PREM 19/833

MT.

PARTS 10 & 11

Confidential filing.

Relations between Central and Local Government.

Local Authority Expenditure.

LOCAL GOVERNMENT

Part 1: May 1979.

Part 10: April 1982.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~21-4-82~~							
~~22.4.82~~							
~~23.4.82~~							
~~26.4.82~~							
~~5.5.82~~							
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~~21.5.82~~							
~~24.5.82~~							
~~25.5.82~~							
26.5.82							
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PREM 19/833

PART 11 ends:-

10.6.82

PART 12 begins:-

11.6.82

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
E (82) 36	16.4.82
E (82) 11th Meeting, Minute 1	22.4.82
E (EA) (82) 9	23.4.82
E (EA) (82) 5th Meeting, Minutes	28.4.82
E (82) 43	10.5.82
E (82) 44	11.5.82
E (82) 45	12.5.82
E (82) 46	12.5.82
E (82) 13th Meeting, Minutes	17.5.82
E (82) 14th Meeting, Minutes	26.5.82
MISC 79 (82) 1	2.6.82
MISC 79 (82) 2	9.6.82
MISC 79 (82) 3	8.6.82
MISC 79 (82) 4	8.6.82
MISC 79 (82) 5	9.6.82
MISC 79 (82) 6	9.6.82
MISC 79 (82) 7	8.6.82
MISC 79 (82) 8	9.6.82
MISC 79 (82) 9	10.6.82

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 OMWayland Date 14 July 2011

PREM Records Team

010

Prime Minister (2)

To note

9 June 1982

MCS 10/6

PRIME MINISTER

LOCAL GOVERNMENT: FUTURE POLICY

We are to begin, next week, our consideration of a number of major issues affecting local government. These issues will necessarily be presented to us independently of each other, but there are vital connections between them. I thought therefore that I should stress to colleagues at this stage the fundamental nature of the consideration of local government which we are about to undertake and the need for us to ensure that we do not take individual decisions without having their broader implications fully in mind.

Between now and the summer recess we shall have before us the following: my report on the public and political consultations on the Green Paper on Alternatives to Domestic Rates, on the fiscal and distributional effects of the proposed alternatives, and on possible early changes to remove anomalies and make improvements in the domestic rating system and perhaps in the non-domestic rating system; a paper from Keith Joseph about the study led by the Department of Education and Science on the case for changes in local government's present financial responsibilities for education services; a paper by David Howell on the study led by the Department of Transport on the longer term arrangements for London Transport and the PTEs, and for the management co-ordination and control of transport in London and the metropolitan areas; the results of the second stage of the study led by my Department on the re-organisation of the Metropolitan authorities; and a paper on central/local government relationships by CPRS. We shall also be giving preliminary thought to the Rate Support Grant settlement for 1983-4.

I suggest that we should bear in mind 4 general points when approaching these matters.

First, timing. Most of the possible reforms require legislation, and it is unlikely that more than a start can be made before the 1983-4 session of Parliament, especially if our conclusions are radical. Implementation, and the consequences and benefits of reform, are therefore matters for the next Parliament. I believe that the Party will accept such a timescale as manifestation of our resolve in these areas without expecting us to have legislated in the 1982-3 Session. But that does not rule out the possibility of our introducing some minor reforms this autumn.

Secondly, colleagues will want to consider the economic strategy to which we are committed in respect of local authority expenditure with its implications for rate levels in what could be an election year. Our decisions on the holdback of Rate Support Grant for 1982-3, as well as those on the settlement for 1983-4, will be of major political significance.

Thirdly, in dealing with problems which are in themselves practical and specific, we must neither forget our fundamental beliefs about the constitutional role of local government in our society, nor ignore the precedents which powers we take could establish for their use by alternative Governments with very different priorities. There are no absolute lines to be drawn in the relationship between central and

local government and in the last resort Parliament must determine where the frontiers should be. But I would hope that in reaching decisions on specific issues we would seek to increase the role of the centre relatively to that of local government only if it could be shown beyond doubt that the job concerned would be better done as a result.

Fourthly, we must not overlook the progress we have already made. There is no doubt that since we came to office we have subjected local government to a period of very considerable change. This has been the more painful because it represents the first serious check on the expectations and aspirations of local government for some 30 years. I attach a graph which shows how local authority current expenditure rose under all Governments from 1955 to 1973. The reorganisation came at the very end of this period and coincided with, though it did not cause, the brief check in this growth which is rather to be attributed to the changed economic circumstances following the oil crisis of 1973. Colleagues will see that we have checked the rise in current expenditure, and have brought manpower back to pre-1975 levels. The tragedy is that it is the capital programmes that have borne the heaviest cuts. But under the pressures that we have exerted new attitudes are increasingly to be found in a majority of authorities. We have brought about a standstill or perhaps a small decline in real terms in current expenditure since we came to office. We have forced direct labour organisations to compete with the private sector. The new rules for publication of information are having a significant effect on manpower decisions, land release and the speed of dealing with planning applications. We have seen the beginnings of increased use of the private sector in refuse collection. And we are setting up an Audit Commission which will greatly increase the scrutiny of the use which local authorities make of their resources.

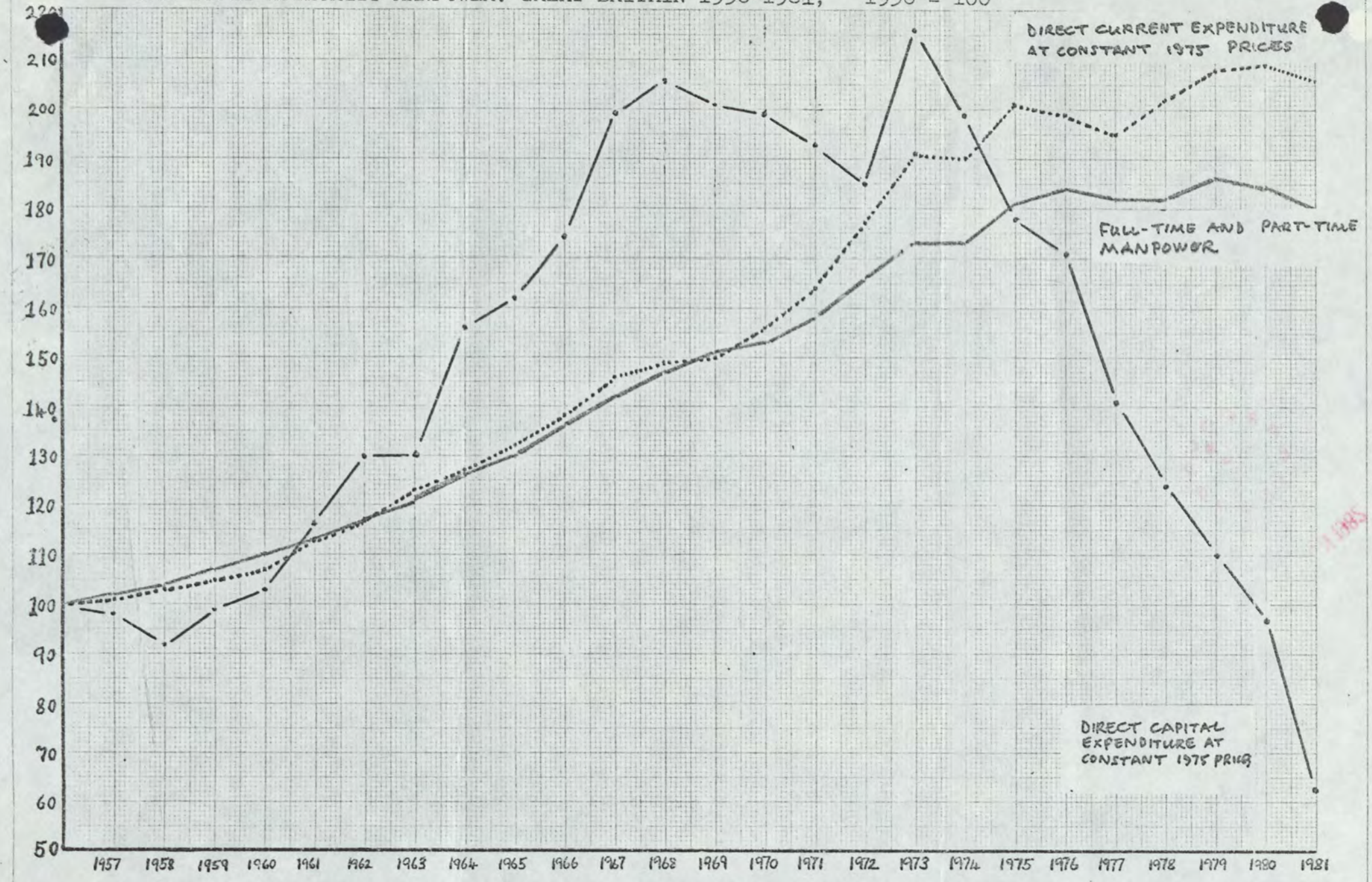
The battle to secure accountable and responsive local government is by no means won. There is much still to do; in particular, a factor which must concern the Party is how to find, at a time of increasing pressure, councillors of the quality needed to exert a proper democratic control over the official machine.

I am copying this minute to all members of the Cabinet, the Attorney-General, Sir Robert Armstrong and John Sparrow.

MH

2F

INDICES OF LOCAL AUTHORITY DIRECT CURRENT AND CAPITAL EXPENDITURE AT CONSTANT 1975 PRICES AND LOCAL AUTHORITY MANPOWER: GREAT BRITAIN 1956-1981; 1956 = 100



PART 10 ends:-

E (82) 14th Mtg 26th May 1982

PART 11 begins:-

Misc 79(82) 1 2nd June 1982

G

for E folder

Prime Minister Local Govt

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

25 May 1982

Dear Michael

Further to my Secretary of State's minute of 19 May, we have now received the Attorney General's advice on the suggestion that arose in E last week that it might be possible to impose additional differential grant holdback on authorities overspending targets in the current year if we deferred the implementation of the penalties into 1983/4.

Two questions about this suggestion were put to the Attorney as follows:

1. whether the power is exercisable for the purpose specified in paragraph (cc) by reference to guidance issued for the year previous to that in respect of which it is exercised; and

2. as to the propriety of exercising it in the main Report for the year 1983-4 by reference to the guidance issued in relation to the year 1982-3.

His advice on these 2 questions is attached. In view of this clear advice my Secretary of State considers that any scheme of additional but deferred penalties on the lines suggested at E must be ruled out.

I am copying this to the Private Secretaries to all members of E Committee, Sir Robert Armstrong, and to John Sparrow.

Yours ever
David

D A EDMONDS
Private Secretary

Michael Scholar Esq - No 10

CONFIDENTIAL

Prime Minister

There is also a new Environment letter (of 25 May) about the legality of deferring holdback to 1983-84. Flag G

MCS 25/5

P.0756

PRIME MINISTER

Local Authority Current Expenditure 1982-83 and 1983-84

(E(82)43 to 46. Minutes of 14 and 19 May from the Secretary of State for the Environment, and of 24 May from the Minister for Local Government and Environmental Services)

BACKGROUND

Flag A When the Committee considered this subject on 17 May (E(82)13th meeting) they left open the question of whether, in addition to the "differential" action already approved, there should be any general holdback of grant to English and Scottish local authorities. The final extent of holdback in Wales would have to be settled in the light of decisions in England and Scotland.

2. In order to assist a decision on general holdback the Committee asked for the following further work to be done by the Secretary of State for the Environment:

i. exemplifications of general holdback to English local authorities in 1982-83 of £200 million and £300 million using formulae designed to penalise the overspenders most;

ii. consideration of whether action might be taken in the 1983-84 settlement which would reflect the position of local authorities in 1982-83 ie by penalising those who overspent in 1982-83, or, if general action had to be taken in 1982-83 which penalised some relatively low-spending local authorities, by treating those particular local authorities more favourably in 1983-84.

Flag B 3. The Secretary of State for the Environment has discharged these remits in his minute of 19 May. He argues again, as he did at the Committee's meeting on 17 May, that the Government should not go beyond the "differential" holdback already announced, on the grounds that:

CONFIDENTIAL

i. the exemplifications attached to his minute show that general holdback of £200 million and £300 million, even on the formulae illustrated ("increased slope" or "increased taper") would still significantly penalise some of the relatively low-spending local authorities, notably those spending below their assessments for grant-related expenditure (GRE);

ii. the proposals to take action in the 1983-84 settlement which would reflect the position of local authorities in 1982-83 would be transparent devices for operating further "differential" as opposed to general holdback in 1982-83; as such they would be inconsistent with the Government's undertakings in the Committee Stage of the Local Government Finance (No 2) Bill and possibly also subject to legal challenge.

4. When the Chief Secretary, Treasury saw this minute he was disposed to accept the Secretary of State for the Environment's view that it would be undesirable to penalise authorities spending below GRE. He therefore asked for illustration of a general holdback scheme which would take nothing from authorities spending below GRE. The minute to you of 24 May from the Minister for Local Government and Environmental Services is in response to this request. Mr King illustrates two ways of securing holdback of £120 million which would take nothing from authorities spending below GRE. He argues however that this scheme would provoke opposition from a different quarter - those authorities who are spending above GRE but have met the Government's targets. He argues that, although such a scheme would be technically a general holdback scheme, it would in practice be highly differential in its effects and would seem contrary to the spirit of the undertakings given during the Committee Stage of the Local Government Finance (No 2) Bill that differential penalties would not be increased during a year.

Flag C -

5. There have been minutes from the Secretary of State for Education and Science and the Lord Privy Seal of 21 May and from the Home Secretary of 24 May supporting the Secretary of State for the Environment's view that there should not be further grant penalties in the current year.

Flag D
Flag E
Flag F

MAIN ISSUES

6. You will want to discourage the Committee from getting into the technicalities which are intolerably complex and stick to the main issues for decision, ie:

i. whether there should be any general holdback in 1982-83 in England;

ii. what should be done in Scotland and Wales in the light of that decision;

iii. when should the Government's intentions be made known publicly.

Any general holdback in England?

7. There is a basic conflict between the Government's wish to bring greater pressure to bear on high spending local authorities and the fact that it is in practice impossible or at least very difficult to do this without either penalising relatively low-spending authorities (usually the Government's own supporters) or going back on the undertaking to Parliament that there would be no further "differential" holdback in 1982-83. At the last meeting of the Committee most Ministers felt that the Parliamentary and political arguments favoured no further action. It remains to be seen whether they consider that action on the lines of the variant circulated by Mr King at the Chief Secretary's request would be tolerable.

8. The Chief Secretary is likely to favour action on the lines illustrated in Mr King's minute (probably the "zero threshold" variant exemplified in Column 4 of Annex B to that minute) on the following grounds:

a. It meets the Government's main concern that local authorities spending below GRE should not be penalised.

b. Although it is differential in its effect, it is technically a general holdback scheme using the normal block grant mechanisms and does not conflict with the Government's undertakings to Parliament.

9. The Secretary of State for the Environment is likely to reply citing the objections already set out in Mr King's minute, ie that a scheme of this kind would provoke strong opposition from a different set of local authorities (listed at Annex A), including some of the Government's own supporters and that it would be seen as a breach of faith. He will probably say that the saving of grant would be small (only £120 million on top of the £312 million already to be clawed back differentially in 1982/83) and the effect on controlling local

authority expenditure would be minimal. The benefit in terms of the Government's objectives for local authority expenditure would not therefore justify the major political row.

10. The Committee will need to make a political judgement between these two opposing points of view. If the Committee are unable to accept the approach illustrated in Mr King's minute, the Chief Secretary may suggest that there could be other variants which would be more acceptable. One outcome of the meeting could therefore be to commission more exemplifications. It seems unlikely however that any solution can be found which would get round the basic difficulty outlined in paragraph 7 above. Unless Ministers are prepared to face up to a considerable Parliamentary row, including difficulties with some of their own supporters, it would be better to make it clear quickly that there will be no further grant holdback.

Scotland and Wales

11. When decisions have been taken about general holdback in England, there remains the question of what action should be taken in Scotland and Wales. The Committee need not discuss those issues further but might leave the action to be taken in Scotland and Wales to be settled by the respective Secretaries of State and the Chief Secretary, Treasury on a basis which would be defensible in relation to the outcome for England, reporting their conclusions to the Committee in due course.

Timing of announcement

12. The Secretary of State for the Environment has asked that the Government's intentions about 1982-83 should be made known as soon as possible, both because of his holding statement to the Consultative Council on Local Government Finance on 19 May and because of the Government's difficulties with the Local Government Finance (No 2) Bill in the House of Lords.

HANDLING

13. You will wish to invite views first from the Secretary of State for the Environment and the Chief Secretary, Treasury who are likely to be the main

contributors. The Secretaries of State for Scotland and Wales may also wish to comment and several Ministers (for example the Home Secretary, the Secretary of State for Education and Science, the Lord Privy Seal and the Chancellor of the Duchy of Lancaster) may wish to speak about the broader political issues.

CONCLUSIONS

14. You will wish to reach conclusions on the following points:

i. whether there should be any general holdback of grant in England and, if so, on what basis;

ii. if the Committee cannot reach conclusions on i., what further work should be put in hand;

iii. whether, in the light of the decisions on i., the Secretaries of State for Scotland and Wales and the Chief Secretary, Treasury should be invited to settle the extent of grant holdback for Scottish and Welsh local authorities, on a basis which would be defensible in relation to the outcome for England;

iv. when and how the Government's decisions should be made known.

PLG

P L GREGSON

25 May 1982

01-405 7641 Ext. 3040
Communications on this subject should be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMB
LAW OFFICERS' DEPARTM
ROYAL COURTS OF JUSTIC
LONDON, W.C.2.

Our Ref: 400/81/141

24 May 1982

H R Newey, Esq
Legal Department
Department of the Environment
Room P3/118
2 Marsham Street
LONDON SW1P 3EB

LOCAL GOVERNMENT FINANCE (NO 2) BILL - PROPOSED HOLD-BACK OF GRANT IN 1982-83 AND 1983-84

The Attorney General has considered your letter of 20 May and advised as follows:-

1. Question (1)

Whilst it is arguable that because the wording of section 59 does not expressly prohibit the making of adjustments in grant for one year by reference to compliance with guidance given for the previous year, such an exercise is permissible. In the Attorney General's view it is not:-

(a) Such an interpretation would give the Secretary of State almost unlimited power. It would enable him, for example, to exercise the power by reference to guidance given 5 or 10 years earlier. The Act must contemplate that the adjustments made under section 59(6)(cc) be linked to the guidance there referred to, otherwise local authorities would have no criterion by which to set their own budgets.

(b) As stated in paragraph 10 of the letter, unless there was an oversight in the drafting of Clause 4(7), Parliament by enacting that clause contemplates that the power under section 59(6)(cc) is to be exercised by reference only to guidance for the year in which the power is exercised.

(c) Section 59 is clearly framed so as to limit the Secretary of State's powers to vary the amount of Block Grant payable (see section 59(5)). The courts are likely to be sympathetic to an argument that the power under section 59(6)(cc) is designed to be used in compliance with guidance issued in advance, and that it is illegal and/or unreasonable to use it in a manner which materially reduces an entitlement to grant without proper warning or consultation.

/(d)

01-405 7641 Ext.

Communications on this subject should be addressed to
THE LEGAL SECRETARY
ATTORNEY GENERAL'S CHAMBERS

ATTORNEY GENERAL'S CHAMBERS,
LAW OFFICERS' DEPARTMENT,
ROYAL COURTS OF JUSTICE,
LONDON, W.C.2.

(d) The trend is clearly towards a "purposive" interpretation of statutes and such an interpretation will favour the arguments set out above. The Attorney General believes that the courts would accede to a challenge (which would surely be inevitable) based on these arguments.

2. Question (2)

The Attorney General considers that the proposal is only saved by a technicality namely that the differential part of the "super hold-back" takes effect in 1983/84, from being a clear breach of Mr Tom King's undertaking of 2 February 1982.

G ROSCOE

Prime Minister

RSG HOLDBACK IN 1982/83

1. Further to Michael Heseltine's minute of 19 May the Chief Secretary has asked me to circulate some further exemplifications of different ways in which additional holdback of grant for 1982/83 might be imposed.

2. The Chief Secretary has suggested that the objective should be to impose the additional holdback in such a way as to exempt all authorities spending below GRE. The new exemplifications have been constructed on this basis. They would take nothing from authorities spending below GRE, but would take increasing amounts from those spending above GRE.

3. The technical note beneath explains the main effects of the two alternative forms of additional holdback now exemplified. Both versions would only impose about £120m of additional holdback.

4. The distribution of this additional holdback might be more attractive to our supporters in that it would let off all those below GRE. But it would be open to two very serious objections:

i. There are 36 authorities who although they are spending above GRE have met our targets for the year-on-year reduction that we set them. They have been promised that if they met their targets we would exempt them from further differential penalty. Since this proposal has such a strongly differential element its imposition would be seen as a clear breach of faith.

ii. Overspend against our targets is spread across all classes of authority. On average those below GRE have exceeded their targets just as much as those above. To concentrate all the penalties on those who are above GRE will be seen

as unfair and discriminatory. It will also be seen as contrary to the spirit of the assurance I gave in February during the Committee Stage of the Local Government Finance Bill that differential holdback penalties would not be increased during a year.

5. I am copying this minute to the members of E Committee, George Younger, Nicholas Edwards, Norman Fowler, the Attorney General, the Lord Advocate and Sir Robert Armstrong.

Leslie Hicks
(Private Secretary)
for TOM KING
(Approved by the Minister
and signed in his absence)
24th May 1982

ANNEX A

AUTHORITIES ABOVE GRE MEETING EXPENDITURE TARGETS

i) Major Spending Authorities

Havering
Rotherham
Wakefield

ii) Non Metropolitan Districts

Peterborough
Congleton
Halton
Stockton-on-Tees
Allerdale
Barrow in furness
High Peak
Derwentside
Sedgefield
Wear Valley
Eastbourne
Basingstoke and Deane
Fareham
Rushmoor
Southampton
Wychavon
Hertsmere
Three Rivers
Boothferry
South Wight
Canterbury
Dartford
Sevenoaks
Shepway
Tonbridge and Malling
Northampton
Harrogate
Richmondshire
Bassetlaw
Nottingham
Rushcliffe
The Wrekin
Epsom and Ewell

HOLDBACK: EXEMPLIFICATION OF "TREASURY OPTIONS"

(Annex B)

1. The attached table/ shows the effect of two further options as requested by the Chief Secretary.

2. Both options start from a schedule fixed at the level of the close-ended schedule after taking account of BG3 grant claims. The option headed "Zero threshold" has a taper of 25% on that schedule, starting at GRE. Total holdback under this option is about £120m falling entirely on authorities spending above GRE. Holdback is an equal poundage within each class for authorities spending above the 10% threshold.

3. The second option headed "Double kink" is similar to the previous option but with a slope of 0.65 between GRE and the 10% threshold and a slope of 0.825 (37.5% taper) above that threshold. This is less severe than the zero threshold option on those spending between GRE and threshold and more severe on those above threshold above holdback increases with overspending. Total holdback under this option is £121m.

4. The main effects of these two options are summarized below:-

(1) Further holdback, under either of these options, is borne by authorities who have budgetted to spend above GRE. Since most of these authorities (except in the case of non met. districts) are already subject to differential holdback, the effect of these options is to increase the amount of differential holdback. Thus in the case of non met. counties, the 12 authorities already subject to differential holdback lose a further £35m under the first of these schemes.

(2) Authorities overspending their targets who are below GRE

are treated more favourably than authorities above GRE who used targets. Such authorities are Rotherham, Wakefield and Havering, and 33 non-met districts listed at Annex A.

(3) The form of holdback increases the benefit of the GRE exemption and would be seen as a further step towards using GRE as the target. It would further weaken the credibility of the 1982/83 targets and would make it more difficult to maintain targets which were different from GRE's in 1983/84. It would reinforce the view that performance in relation to GRE was more important than performance in relation to target.

(4) The 'double kink' option is more favourable to non met. counties and metropolitan districts, but worse for London than the zero threshold option. This is because its effects are less severe in authorities between GRE and threshold, but more severe on those above the threshold. Thus Tower Hamlets which has budgeted to spend 70% above GRE (but 14% above target) loses £2.9m in further holdback under the double kink option compared with £0.5m with the zero threshold option. Manchester loses more under either of these options of further holdback than under the original holdback scheme and its total holdback under the double kink option is more than twice its overspend.

(5) Both options undermine the concept of leaving a 10% threshold above GRE before the poundage schedule becomes steeper. This margin was deliberately left in after discussion with the local authority associations because of the inevitable element of approximation in the calculation of grant-related expenditure. To abolish the margin at this stage would give undue credence to GREs as the proper and exact measure of what local authorities ought to be spending.

ANNEX B

Effect of holdback with fixed schedule below GRE

thority	Overspend on target Col 1	Grant before holdback Col 2	Differ-ential holdback Col 3	Further holdback with: Zero threshold Col 4	Double kink Col 5	Overspend effective target Col 6
TAL England	£1,451.305m	£8,673.846m	£311.912m	£120.546m	£120.774m	£688.863m
n-met districts	£49.933m	£626.768m	£14.136m	£8.503m	£10.148m	£-84.924m
n-met counties	£573.174m	£4,080.836m	£114.507m	£33.750m	£11.525m	£102.883m
etropolitan districts	£216.487m	£2,110.486m	£68.354m	£29.663m	£18.637m	£115.256m
tropolitan counties	£136.731m	£519.111m	£38.783m	£15.454m	£19.797m	£136.590m
on-met total	£623.107m	£4,707.604m	£128.643m	£42.253m	£21.673m	£17.959m
etropolian total	£353.218m	£2,629.597m	£107.138m	£45.117m	£38.434m	£251.846m
ity & Westminster	£5.888m	£-63.612m	-	-	-	£2.423m
est of Inner London	£54.091m	£396.285m	£14.235m	£6.009m	£17.269m	£53.562m
nner London inc ILEA	£153.032m	£332.673m	£14.235m	£6.009m	£17.269m	£149.038m
uter London	£83.486m	£790.726m	£32.444m	£15.432m	£13.204m	£67.924m
LC & Met Police	£238.399m	£212.516m	£29.452m	£11.735m	£30.195m	£202.126m
ondon total	£474.917m	£1,335.916m	£76.132m	£33.176m	£60.668m	£419.088m
artnership authorities	£103.355m	£881.807m	£33.357m	£16.284m	£25.989m	£92.220m
rogramme authorities	£98.878m	£740.673m	£23.122m	£9.037m	£7.641m	£60.947m
artnership & programme	£202.233m	£1,622.480m	£56.479m	£25.321m	£33.630m	£153.167m

Effect of holdback with fixed schedule below GRE

thority	Overspend on target Col 1	Grant before holdback Col 2	Differ-ential holdback Col 3	Further holdback with: Zero threshold Col 4	Further holdback with: Double kink Col 5	Overspend effective target Col 6
LES OF SCILLY	£0.063m	£0.730m	-	-	-	£-0.030m
HIRE COUNTIES						
Avon	£33.566m	£137.074m	£15.005m	£4.563m	£1.521m	£24.342m
Bedfordshire	£19.701m	£63.714m	£10.537m	£4.199m	£1.553m	£18.594m
Berkshire	£24.798m	£57.017m	£12.171m	£2.204m	£0.735m	£8.437m
Buckinghamshire	£13.781m	£58.704m	-	-	-	£-0.056m
Cambridgeshire	£11.207m	£75.299m	-	-	-	£-2.804m
Cheshire	£28.761m	£138.067m	£17.052m	£5.677m	£1.892m	£26.761m
Cleveland	£18.486m	£110.591m	£9.683m	£3.858m	£1.408m	£18.486m
Cornwall	£5.870m	£70.667m	-	-	-	£-6.629m
Cumbria	£6.771m	£95.372m	£3.938m	£0.744m	£0.248m	£5.132m
Derbyshire	£24.527m	£154.944m	£7.530m	£1.380m	£0.460m	£8.219m
Devon	£13.313m	£142.889m	-	-	-	£-12.942m
Dorset	£-1.135m	£66.273m	-	-	-	£-1.135m
Durham	£6.539m	£124.050m	£4.622m	£1.531m	£0.510m	£6.539m
East Sussex	£4.401m	£66.806m	-	-	-	£-0.023m
Essex	£34.903m	£151.665m	-	-	-	£-1.376m
Gloucestershire	£7.111m	£71.233m	-	-	-	£-0.499m
Hampshire	£20.085m	£187.912m	-	-	-	-
Hereford and Worcester	£12.562m	£87.058m	-	-	-	£-0.020m
Hertfordshire	£5.394m	£84.016m	-	-	-	-
Humberside	£34.444m	£175.944m	£11.922m	£3.427m	£1.142m	£21.148m
Isle of Wight	£2.647m	£19.898m	-	-	-	£-0.002m
Kent	£15.046m	£212.903m	-	-	-	£-21.789m
Lancashire	£23.677m	£271.935m	-	-	-	£-0.033m
Leicestershire	£27.789m	£132.177m	-	-	-	£-0.055m
Lincolnshire	£10.209m	£96.004m	-	-	-	£-0.567m
Norfolk	£10.006m	£94.567m	-	-	-	£-4.307m
Northamptonshire	£18.928m	£83.572m	-	-	-	£-0.081m
Northumberland	£3.305m	£55.884m	£2.652m	£0.509m	£0.170m	£3.126m
North Yorkshire	£7.827m	£111.727m	-	-	-	-
Nottinghamshire	£39.768m	£176.590m	£15.214m	£4.877m	£1.626m	£27.002m
Oxfordshire	£3.855m	£55.482m	-	-	-	£-0.341m
Shropshire	£8.591m	£65.603m	-	-	-	£-2.228m
Somerset	£7.773m	£65.886m	-	-	-	£-0.287m
Staffordshire	£16.534m	£164.397m	£4.180m	£0.781m	£0.260m	£4.284m
Suffolk	£12.638m	£79.884m	-	-	-	£-0.015m
Surrey	£9.566m	£67.041m	-	-	-	£-5.030m
Warwickshire	£10.824m	£62.429m	-	-	-	-
West Sussex	£9.958m	£58.713m	-	-	-	£-5.266m
Wiltshire	£9.147m	£86.847m	-	-	-	£-3.701m

Effect of holdback with fixed schedule below GRE

thority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with: Zero threshold Col 4	Further holdback with: Double kink Col 5	Overspend effective target Col 6
REATER LONDON						
City of London	£2.423m	£-40.809m	-	-	-	£2.423m
Camden	£0.497m	£12.039m	-	-	-	£0.497m
Greenwich	£4.450m	£30.313m	£1.208m	£0.481m	£1.354m	£4.450m
Hackney	£13.811m	£44.987m	£1.360m	£0.542m	£2.188m	£13.811m
Hammersmith and Fulham	£7.912m	£35.449m	£1.246m	£0.497m	£1.267m	£7.912m
Islington	£4.957m	£31.757m	£1.954m	£0.779m	£2.428m	£4.957m
Kensington and Chelsea	£2.051m	£16.665m	£2.160m	£0.752m	£0.251m	£1.522m
Lambeth	£6.160m	£57.553m	£2.175m	£0.867m	£2.732m	£6.160m
Lewisham	£3.524m	£47.144m	£1.268m	£0.505m	£1.744m	£3.524m
Southwark	£2.692m	£45.712m	£1.360m	£0.830m	£2.395m	£2.692m
Tower Hamlets	£7.462m	£27.069m	£1.195m	£0.476m	£2.817m	£7.462m
Wandsworth	£0.574m	£47.596m	£0.307m	£0.280m	£0.093m	£0.574m
Westminster	£3.465m	£-22.803m	-	-	-	-
Barking and Dagenham	£0.879m	£24.875m	£0.765m	£0.974m	£0.667m	£0.879m
Barnet	£1.846m	£36.954m	-	-	-	£-0.036m
Bexley	£3.632m	£42.881m	£2.827m	£1.147m	£0.463m	£3.632m
Brent	£15.387m	£61.725m	£4.838m	£1.928m	£2.255m	£15.387m
Bromley	£-0.355m	£43.928m	-	-	-	£-1.468m
Croydon	£-0.038m	£46.749m	-	-	-	£-7.728m
Ealing	£2.968m	£55.062m	£1.178m	£0.292m	£0.097m	£1.221m
Enfield	£2.654m	£40.815m	£2.757m	£0.838m	£0.279m	£2.654m
Haringey	£15.779m	£61.136m	£3.334m	£1.329m	£2.672m	£15.779m
Harrow	£5.896m	£30.692m	£3.237m	£1.290m	£0.703m	£5.896m
Havering	-	£40.636m	-	£0.834m	£0.278m	-
Hillingdon	£2.145m	£23.350m	£2.581m	£1.982m	£0.949m	£2.145m
Hounslow	£5.306m	£25.039m	£4.539m	£1.809m	£1.253m	£5.306m
Kingston-upon-Thames	£-1.320m	£17.135m	-	£0.065m	£0.022m	£-1.320m
Merton	£0.037m	£26.496m	£0.036m	£0.195m	£0.065m	£0.037m
Newham	£12.557m	£71.205m	£3.371m	£1.343m	£1.456m	£12.557m
Redbridge	£2.007m	£38.248m	-	-	-	£-0.004m
Richmond-upon-Thames	£0.034m	£20.113m	£0.038m	£0.234m	£0.078m	£0.034m
Sutton	£1.113m	£25.237m	-	-	-	£-0.006m
Waltham Forest	£12.961m	£58.450m	£2.943m	£1.173m	£1.965m	£12.961m
GLC	£238.399m	£72.930m	£29.453m	£11.735m	£30.195m	£202.126m
ILEA	£93.053m	-	-	-	-	£93.053m
Metropolitan Police	-	£139.586m	£-0.001m	-	-	-

Effect of holdback with fixed schedule below GRE

hority	Overspend on target Col 1	Grant before holdback Col 2	Differ-ential holdback Col 3	Further holdback with: Zero threshold Col 4	Further holdback with: Double kink Col 5	Overspend effective target Col 6
EATER MANCHESTER						
olton	£5.144m	£52.182m	-	-	-	£-1.150m
Bury	£4.880m	£31.604m	£2.306m	£0.784m	£0.261m	£4.880m
Manchester	£2.891m	£102.680m	£2.181m	£3.462m	£3.971m	£2.891m
Oldham	£3.699m	£49.760m	-	-	-	-
Rochdale	£9.272m	£50.382m	£2.469m	£0.984m	£0.703m	£9.272m
Salford	£2.524m	£54.708m	£1.814m	£0.835m	£0.278m	£2.524m
Stockport	£3.017m	£40.045m	-	-	-	£-1.473m
Tameside	£5.543m	£47.212m	£2.609m	£0.991m	£0.330m	£5.543m
Trafford	£1.618m	£24.109m	-	-	-	£-2.670m
Wigan	£7.335m	£63.409m	£3.751m	£1.206m	£0.402m	£7.335m
RSEYSIDE						
Knowsley	£3.255m	£39.082m	£1.639m	£0.372m	£0.124m	£2.042m
Liverpool	£13.328m	£120.607m	£7.865m	£3.134m	£1.371m	£13.328m
St Helens	£2.355m	£35.742m	£2.018m	£0.700m	£0.233m	£2.355m
Sefton	£0.904m	£46.166m	-	-	-	£-7.391m
Wirral	£2.461m	£55.862m	£0.235m	£0.046m	£0.015m	£0.249m
UTH YORKSHIRE						
Barnsley	£3.356m	£48.659m	£2.088m	£0.896m	£0.351m	£3.356m
Doncaster	£3.277m	£58.040m	£2.381m	£1.414m	£0.584m	£3.277m
Rotherham	-	£52.060m	-	£0.590m	£0.197m	-
Sheffield	£17.866m	£94.454m	£7.884m	£3.141m	£3.265m	£17.866m
YNE AND WEAR						
Gateshead	£6.857m	£43.557m	£2.556m	£1.019m	£0.500m	£6.857m
Newcastle upon Tyne	£11.251m	£42.216m	£5.047m	£2.011m	£2.754m	£11.251m
North Tyneside	£8.467m	£39.034m	£2.491m	£0.993m	£0.894m	£8.467m
South Tyneside	£1.668m	£39.255m	£1.034m	£0.648m	£0.216m	£1.668m
Sunderland	£6.231m	£64.104m	£3.307m	£1.296m	£0.432m	£6.231m
EST MIDLANDS						
Birmingham	£10.891m	£162.298m	-	-	-	£-0.244m
Coventry	£6.662m	£58.862m	£0.925m	£0.190m	£0.063m	£0.980m
Dudley	£3.679m	£31.456m	-	-	-	£-6.308m
Sandwell	£3.629m	£44.422m	£1.882m	£0.400m	£0.133m	£1.655m
Solihull	£2.405m	£26.705m	-	-	-	£-3.750m
Walsall	£11.646m	£41.404m	£4.744m	£1.890m	£0.671m	£8.870m
Wolverhampton	£3.184m	£43.694m	-	-	-	-
EST YORKSHIRE						
Bradford	£18.081m	£109.125m	£5.231m	£1.674m	£0.558m	£12.039m
Calderdale	£5.321m	£43.295m	£1.898m	£0.696m	£0.232m	£5.321m
Kirklees	£7.304m	£82.954m	-	-	-	-
Leeds	£16.499m	£118.092m	-	-	-	-
Wakefield	£-0.012m	£53.248m	-	£0.291m	£0.097m	£-0.012m

Effect of holdback with fixed schedule below GRE

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with Zero threshold Col 4	Further holdback with Double kink Col 5	Overspend effective target Col 6
METROPOLITAN COUNTIES						
Greater Manchester	£21.223m	£112.423m	£9.047m	£3.605m	£3.119m	£21.223m
Merseyside	£26.052m	£75.043m	£5.266m	£2.098m	£3.543m	£26.052m
South Yorkshire	£14.246m	£72.227m	£3.685m	£1.468m	£5.140m	£14.246m
Tyne and Wear	£13.929m	£76.887m	£3.528m	£1.406m	£2.322m	£13.929m
West Midlands	£33.094m	£81.285m	£11.372m	£4.531m	£2.978m	£32.953m
West Yorkshire	£28.187m	£101.245m	£5.886m	£2.345m	£2.694m	£28.187m

F. CF/ For Eto folder MCS 25/5

Prime Minister

MCS 25/5

QUEEN ANNE'S GATE LONDON SW1H 9AT

24 May 1982

cc J.V

Dear Michael

LOCAL AUTHORITY CURRENT EXPENDITURE 1982-83

with MCS

I have seen the figures you circulated on 19 May to show how further hold-back of grant might be distributed. I remain of the view that any further hold-back threatens damaging effects on the police and other protective services. The figures show that even at the lower levels of hold-back there would be an impact not just on the metropolitan counties, to whom I referred at E, but on the shire counties. I therefore agree with you that both because of the damage further hold-back could do and for the other reasons you adduce we should, however reluctantly, give up the idea of further grant penalties in the current year. I am sending copies of this to recipients of copies of your minute of 19 May.

