

CONFIDENTIAL



CBG

PMM.

cc OAC
7/11

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 November 1988

Dear Roger,

LOCAL AUTHORITY FEES AND CHARGES

The Prime Minister has seen the recent correspondence between your Secretary of State and the Chief Secretary.

The Prime Minister recognises the sensitivity of proposals for introducing charges, and thinks it important to be clear what is in mind and whether it is possible. At the same time she believes it is important to plan for the post-1990 financial regime for local authorities, which should lead to a more enabling and overseeing role in which charging could become more important.

The Prime Minister therefore sees attraction in proceeding broadly along the lines suggested by the Chief Secretary in his latest letter of 22 November, of introducing a general power but with each application through secondary legislation being subject to Affirmative Resolution. In the course of debate on the general power she thinks it would be helpful to highlight the main possibilities currently in mind for further charging drawing on the list attached to your Secretary of State's letter of 17 November.

I am copying this letter to the Private Secretaries to members of E(LF) and Sir Robin Butler.

Yours,
Paul

(PAUL GRAY)

Roger Bright, Esq.,
Department of the Environment.

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PRIME MINISTER

LOCAL AUTHORITY FEES AND CHARGES

You saw the papers below in the box last night. I am sorry to put them back to you, but at the moment I am not sure how you would like me to minute out.

You queried the position on library charges. I should have made clearer that there is no question of charging for the basic library service. What was agreed earlier in the year was simply a modest extension of the non-basic services for which charges can be made; summarised in the attached extract from Mr. Luce's letter of 21 January.

I attach a draft of a letter for me to send out which seeks to steer a course between the arguments of Mr. Ridley and the Chief Secretary, while coming down slightly more in favour of the latter.

Content that I should minute out in these terms?

Susan Morris
Duty Clerk

PP. PAUL GRAY
24 November 1988

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100

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RA

cc 7/5

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From the Minister for the Arts

OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

Note

Told Mr. Lewis's
office that PM had
noted what
was.

PRC6
1/2

Prime Minister

You may like to glance through
this package of proposals for a
more commercial approach to non
-basic services. The basic library
service will remain free.

C88/377

The Rt Hon John Wakeham MP
The Lord President of the Council
68 Whitehall
LONDON
SW1A 2AT

21 January 1988

PRC6
29/1

Dear John,

mf

FINANCING OUR PUBLIC LIBRARY SERVICE: A CONSULTATIVE PAPER

I am writing to seek colleagues' agreement to the attached paper which I am proposing to issue as a Green Paper and to send to all English library authorities, local authorities associations and others who have recently written to me about the financing and development of the public library service in England.

As you will know, Nicholas Ridley announced last July the Government's intention to provide an enabling power in primary legislation, allowing new or amended powers to charge for local authority services to be introduced by order. The enabling power was to be formally exercisable in respect of basic public library services, but, he said, the Government had no plans to introduce or extend charging powers in relation to them.

In the context of this announcement, and the Government's firm commitment to maintaining a free basic library service, I wish to explore the advantages of giving library authorities in England wider discretionary powers to charge for non-basic services, such as premium information services and specialist book collections. I should also like to encourage them to provide both basic and fee-based services in conjunction with the private sector, and to put out to competitive tender and contract elements of their services which can be more efficiently or effectively provided by those means. My prime concern at this stage is to encourage the development of the public library service while containing the cost of those elements, above the basic service, that are provided at the expense of the taxpayer and ratepayer.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 November 1988

LOCAL AUTHORITY FEES AND CHARGES

The Prime Minister has seen the recent correspondence between your Secretary of State and the Chief Secretary.

The Prime Minister recognises the sensitivity of proposals for introducing charges, and thinks it important to be clear what is in mind and whether it is possible. At the same time she believes it is important to plan for the post-1990 financial regime for local authorities, which should lead to a more enabling and overseeing role in which charging could become more important.

