



10 DOWNING STREET

THE PRIME MINISTER

30 October 1984

Dear Victor,

You may have seen that I have asked Patrick Jenkin at the Department of the Environment to have another look, starting from first principles, at the whole vexed subject of local government finance and functions. Patrick has established an internal study as the first stage towards producing options for us to follow through in wider public discussion in due course - perhaps in a years time. Ken Baker has the overall supervision of this; William Waldegrave will run the study in its first stages, with a small team in the Department of the Environment.

One of the problems in this area is to get a really fresh look at the whole subject. There are plenty of experts - some of them very good - but they tend to have spent their lives in the local government world. We need sharp advice from outside. Would you be willing to help? I suggested the idea to William who was of course enthusiastic, as was Terry Heiser, the Deputy Secretary responsible. If you were interested I would ask William to come round and discuss with you how you might participate. I would not see this as something to be publicly announced, though I expect it will become known that you were involved.

Kind regards,

Yours ever

Thatcher

Lord Rothschild, G.B.E., G.M., F.R.S.

ate LPO  
cc William  
Waldegrave

TAS.

LORD ROTHSCHILD

Telephone: 01-280 5000

Telex: 888031

N.M. Rothschild & Sons Ltd.

New Court

St. Swithin's Lane

London EC4P 4DU

29. 11. 84



Confidential

*Dear Robin,*

Local Authority finance/administration

Two points have arisen, on the first of which I would welcome your advice.

I was under the impression that Lennie Hoffmann and I were making an independent study of this subject, though I must mention that the DoE seems peculiarly anxious that this study should be presented as part of the work being organised by Mr. Ken Baker. Pursuing the independent line, I wish to write to the Chairmen and Chief Executives of the Local Authorities, see attached draft which Hoffmann and I have very carefully concocted. Its object is twofold. First, Lennie and I are far from convinced that all wisdom about this very complicated subject resides in Whitehall and, although some of the Chairmen and Chief Executives are bad and/or ill-disposed, some are clearly intelligent and thoughtful.

Secondly, it seems obvious that two outsiders with little or no knowledge should, as the draft letter says, seek the views of those actively and continuously engaged in the subject; I will even go so far as to say that such a course seems politically desirable.

Instead of going my own way as I normally do, I showed the draft to William Waldegrave who seemed fairly neutral about it. Officials in the DoE, however, seem almost hysterically opposed to my sending the letter, without, of course, giving any reasons. I therefore agreed to refer the matter to you.\*

*\* It would clearly be useless for you to consult DoE officials.*

The second point is one I have already mentioned to you: that I would like to have a brief word with the Prime Minister, in about ten days' time and obviously before she leaves on her travels, about our progress. I would like to ask her advice about some of the projects Lennie and I have in mind for further intensive study. Could you arrange this? Any time will suit me. I think it might be desirable for the Prime Minister to allow William Waldegrave to come with me. It is unlikely that Lennie Hoffmann will be able to do so as I believe he is going to Hong Kong shortly on legal business.

*Yours  
Victor*

DRAFT

Confidential

[Dear Mr. Jones,]

You may have seen that the Government has asked Mr. L. Hoffmann QC and myself to participate in departmental studies of local government finance. A very brief look at the present situation has led us to appreciate the great complexity of the administrative problems and to believe that some changes may be desirable.

Clearly, much of the knowledge about this subject and the expertise on it rests with the Chairmen and Chief Executives of County and District Councils and the Local Authority Associations. The purpose of this letter is to ask for your help in a particular way.

Would you be prepared to write and let me know what, in your opinion, are the important changes which should be made? I am not asking for memoranda but simply a few pithy headings. Examples, not related to our study, might be: "Further simplification of income tax forms" (Inland Revenue's responsibility), or "65 mph speed limit for lorries on all motorways" (Department of Transport's responsibility). A series of brief statements of this kind concerning local government finance and its administration would be most helpful.

You might perhaps have some ten or so headings which you consider of particular importance.

Any information you care to let me have will be treated as wholly confidential.

If you were good enough to help in this way, I should be extremely grateful. Mr. William Waldegrave, Under Secretary of State at the Department of the Environment, has I understand, written to the Local Authority Associations.



10 DOWNING STREET

From the Private Secretary

FERB

William Waldegrave is telling Lord Rothschild that he should go ahead with his letter. William warned that there could be a row from the local authority associations who may feel that they are being cut out by this backdoor consultation. We agreed that it would be better to run this risk rather than dictate to Lord Rothschild how he comes out his work or involve No 10 in arbitrating on detailed questions of procedure.