Yours ever
Willie

The Rt. Hon. Michael Heseltine, MP.

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a John Vereker

file AH

local Govt

10 DOWNING STREET

From the Principal Private Secretary

MR WRIGHT
CABINET OFFICE

LOCAL GOVERNMENT FINANCE AND ORGANISATION

I have shown the Prime Minister your minute A08498 of 21 May 1982 about the handling of the various studies on local government organisation and finance.

She is content with Sir Robert Armstrong's proposal that a Ministerial Group should be set up under the Home Secretary's chairmanship and with the membership set out in paragraph two of your minute. She agrees that Sir Robert Armstrong should now speak to the Home Secretary. The Prime Minister has, however, said that she would like to see a summary of the various papers that will be coming to the Ministerial Group before they are discussed in that body, and I should be grateful if you could arrange for this to be produced.

AWW.

24 May 1982

AH

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SW4

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For the bunchup to the Cabinet for Wed MRS 24/5

cc JW AW

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

3

Colin Walters Esq
Private Secretary
Home Office
50 Queen Anne's Gate
London
SW1H 9AT

24 May 1982

Dear Colin,

THE FINANCING OF LOCAL AUTHORITY EDUCATION

On 6 May my Secretary of State wrote to the Home Secretary enclosing a copy of the report prepared by officials entitled "The Financing of Local Authority Education".

Page 10 included two histograms. Further reworking of the figures has shown limited discrepancies in one of these histograms. The attached sheet should, therefore, replace the present pages 9 and 10 of the report. No changes in the text have been made as the histograms continue to show that the dispersion of LEA's expenditure in relation to their GRE assessments for education has widened between 1978-79 and 1981-82.

This letter is copied to the Private Secretaries to the recipients of my Secretary of State's letter of 6 May.

Yours ever,

Elizabeth Casbon.

MS E M T CASBON
Private Secretary

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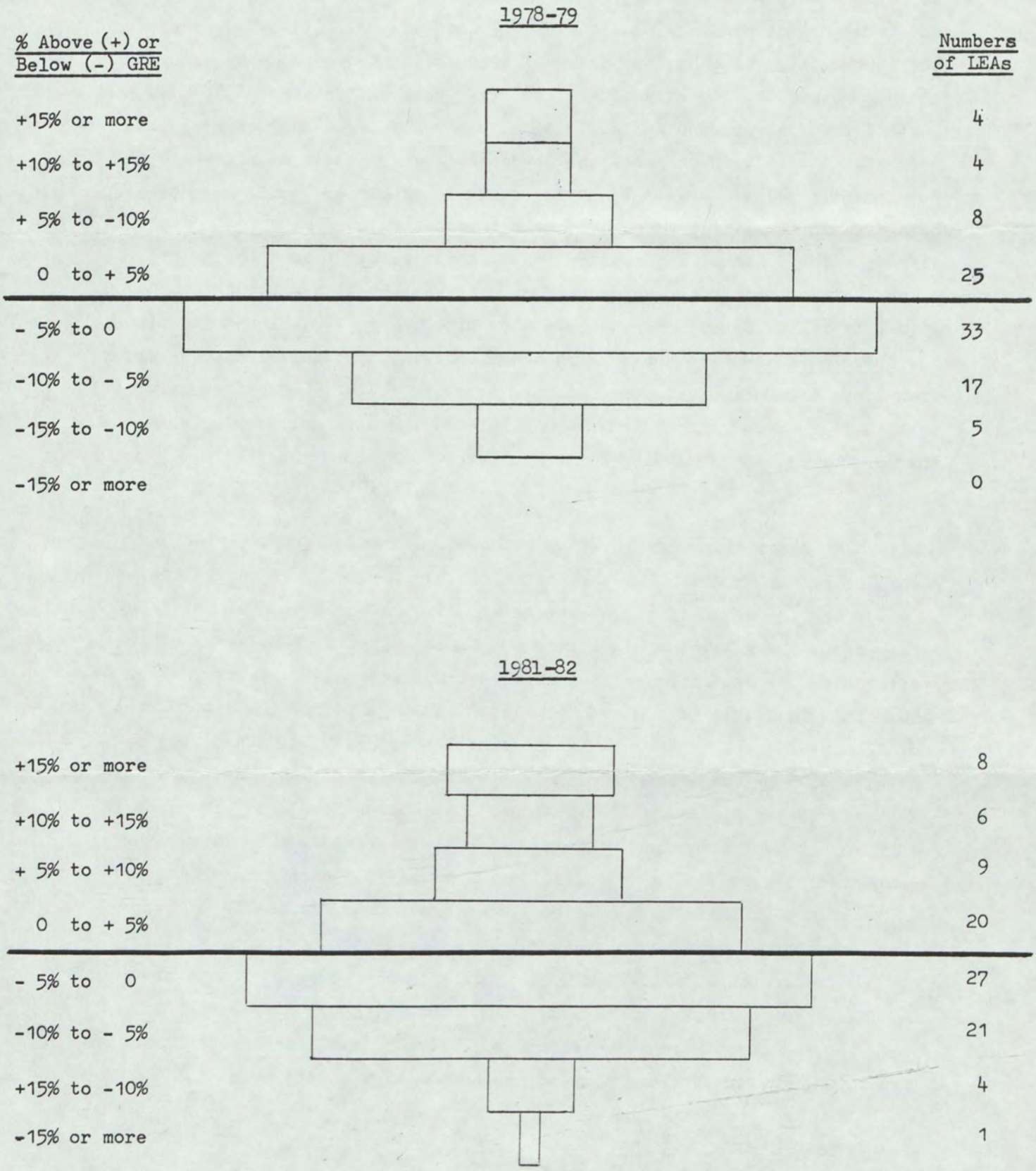
2.14. In recent years the dispersion of LEAs' expenditure in relation to their GRE assessments for education has widened as is shown in the figure below. This shows the difference between what each LEA actually spent on education and what would have been its share, using the GRE methodology, of the total amount spent by LEAs in 1978-79 and 1981-82. (1978-79 preceded the introduction of GREs, but notional assessments can be made by applying the GRE methodology to expenditure and other relevant data for 1978-79). Part of this increased dispersion seems to have occurred because some LEAs spending in line with or below the Government's plans have responded to the Government's volume targets by making further reductions, while some high-spending LEAs have maintained or increased their expenditure in real terms. Kent LEA, already a low spender, has reduced its expenditure by 9% over the past three years relative to its assessed need; by contrast, the Inner London Education Authority (ILEA) spent more than 40% above its GRE in 1981-82 and its plans for spending in 1982-83 are more than 60% above. The conclusion to be drawn from these trends is that some LEAs are devoting to their education service substantially more than their intended share of the national total planned by the Government, and that disparities in educational opportunities are growing.

2.15. GRE methodology cannot be an exact science and limited variations in expenditure can be offset by variations in the efficiency of management. However the trends described above are broadly confirmed by HM Inspectorate's independent observations. In its report on the effects of LEA expenditure policies on the education service last year HMI draw attention to the variation among LEAs in levels of observed provision and to evidence that the variations not only persisted but that the gaps seemed to be widening. This year's HMI exercise suggest that, in the schools sector, the trend has continued. 11 LEAs that were judged to have either reasonable or better levels of provision in autumn 1980 have improved it, 12 other LEAS that were judged to have either reasonable or poor levels of provision in autumn 1980 have reduced it. Of the 11 LEAs that improved provision from a previously reasonable or better level one was a London borough, four were metropolitan districts and six were shire counties. Of the 12 where provision has worsened from a previously reasonable or poor level one was a London borough, four were metropolitan districts and seven were shire counties. This illustrates the increasing dispersion, the trend being most marked among shire county authorities.

Figure 1: the difference between what each LEA actually spent on education and what would have been its share, using the current GRE methodology, of the total amount spent by LEAs, in 1978-79 and 1981-82.



E

Prime Minister (2)

MCS 21/5

cc JV

FROM THE LEADER OF THE HOUSE

HOUSE OF LORDS

21 May 1982

Dear Michael,

RSG HOLDBACK

I have seen a copy of your minute to the Prime Minister of 19 May.

I would like to emphasise the point which you made about the remaining stages of the Local Government Finance (No 2) Bill in the Lords. Bearing in mind the sort of timetable for the Bill which we are trying to achieve, I think it vital that no further measures should be announced before the Bill receives Royal Assent. Subject to other business, we hope to take Report stage in the middle of June with Third Reading towards the end of June. Royal Assent would follow as quickly as possible. But I am bound to say that if any announcement was made immediately after Royal Assent, the Government would certainly come in for a good deal of criticism on the grounds that it had been deliberately withheld until after the passage of the Bill.

As you rightly say, we have already had a good deal of trouble on Clause 4 and have had to recommit the Bill to allow Government amendments to be tabled in Committee and I would hope colleagues will bear in mind the very real current difficulties in the Lords.

I am sending copies of this letter to the Prime Minister and to the other recipients of your minute.

Yours ever

Peter

BARONESS YOUNG

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

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cc J. Vereker

Prime Minister

Yes - but! Should we do so see a summary of the papers before they are discussed?

Agree to these proposals

TLW 22 V 82.

Ref. A08498

MR. WHITMORE

Local Government Finance and Organisation

① Loc Govt Relations
At 9
② Rating System

As a result of conclusions reached by the Ministerial Committee on Economic Strategy (E(82) 1st Meeting) and the Cabinet (CC(82) 4th Conclusions, Minute 5) earlier this year various studies were put in hand on a range of issues concerning local government organisation and finance, i. e.:

(i) The alternatives to domestic rates (the outcome of consultations on the Green Paper and the scope for removing anomalies and making improvements in the present system).	(Secretary of State for the Environment)
(ii) The financing of education.	(Secretary of State for Education and Science)
(iii) The financing and organisation of transport in the conurbations.	(Secretary of State for Transport, following a report by MISC 70)
(iv) The future of the GLC and the metropolitan counties.	(Secretary of State for the Environment)
(v) The relationships between central and local government (providing a framework for (i) to (iv) above).	(CPRS)

Papers on (ii) and (iv) are already available and the remainder should be ready within the next few weeks.

2. The Prime Minister will wish to consider how best to arrange for these various studies to be considered by Ministers. The amount of material will be large and there are complex and interlocking issues. There needs to be some clearing of the ground and sifting out of the main points for decision before these matters come before the Cabinet. At other times the Prime Minister would probably have wanted to do this herself, but Sir Robert Armstrong thinks that, given all the other pressures, she should leave this to one of her senior

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colleagues. He therefore suggests that we should set up a Ministerial Group on Local Government Organisation and Finance in the MISC series, under the Home Secretary's chairmanship. Although the aim would be to keep the Group as small as possible, it would need to include all the Ministers with major local government interests as well as one or two Ministers who could make a broad political contribution. On this basis the Group's composition might be:

Chairman	Home Secretary
Members	Secretary of State for Education and Science
	Secretary of State for the Environment
	Secretary of State for Scotland
	Secretary of State for Wales
	Lord President of the Council
	Secretary of State for Transport
	Secretary of State for Social Services
	Chief Secretary, Treasury
	Chancellor of the Duchy of Lancaster
	Mr. Sparrow

Certain other Ministers who have a less central interest (for example the Secretaries of State for Employment, Industry and Trade, the Minister of Agriculture and the Attorney General) might receive copies of the Group's papers.

3. The Group would probably need to have at least two or three meetings. It is desirable that the issues should come to the Cabinet by early July - not least because the Government will need to settle the content of legislation in the next Session about transport subsidies.

4. Sir Robert Armstrong would be grateful to know whether the Prime Minister approves these proposed arrangements. If so, his first step will be to talk to the Home Secretary. He is unlikely to welcome this task, but he will probably recognise the need to have a prior discussion in a Ministerial Group, and accept that it would be difficult for the Prime Minister either to take it on herself or to delegate the chairmanship of such a group to anyone but him.

D J Wright

D. J. WRIGHT

21st May, 1982

Prime Minister
cc FV

PRIME MINISTER

RSG HOLDBACK

I have seen the Environment Secretary's minute to you of 19 May.

2. As I said in my letter of 23 April, I share the Chief Secretary's anxiety about overspending and would have wished to find an effective response. But I fear that the Environment Secretary's minute shows that any further reductions in grant would be inconsistent with the undertakings that we have given and with the politics of the situation, and would be ineffective in the sense that they would not secure reductions in expenditure where they are most needed. A straightforward across-the-board reduction of £200m or £300m, even with a steeper slope or taper, would fall with wholly disproportionate effect on those local authorities planning to spend within their GRE. It would also be hard to justify in the light of the Environment Secretary's undertaking on Second Reading on 18 January that he would protect from the effect of a general reduction in grant "authorities achieving their individual targets or spending below their GRE assessment figures". Likewise compensation next year for authorities in this category, even if legal, would be a clear breach of the Minister for Local Government's assurance of 2 February.

3. Reluctantly, therefore, I agree with the Environment Secretary that we should not go beyond the already announced differential holdback scheme for the current year. The sooner we announce this the better, not only because of the Local Government Finance Bill but also because the local authority associations pressed us hard for a decision in the Consultative Council on 19 May.

4. I am sending copies of this minute to those who had the Environment Secretary's minute.

KJ

21 May 1982

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*see new Sir K Joseph's minute (attached)

Prime Minister B

(1)

For E on Wednesday, unless colleagues agree* to this approach in correspondence.

SECRETARY OF STATE FOR THE ENVIRONMENT

Prime Minister

19 May 1982

I also understand that the Chief Secretary wants this discussed at E.

RSG HOLDBACK

At the E Committee meeting on 17 May I was asked to circulate further figures showing the effects of imposing an additional across-the-board block grant holdback on local authorities.

Accept recommendation at X, or wait for E discussion?

I was asked to exemplify alternative holdbacks of £200m or £300m with a steeper slope or taper than the figures I circulated last week. I now attach tables on this basis.

Yes MCS 21/5

Column 1 of the tables shows the planned overspend of each authority against the target we set it. (Col 8 shows an alternative measure of overspend against the higher of its target or GRE; in view of the exemption from grant holdback which we gave to authorities spending below GRE, this alternative could be described as the effective target for low-spending authorities). Column 2 shows the initial distribution of block grant, and Column 3 shows the effect of the differential holdback of £312m which has already been announced, and which we are all agreed should go ahead. A dash in this column indicates that the authority concerned will not suffer any differential holdback because it has met its target, or is planning to spend below GRE. This fulfils the repeated assurances I have given that authorities which comply with our targets or GRE will not be penalised. Among the counties for example the differential scheme will only hit notoriously high spending authorities. The majority, including all our supporters, will be protected from any holdback under this scheme by the GRE exemption.

Cols 4-7 are the new figures showing the effects of a further across-the-board holdback of £200m or £300m with either a steeper slope or a steeper taper. These columns show clearly that on each of the variants every authority in the country would be affected. It would not be possible to protect those who had met their targets or GRE. To take one example, Buckinghamshire, is planning to spend below its GRE, and will suffer no penalty under the differential holdback scheme (Col 3). But under Cols 4-7 it would lose between £1.4m and £2.9m. The largest losses among the counties would be among the high-resource home counties such as Essex, Hertfordshire, Kent, Surrey, Hampshire, all of which have been exempted from any loss under the differential scheme in Col 3.

In London the Col 3 differential scheme for the most part penalises the high spenders, and protects the more efficient. But again Cols 4-7 would impose losses on authorities which have met target or GRE such as Barnet, Bromley, Croydon, Kingston, Redbridge, and Sutton, besides imposing an additional £30m loss on the GLC.

In the metropolitan areas the Home Secretary has drawn attention to the acute problems which the metropolitan counties have with police expenditure which accounts for some 35% of their expenditure. They cannot cut back as far as our targets, and therefore already face severe penalties under the differential Col 3 scheme. Any of the schemes under Col 4-7 would add more than 50% to their losses as a class.

It was suggested on 17 May that we might produce a more equitable result by imposing an across-the-board holdback this year, but compensate those who met our targets by a corresponding bonus achieved through multipliers in next year's RSG settlement. I have looked further into this. Of course it would be possible to calculate the notional loss to those authorities that are spending below their targets or GREs from an across-the-board holdback this year, as a measure of how much they should be compensated next year. Arithmetically therefore the scheme

is workable. However there are a number of very strong objections, most of which I put before colleagues at our last meeting.

By far the most important, however much I may regret it, is that I have had to give assurances in order to secure the passage of the current Local Government Finance Bill that we will not differentiate between authorities during the course of a year in the light of their spending in relation to the targets to any greater extent than announced at the time of the RSG Settlement. The most specific commitment was given by Tom King with the agreement of the Chief Secretary on 2 February as follows: "In regard to 1982/3 I can give a specific assurance to the Committee that we do not intend to operate a differential holdback scheme in England of any greater severity than that already announced ... there will be no "super holdback" scheme in 1982/3."

The modification that I have been asked to examine of a general holdback this year with compensation next year for conforming authorities is in effect a super holdback scheme spread over 2 years. So is the alternative of penalising in 1983-4 those who overspend in 1982-3. Both are transparent devices and would be seen as such. Neither is compatible with what we have said.

I am doubtful whether they would even be legal. At the time of writing this letter I have asked for the matter to be referred to the Attorney General since the law is far from clear. There is no doubt that there will be legal challenge, and the outcome is far from certain.

In this context we should remember that the Local Government Finance Bill upon which we depend to implement holdback is still before the House of Lords and I have no doubt there would be repercussions and further amendments there if we tried to act in the way suggested. Irwin Bellwin is already facing a difficult task in defending the holdback powers in Clause 4 of the Bill when they are taken in Lords Committee on 24 May; and a further across-the-board scheme could make the position very difficult to hold.

Conclusion

The results of an additional across-the-board holdback (either on the basis of the new figures or last week's ones) would probably be ineffective in reducing expenditure in the current year. It would be open to legal challenge if it forces some authorities into temporary borrowing, and possibly disruptive of our basic differential holdback scheme. But above all it would be so inequitable in imposing grant reductions on those who have achieved expenditure cuts as well as those who have not, that I do not believe we could carry the proposals through the House. The suggestion made in E for overcoming this last problem would be a transparent device, quite contrary to the spirit of the assurances we have given in Parliament and to the local authorities and very possibly open to successful legal challenge.

I therefore continue to recommend that we should not go beyond the already announced differential holdback scheme for the current year. We shall then need to consider the precise forms of the RSG settlement for 1983/4 in the light of this decision.

Colleagues may wish to consider the issues further with the new figures. I hope that it will be possible to resolve this issue quickly in correspondence, if possible before the next stage of proceedings on the Local Government Finance Bill on 24 May. Meanwhile I have made a

holding statement at the Consultative Council today indicating that we shall be going ahead with the differential holdback scheme, and reserving our position about any further measures. (I attach for information a copy of my statement.)

I am copying this letter to the members of E, the Attorney General, other colleagues present at our meeting on 18 May, and Sir Robert Armstrong.

MH

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Effect of further options for across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m holdback: Increase slopes Col 4	Further holdback with £200m holdback: Increase taper Col 5	Further holdback with £300m holdback: Increase slopes Col 6	Further holdback with £300m holdback: Increase taper Col 7	Overspend effective target Col 8
TOTAL England	£1,451.305m	£8,673.846m	£311.912m	£200.002m	£200.008m	£300.010m	£300.005m	£688.863m
Non-met districts	£49.933m	£626.768m	£14.136m	£9.744m	£17.091m	£17.924m	£25.273m	£-84.924m
Non-met counties	£573.174m	£4,080.836m	£114.507m	£64.229m	£63.784m	£117.361m	£116.928m	£102.833m
Metropolitan districts	£216.487m	£2,110.486m	£68.354m	£35.571m	£30.971m	£54.162m	£49.565m	£115.256m
Metropolitan counties	£136.731m	£519.111m	£38.783m	£21.975m	£19.786m	£26.276m	£24.088m	£136.590m
Non-met total	£623.107m	£4,707.604m	£128.643m	£73.972m	£80.875m	£135.285m	£142.200m	£17.959m
Metropolian total	£353.218m	£2,629.597m	£107.138m	£57.546m	£50.757m	£80.437m	£73.653m	£251.846m
City & Westminster	£5.888m	£-63.612m	-	-	-	-	-	£2.423m
Rest of Inner London	£54.091m	£396.285m	£14.235m	£16.715m	£17.481m	£18.568m	£19.334m	£53.562m
Inner London inc ILEA	£153.032m	£332.673m	£14.235m	£16.715m	£17.481m	£18.568m	£19.334m	£149.038m
Outer London	£83.486m	£790.726m	£32.444m	£20.189m	£18.155m	£28.635m	£26.602m	£67.924m
GLC & Met Police	£238.399m	£212.516m	£29.452m	£31.577m	£32.734m	£37.077m	£38.205m	£202.126m
London total	£474.917m	£1,335.916m	£76.132m	£68.481m	£68.370m	£84.279m	£84.141m	£419.088m
Partnership authorities	£103.355m	£881.807m	£33.357m	£29.872m	£28.717m	£36.695m	£35.542m	£92.220m
Programme authorities	£98.878m	£740.673m	£23.122m	£12.920m	£11.431m	£18.611m	£17.123m	£60.947m
Partnership & programme	£202.233m	£1,622.480m	£56.479m	£42.792m	£40.148m	£55.306m	£52.665m	£153.167m

Effect of further options for across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m holdback: Increase slopes Col 4	Further holdback with £200m holdback: Increase taper Col 5	Further holdback with £300m holdback: Increase slopes Col 6	Further holdback with £300m holdback: Increase taper Col 7	Overspend effective target Col 8
ISLES OF SCILLY	£0.063m	£0.730m	-	£0.003m	£0.006m	£0.008m	£0.011m	£-0.030m
SHIRE COUNTIES								
Avon	£33.566m	£137.074m	£15.005m	£3.308m	£1.989m	£4.972m	£3.653m	£24.342m
Bedfordshire	£19.701m	£63.714m	£10.537m	£2.782m	£1.550m	£3.950m	£2.718m	£18.594m
Berkshire	£24.798m	£57.017m	£12.171m	£2.591m	£2.066m	£4.319m	£3.795m	£8.437m
Buckinghamshire	£13.781m	£58.704m	-	£1.433m	£1.600m	£2.771m	£2.938m	£-0.056m
Cambridgeshire	£11.207m	£75.299m	-	£1.067m	£1.406m	£2.244m	£2.583m	£-2.804m
Cheshire	£28.761m	£138.067m	£17.052m	£3.923m	£2.260m	£5.814m	£4.151m	£26.761m
Cleveland	£18.486m	£110.591m	£9.683m	£2.541m	£1.406m	£3.615m	£2.480m	£18.486m
Cornwall	£5.870m	£70.667m	-	£0.342m	£0.780m	£0.995m	£1.433m	£-6.629m
Cumbria	£6.771m	£95.372m	£3.938m	£0.947m	£0.778m	£1.598m	£1.429m	£5.132m
Derbyshire	£24.527m	£154.944m	£7.530m	£2.016m	£1.732m	£3.466m	£3.182m	£8.219m
Devon	£13.313m	£142.889m	-	£0.963m	£1.907m	£2.558m	£3.503m	£-12.942m
Dorset	£-1.135m	£66.273m	-	£1.233m	£1.394m	£2.399m	£2.560m	£-1.135m
Durham	£6.539m	£124.050m	£4.622m	£1.323m	£0.905m	£2.080m	£1.662m	£6.539m
East Sussex	£4.401m	£66.806m	-	£1.427m	£1.590m	£2.757m	£2.920m	£-0.023m
Essex	£34.903m	£151.665m	-	£3.390m	£3.892m	£6.646m	£7.149m	£-1.376m
Gloucestershire	£7.111m	£71.233m	-	£0.945m	£1.087m	£1.855m	£1.997m	£-0.499m
Hampshire	£20.085m	£187.912m	-	£3.162m	£3.519m	£6.106m	£6.464m	-
Hereford and Worcester	£12.562m	£87.058m	-	£1.287m	£1.434m	£2.487m	£2.634m	£-0.020m
Hertfordshire	£5.394m	£84.016m	-	£2.562m	£2.852m	£4.948m	£5.238m	-
Humberside	£34.444m	£175.944m	£11.922m	£2.562m	£1.580m	£3.884m	£2.902m	£21.148m
Isle of Wight	£2.647m	£19.898m	-	£0.204m	£0.227m	£0.394m	£0.418m	£-0.002m
Kent	£15.046m	£212.903m	-	£1.463m	£3.143m	£4.092m	£5.773m	£-21.789m
Lancashire	£23.677m	£271.935m	-	£2.079m	£2.315m	£4.016m	£4.253m	£-0.033m
Leicestershire	£27.789m	£132.177m	-	£1.708m	£1.905m	£3.302m	£3.500m	£-0.055m
Lincolnshire	£10.209m	£96.004m	-	£0.879m	£1.013m	£1.727m	£1.861m	£-0.567m
Norfolk	£10.006m	£94.567m	-	£1.063m	£1.482m	£2.303m	£2.721m	£-4.307m
Northamptonshire	£18.928m	£83.572m	-	£1.080m	£1.208m	£2.091m	£2.219m	£-0.081m
Northumberland	£3.305m	£55.884m	£2.652m	£0.657m	£0.542m	£1.111m	£0.996m	£3.126m
North Yorkshire	£7.827m	£111.727m	-	£1.134m	£1.262m	£2.189m	£2.318m	-
Nottinghamshire	£39.768m	£176.590m	£15.214m	£3.437m	£2.017m	£5.124m	£3.704m	£27.002m
Oxfordshire	£3.855m	£55.482m	-	£1.207m	£1.371m	£2.354m	£2.518m	£-0.341m
Shropshire	£8.591m	£65.603m	-	£0.536m	£0.741m	£1.156m	£1.361m	£-2.228m
Somerset	£7.773m	£65.886m	-	£0.753m	£0.857m	£1.469m	£1.573m	£-0.287m
Staffordshire	£16.534m	£164.397m	£4.180m	£2.145m	£2.098m	£3.900m	£3.853m	£4.284m
Suffolk	£12.638m	£79.884m	-	£1.182m	£1.316m	£2.283m	£2.418m	£-0.015m
Surrey	£9.566m	£67.041m	-	£2.080m	£2.768m	£4.396m	£5.085m	£-5.030m
Warwickshire	£10.824m	£62.429m	-	£1.027m	£1.143m	£1.983m	£2.099m	-
West Sussex	£9.958m	£58.713m	-	£1.089m	£1.643m	£2.464m	£3.018m	£-5.266m
Wiltshire	£9.147m	£86.847m	-	£0.698m	£1.008m	£1.541m	£1.851m	£-3.701m

Effect of further options for across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m holdback: Increase slopes Col 4	Further holdback with £200m holdback: Increase taper Col 5	Further holdback with £300m holdback: Increase slopes Col 6	Further holdback with £300m holdback: Increase taper Col 7	Overspend effective target Col 8
GREATER LONDON								
City of London	£2.423m	£-40.809m	-	-	-	-	-	£2.423m
Camden	£0.497m	£12.039m	-	-	-	-	-	£0.497m
Greenwich	£4.450m	£30.313m	£1.208m	£1.299m	£1.354m	£1.433m	£1.488m	£4.450m
Hackney	£13.811m	£44.987m	£1.360m	£2.015m	£2.188m	£2.166m	£2.338m	£13.811m
Hammersmith and Fulham	£7.912m	£35.449m	£1.246m	£1.232m	£1.267m	£1.370m	£1.405m	£7.912m
Islington	£4.957m	£31.757m	£1.954m	£2.300m	£2.428m	£2.517m	£2.645m	£4.957m
Kensington and Chelsea	£2.051m	£16.665m	£2.160m	£0.563m	£0.348m	£0.854m	£0.639m	£1.522m
Lambeth	£6.160m	£57.553m	£2.175m	£2.583m	£2.731m	£2.825m	£2.972m	£6.160m
Lewisham	£3.524m	£47.144m	£1.268m	£1.633m	£1.744m	£1.773m	£1.884m	£3.524m
Southwark	£2.692m	£45.712m	£1.360m	£2.290m	£2.394m	£2.521m	£2.626m	£2.692m
Tower Hamlets	£7.462m	£27.069m	£1.195m	£2.516m	£2.816m	£2.649m	£2.949m	£7.462m
Wandsworth	£0.574m	£47.596m	£0.307m	£0.283m	£0.211m	£0.460m	£0.388m	£0.574m
Westminster	£3.465m	£-22.803m	-	-	-	-	-	-
Barking and Dagenham	£0.879m	£24.875m	£0.765m	£0.901m	£0.666m	£1.172m	£0.937m	£0.879m
Barnet	£1.846m	£36.954m	-	£0.665m	£0.744m	£1.287m	£1.366m	£-0.036m
Bexley	£3.632m	£42.881m	£2.827m	£0.793m	£0.462m	£1.112m	£0.782m	£3.632m
Brent	£15.387m	£61.725m	£4.838m	£2.563m	£2.254m	£3.099m	£2.791m	£15.387m
Bromley	£-0.355m	£43.928m	-	£0.445m	£0.607m	£0.953m	£1.116m	£-1.468m
Croydon	£-0.038m	£46.749m	-	£0.086m	£0.806m	£0.761m	£1.480m	£-7.728m
Ealing	£2.968m	£55.062m	£1.178m	£0.719m	£0.691m	£1.297m	£1.270m	£1.221m
Enfield	£2.654m	£40.815m	£2.757m	£0.824m	£0.607m	£1.332m	£1.114m	£2.654m
Haringey	£15.779m	£61.136m	£3.334m	£2.698m	£2.671m	£3.067m	£3.041m	£15.779m
Harrow	£5.896m	£30.692m	£3.237m	£1.043m	£0.702m	£1.402m	£1.061m	£5.896m
Havering	-	£40.636m	-	£0.704m	£0.474m	£1.100m	£0.870m	-
Hillingdon	£2.145m	£23.350m	£2.581m	£1.494m	£0.948m	£2.045m	£1.500m	£2.145m
Hounslow	£5.306m	£25.039m	£4.539m	£1.685m	£1.252m	£2.189m	£1.755m	£5.306m
Kingston-upon-Thames	£-1.320m	£17.135m	-	£0.315m	£0.327m	£0.589m	£0.600m	£-1.320m
Merton	£0.037m	£26.496m	£0.036m	£0.391m	£0.364m	£0.696m	£0.668m	£0.037m
Newham	£12.557m	£71.205m	£3.371m	£1.690m	£1.456m	£2.064m	£1.829m	£12.557m
Redbridge	£2.007m	£38.248m	-	£0.407m	£0.454m	£0.787m	£0.833m	£-0.004m
Richmond-upon-Thames	£0.034m	£20.113m	£0.038m	£0.395m	£0.353m	£0.690m	£0.648m	£0.034m
Sutton	£1.113m	£25.237m	-	£0.318m	£0.354m	£0.614m	£0.650m	£-0.006m
Waltham Forest	£12.961m	£58.450m	£2.943m	£2.053m	£1.964m	£2.380m	£2.291m	£12.961m
GLC	£238.399m	£72.930m	£29.453m	£29.322m	£30.186m	£32.588m	£33.453m	£202.126m
ILEA	£93.053m	-	-	-	-	-	-	£93.053m
Metropolitan Police	-	£139.586m	£-0.001m	£2.255m	£2.548m	£4.489m	£4.752m	-

Effect of further options for across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m holdback: Increase slopes Col 4	Further holdback with £200m holdback: Increase taper Col 5	Further holdback with £300m holdback: Increase slopes Col 6	Further holdback with £300m holdback: Increase taper Col 7	Overspend effective target Col 8
GREATER MANCHESTER								
Bolton	£5.144m	£52.182m	-	£0.342m	£0.449m	£0.717m	£0.824m	£-1.150m
Bury	£4.880m	£31.604m	£2.306m	£0.536m	£0.306m	£0.792m	£0.561m	£4.880m
Manchester	£2.891m	£102.680m	£2.181m	£4.536m	£3.969m	£5.499m	£4.932m	£2.891m
Oldham	£3.699m	£49.760m	-	£0.331m	£0.368m	£0.639m	£0.676m	-
Rochdale	£9.272m	£50.382m	£2.469m	£0.934m	£0.702m	£1.208m	£0.976m	£9.272m
Salford	£2.524m	£54.708m	£1.814m	£0.653m	£0.417m	£1.002m	£0.766m	£2.524m
Stockport	£3.017m	£40.045m	-	£0.453m	£0.611m	£0.965m	£1.123m	£-1.473m
Tameside	£5.543m	£47.212m	£2.609m	£0.641m	£0.346m	£0.930m	£0.635m	£5.543m
Trafford	£1.618m	£24.109m	-	£0.321m	£0.609m	£0.831m	£1.120m	£-2.670m
Wigan	£7.335m	£63.409m	£3.751m	£0.849m	£0.497m	£1.264m	£0.913m	£7.335m
MERSEYSIDE								
Knowsley	£3.255m	£39.082m	£1.639m	£0.435m	£0.347m	£0.726m	£0.637m	£2.042m
Liverpool	£13.328m	£120.607m	£7.865m	£2.254m	£1.369m	£3.126m	£2.242m	£13.328m
St Helens	£2.355m	£35.742m	£2.018m	£0.561m	£0.365m	£0.866m	£0.670m	£2.355m
Sefton	£0.904m	£46.166m	-	£0.078m	£0.577m	£0.560m	£1.059m	£-7.391m
Wirral	£2.461m	£55.862m	£0.235m	£0.621m	£0.674m	£1.184m	£1.238m	£0.249m
SOUTH YORKSHIRE								
Barnsley	£3.356m	£48.659m	£2.088m	£0.610m	£0.350m	£0.859m	£0.599m	£3.356m
Doncaster	£3.277m	£58.040m	£2.381m	£0.988m	£0.583m	£1.382m	£0.977m	£3.277m
Rotherham	-	£52.060m	-	£0.518m	£0.357m	£0.817m	£0.656m	-
Sheffield	£17.866m	£94.454m	£7.884m	£3.835m	£3.263m	£4.709m	£4.138m	£17.866m
TYNE AND WEAR								
Gateshead	£6.857m	£43.557m	£2.556m	£0.778m	£0.499m	£1.061m	£0.783m	£6.857m
Newcastle upon Tyne	£11.251m	£42.216m	£5.047m	£3.008m	£2.753m	£3.568m	£3.313m	£11.251m
North Tyneside	£8.467m	£39.034m	£2.491m	£1.097m	£0.893m	£1.373m	£1.170m	£8.467m
South Tyneside	£1.668m	£39.255m	£1.034m	£0.433m	£0.241m	£0.634m	£0.443m	£1.668m
Sunderland	£6.231m	£64.104m	£3.307m	£0.826m	£0.438m	£1.192m	£0.805m	£6.231m
WEST MIDLANDS								
Birmingham	£10.891m	£162.298m	-	£2.317m	£2.600m	£4.492m	£4.775m	£-0.244m
Coventry	£6.662m	£58.862m	£0.925m	£0.698m	£0.706m	£1.289m	£1.297m	£0.980m
Dudley	£3.679m	£31.456m	-	£0.166m	£0.691m	£0.744m	£1.268m	£-6.308m
Sandwell	£3.629m	£44.422m	£1.882m	£0.847m	£0.794m	£1.512m	£1.459m	£1.655m
Solihull	£2.405m	£26.705m	-	£0.148m	£0.472m	£0.543m	£0.868m	£-3.750m
Walsall	£11.646m	£41.404m	£4.744m	£1.229m	£0.669m	£1.755m	£1.195m	£8.870m
Wolverhampton	£3.184m	£43.694m	-	£0.602m	£0.670m	£1.163m	£1.231m	-
WEST YORKSHIRE								
Bradford	£18.081m	£109.125m	£5.231m	£1.181m	£0.693m	£1.761m	£1.273m	£12.039m
Calderdale	£5.321m	£43.295m	£1.898m	£0.458m	£0.252m	£0.668m	£0.462m	£5.321m
Kirklees	£7.304m	£82.954m	-	£0.465m	£0.518m	£0.899m	£0.951m	-
Leeds	£16.499m	£118.092m	-	£1.254m	£1.395m	£2.421m	£2.563m	-
Wakefield	£-0.012m	£53.248m	-	£0.571m	£0.527m	£1.012m	£0.968m	£-0.012m

Effect of further options for across the board holdback

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METROPOLITAN COUNTIES								
Greater Manchester	£21.223m	£112.423m	£9.047m	£3.877m	£3.117m	£4.880m	£4.120m	£21.223m
Merseyside	£26.052m	£75.043m	£5.266m	£3.696m	£3.541m	£4.280m	£4.125m	£26.052m
South Yorkshire	£14.246m	£72.227m	£3.685m	£4.804m	£5.139m	£5.212m	£5.548m	£14.246m
Tyne and Wear	£13.929m	£76.887m	£3.528m	£2.434m	£2.321m	£2.825m	£2.713m	£13.929m
West Midlands	£33.094m	£81.285m	£11.372m	£4.088m	£2.975m	£5.349m	£4.237m	£32.953m
West Yorkshire	£28.187m	£101.245m	£5.886m	£3.076m	£2.692m	£3.729m	£3.345m	£28.187m

STATEMENT BY SECRETARY OF STATE FOR THE ENVIRONMENT TO CONSULTATIVE COUNCIL ON LOCAL GOVERNMENT FINANCE

1. Local authorities' budgets for 1982-83 show that they are planning to spend £1.4bn, or nearly 8%, more than was provided for in the Rate Support Grant Settlement. There is planned overspending on all services and by all classes of authority.

2. The Government cannot ignore this. I therefore propose to implement the scheme for grant abatement in respect of overspending local authorities, which I announced on 21 December 1981, as soon as the statutory provisions in the Local Government Finance (No.2) Bill receive Royal Assent. On the basis of the 1982-83 budgets this means that overspending authorities are likely to lose some £315m grant. Details of the proposals will be sent to local authorities as soon as possible. I also propose to withhold about £200m grant under the same legislation in respect of local authorities' overspending in 1981-82. These two proposals will mean a withholding of over £500m of grant in 1982-83.

3. I am also considering whether to make a further reduction in grant across the board. I shall announce my decision on this shortly.

4. I hope that all local authorities will review their spending plans during the year in the light of the proposed holdback of grant, in order to minimise their grant loss and to protect their ratepayers from further substantial rate rises next year.

5. The Public Expenditure White Paper (Cmnd 8494) set out the Government's plans for local government expenditure in 1983-84. They will be reviewed over the next few months as part of the normal consultative process with the local authority associations, and the Government hope to announce their conclusions during the summer.

