

NOTE FOR THE RECORD

LORD ROTHSCHILD'S NOTE ON LOCAL GOVERNMENT STUDIES

I spoke to William Waldegrave about Lord Rothschild's note of 1 January. He agreed that it showed signs of frustration, and commented that Lord Rothschild was finding it difficult operating on a diffuse mass of material and working with a large team. William remarked, however, that Leonard Hoffman and Christopher Foster were more enthusiastic. Nevertheless, Lord Rothschild was proving useful in pushing the discussions towards clearer conclusions.

William accepted some of the points Lord Rothschild had made - the complexity of the financial arrangements and the atmosphere of trench warfare in the local authority world. (Terry Heiser thought it was unfair to attach so much blame to the Department which frequently sought to defend local authority interests against the Treasury.)

The reference to blocking Lord Rothschild's attempt to improve relations is probably to the letter which he wanted to send to local authority Chief Executives asking them to put suggestions to him for improvements in the system. DOE officials objected to this idea on the grounds that there should be no consultations with the local authorities at this stage. They feared that the local authority associations would protest that Lord Rothschild's initiative was intended to cut them out of proper consultation. Lord Rothschild wrote to FERB at the end of November appealing against the view of DOE officials. In Robin's absence abroad I took the matter up with William Waldegrave and we agreed that a personal letter from Lord Rothschild could be sufficiently distinguished from consultations. William therefore told him he could go ahead but Lord Rothschild then said the moment had passed and the proposal lapsed.

A seminar for DOE Ministers and officials is being arranged for 3 February to discuss the options. It would be

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useful if Lord Rothschild came to see the Prime Minister shortly afterwards to give a personal account of progress.

William Waldegrave added that he thought interesting and radical proposals would emerge but there would be difficulty in selling them to the rest of Whitehall.

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(ANDREW TURNBULL)

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