

PREM 19/1305

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CONFIDENTIAL FILING.

Relations between Central and Local Government.

Local Authority Expenditure

Local Authority Elections.

Abolition of GEC and Metropolitan County Councils.

LOCALGOVERNMENTPART 1 MAY 1979PART 20 ~~MARCH~~ APRIL 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3.4.84		1.6.84					
5.4.84		31.5.84					
9.4.84							
11.4.84		PT 20 GDS					
16.4.84							
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16.5.84							
18.5.84							
22/5/84							
24/5/84							

PART 20 ends:-

DTI to AT 31.5.84
(JU 438)

PART 21 begins:-

S/S DES TO LPC 1.6.84

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
E(LA)(84) 3 rd Meeting	24/05/1984
E(LA)(84) 8	11/05/1984
E(LA)(84) 7	09/05/1984
E(LA)(84) 6	09/05/1984
CC(84) 17 th Meeting, item 1	03/05/1984
L(84) 6 th Meeting	11/04/1984
CC(84) 14 th Meeting, Limited Circulation Annex item 5	05/04/1984
MISC 95(84) 11	27/03/1984
MISC 95(84) 4 th Meeting	02/04/1984

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB (CABINET OFFICE) CLASSES**

Signed *J. Gray*

Date 25/9/2013

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Department of the Environment and Department of Transport –
Local Government Finance: The Rate Support Grant Report
(England) 1984/85, published by HMSO - ISBN 0 10 215184 9

House of Commons HANSARD, 9 May 1984, columns 985 to
1057: Local Government (Interim Provisions) Bill

House of Commons HANSARD, 10 May 1984, columns 1090 to
1170: Local Government (Interim Provisions) Bill

House of Commons HANSARD, 5 April 1984, columns 1133 to
1165: London Regional Transport Bill

House of Commons HANSARD, 4 April 1984, columns 973 to
1068: London Regional Transport Bill

Signed

J. Gray

Date

25/9/2013

PREM Records Team

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BF with DoE
response
AF 4/6

cc yfj



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
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JU438

Secretary of State for Trade and Industry

31 May 1984

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Andrew,

ABOLITION OF THE GLC AND MCCs: COST SAVINGS

Thank you for copying to me your letter of 16 May to John Ballard.

2 My Secretary of State is conscious of the need to maximise savings from the abolition of the GLC and MCCs and is anxious that this Department plays what part it can in helping to achieve this. He fully endorses the suggestion, originally made by Patrick Jenkin when he was Secretary of State for Industry, that the English Industrial Estates Corporation should be employed to dispose of surplus industrial and commercial land and buildings upon abolition. He feels this to be the best way of ensuring proper disposal policy under close Government control, and using existing legislation. The EIEC, under the Chairmanship of Christopher Wates, is already prepared for this task. The idea of using EIEC to achieve this was of course stated in the White Paper.

3 My Secretary of State considers, however, that to achieve the most effective results, we need to instruct the EIEC to begin the formal task of paving the way for this process at once. This will entail early access by EIEC to the records of the authorities' holdings of industrial and commercial land and buildings. Disposal will be a complex process, requiring careful planning and marketing, and I suggest that we could commission EIEC now to prepare an early report on the problems that lie ahead. Early disposals will naturally go some way towards offsetting the initial costs of abolition.

4 I am copying this letter to John Ballard and the other recipients of your letter.

Yours ever,
A. Lansley

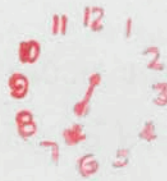
ANDREW LANSLEY
Private Secretary

CONFIDENTIAL

Local Govt Pt 20
Relatras



10 JUN 1984



CONFIDENTIAL

NBPM
AT 4/6
C/NO



Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
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The Rt Hon Nicholas Edwards MP

WELSH OFFICE
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Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

De Pains

31 May 1984

RATES BILL: INVALID RATES AND PRECEPTS

You wrote to Willie Whitelaw on 22 May, copying to E(LA) Members and others, about the inability of rating authorities, under existing legislation, to levy a higher substitute rate in the grant year, when the various circumstances you outlined made that necessary. You asked if we agreed that a tightly drawn amendment to the Rates Bill to deal with the problem should be tabled as late as possible for the Lord's Report Stage.

I agree with your proposal. While we all hope that the kinds of situation you describe will not take place we cannot ignore them and must ensure that in those circumstances an authority would be able to levy the lawful rate necessary to cover it's and any precepting authority's budgetted expenditure. I appreciate the difficulty of timing in respect of Liverpool and that the amendment might be seen as a relaxation of pressure on the council to set a legal rate if it has not already done so. However I think the disincentive effect is more than overridden by the more powerful incentive to the council of the prospect of surcharge and disqualification. Hopefully Liverpool will have set a legal rate by the time the amendment has to be tabled but even if the position remains unresolved I agree that the amendment should be tabled as you propose.

I am copying this to the recipients of your letter.

for
for

The Rt Hon Patrick Jenkin MP
Secretary of State for the
Department of Environment
2 Marsham Street
LONDON
SW1P 3EB

Local Govt R 2

Relating

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10 DOWNING STREET

From the Private Secretary

File
ECL
cc: Ld Pres
Home Sec
S/S DES
S/S Scotland
S/S Wales

S/S Social Services
S/S Trade & Industry
S/S Employment
31 May 1984
Chief Sec, Treasury
S/S Transport
O. Letwin.

Rate Limitation: Selection Criteria and
Setting of Expenditure Levels

The Prime Minister has seen the outcome of the discussion at E(LA). She is concerned at the use of criteria which will bring councils such as Sheffield, Merseyside and Brent into the scope of rate limitation when they are likely to produce very high rate increases. Although there are perfectly sound technical reasons why rates can rise sharply, even for rate capped councils, these may prove very difficult to get across to the public and, as a result, the policy may be discredited. It might be better to use criteria which exclude such councils in the first year.

The Prime Minister would be grateful if officials could look again at the criteria and the setting of expenditure levels to see if this problem can be avoided.

I am copying this letter to Private Secretaries to other members of E(LA) and to Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

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ECL

1) Mr Turnbull 2) Prime Minister (1)

Agree to ask E(LA) to
consider these points
further?

MR BARCLAY

30 May 1984

RATE-CAPPING

Daub
30/5

You will have seen the minutes of E(LA)'s meeting on 24 May.

The prolonged discussion of local authority expenditure provision for 1985/86 settled some points quite sensibly and left others to be investigated by officials. There is no need for the Prime Minister to intervene in this.

But the discussion on rate-capping appears to have been much less satisfactory. As the minutes stand, the sub-committee has sanctioned a near-absurdity.

Under the proposed 'solution', Brent, Sheffield and Merseyside will be rate-capped in 1985/86; but their rates will rise sharply. There are perfectly respectable technical reasons for this anomaly, which are explained in the Annex to this minute. But no matter how respectable the reasons, it will be impossible to persuade the electorate that we are sane if the result of our rate capping policy is to bring about sharp rate increases. Any Minister who is sufficiently foolhardy to attempt a complicated explanation of such results on a TV programme will be torn to shreds by an Opposition spokesman who will simply ask: "Is it or is it not the case that rates have shot up in some rate capped authorities?".

Couldn't the Committee consider ways of avoiding such an outcome? One way is to choose different authorities for rate-capping. Another way is to adjust the formula for calculating holdback of grant to give these authorities extra cash from general taxation. Neither of these options is attractive because high spending councils that have been fiddling the books would either escape rate-capping or get extra grant. However, the present solution is even worse, since it threatens to make a laughing-stock of our entire rates policy. The answer is to recoup our losses by being tough on the GLC and ILEA, as the Chief Secretary suggests.

We recommend that the Prime Minister should authorise Andrew Turnbull to write to Lord Whitelaw, as the Chairman of E(LA), expressing her concern.

Andrew

Oliver Letwin

OLIVER LETWIN

JMFAAA

ANNEX

RATE-CAPPING AND RATE RISES: REASONS FOR THE ANOMOLY

1. Certain authorities, such as Brent, Sheffield and Merseyside, have engaged in a clever piece of accounting.

2. In the years preceding 1984/85, these councils have transferred money from their "rate fund" to a "special fund" and held it there without spending it. At the time of transfer, this money counts as expenditure, and makes the authority liable to central government penalties. But these penalties will not be draconian if the authority's expenditure is reasonably close to target in the relevant year.

3. During 1984/85, the authorities plan to transfer the money in their "special funds" to their "rate funds". Such a transfer counts as a "receipt", and is regarded as negative public expenditure. As a result, the authorities will appear to have low budgets in 1984/85.

4. Since the target for an authority in any given year is related to its budget in the preceding year, the targets for these authorities in 1985/86 will be artificially depressed by their low budgets in 1984/85. But their apparent "expenditure" in 1985/86 will be vastly increased because they will have no more money in their "special funds" to transfer into their "rate fund".

5. As a result, these authorities will be classed as spending vastly over their targets in 1985/86, and they will therefore be subject to considerable grant holdback. Because of this holdback, they will have to fund a larger proportion of their spending out of their rates; and their rates will rise accordingly.

6. The fact that these authorities will be rate-capped cannot substantially affect the situation. The expenditure limit imposed in the rate-capping exercise must be attainable: otherwise, the Secretary of State will not be able to defend it in court. This means that the limit will have to be set not in relation to these authority's artificially low budgets in 1984/85, but rather in relation to their spending needs in 1985/86. It will therefore be necessary to give them derogations from the general principles of rate-capping, and to allow them expenditure limits far in excess of the target which will have been set in relation to their 1984/85 budget. Therefore, despite these limits, they will be spending well in excess of target, and will be subject to the holdback that causes cause high rate increases.

7. In other words, the "capping" of these authority's rates will not - in any popular conception of the term - in fact cap their rates.

Mr Turnbull o/v



Handwritten initials

10 DOWNING STREET

Prime Minister ⁽²⁾

I put a number of suggestions
by the Policy Unit for achieving
cost savings from the abolition
policy. Attached is Mr Jenkins's
reply. I will discuss with
the Policy Unit whether there
are any points where we
should return to the charge.

AT

24/5

BF muddled rest well.

AT 30/5



2 PPS
CONFIDENTIAL

11050
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

23 May 1984

Dear Andrew

GLC/MCC ABOLITION: FINANCIAL SAVINGS

My Secretary of State has seen your letter of 16 May, about ensuring that savings are delivered when the GLC and MCCs are abolished.

SAVINGS

He agrees of course that it is essential to the presentation of the abolition policy that it should be seen to lead to financial savings. This will call for determination on the part of all colleagues concerned - especially those responsible for the major functions of the GLC/MCCs. My Secretary of State is glad to have the Prime Minister's support in emphasising the need to demonstrate savings.

Clearly it will take a bit of time for the full cash savings to become evident. The financial year 1986/87 - the first for the new structure of local government in the metropolitan areas - will be a year of turbulence. It may be that the bulk of transitional costs will fall in that year; and proceeds from disposal of property are unlikely to begin to flow until towards the end of the year. The Government cannot therefore look to the local authority budgets which come forward before the spring of 1987 (for the financial year 1987/88) to demonstrate that a more economical system has been put in place, and that perceptible savings overall are being made.

In all this, my Secretary of State considers that it is necessary to distinguish between the different types of savings. First, there are savings arising from removing duplication, and from achieving greater economy in the running of services. The Interdepartmental Official Committee estimated in spring 1983 - without of course the benefit of being able to consult the local authorities concerned - an upper limit for such savings of £120m, or 9000 staff and a lower limit of £40m, or 3000 staff. (These estimates relate to services going direct to lower tier authorities. Ministers were asked to look further at the possibilities for savings in joint board services.) It will not be possible to make better estimates until the Paving Bill is enacted and the Government and lower tier authorities can use the new provisions, which will place a

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duty on councils and officers in the upper tier to provide relevant information. The estimates now being made by lower tier authorities however suggest that the range of potential "economy savings" estimated by the interdepartmental committee for the services in question will turn out to be right; figures so far available suggest that the middle of the range may be achieved rather than the upper limit, so hard work will be required to ensure something better.

Second, my Secretary of State is convinced that there is also substantial scope for policy savings. The Government has made the general point that savings should accrue because decisions will be taken by councillors who are less remote from - and therefore more accountable to - their ratepayers. For example the budgetted expenditure for the fire services in the GLC for 1983/84 was no less than 24% above the relevant component of the Grant Related Expenditure; and for the MCC fire services, excluding the West Midlands, the excess over the GRE component ranged from 11.7% to 19.5%.

The Government have not of course attempted to put any figures on these policy savings. In any case, there are clear difficulties in making much of these savings in public debate at present, as whatever is said will be taken up by the Opposition and interpreted as meaning lower standards of service and/or higher charges. However, the general effect of abolition - together with the pressures of rate limitation those on boroughs and districts who will not look for economies of their own accord - should be to yield policy savings. It is, of course, in this field particularly that my Secretary of State will be looking for the co-operation of Ministers with service responsibilities.

Turning to the specific points set out in your letter my Secretary of State agrees that staffing and property are central to the savings issue. I attach a note at Annex A which summarises his approach.

STAFFING

(a) Joint Boards

The transfer of classes of staff to joint boards by statutory orders will be directly under the control of Ministers. They will be able to decide the extent of the transfer orders; and there is no need to write special provisions into the Bill in order to achieve this. In addition, the proposals to control the precepts and expenditure of the joint boards (and of the new ILEA) for the first three years will effectively mean

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that the Government can make sure that there is no excessive recruitment. This regime for joint boards (and the new ILEA) gives the Government direct control over the services which account for over 70% of the current staffing of the GLC and MCCs.

(b) Lower tier councils

As far as the boroughs and districts are concerned, my Secretary of State is confident of the determination of Conservative councillors (who at present control some 25 of the 69 lower tier authorities to recruit the absolute minimum number of staff needed to deal with their extra function. For the remainder of the lower tier authorities, it will be necessary to rely on the progressive tightening of general financial controls, including the new rate limitation control for high spenders. In this connection, on present form, 8-11 of the 44 local authorities not in Conservative control in the lower tier of the metropolitan areas, could well be subject to rate limitation.

PROPERTY

My Secretary of State also doubts the need for specific provisions as regards property in the Bill, over and above the power to transfer property by order. But to achieve the right results the Government will need to collect a great deal of information. This is a major task, requiring great effort from Departments, if the Government are to achieve the aim of a major shake-out of property from the public sector. My Secretary of State is, of course, very conscious of the need to take particular care over any visible symbols such as the GLC's County Hall.

The recent decision of MISC 95 that residuary matters should be dealt with by appointed bodies rather than by the districts or joint boards should bring major benefits in relation to property. The residuary bodies will be set up in such a way that they will make a speedy attack on the excess land holdings of the GLC and MCCs.

My Secretary of State is therefore satisfied that the Government will be taking the right powers to enable them to deal with staff and property. He is now considering how best to make preparations for implementation, including the use of the powers in the Paving Bill. He will be discussing with colleagues what information they already have. It will then be necessary to decide how far what is available needs to be supplemented by seeking further information from the abolition authorities. It will be desirable for requests to them to be highly specific, especially as, if the information is not forthcoming, requests

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may need to be enforced by application to the Courts.

PUBLICITY

My Secretary of State has in hand arrangements for a major effort in the next few months to try and drive home, in clear and simple terms, the benefits of abolition. He announced a number of detailed decisions on 4 May and proposes to continue to re-affirm the principles of the White Paper, and setting out in some detail the way in which the new structure will work. He will be looking to colleagues to provide support in relation to their services - and, indeed, by spelling out the general case for abolition on all appropriate occasions (or agreed by Cabinet on 5 April).

COMPETITION

Finally, there remains the suggestion that a Clause should be added to the Abolition Bill giving successor bodies the duty to put specific services out to tender. As you know, my Secretary of State has been commissioned by E(A) Committee to report in the summer on ways of inducing local authorities generally to contract out more of their services. Following my letter of 10 April, the Department has already circulated an initial paper on this topic to all relevant Departments.

Given this study - which may lead to general legislation (ideally in 1985/86) - my Secretary of State considers that it would be wrong to include any special provisions in the Abolition Bill. It is essential that any duty to put services out to tender should apply to all authorities, not just to London boroughs and met districts. To include such a provision in the Abolition Bill would complicate what is already a very difficult exercise.

My Secretary of State wishes to underline the unprecedented circumstances in which the abolition policy is being carried out. The last major re-organisation of local government was simpler, because it involved the building up rather than breaking down of existing organisations at a time of economic expansion with little thought for economy, and because it was carried out over a long timescale within a broad consensus. This reorganisation is far more complex, as it involves the break up of major units and is being carried out on a very short time scale and in an atmosphere of fierce controversy, fuelled by a huge rate-financed propaganda campaign by the threatened institutions, vociferously supported by those vested interests who depend on high spending policies by local government. In these circumstances, my Secretary of State considers that the Government must not allow itself to be diverted into other areas, no matter how attractive; that the overriding objective must be to carry through the abolition policy in good order

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by 1 April 1986.

My Secretary of State will report further, from time to time, on progress, both towards the legislation and towards planning for implementation.

I am copying this letter and enclosure to the Private Secretaries to MISC 95 and Richard Hatfield (Cabinet Office).

Yours sincerely

John Ballard

JOHN BALLARD

Andrew Turnbull Esq

GLC/MCC ABOLITION: STAFF AND PROPERTY

Staff

1. There are two ways in which GLC/MCC staff may find new jobs with successor authorities:

a. some will be covered by statutory transfer orders made under a general power in the main Abolition Bill;

b. some will be recruited directly by successor authorities.

Those who do not find a new job will automatically be redundant when abolition takes place - there is no question of staff being held "on the books of the Staff Commission." (Some GLC/MCC staff may, of course, find jobs with other employers over the next two years - there is already evidence of this happening.)

2. The use of transfer orders will be appropriate only for staff going to joint boards or the new ILEA - these account for some 70% of GLC/MCC staff. It is envisaged that the procedure will apply to major groups of operational staff. Recruitment by the joint boards (and the new ILEA) - eg of administrative staff - will be constrained by the precept and manpower controls operated by the appropriate Secretary of State for the first three years.

3. There will be no statutory transfer of staff to district or borough councils - they will have to decide on their needs and to recruit (subject to the ring-fencing procedures to be operated by the Staff Commission). This approach has been widely welcomed by borough leaders.

4. The Departments concerned with police, fire and education already have a good deal of information about the staffing of their services, and are well-placed to consider what staff are "essential". (Public transport employs very few staff - the big numbers here are in the Passenger Transport Executives

which will not be immediately affected by abolition.) Because of the nature of the services going to boroughs/districts Departments have much less information about staffing; but Departments will not, in any case, have to make judgement about staffing for these services.

Property

5. All GLC/MCC property will need to be transferred by orders made under the Abolition Bill. In general property would go to the successor bodies responsible for specific functions. Any property not dealt with in this way would go to the appropriate residuary body appointed by the Secretary of State.

6. Assembling information about GLC/MCC property will be a major task, calling for significant extra staff effort in DOE and other Departments.

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2. 11. 1884



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u/so
NDPM 1/5 24/5

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
London
SW1A 2AT

22 May 1984

Alan Milne

EXPENDITURE LEVEL FOR THE GLC

In E(LA)(84)8 I ^{with RT} suggested that we should take a further look at the expenditure levels we set the GLC and ILEA for 1985-86.

Any savings that we can make by setting low expenditure levels for these authorities are significant simply because their budgets are so large: their combined budgets even after taking account of the removal of London Transport are £1½ billion.

I would like to focus in particular on the GLC. The GLC is budgetting to increase its expenditure (excluding its revenue subsidy to LT) by 15 per cent between 1983-84 and 1984-85, or about 10 per cent in real terms. There has been a regular shortfall in the GLC's outturn over budget.

If we simply allow the GLC a cash standstill over 1984-85 budget when we set their 1985-86 expenditure levels, we will not even begin to claw back the cost terms increase they are planning over their 1983-84 outturn. By basing the Expenditure Level on the 1984-85 budget we are at the mercy of the GLC's chronic overbudgetting. If we had set an EL for 1984-85 at the 1983-84 budget level, we would have allowed the GLC a 5 per cent cash increase over their 1983-84 outturn because of the substantial shortfall in that year. The GLC's record suggests that this pattern may be repeated in 1984-85.

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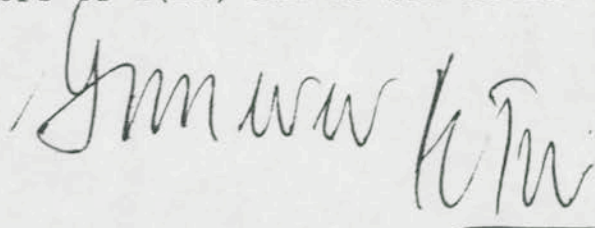
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I believe it would be better to seek a larger cut rather than to be seen to be endorsing the present excessive expenditure at a time when we are claiming that there is substantial scope for saving.

I know that Patrick is anxious not to lay himself open to legal challenge by appearing to discriminate between classes of authority, despite the inclusion of such a power on the face of the Rates Bill. But the GLC's expenditure is so excessive that I believe it can easily justify special treatment, in the same way as we have, in the past, singled the GLC out for tough targets. I attach an option which shows how we might do this, based on spending over 1981-82 minimum volume budget. Even after excluding transport the GLC is budgetting to spend 94% over minimum volume budget. The largest figure in any other authority is 36% for Greenwich. We could simply discriminate against the GLC - or hone our ELs more finely to expenditure over 1981-82 minimum volume budgets. I attach a table setting out a possible option.

This would save £60m or so over a simple cash freeze on all NIS-adjusted budgets. The major savings come from the 2% cut sought from ILEA and the 5% cut sought from the GLC. If colleagues thought we could realistically seek a larger cut from the GLC, I would be happy to endorse that.

I am copying this to members of E(LA) and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Peter Rees', written in a cursive style.

PETER REES

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<u>Authority</u>	<u>Percentage over minimum Volume Budget</u>	<u>Expenditure Level*</u>
Lewisham	9.56	0%
Sheffield	11.46	0%
Merseyside	14.75	0%
Portsmouth	15.45	0%
South Yorkshire	16.10	0%
Brent	16.77	0%
Lambeth	16.85	0%
Camden	18.6	0%
Haringey	18.8	0%
Thamesdown	20.5	0%
Hackney	27.2	-1%
Islington	27.3	-1%
Leicester	27.6	-1%
Basildon	27.7	-1%
Southwark	28.3	-1%
I.L.E.A	32.69	-2%
Greenwich	36.4	-2%
GLC	94.2	-5%

* % change, cash on NIS-adjusted budget.

LOAN GNT: Relations
Pt 20





2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

22 May 1984

NBPM
AF
23/5

Dear Willie,

RATES BILL: INVALID RATES AND PRECEPTS

During the Commons Committee Stage in a debate on an Opposition amendment, the Government gave an undertaking to consider the problem that would arise if a precepting authority issued a precept which was invalid (eg because it exceeded the amount specified in an order made under Clause 4 of the Rates Bill) and which was therefore ignored by the rating authority in making its rate. As matters stand, the rating authority would have no power to issue a higher substitute rate to cover a later valid precept. Having considered the matter further I have concluded that we need to table an amendment to the Rates Bill to deal with this during the report stage of the Lords proceedings.

Since then, a wider and altogether more sensitive issue has arisen concerning Liverpool. The Attorney General has advised that if the Liverpool City Council were to make a demonstrably inadequate rate and if this rate was then quashed by the court, there would be no power, because of the ban on supplementary rates introduced by the Local Government Finance Act 1982, to replace the unlawful rate with a valid rate at a higher level. In effect, the authority having put itself in the wrong would have no means of recovering the situation.

The Prime Minister's group on Liverpool has already agreed to the preparation of an amendment to deal with the "Liverpool" point. Having considered the two issues carefully, I have come to the conclusion that the right answer is to table an amendment which will deal with both points. (I deal in the penultimate paragraph below with the question of timing).

There is also a particular problem with the proposals on abolition: outgoing metropolitan county councils or the Greater London Council could, under present law, levy insufficient precepts knowing that the incoming transitional councils would be unable to increase them on taking office. We have no evidence that the GLC or metropolitan county councils have any such intention, but it would be helpful if, by means of a simple amendment to the Rates Bill, we were able to block this possible obstruction.

The Opposition have tabled an amendment to the Local Government (Interim Provisions) Bill to set aside the duty on the outgoing councils to set an adequate precept by 11 March 1985. We shall resist the amendment which, if selected, would be debated on 22 May. But such a debate might draw attention to the

practical problems that would arise if a precepting authority failed in its duty, whether by setting an inadequate precept or by setting no precept at all before the relevant rating authority set its rate. Such action would leave the transitional councils for the GLC and metropolitan county councils in an impossible position, with no remedy. If this is raised, we would have to undertake to consider the problem. In practice, the amendment I seek to the Rates Bill would resolve it satisfactorily.

The amendment needed would not imply any reversal of our ban on supplementary rates. It could be achieved by disapplying section 3(2) of the 1982 Act (which required that substituted rates and precepts shall not be set higher than the original level) in very tightly defined circumstances. Substitution at a higher level would only be allowed where the original rate or precept had been quashed by a court because it was insufficient to meet budgeted expenditure. This would not be a supplementary rate - merely a rate sufficient to meet the budget (as required by the General Rate Act 1967). The amendment would deal also with the problem outlined in paragraph 1.

If colleagues agree that this amendment is desirable I shall need to table it for Report Stage of the Rates Bill in the Lords during the week beginning 11 June. I would propose that the amendment should apply to rates set for the current year, so that it may be available should Liverpool set an insufficient rate. I would intend to leave the tabling of the amendment as late as possible, in the hope that Liverpool will meanwhile make a legal rate, but if necessary I believe that it should go down even if the position in Liverpool is by then still unclear.

I should be grateful for your agreement and that of colleagues on E(LA) Committee to whom I am copying this letter. I am copying it also to the Prime Minister, John Biffen, Michael Havers, John Wakeham, Bertie Denham and Sir Robert Armstrong.

You are

Paul

. PATRICK JENKIN



NBPM

AF

22/5

11

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

22 May 1984

Jan Willie,

E(LA)(84)6, 7 and 8

Like you, I am becoming something of a veteran of RSG settlements; and it may be helpful if I record what seem to me to be the main points that arise from these three papers and from Patrick Jenkin's letter of 18 May. *with AT?*

2. First, as Peter Rees rightly reminds us, we must persist in our efforts to restrain total local authority expenditure. It looks as though 1984-85 will be a rather better year than its predecessors. But the real test of our success will be the ability and willingness of local authorities to deliver our plans. Overspending of low White Paper figures by up to £1 billion, which we have seen again and again, brings no more benefits to the economy than achievement of correspondingly higher but more realistic figures; and indeed it damages our credibility.

3. Second, we must try to ensure that our policy commitments for particular services - education, police, social services, transport and the rest - are implemented, after making due allowance for likely levels of inflation on the one hand and both greater efficiency and lower costs on the other. Not all authorities are managing resources effectively but the Audit Commission should help here. On costs, I myself have repeatedly said that while some of the improvements we want to see in education will cost extra money, excessive pay settlements will destroy jobs and bring spending on books, maintenance of buildings and so on below acceptable levels.

/Third -

The Rt Hon Viscount Whitelaw PC CH MC
 Lord President of the Council
 68 Whitehall
 LONDON SW1A 2AT

4. Third - and this is an issue which has long troubled our supporters but has come to a head in recent months - we need, as Patrick put it in the debate in January on the 1984-85 RSG Report, to "set targets which take greater account of GREs and thus recognise the efforts which low-spending authorities have made." It cannot be right in logic, or politically sensible, to set many of the shire counties and districts severe targets which allow no room for their growing needs (eg as a result of increasing population), while at the same time they are spending well below their GREs, on which the distribution of grant is based and which are our declared assessment of spending need.

5. Fourth, a new feature for 1985-86, we must set expenditure levels (ELs) for authorities to be rate-capped that are achievable, and therefore defensible both in Parliament and in the courts. At the same time the expenditure targets for these same authorities must not be such that spending up to the ELs leads them into grant holdback on a scale which causes their rates to rise steeply. It would be perverse if the first consequence of the rate-capping legislation were a big increase in rates in London and elsewhere.

6. We have to try to reconcile these different objectives in the RSG settlement for 1985-86. Much will depend on our decisions on the level of aggregate Exchequer grant, the block grant mechanisms and the holdback schedule, which we shall have to consider very soon. But these are my provisional conclusions on the specific issues now before us.