BF

Local Govt
cc. SV.

NBPM

Thus 19/5

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

19 May 1982

Dear Michael,

LOCAL AUTHORITY BUDGETS 1982-83:
HOUSING REVENUE ACCOUNT SURPLUSES

Leon Brittan sent me a copy of his letter of 14 May to you on this matter.

I agree with him that the very small HRA surpluses in prospect for this year are a matter for concern. He is writing mainly about rent increases but his proposed reactions include changes on the capital front. I think we should be chary of any action for next year which might lead to a reduction in capital expenditure, given the serious shortfall in that area last year. (Equally, I am doubtful about the desirability of legislative action.) Educational capital expenditure would be involved and I hope that officials here can therefore be associated with consideration of the options.

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

Yours,

Keith.

Prime Minister

MLS 14/5

cc JV

Local Govt.

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

14 May 1982

Dear Michael

LOCAL AUTHORITY CURRENT EXPENDITURE 1982-3 and 1983-4

In his paper E(82) 44 the Chief Secretary suggests that my Secretary of State should exemplify the effects of imposing an additional across the board holdback of grant in 1982-3 of £200m, £300m and £500m. Mr Heseltine, before he left earlier today for Merseyside, agreed that this should be done.

I therefore attach, as further background material for the meeting of E Committee on 17 May, a set of exemplifications with a covering note by officials explaining the basis on which they have been prepared.

It will of course be for Ministers to draw the appropriate political conclusions. Meanwhile it may be helpful if I draw particular attention to the consequences for the 3 shire county authorities referred to in paragraph 18 of my Secretary of State's paper E(82) 45: Buckinghamshire, Essex, and Hertfordshire.

Buckinghamshire have budgetted to exceed their target by £14m, though not to exceed their GRE. Holdback of £500m could deprive them of up to £7m, or 12% of their total block grant.

Essex have budgetted to exceed their target by £35m, though not to exceed their GRE. Holdback of £500m could deprive them of up to £16m, or 11% of their total block grant.

GRE.

Hertfordshire have budgetted to exceed their target by £5m, though not to exceed their GRE. Holdback of £500m could deprive them of up to £12m, or 14% of their total block grant and more than twice the amount of their overspend.

Ministers may also wish to look particularly at the position of the London authorities. The positive figures in column 8 show cases in which the potential grant loss could be grater than the amount of the overspend.

I am sending copies of this letter to the Private Secretaries to the members of E Committee and to Sir Robert Armstrong.

Yours sincerely

David Edmonds

D A EDMONDS
Private Secretary

Michael Scholar Esq - No 10

THE EFFECTS OF A FURTHER ACROSS-THE-BOARD HOLDBACK OF BLOCK GRANT IN 1982-83

The attached table exemplifies the effects of a further across-the-board holdback of block grant in 1982-83 for the major spending authorities.

Col 1 shows the overspend against the Government's targets revealed by local authority budgets

Col 2 shows the basic block grant entitlement that would arise for each authority on their budget expenditure figures under the 1982/83 RSG Order and before any grant holdback.

Col 3 shows the effect of imposing the differential holdback scheme which would take £312m of grant away from those authorities that have overspent their targets or their GREs.

Cols 4-7 show the effect of alternative schemes of further across-the-board holdback, ie of further grant reductions in addition to the differential scheme at Col 3. Cols 4-6 would reduce the block grant total by £200m, £300m and £500m respectively, and would distribute the reduction by means of a parallel shift of the poundage schedule, which would thus distribute the cost equally in rate poundage terms on all authorities. Col 7 shows the effect of reducing the total of grant by £500m and at the same time increasing the slope of the poundage schedule so as to distribute more of the burden of the grant reduction onto authorities spending high in relation to GRE, and less onto those spending low in relation to GRE. This would significantly reduce the cost to most of the non-metropolitan counties and districts, but would substantially increase the grant reductions for the highest spenders such as the GLC, Manchester, Tower Hamlets and various other metropolitan and London authorities. It would increase the loss to partnership and programme authorities by 60%.

Col 8 compares the total grant holdback that might be imposed on each authority (£312m differential + £500m across-the-board on the Col 7 basis) with its overspend against target. Positive figures in this column indicate that the authority would lose more grant than the extent of its overspend against target.

13/05/82 at 10:08

Effect of different levels of across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m parallel shift Col 4	Further holdback with £300m parallel shift Col 5	Further holdback with £500m holdbsck Parallel shift Col 6	Further holdback with £500m holdbsck Increase slope Col 7	Holdback (C3 + C7) minus C1 Col 8
TOTAL England	£1,451.305m	£8,673.846m	£312.468m	£200.000m	£299.999m	£499.999m	£500.004m	£-638.833m
Non-met districts	£49.933m	£627.050m	£14.147m	£16.365m	£24.547m	£40.841m	£27.441m	£-8.344m
Non-met counties	£573.174m	£4,081.829m	£114.837m	£106.320m	£159.481m	£265.842m	£181.566m	£-276.771m
Metropolitan districts	£216.487m	£2,109.635m	£68.477m	£37.227m	£55.840m	£93.081m	£89.766m	£-58.244m
Metropolitan counties	£136.731m	£518.749m	£38.818m	£8.606m	£12.909m	£21.518m	£48.321m	£-49.592m
Non-met total	£623.107m	£4,708.879m	£128.984m	£122.685m	£184.028m	£306.684m	£209.007m	£-285.115m
Metropolian total	£353.218m	£2,628.384m	£107.295m	£45.832m	£68.749m	£114.599m	£138.088m	£-107.835m
City & Westminster	£5.888m	£-63.612m	-	-	-	-	-	£-5.888m
Rest of Inner London	£54.091m	£395.299m	£14.291m	£3.717m	£5.576m	£9.294m	£35.395m	£-4.404m
Inner London inc ILEA	£153.032m	£331.687m	£14.291m	£3.717m	£5.576m	£9.294m	£35.395m	£-103.345m
Outer London	£83.486m	£791.068m	£32.445m	£16.897m	£25.346m	£42.250m	£48.805m	£-2.236m
GLC & Met Police	£238.399m	£213.094m	£29.452m	£10.857m	£16.286m	£27.147m	£68.698m	£-140.249m
London total	£474.917m	£1,335.849m	£76.189m	£31.472m	£47.208m	£78.692m	£152.898m	£-245.830m
Partnership authorities	£103.355m	£881.306m	£33.416m	£13.661m	£20.492m	£34.158m	£66.620m	£-3.319m
Programme authorities	£98.878m	£740.699m	£23.154m	£11.385m	£17.078m	£28.467m	£31.572m	£-44.152m
Partnership & programme	£202.233m	£1,622.005m	£56.571m	£25.046m	£37.569m	£62.625m	£98.192m	£-47.470m

13/05/82 at 10:08

Effect of different levels of across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m parallel shift Col 4	Further holdback with £300m parallel shift Col 5	Further holdback with £500m holdback: Parallel shift Col 6	Further holdback with £500m holdback: Increase slope Col 7	Holdback (C3 + C7) minus C1 Col 8
ISLES OF SCILLY	£0.063m	£0.734m	-	£0.010m	£0.015m	£0.025m	£0.011m	£-0.052m
SHIRE COUNTIES								
Avon	£33.566m	£137.251m	£15.005m	£3.327m	£4.990m	£8.318m	£8.272m	£-10.290m
Bedfordshire	£19.701m	£61.813m	£10.707m	£2.374m	£3.561m	£5.936m	£6.835m	£-2.158m
Berkshire	£24.798m	£57.201m	£12.171m	£3.455m	£5.183m	£8.640m	£6.902m	£-5.725m
Buckinghamshire	£13.781m	£58.847m	-	£2.676m	£4.014m	£6.691m	£4.197m	£-9.583m
Cambridgeshire	£11.207m	£75.424m	-	£2.352m	£3.528m	£5.881m	£3.305m	£-7.901m
Cheshire	£28.761m	£136.427m	£17.213m	£3.816m	£5.724m	£9.542m	£9.820m	£-1.729m
Cleveland	£18.486m	£110.705m	£9.683m	£2.147m	£3.220m	£5.368m	£6.151m	£-2.653m
Cornwall	£5.870m	£70.736m	-	£1.305m	£1.957m	£3.263m	£1.334m	£-4.536m
Cumbria	£6.771m	£95.441m	£3.938m	£1.301m	£1.952m	£3.254m	£2.542m	£-0.291m
Derbyshire	£24.527m	£155.098m	£7.530m	£2.898m	£4.346m	£7.245m	£5.475m	£-11.522m
Devon	£13.313m	£143.059m	-	£3.190m	£4.784m	£7.975m	£3.514m	£-9.799m
Dorset	£-1.135m	£66.401m	-	£2.331m	£3.497m	£5.829m	£3.626m	£4.761m
Durham	£6.539m	£124.131m	£4.623m	£1.513m	£2.270m	£3.784m	£3.400m	£1.483m
East Sussex	£4.401m	£66.948m	-	£2.659m	£3.989m	£6.649m	£4.177m	£-0.224m
Essex	£34.903m	£152.011m	-	£6.510m	£9.765m	£16.278m	£10.021m	£-24.882m
Gloucestershire	£7.111m	£71.330m	-	£1.819m	£2.728m	£4.547m	£2.796m	£-4.316m
Hampshire	£20.085m	£188.225m	-	£5.886m	£8.830m	£14.718m	£9.254m	£-10.831m
Hereford and Worcester	£12.562m	£87.186m	-	£2.399m	£3.598m	£5.997m	£3.768m	£-8.794m
Hertfordshire	£5.394m	£84.270m	-	£4.770m	£7.155m	£11.927m	£7.499m	£2.105m
Humberside	£34.444m	£176.085m	£11.922m	£2.643m	£3.965m	£6.609m	£6.440m	£-16.082m
Isle of Wight	£2.647m	£19.919m	-	£0.380m	£0.571m	£0.951m	£0.598m	£-2.049m
Kent	£15.046m	£213.183m	-	£5.257m	£7.885m	£13.144m	£5.543m	£-9.503m
Lancashire	£23.677m	£272.141m	-	£3.873m	£5.809m	£9.684m	£6.085m	£-17.592m
Leicestershire	£27.789m	£132.346m	-	£3.187m	£4.781m	£7.969m	£5.003m	£-22.785m
Lincolnshire	£10.209m	£96.094m	-	£1.694m	£2.542m	£4.237m	£2.602m	£-7.607m
Norfolk	£10.006m	£94.699m	-	£2.478m	£3.717m	£6.196m	£3.360m	£-6.646m
Northamptonshire	£18.928m	£83.680m	-	£2.021m	£3.031m	£5.053m	£3.166m	£-15.761m
Northumberland	£3.305m	£55.933m	£2.652m	£0.907m	£1.361m	£2.269m	£1.766m	£1.113m
North Yorkshire	£7.827m	£111.839m	-	£2.111m	£3.166m	£5.277m	£3.318m	£-4.509m
Nottinghamshire	£39.768m	£176.769m	£15.214m	£3.373m	£5.059m	£8.434m	£8.554m	£-16.001m
Oxfordshire	£3.855m	£55.604m	-	£2.293m	£3.439m	£5.733m	£3.555m	£-0.300m
Shropshire	£8.591m	£65.669m	-	£1.239m	£1.859m	£3.099m	£1.690m	£-6.901m
Somerset	£7.773m	£65.962m	-	£1.433m	£2.149m	£3.582m	£2.218m	£-5.554m
Staffordshire	£16.534m	£164.584m	£4.180m	£3.509m	£5.263m	£8.773m	£6.037m	£-6.317m
Suffolk	£12.638m	£80.002m	-	£2.202m	£3.303m	£5.505m	£3.460m	£-9.179m
Surrey	£9.566m	£67.287m	-	£4.630m	£6.946m	£11.578m	£6.465m	£-3.101m
Warwickshire	£10.824m	£61.734m	-	£1.929m	£2.893m	£4.823m	£3.032m	£-7.791m
West Sussex	£9.958m	£58.859m	-	£2.749m	£4.123m	£6.873m	£3.547m	£-6.411m
Wiltshire	£9.147m	£86.936m	-	£1.685m	£2.528m	£4.214m	£2.235m	£-6.912m

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GREATER LONDON								
City of London	£2.423m	£-40.809m	-	-	-	-	-	£-43.232m
Camden	£0.497m	£12.008m	-	-	-	-	-	£-0.497m
Greenwich	£4.450m	£29.873m	£1.232m	£0.273m	£0.410m	£0.683m	£2.785m	£-0.433m
Hackney	£13.811m	£44.992m	£1.360m	£0.301m	£0.452m	£0.754m	£4.181m	£-8.270m
Hammersmith and Fulham	£7.912m	£34.884m	£1.279m	£0.283m	£0.425m	£0.709m	£2.669m	£-3.964m
Islington	£4.957m	£31.764m	£1.954m	£0.433m	£0.650m	£1.083m	£4.815m	£1.813m
Kensington and Chelsea	£2.051m	£16.675m	£2.160m	£0.582m	£0.873m	£1.455m	£1.416m	£1.525m
Lambeth	£6.160m	£57.561m	£2.175m	£0.482m	£0.723m	£1.206m	£5.407m	£1.422m
Lewisham	£3.524m	£47.149m	£1.268m	£0.281m	£0.422m	£0.703m	£3.405m	£1.149m
Southwark	£2.692m	£45.720m	£1.360m	£0.462m	£0.693m	£1.155m	£4.810m	£3.479m
Tower Hamlets	£7.462m	£27.070m	£1.195m	£0.265m	£0.397m	£0.663m	£5.164m	£-1.103m
Wandsworth	£0.574m	£47.602m	£0.307m	£0.353m	£0.530m	£0.883m	£0.742m	£0.475m
Westminster	£3.465m	£-22.803m	-	-	-	-	-	£-26.268m
Barking and Dagenham	£0.879m	£24.904m	£0.765m	£0.542m	£0.813m	£1.355m	£2.072m	£1.958m
Barnet	£1.846m	£37.021m	-	£1.244m	£1.866m	£3.110m	£1.950m	£0.103m
Bexley	£3.632m	£42.915m	£2.827m	£0.638m	£0.957m	£1.596m	£1.903m	£1.098m
Brent	£15.387m	£61.782m	£4.838m	£1.073m	£1.609m	£2.682m	£5.659m	£-4.890m
Bromley	£-0.355m	£43.984m	-	£1.016m	£1.524m	£2.540m	£1.396m	£1.751m
Croydon	£-0.038m	£46.821m	-	£1.348m	£2.022m	£3.371m	£0.844m	£0.882m
Ealing	£2.968m	£55.123m	£1.178m	£1.156m	£1.735m	£2.891m	£2.013m	£0.223m
Enfield	£2.654m	£40.869m	£2.757m	£1.015m	£1.522m	£2.538m	£2.154m	£2.257m
Haringey	£15.779m	£61.175m	£3.334m	£0.739m	£1.109m	£1.848m	£5.763m	£-6.681m
Harrow	£5.896m	£30.731m	£3.237m	£0.718m	£1.076m	£1.794m	£2.443m	£-0.216m
Havering	-	£40.678m	-	£0.792m	£1.189m	£1.981m	£1.802m	£1.802m
Hillingdon	£2.145m	£23.408m	£2.581m	£1.103m	£1.655m	£2.758m	£3.536m	£3.973m
Hounslow	£5.306m	£25.093m	£4.539m	£1.006m	£1.509m	£2.516m	£3.871m	£3.105m
Kingston-upon-Thames	£-1.320m	£17.164m	-	£0.547m	£0.820m	£1.367m	£0.903m	£2.223m
Merton	£0.037m	£25.970m	£0.037m	£0.620m	£0.930m	£1.550m	£1.107m	£1.107m
Newham	£12.557m	£71.245m	£3.371m	£0.747m	£1.121m	£1.869m	£3.752m	£-5.435m
Redbridge	£2.007m	£38.289m	-	£0.759m	£1.138m	£1.897m	£1.192m	£-0.815m
Richmond-upon-Thames	£0.034m	£20.145m	£0.038m	£0.590m	£0.885m	£1.476m	£1.084m	£1.088m
Sutton	£1.113m	£25.268m	-	£0.592m	£0.888m	£1.481m	£0.930m	£-0.183m
Waltham Forest	£12.961m	£58.484m	£2.943m	£0.652m	£0.979m	£1.631m	£4.431m	£-5.587m
GLC	£238.399m	£73.278m	£29.453m	£6.530m	£9.795m	£16.327m	£61.894m	£-165.122m
ILEA	£93.053m	-	-	-	-	-	-	£-93.053m
Metropolitan Police	-	£139.816m	-	£4.327m	£6.491m	£10.820m	£6.803m	£6.803m

13/05/82 at 10:08

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GREATER MANCHESTER								
Bolton	£5.144m	£52.222m	-	£0.751m	£1.126m	£1.877m	£1.057m	£-4.086m
Bury	£4.880m	£31.631m	£2.306m	£0.511m	£0.767m	£1.278m	£1.326m	£-1.248m
Manchester	£2.891m	£102.782m	£2.181m	£1.926m	£2.889m	£4.816m	£10.031m	£9.321m
Oldham	£3.699m	£49.793m	-	£0.616m	£0.923m	£1.539m	£0.968m	£-2.731m
Rochdale	£9.272m	£50.411m	£2.469m	£0.547m	£0.821m	£1.369m	£2.141m	£-4.662m
Salford	£2.524m	£54.056m	£1.849m	£0.711m	£1.067m	£1.778m	£1.685m	£1.011m
Stockport	£3.017m	£40.100m	-	£1.022m	£1.534m	£2.556m	£1.415m	£-1.601m
Tameside	£5.543m	£47.242m	£2.609m	£0.579m	£0.868m	£1.447m	£1.570m	£-1.364m
Trafford	£1.618m	£24.163m	-	£1.019m	£1.529m	£2.549m	£1.150m	£-0.467m
Wigan	£7.335m	£63.453m	£3.751m	£0.831m	£1.247m	£2.079m	£2.111m	£-1.473m
MERSEYSIDE								
Knowsley	£3.255m	£39.113m	£1.639m	£0.580m	£0.870m	£1.450m	£1.160m	£-0.456m
Liverpool	£13.328m	£120.700m	£7.865m	£1.744m	£2.616m	£4.360m	£5.375m	£-0.087m
St Helens	£2.355m	£35.279m	£2.050m	£0.620m	£0.929m	£1.549m	£1.448m	£1.144m
Sefton	£0.904m	£46.082m	-	£0.968m	£1.452m	£2.420m	£0.638m	£-0.266m
Wirral	£2.461m	£55.922m	£0.235m	£1.127m	£1.690m	£2.818m	£1.802m	£-0.424m
SOUTH YORKSHIRE								
Barnsley	£3.356m	£48.686m	£2.088m	£0.499m	£0.748m	£1.247m	£1.468m	£0.200m
Doncaster	£3.277m	£57.687m	£2.403m	£0.794m	£1.191m	£1.986m	£2.390m	£1.516m
Rotherham	-	£52.092m	-	£0.598m	£0.897m	£1.495m	£1.333m	£1.334m
Sheffield	£17.866m	£94.547m	£7.884m	£1.748m	£2.622m	£4.370m	£8.539m	£-1.443m
TYNE AND WEAR								
Gateshead	£6.857m	£43.587m	£2.556m	£0.567m	£0.850m	£1.417m	£1.837m	£-2.464m
Newcastle upon Tyne	£11.251m	£42.275m	£5.047m	£1.119m	£1.678m	£2.798m	£6.573m	£0.370m
North Tyneside	£8.467m	£39.064m	£2.491m	£0.552m	£0.828m	£1.381m	£2.469m	£-3.507m
South Tyneside	£1.668m	£39.277m	£1.034m	£0.403m	£0.605m	£1.008m	£1.066m	£0.432m
Sunderland	£6.231m	£64.143m	£3.307m	£0.733m	£1.100m	£1.833m	£2.016m	£-0.908m
WEST MIDLANDS								
Birmingham	£10.891m	£162.529m	-	£4.349m	£6.523m	£10.873m	£6.799m	£-4.092m
Coventry	£6.662m	£58.925m	£0.925m	£1.181m	£1.772m	£2.953m	£1.984m	£-3.754m
Dudley	£3.679m	£31.518m	-	£1.155m	£1.733m	£2.888m	£0.907m	£-2.772m
Sandwell	£3.629m	£43.377m	£1.916m	£1.352m	£2.029m	£3.381m	£2.398m	£0.684m
Solihull	£2.405m	£26.747m	-	£0.790m	£1.185m	£1.976m	£0.689m	£-1.716m
Walsall	£11.646m	£41.460m	£4.744m	£1.052m	£1.578m	£2.630m	£2.981m	£-3.921m
Wolverhampton	£3.184m	£43.754m	-	£1.121m	£1.681m	£2.803m	£1.762m	£-1.422m
WEST YORKSHIRE								
Bradford	£18.081m	£109.187m	£5.231m	£1.160m	£1.739m	£2.900m	£2.939m	£-9.911m
Calderdale	£5.321m	£43.318m	£1.898m	£0.421m	£0.631m	£1.052m	£1.125m	£-2.298m
Kirklees	£7.304m	£83.000m	-	£0.866m	£1.299m	£2.166m	£1.362m	£-5.942m
Leeds	£16.499m	£118.217m	-	£2.334m	£3.501m	£5.835m	£3.669m	£-12.830m
Wakefield	£-0.012m	£53.295m	-	£0.882m	£1.323m	£2.205m	£1.580m	£1.592m

Effect of different levels of across the board holdback

Authority	Overspend on target Col 1	Grant before holdback Col 2	Differential holdback Col 3	Further holdback with £200m parallel shift Col 4	Further holdback with £300m parallel shift Col 5	Further holdback with £500m holdbsck Parallel shift Col 6	Further holdback with £500m holdbsck Increase slope Col 7	Holdback (C3 + C7) minus C1 Col 8
METROPOLITAN COUNTIES								
Greater Manchester	£21.223m	£112.529m	£9.047m	£2.006m	£3.009m	£5.015m	£8.753m	£-3.422m
Merseyside	£26.052m	£75.106m	£5.266m	£1.168m	£1.751m	£2.919m	£7.973m	£-12.812m
South Yorkshire	£14.246m	£71.451m	£3.718m	£0.824m	£1.237m	£2.061m	£10.106m	£-0.422m
Tyne and Wear	£13.929m	£76.929m	£3.528m	£0.782m	£1.173m	£1.956m	£5.256m	£-5.145m
West Midlands	£33.094m	£81.419m	£11.372m	£2.521m	£3.782m	£6.304m	£9.431m	£-12.291m
West Yorkshire	£28.187m	£101.315m	£5.886m	£1.305m	£1.957m	£3.263m	£6.802m	£-15.499m

P.0744

PRIME MINISTER

Local Authority Current Expenditure
1982-83 and 1983-84

E(82)43 to 46

BACKGROUND

Information from local authorities in England, Scotland and Wales about their budgets for current expenditure in 1982-83 reveals prospective cash overspends as follows:

England:	£1,418 million	(7.7 per cent) *
Scotland:	£203.5 million	(8.3 per cent)
Wales:	£ 57 million	(4.8 per cent)

These figures show the overspends compared with provision in the respective Rate Support Grant (RSG) settlements; this provision took account of the Government's decision last year to increase its public expenditure plans for the local authority sector in 1982-83 by £1.3 billion.

2. It also appears that there were substantial overspends on local authority current expenditure in 1981-82 in all three countries. The exact amounts are still subject to revision; but they are currently estimated at about 7.9 per cent in England; 6 per cent in Scotland; and 4.3 per cent in Wales.

3. Obviously there is nothing that can be done to affect expenditure in 1981-82. For 1982-83, it is necessary to consider whether the Government can and should do anything to reduce the prospective overspend. This question is addressed in memoranda by the Secretaries of

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*Other figures may be quoted in discussion. A reconciliation is given in Annex A to this brief.

State for the Environment, Scotland and Wales (respectively E(82)45, 46 and 43) and by the Chief Secretary, Treasury (E(82)44). The three Secretaries of State propose to confine action to selective measures against overspending authorities. This action would involve reduction of Exchequer grant to local authorities for 1982-83 by some £315 million in England and £45 million in Scotland. The Secretary of State for Wales proposes first to call for revised budgets from local authorities; but he envisages a reduction of grant equivalent to 50 per cent of any overspend. This reduction would take account of the overspend in 1981-82; action to withhold grant from certain authorities in respect of that year has already been agreed in England and Scotland.

4. The Chief Secretary accepts that, as a result of events during the passage of the Local Government Finance Bill, it is impossible to take selective action against overspending authorities on a scale greater than that proposed by the Secretary of State for the Environment (and already announced, in general terms, as the Government's intention, subject to the Local Government Finance Bill becoming law). But he regards it as necessary to impose a further general reduction in Exchequer grant in England, and suggests that the Secretary of State for the Environment should be asked to exemplify the effect of various levels of reduction. Similarly he proposes that there should be a general abatement of about £50 million in Exchequer grant to Scottish local authorities. For Wales, he does not disagree with the Secretary of State's present approach, but is likely to ask for certain options to be kept open.

5. The memoranda also discuss prospects for 1983-84. It is clear that local authority expenditure plans for that year are likely to be well in excess of provision in the latest Public Expenditure White Paper. The Secretary of State for Scotland proposes that Ministers should agree in principle now that the Government's plans should be adjusted upwards for greater realism. The Secretary of State for the Environment, while apparently taking a similar view of the prospects, merely seeks preliminary views from his colleagues, and proposes to make an early statement intended to persuade local authorities to cut back their spending plans. The

Chief Secretary, Treasury is opposed to taking any specific decisions on 1983-84 now, and suggests that firm action in respect of 1982-83 is the best way of signalling the Government's views for next year.

6. It is important that the meeting on 17 May should resolve the issues, since both the Secretary of State for the Environment and the Secretary of State for Wales are meeting their Consultative Councils on Local Government Finance on 19 May.

MAIN ISSUES

7. No issue arises on 1981-82. The main issues before the Committee are:

(i) should there be a general abatement of Exchequer grant in England, Scotland or both in respect of 1982-83?

(ii) what decision, if any, should Ministers take now on local authority expenditure in their public expenditure plans for 1983-84?

(iii) what, if anything, should be said now to local authorities about the Government's intentions for both 1982-83 and 1983-84?

There is also a less important issue involving Wales:

(iv) Should Ministers now agree that grant withholding should not exceed 50 per cent of the overall expenditure excess, and that it should be achieved solely by selective action?

General Abatement of Grant

8. Since it appears to be common ground that selective action in England and Scotland beyond that proposed by the responsible Secretaries of State is not feasible, any further action to reduce grant in those countries would have to be general. The RSG system and the relevant legislation are different in England and Scotland; but it would no doubt be difficult to impose a substantial general reduction in grant in one country but not the other, especially as the selective action envisaged bears much the same relation to the overspend in each case.

9. It may therefore be best to have a fairly general discussion of the broad political issues rather than a detailed examination of the figuring in the numerous annexes to E(82)45. Your colleagues are unlikely to agree to a general reduction in grant, even in principle, let alone at a particular level, without a further opportunity to examine the figures. But they may be able to reach agreement, either that a general abatement is unacceptable, or that it is worth considering further and that additional material should be produced.

10. As for the general issues, on the one hand it will be argued that the Government's underlying approach to the RSG settlement for 1982-83 was to rely on selective penalties on overspending authorities rather than on a low rate of grant; that this approach has been largely nullified by events during the passage of the relevant legislation; that the Government cannot remain idle in the face of continued heavy overspending and retain credibility; and that a general abatement of grant is the only course open.

11. On the other hand, it will be argued that, by definition, general action will hurt authorities which have conformed to the Government's plans as well as those which have not; that the overspending is largely due to authorities not of the Government's political persuasion; and that it will not be acceptable to the Government's supporters that the sins of those authorities should be visited on the innocent.

12. More particular issues that may be raised are as follows:

England.

13. Paragraphs 4 and 5 of E(82)45 analyse the overspend in England. The implication appears to be that of the total of £1418 million, £910 million should somehow be regarded in a different light from the rest. You will probably wish to avoid detailed discussion of the figures, especially as it could be argued that under a cash planning system what counts is money.

14. Paragraphs 14 to 16 of E(82)45 also advance more detailed arguments against a general reduction of grant. Again, you may prefer to avoid debating them, though the Attorney General has been invited to attend the meeting in case the potential legal difficulties mentioned in paragraph 15 should be raised. If the arguments are valid, they appear to be largely as effective against selective as against general reduction in Exchequer grant. It may therefore be right to discount them, since they would tend to rule out any Government action against overspenders.

Scotland

15. Paragraph 10 of E(82)46 mentions only one possible figure for a general abatement of grant (£50 million). If, however, the Committee should conclude that it wished to see exemplification of various possible levels of abatement in England (the Chief Secretary suggests £200 million, £300 million, and £500 million - all, of course, additional to the selective £315 million) it might wish to see a similar range of figures for Scotland.

16. A point to which the Secretary of State for Scotland is particularly anxious to secure agreement is that a reduction in rates induced by threats of selective grant reduction should equate to a grant reduction. Presumably he means that if he threatens grant reduction of £45 million, and the authority concerned responds by reducing its rate call by, say, £10 million, the grant reduction should then be only £35 million.

17. This seems logical at first sight. But a rates reduction of £10 million does not mean that current expenditure will necessarily be reduced by the same amount (there are various accounting devices available to local authorities in this area); and in any event, the Public Sector Borrowing Requirement will remain largely unaffected and, presumably, at a higher level than the Government would wish.

18. You may therefore wish to avoid accepting the Secretary of State for Scotland's opposition as a general principle even if, in the particular circumstances that he has in mind, he may have to be allowed to make concessions to the local authority concerned in his negotiations with it.

Wales

19. The Secretary of State for Wales can take selective action to a greater extent than is possible in England; and there is likely to be little disagreement with the substance of what he proposes. The main potential issue is that the Secretary of State does not believe that a reduction in Exchequer grant of more than 50 per cent of any prospective overspend in 1982-83 (after authorities have been given an opportunity to revise their budgets) is realistic. The Chief Secretary, Treasury is likely to argue that the position should be kept open, largely on the grounds that a reduction in respect of 1982-83 in Wales (unlike England and Scotland) will need to take account of the overspend in 1981-82. He may also suggest that the possibility of a general abatement of Exchequer grant should not be ruled out at this stage. It should be possible to reach quick agreement by suggesting that these issues should be considered, if necessary, when revised budgets are available and meanwhile asking the Secretary of State for Wales to say nothing that might prejudice the eventual decision.

Local Authority Expenditure in 1983-84

20. The Secretaries of State for the Environment and for Scotland argue that provision for local authority expenditure in the Government's expenditure plans for 1983-84 is unrealistic. The Secretary of State for Scotland asks that this should be explicitly recognised now for the purposes of planning within Government; the Secretary of State for the Environment goes less far in his memorandum but may well support this line at the meeting. No doubt the Chief Secretary, Treasury will argue that such a decision would be premature before Ministers have been able to consider the general prospects for public expenditure. They will not be able to do this before July. Certainly it is not easy to see how such a general decision as the Secretary of State for Scotland proposes could help either Ministers or Departments to progress the Public Expenditure Survey.

Possible Statement.

21. The Secretary of State for the Environment also proposes (Annex C to E(82)45) to make a statement about 1983-84 when he sees the Consultative Council on Local Government Finance on 19 May. The Chief Secretary is likely to argue that such a statement will lack credibility if the

Government also says that it has decided to make no reduction in grant beyond what has been already announced in face of the substantial overspending in 1981-82 and, prospectively, in 1982-83. He will probably argue that the possibility of a further reduction should be mentioned in the statement; and that if Ministers eventually decide not to proceed with it any resulting damage to the Government's credibility could be avoided, when the decision is made known (presumably in July), by foreshadowing a severe RSG settlement for 1983-84. On the other hand, if Ministers decide immediately against a general reduction in Exchequer grant it may be thought desirable that the Secretary of State for the Environment should give a warning on 19 May about the prospects for 1983-84; and if the Secretary of State threatens a general reduction in respect of 1982-83 and the Government later decides not to impose it, it may be difficult to avoid damage to the Government's credibility whatever is said about later years.

22. Since time will be short, you will probably wish to concentrate discussion on the general features of the proposed statement, leaving a precise text to be agreed between the Secretary of State for the Environment and the Chief Secretary during Tuesday 18 May.

HANDLING

23. You will wish to ask the Secretary of State for the Environment, the Secretary of State for Scotland and the Secretary of State for Wales to introduce their memoranda. The Chief Secretary, Treasury will no doubt wish to speak to his memorandum. Most of your colleagues are likely to have views, either from a general political stand-point or as Ministers with responsibilities to which local authority current expenditure is relevant.

CONCLUSIONS

24. You will wish the Committee to reach conclusions on the following points:

(i) Should the proposed selective withdrawal of grant in respect of prospective overspends by local authorities in 1982-83 in England, Scotland and Wales be approved?

(ii) Should the possibility of a further, general, abatement in England and Scotland be ruled out? If not -

(a) does the Committee wish to decide forthwith on the size of such an abatement; or

(b) should the Secretaries of State for the Environment and for Scotland be invited to exemplify various possibilities with a view to a later decision?

(iii) Does the Committee agree that a reduction in rates by a Scottish local authority in response to threat of selective grant reduction should equate to a grant reduction?

(iv) Should the Secretary of State for Wales be invited to keep open the possibilities of a reduction in Exchequer grant greater than 50 per cent of the prospective overspend by Welsh authorities in 1982-83 and of a general reduction if selective action is judged inadequate?

(v) Does the Committee wish to express any views regarding the level of provision for local authority current expenditure in 1983-84 in the current Public Expenditure Survey?

(vi) What, if anything, should be said to local authority representatives on 19 May about:

(a) the possibility of a general abatement in Exchequer grant in 1982-83?

(b) the prospects for 1983-84?

PG

P L GREGSON
Cabinet Office
14 May 1982

82-83 200

83-84 300.

Attachment:

ANALYSIS OF PROSPECTIVE OVERSPENDS

The figures of prospective overspending by English local authorities are made up as follows:

	£m	(Cash)	Percentage
Total current expenditure	1244		6.9
Other relevant expenditure	229		
Total relevant expenditure		1473	7.2
Non-relevant expenditure, and grants	- 55		
Total expenditure		1418	7.7

2. The Scottish figure of £203.5 million is most closely comparable to the £1244 million for total current expenditure. (Strictly, it is current expenditure plus revenue contributions to capital outlay, for which the English figure is £1210 million).

3. The Welsh figure of £57 million is described as 'total expenditure', and is therefore presumably comparable to the English figure of £1418 million.

Local Govt Exp

cc JV
BW

Prime Minister (2)

MCS 14/5

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

14 May 1982

Dear Secretary of State,

LOCAL AUTHORITY BUDGETS: HOUSING REVENUE ACCOUNT SURPLUSES

We are to discuss in E Committee next week the question of local authority budgets and what action should be taken through the RSG mechanisms to curtail local authority overspending in 1982-83. The analysis of budgets shows, however, that we are facing another problem on which I believe we also have to be ready to act.

This is the question of Housing Revenue Account surpluses. During the public expenditure discussions last year, it was agreed that, although we wished all local authorities to increase rents in line with our decision, the RSG mechanism should not be applied to those authorities which were likely to have a surplus of rent income. I argued strongly that some alternative mechanism should be used to ensure their compliance with our wishes but you felt that this was unnecessary since most of the authorities concerned were our political friends and that you would be able to persuade them to behave as we wished.

The analysis of budgets shows, however, that this has not been the case. Had all local authorities increased their rents by £2.50, we would have expected HRA surpluses amounting to some £180 million to be produced. As it is, local authorities are budgeting for surpluses of only some £10 - £20 million, a shortfall of £160 - £170 million (which has to be added to the £130 million overspending on housing identified in your paper for E Committee - making a total of £300 million in all). In short, it seems that in almost all cases, the authorities concerned decided to set their rents at a level which will leave their HRAs in balance. This was not our intention.

There is little that can be done about this for 1982-83 but it demonstrates the importance of having some mechanism for ensuring

that authorities with potential HRA surpluses carry out our decisions on rents in 1983-84 and make good the shortfall from 1982-83. There are a variety of options which we could adopt: holding back capital allocations, offsetting expected surpluses against capital allocations, requiring surpluses to be used to reduce borrowing, or a return to the use of the RSG mechanism to ensure that our decisions are carried out.

I do not believe that we can leave this question to be tackled, as it was last year, at the last minute, not least because of the possible legislative implications. I will be grateful, therefore, if you would let me know which of the options available you think we should adopt for next year.

I am copying this letter to all members of E Committee.

Yours sincerely

T. Mathews

for LEON BRITTAN

/ Approved by the Chief Secretary
and signed in his absence /

DM

Local Govt relations

CONFIDENTIAL

(4)

Prime Minister

MCS 12/5

cc OV

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/13342/82

Your ref:

12 May 1982

Dear Leon

REORGANISATION OF THE METROPOLITAN AUTHORITIES

Thank you for your letter of 27 April indicating two points that you consider important for us to bear in mind in any further work on the GLC and metropolitan counties.

I agree that we should seek to clarify the costs and benefits of the change so far as possible. But we have to recognise that it may prove easier to quantify the short term costs than the long term benefits.

I accept that we should consider changes to the number and size of the lower tier authorities, both because of the change in the range of their responsibilities and because of the possibility that modifications might reduce the need for more cumbersome co-ordinating arrangements. However, the next stage of work could only deal with this in terms of the machinery by which a detailed investigation of specific areas might ultimately be carried out; it would not be possible - or desirable - to aim for detailed geographical proposals now.

I am copying this to those who received my minute of 16 April.

Yours ever

MICHAEL HESELTINE

The Rt Hon Leon Brittan QC MP

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

MINISTER FOR LOCAL GOVERNMENT AND ENVIRONMENTAL SERVICES

(2)

Prime Minister

11th May 1982 MCS 11/5

Dear Nick

LOCAL GOVERNMENT FINANCE (NO 2) BILL - ROLE OF THE C & AG

I attach a copy of the draft amendment on the role of the C & AG which you agreed last week. We are tabling it today and it may be reached in the Lords Committee on Thursday.

The amendment goes as far as we judged it necessary to go to meet the principle embodied in the original Barnett/du Cann amendment, whilst at the same time safeguarding the Government's position on the lines which I set out in the Commons Report stage debate, and to which you referred in your letter to me on 19 April.

My officials have consulted the local authority associations on the present draft. They are opposed to any C & AG involvement, but find it more acceptable than the original Barnett/du Cann amendment.

I am copying this letter and the enclosure to members of E Committee, to John Biffen and Michael Jopling, and to Sir Robert Armstrong.