The Prime Minister therefore sees attraction in proceeding broadly along the lines suggested by the Chief Secretary in his latest letter of 22 November, of introducing a general power but with each application through secondary legislation being subject to Affirmative Resolution. In the course of debate on the general power she thinks it would be helpful to highlight the main possibilities currently in mind for further charging drawing on the list attached to your Secretary of State's letter of 17 November.

I am copying this letter to the Private Secretaries to members of E(LF) and Sir Robin Butler.

(PAUL GRAY)

Roger Bright, Esq.,
Department of the Environment.

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PRIME MINISTER

LOCAL AUTHORITY FEES AND CHARGES

Mr. Ridley and the Chief Secretary are in dispute about the nature of the provisions to be included in the Local Government Housing Bill to revise the powers of local authorities to levy charges.

Last year E(LF) agreed that a general power to enable local authorities to set fees and charges should be introduced. In March of this year you accepted that the necessary clauses should be withheld from last Session's Local Government Finance Bill, on condition that they were included in the 1988/89 Bill.

Mr. Ridley's letter of 9 November (Flag A) proposed going back on this commitment, on the grounds that it was proving very difficult to frame a general power. Instead he proposed taking a specific power to introduce charging for certain library services - the one significant proposal for extending charging currently on the stocks.

Mr. Luce (Flag B), the Chief Secretary (Flag C) and Mr. Walker (Flag D) objected to this change and argued that we should proceed with the general power.

Mr. Ridley and the Chief Secretary have now had a further exchange. In his latest letter (Flag E) Mr. Ridley argues that:

- the candidates for extended charging are relatively trivial, amounting in total to only £10-20 million revenue;
- a general power would provoke a major row, to little effect;

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- the better course would be to specify a list of minor charges in a schedule to the Bill.

In his latest response the Chief Secretary (Flag F) continues to press for a general power. The one new argument he deploys is that with changes in local authority functions in prospect the potential areas for significant charging will increase. But he concedes that, if a general power proved controversial, it would be possible to concede secondary legislation subject to Affirmative Resolution on each proposed application of the power.

On balance my sympathies lie with the Chief Secretary - not least because of the difficulties that will be presented for Mr. Luce if the introduction of charges for certain library services become more high profile.

Do you want to intervene:

- to support the Chief Secretary?
- or Mr. Ridley?

AGC.

PAUL GRAY

23 November 1988

SL2AQV

I remember Thurman
charges! - there is nothing to
be gained (but much odour)
from library charges.

Surely there are already charges
for gramophone records or videos?
I see no point in introducing any powers unless
we know what is in mind and whether it is
CONFIDENTIAL position - not

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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

22nd November 1988

Dear Nick,

LOCAL AUTHORITY FEES AND CHARGES

Thank you for your letter ^{below} of 17 November. I have also seen Peter Walker's letter in support of mine of 14 November.

I have considered carefully your revised proposal to introduce a power to set charges for the specific items identified in the attachment to your letter. With great reluctance I must say that I am not convinced that this would be the right way forward.

First I wonder whether, starting at this late stage, it would prove possible to draft the necessary schedule in time: it would involve a wide range of Departments in preparing for primary legislation now, rather than secondary legislation on the more relaxed timetable that had previously been envisaged. In practice I suspect several of the candidates in the list might have to be dropped.

Second, such a proposal - especially if we lose some of the candidates - falls a long way short of the general enabling power which was discussed and approved in E(LF) last year and confirmed only six months ago. It would be a meek measure rather than the general power which Christopher Chope confirmed to Parliament that we would introduce "at the earliest legislative opportunity".

My preference therefore remains that we should introduce the general power, thus setting the legislative basis for the specific items you have identified above and any other we might wish to introduce in the future. We ought to bear in mind that change in LA functions in prospect in areas like housing, community care etc

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Housing Policy
Pt 13

and the new post 1990 financial regime (including greater contracting out) ought to lead to a more enabling and overseeing role for local authorities - for which they can and in most cases should charge.