7. I believe that there is a good prospect that something very like Patrick's Option 2, if accompanied, as he proposes by very tough holdback (eg as much as 10p for the first percentage point compared with 2p this year) will ensure that nearly all authorities keep within their targets. This would be a major achievement. Spending within plans increased by £1 billion produces much the same effect on the economy as overspending of £500m on plans increased only by £500m! Either can be accommodated, if with difficulty, within the expenditure reserve of £3¾ billion for 1985-86, but the first is infinitely preferable in political terms, not least because the second would mean higher rates, which are particularly harmful to industry and are just the opposite of what we are pledged to achieve, as Patrick points out.

8. A settlement on the lines of Option 2 would not mean a spending spree. Annex C to E(LA)(84)6 shows that it would allow a cash increase of about 2 per cent in 1985-86 on budgets for 1984-85 - a reduction of 2 per cent in real terms. For education, which accounts for half the total, the real terms

/reduction might

reduction might be nearly 4 per cent, twice the rate of decline of the school population. For this reason I think that we should go for a smaller unallocated margin than £600m, in line with what we said in paragraph 2.18.11 of Cmnd 9143. I need at least an extra £100m or so for allocation to education through GREs both to maintain our present rigorous policies for the service as pupil numbers decline and to improve standards of performance in the schools, especially for more and better inservice training as teacher numbers decline.

9. I could only defend even this package if, in the other features of the settlement, we made it clear that we intended fully to honour our commitments to the moderate spenders. Patrick's proposal to set targets in 1985-86 at the higher of 1984-85 GRE + 5 per cent and 1984-85 target + 4 per cent (which we might later decide to reduce to 3 per cent to strengthen the emphasis on GRE), subject to a maximum increase of 5 per cent from 1984-85 budget, would just about do this. By contrast, Peter's formula - targets for next year equivalent to a 2½ per cent increase in the average of GRE and target for this year, subject to a maximum increase of 1¾ per cent over this year's budgets - would clearly not. Patrick refers to Cambridgeshire. Let me illustrate from Norfolk, a thrifty authority but by no means an extreme case. This year it is spending at target, £217m, which is £14m below its GRE of £231m. Patrick's formula would give it a target for next year of £228m. But on Peter's figures the starting point of £224m (the average of GRE and target this year) would be reduced by the 1¾ per cent constraint to £221m, a real terms reduction of at least 2½ per cent, almost certainly to a point as far below GRE as this year. Norfolk is only one of many low-spending authorities which would justifiably claim that we had failed to fulfil our undertakings to them. The others include Berkshire, East and West Sussex, Leicestershire, Suffolk and Wiltshire.

10. There are two issues on rate-capping. On the selection of authorities I much prefer the 15 in column 1 in the Annex to E(LA)(84)7 to the 18 in column 2. Annex 2 to Patrick's letter of 18 May shows that the three omitted from column 2 (Brent, Merseyside and Sheffield) face very large rate increases even with holdback arrangements no more severe than this year if targets are constructed as Peter proposes.

11. On ELs themselves Patrick and Peter virtually agree that we should set figures broadly equivalent in cash to this year's budgets. A cash reduction would be difficult for ILEA in particular, which plans nearly all its expenditure mainly by reference to academic rather than financial years and therefore could not readily make big savings from April 1985. But if we agree to the shorter list of 15 authorities I think we should also consider the possibility of a 1 per cent cash reduction for all of them and thus align their targets with their ELs.

/Peter wants

12. Peter wants targets for these authorities based on a "cash cut of 7 per cent or more" ie a 11-12 per cent real terms reduction. This is clearly unattainable: otherwise it is the formula he would ask us to adopt for ELs. In consequence, as Patrick shows, we would either face huge rate increases in some of these authorities as a result of penalties derived from a very tough holdback schedule or be compelled to moderate the schedule in such a way as to give the next group of high spenders (those which just escape rate-capping) too easy a time. Neither result would be in line with our objectives. I believe that we should endorse Patrick's proposals on rate-capping, modified as to the choice of authorities in the way suggested above.

13. If most of our colleagues generally agree with Patrick and me when we meet on Thursday, perhaps we can then ask him to exemplify his proposals for our subsequent meeting in terms of the rating consequences at alternative levels of spending of a grant total say 2 per cent less in real terms than in 1984-85 and of a severe holdback schedule.

14. I am sending copies of this letter to the Prime Minister, the other members of E(LA) and Sir Robert Armstrong.

Emeru.

Kevin.



Tim Flasher

CC/100

I imagine that this refers
to drafting of the
legislative programme.

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

FRB

18 May 1984

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~~FRB~~
JH pa
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Dear George,

Thank you for your letter of 3 May: you will now have seen John Ballard's response of 14 May. *will request required*

The Lord Privy Seal is content with the situation as it stands at present but would be grateful for another progress report from you in the middle of June.

I am copying this letter to Janet Lewis-Jones, Chris Brearley, John Ballard and to the other Private Secretaries to the Members of MISC 95.

*Yours sincerely,
D R Morris*

D R MORRIS
Private Secretary

Sir George Engle

Local Govt: Relations

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19 JUN 1984

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CCND



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU
TELEPHONE: 01-233 3000

The Rt Hon the Viscount Whitelaw PC CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

NBAM
AT 17/5

17 May 1984

Dear Lord President

RATING AND VALUATION (AMENDMENT)(SCOTLAND) BILL

During the passage of this Bill it has become apparent that two minor amendments are necessary to the valuation provisions to ensure parity of treatment between Scotland and England. Subject to colleagues' agreement I propose that these should be made in the House of Lords at Report Stage or, if necessary, at Third Reading.

The first amendment is to derate swinging moorings to the same extent as was proposed for England and Wales in Patrick Jenkin's letter of 12 April. This will have little practical effect, being essentially a codification of the existing position, but in isolated cases will avoid discrepancies of treatment between Scotland and England and Wales.

The second amendment concerns the common parts of shopping malls used primarily to provide access to the shops within the malls. These are in principle rateable but, I understand, no entries are made in the valuation list in England and Wales on account of the fact that nil values would be appropriate. In Scotland, we have had a court case which upheld the principle of rateable occupation, with the actual value unchallenged. The picture here therefore is not clear and many people, including our own supporters, are anxious that we should clarify the position to ensure that there is no double rating problem by having shops within a mall valued to take account of the benefits of their location and then the common parts separately valued.

We propose therefore to amend the Bill to provide that there should be no separate entries in the valuation roll in respect of these common parts of shopping malls. This should ensure that there is no double rating problem and, in practice, that the same situation prevails north and south of the Border. The principle of rateability would not be disturbed but the amendment would allow the value of the mall to be reflected in the rateable values of the shops that are separately valued.

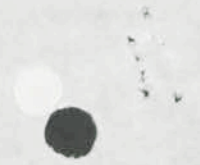
As Lords Report Stage is on 24 May it would be most helpful to have early agreement to these proposals so that we may either table the amendments for then or confirm, if pressed, that they will be tabled for Third Reading. I am copying this letter to other members of H Committee and Sir Robert Armstrong.

Yours sincerely
Jane Mayer

MICHAEL ANCRAM

(Approved by the Minister &
signed on his absence

17 Nov 1934



File

cc: LPO LPSO
 LCO DHSS
 HO DTI
 DES CDLO
 SO D/Emp
 WO MAFF
 DOE CSO, HMT
 M/S, DOE, D/Trans

Att-Gen.
 CWO
 M/S, Priv, Cl.O.
 CO
 bc: Mr. Redwood



10 DOWNING STREET

16 May 1984

From the Private Secretary

Dear John,

ABOLITION OF THE GLC AND MCCs: COST SAVINGS

The Prime Minister is concerned to ensure that the abolition of the GLC and MCCs bears fruit in the form of reduced bureaucracy and the promised financial savings of £120m, which she regards as the keys to the success of the policy.

The Prime Minister would welcome your Secretary of State's views on how these savings can be achieved. In particular she would welcome his views on

- 1) How to ensure that only essential staff and property are transferred to successor bodies and whether specific provisions should be included in the Abolition Bill.
- ii) Whether departments have adequate information on essential staff and property and whether orders need to be drafted for tabling immediately after the paving Bill receives Royal Assent in order to secure this information.
- iii) Whether a clause should be added to the Abolition Bill, giving successor bodies the duty to put specified services out to tender.

The Prime Minister would be grateful if your Secretary of State could keep her informed on progress in pursuing these ideas.

She also believes that, to help win the public debate, your Department should design a method of explaining in simple popular terms how the new structure of local government is going to work and how it will bring savings.

/ I am copying

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- 2 -

I am copying this letter to the Private Secretaries to members of MISC 95 and to Richard Hatfield (Cabinet Office).

*Yours sincerely
Andrew Turnbull*

(Andrew Turnbull)

John Ballard, Esq.,
Department of the Environment

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BEMAAD

File

BAM

JOHN (Ballard, Joe)

Could you recirculate your letter to me of 14 May to all MISC members, with following amendments:

- (i) Page 1, line 1 "... 16 May about ensuring that savings ..."
- (ii) Page 2, third full para - delete "and corrects ... Policy Unit role"
- (iii) Bottom of page 3/top of page 4 delete "in the Policy Unit's paper"

The Annex can be circulated.

You agreed to retain the Policy Unit note in your office.

Andrew

16 May 1984

B/F with recent D/En
response

16 May 1984

AT
16/5

MR TURNBULL

GLC/MCC ABOLITION: FINANCIAL SAVINGS

John Ballard's letter is most helpful. There is common ground that savings have to be delivered, that staff and property are vital elements in cost reduction, that there are both efficiency and policy savings to be made, that to realise any savings information has to be gathered at an early opportunity, and tight controls imposed on transfer and on the joint boards. There is also a clear need for a renewed publicity campaign.

It is a pity the paper says nothing about savings on transport policy. I saw Nick Ridley last night, who is keen to deliver major savings on metropolitan transport subsidies, and believes this could result from the joint application of the right policy on abolition and his bus policy changes.

The question of staff transfer revolves around whether the DoE has the correct information and has set a rigorous enough timetable to ensure the transfer of the right staff to the joint boards. As only 70 per cent of staff transfers are under the Secretary of State's guidance, it becomes even more important to draw up the correct list for these people.

In the case of property, we agree about the mechanism by which it takes place. The problem is how to do it. We all recognise there will be a surplus, but this surplus has to be identified at an early stage and transferred to the residuary body for disposal. If work is not put in train immediately to identify such property, we are doubtful whether the full savings will be achieved.

Finally, the question of the right to tender for various services was suggested as another mechanism for applying cost-reducing pressures on the new bodies, and it could be sold as part of the general package of efficiency improvements.



JOHN REDWOOD

LASABE

c. 10



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

14 May 1984

Dear Andrew

GLC/MCC ABOLITION: FINANCIAL SAVINGS

My Secretary of State has seen your letter of 16 April, covering a note by the Policy Unit about ensuring that savings are delivered when the GLC and MCCs are abolished.

SAVINGS

He agrees of course that it is essential to the presentation of the abolition policy that it should be seen to lead to financial savings. This will call for determination on the part of all colleagues concerned - especially those responsible for the major functions of the GLC/MCCs. He is glad to have the Prime Minister's support in emphasising the need to demonstrate savings.

Clearly, it will take a bit of time for the full cash savings to become evident. The financial year 1986/87 - the first for the new structure of local government in the metropolitan areas - will be a year of turbulence. It may be that the bulk of transitional costs will fall in that year; and proceeds from disposal of property are unlikely to begin to flow until towards the end of the year. The Government cannot therefore look to the local authority budgets which come forward before the spring of 1987 for the financial year 1987/88 to demonstrate that a more economical system has been put in place, and that perceptible savings overall are being made.

In all this, my Secretary of State considers that it is necessary to distinguish between the different types of savings. First, there are savings arising from removing duplication, and from achieving greater economy in the running of services. The Interdepartmental Official Committee estimated in spring 1983 - without of course the benefit of being able to consult the local authorities concerned - an upper limit for such savings of £120m, or 9000 staff and a lower limit of £40m, or 3000 staff. (These estimates relate to services going direct to lower tier authorities. Ministers were asked to look further at the possibilities for savings in joint board services.) It will not be possible to make better estimates until the Paving Bill is enacted and the Government and lower tier authorities can use the new provisions, which will place a duty on councils and officers in the upper tier to provide relevant information. The estimates now being made by lower tier authorities however suggest that the range of potential

"economy savings" estimated by the interdepartmental committee for the services in question will turn out to be right; figures so far available suggest that the middle of the range may be achieved rather than the upper limit, so hard work will be required to ensure something better.

Second, my Secretary of State is convinced that there is also substantial scope for policy savings. The Government has made the general point that savings should accrue because decisions will be taken by councillors who are less remote from and therefore more accountable to their ratepayers. For example the budgetted expenditure for the fire services in the GLC for 1983/84 was no less than 24% above the relevant component of the Grant Related Expenditure; and for the MCC fire services, excluding the West Midlands, the excess over the GRE component ranged from 11.7% to 19.5%.

But the Government have not of course attempted to put any figures on these policy savings because there are clear difficulties in making much of these savings in public debate at present, as whatever is said will be taken up by the Opposition and interpreted as meaning lower standards of service and/or higher charges. However, the general effect of abolition - together with the pressures of rate limitation on boroughs and districts who will not look for economies of their own accord - should be to yield policy savings. It is, of course, in this field particularly that my Secretary of State will be looking for the co-operation of Ministers with service responsibilities.

Turning to the specific points set out in your letter my Secretary of State agrees that staffing and property are central to the savings issue. I attach a note at Annex A which summarises his approach. - [and corrects certain misconceptions in the Policy Unit's note]

STAFFING

(a) Joint Boards

The transfer of classes of staff to joint boards by statutory orders will be directly under the control of Ministers. They will be able to decide the extent of the transfer orders; and there is no need to write special provisions into the Bill in order to achieve this. In addition, the proposals to control the precepts and expenditure of the joint boards (and of the new ILEA) for the first three years will effectively mean that the Government can make sure that there is no excessive recruitment. This regime for joint boards (and the new ILEA) gives the Government direct control over the services which account for over 70% of the current staffing of the GLC and MCCs.

(b) Lower tier councils

As far as the boroughs and districts are concerned, my Secretary of State is confident of the determination of Conservative controlled councils (who at present control 29 out of these 69 lower tier authorities accounting for 37% of lower tier spending) to recruit the absolute minimum number of staff

needed to deal with their extra function. For the remainder of the lower tier authorities, it will be necessary to rely on the progressive tightening of general financial controls, including the new rate limitation control for high spenders. In this connection, on present form, 8-11 out of 40 local authorities not in Conservative control in the lower tier of the metropolitan areas, responsible for about 11-17% of lower tier spending in these areas, could well be subject to rate limitation.

PROPERTY

My Secretary of State also doubts the need for specific provisions as regards property in the Bill, over and above the power to transfer property by order. But to achieve the right results the Government will need to collect a great deal of information. This is a major task, requiring great effort from Departments, if the Government are to achieve the aim of a major shake-out of property from the public sector. My Secretary of State is, of course, very conscious of the need to take particular care over any visible symbols such as the GLC's County Hall.

The recent decision of MISC 95 that residuary matters should be dealt with by appointed bodies rather than by the districts of joint boards should bring major benefits in relation to property. The residuary bodies are to be set up in such a way that they will make a speedy attack on the excess land holdings of the GLC and MCCs.

My Secretary of State is therefore satisfied that the Government will be taking the right powers to enable it to deal with staff and property. He is now considering how best to make preparations for implementation, including the use of the powers in the Paving Bill. He will be discussing with colleagues what information they already have. It will then be necessary to decide how far what is available needs to be supplemented by seeking further information from the abolition authorities. It will be desirable for requests to them to be highly specific - (though they will simply take the form of letters, not of statutory orders) - especially as, if the information is not forthcoming, requests may need to be enforced by application to the Courts.

PUBLICITY

My Secretary of State has in hand arrangements for a major effort in the next few months to try and drive home, in clear and simple terms, the benefits of abolition. He announced a number of detailed decisions last Friday and proposes to make two major speeches in the next few weeks re-affirming the principles of the White Paper, and setting out in some detail the way in which the new structure will work. He will be looking to colleagues to provide support in relation to their services - and, indeed, by spelling out the general case for abolition on all appropriate occasions.

COMPETITION

Finally, there remains the suggestion (in the Policy Unit's

Paper] that a Clause should be added to the Abolition Bill giving successor bodies the duty to put specific services out to tender. As you know, my Secretary of State has been commissioned by E(A) Committee to report in the summer on ways of inducing local authorities generally to contract out more of their services. Following my letter of 10 April, the Department has already circulated an initial paper on this topic to all relevant Departments. A copy has gone also to the Policy Unit, and they have been invited to participate in the inter-departmental study.

Given this study - which may lead to general legislation (ideally in 1985/86) - my Secretary of State considers that it would be wrong to include any special provisions in the Abolition Bill. It is essential that any duty to put services out to tender should apply to all authorities, not just to London boroughs and met districts. To include such a provision in the Abolition Bill would complicate what is already a very difficult exercise.

My Secretary of State wishes to underline the unprecedented circumstances in which the abolition policy is being carried out. The last major re-organisation of local government was simpler, because it involved the building up rather than breaking down of existing organisations at a time of economic expansion with little thought for economy, and because it was carried out over a very long timescale within a broad consensus. This re-organisation is far more contentious as it involves the break-up of larger units; and it is being carried out within a very short timescale and in an atmosphere of fierce controversy, fuelled by a huge rate-financed propaganda campaign by the threatened institutions, vociferously supported by those vested interests who depend on high spending policies by local government. In these circumstances, my Secretary of State considers that the Government must not allow itself to be diverted into other areas, no matter how attractive; that the overriding objective must be to carry through the abolition policy in good order by 1 April 1986.

My Secretary of State will report further, from time to time, on progress, both towards the legislation and towards planning for implementation.

/ I am copying this letter and enclosure to the Private Secretaries to MISC 95 and Richard Hatfield (Cabinet Office).

Yours sincerely

John Ballard
JOHN BALLARD

GLC/MCC ABOLITION: STAFF AND PROPERTY

Staff

1. There are two ways in which GLC/MCC staff may find new jobs with successor authorities:

a. some will be covered by statutory transfer orders made under a general power in the main Abolition Bill;

b. some will be recruited directly by successor authorities.

Those who do not find a new job will automatically be redundant when abolition takes place - there is no question of staff being held "on the books of the Staff Commission." (Some GLC/MCC staff may, of course, find jobs with other employers over the next two years - there is already evidence of this happening.)

2. The use of transfer orders will be appropriate only for staff going to joint boards or the new ILEA - these account for some 70% of GLC/MCC staff. It is envisaged that the procedure will apply to major groups of operational staff. Recruitment by the joint boards (and the new ILEA) - eg of administrative staff - will be constrained by the precept and manpower controls operated by the appropriate Secretary of State for the first three years.

3. There will be no statutory transfer of staff to district or borough councils - they will have to decide on their needs and to recruit (subject to the ring-fencing procedures to be operated by the Staff Commission). This approach has been widely welcomed by borough leaders.

4. The Departments concerned with police, fire and education already have a good deal of information about the staffing of their services, and are well-placed to consider what staff are "essential". (Public transport employs very few staff - the big numbers here are in the Passenger Transport Executives

which will not be immediately affected by abolition.) Because of the nature of the services going to boroughs/districts Departments have much less information about staffing; but Departments will not, in any case, have to make judgement about staffing for these services.

Property

5. All GLC/MCC property will need to be transferred by orders made under the Abolition Bill. In general property would go to the successor bodies responsible for specific functions. Any property not dealt with in this way would go to the appropriate residuary body appointed by the Secretary of State.

6. Assembling information about GLC/MCC property will be a major task, calling for significant extra staff effort in DOE and other Departments.

LOCAL GOVT : Relations Pt 20

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10 DOWNING STREET

From the Principal Private Secretary

14 May 1984

Dear John,

This morning the Prime Minister discussed with your Secretary of State, the Lord President, the Lord Privy Seal, the Chief Whip and the Chairman of the Party the suggestion of a London Grand Committee to which all London Members of Parliament should belong.

In discussion, it was suggested that the Government should not rush into a commitment to establish a London Grand Committee. It was recognised that the argument that London was being denied a voice by the abolition of the GLC was a powerful one, which a commitment to setting up a London Grand Committee could be useful in countering. But the establishment of a London Grand Committee could be expected to lead to pressure for special arrangements governing the areas of other metropolitan authorities. It was doubtful whether such a Committee, which would not have any powers, would be really effective in providing "a voice for London"; and the precedent of the Scottish and Welsh Grand Committees suggested that Members of Parliament might find the requirement to attend it an imposition rather than a benefit. It might also have the consequence that there would be fewer debates on London matters on the floor of the House. In any case, the proposal was more relevant to the Bill to abolish the metropolitan authorities rather than the Paving Bill, and it would be wrong to make a decision at this stage.

Summing up the discussion, the Prime Minister said that the Government should not at this stage commit itself either for or against the proposal for a London Grand Committee. It could be explained that this proposal would fall to be considered next year in relation to the Bill for the abolition of the metropolitan authorities. This would provide more time for internal reflection on the arguments for and against the proposal.

/ I am

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I am copying this letter to Janet Lewis-Jones (Lord President's Office), David Morris (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office) and Jeremy Cowper (Mr. Gummer's Office).

Yours sincerely,

Robin Butler

John Ballard, Esq.,
Department of the Environment.

SLIABW

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10 DOWNING STREET

Prime Minister

How do you want to carry the attached forward.

Two suggestions :-

i. Discuss in a 1215 meeting on Monday? and then

ii. Ask that a paper should be prepared and put through E(LA).

Agree?

Monday met

FR RB

10.5



10 DOWNING STREET

h.c. Mr Letwin

From the Private Secretary

10 May 1984

Dear John.

Direct Elections to ILEA

The Prime Minister held a meeting at the House last night at 9.30 p.m. to discuss the Alliance amendment to the Paving Bill providing for direct elections to ILEA in May 1985. Present were the Lord President, Lord Privy Seal, Secretary of State for Education and Science, the Chief Whip, Minister of State, HM Treasury, Mr. Waldegrave and Mr. Buckley.

The Secretary of State For Education said that under existing plans the earliest that direct elections to ILEA could take place would be the second half of 1985. This would require a transitional regime from May 1985, implying three differently constituted bodies in three years. This would provide an obvious focus for criticism. He sought advice from colleagues on how he should response to the amendment. In discussion, it was noted that there was little pressure from Government supporters. Accepting the amendment would create the need for a Report Stage in the Commons which it was hoped to avoid. It was not clear whether accepting the amendment would widen discussion on the Bill (for example on the schedule setting out the precise form of the election) or whether agreeing to an amendment sought by the Opposition would speed its passage. Difficulties were more likely to arise in the Lords where the voting intentions of Government supporters would be more difficult to predict.

Summing up, the Prime Minister said the meeting still favoured the existing proposals and that the Secretary of State for Education should continue to resist the amendment. If, contrary to expectations there was very strong pressure, he should be authorised to

/indicate

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indicate that the Government would be prepared to introduce its own amendment in the Lords. If the amendment were successfully resisted in the Commons the issue would need to be looked at again when the Bill got to the Lords.

I am copying this letter to Elizabeth Hodkinson (Department of Education and Science), Janet Lewis-Jones (Lord President's Office), David Morris (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office), David Peretz (HM Treasury) and Michael Buckley (Cabinet Office).

*Your sincerely
Andrew Turnbull*

Andrew Turnbull

John Ballard Esq
Department of the Environment

SLIABU

CONFIDENTIAL

PRIME MINISTER

You ought to be aware of the attached note which records a meeting between the Lord Privy Seal, the Secretary of State for the Environment and Sir Philip Goodhart. The latter had apparently proposed that there should be a London Grand Committee comprising of London Members of Parliament. Mr Jenkins favoured this development and obtained Mr Biffen's agreement on the premise that this might help with the passage of the Paving Bill (although given the time^{scale} envisaged in the meeting it is difficult to see how this could be of much use). The Lord Privy Seal's office assure me that no final agreement has been given but clearly Sir Philip will have gained the impression that the Government is likely to facilitate his proposal.

You may like to discuss this with the Lord Privy Seal and the Secretary of State for the Environment. Although Sir Philip adduces in his letter, which is attached, a number of powerful arguments in favour of a London Grand Committee its establishment might well be seen as a recognition that "London needs a voice". There is no precedent for a committee of the kind proposed; the Scottish Grand Committee does, after all, have delegated powers. Moreover, if the need for a body with a strategic view of London's needs is conceded in one forum, it is much more difficult to argue that no such body is needed elsewhere.

In any event, both Andrew and I feel that this is a proposal which ought to be given much closer scrutiny than seems likely at present.

9 May 1984



Mr Turnbull to note

J
9/5

PRIVY COUNCIL OFFICE
WHITEHALL LONDON SW1A 2AT

9 May 1984

LONDON GRAND COMMITTEE

with request if required

The Lord Privy Seal and the Secretary of State for Environment met on Tuesday evening May 8 to discuss Sir Philip Goodhart's letter to the Lord Privy Seal of 11 April proposing that a London Grand Committee should be established to which all London Members of Parliament would belong. Sir Philip Goodhart was present for the second half of the discussion.

Mr Biffen said that he wished to help Mr Jenkin in whatever way possible to ease the progress of the Paving Bill: he was therefore in favour of the establishment of such a Grand Committee. However this was essentially a matter for the House of Commons and he would wish to give some further thought as to the exact composition and terms of reference of such a Grand Committee. Mr Jenkin said that he was grateful for Mr Biffen's support. He thought this should be a longterm proposal and not linked directly with the cancellation of the GLC elections. It would also be important to head off any thought of establishing similar Grand Committees for say the Greater Manchester area. Mr Biffen said that he thought that the most sensible time to put forward the proposal would be early in the new Session in October/November perhaps in the context of the abolition of the GLC Bill. He would like to give some further thought to how the Grand Committee would operate and he would let Mr Jenkin have his proposals in the near future.

Sir Philip Goodhart then joined the discussion and Mr Biffen told him of what had been agreed above. Sir Philip asked whether it was intended to make an announcement of the establishment of the Grand Committee during the proceedings of the Paving Bill this week, but Mr Jenkin reiterated that it would not be appropriate to link this proposal directly with the cancellation of the GLC elections.

John Ballard Esq
PS/Secretary of State for Environment

Mr Biffen has now asked me to set some work in hand with Mr Townley of the Cabinet Office and he will be in touch with officials in your Department.

I am copying this letter to Tim Flesher, No 10 and Murdo Maclean, Chief Whip's Office.

Yours sincerely,
D R Morris

D R MORRIS
Private Secretary

CONFIDENTIAL

PRIME MINISTER

Direct Elections to ILEA

The meeting this evening arises from the Cabinet discussion on 5 April where your summing up stated that the Cabinet

"did not agree that it would be right for the Government itself to propose amendments to the abolition Paving Bill to that end. Initially, at least, the Government's stance should be that this was a matter for the main abolition Bill. If there was strong pressure during its passage for provisions to be inserted into the Paving Bill, the matter could be reconsidered in the light of circumstances then prevailing."

This evening the Government will face an amendment inserting into the Paving Bill a provision for elections to ILEA in 1985. Mr. Jenkin and Sir Keith Joseph will argue that if there is strong pressure, they should undertake to introduce their own amendment in the Lords.

The argument for accepting the amendment is that in pure management terms it is a nonsense to have three successive authorities in three years, each constituted differently.

An important argument against, though not one which can be deployed strongly in public, is that elections to the new ILEA in May, 1985 will provide just the platform which the GLC Labour Group are seeking. It would be ironical, when the Government is taking steps to prevent by-elections after the Second Reading of the main Bill, to offer Labour an alternative platform at an even more crucial time as the main Bill is going through Parliament. The meeting you held on 7 May concluded that the weapon of mass resignations leading to by-elections was not very strong as the Conservatives could choose not to contest them. It would have no choice, however, but to fight

/the

CONFIDENTIAL

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-2-

the ILEA elections.

The third argument is that the amendment is inconsistent with the true paving character of the Bill as it introduces a substantive measure. The business managers argue that it would complicate the passage of the Paving Bill through the House (though Mr. Jenkin and Sir Keith Joseph argue that it will make the Bill more acceptable) and it will make it more difficult to resist other substantive amendments.