Yours
Tom

TOM KING

The Hon Nicholas Ridley MP

AFTER CLAUSE 20

Insert the following new Clause -

"Reports on impact of statutory provisions etc.

(1) In addition to the studies referred to in section 20(1) above, the Commission shall undertake or promote studies designed to enable it to prepare reports as to the impact -

(a) of the operation of any particular statutory provision or provisions; or

(b) of any directions or guidance given by a Minister of the Crown (whether pursuant to any such provision or otherwise),

on economy, efficiency and effectiveness in the provision of local authority services and of other services provided by bodies whose accounts are required to be audited in accordance with this Part of this Act, or on the financial management of such bodies.

(2) The Commission shall publish or otherwise make available any report prepared by it under this section, and shall send a copy of any such report to the Comptroller and Auditor General.

(3) Where the Comptroller and Auditor General has received a copy of any such report he may require the Commission to furnish him with any information obtained by it in connection with the preparation of the report, and for that purpose the Commission shall permit any person authorised by him to inspect and make copies of any documents containing any such information; but no information shall be required by the Comptroller and Auditor General under this subsection in respect of any particular

(4) Before undertaking or promoting any study under this section the Commission shall consult -

(a) any Minister of the Crown who appears to it to be concerned; and

(b) such associations of local authorities or other bodies whose accounts are required to be audited in accordance with this Part of this Act as appear to it to be concerned and such associations of employees as appear to it to be appropriate.")

Lord Cockfield

Prime Minister (2)

To note

MCS 7/5

cc ~~AW~~ JV

2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

7 May 1982

MT

Dear Leon

LOCAL AUTHORITY CURRENT SPENDING IN 1982-3: RSG IMPLICATIONS

Thank you for your letter of 20 April.

I shall shortly be circulating a paper for discussion at the meeting of E Committee provisionally arranged for next week. My officials will be consulting yours on a draft in the usual way.

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

Yours ever

MICHAEL HESELTINE

Rt Hon Leon Brittan QC MP

CONFIDENTIAL

Local Govt SW.

bcc: J. Vereker.

10 DOWNING STREET

From the Private Secretary

5 May, 1982

Reorganisation of the Metropolitan Authorities

The Prime Minister was grateful for your Secretary of State's minute of 16 April, to which was attached a copy of the report by officials on the implications of reorganising local government in the metropolitan areas.

The Prime Minister agrees to the course of action set out in Paragraph 5(i) - (iv) of your Secretary of State's minute.

I am sending copies of this letter to John Halliday (Home Office), Imogen Wilde (Department of Education and Science), Anthony Mayer (Department of Transport), David Clark (Department of Health and Social Security), Muir Russell (Scottish Office), Adam Peat (Welsh Office), Terry Mathews (Chief Secretary's Office) and David Wright (Cabinet Office).

M. C. SCHOLAR

D. A. Edmonds, Esq.,
Department of the Environment

CONFIDENTIAL

tel

Prime Minister (1)

Agree to this further work?

MCS 4/5

10 DOWNING STREET

(1)

Prime Minister Yes MT.

Reorganisation of Metropolitan Authorities

Agree to further work, proposed by Michael Heseltine at X attached, as a preliminary to considering the abolition of the GLC and metropolitan counties?

Please also see Leon Brittan's and Nick Edwards' minutes (attached).

MCS 29/4

Prime Minister

REORGANISATION OF THE METROPOLITAN AUTHORITIES

I have received a copy of the minute which the Secretary of State for the Environment sent you on 16 April.

I do not dissent from what he says about the unpopularity of the GLC and MCCs. The abolition of these authorities would not have a direct impact on Welsh local government structure, since there are no authorities of this type in Wales. However, we need to bear in mind that, once we announce an intention to abolish the GLC and MCCs, there will be a strong pressure from the largest English non-metropolitan districts for their powers to be increased at the expense of their shire counties; and that pressure will quickly extend into the Principality.

It therefore seems right to proceed with some care, and I certainly agree with the Secretary of State for the Environment that a decision on the future of the GLC and MCCs should not be taken until the results of the other current studies of local government have been considered.

I am copying this minute to the Home Secretary, and to the Secretaries of State for the Environment, Education and Science, Transport, Social Services, Scotland; the Chief Secretary, Treasury and to Sir Robert Armstrong.

NE

27 April 1982

Prime Minister (2)

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

There seems to be a need for a discussion at E.

MCS 29/4

2pps

The Rt Hon Leon Brittan QC MP
Chief Secretary
HM Treasury
Parliament Street
London SW1

27 April 1982

Dear Leon,

LOCAL AUTHORITY CURRENT EXPENDITURE (SCOTLAND) 1982-83:
GRANT REDUCTIONS

I refer to my letter of 21 April and to your reply of 26 April; and to our discussion last night.

As you know, I had hoped to obtain your early agreement to the balance to be struck between selective and general abatements of RSG in the measures we take to tackle overspending by local authorities in Scotland this year. As I have made clear to you, the total figure of £60m which I proposed represents the maximum which I think can reasonably be secured, bearing in mind the limitations set by statute on the extent to which I can use my selective powers and the liklihood of adverse reaction (and possibly further legal challenge) to any substantial general abatement. I am sorry that we have failed to reach agreement, and therefore accept that it will be necessary to proceed to a discussion in E Committee.

In the meantime, as I have told you, I think that there are strong practical and political arguments for making an early start on the use of the selective powers: in order credibly to ask local authorities to cut their expenditure we must give them as early notice as possible, and there is advantage in initiating before the regional council elections this action which offers the prospect of cuts in the level of rates. We have therefore agreed that I will proceed to give notice tomorrow to Lothian Regional Council and Stirling District Council, two of the worst offenders, that I propose to take action against them. As I explained to you by telephone the cuts I would propose to make for these authorities are £45m and £1.5m respectively. These represent the amounts by which I am confident that it can be proved that their expenditure is "excessive and unreasonable" in terms of the 1981 Act - these sums are not, of course, the authorities' whole excess expenditure over the guidelines, but are the most I could expect to achieve in practical terms. I will arrange to let you see the terms in which I propose to deal with this in answer to a question for Michael Ancram tomorrow.

I hope you will be under no illusion that the use of these selective powers is in any sense a soft option. We will be asking Lothian Regional Council to make very substantial cuts in its proposed expenditure and these could well lead to many compulsory redundancies with all the associated criticism which that will draw. While therefore I remain firmly convinced that the emphasis must be on selective action rather than general abatement - and I was pleased to see in his letter of 23 April that Keith Joseph supports this view - I can only sustain the political criticism it will draw if the overall effect of my actions is broadly acceptable to local authorities in Scotland as a whole. This means that any general RSG abatement must be kept as small as possible.

I am copying this to the Prime Minister, the other members of E Committee, Nicholas Edwards and Sir Robert Armstrong.

Yours ever,

George.

cc/JV

Prime Minister

MCS 29/4

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1

27 April 1982

Dear Michael,

REORGANISATION OF THE METROPOLITAN AUTHORITIES

Thank you for sending me a copy of your minute of 16 April to the Prime Minister. As you know, I agree that there is a prima facie case for abolishing the GLC and metropolitan counties. I also agree that we should pursue the further work you suggest. At this stage, I should simply like to draw out two points which I am sure you will agree should be borne in mind.

First, costs and benefits. We cannot yet be sure that the new arrangements suggested in the official report would reduce bureaucracy, although I hope they would. However, we can be certain that the transition itself would generate extra public expenditure. The experience of the 1974 reorganisation is lesson enough. Clarification of the costs and benefits is therefore essential - although I appreciate that their assessment will not be straightforward.

Second, I hope we need not exclude limited reform of the lower tier of local government at the same time as abolition of the upper tier. The official report identifies a number of services where districts would be too small to stand entirely alone. It would be a pity to have to reinvent cumbersome co-ordinating structures which might again obscure accountability and obstruct efficiency. It would therefore be helpful if officials' further work could cover the possibility of modifications in the metropolican district boundaries which might make a new unitary structure more robust. The obvious disadvantage of a slightly more complex change should be balanced against the disadvantages of the co-ordinating structures which would otherwise be necessary.

I am copying this letter to the recipients of your minute.

Yours ever
Leon

LEON BRITTAN

CONFIDENTIAL

nr

CONFIDENTIAL

cc AW
JV

Prime Minister (2) 1

Mrs 23/4

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

23 April 1982

Dear Michael,

TPM

LOCAL AUTHORITY CURRENT SPENDING IN 1982-83: RSG IMPLICATIONS

Leon Brittan sent me a copy of his letter to you of 20 April.

I share his anxiety and recognise that we need to react effectively, but we must try to find equitable methods that we can hope to implement. In my view it would be a mistake for you to give warning of a reduction in RSG for 1982-83 until we have from officials a full analysis of local authority budgets for this year. We need to know the scale of likely overspending, its division by class of authority and by service and between volume and allowance for inflation, and also, since local authorities will not be able to levy supplementary rates this year, the extent of their balances. Without careful consideration of this information it would be premature to decide on a large across the board reduction in grant. (This does not mean, of course, that the hold-back arrangements which you announced on 21 December should not be implemented.)

On the distribution of any possible reduction in grant, I think it is necessary that, as the Minister responsible for the largest single service which accounts for half of all local authority current expenditure, I should venture a word of warning. A good many of our supporters in the counties and districts have budgeted to spend at or below GRE, the best available measure of need within the planned total. Some other authorities are planning to spend far in excess of this level - a few, like ILEA which is responsible for one-fifth of the total overspending of £1½b, so much so as to receive no grant even under the ordinary block grant mechanisms. We should be in serious political trouble if we visited on the innocent the sins of the guilty, and I think we ought to have a full discussion in E Committee before we take any action or even make any announcement.

I am sending copies of this letter to the Prime Minister, the other members of E Committee, George Younger and Nicholas Edwards and to Sir Robert Armstrong.

Yours, Keith

CONFIDENTIAL

Local Govt
cc JV

Prime Minister
You saw
Michael Heseltine's (attached)
note earlier this week
— at E Committee.
MCS 23/4

CONFIDENTIAL

Prime Minister

REGORGANISATION OF THE METROPOLITAN COUNTIES

I have seen a copy of the Secretary of State for the Environment's minute to you of 16 April. I am generally content with the arrangement he suggests.

MISC 70 is looking at the consequences for transport of abolishing the GLC and metropolitan counties. Transport is the most important function of these authorities and the biggest item in their budgets (apart from ILEA). The most effective way of organising transport will therefore be a major factor in considering their future. I therefore agree that we should not reach any decisions about abolition until we have the reports of the studies which are now in hand.

I am copying this minute to the other recipients of the Secretary of State for the Environment's minute.

DH.

DAVID HOWELL
22 April 1982

CONFIDENTIAL

Weal Bank.

CONFIDENTIAL

P.0721

PRIME MINISTER

The GLC and London Transport
(E(82)36)

BACKGROUND

In E(82)36, the Secretary of State for Transport seeks agreement to an early announcement to the effect that the Government intends to introduce legislation in the next session to establish that a reasonable but not excessive level of subsidy for London Transport (LT) from the rates is legitimate. He also proposes to indicate to Mr Livingstone, the leader of the Greater London Council (GLC), that the Government will make available resources in 1983-84, for both capital and current purposes, at roughly the same level as in the current year.

2. The Committee last considered LT in January (E(82)1st meeting). It decided, among other things, that officials from Transport and other departments, including the CPRS, should examine the options for longer term arrangements. This work is in hand in MISC 70. Also relevant is the work described in the minute to you of 16 April from the Secretary of State for the Environment (not copied to all members of the Committee) on the future of the GLC and the Metropolitan County Councils. There are also studies in hand on the alternatives to domestic rates, and on the financing of education which were commissioned by the Cabinet on 4 February (CC(82)4th conclusions, minute 5) and a CPRS study, which is to provide a framework for the whole range of work on local government structure and finance. It is intended that papers on all these matters should be brought together for consideration by Ministers at end-May/early June.

3. The Select Committee on Transport is also studying the position of LT.

4. The statutory position governing subsidy for transport services by other MCCs differs from the legislation covering the GLC. It is, however, open to

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question whether it is possible to treat the two sets of authorities differently.

MAIN ISSUES

5. There is likely to be little opposition to the proposal that Mr Livingstone should be given an early indication of the resources that the Government is willing to make available in 1983-84. If so, the main issues will be:

(i) whether the Government should make an early statement about the financial relations between the GLC and LT;

(ii) if so, what its content should be;

(iii) whether any statement should also cover the position of the MCCs; and

(iv) the precise timing of any statement.

An Early Statement?

6. The Secretary of State for Transport is understood to be concerned that he is losing the propaganda battle with the GLC. The GLC have legal opinion to the effect that, without legislation, LT is doomed to decline. This makes it more difficult for the Government to take the line that the problems of LT are mainly due to an unnecessarily restrictive intepretation by the GLC of their powers of subsidy. The Secretary of State fears that the GLC will force LT to reduce services and manpower on the grounds that this is the unavoidable result of the law; they will then foment industrial action, and seek to pass the blame on to the Government.

7. You may, however, wish to question whether a fairly unspecific statement of the sort which the Secretary of State appears to have in mind could prevent this course of events. If the GLC want to make trouble they will exploit any ambiguities or uncertainties. They could well say that the inevitable uncertainties of politics and the Parliamentary timetable, and the lack of precise definition of the power of subsidy which the Government intends to legitimise, make it imprudent for them to plan except on the basis of the

existing law. Meanwhile, the Government would come under pressure from the GLC to give undertakings, which it might later regret, about the content of the legislation.

Nature of statement

8. Any statement at this stage may cut across the conclusions which Ministers will reach on the work of MISC 70 and the other local government matters referred to above. It may also be criticised by the Select Committee as ignoring their work. The more specific the statement, the greater the dangers. You may therefore wish to probe in more depth the alternatives discussed in paragraph 4(i) and (ii) of E(82)36.

Further legal opinions

9. A statement of Government legal opinions (paragraph 4(i)) would no doubt be dismissed by the GLC; but it might help persuade public opinion that it was the GLC, not the Government, which was to blame for the difficulties of LT.

Indemnity

10. An indemnity (paragraph 4(ii)) would obviously need careful consideration if it were not to be a blank cheque. In his minute of 20 April Mr Sparrow has suggested that some form of limited and conditional indemnity might be worth exploring. It might be possible to build on an existing procedure, whereby a local authority can seek sanction from the Secretary of State for defined expenditure. Such a sanction confers immunity against challenge by the District Auditor (and therefore avoids any risk of personal liability for the members of the GLC), but does not necessarily offer a safeguard against a challenge, as in the Bromley case, to the legality of the precept that would be required to finance the expenditure. However, this course of action is also likely to lead to difficulties. The GLC would probably argue that personal immunity against challenge by the District Auditor, but not against challenge to the expenditure in the courts, does not go far enough. In any event the Government would be drawn into defining the amount and type of expenditure which it approved. This raises the fundamental policy issues about transport financing which MISC 70 is still considering and which Ministers will be discussing at the end of May.

Position of MCCs

11. It is difficult to defend a situation in which the legal powers of the GLC differ significantly from those of other MCCs. An early statement could be challenged on this point. On the other hand, it would create further complications if it were desired to cover them; and the risk of cutting across other work would be correspondingly greater.

Timing

12. No doubt the Secretary of State will be anxious to make any statement before the London Borough Elections. The Government will be pressed to indicate its position on Friday 23 April, when Mr Douglas Jay's Bill on LT Finance is due for discussion.

LEGISLATIVE PROGRAMME

13. A possible need for a Transport Bill next session is mentioned in C(82)10, though it is not among the Bills recommended for a firm place.

HANDLING

14. After the Secretary of State for Transport has introduced his paper, you may wish to ask the Secretary of State for the Environment to comment, in particular, on the implications of other work in progress on Local Government Finance. It might then be convenient to consider the nature of any statement (and whether it would succeed in achieving its ostensible purpose) and its timing. The Attorney General is understood to have views on the question of the Metropolitan County Councils. No doubt the Chief Secretary, Treasury, will have comments from the standpoint of public expenditure.

CONCLUSIONS

15. In the light of the discussion, you will wish to record conclusions on:

i. whether an early statement should be made about financial relations between the GLC and LT;

ii. if so, what its nature should be, and in particular whether it should commit the Government to legislation next session;

iii. whether any statement should also cover the position of the Metropolitan County Councils;

iv. the exact timing of any statement;

v. whether any further studies are required, particularly in the context of the work of MISC 70;

vi. whether the leader of the GLC should be given an indication of the level of Government assistance likely to be made available in 1983-84.

PLG

P L GREGSON

21 April 1982

cc. J.V.

Prime Minister (2)

For discussion at E on Thursday. These seem to me powerful points.

MCS 20/4

Qa 05897

To: MR SCHOLAR

From: JOHN SPARROW

20 April 1982

GLC and London Transport (E(82)36)

1. The result of the Lords' judgement on London Transport (LT) was uncertainty about whether LT could budget for a deficit. The uncertainty is unsatisfactory: some level of subsidy is essential, and legislation is inevitable at some stage.

2. MISC 70 was set up to examine options for public transport in the conurbations - including radically different arrangements. In the light of its report, Ministers will be able to decide the form of legislation on subsidies. But the Secretary of State for Transport is now proposing (in E(82)36) that he should shortly announce the Government's intention to introduce legislation in the new session, in order to establish as legitimate a 'reasonable', but not an 'excessive' level of subsidy for LT. The reason for the haste is a series of legal opinions obtained by the GLC and LT which imply that LT must try to budget to break even in 1983.

3. But such a statement will leave a good deal of uncertainty until the form of the legislation is known. It will obviously be very difficult, and may even be impossible to devise a form of legislation which entirely removes the uncertainty by defining what is to count as 'reasonable' and what 'excessive'. Hence such a statement may well not prevent the GLC from continuing to blame the Government for the uncertainty. There is also the risk that a necessarily vague statement about the intention to legislate will be interpreted as a climb-down from the Government's previous position.

4. There appears no way of resolving the impasse satisfactorily until MISC 70 reports in about a month's time. Together with the Select Committee's report and the other exercises on aspects of local government,

this will enable Ministers to form a view about the overall future direction for local government. To announce legislation now will be taken to mean the continuation of broadly the current arrangements. It would make it more difficult for Ministers to decide on more radical options later if these had to be presented as 'second thoughts' by the Government.

5. If the Secretary of State convinces his colleagues that some further action is needed before MISC 70 reports (beyond telling the GLC that Exchequer support will be continued at roughly its present level, as he proposes in paragraph 7), then the CPRS believes that the most promising option is some form of limited and conditional indemnity. He might be invited to explore this option further, to see whether it can be defined so as to avoid a blank cheque.

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

P.

s/c AW
JV

(2)

Prime Minister

£1½ billion overspending this year: the CST proposes a cut in RSG for this year.

MCS 20/4

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1P 3EB

20 April 1982

Dear Michael,

LOCAL AUTHORITY CURRENT SPENDING IN 1982-83: RSG IMPLICATIONS

I understand that claims for rate support grant suggest that local authorities in England are planning to spend nearly £1½ billion more in 1982-83 than the provision in the RSG settlement and the public expenditure white paper. Full details are not yet in; but it is clear that we have a major problem.

As soon as the Local Government Finance (No 2) Bill is through, you will be able to lay Supplementary Reports before Parliament to activate the systems of automatic penalties for last year and this year which have already been announced. However, local authorities should have allowed for these penalties in their budgets, so they are unlikely to have much effect on expenditure.

I am sure that we have no option but to impose further reductions in rate support grant. Otherwise we should not only undermine our position in the current year, but also make it practically impossible to stick to our plans for later years.

As you know, I should prefer straighforward selective measures against overspenders. But the local authority associations have insisted that any action should be across the board - and they have won that argument in Parliament.

I am afraid, therefore, that we must be prepared to impose a large, across the board reduction in this year's rate support grant. We might tilt the poundage schedule so that high spenders bear the bulk of the grant reduction.

It seems to me that we ought to give warning of our intentions as soon as possible. The extent of overspending is more or less known, because the grant claims are in. If nothing is said soon, local authorities will assume that the RSG is not to be cut across the board. If we give notice quickly, there will be time for local authorities to adjust their budgets accordingly.

I hope, therefore, that you will find an early opportunity to warn local authorities to expect cuts in rate support grant this year, and a tough settlement next. It would also be very helpful if you could suggest how you propose to implement the grant reductions. As I implied in my note of 23 March, I think it would be useful to discuss tactics soon in E Committee.

I am sending copies of this letter to George Younger and Nicholas Edwards, to other E Committee colleagues and to Sir Robert Armstrong.

Yours
Leon

LEON BRITTAN

Prime Minister (2)

MCS 20/4

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Tom King MP
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

19 April 1982

Dear Tom

LOCAL GOVERNMENT FINANCE (NO 2) BILL - ROLE OF THE C&AG

I was very pleased that you were able to persuade Joel Barnett to withdraw his amendment, and that you did so without making a precise commitment about the extent of the access of the C&AG to the Audit Commission's papers.

I expect that you are now considering how to handle the discussions with interested parties. In the debate you promised that the Government amendment in the Lords would embody "the principle and approach" of the Barnett amendment. You were not asked to elaborate on this, and I assume that you will be saying that the principle that the Government have accepted is the right of the C&AG to examine the Audit Commission's studies showing the effect of Government policies on value for money. You said earlier in your debate that the Government had sympathy with this. This will leave open the extent of the C&AG's access to Audit Commission papers. The greater the access of the C&AG to papers not available to Ministers, the weaker becomes our case for trying to limit the C&AG's activities generally within the range of Ministerial responsibility! I wonder whether you agree that your opening position with Joel Barnett might be that the C&AG should not have access to any paper within the Audit Commission which gives details about individual local authorities; and your final sticking point that he should not see any paper which originates in a local authority.

Coming to our general position on the role of the C&AG, the point you made in the debate about the access of Ministers to Audit Commission papers seen by the C&AG is a good one. What will your approach be on this? Will you seek to amend the Bill if necessary in order to give yourself the same access as the C&AG? That would obviously be helpful from our point of view.

I am sure that it would be right to insist on consecutive, rather than concurrent, examinations by the C&AG. This focuses on a practical weakness in the Barnett amendment; if the Audit Commission produces good reports the C&AG's subsequent reports are likely to be overshadowed and in the event lose the significance which the PAC would like them to have.

As you emphasised in the debate, the views of the local authorities should be a major determinant of the extent of the C&AG's access. I am sure you would agree that it is vital that the associations focus on the implications of the Barnett amendment and express their views strongly and quickly so that they can influence your discussions with Joel Barnett and other Members. The local authorities ought to have a major grievance. They accepted the Audit Commission proposals, grudgingly, as an alternative to the even more undesirable proposals of the PAC. They should feel highly aggrieved at the prospect of getting both! I know they had little time to express their views in the debate on 5 April, (I noticed that no-one spoke on their behalf), but they now have the time and opportunity to make their views known. No doubt you and your officials will be doing whatever is necessary to stir them up!

I am copying this letter to members of E Committee, and to John Biffen and Michael Jopling.

Yours ever

Nicholas

NICHOLAS RIDLEY

CONFIDENTIAL

✓ (minute only) to JV
Prime Minister
(2)
20/4

16 April 1982

Prime Minister

REORGANISATION OF THE METROPOLITAN AUTHORITIES

In my minute to you of 10 February 1982, following discussion with the Home Secretary and other colleagues, I undertook to arrange for my officials, in consultation with other Departments concerned, to prepare a paper on the implications of reorganising local government in the metropolitan areas. I instructed officials to interpret the remit as requiring consideration of the legal, practical and financial effects of transferring to the existing lower tier authorities the functions of the Greater London Council (GLC) and Metropolitan County Councils (MCCs). I now attach a copy of the report by officials. (E(81)22nd meeting minutes item 3 and the Home Secretary's minute of 4 February 1982 to you also refer).

The GLC and MCCs are deeply unpopular not only with our own supporters but with local government and the public. Whatever the arguments were in favour of the establishment of the bodies originally, I believe that they have failed to justify their existence, and I am convinced that abolition would be right even though some functions such as transport could not be transferred wholly to the London Boroughs or Metropolitan Districts and would need some wider organisation.

But the other studies affecting local government (paragraph 3 of the report refers) are not yet finished and colleagues will wish to see their conclusions before coming to a decision on abolition. I also accept the analysis in the report that the earliest date for the introduction of legislation on this is autumn 1983; but we could announce a decision later this year, perhaps with a White Paper.

We need to continue the work on the implications of abolition, to give us a sound basis for decisions in the summer when we review all these studies. Two things are needed: firm conclusions on the treatment of individual functions now discharged by the GLC and MCCs in the event of abolition so that we can better assess the overall form of future arrangements; and more detailed work on the practical steps needed for implementing abolition.

I therefore propose that to follow up this preliminary study:

i. colleagues responsible for other relevant studies should be invited to arrange for their reports to Cabinet to include full consideration of the consequences of the abolition of the GLC and MCCs;

ii. colleagues with responsibility for the other functions currently carried out by the GLC and MCCs should be invited to reach firm conclusions on the alternative arrangements for those functions in the event of abolition, avoiding so far as possible the need to create new joint bodies;

iii. my officials should continue to co-ordinate the work relevant to abolition and should report further in the summer on (i) and (ii) above; on further quantification, so far as possible, of the costs and benefits of the change; and on the detailed steps necessary to implement abolition;

overleaf.

iv. we should review the question of abolition in the summer when all these reports are available, and consider the timing of an announcement and the preparation and issue of a White Paper.

I am sending copies of this minute and the report to the Home Secretary and to the Secretaries of State for Education and Science, Transport, Social Services, Scotland, Wales; the Chief Secretary, Treasury; and to Sir Robert Armstrong (who received copies of the earlier minutes).

MH

COPY NO 01

THE GREATER LONDON COUNCIL AND THE METROPOLITAN COUNTY COUNCILS

Conclusions of a Report by an Interdepartmental Group of Officials

1. The report attached fulfils the undertaking by the Secretary of State for the Environment in his minute to the Prime Minister of 10 February 1982 to arrange for his officials, in consultation with Departments concerned, to report urgently on the implications of reorganising local government in the metropolitan areas. This has been interpreted as requiring consideration of the effects of abolishing the Greater London Council (GLC) and the Metropolitan County Councils (MCCs). This note summarises the conclusions reached.

2. The conclusions are necessarily provisional primarily because a number of other studies and consultations, whose results are not yet available, bear upon the subject. In particular the conclusions of MISC 70 on transport and the DES on the financial responsibility for education will be important in assessing the possible future organisation of metropolitan local government. The provisional conclusions may also need to be modified in the light of discussions on the alternatives to domestic rates (Paragraph 3 of the report).

CONCLUSIONS

3. The report's conclusions may be summarised as follows.

Revised Arrangements

4. It was assumed that Ministers would wish functions to be transferred directly to the London boroughs or metropolitan districts wherever possible. Departments concerned consider that the following major functions require, for reasons of planning, management or coordination, units larger than the present boroughs or districts:

Education in Inner London (paragraphs 15-17)
Transport (paragraphs 18-21)
Strategic Land Use Planning (paragraphs 22-25)
Police in the MCCs (paragraph 26)
Fire (paragraph 27)

5. Most other functions could be made the responsibility of the boroughs or districts, in some cases with collaborative arrangements. A few functions (such as the South Bank arts complex) might require special arrangements (tables 1 and 2 and paragraph 28).

6. Services could be organised over wider areas in five main ways:

(a) voluntary joint committees
(b) mandatory joint committees
(c) joint boards
(d) special purpose directly elected bodies
(e) central government, possibly acting through special purpose appointed bodies

In (a) and (b) the local authorities would retain their individual responsibilities and financial powers but exercise them in concert. In (c) and (d) the responsibility and the financial powers ie to precept or levy contributions would lie with the board or body, which would have a distinct legal identity and be connected to the local authorities only to the extent that its membership was drawn from them (paragraphs 10 and 11).

Accountability

7. Accountability for local government services is exercised primarily through the electoral system. Local electoral accountability for a function is greatest when responsibility for it lies wholly with the individual borough or district. Joint boards would have a degree of accountability where their members were drawn mainly from the elected members of constituent authorities. With appointed special-purpose bodies local accountability would be replaced by accountability through Ministers to Parliament (paragraphs 29-35).

Effectiveness and Efficiency

8. A balance must be struck between the requirements for accountability and effectiveness: a joint board for a particular service, for example, would be less directly accountable than a single-tier authority but might be more effective. Single-purpose directly elected authorities although accountable and possibly effective may not be efficient (paragraphs 36-38).

Manpower

9. Savings in manpower are not quantifiable; they would probably be small initially but might increase in the longer term (paragraph 39).

Consequential Issues

10. Among the alternatives to domestic rates being considered, (local sales tax, local income tax, poll tax) local sales tax could not be operated at borough/district level (paragraph 41).

11. The necessary revisions of the block grant arrangements would present no insuperable difficulty but there would be some special difficulties for Westminster and the City of London (paragraphs 42-45).

12. Boundaries of the present boroughs and districts were defined as part of a two-tier system. They would need to be reviewed and the Local Government Boundary Commission could do this after 1984 (paragraph 46).

13. Abolition of the GLC and MCCs could lead to pressure for further change elsewhere in England (paragraph 47).

General Assessment

14. No firm judgement can yet be made because the other interdepartmental studies are not completed. But our preliminary view is that standards which might prove acceptable as regards accountability, effectiveness and efficiency taken together could be secured by an organisation based on the maximum transfer of functions to single-tier multi-purpose authorities and the use of joint boards or other arrangements only where operational needs could not otherwise be met (paragraph 48).

Consultation

15. In preparing legislation and carrying out transfers of functions there would be a need for extensive information from the authorities threatened with abolition. Consultation and negotiation would be needed with the boroughs and districts (paragraph 53).

Obstruction

16. There would be a risk of irresponsible or obstructive behaviour by the authorities threatened with abolition. Some pre-emptive action might need to be considered (eg by taking powers to rescind contracts). (Paragraph 54).

Legislative Timetable

17. On the assumption that Ministers would expect Parliament to require legislation to specify the reallocation of functions and the constitution of any new bodies it is estimated that a bill of 60-70 clauses with several schedules would be needed for the GLC and another of comparable length for the MCCs. A combined bill would be only slightly shorter than the two parts separately. Such bills would take between 6 and 9 months to prepare. (Paragraph 55).

18. If all Ministerial decisions were taken by July 1982 the legislation could not therefore be introduced in sufficient time for it to be enacted in the 1982/83 session and it would be preferable to introduce it in Autumn 1983. The earliest date for abolition would thus be 1 April 1985. (Paragraph 56).

Local Government Directorate
Department of the Environment
March 1982

CONFIDENTIAL

THE GREATER LONDON COUNCIL AND THE METROPOLITAN COUNTY COUNCILS
Report by an Interdepartmental Group of Officials

INTRODUCTION

1. Following discussions on 3 February 1982 between the Home Secretary, the Secretary of State for the Environment and other Ministers concerned, the Secretary of State for the Environment undertook in his minute of 10 February 1982 to the Prime Minister that his officials, in consultation with other departments concerned, would prepare a paper on the implications of reorganising local government in the metropolitan areas. This report fulfils that remit, which has been interpreted as requiring the consideration of the legal, administrative, practical and financial effects of, and timetable for, transferring to the existing lower tier authorities the functions of the Greater London Council (GLC) and the metropolitan county councils (MCCs) with only the minimum essential transfer of functions to other bodies. The report does not consider any reorganisation of the lower tier authorities that might be needed in the light of such transfers.

2. The report was prepared by an interdepartmental group of officials chaired by the Department of the Environment with representatives from that Department, the Departments of: Health and Social Security; Education and Science; Transport; Trade; Industry; Employment; the Ministry of Agriculture Fisheries and Food, the Home Office, the Central Policy Review Staff (CPRS) and Treasury. The views on the implications for each function are those of the department responsible.

3. Separate studies and consultations are concurrently in progress on subjects that interact with the question of metropolitan structure:

(i) The study of Central/Local government arrangements by CPRS at the request of the Prime Minister.

(ii) A report by DoE on the public consultation on the Green Paper on the Alternatives to Domestic Rates.

(iii) An examination by DoE of the fiscal and distributional effects of the proposed alternatives to domestic rates and on possible early changes to remove anomalies and make improvements in the domestic rating system;

(iv) A study led by DES on the case for changes in local government's present financial responsibilities for education services (with (ii) and (iii) deriving from CC(82)4th conclusions item 5).

(v) The Official Group (MISC 70) considering the longer term arrangements for London Transport and the Passenger Transport Executives, and for the management, coordination and control of transport in London and the metropolitan areas (E (82) 1st meeting).

Reports to Cabinet on (i) to (iv) are due in May, and on (v) MISC 70 aims to report by mid-June at the latest. We have taken note of the main connections with these studies but they are not sufficiently far advanced for final views to be taken on the linkages.

PRESENT ARRANGEMENTS

Greater London

4. London government was comprehensively reorganised in 1965 following a review by the Herbert Commission. Apart from substantial revision of boundaries the change embodied two tiers: the GLC for those functions which it was argued could only be performed or be better performed over the wider area and the boroughs for the main operational services. The division of functions is not uniform; in particular education is dealt with in the outer area by the boroughs but by a special committee of the GLC, the Inner London Education Authority (ILEA), in the inner area which it inherited from the London County Council. The main GLC functions other than education are fire, transport including highways, planning and housing; the GLC has no responsibility for police services.

5. The key statistics for London are (1980/81):

	Population[1]	Manpower[2]	Expenditure[3]
GLC	6.6m	108,000	£1080m
of which ILEA	-	83,000	£615m
London Boroughs (32) + City	-	282,000	£2132m
Largest	316,000 (Croydon)	13,000 (Ealing)	£ 111m (Brent)
Smallest	126,000 (Kensington & Chelsea)	3,000 (Kensington & Chelsea)	£ 31m (Kensington & Chelsea)

1 Census 1981

2 All full time and part time staff at 31.3.81

3 Current expenditure outturn (including contributions to housing revenue account) 1980/81

Metropolitan Counties

6. The six metropolitan counties (Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire) came into being in 1974 as part of the overall reorganisation of local government outside London, which established a two tier system generally. In the conurbations the main function of the upper tier was seen as being the strategic integration of land use planning including transport and major development. The county area was also, for operational reasons, made the main unit for police services (although Tyne and Wear is part of the combined Northumbria Police Authority) and fire services.

7. The key statistics for the MCCs are (1980/81)

	Population[1]	Manpower[2]	Expenditure[3]
Metropolitan County Councils(6)	11.1m	34,000 + 39,000 (police)	£1050m
Metropolitan Districts(36)	-	583,000	£3193m
Largest	996,000 (Birmingham)	53,000 (Birmingham)	£ 298m (Birmingham)
Smallest	160,000 (South Tyneside)	7,000 (Bury)	£ 45m (Bury)

1 Census 1981

2 All full time and part time staff at 31.3.81

3 Current expenditure outturn (including contributions to housing revenue account) 1980/81

General context

8. The GLC and the MCCs accounted for 12% of total local authority current expenditure in 1980/81. Over that period they accounted for 15% of the total of capital expenditure by local authorities. In London 40% of the budget (apart from ILEA) was spent on transport; and 16% on fire services. In the metropolitan counties 40% again was spent on transport, 30% on the police and 10% on fire services. Transport accounted for over 60% of capital expenditure by the metropolitan counties and over 40% of that by the GLC.

REVISED ORGANISATION

9. To assess the consequences of abolition Departments were asked to assume that functions would be transferred directly to constituent boroughs or districts. In some cases Departments considered that there would be difficulties in doing so in terms of the operational management of the service or the need for planning or co-ordination over wider areas than boroughs or districts. In these cases Departments were asked to assess what inter authority or other arrangements might meet the needs of the service while detracting as little as possible from the responsibility of the single remaining tier.

Forms of Wider Organisations

10. Many models are available for inter authority organisations; they are appropriate for different uses and have varying consequences. Annex A briefly describes the experience with some past and current arrangements. The following five main types and the terminology shown below have been adopted for the purposes of this report:

(a) Local authorities could establish voluntary joint committees to discharge functions for which each authority remains ultimately responsible. General powers already exist to do this in S101 of the Local Government Act 1972. These committees have been most appropriate where coordination is the main need or where physical projects span boundaries. Financial powers would remain with the constituent authorities. The membership of committees would be drawn from the elected members of individual authorities, but other members could be co-opted, normally without voting rights.

(b) Mandatory joint committees could be needed where cooperation is regarded as essential by central government although the form of such cooperation is not critical. Their structure would be similar to (a). These would generally have to be provided for by new legislation although there are already some specific powers of this kind (eg under Schedule 1 to the Education Act 1944 the Secretary of State is empowered to establish Joint Education Committees, following consultation with the local education authorities concerned, for the exercise of some but not all of the LEA's education functions). Central government might need means to resolve disputes or enforce action.

(c) Joint boards could be set up by or under statute if the whole of the operation of a service were to be handled over a wide area. The board itself would be given responsibility for the discharge of the function. Such a body would normally have to raise finance by precepting on the constituent authorities or by a scheme of contributions or by direct taxation. Membership would be drawn from the elected members of constituent authorities, but might also include others as full voting members.

(d) Special purpose authorities with direct election of membership could be set up. They would have to have finance powers eg to precept. If any such arrangement dealt with a number of services it would be indistinguishable from the existing structure.

(e) Central government, possibly acting through Special purpose appointed authorities, could also take responsibility for a function.

11. Two main features distinguish the joint committees ((a) and (b) above) from the other possibilities. These are:

(i) the location of the primary responsibility for the carrying out the function; with joint committees this is clearly the separate constituent districts or boroughs; with others the responsibility rests with the board or special purpose body;

(ii) the extent of financial powers: joint committees have only such funds as their constituent authorities agree to provide; the others usually have a right to demand money whether through precepting on a rating authority (as counties do now), having formal schemes requiring contributions (as combined police authorities do) or having taxing or charging powers.

Detailed alternative arrangements

12. The provisional conclusions of Departments are summarised in the two tables below on the main features of necessary alternative arrangements if the GLC and MCCs were abolished. The implications of those changes are discussed service by service in Annex B(GLC) and Annex C(MCCs). The major services on which issues arise are education in inner London, transport and land use planning in both Greater London and the metropolitan counties, the organisation of the fire service in Greater London and the police and fire services in the metropolitan counties. In most cases there are major current policy issues that will bear closely on any decision taken.