I have left open the question of a meeting with the Prime Minister for you to deal with on your return.

AT.

30/4

FERB . The announcement is being  
raised at E(LF) tomorrow

WITH

AF

LORD ROTHSCHILD'S

COMPLIMENTS

LORD ROTHSCHILD

Telephone: 01-280 5000

Telex: 888031

Mr. Turnbull - 65 sec ELP  
N.M. Rothschild & Sons Ltd.  
New Court  
St. Swithin's Lane  
London EC4P 4DU

20th November 1984

Dear William,

I wrote to you about the PQ on November 12th saying it was "urgent" for the PQ to be arranged in the House. For various reasons nothing has been done and as I twice predicted to you, there has now been a leakage though not, I think, of a serious nature.

Cannot something be done to get this rather trivial matter of of the way?

Yours  
Yvonne

Hon William Waldegrave MP

bc Mr. Robin Butler \*\*\*



file  
CCOK

10 DOWNING STREET

*From the Principal Private Secretary*

14 November 1984

The Prime Minister was grateful for your letter of 12 November. She is entirely content that you and Mr Hoffmann should have a talk with Oliver Letwin.

SECRET

The Lord Rothschild, GBE, GM, FRS





10 DOWNING STREET

FERB

I see no problems with  
Lord Rothschild's request.  
Do you want to tell  
him?

AT

13/4

23 ST. JAMES'S PLACE  
LONDON SW1A 1NH  
01-493 4795

12 November, 1984

*Dear Prime Minister,*

Following your letter of 30 October, I have had quite a long discussion with William Waldegrave and Terry Heiser and am now very happy to try and help you and your colleagues to rationalize what seems a rather over-complicated system. Lennie Hoffmann and I have already started work.

I read recently in The Times that Oliver Letwin is concerned on your behalf with the same subject. I should therefore be very grateful if you would allow Lennie Hoffmann and me to have a talk with him.

*Yes  
Victor*

Lord Rothschild

Telephone: 01 405 4682 (8 lines)

Telex: 25733 Advise G

L.D.E. Box No. 305

*File*

*CF R10*

9, Old Square,

Lincoln's Inn,

London,

WC2A 3SR.

9 November 1984

*Dear Prime Minister,*

*copy attached*  
Thank you for your letter. I would be happy to give Lord Rothschild and the Department such assistance as I can in their study of local government finance.

*Yours sincerely,  
Leonard Hoffman*

The Prime Minister.

FILE

WFO



10 DOWNING STREET

THE PRIME MINISTER

8 November 1984

Dear Mr. Hoffmann,

You have, I believe, heard that I have asked Lord Rothschild to make a study, in association with the Department of the Environment, of local government finance; and I know that he is most anxious for you to collaborate with him in this study. If you would agree to do so I should be most grateful.

Yours sincerely

Raymond Delisle

L. Hoffmann, Esq., Q.C.

de

LORD ROTHSCHILD

Telephone: 01-280 5000

Telex: 888031



*RF*

2

N.M. Rothschild & Sons Ltd.  
New Court  
St. Swithin's Lane  
London EC4P 4DU

30th October 1984

*Dear Prime Minister,*

Thank you for your letter. I will certainly have a talk with William Waldegrave and Terry Heiser in the very near future.

*Yours  
Victor*

*L*



10 DOWNING STREET

*From the Private Secretary*

30 October, 1984.

Local Authority Finance

During the course of the discussion at Chequers on Sunday evening, Mr. Waldegrave reported on how he intended to conduct the initial studies into local government finance and functions. He hoped to draw on a number of outside experts who would include not just local government specialists, but people who had not been closely involved with local government, but who could take a fresh view. The Prime Minister suggested Lord Rothschild, and offered to write to him. This she has done as in the attached letter.

I am sending a copy of this letter and its enclosure to Terry Heiser.

Andrew Turnbull

Mrs. J.M. Dunn,  
Department of the Environment.

RM

010

OK re type

File

CONFIDENTIAL



DEPARTMENT OF THE ENVIRONMENT  
2 MARSHAM STREET LONDON SW1P 3EB  
01-212 3434

My ref:  
Your ref:

29 October 1984

Dear Andrew,

When we discussed local government finance matters at Chequers yesterday, the Prime Minister asked for a draft letter to send to Victor Rothschild inviting him to become associated with the study which my Department is about to undertake. A draft / is attached below.

A handwritten signature in dark ink, appearing to read 'W. Waldegrave'.

WILLIAM WALDEGRAVE

A Turnbull Esq

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO LORD ROTHSCHILD

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