AT

ANDREW TURNBULL

9 May, 1984

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

9 May, 1984

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RATES BILL: EXCLUSIONS FROM OPERATION OF GENERAL
RATE LIMITATION SCHEME: SCOTTISH IMPLICATIONS

The Prime Minister has seen your Secretary of State's minute of 1 May and your letter to me of 2 May. Since then, the Chief Secretary has minuted on 3 May suggesting that Lord Gray seeks to provide reassurance without committing the Government in more specific detail than is strictly necessary. Lord Gray should go further only if he comes under strong pressure. I understand this would be acceptable to your Secretary of State. The Prime Minister would also be content.

I am copying this letter to the Private Secretaries to the other members of E(LF), to Murdo Maclean (Chief Whip's Office), David Beamish (Lords' Whips Office) and Richard Hatfield (Cabinet Office).

ANDREW TURNBULL

Edward Gowans, Esq.,
Scottish Office

BM

cc CO ✓
Genl-at-Arms ✓
awo ✓ 20 ✓
cto ✓ wfo ✓
JTI ✓
wo ✓

FILE

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10 DOWNING STREET

From the Private Secretary

8 May 1984

Rates Bill : Exclusions from the Operation
of General Rate Limitation

The Prime Minister has seen your Secretary of State's minute of 4 May which sets out the agreement reached on the way in which qualification for exclusion from the operation of general rate limitation should be defined.

I am copying this letter to the Private Secretaries to members of E(LF), Murdo Maclean (Chief Whip's Office), David Beamish (Lord Denham's Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.



DEPARTMENT OF TRADE AND INDUSTRY
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(Switchboard) 215 7877

JF6474

Secretary of State for Trade and Industry

8 May 1984

NBPM

815

The Rt Hon Viscount Whitelaw
PC CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

Dear Lord President,

I regret that I will be unable to attend E(LA) Committee tomorrow and I am therefore writing to you and colleagues with my comments on Nicholas Ridley's memorandum on Transport Supplementary Grant, to which Patrick Jenkin has already responded in his memorandum E(LA)(84)5 of 1 May 1984. *attached*

2 I have no objection to Nicholas Ridley's proposal for a flat rate grant for local authority capital expenditure on roads and structural maintenance. I note that his intention is to encourage local authorities to carry out major schemes on primary non-trunk roads, and I would see this as a contribution to improving the transport service available to industry. I note that it already applies in Wales.

3 So far as the issue of public transport revenue support is concerned, the paramount interest of this Department is to minimise the burden which industrial and commercial ratepayers must carry. I would therefore see no objection to the course which Patrick Jenkin proposes, provided that it can be relied on to produce a system which brings this expenditure into line with our public expenditure plans no less effectively than would the proposals put forward by Nicholas Ridley.

4 I am copying this letter to E(LA) colleagues and to Sir Robert Armstrong.

Yours sincerely,

Norman Tebbit

NORMAN TEBBIT

(approved for by the Secretary of State & signed in his absence)

8 MAY 1984

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NBPM


AT 415

MEETING WITH PATRICK JENKIN
FRIDAY, 4 MAY 1984

We discussed the arrangements for Liverpool, and incorporated some amendments to the Bill.

Patrick Jenkin welcomed our paper on the abolition of the Metropolitan Counties, and agreed the prime political aim is to deliver the savings.

He said he would welcome our help in thinking through some of the longer-term issues about local government finance and structure for the period after the successful implementation of the current rate limitation and structural measures.



JOHN REDWOOD

JMEAAL

SECRET



CC/NO

Prime Minister^②

To note.

MF

AT 4/5

PRIME MINISTER

RATES BILL: EXCLUSIONS FROM THE OPERATION OF GENERAL RATE LIMITATION

As proposed in your Private Secretary's letter of 26 April, William Waldegrave and I met with Willie Whitelaw, Peter Rees and Bertie Denham last Friday morning to discuss the amendment to the Rates Bill proposed in my minute of 16 April, and the reservations expressed by Nigel Lawson in his minute of 18 April.

The principal point of difficulty was whether authorities should be excluded from the operation of the general limitation scheme if for some years they had met either their expenditure target or their grant related expenditure (as I had proposed), or whether it should be necessary for both expenditure figures to be complied with to secure exemption (as Nigel preferred).

We were able to agree that we should retain an either/or test, but strengthen it so that authorities would be required to have met the relevant test for 3 years and be budgetting to do so again in the year the decision on exemption falls to be made.

One further point of concern about this approach, which Peter Rees put to me, was that it might be taken as an indication that we no longer attached importance to the achievement of targets by authorities spending below their GRE. That is not the case, of course, and I have agreed that, in moving the amendment in the House of Lords next week, Irwin Bellwin should include an agreed statement on the importance we attach to all authorities meeting their expenditure targets.



/ In the light of this agreement the amendment (copy attached) has been put down and will be taken on the final day of Lords Committee on 8 May.

I am copying this minute to members of E(LF), to John Wakeham, Bertie Denham and to Sir Robert Armstrong.

A.H. Davis

for
P J

4 May 1984

Approved by the SAS and
signed in his absence

CL10/8/14 79A
CL10/8/18 80A
CL10/8/19 81A

§ B

CLAUSE 10

RATES BILL

NOTES ON AMENDMENTS

HOUSE OF LORDS

COMMITTEE STAGE

BY THE LORD BELLWIN

79A★ Page 8, line 14, leave out (" subsection (2) ") and insert (" subsections (1A) and (2) ")

80A★ Page 8, line 18, at end insert—

(" (1A) If in any financial year it appears to the Secretary of State from the best information available to him that an authority—

(a) has in each of the three preceding financial years complied with subsection (1B) below; and

(b) is likely to comply with that subsection in that financial year,

he shall by a notice in writing served on that authority exempt it from the operation of subsection (1) above in relation to the next financial year.

(1B) An authority complies with this subsection in a financial year if it has not been designated in relation to that year under section 2 above and either—

(a) its total expenditure in that year does not exceed its grant-related expenditure for that year; or

(b) it complies in that year with any guidance issued to it for the purposes of section 59(6)(cc) of the Local Government, Planning and Land Act 1980."

81A★ Page 8, line 19, after (" If ") insert (" in a case to which subsection (1A) above does not apply ")

Local God: Relations Pt 20



4 MAY 1964



ccyo
DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

NBE M

AT 815

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON SW1A 2ER

4 May 1984

Dear Nick

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

Thank you for your letter of 25 April. I am grateful to you for agreeing to delay publication of your consultation paper until my bus policy proposals have been considered.

There is a major difference between us about the desirability of giving the local authorities more transport responsibilities, and transferring to them subsidies which are now distributed through the central Government PSO grant. I feel strongly that, especially in present circumstances, this would be the wrong thing to do.

The risks which I outlined in my letter of 6 April might be worth running if there were a prospect of major savings. But, as you say, there is no such prospect. And, as George Younger says, the consultation paper would be likely to reopen the unhelpful post-Serpell debate. I therefore see no advantage in adopting the local rail option nor in publicly ventilating the possibility.

You were concerned about the fifth point in my letter of 6 April. I do not see how stable arrangements for local support of cross-border rail services could be established except by setting up joint boards or committees on a permanent and formal basis. The local authorities concerned would also probably have to be given a statutory duty to co-operate in providing rail services. The draft paper hints at these problems in its reference to the need to build in "suitable means of settling disputes" (paragraph 39). Only if the joint bodies were given responsibilities for other public transport - including services within each county - could they decide "whether the public subsidy for the local rail services might be better spent in providing alternative methods of meeting the transport needs of their areas" (paragraph 32). This is not the direction in which we should take the organisation of local transport.

On my fifth point, there would be clear dangers in distinguishing between a "national" and a "local" rail network. By removing direct central subsidy from some services we would be signalling that they were less important and more dispensable than other rail services, even though these local services would be indirectly supported by the Government; this would be seized on. Nor would I welcome the implication that, by contrast, all "national" rail services would be specially protected. This could, for example, make it more difficult to move towards bus substitution in suitable cases.

I recognise, however, that there is a Welsh Manifesto commitment, and that you are committed to publication. I accept that without the local rail option, the paper would

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be very thin; and it is only a consultation document,
confined to Wales.

It would I think be sensible for our officials to
get together when E(A) has reached decisions on bus
policy, to consider further how best to proceed.

/ I am sending copies of this letter to the Prime
Minister, the other members of E(NI) and to Sir Robert
Armstrong.

*Yours
Nicholas*

NICHOLAS RIDLEY

CONFIDENTIAL

Local Gent : Relativum A 20.

11 MAY 1984

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FROM: CHIEF SECRETARY

DATE: 3 May 1984



PRIME MINISTER

RATES BILL: EXCLUSIONS FROM OPERATION OF GENERAL RATE LIMITATION
SCHEME: SCOTTISH IMPLICATIONS

George Younger's minute to you of 1 May proposes that Hamish Gray should give an undertaking about the way in which general rate limitation would be operated in Scotland when the Rating and Valuation (Amendment)(Scotland) Bill is debated in Committee in the Lords. His Private Secretary's letter of 2 May to Andrew Turnbull gives further details of this proposal.

I accept that some protection for moderate spenders would be appropriate in the light of the arrangements now agreed for England and Wales. But the Scottish benchmarks are not entirely equivalent to those in England and Wales. I am not aware of any strong political pressure for an undertaking in the Scottish case, and I would prefer Hamish Gray's statement to be in rather less specific terms. He could say that arrangements would be made to protect moderate-spending Scottish authorities from any general rate limitation, and that these would be based on spending performance over four years, as is proposed for England and Wales.

I would hope that this would provide the required reassurance without committing us in more specific detail than is strictly necessary at this stage. If Hamish Gray comes under strong pressure for an undertaking in more specific terms, I could go along with George Younger's proposal. But I would prefer to avoid this.

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I am copying this minute to George Younger, Patrick Jenkin and the other recipients of his minute of 16 April.



PETER REES

CONFIDENTIAL

CONFIDENTIAL



3 - MAY 1984



CONFIDENTIAL

NOPM
AT 415
CCND

HOUSE OF LORDS,
SW1A 0PW

3 May, 1984

My dear Leon:

Abolition of the GLC and MCCS: Arrangements
for the Probation Service

Attached

Thank you for sending me a copy of your letter to Patrick Jenkin.

While your proposal that Probation Committees in the areas concerned should include one-third elected members appointed by the constituent districts or boroughs would introduce an element of accountability, it would inevitably lead in time not only to all Probation Committees but also all Magistrates' Courts Committees being similarly constituted.

Experience of mixed membership of police authorities comprising two-thirds elected members and one-third magistrates has not been uniformly happy. On occasions magistrates have been embarrassed by party political divisions. If magistrates become involved or appear to be involved in such divisions their independence and impartiality in the eyes of the public are undermined. Your proposal increases the risk of this occurring.

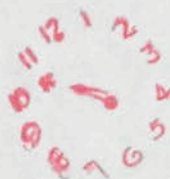
As my most important function is to preserve and promote the independence and standing of the judiciary I regret that I am unable to support your proposal.

I am copying this letter to the other recipients of yours.

Yrs:

The Right Honourable
Leon Brittan, QC, MP,
Secretary of State for the Home Department,
50 Queen Anne's Gate,
London SW1H 9AT

4 MAY 1984



①
PRIME MINISTER

Rates Bill

Mr Jenkin wrote to you proposing that the undertaking not to apply general rate-capping to councils with a good record should be implemented by excluding from the operation of the scheme councils which were below target or GRE in the previous two years. The Chancellor wanted qualification to be below target and GRE, plus a requirement about the increase in the current year.

Under the Chairmanship of Lord Whitelaw, a compromise was worked out with the definition being target or GRE, but for three prior years. This has been tabled in the Lords.

It has also been agreed that Mr Younger should make a similar provision for Scotland, only in his circumstances it will not be in the Bill but will be implemented by administrative action following ~~an~~ undertaking in the House.

He also needs to specify the nature of the undertaking. The attached two letters propose the previous three years for the Scottish equivalent of target or GRE. It thus parallels the treatment in England and Wales.

Agree Mr Younger's proposals?

Yes mt

AT

Andrew Turnbull

2 May 1984



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

A Turnbull Esq
Private Secretary
10 Downing Street
LONDON SW1

2 May 1984

Dear Andrew,

RATES BILL: EXCLUSIONS FROM OPERATION OF GENERAL RATE LIMITATION
SCHEME: SCOTTISH IMPLICATIONS

I refer to our telephone conversation yesterday in which you asked how the Scottish Office would define low spenders for the purpose of the undertaking which Lord Gray will probably have to give during the Lords Committee Stage of the Rating and Valuation (Amendment) (Scotland) Bill on Thursday 3rd May. I also understand that Treasury would like us to align our undertaking more closely with the amendment to the Rates Bill even although we are not proposing to amend our Bill to exclude specified authorities from general rate limitations.

In the light of this we would propose that Lord Gray should give an undertaking that any authority with a proven record of low spending, that is below guideline or client group assessment for the previous three years and budget in the current financial year, would receive special consideration if it applied for a derogation and if any authority fulfilled these tests it would not be required to reduce expenditure in real terms as a result of general rate limitation. No undertaking would be given to amend the Bill. Derogations would also, as already made clear in the passage of the Bill, be used to deal with any exceptional cases.

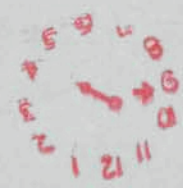
I hope the Prime Minister will be able to agree to an undertaking in these terms.

I am copying this letter to the Private Secretaries to the recipients of my Secretary of State's minute of 1 May.

Yours sincerely

EDDIE GOWANS
Private Secretary

SECRET
UNITED STATES DEPARTMENT OF JUSTICE



2 - MAY 1984



L. 10

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

1 May 1984

Prime Minister

**RATES BILL: EXCLUSIONS FROM OPERATION OF GENERAL RATE
LIMITATION SCHEME: SCOTTISH IMPLICATIONS**

I refer to Patrick Jenkin's minute to you of 16 April in which he describes the form of amendment to the Rates Bill which he proposes should be tabled for Committee Stage in the Lords. I am content with his proposal and the form in which it now appears as an amendment.

The Rating and Valuation (Amendment) (Scotland) Bill will be in committee in the Lords in the same period as the Rates Bill. The question of protecting moderate Scottish authorities is bound to be raised and indeed this issue may come up on the Scottish Bill before it comes up on the English one. In the light of this I propose that Hamish Gray (who will be dealing with this part of the Scottish Bill in the Lords) should give an undertaking that no Scottish authority would be forced by means of general rate limitation to reduce its expenditure if that expenditure was already below either its guideline or its client group assessment (the Scottish equivalents to targets and GREs).

This undertaking would not go as far as what Patrick Jenkin proposes, since there would be no amendment to the Scottish Bill and no automatic exclusion of the low spenders from the operation of the general limitation scheme. They would be dealt with under the derogation procedure. We could operate this in a way which did not allow the low spenders to raise their expenditure as would apparently be possible for English low spenders excluded from the general limitation scheme. Although not as far reaching as what Patrick Jenkin suggests, what I propose fits better with the structure of the Scottish legislation and would, I hope, be seen as an adequate concession.

I am copying this minute to Patrick Jenkin and the other recipients of his minute of 16 April.

G.Y.

G.Y.

LOAN
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Rebur.
16:20





Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
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NBPM
AT 1/5

1 May 1984

CONFIDENTIAL

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

D Patrick,

ABOLITION OF MCCs : TRADING STANDARDS

attached

As you will know from my paper MISC 95(84)11 I consider that on abolition responsibility for trading standards should be dealt with by one of the joint boards which is already proposed - probably that which will deal with the fire services. Michael Jopling, in his letter to you of 26 March, set out his strong support for my view. He and I between us are responsible for a large number of pieces of major legislation for which the trading standards departments have an enforcement role. We are both convinced that it would be a mistake to pass these responsibilities to the districts when a better solution (i.e. the same joint board as the fire services) is readily available.

will request if req

2 At the meeting of MISC 95 on 28 March, which Alex Fletcher attended, I understand there was no mention of Michael Jopling's strong support for the line I had advanced: the letter had not reached Alex. At that meeting several members of the group had reservations about my proposal and it was agreed that in consultation with Leon Brittain and Irwin Bellwin I should consider urgently other options for the administration of trading standards with a view to agreeing revised proposals. At a meeting on 3 April with Alex Fletcher and David Mellor, Irwin Bellwin suggested that the Bill might require the district councils in each Metropolitan area to consult amongst themselves on the operation of the service - the object being to enable my Department to encourage the setting up of technical committees in which common standards could be discussed and possibly agreed. While this would be better than no provision at all, it does not meet the points made in my paper or in Michael Jopling's letter.

JH2AFQ



3 It seems to me that no satisfactory alternative has been found to giving trading standards to the joint boards who will be handling the fire services, and I think we must re-examine the doubts which some members had about my proposal for this. As I understand it some colleagues fear that our opponents would be able to use such a proposal to demonstrate that our underlying philosophy on abolition was wrong. But surely our opponents have already made what capital they can out of the joint board provision, and the addition of trading standards is not going to strengthen their hand at all. I would have thought our general line has been that abolition as a whole is right, but that where it is clear that some provision wider than the districts is necessary, then we are making appropriate arrangements on a pragmatic basis. The treatment of trading standards in this way is a good example of our willingness to listen to the strength of the case presented in response to the consultation over the White Paper.

4 The discussions between your Department, the Home Office and my Department have not revealed any practical obstacle to trading standards being handled by the same joint boards as the fire services; the issue thus falls to be decided on an assessment of the wider political implications of adopting the course which Michael Jopling and I propose. I hope that on reconsideration you and colleagues will agree that the balance lies with the line I have advocated above.

5 I am copying this letter to other colleagues on MISC 95, to Michael Jopling and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Norman Tebbit', with a horizontal line underneath.

NORMAN TEBBIT

15 MAY 1984





QUEEN ANNE'S GATE LONDON SW1H 9AT

30 April 1984

Dr Patrick

ABOLITION OF GLC AND MCCS: PROBATION

Will request if required

Thank you for your letter of 18 April. I understand, and endorse, your reluctance to accept any arrangements which could legitimately be thought of as creating new joint boards. As my letter of 10 April made clear, that is not our intention; the probation committees concerned are already in being, with substantial statutory powers, covering the whole of their present areas. Our proposal would give local authorities full membership of them for the first time in a way which would, in my view, encourage democratic representation and financial discipline. It would give the districts a more direct role in the management of the probation service than the White Paper proposals would achieve.

On the other points in your letter, we would hope that the interest shown by the constituent districts would increase on a better-informed basis, and one which took account of the wider interests of their communities than the purely financial one: my proposals for the admission of local authority councillors as full members of the probation committees are designed to achieve that, as well as introducing the important element of democratic representation. If any districts were to use this advance to press for a full controlling interest we would resist that, on the grounds that it would be inappropriate for a criminal justice service with a substantial direct responsibility to the courts: I would see no difficulty in doing so.

The changes I propose in the legislative arrangements are the minimum which I judge can achieve the necessary shift of power in controlling the finances of the important area probation services affected, without which they will be hamstrung in carrying out the policies for which I am responsible and which the Government is looking to them to implement. Leaving aside my own Departmental interest, our wider policy objectives of greater local accountability, economy of administration and improved efficiency are more likely to be attained by my proposals than by those of the White Paper. My proposal for the admission of local authority members on to the probation committees is a major step towards greater local accountability; and the arrangements I propose of settling annual budgets will be simpler and marginally cheaper to administer than the present system, whereas the White Paper proposals would certainly be more expensive, as well as leading to an unacceptable decline in efficiency. I therefore ask you and our colleagues to agree to the adjustments I have proposed.

I am copying this letter to Quintin Hailsham and Nicholas Edwards, and to the other members of MISC 95 and Sir Robert Armstrong.

Law,
la

The Rt Hon Patrick Jenkin, M.P.

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14 MAY 1964

SECRET

File
Spdc to OL - He and JR were
not talking to DOE & AG's
Dept
AT 30/4 3

①
PRIME MINISTER

John Redwood mentioned that the Policy Unit had some reservations about the draft Bill on Commissioners. The attached note sets them out. They feel it would be preferable to relate the Bill specifically to Liverpool, with Parliamentary action to set aside the constraints of hybridity, rather than make it general with an Order to activate it for specific local authorities. They recognise, however, that E(L) and L Committees consciously decided to make the legislation general and so they do not intend to pursue this point further.

Nevertheless, they still feel there are amendments which could be made which could ease the fears of Government supporters and help secure the speedy passage of the Bill which will be required.

Agree Policy Unit be authorised to talk to DOE and the Attorney General's Office about these proposals?

Yes. I shall
be asking them to doubt
about the legislation.
It is very sweeping
& structure with largely
revised. But I have not
seen alternative
limited possibilities nor
heard the arguments.

27 April, 1984

SECRET

However I should be very
reluctant to use the legislation
at all. not

Policy Unit
27 April 1984

MR TURNBULL

LIVERPOOL: COMMISSIONERS BILL

The right decisions have now been made about the timing of the Government's response to the crisis in Liverpool. But the draft Commissioners Bill still needs attention.

The powers that the Bill at present confers on the Secretary of State will certainly enable him to impose an effective Commission on Liverpool and on any other local authority that engages in similar tactics. But the powers are so great that they will inevitably cause very considerable Parliamentary opposition, even from some of our own supporters: the Government will be accused of playing big brother. This will not only prove damaging in the long run, but may also impede the progress of the Bill through both Houses.

We continue to believe that the best way to reduce opposition, and to make clear that the Government does not intend to use its powers arbitrarily would be to amend the Bill so that it referred specifically to Liverpool and did not challenge any other interests. This would also remove the possibility of a future Labour government using the general Bill, once enacted, as a means of taking over Conservative councils. Given that both Houses have the right to overrule their own Standing Orders on hybridity, such an amendment would be technically feasible. But E(LF) decided long ago that the Bill should be general rather than specific; Patrick Jenkin continues to support this view; and L Committee has recently endorsed it. Nor do we know of any replacement for Commissioners legislation that would serve the same purposes: a writ of mandamus could probably be used to enforce the setting of a rate in case of default, but we are told that it could not set the size of that rate or make the city viable.

It is therefore of the utmost importance to ensure that the the general Bill can be carried quickly through both Houses. We suggest a number of fairly small drafting changes that would improve presentation and reduce opposition without making the Bill less effective:

SECRET

- 1 Change the long title. The present title suggests that the purpose of imposing commissioners is to 'protect the interests of the inhabitants'. This is unwise, since the Bill will probably first be used when the local inhabitants have recently re-elected left-wing councillors to represent their interests. The words 'for protecting the interests of the inhabitants' should read, 'for meeting the financial or other obligations which the authority has failed to meet.
- 2 Remove Clause 1, subsection 1(b). This subsection gives the Secretary of State power to impose a Commission by statutory instrument on any council that has 'failed to discharge its functions to such an extent as seriously to prejudice interests of the inhabitants of that area'. It is all too easy to imagine a Secretary of State appointed by Mr Kinnock using this power to impose Commissioners on a Conservative authority that in his view 'prejudices the interests of inhabitants' by refusing to implement Labour policies. Our supporters will not be slow to point this out.
- 3 Remove Clause 3, subsection 5(a). This subsection states that rate limitation under the Rates Bill will not apply to the Commissioners. It would be a catastrophic error for the Government to use this power: if the Commission were allowed to set a higher rate than would be allowed under the Rates Bill, this would make a laughing stock of the Rates policy; it would also open the door for irresponsible councils to embarrass the Government by overspending, refusing to fix a rate, getting a commission in to levy an unlimited rate and then getting their comrades re-elected in triumph. If the Government, for these reasons, does not intend to use the power, why provoke opposition and ridicule by including it in the Bill?
- 4 Change Clause 4, subsections (2) and (4). These subsections give power to the Secretary of State to extend the life of a commission indefinitely, subject only to annual negative resolutions. This will be seen as undemocratic. The best solution would be to impose an absolute time limit of two financial years. If this is unacceptable, extensions should at least be subject to affirmative resolution by both Houses. The Bill should make it abundantly clear that the duty of the Commissioners is to return to local democracy as soon as possible.
- 5 Change Schedule 2, paragraph 5. This paragraph empowers the Secretary of State to exempt a commission from any statute or instrument, subject only to negative resolution. This too, will be seen as undemocratic. The proper solution is for the Bill to insist on an affirmative resolution for any exemption not specified in the schedule.

SECRET

We are told by DoE and the Attorney General's office that it is entirely feasible to make such changes at this stage. We know that there has been extensive debate, and that participants have been aware of the dangers both of having inadequate powers and of eroding the local democratic principle too far. But we fear that excessive weight has been given to the first consideration, and not enough to the second.

The Bill is only a draft; it is not on the Parliamentary timetable; and it is unlikely to be needed before 3 May. The Government has the time to get this right, and should take the opportunity.

We recommend that the Prime Minister should invite Patrick Jenkin to consider these ideas.

- Speed
mt.

Oliver Letwin

Oliver Letwin

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

26 April 1984

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branch own.
e LPO. cwo
80 cwo/HH
wo. CO
BTI
CS, that

Dear John,

Rates Bill: Exclusions from Operation of General Rate
Limitation Scheme

The Prime Minister has seen your Secretary of State's minute of 16 April and the Chancellor's minute of 18 April.

She recognises the difficult choices that are involved. She would like your Secretary of State and the Chief Secretary to discuss the issue with the Lord President and the Chief Whip to see if a solution can be devised which is acceptable to all parties and which satisfies the undertakings which the Government has given in the House.

I am copying this letter to Private Secretaries to members of E(LF), Murdo Maclean (Chief Whip's Office), David Beamish (Chief Whip's Office, House of Lords) and Richard Hatfield (Cabinet Office).

Yours sincerely
Andrew Turnbull

(ANDREW TURNBULL)

John Ballard, Esq.,
Department of the Environment.

CONFIDENTIAL

Tim.

ASJr

Duncan Prior from Patrick
Jenkin's Office rang to say
that the S/S has seen ^{Attached}
the Chancellor's minute of 18/4
and would like to make the
following comment: -

He wants to pursue the
line set out in his earlier
minute of the 16/4 ^{Attached} and he
is not swayed by the
Chancellor's minute.

Sue

25/4/84

a 10



Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 (Llinell Union)
6106
Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 (Direct Line)
6106
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

25 April 1984

CONFIDENTIAL

Dear Secretary of State
LOCAL CHOICE IN PUBLIC TRANSPORT:
A CONSULTATION PAPER

NRM
A
24/4.

Thank you for your letter of 6 April. I have also seen George Younger's of 11 April, and Peter Rees's of 5 April, whose points I can meet.

We have since spoken, and although my paper deals with the rail option I am naturally prepared to defer issue of my paper for a week or two until we can consider your proposals for buses. I would however be seriously embarrassed by any longer delay, since I am under considerable pressure to honour the commitment given in our Welsh Manifesto. If asked at the next oral questions to me (30 April), I would like to be in a position to say that its issue could be expected shortly.

I am also concerned about the objections now being made to the presentation of arguments in favour of local choice extending to rail services in Wales. There seems to be a fundamental misunderstanding of the position in Wales and of the policies and framework for local authority expenditure in which any changes would operate.

There is, for example, no question of forcing local authorities to take on rail services which they could not afford. The Welsh counties have not been grossly overspending, and with their limited resource base they would find it quite impossible to assume additional responsibilities without an initial transfer of resources from the PSO grant (as indicated in the paper). Even then the local authorities in Wales may refuse to consider the idea, which is their prerogative; but it certainly is not "Serpell by stealth".

/Secondly ...

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport



Secondly, while I agree that we must look for savings, we must also recognise that local authorities in Wales will continue to need to spend substantially on providing transport services. In remote rural areas in Wales - and no doubt George Younger would agree as regards Scotland - it simply is not politically feasible for the local authorities or me to enforce draconian reductions in the provision of rail or bus services. Of course there will have to be painful decisions leading to withdrawal of grossly uneconomic services, and as regards buses, the counties will have to take them; but they will have to continue to fund bus services from within the very tight financial regime now imposed on them, and I cannot see much real prospect of obtaining major savings of public expenditure in Wales merely by imposing new transport policies. Indeed, I see little opportunity or indeed likelihood that the Welsh counties could embark on transport activities which led to net additions in public expenditure. The basis of our argument is that there will be no new money available for transport, and that the counties will have to make their choices from within the resources available to them.