13. **TABLE 1: REALLOCATION OF GLC FUNCTIONS**

A. Functions not suitable for transfer to the boroughs

Function	Alternative Arrangement	Finance
Education (Inner)	(i) joint board; or (ii) directly elected special authority	(i) precept (ii) precept or rate
Transport	(i) appointed board responsible to central government; or (ii) joint board	(i) Exchequer (ii) precept
Fire[1]	one (or more) joint boards (ie combined fire authorities composed of borough representatives)	Scheme of mandatory contributions
Flood Protection	Thames Water Authority once Barrier completed	Precept
Coroners' Courts	central government	Exchequer

B. Functions suitable for transfer to boroughs with some joint arrangements

Function	Form of joint arrangement
Planning	mandatory joint committee: arrangements may need to be comparable with those for transport, especially highways
Waste Disposal	several mandatory joint committees
Civil Defence	several voluntary joint committees
Magistrates' Courts[2] Probation Service[2]	) outer London only, need to transfer the responsibility for providing) local funding from the GLC by making mandatory schemes of contri-) butions for groups of boroughs.

1 The responsible authority has separate statutory existence from the GLC but common members

2 The responsible authorities have separate statutory existence and no membership in common with the GLC

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TABLE 1: REALLOCATION OF GLC FUNCTIONS

C. Functions suitable for transfer to boroughs	
Housing	
Historic buildings	to be subject to same control by central govenment as elsewhere
Tourism[3]	need to ensure financial support for tourist board
Parks Open Space[3]	special financial arrangements on major sites
Arts[3]	appointed boards for South Bank and some other arts functions
Research and Information	
Assistance to industry[3]	existing GLC assets privatised via EIEC
Building Control	inner boroughs to conform to national system
Smallholdings	
Entertainment Licensing	
Safety of Sports Grounds	
Purchasing Schemes	

3. Powers already held concurrently with the boroughs

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14. **TABLE 2 REALLOCATION OF MCCs FUNCTIONS**

A. Functions not suitable for transfer to districts

Function	Alternative Arrangements	Finance
Transport	(i) appointed board responsible to central government; or (ii) joint board	(i) Exchequer (ii) precept
Police[1]	joint board (ie a combined police authority with district and other members)	mandatory scheme of contributions
Fire [1]	joint board (ie a combined fire authority of district members)	mandatory scheme of contributions
Coroners' Court	central government	Exchequer
Airports	independent individual or regional boards or districts	-

B. Functions suitable for transfer to districts with some joint arrangements

Function	Form of joint arrangement
Planning	mandatory joint committee
Waste disposal	voluntary joint committee
Civil Defence	voluntary joint committee
Probation Service[1]	scheme of contributions from districts

1. These authorities have a separate statutory existence though with some common membership with the MCCs proper for fire and police.

TABLE 2 REALLOCATION OF MCCs FUNCTIONS

C. Functions suitable for transfer to districts	
Housing	
Tourism[2]	need to ensure financial support for tourist boards
Parks [2]	
Arts [2]	specific grant needed
Assistance to Industry[2]	Assets privatised via EIEC
Entertainment Licensing	
Safety of Sports Grounds	
Trading Standards	carried out by same staff as animal health and food and drugs
Animal Health	) adjacent counties should be required to act as agents)
Food and drugs	) to avoid loss of effectiveness
Smallholdings	
Footpaths	
Gypsies	

2. Powers already held concurrently with the districts.

ISSUES ARISING ON INDIVIDUAL SERVICES

Education in Inner London

15. The structure, physical and administrative, of education in inner London bears no relationship to the borough boundaries because it has been organised in a unified way for over 100 years. The future of ILEA was reviewed by Ministers in 1980/81 who concluded that ILEA should not be broken up but that "the long term retention of the single education authority for inner London is justified only if the authority shows that it can give the children and students of inner London a good service in all phases of education at an acceptable cost."

16. ILEA is constitutionally a special committee of the GLC and abolition of that authority would at the very least require a new legal structure. The options considered include making boroughs or groups of the boroughs responsible for education. However, at their present size, the boroughs are too small either to plan or to provide an efficient and effective education service. Joint Committees, which in education have invariably been established in order to administer large institutions, would not be suitable as a means of coordinating and delivering a service of the size and complexity of education and past experience of such committees has shown them to be fraught with opportunities for conflict. The alternative of joint boards formed from groups of Boroughs would also raise major issues in relation to the effectiveness of parts of the education service (including the careers service) that need to be planned on a London-wide basis. Overall the educational and practical issues suggest that a single authority should continue to provide a unified education service for inner London. The options are:

(i) to arrange for such an authority to be an <u>independent directly elected body</u> (the "School Board") capable of raising money by precepting on the boroughs; or

(ii) to establish a <u>joint board</u> drawing its members from borough councillors, thus avoiding separate special elections.

There is no reason to suppose that these alternatives would substantially change ILEA's potential educational effectiveness, although either might improve accountability to some extent. The retention of a single authority would greatly simplify the implementation of any change.

17. The separate study of the financing of the education service is not yet so far advanced as to enable us to judge what the detailed implications of any changes in the grant system might be for expenditure on education in inner London.

Transport

18. The GLC and the MCCs are responsible for the coordination, planning and financing of transport (ie public transport, strategic highways development, and traffic management) throughout the conurbation. This reflects the fact that many journeys, and hence major traffic routes and many public transport services, cross borough/district boundaries; there is an advantage in placing financial responsibility on a single authority, to force trade-offs between different forms of transport spending to be considered; and important traffic management measures (eg parking controls, lorry routeing) need to take account of economic and environmental effects on other areas in the conurbation.

19. Decisions about highway responsibilities cannot be taken without knowing how the public transport responsibilities are to be handled. However it is clear even at this stage that if the GLC and the MCCs were to be abolished, their functions could not simply be transferred to the boroughs and districts. In the light of MISC 70's conclusions a variety of possible arrangements will have to be considered:

(i) A substantially greater role for central government particularly in London, with specifically appointed boards for public transport responsible to the Secretary of State for Transport and with the transfer of certain strategic roads to the Secretary of State for Transport.

(ii) A joint board with elected representatives drawn from districts and boroughs in the conurbation and possibly beyond, with responsibility for strategic highways planning and traffic regulation, and for the overall policy direction of public transport services (including in the metropolitan areas contributions to British Rail services). Such a body would almost certainly need powers to precept and receive grant. Some powers of ministerial direction might be needed to resolve disputes between such a body and the boroughs/districts. The Board's role towards the Passenger Transport Executives would be similar to that of the Passenger Transport Authorities before the metropolitan counties were set up in 1974.

20. Any of these options could be associated with a more widespread procurement of public transport services from the private sector.

21. MISC 70 will be considering new arrangements to improve the financial control exercised by the GLC and the MCCs over public transport. Until they have done this it is difficult to decide whether the abolition of the top tier authorities would achieve an overall improvement in effectiveness in the provision of transport services. The GLC and the MCCs are subject to serious weaknesses (notably lack of continuity, and vulnerability to political extremism) but any alternative arrangements involving joint working among the boroughs or districts could be cumbersome and indecisive.

Land Use Planning

22. A statutory feature of the present planning system is the preparation and approval of structure plans, and their alteration. Structure plans are needed for the proper deployment of major public and private sector investment and for relating public utilities, transport facilities and traffic management to the siting of housing, offices, shops and industry within the structure plan area and to other contiguous structure plans and national strategic requirements. The major planning issues in any one district cannot satisfactorily be resolved in isolation and in particular the differing interests of central business, inner-city and outer area need to be reconciled. This is particularly true of London and the metropolitan counties which are characterised by extensive urban development, the interrelated nature of many activities and the scale and severity of urban renewal problems requiring solution. The other planning functions are to deal with the certification of local plans and GLC/County development control responsibilities.

23. The options are:

(i) The transfer of the present functions to the Secretary of State.

(ii) The planning functions could be transferred to the boroughs/districts and then exercised in their name by a voluntary joint committee. Decisions of the joint committee would not be binding on constituent authorities and there would probably be a tendency to duck the major issues. The committee would thus probably be unable to act effectively on those difficult cross boundary issues which would be its main purpose. These disadvantages are such that it would probably be unworkable.

(iii) The functions could be assigned to a mandatory joint committee. Authorities would have a duty to appoint a joint committee to exercise such functions as might be laid down in legislation. However there would be no transfer of statutory functions to the committee, whose members would exercise them on behalf of their constituent bodies as delegates.

(iv) The planning functions could become the statutory responsibility of a permanent joint board. It would work by a majority decision and its decisions would be binding on authorities. This format seems more conducive to efficiency, but there are the disadvantages that there would be a loss of local accountability, and there could be some conflicts between boroughs/districts and the board.

(v) A variation would be an ad hoc joint board to deal solely with structure plan alteration. For this it would be necessary for the statutory functions to be transferred to the Secretary of State and for him to have the power to transfer those functions to a joint board when he judged it necessary. The advantage here is that the joint board could have a clearly limited life. The Secretary of State would be able to exercise the functions in relation to minor matters and to keep the plan under review when a joint board was not in being. This option has some of the disadvantages of option (i) and, by contrast with the permanent joint board, "county" development control powers would have to be exercised either by the boroughs/districts or by the Secretary of State.

24. In terms of accountability, efficiency and effectiveness:

(i) A joint board would be less accountable locally than a joint committee although the financial impact of either should be minimal. Options involving the direct action of the Secretary of State would lead to a further loss of local accountability.

(ii) In terms of general efficiency and effectiveness, although the evidence is not conclusive experience suggests that the advantage as between the local options lies with the joint board followed by the mandatory joint committee. These options are most likely to produce the sort of strategic framework that is considered necessary, to be able to monitor, and to deal with the necessary development control. Option (i) would probably be most efficient in terms of overall manpower.

25. On balance it is considered that it might be possible for a mandatory joint committee to exercise the planning functions, but as land use planning and transport are inter-dependent it is highly desirable that the geographical scale of and the institutional arrangements for these functions should be similar.

Police in metropolitan counties

26. Districts are too small either for planning or for providing effective police services, particularly in relation to the efficiency both of operations and of support. If, therefore, MCCs were abolished, least disturbance would be caused by leaving police areas untouched and creating new combined authorities, joint boards, with elected members drawn appropriately from the constituent districts. There are already a number of combined police authorities, similarly constituted but composed of only two or three authorities, which generally work well. However, the larger the number of constituent districts the greater might be the danger of conflicting interests and, therefore, of a less direct structure of accountability. The current creation of a wider range of police community liaison committees below county level need not conflict with any change that is made, because they are to be consultative bodies and not ones to which the police will be formally accountable.

Fire Services

27. Similar operational requirements and the need to retain the more economic and efficient fire brigades created by the 1974 reorganisation would merit the creation of a combined fire authority, a joint board, for each metropolitan county. London is different and two or more joint boards might replace the single authority, which is presently staffed by about three times the number of whole-time firemen employed in the larger metropolitan county brigades. It would also be necessary to consider transferring to the combined authorities certain allied licensing powers (eg petroleum) which are unsuited to devolution to the boroughs/districts.

Other Services

28. No major issues of principle arise on other functions but some would need arrangements other than transfer to the individual borough or district. The main ones are:

(a) For waste disposal in London, Boroughs would need to be allocated statutorily to several mandatory joint committees. Arrangements would also be needed for overall planning in both London and Metropolitan counties, probably through voluntary joint committees. This would not inhibit private contracting for the operation itself.

(b) There are a number of solutions for airports, ranging from transfer to the districts to joint boards perhaps including private sector involvement, but all would need to be considered in relation to policy on municipal airports generally.

(c) For the magistrates courts' and probation and after-care services the county authorities (districts for magistrates' courts in metropolitan counties) provide support and finance (subject to 80% specific grant and a precept on the lower tier). Greater involvement in financing these services by the districts and boroughs would increase pressure for local authority representation in their management.

(d) The coroners' service could not easily be provided and organised at district or borough level, and might, therefore, need to be provided on a national basis, with resource implications for central government.

(e) The principal planning function for civil defence lies at the county and GLC level. Transfer of this function to the lower tier would increase expenditure and the need for cooperation and consultation and is likely to be less effective.

(f) The operation of the South Bank would not be suitable for the boroughs even in combination, and would need a special board, which would also be the most appropriate vehicle for some other arts functions.

(g) Large "regional" parks such as Hampstead Heath and national sports facilities such as Crystal Palace would need special financial arrangements, eg a specific grant.

(i) It would be wholly impracticable to transfer responsibility for land drainage including the Thames Barrier from the GLC to TWA until the existing engineering contracts aresubstantially complete in early 1983.

(j) In the MCCs the transfer of animal health and food and drugs responsibilities to Districts would lead to a degree of fragmented effort which would seriously impair effectiveness unless the operations were carried out by the adjoining county authorities on an agency basis. Trading Standards responsibilities are carried out by the same staff as are responsible for food and drugs and this would influence the solution adopted.

(k) On assistance to industry it would be desirable to dispose of the county holdings of land and buildings; this would be best done through the English Industrial Estates Corporation acquiring the property temporarily, and in some cases in the assisted areas retaining it permanently.

MAJOR GENERAL ISSUES

Accountability

29. Government, whether local or central, must be accountable for the decisions it takes. This accountability has traditionally been provided primarily through the electoral system but there are other external checks on the operation of government such as the Ombudsmen and the courts. The main factors determining electoral accountability in local government are the public perception of the responsibility for the effectiveness of the local delivery of services, for resultant expenditure decisions and for the consequences for raising finance, and the ability of the public's view to be reflected in the composition of the elected bodies.

30. There is a prima facie argument that in a system of local government with one local tax base single tier multi-purpose authorities are more accountable than two tiers because both the local electorate and the elected representatives will have a clearer perception of the responsibility for the delivery of services and for the financial consequences.

31. Such enhanced accountability is not diminished by inter-authority arrangements provided that:

(a) the ultimate responsibility for the service remains with the single tier authority ie the body is only a voluntary or mandatory joint committee composed of elected members from the constituent authorities;

(b) the body has no powers to raise revenue;

(c) the body is an appropriate and effective instrument for managing the service.

This is what is meant in the report by the joint committee solution. (See paragraph 11).

32. But as indicated earlier in this report the Departments concerned with certain services do not consider that such arrangements would necessarily be effective and an alternative considered for several services (such as education in inner London, transport, fire and police) involves the creation of joint boards each charged with the duty of providing the particular service and having powers to raise finance through precepts on, or financial contributions from, the constituent authorities. Such bodies retain some accountability provided that their members are drawn mainly from the elected members of the constituent authorities; but where the board's finance derives from taxation by the single tier authority the accountability of both is thereby obscured.

33. It is important to remember that for some services, accountability is not only achieved in relationship to a local authority and the electorate. For example, the police are additionally, in some aspects of their work principally, accountable for their actions to the law and the courts. They also have an accountable relationship to the Home Secretary, particularly in respect of efficiency, as does the fire service.

34. Another possibility considered here only for education in inner London involves the creation of a directly elected authority with revenue raising powers but responsible for a single service only. Such an authority would clearly be fully accountable to its electorate but the desire to improve the range and quality of its services could make for a lack of financial discipline.

35. A final option, considered for transport and land use planning, involves the transfer of the responsibility for some or all of the service to central government possibly acting through a special purpose appointed body. There is then no local electoral accountability but a different form of accountability is secured through Parliament. The merits of such changes can only be considered in relation to individual services.

Effectiveness and Efficiency

36. In considering the merits of the alternative arrangements overall the benefits of the increased accountability of a single tier with few other bodies of significance need to be set against the arguments on grounds of operational effectiveness for the various joint bodies that are admittedly less electorally accountable.

37. Joint committees make little change to accountability and where appropriate can be effective; joint boards may, depending on the nature and constitutional structure of the service in question, diminish local accountability, but can be highly efficient and effective. Single purpose directly elected authorities or multi-purpose authorities such as the GLC and MCCs with few functions dominated by one or two services although possibly effective may not be efficient. Experience suggests that any organisation devoted to a single purpose despite clear accountability to its electorate will tend to pursue the development and extension of that purpose with little regard to the needs of efficiency. It does not follow that such services are then necessarily performed more effectively. This tendency would be exacerbated by the increased ability of pressure groups to influence such an authority in favour of increased service provision. Competition between the needs of different services in a genuinely multi-functional authority can be a useful discipline.

38. Departments have indicated above their views on the effectiveness compared with the existing system of possible alternative arrangements for the operation of individual services. It would be premature to attempt a final overall view because of the other interdepartmental studies that have yet to come to a final decision on preferred solutions for certain services. However provided that the eventual solutions were drawn from the options considered here the overall provision of services would be likely to be satisfactory.

Manpower Savings

39. If functions were transferred to the boroughs and districts there would be the opportunity for savings in the longer term through the elimination of duplicated functions and reduction in central administration. These cannot yet be quantified. It is known from the Joint Manpower Watch that in the GLC 8,500 of the 30,000 employees not accounted for by ILEA and in the MCCs 10,000 of the 34,000 are classed as 'central administration'. But this cannot be an accurate measure of the likely saving: it would be reduced to the extent that:

(i) parts of these numbers are attributable to individual services eg architects dealing with buildings for particular services;

(ii) dispersing small county organisations to many constituent lower tier authorities would lead to more posts, possibly with upward grade drift;

(iii) joint boards and other inter authority arrangements would need staffing;

(iv) the central capability of districts and boroughs would need some enlargement.

The potential for saving would be increased to the extent that:

(a) within individual services there is real duplication of activity between the two tiers;

(b) the new single tier authorities with any necessary inter authority arrangements become more efficient overall in the longer term.

Transitional costs and effects

40. There will be transitional costs for redundancy payments and for reorganisation of property assets. There may also be a temporary loss in the effectiveness and efficiency of particular services subject to major changes in structure.

OTHER CONSEQUENTIAL ISSUES

The Rating System

41. The Green Paper on "Alternatives to Domestic Rates" (Cmmd 8449) identified three main alternatives to domestic rates: Sales Tax, Local Income Tax (LIT) and Poll Tax. It was concluded in the Green Paper that Sales Tax could not reasonably be operated at any level below the present upper tier of local government, because to vary rates at the level of the large numbers of local authorities in the lower tier in Great Britain would be disproportionately costly both for the tax collecting agency and for traders. It would therefore appear that Sales Tax would be removed from the list of alternative taxes to domestic rates if the GLC and MCCs were abolished (there are 68

lower tier authorities in the area of Greater London and the metropolitan counties). There would be no special problem however about operating the other main alternative taxes at the level of the London Boroughs or Metropolitan Districts - Poll Tax, or one of the variants of LIT - ie a LIT administered through the PAYE system; a LIT operating on the basis of year-end assessment; or a LIT operated directly through local authorities.

The Grant System

42. It would be necessary to revise the arrangements for the distribution of block grant. It is assumed that the general objectives would be:

(i) the effects of any expenditure savings or costs resulting from the reorganisation of a particular area should so far as possible be contained within that area,

(ii) apart from the effects of the expenditure changes at (i), the distribution of the rate burdens throughout the country should not be altered significantly (or at least any unavoidable change should be minimised).

43. Annex D discusses the necessary modifications to the block grant system in detail. It concludes that it should in principle be possible broadly to achieve the objectives at (i) and (ii) above, though there is bound to be some disturbance of the present distribution of block grant and of the rate burden. Any such changes could if necessary be smoothed in a transitional phase by safety nets. Any proposals to establish authorities or joint boards for single services would create problems for determining the appropriate grant related expenditure for that body.

44. In the Metropolitan Areas the necessary changes could be made within the existing block grant legislation; though some difficulties could arise if functions were distributed differently in different metropolitan counties or if some matters were transferred to central government.

45. In London abolition of the GLC or ILEA would probably make it necessary to revise the separate statutory arrangements for rate equalisation (at present contained in S.66 of the London Government Act 1963) so as to secure broadly the same level of contributions from the high resource authorities (such as Westminster and the City of London) to other parts of London as are at present indirectly achieved by the GLC and

ILEA precepts (about £490m) together with a small-scale equalisation scheme (a further £63m). The greater prominence given in this way to the high level of contributions from Westminster and the City could however lead to pressure from those authorities for a reduction in their contributions; and if the Government agreed to this there would need to be a re-distribution of the burden on to other authorities either in London or across the country as a whole.

Implications for further reorganisation

46. A substantial change in the responsibilities of the London boroughs and metropolitan districts would require some reconsideration of their numbers and boundaries. The Local Government Boundary Commission set up under the Local Government Act 1972 already has the power to do this and would in any case be carrying out a general review of boundaries after 1984. It might be given a specific timescale for carrying out the review in the affected areas, and the necessary resources to do it quickly.

47. Abolition of the GLC and MCCs would emphasise the fact that many metropolitan districts and London boroughs are smaller than the major non-metropolitan districts (particularly former county boroughs such as Bristol, Derby, Hull, Leicester, Nottingham, Plymouth, Portsmouth, Southampton and Stoke-on-Trent) and pressure for further change could build up.

GENERAL ASSESSMENT

48. There are many criteria against which alternative arrangements might be judged; the principal ones are accountability, effectiveness and efficiency. No one organisational solution achieves the optimum on all criteria. Ministers will be considering separately later this summer, when MISC 70 has reported, the organisation of transport in London and the metropolitan counties, including ways of improving efficiency and containing expenditure. They will also be considering the financing of education, which has implications for organisation in inner London. Since these are the main services that would be affected by abolition, and the relevant studies are not yet complete, it has not been possible to make a firm judgement whether abolition of the GLC and MCCs would produce a net gain over the existing arrangements modified in a less fundamental way. But on the material available it is our preliminary view that standards which might prove acceptable as regards accountability, effectiveness and efficiency taken together could be secured by an organisation based on (i) the maximum transfer of functions to single-tier multi-purpose authorities (the boroughs and districts), and (ii) the use of joint boards or other arrangements where operational requirements could not otherwise be met.

IMPLEMENTATION

49. The conventional legislative approach would be a single comprehensive Bill dealing with duties, powers, constitutions and boundaries of authorities in the new regime; this would also enable the subsequent transfer by order of staff, assets etc. Alternatively, if separate legislation were chosen for a particular function such as transport, a further Bill or Bills would be required (not necessarily simultaneously) to deal with the remainder. The timetable for abolition would be much the same in either case.

50. For comprehensive legislation three main phases of action would be necessary:

(a) Ministerial decisions on the principle of abolition and on the future organisation of individual services (including public consultation);

(b) the preparation and enactment of the primary legislation;

(c) the establishment of any new bodies, the transfer of staff and property (through secondary legislation), and, as a final step, abolition of the upper tier authorities.

51. The GLC and the MCCs could be dealt with quite separately at each stage. Stage (c) would certainly take longer for the GLC.

Setting up of any new bodies and transfer of assets

52. When the primary legislation was enacted the detailed process of creating new organisations and transferring staff and relevant assets and property could begin. There would be few difficulties in principle in this stage; models exist from previous reorganisations. The process would time consuming and demanding of manpower particularly if long standing groups of assets needed to be broken up between lower tier authorities. At this stage action would be impossible without extensive cooperation from the authorities. The process is likely to take between one and two years from the enactment of the primary legislation.

Consultation

53. All stages would be dependent on information that could only be obtained from the authorities concerned. This would be particularly important after the enactment of primary legislation in determining the details of property and staff transfers. On

some services consultation may be needed before detailed decisions in principle on their re-arrangement can be made. There will be extensive consultations, in many cases amounting to negotiations, with the boroughs or districts particularly on financial matters.

Obstruction

54. There might be a serious problem of obstruction by the authorities to be abolished either through a failure to provide necessary information or through authorities taking irresponsible decisions. This might also occur if substantial changes were made to the responsibilities for individual services. It might be necessary to consider the scope for taking special powers in any relevant legislation, possibly with retrospective effect, to counter this as far as possible eg by providing means to rescind contracts.

Legislation

55. It has been assumed that Ministers would take the view that a enabling bill would not be appropriate because Parliament will expect the primary legislation to specify the authority that is to take on each function of the councils to be abolished and to set out the constitution and powers of any major new bodies that are needed. This indicates that a bill to deal with the GLC would be between 60 and 70 clauses with several schedules, a slightly shorter one would deal with the MCCs and little would be saved by combining the two. Such a bill would take between six and nine months to prepare for introduction from the time Ministers reached decisions on the reallocation of functions. Assuming decisions in July 1982 introduction could not be until February or March 1983 ie not early enough for the bill to be assured of completion in that session; introduction would therefore have to be in Autumn 1983. This would have the advantage of allowing the necessary consultation on individual services to precede rather than run in parallel with the preparation of instructions to Counsel.

Overall timetable

56. On this basis comprehensive primary legislation could be introduced in autumn 1983 and the transfer of assets etc could be completed by 1 April 1985, at which points the upper tier councils could be abolished.

Local Government Directorate
Department of the Environment
March 1982

ANNEX A

GREATER LONDON COUNCIL AND METROPOLITAN COUNTY COUNCILS

JOINT BODIES IN LOCAL GOVERNMENT

1. There are various historical precedents for all the forms of joint arrangements listed in paragraph 10. Some are described below, with comments on their performance where possible. In general all the forms of organisation have had very variable records of success. Those that fail often do so because their powers or structure are inappropriate to the task in hand. Those that succeed often do so on matters where there is little political contentiousness. Bodies that might be useful for short periods for specific tasks can remain in existence too long and inhibit rather than promote effective action.

Voluntary Joint Committees

2. These are the least formal arrangements, particularly so since the 1972 Act allowed for various forms of delegation and agency arrangements which are essentially discretionary. They are thus by definition least known in detail centrally. However district committees have been used successfully to run some services such as drainage, cemeteries and cremetoria where a single 'plant' can serve several areas. Similarly some joint purchasing schemes and building systems consortia are based on voluntary joint committees.

Mandatory Joint Committees

3. There were many more of these before the 1974 reorganisation. Major ones since have been the joint education committees and childrens regional planning committees. Neither are thought to have been particularly successful.

4. One major historical example is the London and Home Counties Traffic Advisory Committee. The Herbert Committee considered that this had done a useful job within the inevitable limitations of acting in a purely advisory capacity.

Joint Boards

5. Examples are combined police authorities and the National Parks Joint Planning Boards. The former work well, although it is not possible to predict what would happen if they were composed of representatives from many local authorities. (The maximum number of authorities in a combined police authority is at present three). The latter have worked at least as well as individual authorities.

Special purpose bodies

6. The School Boards are a major historical example of an elected single purpose authority. There are many examples of appointed bodies that have responsibility for delivering services locally, including regional water authorities and health authorities. The problem often experienced here is the difficulty of involving local interests in a way that does not unduly restrict the ability of the body to act in an efficient way. Current proposals for restructuring Water Authorities exemplify the difficulties. It may be necessary to distinguish between the need to have adequate channels for local consumer reaction and the possibility of having local control or influence over policy.

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ANNEX B

NOTES ON INDIVIDUAL FUNCTIONS OF THE GREATER LONDON COUNCIL

Separate notes are included on the following functions:

1. Introduction including note on an enhanced LBA and general statistics
2. Education
3. Transport
4. Planning (including inner cities)
5. Housing
6. Fire
7. Waste Disposal
8. Civil Defence
9. Coroners
10. Magistrates Courts
11. Probation and After Care Service
12. Historic Buildings
13. Tourism
14. Parks, Green Belt
15. Arts
16. Research and Information
17. Assistance to Industry
18. Building control
19. Flood Protection
20. Smallholdings
21. Entertainment Licensing
22. Safety of sports grounds
23. Purchasing schemes, 2p rate

ANNEX B
GLC
ITEM 1
INTRODUCTION

INTRODUCTION

1. London has been regarded as a metropolis requiring special constitutional treatment since the introduction of the Metropolitan Board of Works in 1855. It has been governed by distinctive legislation ever since and the present structure was set up by the London Government Act 1963, following the report ofthe Royal Commision chaired by Sir Edwin Herbert, published in 1960.

2. The Greater London Council covers 1579 sq km (610 sq miles) with a population now of 6.6m of whom some 60% live in outer London. There are 32 boroughs plus the City as lower tier authorities. The division of powers is not uniform between tiers with the inner boroughs (ie those within the old LCC areas) not being education authorities. Table 1 sets out the main functions of each tier.

3. Table 2 shows the population, expenditure and manpower of individual boroughs.

4. Table 3 shows the expenditure and staff for each major function for the GLC and the Boroughs.

5. The GLC has 92 councillors; total membership of borough councils is 1908 with the number of councillors in individual boroughs ranging from 48 to 70.

London Boroughs Association

6. The boroughs all belong to the London Boroughs Association as well as to the AMA, the LBA speaking for them on matters where there is a London dimension. The LBA is a more modest organisation with no separate headquarters or staff. It is purely voluntary but as well as representing the boroughs can negotiate between them - it provides the advice on the division of the "other services" block of capital allocation for London - and can act executively for them - it dispenses grants to voluntary bodies in thefield of social services. If the GLC were abolished the LBA would inevitably be affected and would almost certainly want to take on at least its general promotional role. While

remaining a voluntary body, but becoming freestanding and employing staff (up to perhaps 200), it might also, for example, take on much of the GLC's central statistical/research role. The possibility of reconstituting the LBA as a statutory body or Joint Board also has to be considered as an option for disposing of certain of the GLC's functions.

Summary of functions of the GLC, the ILEA and the London borough councils

Services in which both GLC, ILEA and boroughs have responsibilities

GLC	Boroughs
Planning authority for London as a whole	Planning authority for the borough
Metropolitan roads (about 870 miles)	Local roads (about 6,800 miles)
Traffic management authority	Local traffic and parking schemes
Housing powers for strategic needs	Primary housing authority for the borough
Regional parks and open spaces and country parks	Local parks and open spaces
Main metropolitan watercourses	Local drains and watercourses
Refuse disposal	Refuse collection
Home defence – London-wide emergency planning	Home defence in the borough
Control of building construction (inner London only)	Control of building construction (outer London boroughs only)
Support of the Arts; cultural, recreational and entertainment facilities of regional significance	Support of the Arts; cultural, recreational and entertainment facilities in the borough
Historic buildings, monuments and statues	Historic buildings, monuments and statues (concurrent powers with GLC)
ILEA	
Education and careers service (inner London only)	Education and careers service (outer London boroughs only)

Separate responsibilities of GLC and boroughs

GLC	Boroughs
London Transport (policy and financial control)	Personal social services, such as the care and protection of deprived children and services for elderly, handicapped and mentally disordered people, including residential care, day centres, domestic help, meals at home and laundry facilities
Thames flood prevention	
Land drainage	
Fire authority	
Licensing of petroleum storage	Environmental health services
Licensing of places of entertainment, exhibition halls, and betting tracks	Most licensing functions, eg: of street traders, employment agencies, nursing agencies, etc.
	Libraries and swimming baths
	Borough information services
Judicial services	All other local government services, including control of weights and measures, food and drugs, noise and smoke control, consumer protection, registration of births, deaths and marriages, registration of electors, registration of local land charges, allotments, cemeteries and crematoria, street cleansing, working conditions in shops and offices, and many other services.
Smallholdings	
Information service for Greater London	
Supplies for itself, the ILEA and on request for boroughs	
Research and Intelligence service both for itself and the boroughs	
Scientific services	

TABLE 1

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TABLE 2 - INDIVIDUAL BOROUGHS

Authority	Population '000	Manpower	Expenditure £m
Inner Boroughs			
City	5	2700	25
Camden	161	7800	88
Greenwich	212	6600	43
Hackney	179	6400	63
Hammersmith and Fulham	145	5200	42
Islington	157	5500	58
Kensington and Chelsea	126	3200	31
Lambeth	244	10300	91
Lewisham	230	7600	64
Southwark	210	*	78
Tower Hamlets	140	5200	54
Wandsworth	252	7000	57
Westminster	164	6100	55
Outer Boroughs			
Barking and Dagenham	150	8400	46
Barnet	292	11800	76
Bexley	215	9000	59
Brent	251	12400	111
Bromley	294	11300	75
Croydon	316	12900	86
Ealing	280	13200	91
Enfield	259	10200	74
Haringey	203	12500	95
Harrow	196	8600	57
Havering	240	10300	69
Hillingdon	229	11100	71
Hounslow	200	9800	72
Kingston	132	6800	35
Merton	165	6900	47
Newham	209	12700	95
Redbridge	225	8500	58
Richmond	158	5300	42
Sutton	168	6200	42
Walham Forest	215	11200	80
Metropolitan Police		40,500	459

*Does not produce figures

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TABLE 3: GLC AND BOROUGHS

EXPENDITURE AND MANPOWER BY FUNCTION

Function	GLC		Boroughs	
	Expenditure £m	Manpower	Expenditure £m	Manpower
Education	615[1]	83,000[1]	819[2]	114,900[2]
Transport	170	-	101	-
Planning	16	160	29	2,500
Social Services	-	200	440	55,200
Housing	107	3,000	278	12,900
Fire	83	7,700	-	-
Waste Disposal	34	700	-	-
Refuse Collection	-	-	74	7,200
Arts Parks Recreation	17	1,500	176	20,700
All other services	37	2,800[3]	117	25,500[3]
(central administration)		8,500		43,000
	1,080	107,560	2,108	281,900

Population is census 1981

Expenditure is estimated current outturn £m 1980/81 including contributions to HRA

Manpower is total full-time and part-time for 31.3.81 from joint manpower watch rounded to nearest hundred

[1] ILEA

[2] Outer Boroughs

[3] GLC includes 2,500, Boroughs 19,000 on construction (including highways)

ANNEX B
GLC
ITEM 2
EDUCATION
ILEA

INNER LONDON EDUCATION AUTHORITY

DESCRIPTION

1. Public education in inner London has always been administered by a single body. From 1870 this was the London School Board, succeeded in 1904 by the London County Council. Under the London Government Act 1963 the administration of education in the Greater London area was changed from 1 April 1965. While the outer London Boroughs were given full education responsibility, a single education authority was retained for the inner London area (which is coterminous with the area covered by the former London County Council) in the form of a special committee of the GLC known as the Inner London Education Authority (ILEA).

2. While formally a committee of the GLC, ILEA determines its own budget and fixes its own precept (which the GLC has to levy on its behalf). It is thus the Education Authority for the area covered by the City of London and the 12 inner London Boroughs. Its membership consists of:

i. all of the (35) councillors elected to the GLC from the area covered by the inner London Boroughs and the City;

ii. one member appointed by each of the 12 Boroughs and the city from amongst their own members.

Expenditure and Finance

3. ILEA's net expenditure in 1980/81 (including the cost of the Careers Service - £3.75m) was £682.9m. This was financed as follows:-

Specific grant	£ 39.4m
Rates (precept of 54P)	£594.0m
Balances	£ 49.5m

RSG is not paid direct to ILEA. In 1980/81 the inner London Boroughs received grant in respect of education of approximately £118m (10.7p) leaving a notional precept on the ratepayers of £476m (43.3p).

Services, Manpowers and Assets

4. Details of ILEA provision are set out in the Appendix. The best source of information on overall staffing levels in 1980/81 is ILEA's 1981/82 budget estimates. With various adjustments and including staff in the 5 polytechnics grant-aided by ILEA, the full-time equivalent figures are:-

Teaching staff:	33,500
Others:	32,200

OPTIONS AND IMPLICATIONS

5. Recurrent criticisms of ILEA have been that:

i. it lacks democratic accountability in that it is neither directly elected nor directly responsible to any other body;

ii. it is deficient in financial responsibility: like other precepting authorities it can determine its own expenditure without regard to the level of the general rate but it is unique in combining with this the fact that it does not have to take account of the demands of other services;

iii. two authorities (the City and Westminster) together contribute almost 50% of ILEA's rate borne income but represent under 10% of the population. If ILEA were to spend at GRE in 1982/83, Westminster and the City would contribute £133m and £100m towards the total (net of grant) of £483m; their actual contributions towards a total of £800m are more likely to be £220m and £165m respectively. It is argued that in these circumstances there is little incentive to tight control of the level of expenditure.

iv. the unit costs in relation to schools in ILEA are the highest in England. Its critics claim that ILEA's performance is poor and that results are not commensurate with the cost of provision.

6. Against that background, the future of the ILEA was reviewed by a Ministerial Committee in 1980/81 and the Government's conclusions were announced in Parliament by the Secretary of State for Education and Science on 4 February 1981. They were that the ILEA should not be broken up but that "the long-term retention ofthe single education authority for inner London is justified only if the authority shows that it can give the children and students of inner London a good service in all phases of education at an acceptable cost".

Main Alternatives

7. A decision to abolish the GLC raises again the future of the arrangements for education in inner London. There are 2 basic approaches to the problem:

i. solutions involving the break-up of a single education authority;

ii. solutions retaining a single authority for all inner London's education.

Any solution, however, must ensure that inner London has an education authority or education authorities which would act effectively and responsibly in the discharge of their statutory functions. Any new arrangement should be able to ensure proper responsiveness to electors' wishes; to encourage good educational standards, having regard to the problems of the area; and should seek to improve financial responsibility and unite it with managerial control.

Break up of Single Authority: Transfer to Boroughs

8. Even among ILEA's critics at the time of the Ministerial review there were few who believed that the Boroughs would be capable of taking over all ILEA's responsibilities. The overwhelming weight of educational opinion accepted by the Government last year was that a single authority is needed in London:

i. For further and higher education, where much of ILEA's provision is a national resource and all of it is planned integrally and without regard to Borough boundaries. Taking account of the range of provision for specialist (and therefore expensive) courses on a scale not often found elsewhere, unit costs are broadly in line with national averages. Moreover, the assessment of HM Inspectorate is that ILEA's performance in this sector is sound and at times very good indeed.

ii. For the Careers Service, which currently provides an essential service to employers in central London by circulating vacancies throughout the London commuting area. Employment in inner London takes no account of Borough boundaries and school leavers need to be able to look to a London-wide service for assistance.

iii. For special education, where the range of expertise and special services now available in London and authorities over a wider area is unlikely to be sustained if the current unified arrangements are broken up.

9. Against that background, solutions which involve the break-up of a single education authority resolve themselves into a choice about the means of devolving responsibility for primary and secondary education to the inner London Boroughs while retaining a unified body for further and higher education, special education and the Careers Service. The merit of such options is that they improve democratic accountability and create the condition for improved financial responsibility by placing school education alongside other borough services. But they also pose significant problems:

i. separating schools from the rest of education could have damaging consequences in relation to the education ofthe 14-19 age group where it is Government policy to promote better co-ordination between schools and further education;

ii. the very small size of some inner London Boroughs would exacerbate the problems posed by falling school rolls. By 1986, inner London Borough pupil numbers will range from 9,000 to 33,000 with the majority below 20,000. A few other LEAs outside London will be in a similar position. They will find it hard to overcome the problems of small scale and maintain standards. We should not deliberately add to their number;

iii. it would be undesirable to separate responsibility for ordinary schools and for special schools where Government policy is to bring the 2 categories closer together;

iv. the resulting education authorities might not necessarily always act responsibly; ILEA has a certain amount of protection in the form of strong officers and Head teachers who are attracted to a major authority: their calibre would be unlikely to be matched in the individual Boroughs;

v. schools have been planned on the basis of a single authority: to divide responsibility for them between the Boroughs would result in many children having to receive at least secondary education in a Borough other than their own: this could apply to as many as 60% of the children in Lambeth, and would effectively disenfranchise their parents so far as secondary education was concerned.