I do accept, of course, that there could be Parliamentary difficulties in presenting the new power. But the solution lies in making our intentions clear and perhaps showing a willingness to discuss each and every application of the powers in future. Thus in the primary legislation it should be possible to specify general areas where the powers would not be used (this was our agreed intention earlier); and, if absolutely necessary, we could give the opportunity for debate on each proposed application of the power by having the secondary legislation subject to Affirmative Resolution.

I would be grateful for your further views on this. I am copying this letter to the Prime Minister, other members of E(LF) and to Sir Robin Butler.

Yours Ever,
John
JOHN MAJOR

PMF

12.2.91

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9/2/88



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

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

*ABLA what
Team report
yes.*

17 November 1988

PRC

Dear John

LOCAL AUTHORITY FEES AND CHARGES

Ato with R
Thank you for your letter of 14 November. I have also seen Richard Luce's letter to you of 10 November.

There is a grave risk of exaggerating the possible benefits from a general power to charge. Apart from the proposed enlargement of the power to charge for library services - which Richard describes in his letter as "modestly useful" - the proposed charges we have on the stocks are, almost without exception, not for local authority services at all, but for the granting of licences, certificates and approvals. The only candidates so far are set out in the attached list (previously circulated in the official correspondence to which you referred). The only major item on this list - charging for extra curricular school activities - was introduced separately in the Education Reform Act. When we discussed this in E(LF) on 26 February 1987 we agreed that all the major candidates were non-starters, and I doubt if any colleague now wants to resurrect them.

The best estimate of the total income from all of the proposed charges is only £10-£20 million, and we cannot of course expect all authorities to impose charges even if we give them the power to do so.

If we introduce a general power, we will, as I said in my letter of 9 November, be accused of contemplating charges for practically everything, including basic services - from tolls for public roads to charges for basic social services. We will face amendment after amendment seeking to restrict the power in each and every local authority service. I simply do not believe it is worth provoking a major political row in order to introduce a power which, on current plans, has so little practical value.

If colleagues wish to pursue some or all of the minor charges on the list, then in my view it would be better to introduce them in a schedule to the Local Government and Housing Bill, provided that the provisions can be drafted in time, rather than by means



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of a general power. I would be happy to accept any additions to the list which colleagues feel to be runners. In that way we will make our intentions entirely clear and avoid the damaging - and unnecessary - accusation that we are concealing an intention to introduce major new charges by the back door.

/ Copies of this letter go to the Prime Minister, members of E(LF), Richard Luce, the Chief Whip and Sir Robin Butler.

*Yours
Nicholas*

NICHOLAS RIDLEY

Specific Powers to Charge - Extensions

(a) MAFF

- (i) Inspection of imported meat and meat products.

(b) Environment

- (i) Consent for the operation of an offensive trade
- (ii) Approval to height of a chimney serving a non-combustion process
- (iii) Approval to height of a chimney serving a combustion process
- (iv) Approval to grit and dust arrestment plant
- (v) Exemption of furnaces from requirement to fit grit and dust arrestment plant
- (vi) Waste disposal site licences
- (vii) Caravan site licences
- (viii) Public path orders
- (ix) Certificate of fitness for human habitation
- (x) Copy of register of common lodging houses

(c) DHSS

- (i) Registration of residential care homes
- (ii) Client access to non-computerised personal information

(d) OPCS

- (i) Facilities at weddings

(e) Home Office

- (i) Public entertainment licences (private members' clubs)
- (ii) Licensing of sex shops, sex cinemas and sex encounter establishments
- (iii) Cinema licences
- (iv) Theatre Licences
- (v) Fire certificates

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(f) DTI

- (i) Certification of weighbridge keepers
- (ii) Reference tests on pre-packaged goods

(g) Transport

- (i) Scaffolding licences and skip permits
- (ii) Issuing certificate that a way property dedicated by a person is a highway maintainable at public expense
- (iii) Temporary traffic orders made at the request of another body

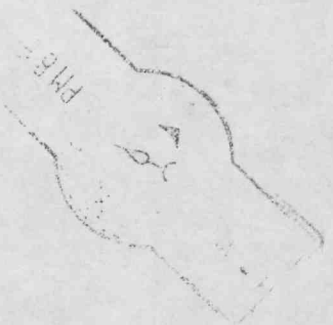
(h) Education

- (i) Extra curricular school activities

(i) Scotland

- (i) Admission to LA museums and galleries
- (ii) Registration and re-registration of certain residential and other establishments.