I would agree that if there is to be local choice in rail there will have to be a marked improvement in the quality and quantity of financial information. This may prove to be a stumbling block, but at least the question should be aired, for at present there is no incentive for BR to provide better information. The difficulties of cost attribution are well known, but it ought to be possible to get a clearer picture of the costs of maintaining the basic shuttle services on rural branch lines (there are several in Wales) which do not carry freight.

I am sorry that an analogy is drawn with metropolitan counties. There are none in Wales, and I have firmly resisted their introduction by proxy through Passenger Transport Authorities and Executives. Our paper suggests not so much wider co-ordination of public transport in Wales - that would imply a directing role for the Welsh Office, which I emphatically do not want - as more effective co-ordination by the counties who have to take the decisions anyway.

You refer to joint boards and committees. In Wales as elsewhere, there are inevitably shared decisions on those cross border bus services which are subsidised; all we are suggesting is that this is recognised and that where necessary counties could form joint committees to arrive at decisions on cross border bus or rail services. There need be no question of imposing a new structure on them.

I did not quite understand the fourth point in your letter. As I say above, we envisage counties jointly deciding their requirements for cross border services, not giving the decision to some new body. It is a question of importing greater effectiveness into present arrangements, not replacing them. We have to recognise that transport burdens already fall unequally between counties, in many different ways (eg in rural areas, sparsity and distance leads to expense; in urban areas with high unemployment, fare income decreases). We cannot legislate against inequity, nor would I propose to do so. In any case, there is presently inequality of benefit between counties in so far as some enjoy disproportionately greater benefit from centrally subsidised loss making rail services than others, eg in South East England.

/The fifth ...



The fifth point is also difficult to understand, given that the Government is already subsidising local transport services heavily, albeit through TSG in England and RSG in Wales, and will continue to do so.

On these grounds I do not accept that there is a case for omitting the rail option from my paper. Indeed it is the central feature to which I am publicly committed. At E(NI) on 13 September last, it was agreed that I should issue such a paper after consultation with you and the Chancellor of the Exchequer. I feel very strongly that we must proceed on this basis. If you still see difficulties we should discuss them in committee, for I believe that the paper could be issued without the embarrassment that you and George seem to fear. After all, as you imply, the Serpell report is no longer an issue. Naturally, I am anxious to avoid misunderstandings, and my officials will be ready to discuss with yours any drafting suggestions which might protect your flank. I hope you can agree that they should do so urgently so that we can aim for issue of the paper as soon as your proposals for bus policy are available for consideration.

/ I am sending copies of this letter to the Prime Minister, other members of E(NI) and Sir Robert Armstrong.

Yours sincerely,

C. L. James

Approved by the Secretary of State
and signed in his absence

Lowell Govt. Relations
Pt 20

22 APR 1984

10 12 11 2 3 4
10 11 12 1 2 3
10 11 12 1 2 3
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Children in Care

In the attached note, the Policy Unit suggest that large financial savings could be made if children who are currently looked after in Local Authority Community Homes were sent instead to independent boarding schools. They would then need to be looked after by paid 'part-time parents' during the holidays.

The potential savings calculated by the Policy Unit are very large, though I do wonder whether their idea could cause a lot of resentment among other parents, who not only provide a normal family life but also pay their children's school fees out of their own pockets.

It would also be interesting to find out why the costs of keeping a child in the Local Authority Community Home are so much greater than preparatory school fees. For most (though not perhaps all) children the degree of supervision required must be similar.

Would you like the Policy Unit to pursue these ideas further?

Yes - it would - and would be very diff with the children who would be different -

No.

Dms

mt,

DAVID BARCLAY

18 April 1984

18 April 1984

MR TURNBULL

CHILDREN IN CARE

There are 95,000 children in care in England and Wales. 70,000 of these are either boarded out, or left with guardians, or put into special schools and homes for the handicapped. The remaining 25,000 are in local authority Community Homes. Some of these are 'difficult cases' who have been confined to care because of heinous misdeeds. But most - about 15,000 - are fairly normal children, often more sinned against than sinning. They attend ordinary schools and use the Community Home only as an ersatz household.

The costs of keeping these relatively normal children in Homes are extremely high. A fairly thrifty authority like Hampshire spends about £10,000 per child per year, and high-spending Thameside manages an astonishing £12,195. To this, one must add the £1000 or £1500 that is spent on the child in school - making a total of between £11,000 and £13,500 per child per year.

The DHSS are aware of the extravagance, and are trying to diminish it by increasing the number of children sent to foster parents. But there are not enough suitable full-time foster-homes on offer. We believe that another possible solution deserves to be explored: the children might be sent to respectable independent boarding schools during term time, and then farmed out to part-year foster-parents during the school holidays. A good prep-school costs about £3,000 pa, and one might well find part-time parents willing to take on a child for, say, £100 a week or £2,000 for the whole holiday period. One might, in other words, save roughly £7,000 per child per year, and at the same time give the children a far better education. The total savings might eventually amount to as much as £100 million pa.

We are in contact with a highly respectable charity that is interested in promoting such a scheme, and we have tentatively asked DHSS to let us visit a number of Homes, so that we can get a feel for the character of the problem. But, before going any further, we would like to know whether the Prime Minister considers that the idea is worth pursuing. If she is in favour, we would begin serious study soon after Easter.

Oliver Letwin
OLIVER LETWIN

MINABV



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

RATES BILL:

EXCLUSIONS FROM OPERATION OF GENERAL RATE LIMITATION SCHEME

I understand Patrick Jenkin's reasons for proposing, in his minute of 16 April, to exempt from the general scheme of rate capping all authorities which have met either their targets or their GREs over a run of years. But I think this goes further than we need or should go.

2. Patrick's proposal could mean exempting some authorities which have failed to keep spending within target, simply because they are within their GREs. I do not think that this is consistent with our Manifesto commitment "to provide a general scheme for limitation of rate increases for all local authorities to be used if necessary". We could just defend an exemption for authorities which, in Patrick's words, "conformed to government spending guidelines". But we could not argue that authorities which spend more than their target would fall in that category.

3. I suggest, therefore, that the exemption should apply only to authorities which have met both targets and GREs. We would, of course, then need to think how this exemption could be adapted if we were in due course to give up targets. I think we might, for example, exempt authorities which both meet GREs and hold the increase in their current spending to less than the increase in prices - or less than an amount which we could specify each year by order. This would of course mean taking powers to substitute such an alternative test.

4. I know that this would not satisfy Bernard Braine or Peter Hordern: Essex and West Sussex are over target this year. But it seems to me defensible, and there are a number of good points we can make to them.

5. Copies of this minute go to members of E(LF), the Chief Whip, the Chief Whip (Lords) and Sir Robert Armstrong.

(N.L.)
18 April 1984

Local Govt. Relations 1720.

11 8 APR 1984



CONFIDENTIAL

AT
GR

Prime Minister

Agree X?

AT

18/4

CONFIDENTIAL

18 April 1984

Yes and

MR TURNBULL

GENERAL RATE-LIMITATION: THE CHANCELLOR'S MINUTE

If the Government does not exempt counties like Essex and West Sussex from general rate limitation, there will be political trouble. But the Chancellor is right to be worried by the prospect of such exemptions. The Government cannot credibly set targets if it then describes authorities exceeding those targets as 'low-spenders', and proceeds to exempt them from rate limitation.

X | The question is whether this threat to the Government's long-term credibility is more or less important than the immediate political problem. We recommend that the Prime Minister should leave this to be resolved by colleagues in E(LF).

Oliver Letwin

OLIVER LETWIN

CONFIDENTIAL



file

BM

to Nick Owen

10 DOWNING STREET

From the Private Secretary

17 April 1984

Association of London Authorities

The Prime Minister has seen your Secretary of State's minute of 16 April. She agrees that the line he proposes should be taken.

I am copying this letter to the Private Secretaries to members of H Committee, and to Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

MR. A. TURNBULL

(Andrew Turnbull)

John Ballard, Esq.,
Department of the Environment

all



10 DOWNING STREET

MISC 95

Lord Pres	Scot	LPS
LCO	Wales	S.S.
HO	✓ Environ	DTI
✓ DES	✓ Bellwin	CDL

16 April 1984

From the Private Secretary

Emp
MAFF
Chief
Sec
Trans
A.G.
C.Whip
Gowrie
CO

Note: This letter and the Policy Unit paper was circulated more widely than intended (to all those receiving MISC 95 papers not just members). I reconsidered the wisdom of circulating the Policy Unit paper at all. As a result this letter and the paper were recalled from all except SS/Env's office. I have sent a replacement letter of 16 May. John Ballard had already responded to the letter but with a reply which was read as response to second letter. *with no mention of Policy Unit paper though it was behind the scenes*

The Prime Minister is extremely grateful for the immense amount of effort that your Secretary of State and the Department of the Environment have been devoting to preparing legislation for the abolition of the GLC and the MCCs. She is now concerned to ensure that this work bears fruit in the form of reduced bureaucracy and the promised financial savings of £120 million, which she regards as the keys to the success of the policy.

I am therefore attaching a note by the Policy Unit suggesting ways in which these savings might be achieved. The Prime Minister would be particularly interested to hear your Secretary of State's views on whether:

- (i) The Abolition Bill should give the relevant Secretaries of State clear powers enabling them to avoid the transfer of any except essential staff and property to successor bodies.
- (ii) Departments should now be drawing up detailed lists of essential staff and property, and should be drafting orders requiring necessary information from the GLC and MCCs, to be issued on the day that the Paving Bill receives Royal Assent.
- (iii) Plans for selling County Hall in London should be rapidly devised.
- (iv) A clause should be added to the Abolition Bill, giving successor bodies the duty to put specified services out to tender.

The Prime Minister would be grateful if your Secretary of State could keep her periodically informed of progress in pursuing these ideas.

/ She also

BF

5

BF | She also believes that, to help win the public debate, the DoE should design, well before the summer recess, a method of explaining in simple popular terms how the new structure of local government is going to work and how it will bring savings.

I am copying this letter to Private Secretaries to Members of MISC 95 and to Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

John Ballard Esq
Department of the Environment

DRAFT LETTER FROM ANDREW TURNBULL TO:

John Ballard Esq

The Prime Minister is extremely grateful for the immense amount of effort that your Secretary of State ^{and the Department of Environment have} has been devoting to preparing legislation for the abolition of the GLC and the MCCs. She is now concerned to ensure that this work bears fruit in the form of reduced bureaucracy and the promised financial savings of £120 million, which she regards as the keys to the success of the policy.

I am therefore attaching a note by the Policy Unit, ^{suggesting} ~~describing~~ ^{ways in which these savings might be achieved} some of the main points ~~to be considered~~. ^{would be} The Prime Minister ^{to hear your Secretary of State's views on whether} is particularly interested in ~~the paper's~~ suggestions that, ~~to achieve the promised savings:~~

- (i) The Abolition Bill should give the relevant Secretaries of State ~~absolute~~ clear powers enabling them to avoid the transfer of any except essential staff and property to successor bodies.
- (ii) Departments should now be drawing up detailed lists of essential staff and property, and should be drafting orders requiring necessary information from the GLC and MCCs, to be issued on the day that the Paving Bill receives Royal Assent.
- (iii) Plans for selling County Hall in London should be rapidly devised.

- (iv) A clause should be added to the Abolition Bill, giving successor bodies the duty to put specified services out to tender.

The Prime Minister would ^{be grateful} welcome your Secretary of State's views on these points, and would also be interested to hear how such matters will be pursued. She hopes that she will be periodically informed of progress in ^{Pursuing} ~~achieving~~ these ideas. ^{Could keep her}

She also believes that, to help win the public debate, the DoE should design, well before the summer recess, a method of explaining in simple popular terms how the new structure of local government is going to work and how it will bring savings.

I am copying this letter to Private Secretaries to Members of MISC 95 and to Richard Hattfield (Cabinet Office)

CONFIDENTIAL



✓cc NO

BF with Treasury response

AT 16/4

PRIME MINISTER

RATES BILL: EXCLUSIONS FROM OPERATION OF GENERAL RATE
LIMITATION SCHEME

— see A 19

As we agreed when we met on 27 March (your office's letter of that date to mine refers), I indicated at Report stage of the Rates Bill that we would table an amendment in the House of Lords to Part II of the Bill (the general scheme) reflecting the general principle that authorities which over a period of years had conformed to Government spending guidelines should be excluded from the operation of the general scheme if and when introduced. I have now considered the precise form of that exclusion, bearing in mind particularly the points you made in our discussion.

It seemed clear from the discussion in the House at Report stage that an exclusion arrangement based primarily on targets - as was Sir Peter Emery's own amendment - is unlikely to be acceptable. It would not meet the strongly expressed concern of those such as Sir Bernard Braine and Peter Hordern whose upper tier authorities (Essex, West Sussex) have recently moved above target although they remain below GRE. I do not believe an amendment will prove acceptable unless it acknowledges spending below GRE as an adequate exclusion criterion as well as spending below target. To require both would encounter the Essex/West Sussex difficulty; I have therefore concluded that we need an either/or criterion.

The period during which the criterion is to be satisfied in order to achieve exclusion is very much a matter of judgement. My conclusion is that, so far as looking backwards is concerned, we should follow the Emery amendment in requiring a two year period of being below either target or GRE before the year in question. Furthermore, in order to meet your

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own concern about possible future changes in spending behaviour, I propose that the amendment should also include a test whether, in the year in which "designation" is being considered, the authority is budgetting to be below target or GRE. An authority whose expenditure rose above the threshold set would be brought within the scheme immediately and would be rate-limited in the following year. (In practice I doubt if sudden spending changes will occur very often in low spending authorities, which in the past have generally been politically stable.)

We must additionally guard against the possibility that a high spending authority that had been caught by selective rate limitation in the previous year, and so forced down to its target, might then escape general rate limitation if introduced. We can ensure this by providing that any exclusion should not apply to any authority selected in the previous year (before the introduction of the general scheme) under the selective scheme.

Your concern about not limiting the scope of the general scheme can be met by drafting the amendment so that the exclusion is from the operation of the scheme and not from the scheme itself: ie all authorities should be designated, but no rate limits would be set for those meeting the exclusion criteria.

It is not easy to quantify the effects of an amendment on this basis, simply because we do not know when if ever the general scheme might be introduced. But, purely for illustration, we have analysed the effects as of now; that is, we have identified those authorities which have spent below either target or GRE in 1982/83 and 1983/84, and are budgetting to do so in 1984/85. The result would be to exclude 214 authorities (ie about half) accounting for expenditure of £5119m (about a quarter), and for overspending

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of £23m (about 5%). Thus, although the numerical exclusion is large, the effect of the concession on spending behaviour is very much less pronounced.

In order to preserve administrative flexibility I propose that we should retain the existing Order-making power in Clause 10(2) of the Bill enabling the exclusion of authorities spending below a prescribed amount.

I should be grateful to know that you and colleagues are content for me to table an amendment to the Bill at Committee stage in the Lords on the basis described in this minute.

I am copying this minute to members of E(LF), the Chief Whip, the Chief Whip (Lords) and Sir Robert Armstrong.

PJ

P J

16 April 1984

Local Govt Relating

Pt 20

15 APR 1994





cc NO
 Prime Minister (2)
 To note. (copy of the Cabinet minutes is attached)
 M
 AT 12/14

Prime Minister

ASSOCIATION OF LONDON AUTHORITIES

1. You may by now have seen reports of the High Court judgement which found, on an action initiated by the London Borough of Bromley, that the GLC's subscription to the Association of London Authorities (ALA) was unlawful, since the ALA was a political rather than a bona fide local authority association. I have considered whether this judgement should affect the stance which we have hitherto taken vis-a-vis the ALA in the light of Cabinet discussion on 22 September 1983. Briefly, our line has been, pending the outcome of this court case, to consult the ALA as if they were a bona fide local authority association (without prejudice to an eventual Government view) in cases - and only in cases - where the law requires consultation with local authority associations.

2. I am advised that there is likely in this case to be an appeal against the High Court judgement and that it would therefore be inappropriate at present for the Government to reach a definitive view on the ALA's claim to be recognised as a local authority association. Assuming that an appeal is made, we can only reach such a view either after the parties have accepted the judgement of the Court of Appeal, or in the event of a further appeal, after the House of Lords has ultimately pronounced. In these circumstances, the interim policy which has hitherto obtained should continue for the time being.



3. I am copying this minute to colleagues in H Committee, and to John Wakeham and Sir Robert Armstrong. I should be grateful if colleagues would draw their Department's attention to it, thus ensuring that consultation with the ALA is kept to a strict minimum.

PJ

16 April 1984

P J

Local GOVT Relations

Pt 20

16 APR 1884





GLC/MCC
Abolition file

10 DOWNING STREET

From the Private Secretary

Prime Minister ①

Policy Unit have prepared the attached paper emphasising the importance of achieving cost savings from abolition of the GLC/MCC's; and suggesting ways it could be done.

One way forward would be a Private Secretary letter to members of MISC 95 stating your interest in securing cost savings. To it could be attached the Policy Unit paper, (slightly edited). Mr Jenkins, as Chairman of MISC 95, could be asked to report progress.

Agree?

Excellent - we must AT
push ahead vigorously. 13/4

But we must be careful of the circulation of this paper - even an edited version no

PRIME MINISTERREFORMING LOCAL GOVERNMENT

Abolishing the GLC and the Metropolitan Counties could be both popular and successful.

✓ But, to vindicate the policy, we must have savings which are seen and believed by ratepayers; and there must also be visible outward signs that some functions and bureaucracy have ceased to exist.

We have been watching the debates blow by blow and think you should be brought up to date with progress so far. This paper flags the important decisions that have to go the right way in order to deliver the savings.

CAN WE DELIVER £120 MILLION OF SAVINGS?

During the election, we promised savings of £120 million.

It should not be a superhuman task. The Metropolitan Counties and the GLC together will spend about £3,500 million in 1984/85. Savings of £120 million therefore represent only 3.5% of their total budgets - less than their 5% administrative overhead.

Concessions already made to the Arts, Sports and Historic Buildings will lead to an increase in public expenditure of roughly £35 million. The Home Office have argued successfully that the police should not be cut. The Fire Service has not been questioned, although there would be scope for efficiency improvements particularly in London where it is a large spending item. This means that savings of £155 million have to be found from the remaining functions.

The big savings have to come from:

- (i) ILEA;
- (ii) London Transport;
- (iii) Metropolitan Transport;
- (iv) Elimination of unnecessary functions.

(i) ILEA

ILEA Tories have talked of saving £120 million pa by the second year; but their 'budget' does not stand up to serious scrutiny. The Policy Unit has gone discreetly through the ILEA accounts with help from sympathetic London treasurers' departments, and has identified roughly £55 million per annum that could be saved by the third year without damaging the education service. This would involve making roughly 2,500 staff redundant. Of these, about 2,000 would be non-teaching staff, (including administrators, media resources officers, education welfare officers, etc); and the remainder would be teachers in excess of ILEA's own planned staffing ratios. (See Annex A for breakdown of figures).

(ii) London Transport

In 1982, London Transport lost £155 million on buses and £74 million on the Underground. It has failed to trim its costs in line with declining demand. Over the five years 1978-82, bus passenger mileage fell by nearly 17%, but bus staff by less than 4%. On the tubes, passenger mileage fell by nearly 19% but operating staff numbers rose by 2%, despite automation within capital expenditure of £360 million over the five years.

LT employes 58,000 people. We see no difficulty in finding staff reductions of 5,000 quickly, which would yield annual savings of around £50 million. We would prefer to see an early target of 8,000. Such a reduction would only bring productivity (the ratio of employees to passenger-miles) back to its 1978 level, which was not a vintage year.

(iii) Metropolitan Transport

The Metropolitan Passenger Transport Executives absorbed bus subsidy of roughly £300 million in 1982/83. In recent years, the PTEs have been more efficient than London Transport, but have fallen far short of the performance of the small municipal operators, the National Bus Company and the Scottish Bus Group. And the Mets have appalling records of overspending against budget.

Abolition and deregulation will together give us an opportunity to squeeze subsidy. We should achieve staff reductions of at least 5,000 in the Metropolitan bus operations. The annual value of savings would be upwards of £50 million.

We do not see likely savings in PTE subsidy to British Rail, which amounted to £73 million in 1982. Cost performance is entirely in the hands of BR, no deregulation is planned, and abolition by itself seems unlikely to have any effect.

(iv) Eliminating Unnecessary Functions

Most of the GLC and MCC central financial and planning services will be unnecessary after abolition. It should also be possible to eliminate waste from functions transferred to the boroughs. And the residuary boards should be able to sell off surplus land and buildings.

Neither DoE nor the Treasury can put any firm figure on these savings. But £50 million pa by the third year would be a very reasonable estimate.

HOW CAN ALL THIS BE DELIVERED?

The method of abolition causes difficulties in delivering savings.

The creation of London Regional Transport puts the Secretary of State in a strong position to make reductions because he appoints

the board, sets objectives, and can check on its performance. And abolition together with deregulation should achieve cuts in subsidy to Metropolitan PTEs.

But the functions going to the boroughs present a problem. Some Labour boroughs will be rate-capped; this will prevent their expenditure from rising, but will probably not lead to savings. Other Labour and no-control boroughs will probably increase spending; and even Conservative boroughs are unlikely to make large reductions. In short, the boroughs will not contribute much to the £155 million that we need.

The functions passing ^{to} the Joint Boards are in principle controllable by Secretaries of State, who will have power to impose manpower and expenditure limits. But attempts to impose substantial reductions on these boards once they are set up may prove politically hazardous. ILEA poses a special problem because it will be composed of directly elected representatives who may well have a mandate for spending more money.

We conclude that, apart from Transport, the main reductions must come at the moment when staff and resources are transferred to their new authorities. The mechanisms for this are as follows.

i. Staff

Core staff will be transferred by the order of the relevant Secretary of State direct to the boroughs and boards that are taking on the new functions. The rest of the staff will be on the books of the Staff Commission and will have to await appointment by one or other of the new bodies. Those failing to gain appointment will be redundant.

It is therefore vital to transfer only the essential people for the delivery of the basic service to the successor bodies. We must ensure that central administration staff and those in functions that are being abolished are not redeployed. The Boards will need rigid manpower controls to prevent them taking on extra staff at the beginning. The chances of preventing the boroughs from doing so are more limited: we shall have to win the public argument.

Property

Abolition provides a great chance to clean out much of the surplus property. Only essential property should be transferred to the new Boards and the boroughs. This can be done by order of the Secretary of State. As much property as possible should pass to the Residuary Boards which will have powers, and should be given the obligation, to dispose of it.

The Paving Bill gives Ministers powers to inspect lists of land holdings. Departments should now be drafting orders requiring these lists, and should be approaching suitable estate agents to find out what properties the GLC and MCCs own, and what proportion is not needed. The orders should be sent out on the day that the Paving Bill receives Royal Assent.

In London, County Hall should be sold to the private sector. This could become the visible and outward sign of the policy's success.

iii. Privatisation of Functions

Abolition is also an opportunity to give privatisation of council services another push. There are those who argue that any greater encumbrance will make it too difficult to get the Bill through Parliament. But we believe that the addition of one clause to the present 150 clauses is unlikely to impede progress, since the Bill will doubtless have to be guillotined in any case. The new clause should give successor authorities the duty to put specified services out to tender.

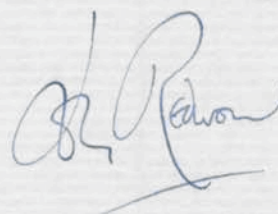
RECOMMENDATIONS

We recommend that:

1. You should remind colleagues that saving money and being seen to save money are the keys to the success of the policy.

2. The abolition Bill should give the relevant Secretaries of State powers enabling them to transfer only the staff and property essential to the new functions.
3. Departments should now identify essential and unnecessary staff and property.
4. The DoE should design a method of explaining in simple terms how the new structure of local government is going to work.
5. You might request progress papers from MISC 95 to Cabinet or to a Cabinet Committee you chair. You could ask for a Policy Unit member to sit with officials on MISC 95, to report on key decisions.

I think it is for
the Chairman of
MISC 95 to
report decisions
of the Committee
to you. AT



JOHN REDWOOD

Enc Annex A: ILEA Savings
Annex B: Timetable
Annex C: GLC/MCC Budgets

<u>ILEA SAVINGS</u>	fm p.a. revenue savings		
	1986/7	1987/8	1988/9
1. <u>Capital Sales</u>	0	1	2
(£20m of surplus assets - a total of roughly £1.5b - disposed over two years, to reduce debt charges by the amounts shown.)			
2. <u>Redundancies</u>			
(2,000 non-teaching staff removed: this represents under 10% of total non-teaching staff (27,500) and still leaves ILEA with higher ratio of such staff to total expenditure than Leeds or Sheffield. Estimated average redundancy of 1 yr's pay, amortised over 1 yr, following normal LA practice. Reductions would occur in:			
<ul style="list-style-type: none"> - County Hall administration - Media Resources Officers - Education Welfare Officers - Youth Centre Leaders - Play Centre Leaders - Printers - Creche Assistants - Casual Assistants - Catering staff - Resident Domestic Staff - Bus attendants 			
3. <u>Sensible reductions proposed by ILEA itself</u>	6	6	6
(The ILEA 1984/5 Budget consultation papers lists options for savings, amounting to £41 million. We have selected only the sensible items, subtracting any savings under heading (2) above. The selected items include reductions in:			
<ul style="list-style-type: none"> - Architect's Maintenance - Maintenance of Playing Fields - Premises running costs - Capitation Allowances - Alternative Use of Resources Allocations Scheme - Allowances for Materials in FE - Furniture and Equipment - Grants to Voluntary Bodies 			
4. <u>Reduction of Discretionary Student Awards to 1983/4 levels</u>	7	7	7

5. <u>Removal of 50% of other increases made since 1983/4</u>	0	3	3
(The ILEA 1984/5 Budget lists large numbers of increases. We assume - pessimistically - that all reductions in these areas will be offset fully in year 1 by redundancy costs).			
6. <u>Movement of nursery classes into primary schools</u>	0	1.5	3
(ILEA should follow other LEAs in economising by using surplus primary places to accommodate under-5s now in separate nursery schools; capital receipts and staff savings would accrue, over 2 years, allowing for redundancy payments of 1 year's salary).			
7. <u>Charges of 25% of cost for Adult Education</u>	5	5	5
8. <u>10% Reduction in In-Service Training</u>	0.75	1.5	1.5
(ILEA's provision for In-Service Training is exorbitant by national standards.)			
9. <u>Removal of teachers in excess of ILEA planned staffing ratios</u>	0	2.5	5
(500 redundancies, payments as above)			
10. <u>Abolition of County Hall Creche</u>	0.25	0.25	0.25
	—	—	—
TOTAL	19.00	47.75	52.75
	====	====	====

THE TIMETABLE FOR ABOLITION

All major decisions on the strategy for abolition have now been taken by Misc 95, subject to queries on points of detail by individual Ministers. Drafting of the 150-clause Abolition Bill is under way and general agreement on the form of the Bill has been reached, although it is not yet ready for its first printing.

The exact dates on which legislation will pass through Parliament are uncertain, but the dates given below are the current best approximation:

1984

26 Apr-8 May:	Rates Bill Lords Committee Stage.
30 April:	Paving Bill Commons Cttee on Floor of House.
14 May:	Paving Bill Commons Report and Third Reading.
28 May:	Paving Bill Lords Second Reading.
May-June:	Prelim. work on Staff Commission appointment.
11 June;	Rates Bill Lords Report Stage.
12 June:	Paving Bill Lords Committee Stage.
28 June:	Paving Bill Lords Report Stage.
25 June:	Rates Bill Lords Third Reading.
29 June:	Rates Bill Royal Assent.
7 July:	Paving Bill Lords Third Reading.
12 July:	Paving Bill Royal Assent.
July:	Staff Commission begins work.
October:	Abolition Bill published.
November:	Abolition Bill Commons Second Reading.

1985

March:	Boroughs nominate to transitional councils.
To Easter:	Abolition Bill Commons stages.
April:	Transitional councils replace GLC and Mets.
Easter-July:	Abolition Bill Lords stages.
Spring:	Drafting of Orders for Joint Boards.
July:	Abolition Bill Royal Assent.
To September:	Enactment of Joint Boards orders.
September:	Joint Boards & residuary bodies set up.
September:	Joint Boards plan for takeover.
October:	Election of ILEA.

1986

April:	Joint Boards take over. Abolition complete.
April onwards:	Redundancy for staff no longer needed. Staff Commission and residuary bodies continue as long as needed.