Break up of Single Authority: Transfer to Joint Groups of Boroughs

10. A variant of this approach would be to replace ILEA with say 4 new local education authorities which might be constituted either on the basis of the alternative arrangements for ILEA discussed below, or as a joint committee of groups of Boroughs. The precedents for joint education committees under the Education Act 1944 are not encouraging: the few still in existence are established to run single institutions, and even in these cases conflicts (eg over financial priorities) have arisen, particularly where the constituent LEAs are of differing political complextions. In this instance the Boroughs would have to work together in a very much larger area and moreover one in which none of them had any previous experience. It seems likely at any rate that replacing one set of committee structures with 4 would increase administrative costs. But the fundamental problems with such a scheme are that:

i. the arguments about the need for some centrally-planned services, the uneven distribution of physical provision and the undesirability of splitting responsibility for various sectors of education still apply and are not significantly reduced;

ii. it would be impossible, given the location of the 2 major financial contributors to ILEA, to draw LEA boundaries which represented anything like a fair share of needs and resources.

Single Authority with Revised Constitution

11. Taken together, these arguments make a compelling case for retaining a single authority for education in London. This has the advantage of preserving, without the disruption of transition, the unified management of schools and the rest of education and of retaining an authority large enough to achieve an acceptable education performance in the face of demographic trends. There are 2 main choices, both of which involve new arrangements for the constitution of the ILEA:

i. the School Board option - members of the authority would be specifically and separately elected as happened with the former London School Board;

ii. the Marshall option - the authority would be a joint board consisting solely of persons nominated by the inner London Boroughs and the City who would themselves be councillors of those authorities, as recommended by the Marshall Report.

12. The merit of the School Board option is that its members would be directly accountable to their electorate for education policy and expenditure. Education would become once more a major issue in inner London elections. There are however drawbacks. First, the Board's members, not having to weigh up the claims of different services on resources, might be more concerned to improve the standard of provision than to improve cost-effectiveness. Second, the introduction of elections for a single-service authority might weaken the basis of the present system of local elections and set a precedent. Third, to be most effective, Board elections might best be held in years when there were no other local elections; but this would involve additional costs and might result in unpredictable voting patterns.

13. On the other hand, the Marshall option would produce a less directly accountable authority. It would establish in place of the ILEA a single-purpose authority with power to finance its expenditure by precepting on the inner London Boroughs, from whose elected membership its own members would be completely drawn. Its members could therefore find themselves subject to recall by those nominating them. Unless the precepting arrangements were altered, the imbalance between Boroughs' contributions and the services they received would remain. Such an arrangement would nevertheless go

some way towards bringing together financial and managerial responsibility. It is worth noting that at a meeting between ILEA and the inner London Boroughs on 6 January 1982, the latter without exception exhorted ILEA to reduce its expenditure. If this option were adopted, it would be possible to consider whether there were ways of building upon it to improve financial and electoral accountability (although the 1980 Ministerial review did not find it easy to identify suitable refinements for this purpose).

IMPLEMENTATION

14. All options would require legislation. The main decisions for Minister would be whether to retain a single authority for London education; if so, whether to adopt the School Board or the Marshall option; and whether to try and build on further financial and electoral refinements. The replacement of the ILEA with a single authority would minimise the administrative and procedural work in Departments; greatly simplify the preparation of legislation; and ease problems of transfer. Consultation with the ILEA, the inner London Boroughs and the staff associations of ILEA employees could proceed at the same time as work started on the legislation. It would be possible to introduce the necessary legislation by the Spring of 1983. Any option to split up responsibility for education between the Boroughs and a unified authority for some education functions would inevitably complicate and lengthen the timetable.

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APPENDIX TO
ITEM 2

SERVICES PROVIDED BY ILEA

NURSERY SCHOOLS AND CLASSES

ILEA maintains 45 nursery schools offering full or part-time education to over 3,750 children. In addition about 14,440 children receive full or part-time nursery education in nursery classes in primary schools, and a further 6,600 under 5s are educated in infant classes at primary schools. In January 1981 52% of 3 and 4 year olds in inner London were receiving some form of education compared with an average of 40% for England.

PRIMARY AND SECONDARY SCHOOLS

ILEA maintains 812 primary schools, of which 248 are established by denominational authorities. There are 179 secondary schools, of which 73 are either denominational or established by other bodies. In January 1981 ILEA schools provided for 158,000 full-time primary pupils and 156,000 secondary pupils - a total of 314,000. (The next largest English education authority is Essex, with 257,000 school pupils in 1981). In January 1981 ILEA employed in schools the full-time equivalent of about 9,440 qualified nursery and primary teachers, and 10,900 qualified secondary school teachers. At the same date ILEA's pupil:teacher ratios were 17.5:1 for primary schools and 14.3:1 for secondary schools, compared with average ratios in England of 22.6 and 16.6 respectively.

SPECIAL EDUCATION (FOR THE HANDICAPPED)

In January 1981 ILEA provided for over 6,700 pupils in 76 day special schools (some with hospital accommodation attached) and for over 1,800 pupils in 36 special boarding schools (many of which are outside the ILEA area). These represent 8% of all such schools in England. In addition 19 ordinary schools contain special units for those with less severe handicaps. There are 6 hospital schools and education is provided at 49 other hospitals or similar institutions and at 39 Borough social services department establishments. In January 1981 ILEA employed the full-time equivalent of 1,350 special school teachers.

FURTHER AND HIGHER EDUCATION

ILEA maintains 27 colleges of further and higher education, of which 2 specialise in the training of teachers, 7 are specialist colleges (eg for the Distributive Trades, Printing and the Merchant Navy) and 4 are colleges of Art and Design. In November 1980 these establishments catered for about 103,700 students (full and part-time) and employed the full-time equivalent of about 3,600 teachers. ILEA also grant-aids, 5 polytechnics catering for a further 37,000 students and gives financial assistance to 8 specialist establishments (eg the Central School of Speech and Drama, Morley College).

ADULT EDUCATION

ILEA maintains about 30 adult education institutes, together with the City Literary Institute, which operate adult education classes at a large number of sites, many ofthem in school premises. ILEA also grant-aids voluntary bodies in this field. The total number of students in November 1978 was over 300,000.

YOUTH FACILITIES

ILEA provides 81 youth centres and 35 youth clubs. It also operates play centres and junior clubs for use by pupils after school and in holidays, and grant-aids voluntary organisations providing youth facilities.

OTHER EDUCATIONAL ESTABLISHMENTS

ILEA has 3 rural centres for schools, a mountain centre in North Wales, 12 school residential centres, 3 field study centres, 10 school sports centres, 3 boathouses, 2 art/drama centres and the Geffrye and Horniman Museums.

SPECIAL SUPPORT SERVICES

ILEA maintains 54 teachers' centres for in-service training. It has an Inspectorate of about 120, including 18 specifically assigned to further education. There are also about 130 Advisory Teachers who cover both schools and further education. Diagnostic and treatment facilities are provided at 15 child guidance centres under the control of the Schools Psychological Service. There is an Education Welfare Service employing

about 400 Welfare Officers. To meet the linguistic and educational needs of inner London's diverse ethnic groups and those suffering from educational disadvantages, ILEA operates a wide programme of special measures, including a Unified Language Teaching Service which provides specialist advice and support for schools. ILEA also operates an Educational Television Service preparing programmes for schools and colleges; this is part of its large Learning Materials Service.

CAREERS SERVICE

ILEA, like other LEAs, has a statutory duty to provide a Careers Service. It does this through a central administrative office and 24 careers offices, including the Central London Careers Office (which provides a vacancy circulation system throughout the London commuting area and acts as a central enquiry point).

ANNEX B
GLC
ITEM 3
TRANSPORT

TRANSPORT

DESCRIPTION

1. The GLC is the strategic transport planning authority for Greater London. It is responsible for the policy and financing of London Transport, is the traffic regulation authority for all roads except trunk roads and is the highway authority responsible for maintenance and improvement, for 1432 kilometres of metropolitan roads, while the London Boroughs are the highway authorities for 11008 kilometres of non-metropolitan roads. The boroughs have limited traffic regulation powers mainly over parking.

2. Unlike the metropolitan county councils outside London the GLC has no responsibility for British Rail services in its areas.

Expenditure and Finance

3. The figures for the last two years are:

	GLC				BOROUGHS			
	LONDON TRANSPORT		HIGHWAYS		HIGHWAYS		TOTAL	TSG
	CAPITAL	REVENUE SUPPORT	CAPITAL	ROAD MAINTENANCE	CAPITAL	ROAD MAINTENANCE & SAFETY		
1980/81	94.9	94.0	22.8	23.4	19.1	74.0	328.2	136
1981/82	99.8	188.0	31.8	31.7	35.2	74.9	461.4	173

£m outturn for 1980/81; £m estimated outturn at Nov 1980 prices for 1981/82

4. Transport Supplementary Grant is paid at a rate of 70%, above a per capita threshold, towards the eligible GLC transport expenditure together with that of the London boroughs which is endorsed by the GLC, capital and current, which is accepted by the Secretary of State for Transport. Specifically concessionary fares for the elderly, administration and a few minor items are not eligible for TSG.

Manpower

5. About 1600 full-time staff are employed by the GLC on transport mainly on highways work. The Boroughs employ 9000 on highways work.

Property/Assets/Liabilities

6. In addition to the metropolitan highways themselves the GLC own Thames bridges and tunnels, and labour depots.

Linkages

7. The main linkage is with London Transport. Under the Transport (London) Act 1969 the GLC are required to "develop policies, and to encourage, organise and where appropriate carry out measures which will promote the provision of integrated, efficient and economic transport facilities and services for Greater London". The London Transport Executive is required to implement the policy which it is the duty ofthe Council to develop, and the Act provides that the Executive is to be appointed by the Council and that it must perform its functions in accordance with principles laid down, or approved by the Council.

IMPLICATIONS

8. The DTp are convinced that policy decisions about, and the allocation of resources to, public transport in London must be co-ordinated with the planning control of highways and traffic. Although for convenience of analysis the various functions are considered separately below, all the DTp comments must be read against this policy background. A transfer of responsibilities to DTp (eg for trunking local authority roads, or for the ownership and financing of London Transport) would lead to a substantial transfer of powers, political responsibility, expenditure and staff from local to central government.

Roads

9. The individual boroughs could handle the maintenance of the metropolitan roads and bridges but not strategic highway development. This involves determining priorities for use of limited resources between substantial schemes to bring principal routes to adequate capacity, and to serve new and prospective developments such as docklands. This cannot be done at individual lower level, even if the major arteries were trunked.

Traffic Regulation

10. It would be necessary to co-ordinate such matters as lorry routeing, where long distance flows have to be provided for, and local interests subordinated to a wider strategy. Even local parking policy has important consequences for road congestion over a much wider area, and needs to be co-ordinated with public transport policy.

Public Transport

11. The organisation of public transport, including the future of London Transport is under consideration by MISC 70. If the GLC were abolished adequate arrangements would be necessary to ensure co-ordination between public transport and highways/traffic management policy, and to ensure adequate policy guidance to LT (eg on fares).

Transport Finance

12. Although the TSG legislation could be amended to permit TSG to be paid to the London boroughs the use of a block grant like TSG, which is based upon integrated policies and programmes covering capital and current expenditure (and both public transport and highways) would be much less satisfactory when applied to a large number of small authorities.

OPTIONS

13. For these reasons the Department of Transport are convinced that there will have to be some form of co-ordinating body for transport in London covering public transport, strategic highways and traffic regulation. It is not possible to determine

the form of such a body in advance of MISC 70s work. The main options are

(a) a joint board of representatives from the London Boroughs;

(b) a body appointed by and reporting to central government.

or some combination of the two.

14. In each case precepting powers would be needed if the balance of central and local government financial responsibilities was not to be changed significantly.

15. If a joint board were used some powers of ministerial direction might be needed to resolve disputes between the boroughs and such a body. This would inevitably lead to a shift towards central determination of priorities.

16. In view of the scale of the London problem, and the difficulty of securing collective commitment from 32 boroughs, it might prove necessary to create an appointed body, rather than one drawn from representatives of the boroughs, to be responsible for strategic transport matters.

IMPLEMENTATION

17. The necessary changes in legislation etc and the creation of new bodies could be achieved in three years from ministerial decisions.

18. There may be a need to guard against obstruction and irresponsible decisions by the authorities being abolished on matters affecting the structure and finance of London Transport as well as matters affecting the GLC's own finances.

ANNEX B
GLC
ITEM 4
PLANNING

LAND USE PLANNING AND INNER CITIES

DESCRIPTION

1. The GLC is responsible for structure planning, ie maintenance and implementation of the Greater London Development Plan. The GLDP is less precise than other structure plans because it has earlier origins and local plans are less rigorously related to it than local plans to structure plans elsewhere. The GLC has exceptional ability to intervene in development control: it can direct a borough to refuse permission on many items of strategic importance (stadium, conference centres, large shops, industrial buildings or offices, development near stations or main roads or in the green belt, listed buildings). This gives rise to 6000 cases a year. The GLC and its predecessors will have acquired large land holdings in connection with major redevelopment proposals past and future.

2. The GLC and ILEA are separate members of the inner city partnerships: the powers under the Inner Urban Areas Act can be exercised by both the GLC and the boroughs.

3. The GLC, like the boroughs, can apply for derelict land grant on land they own; the GLC and the LBA are working with the Department on a London-wide plan for derelict land reclamation.

Finance and Manpower

4. The GLC spent £21m revenue, £4m capital on planning in 1980/81, and employs 160. Urban programme allocations totalled some £4m. They received no derelict land grant in 1980/81, but are becoming more active in this field.

Linkages

5. The GLC play a leading role in the Standing Conference on London and South East Regional planning. The Conference's 10 - 20 staff are on the GLC's complement, though the costs are shared with the counties. The LBA and the non-Metropolitan districts are also members of the Conference.

OPTIONS AND IMPLICATIONS

Land Use Planning

6. The scale and intensity of development pressures in London, the complexity of the linkages between the various parts of the conurbation, and the number of boroughs are unique. The structure planning function is therefore particularly vital and a central authority able to intervene in development control on major applications is also needed, at least until the GLDP can be tightened up to give firmer guidance. There would be logical simplicity in making the same body responsible for both these functions, but this is not essential.

7. Both functions could be transferred to the Secretary of State, achieving the prime objective of reducing the number of bodies involved in the planning process, but opening us to charges of dirigism, and requiring up to 60 extra central government staff. When the GLDP needed major overhaul, it would be advisable for the Secretary of State to set up a temporary body to prepare the alterations which he would have to approve. This could be a temporary joint board or committee, or an ad hoc body appointed by the Secretary of State which could include representatives of the boroughs and other interests. On the development control side, the GLC powers of direction would be replaced by arrangements for notification to the Department, to enable call-in to be considered.

8. A permanent joint board could equally take on both functions, but could be seen as hardly different from the GLC. It would certainly be able to reach decisions, but the GLC at present seems a slow and indecisive body, and a joint board might be no better. The Department's role would be little changed by this option.

9. So far as the structure planning function is concerned, the alternative is to give the responsibility to the boroughs, either leaving it to them to exercise through a voluntary joint committee, or requiring them to do so through a mandatory joint committee. It is arguable that a voluntary joint committee could carry out this function, even if it represented 33 boroughs able to obstruct business or withdraw from it, because at the end of the day the Secretary of State could sort out any difficulties and disagreements in deciding which alterations he would approve. However, the tendency would inevitably be to produce an even weaker GLDP, making it harder to reduce central intervention in development control. It is not possible to envisage a voluntary joint committee acting sufficiently decisively to operate the development

control functions efficiently, so these would hve to come to the Secretary of State (requiring up to 40 extra staff). A mandatory joint committee could more realistically be expected to be able to review the GLDP, although it would still tend to be slow in reaching decisions on the controversial issues. It is also just possible to envisage such a committee taking on the development control functions with adequate efficiency.

Other Functions

10. On inner cities the GLC's contribution to the partnerships is necessary while that body exists but need not be replaced by any alternative arrangements, although there would be some loss of ability to implement projects just over borough boundaries. An education input is dessirable and should come from whatever replaces ILEA.

11. No obvious solution is available for land acquired in connection with planning functions. Transfer to the boroughs might give massive windfalls to eg Westminster, City, Camden and Lambeth.

IMPLEMENTATION

12. About one month is needed to detail the policy options for decision by Ministers.

13. Consultatios would then be needed with the GLC and the LBA, and the extent of legal work involved would depend on the option chosen. Creating a statutory joint body would be considerably more complex than taking the work into the Department. Consultation and preparation of firm policy proposals could be completed in 4 months (with extra staff) but detailed and legal work might be a constraining factor.

14. Action after legislation would be straightforward (apart perhaps from land holdings) given an adequate transition period - not less than a year.

ANNEX B
GLC
ITEM 5
HOUSING

HOUSING

DESCRIPTION

1. The GLC has limited permanent powers but it also has temporarily all the powers of a housing authority until such time as the Secretary of State should terminate them by order.

2. In recent years the scale of the GLC's operations has been much reduced. There is very little activity on slum clearance, "overspill" schemes or provision of general needs housing. Most properties are being or have been transferred although liability for improvement, modernising and rehabilitation rests with the GLC for ten years. Home loans and loans to finance housing associations are not now made on a large scale although transactions continue on outstanding loans and supervision continues on some schemes. The Council has recently built in three strategic areas: Thamesmead (half built with 6000 dwellings), Docklands (now LDDC) and Covent Garden. The main strategic functions relate to mobility and the provision of information.

Finance and Manpower

3. HIP allocations	1977/78	£238m
	1980/81	£165m
	1981/82	£100m
	1982/83	£ 70m
Rate fund transfers to HRA	1980/81	£81m
	1981/82	£39.8m
Staff	1980/81	6000
	1981/82	3000

Assets

4. The GLC currently owns about 41,500 dwellings although about 30,000 of these are due for transfer to the boroughs by 1985.

5. The figure above includes 4000 dwellings for non housing purposes (school keepers, road works etc).

6. The GLC has made very substantial (hundreds of £m) loans to individuals for house purchase and to housing associations and has capital and revenue liabilities totalling some £50m and £60m per year respectively for 10 years in respect of transferred dwellings.

OPTIONS

7. The rundown of activity could be continued so that all general provision and management of housing is undertaken by the boroughs. The handling of schemes in progress and the future ownership of Thamesmead would need further consideration.

8. The essential wider function is the GLC mobility scheme, which operates on a much wider scale than the voluntary mobility scheme operated by the LBA, and which has statutory backing through the orders transferring GLC housing to the boroughs. Consistency with the rest of the country would suggest leaving mobility arrangements to be handled voluntarily by the boroughs. While this would be perfectly practicable, it is likely that the current level of mobility could probably be fully safeguarded only by some statutory requirement for mobility quotas to be approved by the Secretary of State, or by continuing the current statutory requirement for a proportion of lettings in transferred GLC stock to be included in the quotas. Neither of these options would be seriously inconsistent with the voluntary approach.

9. The LBA could be encouraged to take on the strategic information role.

IMPLICATIONS

10. The main consequence of any change would be the need to find some other means of financing the GLC's obligations to the boroughs and other recipients of transferred property (nearly 60 local authorities). There could be complex negotiations on this.

IMPLEMENTATION

11. Although a decision in principle could be taken quickly ie within 2 months on the options to pursue, there would need to be wide ranging consultations and in some cases negotiations on the detail of the financial schemes. On recent experience this might take up to a year. General legislation could be introduced at an early stage but it would be desirable to have some consultations completed first.

12. Action following legislation would be lengthy but the major constraint would be the ability of the boroughs to deal with transferred property; handover to Tower Hamlets is already scheduled for as late as 1985, because the boroughs was not considered ready even to manage the stock and would be clearly less able to take over responsibility for its improvement as well.

13. Departmental manpower needed would depend on the timescale to some extent but at least one principal, 2 HEODs plus legal and clerical support for a year would be required.

ANNEX B
GLC
ITEM 6
FIRE

FIRE SERVICES

DESCRIPTION

1. Fire authorities have a separate statutory existance, but the GLC and the metropolitan counties are constituted as fire authorities under section 1 of the Fire Service Act 1947 (as amended by the Local Government Act 1972) and each metropolitan brigade is administered directly as a local authority service subject to the oversight of a committee which may have other responsibilities such as civil defence. The functions of a fire authority are listed in the Appendix. There are provisions for a brigade to be organised on the basis of combined authorities although none currently are.

Expenditure

2. Total net expenditure for the GLC was £83.3m (1980/81) of which nearly 90% went on salaries and staff related costs. Provision is made for the fire services in RSG relevant expenditure.

Manpower

3. At 31.12.80:

	GLC		England and Wales	
Firemen + Officers	6,633		34,246	
Control Staff	174	(2.3%)	1,497	(3.7%)
Other Staff	834	(10.9%)	5,120	(12.5%)
Total Whole Time	7,641		40,863	
Part Time	-		12,785	

Assets

4. Detailed figures are not available for the brigade property and assets; they are vested in the GLC and will include fire stations and other buildings (head-quarters, training school, staff housing), appliances and other vehicles and office, training and other equipment possibly shared with others.

Linkages

5. Brigades undoubtedly make use of the administrative, legal, financial and other central services of the main authority and in fire precaution work need to cooperate closely with both tiers of authority.

6. The areas of metropolitan fire authorities are conterminous with those of police authorities (with a few minor variations) and this is of importance in ensuring an efficient response to incidents where both are required and in achieving good cooperation at major or lengthy incidents.

OPTIONS

7. The optimum size for brigade areas was considered by a Departmental Committee in 1970. It concluded that there was a case for larger and more uniform sized areas than then prevailed (131 authorities) and this was achieved at the time of reorganisation (54 authorities). The main reasons remain valid:

(i) The advantage of rapid and effective mobilisation and operational advantages of being able to concentrate a number of units from the same brigade to deal with major fires.

(ii) The need to avoid the duplication of expensive control rooms with their equipment and skilled staff.

(iii) The ability to place specialist functions such as training and fire prevention under officers of sufficient rank and experience.

(iv) Greater opportunity within the brigade for experience of the full range of fire brigade duties and for promotion.

(v) Greater economy in the provision of training arrangements and a greater ability to release officers and men for attendance at central training courses.

8. The London Brigade is much larger than the optimum but the boroughs are clearly too small and their boundaries not meaningful for fire cover purposes.

9. There is a need to ensure reasonable uniformity in certification and enforcement under the Fire Precautions Act 1971; this would not be achieved by devolution to the lower tier. Also it would be necessary for certain licensing and enforcement functions (eg petroleum) undertaken by different departments of the main authority to be transferred to one successor combined fire authority.

Preferred option

10. In the absence of the GLC the best course would be the devolution of fire authority functions to the boroughs subject to a requirement that a combined authority is created. The opportunity would be taken to consider whether the London Brigade should now be split into two or more brigades each under a separate combined authority of its boroughs.

IMPLICATIONS

11. If the preferred option were adopted there would be virtually no operational implications or loss of effectiveness. Issues of the degee of accountability or control would need to be considered but are not as contentious as those affecting the police service.

IMPLEMENTATION

12. Ministerial decisions in principle could be made quickly. If consideration is to be given to splitting up the London Fire Brigade, up to six months might be required for consultation with the London authorities and for the preparation of detailed proposals.

13. Negotiations would be needed with the authorities concerned at least six months before primary legislation is introduced.

FUNCTIONS OF A FIRE AUTHORITY

Mandatory (Fire Services Act 1947 and Civil Defence Act 1948)

(i) The provision of a fire brigade (including the necessary personnel, equipment, accommodation and appliances) to meet efficiently normal fire fighting and fire prevention requirements. These include efficient arrangements for:-

(A) training members of the fire brigade;
(B) dealing with calls for assistance and the consequent summoning of members of the brigade;
(C) obtaining information required for fire fighting purposes in respect of property, water supplies etc in the area;
(D) ensuring arrangements are made in respect with fires;
(E) giving advice as to fire prevention, restricting the spread of fires and means of escape in case of fire.

(ii) Ensure the supply of adequate water supplies for fire fighting purposes.

(iii) To join in the making of schemes for securing the rendering of mutual assistance in dealing with fires occurring in neighbouring authority areas.

(iv) To organise the fire brigade for civil defence purposes.

Discretionary

(i) Employment of the brigade for purposes other than fire fighting eg humanitarian rescue work and pre-arranged special services.

(ii) Provision and maintenance of fire alarms in public places.

(iii) Payment of persons, not members of the fire brigade, for fire fighting work eg members of factory fire brigades.

ANNEX B
GLC
ITEM 7
WASTE DISPOSAL

WASTE DISPOSAL

DESCRIPTION

1. The GLC and metropolitan counties are waste disposal authorities. They have three main functions:

(a) For controlled waste (domestic, industrial and commercial) to plan for disposal by preparing and revising statutory plans;

(b) to licence disposal facilities for controlled waste;

(c) to dispose of the general urban waste collected by the districts and boroughs.

2. The first two are administrative and inspection taks; the third is executive task for which they maintain a system of transport routes by road, rail or water, and disposal sites (landfill or incinerators, or other treatment plant).

3. The regulatory task requires relatively few resources, mainly professionals. The executive function is a large one. The GLC operates 6 major routes out to Buckinghamshire, Kent, Essex, Oxfordshire and Bedfordshire with 25 transfer stations and one large incinerator.

Finance and Manpower

4. The GLC disposes of 3.2m tonnes of waste with 752 people employed at a cost of £40m revenue (£4m capital expenditure).

OPTIONS

5. In London the disposal system is integrated, the disposal routes relatively few in number for the number of boroughs and the organisation and investment required to operate a disposal route considerable. If the disposal function were to be given to the boroughs to be operated individually, there would need to be substantial investment and recruitment, and a need to obtain participation in established disposal routes. There is no practical prospect of a separate disposal route for each borough. If, on the other hand, the boroughs were to be grouped, and forceful, ie mandatory arrangements set up for co-operation between the boroughs in each group, and between the groups of boroughs, it seems likely that a workable system could be maintained, based in the first instance on the present GLC system.

6. There would be a case for overall planning, on the scale of the present GLC area, to ensure the optimum utilisation of capacity, avoid wasteful expenditure, and maintain the negotiating position of the LA's vis-a-vis the private owners of the disposal space. This might be discharged by the LBA. There would also be a case for planning on a regional scale, to maintain a reasonable balance between the (large) county councils around London and the (smaller) London boroughs or groupings of boroughs. This function might be appropriate for the Standing Conference. Further consideration would need to be given to the statutory form of provision for co-operation between London boroughs for London-wide co-ordination, and for co-ordination between London andthe home counties. Tensions exist at all these levels, and it cannot be assumed that voluntary co-operation with no sanctions will assure the continued running of a cost-effetive service.

7. Further thought needs to be given to the re-organisation of the licensing function which although not large in London must be maintained.

IMPLICATIONS

8. There would be no inherent implication in the change for the role of private contractors already providing parts of the service.

9. There would be a substantial task in dividing property and staff and allocating routes. Consortia arrangements may be needed for major plant and the disposal routes should "belong" to the wider catchment area it serves. It may not be possible to distribute the few scientific staff efficiently. Primary legislation would provide extensive order making powers to deal with the detailed changes.

IMPLEMENTATION

10. A single major group of Ministerial decisions will be needed. These could be prepared quickly (May). Consultations would then be needed (2 months).

11. Instructions for main legislation could be ready by December (6 months from decisions).

12. Timetable assumes substantial new branch in relevant division for up to two years.

ANNEX B
GLC
ITEM 8
CIVIL DEFENCE

CIVIL DEFENCE

DESCRIPTION

1. County Councils and the GLC have a statutory duty to make plans for the purposes of civil defence; the plans required are detailed in the Civil Defence (Planning) Regulations 1974. District Councils, London Boroughs and the City of London have a statutory duty, for the purposes of civil defence, to furnish at the request of the county council or the GLC such information as is specified in the request and, at the request of the Minister, to assist the county council in the making of plans. The principal planning function lies at county and GLC level.

Finance and Manpower

2. GLC has a team of 39 full time staff costing £500,000 gross of which 75% is reimbursed by specific grant.

Property

3. There are 4 Group Wartime Headquarters that would need to be retained.

OPTIONS

4. The function and teams could be devolved to the boroughs who would be required to consult each other.

5. Services in wartime would need to be provided over a wider area than boroughs. To some extent this would be covered by the existing Home Defence Region. Under present arrangements there are five "Groups" of London boroughs and each "Group" has a wartime headquarters equipped with emergency communications. Four headquarters exist and a

fifth is planned. Each is the responsibility of the GLC. The arrangement is an important feature of wartime goverment and needs to be retained. GLC ownership or lease could presumably be transferred to central government (Home Office) with the boroughs in which they are situated (or the PSA) maintaining them on an agency basis. There may be difficulties where the premises form part of other buildings (eg the basement of a block of council flats) and it might be necessary in some cases to build/purchase alternative premises and to transfer communications.

IMPLICATIONS

6. Devolution subject to the continuation of groups would provide a reasonable alternative although planning and wartime government are best managed at Greater London level.

IMPLEMENTATION

7. Changes can be made under secondary legislation with only small amount of legal and administrative effort.

8. There could be difficult negotiations with the LBA on the new borough planning functions.

ANNEX B
GLC
ITEM 9
CORONERS

CORONERS

DESCRIPTION

1. There are five main administrative functions exercised by county authorities in respect of the coroners service:

(a) appointment of coroners;

(b) allocation of coroners' areas;

(c) payment of coroners' salaries, office expenses (including staff) and pensions;

(d) repayment of coroners' fees and disbursements;

(e) provision of accommodation (where appropriate).

Finance and Manpower

2. Administrative work is a small part of central department's functions. There are 7 full time coroners plus part time secretarial assistance. Estimated expenditure in 1981/82 is £1.7m. There are 77 coroners officers provided by the Metropolitan Police costing £1.2m. They want the GLC to pay this.

Property

3. There are coroners courts.

OPTIONS

4. The options for re-allocation of these responsibilities appear to be as follows:

(i) transfer (in respect of all coroners) to central Government: if all five functions were to be exercised by one Department, the choice would lie between the Home Office and the Lord Chancellor's Department; although the Lord Chancellor is wholly responsible for the coroners service in Northern Ireland, he is known to take the view that the Home Office should be responsible, or at least mainly responsible, for the service in England and Wales, and the Home Office is probably better geared to assume functions (b), (d) and (e); if the five functions were shared between the two Departments, the Lord Chancellor would presumably take (a) and posibly (c), which his Department's present machinery for the payment of judicial salaries should be able to handle.

(ii) transfer (in respect of GLC and metropolitan counties only) as in (i);

(iii) transfer (in respect of GLC and metropolitan counties only) to a committee representing the district or districts comprising the coroner's area; in view of the judicial independence of the coroner and of the mundane character of some of the functions, it would be appropriate for these committees to consist of officials than of elected representatives, though in practice the administrative burden would fall on the secretary or clerk of the Committee.

(iv) a mixture of (ii) and (iii) with central Government responsible for (a) and (b) and local government for (c), (d) and (e) - the financial aspects.

IMPLICATIONS

5. The preferred option is (i); this would implement the Brodrick Committee's recommendations for improvement of the coroners' service and would facilitate unification of standards. It would require the least complicated legislation, and would certainly be welcomed by the Coroners Society and by local authorities. The Lord Chancellor has indicated in the past that he considers coroners should be appointed by a Minister of the Crown. It would however increase the financial and administrative

responsibilities of central Government, the former by about £4m (taking the present rate-support grant into account) and a decision on whether the Home Office, the Lord Chancellor's Department or both should be responsible could be a difficult one.

6. Option (ii) is not recommended as it would result in divided responsibility for a very small service and lead to strong demands from counties to be relieved of their responsibility for the coroners' service, which would be difficult to reject.

7. Option (iii) presents a number of drawbacks. It would be putting the clock back to the era of the borough coroner (abolished as desirable reform in 1974) in respect of the most important and most heavily-loaded coronerships in the country. It would militate against the policy (following the Brodrick recommendation) to press for the amalgamation of smaller coroners' areas as opportunity arises through the death or retirement of coroners, since it would be more difficult to achieve an agreed solution where responsibility lay with consortia of different districts. Experience shows that local influence is stronger at district level and the convenience of applicants (usually solicitors in private practice) is more frequently consulted than the public interest. The day-to-day financial administration of the re-imbursement of coroners' expenditure in respect of post-mortem examinations, jurors' and witnesses' fees, hire of accommodation for inquests, etc would be particularly difficult and potentially contentious where several districts are served by one coroner. Not all coroners' areas are defined by district boundaries; in the West Midlands at least, two coroners' areas are defined by reference to ward boundaries.

8. Option (iv) would combine the disadvantages of options (ii) and (iii) with no obvious compensating advantage; it would be absurdly and unnecessarily complicated.

IMPLEMENTATION

9. No special factors are known about the functions and assets of the coroners service that would render the action and timescale for their transfer after legislation materially different from those of other services similarly affected. A maximum of six to seven months including negotiations.

CONFIDENTIAL

ANNEX B
GLC
ITEM 10
MAGISTRATES
COURTS

MAGISTRATES COURTS (OUTER LONDON)

DESCRIPTION

1. The Greater London area (leaving aside the separate jurisdiction of the City) is split into an "Inner London" core, and four outer London areas. For Inner London, the service is funded by the Receiver; the four outer London areas are funded by the GLC. The Receiver and the GLC provide administrative "back-up" to the services for which they have, respectively, financial responsibility. The outer London areas are:

(1)	North East London,	London Boroughs of Barking, Havering, Newham, Redbridge, Waltham Forest
(2)	South East London,	London Boroughs of Bexley, Bromley, Croydon
(3)	South West London,	London Boroughs of Kingston, Merton, Richmond and Sutton
(4)	Middlesex, London,	Boroughs of Barnet, Brent, Ealing, Enfield, Haringey, Harrow, Hillingdon, Hounslow

2. The outer London areas are deemed to be non-metropolitan counties for all purposes of the law relating to magistrates' courts and are divided into petty sessional divisions. Petty sessional divisions are not always coterminous with outer London Borough boundaries. There is a magistrates' courts committee (composed of magistrates) for each outer London area, which is responsible for the provision of services in association with the GLC.

FINANCE AND MANPOWER

3. Expenditure in 1980/81 was £9m with 80% specific grant being paid. The 591 employees (fte) are employees of the Magistrates Courts Committees.

Property

4. All physical assets such as court houses and offices are vested in the GLC: this includes outright ownership and private leases: at Havering the court house is leased from the Receiver.

OPTIONS (see also item 11)

5. There are undoubted economies of scale in having organisations larger than a single borough. Three options are possible:-

(a) an arrangement similar to that now applying to Inner London, retaining the present committees using the Receiver as the paying authority;

(b) abolition of the present areas with committees established on a London Borough basis, each borough acting as the paying authority;

(c) the four areas to be retained, the magistrates' courts (or probation) committees for each area, being bodies corporate, would own their own assets (as probation committees do now) and employ their staff (as both already do). The cost of running the services would be apportioned between the boroughs in a manner to be agreed between them or in default as might be determined by the Secretary of State.

The preferred option is (c). For the magistrates' courts service, an additional consideration is that petty sessional divisions are not always coterminus with outer London borough boundaries. The present distribution of courts and office accommodation is such that a borough based courts service would require a consideratable increase in public expenditure to provide separate facilities.

IMPLICATIONS (see also item 11)

6. There are two possible difficulties about (c). First, the GLC charge the boroughs for a number of services togehter. If a separate charge were levied for a particular service, it would almost certainly receive closer scrutiny and meet more resistance. The result would be an increase in the number of appeals to the Home Office by paying authorities.

7. Secondly, there is already pressure from the local authority associations representatives of paying authorities to be members of probation committees. Choice of option (c) would certainly increase this pressure and probably extend it to magistrates' courts committees. Any such moves would be politically controversial and consideration of them would weaken the morale and divert the energies of the services concerned.

8. Legal problems over ownership of court houses and offices, where these do not coincide neatly with London borough boundaries, as the proposed committee for each consortia would not be a corporate body, would arise. Agreement on administrative action would have to be reached by each consortia of boroughs as to which one would act for the others.

IMPLEMENTATION

9. This could be treated as a separate exercise for the magistrates' courts service but action here would need to keep in step with similar action in the probation service. Timescale 3 months for Ministerial decision including limited consultations with representative bodies. 9 - 12 months to introduce legislation.

10. Representative bodies will need to consult their membership over detailed proposals. Timescale 6 months, but this might be concurrent with legislative preparations.

11. At least a year for transfer and administrative arrangements after enactment.

12. Taking legislative and consultative timescales into account and allowing for transfers, 2 years between decision and implementation will be necessary.

ANNEX B
GLC
ITEM 11
PROBATION AND
AFTER CARE

PROBATION AND AFTER CARE SERVICE

DESCRIPTION

1. The Greater London area is split into an inner London core, where the services are funded by the Receiver, and four outer London areas [those listed in Item 10] where funding is by the GLC. The Receiver and the GLC provide administrative back-up to the service in the area for which they have financial responsibility. Committees are composed of magistrates and co-opted members.

EXPENDITURE AND MANPOWER

2. The outer London services spend £8.8m of which 80% is financed by Home Office grant. They employ 896 people.

Linkages

3. There are links with the metropolitan police office, Crown Court and magistrates courts, social services departments and the police.

OPTIONS

4. The range of facilities provided by the probation service to the courts has greatly expanded from the traditional one-to-one casework of earlier days. It might be difficult for a service based on a borough to offer day centre accommodation, adequate community service opportunities or Intermediate Treatment schemes; and if it did it would be wasteful of resources. An example might be taken from a typical community service scheme in an outer London borough. This might be staffed by 1 senior probation officer (SPO), 2 probation officers (POs) and 3 or 4 ancillaries. Work is provided from all over the present area. In the case of NE London, which covers 5 London

boroughs the staffing level would be more like 5 SPOs, 5 POs and 7 or 8 ancillaries at least if the service was reorganised on the boroughs. And there could be no guarantee that each new area could provide suitable jobs for a wide range of clients. This situation could be reproduced throughout the Metropolitan areas.

5. Social service departments cover a number of separate disciplines requiring different skills. Probation services are more specialised, being based on the courts and dealing with offenders. Legislation gives local authorities responsibility for carrying out the various functions in the social service field, but as far as probation is concerned the responsibility rests with individual probation officers.