Housing: Policy P113



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Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 (Llinell Union)

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 (Direct Line)

Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

THE RT HON PETER WALKER MBE MP

17 November 1988

Dear Secretary of State

LOCAL AUTHORITY FEES AND CHARGES

I have seen copies of your letter to John Major of 9 November, his reply of 14 November, and Richard Luce's reply of 10 November.

Like John and Richard I was surprised by your proposal that we should drop the general power for local authorities to set fees and charges for certain local government services. I support Richard's view that it would be invidious to single out the public library service for special treatment, and agree with John that the enabling power should be made to cover the original range of services.

Copies of this letter go to the Prime Minister, Members of E(LF), Richard Luce, the Chief Whip and Sir Robin Butler.

Yours sincerely
Keith Davies

Approved by the Secretary of State
and signed in his absence

Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
House of Commons
London
SW1A 0AA

HOUSING: Policy Pt 13

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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

14th November 1988

Dear Nick,

LOCAL AUTHORITY FEES AND CHARGES

Thank you for your letter of 9 November. I have also seen Richard Luce's letter of 10 November on this subject.

Like Richard I was very surprised by your proposal that, at this very late stage, we should drop the general power for local authorities to set fees and charges for certain local services, which we had agreed to include in the Housing and Local Government Bill. My officials had no warning of this sudden, belated and unwelcome proposed change in policy.

It is over eighteen months since E(LF) approved the policy to introduce a general power. You will recall that both the Prime Minister and I wrote in March accepting that the clauses could be withheld from the Local Government Finance Bill then, on the condition that they would be included in the Housing and Local Government Bill. I had assumed when you wrote to John Wakeham on 4 October, insisting that the clauses covering local authority fees and charges should be included in the Bill, that there were no problems.

You refer in your letter to having now discovered difficulties in framing the general power. I find that particularly mystifying: more than six months ago, your officials wrote to mine referring to the draft clauses as ready and discussing the need for finalising them. I have also considered the various Parliamentary, political and presentational difficulties which you now see with the clauses. Quite frankly, none of these strikes me as insuperable.

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Housing: Policy A 13

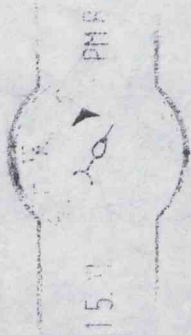
I should emphasise that I continue to attach priority to including the necessary clauses in the Housing and Local Government Bill. Giving local authorities powers to set fees and charges for local services is a key element to our policy on local government: it will help improve accountability, both financial and electoral; it should encourage competition for local services from the private sector and help set a fairer basis for competitive tendering; and last but by no means least, it can act to restrain the growth in recorded net local authority expenditure and Community Charges. It is a power for local government to use as it thinks fit and entirely defensible on that basis.

I must therefore ask you to reconsider this sudden change of direction on fees and charges. In my view a general power to set charges for local services must be included in the Housing and Local Government Bill although I would be happy to discuss how that power can best be framed to overcome whatever political and presentational difficulties you have in mind.

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

Yours Ever,
John Major

JOHN MAJOR





OFFICE OF ARTS AND LIBRARIES
Horse Guards Road
London SW1P 3AL
Telephone 01-270 5929

From the Minister for the Arts

C88/5516

The Rt Hon John Major MP
Chief Secretary
HM Treasury

10 November 1988

Dear John,

LOCAL AUTHORITY FEES AND CHARGES

I have been greatly surprised to see Nicholas Ridley's letter of 9 November. I have had no previous hint of this change of mind, which puts me in a most awkward position.