GLC/MCC SPENDING

	£bn	Spending in each Expenditure Category	%	£bn
	1982/83			1984/85 (Estimate)
<u>MCCs</u>	1.4	Highways	22	1.6
		Waste disposal	4	
		Planning	1	
		Trading standards	1	
		Other	<u>6</u>	
		TOTAL TRANSFERABLE TO DISTRICTS	34 —	
		Police	31	
		Fire	8	
		Transport	<u>27</u>	
		TOTAL TRANSFERABLE TO BOARDS	66 —	
<u>GLC</u>	0.5	Housing	14	1.1
		Highways	9	
		Waste disposal	9	
		Planning	3	
		Other	<u>21</u>	
		TOTAL TRANSFERABLE TO BOROUGHs	56 —	
		Fire	15	
		Transport	29	
		TOTAL TRANSFERABLE TO BOARDS ETC	44 —	
<u>ILEA</u>	0.8	Education	100	0.85
	—			—
	2.7			3.55
	—			—



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt. Hon. John Biffen M.P.,
House of Commons,
London SW1.

April 11th 1984



The letter in yesterday's Times, signed by eleven Conservative Members of the G.L.C., calling for the rejection of the Local Government (Interim Provisions) Bill, is an uncomfortable reminder that a substantial majority of the Conservative Members of the G.L.C. are opposed to the policy outlined in our White Paper, "Streamlining the Cities". Obviously the arguments that they deploy are of variable quality, but the single argument that has the strongest impact on myself and on a considerable number of other London Members was put clearly by that Conservative Elder Statesman of Local Government, Sir Frank Marshall, when he wrote in his Report on the administration of Greater London: "I share the view of those who maintain that the sum of local needs and aspirations falls short of the wider interest of London as a whole."

On the other hand, having been the Minister responsible for Belfast, and having had to deal with a Belfast City Council that had been shorn of virtually all its executive powers, I am very well aware of the problems that would be created by the setting up of a Local Government 'talking-shop' without responsibility.

In order to try to resolve our difficulties, I have suggested the establishment of a London Grand Committee, to which all London Members of Parliament would belong, and I have circulated the enclosed Paper to all our backbench London colleagues.

There will be a number of issues affecting the whole of London which cannot be adequately discussed by the 32 London Boroughs, but which ought not to take up the time of the House of Commons as a whole. To give just one example, in the last few days we have spent many hours discussing the London Regional Transport Bill. One of the new Clauses in that Bill sets out in some detail the sort of Annual Report that will be required from the London Regional Transport Executive. When the G.L.C. has been abolished, Parliament will be the only place where this Report can be sensibly discussed by elected representatives of the people of London. As Leader of the House, you will not want to set aside one full Parliamentary day each year for a Debate on London Regional Transport. The London Grand Committee is the ideal forum in which to discuss this and other issues.

Since I sent the enclosed Paper to my backbench London colleagues, more than half of them have said that they support this proposal. The main opposition comes from the seven or eight colleagues who oppose, with varying degrees of vehemence, our proposals in the White Paper, but many of this group agree that the establishment of a London Grand Committee would meet some of their objections.



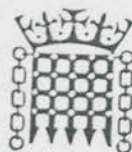
I have also discussed this proposal informally with Alan Greengross, Cyril Taylor, and a number of other Conservative G.L.C. Members who do not like "Streamlining the Cities". They hanker after "Son of G.L.C.", but many of them are attracted by the idea of the London Grand Committee if they cannot have their own body. I have also sent copies of my note to Jim Swaffield, a constituent and friend of mine who was Director General of the G.L.C. in happier times, and to Lord Marshall. Their replies have been friendly and positive.

I have also, of course, discussed this with Patrick Jenkin and William Waldegrave. They agree that nothing in my proposal conflicts with Government policy, and that the establishment of a London Grand Committee could be a substantial help in meeting the charge that we were being undemocratic and trying to silence the voice of London.

Of course the establishment of a London Grand Committee will produce a lot of problems, but it could also make a positive and necessary contribution to the administration of London. If you felt that a discussion would be helpful, I am of course at your disposal. I have copied this to the Prime Minister, to the Chief Whip, and to Patrick Jenkin.

Yours sincerely
J. G. Goodhart

Sir Philip Goodhart



HOUSE OF COMMONS
LONDON SW1A 0AA

29.2.84

THE LONDON GRAND COMMITTEE

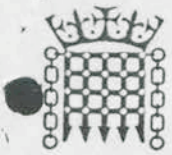
In their response to the Government White Paper, "Streamlining the Cities", the Conservative Group on the G.L.C. argue that the present proposals "would make London the only capital city west of the Elbe without a directly-elected Council to speak on its behalf and give it a framework and direction".

I also note that in his Report on Greater London, that Conservative elder statesman of Local Government, Sir Frank Marshall, now Lord Marshall, wrote: "I share the view of those who maintain that the sum of local needs and aspirations falls short of the wider interest of London as a whole". I find that many senior Conservatives accept the strength of Lord Marshall's argument.

The G.L.C. Conservative Group also argues that after a distribution of many of the G.L.C.'s present functions to the Boroughs, there will "remain the need for a directly elected body to provide an effective and financially disciplined voice and direction for specific and defined tasks that must be done for London as a whole".

It is of course Government policy "that most of the functions at present exercised by the G.L.C. ... should become the direct responsibility of the Borough Councils. In some cases they will need to co-operate closely and have informal arrangements for sharing costs, staff and facilities. There are a few services for which statutory joint arrangements will be needed. ... Where Joint Boards are needed to run services, they will be made up of elected Councillors nominated by the Borough Councils, and will be accountable through them to their local electorates."

Plainly the Government believes that a directly (or indirectly) elected Joint Board administering a range of shared services would evolve into a mini-G.L.C. with a potential for erratic intervention into fields that should not concern it. On this fundamental point of the need for a central body that could "speak" for London, there would seem to be an irreconcilable difference of approach. Is there any way to avert a head-on collision between the Conservative Government and past and present Conservative leaders on the G.L.C.?




In the past, London Members of Parliament have rarely been encouraged to play a regional role. Because of the Home Secretary's responsibilities for the Metropolitan Police, we now have an annual debate on the Report of the Commissioner, but by comparison with our colleagues from Scotland or Wales, we do not have the opportunity or the Parliamentary forum for systematic and comprehensive discussion of London's problems. I note that all Scottish Members of Parliament will normally be summoned to at least eleven meetings of the Scottish Grand Committee in any one Session. There are rarely less than six Scottish Bills per Session, and when one takes into account other specifically Scottish debates, it is clear that the average Scottish Member of Parliament spends at least 100 hours per Session dealing with Scottish issues.

I believe that London's Members of Parliament are well qualified to speak for London, provided that they have a suitable forum. I believe there should be a London Grand Committee, to which all London's Members of Parliament would automatically belong. It would clearly not be appropriate to set up a London Grand Committee while the Bills abolishing the G.L.C. are going through Parliament, but once this legislation is on the Statute Book, the London Grand Committee should be established. It might meet twenty or twenty-five times in each Session.

Clearly, one of the principal tasks for Members of the London Grand Committee would be a discussion of the way in which Boroughs, or Joint Boards, or Central Government Departments, were dealing with those services which are now provided by the G.L.C. For example, the White Paper proposes that the London Fire Brigade should be run by a Joint Board. My own Borough of Bromley suggests that it should be run by the Home Office. Irrespective of whether it is run by the Home Office or a Joint Board, the state of the London Fire Brigade should be discussed by the London Grand Committee at least once a year. The debate on the Fire Service would normally be opened and closed by a Junior Minister from the Home Office.

Then there is the problem of Roads and Traffic Management. There seems to be wide agreement that some of the G.L.C.'s responsibilities in this field should be devolved to the Boroughs, but there is a general appreciation of the fact that one Borough's traffic scheme may affect traffic flows beyond that Borough's boundaries. There seems to be a general expectation that many of the five hundred 'Traffic Managers' now employed by the G.L.C. will move to the Department of Transport. The London Grand Committee might well spend at least two or three sittings every year debating the state of London Roads and London Traffic. These debates would be replied to by the



Parliamentary Secretary at the Department of Transport, who would also introduce and reply to the debates on the annual report to the London Transport Executive, which would clearly fill three or four sittings of the London Grand Committee each year.

It has been suggested that various specialist bodies now run by the G.L.C. should be taken over by the individual London Boroughs on an agency basis. It has been proposed, for example, that the G.L.C. Historic Buildings Division should be looked after by Westminster, but what will happen if Westminster does not provide adequate support for the Historic Buildings Division? The knowledge that the London Grand Committee would review the workings of these agency arrangements once a year, or once every other year, might produce an additional incentive to make these arrangements work effectively.

It may be argued that the establishment of a London Grand Committee could increase the power of Central Government over Local Government in London, but in practice that boundary line is inevitably blurred in every capital city, and the Government's proposals in the White Paper will inevitably lead to some strengthening of the powers of Government Departments. If Ministers are going to have some increased responsibilities for London services, it becomes even more important that there should be a suitable forum where Ministers can be held to account.

In the past, there has often been a debilitating and harmful conflict between Central Government and the majority Party in County Hall. For a variety of reasons, it is probable that there will be a natural Conservative majority in the London Grand Committee whenever there is a Conservative Government. This means that Ministers who come to the London Grand Committee will be assured of a critical and informed hearing - which should concentrate their minds on the problems of London - but there should be no institutionalised hostility of the sort that has done so much damage to London services and London ratepayers in recent years.

The establishment of a London Grand Committee will undoubtedly increase the work and responsibility of London's Members of Parliament, but this will be welcomed by some. It will also provide a directly elected, financially disciplined body, which can be seen to discuss "the wider interest of London as a whole." The establishment of the London Grand Committee does not conflict with any part of the Government's White Paper. It could meet some of the anxieties of those Conservatives who believe that London's interests are greater than the sum of local Borough needs and aspirations.

Sir Philip Goodhart

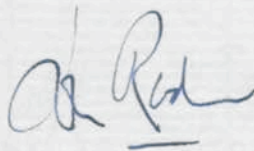
MR TURNBULL

LOCAL AUTHORITY EXPENDITURE

I have seen Patrick Jenkin's reply.

In general it is very positive and we will keep our contacts and try and help them with the development of money saving ideas.

I quite agree with their warning that we do not want to encourage more municipal trading. The basis of our idea, as I explained to them, was to let out on rental space in local authority properties which the private sector could use for offering additional services and facilities. It is therefore a form of privatisation rather than municipal trading. I believe that Patrick's officials are quite happy with this approach.



JOHN REDWOOD

Policy Unit
11 April 1984

CONFIDENTIAL



FILE

ku

B/c: Mr
Letwin

10 DOWNING STREET

From the Private Secretary

11 April 1984

Re: Janet

ABOLITION OF THE GREATER LONDON COUNCIL AND
THE METROPOLITAN COUNTY COUNCILS: THE ARTS

The Prime Minister has seen the Lord President's minute of 9 April and is content with the proposals which have been agreed under his Chairmanship.

I am sending copies of this letter to the Private Secretaries to the members of the Cabinet, Mary Brown (Lord Gowrie's Office), Joan Dunn (Mr. Waldegrave's Office, Department of the Environment) and Richard Hatfield (Cabinet Office).

*Your sincerely
Andrew Turnbull*

ANDREW TURNBULL

Miss Janet Lewis-Jones,
Lord President's Office.

CONFIDENTIAL



NBPM
RT 11/4

CC NO

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1A 2ER

11 April 1984

Dear Nick,

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

see Pt 19
Attached

Thank you for sending me copies of your letter of 22 March and draft consultation paper.

I appreciate that you are under pressure to honour the Manifesto commitment to issue the paper but I see some difficulty if you were to do so now.

My main concern relates to the rail proposals. First, my experience with Strathclyde Regional Council and its Passenger Transport Executive (which supports a network of local rail services in and around the Glasgow conurbation) suggests that local authorities are simply not well enough equipped to secure best value for money from British Rail. Second, and more significantly, I think issue of the consultation paper as drafted would be likely to reopen the unhelpful post-Serpell debate about the Government's intentions for the future size of the rail network. Although your proposals are confined to Wales our opponents could claim that they were intended for wider application as a means of securing the demise of rural railway lines throughout the country. Now that Nicholas Ridley has persuaded British Rail to accept tough financial objectives which will reduce the subsidy bill for the railway, it seems counter-productive to run the risk of reopening the public debate on the future of the non-commercial railways.

As you acknowledge, the work which officials are carrying out on public road passenger transport has a bearing on what is proposed for buses in your paper. I would prefer that we had an opportunity to consider officials' recommendations on these issues before going public with proposals on any aspect of the future bus regime.

I am sorry if this all seems unhelpful but I do feel that the time is not right for issue of your paper.

I am copying this letter to the Prime Minister, other members of E(NI) and to Sir Robert Armstrong.

Yours well,
George

Local Govt Relations

Pt 20



11 - 10/10/10



CONFIDENTIAL

CC 170
2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

10 April 1984

Dear Andrew

LOCAL GOVERNMENT SPENDING: POLICY UNIT PROPOSALS

P719
Thank you for your letter of 26 March. As you may know, David Pickup, the Under Secretary responsible for general local government policy matters here, met John Redwood on 4 April to discuss the Policy Unit's proposals. In general it was agreed that it would be helpful to associate the Policy Unit with further work on some aspects of the continuing search for economy and effectiveness in the local authority sector. What follows, therefore, is by way of interim comment on the 4 specific proposals in your letter.

On contracting-out of services my Secretary of State very much shares the Policy Unit's impatience with authorities' slow progress and with the fact that legislation cannot be put in place more quickly. A rigorous analysis of the form any legislation should take and what activities it should cover is needed before any announcement could be made.

We will, however, shortly be in touch with John Redwood again to agree how best the Policy Unit might participate in the preparation of the official paper on this issue that we hope to bring forward to Ministers later in the summer.

As regards publicity for the advantages to be gained by contracting out, Ministers of this Department have done, and will continue to do, a very great deal both to draw attention to the good example of those authorities which have let successful contracts, and to encourage others to do likewise. This effort will be maintained, not least by the imminent issue - probably next month - of a guide to good practice in contracting-out.

CONFIDENTIAL

The Policy Unit raised the possibility of introducing rate support grant incentives for authorities to reduce expenditure both by contracting-out and by maximising income from fees, charges and other commercial activities. The block grant system already incorporates substantial incentives for authorities to minimise net expenditure. First, the general principles of the system provide that an authority has to levy a rate poundage which depends on the level of its expenditure. If an authority can cut its expenditure by £10 per head of population, it can reduce the rate it has to ask its ratepayers to pay by about 6p. Second, the block grant taper puts extra pressure on high-spending authorities, so that a similar reduction in next expenditure would allow them to reduce rates by 7.5p. Third, the system of grant holdback introduced in the 1982 Local Government Finance Act puts very strong pressure on authorities to meet their expenditure targets. Expenditure above target causes grant losses at an increasingly severe rate; up to a 9p ratepayer level for each percentage point above target in 1984/85. Since targets require real reductions in net spending from nearly all authorities, they face a very strong incentive to cut the gross cost of providing services and to maximise income.

It is difficult to see how - within the structure of a block grant which is deliberately not hypothecated to spending on particular services - extra incentives could be incorporated to encourage contracting-out and income generation as distinct from other means of reducing net expenditure. Nor is it clear that this would be desirable - for example, would the government really wish to reward an authority more for increasing its charges for school meals than for making real reductions in its gross expenditure in preparing those meals? Specific incentives for making new savings through contracting-out or extra charges might also have the perverse effect of favouring high spending authorities who are forced to make savings by rate-capping more than authorities who have already heeded government policies and have done everything possible to reduce expenditure already.

The Secretary of State agrees, however, that - provided we stop short of municipal trading in direct competition with private businesses - more should be done to encourage authorities to exploit the many opportunities they have to increase their income. These possibilities might usefully be picked up as a related aspect of the contracting-out study; and you will doubtless be aware that the Audit Commission will also be taking an interest in this topic.

CONFIDENTIAL

Measures to promote the use of unused or underused land are an important feature of our current policy. The derelict land programme has been substantially increased and some 17,000 hectares have been reclaimed over the 8 years between the national surveys of 1974 and 1982. This year the provision for private sector reclamation schemes is being more than doubled. The new Urban Development Grant (which also involves the private sector) is beginning to make an impact in inner city areas. The two Urban Development Corporation (London Docklands and Merseyside) have massive reclamation schemes in progress. The Enterprise Zones have also stimulated the development of derelict sites. Operation Groundwork is a new initiative promoted by the Countryside Commission, but involving the private and voluntary sectors, as well as an input of public funds, to bring all-round effort to bear on improving neglected land on the urban periphery. Waste disposal policy is also an important factor, with 80% of household refuse being used to fill old mineral workings and similar sites. Finally, the Land Registers system is proving an effective means of bringing unused land into use, with some 5,500 hectares having been sold for development or brought into use in the last two years or so. Whether or not it proves necessary to use the Land Register powers to direct disposal of registered land, the cumulative effect of all these measures is substantial and well worth publicising.

Finally, we are conscious of the need to look again - and hard - at the burdens central government has imposed (and might be tempted to impose) on local authorities through legislation. We will be in touch with John Redwood shortly to consider how such an exercise might best be carried forward.

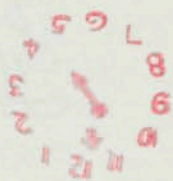
Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

Local Govt: Bul. Pt. 20

conqueror



10 APR 1984



10 DOWNING STREET

Prime Minister ^①

This is the compromise
worked out under the Lord
President's chairmanship.

Are you content?

Yes ✓
AT 10/4

Prime Minister ④

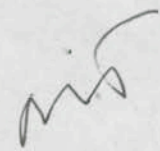
I think we can demonstrate that
support for the negative is always
stronger than support for the positive

ATG/4

Consultation on "Streamlining the Cities" (Cmd 9063)

Report by the Department of the Environment

Part I: General



Department of the Environment
9 April 1984

INTRODUCTION

1. The Government's proposals for abolishing the Greater London Council (GLC) and the metropolitan county councils (MCCs) were set out in the White Paper "Streamlining the Cities" (Cmnd 9063), published on 7 October 1983. It was sent directly to a large number of interested bodies and comments were invited by 31 January 1984. A number of supplementary consultation documents and letters were also issued.

2. Comments on general matters were sent to the Department of the Environment; comments on specific functional matters, including those on which consultation documents were issued, were directed to the relevant department.

REPLIES RECEIVED

3. By 31 March 1984 the Department of the Environment had received over 2,300 responses, ranging from extensive reports by local authorities and others to short letters from individuals. The Department also received 13 petitions and coupons from 4 different campaigns, protesting about abolition and containing approximately 116,000 signatures. The petitions are listed in Annex A.

SUMMARY OF VIEWS EXPRESSED

4. Many responses did not state a clear view on the overall policy, either because they were seeking clarification or reassurance on some aspect of the proposals or because their interest related only to a narrow part of the responsibilities of the GLC and MCCs. It was also clear that some groups of responses derived from organised campaigns by the authorities which are to be abolished.

5. Table 1 sets out the number of respondents commenting on the proposed abolition of the Greater London Council. Table 2 sets out a similar summary of the responses received on the proposal to abolish the metropolitan county councils. Some respondents commented both on the proposal to abolish the GLC and on the proposal to abolish the MCCs; some only on one. The totals in tables 1 and 2 do not therefore sum to the total (2,300) of responses received.

6. The respondents are divided into five broad categories in the tables:

- (a) the directly affected local authorities;
- (b) local authority associations;
- (c) other local authorities;
- (d) major national organisations;
- (e) other organisations, groups and individuals.

A list of the local authorities and major national organisations submitting responses was placed in the Library of the House. A final revised and updated version of the list is at Annex B. It is evident that within categories (d) and (e) there are many bodies and individuals whose interest in the proposals derives from a concern about their own future because they are dependent in some way on the authorities to be abolished. It is also evident that criticism frequently arises from a misunderstanding of the proposals in the White Paper.

7. Following each table is a list summarising the main points made in support of the proposals, the main points made against the proposals and the comments made by those who expressed no overall view.

FURTHER REPORT

8. A further report is in preparation on the views expressed on a number of particular aspects of the proposals including the reorganisation of specific services. This will be made available as soon as possible.

9. Copies of this report may be obtained from LGRI Division, Room P1/131, Department of the Environment, 2 Marsham Street, London, SW1P 3EB.

TABLE 1

ABOLITION OF THE GREATER LONDON COUNCIL
SUMMARY OF RESPONSES RECEIVED

Category of Respondent	Number expressing clear view FOR abolition	Number expressing clear view AGAINST abolition	Number expressing NO OVERALL VIEW
Directly affected Local authorities			
- GLC	-	1	-
- London borough Councils and City	17	15	1
Local authority associations	2	1	1
Other local authorities	-	11	11
Major national organisations	4	32	93
Other groups and individuals	68	822	406
Total	91	882	512

ABOLITION OF THE GREATER LONDON COUNCIL
SUMMARY OF VIEWS EXPRESSED

VIEWS OF THOSE FOR ABOLITION

1. The main arguments advanced by respondents in favour of abolition of the GLC were: The upper tier in London does not have a proper role; in many cases it duplicates services provided by the boroughs which are essentially local in nature; it is a source of conflict and tension with borough councils. The boroughs are the primary units of local government in London and can become responsible for many of the functions currently performed by the GLC. This transfer of functions will result in greater economy, efficiency and accountability.

VIEWS OF THOSE AGAINST ABOLITION

2. The main arguments advanced by respondents against abolition of the GLC were: The proposals for abolition are politically-motivated. The case for change is unsubstantiated by evidence and the argument that abolition will result in savings is unsupported. There should be an independent inquiry into the financing of local government in London before any change is considered. There is a need for a strategic directly elected authority to administer some functions, equalise the distribution of resources between the boroughs and to represent London; the GLC is the most appropriate body to do this. Many services currently provided by the GLC may cease or be seriously curtailed if the GLC itself is abolished.

COMMENTS BY THOSE EXPRESSING NO OVERALL VIEW

3. Some respondents expressed no overall view on the abolition of the GLC. Of these, some commented only on particular aspects of the proposed arrangements following it. Others discussed the continuing provision for particular services or the implications of the reorganisation for local government overall.

TABLE 2

ABOLITION OF THE METROPOLITAN COUNTY COUNCILS
SUMMARY OF RESPONSES RECEIVED

Category of Respondent	Number expressing clear view FOR abolition	Number expressing clear view AGAINST abolition	Number expressing NO OVERALL VIEW
Directly affected Local authorities			
- GLC		6	
- Metropolitan district councils	10	15	1
Local authority associations	1	1	1
Other local authorities		14	11
Major national organisations	4	29	95
Other groups and individuals	84	525	367
Total	99	590	475

10 metropolitan district councils made no response

ABOLITION OF THE METROPOLITAN COUNTY COUNCILS
SUMMARY OF VIEWS EXPRESSED

VIEWS OF THOSE FOR ABOLITION

1. The main arguments advanced by respondents in favour of abolition of the MCCs were: The MCCs are unnecessary, as the functions they perform can be transferred to the district councils who can take on responsibility for the MCCs' functions and will increase economy and efficiency in the provision of services. A single tier of local government in these areas will give local inhabitants more influence over local policies and expenditure.

VIEWS OF THOSE AGAINST ABOLITION

2. The main arguments advanced by respondents against abolition of the MCCs were: The case for change is unproven and there should be a full independent inquiry before any change is considered. Statements that the MCCs are overspending are misleading. Strategic authorities are required to tackle the problems of each area coherently, and to administer services over areas larger than boroughs. MCCs have a good record in providing and improving these services in the past and in taking initiatives to meet emerging needs.

COMMENTS BY THOSE EXPRESSING NO OVERALL VIEW

3. Those expressing no overall view on abolition of the MCCs discussed the possible effects of abolition on their activities and the particular issues which they considered central in their areas of interest.

CMND 9063 : PETITIONS RECEIVED BY THE DEPARTMENT OF THE ENVIRONMENT

GLC Staff Association
Inner London Education Authority
Morley College, London
Staff of Golders Hill Park, London
William Ellis School
Parents of Children attending some ILEA schools
NALGO Enfield Branch
NALGO Tyne and Wear Branch
The Heath and Old Hampstead Society
Drill Hall Arts Centre, London
Crisis in London
Polytechnic of Central London
Residents of Patricia Avenue, Birkenhead

These petitions contain a total of approximately 115,000 signatures. They range in size from 65,000 to 30. These numbers reflect the claimed, estimated or actual number of signatures on each petition. There are approximately 1,000 signatories to coupons from 4 separate sources.

STREAMLINING THE CITIES (CMND 9063)

RESPONSES FROM LOCAL AUTHORITIES AND MAJOR NATIONAL ORGANISATIONS RECEIVED BY
31 MARCH 1984

LOCAL AUTHORITIES

Greater London Council
Inner London Education Authority

METROPOLITAN COUNTY COUNCILS

Greater Manchester
Merseyside
South Yorkshire
Tyne and Wear
West Midlands
West Yorkshire

LONDON BOROUGH COUNCILS

Barking	Kensington
Barnet	Kingston
Bexley	Lambeth
Brent	Lewisham
Bromley	Merton
Camden	Newham
Croydon	Redbridge
Ealing	Richmond
Enfield	Southwark
Greenwich	Sutton
Hackney	Tower Hamlets
Hammersmith	Waltham Forest
Haringey	Wandsworth
Harrow	Westminster
Havering	
Hillingdon	City of London
Hounslow	
Islington	

METROPOLITAN DISTRICT COUNCILS

Birmingham	Sefton
Bolton	Sheffield
Bradford	Solihull
Bury	South Tyneside
Calderdale	Stockport
Coventry	Sunderland
Dudley	Tameside
Gateshead	Trafford
Kirklees	Wakefield
Newcastle	Wigan
Oldham	Wirral
Rochdale	Wolverhampton
St Helens	
Sandwell	

NON METROPOLITAN COUNTY COUNCILS

Cheshire
Cleveland
Cumbria
Derbyshire
Durham
Essex
Hampshire
Hereford and Worcester
Hertfordshire
Isle of Wight
Kent
Lancashire
Leicestershire
Northumberland
Nottinghamshire
Oxfordshire
Shropshire
Staffordshire
Surrey
Warwickshire
West Sussex
Wiltshire

NON-METROPOLITAN DISTRICT COUNCILS

Daventry
Stoke on Trent
Watford
Wrekin
Wrexham

SCOTLAND

Lothian Regional Council

MAJOR NATIONAL ORGANISATIONS*

Age Concern England
Aims of Industry
Ancient Monuments Society
Arts Council of Great Britain
Associated Society of Locomotive Engineers and Firemen
Association of Chief Executives of London Boroughs
Association of Councillors
Association of County Archivists
Association of County Councils
Association of Directors of Social Services
Association of District Councils
Association of Local Authority Valuers and Estate Surveyors
Association of London Authorities
Association of Metropolitan Authorities
Association of Metropolitan District Engineers
Association for Neighbourhood Councils
Association of Principals of Colleges
Association of Public Analysts
Association of Trading Standards Officers

British Cycling Federation
British Gas

British Medical Association
British Property Federation
British Railways Board
British Records Association
British Refugee Council
British Retailers Association
British Road Federation
Building Societies Association
Bus and Coach Council

Central Electricity Generating Board
CHAR (Campaign for Single Homeless People)
Charity Commission
Chartered Institute of Public Finance and Accountancy
Chemical Industries Association
Chief Leisure Officers Association
Civic Trust
Commission for Local Administration in England
Commission for Racial Equality
Community Service Volunteers
Confederation of British Industry
Consumers Association
Council for British Archaeology
Council for Environmental Education
Council for the Protection of Rural England
Countryside Commission
County Surveyors Society

District Surveyors' Association

Federation of Civil Engineering Contractors
Federation of Independent Advice Centres
Federation of Managerial and Professional Officers' Unions

Glass Manufacturers Federation

Health and Safety Commission
House Builders Federation
Housing Corporation

Incorporated Association of Architects and Surveyors
Inland Waterways Association
Institute of Acoustics
Institute of Chartered Secretaries and Administrators
Institute of Housing
Institute of Physics
Institute of Race Relations
Institute of Trading Standards Administration
Institute of Waste Management
Institution of Civil Engineers
Institution of Economic Development Officers
Institution of Environmental Health Officers
Institution of Geologists
Institution of Professional Civil Servants
Institution of Public Lighting Engineers

Justices' Clerks Society

Landscape Institute
Law Centres Federation
Law Society
Leisure Studies Association

Liberal Party
Library Association
London Boroughs Association

Methodist Church Division of Social Responsibility

National and Local Government Officers Association
National Association of Citizens Advice Bureaux
National Association of Councils for Voluntary Service
National Association of Head Teachers
National Association of Licensed Opencast Operators
National Association of Teachers in Further and Higher Education
National Association of Voluntary Hostels
National Association of Waste Disposal Contractors
National Chamber of Trade
National Consumer Council
National Council for Civil Liberties
National Council on Inland Transport
National Council for Voluntary Organisations
National Council for Voluntary Youth Services
National Farmers Union
National Federation of Housing Associations
National Gypsy Council
National Housing and Town Planning Council
National Market Traders Federation
National Society for Clean Air
National Trust
National Union of Ratepayers Associations
Nature Conservancy Council

Police Federation

Railway Development Society
Regional Studies Association
Retail Consortium
Road Haulage Association
Royal Commission on Historical Manuscripts
Royal Commission on Historical Monuments
Royal Fine Art Commission
Royal Historical Society
Royal Institute of British Architects
Royal Institute of Chartered Surveyors
Royal Society of Chemistry
Royal Society for Nature Conservation
Royal Society for the Prevention of Accidents
Royal Town Planning Institute

SHAC (The London Housing Aid Centre)

Shelter

Social Democratic Party
Society Of Archivists
Society of County Museum Directors
Society of County Treasurers
Society of Local Authority Chief Executives
Society of Metropolitan Treasurers
Society of Museum Archaeologists
Society of Town Planning Technicians
Sports Council

Theatres Trust

Town and Country Planning Association

United Kingdom Association of Professional Engineers

West Indian Standing Conference
Wildfowl Trust

Youth Hostels Association

Department of the Environment
9 April 1984

*This list covers bodies which have responded to the White Paper's general proposals, and to the proposals which deal with functions within the Department of the Environment's area of responsibility. Other organisations may have responded to other Government departments in relation to their responsibilities.



