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Advance please Mrs Deebury
cc ps / Mr Baker
Pr / Lord Oton
PS / Sir G Young

John

QUEEN ANNE'S GATE LONDON SW1H 9AT
Mr Rowcliffe
Mr Lorenson
27 March 1985
Mrs Phillips
SAs to see

R Patrick,

ABOLITION: VOLUNTARY BODIES: A TRUST FOR LONDON

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Generally I welcome the proposals in Kenneth Baker's letter of 19 March about a Trust for London. The idea is an imaginative one. It will need to be further refined before it can be formulated into practical action; but I agree that it should be pursued.

If I now enter a few caveats, I do so from the standpoint of wanting us to get the maximum benefit from the creation of a Trust and the transfer of assets to it.

First, I am sure that Kenneth is right to conclude that a Trust would not be able to make any substantial contribution to the funding of voluntary bodies in London in the years immediately after abolition. Even with a generous launching endowment it would be a long time before it could grow to take a significant share of such funding of the voluntary sector in London. We must continue to rely on the boroughs, individually or collectively, to give effect to our intention that worthwhile voluntary sector activity should not be harmed by abolition.

Second, our opponents will claim that a proposal for a London Trust is intended to divert attention from the inadequacy of our response to the problems which are foreseen for London voluntary bodies after abolition. If we are to successfully counter such criticisms we must be confident that our other proposals - for collective grant-giving, for transitional aid, etc - are going to be genuinely effective. I have already indicated in separate correspondence why I believe that we must improve what is currently on offer here. If we can make these improvements we should then be able to present this proposal to endow a Trust not as our response to abolition, but rather as the seizing of an opportunity presented by abolition to take an initiative to draw in new resources to meet community needs that should not be seen solely as the concern of local government.

Thirdly, like Kenneth, I am not attracted to the idea of creating a new statutory Trust or non-Departmental public body. But an existing Trust might not be quite right for our purposes. I envisage a Trust which is both genuinely independent and broadly based and which we would not entrust with GLC assets until we were sure it enjoyed widespread respect within the voluntary sector (including ethnic minority groups) as well as the support of businesses, the churches and responsible people in local government. London voluntary bodies are already suffering from the effects of political infighting among the boroughs, which might be their natural partners.

Fourthly, we should be realistic about the scope for asking for matching funds from the private sector. We want to be sure that the London Trust will stimulate new giving and not merely divert giving from one voluntary organisation,

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through a new intermediary channel, to another. It may be worth considering using a proportion of the assets to be transferred as a special incentive to reward new corporate giving - rather as Grey Gowrie has done in rewarding new art sponsorship. (As I understand it, an increase in a company's sponsorship of the arts now attracts, in addition to normal fiscal relief, an additional Government contribution).

Finally, I believe that it may be difficult to restrict the use of the proposed new power to transfer assets simply to the London situation. The case for setting up Trusts to draw in new resources to the local voluntary sector may be no less strong in some other abolition areas. Although the scale of funding by the MCCs does not approach that of the GLC, there are problems that the voluntary sector can appropriately tackle in those areas also. And as I understand, the prospects for inter-borough collective grant-giving schemes outside London are poor. I am aware that some interest in the idea of community trusts has been shown in the West Midlands, South Yorkshire, Manchester and Newcastle; and pressure may well emerge to identify transferable assets in these areas, too. We may therefore need to consider this further possibility as the Bill proceeds.

I am copying this letter to other members of MISC 95.

C. Lewis
Leam