay for a longer period. The ratepayers believe the system is rotten. The ratepayers would be absolutely horrified if the Government were now to withdraw and say, well let's have a further period of consultation and discussion, let's think again. This would cause a storm among ratepayers in England, Scotland and Wales because they want the system tackled and we are firmly committed to putting in the community charge system instead, and we will do that.

Where we are very open is to discussing and consulting on the detail.

Q: Does the commitment for England and Wales after the next election also still stand?

NR: Yes, very strongly. I have said and I repeat that in the first Queen's Speech after the election, possibly in the Queen's Speech before the election, that there will be the Bill for England and Wales.

Q: [Inaudible.]

NR: Not really, not really. We all agreed that the rate support grant system as I presently have to operate it is the most extraordinarily capricious and unfair system which, I think you are very kind to me, they all said that they didn't believe it was possible to operate the present system without there being anomalies and unfairnesses thrown up by it. There was no defence for that and there was no talk about the present rate support grant settlement at all.

Q: You said, Secretary of State, that the ratepayers would be very angry if you didn't go ahead and do something now, aren't they going to be equally angry if its more expensive and more cumbersome when they are reformed?

NR: Well in all reforms there's some gainers and some losers, but at least its a system which people can understand; it's a system which is fair; and it's a system which will I think be immediately understood by the people who have to pay the taxes. One of the troubles with the present rating system is that people simply don't comprehend how their rate bill is made up. They may be in a low spending area with a

very efficient council and they may have to pay a very high rate. They may have very low incomes themselves. The unfairnesses in the present system are simply not possible to defend. We don't defend them. And when we come to the new system we'll have to try and get it as good as possible so that people broadly speaking will accept it. I'm not saying that everybody in the land will accept it, but I think it can be made broadly acceptable and I thought that the local authority associations were not very far from agreeing with that.

Q: Thank you very much.