CC/NO

PRIME MINISTER

ABOLITION OF THE GREATER LONDON COUNCIL AND THE
METROPOLITAN COUNTY COUNCILS: THE ARTS

At their meeting on 5 April the Cabinet asked me to hold a meeting of the Ministers concerned to resolve the outstanding issues on the funding of the arts after the abolition of the GLC and the metropolitan county councils. I have held two meetings with the Chief Secretary, the Minister for the Arts, and the Parliamentary Under-Secretary, Department of the Environment (Mr Waldegrave).

2. The proposals which we published last year have already committed us to increasing central funding of the arts, through the Arts Council and similar bodies, by nearly £18 million. It was accepted by the Cabinet that some increase in this figure would be necessary. After careful re-examination of his proposals, the Minister for the Arts has concluded that a total of £30 million will go a long way to defuse the Arts issue, though not get rid of it altogether: I and the other Ministers concerned accept this as reasonable.

3. The Chief Secretary has naturally been concerned to ensure that too much of the additional burden should not be transferred from the ratepayer to the tax-payer. He has, however, agreed to provide a little more than £3 million additional money, to give a total of £21 million. The remaining £9 million will be found by a transfer of £2 million within the relevant expenditure programme from local government capital to central Government, and by a reduction of £7 million in rate support grant.

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4. Although MISC 95 rejected a reduction in RSG, we consider that it is the only way of resolving the issue. The only alternative would be to increase further the burden on the tax-payer, and this would not be right. £7 million is, of course, quite a small sum in the context of the RSG, and the effects of the reduction on any single authority will not be large.

5. The Ministers concerned will agree the text of an appropriate passage for use during the Second Reading of the Paving Bill on 11 April. In broad terms, the approach will be to stress that the GLC and metropolitan county councils are largely irrelevant to the long-term issue of funding the arts; and that the Arts Council and other central institutions on the one hand, and the boroughs and districts on the other, can work out better and more sensitive policies. However, the Government recognizes that abolition will create some transitional problems and will make £30 million additional central funding available to deal with them. There will be an understanding between the Minister for the Arts and the funding authorities such as the Arts Council that the bulk of this money will be spent in London and the metropolitan areas. But it will not be suggested that it must be confined to them. This would be provocative to opinion elsewhere; it would also be inconsistent with the 'arms length' relationship between the Government and the Arts Council and similar bodies.

6. In my view, this is a satisfactory outcome; and I commend it to you and the Cabinet.

7. I am sending copies of this minute to the other members of the Cabinet, the Minister for the Arts, Mr Waldegrave and to Sir Robert Armstrong.

9 April 1984

Ward

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do re



10 DOWNING STREET

From the Principal Private Secretary

9 April 1984

The Prime Minister was grateful for your Secretary of State's minute of 6 April covering a speaking note on malpractices in local government, which she has read and noted.

I am copying this letter to Sir Robert Armstrong only.

F. E. R. BUTLER

John Ballard, Esq.,
Department of the Environment.

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cc Ho
cc JH 4
MB

PRIME MINISTER

Your Private Secretary's letter of 21 December 1983 to my Private Secretary in confirming that you were content with the action we are taking to collect information about malpractices in local government in England - work that is still in hand - looked forward to the production of a factual speaking note on this subject for use by Ministers.

See PE 18

I now enclose such a note which outlines, with particular examples where these can be safely cited, the kind of abuses which need to be exposed. I have already circulated to Ministerial colleagues on the political network a fuller catalogue of abuses and shall update this at periodic intervals. The items in the fuller list, however, reach us from a wide number of sources and tend to be more anecdotal than those on which the Speaking Note has been based.

I hope that colleagues, in any use they make of the note, will bear in mind the following points. First, the abuses we describe are probably not, as the law stands, illegal. It would, therefore, be wrong to imply that there is at present any basis for direct Government intervention; and equally wrong to encourage our supporters to contemplate themselves mounting a legal challenge.

Second, it seems to me essential that we should avoid saying anything that might be interpreted as a commitment to legislate. We are still in the process of building up, via Central Office, a better picture of what is happening. Once we have established the facts, we can then decide how best to carry matters forward.

For the time being our aim should be to expose abuses in labour authorities, turning the publicity to our own advantage,



attached - and making it clear that the initiative for remedial action lies with the local electorates. I strongly agree with the points which Nicholas Ridley made to me in his letter of 12 January and trust that - as a complement to the Central Office gathering of evidence - we can show up the cases which do come to light as examples of wholly unacceptable behaviour.

I am copying this letter and enclosure to Cabinet colleagues, John Gummer and Sir Robert Armstrong.

John Gummer

P J

6 April 1984

Approved by the Secretary of State + signed in his absence.

MALPRACTICES IN LOCAL GOVERNMENT: SPEAKING NOTE

The Legal Framework

Local authorities act at all times within a legal framework determined by Parliament.

That framework consists of laws specifying the duties and powers of authorities but leaves councils considerable room for the exercise of local judgment and discretion. That is as it should be.

In this country there are over 400 locally-elected authorities taking decisions in widely differing geographical, economic and social circumstances. It is right that councils should be able, within the law, to exercise their discretion as they think best.

But power and discretion carry with them responsibility. Local authorities are expected to act reasonably and in the interests of their local people as a whole. This has been the assumption on which Parliament has enacted local government legislation.

This framework has served both local government and local people well for many years.

But in the past few years there have been signs that an increasing number of councils are beginning systematically to abuse these discretionary powers.

In such councils - happily still only a small minority - we have seen the use of spending powers to fund eccentric schemes and projects; the production of propaganda of a blatantly political nature;

the manipulation of council procedures to stifle debate; the politicisation of officers; and gratuitous pontification about national issues which are not the concern of local government.

Spending abuses

The power for councils to spend the product of a 2p rate on matters which are in the interests of their area is long-established. It has been used - and still is by many councils - to support projects which most people would regard as valuable and worthwhile - projects in our deprived inner cities for example.

But it was never intended to fund the kind of lunacies for which it is now being used by some authorities, most notably the GLC.

Few London ratepayers, for example, are likely to agree that spending £35,000 of their money on the Karl Marx centenary celebrations or £20,000 on a space-invaders video game about racism is either sensible or in the general public interest.

There are many other examples of such spending - and not just by the GLC. More often than not, they appear simply to satisfy the political eccentricities of the party in control of the council; but - more sinister for the democratic process - they sometimes look like straightforward political bribes. Either way, the use of public money in this way is quite intolerable.

Propaganda

Local authorities are right to keep local people informed about their activities - it's an important part of the local democratic process. But it's not an important part of the democratic process to subject local people, at their own expense, to naked political

propaganda of the kind that is now circulated by, for example, the GLC, Lambeth, Hackney, Haringey, Sheffield and Newcastle-upon-Tyne.

Much of the material that authorities like these are producing can hardly be said to be the proper provision of information to local people. What it really amounts to is the local arm of a national political party using local government (and local people's money) as a platform to attack its political opponents in national government. This is a grotesque abuse of the powers and finances of local councils.

Procedural abuses

The theory of local government is that all councillors - regardless of political affiliation - are involved in the decision-making process of their council.

In practice, of course, party groupings dictate the decisions which emerge - but after the due processes of debate and argument in committees or in the Council Chamber itself. That is the time-honoured practice which ensures that the views of local people are properly aired by their elected representatives before decisions are reached.

But in some councils all this is changing. Standing orders and procedures are being manipulated to muzzle opposition to the majority party view. Minority party councillors are excluded from committees and their place taken by co-opted people politically acceptable to the majority party. Or committees are by-passed altogether, with decisions being taken by majority party caucuses in secret conclave.

The Labour Party on the London Borough of Brent was an adept practitioner of such wiles until it was unseated at the end of last year.

Politicisation of officers

Political manipulation is not confined to the procedures of the council itself. The majority party politicians who adopt these practices are often so unsure of the wisdom or propriety of their policies that they feel it necessary to start interfering in the appointment of officials whose duty it is to serve the council as a whole - not any one party.

In such councils professional expertise and individual merit are seen at best as insufficient qualifications or at worst as irrelevant.

Some councils have virtually made it clear that would-be applicants for official posts need not bother unless they are politically sympathetic to the views of the majority party. [And one or two appointments by some London councils recently have given rise to undesirable speculation about political preference.] What price an impartial local government service if these practices become widespread?

National issues

Not content with the squandering of money on bizarre schemes and political propaganda, some councils have taken it upon themselves to express views about national issues which, however the councillors may feel about the matters as private individuals, cannot in any way be a proper concern of local government - defence and foreign affairs and Irish matters for example.

Not content with words alone, some councils have gone so far as to apply their prejudices on national issues directly to council affairs. Public contracts are seen as largesse to be distributed to firms which are politically acceptable to the council. The GLC has its own contracts compliance unit which actually employs officials to ensure that this particular approach is rigorously maintained. The London Borough of Southwark went so far as to black a contractor because the firm had worked on defence projects at Greenham Common. Such political authoritarianism is overweening and repugnant to the local democratic traditions of this country - and seriously harms the reputation of local government as a whole.

Conclusion

These various abuses are all of a piece. They represent a brash political sectarianism; a determination by political activists to distort the machinery of local government to promote a particular point of view. And because there is usually little or no popular support for their policies, the councillors concerned do not hesitate to take exceptional steps to enforce them, no matter how devious or petty or ruthless these might be.

We can be sure that those who pursue this path are scrupulously careful to cover their tracks.

Nine times out of ten they have taken careful legal advice to ensure that their actions are within the law. But such abuses of discretionary power all too often observe only the letter of the law - the spirit of it is cast contemptuously to the wind, along with the true needs and interest of local people and ratepayers. Such councils are testing the system to destruction.

Fortunately such abuses are confined to a relatively small number of councils. The Government is monitoring the situation closely. But in the first instance it must be for those involved in and concerned with local government matters to eradicate this canker in the soul of local democracy.

Local government must put its own house in order. The responsible majority of councils and councillors - of all parties - must speak up for the defence of responsible local government.

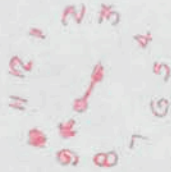
The local press and local opinion formers must be prepared to expose and condemn such practices wherever they occur.

And above all, local electors must exercise their votes to remove councillors who encourage and pursue such practices.

The future of healthy democratic local government is at stake.

LOCAL GOVT News Pt 20

6 MAR 1984



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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON SW1A 2ER

6 April 1984

Dear Nick

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

Thank you for your letter of 22 March enclosing a draft consultation paper on possible changes in responsibilities for transport services in Wales.

The draft's many references to road passenger transport are, of course, written from the point of view of the present system. But I am currently reviewing the organisation and regulation of the bus industry. So on this ground alone I would want publication deferred until after colleagues have had a chance of considering my proposals on the bus industry, which I will be circulating to colleagues within the next few weeks.

But I am also very concerned about the only substantive proposal made in the draft - the transfer of responsibility for controlling and subsidising local rail services to the counties. There are strong arguments against even airing this possibility in a consultation paper.

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First, we have put paid to scare stories about a threat to major parts of the rail network following Serpell. We would be accused of trying to introduce "Serpell by stealth" by - it will be said - forcing local authorities to take on rail services which they could not afford.

Second, we should pursue only those options - such as bus substitution - which offer a real prospect of savings. I very much doubt that the local rail option could in fact be implemented in such a way that we would save public expenditure. It would probably be possible to reach agreement with the local authority associations only by, in effect, guaranteeing the necessary financial support, which would defeat the object of the exercise; some individual local authorities would use their powers to subsidise rail services to increase spending; and the PTE precedent suggests that counties would have only a limited impact on BR's costs and efficiency.

Third, we do not want to extend local authority responsibilities or establish joint boards or committees more than absolutely necessary. The arguments for wider co-ordination of public transport made in the paper do not sit easily with the arrangements we are proposing for abolition of the Metropolitan Counties.

Fourth, since joint boards or committees would not have responsibilities for other transport services (especially buses), they could not decide local priorities or whether bus or rail was the most economical way to serve a route. So it would be impossible to achieve the

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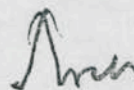
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claimed benefits of local choice for rail without a wider reorganisation of local authority transport responsibilities, which we do not want. If local choice were confined to the few services falling wholly within one county, the "burden" would fall very unequally between counties.

Fifth, we would face political difficulties in distinguishing between a national network which the Government was willing to subsidise and local services in which implicitly the Government had no interest.

For these reasons, I would prefer that the consultation paper should not include the local rail option. But I do recognise your difficulties arising from the Welsh Manifesto commitment and your subsequent promises to publish a consultation paper. I suggest that further consideration of publication should be deferred until after we have taken decisions on bus policy.

I am sending copies of this letter to the Prime Minister, the other members of E(NI) and to Sir Robert Armstrong.



NICHOLAS RIDLEY

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Local Govt. Relations
PT 20

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19 APR 1984



N B M

AT 6/4

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

6 April 1984

The Rt. Hon. Nicholas Ridley MP
Secretary of State for Transport

Dear Secretary of State

LONDON REGIONAL TRANSPORT

You sent me a copy of your minute of 30 March to the Prime Minister, proposing the retention of Dr Keith Bright as Chairman of London Regional Transport. I can confirm that I am content with the terms of the appointment. *in A 19.*

Copies of this letter go to the Prime Minister and Sir Robert Armstrong.

*Yours sincerely,
Margaret O'Mara*

NIGEL LAWSON

*(Approved by the Chancellor
and signed in his absence)*

Local Cost : Relations A20

6 APR 1984

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Ref. A084/1060

PRIME MINISTER

Abolition of the Greater London Council and Metropolitan
County Councils: MISC 95 Report

BACKGROUND

The Government is committed by its Manifesto to abolishing the Greater London Council (GLC) and the Metropolitan County Councils (MCCs). In October last year it published a White Paper 'Streamlining the Cities' (Cmd. 9063) setting out its proposals in more detail.

2. The Ministerial Group on the Abolition of the GLC and the MCCs (MISC 95) has been refining the proposals in the light of the response to the White Paper. The Group's recommendations are set out in the minute of 3 April from the Secretary of State for the Environment. They cover most of the issues which need to be resolved for the preparation of the main abolition Bill, which is to be introduced in the 1984-85 Session of Parliament: nearly all remaining questions concern the allocation of responsibility for a few services currently run by the GLC or the MCCs. Mr Jenkin is anxious to make announcements on the matters discussed in his minute during Second Reading of the abolition Paving Bill next week.

FLAG A

3. You had it in mind at an earlier stage (my minute of 23 February) to consult members of the Government representing constituencies in London and the metropolitan counties before final decisions were taken. There will not be enough time for that for matters on which very early announcements are to be made; the procedure should, however, be feasible for other matters, if, in the light of the Cabinet's discussion, you consider that such an exercise would be worthwhile.

FLAG B

You may feel there is no longer any need to drum up support for the basic policy

MAIN ISSUES

4. The recommendations of MISC 95 are summarised in paragraph 30 of Mr Jenkin's minute. Those most likely to need discussion by the Cabinet are as follows:



- (i) The arrangements for setting up the reviewing joint boards.
- (ii) Education in inner London (and in particular whether this should be dealt with in the Paving Bill by amendments after Second Reading).
- (iii) The Arts.
- (iv) Voluntary bodies.

It will also be necessary to discuss:

- (v) Which of the Cabinet's decisions should be made public at this stage - in particular, during Second Reading of the abolition Paving Bill.

5. It is unlikely that any member of the Cabinet will call into question the basic strategy (which remains as set out in Cmnd. 9063 and has been reaffirmed by MISC 95); the detailed allocation of responsibility for services; or the functions proposed for the residuary bodies.

Joint Boards

6. Leaving aside education in inner London, Cmnd. 9063 proposed joint boards for police, fire and public transport: in the case of public transport, metropolitan districts would be invited to bid for the running of services in their areas. Some districts, indeed, resent the creation of any joint boards and would prefer to be given the responsibilities themselves, subject to a requirement to prepare schemes for combined operations with other districts. MISC 95 judged, however, that this process could not be fitted into the abolition timetable. They thought it better to set up the joint boards by statute but to provide for subsequent changes in coverage (and even for dissolution of joint boards) by subordinate legislation.

7. Although the Home Secretary is content with this recommendation, he is concerned that the boundaries of police and fire authorities should not be called into constant question. He therefore attaches considerable importance to the points in paragraph 5 of Mr Jenkin's minute - a reasonable period of stability, and the onus of proof to be on those proposing changes.



Education in Inner London

8. The issues have already been discussed by the Cabinet and you are familiar with them; for convenience, I attach a copy of the brief I submitted for the Cabinet discussion on 15 March. You will wish to note the following additional points:

(a) Date of first elections

Although the Cabinet decided on 15 March that 'the abolition Paving Bill to be presented later in the current Session should not include provision for the creation of a directly-elected authority to run education in inner London or for elections to it', the possibility was mentioned in discussion that suitable provisions might be inserted into the Paving Bill after Second Reading. MISC 95, by a majority recommendation, favour holding the first elections in May 1985 and therefore inserting provisions in the Paving Bill. The Lord President of the Council and the Lord Privy Seal have both registered strong opposition, for the same reasons as they deployed in the Cabinet discussion.

(b) Electoral Cycle

The first elections to a new body must be before 31 March 1986 (when the GLC disappears) and could not therefore coincide with the next London borough elections in May 1986. There is, however, a question whether subsequent elections should be held in the same years as the borough elections. MISC 95 considered the arguments evenly balanced. The Secretary of State for Education and Science is taking soundings of leaders of inner London borough councils and inner London MPs.

(c) Provision for Review

MISC 95 recommends that there should be a provision for review of any new arrangements, on the lines of Section 30(6) of the London Government Act 1963 (now repealed). However, I understand that this would provide only for the transfer of all or part of the functions of the Inner London Education Authority to all or some of the boroughs. It can be argued that if the City, Westminster or Camden wished to take over responsibility for education, and to withdraw the financial



contribution they make to education elsewhere in inner London, the financial effects on other inner London boroughs would be so severe as to require special provisions with statutory force. If this argument is correct, it implies that the provisions proposed by MISC 95 might well not be sufficient in practice to allow secession because they would not deal with the financial consequences. The Cabinet may wish this aspect to be studied further: as it is relevant to the main, not the Paving Bill, the timetable will permit this.

The Arts

9. Cmnd. 9063 proposed a limited measure of central funding of certain arts bodies in London and metropolitan areas regarded as of national or international importance. For the rest, funding would be a matter for the boroughs or districts. These proposals have been heavily criticised by the influential arts lobby, which believes that the boroughs and districts will be less generous than the GLC and the MCCs. MISC 95 agreed that in order to blunt this criticism it would be necessary to channel more funds through the Arts Council and the Museums and Galleries Commission; but they did not agree on the financial consequences (in essence, how much, if any, new money should be provided for the arts).

10. I understand that there have been several meetings between the Minister for the Arts, the Chief Secretary, Treasury, and the Environment Ministers, but that no agreement has yet been reached. The Minister for the Arts and the Chief Secretary, Treasury will probably be circulating minutes later today setting out their views.

11. I do not think it will be possible to resolve any outstanding financial disagreements round the Cabinet table tomorrow. The questions are whether the Cabinet endorse the general proposition that additional funds (of an amount not yet determined) should be channelled through the Arts Council and the Museums and Galleries Commission; and, if so, whether they agree that the Secretary of State for the Environment should announce this on Second Reading of the Paving Bill; or whether they consider that no announcement should be made until the amount of extra funding has been settled.

see next section of folder



Voluntary Bodies

12. For the most part, the recommendations in paragraphs 27 and 28 of Mr Jenkin's minute are for further studies by officials. But he also proposes to announce, in general terms, a scheme for statutory joint funding by lower-tier authorities of voluntary bodies: funding decisions will be taken by majority voting among the boroughs or districts concerned; but the majority required would probably be higher than 50 per cent, and there would be a limit on the total funds that could be levied.

13. An announcement on these lines is likely to be welcomed by the voluntary bodies - an articulate and influential lobby. On the other hand, it may be criticised, particularly in London, as a device whereby the inner London boroughs can secure funding from the outer boroughs for voluntary bodies mainly active in inner London. (Even so, it will give the outer boroughs more influence than they have now over the GLC precept).

Historic buildings in London

14. So far as we are aware no member of the Cabinet is likely to object to the proposal that the GLC's Historic Buildings Division should be transferred to the Historic Buildings and Monuments Commission, but the Chief Secretary, Treasury may wish to reserve his position about the proposed additional funding for the Commission. If so, you will wish to ask the Secretary of State for the Environment and the Chief Secretary, Treasury to pursue the matter bilaterally.

Announcements

15. The Secretary of State for the Environment explicitly proposes announcements during Second Reading of the Paving Bill next week on:

- (i) education in inner London;
- (ii) the arts (and sport);
- (iii) voluntary bodies;
- (iv) historic buildings in London.

I understand that he would also wish to regard himself as free to make public any decisions on the other matters discussed in his minute.



16. Some members of the Cabinet may ask whether it is necessary to go so far. The Paving Bill is essentially a technical measure removing procedural and other obstacles which might prevent abolition taking effect from 1 April 1986 and explicitly not prejudging the principle of abolition. The main debates on abolition policy will presumably come during the passage of the Main Bill in the 1984-85 Session. It is not clear why Mr Jenkin regards it as essential to make so many announcements of substance early in the passage of the Paving Bill, especially as he will not be in a position to answer some of the immediate supplementary questions (eg the precise financial arrangements for funding the arts). There may, indeed, be tactical advantage in holding back concessions to put forward in response to Parliamentary pressures. Although the Ministers whose departmental interests are affected have been involved in the MISC 95 discussions, other members of the Cabinet have had little opportunity to study their recommendations; and if you wish to consult members of the Government with London or metropolitan county constituencies before final decisions are reached, it will be right to announce at this stage only the unavoidable minimum.

17. Whatever the Cabinet may agree in principle should be announced during Second Reading of the Paving Bill, you will no doubt wish to invite the Secretary of State for the Environment to clear drafts on the relevant sections with the colleagues concerned.

HANDLING

18. I suggest that you might open the discussion by inviting the Secretary of State for the Environment to make a general statement. Subsequently it might be best to divide the meeting into three main parts:

- (i) education in inner London;
- (ii) other matters;
- (iii) announcements.

19. For the discussion of education in inner London, you might invite the Secretary of State for Education and Science to open. The Lord President of the Council and the Lord Privy Seal will



certainly wish to comment on the proposal to insert provisions into the Paving Bill allowing the first elections to be held in May 1985.

20. Most of your colleagues are likely to wish to contribute to the second part of the discussion. The main departmental interests are as follows:

Joint boards:	<u>Home Secretary, Secretary of State for Transport.</u>
Arts:	<u>Minister for the Arts, Secretaries of State for Scotland and Wales.</u>
Voluntary bodies:	<u>Home Secretary, Secretary of State for Social Services.</u>

The Chief Secretary, Treasury will wish to comment on financial implications.

21. In discussion of announcements, you may wish to outline your intentions for any further consultations within Government. The Secretary of State for the Environment might then be asked to outline his reasons for thinking it necessary to elaborate the Government's proposals during Second Reading of the Paving Bill. The Lord President of the Council and the Lord Privy Seal will have views of the Parliamentary tactics.

CONCLUSIONS

22. You will wish the Cabinet to reach conclusions on the recommendations in paragraph 30 of the minute of 3 April from the Secretary of State for the Environment, especially as regards the following:

- (i) The proposals on joint boards.
- (ii) Education in inner London:
 - (a) should it be run by a directly-elected body;
 - (b) if so, should amendments be made to the Paving Bill to provide for first elections in May 1985;
 - (c) should subsequent elections be on the same, on a different, cycle as the London borough elections;



- (d) provisions for review.
- (iii) The arts (and sport).
- (iv) Voluntary bodies.

It will be necessary to indicate which fo the Cabinet's conclusions may be made public at this stage (essentially, during Second Reading of the Paving Bill next week).

23. You may also wish to indicate any plans for further consultations within Government.

REA

ROBERT ARMSTRONG

4 April 1984

C

Ref. A084/827

PRIME MINISTEREducation in London

C(84) 11 and 12

BACKGROUND

When they discussed education in London last Thursday, the Cabinet reached no decision. They instructed me, in consultation with the Departments concerned, to prepare a note on a number of matters that had been raised as a basis for a renewed discussion; this note has been circulated as C(84) 12.

2. The Secretary of State for the Environment's memorandum (C(84) 11) argues strongly for holding the first elections to a new, directly-elected body in May 1985. The Secretary of State argues that this would avoid the discontinuity in the membership of the successive bodies responsible for education in inner London which would result from making borough appointees responsible between May 1985 and April 1986. He also argues that the new body should be a precepting, not a rating, authority on the lines set out in paragraph 8 of C(84) 12.

MAIN ISSUES

3. The main issues before the Cabinet are as follows:
- (i) Do the Cabinet favour setting up a new, directly-elected authority to run education in inner London?
 - (ii) If so, should it raise its money by rate or by precept?
 - (iii) Should the first elections to the new body be held in May 1985, with the consequence that the necessary statutory provisions would have to be included in the abolition Paving Bill to be introduced later this Session?
 - (iv) How should the Government's decisions be announced?

A New, Directly-elected Body

4. The main arguments in favour of a directly-elected body, rather than the joint board proposed in the White Paper 'Streamlining the Cities' (Cmnd 9063), were set out in the memorandum by the Secretary of State for Education and Science and the Secretary of State for the Environment (C(84) 10), which was considered last week by the Cabinet (CC(84) 9th Conclusions, Minute 5), ie:

(a) It is favoured by the great majority of responses to Cmnd 9063. The proposal for a joint board is equally strongly opposed. It is thought possible that the abolition legislation could fail if the Government were to insist on a joint board.

(b) There would be clear and direct accountability to the electorate.

(c) There would be a continuing body of Conservative members who could produce well-informed alternative proposals to the high-spending budgets which the Inner London Education Authority (ILEA) is usually likely to produce.

(d) Directly-elected members would be more likely to be able to do the job than borough councillors nominated to a joint board..

5. The main arguments against the proposal are as follows:

(a) The expenditure of a directly-elected body responsible for a single service will be hard to control. It will have no need to balance educational spending against other claims. Although it will be subject to rate-capping, it will be able to claim a democratic mandate to resist the effects of this.

(b) It may not be easy to defend setting up a directly-elected body to run education in inner London, while transferring responsibility for other services in metropolitan areas to joint boards. This is particularly

true of public transport, which is likely to be a subject of political controversy as, say, the fire service is not.

