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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon John Major MP
Chief Secretary
H M Treasury
Great George Street
London SW1P 3AG

Prime Minister!
Contact to defer these
provisions until next
year's Bill?

28 March 1988

Dear John

Rec'd

29/3

Yes no

LOCAL GOVERNMENT FINANCE BILL: FEES AND CHARGES

As you know, it has been our policy to introduce provisions into the Local Government Finance Bill enabling us, by order, to widen the local authority powers to levy fees and charges.

It did not prove possible to have those provisions ready for the Bill on introduction. Parliamentary Counsel has now drafted the powers. They amount to 3 clauses, in very general terms. Colleagues - in particular Richard Luce (in his letter of 17 March) and Malcolm Rifkind - have expressed concern on a number of outstanding points. Malcolm's letter of 3 March poses doubt on the form of words used throughout the Bill to define the requirement to consult local government.

Parliamentary Counsel has advised that, if the clauses are to be tabled, they should go down in the Commons. That gives virtually no time to resolve these outstanding issues and do any necessary redrafting, particularly as Counsel is under considerable pressure to draft a number of other crucial and substantial provisions to the Bill for Commons Report.

It would, in principle, be possible to add the clauses to the Bill as they stand for Commons Report. But having considered the matter further, I can see major drawbacks with this approach. The clauses are drawn in general terms. There are already indications that the Labour Party, and their friends in local government, will use scare tactics to suggest we intend to use the powers very widely. The Automobile Association has, for example, been told that we intend to use the powers to start charging for road use - which is, of course, completely untrue.



And it is not difficult to envisage the other examples that will quickly be produced eg libraries, museums, education etc. As a result, I think that concern in Parliament will certainly not be confined to the Opposition benches.

I need hardly say that Commons Report on the Bill will be an extremely difficult stage. The Opposition are already putting us under strong pressure to concede more than 4 days for Report and Third Reading. Tabling the fees and charges clauses will increase our problems and make it easier for the Opposition to claim that an extra day should be provided for (what they will portray as) these "draconian" powers. As it happens, the matters which we are intending to charge for are very minor. It frankly does not seem worth stirring up a hornets' nest, at a juncture in the Bill's progress where we already face difficulties, for very little gain.

In the circumstances, my firm judgement is that we should not seek to add to an already large and controversial Bill clauses on fees and charges which have been prepared in some haste and which will simply put us under further pressure.

Unless colleagues disagree strongly, therefore, I suggest we delay the provisions until next year's Housing and Local Government Bill, which would still mean that they are in place for the first year of the new Local Government Finance System. Meanwhile, officials can start considering ways on minimising the presentational problems that the powers risk producing.

/ I am copying this letter to the Prime Minister, Members of E(LF), Richard Luce and Sir Robin Butler.

This may be the last it now!

Johnson

Nicholas

NICHOLAS RIDLEY





File H
CBS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 March 1988

Dear Roger,

LOCAL GOVERNMENT FINANCE BILL: FEES AND CHARGES

The Prime Minister has seen your Secretary of State's letter of 28 March to the Chief Secretary. Subject to the views of colleagues she is content with his proposal that these provisions are delayed until next year's Housing and Local Government Bill.

I am copying this letter to the Private Secretaries to members of E(LF), Eleanor Goodison (Office of the Minister for the Arts) and Trevor Woolley (Cabinet Office).

*Yours,
P.G.*

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment

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CC BG

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

NBPM

ALC6

5/4

30 March 1988

Dear Nick,

LOCAL GOVERNMENT FINANCE BILL: FEES AND CHARGES

I was very disappointed to receive your letter of 28 March suggesting that we delay giving local authorities more powers to charge for the services they provide, as agreed at E(LF)(87) 3rd Meeting. *at flap*

Allowing local authorities to charge for more services will reduce public expenditure in two ways. First, the fees and charges score as public expenditure receipts. Secondly economic pricing is likely to moderate demand for services, so helping to constrain gross local authority spending. However I accept that our immediate priority must be to get the community charge on the statute book. I am therefore reluctantly prepared to accept your proposal provided that the necessary legislation will be ready to include in the Housing and Local Government Bill next session.

E(LF)(87) 3rd Meeting also agreed that a Working Group should be established to improve the existing guidance to local authorities on charging. I understand that no significant progress has yet been made on this. There are no legislative obstacles here and I hope you will take steps to ensure our decision is implemented.

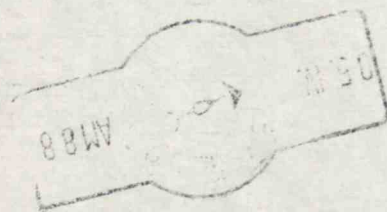
I am copying this letter to the Prime Minister, Members of E(LF), Richard Luce and Sir Robin Butler.

Yours Ever,

JOHN MAJOR

LOCAL GOV'T: Relations

Pt 34



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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Great George Street
LONDON
SW1P 3AG

NBPA
RUG
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31 March 1988

Dear John,

LOCAL GOVERNMENT FINANCE BILL: FEES AND CHARGES

I refer to Nicholas Ridley's ^{file with RB} letter to you of 28 March, in which he suggests deferring meantime enactment of the proposed new clauses on local authority fees and charges.

I think this is a pity. But I recognise the difficulties which Nick foresees at Report and Third Reading and I think we must reluctantly accept his judgement.

I am copying this letter to the Prime Minister, Nicholas Ridley, other members of E(LF), and to Richard Luce and Sir Robin Butler.

MALCOLM RIFKIND

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