Colleagues will remember that when the introduction of wider charging powers was discussed in December 1986, I opposed charges for public library services generally but was prepared to introduce some relatively modest changes in the context of a general move towards wider charging. In accordance with this agreed policy, I published a Green Paper on possible changes last February. It aroused much public interest, and my department has just completed the analysis of over 7,000 replies. The great majority of those replies have been strongly against wider charging for public library services.

In spite of the tone of the replies, I have been prepared to use the proposed enabling power to introduce some modestly useful enlargements in the powers to charge for public library services, as part of a general Governmental approach to charging for local authority services. That is how I have always presented it. It would however be a totally different matter to introduce an enabling power for the public library service only. We should incur much hostility from the public for singling out the libraries for this treatment; when asked why we were doing so, we should have no satisfactory answer. Our supporters would also take the line, and rightly, that the modest changes I propose to make could not possibly justify in their own right the political trouble which taking this enabling power would involve.

While therefore I am grateful to Nicholas for seeking to protect my library interests, I am certain that the course he proposes is not one which the Government can sensibly adopt. Unless the enabling power is to cover a range of services as originally planned, it is best to drop it altogether. This will cause me some embarrassment but I would prefer that, to the political damage involved in legislating for libraries alone.

Copies of this letter go to the Prime Minister, members of E(LF), the Chief Whip and Sir Robin Butler.

RICHARD LUCE

Richard

HOUSING POLICY: PK





2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

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

*NBM at his
stage.*

Recg

9/11

9 November 1988

Dear Chief Secretary

LOCAL AUTHORITY FEES AND CHARGES

I have been giving further thought to the proposal that we should include in the Local Government and Housing Bill an enabling power to allow us to introduce by Order new or amended charging powers for local authorities. My conclusion is that the benefits to be derived from having such a power are outweighed by the presentational and practical difficulties of getting it through Parliament.

We have had great difficulty in framing such a power. If we leave it very wide, we can be accused of contemplating charges for practically everything, including basic services. Colleagues have made clear, and I agree, that it would be unacceptable to give the impression that we are considering charging for (for example) the police. So the power would need to have written into it various exclusions. But as soon as we exclude some services, we focus attention on other services not specifically excluded - certain social services, for example, or domestic refuse collection.

It seems to me that, if we introduced such a power, the Opposition would simply put down as amendments all the other services we had not specifically excluded. Quite apart from delaying the Bill, this would put us in an impossible position: either we would need to justify, in each case, why the particular service should not be excluded from the new power (even though, in most cases, we would have no intention of allowing or requiring charging for that service), or we would have to accept the various amendments, and end up with a much-narrowed power.

We would also face constitutional objections to a provision which not only allowed the Government to dispense with the need for primary legislation, but which also permitted existing prohibitions on charging to be overridden and allowed us to impose charges by means of secondary legislation.

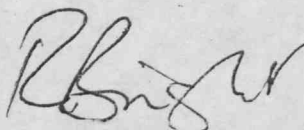


There are in fact few areas where it is proposed to use such a power to introduce or extend charging, and most of these are relatively trivial. The one significant exception is Richard Luce's proposal to introduce charging for certain library services. It seems to me that, faced with the problems I have outlined, it would be more sensible to take a specific power to do what Richard seeks, rather than to attempt the same result by a wide Order-making power. I would therefore be prepared to include in the Bill provisions giving effect to Richard's proposals, provided that clauses can be drafted in time for introduction. I do not believe anything very much will be lost if other proposals to introduce or amend charging powers have to wait for suitable legislative vehicles, in the normal way.

Subject to the views of colleagues, I propose that officials from DOE and the Office of Arts and Libraries should start work at once on instructions to Parliamentary Counsel to give effect to Richard Luce's proposals, but that we should not proceed with the more general power.

Copies of this letter go to the Prime Minister, members of E(LF), Richard Luce, the Chief Whip and Sir Robin Butler.

Yours sincerely



NICHOLAS RIDLEY

RF

(Approved by the Secretary of State
and signed in his absence)