Rate or Precept?

6. During last week's discussion several members of the Cabinet suggested that it was essential that a directly-elected body should levy its own rate; they considered that a precepting body would be insufficiently accountable to the electorate.

7. Work by officials, summarised in paragraphs 7 to 10 of C(84) 12, has revealed that there are serious objections to making the new body a rating authority:

(a) Existing legislation on rates assumes that there is only one rating authority for each area: any other local authority raising its funds from that area must do so by precept. To change this would entail extensive redrafting of the relevant legislation. This could not possibly be done in the Paving Bill; even attempting to do so in the main Bill could well prejudice the timetable (Parliamentary Counsel has already expressed serious concern about this, even without the potential additional complication of having to make extensive changes in rating law).

(b) There would be complicated problems of the administration of housing benefit, domestic rate relief, and so on.

(c) Separate rating and billing would carry a heavy cost: officials estimate that this could match the existing costs of rate collection in inner London, which in 1983-84 are about £16½ million.

8. An alternative approach, based on precepting but intended to do as much as possible to draw public attention to the size of the precept and its financial effects, is described in paragraph 8 of C(84) 12. It is supported by the Secretary of State for the Environment. The Cabinet will no doubt wish to consider whether it is adequate to achieve their objective of accountability.

Timing of First Elections

9. The prime argument for holding the first elections to a new body in May 1985 is that this is the only way to secure reasonable continuity in the membership of the successive bodies responsible for education in inner London: the arguments are set out in detail in paragraph 14 of C(84) 12. Holding the first elections in May 1985, when the Greater London Council (GLC) elections would take place apart from the abolition proposals, may also have presentational advantages.

10. Holding the elections in May 1985 would require provision for them to be included in the abolition Paving Bill: it would be impossible to wait for the main Bill, which is not expected to receive Royal Assent until July or August 1985. Making provision in the Paving Bill has implications for the legislative timetable, discussed in paragraphs 11 to 14 below. Other arguments are as follows:

(a) The body running education in inner London must retain until April 1986 the status of a special committee of the GLC. It may look odd to provide for direct elections to a committee, especially a committee of an appointed body. May 1985 to April 1986 will, however, be a transitional period; and any arrangements made during it are likely to be open to some form of criticism.

(b) The Government may be accused of prejudicing the principle of abolition to a greater extent than in other provisions of the Paving Bill. In the worst - admittedly unlikely - case, it could have set up elections which left successful candidates in limbo.

Legislative Timetable

11. To include provision for direct elections in the Paving Bill will entail some delay in the introduction of that Bill. It seems likely, however that Second Reading could take place shortly after Easter; this would allow Royal Assent to be secured by the end of July, though the timetable would certainly be tight.

12. The main argument in favour of including provision in the Paving Bill is the argument of substance for holding direct elections in May 1985: if the Cabinet wish this to be done, provisions must be made in the Paving Bill. It is also argued in C(84) 11 that making provision in the Paving Bill will be a more convincing demonstration of the Government's intentions than a mere announcement.

13. On the other hand, the Cabinet will wish to consider the following:

(a) The timetable for drafting is very tight. It may lead to a Bill requiring significant Government amendments. This would not only damage the Government's reputation for competence; it could also jeopardise the Parliamentary timetable.

(b) I understand that the Chief Whip considers that there are good prospects of agreeing a timetable for the Paving Bill with the Opposition as the Bill now stands, but that the prospects for such an agreement would be poor if the Bill were extended to include provision for elections.

(c) The additional scope for amendment and debate could make it impossible to take the Committee Stage on the floor of the House, which the Secretary of State for the Environment himself regards as a necessary condition for achieving his timetable.

(d) Most, even if not all, of the presentational advantages could presumably be secured by a full statement of the Government's intentions, to be followed by provision in the main Bill.

14. In essence, the question for the Cabinet is whether the advantage of greater continuity in membership of the ILEA and the presentational advantage of early legislation over a statement outweigh the inevitable risks to the legislative timetable, both for the Paving Bill and for other Government legislation this Session.

Announcements

15. If the Cabinet decide in favour of a directly-elected body, they are likely to wish to make an early announcement to that effect. C(84) 10 proposed an outline statement, to be followed in due course by a more detailed announcement. The Cabinet may consider that it would be better for the initial announcement itself to be reasonably detailed, both in order to satisfy critics of the joint board proposal and to avoid any impression of undue haste. If so, you will wish to invite the Secretary of State for Education and Science, in consultation with the Secretary of State for the Environment, to circulate a draft for approval.

Provision for Review

16. You wanted legislative provision for a statutory review of the arrangements for education in inner London in due course: such provision was made in the legislation creating the GLC. Paragraph 12 of C(84) 12 suggests that such provision would be appropriate to the main rather than Paving, Bill.

HANDLING

17. You will wish to invite the Secretary of State for Education and Science to open the discussion; the Secretary of State for the Environment could then be invited to contribute. The Home Secretary will probably wish to comment on the electoral provisions, and the Chief Secretary, Treasury on the financial implications, including the question of rates versus precept. The Lord President of the Council, the Lord Privy Seal and the Chief Whip will wish to comment on the implications for the legislative programme. Your colleagues with London constituencies will no doubt wish to comment generally.

CONCLUSIONS

18. You will wish the Cabinet to reach conclusions on the following:
- (i) Should education in inner London be run by a new, directly-elected authority, rather than by a joint board?
 - (ii) If so, should it raise its funds by rates or by precept?

(iii) Should the first elections to the new body be held in May 1985 (which would require the necessary statutory provision to be made in the abolition Paving Bill) or at a later date?

(iv) Announcements.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

14 March 1984

Abdullahi



File on
GLC/MCC
Abdullahi

10 DOWNING STREET

AT

Herewith, my bit on GLC
Arts. Please hold it until
7:30, by when I shall have
heard about the CST's discussions
with Gornie.

NB. PES reductions in this case
will have less effect on actual LA
spending than in the case of NAFE
because:

- i. in the first year for NAFE,
the MSC will provide exact
substitution; no need for LAs to spend;
- ii. in subsequent years, ^{any} ~~the~~ switch
will have an obvious rationale,
leading to all but the most

recalcitrant LAs to cut their
spending ~~to~~ accordingly

- iii. general reductions in PES
to match Ed. Ginn's Arts
funding will have neither
of these features; LAs will
rightly feel that they are being
cut to help someone else, and
will \therefore be v. hostile.

(The Treasury — Faulkner, Culpin, Rutter
et al. — think that I'm being too
optimistic; and they may be right.)

MR TURNBULL

ABOLITION OF GLC AND MCCs: ARRANGEMENTS FOR THE ARTS

The Chief Secretary opposes Lord Gowrie's new plans. He is right to do so. Lord Gowrie's method would cause a £10-15 million net increase in public expenditure following abolition.

The Problem

At present, the GLC and the MCCs spend £38 million on the Arts. About £18 million of this goes to major national institutions. The remainder goes to endeavours of varying quality. Lord Gowrie originally proposed to replace this spending with £18 million from central funds, to cover only the major institutions. This raised a storm of protest from the Arts lobby.

Lord Gowrie now proposes to increase his central spending by £33 million.

This method of pacifying the Arts lobby has three disadvantages:

1. The urban boroughs are unlikely to reduce spending enough to offset the £33 million. Even Lord Gowrie and William Waldegrave do not hope to reduce their spending by more than £11 million.
2. We could not effectively compensate for the £33 million by reducing the PES provision for general Local Authority expenditure, because (1) we do not know what the PES provision for 1986/87 would otherwise have been, and (2) Local Authorities would in practice continue to spend a large proportion of any cut.
3. As Lord Gowrie admits, a transfer to central funding for the GLC and MCCs would lead other authorities to

call for similar funding: indeed he wants another £7 million for this purpose in the long run.

As a result, Lord Gowrie's proposals to give the Arts in London £33 million will cost the taxpayer and ratepayer about £50 million - some £12 million more than the present GLC/MCC arrangements.

Not insignificant in relation to the £120 million the whole policy is meant to save.

Possible Solutions

One solution is to offer smaller amounts of central funding, on Lord Gowrie's model. This would not really get us off the hook because we would still have local authority 'leakage'; to achieve the same total public expenditure as under the GLC/MCCs, even on the most optimistic assumptions about local authority behaviour, we would have to offer central Arts funding of less than £25 million. This would give the Arts lobby an addition of only £7 million over the first proposal, which might well not satisfy them; and no money would be saved by abolition.

A better solution is to keep the present GLC/MCC arrangements for precepting the boroughs, but hand over GLC/MCC Arts functions either to the Arts Council or to a sub-committee of the "residuary" Joint Board. This would remove the need to tamper with general local authority expenditure, and would thereby eliminate the unpleasant side effects of Lord Gowrie's scheme. The Government could allow the Arts Council or a residuary Joint Board to raise as much as £35 million in Arts funds from the boroughs, and still reduce present expenditure by £3 million.

We recommend:

- that the Prime Minister should press for Arts functions on the GLC/MCC areas to be carried out either by the Arts Council or by the residuary Joint Board, precepting from the boroughs, up to a limit of £35 million;

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- that, failing this, she should press for a smaller amount of central Arts funding on Lord Gowrie's model, up to a limit of £25 million.

Oliver Letwin.

OLIVER LETWIN

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MINISTER FOR THE ARTS

PRIME MINISTER

ABOLITION OF THE GLC AND MCCs: ARRANGEMENTS FOR THE ARTS

I must ask for a very early decision on the funding of the arts after abolition.

2. MISC 95 invited me, in consultation with Peter Rees and William Waldegrave, to consider the financial arrangements urgently. We have not been able to reach agreement. Peter Rees' letter to Patrick Jenkin of 4 April reports the outcome so far.

3. I am under constant and increasing pressure to announce the Government's solution to the arts problem. It is bound to increase further unless the Secretary of State for the Environment's speech on the second reading of the Paving Bill can state it in general terms. But no announcement which could not be quantified in terms of money would do any good; it would only provoke further anxieties. And there must be further consultations on detail (e.g. further arrangements for some museums) between the announcement and the drafting of the legislation. I hope therefore that we can come to agreement now.

4. I have regarded it as my remit to take the arts out of the abolition issue: that is, to devise arrangements which will be seen to ensure that good arts bodies will not collapse as a result of the disappearance of the GLC and MCCs. This does not mean protecting loony left-wing groups. It does mean protecting the present level of GLC/MCC expenditure on all respectable arts bodies of more than purely local significance.

5. I proposed to MISC 95 that there should be central funding, via the Arts Council, the Museums and Galleries Commission and in one or two cases directly via my office, to the tune of £40m per annum. This £40m was made up as follows:

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- (a) total present arts expenditure by the GLC and MCCs - £38m; less
- (b) that part of this spend which should not be funded by the Government because it is unworthy or purely local, and should be left to the boroughs and districts to decide - £5m; plus
- (c) the sum which I believe to be needed outside the MCC and GLC areas in order to counter the criticism that central money is going, at an electorally sensitive time, only to areas which are hostile to us politically - £7m

6. I have considered with William Waldegrave how the financial effect on central government can be contained. I agree with him that a levy on local authorities is out of the question; it would lead immediately to a justified demand for joint boards or recreated elective authorities. There can, however, be some offset by way of PESC transfers from the local authority side where an identifiable provision exists: the provision for their spending on museums and galleries can be reduced by £9m current and £2m capital, though we cannot guarantee that the saving on current will be delivered. The grant distribution effects of this change for the non-metropolitan areas would be negligible, and the transfer is acceptable to the DOE and OAL. Apart from that transfer, what is made available has to be new money.

7. In order to reach an immediate settlement, I have offered to defer a decision on the £7m for the other areas (para 5(c)). I think it probable that I shall have to come back to that, since the shire counties are fully alive to the inequity involved.

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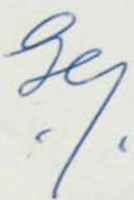
So I must put up a marker. But if colleagues so decide, we can wait to see how the pressure builds up and come back to it later.

8. I do however emphasise that the remaining £33m is the necessary price for delivering the objective of taking the arts out of the abolition issue. It divides between museums and galleries (£15m) on the one hand and performing arts bodies (£18m) on the other. It is the sum of detailed costings for individual bodies and institutions. If the £33m is agreed, I can also make a small contribution from it to meet the problems of Scotland, where the transfer of arts responsibilities from the regions to the second-tier authorities has already led to a diminution of local authority support for the arts. But I cannot reduce the sum further without putting at risk the reputable bodies listed at Annex A and so frustrating the policy objective.

9. I propose that we should now agree on central funding to the tune of £33m, offset by the sums referred to in paragraph 6 and that the Secretary of State for the Environment should announce our decision in broad terms in his speech on the second reading of the Paving Bill. I can then get down to the hard grind of reassuring this most anxious and articulate constituency.

10. Peter Rees is of course right to say that the Arts lobby will always ask for more resources; that is their nature. But there is an essential difference between maintaining the Government's policy for restraining public expenditure, which I fully support, and reducing public support for the arts as a direct result of local government reorganisation. I believe that £33m will enable us to demonstrate that we are prepared to protect the worthwhile part of the arts spend. A lesser sum would not.

11. Copies of this minute go to members of the Cabinet, other members of MISC 95 and Sir Robert Armstrong.



LORD GOWRIE
4 April 1984

CONFIDENTIAL

I. PERFORMING ARTS TO BE CENTRALLY FUNDED

i. Theatres

National Theatre
Royal Exchange, Manchester
Newcastle Theatre Royal
Sunderland Empire
Leeds Playhouse
Sheffield Crucible
Contact Theatre, Manchester
Oldham Colisem
Bolton Octagon
Empire Theatre, Liverpool
Playhouse Theatre, Liverpool
Everyman Theatre, Liverpool
Tyne and Wear Theatre Trust
Sadlers Wells Theatre
Riverside Studios
London Contemporary Dance Theatre
Almeida Theatre
Theatre Royal Stratford East
Half Moon Theatre
Greenwich Theatre
Polka Children's Theatre
Unicorn Theatre
Tara Arts Group

ii. Orchestras

London Orchestral Concerts Board
The Hallé Orchestra
Royal Liverpool Philharmonic
Northern Sinfonia

iii. Opera

Opera North
English National Opera

iv. Ballet

London Festival Ballet
Northern Ballet Theatre

v. South Bank

II. MUSEUMS AND ART GALLERIES

i. London

Museum of London
Kenwood (incl. Marble Hill & Rangers)
Horniman & Geffrey Museums
Photographers Gallery
Whitechapel Art Gallery

ii. Merseyside

County Museum Service
Walker etc Art Gallery

iii. Manchester

Whitworth Art Gallery
Manchester Museum
G.M.M. Science & Industry

iv. Tyne and Wear

Museum Service

v. S. Yorkshire

Museum Service



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PRIME MINISTER

ABOLITION OF THE GLC AND MCCs: THE ARTS

I have now seen the Secretary of State for the Environment's minute of 3 April, which will be discussed at Cabinet tomorrow, and the minute which the Minister for the Arts sent you today about the funding of the arts.

As you know, I strongly share your view that there would be great political advantage in defusing the arts issue at an early stage because it could prove such an influential weapon in the hands of those who are generally opposed to our policy of abolition. It is clear from Grey Gowrie's minute that the necessary financial arrangements are proving difficult to settle, and it strikes me as unlikely that we shall reach firm conclusions on them in Cabinet tomorrow. I do, however, think the Government would save itself a great deal of trouble if Patrick Jenkin could in his speech on the second reading of the Paving Bill on 11 April make a pretty definite statement on the future arrangements for the arts. You may think it best that there should be a further meeting before 11 April to try to settle the matter; if you were not able to chair this yourself I would of course be willing to do so.

I am sending a copy of this minute to Sir Robert Armstrong

How

4 April 1984

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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON
 SW1P 3EB

4 April 1984

ABOLITION OF THE GREATER LONDON COUNCIL AND THE METROPOLITAN
 COUNTY COUNCILS - REVISED ARRANGEMENTS FOR THE ARTS

At MISC 95(84)3rd meeting Grey Gowrie, William Waldegrave and I were asked to consider urgently how much should be provided for central funding of arts bodies in metropolitan areas and how this should be financed. I am sorry to say that we have not yet been able to agree revised proposals.

The Options

The GLC and metropolitan counties have been spending about £38m a year on the performing arts, museums, and the galleries. Of this, nearly £18m goes to the bodies of national or international importance listed in the consultative paper issued last summer. Some supports activities which are of regional significance and the remainder goes to bodies of purely local interest. The figure includes, of course, some well-publicised subsidies (usually small) for activities of little discernible merit. Most of the money comes from ratepayers.

The two issues are to what extent we should try to ensure the continuation of this spending by providing for central funding and how such central funding should be financed. In effect, we have to decide what balance there should be between four routes of funding:

- i) the individual boroughs and districts, as the natural successor authorities, decide what support to give;
- ii) collective provision within the metropolitan areas financed by the ratepayers in those areas; this might take the form of funding by the Arts Council and the Museum and Galleries Commission financed by a levy or

precept on the ratepayers in metropolitan areas, on the analogy of the Metropolitan Police and London Regional Transport; or giving the "residuary bodies" a responsibility for funding major arts bodies, or replicating for the arts the funding machinery MISC 95 have agreed in principle for the voluntary bodies;

iii) central funding through the Arts Council and the Museum and Galleries Commission financed by the taxpayer but offset by a reduction in the provision for local authority expenditure and grant;

iv) increased central support financed by the taxpayer with no offsetting reductions elsewhere.

The consultative paper implied that some £18m would be provided through (iii) or (iv) and that the rest should be left to (i).

Grey Gowrie now proposes that only £5m of activities which he has identified as of solely local interest should be left to route (i) and that the remaining £33m should be routed through the Arts Council and the Museums and Galleries Commission. Provided he can say that additional funds of £33m are to be made available to these bodies to support the flow of funds in the metropolitan areas, he would be content with either (iv) or a combination of (iii) and (iv) as the financing route.

Grey has also given notice that he thinks the increase in central funding for arts and metropolitan areas will give rise to great pressure for increased funding of arts elsewhere and that he thinks this will require a further addition of some £7m in the Arts Council budget. However, he agrees that no decision on this needs to be taken now.

William Waldegrave favours early announcement of a firm figure for central funding, he is less certain that this needs be the full £33m. His primary concern, however, is the method of financing. He strongly opposes giving any further precepting or levying powers to non-elected bodies and does not feel that the funding machinery proposed for voluntary bodies can be extended to the Arts. He therefore opposes route (ii). He also argues that no reduction in the provision for local authority expenditure or grant should be made that would allow non-metropolitan areas to claim that they are being asked to pay for arts in the metropolitan areas. He points out, however, that reductions of £2m (capital) and £9m (current) could be made in the provision for local authority expenditure without running that risk. He acknowledges that the reduction in provision for local authority current spending would not guarantee a significant reduction in the spending itself.

In my view, the amount of central funding and the method of finance need to be considered together. Given the nature of our controls on local authority current expenditure, it is highly unlikely that increased central funding will be fully offset by reduced local authority spending under any of the options. But if the ratepayers in metropolitan areas remain the ultimate source of funding, as in route (ii), we can afford to be relatively generous. If, on the other hand, the taxpayer is to foot the bill our room for manoeuvre is much reduced.

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As Chief Secretary, I have three related concerns.

First, we really cannot afford to increase the burden on the taxpayer by the £30-40m which Grey proposes. Abolition may not be about the arts; but it is not about increasing taxes either.

Second, we cannot afford to adopt a solution which will increase public expenditure substantially.

Third, we cannot afford to adopt a solution which will be repercussive. If we make taxpayers throughout the country pay for the arts in London and the metropolitan counties we are bound to provoke renewed pressure on other fronts: voluntary bodies, sports bodies, historic buildings, and so on; and we are only starting a legislative process which will extend over two sessions. It is also bound to reduce the credibility of our case that there is no need for metropolitan authorities and that their abolition will lead to substantial savings. Moreover, long experience of the Arts lobby in the tax as well as the expenditure fields leads me to doubt whether even the concession Grey wishes to make would still their protests and pressure for yet more resources. As Grey acknowledges, it is likely to lead to howls of protest from our supporters outside the metropolitan areas (which will become all the louder if we hint that there may be some more cash for them too). But we must also expect continuing pressure from arts bodies within our cities for greater certainty and greater funding (as well as the continuing involvement of well known artists in the campaign against abolition). The most we can hope to establish is a defensible position on the Arts, we cannot hope to take them out of the debate altogether.

For that reason, I am still attracted to route (ii). If that is ruled out, I could agree only to a modest advance on the £18m implied by the consultative document (£11m of which would be offset on the lines William Waldegrave indicated). I could not agree to a figure approaching £33m.

I am sending copies of this to the Prime Minister, members of Cabinet and other members of MISC 95. A copy also goes to Sir Robert Armstrong.

William Waldegrave
WWR

PETER REES

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LONDON REGIONAL TRANSPORT BILL

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LONDON REGIONAL TRANSPORT

This Bill implements proposals set out in the White Paper 'Public Transport in London' (Cmnd 9004) published in July 1983, for reform of the structure and organisation of London's public transport system.

A. The Government's Objectives:

- The Government wishes to restore a stable framework for the planning of public transport in London.
- It wishes to reduce unnecessary costs and provide better value for money on the London Transport system for travellers, ratepayers and taxpayers.
- It wishes to bring bus and underground services into the same policy framework as BR Commuter Services and to improve co-operation between the two operations.
- It wishes to reduce the shabbiness of the system by redirection of resources towards cost saving investment.
- It wishes to ensure fully professional management at all levels.
- It wishes to encourage greater competition in the provision of transport services in London by creating smaller and more accountable units; by contracting out by LRT of more work to the private sector, where the private sector can do it more effectively, and by divesting the public sector of unnecessary roles.

B. The Need for Change

1. Political Interference

The above objectives cannot be achieved while London's transport is subject to the irresponsible political whim of County Hall. London Transport has become a political battleground. For example,

- i) The 'Fares Fair' experiment was ill conceived. It led to a (successful) Court challenge, and left London's ratepayers and travellers paying more for transport.
- ii) The Labour GLC raised LT wages in 1981 above the original proposal of 8 per cent to 11 per cent when the bus drivers had already accepted 8 per cent.
- iii) They made LT in 1981 increase the number of LT staff by over 500 people.
- iv) More recently, the GLC has packed the LT Board with its own nominees in an attempt to prevent the professional members of the LT Board pushing ahead with sensible cost savings. The most recent nominees were:
 - Arthur Latham - Chairman of the London Labour Party, member of Tribune Group - supports Left-wing causes including the Soviet-backed regime in Afghanistan;
 - Merle Amory - 25 year old Left-wing secretary and member of Brent Council - supported Ken Livingstone's campaign to be nominated Parliamentary candidate for Brent East.

v) In November the GLC staff committee decided that Nick Lester, Chairman of the London Transport Passenger Committee - the consumer watchdog for LT should not give up that post on becoming an officer of the GLC. Conservative GLC members attacked the decision as the Chairman of the LTPC should be independent of public transport and the GLC. Plainly Mr Lester will no longer be so.

vi) Under the Transport Act 1983, LT produced a 3 year plan for the 3 year period beginning in 1984-5. This contained proposals for sensible cost savings including:

- fares to be kept constant in real terms;
- bus mileage to be reduced slightly, tailored to demand;
- Underground mileage to remain constant;
- Costs to be reduced by over 9 per cent over the period of the plan by means of a 2 per cent reduction in unit costs and the reduction in bus mileage already referred to;
- increased marketing and promotion of LT's services;
- reduced level of revenue support.

The GLC have proposed to modify the Executive's plan in a number of ways - by:

- increasing the levels of bus and underground mileage above the level necessary to meet demand;
- deferring the extension of one person operation until a 'searching' independent appraisal of its advantages and disadvantages has been carried out;
- increasing the level of revenue support.

2. The measures in the Bill provide the only way to bring BR Commuter Services and LT services under common policy and financial direction. Without it, co-ordination of services and co-operation between them was difficult. The Secretary of State for Transport will be establishing liaison arrangements to ensure that better co-operation takes place.

3. While political interference has been far reaching, inadequate pressure to control the costs of LT has led to:

- real unit costs rising by 67.1 per cent (bus) and 47.8 per cent (underground) since 1970;
- high fares - up by 85 per cent in real terms between 1970 and 1982;
- Subsidy up thirteenfold in real terms from £6.5 million in 1970 to £369.8 million in 1982.

The GLC has pretended that the argument is about the balance between fares and subsidy. But this has been allowed to obscure the real problem - the increase in the total cost of public transport in London - a cost which has to be paid for by somebody.

4. Public transport is, as the Select Committee on Transport said
'a matter of national, as well as local importance'.

It is therefore entirely appropriate that the Secretary of State should assume responsibility for policy and finance.

C. The Bill's Provisions

General Description. The Bill transfers control of the London Transport Executive from the GLC to the Secretary of State, and renames it London Regional Transport. There will be central Government funding of LRT with a contribution to the Exchequer from London's ratepayers. The Bill requires subsidiaries to be established for the bus and underground undertakings, and includes plans for the involvement of private capital in these and in other subsidiaries of LRT, and for the disposal of parts of LRT's operations. The Bill also makes provision for other bus operators to operate either under agreements with LRT or independently of LRT under Road Service Licences from the Traffic Commissioners. A single new consumer body is to be established for LRT and for British Railways Board services in and around Greater London. There are reserve powers under which LRT would assume responsibility for financial support of BR Board services in the London Region.

Themes of the Bill

i) New Organisation and Structure

LRT will be formed in two main stages. The first stage involves a transfer of the existing body, LTE from the control of the GLC to the Secretary of State for Transport. The main change will be to the constitution of the body LTR which will be subject to the normal policy and financial controls appropriate to nationalised industries. The Board will be appointed by the Secretary of State. At the second stage, LRT will form two subsidiaries under the Companies Acts which will become the operating companies for the bus and underground services respectively.

It is likely that the main board will comprise people with general management and financial qualifications with separate membership from the Boards of the subsidiaries. The main subsidiaries will be able to form sub-subsidiary companies in the normal way under the Companies Acts. LRT itself will be able to form further subsidiary companies for the runnings of its ancillary operations. These will provide services on a competitive basis to the operating companies of LT.

ii) Competition and Privatisation

The Bill encourages competition and privatisation in several ways.

- It encourages LRT to contract out services where it makes economic sense to do so.
- It allows LRT to make arrangements with other operators for the provision of services under agreed terms and conditions.
- It provides a power for LRT to dispose of parts of their operations to the private sector, or to arrange for the participation of private capital in their own services or in joint ventures.
- The independent operators who do not wish to operate services under agreement with LRT will be able to apply for a licence from the Metropolitan Traffic Commissioners.
- LRT will be able to provide facilities - such as bus garages and car parks for the use of private bus and coach operators.

iii) New Ratepayer/taxpayer Contribution

The Bill removes the new LRT from the Local Government grant system altogether. Instead a simplified mechanism is proposed.

- The Secretary of State is empowered to make grants to LRT with the consent of the Treasury.

- He is empowered to collect, by means of a levy on the London Boroughs, a contribution from Greater London Ratepayers towards his expenditure in grants to LRT. The amount to be raised should not exceed two-thirds of the estimated expenditure on grants. The amount to be raised will be specified in an annual order, subject to negative resolution. This order will set out the factors taken into account and the method of calculation used. The proportion of ratepayer contribution may be altered by order, subject to an affirmative resolution. This recognises the 'national' importance of London's public transport system. It will be good news for ratepayers because the proportion of the total grant to LRT they will pay will be lower than it is at present (80 per cent); because it is expected that the total subsidy to LRT will be reduced; and because it still gives ratepayers an incentive to look for better value for money from London's public transport system.

iv) Consumer Representation

A single new consumer body will be set up, combining the present Tucc for London (the watchdog for BR's London services) and the London Transport Passengers' Committee (LTPC) (the watchdog for LT). The new body will be called the London Regional Passengers' Committee (LRPC). It will be appointed by the Secretary of State and will have a duty to consider and make recommendations on matters affecting the service and facilities provided by LRT, by operators under agreement with LRT and by British Rail.

This proposal reflects the Government's objective of ensuring that BR and LRT work more closely together. It will mean less confusion to passengers who will be able to focus their views on London's transport services on one body instead of two. It will remove the anomaly of the Tucc for London dealing with LT rail closures while the LTPC deals with other LT issues.

v) LT/BR Liaison

London Regional Transport and the BR Board will have a duty to co-operate with one another in the exercise and performance of their respective functions, to co-ordinate the passenger transport services provided by these companies on their subsidiaries. The new arrangements will provide scope for closer co-operation because:

- they will be subject to the same political control and policy framework. The present different financial and policy frameworks has proved a major obstacle to progress, as both Chairmen have publicly acknowledged.