6. The corollary to be drawn from these two points is that both legally and in practice the districts/boroughs are equipped to manage a comprehensive service in the social work field. While the specialised work of the probation service and the individual responsibility of its officers can be managed on a similar basis it is in practice much easier to maintain and improve common standards in a larger unit. This follows from better management, a wider number of colleagues and the possibility of increased in-service training opportunities.

7. The preferred option is therefore to leave the service on the current basis but with the individual boroughs paying in a manner to be agreed between them. See also paragraph 5 of GLC item 10.

IMPLICATIONS

8. There would be increased pressure for local authority representation on the committees. For detailed reasons see paragraphs 6 and 7 of GLC item 10.

IMPLEMENTATION

9. The proposed reorganisation has implications for Government policy in the criminal justice field, particularly on the need to divert offenders from custody whenever possible. Ministers will therefore wish to know the response of the probation organisations to the proposals before reaching any decision. Consultation with all the organisations concerned is therefore necessary before Ministers are asked for a decision on the substantial measure.

10. The legislative amendments are minor and could be dealt with within 6 months. Taking consultation, legislation and the necessary administrative arrangements into account the timescale would probably be not less than two years.

ANNEX B
GLC
ITEM 12
HISTORIC
BUILDINGS

HISTORIC BUILDINGS AND CONSERVATION AREAS

DESCRIPTION

Statutory functions

1. The GLC must have copies of the statutory list of buildings and be consulted on certain changes. They must be consulted by the boroughs before they give listed building consent and they are exempt from certain requirements to refer cases to the Department. They are the only county council still able to serve building preservation notices and they may require repairs to listed buildings.

Non statutory functions

2. The GLC maintains a historic buildings unit of some size and considerable standing. As well as dealing with individual cases, the unit is engaged on quasi-academic tasks relating to the Survey of London. The GLC has also set up a London Heritage Trust to which they have contributed and for which they are seeking private sector support. They also run the Blue Plaque scheme for London.

Finance and manpower

3. Details of expenditure are not known. The GLC is thought to employ 30 in the historic buildings unit.

OPTIONS

4. Many of the statutory functions of the GLC can also be performed by the boroughs already, so there would be no need to replace the GLC role. The GLC have a special power to consent to the alteration or extension of a Grade I or II* building without

expertise, and if they were abolished, these cases would have to come to the Department as they do elsewhere. A few extra posts would have to be created for this purpose. In a variety of historic buildings matters, the Department relies to some degree on the GLC's judgement, and cases might therefore have to be examined in more depth within the Department.

5. An enhanced LBA might find that the London Heritage Fund and the Blue Plaque scheme fitted with its increased concern with promoting London as a whole. It is difficult, but not impossible, to envisage their taking in the GLC Historic Buildings Unit, but the Unit would more probably have to be dispersed: part might find a place in an academic institution.

IMPLICATIONS

6. There is a possibility that a valuable centre of expertise might be dispersed and there will inevitably be some increase in departmental work load.

IMPLEMENTATION

7. Redistribution of statutory functions would present no great problems since we would be bringing the situation more into line with that applying elsewhere. The non-statutory side would require negotiations about staff as well as functions. The timetable for these is harder to anticipate, but the numbers involved are relatively small so this aspect is unlikely to hold up the whole process.

ANNEX B
GLC
ITEM 13
TOURISM

TOURISM

DESCRIPTION

1. All local authorities have the same power to encourage tourism. The GLC and counties have adopted a strategic role for example taking tourism objectives into account in structure plans.

2. County level authorities make annual financial contributions to and are represented on Regional Tourist Boards. In 1981/82 the GLC paid £260,000 to the London Tourist Board (22% of its income). MCCs made very varying contributions totalling £172,000. (1981/82).

3. Departments have no detailed knowledge of other expenditure or manpower directly related to this subject.

OPTIONS

4. No deliberate legislative action is needed. The Tourist Boards would need to arrange their constitutions to provide for borough and district representation. They would also need to seek contributions to match those lost from the counties.

5. Early warning of the change would allow these renegotiations to take place in good time.

ANNEX B
GLC
ITEM 14
PARKS ETC

PARKS, OPEN SPACES AND GREEN BELT

DESCRIPTION

1. By and large the GLC and the boroughs have concurrent powers to provide and run parks and open spaces and to acquire Green Belt land, but the boroughs provide "local" and the GLC "strategic" parks. The GLC at present run 5,500 acres of parks and open spaces in London - including Hampstead Heath, Blackheath, Battersea Park, and Hainault Forest. They are developing or have long-term plans for several more parks of a regional nature. They own outright 12,600 acres of green belt and have interests in a further 27,500 acres.

2. The GLC are the leading local authority in contributing to the Lee Valley Regional Park, which is run by an indirectly elected Authority set up by a GLC-sponsored Act in 1966.

3. The GLC are the registration authority for common land and Town and Village Greens in Greater London.

Finance and Manpower

4. In 1980/81 the GLC budgetted £10.5m for running its parks, £650,000 for improving its existing parks and £3.6m for new developments. The running costs are presumably largely on staff. Net expenditure on the green belt land owned is much smaller - £600,000 in 1980/81; most of the land is let for agriculture and this figure takes account of £500,000 income. The GLC contributes £2.9m by way of precept to the Lee Valley Regional Park - nearly 85% of the Park's budget.

OPTIONS

5. The preferred option is to transfer the GLC's parks, commons and Green Belt holdings to the boroughs (or districts outside the GLC area). It would not be acceptable to set up a new organisation to run parks in London and the only other existing body in London with the expertise is the Royal Parks division of the Department. Although major parks have significance wider than one borough, it seems more appropriate for them to be run by one borough than by central government.

6. The Lee Valley Regional Park is financed by equal precepts on GLC, Hertfordshire CC and Essex CC. The GLC and Counties provide the majority of the nominees to the Board which runs it; the boroughs and districts covered provide one member each. The preferred option is of minimum change - replacing the precept on the GLC by a precept on the boroughs, and replacing the 8 GLC nominees to the Board by 8 borough nominees organised by the LBA.

7. It would be necessary for the borough councils to be designated as commons registration authorities for their areas and for the relevant parts of the existing register to be transferred to them.

IMPLICATIONS

8. The main problems will be financial, although there will also be boundary problems to be sorted out at the consultation stage where parks cross borough boundaries.

9. Running large parks would impose a significant burden, particularly on poor authorities, and the present grant system does not permit specific compensation for such expenditure. Certain boroughs would, therefore, protest, but revenue expenditure on any individual park is unlikely to be much more than £1m pa so it should be possible for boroughs to absorb it. Parks in the course of development could impose severe financial strains on boroughs, and boroughs might be unwilling to include them within their capital allocations, so new development, which is contributing substantial environmental and recreational improvements in poor areas could slow down or stop.

10. Although the financial implications for the boroughs of the Lee Valley Regional Park (0.15p precept in 1980/81) are very small and would not be altered by the preferred option, boroughs remote from the Park are likely to find the direct precept more irritating than it was as part of the GLC precept.

IMPLEMENTATION

11. Broad policy decisions could be taken quickly. A substantial consultation period (4 months) would be needed to tie up all the financial details. There could be substantial legal work in sorting out the Trusts and Private Acts applying to the Parks, as well as in preparing for the vesting of all the land. However ½ an HEO(D) could cope with the policy work of preparing legislation by autumn 1982.

CONFIDENTIAL

ANNEX B
GLC
ITEM 15
ARTS

SUPPORT FOR THE ARTS

DESCRIPTION

1. The GLC and the Metropolitan County Councils have powers to provide and maintain institutions and to make grants. The Boroughs and districts have concurrent powers.

Expenditure

2. In London most of the major museums and galleries are a responsibility of central government. The GLC, either directly or through the ILEA, runs several important museums and galleries, with an expenditure of about £1.4m (net) in 1981-82. The London Boroughs and the City also make some provision (£2.3m net in 1981-82); attempts are being made to set up a coordinating organisation but this would in no way detract from any of the authorities' present responsibilities.

3. For the theatres and arts centres the situation is dominated by the GLC's ownership of the great South Bank complex, which includes the buildings of the Festival Hall, the National Theatre, the National Film Theatre and the Hayward Gallery. Overall the GLC's activities in this field fall under three heads:

i. it is the ground landlord of the South Bank bodies;

ii. it runs the Festival Hall, exercising direct financial and managerial control;

iii. it provides financial support for national bodies, mainly subsidised by others (eg theatres, orchestras etc), and for the Greater London Arts Association.

Its expenditure on these will be about £3.5m net in 1981/82.

OPTIONS

4. It would be unthinkable to put the ownership and operation of the South Bank complex into the hands of the borough in which it stands. Nor would it be acceptable, in the light of experience with one such situation elsewhere in London, for them or indeed the other GLC functions detailed above to be administered by a joint committee of the London boroughs: this could not provide the stability of funding which is essential for the survival of the various arts activities and organisations. An ad hoc body, probably a board of trustees, would be the only obvious way of solving the problem. Such a body would probably need to be financed by OAL: some transfers of resources and some new money (to replace rate expenditure) would be needed. Its members would be appointed by the Minister for the Arts, though provision might be made to ensure representation of London interests. It could administer the GLC's present museums and galleries in addition to the South Bank complex. The GLC's financial support functions in the arts might appropriately pass to the Arts Council; again, a transfer of resources would be needed.

IMPLEMENTATION

5. The implications of abolition of the GLC for the funding of these functions (and in particular the future of the South Bank Arts Complex) would have to be considered by Ministers, possibly following preliminary discussions (perhaps taking 2 or 3 weeks) with the Arts Council and the Museums and Galleries Commission. Discussion in more detail with these bodies and others (eg the Greater London Arts Associations and the Area Museum Council) would then have to follow, to consider matters such as the ownership and control of assets, guidelines for and appointments to the new controlling body, and future funding arrangements. This might take a minimum of 6 months.

6. Current levels of legislative work and manpower in OAL preclude the possibility of legislation in Autumn 1982. Legislation in 1983 would be possible, given the diversion of HEO and EO support staff to OAL for this work. It is not yet possible to say how long the process of transfer of functions and assets would take.

ANNEX B
GLC
ITEM 16
RESEARCH

RESEARCH, PUBLICITY ETC

DESCRIPTION

1. The GLC has a unique specific responsibility under S 71 of the 1963 Act to establish and maintain a research organisation and promulgate its findings although other met counties may do some similar work as part of planning. There is a scientific branch that interprets other research findings for the GLC and provides investigatory services on environmental health etc.

2. S 73 of the Act gives the GLC specific powers to publicise the amentities and advantages of Greater London (perhaps surprisingly, the boroughs do not appear to have such a power).

3. The GLC clearly sees it as a major function to present "the case for London" to government. Its performance has not been particularly impressive.

4. The GLC maintains a huge library of records (currently in County Hall, but it is believed that new premises are being provided). The records relate not only to the duties of GLC and its predessors but include parish records deposited under the Public Records Act 1958.

OPTIONS AND IMPLEMENTATION

5. So far as it was necessary some of these functions could be taken on by the LBA. The records would be a considerable financial burden with no immediate pay-off for the main operations of the boroughs. It might be better to transfer them to the PRO - or to a new Quango.

ANNEX B
GLC
ITEM 17
ASSISTANCE TO INDUSTRY

ASSISTANCE TO INDUSTRY

DESCRIPTION

1. The GLC and the metropolitan counties generally have concurrent powers with the boroughs and districts to provide land and buildings, to make grants to assist industry and to carry out promotional activity. These are under review generally.

EXPENDITURE

2. The GLC spent £5m in 1979/80 mainly on revenue expenditure on its existing holdings.

ASSETS

3. The various assets known of are:

58 Industrial Estates (52 (517 units) in GLC area and 6 (67 units) elsewhere)

424 Unit Workshops

190 acres Industrial sites with potential for 4.3m sq ft of building (half in Thamesmead)

270,000 sq ft Vacant Industrial buildings

OPTIONS

4. Objections to boroughs/districts taking over these assets include limitations of appropriate expertise, eg where large or complex estates are involved, reluctance to privatise, and threat of deployment of subsidised rents, thus discouraging private sector investment. The main aim should be privatisation which would be best accomplished by a central organisation. The EIEC already exists and has all the necessary powers. Rental and capital receipts would be transmitted to the boroughs.

IMPLICATIONS

7. Efficiency of management could be improved by the elimination of one layer of management, though diffusion of management into a number of smaller units might reduce the potential manpower savings. If the EIEC took over, its greater experience and specialised expertise would produce greater efficiency. It would be directly under the control of Government (without the need for new legislation) in carrying out a policy of privatisation, in which the employment of private sector agencies on contract could play a significant part. There would be no direct accountability to elected representatives, although the EIEC always makes a specific point of acting in consultation with local authorities in all its activities. The EIEC would expect to secure privte sector financing for the development of any land and estates it inherited, except in the most difficult pockets, where some central Government financing might be needed.

IMPLEMENTATION

8. Legislation would be needed to transfer the assets to EIEC but no legislative provision needed to enable EIEC, to take on the property. It already has powersto acquire, provide, manage and dispose of industrial and commercial property, including land and buildings, means of access, service and other facilities, coupled with extensive powers for acting with the private sector, anywhere in England. Consultation with EIEC not required by statute;simple direction needed under section 2(4) of EIEC Act 1981.

ANNEX B
GLC
ITEM 18
BUILDING CONTROL

BUILDING CONTROL

DESCRIPTION

1. Responsibility for building control in the Inner London area is shared between the GLC and 28 District Surveyors who are now appointed and paid by the GLC, but who are statutory officers with prescribed responsibilities deriving from earlier legislation. The GLC itself is responsible for making constructional byelaws applicable to the Inner London area, for approving certain fire safety aspects of building control and for relaxing the constructional byelaws. Considerable discretion is left to District Surveyors by statute.

Expenditure

2. The cost of the service is approx £12m, partly raised in fees. No major physical assets are employed although considerable use is made of the materials testing facilities of the GLC chief scientists branch.

OPTIONS

3. Building control responsibilities could be transferred from the GLC to the individual Inner London Boroughs if the national building regulations were extended to Inner London and the existing statutory framework under which the GLC and District Surveyors operate was removed. It has been the policy of successive Governments to harmonise the Inner London byelaws and national regulations. There are important differences between the two systems in scope, procedure and aspects of enforcement which require substitution rather than a transfer of the existing Inner London system to the Boroughs. The GLC's role of drafting requirements and dealing with appeals and relaxations could not simply be given to each borough without a danger of creating different standards in each area. Extension of the national system would remove this danger.

IMPLICATIONS

4. Replacement of the existing Inner London arrangements by national regulations would impose some new requirements on builders in Central London in the area of energy conservation and some higher standards; certain matters such as refuse disposal, drainage, and sanitation are not covered by existing London byelaws. Procedurally the national system is more certain in operation, and developers could be expected to see some advantage in nationally uniform standards. Against this it is said that the District Surveyor system has tended to provide a quick and flexible control from a more highly qualified official than is commonly found elsewhere. Current work on recasting the national regulations will enable some of the advantages of the Inner London system to be preserved, both in detail and procedural flexibility. Planning responsibilities already lie with the individual London Boroughs and it would be advantageous to transfer building control to the same authority.

5. Because of differences in the legal scope of the two systems (the existing Inner London byelaws covers such matters as noxious businesses, dangerous and temporary structures) some re-adjustment of the public health powers of the boroughs affected may be required. Individual boroughs would administer the national system (in the same way as outer boroughs do now) and like them, charge fees to cover the cost of the system.

IMPLEMENTATION

6. A Ministerial decision would be required to take the steps necessary to replace the Inner London system with the national regulations. It would be necessary to keep this in step with the major legislation on building control which Ministers are committed to introducing to implement proposals in Command Paper 8179, including recast national regulations and the option of private certification as an alternative to local authority building control. There would be mutual advantage in associating these changes with the application of national regulations to Inner London. Legislation on building control, for which legislative time was not available in the 1981-2 session has been endorsed by Ministers as having a high priority for the 1982-3 session.

7. Following a Ministerial decision secondary legislation would be required. A power in the Health and Safety at Work etc Act 1974 (section 70) allows building regulations to be applied to Inner London. A period of six months would be required to being into force such regulations, which allows for the conventional statutory consultation required with the Building Regulations Advisory Committee and with local authorities' associations, professions, trade associations and other interested bodies in the construction industry. The 1974 Act power also enables the repeal by regulation of the relevant London legislation and these regulations would require specifically consultation with the GLC and local authorities concerned, in addition to the normal consultation.

8. Following the making of orders functions could be transferred following a peiod to allow Boroughs to recruit and train personnel to operate the extended national system. The earliest likely abolition date would therefore be summer/autumn 83. There is likely to be a slight reduction in the Department's workload as a result of abolition.

ANNEX B
GLC
ITEM 19
FLOOD PROTECTION

FLOOD PROTECTION

DESCRIPTION

1. The GLC is responsible for certain land drainage and flood protection functions which elsewhere in the country would be the responsibility of a regional water authority. The Water Act 1973 established the Thames Water Authority (TWA) and gave it sole responsibility for the supply of water and disposal of sewage within its area, including London. However in respect of land drainage the Act provided that TWA should share the responsibility with the GLC and other local authorities, who together, are responsible for land drainage functions within the London Excluded Area (LEA) ie so much of Greater London and of any adjoining area which does not lie within the Thames Catchment Area, the Lee Catchment Area or the area of any former River Authority.

2. The GLC's land drainage responsibilities may be split into two separate functions, as follows:-

(i) The Thames Barrier and related tidal flood defences. The Thames Barrier and Flood Prevention Act 1972 provides the additional powers needed for GLC to exercise its sea defence functions by means of building a Barrier across the Thames.

(ii) non-tidal flood defences.

Expenditure and Finance

3. In 1980/81 on the Barrier the GLC spent £71.5m capital (75% MAFF grant), £1.0m on maintenance, £2.5m on administration (MAFF grant £0.5m). The total cost of the Barrier and related works is £493m (80/81 prices).

4. On non-tidal flood defences in the London excluded area the GLC spent £0.2m capital (19% grant) programme rising to £2m in 1982/83, £1.2 on maintenance and £1.3m on administration.

Manpower

5. 100 professional and 50 administrative on the Barrier and 72 professional and 8 administrative on non-tidal work.

Property

6. None of the works has a realisable value. There is a continuing liability for maintenance (£4m pa on the Barrier and related tidal defences and £1.2m pa for the non tidal defences) and insurance (£1.3m pa for each).

Linkages

7. The PLA and the riverside boroughs have an interest in the Barrier; in emergency there are links with the police etc. Within the London excluded area the GLC has permissive powers for main watercourses and the boroughs have concurrent permissive power for all other watercourses.

OPTIONS

8. Major flood defences must of necessity be planned and provided in relation to catchment and river areas. Even minor works on watercourses need to have regard to the effect on the watercourse as a whole.

9. The obvious course would be to place London on the same footing as the remainder of the country and make water authorities responsible for these functions. TWA would take over the Barrier and land drainage over most of the area. Southern WA might deal with some areas on the southern fringe. This would be at least as effective as the present arrangements.

IMPLICATIONS

10. It is undesirable to make any change to the contractual arrangements for the Barrier while work is in progress. Completion will be mid 1983 although final accounts under the contracts might not be settled until 1984/85.

IMPLEMENTATION

11. All drainage functions need to be transferred simultaneously if complex legislation is to be avoided; the timing of transfer is therefore determined by the completion of the Barrier.

12. Ministerial decisions and preparation of legislation could be managed quickly but negotiations will be needed with NWC, WAs, GLC and Boroughs.

ANNEX B
GLC
ITEM 20
SMALL HOLDINGS

LOCAL AUTHORITY SMALL HOLDINGS

1. For full details of the function and options see Annex C Item 19.

2. The GLC has small holdings totalling 463 ha with 66 holdings on them. It spends £208,000 and has rent and grant income of £84,000.

3. If they were transferred to the boroughs there would be considerable fragmentation of effort. The holdings lie in 5 boroughs and in three cases straddle boundaries.

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ANNEX B
GLC
ITEM 21
ENTERTAINMENTS
LICENSING

ENTERTAINMENT LICENSING

DESCRIPTION

1. The GLC is responsible for licensing public and private places of entertainment. The former costs around £1m and is financed by fees, the latter is unlikely to be significant.

OPTIONS

2. Action is already in hand outside London to transfer this function from counties to districts. A parallel transfer to the boroughs would be possible. The system should be self financing.

IMPLEMENTATION

3. Relatively simple legislative amendments could be prepared quickly although some consultation (3 months) would be needed.

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ANNEX B
GLC
ITEM 22
SAFETY OF SPORTS GROUNDS

SAFETY OF SPORTS GROUNDS

DESCRIPTION

1. The GLC and MCCs issue safety certificates for such sports grounds as are designated by the Secretary of State for the Home Department (so far mainly First and Second Division football grounds). No information is available about costs and manpower but fees are charged for the certificates.

ACTION

2. This could be done by the boroughs and districts and requires a simple legislative amendment.

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ANNEX B
GLC
ITEM 23
PURCHASING SCHEMES
2P RATE

PURCHASING SCHEMES: 2P RATE POWER

DESCRIPTION

1. The GLC operates a purchasing scheme for the boroughs, ILEA, voluntary organisations and others (S 72 of the 1963 Act). We do not at present know the scale of this operation.

2. Like all authorities, the GLC has the general 2p rate power conferred by S137 of the 1972 Act. The 2p rate amounts to some £30m pa for the GLC and we do not have details of the extent to which it is used, and the purposes. There are certainly many small grants to voluntary organisations, and the present GLC has it in mind to make substantial use of S 137 in setting up the Greater London Enterprise Board.

OPTIONS AND IMPLICATIONS

3. The purchasing scheme would no doubt take a little time to wind up, but we do not foresee special problems. Boroughs could continue it on a voluntary basis to any extent they wished.

4. In our ignorance as to what the 2p rate is used for it is hard to anticipate what will be needed to pick up the necessary items. There could be a lot of revenue commitments to all-London voluntary organisations stretching some years into the future.

IMPLEMENTATION

5. The timetable for these functions is peculiarly difficult to forecast in advance of consultations. No major problems are foreseen but any "miscellaneous" topic is likely to take more effort than originally anticipated.

ANNEX C

NOTES ON INDIVIDUAL FUNCTIONS OF THE METROPOLITAN COUNTY COUNCILS

Separate notes are included on the following functions:

1. Introduction and general statistics
2. Transport
3. Planning (including inner cities)
4. Housing
5. Police
6. Fire
7. Waste Disposal
8. Airports
9. Civil Defence
10. Coroners
11. Magistrates
12. Probation and After Care
13. Arts
14. Parks etc
15. Assistance to Industry
16. Trading Standards
17. Animal Health
18. Food and Drugs
19. Smallholdings
20. Entertainment Licensing
21. Footpaths
22. Gypsies

Tourism and the safety of sports grounds are covered in the appropriate notes on the GLC functions in Annex B.

ANNEX C
MCCs
ITEM 1
INTRODUCTION

METROPOLITAN COUNTY COUNCILS

INTRODUCTION

1. The six metropolitan county councils were one part of the overall reorganisation of local government outside London that took effect in 1974 following the Local Government Act 1972. This reorganisation followed the major Royal Commission chaired by Lord Redcliffe Maud which had generally recommended unitary local authorities except in three of the metropolitan areas (West Midlands, Manchester and Merseyside).

2. The main distribution of functions between counties and districts for metropolitan and other areas is set out in Table 1.

3. Table 2 shows the population, expenditure and manpower for the metropolitan county councils and their constituent districts.

4. Table 3 shows the distribution of expenditure for major functions between the two metropolitan tiers.

5. Metropolitan counties have between 88 and 104 councillors each; the metropolitan districts are more variable with between 54 (Bury) and 126 (Birmingham) each.

BROAD ALLOCATION OF THE MAIN LOCAL GOVERNMENT FUNCTIONS IN ENGLAND

FUNCTION	METROPOLITAN AREAS		NON-METROPOLITAN AREAS	
	County Council	District Council	County Council	District Council
Planning				
structure plans	●		●	
local plans		●		●
development control		●		●
country parks	●	●	●	●
national parks	●		●	
derelict land	●	●	●	●
Transport				
transport planning	●		●	
highways	●		●	
traffic regulation	●		●	
road safety	●		●	
parking	●		●	
public transport	●		●	
Education		●	●	
Social Services		●	●	
Housing		●		●
Fire Service	●		●	
Police Service	●		●	
Consumer Protection	●		●	
Environmental Health				
building regulations		●		●
clean air		●		●
control of disease		●		●
food hygiene		●		●
refuse collection		●		●
refuse disposal	●		●	
street cleansing		●		●
Libraries		●	●	
Museums and the Arts	●	●	●	●
Recreational Facilities	●	●	●	●
Encouragement of Tourism	●	●	●	●
Cemeteries and Crematoria		●		●
Footpaths	●	●	●	●
Smallholdings	●		●	
Allotments		●		●

TABLE 1

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TABLE 2 - INDIVIDUAL METROPOLITAN COUNTY COUNCILS AND CONSTITUENT DISTRICTS

Authority	Population '000	Manpower	Expenditure £m
GREATER MANCHESTER			
County Council	2574	6900	227
Districts Total	-	137800	790
Bolton	260	12700	65
Bury	175	6900	45
Manchester	438	38300	205
Oldham	219	9900	62
Rochdale	206	10600	64
Salford	241	13400	78
Stockport	289	12000	70
Tameside	217	10400	60
Trafford	221	8700	53
Wigan	307	14900	87
MERSEYSIDE			
County Council	1503	*	174
Districts Total	-	75700	443
Knowsley	173	9000	55
Liverpool	504	30800	178
St Helens	189	9400	51
Sefton	298	12000	71
Wirral	339	14700	88
SOUTH YORKSHIRE			
County Council	1292	5300	140
Districts Total	-	69700	363
Barnsley	224	11200	64
Doncaster	287	15800	81
Rotherham	250	12300	67
Sheffield	531	30300	150
TYNE AND WEAR			
County Council	1143	3800	118
Districts Total	-	65300	348
Gateshead	212	10800	62
Newcastle-upon-Tyne	278	18700	98
North Tyneside	198	10000	55
South Tyneside	160	8600	48
Sunderland	295	17200	85

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TABLE 2 - INDIVIDUAL METROPOLITAN COUNTY COUNCILS AND CONSTITUENT DISTRICTS

WEST MIDLANDS			
County Council	2628	6200	214
Districts Total	-	134200	730
Birmingham	996	53200	298
Coventry	310	18500	87
Dudley	298	11000	62
Sandwell	307	14800	84
Solihull	198	7600	47
Walsall	266	14200	75
Wolverhampton	252	14900	77
WEST YORKSHIRE			
County Council	2022	7400	177
Districts Total	-	99700	519
Bradford	454	23800	131
Calderdale	190	8900	51
Kirklees	370	17900	90
Leeds	697	33200	168
Wakefield	310	15800	79

*No information supplied

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TABLE 3: MCCs

EXPENDITURE AND MANPOWER BY FUNCTION

Function	Met County Councils		Met District Councils	
	Expenditure	Manpower	Expenditure	Manpower
Education	-	-	2,057	340,500
Transport	427	1,900	21	400
Planning	15	800	40	3,500
Social Services	-	-	442	83,500
Housing	-		151	15,200
Police[1]	387	39,500	-	-
Fire	99	11,600	-	-
Waste Disposal	32	1,800	-	-
Refuse Collection	-	-	94	12,700
Environmental Health	-	-	69	5,200
Arts Parks Recreation	9	600	192	34,900
All other services	81	7,000[2]	127	43,800[2]
(central administration)		10,700		43,000
	1,050	73,700	3,193	582,700

Population is census 1981

Expenditure is estimated current outturn £m 1980/81 including contributions to HRA

Manpower is total full-time and part-time for 31.3.81 from joint manpower watch rounded to nearest hundred

[1] Includes estimated apportionment of Northumbria joint force

[2] County figure includes 2,300, districts 38,800 on construction (including highways)

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ANNEX C
MCCs
ITEM 2
TRANSPORT

TRANSPORT

DESCRIPTION

1. The metropolitan county councils are the highway authorities for all non-trunk roads (3187 kilometres of principal roads and 30219 of non-principal roads) and are responsible for strategic traffic management. Even the largest district authorities (eg Birmingham, Liverpool, and Manchester) perform highway functions only as agents for the county councils, although they have some traffic management powers, eg in respect of parking.

2. County councils are also responsible for the Passenger Transport Executives which provide, either directly or through other operators, the public transport services in the metropolitan areas. The county councils can also make payments to British Rail under Section 20 of the Transport Act 1968.

Expenditure and Financing

3. In 1980/81 and 1981/82 the following expenditure (£m at November 1980 prices) was incurred:

1980/81	Public Transport (Bus)	Public Transport (Rail)	Road Maintenance etc.	Capital	Total	TSG
GMC	22.3	12.9	27.1	20.6	82.9	18.4
Merseyside	22.5	11.0	20.2	9.0	62.7	20.0
S. Yorks	38.1	1.7	21.4	8.9	70.1	13.4
Tyne/Wear	17.6	2.5	16.3	44.8*	81.2	16.1
W. Midlands	13.7	4.8	36.8	18.9	74.2	13.8
W Yorks	12.8	7.2	34.2	12.5	66.7	20.3

*Mainly the Metro; in other areas mostly highways

1981/82	Public Transport (Bus)	Public Transport (Rail)	Road Maintenance etc.	Capital	Total	TSG
GMC	21.4	13.8	27.6	11.6	74.4	16.0
Merseyside	25.8	11.2	20.0	13.1	70.1	25.5
S. Yorks	40.8	1.9	21.5	11.2	75.4	10.9
Tyne/Wear	14.9	1.4	16.3	31.4*	64.0	40.4
W. Midlands	34.3	6.7	37.8	15.2	94.0	10.1
W Yorks	38.6	7.1	31.4	13.7	90.8	19.5

*Mainly the Metro; in other areas mostly highways

4. Transport Supplementary grant is paid at a rate of 70% above a per capita threshold, towards the eligible transport expenditure which is "accepted" by the Secretary of State. This resulted in the following grant payments:

Manpower

5. Appriximately 2,000 full-time staff are employed by the six metropolitan county councils mainly on highways work. The districts employ 11,000 staff on highways work.

Property/Assets/Liabilities

6. No information is readily available.

Linkages

7. The main linkage is with their respective PTEs. Some metropolitan county councils are represented on such bodies as port authorities, and toll crossing authorities.

IMPLICATIONS

8. The same general considerations apply as in London (see GLC Item 3). In particular policy decisions about, and the allocation of resources to, public transport undertakings need in DTp's view to be coordinated with policies for private transport, and the planning and control of highways and traffic. However there are a number of particular points of difference in metropolitan counties.

Roads

9. The metropolitan districts vary considerably in size and capability. Some of them could cope very adequately with highways work, which they already carry out on an agency basis, and for which they were responsible as county boroughs before 1974. But others, particularly those which were set up in 1974 without previous county borough experience, would not be adquate. DTp would have to consider the need to trunk certain stretches of principal roads, but this might not be necessary. There would be a need to coordinate strategic highways development of the metropolitan districts.

Traffic Regulation

10. As with the abolition of the GLC it would be necessary to coordinate such matters as lorry routeing, which requres the subordination of local interests. Parking policy too should be considered in the context of road capacity, and coordinated with public transport policy.

Public Transport

11. The future of public transport in the metropolitan areas is also under consideration by MISC 70. If the metropolitan county councils were abolished adquate arrangements would be necessary to ensure coordination between public transport and highways/traffic management policy. Adequate arrangements would have to be made to continue the support for British Rail now provided by the metropolitan county councils under S.20 of the Transport Act 1968.

OPTIONS

12. Although some metropolitan districts have highways experience and could cope adequately with maintenance, road construction, and traffic regulation, it would be necessary to set up a statutory joint committee or board with responsibility for strategic highways planning and traffic regulation. Such bodies could either be drawn from representatives of the districts or be appointed bodies. As with the corresponding body in London the board would probably need powers to precept and receive grant and it might be necessary to take powers of Ministerial direction to settle disputes.

13. In the light of the conclusions reached by MISC 70 it will be necessary to consider whether these coordinating bodies should also assume responsibility for the Passenger Transport Executives. If they did so their role would be similar to that of the Passenger Transport Authorities before the metropolitan counties were set up in 1974.

IMPLEMENTATION

14. [As for London].

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ANNEX C
MCCs
ITEM 3
PLANNING

LAND USE PLANNING

DESCRIPTION

1. The duties of County Councils are to prepare structure plans, to review matters affecting development in their area and to certify local plans so that they are prepared in general conformity with the structure plan. Most development control functions rest firmly with district councils. Counties are responsible for determining only a very limited number of applications (those relating to minerals, aggregates and waste disposal). Districts are obliged to consult counties about applications which constitute a departure from the structure plan (with reserve "call in" powers for the Secretary of State) although they have in practice very considerable discretion. There has been a fair degree of consultations between counties and districts on strategic applications.

2. Structure plans are prepared in the context of national policies and any regional guidance issued by the Secretary of State for the Environment (usually following consultation with local authorities). The main features of regional guidance have been the identification of broad areas for growth and restraint, supported by general statements of objectives. Guidance has not dealt with the internal problems of metropolitan areas. It has been issued for all regions with metropolitan counties but only in the South East and West Midlands has the guidance been confirmed and updated by this Government.

3. Structure Plans have been prepared and approved for all the Metropolitan Counties. They contain land use policies for a wide range of matters including housing, industry, offices and transport.

4. Local plans provide the detailed planning base and are prepared in general conformity with the structure plan. Their preparation is not obligatory and they may be prepared by either County or District, though there is a general presumption in favour of the District. Their preparation within metropolitan areas is patchy and nowhere is there a complete coverage of plans adopted or in preparation. The development plan for an area comprises the structure plan together with a local plan or if there is no local plan the old development plan.

5. MCCs are members of the relevant inner city partnerships; their contribution is not seen as essential.

Finance and Manpower

6. For the 6 metropolitan counties in England the estimated net expenditure on planning and development for 1981-82 was £16 million. This included an estimated £2.9 million on development policy matters (including development plans) and £0.86 million on development control and enforcement work. A total of 750 staff were employed; these included an estimated 195 on development policy work and 62 on development control.

OPTIONS AND IMPLICATIONS

7. Planning at the regional/metropolitan level is necessary for two main reasons:

(a) The metropolitan areas and their surrounding hinterlands have extensive problems that need to be considered as a whole if sensible land use decisions are to be made. The characteristic of these areas is the severity of the problems requiring solution and the inter-related nature of present activities. This means that the major planning issues in any one metropolitan district cannot be resolved in isolation. For example decisions about the provisions to be made for development on green field or suburban sites need to be made in the context of policies for inner areas. The resolution of such issues involves major questions of the use of real resources [for which Ministers are answerable].

(b) Central government needs to have a framework in order that decisions that come to it for determination, such as planning appeals, are not settled in an ad hoc manner.

8. A strategic framework does not necessarily have to cover the same range of subjects or deal with these subjects in the same degree of detail as the present structure plans; these are arguably too comprehensive and too detailed. A looser framework is probably all that is needed, but it would have to be a document that went beyond generalities. It would be necessary to identify provision in terms of dwellings, floorspace for offices and shops and land for industry, on a district wide basis and probably for key locations within districts. Transport policies - particularly road provision - would need to be developed in this context.

9. There are four main options providing varying degrees of involvement by local authorities and the Secretary of State.

(a) The designation of the Secretary of State as the structure planning authority.

(b) An obligation on districts to prepare a joint structure plan for the approval of the Secretary of State, through a joint committee either voluntary or mandatory.

(c) The preparation of a plan by a joint board - permanent or ad hoc and the submission of this plan to the Secretary of State.

(d) The abolition of structure plans for metropolitan areas but the extension of the present pattern of regional strategic guidance to cover metropolitan areas in more detail, With this option districts would have a duty to prepare local plans and the Secretary of State could have a certification power.

10. Options (b + c) would probably produce the same sort of plan as we have at present, and existing plans could be transferred as the ongoing development plan to the districts or new agency. In the case of (b) authorities might find it difficult to agree on many issues. Present legislation provides for the establishment of joint planning boards to carry out all the functions of two or more councils or districts and this would provide a precedent for (c).

11. Options (a) and (d) enable the Secretary of State to lay down a basic planning framework, and enable him to control the principles of more detailed plans. Option (a) would involve the department (or consultants) in considerable work - public participation etc. (d) would involve less work as the output would be less formal. It would have the advantage of enabling a framework to be provided over a wider area, but it would raise questions of accountability. While there could be consultations there would be no public participation or examination in public.

12. In any change it would be desirable to continue the existing structure plans in being otherwise abolition would leave the metropolitan areas with no complete development plan and no strategic planning framework with the exception of the regional strategic guidance already issued.

IMPLEMENTATION

13. The necessary changes to legislation and the orders setting up joint committees could be managed with the likely overall timetable of two-three years.

ANNEX C
MCCs
ITEM 4
HOUSING

HOUSING

DESCRIPTION

1. The main specific functions on housing are the reserve powers ie with the permission of the Secretary of State the county may exercise the powers of a district, both within and outside the county boundaries. It may also undertake activities to establish housing need anywhere in its area. The counties can also lend to housing associations and participate in overspill schemes.

2. No metropolitan county is known to have exercised these powers and abolition would have no direct effect.

Linkages

3. Other county powers, urban programme, environmental activities, structure planning, derelict land and highways, can have an impact on housing location provision and design.

IMPLEMENTATION

4. A straightforward repeal of powers after some consultation with the associations.

ANNEX C
MCCs
ITEM 5
POLICE

POLICE

DESCRIPTION

1. The duty to provide and maintain an efficient police force rests with the police authority. They can, subject to the Home Secretary's approval, fix the establishment, make senior appointments and provide and maintain buildings and premises. The Chief Constable is accountable to his authority for the policing of an area. The authority has a separate statutory existence from county councils even where, as in 5 metropolitan areas the two are coterminous and consist of 2/3 county councillors and 1/3 magistrates. Tyne and Wear is part of a combined force for Northumbria.

Expenditure and Manpower

2. Police expenditure accounts for about 30% of the metropolitan counties spending.

	Expenditure £m	Manpower (end 1981) Civilians	Police
Greater Manchester	95	1507	6928
Merseyside	66	1036	4647
South Yorks	39	639	2874
West Midlands	87	1502	6689
West Yorks	69	1294	5147
Northumbria	45	838	3331

3. Police officers are appointed by the Chief Constable and are not employees; traffic wardens can only be employed by police authorities but the civilian staff of metropolitan county forces are local authority employees. In Northumbria civilians are police employees.

Finance

4. There is a 50% specific grant; the remainder is found from rate income raised as part of the county precept on district councils.

