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From  
THE CHAIRMAN OF THE PARTY  
John Selwyn Gummer MP

JSG/AM

27th September 1984

STRICTLY PRIVATE & CONFIDENTIAL

Dear Patrick,

We are now in the position where the Party is clearly worried about our Local Government policy and where that policy is leading us.

The sharpest concern is of course the rating system but increasingly the misgivings felt by local councillors about finance are being shared by a wider circle.

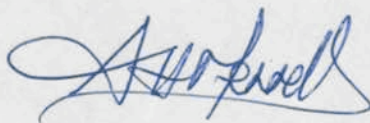
It is not that they oppose our measures for abolition and rate capping. They simply ask where will it end? There is a growing feeling that we have no coherent policy, no long term view of a future pattern of Local Government beyond the general feeling that it should cost less.

In this context Mr Heiser's paper makes pretty depressing reading. If his conclusion is right the best we can expect in 1987 is that we will be trying to find answers to "manageable problems". At worst we will have a full scale conflict on our hands. Either position would not be easy to explain in a General Election, after all we will have been through in the cause of local government reform! What still seems to be lacking is a clear statement of our strategy for Local Government. At present our supporters feel we spend our time trying to plug holes in the dyke.

To promise a review of the rating system without any firm belief that such a review would lead to radical change would be disastrous. In any case those who are concerned with Local Government realise that rating cannot be separated from Central Government finance, the whole paraphernalia of targets, GREAs and penalties, the division of powers, and the extent of services.

Could you therefore use your speech at the Party Conference as an opportunity to state clearly the Government's overall policy and to lay out the shape of our view of the future of Local Government, thus putting rate capping and abolition into context. On that basis I

believe we can announce a far-reaching enquiry into the whole system of Local Government finance. This must not raise hopes of rate reform although it would take the rating system into account. Instead it must be seen as a serious attempt to produce a lasting answer to the problems of Local Government, its powers and its financing.



Dictated by John Selwyn Gummer  
and signed in his absence

The Rt. Hon. Patrick Jenkin, MP.

cc. The Prime Minister  
The Rt. Hon. Viscount Whitelaw, PC, CH, MC.  
The Rt. Hon. Nigel Lawson, MP.  
The Rt. Hon. Leon Brittan, QC, MP.  
The Rt. Hon. Sir Keith Joseph, Bt, MP.  
The Rt. Hon. Norman Fowler, MP.  
The Rt. Hon. John Biffen, MP.  
The Rt. Hon. Peter Rees, QC, MP.  
The Rt. Hon. The Earl of Gowrie  
The Rt. Hon. George Younger, MP.  
The Rt. Hon. Nicholas Edwards, MP.  
The Rt. Hon. John Wakeham, MP.  
The Rt. Hon. Kenneth Baker, MP.  
Sir Robert Armstrong, GCB, CVO.