- The Secretary of State will be setting up new liaison arrangements between the two operators and will give his personal authority to this work.

The new consumer body will be able to identify needs in this area.

It is hoped that closer co-operation will mean that resources are allocated in the best interests of London as a whole, and that wasteful duplication is removed. Possible early initiatives might include:

- Improvements at major BR/LT interchange stations;
- rationalisation of services;
- Joint use of facilities for eg. rolling stock storage and maintenance;
- Better fares structure;
- Common ticket offices and ticket inspection at interchanges;
- Joint publicity and marketing initiatives;
- Joint purchasing initiatives.

vi) Reserve Powers

If the voluntary arrangements do not work well, powers exist in the Bill to extend the remit of LRT to cover BR's London Commuter Services. The reserve powers would be introduced by order for a maximum of 8 years.

- LRT would assume responsibility for the strategic oversight of all public transport serving London.
- LRT would assume responsibility for setting the PSO for BR's London and South East Services.
- LRT would allocate subsidy amongst its own subsidiaries and BR services.

D. Concessionary Fares

1. Provisions for a Voluntary Scheme

As envisaged in the White Paper on Public Transport in London, the London Regional Transport Bill (clause 48) provides all the powers needed by London's local authorities to organise, on a voluntary basis, travel concession arrangements. It empowers the GLC to continue its existing scheme for old age pensioners and the boroughs to continue their joint scheme for disabled and blind people. It enables the boroughs to continue to provide a joint scheme for all three categories of eligible persons when they take over responsibility from the GLC.

The GLC and the boroughs are already allowed to arrange with LT for the provision of concessionary travel arrangements. They can also provide concessionary travel on BR but that has to be arranged through LT. Clause 48 goes further and allows the GLC and the boroughs to arrange directly with BR for the provision of travel concessions on BR services. Another addition is that the local authorities will be able to arrange concessionary travel on services provided by independent operators.

The Conservative dominated London Boroughs Association agreed in October 1983 in principle to a voluntary scheme.

2. The Free Travel Scheme

It remains the Government's view, a view shared by the last Labour Government - that it is for the local authorities to take decisions about concessionary fare schemes and to be responsible for funding them.

The Government believes that local authorities will agree a voluntary scheme readily and freely. But this should not be expected for some time. First, the London boroughs cannot possibly know now what the situation will be in two years' time when they will have to resume responsibility for concessionary fares. Second, Labour boroughs in the Association of London Boroughs have not been prepared to enter into the discussions that have been taking place with the other authorities in the London Boroughs Association.

In these circumstances, the Government decided to put the matter beyond doubt and propose an ultimate safeguard for pensioners in London. The clauses will have the effect of imposing a uniform scheme throughout London if the London boroughs cannot agree. This assurance will lay to rest the fears that have been aroused by the GLC's scaremongering allegations that old people will lose their concessionary travel passes.

3. The New Clauses

The new provisions will place on LRT - if no uniform voluntary scheme is provided - the duty to provide a travel concession scheme for pensioners, disabled and blind people in London. The scheme will allow permit holders free travel on LRT services at all times at weekends and Bank Holidays and at off-peak times on weekdays (that is between 9.30 am and 4.30 pm and after 6.30 pm until 1.00 am on the following morning). It will apply to travel on both bus and Underground services and any services provided by private operators under agreements with LRT.

The blind will have free travel at any time on all services.

There are 3 New Clauses. The first (clause 2) establishes the details of the free travel scheme. It places a duty on LRT to provide the scheme if by the beginning of any year it appears to them that a uniform voluntary scheme will not be in place throughout the following financial year. This clause establishes the nature of the statutory scheme by specifying the categories

of people to whom it is to apply, the services on which the concessions are to be available, the nature of the concession and the times at which it is to be available to those eligible for it.

The second New Clause (New clause 3) provides for various administrative procedures governing the free travel scheme. It establishes the way in which LRT are to make permits available to the London borough councils and the basis on which LRT will charge for them. It specifies how and when the issuing authorities are to pay LRT for permits which they issue and provides a method by which they will account to LRT for the use of the permits supplied to them.

The third New Clause (New clause 4) lays down the circumstances which will have to be satisfied in order to bring the new statutory scheme into effect. The purpose of this third clause is to specify exactly what is meant by "uniform". The voluntary scheme must provide the same benefits to all those eligible in London within the same category of persons, and must apply the same conditions as to periods of validity.

4. Are the Concessions Less Generous than at Present?

This is the first time any Government has written into statute a comprehensive scheme guaranteeing concessions for London's pensioners. At present there is no statutory scheme whatsoever. The GLC argue that the statutory scheme should be identical to the current voluntary arrangements. Yet it is totally unreasonable to place a statutory burden on local authorities which will compel them for all time to finance the most expensive possible scheme, in the face of all the other calls on them for finance. Individual boroughs can continue to exercise their judgement by providing additional facilities under clause 48, even if the statutory scheme comes into being.

5. Charges

Under existing legislation, all local authorities have power to impose terms, limitations or conditions (which of course includes charges for permits) as they think fit in offering travel concessions. The Government would not want the operation of the reserve scheme, if brought into effect, to be frustrated by boroughs making exorbitant charges. So, as a further safeguard to pensioners and disabled people, the New Clauses include unique powers to make the imposition of any terms, limitations or conditions subject to the Secretary of State's approval.

D. Questions and Answers

Q. LT no longer accountable to Londoners?

A. LRT will be accountable to Parliament through the Secretary of State for Transport. London's public transport is a vast system of national importance it is right that it should be nationally accountable. The Government will be improving the machinery through which Londoners can express their views. The new consumer body will cover both LRT and BR Services. LRT will have a duty to prepare a strategy statement setting out in general terms the policies they intend to follow with a view to the discharge of their general duty. They will have to consult in preparing the statement, with BR, the London Boroughs and the new LRPC. This will provide Londoners with more information about the service. The first statement will be prepared within one year of the establishment of LRT.

Q. Is it wrong for Government to levy a rate precept on London's ratepayers?

A. Ratepayers elsewhere pay towards the cost of their public transport. It would be unfair if London's ratepayers paid nothing at all. The new financial arrangements provide for the national taxpayer to pay one third of the grant to LRT to reflect the national importance of London's public transport. This is a higher proportion than the taxpayer contributes at present. Ratepayers will benefit from reducing levels of subsidy overall. Another point to make is that it is important that Londoners should have an incentive to better value for money and better efficiency. They would not such an incentive if the taxpayer paid the whole subsidy.

Q. Will fares rise and services be cut under this legislation?

A. There is no reason why the establishment of LRT should lead to massive fare increases. No one wants to see massive fare increases at any time, but obviously someone has to pay the bill if costs are unnecessarily high. It is plainly the case that there is considerable scope for cost savings on LT so that subsidy could be reduced substantially without massive fare increases. When the Government assumes responsibility, LRT will work towards these savings. At present the GLC are imposing extra costs on LT. On services, we have to recognise that patronage on bus services in particular has been declining on many routes. A failure to tailor services to meet demand means higher costs. It is ridiculous - as the GLC do - to focus attention solely on the number of miles operated. What matters is reliability. LT are making some progress here. We shall expect LRT to continue it.

Q. Won't competition lead to the creaming off of good routes and damage integration?

A. No. Where LRT contracts with other operators to run services, they will be able to direct subsidy as they wish and slot the new service into the rest of the network. Where an outside operator applies to the Traffic Commissioner for a Road Service Licence, the Traffic Commissioners have to be satisfied that the benefits to the public of a new service outweigh the disbenefits that might arise from a reduction in cross subsidy to other operators. LRT will encourage co-ordination with these services, which may run anyway on routes where there is no need for services to be co-ordinated with other bus services.

Q. Why not a larger strategic authority covering BR's services as well?

A. We believe that we should try in the first instance to achieve better co-operation between LRT and BR through voluntary means. In the past, it has been difficult for them to co-operate as they have been subject to different political disciplines. If the voluntary arrangements do not work well in practice, then reserve powers exist to extend LRT's responsibilities to cover BR as well.

JM/PAC

3rd April 1984

Conservative Research Department
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PRIME MINISTER

ABOLITION OF GREATER LONDON COUNCIL AND METROPOLITAN COUNTY COUNCILS

The Ministerial Group on the Abolition of the Greater London Council and the Metropolitan County Councils (MISC 95) has held further meetings under my chairmanship. This minute reports our conclusions. It is mainly concerned with issues on which it is important to announce the Government's intentions during Second Reading of the abolition Paving Bill next week. There are further, more detailed, matters on which it will be necessary to take decisions before the end of April so that drafting instructions can be finalised. DOE Ministers will discuss these with the colleagues concerned; I shall report to you further if necessary.

ABOLITION STRATEGY

2. MISC 95 was unanimous that we must stick to the strategy set out in the White Paper 'Streamlining the Cities' (Cmnd 9063): maximum devolution to the boroughs and districts; providing joint boards only for a limited number of services; and setting up no other significant county-wide bodies. This approach continues to be favoured by the majority of our supporters. Although it may be necessary to make exceptions in a few cases, it implies a strong presumption against the creation of joint boards other than those already proposed, and against the allocation of additional functions to joint boards.

THE JOINT BOARDS

3. Leaving aside education in inner London (see paragraphs 11 to 21 below), Cmnd 9063 proposed joint boards for only three services: police, fire and public transport. In the case of public transport the metropolitan districts would be invited to submit bids to run their own services.

4. MISC 95 agreed that the joint boards should be set up directly by the abolition legislation; but that the legislation

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should provide that Ministers might by order change the geographical areas of operation: this would include the possibility of excluding one or more districts (who would take over the function in question) and of dissolving joint boards entirely. Some such approach will be needed to give effect to the White Paper proposal on public transport; it is also analogous to what the Group recommend for education in inner London. The Group did not think that a mere provision for review of the new arrangements, without power to give effect to the results, would be sufficiently reassuring to the districts.

5. However, in order to avoid any impression that the new arrangements in metropolitan areas are merely temporary, and to discourage too many applications for changes in joint board areas, it will be necessary to make clear during the passage of the abolition legislation that we do not intend to change the new arrangements until they have had a reasonable period in which to prove themselves; and that the onus of proof will be firmly on anyone who wishes to propose change to show that such change would be more economical or more effective or both.

ALLOCATION OF SERVICES

6. The Group agreed on the treatment of a number of services on which issues arose during consultation or on which choices had to be made between options offered in Cmnd 9063 or elsewhere. Their conclusions are summarised in part 1 of Annex A. A number of other services are still under consideration. I shall arrange for further discussion of them in MISC 95 if necessary.

RESIDUARY BODIES

7. Cmnd 9063 suggested that certain residual matters could not be dispersed to the boroughs or districts. Consultation has shown that the same is true of some other minor additional tasks: part 2 of Annex A gives a full list.

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8. Cmnd 9063 proposed that residual matters of this sort should be dealt with by a small, separate body in London appointed by and responsible to the Secretary of State, and by a 'lead district' in the metropolitan counties. Consultation has shown that there is much opposition to the 'lead district' concept: it poses serious difficulties in that the lead district would be able to override the wishes of the other districts. MISC 95 agrees that instead the task, in both London and the metropolitan counties, should be carried out by an appointed body. Although there is a case for having one body to serve all areas, the Group consider that it will be less objectionable to local sentiment if each area has its own body.

9. There will be pressure for the residuary bodies to be subject to local political control. Since they will be carrying out largely technical functions this should be resisted. It will however be helpful presentationally if the bodies have a limited life (say 5 years) and are required to make schemes for setting up alternative arrangements for tasks which may continue after that date. The Minister for Local Government is giving further thought to this.

OTHER SPECIFIC MATTERS FOR EARLY ANNOUNCEMENT

10. There are a number of other matters on which, to regain the initiative, it is desirable to announce our intentions during Second Reading of the Paving Bill next week. These are as follows.

- (a) Education in inner London;
- (b) The Arts (sport raises similar issues);
- (c) Voluntary bodies.
- (d) Historic buildings in London

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EDUCATION IN INNER LONDON

11. The Cabinet have discussed education in inner London on two recent occasions. They reached no views on whether it would be desirable to set up a directly-elected body to run education in inner London after the abolition of the GLC, but asked MISC 95 to consider this, on the premise that any new body would be a precepting, not a rating, authority (CC(84)9th Conclusions, Minute 5 and 11th Conclusions, Minute 5).

Desirability of a directly-elected body

12. MISC 95 came down firmly in favour of a directly-elected body. It is the preference of an overwhelming majority of those who commented on the White Paper; its accountability to the electorate would be beyond question; and the simplicity and acceptability of direct elections should ease the passage of the abolition legislation.

Electoral basis

13. For the reasons set out in paragraph 5 of C(84)12 initial elections to a directly-elected body should be based on returning two members for each Parliamentary constituency in inner London. For the longer term, if the Cabinet so decided, it would be possible to ask the Local Government Boundary Commission to recommend new, single-member constituencies as soon as they had completed their forthcoming review of borough boundaries.

Date of first elections

14. The Cabinet decided that the abolition Paving Bill to be presented to Parliament this session should not include provision for direct elections. However, in discussion the possibility was mentioned of preparing provisions for

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introduction at a later stage which would still allow the first elections to be held in May 1985.

15. The Lord Privy Seal has strongly opposed this suggestion. He argues that introducing such provisions would delay the passage of the Bill and would have a knock-on effect on other legislation; a statement of our intention to set up a directly-elected authority in 1986 would satisfy those who were concerned about the matter. Further he argues that to legislate for a 1985 election would infringe the principle that the Paving Bill should not deal with substantive abolition issues. (The Lord President has since written supporting this view .)

16. However, a clear majority of the Group took the view that it was most desirable to hold the first elections in May 1985 and therefore to insert appropriate provisions into the Paving Bill during its passage. As paragraph 14 of the C(84)12 shows, if direct elections were not held until later, then between May 1985 and April 1986 there would be three different memberships of the body responsible for education in inner London. Moreover the scope of the Paving Bill cannot be drawn so as to prevent amendments to achieve 1985 elections; having conceded the principle of direct elections, we would almost certainly face strong Conservative pressure in both Houses to legislate for 1985 and could well be forced to concede.

Electoral cycle

17. The London borough elections are held on a four-year cycle: the next elections are due in May 1986. The first elections to a directly-elected educational authority must be held before then in any event. However, it is necessary to consider whether later elections should take place at the same time as the borough elections or in different years. (if we decided in favour of holding the two elections at

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the same time, the length of the first term of office of the new authority would be adjusted appropriately).

18. The arguments are evenly balanced:

(i) Elections at the same time would be cheaper, and might produce a higher turn-out;

(ii) Elections in different years would keep education and other issues distinct, and make it more likely that candidates for the education authority would be judged by its policies and performance. .

19. The Secretary of State for Education and Science is taking sounding of leaders of inner London borough councils and inner London Members. He will report the outcome as soon as possible.

Accountability

20. Our consideration, in accordance with the Cabinet's conclusions, was on the premise that a directly-elected authority would be a precepting authority. We think it would be possible to increase the amount of information available to ratepayers in order to enhance its accountability. Proposals to that end are described in detail in Annex B to this minute. I should particularly draw to the attention of colleagues that the proposal to require rating and precepting authorities to provide supplementary information to ratepayers entails an amendment to the Rates Bill in the House of Lords, but this should not give rise to difficulty.

Review

21. You have expressed some concern that a directly-elected

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body would have a degree of legitimacy which would make it more difficult to make later organisational changes. To meet this, MISC 95 recommends that the main abolition Bill should include provisions on the lines of section 30(6) of the London Government Act 1963 for a review to determine whether to transfer all or part of the functions of the new body to all or some of the boroughs; and that any transfer could be effected by a statutory instrument requiring affirmative resolutions in both Houses.

THE ARTS

22. Cmd 9063 and the more detailed consultative paper on the arts issued with it proposed that the majority of arts bodies should look to the borough or district council for their funding; but that there should be central funding for a few bodies of national or international importance.

23. These proposals have received negligible support. It is widely argued that inner city councils will refuse to give any special priority to funding the regional arts bodies in their areas, and that the outer districts will spend, if at all, only on purely local activities. The arts lobby is extremely influential in Parliament and more widely; and opponents of our abolition policy are using the arts issue as a major part of their campaign. MISC 95 was clear that we must modify our original proposals to try to defuse the issue.

Channel of subsidy

24. All members of the Group accept that we must channel more subsidies to the arts through the Arts Council and the Museums and Galleries Commission in place of the boroughs and districts and that ^{there} would have to be central funding of

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a larger number of bodies than originally proposed. The Chief Secretary, Treasury argued that it would be wrong if this shifted financial burdens from the ratepayer to the taxpayer, and proposed a levy on ratepayers in London and the metropolitan areas. The levy would be set by Ministers and the proceeds channelled through the Arts Council and the Museums and Galleries Commission. However, a clear majority of the Group was opposed to this proposal. It would look like a joint board, but without any accountability to the ratepayers of the areas involved. On the other hand the Minister for Local Government has emphasised the political difficulties of any solution which would (by affecting the distribution of RSG) disadvantage ratepayers in the rest of the country; there should therefore be no reduction in RSG to offset the increase in funds made available centrally.

Financial implications

25. The Group reached no agreement on the financial implications of these proposals. The Minister for the Arts, in consultation with the Chief Secretary, Treasury and the Parliamentary Under-Secretary of State, Department of the Environment, was invited to give further consideration to the financing of the arts in London and the metropolitan counties in the light of the Group's discussion. I hope that they will be able to report before the Cabinet discusses this minute. But at the very least, I regard it as essential that we should be able to say on Second Reading of the Paving Bill that the Government are aware of the problems and, in general terms, that we intend to add to the original list some bodies of regional significance and to channel further additional funds through the Arts Council and the Museums and Galleries Commission.

SPORT

26. Somewhat similar issues arise on sport as on the arts, though the sums of money involved are a good deal smaller.

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I hope that a similar statement can be made on Second Reading.

VOLUNTARY BODIES

27. There is no doubt that the GLC, in particular, has been both profligate and foolish in some of its grant-giving; and we must leave no doubt about our intention that there should be reductions in public expenditure in this area after abolition. However, MISC 95 agrees that it will be necessary to take some special action to preserve worthwhile voluntary endeavours and, in particular, to retain the confidence of minority communities. The Group considered proposals from the Home Secretary for further study by officials of the following:-

(a) Securing continued funding of worthwhile county-wide or 'strategic' voluntary bodies.

The abolition legislation would provide for collective grant-giving. Any borough or district would be able to propose that a particular voluntary body should be jointly funded with all other boroughs or districts in the area. If a majority agreed all would be obliged to contribute in proportion to rateable value. There would be a limit on the total sum levied. The Group considered that it would probably be right to require a majority of somewhat higher than 50 per cent say, 55 or 60% in order to reduce the risk of boroughs or districts being forced by a small majority to contribute to purposes of which they did not approve and possibly to incur financial penalties through holdback in consequence.

(b) Avoiding sudden collapse in funding of worthwhile projects serving a single borough or district.

Although it would not be desirable to perpetuate a situation in which an outside body could 'second guess' the judgement

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of the borough or district concerned, there could be problems for authorities inheriting worthwhile projects previously funded by the GLC or a metropolitan county. It may be possible to make additional resources available within the Urban Programme. The Commission for Racial Equality might also make more grants to local ethnic groups. The Group did not favour a further proposal, that Ministers should have a discretionary power to increase, for individual authorities the limit of 2p on discretionary spending under Section 137 of the Local Government Act 1972.

(c) Maintaining the momentum of initiatives against racial disadvantage.

Boroughs and districts might be encouraged to form voluntary consortia, with jointly appointed staff supported by grant under Section 11 of the Local Government Act 1966.

28. On Second Reading of the Paving Bill I would propose to say that we intend to bring forward proposals to meet the legitimate concerns of voluntary bodies; but that in London especially there has been over-spending which we do not intend to validate. It would be helpful to outline the proposal at paragraph 27(a) above in general terms: if it was thought that we intended to rely solely on a voluntary scheme it would seriously damage our credibility with the respectable voluntary sector, which might contrast our inaction with our Manifesto pledge of support.

HISTORIC BUILDINGS DIVISION, GLC

29. The GLC's Historic Buildings Division fulfils a unique statutory role in relation to the preservation and listing of historic buildings in London. It has a team of experts which enjoys a national and indeed international reputation.

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Informed opinion has been unanimous in deloring its break-up. I have therefore agreed with the Historic Buildings and Monuments Commission that ^{the} ~~division~~ should be transferred to them. This will entail the Government providing the Commission with additional funding of the order of £4 million per annum. I intend to pursue this with the Chief Secretary, so that I can announce our intentions in the Second Reading debate on the Paving Bill.

SUMMARY OF RECOMMENDATIONS

30. In summary, MISC 95 makes the following main recommendations, which I invite the Cabinet to endorse:

(i) The strategy set out in Cmnd 9063 should be maintained. there should be maximum devolution to the boroughs and districts; and there should be no substantial extension of joint boards (paragraph 2).

(ii) The abolition legislation should set up the joint boards directly, but should confer powers on Ministers to change the areas of operation of the boards and to dissolve them. It should, however, be made clear that we do not intend to change the new arrangements before they have had a reasonable period in which to prove themselves; and that anyone proposing change must be able to demonstrate that the proposals will result in more economic and effective arrangements (paragraphs 3 to 5).

(iii) There should be appointed residuary bodies to carry out certain tasks (listed in Part 2 of Annex A) which cannot be dispersed in the metropolitan counties as well as in London; it is desirable that these bodies should have only a limited life (paragraphs 7 to 9).

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(iv) Education in inner London should become the responsibility of a new directly-elected body. Initial elections to the body should be on the basis of returning two members for each Parliamentary constituency in inner London (paragraphs 12 and 13).

(v) The first elections should be held in May 1985; this will require the insertion of appropriate provisions in the Paving Bill during its passage (paragraphs 14 to 16).

(vi) The arguments for and against holding subsequent elections to the new body at the same time as the London borough elections are evenly balanced (paragraphs 17 to 19).

(vii) The accountability of the new body should be enhanced as proposed in Annex B (paragraph 20). ✓

(viii) There should be provisions for review of the new organisation on the lines of Section 30(6) of the London Government Act 1963 (paragraph 21). ✓

(ix) On the arts, we should, as a minimum, announce our intention of channelling additional funds through the Arts Council and the Museums and Galleries Commission (paragraphs 22 to 25); a similar statement should be made on sport (paragraph 26).

(x) regarding voluntary bodies, there should be further study of the measures outlined in paragraph 27; during Second Reading of the Paving Bill we should indicate our approach to the problem and, in particular, mention in general terms our intention of creating statutory arrangements

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for joint funding by boroughs or districts of worthwhile county-wide or 'strategic' voluntary bodies (paragraph 28).

(xi) The GLC's Historic Buildings Division should be transferred to the Historic Buildings and Monuments Commission (subject to agreement with the Chief Secretary on financing arrangements).

31. I am sending copies of this minute to the other members of the Cabinet, the Chief Whip, the Minister for the Arts, the Minister for Local Government, and the Secretary of the Cabinet.

PJ.

P J

3 April 1984



1. PROPOSED TREATMENT OF CERTAIN FUNCTIONS

Planning

1. Powers to be transferred to the boroughs and districts; there will be a single plan for each of the boroughs and districts, and procedures will be simplified.

Urban traffic control

2. Powers to be transferred in the first instance to the boroughs and districts. The Secretary of State will issue guidance. If this guidance is not satisfactorily followed, the Secretary of State will have power to enable him to take over direct control.

Coroners

3. A lead district to be designated in each area. (This is a temporary arrangements, pending the implementation of the Brodrick Committee recommendation for a national service.)

Prosecuting solicitors

4. Prosecuting solicitors departments to be brought into central Government under the Director of Public Prosecutions from April 1986: this is a partial early implementation of the proposal to set up an independent prosecution service in England and Wales.

Civil Defence

5. Transfer to the districts in metropolitan areas; transfer

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to the fire service joint board in London.

Parks and open spaces in London

6. Transfer to the boroughs, with voluntary arrangements where areas cross borough boundaries.

Scientific services in London

7. Voluntary cooperation between boroughs under an agency agreement with a lead authority.

Supplies

8. Devolution to the boroughs, who would be free to establish voluntary consortia.

2. PROPOSED FUNCTIONS OF THE RESIDUARY BODIES.

(i) Debt service and management;

(ii) superannuation;

(iii) legal liabilities not transferred with functions;

(iv) disposal of surplus property;

(v) winding-up affairs of abolition authorities (eg. closing 1985-86 accounts; disposing of confidential files);

(vi) payment after 1 April 1986 of compensation to staff for redundancy or detriment;

(vii) any other minor matters arising from the abolition legislation.



EDUCATION IN INNER LONDON: ACCOUNTABILITY

This annex sets out the proposals of MISC 95 for improving the accountability of a directly-elected education authority for inner London raising its funds by precept.

Rate demands

2. Section 5 of the General Rate Act 1967 requires rating authorities to show on the demand note the poundages being levied by the rating authority itself and for each precepting authority. At present, the ILEA precept is met as part of the GLC precept; and there is no requirement for it to be shown separately, though in practice most boroughs do separate the two precepts. The abolition legislation should include provisions which, in conjunction with new rate-demand rules, will require each rate demand to show the amount/^{of} each rate bill going to each new joint board and the new inner London education body.

Supporting information

3. Powers should be taken to ensure that the successor to the present ILEA must produce a background statement of information (such as budget details and previous year's precept), either to be sent to ratepayers direct or through the rating authorities. It would be hard to justify taking such powers in relation only to the successor to ILEA: they ought to apply to all major precepting authorities. The powers would enable the making of regulations, incorporating different provisions for different authorities or classes of authority if necessary; final decisions on content could be taken at

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a later date. It would be possible to provide, for example, for a directly-elected education authority uniquely to post its statement direct to inner London ratepayers.

4. Regulations under the proposed provisions would take effect from 1986-87 and, in line with existing provisions for making rules, would be subject to consultation with the local authority associations and to negative resolution procedures. All changes required to Rate-Demand Rules would then take effect at the same time in 1986-87. The local authority associations can be expected to object strongly to the additional costs entailed by new requirements for the provision of information.

5. Powers on these lines, applying to all major precepting authorities, would be outside the scope of the abolition legislation; but they could be included in the Rates Bill by amendment in the House of Lords. They would not be presented as related to the ILEA, but to the need for greater understanding and accountability generally as a development of the policy set out in the Rates White Paper.



CC NO
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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Nicholas Edwards MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1A 2ER

3 April 1984

Dear Secretary of State

LOCAL CHOICE IN PUBLIC TRANSPORT: A CONSULTATION PAPER

- see p 19

Thank you for letting me see your draft consultation paper. I am slightly surprised that you do not want to delay publication until you can draw on the work of the Public Road Passenger Transport Steering Group, but I would not wish to hold you up on that account.

I do have a couple of suggestions on the text which should give a more positive steer to the kind of ideas you are looking for. In your letter to Nicholas Ridley you say "I anticipate that any acceptable solutions which might emerge would at the outset be neutral in expenditure terms and in the longer run could lead to expenditure reductions as the efficiency gains resulting from greater choice and increased competition were achieved". Why not add this to the end of the introduction to the consultation document? Secondly, paragraph 41 would be sharpened up if it were developed to say that ideas on any relaxation of constraints on closure and replacement by cost-effective alternative forms of transport would be welcomed.

I am copying this letter to the Prime Minister, members of E(NI) and Sir Robert Armstrong.

Yours Sincerely
Peter Rees

PETER REES

*(approved by the Chief Secretary
and signed in his absence)*

Local Govt Relations
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file
cc Nick Owen

10 DOWNING STREET

From the Private Secretary

3 April 1984

London Regional Transport

30.3.84

BF
The Prime Minister has seen your Secretary of State's minute. Subject to the views of the Chancellor and of Sir Robert Armstrong, she is content that Dr Bright should be retained as the Chairman and Chief Executive of London Regional Transport on the terms proposed.

I am copying this letter to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Miss Dinah Nichols
Department of Transport

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eg

PART 19 ends:-

815 TP to PM 30.3.84

PART 20 begins:-

AF to Transport 3.4.84