Property

5. For county forces this is vested in the local authority; combined forces can hold their own.

Linkages

6. The county officials provide general administrative support and financial and professional expertise on contracts and building projects.

OPTIONS

7. Reorganisation of police forces on a district basis would run contrary to the policy on force amalgamations initiated after the 1964 Act. To break up the metropolitan forces with their acute inner city problems could have serious implications for police effectiveness and the maintenance of law and order. Abolition of the county tier would not in itself justify a radical reorganisation and another "umbrella" authority for the police would need to be created. There could be some scope for adjusting force boundaries and incorporating one or two districts into surrounding shire forces; this would have to be carefully considered. But that would give rise to further complications about the composition of police authorities.

8. The preferred option would be to retain (in general) existing geographical basis for the forces and create new combined police authorities, as corporate bodies, drawing membership from constituent district councils. Although existing combined police authorities generally work well, there could well be conflicts of policy and

priorities in an authority drawing its membership from many districts - with different problems. The hybrid of county and districts of Northumbria police authority would cause particular problems. On the other hand, combined police authorities could diversify the political composition. At present the metropolitan police authorities tend to be loaded by the leading party caucus. District councils are critical of the present structure because they have no direct voice in how their rates are spent on the police and because they claim county police authorities are out of touch with local views and needs. Our current policies for improving local consultation, following Lord Scarman's recommendations, are designed in part to meet this criticism. The change would result in a marked contrast between the structure of police authorities in metropolitan counties and those of shire counties and we could then be faced with a general review of the statutory framework for policing set out in the 1964 Act.

IMPLICATIONS

9. The new combined police authorities would have to assume those statutory duties and responsibilities set out above I. They would have to re-employ traffic wardens and the police civilians, whose position we should wish to secure; property and land would have to be transferred to the new police authorities and this would be part of the wider problem of dispersing local authority assets. District councils have been without expertise or practical experience of administration of the police since at least 1964 and would have to determine, under a combined scheme, how to organise their administration.

10. The potential problems arising from a major upheavel of administration for forces in the metropolitan counties which are already under serious pressure could be a matter of concern for chief constables and for the Home Secretary in his responsibility for police efficiency.

IMPLEMENTATION

11. Ministerial decisions would need to cover

(i) the future structure of police areas

(ii) the creation of new combined forces based on district councils

and would have to take account of the wider implications for the statutory framework of policing.

ANNEX C
MCCs
ITEM 6
FIRE

FIRE SERVICES

DESCRIPTION

1. Fire authorities have a separate statutory existence, but the GLC and the metropolitan counties are constituted as fire authorities under section 1 of the Fire Services Act 1947 (as amended by the Local Government Act 1972) and each metropolitan brigade is administered directly as a local authority service subject to the oversight of a committee which may have other responsibilities such as civil defence. See Annex B Item 6 for duties.

Expenditure and Manpower

2. The metropolitan county councils in total spent £103.2m (1980/81) of which nearly 90% went on staff related costs. The brigades employed 11,471 full time staff and 546 part-time staff.

3. Expenditure of individual authorities in 1980/81 was

	£m
Greater Manchester	23.3
Merseyside	16.2
South Yorkshire	11.0
Tyne and Wear	11.3
West Midlands	22.0
West Yorkshire	19.3

Assets

4. No detailed figures available but the stations etc are vested in the county council.

Linkages

5. It is desirable for police and fire authorities to serve conterminous areas.

OPTIONS AND IMPLICATIONS

7. The preferred option ie combined authorities drawn from constituent districts is discussed in detail in GLC item 6.

8. For metropolitan counties the existing areas would be retained unchanged.

IMPLEMENTATION

9. Action would parallel that on the GLC but might be quicker if areas are not altered.

ANNEX C
MCCs
ITEM 7
WASTE DISPOSAL

WASTE DISPOSAL

DESCRIPTION

1. The counties are waste disposal authorities, (see GLC Item 7 for full discussion).

EXPENDITURE AND MANPOWER

2. For 1980/81 details are

Authority	Expenditure £m		Manpower (fte)			Waste Arising (million tonnes)
	Revenue	Capital	Technical & Admin	Operations & Maintenance	Total	
Greater Manchester	15.3	8.0	280	124	404	1.5
Merseyside	5.0	1.2	50	141	191	0.8
South Yorkshire	3.0	0.6	32	163	195	1.0
Tyne and Wear	5.1	0.5	55	204	259	0.8
West Midlands	13.0	2.1	105	318	423	0.9
West Yorkshire	9.8	5.2	86	374	460	1.5
Total	51.2	17.6			1932	6.5

ASSETS

3. Not known in detail.

OPTIONS

4. There would be less difficulty than in London in devolving the functions to the districts; the disposal routes are less integrated and more facilities are within the county areas. The function could be devolved to the districs with voluntary co-operation being sufficient. The opening up of new routes and the finding of new sites outside the areas might be handled by co-operation on a regional scale as recommended by the Gregson report, with a stronger role for DOE regional offices.

5. Licensing of sites is an important function that is handled by small technical teams. They might need to be kept together through co-operative arrangements perhaps of a mandatory kind. The more local outlook on disposal sites might lead to more appeals to DOE.

IMPLICATIONS

6. Some difficulty might be found in dividing up assets, routes etc and consortia arrangements may be needed (see GLC Item 7).

IMPLEMENTATION

7. (See GLC Item 7).

ANNEX C
MCCs
ITEM 8
AIRPORTS

AIRPORTS

DESCRIPTION

1. Metropolitan County Councils have interests in five of the 22 local authority controlled airports in England and Wales.

Manchester: (the only category A international airport outside SE)
50% Greater Manchester Council; 50% Manchester City Council.

Birmingham: (category B: regional)
100% West Midlands County Council.

Newcastle: (category B: regional)
71.6% Tyne and Wear County Council; 14.5% Northumberland County Council (Non-Met); 13.9% Durham County Council (Non-Met).

Leeds/Bradford: (category B: regional)
33% West Yorkshire County Council; 33.3% Leeds City Council; 33.3% Bradford Metropolitan Council.

Liverpool: (category C: local)
100% Merseyside County Council (although Liverpool City Council owns the airport land).

Expenditure and Manpower

2. Figures for 1980/81 are:

	Passengers	Expenditure Operating £m	Expenditure Capital £m	Operating Surplus £m	Staff
Manchester	4.4m	25	7.0	3.7	1216
Birmingham	1.6m	6.8	2.8	0.3	244
Newcastle	1.0m	4.5	2.3	0.5	300
Leeds/Bradford	0.4m	1.3	0.8	0.3	97
Liverpool	0.4m	4.7	0.2	(-1.9)	205

3. All five airports are currently engaged on a capital expenditure programme for which the Department of Trade has made capital expenditure allocations for projects of regional or national importance. Apart from occasional ERDF assistance to those airports which are in assisted areas, there are no new Government grants towards operating or capital expenditure. (Birmingham is however receiving a substantial grant towards its new terminal under a municipalisation agreement signed in 1961).

OPTIONS AND IMPLICATIONS

4. By definition, airports provide a service for the public in an area wider than that of any one individual local authority. It is Government policy to encourage the concentration of air services at a more limited range of airports and to persuade the local authorities to adopt a more commercial attitude towards pricing and revenue generation. Nevertheless the present fragmented pattern of ownership, coupled with the significant over-capacity in relation to demand, has led to substantial deficits being incurred which have had to be recovered from the taxpayer or ratepayer. It is Government policy to end this situation. Unlike the BAA, the local authority airports have no separate legal status, are unable to borrow in their own right, have not hitherto produced commercial accounts (ie with allowance for depreciation), and do not pay corporation tax on any profits generated. Their present organisation and structure does not reflect the commercial nature of their operation and it does not provide the basis for any possible future privatisation.

5. If the Metropolitan County Councils were abolished there are four options for reallocation of responsibilities. It is not possible at this stage to indicate a preference.

(i) Transfer to Districts

6. Under this option, the present holdings of the Metropolitan County Councils would revert to district council level. Thus Manchester City Council (which originally developed Ringway) would inherit the share of the Greater Manchester Council; Birmingham City Council (which originally developed Eldmden) would succeed the West Midlands County Council; Liverpool City Council would succeed the Merseyside County Council; and a range of district councils would need to be persuaded to inherit the shares of the Tyne and Wear and West Yorkshire County Councils at Newcastle and Leeds/Bradford airports. This is the least radical option. It would merely reverse the changes made when local government was least reorganised in 1974. It would maximise the local pride taken in the successful operation of the airports and minimise any legislative problems. Its disadvantages are that it would do nothing to reflect the regional role of the airports. The profits generated at Manchester would all go to the City Council even though the traffic and environmental impact is generated outside the City (for example in Cheshire) while the heavy losses incurred at Liverpool would simply add to that City's existing problems. (Indeed it is possible that Liverpool would refuse to inherit the airport without some form of central Government support)., Finally, it would do nothing to help rationalise the present pattern of airports ownership in the regions or to encourage a more commercial approach.

(ii) Transfer to the BAA

7. This possibility was floated in the 1978 White Paper and there was, at one time, a serious possibility that ownership of Newcastle would be transferred to the Authority. This option would involve ownership by the most professional airport operator in the country. At present the BAA's airports are located in the South East and Scotland alone. Two of the Scottish airports (Glasgow and Edinburgh) were transferred to the BAA from local authorities with the assistance of grants from the Government. Such a move would not be popular among the airlines (fear of monopoly pricing) or local authorities (fear of dominance from London). The BAA are likely to

be interested only in the potentially profitable airports and are most unlikely to be prepared to inherit those with problems (eg Liverpool). Finally, there is much to be said for a national airports system which, in order to offset the element of natural monopoly, provides some choice to carriers, for example during industrial disputes.

(iii) Separate Trading Undertakings

8. The opportunity could be taken to transfer the assets of each of the airports concerned to new individual bodies with the separate legal status and borrowing powers of companies. This is the pattern often adopted overseas. The present assets of the Metropolitan County Councils could be transferred either to Central Government (with a view to future sale to the private sector?) or to a consortium of local interests, including the district councils. Some compensation would be required if only to cover the debts outstanding. There is a rough analogy in the present status of Belfast Airport which is a subsidiary of the Northern Ireland Transport Authority but run as a limited company. This option would go some way towards separating the airports concerned from the local government structure and require initially a form of government control more akin to that adopted for the nationalised industries. One problem is that on a commercial accounting basis only Manchester is likely to be genuinely profitable; it is more doubtful whether Liverpool, for example, is viable without either central or local government subsidies.

(iv) Regional Airport Authorities

9. This is a more radical version of (iii). Under this scenario one or more regional airport authorities, also with a company structure, would be established to inherit the airport assets of the Metropolitan Counties. Manchester, Liverpool and Leeds/Bradford form a natural airports "system" for the North of England not unlike that around London. The profits from Manchester could more than offset the losses at Liverpool (as Heathrow supports Gatwick and Stansted) and enable an integrated approach to airports planning on a regional basis. It is possible to envisage Newcastle and Birmingham being added to such an airports authority but their "natural" counterparts, if regional airport authorities were established, are Tees-side and East Midlands airports respectively and neither is controlled by a Metropolitan County Council. There would be considerable political support in the North West for the idea

of a regional airports authority with representation from a wide range of local authorities. There is an analogy in the formulation of regional harbour authorities following the transfer of local authority docks after the 1964 Harbours Act. If the Government were to control the new authorities this might then provide the basis for an element of future privatisation. Manchester and Birmingham City Councils are likely to oppose such a solution; they would probably prefer ownership to revert to them.

IMPLEMENTATION

10. Ministers would need to determine which option they wished to pursue. All options would require extensive negotiations (at least a year) with present and prospective owners. Option (i) and (ii) would require the least legislative action whereas options (iii) and (iv) probably need primary legislation of some complexity.

ANNEX C
MCCs
ITEM 9
CIVIL DEFENCE

CIVIL DEFENCE AND EMERGENCY PLANNING

DESCRIPTION

1. County Councils and the GLC have a statutory duty to make plans for the purposes of civil defence; the plans required are detailed in the Civil Defence (Planning) Regulations 1974. District Councils, London Boroughs and the City of London have a statutory duty, for the purposes of civil defence, to furnish at the request of the county council or the GLC such information as is specified in the request and, at the request of the Minister, to assist the county council in the making of plans. The principal planning function lies at county and GLC level.

Expenditure, Manpower and Financing

2. Figures for 1980/81 are:

	Expenditure £'000	Manpower
Greater Manchester	214	10
Merseyside	160	9
Tyne & Wear	31	2
South Yorkshire	80	4
West Midlands	251	15
West Yorkshire	134	10

3. There is 75% specific grant.

Property

4. County councils have wartime headquarters and standby headquarters grant aided by the Home Office: commonly they amount to no more than strengthened basements in existing council accommodation with a standby generator.

OPTIONS AND IMPLICATIONS

5. The function and teams could be devolved to the boroughs who would be required to consult each other. Expenditure would increase.

6. Services in wartime would need to be provided over a wider area than districts. To some extent this would be covered by the existing Home Defence Regions, but there would probably be need for some "buffer" machinery between Region and districts comparable to the existing county wartime headquarters. This could be achieved by "grouping" the Metropolitan Districts with headquarters principally staffed by designated officers of the Districts. The present county wartime, and standby, headquarters frequently form part of other county council buildings (town hall basements etc). In some cases formal transfer of the premises to central government (the Home Office) might be possible; in others new headquarters might have to be built/purchased. The Districts in which the wartime headquarters are situated (or PSA) could maintain them on an agency basis. Where present premises cannot be retained, communications would have to be transferred.

7. Civil defence planning and wartime government arrangements in the Metropolitan areas are best managed at county level but the option above represents a reasonable alternative. Planning accountability would continue to be part of a central government/local authority partnership. Wartime government would be an extension of the present arrangements for decentralised administration. The creation of a Joint Committee or ad hoc Authority would be cumbersome and almost certainly much more costly in financial and staffing terms.

IMPLEMENTATION

8. Changes can be made under secondary legislation with only a small amount of legal and administrative effort.

9. Consultation would be needed with the AMA on the planning function and voluntary scientific advisers.

ANNEX C
MCCs
ITEM 10
CORONERS

CORONERS COURTS

1. This is dealt with fully under Item 9 GLC. There are ten whole time and fourteen part time corononers in the metropolitan conties. The recommended option is for transfer to central government of all functions of all local authorities in relation to coroners.

2. Estimated expenditure in 1981/82 in metropolitan counties was £2.6m, and £4.6m was spent in other counties.

ANNEX C
MCCs
ITEM 11
MAGISTRATES COURTS

MAGISTRATES COURTS

DESCRIPTION

1. Within the metropolitan counties, the magistrates' courts' service is organised by Metropolitan District, with magistrates' courts' committees for areas co-terminous with the Districts and each District acting as paying authority for such an area. No changes in the administration of the courts service would be needed although the abolition of Metropolitan Counties would necesitate the designation of new commission areas and new commissions of the peace since there is at present a commission of the peace for every County (both metropolitan and non-metropolitan). (This is relevant to the appointment of justices).

ACTION

2. A decision would be needed as to the areas to be designated as commission areas and appropriate changes would need to be made to the Justices of the Peace Act 1979. Justices in the affected areas would need to be re-appointed.

3. The necessary legislative and administrative changes could be dealt with within the two year period estimated as needed for the changes to magistrates' courts in outer London.

CONFIDENTIAL

ANNEX C
MCCs
ITEM 12
PROBATION

PROBATION AND AFTER CARE SERVICE

DESCRIPTION

1. Probation areas are coterminous with police authorities and thus with metropolitan counties except for the Northumbria combined area. The Committee for each area consists of magistrates, members of the judiciary and co-opted members but no local authority members.

Expenditure and finance

2. The Committees spent £26.5m, 80% financed by Home Office grant and employed 2758 staff. They own 17 hostels.

OPTIONS

3. The detailed arguments for the size of areas are set out in GLC Item 11. The option preferred is for the constituent districts to fund the local authority contribution to the committees for the existing areas.

ANNEX C
MCCs
ITEM 13
ARTS

SUPPORT FOR THE ARTS

DESCRIPTION

1. The districts and counties have concurrent powers to provide and maintain institutions and to make grants.

Expenditure

2. The counties spend about £4m, the districts £10m, on museums and galleries. On theatres, arts centres and support for the arts, counties spend about £1m, districts about £4m.

OPTIONS

3. It is desirable for these services to be planned over an area wider than a district and provided on that basis. Most facilities are of a regional nature but located in the big cities, and the fact that most expenditure falls on certain districts is to some extent a historical accident. In Merseyside this has been recognised by the County Council's operating all these services. In Greater Manchester however there is an uneasy relationship between the city and county, and in general there are signs of increasing unwillingness by districts to subsidise regional services.

4. The main problem in the provinces would therefore be the need for new machinery to provide financial support. This might be through some specific grant to the providing authorities, with provision to ensure that it was used for these particular services and did not involve a subsidy by district ratepayers for facilities used by others.

IMPLEMENTATION

5. See GLC Item 15. Wider consultations would be necessary in the case of the metropolitan counties and the timetable for the transfer of functions and assets is even harder to predict, as there is very little central knowledge of the assets and their present ownership.

CONFIDENTIAL

ANNEX C
MCCs
ITEM 14
PARKS ETC

PARKS, OPEN SPACE AND GREEN BELT

DESCRIPTION

1. Metropolitan Counties are registration authorities for the commons. Three of them are represented on the Peak Park Joint Planning Board. The general powers on provision of open space are concurrent.

ACTION

2. The registration function could be performed by districts and the constitution of the Peak Park Board would need appropriate amendment. It is not envisaged that there would be problems of 'strategic' parks in the metropolitan counties.

ANNEX C
MCCs
ITEM 15
ASSISTANCE TO INDUSTRY

ASSISTANCE TO INDUSTRY

1. See GLC Item 17 for details of powers. Assets of the metropolitan counties are not known in detail although land available for industrial development totals 5000 ha.

2. Expenditure by counties totalled £8m in 1979/80 mainly on acquiring and maintaining property as against £28m by the metropolitan districts.

3. The option, as for the GLC, should be privatisation of the assets via the EIEC although in the assisted areas there might be instances where it would be more appropriate for EIEC to purchase the assets to add to its own holdings.

ANNEX C
MCCs
ITEM 16
TRADING STANDARDS

TRADING STANDARDS

DESCRIPTION

1. Trading Standards are a wide ranging group of functions imposed on local weights and measures authorities having in common a need to visit trade premises and enforce law. The main duties are: Weights and Measures, Trade Descriptions, Consumer Safety, Consumer Credit.

EXPENDITURE

2. The total gross expenditure for the existing six Metropolitan Counties is £9,967,000. There are no special grants. Fee income from the stamping of apparatus in 1980/81 totalled £1,326,000.

MANPOWER

3. A total of 697 staff are employed of whom 272 hold the statutory qualification as inspectors. The same groups of staff deal with animal health and food and drugs enforcement.

ASSETS

4. Each Metropolitan County has a headquarters and district offices, in all about 40 buildings. There are some purpose built and specially equipped facilities, the allocation of which would cause problems. Many of the existing District Offices could become the office of the District Councils if they were made responsible for these duties.

LINKAGES

5. There is a National Metrological Co-ordinating Unit which has certain statutory functions. Its powers would extend to any new authorities both directly and through the local authority associations. The multiplication of bodies would increase problems of co-ordinating within the service over the UK as a whole and within it; uniformity of enforcement of trading law is desirable and would be made more difficult.

OPTIONS

6. The minimum size for an effective unit is determined by the need to justify the employment of the necessary specialists in what is an increasingly complex legal and technical service. There is also a need to purchase expensive equipment. So far as manufacturing industry is concerned, they would prefer large units, ideally a national service, in order to ensure uniformity of enforcement on such matters as labelling of goods. The Department's experience is that certainly the present London boroughs are well below the optimum size.

7. The preferred new structure would be that the Metropolitan District Councils be designated weights and measures authorities'. The legislation for other consumer protection purposes is by statute the responsibility of the weights and measures authorities. However there is a need to consider this alongside the proposed method of carrying out the animal health and food and drug functions.

IMPLICATIONS

8. There would be worsening of services to the public-industry, trader and consumer. Uniformity of enforcement would be reduced. There would be an increase in the number of staff, particularly support staff, and administrative costs would increase. This might be reduced by using adjacent counties as agents as with animal health etc.

IMPLEMENTATION

9. Implementation would require legislation to designate metropolitan districts as weights and measures authorities. When local government was last re-organised, designation of new weights and measures authorities was done in S201 of the Local Government Act 1972. Presumably a similar machinery could be used in any future re-organisation. The necessary legislation could be introduced in autumn 1982 or 1983.

ANNEX C
MCCs
ITEM 17
ANIMAL HEALTH

ANIMAL HEALTH FUNCTIONS

DESCRIPTION

1. The Metropolitan Counties, but not the GLC, act as diseases of animals authorities and have to appoint diseases of animals inspectors for enforcement functions under the Animal Health Act. Their functions include supervision of sheep dipping, the serving of notices restricting animal movements when outbreaks of animal diseases occur, and enforcement of legislation on welfare of animals in markets and during transport. The position in relation to these diseases of animals inspectors is very similar to that of Trading Standards Officers.

OPTIONS AND IMPLICATIONS

2. This is not a major function of the authorities concerned but it would be highly desirable that it should be carried out by a small number of relatively large authorities. There is ample evidence from many decades of animal health work that the more it becomes fragmented among smaller authorities the less effective enforcement is particularly in relation to movement of animals. The danger is that if these functions pass to District Councils in the present Metropolitan Counties, not only will the functions be less well carried out in these areas, but the transfer will be used as a precedent by the Association of District Councils to add animal health to their area of responsibility.

3. It would therefore be proposed that although the function might pass to the districts they would be required to have the work undertaken on an agency basis by adjoining counties.

IMPLEMENTATION

4. This would fit in to the programme of preparation followed by DOE and the other departments with responsibilities for major functions. While separate discussions might possibly be necessary with local authority associations on the animal health and trading standards functions, these would not require very much work.

ANNEX C
MCCs
ITEM 18
FOOD AND DRUGS

FOOD AND DRUGS ACT ENFORCEMENT

DESCRIPTION

1. Metropolitan county councils are responsible for enforcing the Food and Drugs Act which controls the composition, labelling fitness and hygiene of food for human consumption.

EXPENDITURE

2. Details of expenditure and manpower are not known but are small.

OPTIONS

3. The arguments parallel those in animal health (Item 17). If powers are to be devolved some joint or agency arrangements would be needed to enable these functions to be carried out efficiently.

IMPLEMENTATION

4. A minor legislative change which could be ready by Autumn 1982.

CONFIDENTIAL

ANNEX C
MCCs
ITEM 19
SMALL HOLDINGS

LOCAL AUTHORITY SMALLHOLDINGS

DESCRIPTION

1. All MCCs and the GLC are small holdings authorities whose functions are the letting of holdings, and their repair, maintenance and management.

Expenditure and finance and assets

2. Expenditure is small, less than £250,000 in all cases; this is financed by rents, a variety of grants (including some under the Housing Acts) and the rates. Some authorities make a profit.

3. Details are

	Area owned in hectares (holdings)	Expenditure	Income
Greater Manchester	26(4)	57	3,035
Merseyside	319(46)	75,782	49,190
South Yorkshire	345(15)	38,873	24,236
Tyne and Wear	41(3)	259	3,029
West Midlands	1320(40)	159,711	268,604
West Yorkshire	253(7)	31,586	14,973

Manpower

4. Unlikely to be any staff employed full time on small holdings.

OPTIONS AND IMPLICATIONS

5. It is desirable to organise over a wider geographical area than districts. In general terms smallholdings estates should be as large as possible so that the effects of the very slow turnover (up to 30 years) are lessened and potential applicants may secure a chance of obtaining a holding in the area of their choice. This problem is however more theoretical than real with the metropolitan authorities because of the small size of the estates. Present Government policy is one of non-intervention in local authority statutory smallholdings matters. It could therefore be left to the metropolitan authorities to decide the best arrangements for their particular areas. Possible solutions are:

i. the GLC and Met Counties could sell their smallholdings (as some shire county councils have done already) before they are abolished.

ii. The metropolitan authorities could agree with a neighbouring shire county, if it were willing to take over the smallholdings.

iii. Met districts and boroughs could take over smallholdings (if any) in their own areas.

iv. There might be a joint scheme whereby all the districts in a present Met County ran the smallholdings.

6. The legal implications have not yet been examined but at first sight, (i) and (ii) could be done under present legislation; (iii) and (iv) would probably need legislation designating Boroughs and Met Districts generally or specifically as smallholdings authorities.

IMPLEMENTATION

7. Whichever option is chosen it will be desirable to commute contributions made by Government towards past losses on smallholdings into single payments in legislation on this.

8. Consultations will be needed with the agriculture industry but could be quick.

9. Consultations with existing and successor authorities will be needed but will be easier if losses are commuted.

10. Legislation could be prepared quickly.

ANNEX C
MCCs
ITEM 20
ENTERTAINMENT
LICENSING

ENTERTAINMENT LICENSING

1. This function will be transferred to the metropolitan districts on 1 January 1983 under the provisions of the Local Government (Miscellaneous Provisions) Bill. The system is to be self financing.

ANNEX C
MCCs
ITEM 21
FOOTPATHS

FOOTPATHS AND BRIDLEWAYS

DESCRIPTION

1. The metropolitan county councils have responsibility for public path orders (concurrently with districts), definitive rights of way maps, and the normally "highway" maintenance etc functions on paths.

ACTION

2. These could all be carried out by the districts or in the case of maintenance etc any other highway authority.

CONFIDENTIAL

ANNEX C
MCCs
ITEM 22
GYPSIES

GYPSIES

DESCRIPTION

1. County Councils have a responsibility to provide accommodation for gypsies. At present programmes are planned over a wide area.

Expenditure

2. Small but not known in detail.

OPTIONS AND IMPLICATIONS

3. Transfer to the districts would require the department to take over the coordinating role (as in London) and the contenious issue of the location of sites will make it more difficult to secure reasonable provision.

IMPLEMENTATION

4. Minor legislative change that could be prepared quickly. Ownership of existing sites would have to be transferred and some negotiations wuld be needed.

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ANNEX D

CONSEQUENCES OF ABOLITION OF THE GLC AND METROPOLITAN COUNTY COUNCILS FOR THE DISTRIBUTION OF BLOCK GRANT AND OF THE BURDEN OF RATES

Block Grant: Background

1. The grant system is based on the objective of equalising the rate poundage charged in providing ratepayers with any particular standard of service. To achieve this aim account has to be taken of variations in both the cost of providing services and the local resources (rateable value) available to pay for them. The central feature of the system is a schedule of rate poundages which determines the rate poundage cost to each authority of any given level of service provision. The same overall schedule applies in all local government areas but this has to be split between the different tiers in different areas to reflect the different distribution of services. (These basic features of the grant system would probably survive any change to the local tax base flowing from the present consultation on the future of domestic rates).

2. At present levels of aggregate grant support it is not possible to achieve full equalisation for all authorities. There are a few authorities whose resources are so high, or whose expenditure is so high in relation to GRE, they they receive no block grant. To achieve full equalisation in these cases it would be necessary to require authorities in this position to make contributions to the block grant pool - ie negative block grant would be needed. But this would obviously be controversial, and the 1980 LGPL Act does not permit negative grant.

3. This is chiefly a London phenomenon. The City of London and Westminster currently receive no grant because of their high resources; ILEA and Camden because of their high spending. This incompleteness of equalisation in London would be a much larger problem, but for the fact that the GLC and ILEA precepts provide a means for sharing the benefit of the very high rateable values of central London with other London authorities.

4. There is also a separate scheme for the reallocation of some of the benefits of London's high rateable values under the London Government Act 1963. The City and Westminster are contributors to this scheme; all other inner boroughs benefit. The form of revenue sharing operated under this scheme is however unrelated to the block grant principles, and the total contributions by Westminster and the City fall far short of the amounts that would be required by full equalisation principles.

5. A discount is presently applied to the rate poundages charged in London in recognition that the higher rateable values there would otherwise give rise to much higher rate bills than in the rest of the country.

Issues arising from Reorganisation

6. The issues to be considered in relation to grant arrangements will depend principally on the organisational and financing arrangements chosen to replace the outgoing authorities. The grant solutions differ according to whether there is substantial devolution to district or borough level or whether the preferred solution involves major use of joint committees or boards to manage certain functions. The grant arrangements might differ too according to whether such joint arrangements were to be funded by voluntary agreements between their 'constituent authorities' or by precept. In principle however the block grant machinery and the disciplines it is meant to impose would work best if grant were assessed for and made payable to the bodies that become responsible for each function, rather than indirectly to a different tier.

7. The following paragraphs first review the necessary modification to the general features of the block grant machinery. They then discuss the particular features of the London arrangements, and the problem of incomplete equalisation in London.

Grant Related Expenditure

8. Grant Related Expenditures (GREs) are built up service by service. In principle therefore it should not be difficult to produce GREs for authorities with different service functions or for joint bodies with a limited range of functions in a similar way to that used at present for combined Police authorities in certain parts of the country. It cannot be assumed however, that assessments made for boroughs or districts individually will add up to the total previously assessed for the County or the GLC as a whole, (particularly where regression is used to establish indicators or their weights).

9. Proposals to establish a number of single service authorities would throw increased weight onto the individual service GRE formulae. At present the existence of multi service authorities allows for some masking of the roughnesses in individual service GREs. For example Merseyside is currently spending considerably more on Police Services than allowed for in its GRE. This fact would become more apparent if a single purpose Police authority were established in Merseyside. The same difficulties would arise - even more forcibly with respect to expenditure targets.

10. GREs cannot be tailored to reflect precisely additional costs passed to a borough or district of expensive major facilities such as the Crystal Palace or the South Bank Complex. This is because the GRE assessments are formula based and largely independent of particular expenditure obligations. A transfer of expensive installations could not, therefore, necessarily be matched by appropriate grant support. In these cases it would be necessary to try to ensure that arrangements were made for several authorities to agree to share the costs.

11. For a transitional period some of the data required to make GRE assessments would not be available on the proper basis for the new authority groupings. It would be necessary to accept the use of estimates for a period.

The Poundage Schedule

12. At present the national rate poundage schedule is split between tiers so that each class of authority is allocated a share proportional to its share of the total grant related expenditure for its type of area (metropolitan, non-metropolitan, London). This arrangement could be maintained provided the new organisational arrangements were based on retaining a relatively small number of classes of authority. For these purposes a class of authority means a grouping of authorities with a homogeneous mixture of service responsibilities. Organisational solutions which provided for an increased number of single service authorities or which allowed for different distributions of responsibilities in different local government areas eg choosing to allocate highway matters to joint boards in some counties but devolving to districts in others, would make this arrangement unmanageable. It would then be necessary to use the alternative 'service based' method of disaggregating the poundage schedule. This would fix a standard poundage contribution towards a standard level of provision for each service and each authority's poundage schedule would be the aggregate of the service components of the schedule for which it was responsible. This is a neutral change for the rate-payer but has the effect of transferring grant between tiers. In exemplifications for the 1982/83 Settlement the transfer was shown to be of the order of a 3p rate. The change would have repercussions in the non-metropolitan areas - which would be unaffected by the organisational change - shire districts would lose to the advantage of the counties.

Transfer of Functions to Central Government

13. Organisational solutions which involve the transfer of any major functions from local to central government pose problems for the underlying equalisation objective of the grant system since in London and the metropolitan areas local government would be responsible for a different range of responsibilities. The objective that ratepayers in all areas should face equal rate poundages then becomes more difficult to arrange. One solution would be to allow central government powers of precept for the services it provides. Such an arrangement would have some similarity with the arrangement whereby the Metropolitan Police precept upon the local authorities in the Metropolitan Police district for that proportion of their finance which is not met by the Home Office specific grant. The precept is recognised in the block grant entitlement of the local authorities. Alternatively GREs or block grant entitlements of particular authorities could be reduced by the amount of expenditure incurred by central government on particular services for those authorities, where the generality of authorities continue to provide those services themselves.

Equalisation, and the London problem

14. The abolition of the metropolitan counties and the transfer of their functions to the met districts or joint committees etc would not pose any problems for the basic equalisation objective of block grant at present levels of grant. The appropriate shares of GRE, of the poundage schedule, and of block grant entitlements would be transferred to the met districts. Subject to the points noted above about modification to GREs and the method of disaggregating the poundage schedule, the rating effect would then simply be that the met county precept would disappear, and that each met districts own rate would go up by the same amount (reduced by any net savings in expenditure).

15. In London abolition of the GLC and ILEA and transfer of their functions to the boroughs (or other successor bodies) would also lead to the transfer of the appropriate shares of GRE and of the poundage schedule. But, as already noted, for the high resource authorities such as Westminster and the City and London the actual rate poundage that they need to levy for their services is below the notional rate poundage implied by the block grant poundage schedule; negative grant entitlement would be needed to compel Westminster and the City to levy the notional rate poundage implied by the schedule. This divergence would be widened by the transfer of ILEA and GLC functions to the boroughs. For 1982/83 GLC and ILEA are levying precepts of 34.8p and 71p for their functions. But Westminster and the City could probably pay for their own devolved share of those functions for local rates of about 1p and 29p respectively.

16. Unless other measures were taken the transfer of functions from the GLC and ILEA to the boroughs would thus result in very substantial benefit to Westminster and the City (and to any other boroughs going out of block grant including Camden, Kensington and Chelsea). This extra benefit would of course be reduced to the extent that some functions of GLC and ILEA were left to joint bodies with precepting powers that would spread the rate burdens across high and low resource areas of London.

17. If it were desired to prevent these uncovenanted benefits for the high resource authorities from arising, and assuming that a system of negative block grants for high-resource or high-spending authorities is still ruled out, it would be necessary to make more extended use of arrangements to equalise rate burdens within London. Section 66(1) of the London Government Act 1963 already gives the Secretary of State very wide powers to make "a scheme or schemes for the purpose of reducing disparaities in the rates levied in different rating areas of greater London"; and in principle this might be used to obtain contributions from Westminster and the City (and other London authorities out of block grant) for lower resource London boroughs.

18. The scale of such contributions would however be much greater than the present limited London equalisation scheme. The present GLC and ILEA precepts can be regarded as transferring about £490m in 1982/83 from Westminster and the City to the rest of London. Under the new arrangements these transfers would have to be made explicitly by the equalisation scheme, in addition to the present transfer of some £63m. It seems likely that transfers on this scale would require a much more precise policy rationale than the present scheme, the principles of which might need to be incorporated in statute. This would not be an easy task. In spite of repeated analysis in the London Working Party of the Grants Working Group the present pattern of special grant adjustments in London (arising from the present London equalisation scheme together with the London discount) have no coherent rationale, and have simply been rolled forward from year to year subject to minor adjustments and redistribitions. There is no obvious formula on which a satisfactory long-term policy could be based.

London Discount Arrangements

19. It is assumed that the existing arrangement for discounting part of London's rateable value in calculating grant entitlements would continue. If they did not there would be significant rate increases in London. Apart from the issues referred to in

para 18 the abolition of the GLC and ILEA would however put this assumption under greater strain. Some authorities in high rateable value areas which do not get any relief from the full effects of rate poundage equalisation already challenge the legitimacy of the discount for those outer London boroughs where rateable values are no higher than in surrounding districts in Herts and Surrey or the higher rated metropolitan areas eg Trafford or Birmingham. This comparison, and the inequity, would be much clearer in the absence of the GLC and ILEA precept.

PART 9 ends:-

S/S Ind to M/S Env of 14/4/82

PART 10 begins:-

E (82) 36 of 16/4/82

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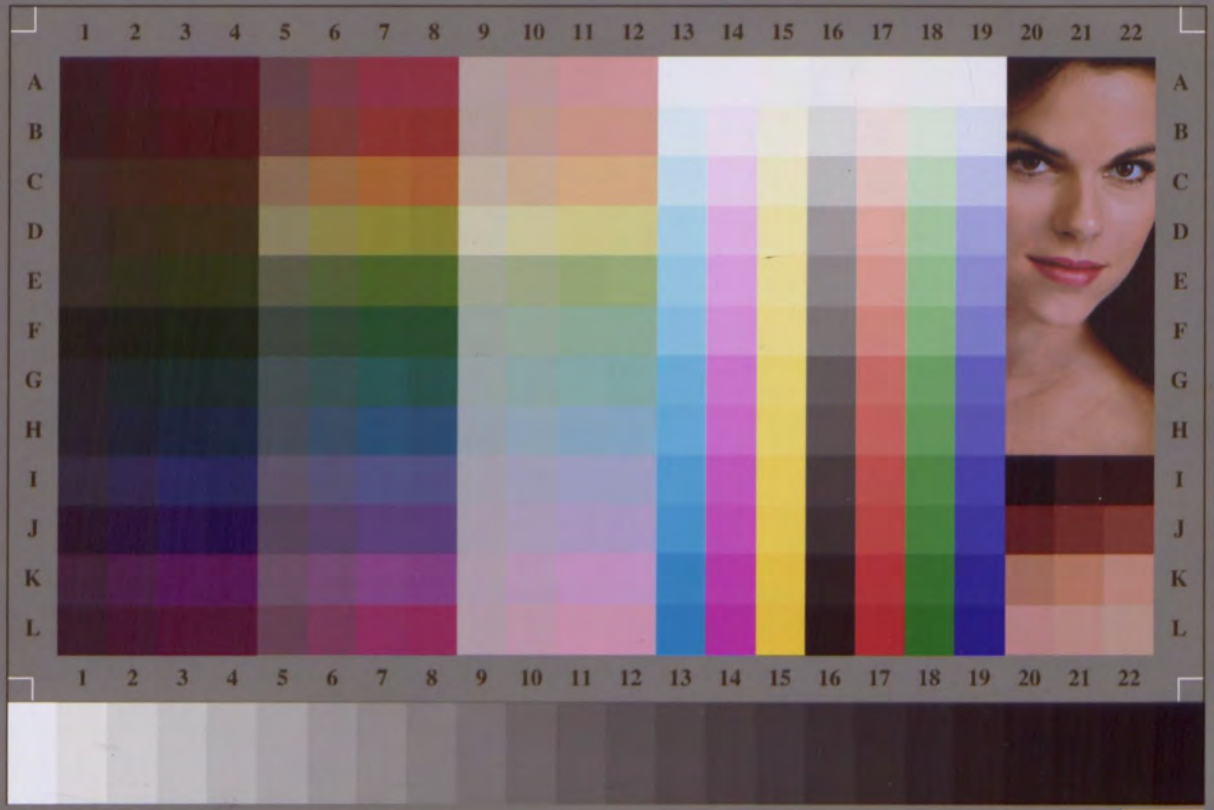

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